

PROFILE

Ken and Ann Horne

Ken, what do you do at Collegiate Admission & Retention Solutions?

Ken: My job is really customer service. I make sure that everything is running smoothly and we're serving our clients properly. One advantage is in knowing what the clients need. I've had almost 40 years on the school side and it gives me a clearer perspective of what's needed. I believe we can respond to the clients better because of that experience.

*You could've exited the business a number of times. Matter of fact, you **have** exited the business a number of times. What keeps you coming back?*

Ken: It's a great business and I enjoy serving the schools and their students. The only thing that I regret is that some of the technology and tools available to us today were not available at the time I was active in the business. If you utilize the tools and technology out there today, you can have a much better business, and provide a better product.

What part of the business keeps you engaged and fascinated now?

Ken: I've always leaned toward marketing and sales, and now I am assisting the schools in their sales and marketing, albeit in a different paradigm. Online is the big thing. I love the new things and changes. That's the reason why I've been involved with so many entrepreneurial ventures; a new deal is what gets my juices going. My wife has always been a counter-balance to that so we work very well together.

You've been in the business 40 years. What are the key components of a successful school?

Ken: Doing right by the student is No. 1. We've been successful because we have always



tried to do what is right for the student, and we derived considerable satisfaction when the students succeeded. There is nothing more rewarding than to see people who attended your school 20 or 30 years ago stop, hug you, and thank you for being there for them when they were coming along.

If you do what you say you're going to do, then you reap extreme benefits. It can be very rewarding and lucrative as well.

On the other hand, why do schools fail? You've observed a number of systems that have come and gone. What did they do wrong in terms of universal principles?

Ken: In most cases, I don't believe they did anything intentionally wrong, but they did not follow up on what needed to be done. They didn't adequately monitor and keep their eye on the objective. When we pay attention, we do the right things.

Are you saying schools grow beyond their ability to manage?

Ken: Absolutely. Some people make a big mistake by not empowering subordinates to do their job. Sometimes it's one person calling all

the shots and surrounding himself with yes men. I've never had a problem with hiring someone who is smarter, or who has better skills than I do. The key to our success has been the people; we have people who have been with us for 25–35 years.

So the same team has followed you from enterprise to enterprise to enterprise?

Ken: Absolutely.

What does Ann do that you don't do in terms of leadership, product development or whatever?

Ken: I am the idea person and get things going, but Ann is more hands-on. Ann is very genuine and people recognize it immediately; she has instant credibility. She also has excellent organizational and team building skills. I, on the other hand, have to earn my credibility.

So how have you both defined your roles?

Ken: We've had our challenges. When we first started in the business, we were very young and had our conflicts because Ann knew what she was doing and I thought I knew what I was doing. One of the best things we did was branch to another location; she ran one, the fashion and design school, and I ran the other, the downtown inner-city school. That worked more effectively than both of us being in the same facility at the same time.

Can you summarize your career from the beginning?

Ken: I started law school in Birmingham after college. My mother raised me as a single parent and she worked for this little business school called Birmingham Business College. It probably had fewer than 30–40 students. We bought the school in 1968 while I was still in law school. I worked part-time with my mother and we struggled. We did get the school accredited by the Accrediting Council for Independent Schools & Colleges in 1969; then in 1970, my mother died in an automobile accident.

By then I had completed law school and was practicing law. Ann, my wife, left her job and took

over the day-to-day operations. After the school qualified for Title IV funding, we started growing and hired our first new employee, Diane Clower, who became the director of the school and is still with us.

By 1973 we were doing so well that I left the law practice, and Ann and I ran the school together. In 1975, the school was accredited as a junior college of business. Ann and I had our challenges working together, but we also had an opportunity to grow the school significantly and to branch to another location. We opened another branch known as Southern Institute offering fashion and design. Ann ran the fashion and design school and I ran the downtown school, Southern Junior College of Business.

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In 1976, we hired Bibbie J. McLaughlin who has been the most phenomenal director of admissions and continues to handle the admissions component of our latest start-up venture, Collegiate Admission & Retention Solutions program. The college continued to prosper, and then Gerald Phillips offered us a deal we couldn't refuse so we sold the schools to Phillips Colleges in 1986. We both continued to work for Phillips Colleges, running the schools we had sold. In late 1987, Ann left the college to care for our son who was in a bad automobile accident. I continued on with Phillips until 1990.

At that point I got antsy, and we bought two small business colleges called Dominion Business School and one very small, unaccredited two-year college known as Virginia College. We took these very small schools over and built them up, then sold Dominion in 1992 to Education Medical, Inc. who was later acquired by Kaplan.

However, Education Medical, Inc. did not want to pay us anything for Virginia College so Ann and I chose to retain VC; however, we did have a very restrictive non-compete agreement stating we could not add any new programs for a period of three years. The result was we ended up with a college with one program, very few students, and going up against the extremely tough competition of ECPI Technical College. Coincidentally, at about the same time, another school group with colleges in Huntsville and Birmingham was going out of business. Officials with the state of Alabama asked me if Virginia College could be branched to Birmingham and Huntsville, Alabama and handle a teach-out of CareerCom students. We did end up branching to Birmingham and Huntsville and worked a teach-out agreement with CareerCom. Later we moved the main campus of Virginia College from Roanoke to Birmingham, and subsequently closed the Roanoke campus.

Phillips Colleges elected to close a number of their locations including colleges in Huntsville and Birmingham approximately one year after we relocated to Alabama. Gerald Phillips and I agreed to a teach-out of these schools, placing us in a position to take over the schools we had previously sold about 10 years earlier.

When we consolidated Virginia College and Phillips College, we became a pretty sizeable school group. I was reunited with people we had hired in the '70s. The consolidation of Phillips Colleges with Virginia College also created the opportunity to meet Jim Hutton who was part of the Phillips group. Jim and I, together with our management team, began growing Virginia College; a school that ultimately became one of the premier proprietary colleges in the Southeast.

In 1999 Virginia College did a recapitalization with Prospect Partners, a small venture capital firm located in Chicago, Ill. They turned out to be great partners and together we grew the company to more than 6,000 students with seven campuses in four states.

In 2004 Virginia College was acquired by Willis Stein, a larger venture capital group, also in Chicago, and this brings us to where we are today.

In addition to our involvement in the career college sector for the past 40 years, Ann and I have been involved with several entrepreneurial start-ups including PEAC—Postsecondary Education Assistance Corp. We started PEAC, a default prevention company, together with Beth Keifer Herron and John Jones about 10–12 years ago.

At the time we started PEAC, many schools (ours included) were experiencing high default rates and were at risk of losing eligibility to participate in Title IV programs. PEAC was formed to manage a software application that was developed to assist our group of schools in managing their default prevention issues. The software turned out to be very effective in managing defaults, so we expanded PEAC to assist other colleges in managing their default prevention programs.

In response to the significant attrition problem facing colleges today, CARS also developed Responding to Students Voicing Problems or RSVP, a retention program that establishes repetitive contact with students at critical touch points to enhance the college's retention.

For several years PEAC had a booming business and assisted many schools in reducing their default rates. However, over the next several years, many of the client schools with significantly lower default rates elected to take their default prevention program in-house. As a result of this shrinking customer base, we began to look at other avenues to utilize our contact center management expertise. Once again, using our schools as a beta site, we redirected our efforts toward creating a system designed to maximize enrollments by utilizing our proven proprietary software system together with our predictive dialer technology to qualify, manage, and enroll prospective students.

In 2006 Ann and I established Collegiate Admission & Retention Solutions whose primary focus is to provide admissions and retention services for the postsecondary education sector.

Designed to electronically receive inquiries directly from a client school's lead provider, CARS' proprietary predictive dialer strategically makes timely contact with the prospect. Once contact is made, a customized script is delivered allowing CARS' telephone service representatives to qualify the prospect, set an appointment, or conduct a warm transfer directly to the college's admissions associates. This allows the college's admissions associates to direct their focus toward pre-qualified prospects who have demonstrated an interest in their college, rather than laboriously working their way through numerous leads that may or may not materialize as an actual prospect (cost effectively streamlining the college's admissions process).

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In response to the significant attrition problem facing colleges today, CARS also developed Responding to Students Voicing Problems or RSVP, a retention program that establishes repetitive contact with students at critical touch points to enhance the college's retention. By asking leading questions, the RSVP program also pinpoints those at-risk students who are not inclined to complete their academic goals. This personal contact is utilized as a method to motivate, coach, and encourage students to remain in school and graduate. Conversely, satisfied students contacted are a source of increased referrals for the college.

The primary difference in our organization relative to other call centers is that CARS' predictive dialer technology and script delivery capabilities were developed specifically for the proprietary education sector. Our primary efforts have been directed toward creating a system designed to maximize enrollments by utilizing our proprietary software system together with our predictive dialer technology to qualify

interested prospects. Ann and I feel that our expertise in contact center management, knowledge of the proprietary education sector's admissions needs, and success in enrolling online prospects makes CARS uniquely qualified to successfully support and manage an online admissions and retention initiative.

The formation of CARS was in response to the paradigm shift in the method in which schools obtain and manage Internet leads for both online and on-ground programs. Its intent is to encapsulate the student within the enrollment and matriculation process from the first submission of information, pre-qualification, admissions acceptance, financial aid packaging, retention, and up to and including the student's graduation.

Does PEAC still exist?

Ken: Yes. Beth Keifer is the brains behind PEAC; it's integrated in, and is part of, our total call center.

Where did Global Financial Aid Services come along?

Ken: Global goes back to Phillips Colleges being placed on heightened cash monitoring in the early 1990s. In order for Phillips to receive Title IV funds faster, they developed a good computerized compliance and reimbursement system. In fact, Phillips was receiving money faster from reimbursement than many schools were through the Title IV Advance Payment System. Jimmy Addison, CEO for Global, was in charge of this system when Phillips sold to Corinthian. At that time, Jimmy came to me and suggested that we develop a company to provide the financial aid outsourcing to career colleges. In response to Jimmy's suggestion, Ann and I, along with Jimmy, Chyrl Ayers, and Leo Romano formed Global Financial Aid Services, Inc. located in Gulfport, Miss.

Today, Global is one of the nation's largest financial aid servicers and recognized as an industry leader in customer service. Sometimes being in the right place at the right time and partnering with the right people can make a huge difference.

Our success can certainly be attributed to having very good people to do the job. One of the things we did with our colleges was to establish separate departments within the college that were run as their own separate school. The department chair for each department assisted with admissions, was responsible for maintaining academic integrity, hired instructors, and devel-

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oped new programs. Each department was run as though it were a complete and seamless business operation from admissions to graduation. We empowered these individuals to do their jobs and they did them well.

Ann: They had their own budgets and everything. They were responsible for talking to their prospective students in the admissions department. They worked with advertising and recruitment. They did their program curricula. They hired their teachers. They did scheduling, everything. In many cases, they even taught classes.

Ann, I've heard Ken's perspective on what you and he bring to the organization. What do you think you both bring?

Ann: Ken is responsible for making all the major decisions and making the operation work. I just try to reel him in when he gets a little too far out there. When we took over the PEAC organization, he was still employed with the college. I came to PEAC and worked to try and make things come together. This allowed us to keep the business.

Ken: We've always been involved with PEAC. John Jones was in charge of the day-to-day operations and we were passive investors. Actually, our schools were a client of PEAC's. It wasn't until 2004, after we divested our interest in Virginia College, that we became involved with PEAC on a day-to-day basis. Ann came in

to take over the operation of PEAC in 2004 and I continued to work for Virginia College in a limited capacity. It wasn't until 2005 that I joined the company on a full-time basis. Together we focused on PEAC and started Collegiate Admission & Retention Solutions.

So what is Ken's job?

Ann: Finding new deals. Let me say this: It's back to old times. When I first came to the school, Ken had to practice law so we could eat and I didn't get a paycheck. I would sometimes take a little petty cash and go buy lunch. I remember calling him one time when I was at a cafeteria across the street and I didn't have lunch money. It's kind of that way now except he doesn't get a paycheck and I'm still on the payroll, even though I work a lot from home since we outgrew our facility.

Ken: We are excited about the prospect of where this business can go. We have partnered with a number of very talented individuals, passionate about their careers, and together we have built a very good product. My only regret is that I'm not 30 years younger and could take all this new technology and grow an exceptional career college. But I'm not going to get back in the school business, so I want to use these tools

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to help other schools manage their admissions programs. We have been extremely successful with the clients that we have and now we're ready to expand.

Do you have anything else to add?

Ann: I'll add one more thing. A key to our success is that we consider everybody family. I think they get that feeling, too. We want everyone

to feel like they're a part of the success. If they're part of the success, then they will share in the parts where we all have to work together to overcome problems we may encounter.

Ken: This is not a Ken and Ann show. Bibbie McLaughlin, Diane Clower, Tami Jones, Marc Sizemore, and Paula Ponder are all partners; they own a piece of this business. Key people own the company. The people who make all of the decisions have a vested interest in this business.

Ann: If you were a prospective client, wouldn't you want to give your business to someone who has an organization made up of previous school people? Diane knows the inner workings of schools. Bibbie knows recruitment and admissions. Ken has all the ideas and details. I just have to write checks.

Ken: We pride ourselves on the fact that we know the school business. We know what schools need, and we've made a business by creating a strategic partnership with our clients.



Written by Barbara A. Schmitz.
