

The Growing Movement in Managing Lead Vendors and Protecting College Brands

By Barbara A. Schmitz, Staff Writer/Features & Reports

Google “college grants” and one of the top hits is Obama.net, a shell site that uses President Obama’s name and image and promises mothers a free college grant in three easy steps.

Open your Yahoo! E-mail and find an ad on the side of a young and rugged-looking police officer in the forefront, a Lamborghini police car in the back and the FBI logo faded into the background.

“FBI in Dire Need,” the headline reads. “Make \$65,000 a year,” the copy continued. “Get the training and education to become FBI.”

No, President Obama is not offering free grants to moms or single moms. And if you’re 18 or 19, the chances of you earning \$65,000 a year after training is slim to none.

Ads like these that misrepresent schools and the education they provide are a problem. **Steve Rafferty**, founder and CEO of ActiveProspect, a Web-based software firm, explains why.

“One, the recruitment tactics that are being used are attracting the wrong types of students into the institutions,” he said. “And two, these ads being used are very damaging to the public perception of how people view the

entire for-profit education sector. Those ads are being seen not just by prospective students, but also by regulators, employers and others who have a stake in the process.”

Most of the education ads Rafferty sees are for grants, financial aid or free money. “But what you should be seeing are ads for school programs or

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Senior VP/Communications
APSCU

areas of study,” he said. “Schools need to ask themselves, do they really want students to come to them after clicking on an ad for free government money? That’s the wrong motivation to go to school.”

The Department of Education must agree. The DOE has proposed numerous new rules, one that would make schools responsible for the verbiage and images

being used by Internet vendors trying to attract new students.

Ads that misrepresent are also the reason why in June the Career College Association, now called the Association of Private Sector Colleges and Universities, brought together a group of companies involved in student recruitment support activities during the association's annual convention.

The reality is that online vendors are marketing to our students whether individual schools participate or not; and if the schools are not included in these online directories, they may not be found by prospective students looking for their institutions. Thus, it is all but impossible to walk away from Internet marketing companies, aggregators and vendors, which is a large part of the reason that their presence has grown in size and importance to our industry.

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MDT Direct***

Out of that discussion came consensus that vendor guidelines were needed, as well as a commitment to adhere to those guidelines, if the schools and the students they served were to be protected.

APSCU's **Bob Cohen** said the idea for such a meeting came out of a February gathering of company executives who expressed concerns about reports of question-

solicitations. "Students deciding to attend a career college should have full, complete information about programs, costs and obligations, free of misleading or disingenuous offers or claims," he said.

But besides a consensus that vendor guidelines were needed, the June meeting in Las Vegas also provided APSCU members with an opportunity to better understand the efforts already under way in the vendor community to create best practices in this area, Cohen said. In addition, it provided the association with input for taking preventative and corrective actions of its own.

"Advertising using various inducements to attract a broad audience whose interests are not related to postsecondary education are not helpful," Cohen said. "Career colleges offer a great value proposition to those individuals who need new or additional skills to gain or move up in a career. Motivation is a key component to success and only those who share the motivation to move a career in a positive direction should be engaged in this process."

Cohen said they were encouraged that the vendor community was moving ahead and developing best practices in this area. "But we believe our institutions must also play a leadership role," he said.

As a next step, APSCU formed the Student Recruitment Task Force, which is creating a document that identifies the "common denominators" for compliance across a range of oversight bodies, including accreditors and the Department of Education, Cohen said. "While CCA is interested in the efforts of vendor groups such as the LeadsCouncil and Education Marketing Council, our primary interest is in assuring that our postsecondary institutions themselves have the awareness, education and intent to implement practices in this area that achieve quality outcomes for prospective students."

While getting all parties to agree will not be easy, Cohen said they are moving quickly to achieve a standard practice that can be embraced by the sector. "We believe that buy-in by schools and their willingness to seek vendor compliance with heightened standards will be critical."

And if schools are going to avoid liability from lead generators, they will need to put students first, in recruitment and all subsequent phases of postsecondary education,

Cohen said. "Inquiry generators need to follow a similar course."

The challenge is that obstacles get in the way of schools monitoring their own advertising, said **Mitch Talenfeld**, CEO of MDT Direct, a full-service advertising and marketing agency that specializes in servicing postsecondary schools and colleges. "Internet vendors are very proprietary and secretive about their methods of operations for fear that schools will bypass them and handle their online advertising internally," said Talenfeld, who is also co-chairman of APSCU's Student Recruitment Task Force.

Talenfeld said some of the concerns of the Internet vendors are probably valid. "But I also believe that Internet vendors have no choice as the new requirements proposed by the DOE will force schools to demand transparency."

Under the proposed DOE changes, if the Secretary determines that an institution has engaged in substantial misrepresentation, the Secretary may:

- Revoke the eligible institution's program participation agreement;
- Impose limitations on the institution's participation in the Title IV, *HEA* programs;
- Deny participation applications made on behalf of the institution; or
- Initiate a proceeding against the eligible institution.

Furthermore, the proposed rule states: "An eligible institution is deemed to have engaged in substantial misrepresentation when the institution itself, one of its representatives, or any ineligible institution, organization, or person with whom the eligible institution has an agreement, makes a substantial misrepresentation regarding the

eligible institution, including about the nature of its educational program, its financial charges, or the employability of its graduates. Substantial misrepresentations are prohibited in all forms, including those made in any advertising, promotional materials, or in the marketing or sale of courses or programs of instruction offered by the institution."

The DOE proposal defines misrepresentation as "any false, erroneous or misleading statement an eligible institution, one of its representatives, or any ineligible institution, organization, or person with whom the eligible institution has an agreement makes directly or indirectly to a student, prospective student or any member of the public, or to an accrediting agency, to a State agency, or the Secretary."

While the intent of the law is very clear, the Web of complexities associated with Internet marketing makes it difficult for schools to understand and manage, Talenfeld said. "Often the companies reaching out to prospective students are small entrepreneurs that are three, four and even five layers down in the online advertising ecosystem. These companies are selling their services to the larger vendors and never actually speaking to the schools. And to make matters even worse, the schools don't even know that they exist."

One could ask why schools don't just stop doing business with those kinds of companies, Talenfeld said. "The reality is that online vendors are marketing to our students whether individual schools participate or not; and if the schools are not included in these online directories, they may not be found by prospective students looking for their institutions," he said. "Thus, it is all but impossible to walk away from Internet marketing companies, aggregators and

vendors, which is a large part of the reason that their presence has grown in size and importance to our industry.”

This issue revolves around the challenges that schools have in managing their online presence, making sure that their advertising partners are following their direction and communicating with students correctly, he said. “In short, schools

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will legally be responsible for messaging that at this point is out of their control.”

Talenfeld said that institutions would need cooperation of their Internet vendor partners to give them and their agencies complete transparency. “The challenge with this is that Internet

vendors consider their traffic sources and referring Web sites that give students access to the schools' advertising message confidential and, therefore, they are unwilling to release this information.”

There are a number of online companies placing ads on Web sites like Facebook or sending out e-mails that claim they will help people find educational institutions or promise to get them federal grant money, financial aid and/or high paying jobs.

“These advertising promises are misleading, unethical and some are probably illegal,” Talenfeld said. “When the consumer clicks on these ads, it directs them to any one of hundreds of legitimate Web sites that contain directory listings of institutions that are unaware of the false representations. Due to the initial misleading advertisement done to lure in prospec-

tive students, the prospective student feels like the school has lied.

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Part of the problem is that aggregators provide inquiries to schools through multiple sources, including other aggregators, Web sites, publishers, e-mail marketers and others. That makes it difficult to determine the quality of the inquiries provided to the schools.

But it's not impossible. “By using a combination of tracking software, compiling conversion rate reports, visiting their Web sites, testing their systems and other such methods, you can determine the quality of a vendor and their work,” Talenfeld said.

While Internet advertising has been a significant media option since about 2003, it continues to be both problematic and effective, Talenfeld said.

“More than 70 percent of all prospective students are contacting institutions via e-mail or online request-forms,” he said. The Internet also makes it easy for students to research and ask for information from multiple institutions at one time.

“This gives today's students more options and makes for a much better decision,” he said. “But from a school's perspective, they have to speak with many more students to obtain an enrollment.”

For the moment, the industry is looking at how to stop the questionable practices that some lead generators have been using.

“I see three key issues that Internet vendors must address,” said Talenfeld.

“One, Internet vendors have to be completely open and transparent so schools and/or their chosen vendors can monitor the schools’ advertising, brand and inquiry process.

“Two, every school must educate its vendors so vendors know exactly what they can do when addressing our students. And three, there must be an agreed-upon set of industry guidelines that clearly tells vendors how to make their advertising compliant and consistent with accrediting and DOE regulations.”

Some groups have already been working on industry guidelines, like the LeadsCouncil and Education Marketing Council.

David Wengel is co-founder of Shouk Media, the first online media, events and professional services firm dedicated toward advancing the online lead generation industry, and co-chairman of the LeadsCouncil. The LeadsCouncil, which covers multiple industry verticals, such as for-profit education, insurance, lending, and soon automotive, focuses on increasing the awareness of online lead generation, helping buyers connect with trusted sellers, and improving the consumer experience.

He said deceiving ads lead to poor consumer experiences, and are poor representations of the job or job you’d get or the pay you’d receive after completing the training.

“These institutions are in a highly regulated environment and they have relied upon a number of marketing services partners who have been in a much less regulated ecosystem or universe,” Wengel said. “Schools need to make it crystal clear to their marketing partners that they are not the only ones liable. The marketing partners are equally responsible for how the school brands are being associated.”

Misleading ads not only impact consumers, but also the industry. “I know that if a student has a bad experience with a school ad, that student is much less likely to fill out a request for a loan from a different industry,” he said. “Each of these industries has an overall impact on consumers....”

Wengel said he hopes that best practices guidelines raise the bar, allowing schools to proactively scour the Web to see what their brand is associated with. But schools also need to have an open dialogue with their marketers on what is and isn’t acceptable.

The LeadsCouncil is working with the Education Marketing Council to come up with best practices that the industry can abide by, he said. EMC is taking the lead on the document, and has hired Jonathan Gillman, formerly of the Florida Attorney General’s office, to help formulate and reach out to both the top lead buyers and sellers and third parties, and to agree on a best-of-the-best practices document. The final document should come out in the next few weeks, and should have the endorsement of the APSCU.

“The document needs to be geared toward the simple side, so people can see in black and white that this is allowed, but that isn’t,” Wengel said. “A lot has to be education first. The lead buyers must understand that these criteria are out there, and they should ask their partners if they are complying.

You shouldn’t promise salaries or compensation as a result of a degree. You should not promise jobs, or use a job ad to mislead someone into an educational opportunity. Nor should you incentivize your leads—that’s a big one. There continues to be a tremendous amount of incentives in the educational market, and we feel that should go away.

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Chief Financial Officer
CollegeBound Network**

“Ultimately, it will only take off if the lead buyers show that they are sending more of their ad dollars to those who are complying with this document,” Wengel said. “If the underbelly continues to generate money from ads that misrepresent schools, then there are no incentives to change. But if people are following these best practices and starting to earn more money, then people will quickly make the change.”

Greg O’Brien agrees that once companies make money by using best practices the use will increase. As chief financial officer of CollegeBound Network, which matches prospective students to schools, he is also a

member of the Educational Marketing Council, which has been working for six months to establish a set of best practices and ethical guidelines for educational marketing.

Why does he feel the EMC is necessary?

“A company like CollegeBound, which is one of the largest interactive marketing com-

panies in education, has hundreds of thousands of interactive ads at one given moment, as do some of our leading competition,” O’Brien said. “We’re not perfect in making sure that every one of those ads is 100 percent above board. But we wanted to be more proactive since we recognized there are some bad actors out there.

“Secondly, we wanted to use the Educational Marketing Council as a platform to what we think is good and bad. And thirdly, we wanted to open up

membership to the universe. Anyone can be a member of this council, but if you’re a member, you’re going to have to swear by this doctrine. You have to open yourself up to be audit-able and abide by these guidelines and practices.”

So what are EMC’s best practices guidelines?

O’Brien said four pages of the document contain examples of do’s and don’ts, and are broken down by different marketing channels.

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O’Brien said there is also a lot of misrepresentation out there. “There is a lot of advertising where a publisher represents himself as either a partner or an agent of a specific school or government body, or even a public figure, without the approval of that public figure. “Clearly, that has to stop.”

O’Brien said the document also establishes guidelines for schools and their responsibilities. Some are very basic, he said.

“If someone raises their hand through direct mail or Internet, and say they would like to learn more about Everest College or NYU, for example, then the school has the responsibility for following up with that person,” O’Brien said.

There is a lot of trade media criticism focused on targeting minority and underserved populations. “If someone responds to an ad, we’ll follow up, even if they don’t fit into a certain demographic,” he said.

Transparency helps in a lot of ways. It teaches you what media channels or what messaging is performing good. The transparency of the aggregator saying this is the creative being run and this is how we are generating leads allows the school to be involved in the process.

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ModernAd Media***

The guidelines also restate some pretty clear rules and regulations that are already in place, like anti-spam or Do Not Call laws. “There is a lot of existing regulation...and we didn’t want to re-write those existing provisions. But we said the vendors utilizing those channels must abide by those existing rules.”

The EMC also established a protocol, allowing members and non-members to submit complaints about potential violators.

“One of the benefits of being a part of the Direct Marketing Association is that it is an existing organization and it is very robust,” O’Brien said. “In its 100 years, it has encountered a lot of these issues in consumer channels already, and they have a fair amount of resources dedicated to policing bad actors in other channels. We’re going to lean on them from the outset, and use membership dues to hire additional people and employ additional technology that will help us in that auditing process.”

The solution to this problem lies in transparency, said **Craig O’Neil**, vice president of product development at ModernAd Media, which provides various marketing services including e-mail and affiliate marketing to list management.

“That’s been my battle cry for a long time,” O’Neil said. “Aggregators are afraid the schools will try to do the work themselves, so they’re not being transparent. The schools likewise aren’t being transparent about what is or isn’t working.”

Transparency helps in a lot of ways, he said. “It teaches you what media channels or what messaging is performing good. The transparency of the aggregator saying this is the creative being run and this is how we are generating leads allows the school to be involved in the process.”

Once the school is involved, they can tell which channels are converting better. “You have certain universities such as DeVry and the University of Phoenix which have taken a strong stand on controlling messaging, but most of the marketplace is not knowledgeable enough or prefers not to get into that fight,” O’Neil said.

But all schools need to control their messages since not all marketers do a good job. “You have some marketers who are more Darth Vader than Luke Skywalker,” he said. “They generate leads for the mortgage space when mortgage is hot, they generate leads for debt settlement space when debt settlement is hot, and they generate leads for the education space when education is hot.

“But they are not education marketers; they are Internet marketers,” O’Neil said. “Whatever vertical is popular with the consumer is the vertical they promote at the time. They’re opportunistic.”

That’s not a criticism, O’Neil said. “The problem is that they’re thinking from a marketing perspective,” he said. “They are thinking that the schools are demanding this many leads from me, and what can they use in their skill set to generate that many leads. Many times they’re not communicating back to the school, so they don’t know they’re doing anything wrong....”

Not all the responsibility should lie on the schools, said **JP Smith**, a partner at Celsius Marketing | Interactive, a marketing and advertising agency tailored to the direct response needs of

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the career college, postsecondary, and general education markets.

The DOE proposed changes mean that schools' livelihoods are in the hands of our lawmakers right now, said Smith. "I don't think it is fair for the schools to bear the responsibility of the proposed DOE rules," Smith said. "I think the vendors that are trying to generate leads for schools need to stand tall and be accountable."

But he also said transparency will be key. And for those businesses that aren't transparent, his advice to schools is to

cut off the source.

Schools may have to sacrifice lead flow or look for other sources to get their message across, Smith said. "Any organization that is doing online advertising from a third-party or vendor perspective that doesn't have policing mechanisms in place needs to stand in front of a panel of their peers

and needs to be excused from the business proposition of what we do...."

Rafferty, founder and CEO of ActiveProspect, said he believes a solution is comprised of three basic parts:

- Advertising guidelines provided by the institutions;
- Updating legal agreements between institutions and marketing firms to enforce the guidelines; and
- Employing third-party verification and monitoring technology that will keep all parties honest.

"I'm optimistic that the CCA committee will get the guidelines in place and that the legal agreements will follow," said Rafferty. But in terms of third-party verification and monitoring technology, many schools must become more proactive.

ActiveProspect developed TrustedForm, a neutral third-party verification and monitoring service that provides inquiry level verification. "This means that we can provide a school verification data on every one of their individual inquiries," he said. "It verifies when and where a particular inquiry was generated. It also monitors all of the sites that are generating inquiries on their behalf to ensure compliance."

Providing the name of the Web site where the lead was generated provides the most basic level of transparency, Rafferty said.

"It's very interesting to me that site-level disclosure is not a requirement for most schools," he said. "We have consumer packaged goods clients that won't buy Internet leads without site-level disclosure and they don't have all the regulation and scrutiny that exists for the education sector. If I were an institution, I would be nervous with that situation."

Even if schools think they know the sites that are generating their inquiries, most aren't verifying it with a neutral third-party verification product, Rafferty said. "A lot of times there is brokering of inquiries behind the scenes. A marketing firm will establish a relationship with a school to provide inquiries on a cost-per-inquiry basis. But once that relationship is in place, they will start buying inquiries from another firm, and that firm will buy inquiries from other firms, and so on and so on.

"As you go further down the line, the quality of the inquiry gets lower and

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lower,” Rafferty said. “Each company in the chain is taking a commission, and a lot of times schools don’t even know it is happening. If a school has no idea where inquiries are being generated, then a school has no way to control the advertising being used to generate those inquiries.”

But TrustedForm allows a school to verify the actual site that generated the inquiry and also to monitor the form to make sure the school is being presented properly to the consumer.

Rafferty said he doesn’t blame the recruitment firms because the schools hired them to provide inquiries. “The reality is that the ads promoting grants and free money and financial aid drive the most inquiries,” he said. “The marketing firms are being paid on a per-inquiry basis. So they are going to use that type of messaging because that is what is making them the most money.”

He said it is up to the schools to take a leadership role in defining, monitoring and enforcing marketing guidelines. “There are groups that are promoting best practices, and I think it’s great that we have started that discussion. But at the end of the day, I really think that the schools need to take the leadership role and really drive it—set the guidelines, monitor for compliance and enforce.”

That’s exactly what DeVry University is doing.

John Birmingham, chief marketing officer at DeVry, said they are trying to remove dishonest, misleading and offensive marketing communications that discredit their institution and the industry as a whole.

“We are really seeking to have honesty and clarity for all the communications and ads that are out there,” he said. “We are very committed to this and very vigilant.”

For example, in August, DeVry held a vendor summit for all of its third-party vendors. “This goes back to having strong, straight-forward communication with all our partners,” Birmingham said. “We personally reviewed all our compliance policies with them, and gave them an overview why it is important to the sector as a whole, and why it is critically important to DeVry University.”

Then, in December, DeVry notified all their partners to reinforce those guidelines and to reiterate that DeVry would take away business if vendors violated any of their guidelines.

DeVry’s threats are not just idle. “We’ve had repeated conversations with vendors and partners about ads and how we’re presented. If we see

there is too much risk on our side, we will sever that relation. And, to be frank, we have done that in some instances.”

DeVry followed up in January with more training for each vendor, to ensure that they understood all the policies, Birmingham said. “To help them and to make sure that they are following our compliance guidelines, we’ve actually developed template materials that vendors must agree to use instead of creating their own materials.”

The university also continues to look into cutting-edge technology and tools that will help them better police their image and brand on the Internet, Birmingham said.

“There are different technologies that we are experimenting with, whether it’s for online, traditional

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DeVry**

online banner ads, or how our brand is being represented in e-mail. There isn't a one-size fits all.

"But we have a wide array of tools in our tool box," he said, "and we continue to take a look at everything that is currently out there. We are even looking at trying to develop some things of our own."

Avoiding liability comes down to setting guidelines, communicating those out and then adhering to them, Birmingham stressed. "It takes time, effort and resources, but historically we have believed that it is important to maintain our brand reputation. My advice is that other schools take it seriously...."

Rafferty agreed.

"Schools should have strong legal agreements with their lead generators stating their guidelines, and they should use third-party technology to verify compliance," he said. "Ultimately, the schools are paying for the marketing, so they have the power to enforce their guidelines."

"But don't underestimate the innovative spirit of Internet marketing firms," Rafferty said. "If a school sets clear guidelines for what they want, the marketing firms will figure out a way to deliver results within those guidelines."

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