



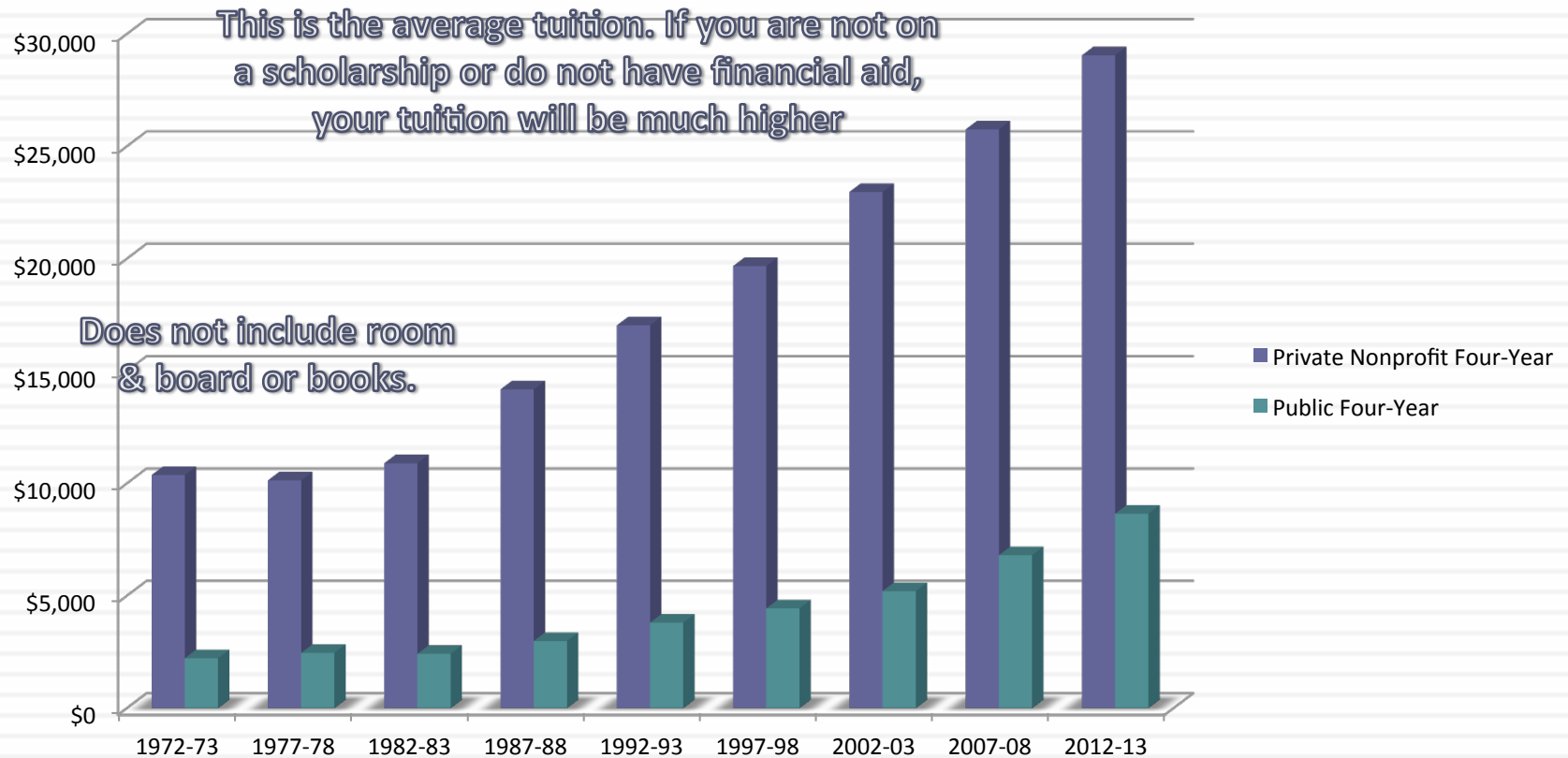
BARBARIANS AT THE GATE: THE “UNBUNDLING” OF EDUCATION

Aswath Damodaran

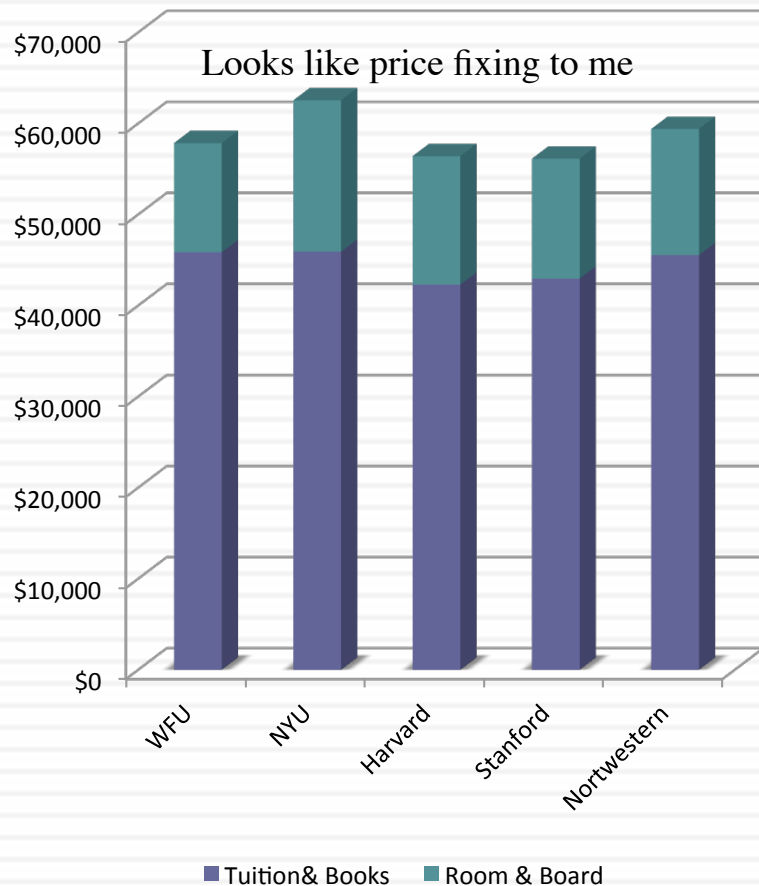
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The cost of a university education

College Tuition & Fees: Trends over time



And what you get for the tuition



1. **Screening**
“We picked you. You are special”
2. **Structuring**
“Trust us. We know what a good education requires”
3. **Classes**
“Great teachers, memorable classes”
4. **Network**
“You have a network for life”
5. **Career Advice/Support**
“You are all set! Don’t worry!”
6. **Entertainment**
“Parties, Games, See foreign lands.. The fun never ends”
7. **Education**
“We’ll teach you how to learn”

1. Screening

- The “value proposition”: Higher the correlation between the screen and what outsiders (employers, potential spouses) are looking for, the more value there is in the screen.
 - Corollary: The easier it is to observe output, the more accountable the screeners will be for their screens (accounting/engineering versus liberal arts).
- The “selectivity” proposition: The tighter the screen, the more value that is attached to it.
- The “chicken-and-the-egg” problem: To have a tighter screen, you need a better reputation. To get a better reputation, you need a tighter screen.

The Online Challenge

- Reputation first, Screen later: Advantage here will be to those who can use an existing reputation as universities (MIT/Stanford) or as pure screeners (CFA, College Board?)
- Technical versus non-technical: Easier to mount online assault in those areas of education, where output is more easily observable. (Accounting/Computer coding/Mathematics)
- Outside/Common Test: It will be easier for online education to breach traditional education, if there is an “outside” test of competence/learning (a common exam).

2. Structuring

How long?	4 years for an undergraduate? 2 years for graduate? Why?
What courses?	Core Classes -> Electives ->Major/ Minor
In what sequence?	Prerequisites, Course numbering/credits

The “trust us” proposition: Is it true that universities know that what a true education is and that they have structured their offering to meet that requirement? Or is it serving the interests of other interest groups within universities?

The “Inertia Quotient”: If it is, in fact, true that universities have created the “right” prototype, how is it that the prototype has changed so little over time?

The “one-size-fits-all” puzzle: If education programs are structured to provide the right education for students, how is it that all students seem to require almost the same program?

The Online challenge

1. Structuring/Sequencing: This should be relatively simple to do, if you have the course offerings menu. (iTunes U, Coursera, EdX).
2. Customization: While customization will be more difficult, it should be easy to match the customization offered at most universities today, with a mechanized assistant.

3. Classroom Content

Service item	Description	Online competition	Differential advantage
Content	Lecture notes, books, class notes, slides, problem sets, cases, case solutions	Digital copies of the material in legal & illegal venues.	<ol style="list-style-type: none"> 1. New material 2. Unique insights 3. Impossible to put online
Classroom experience	Lecture, Q&A, class discussion, interaction, osmosis	<ol style="list-style-type: none"> 1. MOOCs 2. Flipped classrooms 3. Hybrids 	<ol style="list-style-type: none"> 1. Real time learning 2. Interaction 3. Magic (Teacher presence/ charisma)
Group learning	Informal (chatting about class/ content) and formal (group work)	Social media sites (Facebook Groups, Google shared docs)	<ol style="list-style-type: none"> 1. Real & relevant content 2. Creative group work
Monitoring	Classroom attendance, Routine work (homework)	<ol style="list-style-type: none"> 1. Digital monitoring 2. Online tests 	Physical monitoring a little tighter.
Testing	Tests, exams and projects to see if material has been learned	<ol style="list-style-type: none"> 1. Online exams 	Exams/projects can be more creative & test learning. Are they?
Grading	Grade can be based upon multiple criteria, objective & subjective	<ol style="list-style-type: none"> 1. More mechanical 2. Easier to cheat? 	Better chance of grades reflecting learning?
Mentoring	Teacher provides advice and encouragement to student.	Online mentoring Hybrid classes	More personal connection

A look at the competition: My earliest attempt at a MOOC

Session Webcasts	Topics covered	Lecture notes
1 (9/4/13) Webcast, streamed (need a good internet connection) Video podcast (downloadable) Audio Podcast (downloadable)	Introduction to Class Post-class test and solution .	Syllabus for class Project Description Introduction to Valuation
Valuation of the week # 1	My blog post on the valuation of Tesla Tesla: Last 10K (for 2012) Tesla: Last 10Q (for first two quarters, 2013) Automobile companies: September 2013 My valuation of Tesla	Google shared spreadsheet for Tesla valuations
Valuation Tools Webcast #1 Getting Data for Valuation	<i>Data collection: The first step</i> In this webcast, I look at the basics of getting the raw material needed for valuing a business - financial statements, sector information and macro economic data.	SEC website SEC Live FRED (Federal Reserve)
2 (9/9/13) Webcast, streamed (need a good internet connection) Video podcast (downloadable) Audio Podcast (downloadable)	Valuation bias: A test and my solutions Valuation: Bias, Uncertainty and Complexity Valuation approaches DCF: First steps Post-class test and solution .	Introduction to Valuation: 4-End Lecture note packet 1: Pages 1-4
Valuation of the week # 2	My blog post on the valuation of Apple Apple: Last 10K (September 2012) Apple: Last 10Q (July 2013) My valuation of Apple	Google shared spreadsheet for Apple valuations

A More Sophisticated Game: A real MOOC



Investment Philosophies

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★★★★★ (5)
New York University
Category: Finance
Language: English
Published Aug 28, 2013
When viewed using the iTunes U app for iOS, this course may also include enhanced materials such as instructor notes and assignments.

Investment Philosophies

ASWATH DAMODARAN

Details Ratings and Reviews Related

Description

Every investor needs a set of core beliefs that guides the way he thinks about investments and provides a roadmap for creating investment strategies. This is the essence of an investment philosophy. In this book/course, I look at a range of investment philosophies, from charting/technical analysis to value investing to growth investing and on to arbitrage, not so much with the intent of finding one better than the other but more with the objective of evaluating what an investor has to bring to the table to succeed with each one. If there is a core message I hope to deliver, it is that to be a successful investor, you...

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Course Outline

- I. Investment Philosophies: Introduction
- II. Risk
 - a. Understanding Risk I: The risk in bonds
 - b. Understanding Risk II: The risk in stocks
- III. Tools...

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▲	Name		Time	Released	Description	Popularity	Price
1	Introduction to Class		4 min			██████████	Free ▼
2	Session 1: Webcast		13 min			██████████	Free ▼
3	Session 2: Webcast		16 min			██████████	Free ▼

And you can add a social media component

Valuation Fall 2013

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10:30am - 12:00pm Wednesday

[Class: Class](#)
10:30am - 12:00pm Monday

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 Investment Philosophies
Aswath Damodaran / John Wiley & Sons



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This Course-in-a-Book is for everyone who is an investor or wants to invest. You may be an employee managing your 401K, a hedge fund manager, an investment consultant, or even an investment banker. Choosing the right investment philosophy is at the heart of successful investing. To make the choice, though, you need to look within you before you look outside. In this course based on the second edition of Investment Philosophies (Wiley), New York University's Stern Business School Professor Aswath Damodaran will help you do this by going beyond the simple explanations of traditional and alternative investment strategies to discuss the individual underlying philosophies that support those techniques.

The course consists of:

- 14 chapters from the second edition of Investment Philosophies
- 38 video lectures, consisting of 10 to 30 minutes of length, by Aswath Damodaran
- More than 500 presentation slides
- 38 self-assessment quizzes featuring 190 multiple-choice questions

4. The “Network”

- The “college spirit” effect: The stronger the “college” spirit”, the tighter & more long-standing the network you create from the college.
 - Corollary 1: Smaller colleges create stronger networks, other things remaining equal, than larger colleges.
 - Corollary 2: More isolated, campus-centered colleges have stronger networks than urban colleges.
 - Corollary 3: Colleges with stronger sports teams & traditions have stronger networks than colleges without that tradition.
- The “small group”: While you may have a college network, it is your closer networks (of people that you know best) that serves you better.
 - On-campus housing: The more students are forced into living with other students, the greater the chance of a small group network emerging.
 - Greek system: Much as the Greek system has come under criticism, it has historically created some of the strongest networks on campus.

The Online Threat

1. Online networks (Linkedin)
2. Hybrid online education (4-6 weeks residential program, rest online)

5. Career Advice/Support

- The “show me the money” test: The better the infrastructure that you have invested in placement activities (interview facilities, student support, employer care/sustenance), the better your chance of providing placement support.
- The “show me the job” test: No matter how much you spend on infrastructure, the ultimate test of placement is whether students get “good” jobs, i.e., jobs that will give them a good economic return on their investment.
- Employer location/reach: The more employers that come to your campus to hire your students, the better the placement support.
 - Corollary 1: Employers are drawn to campuses based upon reputation/screening, but to get a better reputation for placement, you need to draw more employers.
 - Corollary 2: Employers value schools that screen potential employees for them (in terms of skill and interests).

The Online Threat

- Online job search/networking platforms make it easier and cheaper for employers to reach potential employees, sometimes with more focus than coming to a campus (Again, think of LinkedIn and why it is so attractive to so many people)

6. Entertainment

- The Studio 54 Effect: If you are want to party at low cost, with little effort and relative safety, schools make it easy for you to do so.
- The Big Game: If you go to a school with a top notch sports tradition (Notre Dame football, Duke/NC basketball), you get to go to “professional” quality games at low or no cost.
- The “semester abroad” game: Much as US colleges want to sell students on the notion of the learning during a semester abroad, it remains true at most schools that this is just a semester where there is little learning in the classroom and a lot of fun & play (with a different kind of learning).

7. An Education?

- A Harvard panel defined educated people as those who “leave school with a deep understanding of themselves and how they fit into the world and have learned how solve complex problems, be creative & entrepreneurial, manage themselves and to be life long learners”.
- However the panel also concluded that there is a disconnect between how education gets delivered in universities and the mission to make students become “good, well-rounded” people.
- The bottom line is that this type of education is not only difficult to deliver on a “mass” scale but is also a life long endeavor.