

## College Admissions Scandal: Lessons for Other Industries

**What we know:**

- Unexpected ethical lapses expose organizational blind spots
- We are still only as strong as our weakest employees
- Reputational risk has exponentially increased

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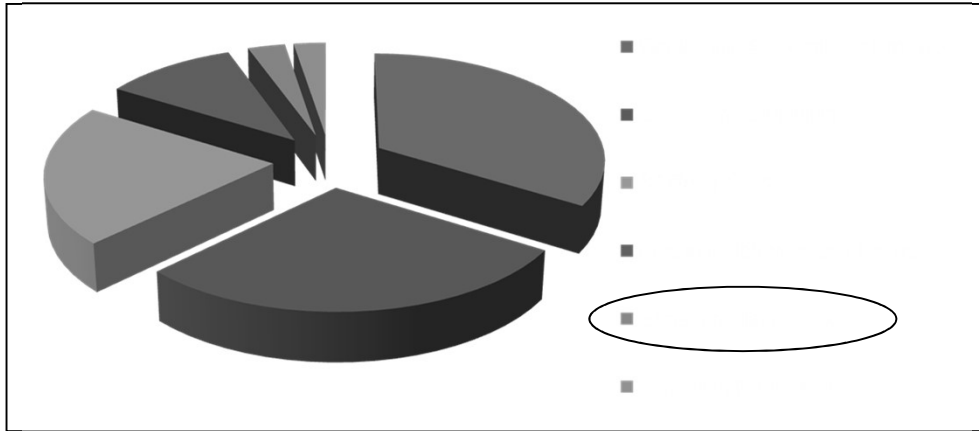
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## Overview

- Scandals while salacious and driving headlines, are often rich learning environments.
- The College Admissions scandal particularly exposes issues around:
  - Exceptions Management
  - Human Nature
  - Reputational Risk / Collateral Damage
- Lessons come with great visuals and headlines!

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## The key criteria for college admissions



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## What actually happened?

- Parents changed:
  - Helicopters and lawnmowers
  - Pressure for children to succeed
  - Social media world
- Schools changed:
  - Economics of athletics
  - Admissions criteria pressures
- A gap in controls was exploited



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## Lesson 1: Water finds its own level



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## Lesson 2: Unintended consequences



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## Lesson 3: Who measures exceptions?



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## Lesson 4: Nobody expects the inquisition



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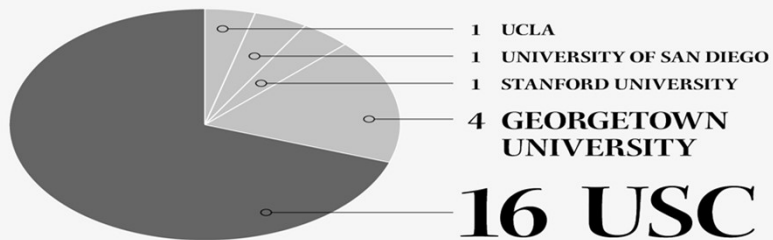
## Lesson 5: Who are you going to call?



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## Lesson 6: Who gets the blame?

Number of Individual Instances of Falsified College Athletic Recruitment



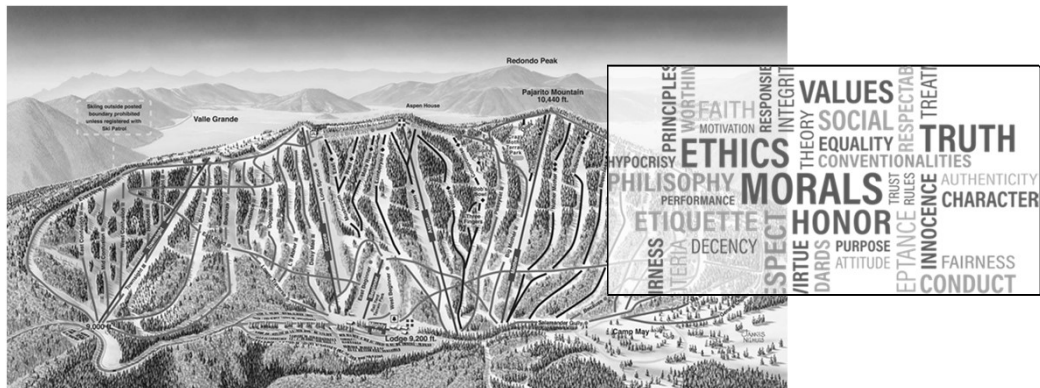
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## Lesson 7: a good idea at the time ...



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## Lesson 8: The right path forward



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## How do we apply the lessons?

- Speak with clarity – too many education institutions ran athletic recruiting through a black box – where are your black box exposures?
- Model for what could happen, not what everyone hopes will happen – B School lesson 101.
- Look for “special situations” – it is not that they cannot exist, but the risks mitigation and control programs need to be robust.

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## Recap

- People will exploit opportunities when it is in their interest to do so.
- Processes and Procedures should be built on solid ethical expectations.
- Exceptions should be limited and placed under a risk weighted review.

ADMISSIONS & STUDENT AID



### How the Wealthy and Well Connected Have Learned to Game the Admissions Process

By Neil Gluckman | AUGUST 02, 2019 | PREMIUM CONTENT FOR SUBSCRIBERS. SUBSCRIBE TODAY

A spate of scandals has drawn attention to how the process of applying to college benefits the elite. College counselors say that's only the tip of the iceberg.

### Ethical College Admissions: Fool Me Twice

| What possible reason could the parents in the latest admissions scandal have had, writes Jim Jump.

By Jim Jump // August 5, 2019

For the second time in six months, “college admissions” and “scandal” appear in the same sentence.

Last week ProPublica Illinois and *The Wall Street Journal* revealed that parents in suburban Chicago had taken part in a scam to increase their children's eligibility for need-based financial aid for college. The scam, apparently devised by independent college consultant Lora Georgieva, owner of Destination College in Lincolnshire, Ill., involved parents giving up legal guardianship of their children during the junior or senior year of high school to a friend or family member. That allowed the student to claim independent status, meaning that eligibility for financial aid was based only on the student's earnings rather than the parents' income and assets.



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### Questions and Discussion

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