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Career Education Corporation Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question is from the line of Amy Junker with Robert Baird. Please proceed.

Amy Junker - Robert W. Baird and Company, Inc.

Good morning. I guess just a quick question on, first Gary, some of the replacements that you've made. You talked about the three adds that you did at the executive level. Have you also made some replacements maybe more at the midlevel area, is there more turnover additions we can expect and in the face of all of that, how would you kind of describe the morale?

Gary McCullough

Amy, thanks for your question. We have not or at least I have not made changes deeper in the organization, there is an ordinary turnover that we've seen in our organization. As I said on previous calls, we're working to reduce turnover.

I will tell you that coming through the planning process that we've come through gave me an opportunity to really see some of our younger leaders in action and we've got strength in the lower levels but we also have areas, I think, of opportunity to continue to strengthen the lower levels and so, we'll work at that over the next couple of quarters.

Amy Junker - Robert W. Baird and Company, Inc.

Thanks. And just one other if I could and then I'll pass it over. Just on the schools that are up for sale that you're looking at, I guess, if and maybe it's too early to discuss this but, I guess what gives you the confidence that it might make sense at this point to continue some of those campuses, where 12 months ago, the decision was made to put those up for sale?

Has something changed, have you seen improvement in any of those schools or what's your thought process there?

Gary McCullough

Yes. It's a fair question. I wasn't here 12 months ago I can tell you though, that the team in place that has been managing that business has done a terrific job. As you can imagine, it's got to be very, very difficult to be up for sale but yet have to run the organization. I think they have done a tremendous job.

Mike described also in his commentary, the fact that our losses this quarter were less than they were before and there's a mixed bag in that group of schools. There are some that are performing reasonably well that and that we believe still can be turned, but there are some that really have deeper losses.

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