

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha symbol in orange, all on a dark red background.

Career Education Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Robert Craig - Stifel Nicolaus & Company, Inc.

Robert Craig - Stifel Nicolaus & Company, Inc.

Gary I was just wondering if you could provide a little more detail on that breakdown that you mentioned occurred between the transfers from the peer qualifier to the admissions teams and also, too, I mean you indicated the latter not staffed sufficiently? I take it that means you will be building staff as we go forward here?

Gary E. McCullough

Sure. Let me step back and even go into last quarter and before. We've been on previous calls and we were asked as we [audio impairment] year whether we had a sufficient number of admissions reps and at the time we were working through, if you recall, some issues related to peer which we got under control and addressed. While we were working through those issues we were also working to improve our rep productivity so we could do a better job of insuring and making sure reps understood what was expected of them moving forward. The idea was to marry that learning up as we came into the first quarter.

So coming into the first quarter we expected to do two things. One was to spend for leads to grow the business. The second one was to ramp up our number of reps with the new expectations around what they should be producing on a per rep basis. We had very, very solid lead flow, double digit lead flow come in so that wasn't the issue. Demand was strong. They were well handled in our peer qualifier model and unfortunately we could not staff up enough to handle adequately the lead flow that came out of peer into the universities. And so it was something that, in my judgment, should have been foreseen. We saw that that was an issue as we ended January. Unfortunately when you commit to buying leads you do that a bit in advance and we couldn't turn off the lead flow fast enough to synch it up. So we saw slightly higher marketing spending and an increase in cost and we were not able to adequately deal with all the leads we had. You know, had we been fully staffed we would have been in double digit growth.

Robert Craig - Stifel Nicolaus & Company, Inc.

So you're now fully staffed?

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.