Executive Education Online Program Royalties

The following policy pertains to custom and open enrollment Executive Education programs developed by Kellogg in which at least 80% of the learning material and participant experience is delivered remotely in digital format (“Kellogg Online Programs”). This includes completely asynchronous programs and hybrid designs in which faculty members are involved to a limited degree in course facilitation, weekly updates, group project evaluations or related activities.

Design Principles

- Consistent with the Northwestern University Patent and Invention Policy and Policy on Distribution of Coursera Royalties.
- Committed to transparency and applicability across all faculty members.
- Provides meaningful incentives to create and maintain high quality digital learning programs.
- Easy to understand and administer.
- Can be applied to other participating faculty members outside of Kellogg.
- Benefits both the school and faculty members in a way that recognizes the shared efforts, risks and contributions of both.

Development Costs and Royalty Distributions

- Kellogg Executive Education will fund the expense of developing Kellogg Online Programs, including paying for faculty time at the standard overload rate of $500 per hour, plus all direct digital design and production costs (collectively, the “Development Costs”). Faculty time will be negotiated in advance between the participating faculty members and Kellogg Executive Education.
- Kellogg Executive Education will retain 100% of all development fees, seat license revenues, and/or participant tuition payments (collectively, the “Gross Revenues”) from such Kellogg Online Programs until such time as it recoups its Development Costs.
- Subsequent to Development Costs recovery, Gross Revenues from Kellogg Online Programs shall be divided as follows:
  - 30% to participating faculty members (“Royalty”)
  - 20% to Executive Education to fund future Kellogg Online Program development, marketing, overhead and infrastructure expenses.
  - 50% to Kellogg
• If multiple faculty members are involved in a program, the 30% Royalty will be divided among them proportionate to their individual contributions to program development and delivery.

• Kellogg Executive Education shall obtain the consent of participating faculty to sell a Kellogg Online Program that requires ongoing faculty time during the delivery of the program, including live lectures, Q&A sessions, video responses, etc. These activities will not be compensated separately and will be considered covered by the faculty Royalty.

• In the unlikely event that a Kellogg Online Program requires substantial modifications or significant unforeseen increases in the faculty’s time commitment, the faculty shall be compensated at normal development and teaching overload rates, and these expenses shall be added to the program’s Development Costs.

Ownership and Use

• Ownership of the copyright in Kellogg Online Programs and all related “Digital Assets” (including but not limited to online videos, cases, animations, simulations, interactive exercises, etc.) shall rest jointly with participating faculty and Kellogg. Participating faculty shall have the right to utilize and adapt Online Program content and related Digital Assets for any academic and non-commercial use, including at another university, so long as they remove the Kellogg name and logo from such content. Commercial use of Digital Assets outside of Kellogg shall require the prior written consent of the school.

• For the avoidance of doubt, Kellogg may utilize or adapt Online Program content and related Digital Assets for any academic or commercial use, provided the Royalty provisions herein shall remain in effect for any commercial use.

Review and Approval

• All new Online Programs will be reviewed and approved in advance by the Executive Education Faculty Advisory Committee.

• This policy will be reviewed by the Deans Office every two years to account for changes in the marketplace and the shifting demands upon our faculty.

1 “Development Costs” exclude any allocation of fixed or semi-fixed costs that are non-incremental to the development of an online program. Example of excluded costs are LMS hosting expenses, student support cost, personnel cost, marketing expenses, or facility costs.