



TenStep Supplemental Paper

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The Transformation!

Changing trends in executive education programs

A study by the Council of Graduate Schools reported a 6 percent decline in enrollment of graduate students for their advanced degree programs during 2003-2004. This decrease came at a time when university executive education programs were reporting a 3 to 10 percent revenue increase.

The International perspective

With economies expanding, many countries are sending a large number of their executives to universities abroad for executive education programs. The University of Michigan reported a 30 percent increase in enrollment of foreign students. Stanford has reported a foreign student intake of nearly 50 percent.

If these statistics have a story to tell, executive education programs are back in vogue. These programs had taken a backseat soon after the dot.com bust. The collapse of high-tech organizations and recession only meant that executive education earned a low priority status. However, after a lean period of more than three years, organizations are back to sending their executives to universities for non-degree programs.

Trend: Global programs

In comparison, the US economy is more mature than the growing economies of countries like India and China. While these countries have a large number of participants, their focus is different from their American and European counterparts. While the more developed economies invest in customized programs developed exclusively for their executives, Asian organizations prefer the standard open-enrollment programs. This allows them to send different executive groups at a time.

Trend: The demand for customized programs

When universities first offered open-enrollment executive education programs, they were pioneers. Organizations had little option but to send their executives to universities for non-degree management courses. With time, organizations gained executive training experience and began developing their own 'in-house universities.' In addition to offering organization-specific training, they also conducted open-enrollment programs for 'outside' executives.

It definitely was time for universities to get back, and they have done so with a bang. In most universities, nearly 50 percent of their executive education programs are customized. With this increase in demand for custom programs, executive education departments have begun resembling training and development consultancy firms. However, this evolution is what keeps universities in the race.

The revival



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With organizations returning to universities to educate their managers, the reliance on open-enrollment programs has reduced drastically. In standard, open-enrollment programs, executive batches from different organizations and countries get together to work on faculty-directed projects and for lectures.

A custom program is developed to meet the specific needs of an organization. Therefore, only participants from that particular organization enroll for the program. Such custom programs are tailored only after the university studies the organization's training needs. For instance, before designing a custom program for Spectrum Health, the University of Michigan spent eight months evaluating their training and development requirements.

With university professors and Spectrum's top executives doubling up as lecturers, the organization sends batches of 20 to 50 executives at a time to spend 10 days on campus. The course includes a capsule on business management practices with an emphasis on Spectrum's unique strategies. Michigan's associate dean Raymond Reilly says, "We are their (Spectrum Health's) outsourced provider of in-house education." Today, most universities are willing to do what Michigan does.

Trend: The demand for support systems

With customized programs increasing, organizations also expect universities to provide active and effective support systems. They prefer to invest in executive education programs that promise hands-on help from the faculty in the form of either follow-up coaching or long-term mentoring. As part of their leadership training programs, Columbia University offers participants follow-up coaching. "We have had a huge growth in coaching. I think it has become a fairly common practice," says Ethan Hanabury, Columbia's associate dean.

Additionally, there is a radical change in what organizations expect of universities when it comes to using these schools to address their training and development needs. There is a demand for increasing accountability. This only means that in addition to better-educated executives, every organization investing in educational programs will want to know what the returns are.

Trend: The demand for demonstrable returns on investments

The demand for definite returns in some form of ROI measurements is natural. A one-month long senior level executive education program at Columbia costs around \$36,000. While the university does offer individual coaching, organizations believe that only measurable returns can justify the high costs of customized programs.

The acting dean of Babson College, Stephen Flavin, says, "The first thing they want is an ROI. However, learning is not something that can be easily quantified, like profits and losses." Most universities share the same thoughts. The absence of an effective measuring system that can provide organizations with concrete, measurable ROI weakens the defense of universities. However, Flavin justifies the costs of executive education programs when he says, "This is the cost of doing business. It is very important to future managers."



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Tracking systems

Pennsylvania's Wharton School of Business provides its corporate clients with tracking systems to help quantify the benefits of customized executive education programs. These computer-based systems list organization-specific strategies, goals and projects. While executives sift through them, they are required to simultaneously update a database to monitor course progress. Such updating mentions not only what the participant completes but also the results. The organization then accesses the database to determine whether the experience has improved the quality and quantum of work done by the executive.

While the vice dean of Wharton, Jon Spector agrees that the ROI of learning is more qualitative, he also says, "When you step back as a senior vice president of strategy and look at 250 activities and see that a large percentage resulted in a good job, then you can feel you had an impact on the business."

Babson College too uses a similar tracking system to monitor the progress of Siemens' senior executives. By evaluating the information collected from the databases, Siemens' determines whether Babson's customized programs resulted in profitable and successful initiatives. While the tracking system does not provide Siemens with definite ROI measures, Babson believes that since Siemens has not pulled out of the program it must be reaping benefits!

Universities today are adapting to the new training and development demands of both local and international organizations. The increase in customized programs, the provision of support systems and an attempt to provide concrete returns make executive education programs worthwhile.