

# The B-School at Company



Corporate universities are focused, committed to employee education, and here to stay. Traditional business schools must learn how to work with them in creative and productive partnerships.

**A**bout ten years ago, when corporate universities were exploding onto the scene, sentiment was deeply divided between fear that such institutions would rob business schools of all their students and conviction that corporate universities would be a brief and passing phase. It turns out that neither expectation was true. Today's corporate university is an entrenched part of the business landscape, working hard to satisfy both its students and the CEOs of its parent organizations by providing targeted education that can demonstrably improve performance in the workplace. Today's corporate university also draws heavily on the expertise of traditional four-year universities—and some people believe that broader and stronger partnerships between schools and businesses will shape the future of company-based education.

While the phrase “corporate university” has been used to mean everything from a revamped training department to a degree-granting branch of a major corporation, it's possible to come up with a more exact description. One good definition comes courtesy of Mark Allen, director of executive education at the Graziadio School of Business and Management at Pepperdine University, Culver City, California, and co-author of *The Corporate University Handbook*. He believes a corporate university must be a strategic tool that helps the parent organization achieve its mission through educational activities. What's key, he stresses, is that whatever training or learning is involved be tied directly to the strategic mission of the company.

In other words, nobody goes to Corporate U just to kill a few hours. Such a school offers learning with a purpose—improving a specific employee's performance in a specific area of the job in a way that's measurable.

## The Corporate Goals

Corporate universities exist to fulfill four main goals: to teach topics like leadership and communication to executives; to standardize skills and knowledge for certain jobs within the company; to help the company as a whole develop a unified culture; and to develop strong networks among employees.

Developing “soft skills” is something corporate universities do very well, says Mike Morrison, dean of associate education and development at University of Toyota in Torrance, California. “Part of it is, we have to,” he says. “Once people are in the work environment, they see that the work world is very relational. Problem-solving skills, creativity and innovation are in much higher demand, and the ability to self-design work is critical.”

Also critical is the ability to provide mission-specific education with instant relevance. Tom Doyle, director of Menlo Worldwide's Menlo University in Dayton, Ohio, says, “Each of our courses is aligned with the strategic products, services, or value propositions that we take to the marketplace. There are no electives. You don't have to have a physical education unit to get through.”

Just as important to many corporations is that their universities help them create a single image of the company or a standardized protocol. Sometimes, as with Menlo University, the school is a consolidation of a disparate collection of training programs that used to be centered in different departments or physical locations.

“It was costing the company tremendous time in development and poor purchasing strategies, and obviously the messages we were communicating weren't always the same,” says Doyle. “So we created the corporate university, which now is the sole source for training in leadership, sales and sales man-

by Sharon Shinn

illustrations by Sean Kelly



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—Mark Allen, Pepperdine University

agement, logistics and supply chain management, and the technical training associated with any of those disciplines.”

Other companies have turned to corporate universities to help create a unified culture within a diverse organization. “Ours is a company that grew through acquisition,” says Beth Sexton, senior vice president of human resources at IKON Office Solutions, with headquarters in Malvern, Pennsylvania. “Over time, we made over 450 acquisitions of copier and technology services companies. While starting IKON University was clearly an opportunity to leverage cost, it was also an incredible opportunity to build one culture.”

A corporate university also can build alliances among its employees—which pay off handsomely for the parent organization. “We help foster a community of business friends that continues to function on a much larger scale than within the learning program,” says Steven Smith, director of Cap Gemini Ernst & Young University, situated near Paris. Employees who form friendships during the coursework have a network of people to call on when they need advice or assistance in future projects. Says Smith, “One way we measure success in our university is by looking at the concrete business deliverables that have come out of our programs.”

### **Return on the Educational Investment**

In fact, the need to trace concrete deliverables back to the classroom is one of the biggest differences between a corporate university and a traditional one. In very simple terms, corporate universities are required to justify their existence.

“With almost everything we do from a human capital perspective, we’re looking for a return on investment,” says Sexton of IKON. “Traditionally, when offering training, a lot of organizations only go so far as looking at satisfaction in the classroom. We’re looking for sales productivity and behavioral change. We’re also looking for our target in terms of business strategy.”

Menlo’s Doyle agrees. “We are required to try to document that there is, in fact, a return on the dollars spent in the classroom,” he says. “If we can teach a manager how to lower absence or tardiness, we can assign an economic value to that. Maybe we can teach salespeople some negotiation skills; and as a direct result of applying those skills, they open a line of business they haven’t handled before.

“That warm fuzzy feeling people got from training is coming to an end, at least at my company,” Doyle continues. “We’re placing a high level of importance on business value. I’m not going to spend \$7,000 of the company’s money to bring in a consultant to hold a workshop for one department if the supervisor can’t tie it to a business objective or some

sort of expectation of behavioral change. My whole goal for Menlo University is that if they were to sever me and my entire department so that we became an outsourced company, we would be able to demonstrate some economic value back to them.”

A number of companies have developed sophisticated ways to measure whether they’re receiving a return on their educational investment. Pepperdine’s Allen explains that the traditional tool for evaluation training, the Kirkpatrick model, has four levels: reaction, learning, behavior change, and organizational impact.

“Traditionally, higher education evaluates at levels one and two,” Allen continues. “We ask people whether they liked a course and we measure whether they’ve learned anything. But business universities don’t just look at learning. They look at whether that learning results in behavior changes that have positive results for the organization.”

Allen continues, “I know one corporate university in an industry with high turnover whose primary mission was to ensure that employees stayed. This organization has low turnover and high retention. That corporate university has a very easy metric for measuring itself. If they’re doing a good job with retention, then the corporate university is doing a good job.”

In fact, across the board, corporate education can be a powerful tool for creating employee loyalty. “The war for talent is all about finding the most learning-agile people,” says Sexton. “People are going to be looking for companies that make an investment in their education.” This is particularly true as other benefits, such as health care, get cut back, she notes.

Says Allen, “Research shows that companies that invest in education for their employees have a much higher retention rate than companies that don’t. It’s almost counter-intuitive. People who don’t invest in education say, ‘What if I pay to educate employees and they leave?’ When somebody says that to me, I answer, ‘You’re asking the wrong question. What if you *don’t* educate them, and they *stay*?’”

### **Structuring the Corporate Classroom**

Corporations that have committed themselves to education generally have committed themselves to technology as well, using virtual classrooms and Webcasts far more than traditional four-year schools do. But experts are adamant that face-to-face learning is an essential part of the corporate university experience.

“Five years ago people were talking about turning the whole corporate university virtual,” says Allen. “Five years later, the buzzwords are *hybrid programs* or *blended learning*.”



Many corporate universities are turning to hybrid programs where they can have some live interaction, then some distant mediated interaction, followed by more live interaction.”

That’s the plan at CGE&Y, where learning is delivered by a combination of virtual and physical classrooms. Says Smith, “We view the learning moment as a very privileged time when people are physically present to create networks and share their experiences. But that all needs to be maintained, and we use virtual technologies like Webcast chat rooms to keep people connected.”

Smith believes strongly that employees who stay networked will continue to learn from each other. “Once someone gets an MBA, he’s never going to go back and get another one,” says Smith. “How do you make sure those people continue to learn? By keeping them linked to communities. As new ideas and new approaches come out, they can continuously update their skill set and ask the questions they need to ask.”

CGE&Y has developed a whole set of “master classes” deliberately structured both to capitalize on the knowledge executives already have and to disperse it throughout the organization. “In our approach to learning, we look at four steps—awareness, understanding, demonstration, and recombination. In virtual classrooms, we help create awareness and understanding. In the physical classrooms, we focus on demonstration and recombination. During Master Classes, experts come in and work with executives, but they also review the knowledge they’ve already tested in the marketplace and the other learning they’ve absorbed.

“The members of the class generate a hypothesis about a

new way of doing business, and then they go back to their jobs and test these ideas,” Smith continues. “When they come back to class, they evaluate how the ideas worked in the market. When the answer is positive, they move to the next level, formalize the methodology, and create a new level of learning that will then be re-injected into the entire program. This cycle is key for adult learning. Adults walk into the classroom with a great deal of experience, and that experience has to be leveraged.”

It’s not just the heavy reliance on technology and networking that makes corporate universities excellent places to learn, believes Morrison of Toyota—it’s the very structure of the classes, which focus on practical, usable knowledge absorbed through active learning. “We’re trying to move more of the learning from knowledge to know-how,” says Morrison. “Know-how connotes a different message than knowledge. Not only does that employee know something, he knows how to put it in place.”

It’s not possible to gain such know-how through the lecture mode found in many school settings, says Morrison. At Toyota, employees engage in team learning events built around actual work projects. “In our Lean Thinking program, we got rid of all the PowerPoint slides, and there’s no speaker at the front of the room. You walk in with your team and start working on a problem within your group. Maybe you want to accelerate one part of your process by 100 percent or you want to cut costs by 50 percent. We build the knowledge while they’re doing their actual work,” he says.

### **Student/Faculty Ratio**

Not only is it important for corporate universities to get students engaged in the learning process, for many it’s important to turn every employee into a student. Says Allen, “I find that most corporate universities have a goal of touching everyone in the organization. Some companies require all employees to have a certain number of hours of training every year. Other companies aim to make learning available to everyone.”

At CGE&Y University, the decision was made in 1997 to open programs to employees at all levels, although previously the university had been dedicated to executives and high-potential employees. Even so, programs are designed to appeal to people at key points in their career tracks. They’re also built around specific disciplines that reflect the mission of CGE&Y: consulting, technology, outsourcing, business development, and leadership development.

A number of the courses at Menlo University are required for individuals in certain job positions, such as sales or supply chain management. “This way we know that people in posi-

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tions of responsibility have certain baseline competencies that have been identified as critical to their jobs,” says Doyle.

Most often, corporate university classes are taught by a mix of external faculty and internal experts—which sometimes include top executives. “Our CEO spends at least one day a month at IKON University,” says Sexton. “Sometimes he’s a learner. As the top sales leader of the company, he believes that he has to know our processes, our tools, and our lingo. At other times, he is in front of the sales trainees, motivating them. It gives entry-level people a thrill to meet our CEO. We’re a \$4.7 billion company with more than 30,000 employees, so meeting the CEO is pretty motivational.”

Other times, corporate universities hire outsiders as faculty, including business professors, technology vendors, and industry gurus. When they turn to professors, they’re generally looking for a structured course on a specific business topic. When they partner more extensively with a business school, they often want help setting up classes and devising an infrastructure. Other times their goal is grander: to work with a university to deliver an entire program or a set of accredited classes that employees can take with them to four-year universities if they decide to pursue a degree.

### **A Degree of Partnership**

In fact, these days a number of corporate universities are working closely with traditional universities to design degree programs—everything from one accredited course to a program that culminates in an MBA. For instance, Menlo has a proposal before The Ohio State University to develop its own abbreviated MBA program. The Menlo mini-MBA will be open to any employee with five or more years of experience with the company. The courses will be culled from the same disciplines covered in an accredited degree program, though they won’t cover material in as much depth.

“When employees finish their mini-MBA, they’ll have the equivalent of four elective courses accredited by Ohio State that will be transferable as credits if they want to pursue a real MBA,” says Doyle. In addition, some of the project management courses students can take at Menlo University have been accredited by George Washington University and can be used in combination with other university courses toward a degree.

Similarly, Pepperdine University has designed a number of degree, nondegree, and open enrollment programs to deliver a variety of education options to employees at the Boeing Company. One program was an in-depth nine-month nondegree program about change management. An ongoing program is an on-site MBA program which will graduate its second class this December.

Pepperdine faculty debated whether an MBA class made up of individuals from one corporation could offer the same benefits of an open enrollment program, admits Linda A. Livingstone, dean of the Graziadio School. “Degree programs that draw people from multiple organizations in unrelated industries and backgrounds offer a rich learning experience, and sometimes you do not get this from an in-house program,” she says. However, she found that a corporation like Boeing was large enough to draw participants from radically different departments within the organization, so that a diverse group of strangers ended up in the same classroom.

Partnerships like the one between Pepperdine and Boeing provide benefits to both the school and the corporation, and ought to ease whatever fears business schools still harbor about corporate universities luring away all their students. “I think corporate and traditional universities are hugely complementary,” says Smith. “Traditional universities possess an academic rigor and a research background that corporate universities are never going to be able to replicate. We depend on

## **Corporation + University = Partnership**

Some corporations and business schools have developed true partnerships that result in hybrid universities with immense benefits to all players. One such partnership exists between Gallup University, part of the Gallup Organization of Washington, D.C., and the College of Business Administration at the University of Nebraska in Lincoln.

The two organizations have worked together to establish an 18-month program, open to all of Gallup’s clients and partners as well as Gallup employees, that leads to an MBA or MA in executive leadership. Cohorts of students begin with an advisement period during which they are assigned a personal coach, who over time becomes a performance coach and remains connected to the participant for three years after graduation. Once past the advisement period, the students meet in several venues in the U.S. and abroad, alternating two-week onsite classes with Web-X sessions and virtual courses. All students enter the program with specific projects they need to complete, and these projects help the professors design the course. In many cases, that project has been specified by the CEO or a senior-level manager, and it will always have some impact on the organization.

“For example, one student from Toyota is the CEO of Toyota Financial Services, and he’s building a bank,” says Bruce Avolio, Donald O. and Shirley Clifton Chair in



each other, and I think in the future we're going to depend on each other even more."

While four-year universities can bring structure, experience, cutting-edge research, and degree-granting programs to such partnerships, corporate universities can offer traditional universities another revenue stream—and a chance to hone their theories in a real-world environment.

In addition, long-term educational partnerships can lead to opportunities in other areas, Livingstone says. "A company that is working with a university on educational programs might also have a research project for which it needs an academic perspective, so these partnerships can lead to other opportunities. We've got to be open to those new avenues for delivering our services."

Four-year universities that don't want to be left out of the corporate loop might need to invest more energy in marketing their programs and their capabilities to big businesses, these representatives believe. Schools also must show how they can add practical value in the corporate setting.

"Many individuals at our schools are out in the corporate

Leadership at the University of Nebraska and director of the Gallup Leadership Institute. He co-directs the partnership program with Connie Rath, Dean of Gallup University. "We have many students working on breakthrough projects for their organizations, and we advocate that they tie them to the educational experiences throughout the program."

The legal partnership contract spells out the roles of both parties, and Gallup manages accounts, hires the faculty, and signs the paychecks. Gallup's role makes it easy to bring in professors from other schools to participate, Avolio notes. Institutions like University of Toyota also collaborate with the partnership, allowing Gallup and UNL to use their facilities and faculty for some parts of the program. "Toyota delivers great information on lean thinking and production," says Avolio. Other universities may soon also come on board with their own specializations.

Avolio expects to see more degree-level partnerships like his develop between private companies and public universities. However, he thinks universities would need to select carefully the right business entity with which to develop a strong partnership. "There are so many points you have to work through. Gallup does advising differently than we do at the university, so how do we merge each of our best practices? You have to understand that you both have different models and language, but you come to a point of integration that can benefit students."

community, recruiting students or talking about our executive education," says Livingstone. "We're trying to integrate those areas so that if we go to a corporation, we're talking about the whole package of what we can do."

### Changes Ahead

While corporate universities are here to stay, they are still in a process of evolution. Forecasting what lies ahead for them is tricky. "To tell you where we're going to be five years from now is predicting where our business is going to be five years from now," says Doyle of Menlo. "Corporate universities need to deliver educational experiences that will help our businesses achieve our objectives, so we have to be nimble and flexible. We started the university last year, and I'm already offering courses I did not offer then."

Nonetheless, he sees some internal changes that will affect what the university offers. For instance, he expects more managers to get involved in employees' training experiences. This might mean the manager and employee complete a pre-course assignment together, or it might mean the manager becomes a part of the employee's action plan. "Say an employee leaves the leadership program with three professional goals he wants to achieve," says Doyle. "The manager is now going to get a copy of this action plan, and the manager and the employee will work on it jointly and report back to us. It requires them to show some accountability for what they've learned."

Because all corporations are sensitive to the fluctuations of the market, Livingstone fears that if the economy continues to be poor, less money will be poured into corporate universities in the near future. "Training and development are essential to the health of an organization, but those are often areas that are cut when the economy is slow," she notes.

Allen is more optimistic. He notes that the growth rate of corporate universities has been consistent over the past ten years, especially as more corporations develop *real* corporate universities, not just glorified training departments. "Moreover, what I'm seeing worldwide is a global expansion, where corporate universities are huge in Europe and South America. This year I'll be going to Africa to talk to some companies there about corporate universities."

A boom in the corporate university field could mean a boom for traditional universities as well, if business schools market their particular strengths and skills to this defined market. Today, when many business schools regard their students as consumers, corporations can be seen as the ultimate consumer: demanding, focused, and hungry for knowledge. When business schools can provide exactly what corporations need, everybody wins. 