

Is Exec Ed Facing

Business schools often rely on executive education programs to drive them to profitability, but many corporations are now seeking alternative means to train their employees. If business schools cannot adapt to a changing corporate culture, executive education may be breathing its last.

Are business school executive programs doomed to go the way of the dinosaurs? As I work with companies on leadership development and observe emerging trends, I frequently ask myself that question. While it may be too early to predict their total extinction, some indicators point to trouble.

True, the vagaries of the business cycle have tightened corporate training budgets; in addition, the events of September 11 have had a major impact on executive program enrollment. But these events have masked a more profound shift in the way leading companies have begun to develop their management talent. These companies increasingly are turning to more integrated, in-house training, rather than to business schools' traditional, open

by **Michael Watkins**

illustration by Linda Helton

enrollment programs, a sign that business school executive training programs are somehow missing their targets.

If the status of executive education is diminished even slightly, business schools' financial outlook and position as premier education providers could be significantly affected. To reverse the current trend, business schools must clearly understand who their customers are and what type of educational delivery those customers require. They must design training programs that suit corporate needs *now*, not 20 years ago. In short, it's time to raise the stakes in executive education programs. Only then can business schools keep their growth on an upward swing, rather than a downward spiral.

Winning the War for Talent

Assigning value to executive education is, of course, subjective. Few would deny, however, that a quality executive education program has great value to the individual. Students in these programs can hone their skills and network with other business leaders. In some instances, the student's education



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is so successful that he or she is able to move to a higher-level position—with another company. Therein lies a dilemma for many open enrollment executive education programs.

It's no surprise that companies value training that gives their employees the skills to rise through the ranks within their own organizations, rather than encourages them to test the job market.

Case in point: In the late 1990s, I worked with a Fortune 100 company that wanted to design a leadership transition process for its vice president-level executives. Top management was very concerned, as were many successful “old economy” companies, about losing “the war for talent.” The company had suffered numerous “regrettable losses” of high potential leaders and wanted to reverse the trend.

A new in-house leadership development process was delivered to more than 500 managers in the company. In the program, employees learned the leadership skills they needed to advance their careers, but related those skills to their own corporate environment. Their skills and knowledge base improved, but their talent stayed put. It was a win-win situation for both individual and corporation.

In corporate training programs, achieving a higher employee retention rate is as important to the corporation as offering their employees educational opportunities. To create training programs that work for corporations, not just for individuals, we must create a common framework and language for accelerating the transition of employees into new senior management positions.

Within a customized framework, a corporation has the opportunity to educate general managers beyond what is expected of them in areas such as finance, innovation, and business ethics. More important, a corporation also can educate them on what is important to *its* environment, mission, and success.

As the advantages of in-house training become more apparent, more corporations are establishing them to help train and keep their leaders. Some of the key trends emerging in leadership development for corporations underscore significant challenges for executive education.

Attending to the Trends

Four notable trends already are changing the face of corporate training in a wide range of leading companies. Business schools must continuously monitor these and other emerging issues and revamp their executive education programs to ensure relevant training to corporations.

1. Programmatic approaches are being replaced by integrated processes. Leading companies are increasingly moving away from set-piece programs toward integrated development processes. Such a process often consists of relatively short “niblets” of content: a one-week course for mid-level managers, two- to three-day courses for senior managers, or one-day seminars for executives. This content is delivered in group settings, interspersed with critical developmental training, coaching support, and active, hands-on learning assignments.

The challenge to business school executive programs is obvious. Leaders and decision makers must recognize that their programmatic views of the business world don't always match up with the more free-flowing framework of current learning experiences. Without new approaches, leading companies may be more likely to contract with workplace learning organizations such as Executive Development Association and the Forum Group than with business schools.

2. Transformational experiences are being replaced by JIT performance support. A related trend is the move away from longer, “transformational” developmental programs to providing just-in-time support for key “passages” in the careers of managers. This trend has generated substantial momentum from the work of Ram Charan and his colleagues in their book, *The Leadership Pipeline*. More and more companies are explicitly focusing development efforts on the transitions from technical contributor to first-time manager, from manager to manager of managers, from functional leader to general manager, and from general manager to enterprise manager.

Unfortunately, few existing executive programs are explicitly tailored to provide JIT performance support for key managerial passages such as these. The challenge for business schools is to tailor programs so that they acknowledge these transition points and provide exactly the knowledge base these managers need, when they need it most.

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3. Face-to-face delivery is moving to blended delivery. It's now passé to say that "the Internet changes everything," but the impact of the Internet on executive development is just beginning to be felt. The early focus on the development of online programs is morphing into the adoption of a blended approach, one that combines online pre-work with intersession assignments and tools that students can use even after they've finished the program.

Although many business schools are now incorporating blended learning techniques, face-to-face teaching is still the primary delivery system at most leading business schools. The move to blended delivery may be viewed by some as disruptive, but it is essential for business schools to capitalize on varied learning options.

4. Conceptual teaching is giving way to active learning. In designing their key leadership development initiatives, many companies are strongly embracing active learning. While conceptual readings or expert presentations may be provided at the outset of a course, the focus quickly shifts to collective efforts to solve critical business problems. Increasingly, companies are adopting a blended approach to active learning. This means combining shorter, face-to-face group sessions with more extended individual and group work via the Web.

The problem with this approach is that it focuses on problems that face a particular corporate environment. Such an approach is potentially at odds with the generalized case studies that traditionally have been the basis for business school executive programs. Corporations, however, are interested in problems that affect their business, not someone else's. With their generalized approaches, business school curricula may be losing their relevance to the needs of executive leadership development. To keep business school executive education alive and well, a significant shift in approach must occur—a shift from generalized to customized, from programmatic to integrated, and from study to action.

Who's the Real Customer?

If leading companies cease to rely on business school programs—open enrollment or customized—to develop their people, then what happens? One possible answer is that business schools will increasingly fill their programs with people from non-leading companies or increase international participation in their programs, but this reduces the faculty's ability to learn from participants and stay on the leading edge. Such a situation may create a death spiral for executive education programs from which it may be difficult, if not impossible, to recover.


Currently, the value proposition of traditional open enrollment programs rests on three legs: concepts, connections, and credentials. To their credit, good programs do teach participants much of value. In addition, many participants are attracted by the opportunity to enhance their credentials, build their professional networks, and even identify future job opportunities.

Marketing these values to participants, however, represents a downside to corporations. Networking at a business school executive program can cause a company to lose good people. Likewise, building credentials tends to make people more mobile and more likely to leave for greener pastures. It should come as no surprise that leading companies are recruiting high potential business undergrads more aggressively and giving them customized training, rather than hiring MBAs who tend to wander.

One solution to the problem may simply be an issue of marketing, offering different training programs to the two key customer groups, individuals and companies. For high potential individuals, the networking and credentialization benefits of executive education are at least as important as the substantive content. For corporations, business school programs can emphasize the business impact of a program, rather than networking opportunities; and create integrated programs customized to corporate cultures, rather than general, programmatic curricula.

What's Next for Exec Ed

The bottom line is that business schools must figure out where they fit in companies' increasingly integrated development processes and embrace new approaches for corporate training. In the end, perhaps the extinction of traditional executive education isn't such a disaster, if it means that a new form of the animal emerges, better than before. Business schools can create executive education programs that are integrated, active, relevant, and customized to the accelerated leadership transitions that companies now must develop to keep their talent and stay competitive.

Otherwise, the traditional competitive advantages that business schools offer in corporate training are in danger of becoming obsolete. As a result, business school executive education may simply disappear, replaced by a new breed of in-house corporate training. Business schools will not just lose their edge—they'll lose their status as the true proving grounds for corporate leaders. 

Michael Watkins is an associate professor of business administration at Harvard Business School in Cambridge, Massachusetts.