

Executive education 2006



Research is back on the menu

By Della Bradshaw

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The wheel is turning full circle, or so it would seem.

A decade ago companies were demanding that business schools pay more attention to client needs, rather than professorial egos, and that they offer a global service to managers at all levels of the company.

These days, the “big idea” is back on the agenda.

The recent boom in customised executive education, where companies require business schools to develop programmes just for them, means that this year’s Financial Times custom programme ranking has grown to 60 schools for the first time.

An intrinsic part of customised education is the need for schools to listen to the purchaser, to pick faculty according to corporate need, and to provide a global service.

It was this need that Duke Corporate Education – ranked number one in the corporate education rankings for the fourth time – was set up to answer in 2000. Every other business school worth its salt has followed Duke’s lead.

But corporations are now asking for more, says Douglas Ready, president of Icedr, the management education research group. What companies need now is high level research, putting the ball firmly back in the academic’s camp.

“Companies are looking for the big, breakthrough idea,” he says.

And business schools are rising to the challenge by setting up centres of excellence to build on their specific areas of expertise. “It will help the companies and it will help the schools,” predicts Prof Ready.

The idea will warm the cockles of many a professor’s heart, as it allows them to scuttle back to their areas of research.

But executive education supremos are not going to let them get away with it.

They are revising the way they approach faculty in order to put companies’ needs on the research agenda.

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At schools as far afield as Darden in Virginia and SDA Bocconi in Milan (see profile page 8), research is becoming more closely aligned with the requirements of corporations rather than with the requirements of esoteric publications.

The Darden school at the University of Virginia, ranked in the top slot for open enrolment programmes this year, is a case in point.

David Newkirk, its newly-appointed chief executive of executive education, says: “I’m trying to put executive education more firmly into the setting of the research agenda. [It’s about] converting faculty’s research on diversity from gender and race to national culture and functional culture.”

But while the more traditional business school may see the new research initiatives as positive, it is not a

sign that they can now ignore the issues of globalisation and service that have been the focus of the past five years.

Indeed, Blair Sheppard, chief executive at Duke CE, believes nobody, not even his own school, has achieved these goals yet.

He says: "Being truly global is not a trivial exercise." Duke CE has recently opened offices in South Africa and India to add to its bases in London, New York, Durham, North Carolina, and San Diego.

But as he points out: "We are missing Korea, Japan and China, which is a pretty big miss." It is not just about buildings, he argues.

"A piece of this issue is not just presence – and that is really hard – it's the intellectual challenge. How do you make all the pieces add to each other?" It is a challenge recognised at many business schools.

At Columbia, in New York City, Grant Ackerman, associate dean for executive education, believes the top business schools have to explore global dynamics.

"Global pluralism has to be addressed for a chief executive to be effective as he manages around the world," he says.

Moreover, Prof Sheppard is not convinced companies want intensely academic research: "I think companies respect data-driven, empirically-driven knowledge, they don't just want clinical intuition." But, he adds: "They want contextually-driven research. They need insight into current issues."

With revenues of \$50m a year, Duke CE is clearly the biggest business school provider of customised education, but what is now evident is that smaller US business schools are also moving outside their national boundaries for custom clients – to Europe in particular.

And they are moving up the FT rankings as a result. Events of recent years have shown US business schools that they can no longer rely on Europeans to travel to the US for their programmes.

This is also increasingly true in open enrolment programmes, those designed for managers from a number of companies.

Although many schools are pulling out of this market – the Stern school at New York University is one example – specialists in open enrolment programmes are seeing a revitalised sector.

Overall, the number of participants on the programmes of the top 45 providers has increased over the past year by 7.5 per cent, and price rises mean their revenues have increased by 14 per cent.

At Darden, for example, Mr Newkirk reports that more people have enrolled on its executive programme, TEP, in the past year than at any time since the late 1990s.

As a new employee at the school, he says this surprised him. "I was happy to write off open [enrolment], but we're having a boom year. Open enrolment programmes are a shop window to the school."

Most schools report a growing demand for functional programmes, such as finance or marketing.

At London Business School, Ian Hardie, associate dean for executive education, believes this is largely due to economic conditions.

He says: "In the past 10 years, we've seen an economic slump, so companies cancelled training and delayed the management structure. Managers were promoted rapidly."

As he result, he says, business schools are now being used to "backfill" the sort of knowledge and skills that

managers would have traditionally learnt if they had been promoted more slowly.

"I'm surprised by how much basics are important to them [companies]," says Mr Hardie.

Increasingly, corporations are looking for both customised and open enrolment programmes from the same school.

At Iese Business School, in Barcelona, for example, Mike Rosenberg, acting director of international executive education, says that 20 per cent of participants on open enrolment programmes come from corporate customers.

And the distinction is blurring between open and customised programmes. Recent years have increasingly seen open enrolment providers begin to add customised elements to their programmes, with courses tailored to individual participant needs.

No more so than at the Olin School at Washington University in Saint Louis, where even one-day programmes now have some customisation.

"Faculty write to participants to ask what they want to get out of these one day programmes and respond to that," says Ken Bardach, associate dean for executive education at the Olin school, and one of the "old hands" of executive education.

"And they [faculty] stop half an hour before the end of the class and ask participants how they will go away and do things differently."

He adds: "We have to get away from the mindset that it is all about what happens in the classroom. It's about what happens after the classroom, and that depends on what happens pre-course."

While others remain cautious about growth, Mr Bardach is optimistic, and believes there are huge opportunities for business, especially in Europe and South America.

He says: "I've never been more optimistic about the future of executive education, but it means getting out of our comfort zone."