Changing Organizational Models of Executive Education:

Exploring Beyond Traditional Boundaries

Marie Eiter, Jenny Stine, Toby Woll

UNICON Research Report
2017

UNICON POSITIONING STATEMENT, February 2017

UNICON – The International University Consortium for Executive Education

UNICON is a global consortium of business-school-based executive education organizations. It's primary activities include conferences, research, benchmarking, sharing of best practices, staff development, recruitment/job postings, information-sharing, and extensive networking among members, all centered on the business and practice of business-school-based executive education. UNICON is a diverse organization, with representation from over 100 schools. In addition to size and geography, schools are diversified by the expertise, reputation and strength of their faculty, the types and size of their customers, and increasingly the breadth and depth of their executive education portfolios. The ability to represent many perspectives in executive education is a great strength of UNICON and a source of continued learning and vitality in the field. This diversity of views and interests also means that there is no single "UNICON perspective" on its commissioned research topics, including no single perspective on the future of business education – an area which this report ably addresses. The interpretations and perspectives expressed in this report are those of the researchers, professionals who are deeply familiar with the business education field and the needs and objectives of its stakeholders.

The UNICON Research Committee

The UNICON Research Committee advises the UNICON Board of Directors on research priorities, cultivates a network of research resources and manages the overall research pipeline and projects. The Research Committee is made up of volunteers from UNICON's member organizations.

UNICON Research Report: Changing Organizational Models of Executive Education

UNICON sponsored this research initiative that was conducted by Marie Eiter, Jennifer Stine and Toby Woll. The result is a thorough and particularly useful report, which can inform UNICON and its member schools about current and emerging organizational models in our industry. The findings provide readers with a deeper understanding of how our university-based membership is evolving and how some member schools are responding to the changing demands of their corporate clients with alternative organizational models that serve their business aspirations.

UNICON Antitrust Statement

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I Introduction

Traditional university-based executive education providers are confronting a business landscape that demands a much different approach to developing organizational leaders than in the past. Personalized tools and experiences including coaching, mentoring, assessments and feedback, and application-oriented activities are no longer program add-ons; they are the norm. Consulting services are seen by many in the market as necessary to achieve the changes the education is intended to inform. To remain competitive, university-based executive education units must expand beyond the traditional program design approach, collaborate with their clients, and embrace the delivery of an expanded menu of options.

But whether or not this can happen is more than a question of willingness. The university, in which the majority of executive education units reside, places a number of limitations on the ability of these units to respond to the changing market demands. At the same time, competition from providers not encumbered by a traditional university structure is on the increase.

The hypothesis of this research is that there is inherent tension between the current demands of the market and the organizational capability and structure of the university-based business school. The organizational model of universities, as faculty-driven, research-oriented institutions focused on individual learners, is incongruent with what customers want from university-based executive education providers. As a result, a number of UNICON members are adapting their organizational structure to meet the demands of today's market. Others are deploying task forces to explore alternatives to traditional structures. Many are struggling to manage within the confines of their existing system.

This research sought to provide profiles of UNICON member schools that have been adapting their organizational structures to meet current market demands. An *a priori* selection was made to study six alternative organizational models through which business school executive education departments are collaborating with or outsourcing to entities both within and beyond the university walls. The goal was to examine the drivers and motivations for migrating toward these alternative models, to understand their benefits and challenges, and to analyze the critical success factors of the new models. In-depth interviews with leaders within these schools and external organizations were conducted.

By mapping the landscape of alternative organizational models that differ from the traditional university-based business school model of executive education, this study intends to provide UNICON with a rich perspective on the adaptive strategies being undertaken by their members as they meet the changing competitive environment. No one approach is appropriate for all UNICON members. Member schools serve different markets. They are part of different containing organizations. They serve under different legal and financial systems. Each case example was selected to illustrate one approach to extending the organizational capability of the UNICON member. Having given thumbnail sketches of the new models, the expectation is that further discovery and inquiry will occur among UNICON members. Armed with this study, UNICON as a global consortium can consider how to represent, inform, and support its members and to continue to evolve as a vibrant organization.

This research report covers four major topics:

- Sections II and III discuss the evolution of UNICON: How it started, how the membership grew in scope and diversity, and why its admissions policies have led to uniformity and have obscured differences.
- Section IV examines the nature of organizational designs and, specifically, how the university, as an organization, inhibits innovation to meet executive education market demands.
- Section V explores a taxonomy of alternative organizational models and provides examples of each model from among the UNICON members.
- Sections VI and VII summarize the research findings and suggest opportunities for UNICON and its members moving forward

II UNICON: Its Evolution and Challenges

"Little doubt can remain that the business schools have a considerable opportunity for useful service in the field of adult business education."

Robert Gordon and James Howell, (Ford Foundation Report, 1959) 318

Although UNICON began as the aspiration of a handful of executive education directors from university-based business schools within the US, it has evolved over approximately forty-five years into a truly global consortium. Many of the international schools and universities modeled themselves on the dominant US model for executive education. UNICON admission criteria of selecting prospective members that were part of university-based business schools reinforced the idea of the "traditional" executive education model. However, the international UNICON members are far from homogeneous. There is an evolution of growing diversity, and its causes are important to understand. Of equal significance are UNICON's institutionalized policies that may be obscuring the new organizational models that are emerging among UNICON members.

Early Years

UNICON (The Global Consortium for University-based Executive Education) was started quite informally in the early 1970s by a small group of executive education directors who met to discuss program enrollments and general executive education issues.[1] As a result of conversations at that meeting, they decided that an organization to promote university executive education was needed, and the International Consortium for University Executive Education was founded with eight members.[2]

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[1] The terms executive education directors, executive directors, and university directors are used throughout this paper as a shortened version of university directors of executive education.

[2] William Haeberle, *I Never Worked a Day in My Life: An Autobiography* (Bloomington: Author House, 2007), 365. Among the schools represented at that initial meeting were the University of Michigan, University of Virginia, University of Southern California, Penn State University, Northwestern University and Indiana University.

In those early years, the Personnel and Training functions in organizations were far from advanced in the area of executive development and often relied on executive education providers to be their counselors and advisors. Open enrollment programs were the core business of executive education, and the primary task of the university directors was marketing their programs.[3] To that end, The Consortium, as it was called, hosted "trade fairs" each fall in New York City. Participating Consortium member universities displayed their brochures on long tables as corporate representatives moved about the room collecting brochures and chatting with university executive education directors. The spring meetings of The Consortium were held at four-star resorts and were open to both member university directors and corporate directors responsible for executive education. Every school invited one or two of their corporate clients. One of the schools and one of their client companies co-hosted the program. While the company underwrote most of the expenses, the hosting university provided key faculty for stimulating content in the morning sessions. Afternoons were reserved for golf. This environment allowed the executive education directors to solidify their relationships with their corporate counterparts.

During the 1980s, companies increased their investment in management and executive development as Corporate Human Resource Departments replaced Personnel and Training. By the mid-1980s, it was clear that corporate HR professionals were evolving further and faster than their university counterparts in the areas of adult learning and effective learning practices. In response, The Consortium members decided on a new direction.

In 1988, The Consortium held an organizational meeting at MIT at which discussions focused on: dropping the resort atmosphere of the spring meetings, enhancing the academic content, and holding the conferences on a university campus, without corporate participation. The mission of UNICON, as an organization, began to evolve from purely marketing to a focus on supporting the professional development of the university executive education directors.

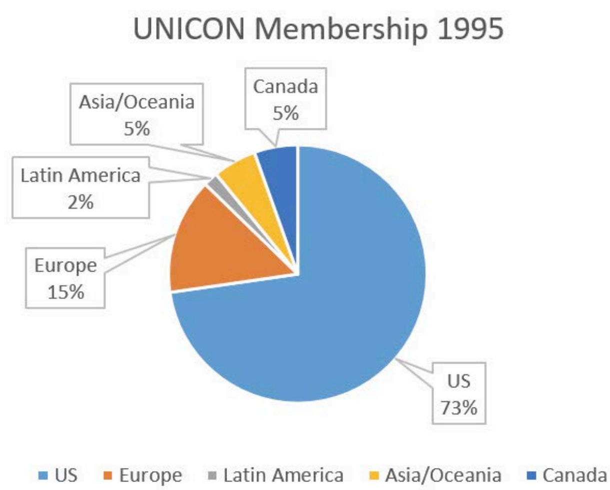
Middle Years

The 1990s brought significant changes to executive education. Globalization was intensifying and the large corporations, used to making substantial investments in executive development, needed their executive education providers to serve their increasingly international workforce. The pace and scope of global business also demanded new skills and knowledge. Corporate hierarchies flattened as companies needed to adapt quickly and develop new styles of leadership and new strategies to compete in a global world. The demand for the long, multiple week, general management programs decreased. At the same time, two-day courses were a challenge for international participants.

Membership in UNICON paralleled the growth and globalization experienced by the corporations. From its modest beginnings in the mid-1970s, UNICON had grown to 53 member

[3] Many of the executive development offerings were multiple weeks long and held at the university. For instance, MIT's general management program was 5 weeks long, and Harvard's Advanced Management Program ran for 15 weeks.

schools by 1995. True to its early mission of being an international organization, UNICON boasted 15 schools from outside the US.[4]



1995 UNICON Membership – Locations of 53 Member Schools

In addition to globalization, the 1990s brought an increase in demand for customized programs, placing new requirements on university directors. Needs assessment, program design, and customization skills became paramount. Relationship management replaced transactional selling. Key account models were introduced. By 1996, customized executive education represented the fastest growing segment of the market.[5] With this growth, executive education moved from being an added revenue stream for the business schools to one of its most profitable operations.

UNICON's response to these shifts in executive education was reflected in the expanding scope of UNICON's mission. Staff development became increasingly important and the focus of the fall meeting. Schools were encouraged to send an administrative team. Concurrent sessions were offered in strategy, marketing, and operations. The spring meeting, while still targeted at the director level, introduced benchmarking surveys and sponsored research to enhance the skills and knowledge of its most senior members.

As the 1990s came to an end, the number of institutions offering executive education programs continued to grow. The 1999 Business Week survey listed 63 executive education programs.[6] By

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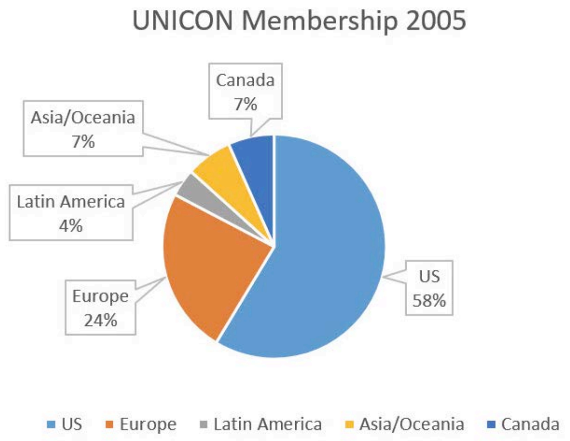
[4] 1995 UNICON Membership List, UNICON Archives.

[5] Robert Fulmer and Albert Vicere, *Leadership By Design (*Boston: Harvard Business School Press, 1996).

[6] www.bloomberg.com/news/articles/1999.../exec-ed-learning-to-lead.

2001, the number of programs had doubled to 121, with revenues reaching $800M.[7] By 2005, UNICON had grown to 75 member schools and had doubled its international members.[8]



2005 UNICON Membership – Locations of 75 Member Schools

Current Years

The last ten years have again brought significant change to the executive education industry. Shorter, more targeted development opportunities are needed. Corporations are looking for assessments, coaching, mentoring, and consulting services. The price of custom programs is under pressure. Digitization of content and developments in technology-enabled learning are moving much of executive education out of the university classrooms and into smaller group settings, often within the workplace. As the appetite for "bricks and mortar" programs is eroding, demand for access to knowledge modules, any time–any place, is increasing. Content is becoming commoditized. Barriers to entry in this lucrative field are dropping and opening the industry to new players. Not only do executive search firms and management consultancies see opportunities in this fast growing field, but, with advances in information technology, venture- and privately-funded learning technology companies see the promise of e-learning and the potential for market disruption.

The emergence of the office of the CLO and corporate universities is putting additional strain on the executive education departments.[9] With corporations taking on a significant role in program design and looking for measurable outcomes, an understandable tension between the corporate customer and the provider is emerging. In addition, tapping the capability of consulting

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[7] www.bloomberg.com/news/articles/2001-10-14/a-mid-career-boost.

[8] 2005 UNICON Membership List, UNICON Archives.

[9] Marie Eiter, James Pulcrano, Jennifer Stine, and Toby Woll, "Same Solar System Different Orbits: Opportunities and Challenges in Executive Education and Corporate University Partnerships," UNICON Research Report, 2014.

companies, the corporate universities are increasingly requiring that executive education providers integrate their portion of the program with other universities and/or consultancies. The executive education customers are looking for development opportunities that are globally delivered, customized to their organization and industry, multi-lingual, less expensive, and targeted to fill the skills gap of its upper management[10]

What has this meant for the executive education departments in universities who make up almost all of the UNICON membership?

- They have had to become expert in managing their net revenue stream in order to provide the school contribution which is now considered a given.
- The executive education staff has been called on to become consultative sales experts, program designers, learning engineers, and engagement managers.
- New capabilities have had to be developed in-house or acquired from outside. These might include: consulting, coaching, mentoring, and assessment services, learning technology design and platform delivery expertise, as well as digital capture and editing.
- New marketing approaches and delivery channels have had to be developed to serve new markets.
- New products and services have had to be developed that challenge the natural fabric of the traditional university structure in which most executive education departments reside.

Predictably, UNICON members have taken a variety of routes to meet these new challenges. What is less predictable is that the variety of new organizational models being deployed by the UNICON members tends to be overlooked or ignored. In addition, the international UNICON members appear to be innovating/experimenting with new organizational models at a greater rate than the US members.

[10] Mihnea Moldoveanu and Das Narayandas, "The Skills Gap and the Near-Far Problem in Executive Education and Leadership Development," HBS Working Paper 17-019.

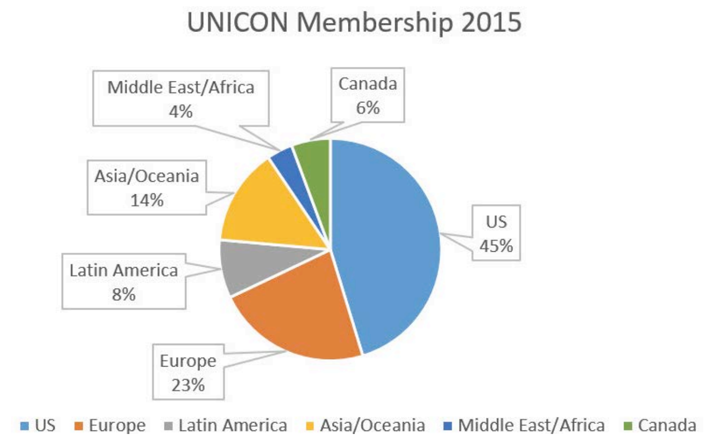
III UNICON Membership and Membership Policy Today: Opportunity and Conflict

"Plus ça change, plus c'est la même chose. »

Epigram by Jean-Baptiste Alphonse Karr in the January 1849 issue of his journal Les Guêpes ("The Wasps")

Emergent Dimensions in the UNICON Member Community

Today, UNICON's members represent the global nature of executive education institutions. Of the 106 member schools in 2015, 55% are located outside the US. [11]



2015 UNICON Membership – Locations of 106 Member Schools

While expanding globally had always been the objective of UNICON, the growth of schools from around the world has introduced significant diversity in its members. Due to the nature of their country's rules and laws, many international members differ from the US business school, university-based model of the original UNICON members. Some UNICON members are predominantly adjunct faculty-based and emphasize teaching performance rather than research output. Others engage freely in activities that are not acceptable for US schools. For example, consulting services are not considered tax exempt activities for a US non-profit 501c3 organization, but they are permissible for non-profits in other countries. In addition to differences in tax and legal constraints, many of the international UNICON members have the benefit of state funding as opposed to playing the traditional role of executive education of being the "cash cow" in US university-based business schools.

[11] 2015 UNICON Membership List, UNICON Archives.

In addition to the variety that has come naturally with the globalization of UNICON's membership, there have been other important changes taking place. Members' adoption of new organizational models, such as partnerships, joint ventures, mergers, spin-offs, and centralization at the university level, has increased to meet new market needs. This emerging variety of organizational models could pose a challenge to UNICON as a consortium of like-minded executive education providers. If these new organizational models are a bellwether of change, UNICON members will want to understand their significance. Even if these organizational innovations are the exceptions rather than the rule, these "experiments" may become something more than expedient workarounds and could lead to a potential challenge to the dominant model of executive education as a whole.

Evidence of the increased variety of services that are now being routinely provided by UNICON members comes from data collected in the most recent 2016 UNICON Members Benchmarking Survey. Members describe significant changes in their offerings. Schools report that they have responded to the increased market demands: over 80% of the responding schools are now providing 360 feedback processes, business simulations, coaching, and networked/online learning. Over 70% have already adopted both synchronous and asynchronous learning platforms, and over 50% of the schools responding to the survey provide consulting services and have assessment and development centers.[12]

How is it possible for university-based business school executive education providers to expand their capability so dramatically? In order to provide these services, 90% of the respondents have partnered or attempted partnerships with for-profit companies and 42% have outsourced some of these activities. While many of the member schools view these partnerships as opportunities to open up new channels and expand the markets for their programs, 67% of the respondents report that the partnerships give these schools access to capabilities not present in their existing staff.[13]

UNICON Membership Policy and Practice

While diversity has been increasing among UNICON members, UNICON's Membership policy and practices have been evolving to promote increased uniformity and consistency. During the early years, a written request to join The Consortium and the payment of a nominal fee was all that was required. Over time, the application requests became more numerous and harder to evaluate. The Membership Committee members had to do extensive research about each institution in order to inform the discussion and the decision-making process. Some applications were five pages long, others were fifty pages long. The only quantifiable criterion seemed to be applicant's revenue.

Over ten years ago, the Membership Committee launched a serious effort to consider the correct criteria for evaluating applications. The outcome of their work was a new criteria grid designed to ensure that applicants for membership would be selected on the basis that they

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[12] 2106 UNICON Membership Benchmarking Survey

[13] Ibid. Note: Questions about organizational changes were asked in the Benchmarking Survey for the first time in 2016.

were peer organizations, were similar in business model and commitment to quality, and could contribute to the mutual learning goals of UNICON. The criteria include the applicant's:

1. Business Schools (generally University-based) which offer executive education
2. Experience in field of executive education
3. Size of operation
4. Faculty
5. Pedagogical approaches
6. Quality of program offerings
7. Commitment of institution to the objectives and expectations of UNICON.

This list is drawn from UNICON's Policy and Guidelines document, revised June 2014. For the complete list of membership criteria, refer to Appendix A.

The implementation of this rubric, a standardized application form, and the provision of a sample application to guide schools hoping to join UNICON went a long way to help the UNICON Membership Committee and applicant schools. It was easier for the committee members to evaluate applicants fairly. Schools were better able to self-select. With these explicit criteria, UNICON has remained a relatively homogeneous, exclusive group of schools, and, by design, does not include any non-academic organization also serving the executive education market.

By improving and standardizing the application process, digressions from the norm of university- or business school-based, traditional executive education model have been overlooked and/or ignored. There is a tendency, with such an explicit rubric, not to report what might be construed as deviations from the norm. The UNICON Benchmarking surveys have collected critical information about the business of executive education, but, until 2016, did not ask for ways the member schools are reaching beyond the boundaries of their business school or university. Orienting and integrating new members is carefully overseen, but with 111 member schools and 8 associate members, as of the writing of this report, it would be a daunting effort to monitor significant changes in the organizational structures of the members.

There are many challenging questions facing UNICON in its determination to become truly global. UNICON is eager to include members from India and Japan and increase membership from countries with only one school represented. The Board of Directors recognizes that it needs to adjust for local currencies and economies that have an effect on schools' ability to reach the minimum revenue requirement in the admissions criteria. And, perhaps, the time has come to create venues in which to encourage both members and applicants to come forward with descriptions of ways in which they are reaching beyond the traditional university and business school boundaries, ways in which they are innovating.

It has been said that executive education is often the crucible for experimentation in teaching and learning. Bred of necessity, new models often start in executive education in response to its fast-paced, changing market. These new models, like blended and action learning, often find their way back into the university or business school. In the interest of starting a dialogue within the UNICON community about some new ways of doing business, this report will next proceed to look into the innovations of a number of UNICON members.

IV A Closer Look at Organizational Models and How Universities Inhibit Change

> *"Whether it be the sweeping eagle in his flight, or the open apple-blossom, the toiling work-horse, the blithe swan, the branching oak, the winding stream at its base, the drifting clouds, over all the coursing sun, form ever follows function, and this is the law. Where function does not change, form does not change."*
>
> *Louis H. Sullivan, (1896). "The Tall Office Building Artistically Considered". Lippincott's Magazine (March 1896): 403–409.*

UNICON's membership policies and practices are far from the most important inhibiting factors discouraging radical change in executive education departments. The containing system of most (with a few exceptions) UNICON members is the university. And therein lies an important challenge.

Function Follows Form

Why is it so difficulty for university-based business school executive education departments to change to meet market needs? Because, arguably, the corollary to Sullivan's statement is true: "Where form does not change, function does not change." Although the phrase "form follows function" originally was applied to architecture, it has been embraced into the lexicon of management thinking about organizational design. When applied to organizational models, the primary purpose of an organization should, ideally, be determined first, and the organizational model to accomplish the chosen purpose should be designed thereafter. Why? Because if the maxim is true, an enterprise's purpose can best be achieved when its structure is designed specifically to deliver its functions.

Let's look at how this maxim applies to the university structure.

The purpose of the university has been and is to prepare individuals with the appropriate knowledge and credentials to enter the workforce, to assume their roles in society, and to generate and disseminate knowledge for the good of society. In his classic study of organizational structures, Henry Mintzberg noted that, by design, universities are highly decentralized, with the faculty of the university having a great deal of autonomy and considerable power[14]. Faculty are incentivized to teach, do research, and be thought leaders in narrow fields of study so they can teach discipline-based knowledge. And the more specialized the knowledge, the better it is, in the case of faculty who mentor graduate students preparing for university teaching careers. The organization of the university is designed to give choice of and access to the faculty, given the talents and interests of the individual learner. In addition, fulfilling their implicit function, universities are designed organizationally to provide a salutary environment in which its students can mature over four years by including: living and eating

[14] Henry Mintzberg, *The Structuring of Organizations* (New Jersey: Prentice-Hall, 1979).

accommodations, clubs and collegial opportunities, sports teams, extracurricular enrichment, healthcare and counseling resources, entertainment, and all these usually focused on nine months of the year. Given the explicit and implicit functions of the university, its organizational design is both predictable and very appropriate.

Similarly, business schools, as an extension of the universities, are focused on the individual learner. They offer the MBA, other advanced business degrees, and often undergraduate business courses designed to credential their graduates to take their place as business leaders. Like their colleagues across the university, business school faculty are expected to teach, do research, and be thought leaders.[15]

As observed by the well-recognized organizational theorist, Richard Daft, the university purpose, and its organizational and decision-making models are designed for collaboration and consensus building. This in turn leads to an organization that can be self-referential, reliant on precedent, and slow to change. As described by Marion Fourcade, "The durability of the American university department can be traced, in turn, to its dual role as a teaching unit and as the main site for the production of academic research…. This 'research university' pattern has remained profoundly stable over the course of the twentieth century..."[16]

Dissonance Between Executive Education and the University Model

In the early years, executive education fit well within the business school and the university organizational model. Participants in the early open executive education programs were individual learners, from a cross-section of industries, selected for development by their management. Faculty distilled key elements of their MBA teaching in five to fifteen week programs, often referred to as "vest pocket MBAs." However, by the end of the 1950s, both the Ford Foundation and the Carnegie Foundation, issuing evaluations on the role of business schools in higher education, noted a number of potential problems that business schools faced in their efforts to implement executive education programs within the university context.[17]

The Carnegie Foundation Report noted that executive education could be a "distraction from the school's principal mission of teaching and research."[18] The report expressed serious reservations about what was then called "contract" courses offered by business schools for a single firm. Concerned with a loss of independence for the school, it noted, "Trouble lies ahead if companies decide that they should specify the content and length of a course they will support or if they expect schools to conduct courses especially designed to their specifications."[19]

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[15] Richard L. Daft. *Organization Theory and Design Third Edition* (Minnesota: West Publishing Company, 1989).

[16] Marion Fourcade, *Economists and Societies: Discipline and Profession in the United States, Britain, and France, 1890s to 1990s (New Jersey:* Princeton University Press, 2009) P.40.

[17] Lyman Porter and Lawrence McKibbin, Management Education and Development (New York: McGraw-Hill Inc., 1988), 259.

[18] Frank Pierson, The Education of American Businessmen (New York: McGraw-Hill Inc., 1959), 596.

[19] Ibid.

The Foundation reports proved to be prophetic in their concerns. The inherent tension between the market demands and the organizational capability and structure of the university-based business school is evolving precisely as the Foundation reports foreshadowed more than fifty years ago. The evidence of this dissonance can be found by looking at the new services the members are providing and how they are providing them as discussed in Section III of this report.

To say that UNICON members have had to evolve in a rapidly changing market is an understatement. It is hard, under any circumstances, for an organization to reinvent itself, but it is especially hard if the organizational structure of which it is a part is one of the most stable in the world, namely the traditional university. The remainder of this report will explore, in depth, ways in which UNICON members are engaging in organizational adaptations to satisfy the needs of their market. We will discuss the significance of these adaptations in terms of their benefits and liabilities, and, finally, reflect on the implications for UNICON as a member-serving consortium.

V Alternative Models

> *"There is certain relief in change, even though it be from bad to worse! As I have often found in traveling in a stagecoach, that it is often a comfort to shift one's position, and be bruised in a new place."*
>
> *Washington Irving (1824). Tales of a Traveler. California: Aegypan, 2007*

Having identified the existence of new organizational models and the market changes driving them, our research sought to provide profiles to illustrate how UNICON members are adapting their organizational structures to meet the demands of today's market. An *a priori* selection was made to study six UNICON member schools that were using new organizational approaches that diverged from the simple, university-based, business school model. The goal was to understand the drivers and motivations for choosing the current or emerging models and the schools' perception of the benefits and drawbacks. In-depth interviews with leaders within these schools were conducted.

The interview questions asked were: What is the innovative organizational approach you are taking, what led you to this new venture, what are the staffing, governance, financial, and decision-making systems, what are the strengths and weaknesses of this new approach, what are key success factors, and how could this as an emergent organizational model affect UNICON as a member-serving consortium?

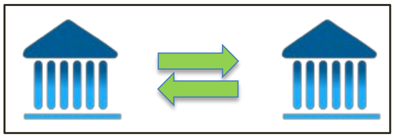
As emphasized in the introduction, no one innovation is appropriate for all the UNICON member schools. Member schools serve different markets. They are part of different containing organizations. They serve under different legal and financial systems. Each case example was selected to illustrate one approach to extending the organizational capability of the UNICON member. Having given thumbnail sketches of the new models, the expectation is that further discovery and inquiry will occur among UNICON members.

Taxonomy of Organizational Innovations

Complementary Asset Models	**Single Institution Models**	**Outsource Models**
		
• Merging Model	• Focused Model	• Handing-Off Model
• Pairing Model	• University-Wide Centralized Model	• Partnering Model

Our interview findings suggested a taxonomy of three alternative organizational adaptations to the traditional university-based, business school model. They are: Complementary Assets Models, Single Institution Models, and Outsource Models. Each model is explored in this Section with a case example illustrating its characteristics and critical success factors. A generalized discussion of the pros and cons of each of the model groups follows in the next Section.

Complementary Asset Models



Complementary Asset Models represent formerly independent institutions agreeing to partner or operationally merge because each possesses assets the other lacks. Both institutions are stronger together than either one had been independently. Complementary asset models can be of two types: **Merging Model** and **Pairing Model**.

The Merging Model

The Merging Model is one in which two organizations with complementary strengths operationally merge, each benefiting from the strengths of the other. They continue to conduct their core business but leverage the complementary capability of the other organization. The operational merger of Hult International Business School and Ashridge Executive Education is an example of this model.

Merging Model

Hult International Business School/Ashridge Executive Education

In the late 1950s, Ashridge Management College was founded to meet the growing management development needs of a number of leading UK companies. Initially offering open enrollment programs, Ashridge later responded to strategic needs of organizations with custom-tailored programs.

Growing rapidly in the 1980s and 1990s, Ashridge added a full-time MBA program and specialized Masters and Diploma programs. Through Ashridge Consulting Limited, a separate legal entity, it offered consulting services drawn upon its faculty research and practical applications. It established a number of research centers. It expanded its global reach to provide management education around the world through distance-learning programs supported by its Virtual Learning Resource Center, a pioneering concept in e-learning.

By 2000, Ashridge had evolved into one of the top 20 global business schools as rated by Bloomberg BusinessWeek. It was awarded the “triple crown” accreditation of AMBA, EQUIS, and AACSB. It was noted for its applied research in the field of learning and education.

However, the build-up of fixed faculty costs to support the degree programs, executive education, as well as its research centers made Ashridge particularly vulnerable to the devastating effects the Great Recession of 2008. Decreased enrollments in executive education resulted in a number of break-even years. Because of historically low interest rates, mounting pension liabilities threatened Ashridge’s sustainability as an independent institution.

Formerly the Arthur D. Little School of Management, Hult International Business School’s intention was to create an international learning environment by bringing together students, cultures, and innovative ideas from around the world. It offered undergraduate, MBA, and Master degree programs. In 2008, Hult opened its first campus outside the US in Dubai. In subsequent years, it opened campuses in London, San Francisco, and, in 2011, a campus in Shanghai, China. By 2009, Hult Business School’s one-year MBA program made the *Financial Times* Global MBA 100 list. By 2013, with an enrollment over 2,600 students, it could claim to be the largest and fastest growing business school in the world. To meet this unprecedented growth rate, Hult relied heavily on adjunct faculty.

Despite its explosive, international growth, Hult’s lack of faculty research meant it was unable to seek accreditation from AACSB in the US and EQUIS in Europe. Hult also suffered from lack of brand awareness among employers, making placement of its students more difficult.

Coming from its long history of executive education, Ashridge had deep relationships with companies around the world. This offered Hult the asset of brand recognition. Ashridge also had the "triple crown" accreditation of AACSB, EQUIS and AMBA which Hult coveted.

Hult's five campuses could provide Ashridge with the global infrastructure that would allow Ashridge to take its research expertise and executive education teaching onto a global stage. In addition, Hult could provide Ashridge the financial lifeline it needed.

Other than the MBA programs, the two schools had little programmatic overlap. Ashridge's focus was on executive education and research, whereas Hult's focus was on undergraduate and graduate degree programs. Culturally, both schools valued faculty who had industry experience and who brought an emphasis on management practice over management theory.

In 2014, the two schools signed an intention to merge and finalized an operational merger in 2015. Ashridge changed its name to Ashridge Executive Education. The new entity, Hult International Business School/Ashridge Executive Education is a full service business school offering undergraduate, MBA, EMBA, and executive education teaching and high quality applied research. Where there was program overlap, Ashridge discontinued its degree programs, such as its MBA and EMBA programs, in favor of those already offered by Hult. However, some of the specialized Masters programs still retain Ashridge branding, although the reporting lines and budgets sit within Hult. Today, the combined institutions have 150 full-time academic faculty and 300 adjunct faculty. With 4,000 degree students (undergraduate and masters) and 6,000 executive course participants, it ranks as one of the largest business schools in the world.

Since both schools were non-profit institutions, they could not legally merge. However, they were able to merge operationally. Merging meant that they operate as a single entity, with a single staff and faculty, under the name of Hult International Business School/Ashridge Executive Education. However, beneath the surface, a dual legal structure remains. As separate legal entities, the schools both retain degree-awarding powers. UK degrees are awarded by Ashridge, and US degrees are awarded by Hult International Business School.

Decision-making has evolved into an integrated model. Each school has representation on the other's Board of Trustees. The CEO of Ashridge reports to the CEO of Hult. However, a leadership team is made up of Ashridge and Hult CEOs plus each school's academic and operational officers. This team manages the merged institution.

Revenue sharing is complicated because the entities remain independent charities/non-profits. Each must be self-sustaining, and each board of trustees must ensure that the school's responsibilities to its charity/non-profit status are being fulfilled. Some revenue is shared in the form of cross-school donations to support research. At the outset, Ashridge gained a sound footing as a result of a £50million investment in the merger that came from Hult.

Operationally, the merger has resulted in benefits for Ashridge Executive Education. It has been able to take advantage of Hult's highly professionalized IT systems and processes. Hult's strong marketing capability has enhanced Ashridge's ability to reach specific market segments, such as financial services, oil and gas, and engineering. Ashridge has expanded its executive education with segment-specific content to these industries. In addition, Ashridge can use Hult's world-wide campuses to expand its executive education offerings to more clients around the world. For example, Ashridge faculty have been working with clients in the UAE for 20 years, but the business has grown substantially because they now have a physical, local presence which local clients find very attractive.

From a faculty perspective, there have been benefits and challenges. Ashridge can now draw on a wider group of faculty with a broader range of expertise. Previously, Ashridge had drifted away from the broader business school subjects such as finance, marketing, and operations. In a recent customized executive education program, Ashridge was able to deliver a specific financial perspective of interest to the client by drawing on a Hult faculty member's distinctive financial expertise. However, as in all newly merged organizations, coordination and integration are difficult to achieve. As the faculties from both schools have gotten to know each other, they have begun to teach in each other's programs. But, this takes time and is built on mutual trust. Another challenge is scheduling. Degree programs are scheduled a year in advance, and executive education is episodic. While Ashridge is essentially a business-to-business operation, Hult is a business-to-consumer one. The task is to find synergies in these two very different activities.

On the research side, Ashridge is now able to expand its research agenda with new initiatives. For example, one area of investigation that Ashridge is pursuing is how the nature of leadership is evolving and how to best develop the key competencies needed to lead in a volatile and ambiguous climate.

In a complex Merging Model such as the one between Ashridge and Hult, there are many critical success factors. To select a few that have been identified by the players, their success rests in the:

- Complementarity of the two institutions' assets
- Similarity of their cultures and values
- Time and care that have been taken to involve all the stakeholders, particularly the faculty
- Equity of value received by both sides of the merger.

The Pairing Model

The Pairing Model is one in which two organizations, equally grounded in the business of management education, each with its own business model, decide to collaborate to design, market, and deliver executive education as a separate function. An example of this model is the Australian Institute of Management of Western Australia (AIM) and the University of Western Australia (UWA) Business School.

The Pairing Model

AIM WA+UWA Business School Executive Education

AIM WA+UWA Business School Executive Education may have the distinction of the longest name among executive education departments. However, as a joint venture of over sixteen years, it is perhaps a fitting distinction. The joint venture between two not-for-profits, AIM WA (Australian Institute of Management Western Australia) and UWA Business School (University of Western Australia Business School) was established in July 2000. At the time of its formation, each of the two organizations had full business models of their own.

Prior to the formation of their joint venture, both partners had provided similar services in the area of business education for many years. AIM WA, founded in 1957 and incorporated as a private, non-profit in 1960, is member-based with both individual and corporate memberships. AIM provides extensive middle management and vocational training, primarily serving front line leaders, offers member benefits and recognition, and delivers organizational consultancy services. "AIM WA employs over 60 staff (excluding external consultants), has an annual turnover of approximately $20 million and runs more than 30 different training programs per week."[20] AIM is a very short distance away from UWA in the greater Perth area.

UWA, founded in 1911, was the first university in the state. As Western Australia became industrialized and wealthier, UWA grew and served undergraduate, postgraduate, and professional qualification students. Its Business School is one of twelve separate Schools and Faculties. Much of its research centers on energy, minerals, and agriculture, the dominant industries of the area. "The UWA Business School … has over 300 staff, faculty, and consultants. The UWA Business School holds accreditation from both the European Quality Improvement System (EQUIS) and the Association to Advance Collegiate Schools of Business (AACSB)."[21]

[20] Source: AIM WA website: www.**aimwa**.com

[21] Source: UWA website: www.**uwa**.edu.au

When the joint venture was founded, the motivation was to combine the efforts of the two organizations to address specifically the executive education market. AIM had the ability to provide marketing and administrative support (including financial management, planning, logistics, promotion, and student/member support initiatives). Although AIM WA had deep roots in the practical aspects of business management, UWA business faculty was known for its research and faculty and had an excellent reputation for its courses for executives. From a practical standpoint, UWA lacked the support structure to run short, executive programs.

AIM WA+UWA Business School Executive Education, the joint venture, now offers: open enrollment programs (20% of revenue), customized executive and organizational development programs (80% of revenue), which includes executive coaching and mentoring, and consulting and diagnostic services. Originally housed on UWA's campus, Executive Education moved to the AIM WA campus. This move was motivated partly by issues of efficiency and to be near AIM's support and on-site catering but also because the UWA's auditorium-style classrooms were not conducive to the executive education courses. There is some overlap between Executive Education and UWA's degree programs: Flexible MBA students may participate and get credit for taking the longer Executive Education programs and can do class projects in AIM WA member facilities. This overlap is considered beneficial by both institutions. AIM WA members qualify for discounts when they take executive education courses. And a twelve month membership in AIM can be an added value offered to students in executive education courses.

Originally, the Joint Venture had a Governing Board that was made up of members from the two organization's boards in a 50-50 split. At the time of the renewal of the joint venture, two years ago, the Governing Board became an Advisory Board. The responsibility for running Executive Education rests jointly in the hands of the CEO of AIM and the Dean of the UWA Business School. Although each of these leaders has their own board in their own organization, Executive Education does not report to either one.

The AIM WA+UWA Business School Executive Education joint venture has eight dedicated staff members.[22] The Executive Education team is responsible for managing all the short courses as well as business development. They have backgrounds in learning and development as well as organizational psychology. All short courses offered by UWA faculty are filtered through the joint venture. The Executive Education team plays an important role by developing an initial understanding of what the market and/or an individual client is looking for in a course and what their desired learning outcomes are. For the custom engagements, Executive Education employs a consultative approach. The Executive Education team works with the client to determine the needs of the client company, the correct mixture of services (classroom, coaching, mentoring, consulting, diagnosing, and organizational development), and the best fit of expertise available either

[22] The original staff members had been transferred over from UWA.

among UWA faculty and/or the Subject Matter Experts (SMEs) employed by AIM WA. The Executive Education staff orchestrates and facilitates during the design and delivery phase.

Faculty for the Executive Education programs are drawn from both AIM WA and UWA. Employing a network model, AIM WA has over 100 local, national, and international Subject Matter Experts (SMEs) who have practical, real world experience. Depending on their expertise, SMEs are used for teaching as well as consulting, coaching, and mentoring. A strong, core group of UWA Business School faculty are active in designing and teaching in the joint venture's executive education short and custom programs. The faculty benefit financially and also have the opportunity to partner with and thereby gain access to corporations for their research. Recruiting UWA faculty for executive education can be challenging, as in any university setting, because UWA Business School faculty are measured by the university priorities of research and degree program teaching. Faculty may choose how they are paid for their own time commitment, the payment going through the faculty member's own consultancy or flowing into their research funding.

As described on its website, "Executive Education is a financially self-funding, unincorporated joint venture." However, AIM has its own business development and marketing team. AIM staff is responsible for the business development of both the short and the custom programs. All contracting is done through AIM WA. All revenue flows into AIM WA. At the end of the calendar year, the profit from the Executive Education operation is split 50-50 between AIM WA and the UWA Business School. Both AIM WA and UWA are intended to benefit from the profit sharing. For AIM, Executive Education revenue amounts to about 30-40% of its revenue.

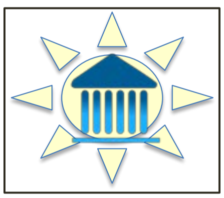
Overall, the AIM WA+UWA Business School Executive Education joint venture has brought many benefits to both institutions. Consolidation of staff functions into AIM WA allowed the university to focus on its core business. AIM had been building its competence in logistical and administrative services for sixty years and was ready to leverage it in the new model. The strengths of both institutions created something that was greater than either could have accomplished on their own.

However, there have been challenges. Although the Executive Education team works to ensure that the UWA Business School and its faculty get financial and other benefits from the success of Executive Education, there can be conflicts. The Business School is open to having other UWA Schools' faculty involved, but they want the interface to be only through the Business School. Finding the right faculty to engage in the Executive Education offerings can be challenging. This can also be complicated by the fact that Business School faculty have their own consultancies. In addition, financial downturns within the industries of Western Australia hit the joint venture as well as its two supporting institutions. As the local economy goes, so goes the trends of the joint venture.

The critical factors in the success of the Paired Model as experienced by UWA and AIM WA are:

- Strength of the relationships and networks between the parties which include the UWA faculty, the Dean, the Associate Deans, and the CEO and staff of AIM
- Clear understanding of how each entity operates, e.g. UWA faculty understanding of the consultative approach used by AIM staff in selecting who will teach in programs
- Clear definition of roles
- Level of trust and cooperation that enables two independent institutions to combine their strengths in a new, paired entity that serves both their needs
- Financial benefit accrual to both entities.

Single Institution Models



Single Institution Models can be narrow as in the **Focused Model** or broad as in the **University-Wide Centralized Model**. They differ from the traditional university-based business school model in that they are not imbedded in the business school of the university but instead provide a single point of entry for all professional development regardless of the discipline. The Single Institution Models embrace professional development as their focus, often incorporating corporate clients in their governance structure and providing long-term corporate partnerships and networks that go beyond program-based relationships. The Single Institution Models are designed to integrate easily across disciplines, the Focused Model by having the latitude to expand its teaching force at will and the University-Wide Centralized Model by tapping into the diverse disciplines available from a university.

The Focused Model

The Focused Model represents a stand-alone business school that concentrates on one activity, executive education.[23] Freed from the encumbrances of university policies, university governance, and faculty primarily teaching in degree programs, they tend to be more entrepreneurial, offer more services, and orient to management education interventions rather than management theory. Fundação Dom Cabral (FDC) is one example of a Focused Model institution.

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[23] The term "focused model" was coined by Santiago Iñiguez in "*The Changing Business Model of B-Schools*" Journal of Management Development (2007).

Focused Model

Fundação Dom Cabral

Fundação Dom Cabral was founded in 1976 by Professor Emerson de Almeida, a native of Brazil. After completing post-graduate study in Paris, he was invited by Dom Serafim, the President of the Catholic University of Minas Gerais, to start a center of continuing education at the school.

Professor Emerson soon discovered there was an unmet demand for executive education due, in large part, to the double-digit growth in Brazil's economy during the early 1970s. Seeking to provide relevant, executive education programs for executives and senior managers of Brazilian companies, Professor Emerson began using practitioners and adjunct professors in addition to the University's own professors to teach in his programs. Word spread that the center was delivering programs that helped executives develop skills that contributed to their companies' bottom line. However, tensions arose with the university. The full-time faculty did not like the fact that adjunct, practitioner professors were increasingly used. Professor Emerson, with the help and support of Dom Serafim, created Fundação Dom Cabral, (FDC) a self-funding, fully autonomous, non-profit organization, exclusively focused on executive education.

Professor Emerson guided the school from its inception until 2012 when he retired and became President of the Board Committee, where he ensures that FDC remains true to its mission and values. Dom Serafim, now Cardinal Dom Serafim, is the Chair of FDC's Board of Trustees made up of fifteen prominent business and business school leaders from Brazil and abroad.

Today, FDC is a world-class business school that serves approximately 35,000 executives from mid-size and large companies annually across its four campuses. For the eleventh consecutive year, the Financial Times has ranked Fundação Dom Cabral the number one executive education provider in Latin America. It offers open enrollment and custom programs as well as its long-standing consortia for mid-size firms and family-owned enterprises. FDC's stated mission is to contribute to the sustainable development of society by educating, developing, and building the skills of executives, entrepreneurs, and public managers.

FDC's success in executive education can be credited to its organizational structure, the profile of its faculty, its culture that values entrepreneurship and partnerships/ alliances, and its orientation toward management education interventions that contribute directly to a company's success.

Organizationally, faculty who teach in a FDC program report to the program director. FDC has about 35 program directors, the majority of whom have extensive consulting experience. The program directors must meet the needs of the client. While being very client focused, they are also responsible for the profitability of the program. Program directors design the programs, and they choose faculty, balancing value to the client and profitability to the school.

FDC has approximately 40 full-time faculty. Although the majority of FDC's full-time faculty have Ph.D.'s, they also generally have had very successful careers in business or public management. Accordingly, they are able to blend theory with practice, thereby adding greater value to the educational intervention. FDC is not encumbered by the tenure system. The faculty are well compensated, but, as part of their agreement with FDC, they are not allowed to consult privately as part of any engagement with the FDC client. FDC faculty teach two to three times the load of faculty at North American schools. While also expected to do research, FDC faculty publications tend to be applied rather than theoretical.

FDC has built strength through collaborations and partnerships. Because of its close relationship with industry, FDC discovered that companies, indeed groups of companies with common interests and objectives, preferred to work together as partners with FDC in the creation of programs. For FDC, this ensures that its valuable resources are spent developing programs for which there is a clear market. FDC has set up a number of business partnerships bringing together companies with shared characteristics. One example is Partners for Excellence (PAEX). Six to twelve non-competing, mid-size companies work together to improve their management skills and achieve business results. Over 2000 companies in five countries have participated in PAEX, meeting monthly and spending on average two and a half years in the program. In these business partnerships, as well as in their custom programs, FDC's approach is to work with the companies as educational partners rather than to develop programs for them.

A large portion of FDC's work continues to be the design and delivery of customized educational solutions for large corporations. Just this year, Brazilian Aircraft Manufacturer Embraer presented FDC with the company's coveted Most Important Supplier award. The design of these customized programs is the fruit of a great deal of collaboration between FDC's program directors and the client firm itself. The relationship between FDC program directors and their clients is an iterative process more akin to an ongoing relationship, characterized by a great deal of dialogue and continual improvement with a focus on the measurement of quantifiable metrics. This collaborative effort is very different from the transactional basis by which most US business schools operate.

FDC also used alliances to bolster its knowledge acquisition. Between 1975 and 1981, Professor Emerson convinced the Brazilian Ministry of Foreign Affairs (Itamarty) to pay for a number of HEC professors to come to Brazil. They developed and delivered programs applicable to the needs of Brazilian companies, in particular, how to survive and even prosper in a high inflationary environment. When Brazil's economy opened up to foreign trade in the early 1990's, FDC turned again to alliances with INSEAD and Kellogg School of Management to bolster its content with respect to operating internationally.

Initially, alliances filled capability gaps in FDC faculty. Today, partnerships serve FDC in a number of ways. They provide channel access and allow FDC to co-deliver programs globally. An alliance with Smith College enables them to deliver a Latin American-focused program for women executives. Recently, FDC entered an alliance with France's SKEMA Business School. Students from SKEMA spend four months at FDC studying business issues from a Brazilian and Latin American perspective.

FDC's autonomous model has clear advantages. Executive education can be its core business. Without the constraints of a university, it can tailor the faculty engagement to fit its business model. It can move rapidly and independently to ally with other institutions and work with clients.

FDC as a focused model also has a number of disadvantages. This model does not easily fit into the standard university-based executive education model and therefore is not readily understood by accrediting agencies. Recognizing that foreign accreditations matter, FDC launched a blended MBA program which was accredited by the Association of MBAs (AMBA) in 2005. In 2007 FDC was accredited by EQUIS. FDC has always sought to validate its quality and relevance with foreign accrediting agencies.

Another challenge for FDC as a focused model is that its funding, as an institution, relies on its relationship with its client companies and demand for its programs and services. FDC's future depends on its ability to continue to be innovative and entrepreneurial in meeting market demands.

Critical success factors of the Focused Model can be observed in its:

- Constancy of purpose and consistency of top management
- Freedom from the constraints imposed by being part of a university with tenured faculty
- Faculty focus on the practice of management aligning with the organizational value of collaborative partnerships with clients
- Culture that values innovation, entrepreneurship, and alliances within and without the academic world
- Ability to engage large local companies in the governance of the institution making market insight available
- Ability to contract and expand with the economic environment.

The University-Wide Centralized Model

The University-Wide Centralized Model seeks to bring together all the resources of the university to serve both individuals and client companies as opposed to having executive education as a department within the business school. The value proposition for executive education on a university-wide scale is to bring a multi-disciplinary approach to leadership and organization development. The University-Wide Centralized Model provides the necessary structure for interdisciplinary collaboration across the university. The University-Wide model also can benefit from economies of scale and effective administrative function. There have been a number of recent task force studies, both within the US and Europe, looking into this organizational design.

ITESM (Instituto Tecnológico y de Estudios Superiores de Monterrey) was chosen as the case example because it has just recently changed from a business school-based model to a University-Wide Centralized Model. By contrast, executive education at *Instituto Tecnológico Autónomo de México* (ITAM) has operated as a University-Wide Centralized Model since its inception over sixty years ago. Understanding ITESM's recent experience, the critical success factors, as well as the benefits and challenges of moving in this direction can be informative for all those considering moving toward this model. Further discussion of the degree to which other UNICON member schools are evaluating a University-Wide Centralized Model is discussed following this case example.

University-Wide Centralized Model

ITESM

Instituto Tecnológico y de Estudios Superiores de Monterrey, The Monterrey Institute of Technology and Higher Education, (ITESM) is a private, non-profit, multi-campus university based in Monterrey, Mexico. It was founded in 1943 by leading regional industrialists who were interested in creating an institution that could provide highly skilled personnel to Monterrey corporations. In 1950, ITESM became the first university outside the United States to be accredited by the Southern Association of Colleges and Schools. Today, ITESM has grown to include 31 campus locations in 25 cities throughout Mexico. It is one of the most academically recognized universities in Latin America.

Until June, 2016, executive education had been part of EGADE, ITESM's Business School, and offered both open enrollment and custom programs.[24] However, in a bold effort to bring all the resources of the University to client companies, ITESM has reorganized executive education at the university level to be the Institute's client-facing bridge for

[24] EGADE holds the distinction of having the "triple crown" accreditation of its programs by the AACSB, AMBAs, and EQUIS. It is ranked among the best business schools outside the United States by the Wall Street Journal and among the 100 best graduate business schools in the world by the Economist Intelligence Unit.

Mexico's large and mid-size companies. ITESM seeks to build more collaborative, long-term relationships with its corporate clients by offering a wider range of opportunities to co-create knowledge and co-develop managerial talent. Key to this success is their ability to bring all the resources of the university to the relationship.

An example of this is a recent engagement with a large energy company. The goals of this engagement were to help the organization prepare for its next fifteen years in light of Mexico's recent, sweeping energy reforms and transition to a more open market economy. To accomplish this, ITESM needed to introduce state-of-the-art energy sector concepts and tools, to support the development of its digital transformation plan to face the challenges of a technology-based environment, and to provide short programs and learning solutions to strengthen a digital culture inside the organization. Bringing together best faculty from the Business School, the Engineering School, and the School of Education, ITESM's new Executive and Continuing Education Office was able to create a unique response to support the organization's vision and objectives and continues to work in partnership with the company in achieving its goals.

In the new organizational structure, the Vice President for Executive and Continuing Education reports directly to the President of the University. The Vice President's Office is responsible for designing, developing, managing, and delivering all ITESM's non-degree portfolio: Executive Education, Continuing Education, Applied Solutions, Massive Open On-Line Courses (MOOCs), as well as new models for professional and organizational development using face-to-face, digital, or hybrid formats. The new organization is structured in five departments, with one director leading each of them. They are Program Design, Open Enrollment, Corporate Relations, Program Delivery, and Finance.

a) Program Design, now called Solutions Design, seeks the best possible options for individuals and organizations. This department manages the relationship with faculty and program coordinators (about 70) across all schools to design and develop responses in a multidisciplinary manner.

b) Open Enrollment works closely with Solutions Design to create an innovative and appealing portfolio (continuing education, executive education, MOOCs, etc.) of choices, designed to create a long-term relationship between the university and the individual, supporting his/her ongoing professional development.

c) Corporate Relations is responsible for key target organizations with whom the university is interested in building lasting relationships. Key Account Managers are responsible for presenting an adequate mix of multi-disciplinary solutions, representing all schools within the university.

d) Program Delivery is responsible for a timely and effective delivery of all programs while creating a unique and distinctive experience for participants.

e) Finance is responsible for managing all income, outflows, and revenue on an overall basis and generating financial value for all schools and ITESM as a whole.

The vision behind such structure is not to 'push' products towards target audiences but, instead, to be able to identify the best elements that the university can provide to support both individuals and organizations in their continuous development. This is critical as Mexico's large millennial population enters an increasing technology-driven economy.

ITESM has had to overcome a number of hurdles in building its new organization and a new organizational culture inside the university. Shifting from school-based programs to university, multidisciplinary solutions has not been an easy task. The new University-Wide Centralized Model has created some tensions among faculty and academic coordinators from different schools when they have to work together on program design. Issues of financial equity remain a challenge. Designing win-win policies and procedures among all schools involved takes time. Developing a university-wide CRM system has not been an easy task. It was essential to integrate all the information about key organizational relationships held at the school level into a unified CRM system at the institutional level. Coordination remains difficult. Being clear about the benefits sought by and offered to the involved schools is important. Building a strong relationship between the Vice President's Office and all school Deans is crucial. A number of questions still remain. Is there a unique ITESM learning experience that the university can provide? Can this experience be different based on the schools involved or the initiatives selected? These questions are still under discussion.

Critical success factors of the University-Wide Centralized Model are:

- Decision to embrace this organizational model made at the highest levels of the institution
- Required changes to organizational structure, new assignment of responsibilities, new staffing models, new compensation models, and significant resources devoted to building a CRM at the institutional level
- Faculty willing to work together across disciplines and be solution-oriented rather than theoretically-oriented
- Strong industry relationships that are maintained over time.

Additional Note on the University-Wide Centralized Model

In the past year, the University-Wide Centralized Model has been the subject of conversation among deans and provosts at a number of universities in the US and England. Senior leadership has been influenced by the research studies of higher education in the US that forecast the new realities of student enrollment. Traditional post-secondary enrollments in colleges are declining, leading to intensified competition in higher education. Graduate degreed programs are flat, while there is a growing demand for just-in time and non-credit certificate programs for adult learners. To meet the growing needs of adult learners, task forces at a number of universities have been asked to consider aligning all the professional and continuing education programs offered across the university.

For some universities, the major driver is economic--to reduce the redundancy of having multiple units across the university provide a similar set of administrative support services for executive/professional programs. A shared services model would reduce this redundancy and also allow schools and colleges within the university that have no infrastructure for executive/professional development to offer programs without the need to build an administrative support staff.

George Washington University recently created a shared services model, incubated in the business school, to service the other schools within the university. Funded by seed money from the business school, George Washington Executive Education was created as a shared services infrastructure that would service professional development programs offered by any of the other schools within the university that wished to use it. Services would include program management, securing hotel space for program participants, marketing, and possibly assistance in program design. The decision was made by the task force to keep this infrastructure at the school level rather than the university level. Schools choosing to use any of the services offered would be charged based on services used.

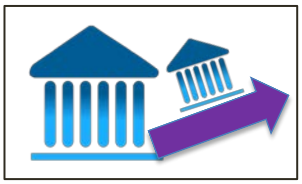
The second driver of a University-Wide Centralized Model is market oriented -- the ability to bring all the resources of the university to serve corporate clients as has been described in the ITESM example. As corporations seek more multi-disciplinary approaches to organizational challenges, it could be a great advantage to have a centralized system. This would allow programs to be built that reached across the disciplines of the university. It would ease the collaboration between business and medicine, business and engineering, or medicine and engineering, creating a richer learning experience, both for the faculty teaching as well as for the program participants. This model has the added benefit of making it easier for customers, providing them with a single portal into the university.

A third driver of the University-Wide Centralized Model may also turn out to be the centralization of the digital learning function in the university. Many universities have a separate unit, often reporting to the Provost, to address their entrance into the digital learning market. This new organizational development is a deviation from the traditional, discipline-based departments and may create a hub around which centralized executive education might coalesce.

At this point, given the power of US business schools within the university, we did not find any universities in the US committed to merging all the professional development entities under one roof. At most, task forces have recommended increased alignment and greater coordination and agreement in determining which professional development group serves which market. Others universities are exploring multi-branded, executive education certificates for participants who complete a series of programs across multiple schools within the university

Although there are strong indications that US and some European universities are exploring the potential for centralizing their executive education, it is important not to underestimate the difficulty of changing the university structure. As discussed in Section IV, the university organizational model is decidedly hard to change. It is well entrenched, and all the decision-making, compensation, cultural norms reinforce the departmental structure. Crossing departmental boundaries gets into extraordinarily complicated discussions about compensation, power, position, domains, decision-making rights, and all the other issues that make it very difficult to change. Nor does the University-Wide Centralized Model contemplated by a number of universities address the challenge of providing services to customers that are outside the remit of a research university. This will be an important area to watch.

Outsource Models



Outsource Models come in a variety of shapes and sizes. The two examined in this research are the **Handing-Off Model** and the **Partnering Model**. They are characterized by the executive education provider finding another organization, which may be non-profit or for-profit, to work with. As opposed to the Complementary Asset Models, there is a distance between the school and the activities of their partner. There may be some guidance provided by the school and there may be revenue returned to the school, but the other organization has significant autonomy and typically draws its faculty from a number of institutions, not just from a single partner.

The Handing-Off Model

The Handing-Off Model is characterized by the executive education provider spinning off a portion of its business to a separate, arms-length entity. The motivation to do this includes the need to focus on its own business and not to be distracted by trying to provide the market with products and services that are beyond its capability. The example of this organizational approach is Financial Times/IE Business School Corporate Learning Alliance.

Handing-Off Model

FT| IE CLA

The Focused Model, one of the Single Institution Models, references a term coined by Iñiguez de Onzoño, President of IE University. As discussed previously, the Focused Model is represented by schools such as FDC and IMD that have chosen to focus exclusively on executive education and avoid the complexities of the vertically integrated, full-service universities. President Iñiguez has taken his own advice but has followed a different path. Looking to strategically focus on both IE's degree programs and its growing custom executive education activities, President Iñiguez chose to divide the two into separate organizations, spinning off its custom executive education business to a new entity. Going forward, IE Business School's executive education offerings will include only open-enrollment programs. All IE custom engagements will be the business of the newly founded Financial Times | IE Business School Corporate Learning Alliance (FT | IE CLA).

FT | IE CLA was officially launched on December 10, 2014 with the Financial Times announcement:

> "The Financial Times and IE Business School today announce the launch of the FT | IE Corporate Learning Alliance (FT | IE CLA), a new joint venture providing premium custom learning for business leaders. The partnership connects the academic excellence of prominent business schools with the FT's award-winning journalism and insight into real world business challenges."[25]

The mission of FT | IE CLA is to deliver practical, relevant, measurable, and effective learning solutions customized to enable client companies to meet their goals in the face of complex economic and global challenges. To deliver customized and effective solutions, FT | IE CLA taps leading academics, FT journalists, and experienced practitioners to provide the help their corporate clients need to succeed. FT | IE CLA's commitment is to deploy the latest learning technologies and yield measurable results in terms of change and transformation.

For companies operating in the global business environment, IE felt that companies needed innovative, practical, and highly customized learning solutions and guidance provided by world-class experts with localized delivery. IE believed that to deliver these, a new organization needed to be established that was unconstrained by the methodology and perspective inherent in the traditional business school. As Professor Iñiguez is quoted on the IE website: "The fact that IE is a relatively young business school compared to its competitors is something that presents exciting opportunities. 'This is a school where tradition is not so heavy,' he says. 'So there's an entrepreneurial approach present in all our activities.' "[26] Building an independent, for-profit organization in partnership with an equally prestigious business news and information organization, IE was able to hand off its custom executive education business with the confidence that customers would be well served and would benefit from a new approach to meeting customer needs. Providing the necessary depth of services, globally, with full customization, is a challenge that strains the capability of the traditional university.[27]

The new venture is a for-profit organization, owned 50-50 by IE and the Financial Times. FT | IE CLA is a totally independent company, responsible to its own Board. However,

[25] Financial Times Press Release

[26] IE Business School website

[27] There has been a significant amount of press from FT and other publications about the launch and trajectory of FT | IE CLA. An evaluative approach was published by the Institute for Education and Professional Development, Inc.: http://iedp.com/articles/ie-joins-forces-with-ft-for-custom-programs/

the Board does have equal representation from the founders, IE and FT. The Chairman of the Board is a top executive from FT, and the Vice Chairman is the President of IE University. The new executive team parallels this approach with the CEO being an external manager named by consensus between both partners. The COO was formerly an executive at FT while the Chief Relationship Officer came from IE and is well able to represent IE's perspective. Heading an independent entity, the CEO makes decisions with the approval of the Board and works with the support of his management team. The FT | IE CLA management team, as described on its website, has deep experience in education, consulting, and industry. Reinforcing the global reach they offer, the management team's profiles describe the multi-lingual capability of many of the management team.

The network of expertise used by FT | IE CLA for its programs consists of about 550 experts drawn from the academy, journalists, practitioners, and former CEOs and executives. Similar in some respects to Duke CE's resourcing model, FT | IE CLA's academic faculty are drawn not only from IE's faculty but also from leading academics from twenty globally ranked universities.[28] At its launch, the Financial Times reported that FT | IE CLA had partner relationships with a number of business schools on many continents.[29] Since then, a number of other partner schools have been added, including Sciences Po whose membership was announced in March of 2016. Having a presence on many continents with localized expertise, FT | IE CLA's goal is to be able to serve the world-wide needs of its clients. In addition, because FT was a member of the Pearson Group, the new organization can not only use journalists and the marketing reach of FT but also can tap the expertise in learning efficacy, pedagogy, and measurement drawn from the work of Pearson Education. Now FT is part of the Japanese Nikkei Group. Although FT | IE CLA may provide primarily face-to-face learning programs, they will be offering blended programs, bolstered by on-line components.[30]

The employees of FT | IE CLA are responsible for all strategic planning, marketing and sales, design of programs, staffing of programs, client relationship management, delivery of both face-to-face and blended solutions, basically the entire business of the business. While IE and FT will use each other's contacts in different markets, they will avoid conflicts because their market offerings are completely different.

At the outset, IE and FT provided half of the original investment. As with any young company, revenues are being reinvested to develop and grow the business. Over time, IE expects return on its investment. Fees are paid to the founding as well as other

[28] FT | IE CLA website

[29] The business schools named as partner schools are: Yale School of Management (United States), Fundação Getulio Vargas (Brazil), Antai Business School (Jiatong University, China), Renmin Business School (China), Singapore Management University, and EGADE Business School (Tecnológico de Monterrey, Mexico), Imperial college (UK), Sciences Po (France), Hitotsubashi (Japan)

[30] The IP rights involved in faculty engagement with FT/IE CLA are not covered in this report.

institutions for use of their facilities and to the faculty and experts used in delivering the program. Given the wide range of providers, issues of compensation and ownership of Intellectual Property may vary.

Beyond the financial considerations, it is expected that there are intangible benefits to IE and the other university-based business schools from their relationships with external organizations such as FT | IE CLA. There is the potential for coordination and exchange of information about the global economy, markets and trends, learning technologies, and methodologies that occur naturally as a result of the association among FT | IE CLA, its partner academic institutions, and its experts. These returns redound to the benefit of professors tapped for FT | IE CLA programs and to institutions involved in the delivery of programs world-wide. For IE, coordination with FT | IE CLA is expected to result in deep and positive benefits for both organizations.

The creation of a common culture in a new entity is always a challenge, particularly when the cultures of IE and FT were very different. It has taken a lot of time and a lot of trust. From the business school's point of view, it is more interesting to partner with a non-academic institution just because of the differences in outlook. Synergies that are possible can be more innovative than if the partnership is with a similar institution. IE saw a benefit in the complementarity of their capabilities and perspectives. The two institutions' commitment to principles of trust, transparency, balanced power, flexibility, and independence has been critical in the success of this new venture.

Critical success factors of IE's creation of FT | IE CLA can be observed in its:

- Commitment and participation of top management
- Clarity of strategic choice being made
- Ability to innovate outside of the traditional university context
- Trust and transparency
- Compatibility and balance of power between organizations
- Common perception of the market opportunity

The Partnering Model

The Partnering Model is one in which a lead organization, which may be a for-profit or a non-profit, engages with one or a small number of partner universities to extend the universities' reach to new markets with new delivery methods. The brand value and faculty of the partner schools are carried into the partnership. However, the execution, marketing, and delivery are the responsibility of the lead organization. Different from the Handing–off Model, in the Partnering Model, the partner schools still retain a full complement of their own executive education offerings. A good example of the Partnering Model is EMERITUS and its engagement with Columbia, MIT Sloan, and the Tuck School of Business.

Partnering Model

EMERITUS Institute of Management

A successful partnership is built on the trust developed during the years of hard work to set it up. Building on his experience of founding Eruditus, another partnership-model executive education venture, Ashwin Damera founded EMERITUS Institute of Management in 2015 as a for-profit, closely held, Singapore Corporation. Damera's vision for EMERITUS was, again, a partnership model, but this time focusing less on face-to-face programs and more on online executive education and development. He planned to leverage Eruditus' capability to handle marketing, telesales, enrollment, B2B outreach, logistics, payment, travel, and visas. But of even more significance was the opportunity to build on the trust established with the schools, MIT, Columbia, and others, with whom he had been worked for the prior three to four years.

The main premise was that business schools in the US are very far from the markets in India, China, Asia Pacific, and the Middle East. In these markets, the executives deeply appreciate the value of the top business schools' educational opportunities. However, US and European school prices are too expensive for the majority of management in India to take advantage of. From the perspective of the business schools wanting to engage in these markets, they face the problem of developing an appropriate business model. Some schools set up their own research centers, hired staff, and offered education on their own. These ventures have met with mixed results, often plagued with tax, head count, and monetization issues. On the other hand, Damera believed that, with the appropriate partner with whom there is "brand preservation and equitably shared value," the partnership model was worth pursuing.

From the perspective of EMERITUS's founding partner schools, MIT Sloan School of Management, Columbia Business School, and Dartmouth's Tuck School of Business, it was difficult to serve these markets. Faculty were unavailable to teach on a regular basis in Singapore, India, China, and the Middle East. With the eruption of online education provided by edX, Coursera, MOOCs from many sources, to name a few, business schools, and specifically executive education departments, realized that online education was a reality. EMERITUS offered them an opportunity to experiment with a trusted partner who could deliver their faculty's captured and packaged digital content into these markets. It had to be done in a way that would provide incremental revenue without cannibalizing their existing markets. Working closely with a start-up like EMERITUS also gave the schools the potential to learn every aspect of the business model without having to invent it themselves. Furthermore, working with EMERITUS gave them to opportunity, assuming branding issues could be worked out satisfactorily, to test out these markets slightly at arm's length.

EMERITUS was built on a division of labor between the partner schools and the EMERITUS company. The partner universities' strengths were in their faculty, faculty IP, faculty teaching, and quality monitoring capability. EMERITUS had established B2B and B2C channels, instructional design capability, technology platform strength, and deep logistics experience.

Although EMERITUS has its own staff and infrastructure, the founding partner schools have a distinct role in the governance of the enterprise. The EMERITUS Academic Steering Committee has five members: one from each of the three founding partner schools, EMERITUS's Executive Director, and EMERITUS's Academic Director and Chairman of the Academic Steering Committee:

> "The founding academic institutions play a pivotal role in establishing the academic rigor of EMERITUS. Each founding academic institution is represented in the Academic Steering Committee which has oversight into the academic matters of EMERITUS."[31]

The Academic Steering Committee considers when and/or if to create any new course. They investigate which school would like to do it. Of the thirteen courses launched to-date, all decisions have been unanimous during the four to five meetings that have taken place.

Faculty come from the partner schools and are paid by EMERITUS to participate in the course creation. This involves having their material videotaped. Faculty work with EMERITUS instructional designers to consider how to modularize their material. Once the design is complete, faculty time is conserved because they are not used for delivering lectures. The cost of faculty time and curriculum design is amortized as a cost of development. Faculty have to consider if teaching for two days is more or less valuable than investing five days up front to create a new course from which the faculty member has annuity income.[32]

EMERITUS's staff runs the business. The courses are designed to be Small Private Online Courses (SPOCs). EMERITUS instructional designers work closely with the partner school faculty members. They help modularize the material into bite-sized pieces and create application exercises to replace in-class exercises. EMERITUS's "back-end team" animates the online course site, inserts questions into the video, and builds in interactive components. Beyond providing the video production and the technology platforms, the EMERITUS team has complete responsibility for marketing, managing business relationships, enrollment, invoicing and collection, as well as the overall student experience. Finally, EMERITUS has Teaching Fellows who act as teaching assistants. Often former faculty, likely with PhDs or MBAs, and having practical business background, the Teaching Fellows build relationships with the students by: moderating discussions, assisting with project work, coaching, and providing live interaction.

[31] Quote from Ashwin Damera, Executive Director, EMERITUS.

[32] In general, the price of a six week, punctuated, on-line course is $750, and the price of a ten week course is $900 per student.

EMERITUS is responsible for marketing all of its school-branded courses. It markets some of its courses to individuals, e.g. Leadership. Other topics, such as design thinking and innovation, lend themselves to enrollment by cross-functional teams coming from within companies. Company specific sales can result in customized courses. EMERITUS staff is responsible for the promotion, sales, delivery, collection, relationship management, and overall management of the courses.

The road to the partnership was not without challenges. It took two years to set up the partnership. Partnering with three founding schools offered the opportunity for rich, complimentary content. At the same time, including three schools made the job harder. Among the barriers were the legal negotiations over who in the partner schools could sign the agreements, who would own the intellectual property, how branding issues would be handled, how to ensure adequate control of quality and reputation, how to handle legal requirements such as ADA and sanctioned country compliance, all this in the context of the need to get the three schools to sign the identical agreement.

From the outset, EMERITUS was clear that it did not want to own the IP, leaving it as the property of the schools or the faculty. Branding issues were as specific as the need to harmonize the school logos and as complex as how to differentiate and characterize the diverse certificates granted by EMERITUS and the schools themselves. It is also hard to control the porosity of on-line courses aimed at a particular market. Internally, there were also questions about where decision rights about online ventures resided within the universities themselves. For example, at MIT it was necessary to talk with the Provost, the General Counsel, as well as the head of all MIT's online efforts.[33]

On the other hand, the partner schools benefit from their work with EMERITUS. Gross revenue is shared among the partners.[34] The shared revenue is intended to give partner schools an incentive to create more courses that match market demand and encourage careful thought about what is the best use of faculty time. Beyond revenue, the partner schools benefit from having their brand represented in the markets EMERITUS serves. In close working relationship with the other partners, they can learn new things from each other. EMERITUS has its own Learning Management System (LMS), written in India, that the partner schools may not have or may benefit from watching in action. Also, faculty have the opportunity to think about their content in new ways during the design process. The partner schools benefit by having full re-use rights to any materials developed by EMERITUS for their own markets. The material generated by EMERITUS is available to the sourcing school and could be appropriate for use in EMBA programs, open enrollment

[33] The challenge of crossing boundaries within the university is referred to in the description of the University-Wide Centralized Model. It is important to consider the nature of the university's organizational model, as discussed in Section IV, in order to understand how antithetical it is to try to aggregate "power" at a university level as opposed to at the department or the faculty level.

[34] There is no equity ownership among the partner universities. As such, it is not a joint venture.

courses, and custom engagements. Finally, the personal relationships among the university partners have proven to be of significant value. Working together, the individuals from the three schools have created a bond and working relationship that is bearing fruit in other areas.

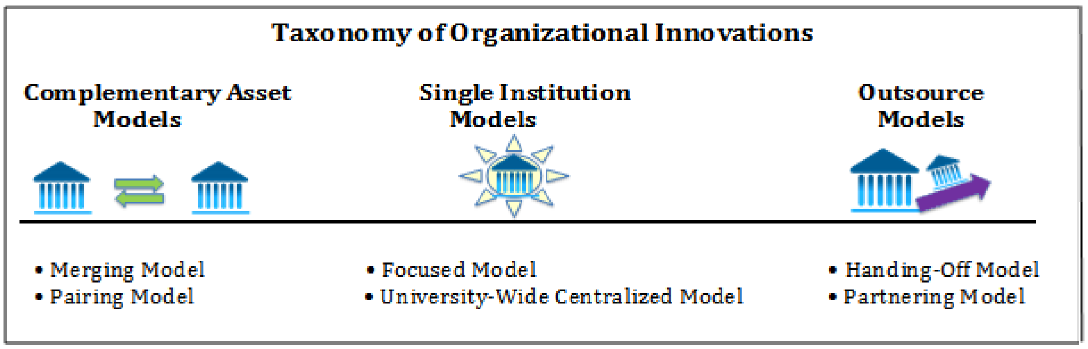
Critical success factors for the Partnering Model are the:

- Ability to set up a partnering model with more than one school, ideally three or four
- Equal commitment among all the partners
- Approval from the decision-makers in the university structure
- Complementarity in the schools' academic strengths
- Ability to engage and incentivize faculty to participate
- Clear and acceptable branding issues
- Ability to monetize a successful product that can be turned to profit for the schools and for the faculty
- Trust among the partners.

VI Generalizations From The Case Examples

"All generalizations are dangerous, even this one."

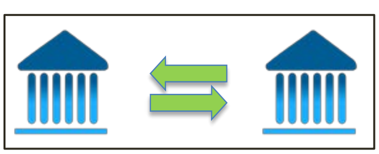
Alexandre Dumas Père (1802-1870) quoted in Jennifer J. Deal: Retiring the Generation Gap: How Employees Young and Old Can Find Common Ground, John Wiley & Sons, 31 March 2007, p.9



Each of the organizational models described in Section V of this report are attempts by executive education units to meet the challenges of a more demanding and competitive market. In some models, executive education units have joined forces with another institution that has capabilities they lack. Others look to reach across their own university or entity to enrich the intellectual resources they can bring to bear for their individual and corporate clients. Still others choose to move away from the university, with all its encumbrances, and adopt a more standalone, entrepreneurial approach. Each of the case examples described is unique, subject to the specific characteristics of culture, context, and location of the particular school. They cannot be easily replicated by another institution. However, it seems useful to generalize from the specific case examples to the broader benefits of the models, keeping in mind their vulnerabilities as well.

The following summarizes the benefits and challenges of the three categories profiled in the previous Section: Complementary Asset Models, Single Institution Models, and Outsource Models.

Benefits and Challenges of Complementary Asset Models



The **Merging and Pairing Models** take advantage of sharing complementary assets but the task is to find synergies between two different organizations. For instance, one might be focused on individual learners while the other might be oriented toward a business-to-business operation. Integrating activities across the merged or paired entities is difficult to coordinate. Both the

Merging and the Pairing model institutions surrender some of their decision rights. It is essential that both entities share the same cultural values. And building trust is critical. And in both examples, time is required before a smooth running operation will yield results.

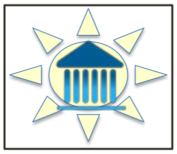
Benefits when it works:

- Provides assets/capabilities to institutions lacking them
- Leverages the complementary capability of the other organization
- Allows close control of brand when governance responsibility is shared
- Eliminates redundancy with streamlined programs and staff
- Can offer greater financial stability

Challenges to be aware of:

- Takes a long time to work out the details
- Does not work if the match is either too close and not complementary, unequally advantageous, or mismatched in terms of values and culture
- Requires trust built up through experience
- Requires constancy of purpose among top decision-makers to weather the hard parts
- Involves loss of some decision rights on both sides
- Could involve complicated legal structures to merge or to set up a new structure

Benefits and Challenges of the Single Institution Models



The two single institutional models, **Focused Model and University-Wide Centralized Model**, are very different in regard to their pros and cons. While the Focused Model is a stand-alone organization that has clear advantages in its ability to be entrepreneurial and solution oriented, it is not well understood by accrediting bodies, and, in some cases, accreditation can be a stumbling block. On the other hand, the University-Wide Centralized Model carries the full weight of its institutional gravitas but suffers from it as well. The business school may be very reluctant to relinquish control over executive education revenues. Other university departments may resist interference. While the Focused, stand-alone organization is vulnerable to the ups-and-downs of its sponsoring client companies and the economy, the University-Wide Centralized Model is subject to university policy constraints. The University-Wide Centralized Model is able to leverage its brand power and its diverse expertise while the Focused Model has an organization that can expand, contract, and diversify easily with no overarching governing body.

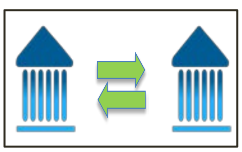
Benefits when it works:

- Allows for flexible capability to respond to customers' needs
- Creates alignment of people, processes, and structures with institutional mission
- Consolidates brand in a single institution and mitigates customer confusion
- Serves both individual learner as well as corporate engagement opportunities
- Offers potential for branded certification

Challenges to be aware of:

- May lead to mission creep in the Focused Model to gain accreditation which, in turn, may create financial overhead that is unsustainable
- Suffers from the university political quagmire that may kill a centralized model (in the University-Wide Centralized Model) which is antithetical to the university's decentralized structure
- Fails, in the University-Wide Centralized Model, to be able to meet the market needs for diverse services such as consulting, mentoring, coaching, etc.
- Is vulnerable to economic downturns in the case of the Focused Model and competition for scarce investment resources in the University-Wide Centralized Model.

Benefits and Challenges of Outsource Models



The Outsource Models offer, perhaps, the most flexible set of options of all the model categories. Because the **Handing-Off Model** and **Partnering Model** are at arm's length, they can be undertaken in a more experimental mode. However, they will require top-level approvals, if not involvement. There is significant risk of brand dilution if the venture fails. The partnerships will require a significant amount of attention and coordination so should not be undertaken lightly. Trust among the players will take time to be effectively established. Initially, extensive effort will have to be invested to make sure there is clarity about roles and responsibilities, decision rights, and coordination.

Benefits when it works:

- Reaches new markets in ways that do not cannibalize executive education's core business
- Creates revenue
- Allows universities to focus on their core mission
- Enhances brand recognition
- Creates mutual benefit that is shared

Challenges to be aware of:

- Dilutes brand by combining it with outsource entity or as a result of failure
- Lacks easy way to ensure quality control
- Risks failure
- Requires top level agreement within the university structure
- Can suffer from confusion about decision-rights and governance

In summary, a few generalizations seem to apply to all of these innovative extensions to the traditional, business school-based executive education department. In every case, we heard the following three "Ts":

- Time: It takes a long time for these new organizational gambits to be negotiated, take hold, and succeed. Because they all involve modification or creation of organizations, they bear the burden of institutional reluctance to change. Plans must be realistic if they are undertaken.
- Trust: Trust among the partners is crucial. Again, because organizational boundaries are being crossed, there are many players with vested interests. Faculty, in particular, need to be comfortable with the new models. The extended amount of time needed to set these models up can, in fact, be helpful. Trust can and will be developed by working through and together on a new venture.
- Top Leader Commitment: These new models are strategic in nature. Although they may be viewed as "experiments" or "exploratory," organizational change, by definition, requires the sustained commitment at the Dean, Provost, or maybe even the President level.

The three "Ts" of Time, Trust, and Top Leader Commitment are important to remember when embarking on any of these types of ventures.

VII Conclusions

Today's corporations demand an enhanced approach to developing organizational leaders. Companies now require a full range of development tools including face-to-face programs, on-line assets, assessments, coaching and mentoring, action-learning, and consulting services. Furthermore, executive education customers are requesting that these activities be delivered globally, customized to their organization and industry, and with a focus on filling skill gaps as well as knowledge gaps.

An inherent tension exists between the current market demands and the organizational capability and structure of executive education departments in university-based business schools. The organizational model of universities as faculty-driven and research-oriented institutions focused on individual learners is incongruent with the demands made of university-based executive education providers. An increasing number of UNICON members are exploring alternative organizational models.

This research study documents how UNICON, as an organization, has evolved and adapted in parallel with the changes in the industry of executive education. Growing from a US-centric, marketing organization promoting open enrollment programs to a global consortium supporting the growth and development of its members, UNICON has adapted, along with its members, to the changing landscape of business education. By describing some alternative organizational models that member schools are pursuing, this study provides UNICON with a rich perspective on adaptive strategies being undertaken by its members as they meet the changing competitive environment.

The research profiles six examples of adaptive approaches in the form of joint ventures, mergers, partnerships, spin-offs, and both focused and centralized models that UNICON members have embraced to remain competitive. The critical success factors as well as the benefits and liabilities of these models are summarized.

The conclusions of this study suggest that all of the models described have individual benefits, challenges, and critical factors for success. Each profiled school is unique in its culture, economic and legal environment, capabilities, and inclinations. As a result, it is clear that no one approach is the answer. What is also clear, however, is that the profiled schools have been responding to the market and have innovated in different ways. The different examples are intended not to provide a roadmap or recipe but instead to generate a deeper, productive discussion among UNICON members.

Relying on the culture of sharing experience among UNICON members, our sincere hope is that UNICON members, whose interest has been piqued, will contact the profiled schools and inquire deeply into the organizational models others have embraced. While staying true to its mission, UNICON, as a member-serving organization, can encourage these conversations by including inquiry into non-traditional models in its membership admissions process, its benchmarking survey questions, and it conference programming.

Directions for Future UNICON Research

Follow-on UNICON research agenda could include the following:

Because this study relied on interviews with schools known or recommended to the authors and was not survey-based, there are interesting additional avenues to explore through membership applications and survey methods. It is highly likely that other alternative models exist that are not reflected in these research results. Furthermore, it would be useful to know how many UNICON members have actually adopted one model or another. It would be valuable to know if some models are commonplace and represent a growing trend while others are “one-of-a-kind.” Expanded inquiry in the membership admissions process and new questions in the benchmarking survey could help surface both the frequency data as well as additional models to be shared.

The University-Wide Centralized Model for executive education may prove a very interesting and important area for UNICON’s future data gathering and study among the UNICON members. It will be very important to understand the results and feasibility of centralization. Does it give the university executive education a competitive edge because of the enriched content? Does it solve the issue of customer needs for ancillary services such as assessment, coaching, mentoring, and consulting? What are the best ways to overcome the institutional hurdles that centralizing in a university setting can pose? What are the critical success factors that need to be in place? If this is a growing trend, what would centralization at a university level mean to UNICON's policy and practices that might have to evolve as well?

Given the increased competition from for-profit organizations in the executive education market, UNICON members could benefit from understanding the business models of their competition. In a number of cases, often in the technology-enabled learning space, UNICON members are partners of organizations that are meeting the market needs in a new way. Without changing its membership model, UNICON could investigate in detail what these new competitors are doing, what they are learning, and how university-based executive education providers can participate or compete.

Appendix A UNICON Membership Criteria and Guidelines For Membership

Extracted from UNICON Policy and Guidelines document – June 2014 revision, page 29-30

NOTE: "Executive education" in the following is an abbreviation for "management and executive education and development."

MEMBERSHIP CRITERIA	GUIDELINES
1. Business Schools (generally University-based) which offer executive education	• Primary purpose of the institution is educational. • Academically-focused. • Own faculty. • Faculty engaged in research and/or business-related activities.
2. Experience in field of executive education	• Minimally two years in the field, meeting quality and performance levels defined below. • Experience of senior members of executive education staff. • Significant accomplishments to date.
3. Size of Operation	• Instructional days during past two years. • Number, scope, and length of individual programs offered. • Types of programs offered. • New programs added in past year. • Growth/change over past two years. • Number of students by level (senior management, upper middle management, middle management, lower management). • Range of organizations served (size, number, and geographic spread). • Number of staff (non-faculty) supporting executive education. • Members are at an annual minimum of $2 million US dollars in executive education revenues (non-degree programs).
4. Faculty	• % of executive education provided by school's faculty and % by external faculty (please

	indicate Full Time, Dedicated and External Faculty). • Faculty background and qualifications (academic, research, business, consulting).
5. Pedagogical Approaches	• Description of typical program format (lecture, distance learning, residential, etc.). • Use/quantity of technology within the program (classroom, student support, etc.).
6. Quality of Program Offerings	• Corporate clients from whom UNICON can seek information (contact name, title, organization, address, and type of service provided by the school). • Involvement of clients in: Open enrollment programs, Custom programs, Consortia programs • Evaluation criteria used. • Pre- and post-follow-up with students and client organizations. • Support services provided to students during programs to enhance learning. • % of repeat business with major clients.
7. Commitment of Institution to the Objectives and Expectations of UNICON	• Dean/principal support for executive education • Recognition and acknowledgment that membership is at the institutional, not the personal level. (A letter from the Dean or Principal indicating the institution's commitment to UNICON membership is required). • Recognition that UNICON is not a subscription organization but a consortium which expects active involvement of members. • Commitment to share information, respond to surveys, etc. • Attendance of senior staff at UNICON conferences • Commitment to support membership by providing staff time and financial resources (beyond dues) to UNICON activities (e.g. serving on committees) • Senior staff involvement in UNICON - representatives with authority to make commitments for the member institution.

	• Reasons why the institution wants to be a member of the consortium.

An application for membership will address each of the eight criteria, will be accompanied by the attached cover sheet, and a letter from the Dean or Principal expressing support for membership in UNICON.

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We would like to express our deep appreciation to all the UNICON member representatives, their colleagues, and organization principals who made time available to be interviewed.

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