When I got the invitation to speak for this session, I had mixed feelings.....

Mostly anecdotal to validate the responses reflected on the report for 2013.

I got involved with HKUST Exec Ed from the very start of its life.

Before that, I was involved with the Exec Ed Program at Auckland University. From an OPEN PROGRAM to a COMPANY-SPECIFIC semi-consulting type of engagement.

Totally-different experience!
Knowing the terrain can make all the difference between winning and losing.

John McCallum
I.H. Asper School of Business, Manitoba

The battlefields are different. We always say that MARKETING is WAR. First rule of war is—know where you are fighting the war or the battle. Be familiar with the landscape. It couldn’t be any simpler than that.
Guess where the outside offices are located in?

ASIA!

Let me make it clear, though, that this is not exclusively about Western providers trying to access the Asian markets.

Interestingly, the trend is REVERSED for Asian and Oceania’s universities. WHY?
The Asian Challenge: 
The emerging Asian economy: a virgin forest?

- Asia has become economically significant— from manufacturing to services
  - Its 21 economies have a combined GDP of $39 trillion— 56 percent of world economic output.

- Dynamic and high growth
  - The IMF estimates that by 2030, Asia’s economy will be larger than that of the United States and European Union combined with the region’s share of world GDP swelling from a little under 30 percent closer to more than 40 percent.

That’s a huge potential! In order to sustain development and progress, employees and staff NEED continuous education.
The Asian Challenge:
Modern day Ferdinand Magellan: Western MNCs look East

- The end of the expat model (literally) and the start of the Cultural Quotient model
  - 70% MNCs in China

- EM companies increasingly gain market share and reputation in the global market place, thus more executives than before choose a career at an EM company.

Both local and transplanted staff NEED continuous training and education.

It could have been Marco Polo... but being Filipino, I can relate better with Ferdinand Magallanes. That doesn’t mean all executives of multinationals in China will soon be Chinese, or those in Brazil Brazilian, says Kelly. “This new trend doesn’t mean the end of the expat model. There’s one thing you can’t hire locally in China: the connection to your corporate headquarters.”

CQ stands for the ability to lead effectively among different cultures. Applied to the global marketplace, it means your executives in emerging markets need simply be the best adapted possible to the local culture they are working in.

The purpose of the CQ evaluation is to identify an individual’s willingness, capacity and strategy to understand others’ cultural attributes as a means of bridging communication and collaboration gaps.
First engagement in China. Totally different clients and mindset.

Level of engagement has increased
State Of The Executive Education Industry: 2013 Survey Results

More revenues come from Custom than Open Enrollment programs.

The big leap for the smaller and the >$12M programs!
State Of The Executive Education Industry: 2013 Survey Results

The case for Custom Programs

Greater proportion of outside home country programs in the custom programs category than in open enrollment.

Is there an opportunity for western exec education providers to serve (off site) Asian clients with needs for custom programs?
The Asian Challenge: Highly fragmented Exec Ed market

- **Wide range of industry clients**
  - Health care
  - Energy
  - Communication/Telco
  - Agribusiness
  - Government

- **Client motivation**
  - Basic skills and knowledge vs specialist skills
  - Moving up the ladder
  - Networking (particularly for open programs)
  - Company sponsor’s thrust to improve competitive position
- **Regional segmentation**
  - Multi-lingual scenarios
  - Geography spanning multiple time zones

- **Individual participation vs group enrolment**
  - For personal reasons
  - Entrepreneurial start-ups
  - Company sponsorship

- **Focus**
  - External perspective vs deep dive
  - Learning from comparative situations (transferring skills and competency)

The NEED to innovate.
The SUPPLY side of executive education

- Numbers! Numbers! Numbers!
- East meets West
- Quality Assurance/ Accreditation

Are we more FACULTY-CENTRIC than CLIENT-CENTRIC?

---

Numbers! Look at the case of Hong Kong.

East meets west:
Western-trained; Eastern background

QA: AACSB, EQUIS

If we remain faculty-centric, then we lose our relevance. This is basic marketing orientation issue.
Cut throat competition versus sharing/alliances => CO-BRANDING?

Non-traditional business models:
- To become more sustainable, colleges need to change their financial model, lower discount rates, reach new audiences through online learning and strengthen their institution’s competitive differentiation.
- Run the school more like a business– SELF-FINANCED institutions.
- Tenured profs to adjuncts

Challenge for HRs
Information has become more accessible through the web (online).

This affects preferences and attitudes. This then translates into evolving opportunities for program delivery, that will also have implications on COST/PRICING.

What about security and intellectual property?
State Of The Executive Education Industry: 2013 Survey Results

Pedagogical Tools

- Services beyond classroom instruction have grown since 2010-11.
- Business Simulations and Coaching have become very popular.
- Consistent growth of Webinars as a tool.
**State Of The Executive Education Industry: 2013 Survey Results**

**The case for Hybrid Delivery**

While face-to-face delivery dominates, European players have the highest adoption rate for hybrid delivery.

- **TOTAL**: 60% Face-to-Face, 40% Online, 4% Hybrid
- **US/Canada**: 91% Face-to-Face, 9% Online, 0% Hybrid
- **Europe**: 81% Face-to-Face, 18% Online, 1% Hybrid
- **All Other**: 93% Face-to-Face, 7% Online, 0% Hybrid

**Online and hybrid delivery revenues are relatively higher for big programs than smaller programs.**

- **TOTAL**: 90% Face-to-Face, 10% Online, 0% Hybrid
- **$3M or less**: 92% Face-to-Face, 8% Online, 0% Hybrid
- **>$3M to $12M**: 89% Face-to-Face, 11% Online, 0% Hybrid
- **Over $12M**: 81% Face-to-Face, 19% Online, 0% Hybrid

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In the midst of chaos, there is also opportunity.

Sun-Tzu, *The Art of War*
China, for example, is not keen on funding travels of its SOE managers for overseas training. Will MOOCS be the answer?

Is PRICE a strong, sustainable differentiator?

Showrooming is the practice of examining merchandise in a traditional brick and mortar retail store without purchasing it, but then shopping online to find a lower price for the same item.

Some Telcos; Lundbeck
OFFSITE DELIVERY!

This has been an issue with some of our clients. If we agree on on-campus program delivery, there is more likely to be a tradeoff in the length of the program duration.

HOWEVER, CUSTOM PROGRAMS provide an avenue for establishing more intimate relationship between ExecEd Providers and Clients—PARTNERSHIP!
How do we position ourselves?

Face-to-face Interaction

Online Delivery

Codifiable Knowledge

Tacit Knowledge

Highly Interactive/Participative

Standard Teaching

Adopted from Morten T. Hansen

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From the clients’ perspective---- POSITION is the place in the clients’ minds.

Are there any untargeted segments?

Does the market go through a process of fragmentation? Or does it tend to aggregate?

Dynamic shifts?
We have the ingredients!

- We know the segments (Or do we?)
- We are aware of our own strengths and weaknesses.
- We have access to content.
- We have tools and delivery mechanism options.
Question then becomes… What is our Value Proposition?

- Who is our target market?

Criteria for decision making
Our strategic fit
Are we Superman? Are we a school? Or a consulting firm? Or what?

It is about POSITIONING!
Based on a survey conducted in HKG.
Relationship marketing and program portfolio management

Acquisition -> Retention -> Growth

Retention -> Open Programs

Growth -> Custom Programs

Repeat/ Loyal Clients -> Retention
State Of The Executive Education Industry: 2013 Survey Results

Factors that impact Executive Education programs in 2012-13

<table>
<thead>
<tr>
<th></th>
<th>Open Enrollment</th>
<th>Custom</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011-12</td>
<td>2012-13</td>
</tr>
<tr>
<td>Quality of custom programs offered</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Reputation of your university/business school</td>
<td>6.0</td>
<td>6.2</td>
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<tr>
<td>Client loyalty</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Faculty association to excellence</td>
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<td>n/a</td>
</tr>
<tr>
<td>Ability to design programs for new market needs</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Reputation of your executive education department</td>
<td>5.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Ability to offer relevant topics</td>
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<td>5.8</td>
</tr>
<tr>
<td>Faculty expertise in core disciplines</td>
<td>5.9</td>
<td>5.8</td>
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<tr>
<td>Willingness to innovate</td>
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<tr>
<td>Availability of skilled staff</td>
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<tr>
<td>Our business development process</td>
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<tr>
<td>Client awareness of executive education</td>
<td>5.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Location of your school/learning facilities</td>
<td>4.8</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Similar across Open and Custom Programs

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If all you have is a hammer, everything looks like a nail.

Abraham Maslow

One of the greatest motivation for Exec Ed Providers to keep on pushing.....
Thank You