Trends in Executive Development

Preliminary Findings

A Report of the Research Conducted by

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History of Study

- First study was conducted Al Vicere in 1982 to “track trends in executive education and leadership development on a longitudinal basis” (Vicere, 1997)
- Past survey sponsors include Smeal’s Institute for the Study of Organizational Effectiveness (ISOE) and the International University Consortium for Executive Education (UNICON)
- The 1995 participants/respondents were Penn State/Vicere Associates clientele and known contacts
2005 Trends Study

- The 2005 study was supported by UNICON and Penn State Executive Programs
- Target Population: Invited all Fortune 500 companies to participate (23 participated)
- Sought to survey the decision-maker in the organization
- On-line surveys completed between March 3, 2005 to July 25, 2005
- Follow-up interviews conducted during July and August 2005 (17 participated)

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Total Revenue Distribution of Participating Organization

Total Revenue $

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2005 Trend Survey

Titles of Decision-Makers/Respondents Include:

- Corporate Training Manager
- Director – Management & Leadership Development
- Director – Corporate Growth and Development
- Director – Employee Development
- Director – Executive Development
- Global Director – Executive Education & Leadership
- General Director – Organizational Effectiveness
- Senior VP – Human Resources and Public Affairs
- SVP – Human Resources & Administration
- SVP – Group Executive Development/Executive Education
- VP – Learning & Leadership Development
- VP – Executive Development
- VP – Global Talent Management

*NOTE: Not all included

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Fortune 500 Profile

- 91% of the participants represented corporate headquarters from 11 different states and one foreign country (Netherlands)
- The average number of employees per organization is 35,602
Focus of the Study

Gain insight into Executive Education:

- Participation and Investment
- Key Custom Program Topics
- Selection Factors (custom & open)
- Future Critical Capabilities
- Role of Universities / Satisfaction Level
- Top 5 Open Enrollment Providers Reported
Participation and Investment

- 82% of organizations participated in formal executive education activities in the past 3 years
- The average total executive education budget is approximately $1,040,000
- Over the past 3 years, budgets have remained constant or included slight increases (<10%)
Key Custom Program Topics
Ranked

- Leadership: soft skills
- Business Acumen: hard skills
- Strategy
- Values
- Global Business
- Other

(Consultative Relationships, Consumer Behavior, Customer Centric Innovation, Growing the business, Organization design, Upgrading the talent of the organization)

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Custom Provider Selection Factors
Ranked

- Partner Relationship: Alignment & Fit with the Client Organization
- Faculty & Content Expertise
- Experience
- Reputation
- Price
- Impact
Supporting Quote from Interviewee

"...we have found a topic that we think is compelling and then we go and do research on who are the experts in this and then contact them, dialogue with them, and then enter into a consulting agreement where they come in and do more analysis."
Critical Capabilities to be Addressed in the Future
Ranked

- Leadership: soft skills
- Strategy
- Business Acumen: hard skills
- Talent Development
- Values
- Other
  (Ability to grow the business, Building long-term value, Create alignment, Customer focus)

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"... [university providers] aren't players and they don't come in and actually make things happen. And there's sometimes a bit of a distrust because they are not perceived as running their own business so how could they know?"
How Can University Providers Help?
Ranked

- Content expertise & experience
- Pedagogy
- Research & design
- Value (significant dissatisfaction)
Supporting Quote from Interviewee

“... [Universities] have something that they pull from the shelves for everything.

... it's all just as I said, pulling things that already exist and charging a lot of money for it. Really, I'm being very honest with you. They charge a lot of money for things that they already have and that's what keeps me away from universities.”
Open Enrollment Selection Factors
Ranked

- Faculty & Content Expertise
- Price
- Alignment & Fit with the Client Organization
- Reputation
- Other
  - It is up to the individual attending and their manager
  - Location
  - Preferred supplier aspects

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"... So what we need universities to be doing is to instead of giving a bunch of classes and intellectualizing around it, which is fine, they need to figure out how they can help us provide our people with experiences that are significant. 

... their expertise to put together a program where people interact with one another and listen to thought leadership, but more importantly the interaction with other participants in the program gives them an opportunity to grow."
Top 5 Open Program Providers as Reported

- AMA
- Ashridge
- Aspen Group
- Blanchard (The Ken Blanchard Companies)
- Center for Creative Leadership (4)
- Columbia University
- Concours Group
- Duke University - Fuqua Business School
- Harvard Business School (4)
- IMD (2)
- INSEAD (3)
- Linkage Inc.
- London Business School (2)

- PDI
- Stanford University
- The Amos Tuck School of Business Administration at Dartmouth College
- The Conference Board (2)
- The Wharton School of the University of Pennsylvania, (3)
- Thunderbird, The Garvin School of International Management
- University of California, Berkley
- University of Chicago (3)
- University of Michigan (3)
- University of Virginia – Darden Graduate School of Business

Note: Non-University based providers highlighted in bold

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Key Findings

■ Trend continues with growing investment in custom executive education programs

■ For-profit consulting organizations continue to grow in prominence

■ Current focus of custom programs is on leadership (soft skills), business acumen (hard skills), and strategy

■ Core capabilities currently being developed in custom programs include leadership (soft skills), strategy, and business acumen (hard skills)

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Key Findings

- Diminishing interest in traditional classroom instruction, business simulations, and case study methodologies

- Growing interest in action and experiential learning methodologies including applied project work

- Greater interest in consultant activities (pre- & post-program) and relationships
Key Findings

Universities are most valued for:

• Breadth and depth of content expertise
• Research providing insight to best practices and alternative strategies
• Program design
• Teaching experience
• Learning methodologies
• Flexible, cost effective solutions
Key Findings

- Universities often viewed as:
  - Impractical, academic perspective without corporate experience
  - Off the shelf design
    - One size fits all
    - Charging for development of materials that already exist
  - Over priced, often due to reputation
  - Short term perspective results in lack of effort and commitment to building deep relationships
Conclusions

Market demand is shifting:

- From education with consultation to support implementation
- To assessment and consultation with education as a by-product

... based upon deep partner relationships
Conclusions

- For some providers, a new business model may be needed, including:
  - Consulting relationships
  - Organizational assessments
    - Corporate Strategy
    - Leadership Challenges
    - Culture
    - Other

  ... resulting in true custom program design based upon client needs
Conclusions

In the future, successful University-based Executive Education providers will demonstrate the ability to:

- develop deep, long term partner relationships;
- fully align with the client organization, its goals and objectives; and
- match faculty and content expertise.
"Well, one of the things that I see that your competition is doing, which is non-university based consultants, is they come and really get to know the organization well and then their learning is blended with consulting."

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