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# MAKE OR BUY TO SCALE

UNICON RESEARCH  
REPORT,  
DECEMBER 2018

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By: Jennifer Stine and Toby Woll



Photo by Dev on Unsplash

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## UNICON POSITIONING STATEMENT

### **UNICON – The International University Consortium for Executive Education**

UNICON is a global consortium of business-school-based executive education organizations. Its 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: “Make or Buy to Scale”**

UNICON sponsored this research initiative that was conducted by Jennifer Stine and Toby Woll. The result is a report that explores why schools are choosing to scale their executive education offerings, what scale means, who is asking and what do they want, different strategies to scale, and the organizational implications of scaling.

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## DEDICATION

This work is dedicated to Marie Eiter  
Our co-author for this research, Marie Eiter was a leader in Executive Education, a  
UNICON founding member, and a great and valued friend to all.  
We started this project together – not knowing that our time and work together  
would be cut so unexpectedly short.  
We miss you, Marie, more than we can say.

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# EXECUTIVE SUMMARY

University-based executive education providers are confronting a business landscape that demands a scalable approach to executive education reaching well beyond the traditional 35-person classroom. To meet this demand, many schools have enlarged their internal capacity or have engaged in partnerships – internally, within their universities and, externally, with both non-profit and for-profit providers. Our research examined why and how some executive education leaders are approaching the challenges of scale through the lens of their strategic decisions to “make or buy” capability, with a focus on technology-enabled approaches. Through the testimony of selected UNICON members and two of their customers, our goal was to report on their experiences and share their insights and advice with the broader UNICON community.

Our research methodology was to interview one, and sometimes two, leaders from a selection of UNICON member schools. Our selection focused on getting examples on both sides of “make” or “buy” and the fact they are actively engaged in these practices. While we attempted to get geographic distribution, many of the schools interviewed were in the United States. We believe this is at least in part due to the fact that the “MOOC” movement has been strong in the United States, pushing conversations on how to achieve scale. Our school interviewees were leaders responsible for achieving scale within their executive education department. We interviewed three corporate representatives, as well, to get an initial read on the “voice of the customer.” Based on these conversations, we are reporting out on what these executive education leaders are doing, their successes, their challenges, and their sincere advice. We specifically asked why these education leaders in executive education and in the corporate setting are embracing the need for increased scale, what scale looks like through their eyes, who is pushing them to embrace scale, how they are reaching their goals, and what it means for their organization itself?

Our findings confirm that all the executive education leaders we spoke with are addressing – to some degree – dimensions of scaling up to meet the demands of the market. Each of them is grappling with strategic questions of what to do, why it is

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important, and how they should do it? For some, it means adapting one or two current open enrollment programs to digital formats. For others, it means radical restructuring of their offerings – creating substantial new products that are packaged and delivered very differently than traditional classroom programs. For these schools, scaling includes but also goes beyond digital delivery, and includes new content and broadening the types of programs they offer. Some of the schools with whom we spoke are making scale happen with resources within their departments. Other schools have set up separate departments and subsidiaries to serve the scale-driven markets. Many are engaging in partnerships with commercial partners. All the schools we spoke with say they are still in “experimental” mode. Some are surging ahead with scale. Others have been watching from the sidelines and are now just jumping in.

In conducting this research, the executive education leaders we interviewed shared important admonitions. First, they warned that those who wait to learn to scale will be left behind by the market, other schools, competitors, and customers. Second, there is risk in partnerships of becoming captive to and disintermediated from customers by commercial partners who are learning as quickly, perhaps more quickly, than their university partners. Together, these two findings suggest that strategic choices being made now may be putting the executive education business in the early stages of a disrupting industry.

The rest of this paper will explore these questions based on the information we gathered in our research.

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# INTRODUCTION

*“The beauty of this moment in education, especially executive education, is that we are experiencing a really strong disruption that has just started. You have to create a unique value proposition and at the same time stay aware of trends so you can enhance the learning experience.” – Executive Education Leader*

## Context

When we asked one of our interviewees to think about how the executive education market might look in five to ten years, she said, without hesitation, that the market will be very different than it is now. She foresaw changes in the economics of education, the appetites of the learners, the educational products that would sell, and the strength of competitors.

Granted that no one can predict the future, there are signs of things to come that are important to consider in the present. And, if the context will be dramatically different in ten years, strategic choices UNICON member schools are making today will have a profound effect on their potential playbook in five to ten years.

University-based executive education providers are confronting a business landscape that demands a scalable approach to executive education that reaches well beyond the traditional 35-person classroom.<sup>1</sup> To meet this demand, schools we spoke with have both built new capabilities and engaged in partnerships – internally, within their universities, and externally with both non-profit and for-profit providers.

Traditionally, executive education has focused on the senior leaders in organizations, and growth has been framed in the context of how to engage more broadly with leadership in and across different companies and industries. Growth in this context

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<sup>1</sup> See, for example, *2018 Workplace Learning Report: The Rise and Responsibility of Talent Development in the New Labor Market*, LinkedIn Learning Report.

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meant honing marketing outreach, building a strong network of executive relationships, solidifying brand value, and building the infrastructure and faculty to deliver more of the same, outstanding educational experiences, primarily in-person and on-campus.

While this type of scaling is still practiced and valued, external forces have made it more and more difficult to argue that you can drive business transformation by developing small cadres of executives. External forces driving a new executive education landscape include:

- Significant broadening of leadership development activities as an outgrowth of globalization, generational shifts, flatter organizational structures, and distributed leadership;
- Digital disruption, affecting both the content and delivery of executive education, along with maturation of distance delivery technologies; and
- Intense focus by companies on human capability as the primary driver of competitive advantage.

One of our interviewees pointed out that universities have been working on delivering and scaling online learning for forty years which is absolutely true. What remains elusive are ways reliably to recreate the high-touch experiences that happen in-person, in the classroom. Looking backward, MOOCs, as early attempts at scale, proved less productive for executive education than hoped.<sup>2</sup> Lacking engagement, MOOCs fell short of being transformative. However, the lesson that they taught – that scale should be a goal of high-quality university education – has been well learned. SPOCs, interactive modules, distance team assignments, project-based learning, simulations, coaching/mentoring, assessments, and digital content are well on their way to be the

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<sup>2</sup> Half of the school interviewees remarked that MOOCs were not a good solution for scaling executive education at the level of quality that they required.

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new norm for scaled products and services that are becoming more and more high touch.<sup>3</sup>

And, of course, all of these innovations must be addressed in a cost-effective way so the investment companies make in executive development can be explained and rationalized in terms of retention and enhanced performance metrics.

## Research Framework

This research examines how executive education is approaching the challenges of scale through the lens of “make or buy” – building internal capability to scale programs or partnering to achieve this goal – with a focus on technology-enabled approaches.

At a time when UNICON schools are making critical decisions about how to scale their executive program offerings, this study explores several important dimensions: (1) customer needs, (2) stakeholder urgencies, (3) ways schools are approaching “make versus buy” decisions, (4) tradeoffs resulting from the “make versus buy” decision, and (5) the impact of all these choices on the departmental organizations .

“Scale”, as we learned from this project, means extending traditional executive education along multiple dimensions:

- Numbers of people (100s and 1000s, instead of 1s and 10s)
- Ages and experience levels<sup>4</sup>
- Geographies
- Time zones
- Activities beyond the classroom (assessments, consulting, etc.)

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<sup>3</sup> Marie Eiter and Toby Woll, “Breaking the Mold on Blended Learning,” UNICON Research Report, November 2011.

<sup>4</sup> Millennials are now the largest generation in the US workforce and over 50% of millennials are currently in managerial positions. <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/>

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- Breadth of participant background and specialization
  - Types of capabilities that need to be developed in leaders<sup>5</sup>
  - Types of capabilities that are needed in the school and executive education unit
  - Quality and durability of learning outcomes – for example through personalized learning, AI, neuroscience

While “online education” is an aspect that has been focused on in past years, scaling education today is broader and more complex. And, as we will see, “scaling” opportunities will optimize to one or several of these dimensions, but not all.

Our specific research questions addressed in the RESULTS section of this report are:

- Why Scale?
- What Does Scale Mean, Anyway?
- Who is Asking, and What Do They Want?
- Should Schools Make or Buy?
- What Does Scale Mean for Your Executive Education Organization?

## Findings/Conclusions

Across the board, none of our interviewees believed that face-to-face educational experiences will disappear – which is good for universities because their ability to create these experiences is a core feature of the unique value university-based executive education units can deliver. But the fact that face-to-face continues to represent a valuable offering does not mean scaling can or should be ignored. Doing so

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<sup>5</sup> For example, a recent report by DDI identified the following digital-area leadership capabilities: digital literacy, leading with digitalization, adaptability, determination, driving executing, alignment, connectivity, hyper-collaboration, inspiration, integration, leading virtual teams, cultural curiosity, empathy, identifying and developing future talent, 360 thinking, intellectual curiosity. (Global Leadership Forecast 2018, p. 12)

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will limit both the revenue growth and impact that an executive education department can have in today's changing world. At the same time, relying too heavily on partners to engage in scaled offerings has its own intrinsic risks. These ideas are all developed in great detail in the RESULTS section of this report.

During the interviews, our university and our corporate interviewees shared generously their perspectives on the need to scale executive education, how they were taking on the challenge, and its implications for their organizations. With appreciation for their candor and wisdom, we summarize the key points of what we heard.

UNICON members interviewed for this report clearly reported from their perspectives that:

- Continued market demand for traditional face-to-face programs is expected, but that it is risky to ignore the potential for disruption from market demand for scaled executive education.
- Scaled, technology-enabled learning is currently driving growth, and this is expected to continue.
- Some schools see their move to scale as still at the early experimental stage while others are making large, strategic plays.
- Content integrated from outside the business school opens a growing market and offers interesting opportunities.
- Scaled offerings in open or custom programs are not simple to design, produce, or deliver.
- There are pros and cons to “making or buying,” that is, to using in-house versus out-sourced capability.
- Partnerships can be effective, but they also have intrinsic risks that need to be mindfully managed.
- Executive education departments themselves are being significantly affected as they move to provide scaled executive educational offerings. Staff roles, organizational structures, and faculty relationships are changing.

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As expressed by our corporate interviewees and as reported by our school interviewees about their customers, many of the same observations held true in the corporate setting. In addition, the corporate education leaders whom we interviewed said that:

- Their executive education providers could and should take a less transactional perspective on their relationships.
- Their companies would welcome the opportunity to explore and share what is being learned about learning, innovations, and new opportunities within the corporation. But they want a reciprocal investment in the relationship from the academy. They want the universities to share their knowledge about learning, pedagogy, brain function, and how to make knowledge sticky.

Three clear admonitions emerged from our interviews:

- Schools that wait to learn how to scale will be left behind by the market, other schools, competitors, and customers. There is no dominant paradigm, so every school needs to learn by making their own strategic choices.
- Partnerships with commercial, scaling providers can be effective but should be approached with caution. There is a real risk in partnerships that the school becomes captive of and disintermediated from customers by their commercial partners who are often learning as much, if not more, than their university partners.
- Choices about how to address the growing need for scaled offerings are strategic choices. They involve investment, staffing, alignment within the business school and university. Choosing to wait and do nothing is as much as strategic choice as launching full-tilt into the scaled educational arena.

In the final section of this report, DISCUSSION, we have chosen to include observations derived from opinions expressed by our interviewees, commentators, thought leaders, and from our own experience. The themes discussed in this section were not directly addressed in our interview guides so cannot be presented as findings from the

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research. However, they were brought up during many of the conversations. They are important and intended to provoke discussion and deep thinking. They provide interesting opportunities for further UNICON research.

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# LITERATURE REVIEW

There were no identifiable sources on the specific subject of this report. There are supporting sources that provide context for the strategic decisions that are being made around “make or buy”, insights into the digital disruption of higher education, the needs and interests of new generations as they pertain to executive education, and innovations and strategies being pursued by corporate learning organizations. These sources are detailed in the REFERENCES/BIBLIOGRAPHY section and cited as appropriate in this report.

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# RESEARCH METHODOLOGY

The research for this project was designed to discover a variety (or not) of decisions and outcomes from a sample of UNICON members relative to how they are responding to the need to scale their offerings. In conducting this research, we looked at a range of sources, including:

- Related research from previous UNICON reports
- UNICON Benchmarking data
- Interviews of schools with “make” initiatives
- Interviews of schools with “buy” initiatives
- Company interviews for the “voice of the customer”
- Related academic and professional published research

The schools and companies we interviewed are listed in APPENDIX B: INTERVIEWEES. These interviews were conducted by phone or on Zoom, using different interview guides for the two categories of interviewees. Copies of the two interview guides can be found in APPENDIX C: INTERVIEW GUIDES USED IN RESEARCH.

Ten UNICON schools were interviewed, sometimes including up to two people performing different roles, for a total of twelve school interviews. The schools were selected because they ranged in size and were at different levels of experience in growing their scaled business. We sought schools that had a variety of governance structures and represented both sides of “make” or “buy”.

Our three corporate interviews represented two companies that offer products and services worldwide, both with extensive corporate universities, and both with deep commitment to educating their workforce. In addition, one interviewee is a long-time judge for two major corporate learning awards. Both companies are actively evolving their learning and people strategies and say they need to cascade new ways of thinking and of doing business throughout their very large and dispersed organizations. While

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these interviews provided a valuable window into “voice of the customer,” a much broader and deeper understanding the corporate perspective and needs would be a valuable topic for future UNICON research.

Our interview notes were tagged and ordered according to our topics and research questions. These insights were supplemented by what we learned from other UNICON reports, UNICON benchmarking data, and relevant publications. Related research used for this study is detailed in the REFERENCES/BIBLIOGRAPHY section.

We cannot thank the UNICON members and corporate colleagues enough for their candor, insights, and support in this research effort. This report is the result of their generosity and the mutual learning culture that characterizes the UNICON family.

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# RESULTS

The results section of this report is organized into sections, according to our five major research questions:

**I. Why Scale?**

**II. What Does Scale Mean, Anyway?**

**III. Who is Asking, and What Do They Want?**

**IV. Should Schools Make or Buy?**

**V. What Does Scale Mean to Your Executive Education Organization?**

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## I. WHY SCALE?

Five years ago, it looked as though MOOCs might be the possible method of scaling,<sup>6</sup> but today our interviews painted a very different picture. MOOCs are considered largely unsuccessful, and, instead, new ways of scaling engagement – focused on micro learning, non-linear learning, and “high touch at a distance” – are being developed and tried by the schools interviewed and by commercial providers as well.<sup>7</sup>

***“The world will experiment for a while - learn lots of things. It will be different than the MOOC model. It will be mobile first, small chunks, experiential learning at scale, and it will contribute to ultimate learning, social engagement, social media. Also, [it] may be more random than linear...It is important to [our school] to capture the essence of the current learning model online and drive high-touch learning models for people who can't come because of distance or cost.” – Executive Education Leader***

Underlying these innovations and aspirations is a fiercely competitive landscape for the executives whom these programs serve:

***“Executives have no time - no time for learning. [They] barely have time to keep their heads above water for the jobs they are doing. Business competition's fierce, intense.... They have no time for training, but they desperately need it.” – Corporate Education Leader***

In the 2017 UNICON Benchmarking report, it was reported that three quarters of the schools surveyed have either engaged in or have attempted to engage with other entities – including both university and non-university organizations. The top two benefits listed for both types of engagement are (1) expanding program markets and

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<sup>6</sup> Jennifer K. Stine, “MOOCs and Executive Education”, UNICON Research Report, June 2013.

<sup>7</sup> References to commercial vendors/providers/partners relate to those listed in APPENDIX A: LIST OF COMMERCIAL PARTNERS. APPENDIX A only lists the commercial providers who were mentioned by our Executive Education Leaders. It is not a comprehensive list of commercial providers of executive education or platforms.

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(2) satisfying customer demand.<sup>8</sup> The majority of these relationships are partnerships to develop and deliver products, programs, and services to customers.<sup>9</sup> These results are largely similar across geographies and sizes of executive education units.<sup>10</sup>

All of the schools we spoke with hear and recognize the need to create new products and services to meet the changing external environment, ranging from the opinion “*with the client, there should be no no’s*” to “*...be more client friendly, but we can’t do everything.*” Our interviewees are looking to find solutions that feel appropriate to them both in terms of risk and innovation.

In our interviews, we heard four primary reasons why schools are investing in scaling executive education:

- Revenue growth
- Meeting market demands
- Impact
- Not falling behind what other schools are doing

Underlying all these reasons is the more general desire to grow core assets beyond the constraints on physical space and faculty time. As one of our interviewees said:

***“Leverage is fundamentally what we do. The core asset is the faculty members teaching live sessions.”*** – Executive Education Leader

As we will discuss in more depth, particularly in IV. SHOULD SCHOOLS MAKE OR BUY?, this focus on leveraging faculty assets, while important, may be putting executive education units in harm’s way of disruption by commercial providers with whom they are partnering, as they, too, are doing this but with fewer constraints.

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<sup>8</sup> 2017 UNICON Membership Benchmarking Survey, Summary Report, p. 15.

<sup>9</sup> Ibid, 53-53, 56-57.

<sup>10</sup> Ibid, 71.

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## Revenue Growth

Because executive education departments have both internal and external impact metrics, growth has always been a priority for executive education. Growth supports revenues, dissemination of research, and a school's ability to affect business transformation. Of the schools we interviewed, all but one<sup>11</sup> reported one of the following approximate growth rates in their scaled offerings as raw numbers and/or as a percent of revenue:

- 56K certificates completed
- School partner getting volumes of 1000s
- Many schools' percent of revenue in the 10-15% range, up from single digits a few years ago, and projected to go into the 20% in the next year or two
- 15% of overall business, having grown tremendously over the last three years, and expected to be 25% of business in 2019
- Now, about 30%, in near future around 50%
- Online as 10-15% of total revenue – a few years ago it would not have been noticeable. And, this is not self-cannibalization.

The need for continued growth – particularly revenue growth – is a constant incentive across many executive education units.

## Meeting Market Demands

In general, our interviewees believe that there will always be an appetite for face-to-face, high touch educational options – particularly for the higher levels of management.

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<sup>11</sup> This school was just launching a significant initiative into the online education space.

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***“What is happening in the world of Business Schools and Business School applications will happen in Executive Education as well. High touch, high potential, bespoke, put everyone on a boat, more experiential, reserved for elite - that will stay. You may decide to trim staff and do educational adventures [that are] high touch, heavily customer centric. It will make people money, be safe. [It] is not scalable.” – Executive Education Leader***

***“What I can predict, assuming we have executive education at all – it is not impossible to imagine a school changing its model to focus on degrees – there will still be a substantial demand for on-campus programs. And all programs will leverage digital learning.”  
– Executive Education Leader***

This durability of the in-person experience on the university campus was echoed in our corporate interviews as well:

***“Universities are never going away. People like to be in a room with other people learning. Just like movies haven't gone away. You can't get away from that human need. ...What is great about the university is you make time to think about things deeply and come up with some ideas that have weight behind them. If that goes away, everyone will suffer for it.”  
– Corporate Education Leader***

However, even today having at least some digital content has become a “hygiene factor” for most clients, and most of the schools we spoke with would agree that:

***“...there will be an enormous appetite for any place, any time, chunk[ed] content...[with] more hybrid, smaller bits, more online components.” – Executive Education Leader***

***“Learners want more bite-sized chunks, at their leisure, when and where they want to do it. But we haven't thought a lot about how learning is changing and if we need to design programs of the future to be different in that perspective.”  
– Executive Education Leader***

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Perhaps less obvious but potentially more significant, credentialing offerings seem likely to gain in importance. This includes an increasing interest among the digital generation in non-traditional education options like certificates and digital badges, as well as self-defined and self-directed professional development (albeit with company input).<sup>12</sup> As one interviewee noted:

***“They will be looking for credentialing that is better at signaling skills - options that provide more data and can be tagged to outcomes.”*** – Executive Education Leader

These motivated, career-focused, and skill-building learners are looking for ways to invest in their own development. Likely, their sponsoring employers will be looking for these opportunities as well.

## Scaling For Impact

Consistent with the way executive education units think about their mission, most of the schools we talked to also described impact – that is, the ability to develop leaders and improve organizations – as an important scaling goal:

***“Scale for scale’s sake is not an important goal ... [but] you need it for impact – to develop leaders who make a difference in the world.”*** – Executive Education Leader

***“We need to grow sustainably and make our resources available to more people, more leaders – help leaders be more effective in business and society and help [our university] be more impactful across today’s current leaders.”*** – Executive Education Leader

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<sup>12</sup> “Understanding the Implications of the Digital Generation on Business Education: Phase 3: Attitudes and Usage Study 2017” AACSB, UNICON and EMBAC commissioned report, March 2018, pp. 6, 27.

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Some of the interviewed schools are thinking about scaling impact by focusing primarily on taking existing assets and experiences to current or similar customers, albeit doing this in new ways:

***“It is important to capture the essence of the current learning model online and drive high-touch learning models for people who can’t come because of distance or cost.”***

*– Executive Education Leader*

Extending one’s reach to a larger set of executives with the existing program offerings is a conservative approach. That said, to “*replicate as much as possible face-to-face*” is not an easy task, even with today’s systems and tools.

***“To me the next couple of years are going to be critically instructive on building to scale what drives good outcomes and completions. [This is] one of the most important and big challenges. High touch is a pedagogical crutch – [it is] easy to have impact if [it is] personal. What we are doing [by scaling our delivery] is a real challenge.”*** – Executive Education Leader

To others interviewed, scaling for impact involves being able to cascade a common language and approach deeply into the organization to effect organizational change.

***“[To] align entire organizations – maybe today there is technology to deliver this.”***

*– Executive Education Leader*

To achieve this kind of organizational impact is also challenging as will be discussed in section III. WHO IS ASKING, AND WHAT TO THEY WANT?

## **Not Falling Behind**

Assuming increased scale of executive education offerings is going to be a vital part of the executive education market, the UNICON members we interviewed face decisions on a number of questions. As one interviewee said:

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***“Appetite and ability to study in multiple, different ways will have accelerated. If you wait until [later], the schools that already have a head start - with curated, authenticated product base - will be way ahead of the game. It will be really late to start then. You have to start now.” – Executive Education Leader***

Many schools said that they have chosen to experiment and explore in order to avoid being caught behind other schools. However, as we will explore in section IV. SHOULD SCHOOLS MAKE OR BUY?, exploring on a small scale may not be enough.

These four drivers (revenue growth, meeting market demands, scaling for impact, and not falling behind) are important to keep in mind as you continue reading this report. They were all mentioned by every executive education leader we interviewed. You will hear them repeated from different perspectives. Their importance resides in the fact that they are drivers that shape, to some degree or another, the strategic decisions each school is making.

The challenge for the executive education leaders is to decide: What are we optimizing to? Impact on organizations, on the field of learning, on leaders? Service to customers, to faculty, to other university stakeholders, to partners? Revenues? Data and learning about learning? Brand equity, brand monetization, brand impact? Being clear about these priorities is critical to building a successful overall strategy, choosing when to build and when to buy, and being able to experiment with a plan in mind.

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## II. WHAT DOES SCALE MEAN, ANYWAY?

### Dimensions of Scale

In each interview with executive education leaders and customers, we asked what “scale” meant to them and their business. Scale, it turns out, was described in a variety of ways.

Scale is naturally thought about in terms of physical properties: ***geographic and time zone reach***. Increased physical scale means that the ***number of participants/learners*** typically also increases. Inherent in reaching new audiences brings the challenge of scaling up to accommodate ***multiple and varied languages and cultural norms***. Scale needed by many customers and consumers pushes schools to address ***multiple learner levels in terms of age and experience***.

Reaching larger audiences over larger physical spans necessitates increased capability in terms of ***expanded technologies***. Using new delivery systems and driven by the appetite for application of learning outside the classroom, scale in ***varieties of learning options/opportunities*** has become the norm (e.g. synchronous and asynchronous delivery, digital capture, experiential learning, coaching, mentoring, gaming, and group projects) which, in turn, requires ***additional technological tools and instructional design expertise***.

Last, and definitely not least, is the need to scale up the ***content of course material*** through integration of different disciplines and/or customization for a company or even for an individual learner.

A sampling of quotes from our interviewees, however, shows that there is a range of appetites for the degree to which the schools are embracing the different dimensions of scaling. In some cases, the schools described aspects of scale that were not appealing and perhaps where partnerships could be a good solution:

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***“We could have call centers in India, but would we want to? If you are honest enough about the management overhead you would have to have, model costs aren’t low, and it is riskier for the business.” – Executive Education Leader***

In some cases, choices were made not to engage in the expanding expressed needs of clients:

***“Flexibility for school and for client may not mean the same thing. Clients may ask for a type of program in a location, for example, with city tours. We don’t necessarily do that, [it’s] not the type of engagement we want to be in.” – Executive Education Leader***

At the more aggressive end, one school has thoroughly embraced the opportunities they see to scale:

***“...when we think about scaling, our vision or strategy is in three parts:  
(1) we are interested in reaching broader audiences: different ages, [different] roles includes both executive and continuing ed from other schools, ...different fields, including humanities, health, etc., [different]geographies, sectors, and industries... (2) enriching our value proposition: [by including] academic fields/topics beyond what we had, enriching the learning experience [with] experiential learning, projects where we challenge ourselves for ROI, using different learning technologies, both with alliances and developing ourselves, (3) ... revenue we generate out of [all] that.***

*– Executive Education Leader*

## **Scaling Open Versus Scaling Custom**

It is useful to recognize that there are very different scaling dimensions between open and custom programs. The same words can apply to both, but they require very different capabilities as it relates to marketing, technology, geographic reach, support services, faculty engagement, and other dimensions. At a high level, this is a good time to point out some of these differences.

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## Scale by the Numbers in Open Programs

When using digital educational technology to reach large, distant audiences, some of our interviewees said that they have to think about many issues. How much is too much?

***“Lower numbers [are] seen as more “safe”. Providers have helped us with a safe-scale approach that allows us to reach people in the 100s rather than the 1000s.”***

*– Executive Education Leader*

Most schools we spoke with are operating in the range of 100s, although one partner to a number of schools is reported to be reaching numbers in the 1000s.

Some reported trying to leverage what they’ve done at a preliminary level to break the next barrier and go up one or two more orders of magnitude, but these are still in the early stages of development.

***“[We’ve done] online, high touch, moderate scale, 1000/year. Now we are also beginning to explore low touch, numbers that scale to 10Ks to 100ks. [It is] the next adventure: a massive scale.”***

*– Executive Education Leader*

One of their primary concerns with scale by numbers is how it impacts the learning experience:

***“There is always a limit on growth the moment you get out of touch with participants, too detached with what is going on in the classroom.”***

***“It is important to capture the essence of the current learning model online and drive high-touch learning models for people who can’t come because of distance or cost.”***

*– Executive Education Leader*

When offering to a wide, amorphous audience brought to the platform possibly by another entity, they reported that they are challenged by making sure that what they are offering is relevant:

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***“[With] asynchronous, you run the challenge of getting out of date and producing things that people don't want to buy. The question [is] how much relevance you bring to the classroom.” – Executive Education Leader***

Scaling to large numbers also raises the challenge of dilution of the school’s brand. Negative experience, lack of branded look and feel, confusion about who is offering the course, lack of control over the content, can all have an undesirable impact on the school’s brand.

***“If you have a great brand name, like Harvard, you can run the scale game faster than with a new brand like ours. So our strategy has to be different than the big brand names.”***  
– Executive Education Leader

And, using technology doesn’t necessarily mean scaling numbers:

***“Virtual is potentially scalable, although the live classroom is 60, and we can do a case with 100 easily in a live session. With the virtual classroom, we are not scaling [beyond] 60 people, but you can do 60 people in 60 different localities. But here on campus, you can have 100. So, virtual is actually ‘descaling’ by 40%.”*** – Executive Education Leader

Finally, they reported that scaling by the numbers in open enrollment programs means that either the school or its delivery partner must surmount a proliferation of technical challenges such as broadband access, firewalls, operating system idiosyncrasies, translation capability, security, to name just a few. Reaching far and wide means tackling a Tower of Technical Babel.

### **Chasing the Pyramid in Custom Programs**

On the custom program side, there are different, though parallel, issues. Our interviews confirmed that the schools are being challenged to deliver on the Holy Grail of diffusing a common language throughout an entire organization.

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***"Holy Grail: disseminating thought leadership from the top down. Some schools are getting to do this, but it is very expensive and politically challenging.... If you impact the broader organization, you [can] have true impact."*** – Executive Education Leader

***"In the corporate model, we partner [with our online subsidiary] to think about how we can cascade learning. For example, 500 come to campus, then we cascade throughout the organization."*** – Executive Education Leader

But there are pedagogical and technological challenges in achieving organization-wide diffusion. Design, leveling, touch, customization, relevance, to say nothing of cost, are all major hurdles to overcome.

***"[A] family run enterprise... wants to train the top 2000 people in his company, wants to run workshops of 100 people. [I] almost fell off my chair. Normally we only do 35 people. We have our traditional ways of looking at things...always trying to reach as many participants 1:1 to maximize impact, at least talking to everyone once in the session and being sure things land."*** – Executive Education Leader

***"Customization for company, industry, integrated content. Generic units are one thing, but if you have a client who wants something related to industry, then you have to train the faculty to use the system to develop the material."*** – Executive Education Leader

***"Most custom clients don't have the willingness or ability to pay for these programs."***  
– Executive Education Leader

On the platform side, our interviewees reported that working for a significant custom client raises Intellectual Property issues as well as technology questions. There is the question of "On whose platform will the programs run?" Unlike the challenge of the open enrollment's variety of technologies, custom engagements often have proprietary, in-house systems with which integration needs to happen.

And then there is the question of reuse of modules previously developed – maybe from an open enrollment program or an off-the-shelf digital asset – or developed as

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part of the engagement. The interviewees said that challenging questions center on who owns the asset and how it can be reused, within the customers' curated collection or by the school in another setting.

*“We repurpose these [online course modules] for custom clients.” – Executive Education Leader*

*“Scaling downward is a good reason to have digital assets.” – Executive Education Leader*

The capabilities needed to succeed in open or custom scaled programs are very different. An executive education leader must make significant, strategic choices about how and whether to pursue both, one, or neither. These choices are going to be influenced, to a large degree, by who is asking for the new, scaled effort.<sup>13</sup>

## Scaling Content

One of the new types of scaling we found to be quite interesting is scaling content by partnering outside of the business school with organizations that have unique, marketable, and complementary content. Three schools we interviewed have had good success in this area.

One was focusing on partnerships and blended offerings with other parts of the university and large commercial companies.

One executive education organization is working with a non-profit lab with unique expertise in the digital healthcare space. The goal here is a *“respectable partnerships with a good business model, meaning that both sides stay incentivized to work together.”*

We also learned about an innovative program in the certificate-granting space. A school is partnering with a faculty member and a professional organization to create a unique educational program that covers material necessary to pass a professional

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<sup>13</sup> This is discussed in detail in III. WHO IS ASKING, AND WHAT DO THEY WANT?

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certification exam. The online, asynchronous content offering is supplemented with additional services such as test preparation and counseling services.

All three of these cases are built on the strategy of scaling offerings by adding content that is complementary to, but different from, the core content that business school faculty teach. When integration of disciplines is combined with a strategy of being able to offer certification in an area of new competence, this form of scaling may turn out to be of particular importance to executive education provider. Particularly in our technology-driven economy, this may become something that is in greater demand.

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### III. WHO IS ASKING, AND WHAT DO THEY WANT?

#### Where Is the Pressure Coming From?

The pressure to “scale up” is definitely coming from both internal and external sources, according to our interviewees. Within the university, there is an appetite to “make a mark” and exploit a scaled-up market. At the same time, given the emergent properties of the market, customers are looking for new, scaled products and services.

Reflecting what we heard from our executive education leaders, there are various, internal pressures for executive education to grow in scale. Presidents of universities and business school deans have made it clear that they want to see the university and business school increase their reach for a variety of reasons. For the President, the Deans, or the leader of executive education, it may be about a strategic move, about impact and visibility, or just about money:

***“[Our] president embraces... innovation and using technology. This is in the DNA of the university – [to be] open to pursuing innovative initiatives.” – Executive Education Leader***

***“[For our] school..., a collection of deans... set [the] direction, and the head of Executive Education develops a strategy.” – Executive Education Leader***

***“[There is an] increased pressure from the school on increasing revenues.” – Executive Education Leader***

***“New Deans look at executive education ... [look to] a future where we are able to grow. What does ‘growth’ mean [to them]? It is about revenue. As successful as we have been and the number of participants we impact, the reality is still net financial return on resources used. This is the golden scale – what is returned.” – Executive Education Leader***

***“The former provost was a visionary of online. The Dean wrote an article – he is a strong speaker about online – he says the learner will be the winner in online learning.” – Executive Education Leader***

***“[The president of the university] is about making [our university] more broadly available in service to the world.” – Executive Education Leader***

Sometimes, the impetus to grow in scale originates with executive education leadership itself:

***“At [our school] we had to ask for forgiveness rather than permission.” – Executive Education Leader***

***“A little bit of self-imposed pressure.” – Executive Education Leader***

***“Our school doesn't survive on the financial contribution of executive education. It is a nice to have, but not a must. [Our goal is to] represent our brand in the best way [and] maximize the impact and reputation of our faculty globally. Our desire is to find a way to find faculty who have a greater impact globally and teach more people. This requires us to extend the voice of the faculty in a new way - a primary way, not as a revenue driver.” – Executive Education Leader***

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External pressures to scale are coming from many other sources. Provider companies and potential partners are singing the siren song of the benefits of moving into a new scale of business:

*“Coursera’s asking ‘Let’s take you online, wouldn’t that be nice?’” – Executive Education Leader*

Competitors are a motivating factor:

*“[Pressure] even from colleagues from other schools.” – Executive Education Leader*

And then, of course, there is the market:

*“No one [in our business school] wanted online. Executive Education was pushed by the market, [by] listening to customers.” – Executive Education Leader*

Turning to the market, it is very interesting to compare what the executive education leaders said that they heard from the market and their customers and what our corporate interviews unearthed.

## **What Schools Have Heard From Customers**

A significant number of our interviewed executive education leaders said that their customers are eager to try less costly ways of getting their executives exposed to what school faculty have to offer at a lower price point in terms of money and time.

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***“We are getting a lot of companies that wouldn’t have come [here] in a traditional way because of the cost of flying people, etc. That flexibility is key, and clients are increasingly expecting it.” – Executive Education Leader***

***“The market is changing - most of our buyers are from other countries. It is harder and harder to justify sending 40 people, even if they do want to follow-up with an online component.” – Executive Education Leader***

Although these quotes reflect the business-to-business market for executive education, the same can be said for the appetite of open enrollment, individual participants. The people we interviewed were, to a person, trying or significantly committed to providing an alternative, scaled delivery mechanism, with at least some of their open enrollment programs. The strategic approaches will be discussed in detail in the next section – whether to start with open or custom, whether to go it alone or in partnership. Suffice it to say, the schools recognize that there is a significant market for distant consumption of their programs.

However, the interviewed executive education leaders reported that it is harder than they expected to respond to the market’s demands for digitally packaged and delivered programs.

***“Three years ago, there was a strong pull from clients to do things online - companies went from double digit to single digit growth rates. [They] wanted to cut costs [and said] ‘Can’t we just do this online?’” – Executive Education Leader***

The experience of these schools was that providing an online experience was not as easy as it sounded. MOOCs and early, brute-force repackaging often failed to deliver the quality of experience that the market wanted and needed. Blended programs, with enough touch to gain engagement, produced good results for the participants.<sup>14</sup> It is

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<sup>14</sup> Marie Eiter, Jennifer Stine and Toby Woll, “Breaking the Mold on Blended Learning,” UNICON Research Report, November 2011.

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interesting that many of our interviewees reflected that blended offerings seem to have become a market-required norm:

***“Today, to be able to deliver in a blended manner is a hygiene factor – if you don't have it people don't talk to you.” – Executive Education Leader***

***“Now, we are hearing more than that from clients – having a minimum viable portfolio of digital assets has become table stakes.” – Executive Education Leader***

***“Thinking about business education online. Pressure comes from custom clients – it is not an option not to develop digital capabilities.” – Executive Education Leader***

***“[Blended is a] tough balance – when we do blended classes, what is the best balance? Depends on the age of the audience. Clients are becoming very sophisticated: they know what they want.” – Executive Education Leader***

Although the leaders whom we interviewed agreed that scaled executive education was desired by the market, they diverged in terms of where the market was leaning – was it toward open enrollment, C-Suite participants, technology-savvy participants, or other market segments?

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***“[There is] not as much interest from custom clients as we would like. [We have] focused on open education to show the benefits of this learning. [I] wish there was more pull from custom clients [for] the way to attack a pyramid of learning in an organization.” – Executive Education Leader***

***“There are examples of C-level leaders taking online courses and then coming back for additional opportunities because they liked the course. Sometimes it is the opposite. [Participants from] digital companies want a different experience [than the one they are used to]. They want in-person.” – Executive Education Leader***

***“We designed a blended program, and the average age was 27-33. They loved the face-to-face component. They hated the online. ... Whereas more staid companies are really enjoying the online stuff.” – Executive Education Leader***

A final market message that was discussed by the executive education leaders we interviewed had to do with the integration of other content, other disciplines, customization, as well as certification.<sup>15</sup>

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<sup>15</sup> See “The Future of the Degree: How Colleges Can Survive the New Credential Economy”, Chronicle of Higher Education Report, 2017, and “Understanding the Implications of the Digital Generation on Business Education: Phase 3: Attitudes and Usage Study 2017” AACSB, UNICON and EMBAC commissioned report completed by Percept Research, March 2018, for detailed discussions on the demand for certification and implications for the education industry.

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***“These audiences are demanding things that we can't provide as business schools ourselves, but we are part of something broader. If we are clever enough to provide the greater resources of our university] ... we can [succeed].” – Executive Education Leader***

***“People were used to working in silos. It is a matter of changing the organizational culture and changing the minds of stakeholders that is really crucial.” – Executive Education Leader***

***“Custom clients want the same thing [relevance], but they want it tethered to their own enterprise.” – Executive Education Leader***

***“Individuals also are looking for certification. [They are] out of the mood of going to colleges, graduate programs.” – Executive Education Leader***

The demand for customization and relevance is hardly new. The market has been demanding this for years. However, the need for integrated assessment, professional versus business material, testing, and certification in discipline areas is an emerging requirement.

The market message, as heard by these executive education departments, is mixed. Flexibility of access – anywhere, any time, on any platform – seemed a reliably predictable demand. Having the ability to offer blended alternatives as “table stakes” was clearly heard. Being able to integrate other disciplines and offer certification were new and important messages from the market.

Overall, the impression one gets from our interviewed executive education leaders about their perception of hearing the “voice of the customer” revolves around packaging. How can the faculty content be made more accessible and less expensive? How can it be offered digitally while in conjunction with enough interactions? Can other disciplines or industry perspectives be incorporated? Can certification be part of the offer?

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## What We Heard From Two Companies<sup>16</sup>

Corporate customers have already migrated to new ways of working and learning.<sup>17</sup> Our small sample suggests they are moving faster than the universities. This is being driven by both demographics and technology. A recent report highlighted that 68% of employees prefer to learn at work, 58% of employees prefer to learn at their own pace, 49% of employees prefer to learn at the point of need, and 90% of companies are offering digital learning today.<sup>18</sup> Even if these large numbers are not characteristics of today's executives, they will be tomorrow's. In 2016, Millennials became the largest generation in the workforce.<sup>19</sup>

Our corporate interviewees all said that the huge pressure on people's time precludes taking substantial time off for learning and that staff turnover is a growing problem. Education is increasingly important and its application very difficult in the context of a traditional, classroom format. Economic disruptions will increase these pressures. As one corporate interviewee described:

***"We are all looking for blended solutions. [We want] ... F2F, virtually, online, real-time, anytime. Tools and delivery platforms have evolved significantly to make this much easier. [It is a] real challenge just getting [executives]... the opportunity to learn. [Our employees] ... need a whole set of skills. Even identifying gaps is time consuming and not always accurate."***  
– Corporate Education Leader

Lack of time and performance pressures are current challenges that many companies and individuals are already feeling. Asking executive education providers to offer

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<sup>16</sup> Doing further research into what ways companies are hoping to engage executive education providers for large scale, change initiatives would be a very interesting arena for further UNICON research. Our sample was small, and the observations might be explored and validated with a larger sample.

<sup>17</sup> This has been broadly documented in the press. See, for example, Jonathan Moules, "Employers Buy Into 'Netflixization' of Executive Education", Financial Times, August 2, 2018, <https://www.ft.com/content/4fcd2360-8e91-11e8-bb8f-a6a2f7bca546>.

<sup>18</sup> LinkedIn report, p. 7.

<sup>19</sup> Richard Fry, "Millennials Are the Largest Generation in the U.S. Labor Force," *Pew Research Center*, April 11, 2018, <https://pewrsr.ch/2GTG00o>.

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education tailored to individuals, available any time and any place, liberated from the classroom challenges schools to amplify the scale and reach of their business.

The interviews we conducted on the corporate side reinforced the custom market's need for scaled education as described by the schools, but they also went further. Summarizing what we learned from the two corporations we interviewed:

- They are both engaged in a significant culture change effort.
- They are both reaching for the “holy grail” of using scaled education methods to cascade new ways of doing business from the top to the bottom of the enterprise.
- They are both cascading the change elements using primarily internal capabilities of their education staff.
- They both registered strongly that their employees are constrained by time and performance requirements and cannot afford time for education that is not specific, effective, and relevant to their jobs or potential promotions.
- They are both significant customers of university-based executive education for specialized programs. They are sophisticated consumers of what UNICON members have to offer.

What was striking was not that the corporations diverged from what the executive education leaders said they thought the corporate market wanted from them. What was interesting was how much more the two companies said they needed and wanted from their business school suppliers in their efforts to scale education.

Corporations have become highly sophisticated designers and consumers of scaled learning. They are pushing innovation in almost every dimension of educational delivery<sup>20</sup> – and it is not clear that executive education is keeping up.

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<sup>20</sup> See, for example, *Curated Content and Conversations from Elliott Masie's Learning 2017*. Learning Themes, Dec. 6, 2017.

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Our three corporate interviewees are at the level in their organizations to make decisions about which university and executive education group to engage with. They are the ones who are responsible for: orchestrating the corporate change effort, identifying the faculty and content best suited to inform their company’s new direction, building their internal platform, performing employee assessment and education plans, and making sure that the education returns results and that change happens. This is a massive task within their companies that have over four hundred thousand and over fifteen thousand employees respectively.

When looking for help from university-based executive education providers, the corporate education leaders we interviewed deeply appreciated the value of the faculty and their intellectual property but recognized the challenge of putting it to best use:

***“These are terrific professors, very knowledgeable, a lot of great information to share, and very research based.”*** – Corporate Education Leader

***“That is the good news and also the bad news. Sometimes there is a disconnect between how much the audience needs to know and how much they can actually apply.”***

– Corporate Education Leader

These comments will sound familiar and accurate to executive education leaders.

The new dimensions of the corporations “ask” are apparent when put in the context of the complexity and sophistication of the companies learning systems. Their “new” learning systems include many sophisticated methods and technologies to achieve the scale that their change effort requires:

***“Our entire curriculum that is in existence today - which is incredibly complex – [is] to infuse those components, scaffold those skills, from the beginning all the way up to your executive level.” – Corporate Education Leader***

***“...the challenge of scale [for us] is to get to a personalized, healthy, comprehensive design and delivery [for every level]. I would love for [my executive education providers] to be at the table with me to think about new toolsets. I haven't had this. What has been [happening] much more is us presenting ideas [about] how to synergize rather than the other way around. Executive Education can be very complacent. They've got what they've got, want to redo it, over and over again, same old vehicles.” – Corporate Education Leader***

Based on our limited sample, corporate, custom customers are looking for executive education providers who will know as much as they do – and more – about how people learn, how to curate content for each level of learner, how to tie the content to performance-based measures, and how technologically to deliver and track its use in the most efficient, personalized, and effective way.

***“Both learning and content, especially on the really cutting edge of content - we get some of that [from our university partners] - but on delivery it is still very classroom based. Virtual is a one-way vehicle. [What the school suggested:] Avatars, we looked at that 10 years ago and saw problems. Those are really antiquated tools.” – Corporate Education Leader***

***“[What we need is] to find out what things were critical, based on [employee’s] job class, taking location, level, and responsibility into account. Then, [we need to] create a tool that is very easy to use, with 'learn bots' behind the scenes, that route you to the right courses. Also added chat bots. Gets you something very personalized for your needs. It is curated - we have a checklist to help us figure out what we're going to do.” – Corporate Education Leader***

Our interviewees said they want a deeper engagement with the universities. They want universities to think of them as partners in developing learning – this includes

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both providing access to opportunities across the university and also respecting the learning expertise corporations have gained in recent years.<sup>21</sup>

They said they would welcome faculty and researchers engaging with them in a generative, inventive process to discover the most effective way to cascade on the scale of their enterprises. They saw opportunities to reach across disciplines, to understand how people learn, how technology can help deliver new capabilities, and how people develop new behaviors. Since this would describe what universities “do for a living”, the interviewees saw that there could be mutual benefit of working together. For example, the faculty could be given access to the big data the company collected on how tools faculty taught were being used and applied. But their experience is that the schools cannot or will not engage at this level of consultation and creation but manage their interactions on a more transactional basis.

***“We would like to use our relationships to bring our mutual expertise to bear to understand curricula, operations, and learning technologies.” – Corporate Education Leader***

In summary, understanding who is asking executive education departments to “scale up” and why the pressure is being applied is critical to the strategic decisions that are being made, today.

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<sup>21</sup> This was very much a theme in an earlier UNICON report we worked on, see: M. Eiter, J. Pulcrano, J. Stine, T. Woll, “Same Solar System, Different Orbits: Opportunities and Challenges in Executive Education and Corporate University Partnerships” UNICON report, 2014.

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## IV. SHOULD SCHOOLS MAKE OR BUY?

Up to this point, our interview data have painted a rich picture of why scaling executive education is being considered, what the dimensions of scale are, and who is asking for it. If it were just a matter of finding a technology vendor to support scaling efforts, then this report would be complete. But the world is not that simple:

***“Make or buy is infinitely complicated. [These are] not technology [questions] but business model and partnership questions.” – Executive Education Leader***

One of the interesting strategic questions is whether scaling is operational – that is, making existing products better for existing customers – or whether it means creating new markets with new products that reach new customers.

Our interviews suggest that many leaders think about scaling in the first way: it is about doing a better job reaching the customers they already know with versions of the products they already offer. However, there is no dominant paradigm.

***“It is pretty premature for me to say there is one right model for online in exec ed – it is time to experiment.” – Executive Education Leader***

How schools are exploring scaling and the decisions they are making today will shape not only their own future programs and but may reshape the executive education industry. But before we get to the challenges of partnering, let’s look at what the schools are choosing to do.

### **When and How Should You Enter the Fray?**

In our interviews, we have seen three main approaches to “make or buy,” with some variations of each.

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## **(1) Build it yourself and consider partners later.**

On the plus side this provides the school the maximum ability to manage its brand and to hand-craft how the online programs are delivered. However, it does require substantial investment, one that not all schools can make.

***“We have developed our capability, but I’m working to outsource some of these, why? Because making it a fixed cost, with technology moving so fast, isn’t always the best investment. So, you have a higher unit cost, but you are able to switch. If you are not able to provide something unique in terms of the learning experience, it is a risk working with an external provider.” – Executive Education Leader***

## **(2) Try a few things with a few partners.**

Our interviewed schools that have taken this approach stress the importance of the learning they are able to derive from the partnering activities. While there is some risk to brand, the overall impact on their portfolios is managed because they only offer one or two programs through the partners.

***“What we teach about strategic agility I really learned over the past two years - try things and then learn from the market. The only thing I didn’t compromise is [our commitment] to deliver the best learning experience for people who come to us.” – Executive Education Leader***

***“One of the reasons a school should start participating in some of these experiments - not about finding the one right technology – is getting them used to doing it. You don’t ride one bike your whole life, but you do need something with wheels to get started.” – Executive Education Leader***

Once a school has tried a few different things, it can start to think in a more strategic way about what it would like to do going forward, including reducing the use of partners:

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***“One of our tasks over the next 1-2 years is to inventory our learnings and think about what we should make or buy: disaggregation of the stack, finding partners for some of it. We can buy marketing, but production [only] if we want to – disaggregation [can be done] in different ways.” – Executive Education Leader***

***“[In the next five years we will] run more of the processes so we get more of the revenue. At the same time, to scale, leveraging partners definitely helps. It is not a bad thing. We are being as fair as possible, trying to grow the pie. It has been a win-win so far.”  
– Executive Education Leader***

***“Over time, fewer partners, a standard approach – but not true yet. We don't have any bad relationships yet – all attractive partners at this stage.” – Executive Education Leader***

Today, though, the majority of schools we interviewed are working with external partners to scale and feel that they are getting value from these relationships.

### **(3) Engage actively in partnerships and internal development with an eye toward building out a substantial digital portfolio.**

While this strategy carries more inherent risk than either of the first two, it is also more likely to put the school in a frontrunner position, assuming they can retain control of their content and their data and keep the ability to move the content to different platforms.

As some of our interviewees reported, “make or buy” can work both ways – some have tried building some things internally, then outsourced, or they have outsourced the development or delivery initially, then brought it back in-house.

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***“We are using lots of options – no dominant paradigm – each school has to find out what is right. For wide distribution, we want standing faculty representing our brand. If a partner is not updating their platform continually, they are not valuable. On the make side, we do editing, filming, production. Our online courses are 100% designed, filmed and edited [in house]. We have 7 people dedicated to production and delivery. We are also working with third parties: Emeritus, ExecOnline, FFI (First Finance Institute). In these cases, ExecOnline and FFI did soup-to-nuts production. Emeritus is repackaging material that we produce.”***

*– Executive Education Leader*

***“We use other companies’ platforms rather than building one of our own. We are not in the platform business. We would not be good at keeping a platform up on all the technological developments, up-to-date and constantly improving.”*** – Executive Education Leader

It is important to note that the strategy of engaging actively in partnerships and building out a substantial portfolio is being pursued by the commercial providers with whom many of the schools are partnering. These companies are going as fast as they can to build substantial digital assets, to get them in the hands of customers, and to learn through the process. ExecOnline’s website boasts: *“Today, more than 250 global organizations have sent over 12,000 business leaders through ExecOnline programs.”*<sup>22</sup> Few schools today could compete with those numbers.

## **What Schools are Building, Where Schools are Partnering**

The capabilities that the schools said they need to add to offer scaling generally include the following:

### **Platform & Delivery**

- Scaled delivery (including mobile)
- Bandwidth solutions for diverse hardware and software, firewalls, languages

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<sup>22</sup> <https://www.execonline.com/about> accessed on 12/12/2018. The distinction “ExecOnline’s programs” as opposed to “ExecOnline’s university partner programs” is an important one. As in this case, they are building their own brand, not the schools’.

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- Single sign on / corporate LMS integration
  - ADA accessibility
  - Security and GDPR compliance

### **Marketing/reach**

- Sales, enrollment, invoicing, and administration of large numbers of geographically diverse participants with multiple languages and cultural norms

### **Learning experience**

- Design and packaging
- Scaling touches, e.g. coaching, exercises, tests, feedback, projects, simulations, etc.
- Video production (e.g. make-up artists, editing to feel like mini movies)

In almost all the schools we interviewed, partners are being used, and the range of partners is staggering: from within the university (platforms, funding, video production units) to small (freelancers, consultants), medium (startups) and large (platforms) externally.<sup>23</sup>

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<sup>23</sup> Partners mentioned during our interviews are listed in APPENDIX A: LIST OF COMMERCIAL PARTNERS

***“Exactly right - Emeritus helped us reach a geo audience and helped us with a larger scale. Also, [we] utilize ExecOnline that is more of a B-to-B approach, rather than B-to-C. We knew we had to play in that space as well. In wanting to be there, [we do] an evaluation of the best partners to get that done.” – Executive Education Leader***

***“2013 - we were approached by ExecOnline. [They said] we will use your name, we will bring you participants. It has been a very successful partnership - since 2014, two courses, one on leadership, one on innovation. We are partnering on another leadership course. [It was] our first foray – other than small webinars – into online. Faculty provide content – ExecOnline has instructional designers that know how to organize content online. Also [the university] has an internal department - we have used them for custom things, but they are overwhelmed and can’t handle our volume.” – Executive Education Leader***

***“The content remains with us – how it is utilized. This is always understood. If we don't do it in this space, we don't partner. We are looking for folks who can create, build, and even have salesforces/marketing. [They] don't have to have marketing/sales, but it is extremely helpful. As long as our IP is protected, we will partner soup-to-nuts. On marketing, we work in tandem – we do our own as well.” – Executive Education Leader***

***“We almost missed the boat on online. [We] canvassed the full landscape. I'm pretty pragmatic. I have a strategy of four steps: assessment, designing the learning journey, delivery, cost investment/return on investment. There were no providers who covered it all, so I had to choose different providers for different steps. Mobile Learning is the only provider who is still provided the services. The rest either don't exist or aren't delivering. There is a lot of trial and error.” – Executive Education Leader***

Video production is an area where a number of schools reported having internal capabilities to leverage – either at the school or university level. This can be a real plus if the faculty are comfortable with the quality of the services provided by the internal unit. Some of the challenges that surfaced were that some university-level units had limited bandwidth and were process driven to the extent that the units could not meet the need to continue to improve and support innovation.

Most interviewees acknowledged they chose not to build a platform because it is too expensive and difficult to maintain. However, one interviewee suggested that:

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***“an internal platform is a strategic advantage as long as you can stay nimble.”***

*– Executive Education Leader*

## **Will Our Partners Become Our Competitors?**

Partners certainly provide opportunities to scale a school’s offerings and to learn from the experience. However, our interviewees indicated schools should proceed with caution and become extremely savvy before negotiating partnership deals.

***“[If you outsource the platform, packaging, and marketing], what is the revenue share you are comfortable with? It is shocking. People give away the store at this point. There are unbelievable deals that schools make. Routinely the revenue share is well in the platform's favor. Content is sticky to platform. Many [partners] don't have real data sharing. For example, [data] are provided in a huge, encrypted XML dump. People don't read these contracts. They can be lambs to wolves.... People make terrible, terrible deals [with partners] consistently.”*** – Executive Education Leader

The key lesson we learned from our executive education leaders is “*proceed with caution*” with external partners. Partnering strategies can be quick ways to start learning, but it is important to take the time to really understand the value the partner provides, who will do the analysis and own the learning data, how will customer relationship management proceed, and who ultimately controls what goes to market in terms of quality and brand.

***“Don’t overestimate what some of these platform providers know – they’ve been doing online for 50 years – [provider name] is just another money grab, nothing new there. They pray on insecurities of executive education firms. There is no secret sauce there.”*** – Executive Education Leader

One school we spoke with stressed the importance of exploring a range of partnerships as a way to understand what you are really looking for.

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***“Developing the RFP was very helpful because it really clarified what we wanted and demystified the process. It gave me the confidence: If I have to learn it, I can learn it. Just get started - just do it. Go start somewhere.” – Executive Education Leader***

If you choose to work with partners, our interviewees stressed that it is critical that you make sure that:

- you are getting the customer and learning data that you want and need;
- your content and delivery are not so tied to their platform and approach that you cannot move it to another vendor platform or bring it in-house;
- you keep control of branding and quality; and
- you negotiate on terms for customer ownership.

It is not cynical or an overstatement to state that most commercial partners want to own the customers, the data, and you and your content.

That said, today, there are strong bonds and significant mutual learning going on between commercial partners and executive education departments in the executive education space. However, some of our interviewees took a longer view and painted a more sobering picture.

***“The competitor/partner piece is also shifting. [In the next ten years,] they will be ten plus years into venture funding and will have learned a lot from [us].” – Executive Education Leader***

What are the risks? On the open enrollment side, there is the risk that the platform provider owns the experience with the learner. On the custom side, it is even trickier because they own the relationship with the client:

***“You have to be very wary ... because they disintermediate you with the client - like the old movie studios where you are the provider.” – Executive Education Leader***

The warning to schools that choose to buy rather than build:

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***“Be as deliberate as possible to get as much data as possible, benchmark everything so you could bring it in house if you wanted.”– Executive Education Leader***

Executive education units need to be wary, because the commercial providers are becoming a significant market force with and without the complicity of their university partners.<sup>24</sup>

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<sup>24</sup> 2Us annual revenues are \$343.4 M. ExecOnline’s annual revenues are \$4.9M and they have raised \$43.3M in venture capital, <https://www.owler.com/company/2u> accessed on 12/17/18.

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## V. WHAT SCALE MEANS TO YOUR EXECUTIVE EDUCATION ORGANIZATION?

Our research found all the executive education leaders we interviewed are making significant organizational changes given the expansion of their business/education model to accommodate scaled offerings. **The changes are being made regardless of whether they are pursuing a strategy of building or a strategy of buying.** Every executive education interviewee said that they have been significantly challenged to marshal adequate people and capabilities to provide what they need: legal expertise, partnership management skills, project management, marketing, instructional design, professional production, to say nothing of IT sophistication and know-how. They have had to ask and answer:

- What specific capabilities do we keep within the executive education organization? What can we outsource to other parts of the university, consultants, or partners?
- Should everyone do everything, or should there be specialized groups?
- Can wider capabilities and resources be relied on if we decide to reach across the university?
- How can we manage our partnerships?
- Who will set the strategy and manage the projects and development funnel?
- How will relationships with our faculty need to change and what will faculty want?

As in the past when schools added significant custom programs to their existing open enrollment offerings, the executive education organizations themselves are changing to provide scaled offerings.

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## Investment Required

The allocation of scarce executive education investment resources is important to consider because scaled offerings require significant up-front investment. Unlike the traditional, face-to-face model, creating digital assets, our interviewees said that designing online interactions, integrating simulation software, delivering on different platforms, and analyzing and accommodating varied participants, all require before-the-fact investment.

***“Online has created a dynamic shift – Exec Ed was a fairly simple business – essentially cost-plus, charging as much additional as we could, based on brand. But online is more of a ‘VC’ business – where we had to put money in up front. You could spend hundreds of thousands. It’s taking a bigger risk, making the job more challenging but more interesting.”***

*– Executive Education Leader*

Across all the schools, the interviewees reported that none were solely relying on their own business school’s investments. Most were investing in building their own capability while leveraging the capability of the university to varying degrees:

***“Some [investment is] from the university-level but not all. The greatest part comes from the business school, because it is a major player in this game.”*** – Executive Education Leader

***“We are teaming together with the university on this. In addition to the university, there is some [business school] investment in this.”*** – Executive Education Leader

Take, for example, investing in the capability to capture the faculty digitally for use in scaled offerings. This involves building a studio, hiring video IT expertise, and having video production skills including scripting, coaching, editing, and even make-up. One business school said that they had created their own studio space. Many said that their executive education departments are using the school’s or university’s facility to produce professional quality video productions.

Alternatively, the digital production is outsourced by several of the schools we interviewed to outside production houses or their online partners. Schools using their

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own or university video production resources reported that this investment worked well for them because their faculty felt comfortable and they could control the quality and branding of this aspect of product.

Other schools reported that avoiding the substantial business school investment was an advantage, but their agility was affected when contending with other university departments for the university-based video production facility or when caught in a production-line type process of a partner. One school reported being *“held back a bit in terms of our innovation”* because of the standards set by the centralized, university production department.

The question of *a priori* investment for scaled delivery is a challenge for both open and custom engagements, according to our interviewees. Just as custom clients have resisted the true cost of customization, clients looking for scale challenge additional costs for producing scalable assets that are reusable by them or by the executive education department.

For scaled, open enrollment offerings, the barrier to investing is partly due to the size of the up-front investment itself. It is also due to the expectations that executive education is the “cash cow” for the business school. It is counter to the experience and cultures of most business schools to think in terms of substantially increasing investment in the executive education department’s activities. As one interviewee pointed out:

***“Building with filming and production takes longer, but clients have the perception it is cheaper. So, we have to address that perception. This takes a larger up-front investment than traditional programming.”*** – Executive Education Leader

***“Online learning [customers]... are super, super price sensitive. [You are] getting into an area where you can't [always] retrieve ... your development costs.”***  
– Executive Education Leader

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## New and Shared Roles

As one interviewee said, *“The bigger problem is not the resources to invest, but a knowledge problem: [what is] a better concept?”* Executive education leaders we interviewed said they discovered they need to: understand the scaled market, make strategic choices about what to do and how to do it, design new offerings, manage partners and outsourced vendors, recruit and manage faculty, assess success and impact, and manage the costs associated with all this – not even mentioning marketing, administering, and delivering the scaled programs themselves. Many interviewees reported that these are new roles and capabilities for their existing executive education staff. The question is: how can the schools’ existing staff be trained, supplemented, reorganized, and/or redeployed?

Marketing plays a critical role in the online space. The people who know the market hold the keys to scale. They know how to access and work with data. Marketing even appears to be increasingly crossing over into program design, an area that has been primarily owned by faculty and, to some extent, program directors.<sup>25</sup> The challenge, as described by our interviewees, is deciding who will be responsible for market analysis and for the strategic decisions. For some, the answer lies with the executive education staff itself being responsible for knowing the market.

***“You need a couple of folks in your organization to, first, [have] an understanding of the market and the titles you are putting out there - the demand. You don't need to hire someone, but you do need someone who is plugged in, looks at jobs data (Burning Glass Technologies), [and does an] analysis of what customers want. You can do this in-house [to understand the] product-market fit.” – Executive Education Leader***

On the other hand, hiring someone to augment your staff can be an excellent solution:

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<sup>25</sup> This was an interesting side observation in several interviews and could be a good area to explore in further research – Is there, in fact, such a shift in the role of marketing and how is it changing how we design and deliver programs?

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***“We've also hired a marketing agency, and we may need one more person.”***

*– Executive Education Leader*

Several schools said they rely on their partners to do the market analysis and definition of how to meet the market demands, particularly in reaching scale for open enrollment programs. This has intrinsic risks in that the partner may lack knowledge of the school’s faculty expertise to do an appropriate *“product-market fit.”* In addition, the knowledge of the market, the analysis of adoption rates, and the data about impact may end up residing with the partner as opposed to the school.

***“I said, ‘I’m fine with buying, but I don’t want you to partner with someone to do an upfront analysis because you signed a 10-year agreement.’”***– Executive Education Leader

If the partner does a good job, another risk our interviewees identified is that the learning about how the good result was achieved does not come back into the executive education organization but instead stays with the partner organization.

After the market work has been done and a strategy adopted, the schools said they all faced the difficult question of who should provide the instructional design, technology, production capability, platform, and delivery. As suggested in the earlier UNICON research report<sup>26</sup>, there seems to be an emerging need for a “Learning Engineer” or, as suggested by Elliott Masie, we need to be *“retooling instructional designers into learning producers.”*<sup>27</sup> Many interviewees said that they went outside for the strategic talent to supply these new capabilities, often acquired via a new-hire.

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<sup>26</sup> M. Eiter, J. Pulcrano, J. Stine, T. Woll, “Same Solar System, Different Orbits: Opportunities and Challenges in Executive Education and Corporate University Partnerships” UNICON report, 2014. p.55.

<sup>27</sup> Elliot Masie; “Elliott Masie’s Leaning Trends”; September 12, 2018.

***“We have a [new] IT person from [a high-tech company]. [He was] helpful with online strategy. [He] acted as an advisor [to us], worked with some company to get a platform, [and] hired a program manager who had instructional design [experience] and a couple of people from the marketing team. [For] high production, we would use an external platform. ...What has helped us is the strategist [from outside]. We used to do it more piecemeal, putting things together and not allocating resources. He has explained 'here is what you do, here is what you need up front, here is the path.' Topics are something that can come from the partner, the school, and the faculty.” – Executive Education Leader***

Other schools reported that the key was to have a dedicated group of staff who were hired or who built up capability to address the new, scaled market:

***“[My] team includes 5 others, including a video producer (but not production, because they have one job, and no instructional designer), [an] operations person with a startup background, a technology specialist with a background in instructional design but also IT, then a young graduate who is interested in education, a fast learner, and who knows how to manage students in online environments, plus one more of these.” – Executive Education Leader***

***“[The] team includes 25. [There are] 8 directors, including an academic director. Three people [are] constantly thinking about designing things. A COO keeps all of the processes going.” – Executive Education Leader***

***“About 14 people [are] on this team [with] strong expertise in program design, plus some who are deeper into technologies related to the education field. Some have a background in learning, others a little more on the technology side.” – Executive Education Leader***

***“[We have been increasing] just in the past 2 years. Currently, [there are] three dedicated people (2 [from the business school], 1 from the university). One with a PhD, 2 with masters. [We have] more in the IT space with learning design [experience].”  
– Executive Education Leader***

Other schools are asking all their staff to share responsibility for envisioning and commissioning scaled offerings:

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***“[We are] trying all of the above. [For] some [programs], we’ve outsourced all of the development and execution, some we have insourced, some are in between. [We] have leveraged university people focused on digital courses. We’re a very thin group and there is no one person focused on developing expertise [for scaling projects] within executive programs yet.” – Executive Education Leader***

One particularly interesting interview involved a school that intended to make a major play in the online, scaled market. Realizing that they needed additional capability, they started work on an RFP to solicit proposals for supplementary help. In the process of writing the RFP, they discovered the importance of developing a clear-eyed view of what was needed to supplement their own capabilities. The effort of doing the RFP itself gave them new insights into what they could do and what they needed to outsource.

***“You absolutely have to figure it out for yourself. Don’t hire an instructional designer, hire someone who can manage an innovative project. Deep thinking’s [required]: given a decision on a strategy, what do you need to do, how do you want to do it?”***  
– Executive Education Leader

Along a similar vein, we heard the admonition not to hire specific talent (e.g. instructional designer or videographer). Our interviewees tended to recommend that schools outsource these narrower capabilities and focus on developing project and production management capability within the staff – the rationale being, you only need an instructional designer or videographer at certain times in the process. You cannot keep them consistently busy. They said that it works well to bring the specialized talent in on an as-needed basis and to concentrate your staff competencies on innovation and process management.

## **Managing Vendors and Partners**

This brings us to consider the capability needed in the executive education staff to manage the outside vendors and partners.

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Responsibility for screening potential partners and framing the boundaries of the negotiations is a task that falls, invariably, on the staff.

***“There is a lot of internal knowledge [needed when] scanning potential partners, and you need to really know what you want. We drafted an RFP, and we had to use a consultant just to get the terminology right.” – Executive Education Leader***

***“We have a dedicated team that explores different partnerships. So many [are] knocking on your door, plus we want to stay abreast of what is happening in that space. So, we have a [senior leadership] team that does this. We will explore partnerships [for] many spaces including face-to-face [programs]. The senior leader team represents all sides of our business. Around 10 different areas funnel the partner information up to us... [There are] three full-time members and a part-time consultant. The head of our department has expertise in creation of content plus technical background. [He is] familiar with online needs in general.” – Executive Education Leader***

Some schools said they actually leverage faculty during the negotiation phase with outside providers. Some schools explicitly recommended the practice of limiting the term of any provider’s contract to a few years to avoid being locked into a ten-year term. That said, negotiating provider contracts and working with the legal departments of most schools can require an enormous amount of effort, even if one has a university general counsel’s office willing to take on some risk.

Once the contract has been negotiated with partners, the staff needs to dedicate skill and attention to managing the provider relationships.

***“[Even] when we say ‘buy’, we are pretty involved in the making process. For example, I have a couple of people with a full-time job managing these relationships and participating in processes: marketing, making sure on brand, coordination, etc.”***

*– Executive Education Leader*

***“Managing vendors can be challenging. You need to have very strong relationships. It is complicated and hard to legislate in advance. If the setup becomes transactional, it is challenging. If uncertainty is squeezed out of the system, maybe you could write contracts. Relationships rather than transactions generate value for us.”*** – Executive Education Leader

***“In some things [it is] frustrating, for example around quality control. Sometimes we end up helping our partners to do [work] to our exacting standards. For example, [they] need a deeper understanding [of the connection] between [our] faculty and the market. [This requires] knowledge of what the material is and how it fits together – what we have, how we teach it – and understanding learning and the material well enough to say it is correct. Partners [have] industrialized production processes – are they agile enough to work with our faculty? ... Partners are more incentivized financially. [Our role] is like ... a consulting engineer to make sure the contractor isn’t cutting corners when making a building.”***

*– Executive Education Leader*

***“Other folks on that team are more of an account manager type role where they are responsible for maintaining of the partnerships - pushing for new programs, pushing new ideas.”*** – Executive Education Leader

In summary, we were told that executive education staff are being required to engage and manage outside providers. If there is a dedicated unit, working exclusively with the provider(s), there is an economy of scale. If the role of identifying and developing scaled educational opportunities is shared across the staff in the department and the provider is serving a number of program managers, the difficulty of managing the provider relationship is compounded.

## **Faculty – Adoption**

Changing how faculty are able and willing to teach in the new, scaled world of education is another process that the executive education staff must master, according

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to our interviewees. From the comments of the schools we interviewed, it is critical that the staff build trust in the faculty. The faculty need to be convinced that they will not be embarrassed, that they will be successful, and that their standing will not be hurt.

For some faculty, it is helpful to use the argument that this is the direction that education is going. As one interviewee said:

***“[You tell them that] we are not replacing you, we are making you bionic.”***  
– Executive Education Leader

At the same time, making the experience of teaching online more familiar can make the transition seem less radical.

***“Replicate as much as possible [the] face-to-face [experience] and get faculty to understand the advantages of the online models. [Help them see] why we should do this, the value to them, and how to teach.”*** – Executive Education Leader

***“Some faculty are still mystified in this space - should I take my content there. You want a level of comfort and a quality product, so more faculty get involved.”***  
– Executive Education Leader

As pointed out by one school, “faculty are [already] doing things with third parties that they would never do for us.” Sometimes using a partner with a track record for successful production can make faculty more likely to embrace teaching in a scalable format.

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***“What partnering helps [with] is that they have professionals. [Their]... makeup artists present [faculty] the best they can on camera, like mini-movie productions. [Faculty] feel very comfortable working with those folks. We don't have [this capability] on staff.”***

*– Executive Education Leader*

***“On the flip side, the internal group have produced enough – enough faculty have worked with them – that they have built up trust that it will be delivered. Maybe you have to stick with it long enough to build up this trust while you develop your capabilities.”***

*– Executive Education Leader*

## **Faculty Compensation Models**

A critical factor in recruiting faculty to participate in scaled offerings is clearly the faculty compensation model. We asked how schools have negotiated with faculty for their participation in scaled programs, what seemed to be the most successful model, and did they have any recommendations to share.

A few schools took the approach of offering two compensation options:

***“[We offered a] fixed [amount], or a royalty with unlimited upside of the net. No one chose [the] fixed [option].”*** – Executive Education Leader

In addition to a royalty model, another school reported that:

***“In certain cases, we’ve done fixed fee and allowed them to use the content.”*** – Executive Education Leader

Other schools said that the royalty approach is problematical:

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***“What worked for MOOCs with large numbers and low costs is different with SPOCs with small numbers and higher fees.” – Executive Education Leader***

***“There is increasing concern about faculty compensation, often because of the royalty model with books. Online learning is seen the same way. They are unhappy with book publishers as well.” – Executive Education Leader***

When asked for advice, two schools gave very practical suggestions:

***“Be very careful in terms of giving faculty too much in royalty because they become drivers of having their products overrepresented. Big challenge: how to do this in a way that doesn't put us at odds with the faculty.” – Executive Education Leader***

***“Another thing to think about: use a declining royalty models with scale. How do royalties change with scale? Do you ever have a cap? [Ours are] early experiments - don't know which will get us in trouble.” – Executive Education Leader***

***“The other caveat: [make faculty compensation agreements] for a two-year period then put them up for review. We set our policy in 2014 and feel like we can't change it. [It is] better to review [compensation agreements] periodically.” – Executive Education Leader***

This final piece of advice, to keep contractual relationships short and able to be revisited, is important because it recognizes that the environment for, practice of, and outcomes from scaled executive education are in a state of becoming and very far from stable. Although online education has been around for decades, viable business models are still emergent and, for that reason, it is better not to lock yourself into long (or even medium) term financial commitments.

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# DISCUSSION

In this final section, we are presenting themes that are very important to the future of executive education. The themes came from opinions expressed by our interviewees, commentators, thought leaders, and from our own experience. Although they were not covered in our interview guides, they were brought up during many of the conversations. They are important and intended to provoke discussion and deep thinking. They provide potential opportunities for further UNICON research project.

*“Never make predictions, especially about the future.” – Casey Stengel*

Predictions are predictably dangerous. However, there are signals in any system and experiences from the past that make one look to the future with some assurance that certain conditions are likely to occur. The following are accelerators and decelerators that are likely to affect the market for scaled, technology-enabled executive education. They may not assuredly happen in the next three to five years. But, over the next ten years, economic shocks, new generations of customers, and digital disruption are likely to affect executive education. We leave you with these three final sections as food for thought.

## Economic Shock

Executive education departments weathered the deep recession of 2008 and the succeeding decade. Unfortunately, the expectation seems almost universally held that we are due for another, dramatic economic shock which will likely reconfigure, once again, the economics of our market. Another source of economic disruption looming on the horizon is weathering the effects of climate change. Increasing climate disasters and sea level rise will cause disruptions of supply chains, large capital losses, new requirements to quantify and report risk factors, interruptions of goods delivery, and increased political instability. All these issues will absorb the attention and resources of the buyers of executive education.

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We know from experience how an economic shock affects the executive education market. Economic downturns constrain education budgets, put jobs at risk, require new content, increase adoption rates of technologies that save money, and make alternative learning/knowledge resources an acceptable choice.

A downturn in the economy will likely make online and digital learning a more attractive alternative. Online learning has, for some years now, been moving toward driving down costs for higher education generally.<sup>28</sup> On the corporate side, education and training budgets will be even more carefully meted out with an eye to developing employee capabilities to achieve specific results. On the employee side, executives and manager will be loath to leave their desks for what could be seen as a luxury. Commoditization of content will have built customer expectations that prices should be dropping. The ubiquity of online platforms and their user friendliness will have progressed, making them an attractive alternative. Managing risk mitigation and risk reporting may create demand for content unavailable from tenured, business school faculty.

Although the top tier schools may continue to draw participants to their on-campus, face-to-face programs, commercial providers as well as schools' executive education departments will be aggressively looking to scale their offerings to maintain or grow revenue taking advantage of or creating a market for scaled, online, digital curricula.

## New Generations of Customers

Learners ten years from now will be overwhelmingly millennials and i-Geners.<sup>29</sup> Even today, one of our corporation interviewees said that they “...cover all industries, [and they] are 74% millennial.” Many future executive education participants will have

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<sup>28</sup> Michael S. McPherson and Lawrence S. Bacow, “Online Higher Education: Beyond the Hype Cycle,” *Journal of Economic Perspectives*, 29:4 (Fall 2015), p. 151.

<sup>29</sup> iGen or Generation Z are labels for the generation born on or after 1995. Adopted by Jean M. Twenge, the label iGen is descriptive, in her words, of the generation that “do not remember a time before the Internet.” Jean M. Twenge, *iGen Why Today's Super Connected Kids Are Growing Up Less Rebellious, More Tolerant, Less Happy – and Completely Unprepared for Adulthood* (New York, London, Toronto, Sydney, New Delhi: Atria Books, 2017) p. 2.

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found alternative ways to get their undergraduate degrees apart from the traditional, residential college. They may have done this because they wanted to avoid the burden of student loan debt, because the i-Geners have a practical, anti-intellectual approach to education,<sup>30</sup> or because they have had many more online learning opportunities and are adept digital-age students. A severe economic downturn will accelerate their tendency to seek online options. It is worth noting that many UNICON members are in business schools that already offer online masters programs and certificate programs.

Some of our school interviewees envisioned new business models as well as technologies coming into play that would be easily mastered by i-Geners:

***“Then there will be a big push for subscription models – [We’ll be] competing against LinkedIn, Coursera, and others - with “robots who can motivate at scale.” A lot of folks are going to experience a contraction in MBA and executive education. Money for that will dry up, and there will be a rush for LinkedIn Learning and Coursera where you will get access to a library - access to a library card – for curated content.” – Executive Education Leader***

***“Robots that recommend. Content = learning. Then, there will be really forward-looking companies that use analytics to track how the assets are being used.”  
– Executive Education Leader***

***“[For open enrollment, providing a] Netflix perspective - you watched this movie, you might like this one. How to guide the individual based on interests. That is the vision, but it takes a strong effort to get there.” – Executive Education Leader***

The corporate education leaders also saw technology and personalization enhancing learning:

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<sup>30</sup> Ibid, pp. 169-173.

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***“[The] most exciting trends for the next five years. One trend – there is technology as an enabler. Virtual reality, augmented reality. Another is the idea of durable learning - things we did instinctively, finding it is more research-based. More research on what is working, what is not, so we can feel confident of results. ... Also, kind of going full circle, back to an apprenticeship model, much more individualized [tutoring], but where the guild master or mentor is electronic - chatbot, sophisticated performance support.”***

– Corporate Education Leader

The next generation will expect, even demand that executive education providers are adept and effective operators outside the traditional face-to-face format. Executive education providers will be pressured to increase the scale and reach of their offerings. This will mean the development of new technology, pedagogy, marketing, and management.

## Digital Disruption

We have to ask ourselves, is our industry in the early stages of a digital disruption?

Decisions we are making today in executive education could, potentially, put us out of business tomorrow. A “thin blue line”, created by conflict of commitment and other policy documents as well as good will, compels faculty to work with executive education units. Will this thin line still stand if the external, commercial partners we are working with today can do what we are doing better, for more and new customers, and at a higher profit?<sup>31</sup>

Research tells us, in the early stages of digital disruption, “successful new entrants pose dual threats: They pull industries in new digital directions while gaining a huge head start in reaping the benefits from the new models they are creating” forcing existing business to catch up.<sup>32</sup> As the digital disruptors start to gain market share and

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<sup>31</sup> Whether business schools might be in post-success and decline cycle is also raised in Joy Lubeck, et al., “Future Trends in Business Education,” by Executive Core, an AACSB, UNICON and EMBAC commissioned report, January 2016, p. 7.

<sup>32</sup> Jacques Bughin and Nicholas van Zeebroeck, “Response to Digital Disruption,” *Sloan Management Review*, 58:4 (Summer 2017), p. 82.

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customers, incumbent companies respond by more intense competition with each other.<sup>33</sup>

In these situations, a successful strategy is to craft “bold responses” that include developing new customer segments (that is, going beyond existing business), introducing new business models, and redefining the value chain.<sup>34</sup> In our research, perhaps three schools out of the ten we interviewed are truly embracing this level of change.

Who will be the preferred providers as the scaled executive education market evolves over the next five to ten years? Ideally, from UNICON member schools’ perspective, it will be the business-school based UNICON members. There are data that suggest that the UNICON members will be active and competitive players in scaled education.<sup>35</sup>

That said, the commercial partners can be expected to become stronger and more sophisticated as well. If they can maintain quality, increase revenues, and decrease costs over time (in other words, get the business model right), it is not difficult to imagine that they take on even more. Could they even become opportunities for schools to outsource executive education entirely? There is an example of this already having been done in the Handing-Off Model of FT| IE CLA described in a 2017 UNICON research report.<sup>36</sup>

Finally, university-based executive education providers will have to focus long and hard on the significantly increased corporate sophistication. Competition in understanding how people learn and how they apply what they learn may end up residing with the customers of executive education. And corporations will be looking for providers who are at least as sophisticated, if not more so, than they are.

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<sup>33</sup> Ibid, 80.

<sup>34</sup> Ibid, 85.

<sup>35</sup> 2017 UNICON Membership Benchmarking Survey, Summary Report, p. 15.

<sup>36</sup> Marie Eiter, Jennifer Stine, Toby Woll, “Changing Organizational Models of Executive Education: Exploring Beyond Traditional Boundaries” UNICON report, 2017. pp. 29-32.

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How executive education units choose to scale (or not) will likely leave them vulnerable to disruption. Taking an incremental, “learning” approach to scaled offerings and engaging commercial partners to do so, is a reasonable, conservative approach. However, it may result in too slow a pace and too much reliance on partners’ capabilities. As schools are learning, the commercial partners are learning as well...maybe even faster because they work with many schools. The partners of executive education departments today are gaining skills and customers that will likely make them savvy competitors in the future.<sup>37</sup> The increasing ability of competitors in the field of scaled executive education has the earmarks of an industry facing digital disruption.

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<sup>37</sup> Here is an example of the type of marketing email ExecOnline sends to senior corporate leaders:

“Hi, \_\_\_\_\_,

*As Forbes recently cited, “The cost of continuing education for promising executives is daunting: high tuition, lost labor, and the headache of replacing or supplementing a skilled leader. ExecOnline eases this pain.”*

*In partnership with elite business schools—think Columbia, Yale, Berkeley, MIT, IMD and, Wharton—we offer scalable online leadership development programs in critical business areas (e.g., strategy, marketing, innovation and change, operations, diversity and inclusion, and finance).*

*Citigroup, DuPont, ExxonMobile [sic.], MetLife, Target, T-Mobile, Visa, and Walt Disney are just a few of the 250+ companies that have signed on with us.*

*Do you have 30 minutes for an informational chat with our Sr. Director of Corporate Partnerships?*

*Regards, \_\_\_\_\_”*

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# APPENDIX A: LIST OF COMMERCIAL PARTNERS

The list below includes commercial providers and platforms referenced in our interviews. It is not a comprehensive list of full-service or platforms/application providers.

## Full-Service Providers

2U  
Coursera  
Degreed  
edX  
Emeritus  
Eruditus  
Everspring  
ExecOnline  
First Finance Institute (FFI)  
GetSmarter (now owned by 2U)  
Global Alumni  
HBX  
Illumno  
LinkedIn  
MexicoX  
Mobile Learning Services  
Monarch  
OpenClassrooms

## Platforms and Application Providers

Acclaim  
Blackboard  
Canvas  
GnowBe  
Incendie  
NovoEd  
SmartUp

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# APPENDIX B: INTERVIEWEES

## UNICON Executive Education Members Interviewed – as listed on UNICON website

- University of California Berkeley Executive Education
- University of Chicago Booth School of Business
- Columbia Business School Executive Education
- Harvard Business School Executive Education
- Tecnológico de Monterrey (ITESM)
- MIT Sloan Executive Education (2)
- Singapore Management University Executive Development (SMU-ExD)
- Stanford Graduate School of Business Executive Education
- Wharton School of the University of Pennsylvania (2)
- Yale School of Management Executive Education

## Companies Interviewed

- Accenture (2)
- Visa Inc.

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# APPENDIX C: INTERVIEW GUIDES USED IN RESEARCH

## Interview Guide for Executive Education Providers

University-based executive education providers are confronting a business landscape that increasingly demands a scalable approach to executive education, reaching well beyond the traditional face-to-face on-campus classroom. We are researching how UNICON members are tackling opportunities for scaling through the lens of their “make or buy” decisions when it comes to technology-enabled solutions. First, we are talking to UNICON members about what they are doing. Then, we will be talking with a number of corporations about their needs. Thank you very much for giving us your time.

- 1.) Are you, in executive education, being challenged to provide a larger scale approach to delivering your education?
  - a. Numbers of people
  - b. Ages and experience levels
  - c. Geographies
  - d. Time zones
  - e. Learning experiences beyond the classroom
  - f. Expanded leadership capabilities
  - g. Other?
- 2.) How important do you see offering programs at scale is for your business school/university? What are your five-year goals in this area?
- 3.) Can you describe where the demand for scale is coming from and what is needed? Internally from pressure on revenue objectives, externally from market demands, other?
- 4.) What capabilities does it take to offer your programs to scale – and what types of scale are you addressing?
- 5.) How are you addressing the need for scale – by building your own internal capabilities (“making”) or by partnering with other organizations (“buying”)? Try

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to get specific details about how they are doing what they are doing, e.g. software used, companies contracted with, etc.

- 6.) What are some of the outcomes or examples of the “make” or “buy” decisions?
- 7.) What benefits are you experiencing in your “make” approach? In your “buy” approach?
- 8.) What challenges are you experiencing in your “make” approach? In your “buy” approach?
- 9.) Are there any important points that come to mind related to scaling programs that we have not already discussed? Anything else we should capture in our notes?

### **Interview Guide for Corporate Clients of University-Based Executive Education**

We are talking to important customers of university-based executive education. Our research is focused on to what degree university offices that have focused on traditional, face-to-face executive development should address emerging market need for scaling management education.

We would appreciate hearing, from your point of view, if and how you experience a rising need for executive education “to scale up”? And, in addressing this need, to what degree this is being handled internally, and how you are seeing these needs impact partners and vendor relationships, including universities but also beyond?

- 1.) What are your most important leadership and executive development needs in the next year? Will these stay the same or change over the next three to five years?
- 2.) What does the need to “scale” learning look like for your organization? Some dimensions of learning that might drive you to consider the need to scale could be:
  - Numbers of people
  - Ages and experience levels
  - Geographies

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- Time zones
  - Learning experiences beyond the classroom
  - Expanded leadership capabilities
  - Cascading content throughout your organization
- 3.) Do you find your university-based executive education partners able to satisfy your needs to scale learning?
  - 4.) What do you wish you could get from university-based executive education that you can't get now?
  - 5.) What other organizations do you use to fulfill needs that the university-based executive education providers can't offer you?
  - 6.) Are there any important points that come to mind related to scaling programs that we have not already discussed? Anything else we should capture in our notes?

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# APPENDIX D: ABOUT THE AUTHORS

**Jennifer K. Stine, Ph.D.** is an independent consultant, teacher, and innovator. She is an expert in the development of world-class executive and professional programs, with over a decade of leadership experience at Harvard and MIT. Her current focus is developing university-corporate partnerships that lead to innovative, co-created educational experiences, including work with Accenture in this area. She conducts research in executive and professional education, including co-authoring four UNICON research reports, and she is an instructor at Harvard Extension School where she teaches organizational behavior, leadership, and teamwork. She is currently working on a book for corporate learning professionals on how to work with universities.

From 2002 to 2008, Stine launched and then led executive and professional education for the School of Engineering at MIT. Her accomplishments at MIT included significant expansion of a portfolio of custom and open enrollment certificate programs including the award-winning BP Projects Academy, developed jointly with the MIT Sloan School of Management, the global Accenture Solutions Delivery Academy (now the Accenture Technology Academy) certification program, and the MIT Career Reengineering program. Following her work at MIT, she led Executive Education at the Harvard Graduate School of Education from 2008 to 2012. She also worked at Caltech, and her degrees are from Stanford University.

**Toby Woll** has been an active member of the UNICON research community, having co-authored four research reports. Previously, as a Director of Executive Education at the MIT Sloan School of Management, Woll led significant custom executive education engagement teams serving large custom clients. For a number of years at MIT, her focus was on how action learning and technology could be used to deliver and enhance the educational experience both on and off campus. Previously, as the Sloan Director of Learning Technology Initiatives, Woll developed a number of innovative digital educational products. As a Sloan representative, she was part of the MIT strategic task

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force that developed the proposal for OpenCourseWare at MIT. Woll was previously the Director of the Sloan Fellows Program at the Sloan School of Management.

Prior to MIT, Toby Woll was the Executive Director of the Center for Quality of Management, an international consortium of companies and universities working together to study and implement management systems. Woll's previous experience was in information technology as a systems engineer and instructor with IBM and founder of a computer consulting group that designed and implemented mainframe and micro computer applications. She has taught the use of computers as a management tool in industry and as an integral part of university-based management education programs.

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