

# Best Practices in Executive Education



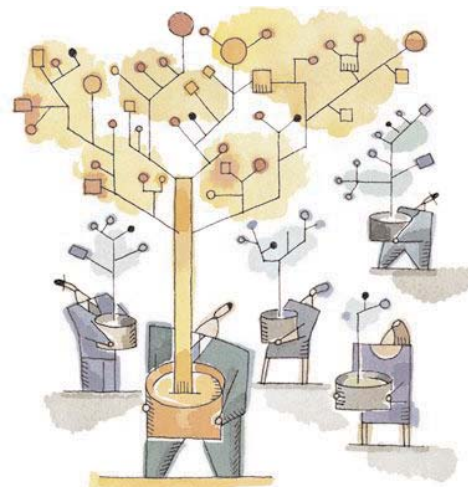
**EXECSIGHT**

## Executive Summary

Corporations need to take a completely different approach to executive education and development. CEOs, COOs, and CFOs are keenly aware of the strategic imperative of training their senior leaders and the impact that training has on corporate performance. Executive training, increasingly interwoven with strategic planning, is the "fuel" that powers management to move along its strategic "roadmap". More and more, executive management is increasing both the number of executives who participate in training programs, as well as the types of programs offered (i.e. university programs, in-house custom programs, executive coaching, etc.). The demand for executive education is strong and increasing given its role as a catalyst to drive corporate performance.

The problem is on the supply side. There is a poor perception among both HR and line managers of most organization's executive education activities. The best practices in executive education, even at benchmark organizations, are inconsistent. HR and Training departments are faced with a large number of constraints (i.e. shrinking budget, disconnect from strategic planning activities, low coordination across business units, etc.) that prohibit the required delivery of effective executive development programs. Incremental improvements will not enable them to effectively meet organizational demand. Executive education programs first need to undergo a transformation if they are to deliver the required value to the executives they serve.

The solution, as was found through direct research of 28 leading global 500 organizations, is to manage executive education as an internal start-up. Leading organizations have a very entrepreneurial approach to how they design, deliver and evaluate executive education. They are managed by true entrepreneurs who forge ahead without much structure or resources. They are



great at creating a vision, building virtual teams, being persistent and resourceful, and quite simply get the job done in the face of multiple challenges.

CEOs and their executive management need to enable the individuals responsible for executive education to be successful in the same way they would an internal start-up: Appoint a high performer (who may or may not come from within HR) to lead the effort, give them aggressive goals and provide executive support to make it happen. C-level executives need to have direct involvement in providing input into executive education activities, and participate as both students and instructors. Without executive management support and involvement, executive education programs will falter, limiting successful corporate performance.

Part I of [REDACTED], "Where are We Today?," covers the state of the executive education industry. Part II, "Where are We Heading?," focuses on marketplace trends and implications for executive education. Part III, "What Should We Do?," describes the best practices for transforming executive education departments in order to transform corporate leadership within an organization.

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## Foreword By Mark D. Nevins, Ph.D.

Several months ago I had the opportunity to facilitate a meeting of a half-dozen of some of the most intelligent and successful Chief Learning Officers in North America. The agenda for the meeting was an open conversation about the role of the CLO, how the Learning and Talent functions can advance the organization's business objectives, and what's currently at stake in leadership development. While the group did spend time on each of those topics, the most lively and heated conversation was around leadership development—no surprise since the most sensational headlines in business news over the last few years have centered on leadership: catastrophic failures by highly public executives, from strategic to ethical; serious questions around what really motivates some corporate leaders; and increasing anxiety as organizations continue to struggle with how best to identify, develop, and retain their future leaders.

At one point during the conversation about leadership and leadership development there was a "Eureka moment." One of the CLOs stopped in mid-sentence; there was a pregnant pause; and then he asked the group, "Is it possible that we need to completely re-invent how we go about leadership development? We continue to offer programs from the past, and we measure improvement by small margins on existing models that don't really seem to work any more. Should we be fundamentally re-thinking how we develop leaders?" There was another pause after he finished because, I believe, everyone around the table realized he had asked the most frightening but also the most important question of the day.

Every corporate executive speaks about the importance of developing leaders, but the data suggests alarmingly that we may not be doing an especially

good job at leadership, if leadership means doing the right things, the right way, for the right reasons, and ensuring that tomorrow's leaders are being developed effectively. If leadership is one of the most significant current challenges for every organization, and if predictions are that the challenges of leadership are only going to get more pressing in the next 20 years (from changing demographics to increasing complexity to ongoing globalization) . . . then what are we doing about it?

Scott Saslow's work on corporate leadership development is must-reading for anyone concerned about leadership in organizations, from the HR and OD heads to the training functions to, most critically, the senior management team. Based in thorough research, intensive interviews of key leadership development players, and a probing set of burning questions about the mission and effectiveness of executive education, Saslow lays out a framework for understanding what's at stake: the current state of leadership development; trends and implications for the next few years; and, most important, a set of imperatives that truly world-class organizations will be following as they focus on transforming corporate leadership.

We don't yet know the answers, but the key questions are becoming much clearer:

- The "War for Talent" during the go-go years at the turn of the century taught us that people are a critical competitive advantage. If people really are "our greatest asset," what are we doing about it?
- To be successful, leadership development must be one of the top three items on the CEO's agenda; it can't be left in the hands of the HR function, and simply paid lip service to by senior management. What, then, are the implications for the process of ongoing leadership development, and the role of the Learning/Leadership function?

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- What have we really learned about the discipline of executive education and development? Are there commonalities or differences among the best organizations? Do most professionals tend to "reinvent the wheel" over and over? What kinds of approaches and frameworks do the most effective development professionals employ?

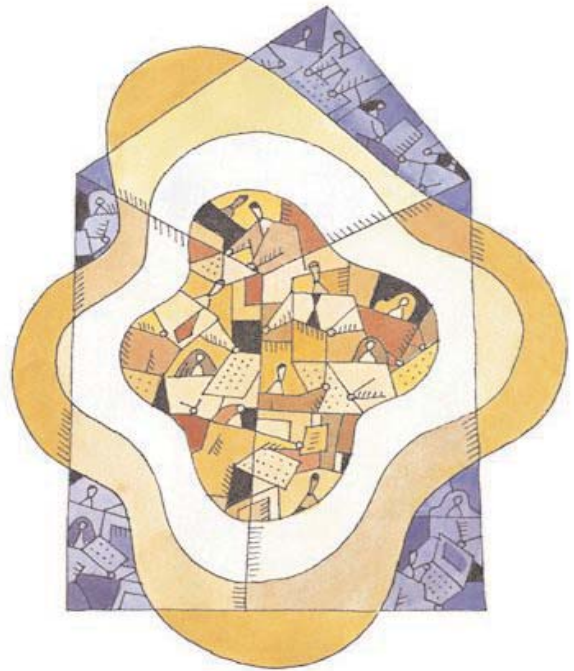
Economists and business school professors have charted significant evolutions in business over the last generation, but in the final tally the biggest story has been a real crisis in leadership. Leadership is not just a "nice to have"- it is the single factor that determines the rise and fall of organizations. Whatever the industry, identifying, developing, and promoting leaders is the business that makes the business succeed: identifying and developing leaders who have the skills and passion to drive the business, leaders who are in the game for the long run, and leaders who are themselves driven by something more than just their own personal gain.

So, what is  organization doing about it?

**Mark D. Nevins**

New York City

April 2004



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## Introduction - The Enemy from Within

An enormous challenge faces U.S. corporations that will have an impact as significant as rising labor costs, shifting distribution channels, and increasing overseas competition. Unfortunately it receives a fraction of the attention and resources directed to these and other more visible threats. Ironically, the challenge has nothing to do with activity external to the corporation; in fact, the challenge comes from within organizations themselves. This challenge to overcome is the lack of senior management talent that is essential for leading the corporation both today and into the future. Almost more troubling is the lack of understanding of how the related trends will continue to limit corporations' capabilities going forward.

Most executives will agree that even in a slow economy, their corporation does not possess a sufficient number of talented leaders yet few understand that this shortage of executives, along a shortage of all skilled workers, will only worsen in the coming years. The Bureau of Labor Statistics predicts that by 2008, 25% of senior management positions will be vacant, mostly due to the upcoming wave of retirement of Baby Boomers that will soon hit corporate America.<sup>1</sup> Moreover, the pressure on existing executives to perform is enormous. They are being asked to do more with less and do it faster than ever before. For high-profile roles at the top, the CEO post is a revolving door. New CEOs bring new plans and new people. The increasing frequency with which organizations revamp key strategies to keep up with the rapidly changing business environment requires a commensurately rapid shift in the skills required by the executives leading the organization. The demand for executives and the demands on executives are both increasing

rapidly, yet the supply of executives is diminishing. The scenario is, frankly, scary.

How can corporations manage this mismatch of demand and supply? Paying higher salaries and doing a better job recruiting might yield some short-term gains, but for organizations as a whole this is a "zero-sum game." The way for the industry to solve this issue is to focus on increasing the supply.

"In virtually every corner of society there is a perennial shortage of leaders...if the demand is high and unflagging, the supply is unpredictable, at best. Consequently, any effort to improve the quality and quantity of leaders ought to be met with enthusiasm."<sup>2</sup>

This sounds easy enough: let's just train more executives and do a better

job at it. But there is a problem: few training activities are truly transformational. Companies are undergoing their own transformations- but are their leaders? Are executive education programs even designed to provide a transformational experience? Or do they simply aim to offer a "very good" incremental learning experience? If executive education departments and programs must themselves undergo a transformation in order to provide leaders in the organization with a transformational learning experience, what is the required transformation and how do they achieve it? This study is not only descriptive of the state of executive education but also provides a prescriptive call to action for executive education professionals.

For a several-month period starting in September 2003, ExecSight conducted an in-depth study of the executive education market, integrating primary research with findings from a vast collection of books, articles, and industry presentations on the topic.

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Executive education departments and programs must undergo a transformation before the leaders in the organization can benefit from a transformational learning experience.

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1. The BLS also reports that by 2010, with the retiring of the baby boomers, 10 million jobs will remain unfilled.

2. Thomas, Robert J. and Bennis, Warren "Leading for a Lifetime: A Preliminary Conceptual Model" Accenture Institute for Strategic Change, May 21, 2001.

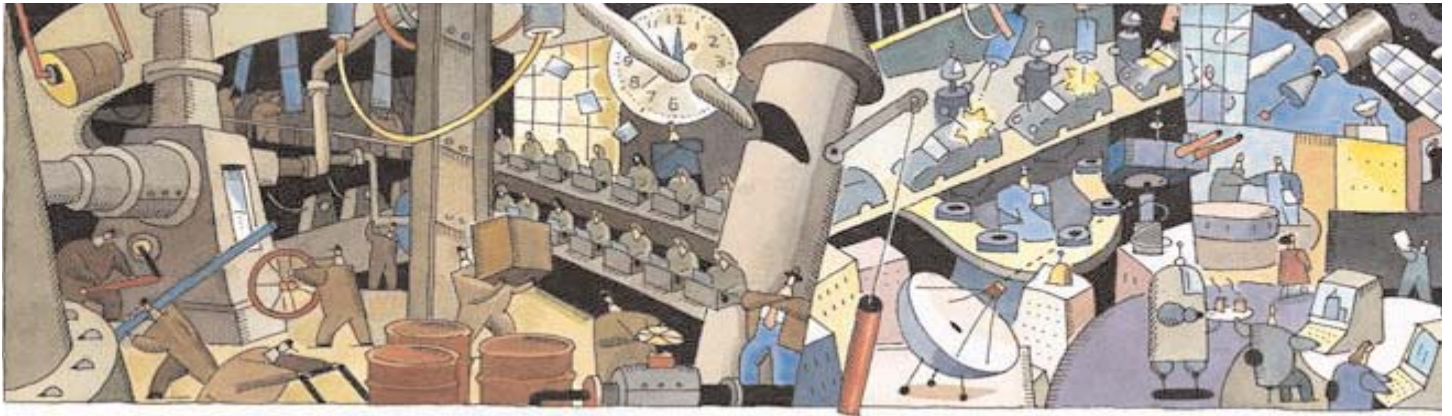
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Senior executives who manage the executive education programs at 28 global organizations, most consistently recognized as having world-class corporate training processes, were contacted for one-on-one interviews for this research. The participating companies, on average, have outperformed the S&P 500 Index by a staggering 49%.<sup>3</sup> For a full description of the study methodology and study participants, please see A1 and A2 in the Appendix.

This study is intended to benefit professionals in the industry including those in corporations that conduct executive education programs, independent professionals and those managing university programs by uncovering the best practices in place today. Given the strategic nature of executive education, senior management teams will also benefit a great deal from this work. The study provides insight into how the field will evolve and makes specific recommendations on how professionals in the industry can take advantage of these trends in ways that ultimately help their own organizations reach their goals.

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3. Participating companies experienced an average annual return on equity of 18.1% over the previous five year period; the average for the S&P 500 over the same period is 12.1%.



## Summary

The challenges for executive education professionals are great, and so is their responsibility. They hold the key to the future for their organizations, and they can use this key to unlock managerial talent at their companies. The executive education marketplace continues to evolve; needs are changing and vendors are shifting. Success will be more difficult to achieve in the future, although there are new models, techniques, and tools

designed to improve the services and improve the process of educating executives. Just as great leaders are made, not born, so, too, can executive education professionals learn how to perform at the top of their game. Only by transforming the way they deliver their educational services will they enable the transformational learning experiences upon which their organizations depend for success, and even for survival.

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## A1. Study Methodology

In August 2003, a list of target study participants was developed and approximately 90 requests for participation were sent to the organizations. The focus was on enterprise organizations (mostly Global 500 companies) since they tend to have the greatest training needs and also spend the largest amount of resources on solving their challenges. Such organizations account for a disproportionate bulk of executive education activity. The target companies were ones with recognized innovative training and education practices that had often received formal recognition within the training industry. While the majority of organizations are in the private sector, a few public sector organizations are included. Ultimately, the list was narrowed to 28 participants.

Beginning in September 2003, ExecSight conducted interviews with the training executives in participant companies. The interviews were conducted in person and over telephone conference calls covering questions in five basic categories: Background, Strategy, Operations & Services, Budget, and Impact & ROI. In all cases, the individual interviewed was the top manager responsible for the design and delivery of executive education programs, such as the Chief Learning Officer, VP of Management Training, and Head of Executive Development.

Additionally, to support the findings from the primary research, dozens of books, management journals, industry articles and online resources were consulted, as were specialists in the executive education field.

### Participant Statistics:

Total Organizations	28
% in Global 100	52%
% in Global 500	95%
Countries represented	USA, Canada, UK, Germany, Switzerland, Japan
Public sector participants	3
Ave. sales at participant organizations	\$33 billion
Ave. employees at participant organizations	162,000
Participant 5-Year Ave. Return on Equity	18.1%
S&P 500 5 Year Ave. Return on Equity	12.1%
Participant 5 Year Ave. ROE / S&P 500	+49.6%
Industries represented (15)	Automotive, Aviation, Basic Materials Wholesale, Conglomerate, Construction, Consulting Services, Financial Services, Food & Beverage, Insurance, Manufacturing, Pharmaceuticals, Public Relations, Public Sector, Retail, Technology

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## A2. Study Participants

ExecSight is grateful to the following companies and organizations for their participation in

**3M**  
Head of Leadership Development Institute

**Aetna**  
Head of Executive Education, Executive Development & Selection

**Bechtel**  
Executive Development Program Manager

**Boeing**  
VP of Leadership Institute

**Booz Allen Hamilton**  
Head of Talent Development

**Credit Suisse First Boston**  
Head of Executive Development

**Department of Labor**  
Management Trainer- Employment & Training Division

**Deutsche Bank**  
Chief Learning Officer

**Federated Department Stores**  
Vice President of Training Operations

**General Electric**  
Vice President of Crotonville

**General Mills**  
Vice president, Chief Learning Officer

**General Motors (2)**  
President of GM University;  
Dean of College of Leadership

**Guidant**  
Director of Leadership and Executive Development

**Hartford Financial Services**  
Vice President Talent Management

**Ketchum Public Relations**  
Senior Vice President, Chief Learning Officer

**Manulife**  
Assistant Vice President, Global Learning Group

**McDonald's**  
Vice President, Executive Development & Succession Planning

**Mitsui**  
General Manager, Human Resources Development Department

**Molex**  
Corporate Manager, Training & Development

**Novartis**  
Head of Learning and Director of Corporate Learning

**PepsiCo**  
Vice President Executive Learning

**Siemens**  
Vice President of Management Learning

**Springs Industries**  
Chief Learning Officer

**United States Air Force**  
Division Chief - Senior Leader Management Office

**United States Navy**  
Deputy Executive Learning Officer

**Undisclosed participants**

- Top 5 Global technology company
- Top 5 Global investment bank

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## A3. Bibliography & Additional Resources

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## About ExecSight & Future Work

ExecSight is a professional services company that provides Executive Development Professionals with market intelligence and best practices research to help them deliver high impact programs.

### Scott Saslow

Mr. Saslow has worked in the human capital management field for the past several years. As head of ExecSight, Mr. Saslow is responsible for the design, operations, and delivery of multiple market studies in the executive development field. The first study, "\_\_\_\_\_," is a comprehensive report on the executive education marketplace, drawing on interviews with CLOs and VPs of Management Training from 28 Global 500 organizations such as 3M, General Electric, PepsiCo, Boeing, DeutscheBank, and Siemens. Highlights of this study will appear in the upcoming book, "Creating a Learning Organization to Drive Corporate Performance" published by Jossey-Bass (2005). The Academy of Management Learning & Education Journal has asked Mr. Saslow to join its Editorial Board for 2004-2005, and he will co-chair the ASTD's 2005 international conference representing the Management and Leadership speaker track. Mr. Saslow works with a variety of executive education vendors as well as companies who deliver executive development programs internally for their top management.

Prior to ExecSight, Mr. Saslow was the Director of Global Marketing for Siebel Systems Employee Relationship Management Business Unit and prior to this role was the Director of Product Management of E-Learning products. Earlier in his career, Mr. Saslow worked at Microsoft Corporation in product management and business management roles. Mr. Saslow is a graduate of Harvard Business School's MBA program, Northwestern University, The Center for Creative Leadership's program on Developing Successful Leaders, is certified in administering a variety of management development and evaluation tools, and is a member of the ASTD and the Harvard Business School Alumni Association of Northern California.

A frequent speaker on issues relating to executive education, workforce training, and e-learning, Mr. Saslow has spoken at \_\_\_\_\_ conference, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ Online Learning. Mr. Saslow has been interviewed for and quoted in \_\_\_\_\_ (Canada), \_\_\_\_\_, and \_\_\_\_\_.

### Upcoming Public Relations Activities for ExecSight

Press - Scott Saslow is authoring both of the following articles:

- The Academy of Management's \_\_\_\_\_ ROI in Executive Development Programs, to be published in Q4 of 2004.
- \_\_\_\_\_ Magazine - Integration of Executive Development with Strategic Planning, to be published in the October 2004 issue.

Speaking Events - Scott Saslow is presenting at both of the following engagements:

- Global Forum on Executive Development - Munich, Germany
- San Francisco Bay Area Executive Development Network - Sunnyvale, CA

### Contact ExecSight

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