

# Defining Value, Delivering Impact

## Executive Education Futures

Participants and purchasers set out their views on the role and value of executive education and their expectations for future provision.



carringtoncrisp

EXECUTIVE SUMMARY

# Introduction

During late 2008 and throughout 2009 the Executive Education market came under considerable pressure as firms sought to reduce spending in the economic down turn. At the same time, in informal conversations with employers, CarringtonCrisp detected potential changing requirements from those purchasing executive education. In particular, corporates suggested they might seek collaboration between providers, greater and faster impact from employees on their return to work and inevitably, a focus on value for money.

CarringtonCrisp worked with eight providers of executive education services to study the market place. As part of this study an online survey was conducted with both those undertaking executive education and those purchasing executive education. In addition, a series of one-to-one interviews were carried out with firms using executive education.

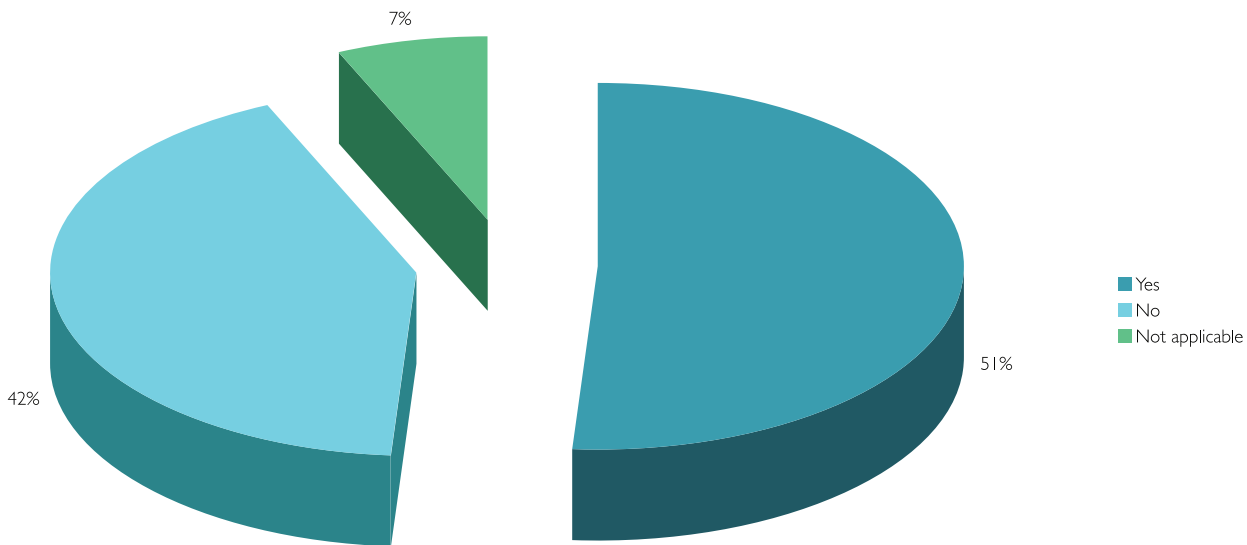
Research for the Executive Education Futures study was carried out in December 2009 and January/February 2010. A total of 485 responses were received in the online survey. Those responding to the survey represent individuals currently taking part in an executive education programme, previous participants and those responsible for purchasing executive education within companies. Over half, 55%, describe themselves as managers and more than a fifth list themselves as directors.

The sample has a diverse age profile, although the largest group at 20% describe themselves as over 50. Only 1% identified themselves as under 25, 42% in total were under 40. Respondents were drawn from 51 countries with the three largest groups from the UK, Australia and the Netherlands. In addition a series of 21 interviews have been undertaken with those responsible for purchasing or selecting executive education in organizations.

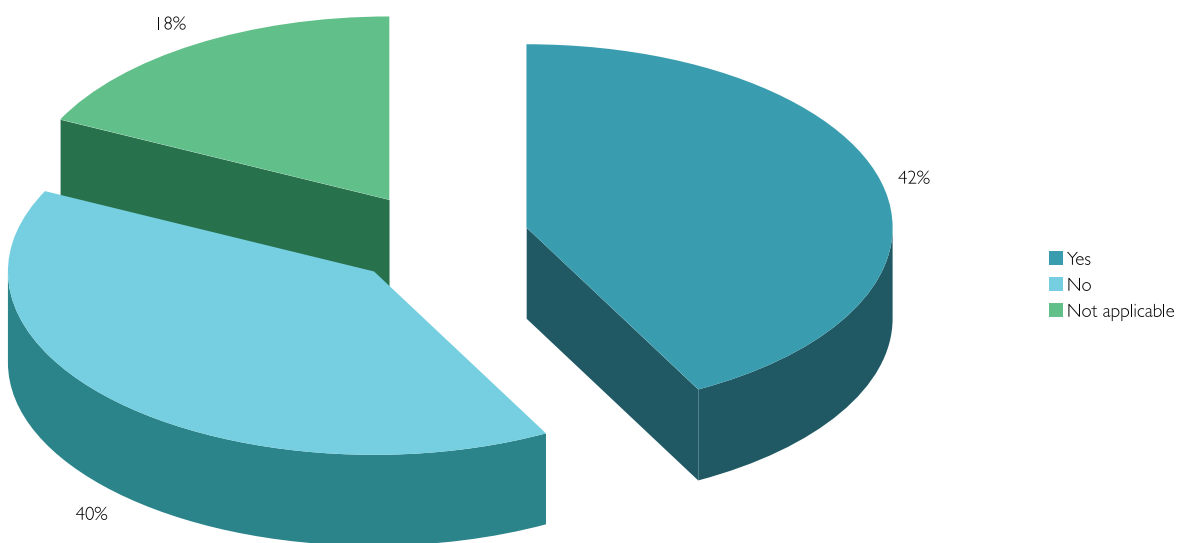
Around one-third of the individuals responding to the survey were drawn from organizations with a turnover of more than US\$2billion annually. The remainder of the sample was widely spread by size of annual turnover with just under 15% coming from small organizations where turnover was less than US\$2million annually.

I found the material presented to be leading edge, but the delivery method to be outdated. Running students through excessive powerpoint slides is not the most effective way of learning.

Percentage of purchasers indicating a decline in spend on open programmes in the past 12 months



Percentage of purchasers indicating a decline in spend on custom programmes in the past 12 months



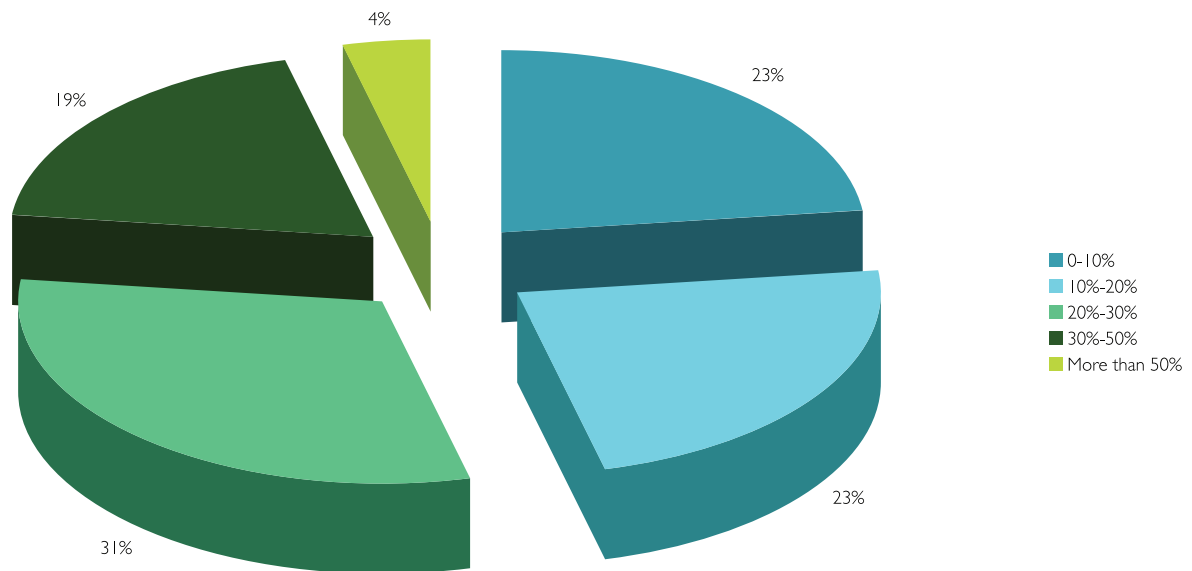
## Demand bounces back

Purchasers of executive education report that more than half of them have reduced their spend in the last 12 months, although just over 40% have maintained their levels of spend. Many (45%) report cuts in spending on open programmes of 20% - 30%, with a third reducing spend on customized programmes by more than 50%.

Although the cuts in spending have been severe and sudden, the prospects for the future are good. Just under 60% of purchasers expect spending to grow in the next 24 months, while only 31% expect no increase.

Everything about the course was good – just thought it was a little bit expensive ie. felt like we were paying for the facility and not the programme.

Scale of expected spending increase on executive education in the next 24 months



## What I really, really want

Demand for executive education is greatest in the fields of Strategy, General Management or Leadership. Also popular are Marketing, Sales and Client Relationships, Human Resources, Financial Strategy, Change, Innovation and Business Improvement. Least popular areas of study from a list of 12 provided were Enterprise and Business Growth and Logistics and Supply Chain Management.

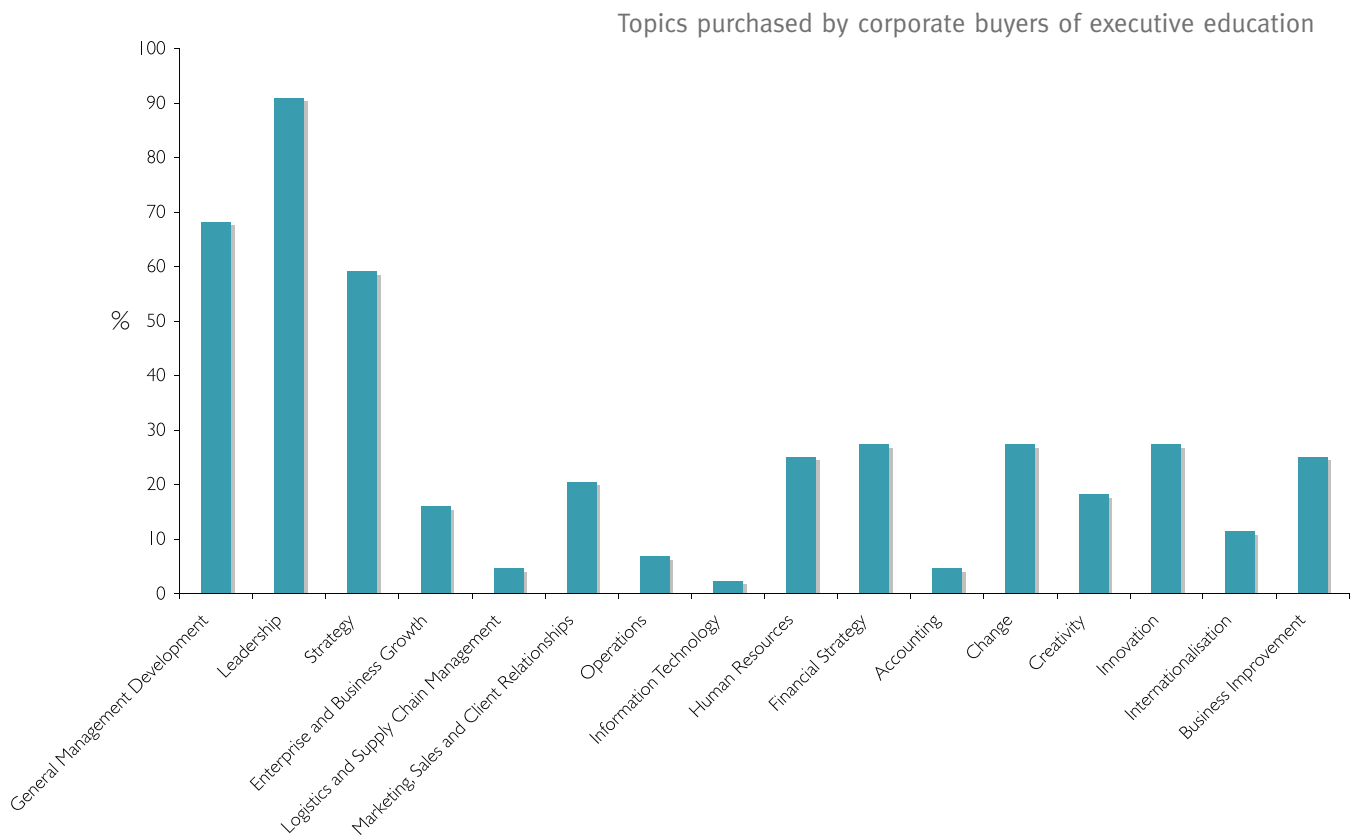
Among those interviewed it was often stated that content must be connected to real business issues. Academics with relevant and recent consultancy experience command a premium.

## The Executive MBA

Executive MBAs remain a popular product, particular where there is 'strong academic content', 'content that can be tailored to individual needs', which 'combines academic theory with real world application', has 'flexible study options', and offers the potential to 'improve career prospects'.

The most valuable content in the Executive MBA is identified as Strategic Management, Leadership and Managing People and Organisations. Also valuable are Business and Financial Environment, Marketing, Entrepreneurship, Project Management and Interpersonal Skills. The findings closely match those from another CarringtonCrisp study, Tomorrow's MBA, which examined the views of more than 700 prospective MBA students from 91 countries.

There is always a risk of tutors not having enough direct business experience to help participants apply academic models to their daily business.



## Cost

Cost is not the key to choice of provider, although more than half of individuals carefully compare the cost of programmes before deciding where to study. A similar number say that value for money was more important than the actual cost of the programme and less than 10% say they will choose the lowest cost study option. However, 1 in 5 said flexible payment terms were important to them.

When employers contribute to the cost of study there is no typical contribution, instead almost equal numbers pay up to a quarter, a half or three-quarters. The most frequently noted employer contribution is 75% – 100% of costs, which was chosen by around one-third of the sample.

Among the corporate interviewees cost is also a consideration, but not the overriding factor. Instead choice of provider is more about the fit with a particular company, understanding the culture and personal relationships.

Reduce off-the-shelf programme content and customise more to meet employer needs.

## Why study?

For many students at business school motivation to study is dominated by career factors and often by getting a new career. For those on an executive education programme, although career is important, it tends to be more about progression within a company, often as part of a predetermined management development programme.

## Knowledge is everything

Much recent research by CarringtonCrisp has highlighted the importance of the internet in attracting potential students. The Executive Education Futures study is no different with both ‘web search’ and ‘provider websites’ selected as important sources of information. However, there is also an important difference to other studies, with much greater emphasis placed on ‘word of mouth’, ‘recommendation from colleagues’ and ‘recommendation from a professional network’. Whether in the future the use of the internet and networks is combined through services such as LinkedIn remains to be seen.

## Reputation not research

Reputation is key to choice of programme and provider, specifically the reputation of the business school/provider as a whole. Twice as many individuals (50%) ranked ‘Reputation of the business school/provider’ as ‘Most Important’ compared with any other option. A provider’s reputation for postgraduate business education or for academic research are far less important in making executive education choices.

However, reputation isn’t everything. Alongside a school’s brand other aspects are also important in making choices about what and where to study including course content, value for money and FT rankings of the business school as a whole and specifically its executive education services.

For corporate purchasers of executive education and those considering study four items stood out among those ranked as Most Important when making decisions:

- Personal recommendation
- Provision of information on course content
- Value for money
- Quality of teaching

I would like to see the various open programs offered included in some form of accumulated qualification.

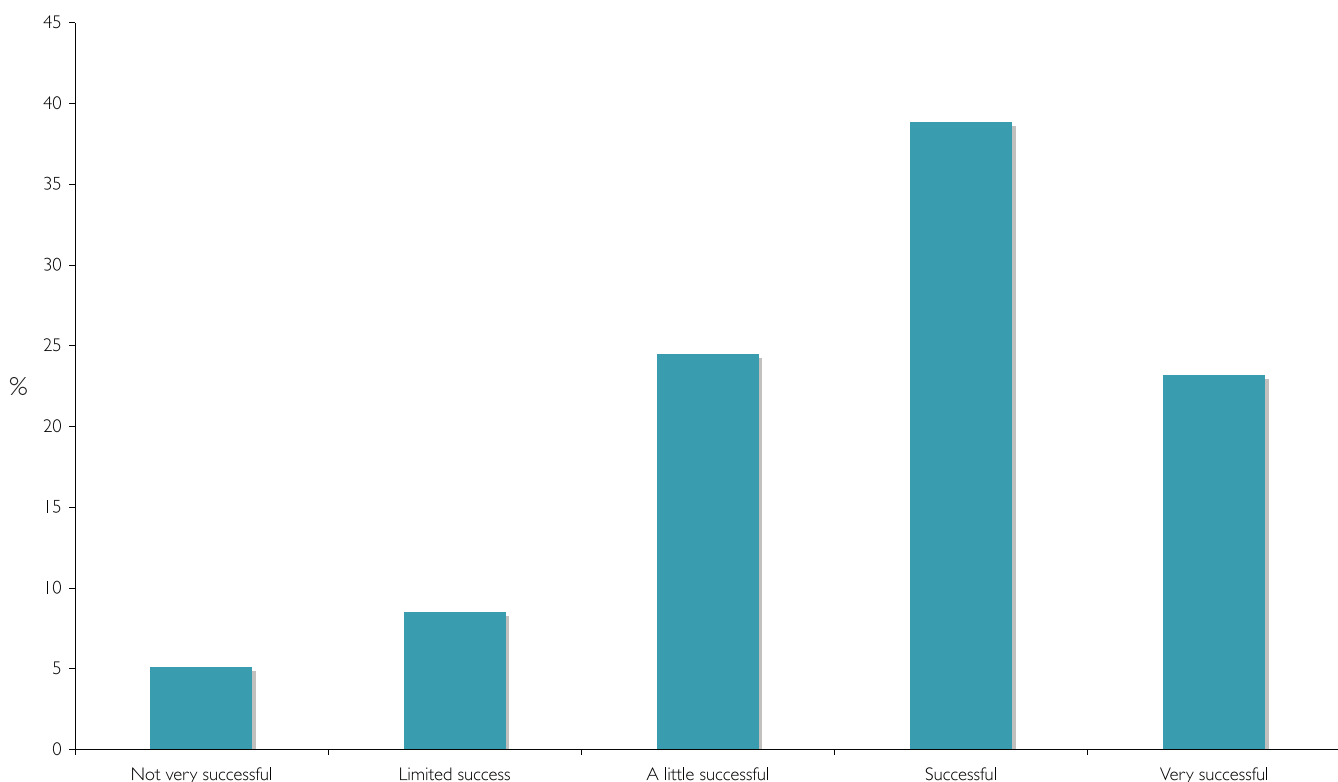
Least important were Support services, Teaching facilities, Follow-up after course completion, Integration of physical and electronic delivery methods, Opportunities for collaboration between a variety of providers and the Reputation of the teaching staff

While reputation is key, some corporates reported that they are finding some of the second tier schools more flexible and understanding/adaptable to employers needs; there can be a trade-off between having academic stars deliver a programme and the ease of dealing with particular providers.

Flexibility is also a key issue for employers. They do not want to pay bespoke prices and then feel that they are being offered something off the shelf. Several employers commented that some schools spend more time telling them they can't do what the employer wants and trying to shoe-horn them into something else, than trying to meet the purchaser's needs.

The academics wanted to showcase their tools and models, rather than understand the business and speak their company's language.

Effectiveness of programmes and providers in helping participants apply learning in their workplace



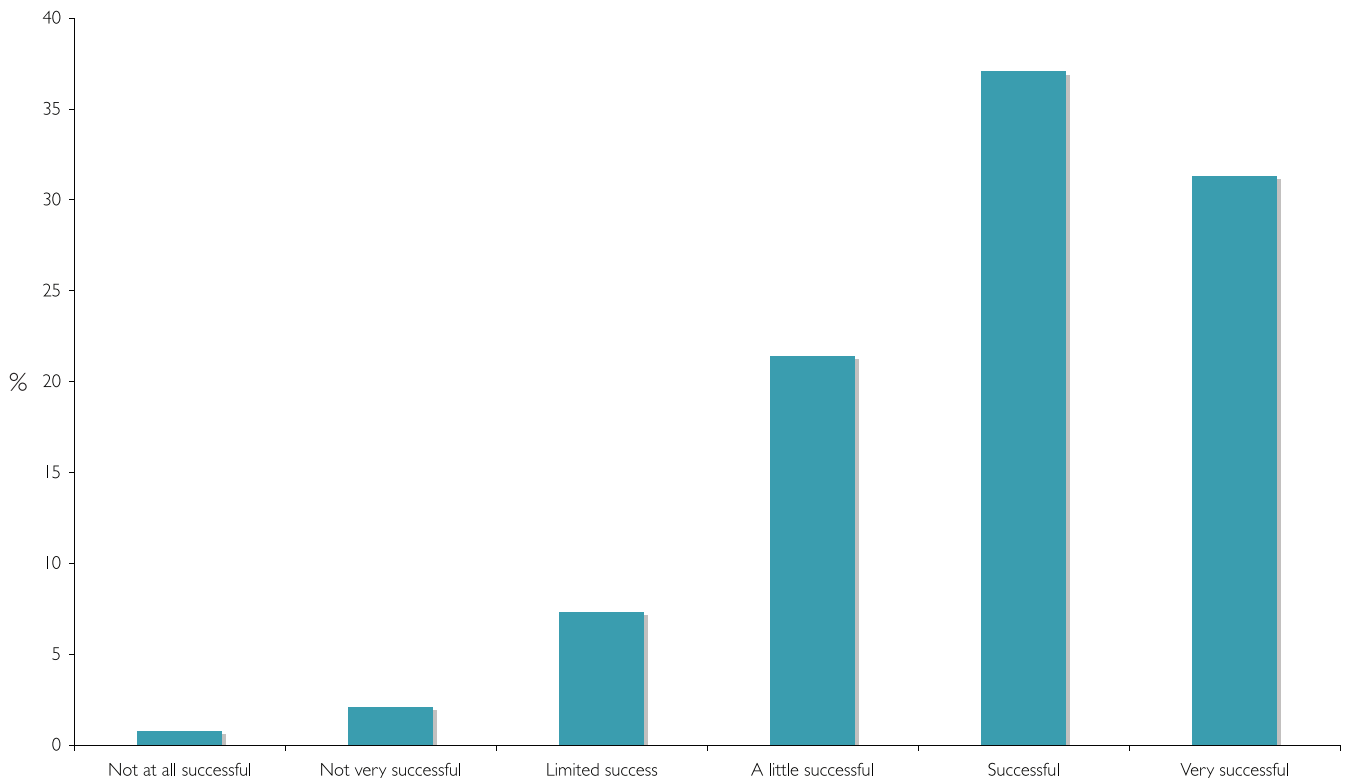
## The mark of success

Measuring the success of programmes will always be tricky and there is no great desire for formal ROI performance indicators. Individuals suggest themselves that nearly 80% have had a successful or very successful experience. However, less than two thirds say they have been successful in applying their learning in the workplace. Just over a quarter of participants' colleagues are keen to learn from them on their return to work and for about a third, their boss encourages them to make use of their learning in the work place.

A large number of employers use coaching to enhance the value of learning and this may be a growing field for executive education purchasers to maximise the value of individuals learning. Looking ahead, one of the main requirements of purchasers is a greater focus on personalized learning plans.

Cost does come into it but is not the main driver. It is more about a good relationship, a good reputation and an inspirational environment.

Effectiveness of programmes and providers in meeting development needs of participants



## Embedding Knowledge

Among the interviewees many said that embedding learning is the hardest challenge, whatever processes and measures you try to put in. Achieving individual ownership is important, as is follow up, which can be web-based rather than face-to-face.

Coaching can be a useful tool in helping to embed knowledge, along with alumni programmes and networks and tools such as LinkedIn. Finding a way to sustain the impact and measure the growth of an individual and benefit to the business would be very valuable.

## Into the crystal ball

Whatever terms are used the focus for employers going forward will be to drive greater value for money from their executive education spend. For some purchasers this will simply be expressed in money terms, for others it will be about a better connection between content and work and for a further group it will mean being able to show a clearer, demonstrable impact upon the performance of those who have undertaken studies on returning to work.

For some, driving greater value for money meant shortening programmes, but with the same learning objectives. Two and a half days were becoming two days, 1 week was falling to four days. Follow up was viewed as important, but not a deal breaker. Other employers suggested it is a great time to shop around and negotiate hard to take advantage of the poor demand being experienced by schools. Short, sharp and relevant was a phrase that was used.

From the interviews employers also suggested that the executive education offer needs to reflect the international nature of different organisations and that future courses will have less emphasis on data. Instead a more experiential, values-based and qualitative approach that looks at individual personality to encourage entrepreneurial leaders would be more important.

I am increasingly frustrated that business schools are turning into basic skills training providers – I believe that executive education is about EDUCATION and not skills training. I think part of this is driven by a futile attempt to demonstrate ROI – and this is easier to do for a 'skill' than for real education.

**If you would like to know more about perceptions of executive education at your business school, contact CarringtonCrisp by email at [info@carringtoncrisp.com](mailto:info@carringtoncrisp.com) or by telephone on +44 (0) 20 7229 7373 and find out about the next Executive Education Futures study and our range of customised market research for individual schools.**



European Foundation for  
Management Development  
rue Gachard 88 box 3 B-1050  
Brussels, Belgium  
Telephone: + 32 (0)2 629 0810  
Email: [info@efmd.org](mailto:info@efmd.org)  
Website: [www.efmd.org](http://www.efmd.org)



The Association of Business Schools  
137 Euston Road,  
London NW1 2AA, United Kingdom  
Telephone: 020 7388 0007  
Email: [abs@the-abs.org.uk](mailto:abs@the-abs.org.uk)  
Website: [www.the-abs.org.uk](http://www.the-abs.org.uk)



**carringtoncrisp**

CarringtonCrisp  
34 Ladbroke Square  
London W11 3NB, United Kingdom  
Telephone: +44 (0) 20 7229 7373  
Email: [info@carringtoncrisp.com](mailto:info@carringtoncrisp.com)  
Website: [www.carringtoncrisp.com](http://www.carringtoncrisp.com)