

Executive Education Futures: what next for business schools, learners and employers?



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CarringtonCrisp has run the Executive Education Futures study three times over the last decade, seeking to assess trends in the marketplace and likely developments. Previous versions of the study have largely relied on a single survey of participants in executive education programs.

In 2018, CarringtonCrisp worked specifically with five business schools in North America, the UK, the Middle East and Australia to conduct the study. The findings presented here are a summary of the data collected through desk-research, online surveys for individual participants and corporate purchasers as well as interviews with those responsible for learning and development in organisations.

The survey for those with decision-making responsibility in organisations for the purchase and development of programs attracted 278 respondents from around the world, while there were 668 respondents in the survey for individual program participants. The quotes shown in this document are all taken from the interviews with those responsible for learning and development in organisations.



Introduction

The market for corporate learning and development, including executive education, is vast, covering everything from technical skills and CPD to senior leadership programs. For a business school, the opportunity to be part of this market offers an important income stream to supplement their formal degree programs.

However, even at Harvard Business School, executive education contributed only \$168 million out of \$707 million total revenue in 2015, according to the university's financial report, while Wharton had revenues of \$104 million out of a total of \$248 million according to research from Poets & Quants.

The same research suggested executive education revenues for Chicago Booth of \$22 million, for INSEAD of \$21 million, for HEC Paris of \$4 million, for ESADE of \$38 million and for ESMT of \$12 million. At London Business School, the 2015-16 Financial Statements showed open program revenue of £20 million consistent with the previous year. Custom program revenue was £24 million against prior year revenue of £27 million.

Yet the Association for Talent Development suggests that U.S. employers spent nearly \$71 billion on training in 2016. In the UK, the Higher Education Statistics Agency collects data on non-degree income from all UK higher education institutions on an annual basis. In 2015/16, UK universities were recorded as having £668 million of income under the heading CPD and Continuing Education with a further £455 million of income from Consultancy contracts.

More recently, the financial value of e-learning globally in 2017 was estimated at \$255 billion with higher education earning \$17 billion in this market.

McKinsey has suggested that between 2015 and 2030, 250 million to 280 million jobs could be created through rising incomes on consumer goods with a further 50 million to 85 million jobs generated from higher health and education spending. While many of these new jobs will be filled by staff trained specifically for the roles, others will go to people shifting from occupations now in decline. It is suggested that as many as 375 million workers may need to switch occupations and consequently, need to learn new skills.

The market for business schools

The potential market for business schools is vast. However, the market for learning and development is evolving rapidly. No longer is it dominated by classroom learning or executive retreats, but instead digital is to the fore with everything from microcredentials to digital badges to stackable certificates. How business schools respond will have a considerable impact on their future growth.

In the interviews it was also suggested that communication and learning are converging. Learning and development professionals will have to become story tellers rather than teachers if they are to remain effective in the training and development market.

Although the executive education market is increasingly competitive, business schools have a considerable opportunity to grow their share of the market. However, if they are to build on the 28% of firms that already use business schools for their learning and development, they need to better understand why they aren't considered by companies.

Content will always be key with 29% of organisations indicating that providers other than business schools offer programs that better meet their development needs. A quarter believe business schools are too theoretical and not sufficiently abreast of the real-world business challenges that corporates face, while just over 1 in 5 indicate that business schools are too expensive (22%), that working with a business school is too bureaucratic (22%), that there are no good quality b-schools near their facilities (21%) and they have seen no real impact after a business school program (21%).

FIGURE 1: Reasons for not using business schools



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Top names are still caché (Harvard, Insead, Stanford), however, funds haven't increased to support executives following more expensive programs. Providers also include new competitors such as the McKinsey Academy.

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At a certain level, managers need to believe the course has legitimacy. Without a brand, they won't attend a course.

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While corporate purchasers exhibit some uncertainty about the benefits of using business schools, individuals are most likely to have studied with a business school. Part of their decision making may be based on familiarity with a business school from a previous degree and part may be the wide range of open programs offered by these schools. Individuals are also most likely to have taken a one or two day program in a traditional classroom setting, although 35% have completed a purely online program.

Although interviewees indicated that cost and value are significant decision making factors for selecting learning program providers, other considerations highlighted are the ability to deliver content and program logistics, brand and alignment with company need. Some interviewees also indicated that they collaborate with business schools to identify learning trends.

Whether the historic trend of face-to-face learning continues is open to question with microcredentials attracting growing interest. Just under three-quarters (74%) of individuals taking part in the study would consider a microcredential, while 63% would consider a qualification leading to a digital badge.

When individuals indicate they do not use business schools, they are most likely (33%) to say that schools are too expensive, although 29% have no choice in the matter as their organisations only use in-house provision. Just over a quarter (26%) believe there are no good quality business schools near their facilities, perhaps suggesting a potential market for online only programs.

Schools that can improve their executive education offer are set for growing income. In the next two years, 51% of employers are likely to increase spend on executive education with 44% remaining at about the same levels as in previous years.

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We look for providers with faculties (not necessarily that of a business school), with industry and leadership experience and exposure, that weave rigorous and robust scientific and research evidence with real-world, on the ground experience.

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Business schools can be very expensive and the price difference in tender offers can sometimes be 10x. There is a relationship with brand and price but not always with quality and price.

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FIGURE 2: Key elements considered by employers when selecting a provider of executive education



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Managers feel they have to keep up with ongoing trends otherwise they become irrelevant. It used to be that you got to the top of an organization and stayed there. Now executives must stay relevant with new topics and the trends disrupting business such as cryptocurrency, blockchain and mega organizations coming out of China. Executives need the ability to set a vision in new technology fields.

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The political science school within the university offered an advocacy program with better quality at a fraction of the price of the business school.

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One concern that should be shared by all providers of executive education and the organisations they work for is that just under a quarter (24%) of all individual respondents to the survey have not taken part in any programs in the past five years nor do they expect to do so in the next five years. Given the acknowledged impact that the development of management skills has on productivity, this lack of staff development raises questions about missed economic growth.

Skills and studies

A further element for business schools to consider is what skills employers are seeking for their staff to help their businesses grow. Historically, leadership has been a staple of much executive education and while it remains important other skills are coming to the fore. A 2014 study by the Economist and the Lumina Foundation examining companies' skills needs highlighted critical thinking and problem solving, collaboration and teamwork, communication, technical skills associated with the job and adaptability/managing multiple priorities as the five top skill requirements.

In the survey, specific topics that organisations want to prioritise for the next three years are:

- Productivity and operational efficiency
- Business development: leading for growth
- Growth and scalability
- Strategic marketing and communication
- Business model innovation
- Managing a multi-generational, diverse workforce
- Creativity and design thinking
- Risk management

FIGURE 3: Employers spend on executive education in the last two years and the next two years

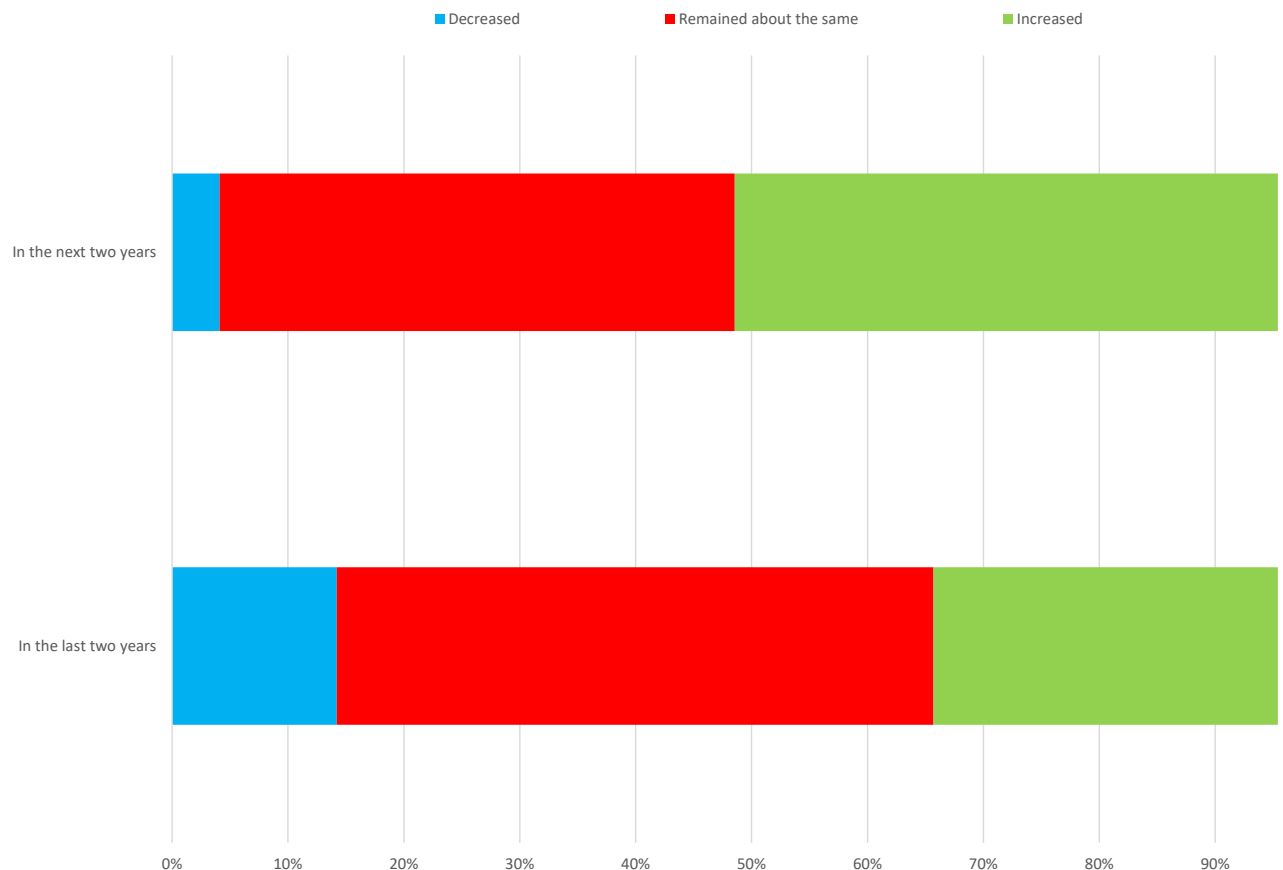
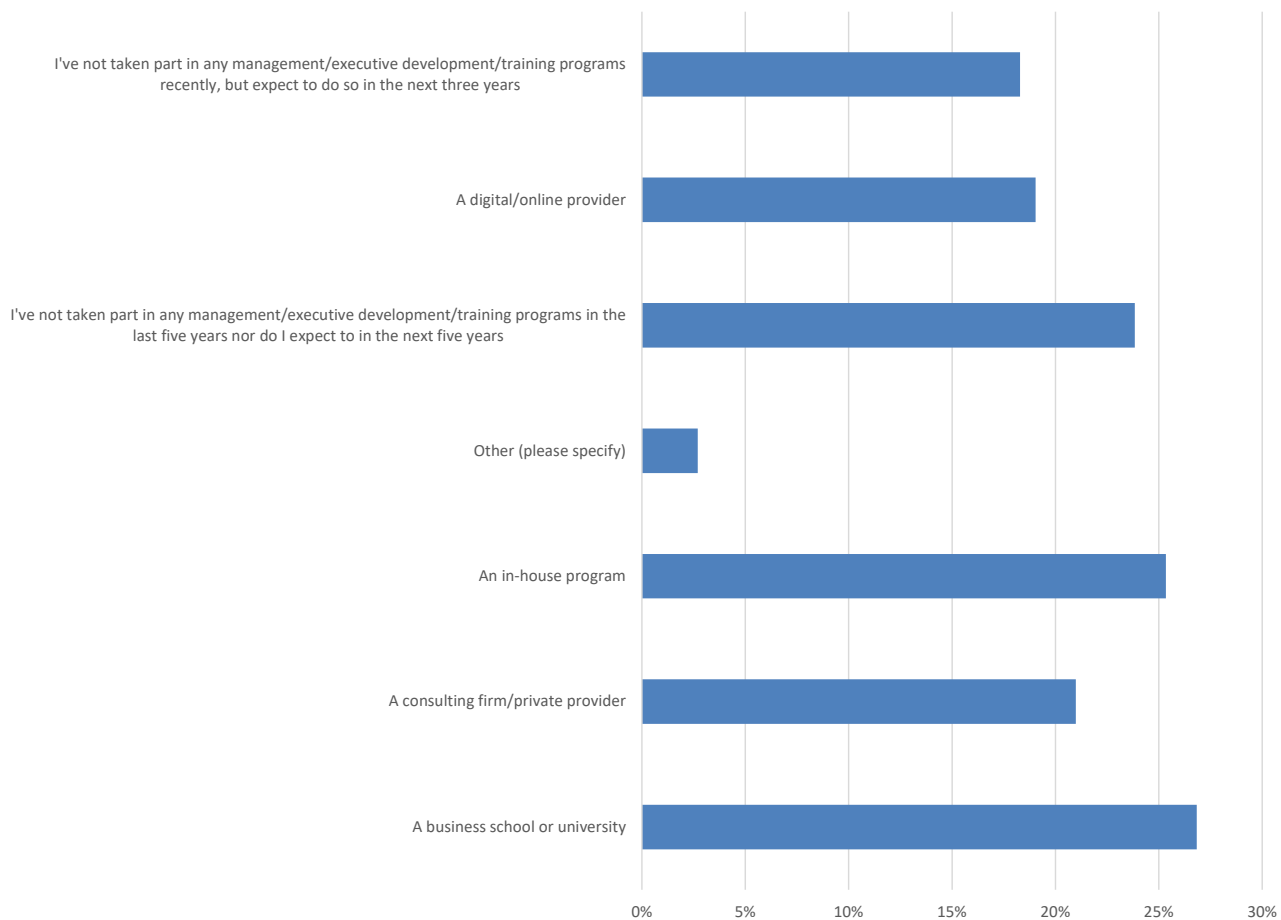


FIGURE 4: Providers used by individuals for executive education



Interviewees also highlighted a shift in program emphasis to focus on the human element: helping people understand how to be a decent human being and helping organisations to create a meaningful work environment.

When they do study, individuals have focused on the following top five subjects in the past two years:

- Strategic marketing
- Communication skills
- Leadership
- Risk management
- Productivity and operational efficiency

However, the next three years suggests something of a shift in the marketplace, with the top five likely to attract the interest of individuals being:

- Growth and scalability
- Enabling mindsets
- Resilience/mindfulness
- Digital transformation
- Social impact

In the interviews with corporates, it was also suggested that executives are taking more responsibility for their personal learning, especially to stay relevant with megatrends such as technology.

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Capacity to understand what we need is key. We look for a custom proposal responding to need instead of a 50 page standardized powerpoint.

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We're training for a different kind of leadership: leadership in a VUCA era where our leaders will need to balance a myriad of challenges in such an environment, e.g. compliance and risk management is just as important in the current regulatory environment as business performance.

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In the coming year external suppliers must adhere to internal standards to ensure that the training also has a business impact. Course structure must include a mix of education, practical application and entertainment.

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Facing the competition

Business schools also need to consider other players in the learning and development marketplace. While individual consultants and private training companies have always been part of provision in the market, management consulting firms and new entrants using technology as a key part of their delivery are now growing their market share.

Many will be familiar with companies such as Coursera, EdX, Futurelearn, Udacity and 2U, perhaps associating them with the MOOC boom of a few years ago. However, many of these same companies are now repurposing content for the corporate marketplace.

Beyond the well-known digital providers, innovation is spreading across the world with a good example being The Emeritus Institute of Management in India. The provider reached revenues of \$14.5 million in 2016-17 and is expected to have grown even further to almost \$40 million in 2017-18. Emeritus also highlights a new trend in learning and development – the growing importance of learner data. Emeritus is investing in a new analytics centre in Mumbai, using data to grow an adaptive learning offer, based on artificial intelligence and predictive analytics.

Business schools will need to leverage their expertise in developing curricula, pedagogy, outcomes, competencies and the science of learning to provide them with an advantage over new entrants to the executive education marketplace.

FIGURE 5: Types of learning undertaken and considered by individuals

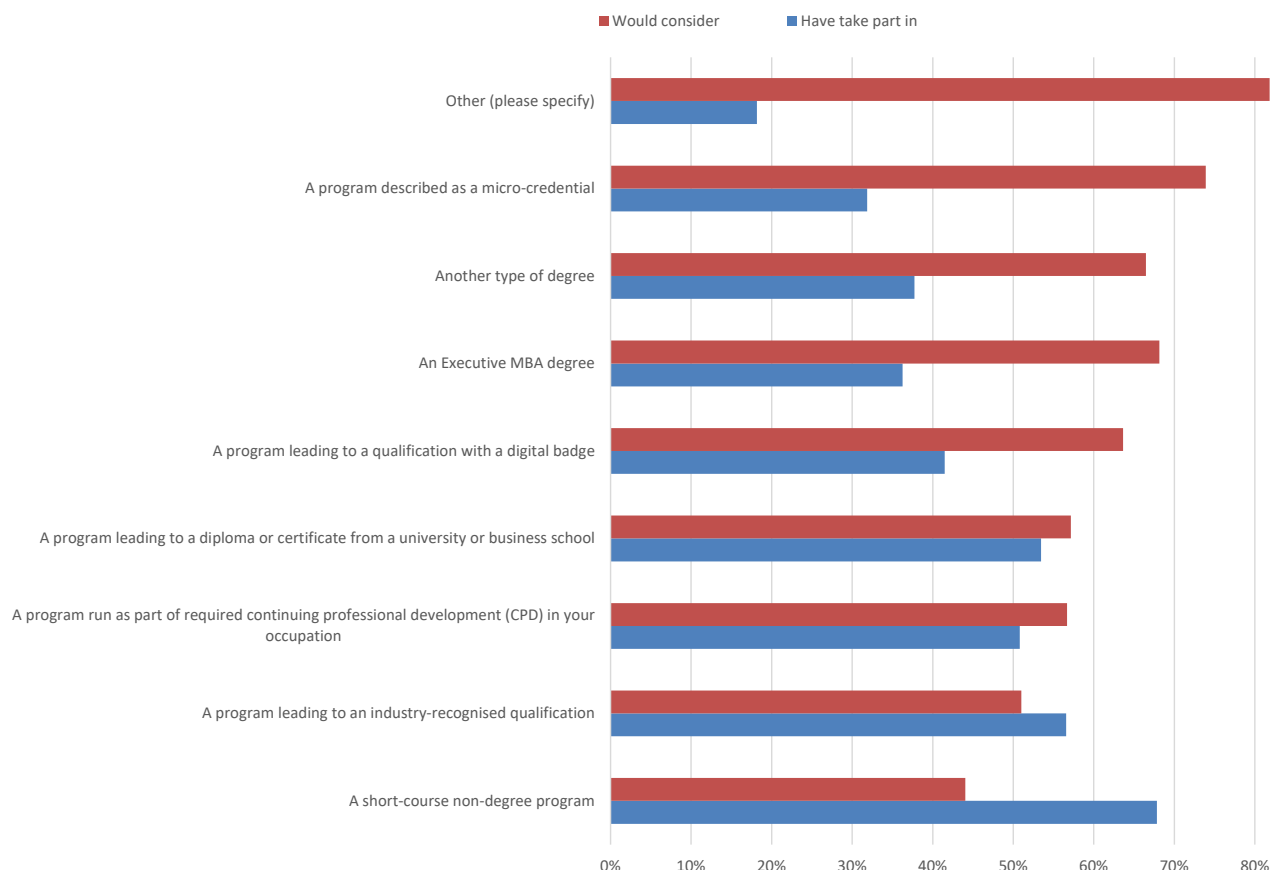
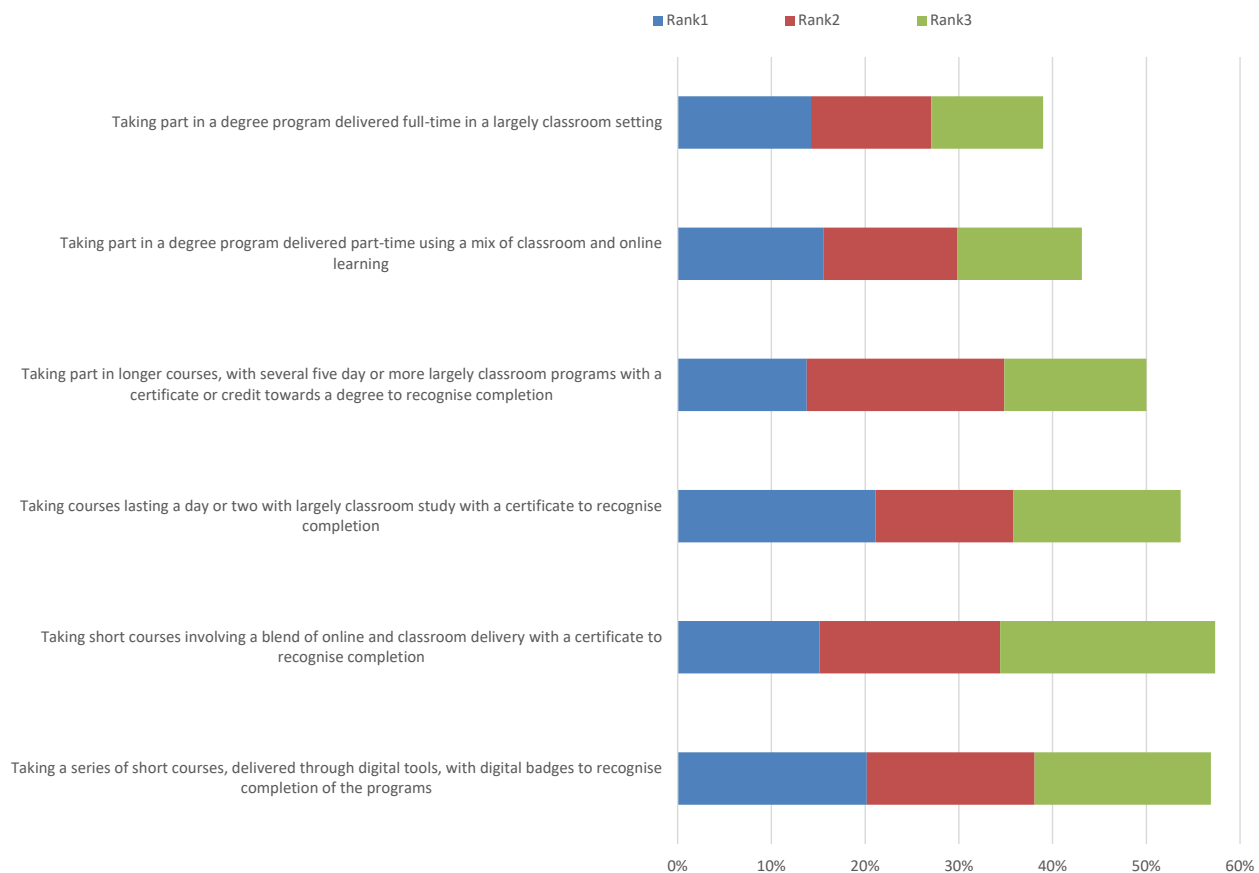


FIGURE 6: Preferred approaches of individuals when addressing future executive education needs



Looking to the future, three-quarters of firms responding to the survey agree that short bursts of learning, delivered flexibly, providing microcredentials are valuable in meeting their development needs. With unbundling of content and the ability of technology to provide short bursts of learning where achievement, and to a lesser extent, impact can be measured, the microcredential market is set to grow.

The growth of microcredentials can also be seen in the 65% of respondents who agree that short programs leading to a certificate with the option of credit for further study leading to a degree are a useful option. Stackable learning, with individuals learning skills that are relevant to their current challenges, are growing in popularity, in part because if they eventually lead to a formal degree this is widely recognised by other employers, the employee acquires a transferable skill recognition. For the employer the stackable approach means that they only pay for learning that is likely to have a quick impact and hence, good return on investment.

Among corporate survey respondents, 70% agree that they anticipate more of their executive development in the next three years to involve blended learning. While some learning may move entirely online, hybrid or blended programs are popular, especially when coaching or mentoring are also involved.

While some interviewees suggest that any type of course can be taught through eLearning, others believe that theory can be taught digitally while emotions must be taught face to face.

The danger is that business schools could miss out on many of these opportunities in the new executive education marketplace. Just over two-thirds (68%) of organisations agree that consulting firms offer a more applied learning experience, while business schools tend to be more academic. Slightly more than 6 out of ten (62%) of corporate purchasers of executive education add that consulting firms are more flexible than business schools when delivering executive education.

“People are willing to pay for a face-to-face course. They are not willing to pay for an online course because they can get them on the internet for free.”

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We use QR Codes to staff mobiles to measure impact, through to which we feed them questions about their learning: did they enjoy it? How have they applied it to their work?

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Everything can be digital if structured correctly. I used to think a course like presentation skills couldn't be digital, but it's the most popular course.

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The impact of executive education

With employers increasingly looking to measure the impact of learning and development, business schools must consider how they can support such activity to help employers create learning environments that are agile, flexible and fast, anticipating learning needs and developing solutions quickly.

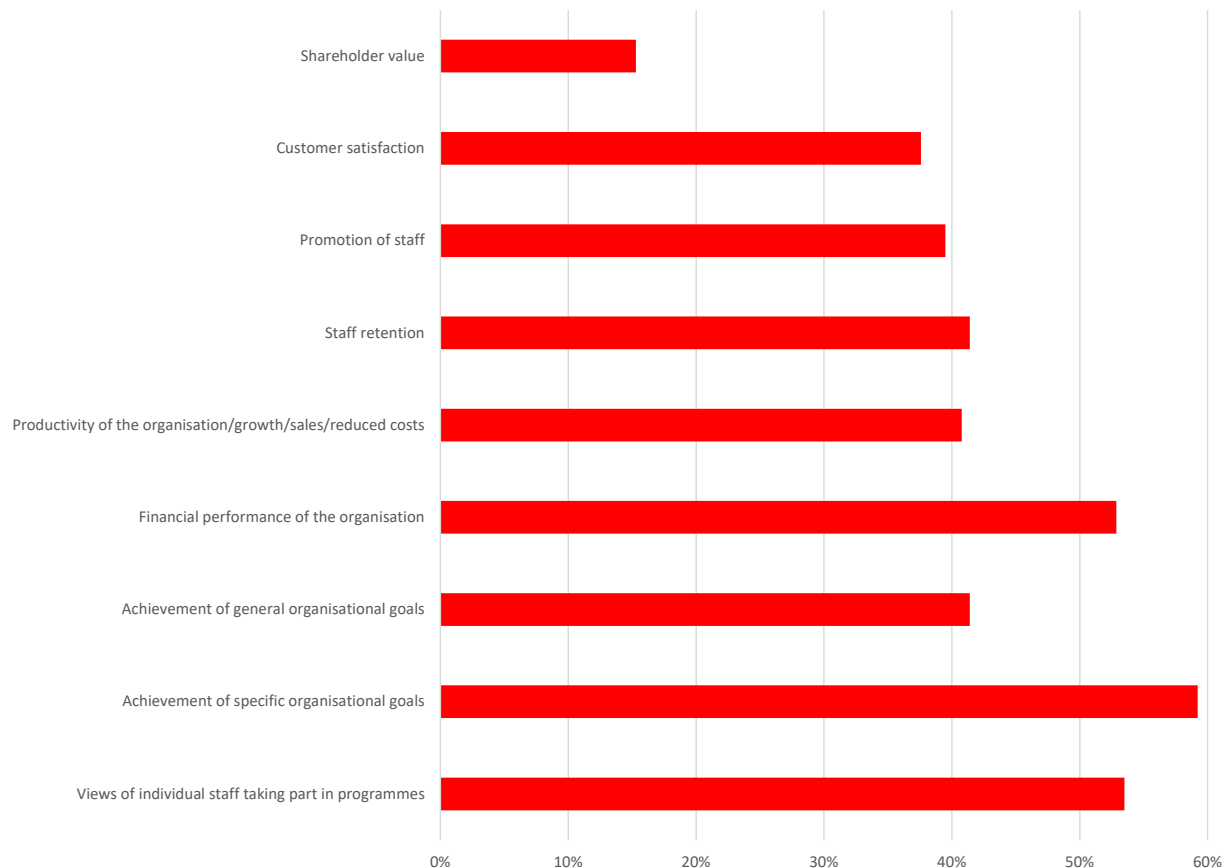
In the survey, the top priority when considering a provider is 'learning that enables staff to have an impact at work'. Inevitably, cost is also important, as are flexibility of provision with ability to deliver in-house or off-site, reputation of the provider and applied learning rather than theoretical approaches to management.

For individuals, while availability of a subject that interests them and they consider valuable for their careers will be important, for those making purchasing decisions the key considerations when selecting a provider are:

- Learning that will clearly enable me to have an impact back at work
- Applied learning rather than theoretical approaches to management
- Participants at a peer level who I can learn from
- Content clearly related to my business needs and challenges
- Reputation of the provider

Just over half (53%) of the firms responding to the survey always measure impact, while 37% do some measurement of impact. When reviewing the impact of executive education on individuals, organisations are most likely to consider whether they increase their influence in their organisations, if they have increased personal confidence at work and are more effective at problem solving.

FIGURE 7: Measurements used by employers when assessing the impact of executive education in their organisation



Examining impact on their organisation, firms consider the achievement of specific organisational goals, the views of individual staff taking part in programs and the financial performance of the organization. Getting an accurate steer on organisational change following executive education for staff is difficult as it is almost impossible to isolate development of people from external factors. However, examples do exist where measurement is easier, especially in multi-site organisations where development of staff has taken place at one site but not another.

In the interviews, it was suggested that learning measurement is primarily based on business outcomes, 'happy sheets' and observations of individual performance changes. Organisations are trying to analyse data about their employees and observe correlations with performance, while opportunities for user developed training are becoming more common.

Employers need to find their best performers and understand what it is that makes them the best and where training has helped them to achieve results. Future learning and development then needs to be based around the previous training experience of the best performers, where possible using data from learning science. However, gathering data is not enough, instead it needs to be used to track impact, improve learning and provide evidence of the benefit of learning.

Organisations are having to adapt continually, and therefore they have to learn while executing, but that doesn't mean returning to the classroom, instead it's in the field, finding ways to do better while doing the work.

Personalisation means students get to progress at their own pace, choosing when and where to learn and to an extent customising what they learn, especially within formal degree programs. Personalisation is also about brand fit – does the business school share values with individual learners, will it deliver the impact desired and does it have the data to demonstrate return on investment?

See the future

Looking to the future, respondents were most likely to suggest that technology would play a part in their future learning. More than half the respondents agreed that taking a series of short courses delivered through digital tools with digital badges to recognise completion of the programs and taking short courses involving a blend of online and classroom delivery with a certificate to recognise completion would be priorities. Although technology hasn't yet completely replaced face-to-face learning, more than half of the respondents also suggested that taking courses lasting a day or two with largely classroom study with a certificate to recognise completion would also be a priority.

The importance of technology was further emphasised by respondents with just under half (46%) indicating that digital/online learning as part of their learning was extremely important. However, again the human element is important with 73% and 71% respectively agreeing that mentoring and coaching to make the most of learning were extremely important.

Coaches or mentors were also identified by interviewees as important and are used both during programs or following program completion. Peer coaching is also used along with involving managers in goal setting.

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We use gamification through the LMS system and employees receive badges for completing courses and points for their team.

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We keep redesigning the course until the happy sheet rating is 4.5 (on a scale of 5).

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The goal is to create accountable leaders – not just focus on the P&L. We want people who can create a vision, coach direct reports on their careers and how to develop themselves, who can make an impact on the company as well as the broader community.

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Learning design needs to change massively. It needs to help people do their job more effectively in the moment. Shorter periods of learning are just as impactful as 3 day training courses.

We've moved away from programs and into journeys. As part of their learning journeys, our executives continue to engage in self-reflection, dialogues with colleagues (up and down the chain of command): the impacts of which are difficult to measure.

We have removed L&D created content and pushed all training to be user created. 5,000 people that teach and learn from each other. All 5,000 have the ability to create training – it is completely up to the team. L&D explains how to create a training for business impact. It's then up to the individual as to the way to design a training for the best ROI.

Despite the flexibility that technology brings to learning just over half the respondents (53%) definitely or mostly agree that 'I'm not prepared to undertake digital learning activities in my time outside of work'. However, the arrival of services such as Lynda is stimulating new ideas about learning. Just under half (44%) definitely or mostly agree that provision of learning and development content on video sharing platforms makes me question the value of more formal programs. A similar number (48%) definitely or mostly disagree that face-to-face learning provides a richer and more effective experience than online learning.

Indeed, 59% of respondents are already aware of Lynda, and while only 22% have used the service, a further 38% would consider using it in the future. To date, the most widely used of the digital providers are Coursera (36%), Udemy (35%) and Udacity (35%).

The previous Executive Education Futures study suggested that companies wanted flexibility with courses clearly tailored to their particular business needs. The irony is that consulting firms may actually hire business school faculty to deliver some of their tailored programs for clients.

Further erosion of the market for business schools delivering executive education may come from online platforms. Just over half the sample (55%) agree that provision of learning and development content on video sharing platforms makes them question the value of using business schools.

If there is an opportunity for business schools it is their understanding of pedagogy and program design, potentially making their offer stronger when it comes to assessing impact and effectiveness. Just over half the sample (56%) agree that business school faculty have a wealth of experience not often found in consultants.

When deciding who to use to provide executive education for their organisations, experience is key with 47% relying on recommendations and 41% consulting business school rankings. However, technology is to the fore here as well with 42% making use of an online search and 39% consulting social media. Among individuals looking for a program 62% use online search, 46% take recommendations from a friend/colleague and 43% consult business school rankings.

Conclusions

In some respects, everything has changed, yet in others nothing has changed since the last Executive Education Futures report. The trends that were emerging in that study have grown stronger and in some respects are now dominant themes in the market, while several years ago traditional approaches to learning and development still prevailed.

The impact of technology is seen everywhere today. While face-to-face has a role in the delivery of programs and some interviewees make a claim for the power of social learning, technology is transforming how people learn. Whether it is blended or completely online delivery, whether it is the study of digital transformation, whether it is a microcredential or a digital badge or whether it is using data to enhance the learning experience and drive better performance from learning, technology is everywhere.

Perhaps most importantly, data and technology are beginning to help solve the riddle of impact in learning and development. Historically, getting a true measure of the impact of learning and development within an organisation has been difficult. Those responsible for measurement have fallen back on 'happy sheets' to show that those trained felt it was worthwhile.

Today, data can measure training while it is in progress, identify those struggling with learning and those making good progress. Whether it's a 'happy sheet' or more sophisticated assessment, data together with these tools can drive a much better sense of the impact of learning and development.

For those responsible for learning and development inside organisations data that is smartly collected and well analysed will make it easier to justify their actions and to drive further investments in effective education. For providers, data puts further pressure on their offer, forcing them to assess and ensure that their programs deliver real and lasting benefits to organisations.

The pressures that were identified in the previous Executive Education Futures to do more, quicker and at a lower cost remain, and are now combined with a clear focus to demonstrate impact and return on investment. The arrival of new entrants in to the executive education marketplace, whether that's consultants or technology-led providers, increase the pressure on business schools to craft programs that meet the specific needs of employers rather than simply taking a product off the shelf as a one-size fits all solution.

Business schools have opportunities in the developing executive education marketplace. Schools have advantages in program design, in market experience, in drawing expertise from other parts of universities and in the corporate networks that they already play a part in, but they will need to go further if they are to thrive and prosper in the future executive education marketplace.

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Programs used to be 1 week. Now they are 1 hour lunches over several weeks. Programs need to be stickier to take hold in these shorter time periods.

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Business these days is too fast-paced and complex for business schools to keep up with. The trend is towards short, bespoke, residential courses, generally by providers with a more holistic learning lens.

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Leaders' experiences are best challenged and developed through experiences that rely on conversation (with colleagues, challengers, clients/customers) in an informal setting, which are not currently delivered well via digital learning environments.

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