

Jan Ginneberge analyses the results of an EFMD survey into the current and likely future state of executive education

WHERE & HOW



EXEC ED?





This article focuses on the trends and positioning of the three main stakeholder groups in executive education: learning and development organisations; consultancies and other alternative providers; and business schools as revealed by an EFMD survey.

Figure 1 (overleaf) shows a summary of these trends. More details on the outcomes of the multi-perspective SWOTs are included in the text.

Revenues and costs of executive education: confirming the difficult budgetary context

Not surprisingly, the survey confirms the reduction of learning and development (L&D) budgets and the pressure on perceived high prices of all provided solutions. In this debate, corporate L&D organisations are considered to be strong in working on solutions that reduce the time off the job while alternative providers are keen to stress the opportunity to provide efficient, low-cost solutions – low-cost solutions that are perceived to be a threat to business schools.

Evolution of executive education markets and clients: extended geographical reach and changing participant profile

All providers tend to see a trend for the executive education market to expand geographically (into emerging markets) while companies see their biggest future challenge being the global delivery of solutions. And in this respect, providers are not perceived as being as global as they would need to be to deliver effectively a one-stop service.

Providers also see much growth potential in the replacement of the baby-boom generation now giving up the helm of many companies. But corporate L&D organisations as well as business schools see the traditionally elitist approach of executive development as a risk.

So opportunities are perceived in extending development to a wider range of managers or to non-traditional audiences. In this respect, alternative providers are seen as the key beneficiaries of filling the gaps left by business schools.



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The executive education value proposition: zooming in on human capital and business challenges

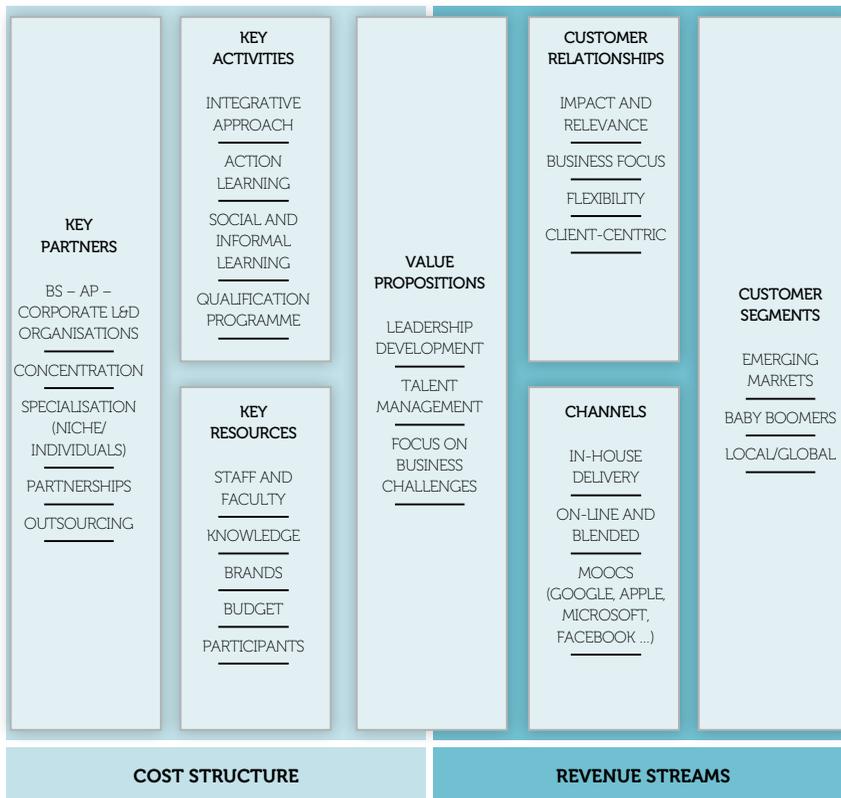
A significant trend in the executive development value proposition is the integration of leadership development and talent management practices. Alternative providers are seen to be strong in this area with their interest in co-evolving with their clients as effectively joint providers. The opportunity for corporate L&D organisations is to tap into the wider human capital dimension.

The biggest demand from corporate clients is a focus on business challenges. Corporate L&D organisations see this positioning of learning as a lever for transformation as a specific strength for them. This is boosted by a capacity to respond to explicit needs and a tendency to tread cautiously with regard to education fashions.

Business schools, on the other hand, see their strength as an ability to generate insight. However, some survey respondents consider that business schools run the risk of failing to respond to the demand to connect to business challenges and missing the opportunity to create “Management Education 2.0” by remaining conservatively attached to their own business model.



FIGURE 1: BUSINESS MODEL CANVAS OF THE TRENDS IN EXECUTIVE EDUCATION, CONSTRUCTED FROM SURVEY INPUT OF CORPORATE L&D DEPARTMENTS, BUSINESS SCHOOLS AND ALTERNATIVE PROVIDERS*
*canvas as developed by Osterwalder & Pigneur in Business Model Generation, Wiley, 2010



Corporate L&D organisations, business schools and alternative providers all see an opportunity to better respond to the growing importance of proven impact and relevance of L&D projects



Connecting to the executive development needs: the privileged domain of corporate L&D

Flexibility and close alignment with the business combined with the unique opportunity to partner are considered core strengths of corporate L&D organisations. Alternative providers are also seen as client centric, given their agility, flexibility and adaptability. Business schools are aware of their opportunity for improvement in areas such as customisation and responsiveness to market conditions.

With respect to the understanding of client needs, the survey outcomes give mixed signals.

Corporate L&D organisations see a risk for themselves in not being strategic enough and are seen by other providers as potentially becoming too insular. Business schools see themselves in a symbiotic relationship with companies but are seen by others as neglecting individual needs. Alternative providers see opportunities to improve their understanding of client needs. All see an opportunity to better respond to the growing importance of proven impact and relevance of L&D projects.

Evolving channels of executive education: new and challenging providers

With respect to the channels for delivering executive development to clients, one trend is very clear: getting physically closer to participants, either by delivering on client premises or, more than ever, considering blended learning "journeys" that integrate extended on-line learning capabilities. It is interesting to note that some business schools still see their teaching facilities as a major strength.

Across the three respondent groups, innovation and the use of technology are seen as major opportunities though on the provider side there is considerable ambivalence, with technology-based solutions seen as a major future threat.

MOOCs were also mentioned as a potential entry route for new players in the executive development eco-system, while corporate L&D organisations are conscious of the risk of implementing technology for technology's sake without a real strategy to back it up.



Growing variety of development activities and formats: traditional entry point of alternative providers

Embedding learning in the business through action learning is a confirmed trend, complemented by the inclusion of social and informal learning practices. The latter are seen as a major challenge for their own positioning by corporate L&D organisations and business schools while alternative providers see a potential opportunity (particularly combining this approach with new technologies).

Embedding in the business is seen as an opportunity for business schools, especially when linking executive development to organisational development.

On qualification and certification programmes, there is no obvious path ahead as yet though key evolutions are expected in the future. For alternative providers this is perceived as a threat rather than an opportunity.

While business schools pride themselves on their innovative strength, they are perceived as old fashioned in their approach by the other respondent groups and might benefit from exploring new learning approaches.



Core executive education resources: faculty, academic content and brand as the traditional strongholds of business schools

Staff and/or faculty will remain critical resources in executive development in the future. Respondents stress corporate L&D staff's professionalism in education; business schools view faculty as their core strength; and alternative providers regard the reach of their resources as a crucial asset.

But for corporate L&D organisations, positioning in the company and resource availability are challenges.

For business schools faculty are also a constant source of concern, amongst others due the (reduced) perceived value of academic content.

Alternative providers regard it as a strength to provide a different point of view though they are aware of the struggle to achieve and maintain the quality of their content-related resources. The other respondent groups sometimes used the label "non-academic" in this respect.

Faculty and (academic) content are clearly part of the 'battle of brands' as defined by providers: L&D organisations risk singularity, stagnation and lack of independence hence credibility. Business schools have the challenge of thought leadership along with the risk of getting caught up in their academic reputation. Alternative providers still need to strengthen brands and credibility but have the opportunity of their consulting model.

A constant pressure on resources for corporate L&D organisations, limited scalability for business schools and the problems of sustainability for alternative providers reveal a considerable resource stretch in the executive development world. One alternate perspective came from corporate L&D organisations mentioning participants as key resources for the future – potentially alongside the growing trend towards social and informal learning.



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Evolving partnerships: main trend for the future?

Specialisation and differentiation, leading to concentration or diversification, are seen as key trends for the future. By some as opportunity; by others as threat.

Partnerships are seen as the way forward. Corporate L&D organisations see an opportunity for themselves as lead actors; alternative providers see partnering as an opportunity. Business schools are rather apprehensive while aware of their dominant provider focus.

The current hesitation over partnerships is showing in the mutual threat perspective held by business schools and alternative providers. However, it is clear to most that new players are going to be added to the mix and that they will disturb today's fragile equilibrium.

Questions moving forward

In summary, the challenges for each of the three survey respondent categories could be stated as follows:

- Can business schools maximise their current academic strengths while zooming in on human capital questions and business challenges?
- Can alternative providers become trusted and respected partners while claiming their place with innovations in development activities, formats, channels and partnership models?
- Can corporate L&D organisations build credibility as challenging partners for executives while being heavily embedded in their businesses?

*This article is dedicated to **Gérard Mangin**, who unfortunately passed away early this year. Gérard co-designed the survey and co-edited the clustering of the answers. Unfortunately he was not able to finish the work we started by co-authoring this piece. We have lost a valuable "companion on the route" in the quest for excellence in executive development.*



ABOUT THE AUTHOR

Jan Ginneberge is a special advisor to EFMD