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Strategic Planning for University-Based Executive Education Programs: Success Factors and Design Alternatives

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University-Based Executive Education Programs:
Success Factors and Design Alternatives

Newton Margulies and Jack R. Gregg

There appears to be a growing interest among B-schools in providing continuing management education. The trend toward meeting demands of changing business and learning environments – and responding to the obsolescence of various management disciplines -- has encouraged growth in non-degree, professional development programs. Some of these programs are generic in nature, while others are more specialized, depending on the perceived strengths and interests of the schools and the areas faculty choose to emphasize.

Professional development has been defined as planned learning experiences or interventions designed to bring about permanent change in an individual's knowledge (Campell, Dunnette, Lawler & Weck, 1970). Training, as an approach to professional development, is a formal process a company should use to promote alignment with company goals and objectives (Feldman, 1989). Thus, professional development, such as Executive Education, should be designed strategically to align permanent change in participant knowledge and application with industry and business needs. An

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Executive Education program's strategy also should align with the B-school's and institution's goals and objectives.

To understand various approaches and perceived degree of success of Executive Education programs at select Business and Management Schools in Southern California, we conducted an informal survey via interviews that focused on the strategies (approaches) employed and the factors that contribute to or hinder program success. The array of factors identified for characteristics of successful programs was initially derived from interviews with forty managers at the upper levels in both public and private sector organizations. A key consideration with our research was the degree of alignment of the EE program with the School's strategic direction.

Given our research focus, we have elected not to discuss such functional topics as program operations, budgeting, or marketing tactics, which has already been covered extensively in the EE literature. Instead, we address the nature and types of Executive Education, the market opportunities, and key questions that frame criteria for determining a successful program. We then discuss characteristics of successful university-based programs, important program policy issues for consideration, and decision criteria for developing an EE strategy. We close by defining

and comparing alternative approaches for strategic design of EE programs.

What is Executive Education?

Executive Education describes a wide variety of non-degree programs for working professionals with practical content that impact their professional and personal development. The primary focus of Executive Education is to develop managers and leaders with a mature perspective of their organizations. This is in contrast to other managerial development that targets merely building technical skills; such programs may have titles as, "How to Build a Web Page," "Management of Medical Records," or "Preparing for the CPA Exam." However, examples of Executive Education programs might include the following: "Health Care Management" (professionals who now find themselves in responsible management roles) and "Strategic Thinking for the eCommerce Environment." Executive Education as described in this paper does not encompass typical technical, skills-building programs.

Likewise, the focus of Executive Education programs is not at the supervisory skill level but rather on developing managerial leadership for those in responsible positions. For example, a segment in a Strategic Planning course would devote time to how to lead a Strategic Planning effort. The difference between training and education is the difference between being a doer and being a thinker, between technical competence and knowledge (Bass, 1990).

Though many university-based programs reside in the business school, there are an equal number of extension-based programs that serve business leaders, managers, entrepreneurs, and other professionals with fast-paced, thought-provoking learning experiences. Certainly, most participants in executive education programs are not CEOs of large organizations, although many corporate leaders have logged numerous hours at leading Executive Education programs at top-tier universities. Most who participate are mid- to upper-tier managers who wish to advance their career with exposure to current best practice and to a network of fellow travelers on the way to the corner office.

The types of Executive Education programs offered are as varied as the types of executives and companies that feed into them. There are several standard forms of programs and effective strategic approaches that we will discuss. Regardless of form or approach, however, there is a common underlying requirement for quality and rigor in program content. Participants in Executive Education programs want value but they also want content with traction. If program expectations fall short, they will not return – and without returning participants the economic engine never gets out of low gear.

When designing new offerings it is useful to look to the competitive environment for indications of trends, new developments, and new audience segments. Unfortunately, there is no "magic" formula other than taking the time to plan and build a reputation for providing a quality learning experience. An Executive Education brand built on this premise has a greater chance of sustainable success.

Types of Executive Programs

The most common programmatic approaches to Executive Education are a blended mix of public offerings, custom programs, custom consortia, short seminars, certificates, special events, and conferences. No institution can include all forms in an initial launch strategy. Specific skills need to be developed and grown in-house. For example, the staff skills needed to organize and deliver conferences and special events are different from skills required to design and deliver custom programs. What

follows is a summary of key elements for the most common types of executive education programming. Later, we will present several tactical approaches that an institution might employ to enter the market and create a clear EE brand.

Public Offerings

Often called "open enrollment programs," they are marketed in mass media via newspaper, direct mail, and brochures. Critical staff skills needed address registration, fees collection, classroom logistics, instructor compensation, materials ordering, and general student customer services. The Director/Faculty Advisor typically provides content design and negotiates instructor contracts. Public programs are distinct from custom programs with are created for individual corporate clients. Examples of public offering programs include:

Executive Forum & Lecture Series: Often used to create visibility in the community by scheduling well-known contributors in the management arena (both academic and practitioners). These must be viewed as a "lost leader" used to build awareness of the Executive Education office in the local market. Colleges do not build revenue on these programs.

Short Seminars: These programs are one- or two-day offerings that focus on topics of special interest to managers and executives. The key design strategy is "the shorter the better," in order to cater to the busy working professional. Topics reflect current trends (for example, eCommerce) or developments in a functional area (research in finance). Short seminars may cover such special topics of current interest as "Recruitment and Retention," or "Pacific Rim Economic Trends." They often address functions: for example, finance, strategy, corporate communications, mergers and acquisitions, and organizational change. Breakfast briefings on timely topics may bring

local and national marquee "names" to customers and help build a brand identity and a database of potential future customers. Short seminars are not big revenue generators but are strong relationship builders for other programs.

Executive Programs: Targeted toward managers and executives from middle- to upper-management levels. Design is issue-oriented in order to take advantage of the experience of the participants as well as the expertise of the faculty. Typical designs may offer a suite of topics over a full semester. Executive programs are characterized as generic management programs with no separation by industry and are designed to survey a range of management and leadership topics and current issues. Often programs are targeted to particular economic sectors, such as biotech, global logistics, health care, or aerospace.

Certificate Programs: Focus on a particular sector (Public Management) or a functional area (Certificate in Information Management). Certificates are often designed to include a minimum of instructional hours that should be compatible with university requirements. Participants typically rely on university-branded certificates as a professional development credential. Certificates are easier to produce if current course inventory can be used as building blocks. Certificate programs are different from Executive Programs in that certificates are usually made up of full-standard university courses, while Executive Programs are made up of short-seminar building blocks.

Conferences: The needs of a particular industry or professional group (e.g., "Forecasting the future of Health Care," "Innovations in Information Technology," or "Current Trends in Human Resources") are supported by conference design and management. Conferences may seem appealing at first glance but are a risky entry strategy because of the high initial promotional investment.

Custom Programs

Custom programs are specifically designed for and focused on the needs of a particular client (for example, Consolidated Widgets, Inc.). A custom program is often designed by actively prospecting those companies with strong existing relationships with the institution and by building upon relationships to create a unique program for the firm. The academic coordinator must develop strong skills in needs assessment and be able to translate his or her findings into a tailored program. Content typically is centered on strategic goals and direction of the organization and may include specific interventions that cater to critical company issues (for example, cross-cultural negotiations, 360 assessments and personalized feedback for managers). Critical staff skills needed are invoicing, classroom logistics, instructor compensation, materials ordering, and general customer services. The Director/Faculty Advisor typically provides content design and negotiates instructor contracts.

Opportunities for Executive Education

It appears that there are a number of distinctive opportunities for institutions to develop and promote Executive Education programming. Our most salient points are summarized below.

Professional Development Market: Over sixty percent of U.S. companies engage in some type of professional development programming (Klenke, 1996). Likewise, professional development programs offered through Executive Education are increasingly tied to effectiveness and performance (Facteau, Dobbins, Russell, Ladd, & Kudisch, 1995). Still, the market is underserved due to limited competition. While university-based programs may be well positioned to capture this growing market, many simply do not understand the mechanisms to get started and compete. Moreover, these opportunities have encouraged private firms to compete with B-schools for professional development revenue.

Targeted Management Level: Most university-based Executive Education providers have chosen to target only the uppermost end of the corporate market. While margins are certainly rewarding in this rarified market segment, the competition is much keener here. The mid-level Executive market offers a breadth and depth that is more sustainable and conducive to building a niche or brand identity. High-potential managers and other mid-level managers represent a large and growing segment who are not well served by most local university programs.

Strategic Synergy between Degree and Non-Degree Programs: Most indicators show that the major portion of professional school growth will not be in degree programs but will be in non-credit programs. Added legislative pressures on professional schools to develop alternate sources of funding will create greater demand for creative programming at Business, Engineering, Health, and other applied disciplines at state-supported campuses. Strategically, many schools do not recognize the potential synergy between non-degree programs and degree programs. The relationship can be fruitful and beneficial.

Critical Questions for Strategic Program Planning

How then do institutions begin to think about their opportunities and formulate an appropriate strategy that will meet the needs and requirements of their constituencies? Our intent here is to raise important questions germane to initial strategy formulation and to provide some general strategic thinking for modification and application, depending on the institution and its environment.

Fundamentally, these initial questions are intended to focus discussions in three important areas. First and foremost is defining the scope and direction for Executive Education and its relationship to the strategy of the institution. Second is identifying resources and how best to utilize limited resources available. Third is structuring the EE organization and how best to implement the strategy and plan.

Critical questions for beginning the strategic decision-making process include:

- What are the characteristics of successful Executive Education programs?
- How should we define Executive Education for our College and for our community?
- Should we develop a significant programmatic investment in Executive Education?
- If so, what strategy makes the most sense?
- What characteristics would make the Executive Education program a success?
- Can we accumulate the necessary resources to insure quality and success of this venture?
- How can we organize to insure effective implementation of the vision?
- How does Executive Education relate to other College initiatives?
- How does Executive Education serve our constituent community?
- What are the important program policies to consider?
- What are the key decision criteria for developing a viable Executive Education strategy?

There are, of course, those institutions that envision Executive Education programs as primarily a revenue source. Without integration of such non-degree offerings into the fabric of the fundamental mission of the school, however, it is likely that such programmatic efforts will remain distinct from the College, will not generate faculty support, and will not succeed.

Characteristics of Successful University-based Executive Education Programs

Characteristics of successful programs address the design qualities that managers want in university programs to add to the attractiveness and the utility of such programs for their firms. The array of factors identified here was derived from interviews with forty managers at the upper levels in both public and private sector organizations. Executive Education professionals surveyed at eight universities in Southern California generally confirm these factors. Although not all markets are identical, we believe these findings have broad implications to other metropolitan markets. There are several clear and important requirements that seem to emerge:

Quality Faculty: From the student (customer) perspective, it is all about the quality of instruction. In effect, the instructor *is* Executive Education as far as the student is concerned. Faculty quality is the single most important factor in the attractiveness of Executive Education. Managers and leaders are keenly interested in current developments, best practices, new research into management processes, and emerging knowledge and process that might aid in their decision-making.

It is also important that faculties keep themselves current – and know their audience: The biggest complaint about academics is that they tend to talk down to managers and executives. The customer is becoming more discerning and more critical about the value of the information received and its potential to add

to the manager's effectiveness. Thus, the key message here is: Take time to prepare and coach your faculty.

Practical Application: What seems to work best and is most appreciated are instructors who are grounded in academic skills but who also have an appreciation for the real world of business and management. *Application* is the operative word. Participants see programs as useful and relevant when the concepts and theory are applied to real problems.

Balance of Theory and Practice: While there is certainly an appreciation for the "academic" point of view, there is little tolerance for theory without specific and concrete applications to business and management. Concerns often expressed by participants are that programs must have balance and must be designed to encourage participants to apply the new knowledge.

35,000-Foot Level: Managers prefer a "bigger picture" orientation rather than addressing the big picture through "chunked" functional areas, which is the typical MBA program design model. It is not the case that such topics as marketing, finance, and accounting are viewed as unimportant. Indeed, they are seen as essential, but managers recognize that these activities are connected and need some opportunity for integration along applicable themes and issues.

Convenience: This is an issue of access. For both custom and public programs, convenience of location and schedule will influence the buying decision. It is important that programs are designed so that they do not interfere, in any major way, with managerial responsibilities and work requirements. For example, most evening meetings and some Saturday meetings are acceptable as long as the location is central or freeway accessible. From the university's point of view, flexibility seems to be a key ingredient for success.

Cost (Price/Value): While the issue of cost is always a concern, the real question is one of value. Is the educational experience valuable for the price? Thus, the issues of faculty expertise, practicality, up-to-date discussions, etc., all play an important part in the perception of value. Participants want to feel that the experience is helpful and useful to them and that it added to their personal and professional development.

Program Orientation: There is a clear perception that most programs emphasize material that is appropriate to large corporations. Case examples are usually of the IBM, General Electric, Microsoft vintage. There is a need for some emphasis on small business management, as opposed to the large corporation.

Class Size: Participants seem to prefer a class size that is consonant with teaching methods that are highly interactive. They clearly are in favor of a structure that creates strong peer interaction and an "intimate learning environment." While there is no magic number, large groups of over thirty tend to stifle interaction, and small groups of under twenty may not offer a rich enough interactive setting.

Networking: Often the main motivator for participation in Executive Education is the opportunity to meet others with similar career interests from a broad mix of economic sectors. Working professionals know that careers are built on personal connections, and programs such as these should acknowledge full well this agenda. Some programs go so far as to call executive education graduates "alumni" and use this affinity connection to market other types of programs (for example, the Executive Speaker Series).

Amenities and Materials: It is imperative that courses be conducted in a professional

surrounding where participants are made to feel like preferred customers. This cannot be stressed enough since one failing of university-based programs is their perceived disregard or indifference to customer service. Amenities might include coffee or light catering for more costly programs. Students should be provided with printed materials of the speaker, as well as other items that may be appropriate (for example, notebook, logo, pens).

Cross Marketing: Once a participant attends a program he or she is a natural candidate for future marketing. Likewise, marketing materials for similar executive education programs should be distributed and mentioned by the instructor while students are in the program. Cross marketing is an extremely effective approach for attracting repeat customers.

Important Program Policy Issues for Consideration

Although every institution has its own unique set of policies and operating guidelines, there are several important areas of policy that should be addressed early on when building an Executive Education organization.

Use of Adjunct Faculty: What is the policy regarding the use of external faculty? While many of the programs marketed by the office of Executive Education mirror content offered in degree programs, the College faculty may not be adequately experienced in instructing working executives and corporate leaders. What is the College view regarding the employment of external faculty in Executive Education programs?

Faculty Compensation: What is the best rate of faculty compensation for Executive Education programs? Does the University impose policies or compensation schedules that need to be considered? Are there restrictions

that should be considered (for example, limits on faculty salary received from the university)? What is the market rate versus the rate of pay College faculty feel is appropriate?

Degree Credit for Executive Education Coursework: There is a strong demand for credit applied to degree programs. This is a powerful incentive. Is the College open to discussions about offering credit for (some) Executive Education offerings?

Retained Earnings: The first three to five years of Executive Education will be focused on growth and development. It may be important to consider retaining and reinvesting all or part of net revenues in program development and support during this growth period.

Teaching Load: If tenure-track faculty are used in Executive Education programs, how will their teaching load be impacted? Generally, faculty participation in Executive Education is considered extra-curricular. That is, it becomes part of the extra professional work that faculty do over and above the course assignments and scholarship expectations the institution sets.

Advisory Board(s): It is critical that executive education have direct input and support from the external business community in order to best fit program design to market demand, as well as to establish a credible marketing channel within the organization. One approach to this critical dimension is to build a credible and active Advisory Board that will not only make valuable inputs to direction and programs but will also help to market programs.

Decision Criteria for Developing an Executive Education Strategy

There are a number of alternative strategies for developing a major thrust in Executive Education. It is important to ask leaders and stakeholders critical questions about

commitment, direction, and resources before executing a plan of action. A partial checklist of strategic planning questions includes:

- Is Executive Education consonant with the fundamental mission of the institution?
- Is there enough demand to sustain Executive Education (politically, economically)?
- Does Executive Education serve the needs of the Community?
- Does Executive Education align to the strengths or interest of the faculty?
- Does Executive Education fit with niche areas of the Colleges?
- What is the potential return to the College/institution (profitability)?
- What are the costs of program implementation? Do we have the appropriate resources?
- What is the competitive environment (gaps between demand and supply) in our local market arena?
- What is the university climate for investment and risk?

Strategic Alternatives for Executive Education

Three strategic alternatives are presented as examples of how to enter the market. While the alternatives tend to showcase the mix of Executive Education programming, it is important to keep in mind that each alternative carries different implications of cost, revenue, staffing, time to break-even, operational approach, risk, and market identity.

Alternative #1

Focus on Balance – A Broad Portfolio Approach: This alternative takes advantage of the fact that there is no Executive Program being offered by any institution in the immediate

geographical area. If a program could be successfully launched, it would provide visibility for the institution and establish a foothold in the area. Furthermore, the Executive Program would eventually be a source of custom programs for firms seeking specialized professional development in their organizations. In addition, several short seminars would take advantage of faculty expertise and provide additional visibility.

The prohibiting factor might be high promotional costs to insure a successful launch. A select Executive Education Advisory Board could assist in the marketing and promotion of the Executive program and would provide participants to the program.

Key Points: Create flagship, high-quality Executive Program. Market extensively and vigorously through direct selling and general mass media. Create visibility for the University as a high quality provider of non-degree Executive Programs. Create two or three short seminar programs – responsive to hot topics in today's management world. Be prepared to initiate the development of custom programs.

Advantages and Disadvantages: The design is not difficult to execute, but staff is needed with some highly visible faculty. Seminars could take advantage of faculty expertise and a flexible program portfolio can be created. High costs may be incurred for program promotion. Without careful planning and promotion, the risk can be high. There is a concentration on building brand awareness in the marketplace, but a broad multiple-program launch strategy may erode a clear brand message in the market; thus, the sequence of program implementation is extremely important.

Alternative #2:

Focus on Custom Programming: It may be that starting with custom programs is the less risky alternative among the several under

consideration. Although there will be some promotional costs, the launch of several custom programs can insure a revenue stream that may result from continued involvement with the client. This in turn may provide seed funds for starting more elaborate and costly public programs. Thus, custom programs along with several short seminars may be less costly and potentially less risky of the alternatives. It will take longer to create visibility for the university and it may allow other institutions to provide up-scale programs with little competition.

Key Points: Start with focus on custom programs. Establish two to three certificate programs. Design and implement short seminars. Be prepared to move rapidly into custom programs to create a financial base. Explore the creation of an institute with possible external funding (for example, Public Safety). Tie into existing campus programs, such as Criminal Justice, Health Care, etc.

Advantages and Disadvantages: There are high marketing opportunity costs with limited staffing requirements, but it needs "legwork" to nail down initial custom program clients. Some promotional costs may be incurred for brochures and collateral marketing materials. It requires staff for traditional marketing of non-custom short programs and a long development cycle may extend the break-even horizon.

Alternative #3

Focus on Public Programming: Begin testing the market and creating visibility by offering several short but highly visible seminars. Choose topics with high marketability based on current relevance and expertise of the faculty. Start immediate planning to launch an Executive Program one to two years later. Explore the design and implementation of two to three certificate programs.

Key Points: Start with short seminars: pick three or four seminars that are timely and hot. Consider niche areas for growth. Consider existing faculty interest and expertise. Expand the mix and offer an Executive Program. Explore two or three certificate programs. Target regional/national conference(s) as a vehicle for building a niche brand identity.

Advantages and Disadvantages: It builds some visibility for the university through short but timely programs, uses existing faculty resources, and it builds a carefully selected Advisory Board. However, it may be hard to keep promotion costs down.

Comparison of Alternative Approaches and Strategic Institutional Fit

Table 1 shows the above-mentioned alternatives and suggested programs. Programs are weighted as an approximate percentage of program mix to provide a comparative view of each strategy and show the relative program emphasis in each strategy or approach.

Alternative #1 is best suited for a large urban university with long-standing reputation and excellent branding in the market. This institution has a large alumni base with active corporate partners willing to support a balanced mix of custom and open enrollment offerings. The College has talented faculty resources with a following in the practitioner community as well as strong adjunct bench strength. The Dean and advisory board is willing to build slowly to establish a long-term sustainable quality brand. The mission is to be a national or international provider.

Alternative #2 is characterized as a healthy mid-size institution with a limited risk war chest. The College may be more reliant upon niche branding than in alternative #1. The

TABLE 1
COMPARISON AND WEIGHTS OF ALTERNATIVE COMPONENTS

Program Type	Alternative #1	Alternative #2	Alternative #3
Custom Programs	15%	40%	0%
Executive Programs	25%	10%	20%
Short Programs (1 – 2 day format).	30%	10%	20%
Certificate Programs	15%	30%	40%
Executive Speaker Program	15%	10%	15%
Conference / Other	0%	0%	5%

dominance of mid-size companies in the local economic base means price may be a critical factor instead of name brand marquee faculty. The strategic mission is to become a regional provider.

Alternative #3 is a small market institution that is more reliant upon open enrollment programming than custom engagements. It is unlikely there is much development money; so a quick win is critical. It would be best to cultivate close relationships with local industry leaders and to tailor niche offerings to their special needs. The College would be well advised to plan programs for local industry needs.

By carefully exploring the central questions posed above and by explicitly planning a strategic approach to continuing non-degree educational offerings, the efforts to meet the demands of the marketplace are more likely to be successful.

Conclusions

There is little question that most Business schools see continuing education as a vital part of their fundamental educational missions. It also seems likely that this particular educational sector will continue to grow as the demand for on-going education for working professionals continues to expand.

In the previous pages we have defined the boundaries and scope of what is commonly referred to as Executive Education and we have postulated several alternative strategies for either launching a programmatic effort in this sector or redefining what is currently being done.

Clearly there are issues that impact the institution's ability to provide meaningful and effective programs of the kind we have described. It does take, for example, a skilled and capable faculty who are accustomed to interacting with already experienced managers. Competence in generating participation and in utilizing the experience and capabilities of the participants can influence learning outcomes in important ways. Addressing the strategic questions realistically and thoroughly can pay dividends in the long run and avoid abortive or "hit and miss" efforts.

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