

# The Climate for Executive Education

Strategic non-degree programming should do more than fill seats

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## ABSTRACT

This report characterizes the current practices in executive education (with emphasis on non-degree programs). The current climate for exec-ed is extremely volatile. Demand has weakened in the aftermath of the 3Q2009 financial downturn. Employer paid Executive Education has been on the chopping block and the tight job market has made it easier for employers to retain workers without additional incentives. While the classic classroom environment is still preferred over other implementations, the sense seems to be that technology and other innovations are needed to make the experience more accessible and timelier. Employers are also applying pressure to win price concessions on the custom executive education programs where they wield more power as a “large buyer” and providers have greater risk exposure in terms of campus facilities and faculty salaries. Longstanding beliefs about Executive Education and Professional Education are undergoing a sea change with more employers seeking either better custom-programs from providers or innovative formats and experiences that add to the creativity and resilience of management teams.

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*“Give special consideration to non-degree executive education. These programs allow for more current, research-driven content consistent with innovation to influence management practice quickly.” –AACSB<sup>i</sup>*

### **Is globalization about nations or networks?**

Globalization has raised interests in “internationally focused” programs, but the international travel environment has become more difficult and more expensive. In the meantime, competition on the supply-side continues to stiffen. To compensate for the downturn in foreign student enrollments, U.S. colleges and universities have been aggressively expanding their overseas presence through a number of strategies including increasing online programming, opening up overseas campuses, collaborations with foreign academic institutions, and participating in joint ventures with public and private partners.

Despite the economic woes, the demand for quality executive education remains fundamentally strong. The pace of technological change has not slackened. Most employers openly express concern about their ability to find and use the best talent. To find the right talent when they need it, employers are making more use of so-called managed services providers (outsourcing) or relying more heavily on the contingent workforce (temporary workers, consultants, contract workers).

This trend will shift more of a financial burden for executive education onto the individual. There has already been some softening of demand for custom programs. With new regulation in the wings, prospective students who must rely on their own resources (including loans) to pay for education in a competitive job market may find loans harder to get.

Though the Obama administration promises to increase financial aid, new regulations may have the opposite effect as some institutions and lenders may find the burden of complying with the new rules too onerous to implement and thus may elect to enroll only those students who can pay without financial aid.

Employers are developing new practices like the “employee alumni association” that maintains relationships with former employees. Some exec-ed marketers will develop program to enhance the value of such “employer-alumni organizations.”

TOP 20		
1 Harvard Business School	8 IMD (Switzerland)	15 Cranfield School of Management (UK)
2 INSEAD (France)	9 Columbia	16 Thunderbird, American Graduate School of International Management
3 Michigan	10 IESE-Institute de Estudios Superiores de la Empresa	17 Dartmouth (Tuck)
4 Stanford	11 Virginia (Darden)	18 UNC Chapel-Hill (Kenan-Flagler)
5 University of Pennsylvania	12 Duke (Fuqua)	19 UCLA (Anderson)
6 Northwestern (Kellogg)	13 Center for Creative Leadership	20 Chicago
7 London Business School	14 MIT (Sloan)	

[Northeast](#) | [Mid-Atlantic](#) | [South](#) | [Midwest](#) | [West](#) | [Southwest](#) | [Non-U.S.](#) | [Articles](#) | ['99 Profiles](#)

Fig.01- *Bloomberg BusinessWeek Top 20 International Executive Education Programs – 2010.*

Employers, especially large global employers, anticipate enormous change not only in “whom” they hire, but in “how” they go about hiring. Globalization forces many of them to view populations of former employees as part of their extended “talent pool.” The talk of executive recruiters, HR administrators and hiring managers is all about “networking.”

Employers may underwrite programs, at least partially, that support some future strategic requirement. Even if a person leaves the employ of the sponsor, the value can be retained. If the employer is operating an “alumni network” for former employees, there is the opportunity to recapture that talent when the employee and employer are able to match newly acquired skills with strategic needs. Such a program could be both an incentive in lieu of outplacement, and a cost effective means of locating and rehiring known talent to implement a new business program.

What Julia Kirby wrote in her HBR article, “*Why China Might Never Protect IP,*”<sup>iii</sup> of ‘doing business’ in China, is just as applicable to conducting professional continuing education in the years ahead: “Reputation, acknowledgement, privacy, and accessibility are among the dimensions that matter here, as (much as) direct cost, scale, and productivity did in the past.” Kirby, was referring to the intersection and interaction of “the information economy and its industrial infrastructure” in China. The implication is that the Chinese rely so heavily on “representations” made by individuals, that they may not deliver the legal, procedural, and institutional practices necessary to defend intellectual property or the academic integrity of collaborative institutional arrangements.

Continuing Education (CE) within university institutions has historically been successful in serving many of the emergent learning needs of its local community. In recent decades, many have shifted or expanded from primarily a noncredit model to a mix of degree and other 'for credit' programs. One can now find choices of programs for both undergraduate and graduate programs for part-time and full-time students pursuing careers in the fields represented by unit's numerous professional departments. A number of these programs have even achieved industry recognition for excellence both nationally and internationally.

Anecdotally, we see a shifting trend from noncredit to credit; from non-traditional degree completers and strivers to more traditional career builders; from those seeking a way forward, to those pursuing the advantages of a degree from a prestigious school that can offer not only a first rate education, but also an introduction to a professional network.

This report seeks to present information that will help CE institutions understand and anticipate some of the marketing difficulties and challenges they will face on the road ahead. It does not *recommend* one course of action over another. It merely reports the observations of the researchers and describes the problems to be solved and the dilemmas to be resolved.

### **The current climate confronting executive education**

The executive education sector of higher education has been rocked by changes in the general economy. In general, "executive education" (or, exec-ed) comes in several varieties. The most easily recognized are the MBA programs offered by scores of universities worldwide. Competition for entrance into the top programs continues to be intense, with no let up in sight. However, not all CE institutions are able to offer an MBA even though that degree has become the coin of the realm in business.

That said, we should be careful what we wish for. MBA's are as expensive to offer as they are to acquire. MIT Sloan School of Management is launching its first "Executive MBA" this fall, according to a story in the *Wall Street Journal*, "but it faces a tough market as companies cut back funding for employees to go through such programs."<sup>iii</sup>

ASTD (American Society for Training and Development) a trade organization of corporate and largely for-profit trainers and corporate learning consultants, reports the most optimistic outlook: "The percentage of U.S. companies focused primarily on cost control will decrease from 41 percent in mid-2009 to 18 percent in 2011."<sup>iv</sup> The entry goes on to cite an anticipated increase in investment 'growth' by US companies of 24 percent to 37 percent "within the next 12 months." What has been said elsewhere, however, is that hiring is to be done largely from the "contingent workforce." According to "The Contingent Labor Management 2010 Report,"<sup>v</sup> some "60 percent of companies (will become) more

dependent on their contingent labor programs over the next two years.” This means more work for independent contractors, and so-called “Managed Services Providers” (i.e. outsourcers and staffing companies).

This raises the question as to what the executive education response should be: will the emerging employment ecology shift from the current presumptions of general “long-term, stable employment” or “short-term, unstable employment?” Those that suspect the latter mode to be the new norm, suggest executive education needs to become more versatile, flexible, and adaptable. That generally means shorter programs, more types of degree programs (that are shorter and online or blended) and more non-degree and certificate programs.

### **More changes are ahead, regulatory rumblings**

Government regulation impacts executive education in three major areas: tax policy as it relates to tuition remission by business, levels of student financial aid, and the determination of institutional and program eligibility for student aid. Though “executive education” was not the main focus of newly drafted federal financial aid regulations, it will inevitably have a significant impact on the practice.

The aim of the new U.S. Department of Education legislation is to mitigate the worst practices of for-profit colleges that burden vocational students with debt and deliver little in the way of marketable skills. While the target may be for-profit colleges, the rules are likely to apply across the board and require substantial new reporting by both for-profit and non-profit providers.

The draft legislation, at the conclusion of the current 45-day public comment period, will be issued in final form by November 1, 2010, and will go into effect on July 1, 2011.

The early-line on the new rules suggest they will be a bureaucratic nightmare. Both for-profits and not-for-profits will have new reporting and authentication requirements that will add cost to developing and delivering executive education programs.

The new rules will apply to any credential category, including “certificate, associate degree, bachelor’s degree, and graduate and professional degrees,”<sup>vi</sup> or any other training that anticipates access to Title IV funds.

While the legislation targets the purported “15-percent of for-profits that have abused the federal financial aid system,”<sup>vii</sup> it will apply to all. Already “comments” have elicited an outcry from every corner of the industry complaining about the looming bureaucratic morass (see “comments,” <http://tinyurl.com/2ck26dr> ).

A direct impact on employer-based tuition remission is unlikely. Nevertheless, the continuing tight job market is expected to continue for another 18 months or

longer. From a marketing perspective, this would be a good time to promote executive education to companies that offer tuition remission since it doesn't depend on Title IV funds.

It is not clear how these new financial aid standards will interact with corporate "tuition remission" policies, but it's fair to assume any corporate calculation that presumes a federal financial aid component will become more problematical, especially where open-enrollment programs are concerned.

Custom programs that are fully underwritten by employers or individuals, and scholarships, or private loans will presumably be spared the impact. Of course, those programs that are entirely noncredit (like many of those providing leadership training, business process skills, and management training) will not be covered by the new federal financial aid reporting requirement.

### **Noncredit uptick in downturn**

Noncredit programs at public institutions and community colleges have increased dramatically with the economic downturn, starting in 2008. "Post-secondary noncredit education has become increasingly common; many community colleges now enroll more noncredit than credit students. Much of the growth has occurred in workforce instruction and contract training. These programs are noted for their important role in meeting shifting workforce demands and providing skills in a way that is flexible and responsive to employer needs."<sup>viii</sup>

While federal rules on noncredit may not apply, state rules often do. There's a hodgepodge of rules across the country and a wide range of responses. Some eight states regulate noncredit pretty tightly especially where state funds are involved. Others permit schools to "charge what the market will bear." Of course, state and local workforce development needs often shape the offerings, suppressing tuition and fees to keep the courses accessible to low-income students, while in other instances, tuition can be set quite high when the cost of specialized knowledge or advanced technology are needed to upgrade the workforce to attract or retain prospective employers. Current economic conditions have increased the pressure on public institutions to increase tuition for noncredit programs to partially off-set cuts in state educational subsidies. In some instances, noncredit units offering on-campus, customized programs to businesses, or short-term courses, have generated sufficient revenue to subsidize the credit programs with a cost-plus 40 percent margin for use of facilities.<sup>ix</sup>

### **What is *exec-ed* anyway?**

The most common definition is "...academic programs at graduate-level business schools that are aimed at managers or entrepreneurs. These programs do not usually end in a degree" although there are a growing number of Executive MBA

programs that are described and discussed in the context of the executive education category. A relatively recent trend has been for colleges and universities to extend Alumni status and other privileges to individuals upon the completion of coursework resulting in a certificate, such as Columbia Business School's Certificate in Business Excellence (CIBE).

Many of the 'top rated' programs are closely associated with the top ranked MBA programs (Figure-02).

2009 Rank	2007 Rank	Provide...	Open Programs Offered	General Mgmt	Leadership	Strategy
1	1	Harvard Boston	61	A+	A	A+
2	2	INSEAD France/Singapore	40	A+	A+	A+
3	4	Stanford Stanford, Calif.	23	B	B	B
4	3	IMD Lausanne, Switzerland	NA	A	A+	A+
5	NR	Center for Creative Leadership Greensboro, N.C.	12	B	A+	C
6	6	London Business School London	32	A	A	A
7	8	Pennsylvania (Wharton) Philadelphia	56	A+	A+	A+
8	7	Michigan (Ross) Ann Arbor	45	A	A	B
9	12	IESE Barcelona	151	A+	A	A+
10	13	MIT (Sloan) Cambridge, Mass.	22	C	C	A
11	14	ESADE Barcelona	57	A+	A+	A+
12	5	Columbia New York	30	A	B	A

Fig. 02 - Financial Times of London, Top MBA Programs

The most widely cited rankings are published by *The Financial Times of London*, *Bloomberg Businessweek* and *The Wall Street Journal*. Most are based on surveys of recent graduates. The most comprehensive resource is Bloomberg [Businessweek's Business School Rankings & Profiles](#), providing web-based, tabbed access to rankings and profiles of the Distance, Undergrad, EMBA, Full-time MBA, Part-Time MBA, and Executive Education providers and programs. Below are some condensed findings from the information collected by *Businessweek* for its 2010 rankings:

### Executive Education

12<sup>th</sup> ranked Exec-ed **Columbia University's Columbia Business School**: Private

- The Profile provides the basic contact information and a “Getting In” tab to “Program Basics” including contact information for the program, Columbia Business School Executive Education
- 30 non-degree open enrollment programs
- 24 non-degree custom programs
- 1829 attendees in the previous year (2008-2009)
- Separate Executive Education center: No.
- Temporary housing availability: No
- Accreditation: AACSB International
- Overseas locations: 2
  
- School partnerships with non-business schools include:
  - Risk Management, partnered with Professional Risk Managers' Association
  - Center for Curatorial Leadership Program, partnered with Center for Curatorial Leadership
  - Carbon Finance Strategies, partnered with Point Carbon (energy analysts training)
  
- Open enrollment class make-up:
  - 24% live/work within 45 miles
  - 56% live/work abroad
  - 30% are female
  - 56% are international
  - 10% are fully sponsored by employers

7<sup>th</sup> ranked **University of Pennsylvania (Wharton)**: Private

- Wharton Executive Education

- 56 non-degree open enrollment programs
- 126 non-degree custom programs
- 9,113 attendees previous academic year (2008-2009)
- Separate Executive Education center, 9 classrooms
- Temporary housing availability: Yes
- Accreditation: AACSB International
- Overseas locations for open enrollment: 4
- Custom executive programs overseas: 25
- Custom executive clients in previous years: 93 companies
- School partnerships with non-business schools:
  - RMA/Wharton Advance Risk Mgmt Program, partner: RMA (Risk Management Association)
  - Wharton/ASIS International, partner ASIS (Security Management)
  - Wharton/Windhover Prog for Pharma & Biotech Execs, partner: Windhover Information Inc.
  - IMCA Certification Programs, partner: Investment Management Consultants Assoc. (IMCA)
  - J&J/Wharton Fellows Prog in Mgmt for Nurse Executives, partner: Johnson & Johnson
  - Corporate Governance: Fresh Insights Best Practices for Directors, partner: Spencer Stuart (global executive search firm)
- Range of open enrollment program costs: \$1500 - \$50K
- 10% Exec-ed participants live within 45-miles
- 37% Participants live/work abroad
- 27% Female
- 37% International

Comparable to the depth and breadth of the Wharton Executive Education portfolio is 13<sup>th</sup> ranked Northwestern's Kellogg School of Management. Though about a third smaller than Wharton (with just 6,603 participants in the 2008-2009 academic year) its roster of company clients for custom programs is just 37, nearly 60 percent smaller than Wharton. Its price range for open enrollment programs at \$2,200 - \$50K is comparable.

"Custom executive programs represent 40 percent" of KSM "business in executive education...." The School prides itself on durable relationships citing "almost 60 percent" of clients returning for three years or more.<sup>x</sup>

**13<sup>th</sup> ranked Northwestern University's Kellogg School of Management** list of exec-ed programs and partners include:

- CEO Perspectives, partner: "a collaborative business-academic forum between KSM and Leading Women Executives, a membership organization dedicated to developing leadership skills for high-potential women"

- executives” in conjunction with Hewitt Associates, an HR consulting firm (similar to Wharton’s relationship with Spencer Stuart).
- IRI Shaping Innovation Leaders Program, partner Industrial Research Institute
  - Advanced Management Education Program, partner National Minority Supplier Development Council
  - Business Management and Entrepreneurial Program, partner: National Football League
  - Branding in Media and Entertainment, partner: Institute for Media and Entertainment (IME)
    - [IME](#) offers an AMP (Advanced Management Program) in “4, 3-day modules” targeting “high potential managers” in media. Their academic partners include IESE –ranked 3<sup>rd</sup> for exec-ed by *The Financial Times* and *The Paley Center for Media* with locations in NYC and LA. The program is \$39K including “most meals” and “reading and classroom materials.” Presumably, travel and accommodations are not included.
    - IME is a NYS 501(c) (3) not-for-profit, and is registered as a business school by the NYSED and accredited by the ACCET.

These three examples illustrate the extent to which “open enrollment” programs are frequently collaborative exercises that involve the university with outside partners to achieve leverage. For instance, Executive Search firms interested in cultivating the next “generation of CEOs” see “executive development” as an effective way to attract, identify, and develop future talent. CE institutions with industry-focused programs may consider this with or without a recognized MBA-brand.

Presumably, this does not diminish or detract from the value of established academic talent. It is not simply the marquee value of thought leaders from academia that matter. The motivation behind many of the open enrollment and custom program clients is rooted in a demand for exposure to “new thinking” and disruptive innovation. Program design that incorporates top thought leadership from the many different fields represented in CE institutions could bring talent from within its community of schools and colleges. Advances in the arts and science, social thought, the law, and government, are often as compelling for executive education clientele as they are for any other sector of society. If creatively integrated with the “practitioner” faculty, the market appeal of dynamic cross-disciplinary experience in a context that resonates with a specific enterprise or emerging conditions could be particularly compelling.

### **The rise of the personal multi-versity**

The Kellogg IME case is an example of an industry-driven effort to recruit ‘future CEO’s’ from within an industry culture. This is a tacit admission that the best,

most seasoned, most media savvy executives, probably lack the C-level skills needed to lead in the Board Room. Many of the students in such programs pay for the programs out of their own pockets because they have personally experienced the 'new glass ceiling' –a two-way mirrored board room: When the board goes looking for new top management, the only images they see look surprisingly like themselves, with the same MBA degrees, from the same elite programs, and are often devoid of any specific knowledge or empathy with, the practices of the enterprise.

There is good reason to suspect that talent, coming up through the ranks in specialized fields, is attracted to EMBA programs because of the *mirrored room effect*. It is just as likely that people with MBA's, or other specialized degrees, feel the need to become better accustomed to top management's rarefied atmosphere. Not only do many EMBA programs come from the same top ranked MBA schools, but they come with alumni status and an opportunity to develop some level of interpersonal camaraderie –a sort of 'sleep-away' effect like the friendships formed at summer camp. With the rise of the globally networked corporation, these types of social contacts within industries, disciplines, and sectors help ease the formation of networks implicit in the flows disruptive technology and emergent economic structures.

By applying the marketing dictum we coined for CE industry in the 90s: "Program the market. Market the program,"<sup>xi</sup> a school of professional studies in a global *multi-versity* would seem to be ideally positioned to develop a rapid response capability to organize the many components needed to aid investors, professionals, entrepreneurs, specialists, and "teams" as they grapple with dynamic change (see, *Growing With the Flows*<sup>xii</sup>). The difference between this approach and what exists in the EMBA markets is development of the knowledge and skills for 'looking sideways' as well as up. In an environment where sudden structural realignments between elements in an economic sector can be sudden, there would seem to be a market for programs that could be quickly re-organized and re-constituted to mimic emergent structures. Courses would necessarily be shorter, more likely to be 'blended' (with online and place-based components) but every bit as dependent on expert academic and industry talent to provide perspective and insight.

The spectacular growth in the use of online conferencing technologies (including telepresence, desktop video and audio conferencing) and the burgeoning adoption of handheld personal digital devices like iPod, iPad, and mobile operating systems like Google's Android), raise the possibility of "connecting with learners" in entirely new and provocative ways. Potential clients and students have already acquired (at their own expense) much of the essential infrastructure and already pay for much of the bandwidth. Within the decade, the repertoire of new technologies available to educators is likely to include still more amazing technologies like Virtual Presence (VR) and Augmented Reality (AR).



**Fig. 03- Virtual Presence** systems use technology similar to ‘chat,’ and have been in use since 1994 with varying degrees of sophistication. The so-called “Third Phase” implementations will make the experience comparable to walking into an office, taking a look at who is there and then deciding whom to engage and what content to call for and who else to include.

**Fig. 04- Augmented Reality** can be used to turn every learner’s personal digital smartphone into a knowledge platform at the point of need. Point the camera and image, recognition technology superimposes information about the subject over the image. In real-time, suggest appropriate ways to ‘deal’ with the object (e.g. what it is or how to fix it). AR can even dial-up an expert to conference with the learner. The possibilities for mentoring and educational field-work are endless.



## Disruptive change unlikely for Top-Ranked Executive Ed

In MBA and other degree programs targeting executives, the Open-Education movement is unlikely to have much of a direct impact short-term. While technology may revolutionize how learning happens, Executive Education will continue to place high value on place-based learning experiences, especially for those programs that lead to a degree. The role of the MBA, EMBA and ‘elite’ program status will continue to command the attention of large corporations and those whose goal it is to scale the corporate heights. Innovation in program delivery, structure and content are not likely to play a major role in shaking up the prevailing order.

While there is some volatility in the international market for executive education, it isn't at the MBA or EMBA level. NYU Stern's Trium EMBA program in collaboration with the London School of Economics and HEC in Paris, is impressive in many ways including its \$140,000 tuition for a 16-week program (with 2 weeks in London, 2 weeks in Paris, 4 weeks at NYU, and two, 1 week experiences in emerging markets). Given the emphasis that many EMBA candidates place on building their professional networks through the sponsoring school's alumni organizations, Trium provides its graduates with membership in NYU's Stern, LSE, and HEC alumni associations.

Most universities' overall global network strategy needs to address a role for noncredit executive education. The dominance of the MBA degree has already caused critics of C-level management to voice worry about top management blinders and intellectual insularity. There is good reason to believe that the global market is not made up of nations with delegations at the UN but rather less formal networks with diverse topologies of individuals bound by shared enterprise and interests.

Richard Florida and other commentators claim that the "global network" is really located primarily in 75 to 150 cities distributed across the globe. According to this view, each city in the network plays a different role with some of the nodes being major, and some minor. What energizes each network is a particular set of relationships, generally focused around a trade sector, industry, commercial, scientific, or cultural enterprise.

CE institutions and their parent universities should consider whether or not its industry-focused departments make up such global graphs and whether there is sufficient energy to stimulate networked learning opportunities in other parts of the world.

Noncredit programs have penetrated markets in outlying communities in the New York CBSA for decades, crossing several state boundaries. While there are private universities, state college systems, community colleges and for-profit providers, the CE unit's brand is frequently perceived as in a class of its own.

### **Technology and restructuring will boost the role of noncredit**

Non-degree studies are common throughout the world and becoming increasingly important economically. Europe's [\*Bologna Process\*](#) went into high-gear this past March. Earlier this summer, it launched its official website for the EHEA (European Higher Education Area) which will be the focal point for coordinating the activities of participating agencies and institutions. While the main objective of the process was to coordinate a 'great leap forward' for the development of the EU workforce, the Bologna mechanism depends heavily on coordinating and synchronizing hundreds of European higher education institutions –both public and private.

“The Prague Communiqué (2001) signals that in a Europe built on a knowledge-based society and economy, lifelong learning strategies are necessary to face the challenges of competitiveness and the use of new technologies, and to improve social cohesion, equal opportunities and quality of life.”

EHEA recognizes Lifelong Learning as an “essential element” to the success of the Bologna Process. CE institutions may want to familiarize itself with Bologna

and come to understand how it effects the global landscape for CE.

Rank	City	Best category (position in that category)
1	New York City	Business Activity and Human Capital (1st)
2	London	Cultural Experience (1st)
3	Paris	Information Exchange (1st)
4	Tokyo	Business Activity (2nd)
5	Hong Kong	Business Activity and Human Capital (5th)
6	Los Angeles	Human Capital (4th)
7	Singapore	Business Activity (6th)
8	Chicago	Human Capital (3rd)
9	Seoul	Information Exchange (5th)
10	Toronto	Cultural Experience (4th)
11	Washington, D.C.	Political Engagement (1st)
12	Beijing	Political Engagement (7th)
13	Brussels	Information Exchange (2nd)
14	Madrid	Information Exchange (9th)
15	San Francisco	Human Capital (12th)
16	Sydney	Human Capital (8th)
17	Berlin	Cultural Experience (8th)
18	Vienna	Political Engagement (9th)
19	Moscow	Cultural Experience (6th)
20	Shanghai	Business Activity (8th)
21	Frankfurt	Business Activity (11th)
22	Bangkok	Political Engagement (13th)
23	Amsterdam	Business Activity (10th)
24	Stockholm	Information Exchange (13th)
25	Mexico City	Cultural Experience (9th)
26	Zürich	Information Exchange (8th)
27	Dubai	Information Exchange (14th)
28	Istanbul	Political Engagement (8th)
29	Boston	Human Capital (9th)
30	Rome	Cultural Experience (15th)

Fig. 05 – The journal, *Foreign Policy*, “Global City Index” lists “the world’s biggest, most interconnected cities help set global agendas, weather transnational dangers, and serve as the hubs of global integration. They are the engines of growth for their countries and the gateways to the resources of their regions.”<sup>xiii</sup>

In much of the world (especially India and China) the vocational sectors are not nearly as preoccupied with degree attainment as they are with skills and

certifications. “In vocationally oriented fields, like business, many Indian students have made the bet that even unrecognized credentials can open doors to better jobs in private industry.”<sup>xiv</sup> For now, the Indian vocational system is replete with fly-by-night for-profit schools with dubious standards and questionable credentials. The Indian government sees overseas providers as a new element that may be able to stabilize the sector and raise overall standards.

The impact of digital technologies on India’s enterprises has changed the skill-set landscape dramatically, as it has in the rest of the world, raising the demand for greater “professionalism” in all of the disciplines that constitute the “line” level activities of a modern business, including sales, marketing, graphics and design, accounting, customer care and service, administration, packaging, shipping, IT, HR, and just about everything else.

Many of the positions are so-called “customer facing” activities where the employee is expected to represent the ‘face’ of the organization, requiring better than ordinary communications skills. In other instances, they work on multi-national, multi-ethnic, cross-disciplinary teams with colleagues from scores of different organizations, with different skill-sets, coordinating activities of a common value chain. This is a “professional” profile far different from that of “the corporate drone” or industrial age “cog-in-the-wheel.” It calls for workers with different sensibilities that are comfortable working in complex networks.

A one or two month-long (8 week) program at a university could certainly add value for specialists, supervisors and managers, engaged in trans-national businesses. Collaborative programs, with some online components and curricula coordinated through reputable overseas institutions, might provide practical and cost-effective learning opportunities, although business alignment would still be challenging.

Online and telepresence formats hold out the possibility of minimizing such risks. Technical assets can be owned separately with each partner retaining possession of its own assets at its own location. Aligning curricula, while challenging, would still be a source of genuine added value to the extent that it improves both the perception of value and actual performance. Improvements in human performance are, ultimately, the only way global organizations can move forward as cost differentials begin to level out.

That said the difficulties of offering a non-degree service should not be underestimated. While India is considering landmark legislation to open up its education system to overseas institutions, the focus appears to be on attracting top tier universities. Even for such renown programs, however, “(T)he proposed bill requires foreign universities to front an initial investment of around \$11 million, to be deposited in a corpus fund, and prohibits the repatriation of profits to the home country or institution (any surplus revenue can only be used to develop the institution in India).”<sup>xv</sup> On the surface, this seems to destroy financial incentive for U.S. universities to commit to in-theater operations in India, according to some observers.

While the powerful Chinese economy is on the fast track to superpower status, academic fraud, plagiarism, and cheating is so rampant that it could derail President Hu Jintao’s plan to move China *beyond mere labor-driven manufacturing and into the knowledge-based business of discoveries, inventions and other advances*.<sup>xvi</sup> If conditions don’t improve, genuine damage could be done to China’s ambitions. Denis Fred Simon of Penn State University argues, in an article in *The Economist*, that growing evidence of fraud “calls into question the overall credibility of the entire scientific enterprise in China—and unfortunately feeds negatively into the related concerns about the safety of Chinese products and the integrity of information coming out of China.”

The problem is so severe that Centenary College (New Jersey) is shutting down an MBA program that has nearly 400 students enrolled at locations in Beijing, Shanghai, and Taiwan because of a “plagiarism epidemic.”<sup>xvii</sup>

### **The Exec-ed Quandary**

For CE Institutions, the quandary lies between its ambitions and its history. The MBA degree still holds the attention of men and woman hoping to rise to the top of the business world. If anything, the grip of the top MBA programs has grown even tighter.

In our review of scores of business schools and their executive education programs, this report found little evidence that other types of masters programs – degrees associated with enterprise disciplines other than management—faired any better in the company of MBA programs than without. Instead, masters programs in engineering, information sciences, and nearly every other occupational discipline, have heeled closely to those occupations and the graduate professional schools with which they are most closely associated.

The formula that emerges for meeting tomorrow’s needs appears to rely on collaboration and institutional pluralism. Three themes seem to work in favor of Professional Studies: a growing clamor for multi-disciplinary programs, a growing acceptance (expressed in the rising popularity of non-degree programs) that the degree is not always the best evidence that an individual has mastered the most

current information, and the growing recognition that the ability to learn rapidly is in itself an acquired skill.

**Exec-ed snapshots:**

**Columbia University, Columbia Business School  
Number of Degrees Conferred: 1,068 MBAs, 16 Ph.D**

**Finance**

<b>Finance</b>	
<b>Currency Used</b>	
<b>Operating Budget</b>	165,000,000
<b>Operating Budget per FT faculty member</b>	1,107,383

**Enrollment**

<b>Enrollment</b>	
<b>Full Time Enrollment, Undergraduate</b>	0
<b>Full Time Enrollment, Masters</b>	1,974
<b>Full Time Enrollment, Doctors</b>	91
<b>Part Time Enrollment, Undergraduate</b>	0
<b>Part Time Enrollment, Masters</b>	
<b>Part Time Enrollment, Doctors</b>	
<b>Percent of Undergraduate Students from Host Country</b>	
<b>Percent of Masters Students from Host Country</b>	64.08
<b>Percent of Doctoral Students from Host Country</b>	31.87

Stature: Most of what can be described as Executive Education is offered through the University’s Graduate Business School and is geared to students preparing for or planning to ultimately take an MBA or EMBA. The noncredit Exec Ed dimension is structured into single course or noncredit certificates. Points are priced at \$1300 each, and certificates require 3 points.

Columbia’s School of Continuing Education offers a summer Exec Ed program in Strategic Communications. The \$10,500 (+ fees), two week program is designed for 18-25 (overseas) “executives with global communications responsibilities.”

Typical of Exec Ed programs, it emphasizes “study-group” learning with planned social events to build personal and professional networks. Classes are “led by senior practitioners.” Local hotels provide the accommodations.

**Babson College, School of Management**

**Number of Degrees/Credentials Conferred: 429 Undergrad; 673 Masters**

**Finance**

<b>Finance</b>	
<b>Currency Used</b>	
<b>Operating Budget</b>	172,007,047
<b>Operating Budget per FT faculty member</b>	1,146,714

**Enrollment**

<b>Enrollment</b>	
<b>Full Time Enrollment, Undergraduate</b>	1,898
<b>Full Time Enrollment, Masters</b>	427
<b>Full Time Enrollment, Doctors</b>	
<b>Part Time Enrollment, Undergraduate</b>	0
<b>Part Time Enrollment, Masters</b>	1,090
<b>Part Time Enrollment, Doctors</b>	
<b>Percent of Undergraduate Students from Host Country</b>	77.61
<b>Percent of Masters Students from Host Country</b>	81.28
<b>Percent of Doctoral Students from Host Country</b>	

Babson has probably the most expansive programs. [Open Enrollment programs for Individuals and Teams](#) cover a range of modular programs serving “Big Pharma,” “Coaching,” “Finance for Non-Financial Managers,” “IT Leader Development,” and programs tailored for women in areas such as Social Media and Strategic Planning in the Retail sector.

Prices range from \$149 for a breakfast seminar on coaching (hosted at the Babson Executive Conference Center as are many of its other programs) to \$10,500 for a 3-module “Coaching Inside the Organization” with a Babson coaching certification.

Babson’s highly rated [Custom Programs](#) (#6 in the Financial Times of London EE rankings) provide a highly organized, well thought-out consultative development process for each client firm.

	CAPABILITY OVERVIEW	CAPABILITY SPECIFICS	KEY CLIENT OUTCOMES
<b>BUSINESS &amp; MANAGEMENT FOUNDATIONS</b>	Creating a sound understanding of the dynamics of business and the marketplace	Customized and integrated capabilities based on specific client needs	Move beyond functional to business expertise
<b>STRATEGIC MANAGEMENT OF THE ORGANIZATION</b>	Leveraging strategic thinking and innovative processes for managing the organization as a system		Apply a strategic framework for organizational management
<b>INNOVATIVE LEADERSHIP</b>	Setting the course for the organization through innovative leadership		Develop leaders who champion growth and value creation

Fig. 06- Babson's "consultative custom development process."



Fig. 07 - Babson Executive Conference Center (ranked #3 for accommodations by the *Financial Times*) provides 211 well-appointed guest rooms, free Internet access, athletic facilities, leisure activities, access to campus sports, theatrical, literary events.



Baruch Col-City University of New York, Zicklin School of Business  
 Number of degrees conferred: Undergrad, 2,137; Masters, 837; PhD, 6.

### Finance

Finance	
Currency Used	
Operating Budget	40,369,475
Operating Budget per FT faculty member	203,886

### Enrollment

Enrollment	
Full Time Enrollment, Undergraduate	7,593
Full Time Enrollment, Masters	348
Full Time Enrollment, Doctors	67
Part Time Enrollment, Undergraduate	2,051
Part Time Enrollment, Masters	2,138
Part Time Enrollment, Doctors	
Percent of Undergraduate Students from Host Country	86.88
Percent of Masters Students from Host Country	86.53
Percent of Doctoral Students from Host Country	100.00

### Baruch College/Zicklin School of Business

The Department of Real Estate has posted its intention to start an executive training program. Margo Weaker, Director, External Relations and Student Services (646)660 6937, [margo.weaker@baruch.cuny.edu](mailto:margo.weaker@baruch.cuny.edu) is listed as the contact.

The program also offers a number of BBA degrees with a major in Real Estate or with a minor in Real Estate; as well as an MBA and an MS in Real Estate. There is also a 60-credit Ph.D program in Real Estate designed to be completed in 4-5 years.

Non-degree graduate business courses are open only to students matriculated in MBA or MS degree programs (some exceptions are made for alumni and visiting students).

Zicklin School of Business Executive Programs include an EMBA, EMS in Finance, Financial Statement Analysis, an MBA in Health Care Administration (Baruch/Mt. Sinai MBA) and an MS in Industrial and Labor Relations. An International Executive Program is offered to overseas candidates and includes study in NYC. The candidate takes the EMS in Finance, Marketing, HR Management, and Global Leadership, and MIS, and includes work experience with a participating New York firm.

A post-master’s graduate certificate provides individuals who have a master’s degree with a mechanism to acquire additional depth in an additional graduate business discipline.

Fees range from \$490 per credit (MBA) to \$310 per credit (MS) for NY residents. Non-resident International rate is \$735 and \$575, respectively.

GMATs are not required for the Executive MBA or MS programs. A “satisfactory” GMAT is required for acceptance to the MS in Financial Statement Analysis program.

Tuition ROI						
Career/Degree	Average Starting Salary	Average Total Debt	Debt as % of Starting Salary	Average Annual Loan Payment(1)	Loan Payment as % of Starting Salary	Loan Payment as % of Discretionary Income (2)
Elementary School Teacher/Bachelors	\$31,080	\$24,016	77.3%	\$276	10.7%	22.4%
Journalist/Bachelors	\$34,027	\$22,569	66.3%	\$260	9.2%	17.5%
Elementary School Teacher/Masters	\$38,148	\$35,946	94.2%	\$414	13.0%	22.7%
Geologist/Bachelors	\$39,317	\$21,469	54.6%	\$247	7.5%	12.9%
Accountant/Bachelors	\$48,691	\$25,036	51.4%	\$288	7.1%	10.7%
Chemical Engineer/Bachelors	\$65,628	\$21,933	33.4%	\$252	4.6%	6.1%
Pediatrician/MD	\$140,000	\$156,456	111.8%	\$1,801	15.4%	17.5%
Orthopedic Surgeon/MD	\$322,500	\$156,456	48.5%	\$1,801	6.7%	7.1%

Source: Mark Kantrowitz, Publisher of [FinAid.org](http://FinAid.org) and [Fastweb.com](http://Fastweb.com)  
 (1) Loan payment assumes a 6.8% interest over 10 years. (2) Discretionary income is any amount above 150% of the federal poverty line.

**Fig. 08 - Where's the ROI?** Exec-ed in fields other than business will have to show a better ROI. Exec Ed programs in business pay a lot of attention to building “relationship networks” with enduring value.

## The financial prospects

In general, Exec-ed looks strategically significant. Still, the risks are substantial. In addition to a lackluster domestic economy, the global economy is not much better, if not worse. By 2050, however, the Earth will be inhabited by nearly 9.1 billion people according to the UNFPA.<sup>xviii</sup> Nearly 70 percent of them will reside in developing regions of the world. Between now and then they have a lot of growing to do and enormous needs to meet. In short, there will be growth.

With imagination, innovation, and the necessary access to education, these billions of people will prosper. Businesses will grow again and thousands of occupations that have not been named or imagined will need to coordinate their economic, social, and political activities. What sustains us is our imagination, and versatility –our willingness to discover new needs at the leading edge of history.

As this report shows, executive education is filled with a lot of “sameness.” Many programs seem to be used as a device for filling empty seats and sopping up extra resources provided to degree programs. It is very commonplace for the schools to restrict open-enrollment or exec-ed programs to “seats available.”

The endless lists of ranked schools do not evidence a great deal of percolation. Presumably, the reputation of the programs for building effective contact networks is one very important reason.

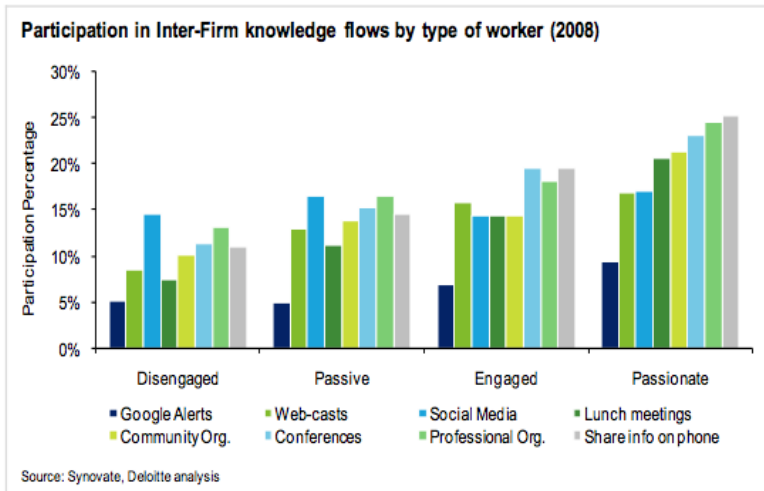
Globally connected universities offer a new paradigm to explore imaginatively and courageously; however, it comes at a time when enterprises are shifting from rigid, enduring structures, to fluid, protean ones. We will have to break out of the ‘old thinking’ that accepts the inevitability of academic fortresses and discipline silos as the only ways to meet those needs. As usual, the enterprises and individuals are already ahead of us on that score and looking for the next new relationship. That’s our opportunity.

### **Conclusion: The CE niche**

Given today’s prospect for a sharp expansion of the business sector, there is less urgency for a “fast answer.” Still, there appears to be an opportunity for CE institutions’ role in graduate business education –especially in the sectors where its professional centers have demonstrated strength.

Each of the executive conferencing facilities reviewed in the course of researching this report imposed a demand on the sponsoring institution to develop programs that would assure financial viability for these large, sophisticated, facilities. If they are to attract the attention of top executives and their corporations, they need to have comparable amenities and the latest in digital communications services. In addition to exercise rooms, recreation services, dining rooms, catering and meeting services, they also have to have sophisticated telepresence facilities so that the far-flung outposts of global corporations can interact seamlessly with the activities.

Utilization is crucial to the financial success of such an enterprise. A strong sales and marketing effort will have to be built to market the facility. A substantial hospitality operation will be needed to assure a level of service comparable to what the clientele experience elsewhere.



**Fig. 09- Top Performers are Engaged** Deloitte's 'Big Shift' research finds a high correlation between individuals engaged in social media and the production of new value for the employer.

Hypothetically, CE units can contribute substantial resources and expertise. Most important, their diverse academic portfolio and experience in offering high quality noncredit content in multiple formats (conference, classroom, online, and seminar formats) provide the kind of program resilience that can make such a complex enterprise sustainable in fat times and lean.

CE units are also sufficiently agile to form “alliances” of convenience when indicators point to new ideas that require consideration and assessment. Of course, even *arms-length* relationships with outside organizations cause unwanted complexity for the parent University, but conditions are changing globally. Some form of mixed enterprise collaborations may be necessary.

The financial play for executive education looks attractive. Without detailed financials, we cannot determine the expense to revenue ratios reliably, but our analysis of pricing, faculty/expense ratios, and enrollment data provided on AACBS accreditation questionnaires suggest robust margins for 2-to-16 week executive education programs. Even if executive education does not, in the short term, produce high volume returns, the potential warrants robust pilot programs to test business models and identify structural components not yet in place.

i “Business School Data Trends and 2010 List of Accredited Schools.” AACSB International. [www.aacsb.edu](http://www.aacsb.edu)  
 ii Kirby, Julia. “Why China Might Never Protect IP,” Harvard Business Review blogs, July 26, 2010, <http://tinyurl.com/29gayzq>  
 iii “Executive M.B.A.’ Help Slips,” By June Porter, (June 3, 2010, The Wall Street Journal Online) <http://tinyurl.com/3xln4o7>  
 iv The Official ASTD Blog <http://tinyurl.com/2dmmv5j> attributed to an Accenture report.  
 v The Contingent Labor Management 2010 Report (Aberdeen Group)  
 vi “Closer Look at ‘Gainful Employment’,” Inside Education (July 26, 2010) <http://tinyurl.com/2ck26dr>  
 vii Ibid. Inside Education.  
 viii Van Noy, M, et al. Noncredit Enrollment in Workforce Education: State Policies and Community College Practices. (Am. Assoc of Community College Res Ctr, 2008) <http://tinyurl.com/2b9tsl6>

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ix Ibid. pp. 17-19.

x KSM executive education website <http://tinyurl.com/23fpmx>

xi Various: Attributed to Dorothy A. Durkin, Assoc. Dean for Strategic Development, NYU SCPS.

xii "Growing With The Flows," Dorothy Durkin, whitepaper

xiii Wikipedia entry, [http://en.wikipedia.org/wiki/Global\\_city](http://en.wikipedia.org/wiki/Global_city)

xiv "All Eyes on India" By Elizabeth Redden (June 30, 2010). <http://tinyurl.com/26atw9k>

xv Ibid.

xvi "Replicating Success," The Economist, July 22, 2010.

xvii "Policing Plagiarism Abroad," Inside Higher Education. (July 27, 2010) <http://tinyurl.com/2fmq2xf>

xviii "Linking Population, Poverty and Development, <http://www.unfpa.org/pds/trends.htm>