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STRATEGIC TOOL OR JUST NICE TO HAVE?

THE ROLE OF EXECUTIVE
EDUCATION IN THE UK



This report is based on findings from an extensive, two-part research programme conducted by Benchmark Research during July and August 2005.

INTRODUCTION

The two-part structure was designed to give a fuller picture of executive education in the UK than has been obtained from previous surveys of the sector, because it incorporates the views both of those who select and commission executive education and of those who participate in it.

The first part of the research formed the Training for Industry and Commerce 2005 survey. This was initiated by Benchmark Research and sponsored by Cranfield School of Management, Henley Management Centre, Open University Business School, Saïd Business School (University of Oxford) and Warwick Business School. The survey comprised 500 telephone interviews with senior managers and directors who had overall responsibility for training within their organisations.

The second part of the research was conducted exclusively for Saïd Business School. The survey comprised 90 telephone interviews with senior managers and directors, none of whom had responsibility for training within their organisations.

Both parts of the survey concentrated on larger organisations; all respondents represented organisations that had at least 250 employees.

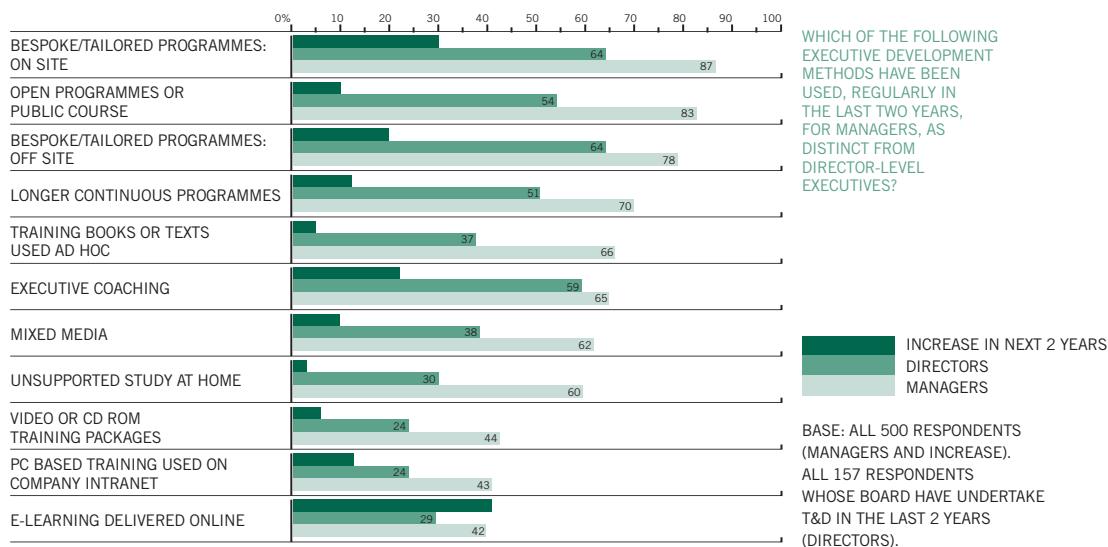
A very wide range of activities is included under the heading of executive education.

WHICH EXECUTIVE DEVELOPMENT METHODS ARE ORGANISATIONS AND INDIVIDUALS USING?

01

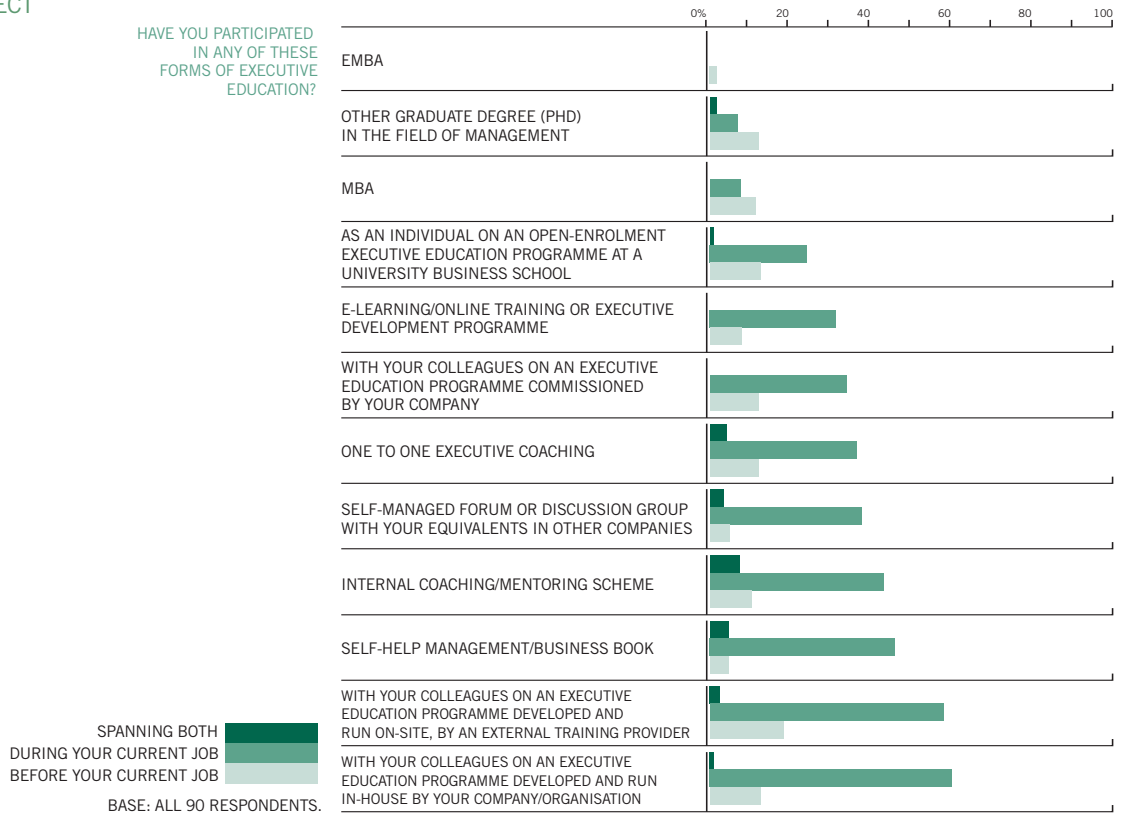
By far the most commonly used are traditional short programmes, usually delivered by a business school or other external training provider. These include both 'open' or 'public' programmes, and commissioned programmes, tailored to the needs of the commissioning organisation.

In part one of the survey, the managers and directors with responsibility for training were asked which executive development methods had been used regularly in the last two years for managers, and for director-level executives. They were also asked which were likely to increase in importance in the future.



THE FUTURE OF EXECUTIVE EDUCATION IS BESPOKE BUT IT DOES RAISE THE STAKES: BESPOKE PROGRAMMES REPRESENT A SIGNIFICANT FINANCIAL INVESTMENT AND, AS WITH ANY OTHER INVESTMENT, YOU EXPECT A COMMENSURATE RETURN.

In part two, the managers and directors who might be described as the 'recipients' of executive education were asked in which types of programme they had participated in before their current job, and during their current job.



On-site bespoke programmes, whether designed in-house or by an external provider, are the most popular current delivery method, and are likely to remain so.

Open programmes and off-site bespoke programmes are second and third in popularity with the executive education selectors in part one, while the order is reversed in the chart showing actual participation by the recipients in part two. Given the size of the sample, this is not particularly significant, but it is interesting to note that 70 per cent of the senior managers and directors interviewed in part two had not been on an open programme, either in their previous or current jobs.

Executive coaching is being used more. This is the first time that it has appeared in any notable numbers in any of Benchmark Research's training and development surveys. More of the recipients had participated in executive coaching during their current jobs than in previous jobs.

A surprisingly high number of the respondents in part two had participated in a self-managed forum or discussion group.

The use of e-learning was predicted to increase. However, it has to be said that the same prediction is made every year—and is never fulfilled.

COMMENT

FROM DAVID FEENY,
DIRECTOR, EXECUTIVE
EDUCATION

Clearly, the future of executive education is bespoke. Increasingly, organisations are viewing executive education as a component of their overall strategy, rather than simply as a means of developing individuals.

This is a good thing, but it does raise the stakes: bespoke programmes represent a significant financial investment and, as with any other investment, you expect a commensurate return. As we can see elsewhere in this report, a large proportion of HR and training respondents did not feel that their executive education strategy was currently meeting corporate objectives. While there are a number of reasons for this, a key problem is that organisations commissioning bespoke programmes are not necessarily putting in the right amount of effort at the beginning of the process.

Firstly, it is vital that organisations pick the right partner for the process. There are many different types of executive education provider, from universities and business schools to specialist training organisations and individual consultants. All have their strengths and their weaknesses. But to select a provider based on familiarity with a brand name or proximity to our location is simply not good enough.

Secondly, more time has to be spent with the provider on developing the brief. I believe that many executive education programmes fail to meet their objectives because they are in fact addressing the wrong problem. It should be among the criteria on which prospective providers are judged, that they have the confidence to question your brief, and that they have the tools to conduct a full diagnosis of your needs long before a famous presenter or innovative learning technique is even mentioned.

The HR directors who had used bespoke or tailored programmes were asked why they chose these programmes rather than using open programmes to achieve the same objective.

WHY ARE THEY CHOOSING THESE METHODS?

COMMENT
FROM TIM MORRIS,
 ASSOCIATE DEAN,
 EXECUTIVE EDUCATION

The popularity of bespoke programmes and the growth in executive coaching mentioned in the previous section are based on the much the same reasoning. Both methods enable the development programme to be tailored to the needs of both the individual and the organisation. Although only

12 per cent of respondents mentioned cost-efficiency as a factor in choosing a bespoke programme, I am convinced that there is also a value-for-money aspect to it. If an individual participates in an open-enrolment programme, he or she could expect to find 50 or maybe 60 per cent of it really valuable; with a bespoke programme or one-to-one coaching there is less perceived 'wastage'.

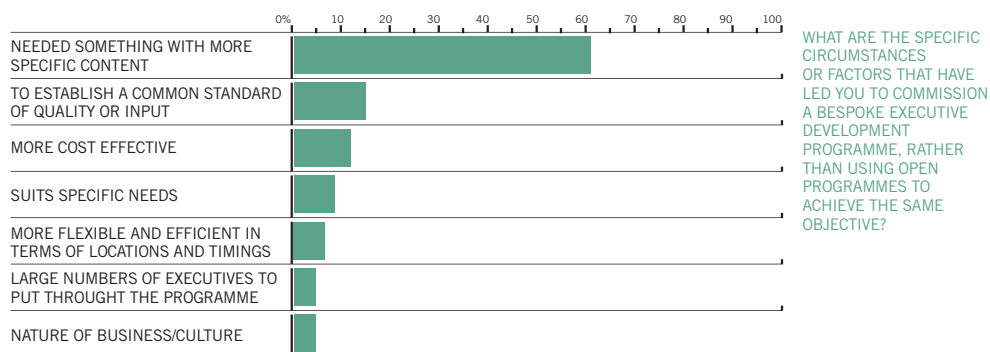
While there are a great many strengths to both bespoke programmes and executive coaching, I am concerned that some organisations may be undervaluing the incidental benefits of participation in open-enrolment programmes, such as networking with peers in other organisations, and having time away from the office to reflect. A relentless focus on the organisation's

objectives and environment is not going to allow much room for new ideas to take shape or for people to stand back and see the bigger picture.

I would also encourage both individuals and organisations to be less afraid of taking time out. It is perfectly understandable to want to run programmes on-site in order to keep accommodation costs out of a tight training budget, but in a

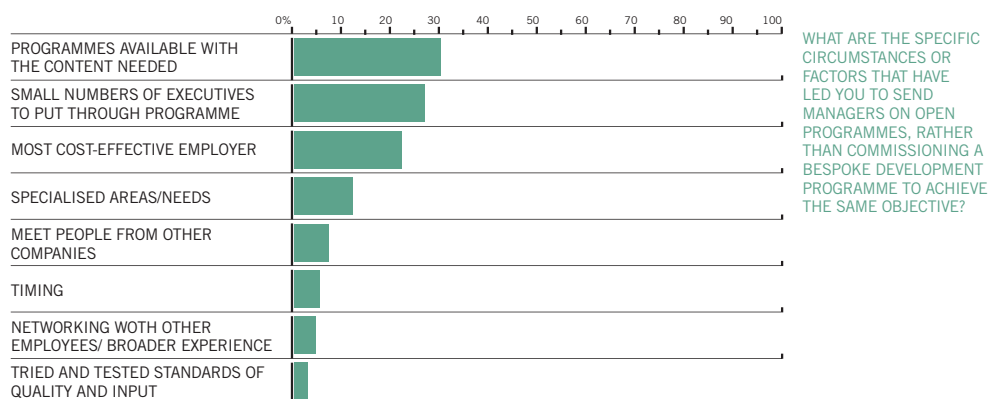
great many cases this is not the reason. Really, it is that most senior executives and their staff suffer from acute separation anxiety, not assuaged even by the ubiquitous Blackberry. Time out of the office not only gives executives a chance to recharge their mental batteries, but gives their subordinates an opportunity to take responsibility and prove their worth.

The overwhelming response was the ability of a bespoke programme to deliver specific and flexible content.



The same respondents were asked what factors had led them to send executives on open programmes, rather than commissioning a bespoke programme to achieve the same objectives. Again, content was seen as very important, with 30 per cent of respondents saying that they chose an open programme because programmes were available with the content needed.

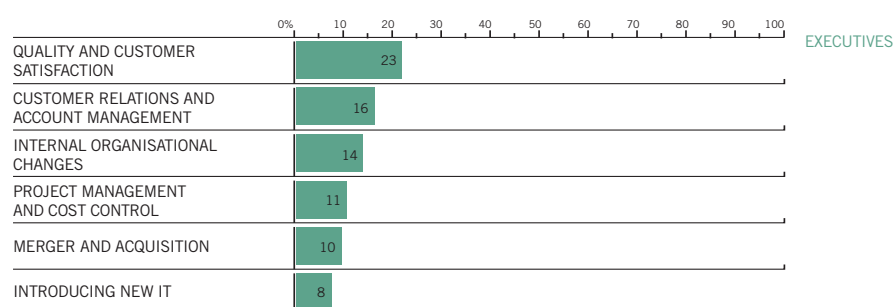
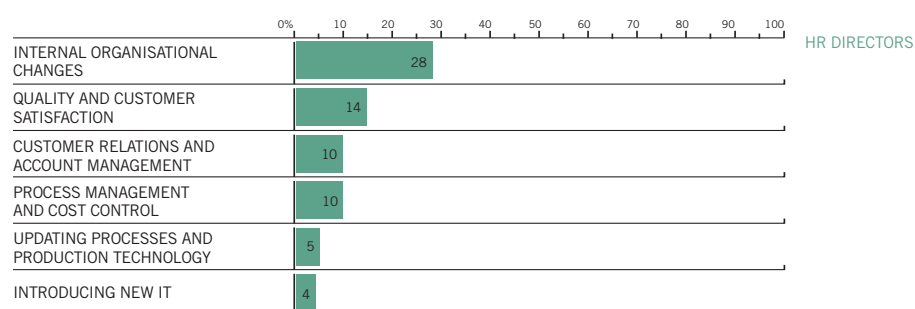
The opportunities to meet people from other organisations and to network came surprisingly low on the list, cited by 8 per cent and 5 per cent of respondents respectively.



WHAT AREAS ARE EXECUTIVE EDUCATION PROGRAMMES SPECIFICALLY AIMING TO DEVELOP?

03.1

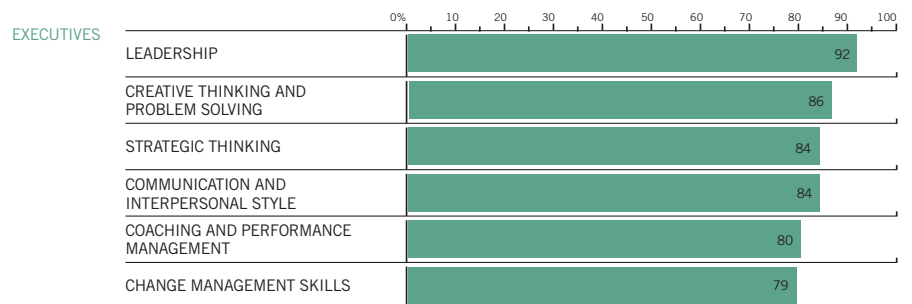
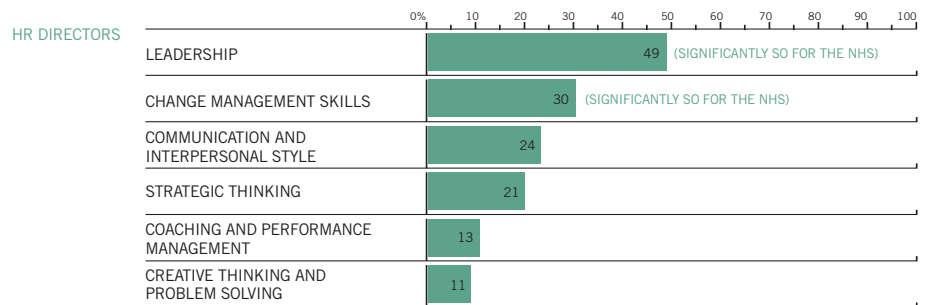
THE SURVEY ASKED BOTH THE HR DIRECTORS AND THE EXECUTIVES WHAT WAS THE SINGLE MOST IMPORTANT BUSINESS CHALLENGE FACING THEIR ORGANISATIONS OVER THE NEXT TWO YEARS.



The results from the HR directors were affected by the relatively large proportion of respondents who cited internal organisational change in the NHS (47 per cent) and the public sector (38 per cent). There were also statistically significant differences between sectors in the area of quality and customer satisfaction, where it was cited by 37 per cent of respondents in the retail and leisure sector, but only 3 per cent of respondents in the NHS. However, overall the differing perceptions of priorities between the two sets of respondents are still thought-provoking.

03.2

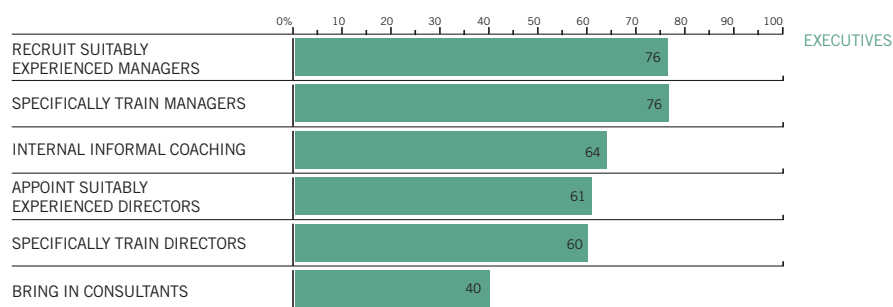
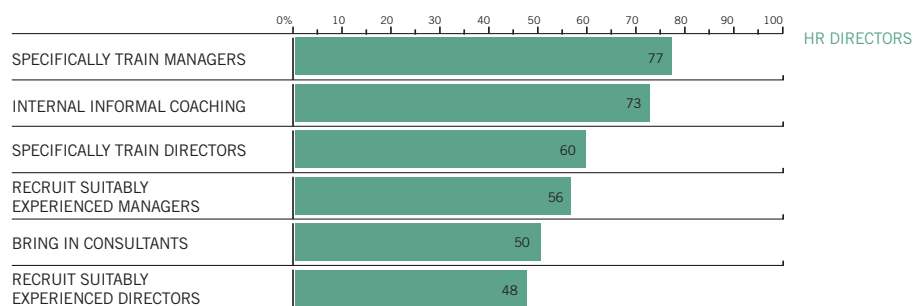
BOTH GROUPS WERE ASKED WHAT WERE THE KEY PERSONAL OR PROFESSIONAL SKILLS THAT THE ORGANISATION SHOULD LOOK FOR, OR SEEK TO DEVELOP, IN ORDER TO MEET THE KEY STRATEGIC CHALLENGE.



What is immediately striking about this chart is how much more focused, and perhaps more realistic, the HR respondents were compared with the executives. A very high percentage of the executives must have mentioned at least six 'key' skills. Admittedly, almost all the skills mentioned might be regarded as leadership skills of one kind or another but the chart does give the impression of rather a tall order coming in from the executives.

03.3

THE CHARTS SHOWING RESPONSES TO THE QUESTION “HOW SHOULD THE ORGANISATION BRIDGE THE SKILLS GAP TO MEET THAT CHALLENGE” ARE ALSO INTERESTING.



YEARS OF EXPERIENCE OF WORKING WITH LEADERS IN OXFORD HAVE TAUGHT US THAT LEADERSHIP DEVELOPMENT IS NOT ABOUT TRAINING PEOPLE TO BE INSPIRATIONAL. IT IS ABOUT GIVING THEM THE SPACE AND THE VOCABULARY TO THINK ABOUT LEADERSHIP, AND THEMSELVES AS LEADERS.

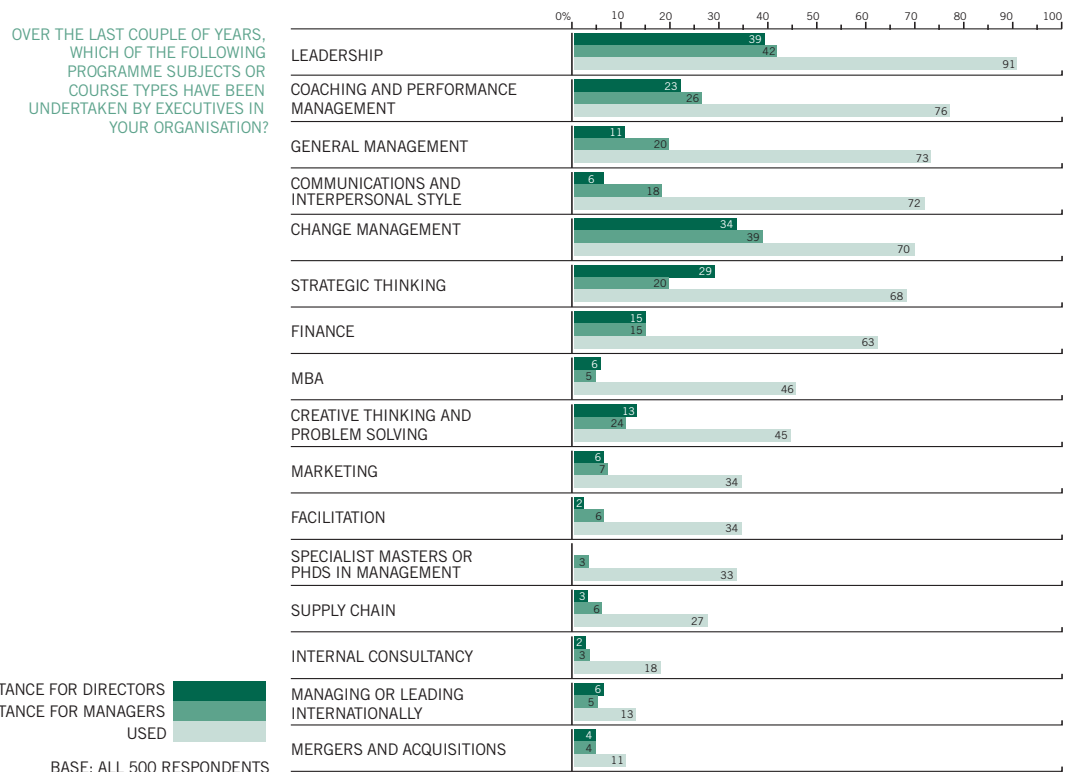
The HR departments seem to have more confidence in being able to train the current managers and directors than do the executives, more of whom suggest recruiting external skills. This sits rather oddly with the apparent effectiveness of development programmes experienced by the executives (see section 05). But perhaps the executives are simply showing their lack of understanding of HR policies and practices—and think that senior-level recruitment is a good deal easier than it is.

03.4

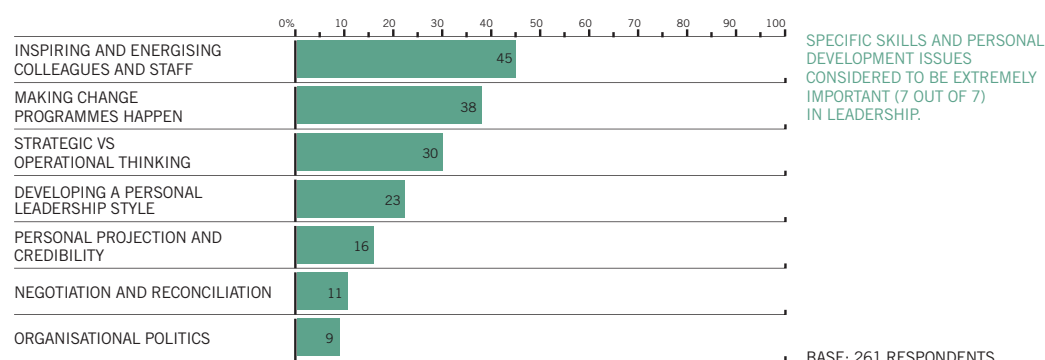
THE HR DIRECTORS WERE ASKED WHICH SUBJECT AREAS HAD BEEN COVERED BY PROGRAMMES UNDERTAKEN BY EXECUTIVES OVER THE PAST TWO YEARS. THEY WERE ALSO ASKED WHICH AREAS WERE LIKELY TO INCREASE IN IMPORTANCE IN THE FUTURE.

In the last Benchmark survey, general management programmes were the most often used. On this occasion, Leadership swept the field, with 91 per cent of respondents saying that executives had undertaken such programmes over the past two years. Leadership programmes are also the most forecast to increase in popularity.

Apart from Leadership, change management, coaching and performance management, and strategic thinking are forecast to be the key programmes of the future.



The HR respondents were also asked which specific skills and personal development issues were considered to be extremely important in leadership.



COMMENT
FROM MARSHALL YOUNG,
 DIRECTOR, OXFORD
 STRATEGIC LEADERSHIP
 PROGRAMME

Management theories and executive education, like so many other things, are subject to trends, and Leadership is very much in vogue at the moment.

What I find encouraging about the answers in this survey is that respondents do not believe leadership skills to be the

sole prerogative of the Chief Executive. They expect to see leadership demonstrated throughout the organisation.

However, I do have concerns about the amount of faith that is being put into leadership 'training', and the fact that the majority of people seem to have quite a simple vision of what leadership is. Attempting to turn everyone in the organisation into inspirational and energising Henry Vs is

not going to work: not only is it difficult to train someone to be inspiring who is not naturally so, but that style of leader does not always demonstrate some other useful attributes of a successful leader such as flexibility, good listening skills, and the ability to collaborate. Often different types of leaders are needed for different types of organisation or to do different jobs. I notice that 'negotiation and reconciliation' come quite

far down the list, as indeed does 'developing a personal leadership style.' 'Making change programmes happen' cannot even be properly described as a leadership skill or attribute: it is something that some leaders are required to do, or that takes leadership to achieve. Other, maybe better, leaders might lead in such a way that people don't even realise that there is a change programme in progress.

Years of experience of working with leaders in Oxford have taught us that leadership development is not about training people to be inspirational. It is about giving them the space and the vocabulary to think about leadership, and themselves as leaders, and to understand and mature their personal leadership identity and style.

Only 35 per cent of the HR directors and only 21 per cent of the executives felt that their organisation's executive development strategy was delivering well the skills/development needed to meet corporate objectives.

HOW EFFECTIVE IS EXECUTIVE EDUCATION?

At first glance, this does not look particularly encouraging. However, we asked the executives a range of different questions relating to the success or otherwise of the executive education in which they themselves have participated, and to how they perceived the effectiveness of the executive development programme overall, and a more complex picture emerged.

We asked the executives to rate each of the forms of executive education in which they had participated in terms of how it had improved their personal effectiveness, and how it had improved their contribution to the organisation. They were asked to score between 1 and 5, where 1 meant “it had no impact on my personal effectiveness/contribution to the organisation” and 5 meant “it transformed my personal effectiveness/contribution to the organisation”

In general, every method was rated more highly for improving personal effectiveness than for improving the participant’s contribution to the organisation.

The greatest difference was seen in executive coaching, where 92 per cent of respondents scored it 3, 4, or 5 for improving personal effectiveness, while 77 per cent scored it 3, 4, or 5 for improving their contribution to the organisation.

95 per cent of respondents who had participated in a programme developed and run in-house rated it 3 or above in terms of improving their personal effectiveness.

Ostensibly, this was the highest score achieved by any development method. However, the majority of respondents rated it at 3, with only 30 per cent giving it a 4 or 5 rating. Bespoke programmes run on-site by an external provider were rated 4 or 5 for personal effectiveness by 48 per cent of respondents, while a further 40 per cent gave it a 3 rating.

It would seem that there is a choice to be made between a delivery method that is quite effective for the majority of people, but sets only a few of them alight, and one that is rated more highly by nearly half of respondents, but receives more 1 or 2 scores.

The methods that received the highest percentage of 4 and 5 scores were:

Self-managed forum or discussion group with equivalents in other organisations

50 per cent scored it 4 or 5 for personal effectiveness.
48 per cent scored it 4 or 5 for contribution to the organisation.

Executive coaching

48 per cent scored it 4 or 5 for personal effectiveness.
44 per cent scored it 4 or 5 for contribution to the organisation.

Bespoke programme delivered on-site by an external provider

48 per cent scored it 4 or 5 for personal effectiveness.
40 per cent scored it 4 or 5 for contribution to the organisation.

IN GENERAL, EVERY METHOD WAS RATED MORE HIGHLY FOR IMPROVING PERSONAL EFFECTIVENESS THAN FOR IMPROVING THE PARTICIPANT’S CONTRIBUTION TO THE ORGANISATION.

COMMENT

FROM DAVID FEENY,
DIRECTOR EXECUTIVE
EDUCATION

There are basically two issues here. The first is the difference – if, indeed, there is one – between improving the performance of individuals and improving the performance of the organisation. I would say that the results of this survey show that, despite the increase in bespoke programmes and statements of support from the board, very few organisations are really thinking in terms of the latter. By far the most common means of identifying executive development needs, for both director level executives (55 per cent) and managers (70 per cent), was the individual performance appraisal. And the most popular method of evaluating the effectiveness of executive development activity is through the appraisal process (35 per cent of respondents). While of course this can be a useful gauge, the appraisal process is essentially focused on individual performance. It is therefore no great surprise that few executive development policies are seen to be delivering well in terms of meeting corporate objectives, because they are not properly being considered in that way.

However, investing in executive development, whether it is aimed at dealing with a specific issue within the organisa-

tion or simply broadening the experience of an individual, is always an investment in the organisation. Senior executives respond as much as their more junior colleagues to a sense that their employer is committed to them.

This leads into the second issue, which is just how seriously organisations view executive development and what they expect from it. A properly considered executive development programme can have a transformational effect on both individuals and the organisation. It can accelerate the achievement of the organisation's strategic objectives, and can even feed into the development of strategy itself. The key is to design it so that it maximises the transfer of learning to the workplace. This requires a real understanding of the culture, structure, and future strategy of the organisation, an overview that can usually only be provided by someone at board level.

Twenty-eight per cent of the HR/training directors responding to the survey said that, at Chief Executive and senior board level, executive development was viewed as "critical to achieving strategic objectives"; 41 per cent said it was considered "very important to achieving strategic objectives". If that's the case then they need to involve themselves much more directly.

Executive coaching and bespoke programmes run at a university/business school received the highest percentage of 5 ratings. In both cases, 15 per cent of respondents said that it transformed their personal effectiveness.

So why are these individual high scores not reflected in the perceived effectiveness of the executive development programme overall? After all, 58 per cent of the executives responding to the survey agreed or strongly agreed with the statement, "The executive development policy has been effective in improving or maintaining the performance of the senior executive team". It seems that they perceive there to be a difference between improving individual performance and developing particular skills needed to deliver corporate objectives.

In designing an executive development programme, broadly speaking there are usually three parties involved from within an organisation: the HR department, that in most cases has overall responsibility for the programme; the board, that sponsors it; and the executives, who participate in it. The survey showed some wide differences in perception amongst the three parties.

The majority view of the executives was very positive towards their own experience of executive education. Indeed, when the executives were asked what single event or person had the greatest positive influence on their development at work, a training

programme was the second most often-cited factor, at 23 per cent. (Top was a mentor, cited by 43 per cent). And when asked what was the greatest impediment to their development at work, lack of training was most frequently mentioned (17 per cent). And yet on the whole they did not think that their own organisations' executive development policies were delivering corporate objectives well.

Sixty-five per cent of the HR directors did not believe that their executive development policy was delivering corporate objectives well. This suggests a huge lack of confidence in their own policies.

But, interestingly, the HR directors believed that executive education is highly valued at board level. In fact, they believe that it is more highly valued at that level than do the executives. Twenty eight per cent of HR managers said that the board viewed it as critical to strategic success; and 41 per cent said that it was viewed as very important to strategic success: whereas 19 per cent of the executives thought that the board viewed executive education as critical to strategic success; and 27 per cent said that it was viewed as very important to strategic success.

This disparity could be the result of poor communication. The executives are not communicating adequately to the HR department the value that they have been getting out of the executive development programmes. And if the board is reassuring the HR department

of its commitment to executive development, it does not seem to be conveying it as strongly to executives elsewhere in the organisation.

And how much is the board just paying lip-service to the idea of executive education? According to the HR respondents, when identifying a bespoke executive education programme, in only 11 per cent of cases would it be likely that that Chief Executive or board would take a central role in discussions with providers. Thirty-seven per cent of respondents did think it likely that the HR manager would work with the board to discuss options and budgets, but the most likely scenarios all feature the HR department as sole decision-maker.

If this is the case, the majority of executive education programmes are likely to be based on an interpretation by HR, either of a direct brief from the board, or of what they believe the organisation to need or want. If you factor in an external provider, then the whole exercise can become an extended game of Chinese whispers. No wonder, then, that the HR departments are not confident that strategic objectives are being met.

This may also explain the mismatch between HR's perceptions of what is needed, and those of the executives. More grist is added to this argument by the answers given to the question: "What is the single most important business challenge facing your organisation in the next two years?" As we see in the previous section,

the HR directors overwhelmingly mentioned internal organisational change, with quality and customer satisfaction coming second. The number one answer from the executives was quality and customer satisfaction, with internal organisational change coming third, after customer relations and account management.

COMMENT

FROM SUE DOPSON,
READER IN ORGANISATIONAL
BEHAVIOUR

I am not altogether surprised at the difference in perceptions between the HR directors and the executives. HR is naturally quite inward-looking while executives from most other parts of an organisation should be more externally focused. It is also true that internal organisational change is a likely by-product of responding to almost any other challenge. The HR directors surveyed probably made the connection instantaneously because they know that they will be dealing with the fallout.

Almost every organisation would benefit from a better connection between HR and the board. It is very rare to have an actual HR presence on the board, although every company claims that its greatest asset is its people. But it would be an advantage for the HR department to have a broader understanding of strategy, as well as for other directors to be reminded to think through the people implications of their decisions at a very early stage. Certainly, when it comes to commissioning an executive education programme, real input from the board is needed – not just statements of support.

We asked all the executives which factor had had the greatest positive influence on their personal development at work.

HOW DOES EXECUTIVE EDUCATION COMPARE WITH OTHER INFLUENCES ON EXECUTIVES AT WORK?

Twenty-seven per cent mentioned a mentor, 6 per cent their previous boss, and 11 per cent leadership from a manager. That is, 44 per cent felt that a specific individual at work had had the greatest positive influence on their development. These responses were fairly evenly split between men and women.

Twenty-five per cent mentioned some sort of training or development programme, including an MBA (2 per cent) and executive coaching (1 per cent).

Other answers included experience, their own motivation, a particular challenge or obstacle that they had overcome, or simply being given responsibility.

They were also asked which factor had been the greatest impediment to their personal development at work.

A refreshing 30 per cent did not feel that there had been any impediment to their development at work.

The most frequently quoted impediment was lack of training (17 per cent), followed by family obligations (13 per cent). Interestingly, most of the respondents who mentioned family obligations were male. And the one person who gave 'marriage' as the greatest positive factor was male. Does personal/home life have a greater impact on how men perform, or feel they perform, at work than it does on the performance of women?

Apart from ageism (3 per cent – all under 45), the other impediments quoted tend to read as a list of organisation-specific grumbles (culture of company, lack of recognition by other managers) or self-criticism (lack of killer instinct, lack of understanding).

COMMENT FROM SUE DOPSON

This paints a generally positive picture of executives' attitudes at work. That so many acknowledge a debt to a specific individual is a testament to a generally supportive culture that breeds confident executives (it can take high self-esteem to be able to admit where you have help).

Sexism was not mentioned once. While there are undoubtedly still pockets of gender discrimination in some sectors, this survey does not suggest that it is widespread. I found it interesting that more men than women – and a greater percentage of the male respondents – cited family responsibilities as the greatest impediment to their development at work. I wonder if, while bending over backwards to accommodate women, organisations continue to expect that men will

be prepared always to put their careers first? Where 'family obligations' means children, in this era when it is likely that both parents are working, and fathers are more involved in their children's upbringing than ever before, perhaps organisations need to be more sympathetic to other demands on all their workforce?

Training and other forms of development can be very influential. For a quarter of all the executives questioned to say that it had the greatest positive influence on their development at work is quite significant. It shows how very effective it can be, and how important it is for HR departments to get it right.

This survey suggests a considerable amount of confusion about the effectiveness and value of executive development.

CONCLUSIONS

While responses from the executives indicate that many forms of executive development can be highly effective on an individual level, they do not perceive there to be a similar level of effectiveness for the organisation as a whole.

HR departments do not seem confident that their executive development policies are working well, yet they continue to believe that there is enormous board-level support for those policies. They also continue to have faith in their ability to train and develop executives to have the specific skills and abilities to meet the challenges of the future.

All this rather muddled thinking suggests that, in most organisations, executive development is approached in a very unscientific manner. Everyone makes statements of support because, like motherhood and apple pie, executive development can only be A Good Thing. But they are probably not being rigorous enough about defining what they actually expect it to achieve, and they are certainly not adequately measuring how far they have achieved it.

Executive development needs to be taken much more seriously at every level. Organisations should not be opting for, say, leadership programmes because it sounds good or because everyone else is doing the same. There should be more detailed analysis of the actual needs of the organisation — the culture of the organisation, the stage it has reached in its own development, where it is going next — and, crucially, there has to be put in place a range of agreed performance measures.

These are things that are difficult to achieve without some external input. It is not always easy for an internal department to ask the tough questions that are an essential part of diagnosing the organisation's development needs. Similarly, an external organisation might find it easier to obtain an objective assessment of the success of the programme. In fact, there is a strong case for changing the usual relationship between an organisation and its executive education 'provider' to develop a more consultative, partnership approach that is tied in to the board's strategic objectives.



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