Universities Becoming
The Outsourcing Solution

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ABSTRACT

This paper provides a road map for universities to follow in responding to corporations that are in need of a solution to the dilemma of building an executive development program and simultaneously providing their executives with a high quality MBA degree. Difficulties experienced by many corporations are complicated by the fact that MBA programs vary by level of quality, emphasis, availability of concentrations and the degree to which they focus on the specific needs of their executive-level students. In addition, many MBA programs are taught by faculty that see their primary function as research scholars. In some business schools, (Bennis and O'Toole, 2005) there is little responsiveness to the needs of business "customers," and often faculty have little high level executive experience to enhance the value of education for MBA's. The solution to this issue is to outsource an executive development program and this paper will address the University of Indianapolis' (UINDY) experience in providing such a program. The model presented in this paper is derived from years of experience in making the MBA cohorts into the recognized outsourcing solution for corporate universities. The model, which has been highly developed, begins with having an active business development and support services team that demonstrates commitment and responsiveness to the needs of the major corporations. UINDY builds on the success of multiple cohorts that have been delivered to these major corporations. This model prioritizes the attitude UINDY brings to this effort – one of responsiveness to the company's needs and a passionate commitment to providing the highest quality accredited degree for their employees that will be 'nominated,' for an MBA. A customized curriculum that focuses on the unique issues, concerns and needs of the specific industry, company, and culture of the cohort is developed. As an example, one of our major successes has been in one of the world's largest aircraft engines manufacturing companies. The choice of materials, cases, and the focus of discussions are specific to that industry. The cohorts are taught on the corporate premises, on the company's schedule (not on the official academic schedule) and the students can immediately apply what they are learning to solving problems and providing value to their companies on a continuing basis. We detail the steps and stages of what has been successful in order to provide a toolkit that other universities can follow. The paper also details the pitfalls, problems, and issues that must be faced to increase the likelihood of success and continuity of the programs being extended to future cohorts.

INTRODUCTION

he focus of this paper is the sector of corporate universities open to the idea of building a partnership with an accredited university. The primary focus is on programs in which a university can simultaneously provide a highly accredited MBA and help the specific corporation achieve its executive development objectives. The customized MBA is the definitive mechanism to help a corporation outsource the central programs that would be regarded as its corporate university. The paper provides definitions of a corporate university, the emergence of the corporate university, and recommendations for higher educational institutions to work with the corporate sector to create such a relationship.

EMERGENCE OF CORPORATE UNIVERSITIES

Corporate universities are not a new concept, they date back to the 1950's; and the growth occurred in the late 80's. Presently, almost 40% of the Fortune 500 firms have a corporate university; however, corporate universities take on various forms.[1] For instance, Motorola had campuses around the world and Dell University does not even have a campus. For some organizations, it is an upscale training department, for others it is a partnership with an accredited university. Lynne Slavensko, Director of Equifax University, defines the concept: "corporate universities aren't a place, but a concept for organized learning that's designed to perpetuate the organization"[2] More specifically, a corporate university is defined as "the strategic umbrella for developing and educating employees, customers, and suppliers in order to meet an organization's business strategies".[3]

In a corporate university, trainers, business unit mangers, university faculty, consultants, and top executives can be involved in the classroom learning process and its development; however, the level of involvement of these individuals vary from organization to organization. Regardless of the structure, the corporate university, the budget is on average 2.2% of the organization's payroll.[4] It is imperative to note, that almost 40% of the corporate universities are interested in granting an accredited degree. Often times, this is accomplished by partnership with a higher education institution that is already accredited.[5]

Corporate universities are the fastest growing sector in higher education. According to Meister, corporate universities have grown from 400 to over 1,000 in the last ten years.[6] As the growth in corporate universities continues to increase, so to do the number of students served. Presently, over 4 million individuals are being served through corporate universities.

One of the main reasons for the rapid growth in corporate universities is the lack of willingness from many higher educational institutions to apply a business model to the education world, thus companies were forced to create their own model. Out of fear, many higher educational institutions have been making various attempts, some successful and some not so successful, to tap into the non-traditional student market. Historically, higher education in the United States has been focused on the traditional, 18-24 year old full-time student; however, the number of potential students in this age group is declining rapidly. This trend has been of great concern to administrators of higher educational institutions, thus, the focus of higher educational intuitions has been diverted to the non-traditional working adult, which accounts for over 40% of the education market and is expected to be the fastest growing market in the twenty-first century.[7]

"The traditional executive educational experience is an MBA and thus attracting part-time students is growing in popularity, because they are adding resources and adapting their curriculum to fit the needs of working adults.   The Graduate Management Admissions Council, which tracks trends at graduate business schools worldwide, reported that in 2004, 74% of traditional, two-year MBA schools in the Untied States and 89% of traditional programs outside of the country reported a decline in applications – while 53% of executive programs around the globe showed an increase in interest from prospective students"[8]

The adult student reports that busy lives, inflexible course schedules, and the lack of available courses offered nearby as the major barriers to obtaining educational training.[9] Many of the corporate universities are created to offer education that learning adults can use on the job. Because the academic environment is behind the curve at meeting these needs, many large corporations have taken the responsibility on themselves. Not only have the demographics of the students changed in the past decades, but also the demands of the student (customer) have

[1] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[2] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[3] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[4] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[5] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[6] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[7] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[8] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[9] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.

risen. Higher education institutions have been notorious for being one of the last on the curve for change, thus organizations were forced to create their own corporate universities to meet the needs that were not being met in the higher education environment. It is time for administrators to confront the reality that education is a market driven environment. Just as in the business world, those who change with the market will service and flourish.

HOW TO BUILD A PARTNERSHIP

The issue with SME (Small and Medium Enterprises) is the lack of resources to create corporate universities on their own, which is where UINDY comes into play. There are four steps in creating a partnership: develop a vision, select criteria, create a business plan, and define the "pilot" partnership offering.[10]

When the UINDY School of Business works with an organization to develop a vision, it is essential to have ongoing, open discussions. Expectations are created, desired outcomes are discussed, and support services are addressed. UINDY takes special care to establish an attitude of respect and responsiveness to the company's needs. Almost 70% of the companies state flexibility as the most important criteria when creating the partnership.[11] Responsiveness and shared vision are two other criteria ranked as essential in this type of partnership. Ironically, the prestige of the institution was ranked as the least important criteria.

Once the vision has been created, the next step is to create a business plan. Just as with a typical business plan, the vision is taken into account when creating objectives and goals. When educators and the business leaders are creating the business plan, it is essential to be sure that all parties involved are "speaking" the same language. If the vision and business plan is not in the same language and all parties involved are clear, the success of the partnership is in serious jeopardy. Once the planning process is complete, it is time to enter the final step in the process, i.e., to define the pilot partnership offering.

When designing the offering, it is essential to rethink the basics, such as the curriculum, content, teaching method, and the criteria for awarding credit in order to meet the two most important criteria for the organization, flexibility, and responsiveness.[12] It is essential for a faculty and administrator of higher education to move from a teacher-centered on campus model of education to a learner-centered model

For UINDY, the entire identity of the School of Business is integrally tied to an engagement with the business community and a passionate commitment to their leadership, executive development and workforce development needs. Top administrators of the School of Business have been involved in working with the Governor and many of the commissioners (Workforce Development, Commerce, Indiana Economic Development Corporation) in state government in Indiana. The Dean of the School of Business was part of the group that provided critical input to the Indiana Economic Development Corporation which resulted in the 20-year strategic plan for the state called Accelerating Growth. This plan details a cultural transformation in the state that is already taking place. The Associate Dean of the School of Business is a member of the commission appointed by the Governor to redraft the corporate code for the state. The strategic plan of the School of Business focuses on developing the leadership of the state and ameliorating the brain drain that depletes the best and brightest from building their futures in Indiana.

ISSUES THAT MUST BE ADDRESSED AT THE UNIVERSITY LEVEL

When creating such a partnership, it is essential to analyze and implement changes needed in other processes of a university in the areas of recruiting, hiring, promotion and tenure, and evaluation.

In much the same way that it takes a different configuration of skill sets in order to be maximally effective at distance learning initiatives, so too does it take a unique faculty member that can thrive in the atmosphere of customized MBA programs. They ideally must have many years of real-world and corporate or entrepreneurial experience, but also the platform skills, personality and charisma to keep executives engaged and contributing

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[10] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
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[12] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.

toward their learning. It is also critically important that this talented faculty blend real world cases and situations with conceptual frameworks that are most valuable for the executive students. The biggest quality mistake is to recruit faculty with extensive business experience who focus just on telling war stories. In addition to recruiting practices, universities need to adapt appropriate hiring practices. For example, as the search committees assess potential candidates, these considerations are paramount. The dean and search committees integrate priorities associated with recruiting faculty who can achieve our goals for undergraduate teaching as well as the MBA cohorts. The reward structure builds on the value of faculty who have extensive experience, and are well-versed and current in their fields and who are excellent teachers and contributors to applied research.

Administrators of higher educational institutions, as well as MBA professors, need to keep in mind when creating a program and course material that top executives are not fact collectors, but rather they are fact users. "To balance the goals of faculty members with the needs of other constituencies, business schools might look to sister professional schools in medicine, dentistry, and law for guidance. Dental education is an apt model to the extent that it prepares students to deliver a service requiring sophisticated skills and to management "hands-on" enterprises. Research is critical to dental education, but it plays a secondary role to the task of educating competent and ethical practitioners." [13] Is that also the right balance for business education? Ultimately, however, UINDY believes business schools would reap the greatest benefits from emulating the most innovative law schools. "The law is a broad-based activity drawing upon many of the same disciplines relevant to business: economics, psychology, accounting, politics, philosophy, history, sociology, language, literature, and so on." [14] UINDY is able to keep the focus on practical and scientific theories because UINDY is not constrained, as the larger research institutions are, to limiting the focus to esoteric research.

KEYS TO SUCCESS

In the interest of providing a tool kit for others, UINDY suggests the following elements that should be considered in making the transition to becoming the local or regional "Outsourcing Solution for Corporate Universities."

CONVENIENCE AND FLEXIBILITY OF ON-SITE COURSES

In most cases, the on-site MBA program utilizes the facilities, technology, and convenience of the corporation. In some cases, the training facilities at major corporations are much more sophisticated than those in universities. The convenience factor is significant. Students in MBA programs can spend the equivalent of hours in travel several times a week in going to on-campus programs. The cohorts simply walk from their offices to the corporate training center. There is an additional benefit for universities that use this approach. The classroom space that is being utilized at the corporations opens up additional classroom space that can be used on the university campus. Another aspect of the convenience is scheduling.

In addition to offering the convenience of off-site programs, UINDY has been flexible in other areas. Adult students report that inflexible in course schedules is one of the major barriers to obtaining educational training. Within the context of specific constraints in the curriculum and seat hours, UINDY can be extremely flexible in how it serves the cohorts. What has worked for the University of Indianapolis is to deviate from the official university calendar for scheduling. Instead, the scheduling of classes to achieve the required amounts of seat time under accreditation regulations is designed to fit the unique schedules of the company. In many industries, companies have standardized Christmas vacation schedules or plant shutdowns over the summer months. Employees build their vacations around their company schedules and thus, UINDY adds a significant additional level of convenience for our corporate cohort students by not artificially imposing the official University schedule on the MBA students.

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[13] Meister, Jeanne C. "Lessons in Building A World Class Work Force." *Corporate Universities*. McGraw Hill. New York. 1998.
[14] Bennis, Warren G. and O'Toole James. "How Business Schools Lost their Way." *Harvard Business Review*." May 2005.

RESPONSIVENESS

In addition to being flexible and offering on-site programs, UINDY has found the ability to be responsive to the company and the student as imperative for such a partnership to be successful. Higher education institutions are well known for not being responsive to their customer's needs. One of the predictors of success in this type of endeavor is the overall issue of respectful responsiveness. It is common knowledge that many corporations are offended by the arrogance of universities and professors. It is so refreshing for us to introduce a warm, respectful, and responsive approach. UINDY admires our corporate partners for their success and we accord them the appropriate dignity and respect. UINDY truly sees our role as serving their needs.

CORPORATE FOCUS THROUGH EXCLUSIVE COHORTS

From our experience, the single cohort model has worked very well and is an important part of how the company achieves its executive development goals. The cohort idea is simple: all people in a specific cohort take the same courses as a group for their entire program. What happens is that a diagonal slice of the corporation is strengthened and the enduring cross department relationships enhance the strengths of their culture. The members of the cohort become very close personal and professional friends and implicitly reinforce the value of coordination across departments. Because some of the more sophisticated companies use variations of a matrix structure, these interdepartmental relationships can be crucially important in their business. This becomes a very strong team building mechanism which endures for years and provides a certain level of distinctiveness and achievement for the cohort members. This is also relevant in that many of our cohorts are disproportionately comprised of managers with technical or financial backgrounds.

CUSTOMIZED PROGRAMS

This issue with the highest payoff (and the greatest investment of time) is the customization of the courses for the company and industry involved. Some examples of our past success have included a major global aircraft engine manufacturer, a Tier One supplier of auto parts and kits, several major healthcare organizations and other leading manufacturing firms. It is also apparent that managing supply chains is a crucial issue for these firms and our expertise in the area allows us to customize the supply chain focus. The cases, experiential exercises, examples and other materials are designed for immediate application. In some cases, this is literally the next morning.

HIGH QUALITY

The single dominant issue in predicting success in this venture is the importance of high quality in the program and its standards. In most cities, for-profit universities proliferate and are opening many new campuses. These unaccredited and low quality institutions get a significant chunk of business. However, in many cases, they use a watered-down curriculum that reduces the quantitative component in an effort to "dumb down," the program. Their thinking is that lower quality will create higher volumes. What UINDY has found is quite the opposite. Before UINDY dramatically increased our quality, our enrollments had fallen. Since UINDY instituted a high quality program that recruits, attracts and develops stronger students, our enrollments have grown substantially

COMPETITIVE COST

As a tuition-driven institution, UINDY is very conscious of the need to balance pricing with the limits on American federal government standards for employee education reimbursement. Our graduate tuition charges are based on maximum allowable federal levels for reimbursement.

ONGOING SUPPORT

UINDY has a highly developed customer service focused team that takes care of everything students need. This includes providing them with textbooks, expedited registration and any type of service that facilitates student learning and faculty success. The students recognize how highly committed UINDY is to their needs, priorities and concerns. This is an explicit way in which UINDY leverages our attitude of passionate commitment to our

customers' success - - in effect, practicing what we all should be preaching. However, at the same time, UINDY and our faculty never sacrifices quality or standards and students know their hard work will pay off.

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