

**Executive Development: Creating Customized Development Solutions
(In-Depth Case Studies from Swiss Transnational Firms)**

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Preface

Why pursue a doctorate? I have often been asked this question, though for many years, I could not answer it to the satisfaction of those who inquired. Most people believe that pursuing a doctorate is simply about increasing one's professional opportunities or earning power. However, as I sought to answer the question for myself, I asked a fellow student why he had chosen to pursue a doctorate. He responded, "To me, earning a doctorate is the highest form of self-development. It involves building up human capital, and it is self-referential learning that allows one to create knowledge."

His answer inspired me because it allowed me to articulate my own reasons for earning a doctorate. I have chosen to pursue a doctorate because of my endless desire to learn and to share what I have learned with others. It is equally important for me to acquire the necessary skills to think critically about relevant management issues. Because I believe that learning is a never-ending process, I plan to continue writing about and researching the topic of this dissertation, which is how companies can create customized development solutions that support the individual needs of executives and the overall corporate strategy. Put differently, this dissertation is about how companies and individuals should go about maximizing the effectiveness of learning and development initiatives.

The support, guidance, and encouragement that I have received from Professor Dr. Martin Hilb, dating back to July 1999, have been invaluable throughout this process. In addition, I would like to thank Professor Dr. Walter Krieg for lending his expertise, constructive criticism, and support to this project. Additionally, I would like to thank Mr. Erich Egloff, my former manager at Swissair, and Mr. Albert Vicere, a noted researcher in the field of executive development, for their advice and support. Both Mr. Vicere and Mr. Egloff helped me to see the relevance of my topic for academics and practitioners.

I am also deeply indebted to Swissair (now known to the world as Swiss International Air Lines Ltd.). I am equally indebted to Ms. Hanneke Frese, Mr. Jens Maier and Mr. Paul Tuck at Zurich Financial Services, and also to Ms. Chantal Gaemperle and Mr. Victor Artzimovitch at Nestlé for providing the much needed input for the empirical portion of this study. Thank you very much for also allowing me the freedom to test my ideas.

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“In a time of drastic change, it is the learners who inherit the future. The learned find themselves equipped to live in a world that no longer exists.”

Eric Hoffer

“Leaders have a significant role in creating the state of mind that is the society. They can serve as symbols of the moral unity of the society. They can express the values that hold the society together. Most importantly, they can conceive and articulate goals that lift people out of their petty preoccupations, carry them above the conflicts that tear a society apart, and unite them in the pursuit of objectives worthy of their best efforts.”

John Gardner

“The best executive is the one who has sense enough to pick good men to do what he wants done, and the self-restraint enough to keep from meddling with them while they are doing it.”

Theodore Roosevelt

“You will never be a leader unless you first learn to follow and be led.”

Tiorio

“The speed of the boss is the speed of the team.”

Lee Iacocca

Chapter One: Introduction

1 Research Problem

Because executive development has taken on an increasingly important role in leading corporations around the globe, creating development solutions that meet both corporate and individual needs is becoming more and more of an issue. This dissertation will explore how companies can create customized development solutions that support the individual needs of executives and the overall corporate strategy. Put differently, this dissertation will address how companies and individuals might go about maximizing the effectiveness of learning and development initiatives.

A theoretical framework for thinking about the process of creating customized development solutions that link personal development needs and corporate strategy has been developed by drawing upon research from various fields. The theoretical framework will be tested by developing several case studies on transnational companies headquartered in Switzerland. This chapter gives an overview of the practical and theoretical background of the research problem, the research objective and approach, as well as the key concepts underlying the theoretical framework.

1.1 Practical Background of the Problem

Virtually all corporations would agree that recruiting and retaining highly skilled executives is, in some respects, critical to achieving a competitive advantage. In order to attract executives, most leading corporations provide significant development opportunities. As cited in Honan (1982), Lusterman (1977) notes that in addition to improving management skills, these development opportunities can improve employee morale, reduce turnover rates, create a learning environment in the workplace, and boost a firm's image and reputation.

Because executive development is increasing in importance, a number of third party providers, such as business schools and consulting firms, have expressed

an interest in supporting corporations in meeting their development needs. These third party providers have created management courses, seminars, simulations, and other learning tools. However, corporations are also getting into the executive education business themselves by creating corporate universities. Management development professionals have concluded that they simply cannot afford not to be involved in such an important function. These professionals are also concerned about offering learning solutions that meet their organization's needs.

Third party providers are increasingly looking to strengthen footholds in executive education, which in some instances, places them in direct competition with corporate training programs and corporate universities. The competition is proving to be intense, since education is evolving into a business commodity, with learners perceived increasingly as consumers (Ryan and Lane 1998).

For some time, third party providers have offered open enrollment programs, which are short courses that run from two to five days -- several times a year. Such courses tend to attract twenty-five to sixty participants from companies and organizations around the world. However, some third party providers, including many leading business schools have gone one step further: they have identified the gap between their standardized open enrollment programs and the need for corporations to have customized development solutions.

To bridge this gap, these providers have developed custom programs and in-company programs, which are intended to address specific company challenges, produce sustained changes, and generate bottom-line results. In some cases, the faculty of customized programs operates partially as teachers and partially as consultants to help corporations achieve measurable results. Generally speaking, the faculty carries out a full needs analysis with the corporate partner before developing the correct approach.

These programs are a step in the right direction because they are specific to the corporation and its needs. They can also be used to help corporations develop

an organization culture, build teams, or serve as a discussion forum. Such programs have also contributed to idea exchange and internal networking (Vicere et al. 1994).

However, third party providers of executive education have still not found a comprehensive solution that meets the individual needs of the learner. While custom and in-company programs are better suited to meet the corporation's needs than open enrollment programs, custom programs are not tailored to the individual learner's needs. Management development professionals are increasingly faced with the issue of how to best meet the individual learning needs of executives, which may or may not be met if the focus is solely on development programs that meet corporate objectives.

To meet the needs of individuals, the demand for customized content is growing more quickly than demand for off-the-shelf products (Hambrecht 2000). In particular, large corporations value customized, high-quality training as a key differentiator in competition. Not only does customized content have more value to the company, employees retain better what they learn (Dillich 2000). Moreover, generic training results in knowledge retention rates of 20% to 25%, while it is believed that customized training results in knowledge retention rates of between 65% and 80% (Dillich 2000). Last but not least, companies are increasingly faced with issues such as electronic delivery of instruction, or e-learning, and what this means for how they structure the development process.

From a practical point of view, there is therefore a need for a comprehensive framework to help organizations think about how to create customized development solutions that support the individual needs of executives and the overall corporate strategy.

1.2 Theoretical Background of the Problem

While researchers have noted that executive development has steadily improved in terms of its ability to meet the needs of individuals and corporations, many still believe that improvements can be made in this area.

Temporal (1990) expressed concerns that knowledge and competencies/skills have been taught in a course format, and often in a tutor-centered way, rarely taking account of adult learning principles. He argues that learning out of context is too difficult for most managers to apply when they get back to work, not because the concepts or skills are too complex, but because managers lose the supportive environment for change when they return to the job.

Management development is an integral part of managerial work, and to be successful, it should provide and maintain a balance between the changing needs and nature of individuals, jobs, and the organization (Temporal 1990:8).

The decision by many corporations to provide development opportunities for executives has to some extent been influenced by the difficulties that traditional universities face in tailoring their offerings to fit the needs of industry. While many universities felt threatened by this trend, Honan (1982) states that the expansion of employer-provided education can be viewed as either a threat to traditional campus-based degree programs *or* as an opportunity to reexamine the structure and purpose of higher education. He argues that the growth of corporate education has also raised several questions regarding the relationship between education and work. Such questions include: (1) Who is responsible for preparing people for work? (2) What are the respective responsibilities of corporations and colleges and universities? (3) Should there be any coordination of effort between corporate-based programs and campus-based programs?

Although specific purposes of corporate education vary from firm to firm, Goldstein (1980), as cited in Honan (1982), states that the major role of corporate education is to adapt previously acquired general knowledge and skills to the needs of the job. Lusterman (1977), as cited in Honan (1982), indicates that employer-provided education is concerned with achieving limited and specific ends in the most economic and efficient way. Even though the aims and purposes of higher education overlap to some extent with those of corporate education, several distinguishing characteristics of corporations exist.

Lusterman (1977) identifies these characteristics as: (1) the unusually high motivation of participants in corporations, (2) the fact that the workplace is the setting for the learning and doing, and (3) the corporation's pragmatic orientation.

However, corporate education differs from higher education in that it tends to serve primarily institutional needs rather than personal needs. As cited by Honan (1982), Lusterman (1977) contends that while incidentally supportive of the job and career aspirations of participating employees, most employee-sponsored education stems from business needs. In contrast, Honan (1982) notes that most observers indicate that higher education tends to exhibit just the opposite characteristic; it aims primarily to fulfill individual needs.

Honan (1982) points out that researchers have criticized higher education by stating that it lacks emphasis on problem solving and practical knowledge. Honan goes on to add that some researchers believe that higher education uses teaching methods that are not of maximum benefit to adult learners. In addition, Lynton (1981), as cited in Honan (1982), highlights what has been criticized as higher education's lack of flexibility with regard to: (1) academic program design, review, and approval, (2) admission and registration policies, (3) delivery systems, and (4) the use of faculty.

The rise of corporate universities has been attributed to this lack of alignment between university-based and in-company educational initiatives. However, Meister (1998a) contends that corporate universities are not necessarily a threat to institutions of higher education. The author contends that corporate universities as well as virtual universities and for-profit education firms have sprung up to serve the needs of working adults. Meister adds that these new entrants to the educational system have emerged and proliferated because they offer a market-driven model of education with a focus on convenience, self-service and uniformity of product. The author also notes that as a group, these entrants represent both an opportunity for partnering as well as direct competition to the traditional educational system.

As Meister's view suggests, technology is increasingly playing a role in executive development and may help bridge the gap between university-based programs and company-run programs. Given that it is the long-standing experience in continuing and part-time education that timing and convenience dictate attendance at courses, some researchers believe that with the aid of technology, companies and universities could customize learning that is ultimate in timing and convenience. Such programs could leave wide discretion to the individual to fulfill the goals of the program, and provide convenient resources of faculty expertise, company experts, bulletin board outreach, teleconferences, etc., yet always depend on the initiative of the student (Crotty and Soule 1997). Individualized courses could be designed as the need arises, with the university and company resources on 'stand-by' to meet these needs. This approach could be especially helpful in technical and applied areas requiring new information, applications of functional materials and technical problem solving.

While this solution is promising, it presupposes that individuals are motivated and that proper incentives exist to promote individual learning. Therefore, it is worthwhile to investigate further how organizations can create customized development solutions that support the individual needs of executives and the overall corporate strategy.

From a theoretical point of view, there is a clear need for general theory development in this field. In addition, there is a need for concepts and frameworks that build on and integrate the previous research on the link between executive development and strategy, particularly as it relates to the rise of corporate universities and the alignment of corporate and individual development needs. Moreover, there is a need for additional empirical research in this field. This dissertation aims to make a contribution to fill in these gaps. The specific goals of the dissertation are outlined in the following section.

2 Research Objective

Scholars have postulated that research questions typically arise from personal professional experience, and that the better research questions are based not only on observations, but also links made between observations in real life and existing theories (Black 1999). The research question often represents facets of an empirical domain that the researcher most wants to explore (Miles and Huberman 1994).

The objective of this dissertation is to contribute the academic's and practitioner's understanding of how to create customized development solutions that support the individual needs of executives and the overall corporate strategy.

Specifically, this dissertation has the following primary objectives:

1. *Theory-building*: to set forth a framework on how to create customized development solutions that support the individual needs of executives and the overall corporate strategy. The framework will integrate relevant research from the fields of executive development, human resource management, and strategic management. The literature review will draw heavily upon Anglo-American literature, since researchers from around the world in the field of management development tend to publish their findings in leading Anglo-American journals, such as the Journal of Management Development.
2. *Empirical evidence*: to validate the proposed theoretical framework in a thorough empirical study.
3. *Conclusions and implications for theory and practice*: to identify the implications of the theoretical framework and

empirical study for academics and practitioners in the field of executive development.

3 Approach

The following section presents the scientific and structural approach on which this dissertation is based.

3.1 Scientific Approach

The need for research is related to the fact that there are many issues and subjects about which we have incomplete knowledge. Likewise, the need for research is related to man's compulsive need for growth (Remenyi et al. 1998). Specifically, business research is conducted to help managers understand how organizations work. It is frequently suggested that the best business research should lead to the development of guidelines by which individuals in positions of responsibility can manage their business responsibilities more efficiently and effectively.

To claim that a valuable and significant addition has been made to the collection of knowledge, the researcher should comply with a scientific method, or approach, which is an informal but strict set of rules that have evolved to ensure the integrity, reliability and reproducibility of the research work.

Although both theoretical and empirical frameworks will be developed in this dissertation, the primary emphasis will be on empirical results since the goal is to go out into the world and observe through experiment or even by relatively passive observation what is happening (Remenyi et al. 1998). Nevertheless, should future researchers wish to adopt a more theoretical approach, by carefully studying the subject through the writings of others, the likelihood is strong that these researchers would also be able to add to the body of knowledge in executive development.

The empirical approach can be further characterized as either positivist or phenomenological. Remenyi et al. (1998) state that positivism implies that the researcher is working with an observable social reality and that the end product of such research can be the derivation of laws or law-like generalizations. In contrast, Cohen and Manion (1987) argue that phenomenology is a theoretical point of view that advocates the study of direct experience taken at face value; and one which sees behavior as determined by the phenomena of experience rather than by external, objective and physically described reality.

Expressed differently, the phenomenological, or anti-positivist approach, views the social world as essentially relativistic and maintains that it can only be understood from the point of view of the individuals who are directly involved in the activities that are to be studied. This position maintains that one can only understand from the inside rather than from the outside. On the other hand, the positivist position seeks to explain and predict what happens in the social world by searching for regularities and causal relationships between its constituent elements (Burrell and Morgan 1979).

Table 1: Key Features of Positivist and Phenomenological Paradigms

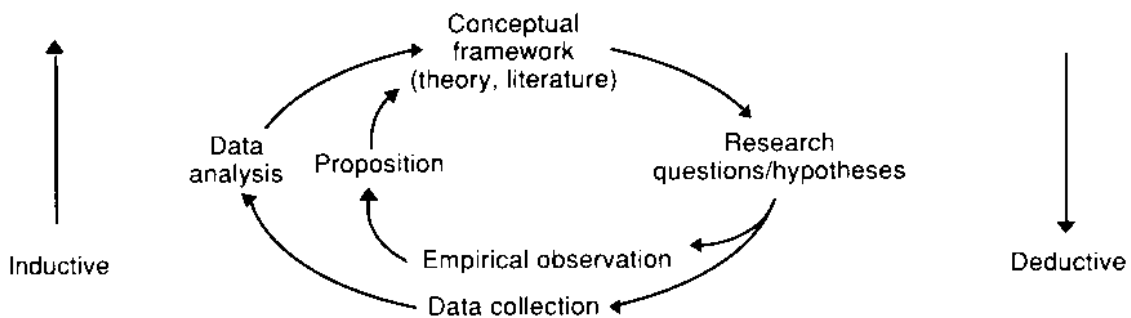
	Positivist paradigm	Phenomenological paradigm
<i>Basic beliefs:</i>	The world is external and objective	The world is socially constructed and subjective
	Observer is independent Science is value-free	Observer is part of what is observed Science is driven by human interests
<i>Researcher should:</i>	Focus on facts	Focus on meanings
	Look for causality and fundamental laws Reduce phenomena to simplest elements Formulate hypotheses and then test them	Try to understand what is happening Look at the totality of each situation Develop ideas through induction from data
<i>Preferred methods include:</i>	Operationalise concepts so that they can be measured Take large samples	Use multiple methods to establish different views of phenomena Investigate small samples in depth or over time

Source: Easterby-Smith, Thorpe, and Low 1991

Underlying positivism is the assumption that the researcher is independent of and neither affects nor is affected by the subject of the research. Remenyi et al. (1998) emphasize that it is assumed that there are independent causes that lead to the observed effects, that evidence is critical, that parsimony is important

and that it should be possible to generalize or to model the observed phenomena. Positivist empirical research will provide the foundation for this dissertation. The approach taken in this dissertation will follow the research wheel as depicted in Figure 2.

Figure 1: The Research Wheel

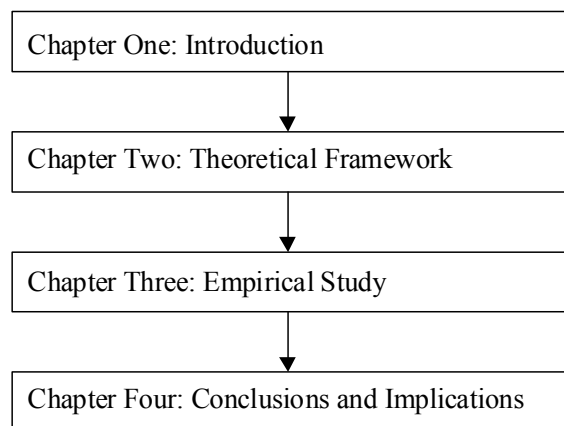


Source: Rudestam and Newton 1992

3.2 Structural Approach

The basic structure and sequence of the dissertation is as follows (see Figure 2):

Figure 2: Overview of the Dissertation



Thus far, *Chapter One* has addressed the practical and theoretical background of the research problem, the research objective, and the scientific approach that will serve as the basis for this dissertation. The remainder of this chapter will be dedicated to providing definitions and descriptions of key concepts that are relevant for this study.

In *Chapter Two* of this dissertation, the theoretical framework will be presented. To begin, the relevant research on executive development will be discussed, as well as the literature that suggests how organizations should align strategy and executive development. Then, a framework will be set forth that addresses: (1) the organizational and individual needs (2) learner constraints, (3) learning styles and methodologies, and (4) organizational culture. The interaction between these four factors will be fully reviewed because of their impact on the successful implementation of executive development programs. Finally, the implications for the empirical study are discussed.

Chapter Three is dedicated to the empirical study. After discussing the empirical research objective, a detailed review of the research methodology is provided. Topics to be addressed include a discussion of the research method, the selection and definition of the case studies, the limitations of this methodology, research procedures, and data analysis. Thereafter, the research findings are presented. First, findings related to the theoretical framework are discussed and then, the overall findings are presented.

As a final step, *Chapter Four* will showcase the conclusions and implications of this study for theory and practice.

4 Definition and Description of Key Concepts

The following section presents definitions of five key concepts that form the basis of the theoretical framework. The concepts are executive development, strategic management, organizational culture, corporate universities, and learning in organizations.

4.1 Executive Development

Executive development, for the purposes of this dissertation, focuses on the development of managers and executives at more senior levels within an organization. Companies have been using executive development programs for a long time, dating back as far as the late nineteenth and early twentieth centuries. In particular, the 1950s saw colossal growth in corporate education and training, as industry embraced the fact that the more educated person could be re-educated more efficiently (Eurich 1985).

Today, executive development includes university approaches and in-company equivalents. University offerings include MBA degree programs and various non-degree executive development courses of varying lengths and content. Evolving from these long-standing university approaches have been the executive MBA degree and, more recently, company or industry-tailored programs designed by the universities. Some companies have also set up in-house educational centers to train their managers and executives in a format that closely resembles the university approach. The General Electric Company (GE) is one of the best known examples in-house corporate education (Crotty and Soule 1997).

The executive education movement began at universities in order to provide advanced management training to mature, highly motivated, and experienced managers (Crotty and Soule 1997). Many companies have tended to rely heavily on university-based programs to develop their executives in specific functional areas, such as marketing or finance, and also in broader policy-related issues. In addition, some companies have used their own in-house courses to train executives in more narrowly-focused, technical business issues, such as a particular financial practice the company was implementing. The basic focus behind all of these programs, whether university-based or in-house, was on the individual development of executives, in new technologies and practices for improved performance on current assignments, and in preparation for future positions.

Nevertheless, some companies were never convinced of the appropriateness of formal executive education. Stuller (1993), as cited in Crotty and Soule (1997), points out that some companies emphasized ‘experience as the best teacher’ rather than formal classroom training, and often used job rotation to provide managers with enough knowledge of vital operations to prepare them for upper-level positions. These companies left more formal training to individual initiative as a form of self-development, although they sometimes gave tuition assistance to encourage such initiatives.

Every five years, researchers at Penn State Smeal College of Business Administration’s Institute for the Study of Organizational Effectiveness survey a sample of major corporations to determine how they go about the process of educating and developing leaders and executives. In 1997, the researchers found that technology and distance delivery would play a more critical role in the future of executive education and leadership development, with traditional classroom programs in less demand.

The Penn State researchers also discovered that the most critical competencies that companies were attempting to develop through ongoing executive education and leadership development initiatives were strategic thinking/visioning, change management, leadership, teamwork, communication, performance management, customer orientation, global perspective/mindset, and decision making. However, survey respondents indicated that in the future, the following capabilities would be most important: adaptability/flexibility, global perspective/mindset, strategic thinking/visioning, leadership, communication, change management, ability to learn, teamwork, customer orientation, and business acumen (Vicere 1998).

The difference between the two lists of competencies are that performance management, strategic planning/implementation and decision no longer appear. They have been replaced by adaptability/flexibility, ability to learn, and business acumen. Management development professionals could perhaps satisfy the increasing emphasis on the ability to learn by creating customized management development solutions.

It is perhaps worthwhile to note that the terms executive development and management development are often used interchangeably. Temporal (1990) states that management development can be viewed as a process – consisting of planned and unplanned activities and experience – that helps managers in an organization to develop their experience, ideas, knowledge, skills, relationships, and personal identity, so that they can contribute to the effective development of their organization.

Temporal points out that management development is indeed a process – it is not a single event, or even a series of events, but a continuous process of many activities, events and experiences that never actually ceases. He adds that it is a process that necessitates constant readjustment in accordance with the changing needs of the business. Temporal (1990) argues that management development is an integral part of managerial work, and to be successful, it should provide and maintain a balance between the changing needs and nature of individuals, jobs, and the organization.

Jansen et al. (2001) define management development as the system of personnel practices by which an organization tries to guarantee the timely availability of qualified and motivated employees for its key positions. The authors posit that the aim of management development is to have at its disposal the right type of managers and specialists at the right moment.

Vloeberghs (1998) states that management development is often defined as a system to help the company fill the higher and highest executive positions. However, the author stresses that management development is aimed at ensuring that managers do not fall behind in their current functions; it also ensures the continuity of the company and meets the worker's needs for individual growth and development.

While there are differences in terms of how management development is defined, there are some principles, which can be considered as common characteristics for management development in practice (Vloeberghs 1998):

- Management development is a long-term process;
- The organizational climate is of great importance;
- The individual's activity is needed for education and development;
- All development is self-development;
- The right feedback is important;
- In every situation, it is important to consider the personality of the individual.

Nevertheless, Vloeberghs (1998:646) concludes that management development is “a conscious, structural and systematic decision-action process to control the development of human resources in the organization, resulting in an individual career planning and career path activities – with the objective of guaranteeing a continuous and adequate occupation of a company's key positions in the future and providing optimal possibilities of development of selected co-workers.”

Finally, Drucker (1973) contends that development is not one, but two related tasks which mutually affect each other. One task is that of *developing management*. Drucker states that its purpose is the health, survival, and growth of the enterprise. The other task is *manager development*. Drucker explains that its purpose is the health, growth, and achievement of the individual, both in his capacity as a member of the organization and as a person. Drucker concludes that management development is a function and activity of the organization, while manager development is the responsibility of the individual, though company and superior have an important part to play.

4.2 Strategic Management

Reflecting the military roots of strategy, *The American Heritage Dictionary* (Houghton-Mifflin 1992) defines strategy as the science and art of military command as applied to the overall planning and conduct of large-scale combat operations. Chandler (1962) defined strategy as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

Similarly, Quinn (1980) of Dartmouth College defined strategy as the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. Glueck (1980) also defined strategy as a unified, comprehensive, and integrated plan designed to ensure that the basic objectives of the enterprise are achieved.

Some researchers have criticized the previously mentioned definitions of strategy since they assume that an organization's strategy is always the outcome of rational planning. According to Mintzberg (1978), definitions of strategy that stress the role of planning ignore the fact that strategies can emerge without any formal plan. With this in mind, Mintzberg defined strategy as "a pattern in a stream of decisions and actions", the pattern being a product of whatever intended strategies (planned) are actually realized and of any emergent (unplanned) strategies. Mintzberg also stresses that an organization's capability to produce emergent strategies is a function of the kind of corporate culture fostered by the organization's structure and control systems.

In addition, Mintzberg (1998) presents a framework for understanding strategy, which has been termed the five Ps of strategy:

- Strategy is a *plan*: it is a direction, a guide or course of action into the future, a path to get from here to there;
- Strategy is a *pattern*: it represents consistency in behavior over time;
- Strategy is a *position*: it involves the locating of particular products in particular markets – i.e., where the product meets the customer;
- Strategy is a *perspective*: it is an organization's fundamental way of doing things – it is inside the organization and supports the grand vision of the enterprise;

- Strategy is a *ploy*: it is a specific “maneuver” intended to outwit an opponent or competitor – i.e., the real strategy is the threat.

Hill and Jones (1995) break down the strategic management process into five different components: (1) selection of the corporate mission and major corporate goals; (2) analysis of the organization’s external competitive environment to identify opportunities and threats; (3) analysis of the organization’s internal operating environment to identify the organization’s strengths and weaknesses; (4) the selection of strategies that build on the organization’s strengths and correct its weaknesses in order to take advantage of external opportunities and counter external threats; and (5) strategy implementation.

Finally, Chaffee (1985) identifies the following areas of agreement regarding strategy:

- *Strategy concerns both organization and environment*: A basic premise of thinking about strategy concerns the inseparability of organization and environment. The organization uses strategy to deal with changing environments.
- *The substance of strategy is complex*: Because change brings novel combinations of circumstances to the organization, the substance of strategy remains unstructured, unprogrammed, non-routine, and non-repetitive.
- *Strategy affects overall welfare of the organization*: Strategic decisions are considered important enough to affect the overall welfare of the organization.
- *Strategy involves issues of both content and process*: The study of strategy includes both the actions taken, or the

content of strategy, and the processes by which actions are decided and implemented.

- *Strategies are not purely deliberate:* Theorists agree that intended, emergent, and realized strategies may differ from one another.
- *Strategies exist on different levels:* Firms have corporate strategy (e.g., what business shall we be in?) and business strategy (e.g., how shall we compete in each business?).
- *Strategy involves various thought processes:* Strategy involves conceptual as well as analytical exercises. Some authors stress the analytical dimension more than others, but most affirm that the heart of strategy making is the conceptual work done by leaders of the organization.

4.3 Organization Culture

Operating in a corporate culture is a lot like breathing. You don't notice your breathing, you just do it. You may be aware of your breathing now, because it's been raised to your attention. If someone were to approach you from behind, cup their hands firmly around your mouth and nostrils, and threaten your ability to breathe, then you would certainly pay attention to breathing. (Marks 1999:14).

Organizational culture, or corporate culture, may be defined as the specific collection of norms, standards, and values that are shared by members of an organization and affect the way an organization does business (Smircich 1983). Employees are not controlled by some external system of constraint, such as direct supervision, outputs, or rules and procedures. Rather, they are said to internalize the norms and values of the organization and make them part of their own value system (Jones 1986). Thus, the value of culture for an organization is its ability to specify norms and values that govern employee behavior.

Corporate culture has also been defined as the shared values, beliefs, and practices of the people in an organization. Culture is reflected in the visible aspects of the organization, such as its mission. It is embedded in the way people act, what they expect of each other, and how they make sense of each other's actions. Culture is rooted in the core values of the organization (McDermott and O'Dell 2000).

Some writers describe culture as the “glue” that holds people and processes together in an organization. Scholars have attempted to identify the components of corporate culture, which include values, interpersonal practices, and business practices. Marks (1999:15) states that perhaps the best definition of corporate culture is the simplest: *“it's how we do things around here”*.

Figure 3: Diagram of Organizational Culture



Source: Edgar Schein 1991

Clemente and Greenspan (1999) believe that corporate culture can be broken down into three basic determinants:

- **Structure**: In this particular context, culture is determined by readily identifiable characteristics. Structural factors include, for example, the size, age and history of the company; the industry in which it operates; the geographic

location of the company's operations; and whether it is a product or service provider.

- **Political**: In this sense, culture is defined by the distribution of power throughout the organization and the primary modes of managerial decision making. A company's political composition sets the tone within an organization that directly impacts employees' functional activities and contributes to the sentiments employees hold toward their roles within the company. From a political standpoint, corporate cultures move along a continuum that modulates from a dictatorial point of reference on one extreme, to one of total employee empowerment on the other.
- **Emotional**: Culture is also influenced by the personal feelings individual employees hold toward the company, its policies, and the overall corporate context. On an emotional level, therefore, corporate culture is defined as the collective thoughts, habits, attitudes, and patterns of behavior from the employee's individual perspective.

4.4 Corporate Universities

A corporate university is a centralized in-house training and education facility designed to address the shortened shelf life of knowledge and to align training and development with business strategies (Meister 1998b). A corporate university differs from a training department in a several ways. A training department tends to be decentralized, reactive, and targeted primarily to instructing internal employees in job skills. A corporate university is the centralized strategic umbrella for the education and development of employees and value chain members, such as customers, suppliers, and dealers.

Most importantly, the corporate university is the chief vehicle for disseminating an organization's culture and fostering the development of not only job skills,

but also such core workplace skills as learning-to-learn, leadership, creative thinking, and problem solving (Meister 1998a). Gerbman (2000) notes that corporate universities help employees understand the company's values and culture; this in turn empowers employees since they know what the company is trying to achieve and how they can help the company succeed.

Meister (1998s) also notes that the goal of the corporate university is to communicate the company's vision to all employees. Hilb (2000) explains that developing a vision can be illustrated with Matrioschka dolls. The worldwide corporate vision, the largest doll, forms the framework required to develop subsidiaries' visions. Hilb argues that if these visions are not differentiated in accordance with the given situation (in the form of smaller dolls, which fit into the larger dolls), the overall vision will appear "hollow" to all local employees and will not fulfill its central function of "providing the company with a purpose." As a second step, Hilb notes, workshops should be conducted so that suggestions from the decentralized units can be incorporated into the overall vision.

Corporate universities started to flourish during the 1980s as corporations realized that the rate of change and innovation made learning a core competency (Moore 1997). As corporations realized that the only sustainable competitive advantage was the ability to learn faster than competitors, corporations made training departments into corporate development centers and then into corporate universities. According to Moore (1997), corporations adopted the title "university" to demonstrate a new commitment to learning. He adds that the best corporate universities share the following characteristics:

- goals linked to key corporate strategic imperatives;
- training based on sophisticated competency models;
- development of a shared vision in the corporation as a key objective; and
- function as a laboratory for creating and transforming individual learning into organizational knowledge.

According to the Corporate University Xchange, a New York-based consulting firm, over 2,000 corporate universities have been created by 2001. The proliferation of corporate universities is also due to the shortened shelf life of knowledge, which necessitates continuous learning for workers. Another reason for the rise of corporate universities is the desire of many companies to be perceived as the “employer of choice” in their industries.

Some companies establish corporate universities as evidence of their competitive advantage for recruiting and retaining the best and brightest employees. Corporate universities often use a range of different tools to achieve their objectives, such as courses, workshops, videoconferencing, company intranets, and the Internet.

Although corporate universities are mostly an American phenomenon, they are growing in popularity in Europe. Wagner (2000) states that both European and American corporate universities:

- run their training departments as a business;
- involve leaders as teachers;
- use technology to accelerate learning and manage the education function;
- measure the value of their investments in education;
- influence how and what people in the company learn;
- market learning;
- experiment and coordinate innovative new partnerships with universities and business schools.

4.5 Learning in Organizations

According to the American Heritage Dictionary of the English Language, learning is a process by which one gains knowledge, comprehension, or mastery through experience or study. Learning has also been defined as behavioral modification, especially through experience or conditioning.

Garger (1999) notes that four factors have influenced the increased focus on learning in organizations. First, global competition has forced companies to learn faster and better, or perish. The incredible growth of competition -- locally, nationally, and globally -- has given customers virtually unlimited buying choices, thereby forcing organizations to respond to escalating market demands, quickly and accurately. Second, downsizing has resulted in fewer employees who have more responsibilities, and thus, an increased need for additional skills. Skilled, knowledgeable employees have always been an organization's greatest asset, but retaining them is now its greatest challenge. Many organizations are finding that providing relevant, effective and cutting-edge training helps them meet that challenge.

Third, there has been a shift in the employer-employee relationship. Employers no longer guarantee lifetime employment, and employees scoff at the notion of loyalty to a single company. Employees now understand that their future career prospects depend upon their ability to develop their own critical knowledge and skills. Fourth, technology has played a significant role in how employees learn and work. Although it is uncertain how technology will impact training and learning in organizations in the long run, it remains an important item on the agenda. Firms around the world continue to make significant investments in technology because they view it as necessary to maintain a competitive advantage (Garger 1999).

Learning occurs in many different ways in organizations. First, there is on-the-job training, commonly referred to as OJT, which is the most common way that learning takes place. Typically, new employees are instructed by a more experienced employee or supervisor on how to execute their daily tasks. Research by the NTL Institute for Applied Behavioral Sciences has shown that

on-the-job training is very effective, since employees retain approximately 70% of what they learn if they must immediately use the information to perform their daily tasks.

A second way that organizations increase learning is by launching corporate universities. Corporate universities have grown immensely in popularity over the past decade, and serve as a centralized vehicle for sharing knowledge and best practices in organizations. According to Jeanne Meister (1998a), the corporate university is the strategic umbrella for developing and educating employees, customers, and suppliers in order to achieve the organization's business strategies.

Table 2: Seven Core Workplace Competencies Needed to Outperform Competitors

-
1. Learning to learn;
 2. Communication and collaboration;
 3. Creative thinking and problem-solving;
 4. Technological literacy;
 5. Global business literacy;
 6. Leadership development;
 7. Career self-management.
-

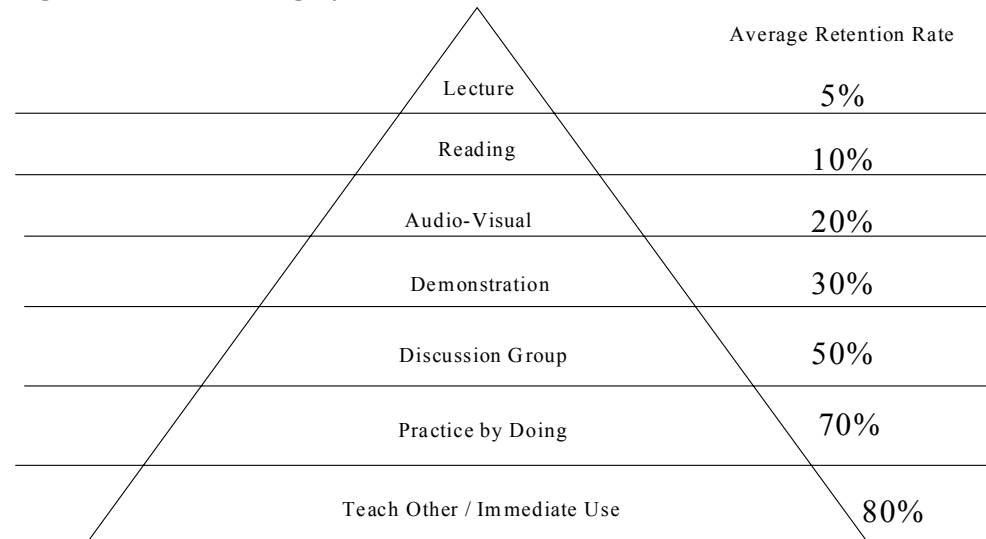
Source: Meister 1998a

Distance learning is a third method that companies around the world are using to expand learning. This method allows employees to learn at any time from any location. Many corporate universities have gone "virtual" because employees need instant access to knowledge. Companies have discovered that they cannot afford to have employees wait until a class can be scheduled before training them. Moreover, companies realize how increasingly difficult it is to require employees to be away from their jobs for stretches of time to take classes.

Most distance learning programs rely on audio and online technologies. In some instances, employees dial an autoconference number and simultaneously connect to a website. A facilitator then appears in a small screen on the computer monitor, along with text or graphics applications that are also part of

the training. Participants without Internet access can sometimes participate via an audioconferencing component (Garger 1999).

Figure 4: The Learning Pyramid



Source: National Training Laboratories 1970

A fourth way that employees learn is through self-directed learning. Advances in technology have made it possible for employees to learn at their own pace, without the assistance of a facilitator. For example, some companies have invested in computer-based training programs, which are highly interactive simulations that can branch off into dozens, even hundreds of realistic conversational pathways. The direction depends entirely on how the user responds to the character in the simulation. One of the criticisms of computer-based learning is that employees may miss out on meeting and networking with colleagues and corporate executives. Moreover, face-to-face encounters can be instrumental in creating and maintaining an organization's unique culture. Nevertheless, one of the major benefits of computer-based training is that it significantly reduces travel time and expenses (Garger 1999).

Tacit knowledge is a fifth method by which learning occurs. Tacit knowledge refers to the body of information in organizations that is less explicit, and therefore accumulated by observation and experience. Michael Polanyi, noted for his research in this area, states that tacit knowledge is semiconscious and unconscious knowledge held in peoples' heads and bodies, as opposed to

explicit knowledge, which is codified, structured, and accessible to people other than by the individuals originating it (Leonard 1998). It has been estimated that tacit knowledge can account for as much 80% of knowledge in organizations.

Perhaps the most influential impetus for the concept and development of the learning organization was provided by Senge (1990), where he articulated the concept of ‘metanoia’, meaning a shift of mind which facilitates members of an organization re-perceiving the world and their relationship to it. Senge described five disciplines which could bring this ‘humanization’ about:

- *Personal Mastery*: the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively;
- *Mental Models*: deeply ingrained assumptions or even pictures or images that influence how we understand the world and how we take action;
- *Building Shared Vision*: the capacity to hold a shared picture of the future we seek to create;
- *Team Learning*: starts with ‘dialogue’, the capacity of team members to suspend assumptions and enter into a genuine ‘thinking together’;
- *Systems Thinking*: the discipline that integrates the other disciplines – a conceptual framework, a body of knowledge and tools that has been developed over the past fifty years to make full patterns of events clearer, and to help us see how to change them effectively.

Table 3: A Litmus Test for the Faster Learning Organization

-
1. The organization learns from experience and doesn't repeat mistakes.
 2. When someone leaves the organization, his or her knowledge remains.
 3. When a team completes a task, it distills and documents what it has learned.
 4. Knowledge generated in all parts of the firm is sought out, validated, and made available to the whole organization through databases, training, and other learning events.
 5. The organization recognizes and rewards the value of knowledge created and shared by individuals and teams.
 6. The organization systematically assesses its future knowledge requirements and executes plans to meet them.
 7. The organization facilitates experimentation as a way to learn.
 8. The organization hones its skills for generating, acquiring, and applying knowledge by learning from other organizations' learning processes.
-

Source: Holderbank Management & Consulting 1998

Learning has become a continual process rather than a distinct event (Hambrecht 2000). In the new economy, corporations face major challenges in keeping their workforce current and competent. Too often, courses are given and then forgotten, often without improving the performance of workers. While learning is not a one-time activity, training has traditionally been treated as such. To retain their competitive edge, organizations have increasingly started to investigate which training techniques and delivery methods enhance motivation, performance, collaboration, innovation, and a commitment to life-long learning.

According to James Bryan Quinn, Professor Emeritus, Dartmouth University, driving and capturing individuals' exponential learning has been the key to strategic success for most intellectual enterprises. He asserts that a true professional commands a complete body of knowledge – a discipline – and updates that knowledge constantly.

This chapter addressed the theoretical and practical background of the research problem, the research objective and the basic assumptions that form the basis of this dissertation. Also, definitions of key concepts were set forth for the four concepts that underlie the theoretical framework: executive development, strategic management, corporate culture, corporate universities, and life-long learning. The following chapter will be dedicated to a discussion of the theoretical framework.

Chapter Two: Theoretical Framework

1 Executive Development: An Overview

Executive development involves a set of processes used by the organization to build leadership talent. These processes include selection, assessment, and appraisal efforts; education and training programs; planned on-the-job assignments and career moves; and formal coaching/mentoring relationships (Vicere 1992).

Executive development can also be a mechanism for individual development as well as a mechanism for cultivating the collective managerial talents, perspectives, and capabilities that can help propel an organization into the future (Vicere and Graham 1990). The purpose of this section is to provide insight into why executive development is critical for achieving a sustainable competitive advantage and how the field of executive development has evolved over time. Also, the subject of corporate universities will be addressed.

1.1 Characteristics of a Successful Executive

It is useful to begin the discussion of executive development by highlighting some of the characteristics of those who are considered to have executive potential. According to McCall (1994), executives:

- *Have a strong sense of adventure:* Willing to change; know how to operate in a foreign environment; open to new things; want to experience different cultures; like to try new things; thrive on change; have adventuresome lives; opportunistic; take on more and more difficult challenges;
- *Are courageous:* Willing to take a stand; persevere through adversity; tell the truth all the time; self-confident; take responsibility; take stands on tough issues; assume the risk; high sense of self-esteem; believe what they are doing is right;

- *Are action-oriented:* Passionate about success; assume more responsibility; expand their current job; want to make a difference; drive for results; interested in more than what they are doing; know what they want to achieve; own the business; will take and do it; solve problems rather than worrying themselves to death; take initiative;
- *Are analytically agile:* Select key issues; sort through ideas for the best ones; uncommonly bright; think outside the dots; synthesize complexity; tackle problems creatively; spin; get out of one mode of thinking; question the way things are; improve things a bit; try another way; global mindset; take responsibility for learning how things work; add value to new environments; understand financial side;
- *Have a special talent with people:* Can align others behind them; gain consensus; develop rapport; flexible in dealing with others; like others to succeed; can sell ideas; able to listen; collaborates; able to mobilize a team; interact well in a small group; able to pull people together; get things done with others;
- *Are broadly respected:* Have respect of peers; others say good things about them; admired by peers; seen as honest; positive impact on peers; able to work for a variety of people;
- *Know the business:* Have strong technical base; understand how the business works; are curious about the business; understand the customers (or products and services); understand how the parts fit;
- *Are passionate:* Dedicated; committed; enthusiastic; positive; willing to make sacrifices; passionate about winning; eager;

- *Are resourceful:* adaptable; flexible; able to change; find a way to get things done; will find out who has the answer and get it;
- *Learn from mistakes:* Deal effectively with mistakes; recognize mistakes; accept them and learn from them; deal well with failure; don't blame others; and,
- *Are open to learning:* Think about how they do things; ask why; react to feedback; know their strengths and weaknesses; learn from their experiences; learn quickly; not afraid to ask others what they think; ask clarifying questions; willing to discuss anything; think about how they can do things differently; able to change.

1.2 The Importance of Executive Development

Most managers today understand the strategic implications of the information-based, knowledge-driven, service-based economy and they know that the new competitive environment requires speed, flexibility, and continuous self-renewal (Bartlett and Ghoshal 2002). The authors also contend that this new competitive environment has led companies to conclude that skilled and motivated people are central to the operations of any company that wishes to flourish.

In the past, a company's assets were more tangible; however, with the growth of the knowledge economy, much of a company's assets now resides in the technical and industry-specific expertise of its associates and executive team (Barner 2000). As a result, the search for a sustainable competitive edge led many companies, beginning in the late 1980s, to conclude that the development of human resources and capabilities would be more difficult for competitors to imitate (Bartlett and Ghoshal 2002).

Therefore, Bartlett and Ghoshal (2002) point out, companies began to focus on the creation of knowledge and the building of learning processes, since these

factors were also considered important for maintaining a competitive advantage. Bartlett and Ghoshal conclude that for companies, the new key strategic resource is its people and that strategy is increasingly built on a human resource foundation.

Leuchter (1998) agrees that firms that devote enormous resources to identify, train and develop their executives tend to do so because executive development is a crucial part of their overall strategy. According to Leuchter, leading companies such as General Electric, McKinsey & Company, Procter & Gamble, and Microsoft have excelled in part because they provide very formal management training that continues not just through a recruit's early years, but often throughout his or her career. Leuchter (1998) suggests that in order to be successful at executive development, organizations must:

1. Recruit talent from the best schools, and offer attractive starting positions;
2. Train new recruits vigorously, whether through formal or informal programs;
3. Create stimulating and additive career paths, which have great content and span functional as well as geographic boundaries;
4. Foster a culture that lets individuals perform to their potential and take risks, even if they fail;
5. Reward recruits well, both financially and psychically, to keep them loyal to the organization.

Leuchter (1998) also states that in order to build a winning management team, companies must also consider factors other than the base salary. The author adds that equity in the firm, stock options, and other long-term incentives are crucial to developing, getting the most from, and most important, holding onto, talented executives.

1.2.1 The War for Talent

A well-publicized study of over 6,000 executives conducted by McKinsey & Company (Chambers et al. 1998) emphasizes that large companies will increasingly face challenges due to the shortage of executive talent. According to the study, not only is the supply of future executives aged 35 to 44 dwindling, but there are three other phenomena that will make acquiring talented executives even more difficult. These are:

- *First*, a more complex economy demands more sophisticated talent with global acumen, multicultural fluency, technological literacy, entrepreneurial skills, and the ability to manage increasingly delayed, disaggregated organizations;
- *Second*, the emergence of efficient capital markets in the United States has enabled the rise of many small and medium-sized companies that are increasingly targeting the same people sought by large companies. Small companies, the authors argue, exert a powerful pull across the whole executive spectrum, offering opportunities for impact and wealth that few large firms can match; and,
- *Third*; job mobility is increasing. The authors note that ten years ago, a high performer might have changed employers just once or twice in a full career. However, the average executive today will work in five companies; in another ten years, it might be seven (Chambers et al. 1998).

Chambers et al. (1998) contend that superior talent will be tomorrow's prime source of competitive advantage and that the leadership group, whether CEO, COO, or executive committee, should be directly responsible for applying the highest talent standards for the top 200 to 500 executives. The authors state that the leadership group must foster the right talent-building behavior by holding regular discussions to review the performance of executives at every

level. These reviews should be candid, probing, and action-oriented, and link talent to strategy.

Companies with superior employee value propositions, Chambers et al. (1998) note, are able to attract top talent and have a compelling answer to the question, “Why would a talented person want to work here?” The authors emphasize that creating a winning employee value proposition means tailoring a company’s “brand” and “products” – the jobs it has to offer – to appeal to the specific people it wants to find and keep; it also means paying what it takes to attract and retain strong performers (the “price”).

Table 4: What Motivates Talent?

Percentage of top 200 executives rating factor absolutely essential:

Great Company (brand)		Great Jobs (product)		Miscellaneous	
Values and culture	58%	Freedom and autonomy	56%	Differentiated compensation	29%
Well-managed	50%	Job has exciting challenges	51%	High total compensation	23%
Company has exciting challenges	38%	Career advancement and growth	39%	Geographic location	19%
Strong performance	29%	Fit with boss I admire	29%	Respect for lifestyle	14%
Industry leader	21%			Acceptable pace and stress	1%
Many talented people	20%				
Good at development	17%				
Inspiring mission	16%				
Fun with colleagues	11%				
Job security	8%				

Source: Chambers et al. 1998

The executive talent pool can be further segmented into four groups according to Chambers et al. (1998). All care deeply about culture, values, and autonomy, but each differs in what it looks for in a company:

- “*Go with a winner*” executives seek growth and advancement in a highly successful company; they are less concerned with its mission and location.
- “*Big risk, big reward*” executives value compensation and career advancement over their company’s success or its active role in their personal development.
- “*Save the world*” executives demand an inspiring mission and exciting challenges, and care less about compensation and personal development.
- “*Lifestyle*” executives are more interested in flexibility with respect to lifestyle choices, geographic location, and compatibility with the boss than in company growth and excitement.

The authors stress that successful organizations tend to have a dominant talent segment, while their weaker peers have a bit of everything. Ideally, they argue, a company should figure out who it is aiming for, and make sure that its brand is tailored to the talent segment it seeks to attract.

Highly competitive compensation, particularly long-term wealth accumulation, is an essential element of attracting and retaining top talent (Chambers et al. 1998). The authors add that once top talent is on board, faster career progression is the most effective way to put individual high performers on a different compensation trajectory without disrupting overall pay structures. The authors also note that paying top performers more than their average colleagues is a relatively straightforward way to keep the exit price high and raise barriers to poaching.

To win the war for talent, Chambers et al. (1998) also pinpoint the need for organizations to have a robust sourcing strategy. The authors mention that companies need to be clear about the kinds of people it believes are good for the company. Additionally, companies must use a range of innovative channels

to recruit top talent as well as have a complete organizational commitment to acquiring the best people. The most common recruiting methods, the authors note, are: (1) getting top talent through acquisitions, if indeed acquisitions are an intrinsic part of the corporate strategy; (2) by “outsourcing” or hiring executives away from other companies; or (3) “in-sourcing”, i.e., attracting the best college graduates and excelling at early development.

Although making talent a priority throughout the organization, developing a sound employee proposition, and having a sound sourcing strategy all facilitate the acquisition of top talent, Chambers et al. (1998) also emphasize that investing in executive development is crucial. However, the authors found in their study that few executives made cross-functional moves, had worked in an unfamiliar business unit, held a position with profit and loss responsibility, or had a leadership role in starting a new business.

Even though Chambers et al. (1998) note that most academics and human resources professionals know that the key to development is “a big job before it is expected”, they reason that organizations do a poor job in this area because of pressures to staff key positions with people who already have the skills – not those who need to develop them. Other reasons why people are not developed are: (1) organizations do not have clarity regarding who should be developed, (2) organizations disagree over how people should be developed, (3) senior managers worry that moving people around is not worth the disruption, (4) divisions hoard their best staff, and (5) human resources executives are often preoccupied with training and other “auditable” initiatives.

Informal feedback, coaching, and mentoring are also essential for executive development (Chambers et al. 1998). The authors note that 360-degree feedback, where contributions come from those above, below, and around the individual, is particularly effective for talent development.

Chambers et al. (1998) also identify retention as a key tool and adds that every company needs to understand why its high performers are leaving. The authors note that creating and delivering an outstanding employee value proposition is

the best way to retain people. Additionally, the authors posit that development initiatives such as mentoring, make it more difficult for executives to leave, since the ongoing dialogue with the mentor tends to send the message that the executive is valued within the organization.

Finally, Chambers et al. (1998) point out that companies should not avoid the task of moving weak performers out of the organization. Although most people believe that weeding out low performers will destroy morale, the authors contend that it often has the opposite effect. They argue that when low performers are allowed to stay in their current roles, teams go underdeveloped, and high performers get discouraged and leave the company. As a result, the company's employee value proposition is damaged. Therefore, Chambers et al. (1998) conclude that taking action to deal with low performers, despite being difficult, is the least exploited talent-building lever for any company.

In 2000, a follow-up to the 1997 study on the war for management talent was conducted. The update found that it was even more difficult to attract talented people and even more difficult to retain them (Axelrod et al. 2001). The supply of qualified 35-44 year olds continued to decline and newly minted MBAs were increasingly choosing to work for start-ups or small businesses.

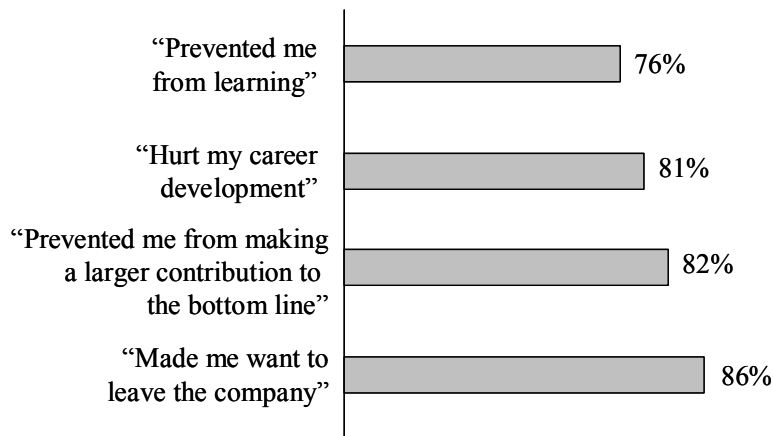
Axelrod et al. (2001) also noted that companies that did the best job of managing their talent delivered far better results for shareholders. Although talent management was not considered the sole driver of this performance, it nevertheless was considered a factor.

The companies surveyed were still quite concerned about their ability to develop talent quickly and effectively. Likewise, the study participants were even more aware that sub par managers drive talent from companies and preempt positions that could have been used as development opportunities (Axelrod et al. 2000).

Figure 5: The Cost of a Bad Boss

Percent who “somewhat agree” or “strongly agree”:

58% of senior and mid-level managers reported that they have worked for an underperformer. How did this affect them?



Source: McKinsey’s War for Talent 2000 survey of 6,500 senior and midlevel managers

1.2.2 The Goals of Executive Development

To begin, executive education strives to enhance the well-trained executive’s skill set, assertiveness, and strategic thinking, while sharpening analytical skills, communication strategies, and leadership principles (Lippert 2001). Cases, discussions, simulations, etc., are then used to speed the process of blending concepts with experience to bridge the gap between theory and practice. Likewise, Lippert identified the ability to develop insight skills as a key objective for educational initiatives. He writes:

Insight skills provide the learner with the ability to learn the right things from experience. Developing disciplined and structured approaches to evaluating personal experiences generates continuous learning. This desired outcome is consistent with the lifelong learning model...Insight skills capture reflective qualities that require objectivity, facts, and the continuous search for disconfirming evidence. Insight skills illuminate the less-obvious solution and strategies, and often lead to thoughts, ideas, and approaches in stark contrast to reactionary and predisposed

hypotheses that are often biased by limited experience (Lippert 2001:6).

Vloeberghs (1998) noted the growing tendency in management development was no longer around functions or persons, but around *competencies*. The author posits that competencies can be situated at the level of the individual, the team, and the organization as a whole. From the strategic literature of the 1990s, Vloeberghs highlights how the concept of core competencies achieved a dominant position for organizations – i.e., where each organization had to identify those resources (mostly specified as rare, adding value, and not easily replicable) that offered an enduring competitive advantage. In terms of management development, Vloeberghs stresses that these same critical competencies have to be identified, developed, or acquired.

Vicere (1998) found that the most critical competencies that companies were attempting to develop through ongoing executive education and leadership development initiatives were strategic thinking/visioning, change management, leadership, teamwork, communication, performance management, customer orientation, global perspective/mindset, and decision-making. Vicere (1998) also notes that many companies use executive education to: (1) gain a greater understanding of competition, (2) expose executives to experts and information, (3) develop corporate culture, (4) provide networking opportunities, (5) provide a forum for discussion and ideas, (6) provide interaction with senior management, (7) provide education in a timely manner, and (8) complement other educational opportunities.

A second goal of executive development is to socialize the vision, values and mission of an organization (Conger and Benjamin 1999). Here, education occurs as preparation for a manager's promotion to more senior management levels or as a means to drive cultural change into the management ranks. Development, in this sense, involves learning that company managers or leaders need to embody and role model certain values and to actively translate the corporate vision into local visions for their own units.

Conger and Xin (2000) point to what could be viewed as a third goal of executive education: aligning organizations to new directions. The authors assert that in the past, executive education was simply a reward for high potential executives, or a chance to renew an individual's knowledge base. However, the authors argue that more and more, executive programs are used to foster change in organizations. Through educational forums, CEOs are likely to discover that they often are better positioned to communicate and implement corporate strategy, to build strategic unity throughout the company, and to create a cadre of change agents (Bolt 1993a, Conger and Benjamin 1999, Ready 1995).

1.3 Executive Development: Past, Present, and Future

Companies have been using executive development programs for many years, dating as far back as the late nineteenth and early twentieth centuries. The purpose of this section is not only to provide an overview of the history of executive development, but also to showcase the field as it is today, in addition to providing a glimpse into its future.

1.3.1 Executive Development: The Past

Beginning in the late nineteenth century, a need was perceived for a high level of manager education at the graduate and professional level (Crotty and Soule 1997). Around that time, the authors note, MBA degree programs began – Wharton's in 1881, for example, and Harvard's in 1908. The MBA degree programs, typically two years in length and consisting of pre-set courses and electives, attracted mostly younger participants. The MBA, Crotty and Soule (1997) note, was not originally intended to attract an older, experienced manager.

The roots of non-degree executive development appear to have been Harvard Business School's World War II production course (Crotty and Soule 1997). The course was 15 weeks long and was designed to train older managers in the skills that would allow them to change from civilian roles to war production capabilities. Prior to this, Harvard (in the late 1920s) and MIT (in the early

1930s), had offered short five-week selections of standard MBA material, which were also influential in the design and later development of executive development programs.

After the Second World War, the special war-production retraining courses were transformed so as to give older, experienced managers, who had not pursued an MBA, a broad-based functional education for civilian application. These non-degree programs allowed the university, companies, and participants maximum flexibility of design and approach, since there were no strict degree requirements. University executive development coordinators worked closely with companies to ensure that the individual was a proper fit with the program and that company goals were attained. A university that offered executive development seminars often had a certain specialty or emphasis, which was an important reason to conduct the selection process very carefully (Crotty and Soule 1997).

Programs covering a wide range of issues ran for a number of weeks, although it was possible to take one week courses that dealt with a specialized topic. Whatever the length, the material was based on MBA course content. Also, programs typically took place at an in-residence facility to ensure the absence of distractions from both home and office (Crotty and Soule 1997).

While a number of companies opted to send their managers to universities for executive courses, a few companies, such as General Electric, IBM, and Motorola, provided their own version of what the universities offered, but with an emphasis more directed to the interests of the company. However, most companies were content to leave the broad-based issues to the university, while covering the more company-specific technical subjects through in-house training (Crotty and Soule 1997).

General Electric (GE) began offering its own 13-week advanced management program in 1956 to effect changes needed within the company following the Second World War, and to ensure that GE would remain a leader in the industry. The initial goal of GE's Crotonville Management Development

Center was to design an advanced management program which could help to transform centralized, narrowly-focused managers into multi-functional general managers who could run a decentralized organization. Reasons cited for starting the Management Development Institute included cost, the large number of participants to be trained, and the need to incorporate company specifics into the program (Crotty and Soule 1997).

Other companies were facing some of the same challenges that GE was facing and used universities to help them deal with these challenges. However, GE decided to change the corporate culture by itself, since it did not think that university management development, as then constituted, could be the agent of change that GE had in mind (Crotty and Soule 1997).

The fundamental approach of GE's Management Development Center did not differ from what universities did. It focused on the cognitive understanding and development of the individual, with some skill development as well. In fact, Crotty and Soule (1997) note that GE's approach itself was modeled after Harvard's 13-week Advanced Management Program and covered all the basic functional areas of finance, marketing, personnel, etc., in addition to general GE policy issues. It also used a teaching format familiar to universities, with Harvard professors involved in both the design and staffing of GE's program.

Crotty and Soule (1997) highlighted the following *advantages* of in-house executive education:

- *Financial (ROI)*: Companies could send a larger number of managers to their in-house programs than could attend universities for the same money.
- *Control*: The curriculum could be tailored to the current needs of the company, new functional approaches (e.g., financial techniques) could be introduced, policy changes could be discussed, and solutions to current corporate problems could be probed.

- *Networking*: Participants could network with managers from other divisions to gain an appreciation with other units in the company, to make contacts for future reference, and to have a sense of sharing the same culture, values, and business issues.

However, some of the *disadvantages* of in-house executive education mentioned by Crotty and Soule (1997) were:

- *Lack of Breadth*: The in-house approach did not always have the varied exposure to a broad range of functional subjects that the universities could provide.
- *Conflicts of Interest*: Some critics of earlier in-house efforts claimed that entertainment was emphasized through the use of slick, off-the-shelf packages with well-known speakers. Executive development directors, often lacking power within the organization, were anxious for high ratings on evaluations to show how successful their executive education was (Bolt 1990).
- *Lack of Balance*: Short seminars on technical issues tended to dominate in-house courses at the expense of critical business issues that were affecting the company, since it was easier to provide technical expertise in-house than to assemble experts in broader functional areas.

Crotty and Soule (1997) believed that the primary disadvantage of university-based executive education was that it often did not reach a sufficiently large group of managers dealing with the same business and cultural issues, in order to meet the needs of a rapidly growing corporate sector (O'Reilly 1993). However, Crotty and Soule note that two significant advantages existed: strong functional competence and the broad perspectives of a diversified corporate clientele.

In addition, Crotty and Soule (1997) indicated that transference of knowledge back to the job was a problem for both in-house executive education and the universities. Oftentimes, no fundamental changes took place in the job setting to allow for the enhanced knowledge and broadened perspectives of the individuals returning from their programs. At times, returnees would even counter resistance to their new ideas from other employees who had not had the benefit of a similar executive education experience (Tichy 1988). Other critics claimed that benefits were difficult to measure and that many managers were actually harmed by being encouraged to settle for the general and theoretical, thereby neglecting the specialized managerial knowledge that was needed.

1.3.2 Executive Development – The Present

The knowledge enterprise industry in 2000 was estimated at \$2.2 trillion worldwide (Lippert 2001). In the United States alone, it is believed that higher education, corporate, and government learning exceeded \$350 billion in 2000.

While there is no standardization of non-degree executive education, the common ingredients include short (a few days) and longer-term (four to six weeks) courses designed by business schools, consulting organizations, for-profit training firms, nonprofit organizations, foundations, and freelance professors (Lippert 2001). The courses typically focus on general management, marketing, information services/e-commerce, human resources, leadership, innovation, accounting/finance, entrepreneurship, global business, etc.

Table 5: Players in the Field of Executive Education

-
- Business schools
 - Nonprofit organizations
 - Corporate universities
 - Trade associations
 - Foundations
 - Consulting firms
 - Freelance educators
 - Online learning companies
-

Source: Lippert 2001

Non-degree programs continue to be designed as essentially MBA substitutes, given that the MBA degree has become a nearly universal professional credential for managers. Moreover, executive MBA degrees are increasingly available for those more experienced managers still wanting a general university version of executive education. The executive MBA offers fewer electives than the traditional MBA, and classes are often scheduled on weekends to accommodate participants, their employers – who often sponsor the participants, and faculty (Crotty and Soule 1997).

Lippert (2001) adds that the learning methods most commonly used include lectures, discussion, case study analysis, and simulations, primarily because it is believed that these are content and concept-heavy approaches that are rich in theory and, with the right contextual orientation, translate into practical applications.

Table 6: Leading Executive MBA Programs ¹

Rank	Provider	Country
1	Northwestern University (Kellogg)	USA
2	University of Chicago	USA
3	University of Pennsylvania (Wharton)	USA
4	Duke University (Fuqua)	USA
5	University of North Carolina at Chapel Hill (Kenan-Flagler)	USA
6	University of Southern California (Marshall)	USA
7	New York University (Stern)	USA
8	Emory University (Goizueta)	USA
9	Georgetown University (McDonough)	USA
10	University of California at Los Angeles (Anderson)	USA

¹ Rankings are based on surveys of over 3,000 graduates of 82 business schools, as well as a poll of Executive MBA directors at those 82 schools.

Source: Business Week 2001

The participants in executive education programs typically range from mid-level managers to senior executives. However, age nor level can no longer be the sole determinants of when an executive should be having the executive educational experience, since managers are younger and fewer in number than in previous years (Crotty and Soule 1997). Moreover, Crotty and Soule (1997) note that companies push to develop skills throughout the organization, not just at the top. Also, in the new, flatter organizations, jobs are more demanding and

managers are responsible for more tasks at earlier stages of their careers (Vicere and Freeman 1990).

Table 7: Leading Executive Education Providers - Non-Degree Programs¹

Rank	Provider	Country
1	Harvard Business School	USA
2	INSEAD	France
3	University of Michigan	USA
4	Stanford University	USA
5	University of Pennsylvania (Wharton)	USA
6	Northwestern University (Kellogg)	USA
7	London Business School	United Kingdom
8	IMD	Switzerland
9	Columbia University	USA
10	IESE	Spain

¹ Rankings are based on the results of 210 surveys received from directors of leadership and executive development at companies worldwide.

Source: Business Week 2001

Participants attend these programs in university settings, regional hotels, exclusive resorts, and corporate locations (Lippert 2001). Costs range from a few hundred dollars to several thousand dollars per day per participant – plus travel, lodging, and the significant opportunity cost associated with time away from the business.

The executive education market is large and fragmented (Lippert 2001). The top 10 executive education providers as ranked by Business Week in 1999, accounted for only about \$130 million in revenue – half of which was generated by Harvard Business School. Vicere (1998) attributed the increasingly competitive marketplace to two developments: (1) the growing number of providers, and (2) the growing level of dissatisfaction with traditional program methodologies and designs.

While the providers of non-degree executive education vary in size, capability, and mission, the forum for non-degree executive education experience has been limited to two formats: *open enrollment* and *customized* programs (Lippert 2001). *Open enrollment programs* attract a diverse set of participants who seek a generic, skills-based, passive learning experience on a specific topic, tool, or

discipline. The learning can be lecture-based, case-oriented, experiential, etc., but is limited in depth and scope by the diverse nature of the audience.

Table 8: Leading Executive Education Providers – Open Enrollment Programs¹

Rank	Provider	Country
1	University of Pennsylvania (Wharton)	USA
2	Harvard Business School	USA
3	Columbia Business School	USA
4	London Business School	United Kingdom
5	IMD	Switzerland
6	Duke University (Fuqua)	USA
=	Stanford University	USA
8	Tuck School (Dartmouth)	USA
9	Northwestern University (Kellogg)	USA
=	University of North Carolina (Kenan-Flagler)	United Kingdom

¹ Rankings are based on responses given by course participants and surveys of the business schools.

Source: Financial Times 2001

However, Lippert (2001) indicates that *customized programs* are designed with and for a specific client who typically articulates a specific need and preferred delivery method. Such programs range from using a specific company's financial statements in a three-day Finance for the Non-Financial Manager seminar that employs group projects and interactive computer simulations, to developing company-specific analytical tools, customizing simulations, and devising comprehensive global strategies.

According to Vicere, Taylor and Freeman (1994), the perception of customized in-company programs is that they: (1) are more specific to the organization and its needs; (2) help develop organization culture, build teams, and implement change; (3) provide a discussion forum or idea exchange, as well as and internal networking; (4) provide savings in both time and money; (5) allow for better control of content, faculty, and participants; (5) complement external programs, (6) provide interaction with top management, and (7) lead to better availability of resources, such as scheduling efficiency.

Some universities, such as Stanford, have shied away from customizing, apparently not wanting to blur the lines between academia and consulting

(Crotty and Soule 1997). Moreover, the authors also note that customized programs often require a large initial investment, and in harsh economic times, this can deter companies from embarking on customized courses. To reduce the costs of customized programs, companies are increasingly opting to form learning consortia. Learning consortia will be addressed later in this dissertation.

Table 9: Leading Executive Education Providers - Customized Programs¹

Rank	Provider	Country
1	Columbia University	USA
2	Duke Corporate Education	USA
3	IMD	Switzerland
4	Northwestern University (Kellogg)	USA
5	INSEAD	France
6	Harvard Business School	USA
=	University of Pennsylvania (Wharton)	USA
8	IESE	Spain
9	University of Michigan	USA
10	Ashridge	United Kingdom

¹ Rankings are based on responses given by executive education purchasers and surveys of the business schools.

Source: Financial Times 2001

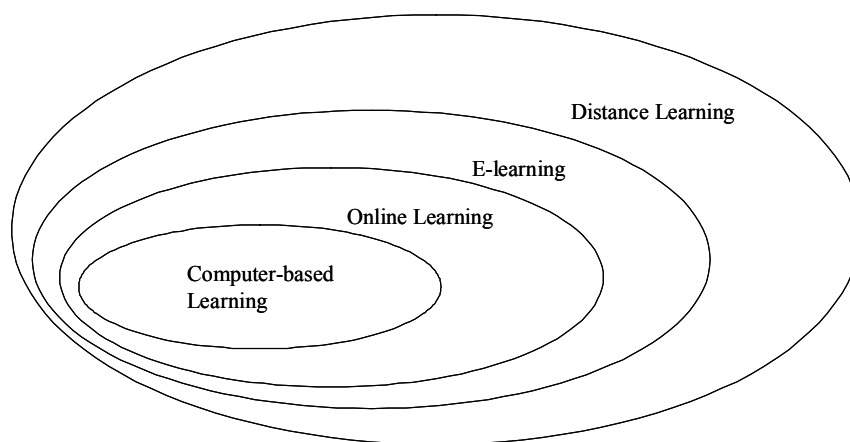
Distance learning is yet another phenomenon that has influenced executive education. *Distance learning*, a concept that was first introduced in the 1960s, stresses the capability of mature individuals to take responsibility for their own education (Crotty and Soule (1997)). Distance learning links faculty and students through such non-traditional approaches as telecasts, audio and video tapes of faculty lectures, and written correspondence between faculty and students, with only occasional meetings or telephone calls. Hambrecht (2000) adds that distance learning can also incorporate CD-ROMs, Internet-based learning, audio and video conferencing, and interactive TV. Distance learning programs are self-paced, provide a faculty or tutor, and often lead to a university degree.

Crotty and Soule (1997) emphasize that the distance learning approach epitomizes individual educational development. The authors go on to point out that the radical shift in the employer-employee relationship (i.e. downsizings, the move away from employment for life, etc.) has increased the

need for individuals to refresh their skills in order to remain competitive on the job market. The authors add that while organizations may be stressing team learning in their sponsored executive training, the need for constant updating by individual professionals is more urgent than ever.

Advances in technology have also led to the growth of e-learning, which has revolutionized executive education (Lippert 2001). The term *e-learning* covers a wide set of applications and processes, including computer-based learning, web-based learning, virtual classrooms, and digital collaboration (Hambrecht 2000). According to Hambrecht, *e-learning* involves the delivery of content via all electronic media, including the Internet, intranets, extranets, satellite broadcast, audio/video tape, interactive TV, and CD-ROM. However, e-learning is defined more narrowly than distance learning, which would include text-based learning and courses conducted via written correspondence.

Figure 6: Subsets of Distance Learning



Source: WR Hambrecht & Company 2000

Specifically, *computer-based learning* involves course or educational material presented on a computer, primarily via CD-ROM or floppy disk. Unlike web-based training, computer-based training does not require a computer to be connected to a network and does typically not provide links to learning resources outside of the course (Hambrecht 2000).

Online learning, also referred to internet-based training or web-based training, involves delivery of educational content via a web browser over the public Internet, a private intranet, or an extranet. Internet-based training provides links to learning resources outside of the course, such as references, e-mail, bulletin boards, and discussion groups. It provides the advantages of computer-based training, while retaining the advantages of instructor-led training (Hambrecht 2000).

Levels of sophistication of online learning vary. A basic online learning program includes text and graphics of the course, exercises, testing, and record keeping, such as test scores and bookmarks. A sophisticated online learning program includes animations, simulations, audio and video sequences, peer and expert discussion groups, online mentoring, links to material on a corporate intranet or the Web, and communications with corporate education records (Hambrecht 2000).

Lippert (2001) states that e-learning is expected to grow at an annualized rate of 79% until 2004, and that web-based corporate learning is expected to grow 83% per year and eventually exceed \$11 billion by 2003. While only 20% of corporate training took place electronically in 1999, the number is estimated to rise to 40% by 2003 (Corporate University Xchange 1999). The main hurdles to e-learning, such as lack of interactivity, content availability, technology standards, and bandwidth are being addressed (Hambrecht 2000).

Lippert (2001) emphasizes that of the many e-learning companies in existence, some attempt to: (1) deliver a comprehensive education process to the end user, i.e. *services*; (2) specialize in *content*; or (3) focus on *infrastructure*, i.e. technology. Lippert argues that as infrastructure and delivery tools (services) become commodities, content will be the ultimate distinguishing feature in differentiating among e-learning companies. To gain access to first-quality content, Lippert asserts that companies are spending millions of dollars to develop educational programs in conjunction with the most prominent thinkers, scholars, and business people.

Table 10: Key Players in E-Learning

CONTENT	TECHNOLOGY	SERVICES
SmartForce	Saba Software	Click2learn.com
Ninth House Network	Docent	Headlight.com
Teach.com	Click2learn.com	TrainingNet
DigitalThink	WBT Systems	KnowledgePlanet.com
NETg	Lotus Development Corporation	Learn2.com
Pensare	InterWise	Eduprise.com
UNext.com	Centra Software	KnowledgePlanet.com
eMind.com	LearnLinc Corporation	Infonautics
Quisic	One Touch Systems	Vcampus

Source: Hambrecht & Company 2000

While much has been written about the impending threat that traditional universities may face from e-learning companies, Lippert (2001) believes that the answer may lie in their cooperation. Professors who are excellent in front of a live classroom will not necessarily have a competitive advantage in terms of web delivery, since the different design and delivery methods of web-based learning require a new set of skills and capabilities. Therefore, Lippert surmises, it is inevitable that knowledge possessors will have to partner with knowledge deliverers.

1.3.3 Executive Development – The Future

Lippert (2001) believes that executive education in the future will have a different set of parameters. The author goes on to state that learning events may last from a few minutes to a few years and that teams of academics, consultants, and business professionals will design and deliver programs on a mostly customized basis. The teaching methods, according to Lippert, are likely to include action learning opportunities, role playing, improvisation, dynamic and interactive online simulations, and real-time pilot projects.

Given the proliferation of technology, Lippert (2001) predicts that the executive education industry will experience changes that will result in lower prices per participant, significantly reduced travel and lodging expenses, and less time away from the business. This, Lippert argues, should provide a realistic opportunity for the educational experience to be pushed down further into the organization and the potential for a multi-fold increase in the number

of participants. Likewise, Lippert anticipates that the overall quality of course development will improve.

Vicere (2000) contends that leadership executive is increasingly star driven, and that companies are looking for ways to get at faculty without going through their universities. Faculty are highly sought after because many believe that they are proficient at creating knowledge, but universities are not very good at disseminating it. Michaels (2000) also notes that corporate universities are likely to continue cherry picking faculty members from business schools to run internal company courses.

Michaels (2000) postulates that business schools will continue to lose out to corporate universities that once sent many of its middle managers on off-the-shelf executive education programs. Moreover, the author argues that business schools may increasingly compete with corporate universities that have chosen to sell their courses on the business education market. Examples of such competition include Disney University's courses on customer service and Anheuser-Busch's courses in marketing.

Crotty and Soule (1997) speculate that the number of older candidates opting to do an MBA, and non-degree executive courses are likely to continue declining as substitutes become available. The authors also note that the market for the Executive MBA has matured, and that universities are increasingly forming partnerships with foreign universities or setting up subsidiaries overseas to sustain themselves.

Another trend that Michaels (2000) identifies is the ever-growing cooperation between companies and business schools to create customized courses for company-specific programs. Michaels (2000) also indicates that companies that have set up corporate universities are looking to business schools to help them design courses that can meet the standards of accreditation, given that employees often seek courses and credentials that be externally validated. Nevertheless, the author posits that the MBA degree will remain popular.

In the future, Hambrecht (2000) expects e-learning companies to differentiate themselves from competitors by offering companies additional value-added services. Examples of value-added services include: (1) custom curriculum design and development; (2) pre- and post-training mentoring and support; (3) training effectiveness analysis; (4) reporting and tracking tools; and (5) advisory services on how to integrate new e-training solutions into an organization's education strategy.

Executive education in both degree and non-degree programs has been and continues to be a high-growth industry (Lippert 2001). According to Lippert, a number of factors are likely to ensure this trend will continue, if not accelerate, in coming years. These factors are:

- the increasing importance of knowledge-based capital (over physical assets) as a competitive advantage;
- the Internet-enabled economy, which has not only been aided by rapidly advancing technology, but has also diminished the limitations of physical distance;
- the confluence of global competition, collaboration and cooperation;
- the growing gap in compensation between those with and without education;
- the persistently low unemployment rate in countries such as the United States, which has made it increasingly difficult to attract, develop, and retain talent; and,
- the new, but pervasive, view of education as a process and not an event: i.e., education as a lifelong endeavor.

2 Corporate Universities

Corporate universities are centralized in-house training and education facilities designed to address the shortened shelf life of knowledge and to align training and development with business strategies (Meister 1998b). Roughly 400 corporate universities existed in 1988, though experts have recently estimated that over 2,000 corporate universities now exist.

2.1 Corporate Universities: An Overview

According to Meister (1998a), corporate universities grew out of the need to: (1) formalize training, (2) stress importance of continuous learning, (3) link education to business goals, (4) meet a chief executive officer's interest in corporate education, (5) drive change and modernization, and (6) keep workers competitive (LeClair and Ferrell 2000). Vicere (2000) also attributes the explosive growth of corporate universities to the importance of intellectual capital, the pressure for change, and the desire for accountability. Vicere adds that these factors have combined to create a greater need on the part of corporations to get a better handle on investments in education and development.

The term corporate university has grown in popularity over the past decade, though Wagner (2000) believes that regardless of the term used – i.e., management institute, corporate education and training, education and training center, school of business, or corporate university – the primary goal is to impart corporate values and ethics, teach technical skills, and help executives become leaders. Gerbman (2000) notes that corporate universities are focused on creating organizational change and providing employees with a clear understanding of what the company's vision is for the future and how their work will effectively move the company to that goal.

Tapp (2002) argues that a real corporate university is where business strategy, organizational culture, and human resource development meet, blend, and synthesize, and performance takes off. Moreover, Tapp (2002) stresses that branding the corporate university is key in distinguishing the corporation's

commitment to its human resources. Tapp goes on to state that branding can also set the employer apart from competing firms in the industry, resulting it in being considered as the “employer of choice”.

Table 11: Potential Benefits of Corporate Universities

-
- Alignment and synergies in learning initiatives
 - Potential reduction in company operating expenses
 - Recruitment of top talent
 - Retention of top talent
 - Overall reduction in employee turnover
 - Growth of intellectual capital
-

Source: Anderson 2002

Gerbman (2000) contends that corporate universities can have a physical presence (i.e. bricks and mortar) or they can be virtual classrooms. Gerbman also notes that corporate universities can touch everyone in the organization or they might focus solely on strategic priorities. Gerbman stresses that while there are many different ways to approach organizational training and learning, corporate universities provide a way to disseminate coordinated, comprehensive learning throughout an organization.

A corporate university usually involves a series of courses or programs, usually custom-designed and delivered for a company, but sometimes involving “outside” courses or those developed for consortia of companies or trade associations (Tapp 2002). The very best corporate universities, Tapp (2002) argues, are those staffed by a blend of: (1) outstanding professors from the best business schools, (2) senior officers from the company – including the CEO and program administrators, and (3) practitioners from outside the corporation.

Moore (2002) reveals that a majority of corporate universities look to business schools because of their ability to bring the latest theories and models to the senior management team. Moore also states that corporate universities expect business schools to deliver programs that will impact their organization and lead to change. Meister (1998b) adds that the criteria most used by corporate university deans to select a learning partner include:

- a shared mindset in which customer service, innovation, and continuous improvement are paramount to success;
- flexibility in working with the learning partner, including the ability to teach on site or share libraries, laboratories, or equipment;
- responsiveness and mutual interest in developing a particular type of curriculum;
- complementary needs and goals that range from funding joint research to developing customized executive education programs;
- respected reputation and prestige of the educational institution;
- the ability to develop collaboratively a clear path of study learning to a new accredited degree program;
- openness to experimenting with technologies to accelerate learning;
- ownership rights to intellectual property clearly delineated at the onset of the partnership;
- financial and non-financial measures spelled out carefully in advance and agreed to by the key players;
- an infrastructure open to experimentation – for example, having the organization assign a full-time person to work with the educational institution on partnership issues;
- a global education network and capabilities; and
- a commitment to fostering open dialogue and to continually renewing the partnership with fresh thinking.

Table 12: Strategic Orientations for Corporate Universities

-
- Initiative-driven
 - Change-management focused
 - Leadership development-driven
 - Business development-driven or customer/supplier focused
 - Competency-based/career development-focused
-

Source: Wheeler 1999

To bolster the image of corporate universities, the Corporate University Xchange, a New York-based corporate education consultancy, recognizes the efforts of leading corporate universities by giving out Excellence Awards (Authers 2001). The awards, sponsored by the Financial Times, assess entries in six categories, covering the most important factors for the success of a corporate university. These include:

1. Aligning Learning to Business Strategies
2. Launching a New Corporate University
3. Learning Alliances with Universities
4. Marketing
5. Measurement of Outcomes
6. Use of Technology

Even though corporate universities were set up primarily to meet the organization's learning needs, many remain highly critical of the corporate university's ability to deliver on its goals. Moreover, some have taken particular offense at the corporation's use of the term "university". Cavallé (2000) draws clear distinctions between corporate universities and traditional universities:

‘Universities are about research, teaching and learning carried out in a humanistic spirit of intellectual freedom, multidisciplinary inquiry, and methodological rigor. Whereas corporate universities are engaged in the transmission of knowledge, business schools are much more adept at generating it. Whereas corporate

universities are principally about training, business schools are about higher education. Whereas the former aim for quick solutions to current problems, the latter take the time to ask why and seek to elaborate general principles of wide applicability, taking into account the impact of business decisions on people and society' (Cavallé 2000).

Perhaps what contributes to the tension between corporate universities and business schools may be the basis for why corporate universities were formed in the first place. In the past, most companies left the functional areas of executive development to the universities, while utilizing in-house programs to deal with specialized or technical aspects (Crotty and Soule 1997). However, as the business environment and corporate needs began to change, companies began utilizing executive education providers to assist them in transforming corporate cultures and implementing strategic changes. Now that corporate universities increasingly have the mandate for transforming corporate cultures and implementing strategic change themselves, it is understandable why some schools are left wondering where they fit in the executive education value chain. Though Lippert (2001) and Meister (1998a) maintain that corporations will always have a need for customized, strategically relevant content, the tension is likely to remain until executive education providers fully adapt to the changing executive education market.

2.2 Best Practice Corporate Universities

General Electric and Motorola are often cited in the management literature as examples of best practice corporate universities. The following section gives an overview of each company's approach to development.

2.2.1 General Electric (Crotonville)

To develop its next generation of leaders, *General Electric* (GE) set up the GE Management Development Institute, America's first and arguably most famous corporate university. Created in 1955, the institute, referred to as Crotonville, is spread out over 52 acres in New York and is equipped with audio, visual and

computer technology to facilitate learning and sharing. To add to its appeal, Crotonville offers dining, fitness, and recreation facilities on its campus. In addition, GE also provides advanced management training at dedicated facilities in Europe, Asia, and Latin America.

Even in its early days, the institute invested heavily in executive development. For example, in 1956, it offered 1,500 separate courses, and enrolled 32,000 employees at an annual expenditure of \$35 to \$40 million (Eurich 1985). By 2001, GE spent \$1 billion annually on career development for its employees at every level of professional growth.

Early on, Crotonville designed its own curriculum and even produced a multi-volume set of GE “Blue books” used to train managers in the functional aspects of business (Tichy 1988). The GE “Blue books” became so well-known and respected that they even had considerable influence on university business school curricula in the 1960s. Eventually, the “Blue books” were discarded and a stronger, action-learning approach was implemented, tailored to meet GE’s specific organizational goals (Crotty and Soule 1997).

Table 13: Mission Statement for Crotonville

To leverage GE’s global competitiveness, as an instrument of cultural change, by improving the business acumen, leadership abilities and organizational effectiveness of General Electric professionals.

Source: Tichy 1988

At Crotonville, GE attempts to form leaders who can: (1) transform the organization, (2) develop global product and service strategies, (3) develop strategic alliances, (4) achieve global coordination and integration, and (5) undertake global staffing and development (Tichy 1988). However, Jack Welch, former CEO of GE, also used executive development processes to instill new ideals, such as boundarylessness and competitiveness across all levels of the organization. These processes in turn enabled the company to

identify executive talent and observe capabilities and perspectives through action learning projects and task force assignments (Vicere 1992).

Although Welch invested time and energy in coaching, developing team players, and team building, he also relied on action learning projects to develop leaders. Action learning projects often began with the CEO or other top company officials, who designated some major problems or opportunities within the company. Crotty and Soule (1997) note that past topics have included the market for GE Financial Services in India, how GE could serve the automobile industry better, and how GE stacked up against its foreign competition.

The Executive Development Course at Crotonville, which was limited to 40 of GE's most promising executives, used action learning projects extensively. First, the 40 participants were divided into six teams. Each team had one month and specified resources to come up with a comprehensive plan. Teams were allowed to travel worldwide, interview whomever was deemed appropriate, and research the topic thoroughly. Since these executives were not accustomed to making such high-pressured decisions in such a short time period, with so little information, GE often brought in consultants and professors to teach the executives different ways of organizing, thinking, and decision making to give them direction. At the end of the month, each team presented its ideas to the CEO and other top executives for possible use at GE (Crotty and Soule 1997).

Crotonville mostly used case studies, readings, discussions, and simulations to develop leaders. To combat the challenge of translating classroom experiences back to the job, Crotonville increased the number of teams that could attend sessions. Moreover, participants also brought with them real business problems and left with action plans (Tichy 1988). At GE, the assumption was that 80% of development was through experience, i.e., on-the-job learning. The remaining 20% consisted of highly leveraged, formal development activities in the various GE businesses, with Crotonville representing a very small percentage.

Tichy (1988) also notes that the development experience at Crotonville was not always smooth once participants discovered that the development experience could be unsettling and emotionally charged. Participants had to learn to deal with feedback and to wrestle with very difficult, unresolved, real-life problems. Increasingly, the measure of program success shifted from how good participants felt about the learning experience to how the experience impacted their organization and their leadership behavior over time.

In citing GE as following “best practice” norms, James Bolt (1993b), chairman of Executive Development Associates, points to several reasons for GE’s success in executive education. The executive program was an integral part of the formulation and implementation of business strategies through the creation of issues, values, and corporate culture. Former CEO Jack Welch not only championed the GE Institute, but also participated in it through give-and-take sessions; other top executives did the same. A top-level advisory committee also assured both balance and course credibility. Finally, executive development was a continuous process during the entire career of GE managers. Continuous learning was also fostered by regularly occurring shorter sessions, usually with an applications orientation.

2.2.2 Motorola

Motorola University, another “best practice” corporate university, has also been noted for its ability to drive corporate-wide initiatives throughout the company (Wheeler 1999). Motorola University began in 1981 as the Motorola Training and Education Center. During the 1980s, Motorola University’s charter was to help the corporation build a quality culture. The 1980s also saw the establishment of corporate-wide training plans and training investment policies. By the end of the decade, the university had expanded its operations both in the United States and around the world.

Since 1990, Motorola University has diversified further, establishing academic partnerships with institutions around the world. During a globalization process, the University has also implemented cultural design and translation services.

Currently, Motorola requires a minimum of 40 hours a year of job-relevant training and education for every associate.

Motorola University is the strategic learning organization of the corporation, complementing the training that takes place in Motorola's business groups. Motorola University is organized into regions and colleges with design teams to serve its customer base. The University manages seven learning facilities around the world and has 20 offices in 13 countries on 5 continents. Motorola University is staffed by 400 professionals, and a flex force of 700 writers, developers, translators, and instructors provide service on an as-needed basis (Motorola 2000).

Motorola University helps business managers tackle the issues of greatest concern to them and the corporation (Densford 1999). These include:

- Leadership and management development in a global market;
- Systems solutions for the customer;
- Business growth through organizational renewal;
- Global brand equity management; and
- Knowledge management

For example, Motorola University successfully drove the Six Sigma concept as part of a continuous improvement and quality initiative throughout the company. At the same time, Motorola University was also involved in strategic planning and in helping the company cope with expansion into China and other parts of the world. The university is known for its ability to: (1) bring into focus one or two issues, (2) put a structure in place to facilitate delivering the content, (3) coach the implementation and (4) build understanding and acceptance of the issues with management and the employees.

In the area of leadership training and development, Motorola University offers executive forums that feature senior management to discuss current issues and

challenges with participants from a number of companies. Typically, the forums are a series of small-group discussions on current topics facing global organizations. Participants are decision-makers, director level and above, from other organizations. Motorola requires all 200 of its top executives to attend its executive programs.

Motorola also uses globalization workshops, which include field trips where executives see local market developments firsthand and then teach other managers what they learned and what they think the company's responses should be. Motorola routinely follows these benchmarking field trips by sending teams of production workers, engineers, and staff support workers overseas to capture best practices and incorporate them into their corporate functions back home (Meister 1998a).

Table 14: Mission Statement for Motorola University

The University's mission is to be a catalyst for change and continuous improvement in support of the corporation's business objectives. We will provide for our clients the best value in leading edge training and education solutions and systems to be their preferred partner in developing a Best in Class work force.

Source: Motorola University website 2001

In terms of scope, Motorola trains the entire spectrum of the value chain, from internal employees and teams to current customers and suppliers, and even potential customers in emerging markets (Meister 1998a). Motorola, which has a Motorola Customer and Supplier Institute, licenses its training programs to its suppliers. In addition, Motorola offers numerous other courses in which the firm attempts to mix employees and outsiders in the classes. The thinking behind this approach is that the company is not a self-contained entity. To be successful, the organization must train all the key elements in the value chain. It has to train – or at least embrace – customers and suppliers and let them know the strategies behind the organization (Meister 1998a).

Motorola uses an array of learning approaches, from desktop training to expert tutoring. The corporate university has also used very sophisticated technologies, such as virtual reality to train managers around the world. Virtual reality allows operators and managers to make mistakes and see the implications of those mistakes. As a result, Motorola believes that its managers retain more of what they learn (Moore 1997).

In 1997, Motorola spent \$200 million in estimated expenses and more than three percent of payroll on training. Although the corporate university does not focus on calculating training's return on investment (ROI), it has estimated that it earns a return of \$30 to \$33 for every dollar invested in training (Moore 1997). To maintain its high standards, Motorola University stresses that over 60% of its budget has to be covered by Motorola business units or outside customers, who always have the option of selecting another vendor to meet their learning and development needs (Meister 1998a).

Motorola University is a recognized leader among corporate universities in many areas, including: (1) staff diversity – 30 ethnic groups are represented, (2) global outreach, (3) providing education as entry to emerging markets, (4) consulting services, particularly in the quality area, (5) copyright integrity system, (6) expansion of interest and expertise in transcultural studies, and (7) relationship development with government, nonprofit, and university research centers (Densford 1999). Nevertheless, Motorola University faced several challenges, such as establishing an infrastructure for delivering learning resources, providing a selection and supply of learning resources for access through its global information network, and making learning resources as easy to use and effective as possible. In particular, Motorola was interested in working on ways to customize training to each user's unique learning style.

3 Executive Development in Practice

Smith (2001) asserts that success as a manager or as an executive depends on far more than acquiring technical knowledge and management concepts. Smith adds that success comes from an understanding of, and a feel for, such factors as organizational politics and culture, the art of influencing others, the ability to delegate, the skills of timing, and presentation and selling of ideas. To emphasize this point, Smith states, “These are the qualities we expect from organizational leaders, and without a developmental *strategy* for gaining them, the emergence of effective managers and executives is a hit-and-miss affair.”

The purpose of this section is to identify what is considered best practice in terms of formulating an executive development strategy. In addition, the tools and methodologies used to deliver executive development programs are discussed.

3.1 Formulating an Executive Development Strategy

Bolt (1993c) posits that strategic plans for executive education spell out who gets trained, on what subjects, why, and when; how an organization will reinforce its culture, values, and key practices; and how it will periodically identify its priorities for executive development. Barner (2000) states that in order to formulate an executive development strategy, organizations should:

1. *Link Development Objectives to Business Strategy:*
Organizations should begin with a clear identification of the target audience (e.g., levels, functions, high-potentials, etc.) and define how executive development efforts are expected to support and enhance business objectives;
2. *Match Development Approach to Organizational Structure:*
The development approach will depend on the size of the organization. Small companies are able to focus a high level of attention on the development of their executives, while large companies, because of the number of executives

involved, are limited to applying a uniform format to executive development programs;

3. *Match Development Plans to Levels of Learning Agility:* Low-potential learners may benefit from such options as structured coaching and job redesign, mid-range executives (those assessed as having a moderate level of learning agility) should be encouraged to broaden their range of competencies. When dealing with high potential executives, the emphasis should be on providing development options that provide high challenges and ensure retention;
4. *Create Developmental Learning Systems:* Barner advises against one-shot courses and stresses that organizations should carefully consider the timing of development experiences, should interconnect training and work activities, and should clearly define what executives will gain from development assignments;
5. *Evaluate Leader's Commitment to Leadership Development:* Barner suggests that organizations should evaluate leaders in terms of their commitment to leadership development time through such actions as setting clear development goals for managers, tying performance in executive development programs to executive compensation, and making people development a key criteria for the identification of high-performing executives;
6. *Focus Development on Preventing Failure:* This involves working with executives to overcome such potential derailment factors as lack of flexibility, insensitivity to others, the inability to build supportive relationships, and arrogance;
7. *Understand that Performance Improvement Stems from Self-Awareness:* The challenge here is to use such techniques as insight-focused training and 360° feedback to encourage

executives to realize that behaviors that may have worked for them in the past may need to be adapted to support new business challenges or different work settings;

8. *Develop for the Future*: The goal is to help executives strengthen existing competencies while developing new, future-focused competencies. Related actions may involve facilitating discussions regarding how the senior team believes its business picture will unfold over the next few years, and by helping executives become adept in the techniques of “scenario forecasting” and “decision making under conditions of uncertainty”;
9. *Keep a Global Focus*: Organizations should, Barner (2000) argues, identify international business requirements and the executive development competencies needed to support them. These international business requirements should be part of discussions regarding succession planning and the creation of executive development programs, as well as benchmarking.

Baird et al. (1994) present the view that in order to build world class executive development, organizations should: (1) define the business need, (2) identify the needed skills, (3) structure the development process, (4) deliver the process and (5) continuously improve. The authors stress that world class development focuses equally on all phases:

1. *Defining the business need*: Some strategies, Baird et al. (1994) argue, do not require much change for implementation. The organization needs to simply continue doing well what it was already doing, which is referred to as maintenance. Some organizations have to get better at what they are doing – i.e., improve execution. Still, others have to shift what they are doing – i.e., refocus efforts. Finally, some organizations require massive changes in order to implement their strategy.

These four scenarios become descriptions for the type of executive development needed to deliver business results; organizations must ask: How much change is needed? Do executives need to enhance skills they already have or develop totally new skills? Do they need to learn how to refocus their efforts or are fundamental changes needed?

2. *Identify Needed Skills:* Organizations should determine what competencies executives need in order to perform now and in the future. The authors contend that 70% of what an organization needs from its executives is the same as what other organizations need, and the remaining 30% is determined by the firm's unique strategy and culture. They also stress that competencies have to be based on what it will take in the future, as well as what it took in the past.
3. *Structure the Development Process:* Baird et al. (1994) point out that organizations should combine the business need with the skill requirements to create a matrix, which can be used to describe options and the portfolio of programs.
4. *Deliver Executive Education:* Here the authors stress that executive programs should simply become tools to help improve current and future performance – i.e., care should be taken not to become too preoccupied with the program itself, since improved performance is the goal. Likewise, the authors stress that organizations should get executives working on problems before and after the program, with the goal of creating a learning experience that can be applied to the job. Baird et al. (1994) also state that organizations should involve executives in defining the business needs, as well as designing and creating the development agenda. Finally, the authors caution organizations to offer a portfolio of development programs and to focus all development efforts on the same outcome.

5. *Continuously Improve*: Here, Baird et al. (1994) note that continuous improvement is as essential in executive development as any other business activity. The authors urge evaluation of all stages of the development process: the design, delivery, and the impact. The authors conclude by stating that organizations should expect to see improved business performance, enhanced personal skills, and accomplished objectives.

3.1.1 Aligning Executive Development and Organizational Strategy

Hall (1995) states that to add value, executive development activities must be derived from an explicit strategy that is consciously linked to the business strategy. Hall defines strategic executive development as: (1) the implementation of explicit corporate and business strategies through the (2) identification and (3) growth of (4) wanted executive skills, experiences, and motivation, for the (5) intermediate and long-range future (Hall 1986; Hall and Foulkes 1991). For organizations that wish to link executive selection and development to strategy, Hall (1995) suggests that it is important to:

- Capture “real-time learning” – i.e., capitalizing on corporate turbulence and using real organizational changes as vehicles for learning;
- Recognize that executive development is personal development – focusing on how managers can become personally effective in leadership roles by improving their performance skills, attitudes, adaptability, and seeing themselves differently;
- Tap opportunities in the need for better global leaders – using job assignments, particularly international assignments, to develop leaders;
- Use better mentoring, coaching, and other forms of learning from relationships;

- Manage the decentralization dilemma – by avoiding conflicts between corporate and the business units and ensuring executives are developed at both the corporate and business unit levels;
- Change the culture to support executive alignment;
- Re-establish the “Psychological Contract” – derive a clear management development philosophy from strong corporate values;
- Build diversity into management/executive development; and
- Develop ways to promote reflection and “capture” executive learning.

Barner (2000) stresses that it is imperative for organizations to identify the business challenges that currently shape, and will come to shape the types of executive leadership required in the company. Barner adds that organizations should also conduct a *strategic planning review*, *scenario forecasting*, and a *business analysis* in order to identify needed executive competencies. The *strategic planning review* links strategic planning to leadership capability by addressing questions such as: (1) What changing business conditions are anticipated over the next few years? (2) What adaptations will these changes require of technology or organizational structure? and (3) How will these adaptive responses change the expectations of corporate leaders?

A *scenario forecast*, Barner (2000) explains, is a technique for articulating alternative scenarios about how business conditions will unfold, and a company’s readiness for effectively performing within each scenario. Finally, a *business analysis* provides a one year breakout of key business initiatives, along with a gap assessment, that enables a company to determine whether it has the leadership and technical capability in place to successfully execute against the initiatives.

3.1.2 Identifying Leadership Competencies

An organization's *core competencies* are those unique technical skills that the company does consistently and exceptionally better than others in its field and that provide the company with a sustainable advantage over its competitors. By contrast, an organization's *executive competencies* are those competencies required for successful leadership within the organization (Barner 2000).

The steps for building a leadership competency model include: (1) reviewing a competency template, (2) conducting focus groups, (3) constructing a tentative model, (4) conducting individual interviews, (5) determining the most appropriate competency breakout, and (6) presenting the findings to top management (Barner 2000).

Conger and Benjamin (1999) point out the advantages and disadvantages of competency models. In terms of advantages, the authors state that the models are often constructed around tangible dimensions – behaviors, outcomes, or activities – that can be visibly measured. A second advantage is that the competency models send a clear message to an organization about the specific attributes considered valuable in the organization. If they are linked to rewards and performance measures, they can establish clear expectations. Third, the models provide a framework or checklist for both individual managers and their organizations to benchmark themselves – in other words, to see which competencies are strong or weak within an individual and within the management ranks of the organization.

However, Conger and Benjamin (1999) also feel competency models have certain disadvantages. First, the authors note, there is a strong tendency to use them as universal criteria that all must somehow possess. Many of these competencies are derived from ideal types of leadership, and it is doubtful if many real managers can possess in depth all or most ideal qualities. A second disadvantage is that when employing “universal” criteria, competency models often fail to recognize that leadership requirements vary by level and by situation. Third, competency models may or may not reveal the competencies

that are needed in the future. Finally, the authors reveal that many organizations use competency models in their training programs, but in isolation from the actual reward and performance management systems of the firm.

Rather than focus on competencies, Zenger et al. (2000) posit that development should begin with business results and work back to abilities. The authors argue that organizations should not seek results by building competencies, knowledge, or the executive's character. Instead, the authors feel that organizations should focus on results, because when this is the case, its executives have a greater likelihood of developing missing competencies, acquiring the needed knowledge, and behaving as better role models. The authors go on to state that executives will see clearly the link between results and the attributes required to obtain vital outcomes.

3.1.3 Top Management Support

Bolt (1993c) indicates that in order for an executive development program to work as a catalyst for strategic change, all executives must participate. Top managers, Bolt argues, must set a positive example and be prepared to support the ranks as coaches and mentors.

Werther (1993) notes that training and development managers often report difficulty in getting executives, who have reached a senior level, to attend more systematic and targeted executive development programs as active participants. Failure to have senior managers actively involved not only reduces the credibility of executive development efforts, it deprives those efforts of their greatest leverage in fostering the increased effectiveness of the organization.

As firms strive to become "learning organizations", Werther (1993) contends, the credibility of in-house development efforts depends heavily on senior management. When senior executives fail to attend, they are failing to keep up with the current thinking disseminated by the firm's training and development function; attendees recognize this, which may operate to reduce their motivation to apply the new learning. Moreover, the absence of top

management suggests that developmental objectives are unlikely to receive day-to-day reinforcement by them, further encapsulating developmental activities and reducing their transference to the work environment.

Bolt (1998) believes that top management should not only participate in executive development programs, they should also become “faculty” members. Bolt emphasizes that “faculty” members from top management can use the opportunity to express their views, make their visions known, engage in open dialogue, challenge the participants, and learn from participants.

In addition to the CEO, Bolt (1998) contends that a senior-level advisory board is a common element in successful executive education efforts. Such bodies lend further direction and credence to the overall strategy and programs. The board, Bolt (1998) explains, is typically comprised of line executives who are key stakeholders and a cross section of the “customer” (i.e., participant) group. An important function of the Board is to ensure that the strategy and programs are relevant for the organization and that design and development stays on track. Bolt notes that when people in the company see the list of advisory board members, the program’s credibility is firmly established. The prestige of the members signifies the importance of the executive education effort.

3.1.4 The Link Between Corporate Culture and Executive Development

Some development experts believe that development programs will be ineffective if the organization fails to address the cultural barriers to learning, such as fear, blame, reluctance to take responsibility, self-justification, etc., because corporate culture supports the emotional process of learning (Caudron 2000). Moreover, it is believed that top management, through their actions, can also send a significant message regarding corporate culture, based on their approach to executive development initiatives. Werther (1993) notes that senior managers sometimes excuse themselves from executive development programs by leaving early or sitting in the back of the room, further undermining the status of development and emphasizing the difference between those who authorize management development and those who receive it. Fulmer and Goldsmith (2000) also suggest that organizations seeking to link

the executive development process and culture should solicit the input of customers.

3.2 Tools for Developing Executives

Whenever the subject of executive development comes up, the classic executive development program comes to mind, in which either leading consultants and academics are flown in to teach at a corporate site or executives are sent off to a self-contained training program at a university (Barner 2000). Although executive development can also include tools and methodologies such as action learning, simulations, mentoring, learning consortia and cybertools, the most prominent method of development remains classroom-based lectures.

This dissertation will address executive development in the more broader sense, and will include a discussion of a broad range of tools available to the human resources professional for developing future leaders.

Vicere et al. (1994) identified the following as the most prominent executive development techniques:

- Job rotation
- In-company executive development programs
- Task forces/special projects
- External executive development programs
- On the job training
- Coaching
- Mentoring
- Performance feedback
- Teaching and consulting with other employees

Development can also be characterized as into-the-job, on-the-job, near-the-job, parallel to-the-job, off-the-job, and out-of-the-job. Into-the-job development primarily refers to recruitment and selection. Hall (1995) states that the selection of an individual for an assignment becomes, in effect, a, if not *the* major influence on his/her development, a notion that is supported by the research of McCall et al. (1988) and Kaplan (1988).

On-the-job training refers to efforts to develop employees at the workplace during normal working hours, and can include a number of activities such as instruction from bosses, co-workers, and subordinates, as well as job rotations and 360° feedback. On-the-job training allows executives to acquire explicit knowledge as well as tacit knowledge. Tacit knowledge, according to Frank and Gray (1999), involves intuition, judgment, and common sense. Within groups, tacit knowledge exists in distinct practices and relationships that emerge from working together over time.

Near-the-job training refers to training held in the form of workshops, internal courses, corporate universities, e-learning, task forces, etc., which are typically conducted in close proximity to the workplace. Such activities usually allow executives to build their skills as well as network with other professionals.

Parallel-to-the-job training typically encompasses such activities as mentoring, coaching, etc., which are not part of the day-to-day activities for an executive, but nevertheless impact the overall job experience. Hall (1995) emphasizes that because relationships are an important source of learning for executives, informal mentoring, coaching, and peer networks are key elements in the overall executive development process. Mentoring and coaching will be addressed in more detail at a later stage in this dissertation.

Off-the-job training refers to external training activities such as external courses at business schools, attending conferences, and meetings of professional associations. Though executive development tends to be most associated with external courses at business schools, human resources

professionals have increasingly adopted other development tools to add more variety to their development offerings.

Finally, out-of-the-job development refers to initiatives aimed at removing executives from posts because they are underperforming. In such cases, executives need to be reassigned or removed from the organization. Chambers et al. (1998) point out that companies should not avoid the task of removing weak performers. The authors argue that if low performers are allowed to stay in their current roles, teams go underdeveloped, and high performers get discouraged and leave the company. Chambers et al. (1998) conclude by suggesting that out-of-the-job development, despite being difficult, is the least exploited talent-building lever for any company.

For a more complete overview of the different development activities for each of these categories, refer to *Table 15*.

Table 15: Development Options

INTO THE JOB	ON THE JOB	NEAR THE JOB	PARALLEL TO THE JOB	OFF THE JOB	OUT OF THE JOB
Recruitment	Bosses Co-workers Subordinates	Internal courses	Mentoring	External courses	Reassignment
Selection	Teaching others Consulting Job rotations 360° feedback Knowledge mgt systems	e-Learning Workshops Corporate university Special projects Task forces	Coaching Benchmarking Books, videos, magazines Internet websites	Consortia Conferences Professional associations	Dismissal

Source: Dillich (2000), Vicere et al. (1994), Vloeberghs (1998)

Although executives can be developed using a number of tools, as outlined in Table 15, the tools that have garnered the most attention in recent years have

been corporate universities, e-Learning, coaching, 360° feedback, mentoring, and consortia. Because corporate universities have already been addressed in this dissertation, the following sections will focus on e-Learning, coaching, 360° feedback, mentoring, and consortia.

3.2.1 E-Learning

As mentioned earlier, *e-learning* involves the delivery of content via all electronic media, including the Internet, intranets, extranets, satellite broadcast, audio/video tape, interactive TV, and CD-ROM (Hambrecht 2000). In the past, putting people in classrooms often meant taking them away from their jobs, which renders them less productive, and incurring high travel and lodging costs. However, e-learning seems to offer the best of both worlds, since: (1) employees do not have to leave their desks, (2) they can set their own schedules, (3) learn at their own pace, (4) squeeze classes in between clients, or (5) can log in from home (Weber 2000). Inscoc (2000) adds that in addition to making employees more efficient, e-learning tends to increase both morale and loyalty in organizations. The author contends that employees feel more committed when they know that training is available if and when it is needed.

A potential disadvantage of this approach, Weber (2000) observed is that some organizations lack the IT infrastructure needed to support fast Internet connections. Furthermore, he adds that e-learning does not allow participants to engage each other as they would were they in a traditional classroom. Frank and Gray (1999) support the notion that “high tech” solutions are often in stark contrast to “high touch” solutions. The authors point out that the traditional classroom, which is “high touch”, leverages the social aspect of learning in a powerful way, by allowing participants to ask spontaneous questions and to hear the questions and insights of others. However, Frank and Gray agree with Weber’s assertion that leaving work drains business productivity and presents information in artificial settings. Frank and Gray (1999) also stress that traditional classroom training is both expensive to develop and deliver.

Still, Weber (2000) argues that a prevailing argument in support of e-learning is its ability to train a large number of people who are geographically dispersed in

a relatively short period of time. He also points out that the technology allows managers to track the progress of employees and verify their scores on tests. Frank and Gray (1999) also suggest that live online learning, which is instructor-led training delivered via the Internet in real time, could bridge the gap between “high touch” and “high tech.”

In addition, e-learning allows students to enter into a risk-free environment where they can try new things and make mistakes without exposing themselves (Hambrecht 2000). The authors argue that this characteristic of e-learning is particularly valuable when students are trying to learn soft skills, such as leadership and decision-making. A good learning program shows the consequences of students’ actions and where/why they went wrong. After a failure, students can go back and try again. This type of learning, Hambrecht illustrates, eliminates the embarrassment of failure in front of a group.

Perhaps the most compelling aspect of e-learning is the notion that since users can customize the learning material to their own needs, they have more control over their learning process and can better understand the material, leading to a 60% faster learning curve, compared to instructor-led training (Hambrecht 2000). The delivery of content in smaller units, called “chunks”, contributes further to a more lasting learning effect. Whereas the average retention rate for an instructor-led class is only 58%, the more intensive e-learning experience enhances the retention rate by 25-60%. Hambrecht and Company (2000) conclude that higher retention of the material puts a higher value on every dollar spent on training.

3.2.2 360° Feedback

Performance feedback is information about performance that allows a person to change their performance (Daniels 1989). Specifically, Daniels (1989) argues, the information should tell the recipient where they stand relative to some target or goal, and it should tell the recipient of the feedback what to do to improve, i.e. which behaviors to change. Nevertheless, feedback is essential to learning, and is often the least expensive and easiest method people can use to start improving performance (Daniels 1989).

A 360° feedback assessment process draws feedback from a professional's complete circle of influence, including that person's manager, peers (internal customers), and work team (Barner 2000). Usually three to five raters are selected to provide team feedback and an equal number are selected for peer feedback.

The most productive feature of a multirater process is its ability to provide a diverse array of feedback. Research has shown that leaders often reveal different aspects of themselves to these different rating groups. By comparing self-assessments against the feedback provided by others, participants are able to identify blind spots. In particular, the use of input from a variety of anonymous raters reduces the perceived risks that many people associate with giving critical feedback, especially when that feedback is directed to their supervisors or other senior level managers in the organization (Chappelow 1998). Moreover, the use of multiraters also provides a way to compensate for the faulty assessment evaluations that are sometimes obtained by inexperienced or poorly performing executives.

Results from 360° feedback can be used for *development* and *assessment*. Development is by far, Barner (2000) notes, the more innocuous application. In this scenario, 360° evaluation data are returned directly to participants, who exert a high degree of control over their use. However, Barner emphasizes, when 360° evaluations are extended to use for performance assessment, the process becomes more anxiety provoking for participants. Excessive concerns regarding the intended use of these data can skew rating scores in a positive (or if the participant is strongly disliked, a negative) direction (Wilson 1997).

3.2.3 Coaching

Kilberg (2000) defines executive coaching as a helping relationship formed between a client who has managerial authority and responsibility in an organization and a consultant who uses a wide variety of behavioral techniques and methods to assist the client to achieve a mutually identified set of goals. These goals are selected to improve the executive's professional performance and personal satisfaction, and consequently to improve the effectiveness of the

client's organization within a formally defined coaching agreement. The aim of coaching, Ford (1992) adds, is to review and challenge old values, attitudes, styles of dealing with people and strategies for getting things done, so that managers work more effectively and maintain peak performance for longer in dealing with their current situation. Ford stresses that, in the broadest sense, the aim of the coach is to empower the client by increasing his/her understanding, sense of direction and purpose so that he/she finds a more stimulating and fulfilling work situation in which he/she can maximize his/her contribution to the business.

According to Ford (1992), coaches can help executives to improve implementation skills, such as: (1) their ability to listen, (2) how to use personal influence rather than position power, (3) how to link people's performance to organizational goals, (4) how to develop talent while motivating and encouraging commitment, (5) how to choose the right style for dealing with different kinds of people, etc. In addition, many executives benefit from an independent evaluation of their business strategies – i.e. having someone who sees the problems that only a “detached mind” can sometimes see, and who can act as a catalyst to stimulate their thinking. Coaches can also introduce new ideas and help to overcome obstacles to successful implementation. In other words, the coach can help the executive to discover the constraints, demands and implications of the task with which they are dealing, by asking “What? Why? Why not? How? and What if?” (Ford 1992).

Ford (1992) presents coaching as a very personal form of individual training. The key to coaching success, the author argues, involves using the insight of the client to identify problems, as well as encouraging the client to solve the problem on his/her own. Self-discovery and taking responsibility for one's own development are an important part of the process, Ford argues, in that the client is more likely to “remember the way” if he/she gets there on their own. In this sense, the coach often acts as “the mirror”.

A formal coaching program, according to Ford (1992), involves:

1. *Building trust and increasing self-knowledge:* it is important to connect with the coach, and then to gain an understanding of one's individual strengths and weaknesses in order to develop greater insight into the behavior of others;
2. *Understanding longer-term personal and career aspirations:* in particular, the coach attempts to understand the executive's short-term goals in relation to his/her longer term goals;
3. *Developing an action plan:* the executive and coach assess which objectives are realistic, and identify the tasks that make up the action plan;
4. *Practicing skills and rehearsing strategies:* this stage, which can last for several months, is aimed at helping to implement the action plan, as well as building skills and lessening skill deficits; and
5. *Consolidating the skills acquired:* at this stage, the coach aims to reinforce what has been learned before ending the coaching relationship.

Conger and Benjamin (1999) argue that coaching is not always an ideal solution. Mohr (1995), as quoted in Conger and Benjamin (1999), suggests that clients with any of the following characteristics are not likely to experience successful outcomes from coaching: (1) major character or severe interpersonal problems, (2) a lack of motivation, (3) unrealistic expectations of the coach or coaching process, or (4) a lack of follow-through on homework and suggestions. Similarly, Mohr (1995) notes, problems can arise with coaches themselves. For example, the following characteristics in coaches can create problems: (1) insufficient empathy for the client, (2) lack of expertise in the client's problems, (3) major or prolonged disagreements with the client about

the process, or (4) a failure to accurately estimate the severity of the client's problems.

Although much of the literature on coaching is focused on the use of external coaches, Zenger et al. (2000) state that when leaders act as coaches, organizations can also achieve significant business benefits. The authors note that leaders who coach:

- Create more loyalty, which results in higher retention of workers;
- Communicate an expectation of continual improvement that results in ever-improving performance and productivity;
- Are better informed about organizational problems and issues, because people come to them more readily and the leader experiences fewer surprises; and
- Create a work climate of open, direct, candid communication.

3.2.4 Mentoring

Mentoring is a method for providing employees with structured opportunities to develop competencies and address career roadblocks, through personal guidance by exemplary performers in an organization (Barner 2000). According to Barner, a number of payoffs are associated with mentoring programs. Among the most important are the following:

- Help to bridge developmental gaps by enabling learners to obtain advisement from individuals who reside in other parts of the organization;
- Accelerate learning by learning from the best;
- Provide guidance in the subtle side of leadership – those competencies that are normally difficult to pick up through a text or a training course;

- Create for the mentee a balanced mirror for self-reflection by providing feedback from someone other than one's manager; and
- Can often provide women and minority executives with access to mentors through formal mentorship programs.

Hilb (1997) notes that ideal mentors have distinct design, social, and implementation competencies, and that the ideal profile of a mentor is someone with a “cool head, working hands, and a warm heart”. Hilb (1997) also emphasizes that successful mentoring is determined by: (1) a company's most supreme decision maker who acts as a mentor and model for other mentors as well as mentees, and (2) a simple mentoring concept.

Table 16: Characteristics of Successful Mentors

TASK	ATTITUDE
<ul style="list-style-type: none"> ▪ Challenging the process 	<ul style="list-style-type: none"> ▪ Search for opportunities: Confronting and changing the status quo ▪ Experiment and take risks: Learning from mistakes and successes
<ul style="list-style-type: none"> ▪ Inspiring a shared vision 	<ul style="list-style-type: none"> ▪ Envision the future: Imaging ideal scenarios ▪ Enlist others, sharing power and information
<ul style="list-style-type: none"> ▪ Enabling others to act 	<ul style="list-style-type: none"> ▪ Faster collaboration: Getting people to work together ▪ Strengthen others: Sharing power and information
<ul style="list-style-type: none"> ▪ Modeling the way 	<ul style="list-style-type: none"> ▪ Set the example: Leading by doing ▪ Plan small wins: Building commitment to action
<ul style="list-style-type: none"> ▪ Encouraging the heart 	<ul style="list-style-type: none"> ▪ Recognize contributions: Linking rewards with performance ▪ Celebrate accomplishments: Valuing the victories

Source: Kouzes et al. (1987) as cited in Hilb (1997)

Kaye and Jacobson (1996), as cited in Conger and Benjamin (1999), state that one of the more interesting mentoring approaches is the “learning group”. Specifically, a formal mentor is paired with a group of four to six high-performing managers, and members learn from the mentor as well as from one another. A learning group typically meets with its mentor once a month for several hours. The agenda is open-ended with a general focus on leadership challenges. The group continually links its dialogues to the members’ experiments and learning on the job concerning leadership. In addition, group members take on specific developmental projects or assignments that help them learn more about leadership at work and report on their progress.

To work effectively, the mentors themselves must be carefully selected for their orientation toward individual development (Kaye and Jacobson 1996). This individual is ideally a senior manager who has shown a history of personal learning, an interest in others’ learning, and orientation toward the future of the organization. Moreover, the mentor’s experience base should be broad and deep, encompassing not only a range of different assignments, but also different areas of the company. Kaye and Jacobsen (1996) also feel that to be effective, mentors must possess the following qualities:

- Success in their field;
- A wide network of relationships;
- Substantial position power;
- A history of developing subordinates;
- Control over substantial resources;
- Broad organizational knowledge; and
- Success in managing teams

In addition to these background characteristics, the authors also identified several important style dimensions. These include a facility for storytelling, emotional openness, an incisive mind, an ability to help a group discern the essence of any issue, and a Socratic teaching method.

Hall (1995) emphasizes that mentoring cannot be forced on executives. In fact, Wright and Werther (1991), as cited in Werther (1993), argue that mentoring programs are, at best, an oblique way to further the development of already senior managers. Kram (1985), as cited in Werther (1993), adds that among truly senior managers, attempts to serve as a mentor to other senior managers would be seen, at best, as unneeded and, at worst, as an unwelcome political or dominance gesture. The key, Hall (1995) argues, is to create conditions that would encourage and reward the natural development of mentoring relationships. To be most effective, Krall (1988), as cited in Hall (1995), contends that the mentoring relationship should be tied to specific job learning needs and to the strategic direction of the firm.

3.2.5 Consortia

In a consortium program, an education provider such as a college or university organizes a small group of noncompeting companies to share in the cost and experience of developing its potential leaders. Consortia programs are a hybrid of public programs, in which any company can send anyone to learn new skills, and custom programs, which are designed to create organizational learning by educating a large group of a company's executives together. Consortia have the benefits of both, while adding the broadening influence of multiple noncompeting organizations. Participants learn and discuss the business issues of other companies as well as their own (Lawler 2000).

Most companies have only a small number of fast-track employees who pass into broader management roles on a yearly basis. Lawler (2000) notes that training such high-potential people requires more than a mass-market program, but the small number of trainees means that the per-person cost of an internal program can be high. In addition, an internal custom program might be too narrowly focused.

In a consortium program, each company typically sends a team of three to six high-potential employees. The number of attendees from each company is defined in the consortium membership contract. Some companies use consortium programs as part of their succession planning, making attendance

part of the career development path of all executives (Lawler 2000). When consortiums are used in this manner, it helps define the milestones of a high-potential's career and makes the program prestigious. Executives selected to attend know that they are valued by their organization and that they are being groomed for senior roles.

In some instances, corporations have also been able to use consortia to meet the individual development needs of its most senior managers, a group whose development is often overlooked. Werther (1993) notes that several corporations and a university business school can develop a series of seminars on topics that are based on the needs of the participating firms' senior management. The contact person at each participating firm, usually the head of management development, can then encourage a senior manager to attend one or more of the seminars offered, knowing that the seminar is customized to the needs of the senior manager.

Learning consortia typically work well when course needs and overall corporate goals are similar within the group. The advantage of this approach is the sharing of broader perspectives and cross-company networking, which is not the case when only a single company is involved in a learning program (Crotty and Soule 1997). However, a major drawback of consortia is the hesitancy of competing companies to discuss their strategies or even their internal problems with other companies. In addition, Crotty and Soule (1997) remark that the relevance of company-specific cases disappears if multiple companies are involved.

Barner (2000) indicates that there are several trends that are driving the growth of learning consortia. They include:

- *Broader scope:* More and more, organizations are recognizing that a single academic provider may not be able to provide all of the business experience and expertise required for a given program. Also, companies are pressing to develop more

managers, instead of a select few. As a result, universities are collaborating to share the costs for design and delivery;

- *Accelerated pace:* Growth in the number of mergers and acquisitions has increased the need for training programs that help create a common culture and practices within the newly merged organization;
- *Globalization:* Companies are attempting to find executive educational solutions that can be adapted to a multicultural, and multinational, business environment;
- *Strategic partnerships:* corporations are seeking out a few universities and consulting firms that can serve as long-term, close partners in their executive development process.

3.3 Methodologies

Although a number of methodologies exist for developing executives, some of the more prominent methodologies include: (1) case studies, (2) outdoor exercises, (3) simulations, (4) storytelling, and (5) action learning. Each methodology represents a unique opportunity for executives to expand their skills set, gain additional insight into how they respond to challenges, and reflect on how they respond to people around them when they experience uncertainty.

3.3.1 Case studies

A case study is a technique for presenting ideas, concepts of evidence, primarily for the purposes of stimulating discussion and debate (Remenyi et al. 1998). Case studies can be used to address any subject area and range from single page documents to very lengthy documents, though Abell (1997) suggests that cases should not be lengthy, since participants have difficulty reading and absorbing more than eight to ten pages of text. This is particularly important in situations where participants do not share the same original mother tongue.

The case study approach was pioneered by Harvard Business School at the turn of the twentieth century and since then, it has grown steadily in popularity. The goal of the case study is to encourage readers to identify the important issues and problems, as well as guide them in their search for a solution. Case studies require a learner to review, analyze, and develop recommendations for action based on a written summary of an actual or hypothetical company or business unit (Barner 2000). By presenting situations that are often complex, ambiguous, and even controversial, the case study goes directly to the core of the skills required to cope with real life situations in modern business (Remenyi et al. 1998).

Good cases, Abell (1997) writes, are those where one set of data may lend itself to different interpretations, different judgments, different decisions, and consequently, different actions. Abell adds that good cases are somewhat controversial; this controversy creates learning at many levels – not only substantive learning, but learning also with respect to listening, and with respect to communicating and persuading others. Abell also notes that good cases adequately describe the people involved, since understanding individuals' predispositions, positions in the organization, values, and relations to others is an important part of implementation.

Table 17: Process for Case Analysis

-
- Analyze the situation
 - Determine what problems and opportunities exist
 - Generate and evaluate alternative courses of action
 - Make recommendations
-

Source: Michael Pearce, University of Western Ontario

According to Cadotte (1995), case analysis is a major step in the transition from the academic world to the business world. Students have the opportunity to analyze and solve complex problems, think in strategic ways, and integrate material across disciplines. Remenyi et al. (1998) agrees, and emphasizes that case studies elicit dynamic classroom discussions, which, if correctly guided, lead to a learning process in which participants discover new insights for

themselves. This process of discovery, the authors note, where individuals learn for themselves, may in fact be regarded as the most effective form of learning.

However, Cadotte (1995) believes that the limitation of case studies is that participants do not have to execute their decisions and live with the consequences. They are also not required to respond to competitive moves and countermoves, or to deal with the decisions of others. In addition, participants are sometimes critical of case studies because they want to know what the right answer is after reading a case. To this criticism, Charles I. Gragg, case writer at Harvard Business School, as quoted in McNair (1954), responded:

Business is not, at least not yet, an exact science. There is no single, demonstrably right answer to a business problem. For the student or business person it cannot be a matter of peeking in the back of a book to see if he has arrived at the right solution. In every business situation, there is always a reasonable possibility that the best answer has not yet been found – even by teachers. (McNair 1954:11)

Finally, Conger and Benjamin (2000) note that organizations should use case studies outside of its own industry, such as those used in open enrollment programs at business schools. However, the authors note, case selection should be more thoughtful than perhaps it was in the past, with examples chosen for their close parallels to future trends in the participant's industry.

3.3.2 Outdoor Exercises

The use of the outdoors as a development activity is believed to enhance managers' understanding of themselves and the ways in which they interact with others, enabling them to operate more effectively in a turbulent business environment (Burnett and James 1994). The authors contend that the fast-paced, dynamic business environment requires executives who: (1) are able to handle ambiguity and react flexibly, (2) can relinquish control and enable others, (3) can work across diverse groups of people, and (4) interface between

differing stakeholder groups. In order to succeed, Burnett and James (1994) note that executives must understand themselves and the ways they work with others. Specifically, the authors posit that executives need to understand: What are the ways in which their traditional habits, attitudes, and ways of doing things block them from being truly effective? In what ways is their repertoire of behaviors unhelpful in new situations? What are the blind spots in their own behavior which are stopping them from acting appropriately in changing circumstances?

The outdoors has long been appreciated as an environment conducive to personal growth and change. The founder of the Outward Bound movement, Kurt Hahn, designed activities in the outdoors to prepare youngsters for the merchant marine. These early programs concentrated on instilling the virtues of self-responsibility, determination, and achievement (Krouwel and Goodwill 1994). Burnett and James (1994) note that it later became apparent that the qualities that these programs aimed to develop in youngsters were also applicable to older individuals, particularly managers.

Cacioppe and Adamson (1988), as cited in Burnett and James (1994), take a more practical and positive view as to the benefits which managers derive from outdoor development programs. The authors suggest that the fundamental purpose of a course that places people in a natural environment during their learning experience is to increase the magnitude and extent that key elements of personal development, successful leadership, and effective teams become *real* aspects of behavior. Cacioppe and Adamson (1988) contend that the basic proposition underpinning this type of activity is that learning and growth occur as a result of having to deal with real situations, which are shared by group members, with consequences that are important to everyone.

Burnett and James (1994) emphasize that there are three primary facets of outdoor development, which are presumed to contribute to its effectiveness as a personal development activity:

1. *The outdoors provides a real environment in which to work:*
The use of the outdoors is based on the assumption that the way people conduct themselves during the outdoor sessions is reflective of the way they operate in a work situation (Doyle 1989). The basic proposition is that learning and growth occur as a result of having to deal with situations that have real consequences for the managers undertaking them (Cacioppe and Adamson 1988). Keslake and Radcliff (1988) suggest that through the feedback process, which is an essential part of an outdoor development program aimed at facilitating personal change, real learning can occur because the individual faces the real consequences of his or her actions. The decision-making process which takes place in determining which way to go up a mountain, or the way in which emotions and anxiety of an uncertain or frightened team member faced with a rock face are handled, are certainly relevant to the work environment.

2. *As a medium, the outdoors lends itself to program designs which are open-ended and therefore can meet individual learning needs:* Cacioppe and Adamson (1988) suggest that outdoor training is particularly suited to situations in which the method of solution is unknown and the problem is structured or unstructured. In this way, the use of the outdoors in personal development work acts as a metaphor for placing individuals in an unfamiliar, unknown environment where the processes by which they regularly work in an unquestioned manner are forcibly re-evaluated and challenged. Open-ended events are considered to be particularly suited to achieving personal development ends since such events allow greater scope for the individual to discover his or her own learning needs and to practice new behaviors (Waters 1982).

3. *In the outdoors, the whole of the individual is engaged in the learning process: physical, mental, and emotional capacities included:* Petrini (1990) writes that the outdoor development enables learning to take place on the physical, intellectual, and emotional levels. The activities open up the door to learning and present a threshold that the participant can cross. By interrupting the normal pattern of habitual behavior for a day or two, it is argued that learning can emerge.

Cacioppe and Adamson (1988) offer a four step-model for the design of outdoor development programs:

1. A problem/challenge is presented with specific resources, constraints, and timings given;
2. Delegates attempt to solve the problem using accumulated experience, knowledge, and the combined abilities of the group;
3. The task is reviewed through a process of feedback, analysis, and reflection; and
4. Concepts, ideas, and procedures are formulated and generalizations are made that help solve future problems.

Dainty and Lucas (1992) present a useful model for understanding the range of activities and review processes available for use on any outdoor development program that could account for differing program outcomes. In their model, tasks are classified along a continuum ranging from “tightly-defined” to “loosely-defined”. “Tightly-defined” tasks are those, such as rock climbing, which usually require a considerable degree of input from experts in order for participants to perform the task safely. Because there is a limited number of ways in which such tasks can be executed effectively, failure or success are clearly determined. “Loosely-defined” tasks generally require much less expert input. These tasks, such as mountain-rescue operations, can be executed in a

number of different ways and still be accomplished effectively. “Loosely-defined” tasks rely more on managerial skills, such as delegation of responsibilities, clear communication, and adept interpersonal skills, which would be applicable both on the hillside on in an office environment.

Figure 7: Outdoor Development Outcome Matrix

T A S K	Tight	Quadrant 2 Narrow Skills	Quadrant 3 Broad Skills
	Loose	Quadrant 1 Fun/Enjoyment	Quadrant 4 Self and other awareness
		Process	
		Low intensity	High Intensity

Source: Dainty and Lucas 1992

The Dainty and Lucas model, depicted above, proposes that review processes, too, can be classified along a continuum ranging from “low intensity” to “high intensity”. A “high intensity” review process would focus on individual feedback, the exchange and exploration of feelings, and the impact that participants have on one another. Using Waters’ (1982) classification, the type of feedback likely to be exchanged within a high intensity review would be confrontational. Confrontational feedback is generally directed towards the lack of awareness about incongruities in one’s behavior and matters that have high personal meaning for the recipient. Usually, the more personal the content of the feedback and the more meaning this content has for the individual, the greater the likelihood is that the feedback will be confrontational.

A “low intensity” process explores the task issues more generally, and might highlight broad areas of leadership. Waters (1982) would classify this type of feedback as “informational”, whereby information is exchanged without engaging the recipient on an emotional level.

In the Dainty and Lucas model, it can be seen that the quadrant most relevant to effecting personal change through the use of the outdoors is Quadrant 4. Here,

a “loosely defined” task is combined with a “high intensity” review process. Dainty and Lucas (1992) suggest that open-ended activities allow individuals the opportunity to learn that which is most important for them to learn, and to practice the skills most relevant to their further development. Through high intensity review sessions, individuals are encouraged to explore not just how others perceive them, but the emotional impact of their behaviors as well. The authors suggest that this combination provides a powerful impetus to personal change. They conclude that it is the capacities developed in managers through this kind of program which will enable them to deal with ambiguity, extend their repertoire of behaviors, and develop different attitudes that will help their organizations respond to the challenges of a turbulent business environment.

3.3.3 Simulations

Virtual business simulations are a form of combative training in which students pit their business skills against those of formidable opponents under the watchful eye of a training coach (Cadotte 1995). Simulations help students develop an almost intuitive understanding of business, including a seamless perspective of its functional elements and a knowledge of how these elements can be coordinated to achieve a strong and profitable position in the market. Another distinctive feature of simulations is their emphasis on management -- of the firm, of its strategy, and of its resources.

Simulations, Cadotte (1995) explains, can go farther than traditional methods in bridging the gap between the classroom and the world of real-life business decision making. Simulations are self-contained, and come in all forms and sizes, ranging from simple exercises that can be completed within an hour to detailed simulations that can span several days (Barner 2000). Moreover, the more sophisticated games offer a broad scope and provide participants with substantial authority and responsibility. As with case study analyses, with simulations participants are required to analyze and solve complex problems, think in strategic ways, and integrate material across disciplines. In addition, they must act on their decisions and deal with the consequences; this includes adjusting strategies in response to changes in end-user needs or wants and to competitive moves or countermoves.

Participants, Cadotte (1995) notes, acquire a number of important skills, including:

- *Strategic planning and thinking*: The simulation involves the setting of objectives and the development of a detailed plan of activities that are interconnected, time-phased, and financially sustainable. In particular, strategic thinking requires an understanding of tactical options and how one can skillfully select and coordinate these options in order to achieve a desired objective;
- *Management strategy*: Managers who formulate strategy must be focused, flexible, and fast; they must also be capable of recognizing fundamental shifts in business conditions. Moreover, it is essential that the manager explore new possibilities by developing and testing ideas, in both the company and the market, and that he/she is ready and able to reallocate resources when conditions require the firm to move in new directions;
- *Leadership, teamwork, and interpersonal skills*: Participants who lead teams during simulations must assess the team's skills, organize the work, manage the work in process, and reorganize as needed. This leader must help the team to become more cohesive, create a sense of mutual commitment and trust, nurture the talents and capabilities of team members, and help participants develop team skills. The simulation can be tense because team members do not forget whose ideas were accepted and whose were not. They also remember whose ideas helped the organization, as well as whose held it back or even damaged its potential. In the end, simulations require all team members to develop communication skills and learn the arts of negotiation and confrontation;

- *Budgeting and Cash-Flow Management:* The management of resources usually translates into the management of money. Cash-flow management is perhaps the most difficult technical skill to master. One of the advantages of the simulation is that all decisions are tied in to the income statement, balance sheet, and cash-flow statement. Oftentimes, participants learn to carefully manage receipts and disbursements and to project their cash-flow requirements several quarters into the future;

- *Understanding and Delivering of Customer Value:* Simulations can help participants gain an understanding of how a particular component or service translates into a benefit for the customer. Moreover, participants can experience the dilemma created when its products are imitated by competitors and customer expectations shift upward. In the end, participants should become proficient in understanding the market and responding to and anticipating market needs.

Cadotte (1995) adds that simulations can allow participants to gain other skills, such as oral and written communication skills and time management skills. Moreover, participants can become adept at the processes of analysis, planning, execution, and control. Barner (2000) indicates that when used as an executive development tool, simulations also: (1) provide low risk learning, allowing participants to learn but also fail in private, without major consequences, (2) uncover potential failure points, (3) provide anticipatory training, by allowing participants to temporarily step into senior-level leadership roles and forcing them to stretch financial, global management, and marketing skills, (4) support team-based learning, (5) compress decision making, by allowing participants to compress the impact of business decisions that would usually unfold over the course of years – thus helping them to make the connections between cause and effect, and (6) mimic real-life complexities.

Participants may also learn more about themselves during simulations, including: can they succeed, and possibly thrive, within a highly structured

venture environment? can they deal with the ambiguity that is inherent in any new venture? or are they able to take calculated risks when there is very limited information available? As they gain experience and an understanding of what it takes to succeed in an ever-changing business environment, participants will usually find that their ability to make good decisions is enhanced. In turn, this realization enhances self-confidence (Cadotte 1995).

Finally, Cadotte (1995) adds that many participants are uncomfortable with business simulations. This discomfort comes in many forms and may be different for different students. The general reasons for participants' initial unease include:

- The learning format is highly demanding, with participants needing to learn a vast amount very quickly;
- Participants must take more initiative in structuring the learning process than is the case with other pedagogies;
- The dynamic application of knowledge is totally different from the acquisition of information;
- An individual participant cannot completely control his or her own destiny. The decisions and actions of other team members and of the competition interfere;
- There are few right or wrong answers; rather, the answers change as the market changes;
- A decision cannot be judged good or bad until the outcome is known;
- Simulations are very time consuming, and there is always more work that could be done to gain the competitive advantage;
- Some participants do not like to be graded on market or financial performance, as these are moving targets. Such

participants prefer to be evaluated strictly on their skills in analysis, writing, and oral presentation, as well as on the amount of effort they put into the simulation exercise;

- The instructor cannot tell the participants what to do, even though the participants do not know what to do.

3.3.4 Storytelling

Storytelling is a powerful tool that evokes visual images and heightened emotions (Morgan 1997). When hearing or reading a story, the listener/reader is pulled into the scene and feels the emotions that the character feels. He or she is drawn back to a similar experience or setting that has personal meaning. Because a story evokes both visual image and emotion, it is likely to be remembered. Bell (1992), as cited in Morgan (1997) contends that a good story can touch something familiar in each of us and yet, show us something new about our lives, our world, and ourselves.

Morgan (1997) notes that stories make information easier to remember and more believable. Moreover, stories are a powerful means of communicating values, ideas, and norms. The author goes on to state that each listener sees himself/herself in a story and unconsciously relates it to his/her own experience, asking questions such as “When did something like this happen to me?”

Stories serve a variety of purposes: in management development, they entertain, evoke emotion, trigger visual memories, and strengthen recall of the points illustrated. Bell (1992) advocates stories for inspiring, instructing, and entertaining. Ritti (1994), as cited in Morgan (1997), describes employee socialization and ‘learning the ropes’ via stories.

The limited research on storytelling as an educational medium has resulted in several conclusions (Zemke 1990):

- A story told aloud, compared with the same story presented as a television program, resulted in better retention of vocabulary and concepts. The television version showed superior results only in recall of specific story actions;
- Stories told with words of high visual imagery stimulated better long-term retention of content than did repetition or rote and drill;
- Participants instructed to try to visualize the action and content of a story were better able to remember its key ideas and better able to tell it to others accurately than were participants who were instructed to memorize sentences from the story;
- Humorous stories spurred recall of the content of both live lectures and video dramatizations. Specifically, when a key teaching point was followed by a related joke or humorous anecdote, retention and understanding were enhanced;
- When participants were taught principles through storytelling rather than straight exposition, they were more creative in applying them;
- Adults learned a foreign language more quickly when they were taught through folk stories. The most effective stories were simple and direct, used colorful imagery and natural dialogue, and contained some redundant story elements.

Wilkins (1984), as summarized by Zemke (1990), identifies four characteristics of good organizational stories that have powerful impact and are remembered. These characteristics are:

1. The organizational stories must be *concrete* and tell about real people, describe real events and actions, be set in a time and place that the listener can recognize and with which he or she

- can identify, and must be connected to the organization's philosophy and/or culture;
2. Stories must also be *common knowledge* in the organization or unit. To be effective in conveying culture, people must not only know the story, but know that others know it as well and follow its guidance;
 3. The story must be *believed* by the listeners. To have impact and make its point, a story must be believed to be true of the organization;
 4. The powerful organizational story describes a *social contract*, how things are done or not done in the organization. Stories allow the listener to learn about organization norms, rewards, and punishments without trial-and-error experience.

In practice, Davis (1993) writes, the storytelling model has five sequential components: (1) the setting, (2) the build-up, (3) the crisis or climax, (4) the learning, and (5) the new behavior or awareness. In describing *the setting*, the storyteller to paint a picture for the listener. The *build-up* involves a description of events that warn the listener that 'trouble is coming'. Next, the *crisis* represents the key event which the plot leads up. This crisis may be expected, but often it is a surprise if the story takes a twist or turn.

The *learning* component of storytelling illustrates what the central character has learned during the story. Finally, the last component of the story introduces the listener to the central character's *new behavior and/or awareness* as a result of the action. This final step, Davis (1993) argues, is the moral of the story and is what should be retained by the listener.

Morgan (1997) suggests that executives develop their own capacities to tell stories as a way to stimulate learning and development in the workplace. The author suggests that executives listen to stories and tell stories to others. Alternatively, executives can do fieldwork where they gather, write up, and

retell stories from organizational members at different levels. In addition, executives can keep journals where they illustrate the integration of theory and practice in organizational settings. Finally, Morgan (1997) surmises that executives can learn to become better storytellers by telling a story from many different perspectives – i.e., from an employee’s standpoint, a manager’s perspective, or from a client’s perspective.

3.3.5 Action Learning

Action learning, according to Keys (1994), is a unique organizational learning process that involves a non-traditional instructional approach and mindset. Keys posits that action learning is similar to the case method, in that it was designed as a managerial learning process. Keys goes on to note that action learning was introduced by Reg Revans and first referenced as early as 1945, and involves teams who are resolving problems, the solutions to which are passed on to clients who are themselves learning processes and relevant information valuable for future problem-solving episodes. Finally, Keys notes that when projects and teams are selected appropriately, the body of institutional knowledge and the pace of strategic organizational learning is accelerated in user organizations through the action learning process.

Lippert (2001) states that action learning implies that new knowledge and skill is immediately applied to real work projects within the corporation. Lippert highlights that action learning projects should consist of small groups of high potential employees working on important and high profile projects that are likely to result in follow-up and action. According to Lippert, General Electric Company has widely adopted action learning in its development efforts and even used a team to evaluate the company’s investment strategy in South Korea.

Smith (2001) suggests that the action learning team first identify the key issues facing the organization before drawing on a body of knowledge that might include books, journals, other people, and company literature. Smith explains that the typical attributes of action learning programs are as follows:

Table 18: Typical Attributes of an Action Learning Program

-
- Action learning projects tackle real problems in real time in a tight learning community;
 - Executives and/or managers are assigned to a small stable group called a ‘Set’, where:
 - each Set may be facilitated by a ‘Set Adviser’
 - each Set holds intermittent meetings over a fixed program cycle
 - Action learning programs are comprised of Set members who:
 - are challenged to resolve a ‘sponsored’ individual or a group problem
 - target the realities at their own field level
 - must take action to resolve the problem
 - are exposed to appropriate risk and ‘stretch’
 - work in the Set in a supportive social process
 - proceed via questioning, conjecture and refutation
 - can take advantage of training and other interventions as the need arises
 - report final results to the sponsor(s)
 - Action learning programs represent defined and accidental learning.
-

Source: Smith 2001

Smith (2001) stresses that with action learning projects, the development needs of the organization’s managers, executives, and high potentials are satisfied through activities that are focused on the articulated current and future needs of the organization. Smith goes on to add that successful action learning programs are made up of participants who are encouraged to discuss, share, pool their ambitions and experiences, and therefore create something else, a gestalt, where the group yields a better result than individuals could.

Table 19: Benefits of Action Learning Programs

-
- Programs are designed to suit the organization;
 - The brightest people are challenged to solve critical problems;
 - Contributions are visible, practical, and active;
 - Action learning emphasizes getting things done in the organization;
 - Leadership is naturally developed;
 - New hires and seasoned individuals develop together;
 - Mentoring and nurturing skills develop instinctively;
 - The network of current and future leaders is matured;
 - Diversity is addressed naturally;
 - Capability/career assessment is based on real results;
 - Development is rapid;
 - The whole person is developed.
-

Source: Smith 2001

Conger and Benjamin (2000) point out that action learning does have its limits. Although it has allowed learning to be more applied, most experiences are built

around a single experience. The authors add that research in adult learning suggests that this is a flawed approach (Clark 1992), and that adults learn best through multiple experiences.

Marquardt (1999), as cited in Barner (2000), contends that some of the most common problems that people encounter in using action learning include: (1) attempting to put more emphasis on *action* than on *learning*; (2) not having a facilitator who enables the action learning team to focus on the learning, (3) the natural tendency to jump into solutions, as opposed to sitting back and asking questions and reflecting, and (4) being unwilling to trust that the group process will work, and that the solution the group will come up with is better than that which will be developed by any single person.

Likewise, Conger and Benjamin (1999) note that action learning program may risk failure due to: (1) *operating groups that are not fully on board*: business units must see a high perceived value in project outcomes for themselves given the time and resource investments they must make; (2) *dysfunctional team dynamics*: teams that develop strong norms around candor and diversity of perspectives produce more insightful and more creative project recommendations; in contrast, in teams where one individual or a single functional perspective dominates, the group tends to produce outcomes that are far less innovative and insightful; and (3) *failure to address follow-up learning*: action learning programs need mechanisms to ensure the transfer of learning back to the workplace, such as executive involvement during the implementation phase and post-implementation debriefings.

4 Optimizing Executive Development

Understandably, some organizations struggle with how to create forward-thinking, effective executive development programs, given the obvious constraints of time and cost. However, other challenges also exist, such as how to link development to individual needs and how to measure the impact of executive development programs. This section will address such as issues as learning considerations, training effectiveness and learning, as well as evaluation of executive development programs.

4.1 Learner Considerations

In order to be effective, the design of professional and executive education requires an explicit recognition of the unique nature of adult learners (Leclair and Ferrell 2000). The authors note the four characteristics of adult learners (Knowles 1973) that could be still considered relevant for training design:

1. *First*, as individuals mature, they tend to prefer self-direction. This implies that training, at least in part, needs to allow for choice, input, and decisions by employees.
2. *Second*, because adults learn from their experiences, training should allow for the communication, reflection, and evaluation of these experiences in light of training content and goals. In addition, experientially-based methods will be welcomed, especially when they parallel or simulate the work environment.
3. *Third*, adults are aware of specific learning needs generated by real-life events. They may recognize when skills are lacking and thus, will be more participatory and open to the training initiative.
4. *Finally*, adults are competency-based learners and they want to acquire knowledge and skills that can be immediately applied to work decisions. Adults expect training methods

and content to prepare them for the intricacies of daily decision making.

Honey and Mumford (1983), as cited in Hayes and Allinson (1988), posit that the closer the match between an individual's preferred learning style and the learning activities to which he or she is exposed, the more likely the individual is to learn. Kolb and Fry (1975), as cited in Hayes and Allinson (1988), add that important agents of socialization such as family, school, and work influence the development of learning style. The authors also note that on a more macro level, there is reason to expect that economic factors, religion, settlement patterns, educational structures, forms of government and other social forces produce environmental frameworks that could influence personal development.

Eurich (1985) points out that universities have been criticized in the past for not conducting more research into how adults learn. The author notes that although companies have also not undertaken extensive research in this area, David A. Kolb developed LSI (Learning Style Inventory) for McBer and Company. LSI is an individualized learning analysis where students rank their own learning styles on a set of nine choices that are then transferred onto a four-pronged grid. The grid represents what Kolb identified as the learning modes of: (1) concrete experience, (2) active experimentation, (3) reflective observation, and (4) abstract conceptualization. This, in turn, suggests variations of experiential learning methods for the individual and forms the basis for designing the student's work and study program.

Conger (1992) highlights four fundamental pedagogies, each with distinctive assumptions about how adults learn. These four approaches are: (1) conceptual awareness, (2) feedback, (3) skill building, and (4) personal growth. *Conceptual awareness* is built around the notion that individuals need mental models and frameworks that will help them grasp ideas. With this awareness, they can seek out developmental experiences after the course has ended.

Feedback is based on the premise that learners need behavioral feedback in order to attend to deficiencies as well as to build self-confidence in their areas of strength. This approach assumes that most people cannot completely see their behavioral styles. Therefore, people require a mirror of some form to discern more fully their strengths and weaknesses.

Skill building focuses on visible, behavioral skill development. Participants go and literally practice certain basic competencies. Finally, *personal growth* typically employs emotional and physical challenges that provoke reflection on one's behavior and life choices. These experiences are intended to help participants ascertain their natural tendencies around risk and teamwork, their career ambitions in contrast to their current career status, and their choice of priorities between work and personal life. In the end, most of these programs attempt to create experiences whereby participants take greater responsibility for the destiny of their lives through clear personal goals and behavioral changes (Conger 1992).

Table 20: Learning Methods of the Four Training Approaches

TRAINING APPROACHES	PRINCIPAL LEARNING METHODS
Conceptual awareness	Written and video case studies, lectures on conceptual models, discussion groups;
Feedback	Observed exercises; "fishbowls" with feedback; survey and verbal feedback from trained observers, fellow participants, and workplace colleagues;
Skill building	Practical exercises; simulations; lecturettes; modeling by trainers or video case studies on behavioral competencies;
Personal growth	Outdoor adventure or indoor psychological exercises with an emphasis on reflective learning, risk taking, teamwork, and personal life goals.

Source: Conger 1998

4.2 Training Effectiveness and Learning

Four basic elements are critical in creating an effective training program and learning environment. These elements include *identical elements*, *teaching of general principles*, *stimulus variability*, and *conditions of practice* (Baldwin and Ford 1988). Thorndike and Woodworth (1901) originated the identical elements concept, which refers to the extent to which cues in the work or decision environment parallel those in the training situation. Identical elements have been found to have a positive impact on employees' retention through similarity to their work environment and terminology, therefore increasing overall training transfer (Duncan and Underwood 1953). Vignettes and scenarios, games, case analysis, as well as behavioral simulations, utilize the principle of identical elements.

The second aspect of training design, general principles, is concerned with the presentation of the theoretical foundations and general rules of training content (McGhee and Thayer 1961). Board or electronic games, which use a unique format with specific rules and requirements to enhance the player's ability to identify issues, are an example of the general principles criteria for training design.

A third aspect of training design, stimulus variability, involves the maximization of training transfer through the use of a variety of training stimuli. One example of stimulus variability is the use of multiple examples (Ellis 1965). Other considerations aimed at improving stimulus variability include the use of several training techniques, such as lecture, games, case analysis, and simulations. Mixing up the format and content enhances overall training transfer and appeals to individual learning styles.

Fourth and finally, conditions of practice involve several specific design issues (Baldwin and Ford 1988). These design considerations include the amount of feedback given to participants, whether training is distributed over time or completed quickly, and how much practice participants have with various training elements and content.

In regards to e-learning, Hambrecht (2000) notes that despite its many advantages, e-learning may not necessarily be effective for certain types of training. For example, strategy training, the author notes, still needs to be done face-to-face. Other educational content that does not translate well into a virtual environment is material requiring significant hands-on application, with a strong emphasis on peer review and collaboration. Examples include classes taken to improve writing, communication, or presentation skills, where the perception of eye contact, body language, facial expressions, as well as direct dialogue and sharing of experiences are necessary for the comprehension of the subject matter and the success of the course (Hambrecht 2000).

To improve the effectiveness of its learning and development initiatives, the Bank of Montreal uses professional service team consisting of a client-relationship manager, a subject matter expert, and a learning manager. The client-relationship manager works directly with major client groups to identify their business challenges. The subject matter expert then addresses the specific skill requirements for meeting those business challenges. Finally, the learning manager recommends the best mix of learning solutions, including classrooms, distance learning, and electronic support systems (Meister 1998b).

Finally, Zenger et al. (2000) note that the most effective development programs of the future will:

- Spend time planning in detail what participants need to do differently upon returning to their jobs;
- Create measurements that will be used when participants return to work;
- Offer tailored skill-building activities targeted specifically to an individual's needs, based on personalized data collection such as 360° feedback;

- Provide engaging and realistic simulations that let participants experience the consequences of their decisions in compressed time;
- Provide examples and stories from respected, seasoned leaders inside the firm that explain how things are best accomplished inside the organization;
- Create action-learning projects in which participants tackle real and important issues the organization faces and in which they take some role in implementing their recommendations; and
- Provide mechanisms for follow-up and tools for holding people accountable.

4.3 Evaluation of Executive Development Programs

Lippert (2001) states that, more and more, corporate clients demand that executive education investment, course content, and measurable learning outcomes be aligned with corporate strategies. Therefore, executive education must have immediate bottom line implications for the corporations paying the bill. Caudron (2000) notes that in many cases, providers of executive education have tended to focus more on selling their products instead of selling solutions. Consequently, the providers have no indication if their products produce the desired results in the organization.

Phillips (1998) applies the following model to analyze the effectiveness of training and development:

- *Participant satisfaction* (Level 1): participants feel that learning happened and satisfaction is reflected in evaluation forms or ‘Happy Sheets’;
- *Learning happened* (Level 2): measured by exam, project results, or observation 0 to 6 months later;

- *On the job application* (Level 3): participants use the learning on the job to improve unit outputs; measured by observing new capabilities in use by the learner after the program;
- *Results* (Level 4): unit performance range or quality improved by applying the individual's new competencies; measured by tracking specific team performance items;
- *Return on Investment* (Level 5): business performance improvements measured in money values, tracked back in part to and compared with full training and development costs.

Vitiello (2001) indicates that Boeing uses several metrics to evaluate the effectiveness of the programs it delivers at its Leadership center, including its annual employee survey. The survey has shown that executives and managers who have attended programs at the Leadership Center are more satisfied in their jobs than those who have not yet attended the programs. Boeing has also found that employee satisfaction scores are higher for groups whose leaders have been to the center. Vitiello (2001) adds that Boeing uses two other measurements; first, whether the managers willingly come back to the center for more training and second, whether headhunters come to Boeing to recruit executives for other companies.

TVA University, the corporate university of the Tennessee Valley Authority, has developed an award-winning, highly innovative, holistic approach to assessing employee learning (Meister 1998b). At TVA, training evaluation ranges from macro (such as organizational culture change) to micro (for example, an individual learning event). TVA gathers qualitative data (anecdotes, testimonials, etc.) and makes quantitative measures on test performance, certifications, and cost savings. Thygeson (2000) identifies the following metrics for evaluating corporate universities: reduced employee turnover, improved product quality, better member or supplier service, faster product development and improvement, increased rate of innovation or business expansion, and higher productivity.

Table 21: Training for Activity versus Training for Results

Training for Activity <i>characterized by...</i>	Training for Results <i>Characterized by...</i>
No need for business program	Program linked to specific business needs
No assessment of performance issues	Specific objectives for behavior and business impact
No specific measurable objectives for behavior and business impact	Results expectations communicated to participants
No effort to prepare the work environment to support transfer of learning	Environment prepared to support transfer
No efforts to build partnerships with key managers	Partnerships established with key managers and clients
No measurement of results or cost-benefit analysis	Measurement of results and cost-benefit analysis
Planning and reporting on training is input-focused	Planning and reporting on training is output-focused

Source: Densford 1999b

Meister (1998b) notes that often when investing in human capital, organizations need to think long-term and have a “patient capital” mindset. The author adds that having a system in place that measures longitudinally what happens to “graduates” is one way in which impact can be measured. For example, whether “graduates” go on to be promoted and assume leadership positions could be a metric. A closer look at each “graduate’s” specific accomplishments, whether they are held up as models for aspiring managers, and their long-term impact on the organization and the industry are other metrics that could be used.

Yet another metric for measuring performance is asking senior business managers if a particular business challenge has been resolved (Meister 1998a). Cianni and Bussard (1994) state that employee satisfaction with supervision and management, increased understanding of corporate goals throughout the organization, more effective deployment of all corporate human resources, and

retention of high-performing managers are the best measures of the effectiveness of development programs.

Finally, some development professionals feel that it is unnecessary to focus on metrics such as ROI. Caudron (2000) suggests that if development is tied to specific business objectives, ROI calculations become less relevant because the development program will have built-in importance. The author concludes that if business strategy, culture, and outcomes determine learning needs, then all that is needed is to create learning opportunities that fit the target audience.

4.4 Challenges

Most organizations support the notion of developing their executives. However, for many reasons, development efforts often fail to realize their full potential. Barner (2000) notes several factors that may contribute to why executive development efforts often fail to deliver maximum results:

- *No Time:* Executives find it difficult to free up time to attend executive development programs;
- *Virtual Team Structure:* In many international companies, the sheer dispersion of leaders around the globe limits the types of formal development opportunities in which they can participate;
- *Lack of Context:* Traditional executive development programs frequently take place within an academic “box” that is completely outside the context and setting of the executive’s work environment;
- *Resource Constraints:* Because many companies are attempting to draw deeper into their organizations for future leadership talent and extend rich development opportunities down to lower-level managers, human resources professional are under pressure to uncover creative ways to stretch development dollars over a much larger leadership pool.

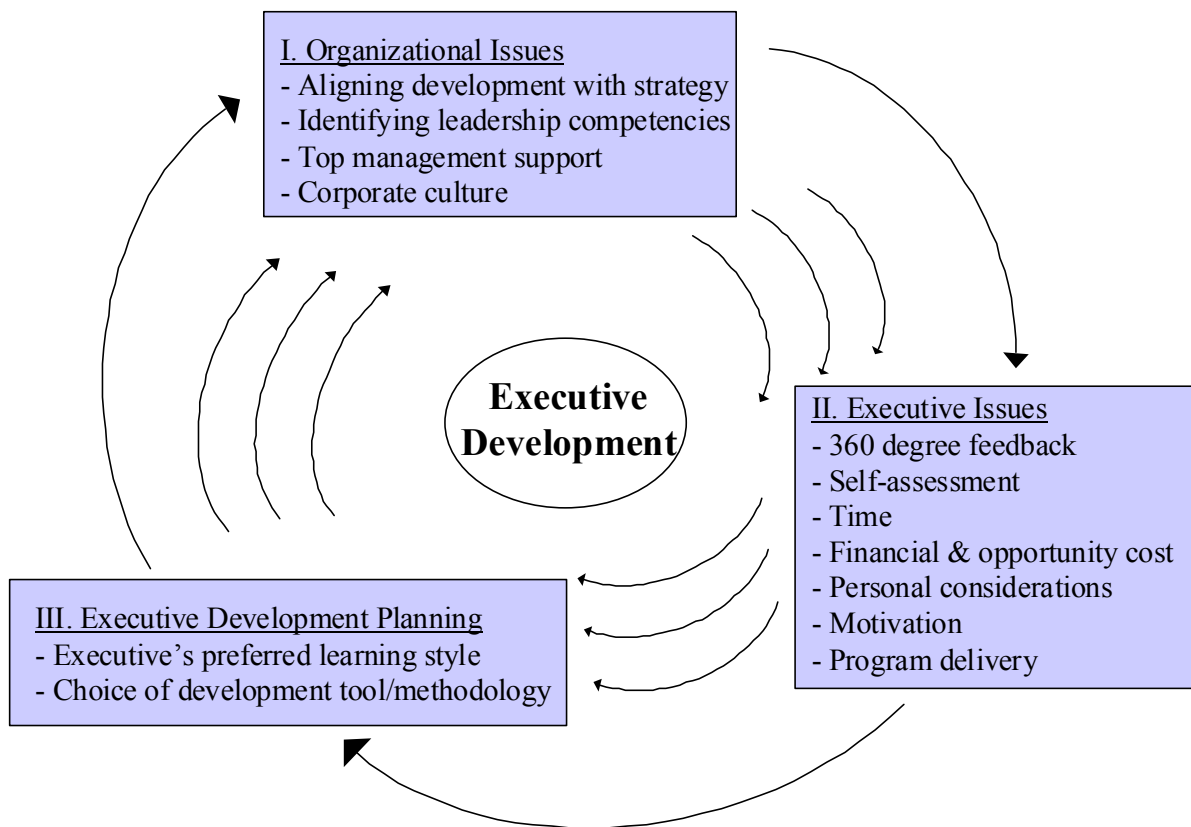
Werther (1993) notes that training and development managers often report difficulty in getting executives, who have reached a senior level, to attend more systematic and targeted executive development programs as active participants. Failure to have senior managers actively involved not only reduces the credibility of executive development efforts, it deprives those efforts of their greatest leverage in fostering the increased effectiveness of the organization. The result is what Werther (1993) terms the senior management developmental gap in most organizations.

Finally, in regards to e-learning, a specific challenge facing companies is which provider to choose. Quality, price, and sophistication of courses and technology vary. It is also difficult for corporate training departments to compare dozens or even hundreds of courses from different vendors. Therefore, low market transparency and limited knowledge of the range of e-learning products present serious challenges for corporate customers. Hambrecht (2000) speculates that in the end, customers will likely choose a provider based on the strength of its brand.

5 Conclusions and Implications for the Empirical Study

This chapter has addressed the relevant aspects of executive development that are needed to create a holistic and integrated framework for how organizations might create customized development solutions that support the individual needs of executives and the overall corporate strategy. Based on an in-depth review of the literature on executive development, leadership, and adult learning, the following theoretical framework has been developed:

Figure 8: Theoretical Framework for Customizing Executive Development



This theoretical framework for customizing executive development consists of three phases: (1) *organizational issues*, (2) *executive issues*, and (3) *executive development planning*. *Organizational issues* refer to alignment of development with strategy, the identification of leadership competencies, top management support, and the link between corporate culture and development.

The second phase, *executive issues*, addresses the aspects of development that are specific to the executive. These include conducting 360° feedback exercises and an executive self-assessment. In addition, the framework takes into account other factors that can lessen the effectiveness of executive development. These factors include the executive's time constraints, the financial and opportunity cost of executive development programs, personal considerations that restrict development options, the motivation of the executive, and program delivery.

Finally, the third phase of the theoretical framework deals with *executive development planning*. Specifically, the framework suggests that the executive's preferred learning style is to be taken into account before selecting a development tool or methodology. Upon completion of this third phase, the process begins again with the organizational issues.

The theoretical framework is intentionally designed to take into account the notion of continuous learning. Increasingly, organizations are viewing learning not as a series of discrete learning events and programs, but as being about the ongoing interaction and transfer of knowledge and experience from the classroom to the workplace (Prince and Stewart 2000). Likewise, the executive development process must be ongoing. This concept of continuous learning also reflects the constantly changing nature of the competitive environment, and the requirements it places on not only individuals, but organizations, to sharpen their skills in order to effectively compete.

Overall, the literature on the *organizational issues* that should be taken into consideration as part of the executive development process is plentiful and well-researched. Several models for formulating executive development strategy and aligning executive development with organizational strategy were identified, which were based on scholarly research. In particular, Lippert (2001) describes how organizations have increasingly required its executive education suppliers to create customized executive development programs that are tailored to the needs of the organization.

The literature regarding *executive development planning* – specifically, adult learning styles and the tools and methodologies to be used for executive development – was also abundant, though it tended to focus heavily on classroom-based learning. The models presented were based on scholarly research as well.

However, the literature on *executive issues* that impact executive development was less abundant. Most researchers would address some of the issues raised in the theoretical framework, such as time constraints and 360° feedback, though oftentimes, many of the issues that pertain specifically to an executive's needs were overlooked. Previous researchers also tended to attribute the ineffectiveness of executive development programs to the lack of relevance to business issues or organizational strategy (Barner 2000). No comprehensive models were identified which explain how executive development programs could be made more effective by tailoring them more to the individual needs of the executive. Therefore, this part of the theoretical framework had to be developed by this author.

Although Crotty and Soule (1997) state that the determination of who participates in executive development should take into account the manager's background and the specific corporate and individual needs to be fulfilled, the authors stop short of discussing *how* to adequately meet the needs of executives. The literature suggests that there is a tendency for organizations to create content for executive development programs, choose the tools and the methodologies to be used, and then to select the executives who will participate. This approach could be considered as “generic” since it assumes that all executives will learn most effectively when assigned to a program that was developed specifically for the organization, without much regard for how they learn most effectively. In particular, Vicere (2000) notes that education requires adaptation to different learning styles.

With few exceptions, the models that were identified have also failed to consider extensively the impact of corporate culture on executive development. Culture is an issue in executive education; Vicere (2000) includes anecdotes

from learning providers that strongly indicate that corporate culture impacts learning models. In large part, the literature does not address how organizations might implement executive development programs when the organizational culture does not emphasize learning. Instead, some authors, such as Werther (1993), focus on top management support of executive development initiatives as a key success factor, which does not necessarily address the corporate culture issue.

Another question that remains unanswered is to what extent executive development should be tied to performance measurement and reward systems. Some authors have argued that not only should executives be held accountable for their own development, but they should be held accountable for finding and developing talent. Chambers et al. (1998) note that some organizations link an executive's bonus to his or her people management skills and link promotions to the executive's ability to recruit talented new people. On the whole, the literature focuses mainly on using executive development as a retention tool; less emphasis is placed on making it a requirement or a criteria for performance evaluation.

In summary, even though many of the elements of the framework for customizing executive development are based on research, the elements have not yet been integrated into a holistic model. Therefore, the proposed theoretical framework can be regarded as a new model for creating customized development solutions that meet the individual needs of executives and the corporation. The primary objective of the empirical study will therefore be explanatory in order to empirically test and explain the model. The empirical study aims to provide insight into the following questions related to the framework for customizing executive development: How should organizations go about customizing development? What impact would this have on the executive and the organization? What happens where there is a gap between the organization's development needs and that of the executive? What is the role of human resources professionals in this process? What is the right mix of on the job development and other development tools?

Chapter Three: Empirical Study

1 Research Objective

The research objective answers the question: *Why conduct this study?* In the previous chapter, a theoretical framework was developed to explore how companies can create customized development solutions that support the individual needs of executives and the overall corporate strategy. Although this framework is based on theory from the fields of executive development, leadership, and adult learning, not all of the fields were found to be equally well researched.

For example, the organizational issues that pertain to executive development were found to be well-researched. Likewise, the research on executive development plans was also abundant, although it tended to focus too narrowly on a few development tools and methodologies. Finally, research on the executive's issues and how to tailor development to the individual executive was the least developed area, with virtually no academic research conducted to date.

Even though many of the elements of the framework for customizing executive development are based on previous research, the elements have not yet been integrated into a holistic model. Therefore, the proposed framework for customizing executive development can be considered as a new model for how to develop solutions that meet the individual needs of executives and the corporation.

The research objective of this dissertation is:

To contribute the academic's and practitioner's understanding of how to create customized development solutions that support the individual needs of executives and the overall corporate strategy.

The empirical study will be *explanatory* (Yin 1994); in other words, *to empirically test and explain the theoretical framework for customizing executive development*. The empirical study should provide insight into the following related questions:

- How should organizations go about customizing development?
- What impact would this have on the executive and the organization?
- What happens where there is a gap between the organization's development needs and that of the executive?
- What is the role of human resources professionals in this process?
- What is the right mix of on the job development and other development tools?

2 Research Methodology

Research methodology refers to the procedural framework within which the research is conducted. It describes an approach to a problem that can be put into practice in a research program or process (Remenyi et al. 1998). The research methodology answers the question: *What did we do to answer the research objective and questions?* It should include the choice of the research method, the choice of organizations to study, and any limiting factors.

2.1 Case Study Method and Design

Several research methods were considered for this empirical study, including a survey, secondary data, and case studies. According to Yin (1994), the choice of research strategy depends on three conditions: (1) the type of research question posed, (2) the extent of control an investigator has over actual behavioral events, and (3) the degree of focus on contemporary as opposed to historical events.

For this dissertation, the case study method was chosen. The case study was believed to be the best methodology for several reasons:

1. The research question that will be answered is a ‘how’ question – case studies tend to reveal how and why certain phenomena have occurred, while surveys and secondary data often do not or cannot capture this information;
2. The case study is well suited to investigate a contemporary set of events when the relevant behaviors cannot be manipulated (Yin 1994). The case study’s focus on contemporary events distinguishes it from a historical account. Moreover, the case study method uses data collection techniques such as systematic interviewing and direct observation. This dissertation’s focus on how organizations might create customized development solutions that support the individual needs of executives and the overall corporate strategy represents both a contemporary set of events and a situation where the relevant behaviors cannot be manipulated by the investigator.
3. Finally, the case study is appropriate when investigating a phenomenon in its real-life context, particularly when the boundaries between the phenomenon and the context are not clearly evident (Yin 1994). The case study method emphasizes the contextual conditions; in this dissertation, the organizational context is believed to have a direct impact on the ability and/or willingness of the organization to create customized development solutions.

Yin (1994) notes that there are several different applications of case studies. The most important of them is to *explain* causal links in real-life interventions that are too complex for surveys or experiments. This is the aim of this case study – *to explain and empirically test the theoretical framework for customizing executive development*. Other applications of the case study method include *describing* an intervention and its real-life context, *illustrating* certain topics within an evaluation, and *exploring* situations where the intervention being evaluated has no clear set of outcomes.

Finally, the *case study design* that was used in this dissertation is the multiple case design. Multiple refers to the fact that several case studies on executive development were conducted on different organizations, which included Swissair Group, Zurich Financial Services, and Nestlé. The multiple case design was chosen because it was believed that similar results would be found from each of the individual case studies.

2.2 Selection and Definition of the Case Studies

The choice of the multiple case research design has distinct advantages and disadvantages. Herriott and Firestone (1983), as quoted in Yin (1994), note that the evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust. However, the authors also point out that conducting multiple case studies can require extensive resources and time beyond the means of a single student or independent research investigator.

Multiple cases should be considered as multiple experiments, and should follow a ‘replication’ logic (Yin 1994). A replication logic, Yin argues, is quite different from a ‘sampling’ logic, which occurs when researchers analyze surveys from multiple respondents. Therefore, if three cases are studied, as is the case in this dissertation, replication is said to have occurred if similar results are obtained from each of the three cases.

The logic underlying the use of multiple case studies is such that each case must be carefully selected so that it either: (a) predicts similar results – a *literal* replication, or (b) produces contrasting results but for predictable reasons – a *theoretical* replication (Yin 1994). An important step in all the replication procedures, Yin states, is the development of a rich, theoretical framework. This framework should state the conditions under which a particular phenomenon is likely to be found, as well as the conditions where it is not likely to be found. The framework later becomes the vehicle for generalizing to new cases. The theoretical framework for executive development, which has been set forth in this dissertation, meets these conditions.

According to Yin (1994), the replication approach to multiple case studies can best be summarized in three steps:

- *Definition and design*: The initial step in designing the study must consist of theory development. In addition, the researcher must select the cases to be studied and design the data collection protocol.
- *Preparation, collection, and analysis*: Each case study is conducted and summarized in an individual case report.
- *Analysis and conclusions*: The researcher draws cross-case conclusions, modifies the theoretical framework as needed, develops policy implications, and writes a summary cross-case report.

It is also important to note that the individual case studies in this dissertation are *embedded* case studies, as opposed to *holistic* case studies. *Embedded* refers to the fact that each case study involved more than one unit of analysis. Specifically, the subunits of executive development programs at Swissair Group, Zurich Financial Services, and Nestlé were studied, such as organizational issues, executive issues, and executive development plans. In contrast, if the case studies had only examined the global nature of executive development at these firms, each study would be said to be *holistic*.

Finally, it is worth noting that *gaining access* was a key factor during this research project. In one case, the researcher had privileged access to the executive development programs and processes at Swissair Group, since he was employed as Manager of Executive Development from January to November 2001. Without the help and support of the researcher's manager and colleagues at Swissair Group, the research would most probably have not been possible. Even though the initial access was gained relatively easily through the researcher's established contacts, the principle of reciprocity (Pettigrew 1990) was followed. Therefore, in exchange for the time that interviewees

contributed to making this research possible, an effort was made to make a contribution and share the research findings.

The contributions included sharing opinions and ideas after each interview, as well as recommending readings from the management literature and sending relevant executive development materials to interviewees. The principle of reciprocity also included respecting information that was obtained during the interviews, which was only provided to increase the researcher's background understanding of certain issues. It was understood that such information would not be used publicly in attributable or non-attributable fashion. As a final step, each organization was allowed to check all outcomes of the research prior to publication to ensure that no factual errors were made or information of potential commercial value to competitors was divulged.

2.3 Limitations

In carrying out this empirical study, several limitations were discovered and had to be taken into account. These included the limitations of the case study method, limitations due to resource constraints (money, manpower, and time), and finally limitations specific to the researcher himself, in terms of experience and bias.

The case study method has several distinct limitations. First, case studies do not allow for *statistical generalization*. Therefore, even though the theoretical framework for executive development was validated through the use of case studies, no inference can be made as to whether the model applies to a larger population or universe of companies. Therefore, future research is needed to determine whether it applies to other companies and under what specific conditions it would apply. Yin (1994) posits that case studies only allow for *analytic generalization* when two or more cases are shown to support the same theory. This dissertation draws upon finding from three case studies on three companies from different industries.

A second limitation concerning the case study method has been the perceived lack of rigor. According to Yin (1994), case study investigators have often

been sloppy and have allowed equivocal evidence or biased views to influence the direction of the findings and conclusions. Therefore, case study researchers must work particularly hard to report all evidence in a fair manner. Because good case studies are very difficult to do, the researcher has made every attempt to be systematic, concise, skillful, fair, and rigorous in gathering and analyzing the data.

Third, case studies are criticized for taking too long and resulting in massive, unreadable documents (Yin 1994). The researcher believes that quantity does not equal quality; therefore, efforts were made to focus on the most relevant details when preparing the case studies. The interviews with the companies in the study were also structured so that only the most relevant issues were addressed. Although some researchers end up with massive amounts of data that is underanalyzed and unused, the researcher sought to avoid this all too common occurrence.

It can also be said that resource constraints were a factor in preparing this dissertation. For instance, the study was conducted by only one researcher. Eisenhardt (1989) has noted that the use of several investigators has two key advantages. First, they enhance the creative potential of the study since team members often have different perspectives and insights. Second, the convergence of observations from multiple investigators enhances the confidence in the findings. To compensate for the fact that only one researcher was involved in the preparation of this dissertation, the investigator often discussed the research with practitioners who were not involved in the study.

Two other constraints were money and time. Time was more of a constraint than money, since the companies that participated in the study and the researcher were based in Switzerland. Time played a role in the research process because some of the interviewees were not available for weeks at a time. Time was also a factor for the researcher, since he often was employed full-time while working on the dissertation, except for a six month period from December 2001 to June 2002.

Bias was another potential limitation that the researcher sought to minimize. Yin (1994) contends that all other research skills are of no value if an investigator seeks to use a case study to substantiate a preconceived position. Even though the researcher had a positive opinion of Swissair, special care was taken not to allow this positive attitude to influence the findings and conclusions of this study. By conducting research in two additional organizations where there were no ties, the researcher also hoped to eliminate bias.

Despite these limitations, the researcher did enjoy certain *advantages* that are worth noting. First, prior to conducting the empirical study, the researcher had over two years experience working as a case researcher and writer at IMD (International Institute for Management Development) in Lausanne, Switzerland. As a result, the researcher had an increased understanding of the interaction between theoretical issues and the data being collected. Moreover, the researcher understood the demands that case research placed on the intellect, ego, and emotions (Yin 1994). Furthermore, after writing nearly two dozen case studies, the researcher understood very well how to be an active listener, how to ask good questions, and how to be flexible.

A second advantage that the researcher enjoyed was the unusual vantage point of having worked in the field of executive development on the supply side at IMD, and on the demand side, as Manager of Executive Development at Swissair Group. The researcher had a keen understanding of what was likely to contribute to the success or failure of executive development initiatives, and could draw on his set of experiences and the experiences of others to test ideas or propose new theories. The theoretical framework for executive development was derived in large part because of the experience the researcher had in executive development; the remaining issues in the framework came from a thorough review of the literature on executive development. Furthermore, it is important to note that the case study on Swissair is richer in detail than the two other case studies because of the access and responsibilities the researcher had while employed at Swissair.

Finally, related to the advantage of working on the demand side of the executive development field was the researcher's access to other executive development professionals outside of Swissair. Personal contacts could be used to set up interviews, and interviewees were more helpful once they understood that the researcher worked in the same field and understood the 'language' of the field. This helped the researcher to establish 'instant credibility', therefore making it much easier to discuss the relevant issues.

3 Research Procedures

The goal of research procedures is to answer the question: *How did we conduct the research?* This includes data on how the data were collected and analyzed, and what specific measures were taken to maximize validity and reliability.

3.1 Data Collection

The majority of the data for the case studies was collected from January 2001 to June 2002, although in some instances, such as Nestlé, the data collection process began in October 1999. For the Swissair case study in particular, data collection was enhanced by having ample access to internal resources while employed by the company as Manager of Executive Development.

At Swissair, data collection was facilitated by Mr. Erich Egloff, who at the time was the Head of Management Development at Swissair Group. At Zurich Financial Services, Ms. Hanneke Frese, member of the Group Management Board, helped set up appointments with Mr. Paul Tuck and Mr. Jens Maier, who were in charge of Talent Management and Corporate Capability Development, respectively. At Nestlé, Mr. Angelo Hüsler and Mr. Victor Artzimovitch were particularly helpful in providing the necessary data. Mr. Hüsler was the Head of Training for Nestlé's International Training and Conference Center at Rive-Reine until early 2000; Mr. Artzimovitch was his successor. In addition, Ms. Chantal Gaemperle, Head of Management Development and Recruitment, set aside time in her busy schedule to support this research.

One of the key advantages of the case study method is that it relies on multiple sources of evidence, with data needing to converge in a triangular fashion (Yin 1994). The case study method typically incorporates a variety of sources of evidence, including interviews, observations, documents, and artifacts. These various sources of evidence were used during the preparation of the case studies in this dissertation.

3.1.1 Personal Interviews

One of the most important sources of case study information is the interview (Yin 1994). During the fieldwork for this dissertation, approximately 25 interviews were conducted by the researcher. It is difficult to arrive at the exact number since some meetings were rather informal and brief, while others were formal and lengthy. Most interviews averaged 1 hour, 30 minutes.

Interviews may take several forms, though most commonly, case study interviews are open-ended in nature. Open-ended interviews involve asking key respondents for the facts as well as for the respondents' opinions about events, according to Yin (1994). Overall, the interviews for the empirical study were conducted in a semi-structured fashion. The researcher had an interview outline that contained the questions that needed to be answered. However, the interview style was conversational. This approach was adopted to allow interviewees to feel more comfortable and also to allow for the introduction of new ideas or information that would likely be omitted if the interview outline was followed too closely. If the respondent failed to address an issue that was on the outline, the researcher then directly asked the question (*Refer to References and Appendices, section 3.3 to review the interview outline*).

During each interview, the researcher took extensive notes. After each interview, a summary of the interview was prepared and sent to the interviewee for feedback and corrections, if necessary. In most cases, only small changes or additions were made as interviewees tended to be very satisfied with the interview summaries.

3.1.2 Participant-Observation

Participant-observation involves a research scenario where the researcher not only observes, but assumes a variety of roles within a case study situation and may actually participate in the events being studied (Yin 1994). Because the researcher was employed by Swissair Group prior to writing the dissertation, it could be said that he was a participant-observer.

Participant-observation provides unusual opportunities for collecting case study data, but it also presents certain problems. The most distinctive opportunity is related to the researcher's ability to gain access to events or groups that are otherwise inaccessible to scientific investigation. Another distinctive opportunity is the ability to perceive reality from the viewpoint of someone 'inside' the case study rather than external to it (Yin 1994). However, one of the potential drawbacks of participant-observation is that it can lead to bias in the research process; another drawback is that the researcher risks becoming a supporter of the group being studied. Finally, the participant role may simply require too much attention relative to the observer role. As a result, the participant-observer may not have sufficient time to take notes or to raise questions about events from different perspectives, as a good observer might (Yin 1994).

In preparing the case study on Swissair Group, the researcher felt strongly that the integrity of the research was not compromised. Even though the researcher was inside organization as an employee, sufficient distance was maintained to allow for an objective evaluation of the data. Moreover, the researcher continued to read and draw conclusions from the academic literature on executive development. Furthermore, the researcher looked at executive development in two other companies where no such ties existed.

3.1.3 Documents and Archival Records

Documents and archival records represent a third important source of data. The most important use of documents is to corroborate and augment evidence from other sources (Yin 1994). Documents can include letters, memoranda and other

communiqués as well as internal records. Archival records include items such as organization charts, lists of names, and survey data.

For this study, many sources were used to obtain documents and archival records. The interviews represented one important source. In many cases, the respondents gave the researcher copies of documents that illustrated and supported what was discussed during the interview. Archives and the company websites were other important sources.

Throughout the research project, the researcher compiled a database that contained notes, documents, and archival records. The data included company information, such as fact sheets, information brochures and annual reports; likewise, the researcher obtained presentations, course evaluation forms, and speeches.

3.2 Data Analysis

According to Yin (1994), data analysis consists of examining, categorizing, tabulating or otherwise recombining the evidence to address the initial propositions of a study. Yin adds that data analysis is one of the least developed and most difficult aspects of doing case studies. However, since the researcher is an experienced case investigator, conducting data analysis was not overwhelmingly difficult.

The general analytic strategy followed in this dissertation was to rely on theoretical propositions, or the theoretical framework. Yin (1994) argues that this is the preferred strategy for analyzing case study data. In particular, the theoretical framework is useful for focusing attention on some data and ignoring other data.

The specific analytic technique used was explanation-building, which is an iterative process. To 'explain' a phenomenon is to stipulate a set of causal links about it. According to Yin (1994), the case study evidence is examined, theoretical positions are revised, and the evidence is examined once again from a new perspective, in this iterative mode.

The gradual building of an explanation, Yin (1994) contends, is similar to the process of refining a set of ideas, in which an important aspect is again to entertain other plausible or rival explanations. The objective is to show how these explanations cannot be built, given the actual set of case study events. If this approach is applied to multiple case studies, Yin argues, the result of the explanation-building process is also the creation of a cross-case analysis, not simply an analysis of each individual case.

During the empirical study, the researcher sought to ensure that the analysis was of the highest quality (Yin 1994). Specifically, the researcher: (1) relied on all the relevant evidence, including the development of rival hypotheses; (2) included all major rival interpretations; (3) addressed the most significant aspects of the case studies; and (4) brought his own prior, expert knowledge to the case studies – in particular, the researcher was aware of the current thinking and debates about the case study topic.

3.3 Quality Measures of the Research Design

Generally speaking, four tests are used to establish the quality of any empirical research. These tests are construct validity, internal validity, external validity, and reliability. Each of these topics will be addressed in the following sections.

3.3.1 Construct Validity

Construct validity refers to establishing correct operational measures for the concepts being studied (Yin 1994). Those who have been critical of case studies have often highlighted that case studies investigators fail to develop a sufficiently operational set of measures and that ‘subjective judgment’ is used to collect the data (Yin 1994).

This study relied upon the theoretical framework for executive development in collecting the data. The framework was also used to select specific measures related to organizational issues, executive issues, and executive development plans, which are the elements believed to have the most relevance for creating

customized development solutions that support the individual development needs of executives and the overall corporate strategy.

Three tactics are available to increase construct validity (Yin 1994). The first is the use of *multiple sources of evidence*, in a manner encouraging convergent lines of inquiry. A second tactic is to establish a *chain of evidence*. The third tactic involves *having the draft of the case study reviewed by the key informants*.

The first tactic, the opportunity to use many different sources of evidence, has been quoted as one of the key strengths of the case study method (Yin 1994). Case studies allow the researcher to not only take advantage of the different strengths of various data collection methods, but they also allow the researcher to use the different sources to cross-check information.

The second tactic, the chain of evidence, is an explicit link between the questions asked, the data collected, and the conclusions drawn (Yin 1994). Yin also notes:

The principle is to allow an external observer – the reader of the case study – to follow the derivation of any evidence from initial research questions to ultimate case study conclusions. Moreover, this external observer should be able to trace the steps in either direction (from conclusions back to initial research questions or from questions to conclusions). If these objectives are achieved, a case study will have addressed the methodological problem of determining construct validity, thereby increasing the overall quality of the case (Yin 1994:98).

Finally, the third tactic to improve construct validity, which involves having the key informants review the draft of the case study, enables the organization to correct errors and ensure that no commercially sensitive data is divulged. Key informants may disagree with the researcher's conclusions or recommendations, but they should not disagree with the actual facts of the case.

The researcher also found that having the interview summaries reviewed by the interviewees significantly enhanced the data analysis process.

3.3.2 Internal Validity

According to Yin (1994), internal validity involves establishing causal relationships, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships. Internal validity is a concern only for causal or explanatory case studies, in which an investigator is trying to determine whether event x led to event y , and was not caused by a third factor, z .

In addition, the concern over internal validity, for case study research, may be extended to the broader problem of making inferences (Yin 1994). A case study involves an inference every time an event cannot be directly observed. Thus, an investigator will infer that a particular event resulted from some earlier occurrence, based on interview and documentary evidence collected as a part of the case study. If the investigator considers all the rival explanations and possibilities and checks that the evidence is convergent, then internal validity will be ensured. Explanation-building was one technique the researcher used to achieve internal validity. A second technique employed by the researcher was the use of his own expert knowledge, gained from working in the field of executive development for more than three years.

3.3.3 External Validity (Generalizability)

The third test deals with the problem of knowing whether a study's findings are generalizable beyond the immediate case study. Case studies can allow for analytic generalizations. In analytic generalization, a previously developed theory is used as a template with which to compare the empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed (Yin 1994).

Remenyi et al. (1998) also assert that for theory development, researchers need to test conclusions by replicating the study in other organizations. In this

dissertation, the researcher met this condition by using multiple case studies on executive development in three organizations. Multiple case studies have an advantage over single case studies in that single case studies are much more difficult to generalize to a wider universe beyond the immediate research environment.

3.3.4 Reliability

Reliability is the fourth test for quality in research design. Research is said to be reliable if a later investigator followed exactly the same procedures as described by an earlier investigator and conducted the same case study all over again, the later investigator would arrive at the same findings and conclusions. The goal of reliability is to minimize the errors and biases in a study (Yin 1994).

To ensure reliability, the researcher used a case study protocol and set up a case study database. The case study protocol included the theoretical framework for executive development, the research objective and questions, and the procedures and general rules that were followed in conducting the research.

The case study database was also created to increase efficiency and to develop a formal mechanism so that other investigators could review the evidence directly and not be limited to the written case study report. The case database consisted of 10 binders filled with data and information collected during the fieldwork. Included in the database were the investigator's general observations and notes during the fieldwork, summaries of all the interviews, company fact sheets, information from company websites, company information brochures, annual reports, speeches, employee evaluations, and presentations. Access to this case study database will be granted if the organization that provided the information gives its consent and the investigator signs a confidentiality agreement.

4 Research Findings – Swissair Group ¹

4.1 Swissair Group: Company Background

Swissair was founded on March 26, 1931 when two small airlines, Ad Astra and Balair, merged. During the 1940s, Swissair was designated as the national airline of Switzerland and began offering transatlantic flight service to New York, South America, and South Africa. By the 1970s, the airline offered scheduled flight service to numerous cities in Europe, Asia, Africa, and North America.

In 1995, Swissair signed a deal with the Belgian government and Belgian airline, Sabena, to acquire a 49.5% stake in Sabena. Three years later in 1998, Swissair led the formation of the Qualiflyer Group, an alliance consisting of eleven airlines: Swissair, Sabena, TAP Air Portugal, PGA Portugalia Airlines, Turkish Airlines, Air Libert , Crossair, LOT Polish Airlines, Air Europe, Volare Airlines, and Air Littoral.

Swissair also partnered with American Airlines and South African Airways to offer improved services for passengers traveling to and from the US and South Africa. In Asia, Swissair's major partners included Japan Airlines, Qantas, Cathay Pacific, Thai Airways, and Malaysia Airlines. In the Middle East, Swissair also cooperated with El Al Israel Airlines.

By early 2001, Swissair operated 75 aircraft and served 210 destinations in 75 countries. Headquartered in Zurich, Swissair employed 7,290 staff and achieved operating revenue of 5.8 billion Swiss Francs in 2000. Beat Sch r served as CEO of Swissair.

After a reorganization in April 2001, Swissair was one of eight business units within the holding company Swissair Group (*refer to References and*

¹ The reader should note that Swissair Group filed bankruptcy in late 2001. A new airline company, Swiss International Air Lines Limited, was founded in 2002. This case study pertains only to executive development at Swissair Group. Despite the bankruptcy, which was not due to Human Resource Management, Swissair Group is still an insightful case study. In fact, as recently as 2000, the company was nominated as the Employer of the Year in Switzerland.

Appendices, section 4.1). The other seven units were Crossair, Airline Partners, Gate Gourmet, Nuance Group, Swissport, SR Technics, and Swisscargo.

Table 22: The Competing Airline Alliances

QUALIFLYER	ONeworld	SKY TEAM	STAR ALLIANCE
Swissair	Aer Lingus	Aeromexico	Air Canada
Sabena	American Airlines	Air France	Air New Zealand
TAP Air Portugal	British Airways	CSA Czech Airlines	All Nippon Airways
PGA Portugalia	Cathay Pacific	Delta Airlines	Ansett Australia
Airlines	Finnair	Korean Air	Austrian Airlines
Turkish Airlines	Iberia		BMI British
Air Liberté	Lan Chile		Midland
Crossair	Qantas Airways		Lauda Air
LOT Polish Airlines			Lufthansa
Air Europe			Mexicana
Air Littoral			SAS
Volare Airlines			Singapore Airlines
			Thai Airways
			International
			Tyrolean Airways
			United Airlines
			Varig Brasil

Source: Air Info 2001

Due to its numerous cooperations and partnerships, Swissair Group was considered a worldwide supplier of airline and airline-related services. Several of the Group's companies had achieved significant market shares in their respective business fields.

Table 23: Financial Performance of Swissair Group 1997-2000

in million Swiss Francs	2000	1999	1998	1997
Total operating revenue	16,229	13,002	11,297	10,556
Operating profit/EBIT	603	674	700	658
Earnings before Taxes	(2,762)	489	549	532
Taxation	117	188	153	184
Net profit (loss) for the year	(2,885)	273	361	324

Source: SAirGroup 2000 Annual Report

In 2000, the airline industry was estimated to be a 1 trillion US dollar industry (Chan 2000), employing 22 million people. The airline industry, widely considered to be cyclical, capital-intensive, and highly-regulated, was expected to become even more complex. Since the early 1990s, ongoing liberalization

within the European Union had led to dramatic changes in the air transportation industry. Factors such as market globalization, increasing concentration on fewer carriers, decreasing fares, as well as the market's demand for more attractive air travel products increased competitive pressure on many carriers and squeezed profit margins. Moreover, cost reduction was increasingly considered a continuous and long-term necessity for financial success (Doganis 2001).

By early 2001, many airlines experienced financial difficulties because of high fuel prices and a marked slowdown in the US economy. Though many carriers focused on increasing market share, some carriers, such as British Airways, bucked the trend and began placing more emphasis on profitability. The UK-based carrier was able to achieve profitability in 2001 by reducing its fleet and reorganizing its routes to increase load factors. British Airways also began heavily targeting its lucrative customers, i.e., business and first class passengers, and focused less on economy class passengers. The airline had been particularly successful in grabbing market share from rivals by revamping its long-haul business class seats, which could be extended into flatbeds.

4.2 Swissair Group University

In the following section, a comprehensive overview of Swissair Group's corporate university, Swissair Group University, is presented.

4.2.1 Introduction

Back in 1999, Erich Egloff, head of corporate management development at Swissair Group, then SAirGroup, pondered how to improve management development and link it more to the overall corporate strategy. He had read about how corporate universities could help align management development with strategy, but was still unsure if establishing a corporate university was appropriate for Swissair Group. Among his primary concerns were costs and obtaining top management support.

A 1999 study on management development within Swissair Group, conducted by London Business School, had also revealed that management development lacked strategic alignment and that the entire process should be reviewed. The research findings also confirmed the need for more development and networking opportunities for top management.

In December 1999, Erich Egloff assigned Sandra Emanuel as full time project leader to evaluate the corporate university approach for Swissair Group. She was asked to develop a concept for the corporate university and to prepare a proposal for Group Executive Management. After a careful needs analysis, benchmarking phase and constant involvement of the key stakeholders, a concept and proposal were finalized in mid-2000.

In August 2000, Group Executive Management approved the concept and implementation plan. Two members of Group Executive Management, Matthias Mölleney, Chief Personnel Officer of Swissair Group, and Wolfgang Werlé, a Senior Executive Officer at Swissair Group, had been particularly strong supporters of Swissair Group University.

Table 24: The Swissair Group University Mission Statement

-
- To support Swissair Group's continuing ability to achieve its business goals by ensuring the succession of capable leaders to fill management vacancies through the development and implementation of Group-wide programs;
 - To offer compelling opportunities to network, exchange and learn;
 - To offer workshops to define and refine the strategy of Swissair Group and/or its business units;
 - To enable and secure e-learning and knowledge exchange in critical areas;
 - To contribute to a group-wide management culture in line with the Swissair Group's values;
 - To contribute to a positive Swissair Group image as an employer;
 - To coordinate and support the alignment of the Management Development processes (e.g., MD Conference)
-

Source: Swissair Group

4.2.2 Swissair Group University: An Overview

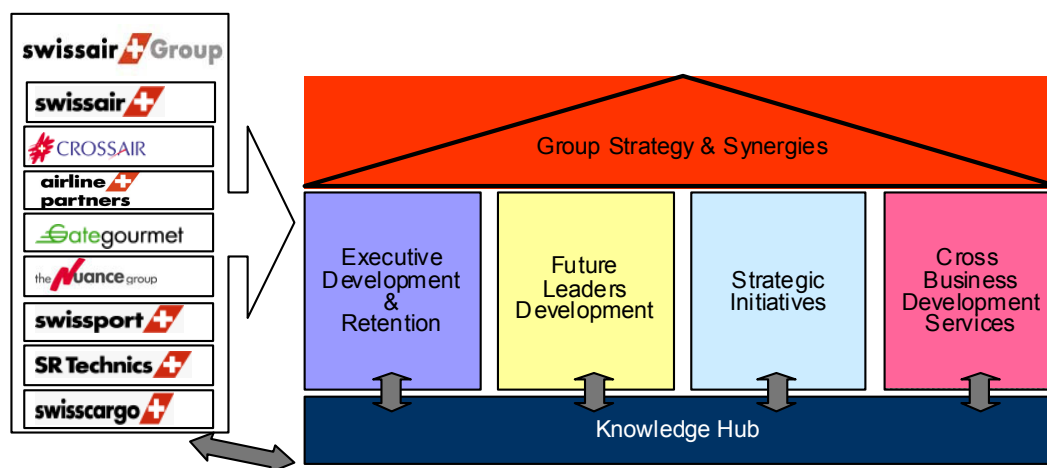
In January 2001, Swissair Group University was launched. With a small team consisting of eight staff, Swissair Group University was organized around five themes: (1) Executive Development & Retention, (2) Future Leaders Development, (3) Strategic Initiatives, (4) Cross Business Development Services, and (5) the Knowledge Hub

The Swissair Group University concept included previously existing products and services in addition to newly developed products and services (*refer to References and Appendices, section 4.2 for an overview of Swissair Group University's products and services.*). By adding new offerings, Swissair Group transformed its management development department into the core of Swissair Group University. Some of the major changes included:

- *Shifting from training to strategy support:* Training and development remained as the focus of Swissair Group University, though the team became more focused on supporting change within the organization;
- *Content:* Swissair Group University aimed to integrate Knowledge Management and Consulting, and to actively support the strategy by organizing events;

- *Target group:* While the top management remained the most important target group, Swissair Group University supported all employees in their efforts to learn. Swissair Group University's portal offered a rich menu of learning and networking opportunities, news on events, toolboxes, and an eLibrary, among other items;
- *Learning Alliances:* Swissair Group University built strong learning alliances with Business Schools in two ways: (1) by working closely together on the design and delivery of programs, and (2) by offering advice to employees on programs at leading business schools;
- *Format:* Swissair Group University offered different learning solutions – both online and in workshops;
- *Integration of development activities:* Swissair Group University sought to integrate Management and Personnel Development activities of the different business units of Swissair Group into the corporate university.

Figure 9: The Structure of Swissair Group University



Source: Swissair Group

Swissair Group University was organized into five sections: (1) Executive Development & Retention, (2) Future Leaders Development, (3) Strategic Initiatives, (4) Cross Business Development Services, and (5) Knowledge Hub.

4.2.2.1 Executive Development & Retention

In the area of executive development, Swissair Group University organized two types of internal executive Events: the Top Management Event and Corporate Management Colloquia (CMC). Both featured management topics that were of high strategic importance at Swissair Group. In order to challenge the thinking of senior management, these events often involved guest speakers, panel discussions, or in-depth case studies. One of the additional advantages of Executive Events was that they provided excellent opportunities for networking.

In 2001, Swissair Group University organized events on branding, customer service, and corporate culture. In a special event on Change Management, Swissair Group University invited tennis star Jennifer Capriati to discuss how she was able to make a successful career comeback.

To encourage networking with managers outside Swissair Group, the management development team also informed executives about external executives events held at leading business schools as well as other professional organizations that might be of interest to them.

Executives were also informed about internal as well as external opportunities for development, such as open enrollment courses. Swissair Group University even offered one-on-one counseling for executives who requested assistance in finding the best external courses on the market.

Retention was also an extremely important function at Swissair Group University. In order to retain key personnel, the corporate university team routinely conducted interviews and worked diligently to track high potential managers. Swissair Group University also assisted its top executives in locating new employment opportunities within the Group.

4.2.2.2 Future Leaders Development

The second pillar of Swissair Group University, Future Leaders Development, was responsible for tracking the next generation of leaders as well as offering a learning program to prepare them for leadership and general management positions within Swissair Group. Typically, Future Leaders were 30 to 38 years of age, members of middle management, and had demonstrated a readiness to tackle bigger challenges. Candidates were required to complete a written application and undergo a series of interviews before they were accepted into the Future Leaders Development Program, which was referred to internally as MD Pool.

Swissair Group University worked closely with a leading business school to structure an intensive, three week program of learning using a variety of tools and methodologies that included classroom training, e-learning, case studies, simulations, group projects, and company-specific projects.

4.2.2.3 Strategic Initiatives

The third pillar of Swissair Group University, Strategic Initiatives, served as a platform for projects that were directly related to the Group's overall corporate strategy. In difficult times, Swissair Group University's role became very important since one of its primary aims was to support the Group's strategy. Swissair Group University also stayed in close contact with the Corporate Communications department and even provided a link to ZoomUp, Swissair Group's intranet for news, to increase the likelihood that employees were informed of current events. Employees could also access Swissair Group News, the company's monthly newspaper, and The Voice, a special newsletter created to keep employees up to date on the latest news regarding Change 2001, a Group wide change management initiative.

In addition to informing employees about strategically relevant information, Swissair Group University used its internet platform to provide employees with relevant links, presentations, abstracts, general background information, and outcomes of projects. The main objective was to give people the tools to better

understand the situation of the company. Swissair Group CEO, Mario A. Corti, identified several topics that he considered to be important for the company's future in 2001 and the management development team also worked on cross-functional teams to incorporate these issues into the management curriculum.

4.2.2.4 Cross Business Development Services

The fourth pillar, Cross Business Development Services, was set up to address the Group-wide learning and development needs of managers, regardless of their management level in the company. While taking advantage of economies of scale, but also assuring a certain quality level, employees from the various business units were also given the opportunity to network within Swissair Group. Plans were underway in 2001 to offer the following courses under Cross Business Development Services:

- Finance
- Presentation skills
- Airline Management Game
- Career and Life Planning
- Sustainable High Performance
- Self & Time Management
- Effective Meetings
- Managing Teams

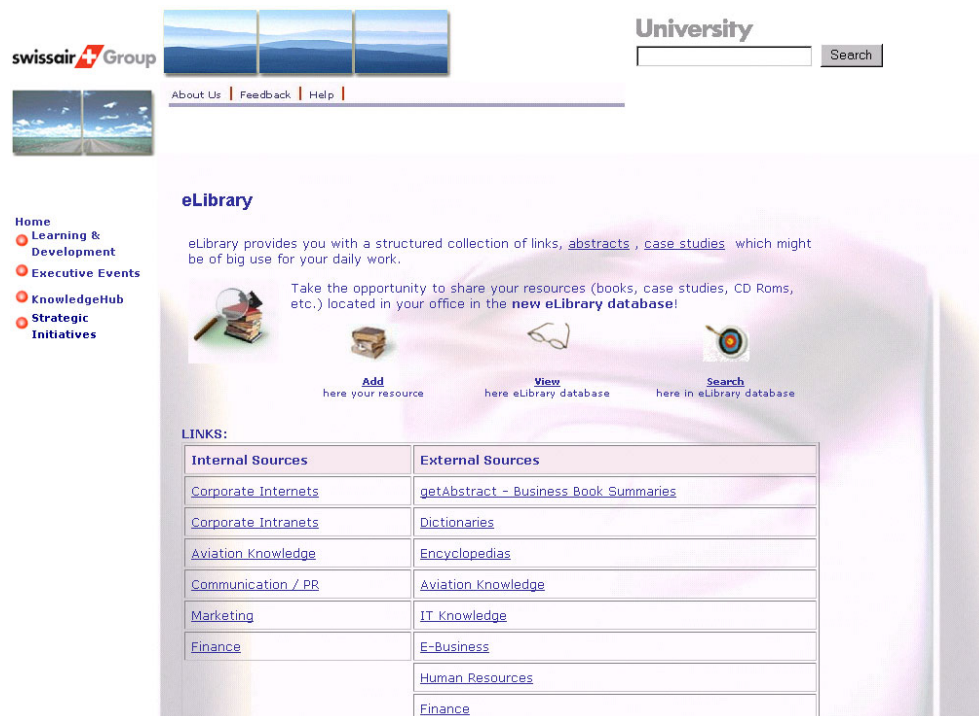
Swissair Group University also offered, by invitation only, the opportunity to participate in the Curriculum 2 (C2) program, which was designed to develop talented employees who demonstrated the potential to hold challenging middle management positions. The twenty-day program addressed a range of issues, including personal development, leadership training, and cross-cultural networking. The C2 program ran two to three times per year and the costs of the program were charged back to the business units, which nominated candidates for the program.

4.2.2.5 Knowledge Hub

The Knowledge Hub, which was the foundation of Swissair Group University, served as a platform for knowledge exchange and the facilitation of work processes. KnowledgeHub was comprised of the following three areas:

- Communities: knowledge exchange across departments, business units and geographical regions. This also included links to various communities within Swissair Group.
- Tools and Methods: a best practice collection of templates, forms and descriptions of procedures used in-house to assist employees with activities such as problem solving, project management, work flows, etc.
- eLibrary: a source that provided access to internal & external information as well as knowledge. Users could search the e-Library database for books, case studies, newspapers, and magazines and then contact the owner to arrange for a loan. They could also gain access to online dictionaries and links to portals that featured relevant management topics.

Figure 10: Screen shot eLibrary



Source: Swissair Group

4.2.3 Internal Consulting

As part of the Change 2001 initiative, Swissair Group University also evaluated the possibility of linking up with the Group's internal consulting operations. The main objectives were: (1) to build up a competence center for consulting know-how within Swissair Group, (2) to serve as a personnel marketing and a retention tool, and (3) to capture internal knowledge and facilitate knowledge exchange.

Another option that Swissair Group University considered was shared service centers with "consulting-like" services, such as project management support. This service center would also act as a research department within Swissair Group.

4.2.4 Emphasizing Learning & Development

Opportunities for Learning & Development were woven into each pillar of Swissair Group University. Given that learning would no doubt play a key role in Swissair Group's success in the future, one of Swissair Group University's primary objectives was to support the organization's need to have highly skilled, knowledgeable employees. To meet this need, Swissair Group University offered employees opportunities to take internal and external courses, as well as online courses.

- *Internal Courses:* Swissair Group University compiled a listing of courses that were available internally. The courses were organized by category (e.g., Finance, Project Management, etc.) and by business unit (e.g., GateGourmet, Swissair, etc.). In 2001, Swissair Group University began to look at ways to standardize its course offering where appropriate and considered offering many courses through Swissair Group University.
- *External Courses:* Swissair Group employees also had the option of selecting courses from external providers if they

needed to develop skills that are not covered by courses offered internally. However, courses chosen needed to be relevant for the company; Swissair Group also discussed with the employee whether the company would pay the course fee and if the employee would receive time off from work. Employees could visit the Swissair Group University website to review the course offerings of leading business schools and recognized training centers around the world. In certain instances, employees could even access evaluations of certain courses and programs that had been attended by fellow Swissair Group employees.

- *E-Learning*: The overall objectives of E-Learning at Swissair Group were to increase efficiency by (1) providing more training and more learning content to more individuals; (2) offering Swissair Group-specific content; and (3) distributing relevant content worldwide. By adopting E-Learning, Swissair Group hoped to save costs by reducing travel and accommodation costs. The company also believed that it could reduce the amount of time individuals needed to be away from work. Swissair Group also planned to improve training and learning outcomes by: (1) meeting learning needs, (2) adapting to the user's learning style, path and pace, and (3) providing training and learning when and where it was needed.

4.2.5 Computer-Based Training and Online Learning

In response to growing individual learning needs, Swissair Group University offered an online catalogue of generic E-Learning courses to all employees via its Swissair Group University Portal.

In mid-2001, courses on business-related topics such as business and financial strategy, marketing, operations, accounting and customer service were made available. Courses on topics that dealt with soft management skills and

behavioral skills were being evaluated, though plans were in place to begin offering such courses by the end of 2001.

All courses were initially available offline as computer-based training (CBT) because of company-wide bandwidth-restrictions, though such courses were followed up by online tutoring via virtual classrooms. Swissair Group University passed along the cost of the computer-based training courses to either the individual or to the relevant business unit.

All courses could be used as “stand-alone solutions”, single training for an individual, or as part of a blended learning solution (combined with instructor-led training).

4.2.6 Online “Best-Practice Performance and Reference Guide”

In 2001, Swissair Group University worked on a self-developed online reference guide that would be made available company-wide by summer 2002. The guide planned to provide easy and fast information that was relevant, and methods and tools on topics like time management, running a meeting, coaching or team management. The guide would serve as a “first-aid kit” for employees looking for a quick and applicable solution that was Swissair Group-specific and Swissair Group-relevant.

Until the online reference guide was completed, Swissair Group University provided certain users with access to the Harvard ManageMentor, a highly regarded online management reference tool.

4.2.7 E-Learning for Managers

Swissair Group University also planned to offer E-Learning for its top 250 managers by integrating E-Learning components into existing management development programs (Blended Learning Solutions).

Starting in 2002, Swissair Group University intended to use computer-based training to provide fundamental know-how on business topics and to replace

the instructor-led training for that knowledge step by step. The rationale for such a replacement was to use trainer time for more advanced subjects and to increase the outcome of training seminars.

Swissair Group University believed that providing fundamental know-how before the training seminar would allow its coaches to start working with a group of learners that had a homogeneous basis of knowledge. The coach could then build on a higher level of know-how. Also, the course or seminar could become more interesting for the participants, who perhaps would be more involved and engaged, thus improving the overall outcome of the seminar.

Besides E-Learning content, E-Learning tools such as virtual classrooms, discussion forums and other collaborative tools were incorporated into the concept of management development programs, to support the learning process and to support the team and project work during the program.

4.2.8 Closing Remarks

In mid-2001, Swissair Group University continued to look at ways to improve its offering and to better coordinate its products and services with those offered by Swissair Group's business units. The main challenges of Swissair Group University continued to be: (1) managing expectations, (2) the need to gain acceptance by proving that it added value, (3) avoiding the perception that it was an elitist tool, and (4) obtaining the necessary funding in a tight financial environment.

Despite these challenges, Swissair Group University enjoyed successes. The university was well received, and many perceived that there was a need to build up a corporate university. Also, Swissair Group University was able to achieve synergies by coordinating its activities with what Swissair Group business units offered.

Among the lessons learned were 'Start small, but aim big'. The team also believed that it could employ the existing avenues of communication within Swissair Group to better promote the corporate university. Finally, the team

believed that they could have made the corporate university more interactive for employees.

Nevertheless, Swissair Group University continued its efforts to deliver excellent service to its stakeholders, and remained focused on its core objectives, which were:

- To provide significant opportunities for learning and development
- To expose executives to the latest thinking on a range of management topics
- To leverage individual knowledge at Swissair Group
 - by providing a knowledge exchange platform
 - by creating synergies across business units
- To communicate and support Swissair Group's strategic priorities
- To help strengthen Swissair Group's corporate culture

After the first six months of operation, the management development team had an opportunity to sit with Matthias Mölleney, Chief Personnel Officer, to discuss the future of Swissair Group University. Among the issues discussed were the future direction of the corporate university and where to focus the team's time and resources.

Mölleney explained that first and foremost, Swissair Group University should focus on providing high impact deliverables that meet the needs of the heads of the various Swissair Group business units. He also emphasized that the team should concentrate on heavily supporting the Change 2001 Initiative, a project that CEO Mario A. Corti created to achieve cost reductions and create synergies at Swissair Group. Finally, Mölleney advised the team to incorporate the Change 2001 Initiative into the management development curriculum and to provide even more opportunities for Swissair Group employees to develop their skills.

4.3 Executive Development in Practice at Swissair Group

As demonstrated by the launch of Swissair Group University, Swissair Group placed significant emphasis on the development of its executives. This section describes the company's efforts to align development with strategy, as well as the leadership competencies defined by the group. In addition, top management support for executive development initiatives and the link between corporate culture and executive development will be addressed.

4.3.1 Aligning Development and Organizational Strategy

One of the primary goals of the management development team at Swissair Group was to align development with corporate strategy. To achieve this, the management development team:

- reviewed the Group's business plan;
- organized workshops with members of the Qualifyer alliance in order to have people think together, since it was believed that the strategy, the different cultures of the alliance members, and their mindsets did not fit well together;
- asked Group Executive Management (GEM) to make suggestions – for example, Philippe Bruggisser suggested creating the MD Pool (*Refer to section 4.2.2.2 of this chapter*); and
- proposed the creation of the Corporate Management Colloquia (CMC), held several times per year, in order to increase networking opportunities and challenge the top management's thinking (*Refer to section 4.2.2.1 of this chapter*).

Erich Egloff, head of Management Development at Swissair Group, indicated that the Top Management Event, held once per year for the most senior managers, was also considered key in linking executive development to the overall organizational strategy (*Refer to section 4.2.2.1 of this chapter*). Likewise, Egloff explained that Swissair Group used succession planning to link executive development and strategy (*Refer to References and Appendices*,

section 4.3.1 and 4.3.2 for an overview of succession planning at Swissair Group). Finally, Egloff noted that the primary objective of Swissair Group University, discussed earlier in this chapter, had been to improve alignment between executive development and corporate strategy; therefore, practically all of the actions undertaken by the management development team were incorporated into the corporate university.

4.3.2 Identifying Leadership Competencies

The management development team at Swissair Group paid particular attention to leadership competencies as part of its efforts to develop executives. To identify leadership competencies, the management development team at Swissair Group:

- developed a leadership competency framework that was approved by Group Executive Management (*Refer to References and Appendices, section 4.4*);
- reviewed the Group's business plan;
- benchmarked within the Group (e.g., Swissair Group corporate reviewed what the management development team at Gate Gourmet and SR Technics had already put in place to generate ideas);

The leadership competencies, which were used on an international basis, did not consciously reflect the strategy. Nevertheless, Group Executive Management supported the competencies that had been identified.

4.3.3 Top Management Support

The management development team had the support of top management for executive development at Swissair Group. For example, the CEO often participated in the process to select candidates for MD Pool and C2 (*For background information on the C2 program, refer to section 4.2.2.4 of this chapter*). Former CEO Philippe Bruggisser had remarked:

“If we want to differentiate ourselves from other competitors, it can only be done through people,

and not so much through systems, airplanes, or other hardware...Therefore, it is important that we retain the most talented and the most valuable people...We must attract talent from outside, and we must make sure that our managers and our young people are developed. We want these people to stay in the company, not only because of the salary, but because they are motivated, because they like what they are doing, and because they love their job (Visions 2000:2).”

Although Egloff was pleased that the CEO supported executive development, he did feel that the CEO could have been even more involved in succession planning. Another observer noted that weak succession planning contributed to the crisis the company faced in 2001. This was confirmed by the brief tenure of the CEOs who immediately succeeded Bruggisser.

The former CFO of Swissair Group, Georges Schorderet, was also available and quite supportive of executive development, often taking the time to participate in programs. Schorderet commented:

“We need to make sure that our people are getting the best support for their development because only developed people will allow the company to develop over time. If we want to be ‘Best in Class’, I think we have to make sure that we develop our people, that we pay more attention to the selection of the people, and that we become multicultural (Visions 2000:4).”

Finally, another Executive Vice-President, Ray Lyons, also supported executive development at Swissair Group. He stated:

“We really need to manage people’s development in a holistic and coherent sense. We have to really work on the development of our people to ensure that whilst they might join us as very good, they end up as world-class performers (Visions 2000:6).”

4.3.4 The Link Between Corporate Culture & Executive Development

As a collective group, Group Executive Management, or GEM, was not considered to be that supportive of executive development, even though the CEO and CFO were strong supporters of executive development. (Generally speaking, GEM consisted of the CEO and CFO of Swissair Group, the head of Human Resources for Swissair Group, and the CEO of each business unit, with some exceptions.) In particular, it was difficult to bring GEM together and integrate them smoothly into executive development programs, primarily due to their differences with each other.

Some GEM members, who were also heads of business units, were quite supportive of development; for example, Wolfgang Werlé supported development and often challenged his senior team to develop themselves further. However, other heads of business units openly questioned the value of management development to the business. In one particular business unit, SR Technics, the unit head tended to be very protective of the unit’s high potentials.

It is also worth noting that senior management did not create development plans for themselves. This prompted one observer to state that executive development needed to start at the top. However, plans were underway to offer more development opportunities to the most senior managers, even as the company struggled to deal with its financial crisis in 2001.

The policy for development at Group level was fairly straightforward, although some development opportunities were exclusively available to managers based on their position in the company. Also, each business unit had considerable

freedom in how it developed its managers, although attempts were made in 2001 to avoid duplication of efforts at the group and business unit level. Egloff noted that a strong connection existed between corporate culture and executive development. In fact, he suggested that Swissair Group's strong orientation towards decentralization often made it very difficult to implement ideas.

4.4. Tools for Developing Executives at Swissair Group

The tools primarily used to develop executives included: (1) classroom-based lectures, (2) guest speakers, (3) panel discussions, and (4) e-learning, which was in its beginning stages in 2001. Swissair Group, on a limited basis, did use coaching and mentoring as development techniques. Egloff stated that not enough coaching and mentoring was done. He added that top managers were not always good as mentors. Moreover, Egloff noted, some aspiring managers tended to abuse the mentoring relationship, especially when they had a hidden agenda to get promoted.

Learning consortia had never been seriously considered as a tool for developing executives in the past, although the idea was again considered in 2001. 360-degree feedback was used by some business units, such as Swissair and Gate Gourmet. In order to be admitted to the C2 program, applicants were required to take part in 360-feedback exercises.

Job rotations were not used to any significant degree, although former CEO Philippe Bruggisser encouraged job rotations abroad. He also strongly encouraged managers to gain experience in a different function. Egloff emphasized, however, that job rotations were not done in a very targeted manner, and depended heavily on the CEO.

To facilitate the executive development process, the management development team used Management File, a special database with detailed information on key managers. The team used Management File to search for and track high potential managers at Swissair Group. Despite the range of tools that were available to develop managers at Swissair Group, Egloff stressed that

development was the responsibility of the individual manager and that no development contract existed.

4.5 Methodologies Used at Swissair Group

The management development team at Swissair Group employed a number of different methodologies in executive development programs, with varying degrees of success. For example, *case studies* were used extensively. Swissair Group University began keeping a database of cases, as well as books and other learning materials for those managers who were interested. In particular, Swissair Group University collected case studies written on competing airlines as well as cases written on Swissair Group companies.

Outdoor exercises were also used regularly at Group level for participants in the C2 program and MD Pool. Rudolf Wenger, a member of the Swissair Group University team, was very experienced in using outdoor exercises. In addition to drawing upon his own experience, Wenger also used external facilitators who were specialized in outdoor exercises.

To a lesser extent, the management development team at Swissair Group used *simulations*. Simulations based on the airline industry were not abundant, though they did exist. In fact, Lufthansa had developed its own sophisticated simulation exercise that it used extensively to develop managers.

Storytelling was used only informally as a methodology. However, Swissair Group did at one point use *business theatre* at the Top Management Event. According to Egloff, theatrical actors were brought in for an exercise, which was very well received by the participants. To some extent, the management development team also incorporated *role-playing* in the development offering.

Finally, Swissair Group sought to use *action learning* as a methodology to develop executives. At one point, action learning was a high priority, but it fell by the wayside because it was hard to secure meaningful projects for high potentials to tackle as part of their development.

4.6 Optimizing Executive Development

At Swissair Group, the management development team was faced with several challenges as it sought to optimize development. The following sections specifically address learning considerations, training effectiveness and learning, the evaluation of executive development programs, as well as other issues the management development team faced in developing and delivering executive development programs.

4.6.1 Learner Considerations

At Swissair Group, development was not customized to the individual. However, it was believed that e-learning could be used to better customize development and reach more managers in a cost-effective manner. Although no formal steps had been taken to consider the learning styles or other constraints of executives so that development could be more tailored to the individual, the researcher, while employed at Swissair Group, had begun to develop a procedure to customize development that will be addressed in the final chapter of this dissertation.

4.6.2 Training Effectiveness and Learning

Although efforts were made to link development activities to the manager's job in order to bring about change, it was considered a major challenge. Egloff believed on-the-job application of learning tended to work only when the manager was eager to apply what had been learned.

In general, Swissair Group did not aim to train managers to develop a specific behavioral skill. It was hoped that learning would open the manager's eyes and perhaps change his/her attitude toward learning. Still, the management development team always hoped to bring about behavioral change.

4.6.3 Evaluation of Executive Development Programs

Evaluation of programs was mostly done at level 1, i.e., only participant satisfaction was measured. The management development team did sometimes solicit feedback from the participants' superiors, to see if learning had actually

occurred, which Phillips (1998) refers to as level 2 effectiveness (*For a review of the five levels of training and development effectiveness, refer to section 4.3 of the Theoretical Framework*). Also, MD Pool participants did engage in a second round of 360-degree feedback, which was also considered as level 2 effectiveness.

While no other formal metrics were used to evaluate programs, it was believed that if the CEO was satisfied with the outcome, then the program was a success. The CEO's opinion, in this regard, was the most important criterion for success.

4.6.4 Challenges

One of the primary challenges for the management development team was the cost of executive development programs. Swissair Group corporate bore the costs of the MD Pool. Likewise, corporate paid for executive development events, such as the Corporate Management Colloquia and the Top Management Event. However, for the C2 program, the participant's business unit was expected to pay. The total budget for executive development at group level was roughly 5 million Swiss Francs in 2001.

Another significant challenge for the management development team was figuring out a way to make work and learning more interrelated. Egloff suggested that managers should not think of executive development as training per se, but instead they should: (1) focus on their work, (2) stop, think and reflect, and then (3) seek to improve themselves.

Generally speaking, the Top Management Event, the Corporate Management Colloquia, MD Pool, and Swissair Group University were all very successful, even though it was believed that these successes had not significantly impacted the bottom line. Egloff considered the key success factors to be: (1) the credibility of the management development team, (2) the support of the CEO, (3) the integration of services, and (4) the ability of the management development team to understand and speak the language of the business. In

particular, Egloff considered it an honor to have the line management trust the management development team to create development opportunities for them. However, the management development team did experience some failures. In particular, the alliance support was considered weak. Also, Egloff felt that perhaps some of the efforts were not linked enough to the corporate strategy, and that the team could not always deliver enough value in the time given. Moreover, he felt that the group had not sufficiently resolved the centralization/decentralization issue in a satisfactory manner.

Executives could also be quite critical. For example, executives tended to criticize the trainers, and the size of the group, since in certain programs, the enrollment could exceed 40 participants. Also, executives tended to have very high expectations after they were selected for further development. Many often wondered why they were not promoted faster, since they had, after all, been identified as high potentials.

4.6.5 Final Considerations

To conclude, the researcher posed a series of questions that were designed to capture the interviewee's thoughts and opinions on issues ranging from job satisfaction of executives who participated in development programs to the advantages and disadvantages of offering tailored development solutions.

Q: Do you believe that development increases job satisfaction and voluntary loyalty in the organization?

A: Yes. Development did increase loyalty of managers at Swissair Group. Development also tended to increase job satisfaction, but to a lesser extent than it impacted loyalty. It is worth noting that some managers left the company because they were not selected for MD Pool; this was, in effect, a form of out-of-the-job development, since it suggested that these managers were not considered as high performers in the roles they were currently in and needed to be reassigned or terminated.

Q: Did the executive development process create “excitement” or motivate executives to learn?

A: It varied. Some managers were keen to learn. Others considered development as important, though it was given a lower priority than some of their other tasks.

Q: Is there someone other than the superior who can coach/advise executives on development?

A: Yes. However, this process was not formalized.

Q: If development were customized, what are the advantages? disadvantages?

A: The advantages are: (1) the employee can take more responsibility for development, (2) the employee can do it the way they like to do it, and (3) work and learning are closer together, although there may be a need for coaching.

No clear disadvantages come to mind. However, some challenges do exist when attempting to customize development, such as: (1) learning to work with people with different mindsets about learning and development, (2) the tendency for the management development team produce a thick manual of development opportunities, since it is something tangible that can be shown, and (3) gaining the trust of managers so that they are comfortable with the management development team.

5 Research Findings – Zurich Financial Services

5.1 Zurich Financial Services: Company Background

Zurich Financial Services Group, founded in 1872, is a leading provider of financial protection and wealth accumulation solutions for 35 million customers in over 60 countries. Headquartered in Zurich, Switzerland and employing over 70,000 people worldwide, Zurich Financial Services offers a wide spectrum of tailored solutions in financial protection, insurance, risk management and asset management for individuals and companies.

Zurich primarily sells non-life insurance and life insurance to individuals. Examples of non-life insurance include property, accident, health, auto, liability, specialty lines and financial risk coverage. For small businesses, corporations, and multinational companies, Zurich offers non-life, life, and risk management insurance. For both individuals and businesses, Zurich also offers investment and retirement planning products and services. According to the company literature, its products and solutions are designed “to insure the assets that customers already have and help them invest for the future”.

Zurich distributes its products through a variety of channels, including its own sales force, brokers, banks, partners, alliances, direct marketing and the Internet. With its global spread and cross-business connections, the firm draws on the expertise of a worldwide network of Zurich professionals and business partners in key markets, such as North America, the UK, Continental Europe, and Switzerland.

In 2002, Zurich underwent a series of changes involving its leadership and its strategic repositioning. In terms of leadership, a new CEO, James Schiro, arrived in May 2002 to replace embattled CEO Rolf Hüppi, and a new Chairman of the Board, Lodewijk van Wachem, also took over in 2002. In terms of the company’s repositioning, decisions were taken involving the divestment of reinsurance and certain asset management businesses.

The company's organization structure in 2002 was centered on autonomously operating strategic business units, which were clustered into five business divisions: four geographic business divisions and one global division. Normalized net income in 2001 totaled USD 348 million (*To review Zurich's financial performance, refer to References and Appendices, section 4.5*).

5.2 Zurich Development Center

Zurich Development Center, overlooking Lake Zurich, is the company's 11,500 square meter campus that also serves as the corporate training center. Traditional Swiss chalets, built in the early 1900's, are complemented by the latest technology. The campus includes six main buildings as well as park areas. In all, the Zurich Development Center offers:

- 11 labs, equipped with the latest technology;
- a 200 seat Auditorium with satellite television, multimedia presentation capabilities, as well as floor-located "multi-media" ports for audience participation;
- the Knowledge Hub, a one-of-a-kind virtual information center, with access to a world of information resources using the latest technology;
- the Library with business and historical reference materials;
- the Interplay Room to explore the Internet, play computer games, and embrace technology;
- two lounges for comfortable small group gatherings in a relaxing atmosphere, with self-serve beverages and snacks;
- 83 guest rooms, all with private bath;
- a 150 seat restaurant; and
- a Wellness Center

Zurich Development Center is also the home of Zurich's Leadership Education and Development process, also referred to as LEAD. LEAD is one of the flagship initiatives at Zurich for developing executives.

5.3 Executive Development in Practice at Zurich Financial Services

Development at Zurich Financial Services is partly centralized at the Group level and decentralized at the business unit level. At Group level, the management development team works closely with professionals from the business units. Paul Tuck, Group Talent Manager, and Dr. Jens Maier, Head of Corporate Capability Development, among others, ensure that talent is identified and developed in the organization at the Group level. Tuck and Maier both report to Hanneke Frese, Head of Group Capabilities. Zurich develops internal talent through local programs as well as regional and Group programs, such as the Asia Academy, the EXED program for mid-level managers, and LEAD.

5.3.1 Aligning Development and Organizational Strategy

According to Tuck and Maier, the purpose of LEAD is to align development with strategy. LEAD grew out of the need to focus more on strategic leadership, instead of strategic management, which had been the emphasis of the company from its inception over a century ago until 1996. LEAD targets the top 1500 managers, and offers the following development modules that run from 3.5 days to 2 weeks:

- Module 1 - Activation
- Module 2 - Innovation
- Module 3 - Results-based Leadership
- Module 4 - Driving Performance

LEAD Activation includes: (1) discussions on creating value, (2) discussions on innovation, and (3) a discussion of strategy with Zurich Financial Services board members. *LEAD Innovation* focuses on creating new business concepts based on: (1) customer insight research, (2) innovation as a key capability, and (3) research of the competitive landscape. *LEAD Results-Based Leadership* stresses: (1) bringing in the results of 360° feedback, (2) debating key leadership challenges around talent, speed, and accountability, and (3) obtaining practical tools for implementation. Finally, *LEAD Driving*

Performance stresses: (1) discussion of practical tools for creating corporate value, business performance, and individual performance, and (2) the application of performance measures in the corporate context.

LEAD also has a component called LEAD Specials, where participants create a shared strategic agenda based on:

- Shared mindset
- Shared logic
- Shared language
- Shared processes

Since LEAD was launched in 1999, 32 LEAD Activation modules have been completed, involving over 700 individuals. Likewise, 10 LEAD Innovation modules, 11 LEAD Results-based Leadership modules, and 3 LEAD Driving Performance modules have been completed.

Maier does not publish a brochure to sell LEAD internally; it is marketed by word of mouth. It is believed that a glossy brochure would be detrimental, in that people would see it as just another program created by the Group.

Maier stresses that LEAD is a process, not a program. Its primary goal is to get participants to adopt new ways of thinking and acting. LEAD is in some respects an action learning project, and several innovations have come out of it.

Some of the criticisms of LEAD are that: (1) some participants believe that cost cutting should be emphasized, (2) innovation is not the right idea to pursue at this stage in the company, and (3) the process is too linked to Rolf Hüppi, the former CEO. While James Schiro, the newly appointed CEO, does support LEAD, there is the possibility that LEAD could disappear at the corporate level.

5.3.2 Identifying Leadership Competencies

Zurich Financial Services has developed a 12 factor leadership competency model, which is referred to internally as the Zurich Executive Capabilities. The capabilities are linked to the company's vision, mission, and business plan (*To review Zurich's Executive Capabilities, refer to References and Appendices, section 4.6*).

According to Tuck, over 500 managers have used the executive capabilities to become more effective leaders. These managers represent the more senior management population, which could be described as 1-3 layers below the CEO. It is worth noting that Group Executive Management (GEM) has not been studied.

The model takes into account individual capabilities as well as organizational capabilities. In its earlier version, the model contained 20 competencies, but it was found that with just 12 competencies, the model is more efficient.

5.3.3 Top Management Support

The previous CEO, Rolf Hüppi, frequently attended executive development programs, and took part in fireside chats with up and coming managers. Generally speaking, top management does not force people to take part in development initiatives, nor do they act as tutors. It is possible that in the future, top managers could act as trainers.

5.3.4 The Link Between Corporate Culture & Executive Development

The culture at Zurich Financial Services encourages development, but it does not require it. Managers can "take it or leave it". Also, development is needs driven. According to Tuck, the corporate culture at Zurich Financial Services could be strengthened.

Table 25: Core Values at Zurich Financial Services¹

CORE VALUES	DESCRIPTION
▪ Customer dedication	Starts with the needs and expectations of customers
▪ Pioneering	Energy and willingness to innovate continuously and creatively explore new options
▪ Excellence	Superior performance and aiming for the highest quality
▪ Employee contribution	Recognizes that every employee counts and assists each to give his or her best
▪ Integrity	Guided by what is proper and what makes us professionally and personally proud

¹ From these values, Zurich derives basic principles that serve as added reference points for its activities. These principles center on creating value, stretching, trust, respect, fairness, cooperation, compliance with legal and other obligations, sound governance, and corporate citizenship. Together with the values and vision, they form Zurich's fundamentals, or the Zurich *Basics*.

Source: Zurich Financial Services website

Zurich does have a people management policy and a budget for staff and management development activities. Also, an objectives agreement and performance appraisal are carried out before each promotion, forming the basis for the evaluation of management potential using special tools (e.g., the Assessment Center). This information is then incorporated into individual development plans (e.g., working on / managing comprehensive projects). Therefore, managers can have a development goal as part of their performance appraisal. In addition, a short term incentive plan exists, but the goal is to reward performance, not attendance at programs.

5.4. Tools for Developing Executives at Zurich Financial Services

According to Tuck, the primary tools used to develop executives at Zurich include: (1) e-learning, (2) 360° feedback, (3) coaching, (4) mentoring, (5) consortia, and (6) job rotations. *E-learning* has been introduced at Zurich and is currently being used in two locations. Although Zurich has no Group-wide platform for e-learning, Tuck feels that such a platform would be beneficial for the group.

Zurich also uses *360° feedback* as an Internet-based tool that is optional at the company, although some courses require that participants complete the feedback exercise. However, users complain about technical problems encountered when logging on to use the tool. It is important to note that *360° feedback* is used only for development at Zurich, not for appraisals.

Coaching is not formally used as a tool at Zurich, although it is used sporadically in the organization. Tuck indicated that Zurich is looking into developing a consortia of coaches. Likewise, *mentoring* programs are not institutionalized at Zurich, although mentoring is formally and informally encouraged. Tuck believes that the best people seek it out on their own. Also, *learning consortia* do not exist at Group level, although the company is a member of several different schemes. Consortia are not part of the educational portfolio.

Although not used formally, *job rotations* that are stretch assignments are considered to be an effective mechanism for developing high potentials. According to Tuck, the corporate culture is such that one top manager usually calls another top manager to place a high potential in an assignment so that he or she can gain the experience needed. The “old boy” network is firmly in place at Zurich Financial Services, and this is a challenge for the organization.

5.5 Methodologies Used at Zurich Financial Services

To develop executives, Zurich does not have a particular methodology that it prefers to all others. Therefore, the organization tends to use a combination of the most common methodologies, including case studies, outdoor exercises, simulations, storytelling, and action learning.

Tuck believes that a combination of the methodologies is more effective than a traditional learning approach. He adds that he does not see any significant difference in the methodologies, although it is important to understand the merits of each method and tailor choice of methodology to the situation. However, he noted that the company did successfully run an event on innovation by bringing in actors from the performing arts. It was considered

fun and it helped participants to identify new business opportunities. Moreover, Tuck did add that at Zurich, action learning is the hub around the individual. The organization sets goals and expects the manager to perform, i.e. learning by doing.

5.6 Optimizing Executive Development

At Zurich, optimizing development is still a challenge. The following sections specifically address learning considerations, training effectiveness and learning, the evaluation of executive development programs, as well as other issues faced in developing and delivering executive development programs.

5.6.1 Learner Considerations

At Zurich, development is somewhat customized to the individual. At the business unit level, Tuck believes that it is possible to tailor development to the individual because the management development function is closer to the learner. However, at the Group level, he believes that it is less likely. The fact that the organization does acknowledge that customization is important is evidenced in the internal document on developing leadership competencies. It reads:

Consider the most appropriate ways to get the development you need. A number of people use coaching help, undertake work assignments or participate in training programs. You need to determine what will work best for you given your goal, then plan it and make sure it happens.

Moreover, the company website states: “We provide on-the-job training, plus you will have the opportunity to participate in training courses tailored to your specific needs.”

Tuck stresses that when attempting to tailor solutions, supply must meet demand. In addition, he states that it is important to offer e-learning or a library. Tuck also notes that the range of offerings is deeper for high potentials

and corporate uses its budget more for these individuals, in order to maximize the investment.

5.6.2 Training Effectiveness and Learning

Tuck does not believe Zurich does enough to transfer learning back to the workplace. He comments, “It is hard to transfer learning into performance, or to ‘make it live’.” Tuck definitely feels that is impossible to transfer learning with a one-size-fits-all model, and argues that classroom learning can be a massive waste of potential. Nevertheless, he believes that Zurich could ask for more feedback during the appraisal of the manager to assess the impact of learning.

5.6.3 Evaluation of Executive Development Programs

Evaluation of programs is mostly done at level 1, i.e., only participant satisfaction is measured. In some instances, Zurich solicits feedback from the participants to see if learning has actually occurred, which Phillips (1998) refers to as level 2 effectiveness (*For a review of the five levels of training and development effectiveness, refer to section 4.3 of the Theoretical Framework*).

Tuck feels that on an individual level, learning can be evaluated at levels 3, 4 and 5. He adds, however, that this is easier to gauge at the business unit level, not at the corporate level. In his position in the UK, a learner target and a business target was used, which made it possible to calculate the return on investment in cash.

5.6.4 Challenges

Tuck notes that the corporate culture presents a challenge at Zurich. Because control is driven from the center, the business units focus mostly on hitting their numbers. This in turn leads to business units focusing inwards and downwards. As a result, the business units tend to view Group level activities with skepticism. In addition, Tuck believes that Zurich could benefit from networking skills and persuasion skills. In particular, he sees being a team player as important for the future.

When asked about past successes and failures in executive development, Tuck revealed that the following factors lead to successful learning initiatives at Zurich: (1) the event is seen as demonstrating value and (2) the participants can do more than when they started. However, Tuck believes the following factors lead to failed learning initiatives: (1) lack of support/commitment, (2) a one-size-fits-all approach, (3) a disconnect with the business, (4) expensive but inefficient programs, (5) failure to demonstrate value, and (6) politics. Tuck stressed that the management development team at Zurich should not be satisfied if participants like the program – it must add value and lead to skill improvement.

5.6.5 Final Considerations

To conclude, the researcher posed a series of questions that were designed to capture the interviewee's thoughts and opinions on issues ranging from job satisfaction of executives who participated in development programs to the advantages and disadvantages of offering tailored development solutions.

Q: Do you believe that development increases job satisfaction and voluntary loyalty in the organization?

A: Yes, although Zurich could do more in this area. Being invited to attend LEAD has led to retention in some cases. However, some managers who have not been accepted into LEAD have chosen to leave the company.

Q: Did the executive development process create “excitement” or motivate executives to learn?

A: Yes, when managers are motivated, they retain the content better. Creating excitement is a worthy goal and should be kept in mind when engineering the experience.

Q: Is there someone other than the superior who can coach/advise executives on development?

A: Yes.

Q: If development were customized, what are the advantages? disadvantages?

A: The disadvantages are cost, time, resources, and the extra effort needed to customize. The advantages are that customized development is more focused. However, before the decision is made to customize, one should ask, will I get the same result from something that is not customized?

Development should be customized if: (1) the skill to be acquired is something that Zurich already does, (2) it is a core skill, (3) Zurich has a competitive advantage, and (4) it is essential that Zurich transfer depth of knowledge to the learner.

6 Research Findings – Nestlé

6.1 Nestlé: Company Background

Nestlé, headquartered in Vevey, Switzerland, has become the world's largest food company. With a total workforce of 225,000 people in some 479 factories worldwide, Nestlé posted 2001 sales of approximately 84.7 billion Swiss francs. The company's principle lines of business include: (1) beverages, (2) milk products, nutrition and ice cream, (3) prepared dishes, cooking aids and petcare, (4) chocolate, confectionary and biscuits, and (5) pharmaceutical products.

Table 26: Nestlé Financial Performance 2000-2001

Financial Information <i>in millions of Swiss Francs</i>	2001	2000
Sales	84,698	81,422
EBITDA	12,444	12,516
EBITA	9,713	9,600
Trading Profit	9,218	9,186
Net Profit	6,681	5,763
Capital Expenditure	3,611	3,305
Equity	33,653	29,904
Market Capitalization, end December	137,230	146,864

Source: Nestlé Management Report 2001

Nestlé's origins date back to the mid-1860s when Henri Nestlé, a trained pharmacist, began experimenting with various combinations of cow's milk, wheat flour and sugar in an attempt to develop an alternative source of infant nutrition for mothers who were unable to breastfeed. His ultimate goal was to help combat the problem of infant mortality due to malnutrition.

Today, with its strong portfolio of brands, (*Refer to References and Appendices, section 4.7*), Nestlé seeks to maintain its leadership position in the global market. According to the company, maintaining a leadership position under rapidly changing circumstances requires a degree of agility not normally associated with a company its size. Therefore, the company's strategy will continue to be guided by several fundamental principles. Existing products

will continue to grow through innovation and renovation, while the company maintains a balance in geographic activities and product lines.

Nestlé asserts that long-term potential will never be sacrificed for short-term performance and that its priority will be to bring the best and most relevant products to people, wherever they are, whatever their needs, throughout their lives. Specifically, Nestlé's four pillar strategy consists of:

- *Operational efficiency:* Low cost, efficient production that optimizes output and ensure that investments work hard. With more than 468 factories in 84 countries, Nestlé believes that there is a significant opportunity to take costs out of the business by focusing on improving operational performance within the factories. Since 1997, Nestlé has achieved cost savings of more than 4 billion Swiss Francs.
- *Innovation and Renovation:* Nestlé claims, “Innovation and renovation ensures that our portfolio of products is continually refreshed through new products and brands, derivatives of existing products, brand extensions or packaging innovations. It is the result of close teamwork between our R&D and marketing people.”
- *Consumer Communication:* Nestlé hopes to achieve this objective by constantly talking to consumers and making them aware of the brand and the benefits they offer; the ultimate goal is to ensure that the company's brands appeal to consumers, and thereby build brand loyalty.
- *Whenever, wherever, however:* The company states that product availability, which its calls ‘whenever, wherever, however’, is the natural partner to innovation and renovation because the best products deserve the best distribution. The company adds, “Our objective is simply that our consumers should be able to find our products everywhere at any time of the day.”

6.2 Nestlé International Training and Conference Centre at Rive-Reine

Founded in 1971, the Nestlé International Training and Conference Centre, which is referred to internally as Rive-Reine, is where Nestlé people from all over the world meet to exchange information and ideas in seminars and training courses. In addition to Rive-Reine, which is situated in La Tour-de-Peilz near the company's headquarters, Nestlé has five training centres in France, the UK, Spain, Mexico and Brazil. Rive-Reine serves as the model for the other locally-based Nestlé training centers and helps ensure a unified approach for all of the company's training centers (Heer 1991).

Rive-Reine offers three types of courses, all aimed at creating leaders who will prove to be the 'agents of change':

1. *General courses*: by allocation only; when demand is higher than supply, top management decides how to allocate the seats;
2. *By invitation only*: these courses are reserved for senior managers; and
3. *Free courses*: these courses are offered on a first come, first served basis.

The course areas include *Business Development, Marketing and Sales, Finance and Control, and Production and R&D*. Generally speaking, courses are: (a) 1/3 given by course leaders, (b) 1/3 given by external professors or consultants, and (c) 1/3 given by Nestlé internal experts. Also, approximately 2/3 of Rive-Reine's 70 courses highlight Nestlé best practice. The business units usually decide which participants it will send to Rive-Reine, although there is a formal application process in place to screen candidates. Approximately 2000 participants attend courses each year at the centre.

6.3 Executive Development in Practice at Nestlé

Development at Nestlé is both centralized and decentralized. Victor Artzimovitch is the Head of Training at Rive-Reine, while Paul Broeckx and Chantal Gaemperle are responsible for executive development at corporate. Development of High Potentials is primarily done at the corporate level

through a combination of internal and external initiatives. Nestlé places significant emphasis on developing future leaders and tries to fill its top posts through in-house promotion rather than by recruiting people from outside the company. Moreover, the company has a well-developed and elaborate succession planning model in place. Still, Gaemperle felt that the organization needed to focus more on an individual's potential, rather than his/her experience, when deciding upon promotions.

6.3.1 Aligning Development and Organizational Strategy

Training and development are seen as key elements of Nestlé's human resource strategy and ultimately the corporate strategy. Nestlé CEO Peter Brabeck asserts, "For Nestlé, continuous learning, training, and development are important for preparing people for their next task, and form an integral part of our human resources policy." In addition, development is designed to play a strategic role at Nestlé and specifically seeks:

- To mobilize everyone in order to achieve business results;
- To supply instructional tools to improve performance;
- To serve as a vehicle for change;
- To build a global Nestlé culture in a decentralized organization

Rive-Reine is particularly committed to helping Nestlé achieve its corporate objectives. To ensure that Rive-Reine courses reflect the strategic intent of the company, the procedure for creating a course is as follows:

1. Rive-Reine discusses course objectives with a sponsor, who is a member of General Management;
2. The program is developed by the Head of Training and internal experts who serve as course leaders;
3. The program is then fine-tuned (i.e., speakers are selected, topics are refined, and program length is set); and
4. The course must then receive the final approval of its sponsor.

Not only does this procedure help to align each course with the corporate strategy, it also ensures that there is top management support for every course taught at Rive-Reine. Moreover, if Rive-Reine selects someone from a Nestlé business unit to teach a course, this person must also coordinate with the course sponsor to ensure that a uniform and consistent message is delivered.

6.3.2 Identifying Leadership Competencies

Nestlé has identified the qualities and characteristics that it feels are vital for its managers and their career development. These include:

- Ability to learn, open-mindedness and perceptiveness;
- Ability to communicate, motivate and develop people;
- Ability to create a climate of innovation;
- Courage, capacity to deal with stress;
- Thinking in context;
- Credibility (practicing what you preach);
- Willingness to accept and manage change; and
- International experience and understanding of different cultures (*Refer to References and Appendices, section 4.8 more details on the selection criteria for Nestlé managers*).

In addition, the company highlights such factors as having broad interests, a good general education, a responsible attitude and behavior, and sound health as being important qualities for Nestlé managers. Increasingly, the ability to develop other managers has been stressed at Nestlé. Brabeck even stated that in the future, a leader will be recognized not by how many people he has following him, but by how many leaders he has developed.

Relations based on *trust* are also key to being a successful Nestlé manager. Likewise, the company prefers *humility* – those who are humble and do not show off, but are conscious of their worth and take pride in the positive image

of the company (Wetlaufer 2001). Nestlé states, “These people are modest, but not without style and sense of quality.”

Gaemperle was anxious to create an improved leadership competency model for corporate, even though most markets had their own set of competencies. In particular, Gaemperle felt that the new Leadership Framework should focus on themes such as Inspiring People, Opening Up, Adding Value, and Networking. The effort to establish competencies was linked to the GLOBE Project at Nestlé, whose aim was to: (1) create and adapt common business practices to leverage the size of Nestlé as a strength, not a liability; (2) unite and align Nestlé on the inside in order to be more globally competitive on the outside; and (3) unlock potential benefits by harnessing the power of e-business, with a focus on customer/channels and consumers.

6.3.3 Top Management Support

Top management is heavily involved at Rive-Reine, which is evidenced by the fact that all members of the Executive Board take time to visit the centre. Nestlé’s top executives also teach seminars, give speeches, form personal relationships, and attend meetings and functions outside the classroom to demonstrate their commitment to training and development.

Rive-Reine is especially valued by senior management because it allows them to meet people from the markets, and to transmit key messages regarding the corporate strategy through Question and Answer (Q&A) sessions. Finally, top management support is also evidenced by the fact that senior executives act as sponsors for courses at Rive-Reine.

6.3.4 The Link Between Corporate Culture & Executive Development

At Rive-Reine, Nestlé offers more than simply training and development, it introduces attendees to the corporate culture, otherwise known as the ‘Nestlé spirit’. Nestlé people are expected to live and work according to the corporate principles of dynamism, realism, pragmatism, hard work, honesty and

trustworthiness. Brabeck emphasizes that Nestlé employees also find out very quickly that ‘the learning never stops’.

To engender the unique spirit that permeates the entire Nestle Group, the company states that it:

- believes in people, rather than systems;
- is committed to creating value for shareholders, but will not favor short-term profits at the expense of long-term business development;
- is as decentralized as its basic policy and strategy decisions will allow;
- is committed to continuous improvement rather than dramatic, one-off changes; and
- above all, is pragmatic and not dogmatic

In particular, the Nestlé culture stresses *the respect of other cultures and traditions*. From the very beginning, Nestlé has been keenly aware that food products have to be closely linked to local eating and social habits. This has led to an effort on the company’s part to integrate itself as much as possible into the cultures and traditions of the different countries where it operates. Rive-Reine mirrors this respect for multiculturalism by seeking to invite a mix of participants from Nestlé’s operations around the world to participate in training courses.

Apart from professional skills and experience, Nestlé asserts that the capacity and willingness to adapt to the Nestlé culture and apply Nestlé’s Management and Leadership Principles, which are set forth in a document of the same name, are the main criteria for promotion – not a person’s passport, ethnic, or national origin.

6.4. Tools for Developing Executives at Nestlé

Nestlé employs a number of tools to develop its executives. The most prominent tools are *on-the-job training*, *local training*, *external training*, *courses at Rive-Reine*, and *job rotations*. The company also experimented with its own version of *360° feedback*, called Leadership Awareness. Nestlé particularly emphasizes on-the-job training given by Nestlé people, not solely by professional trainers. According to the company, this means that managers must be both *mentors* and teachers, by communicating knowledge as part of their daily routine. Increasingly, Nestlé requires that managers also become agents of change who can act as *coaches*. Finally, Nestlé also uses *e-learning* to develop executives.

The most senior management team at Nestlé usually attends IMD (International Institute for Management Development) for its development. In the 1950s, Nestlé founded one of the two management schools, IMEDE, that merged with a Geneva-based management institute, IMI, to become IMD in 1990. Nestlé continues to enjoy a strong relationship with IMD. Moreover, IMD's flagship program, the Program for Executive Development (PED) is considered to be Nestlé's top choice for its fast-track managers. One of Nestlé's most famous PED alumni is the current CEO Peter Brabeck.

6.5 Methodologies Used at Nestlé

At Rive-Reine, a variety of methodologies are used, which include the *case study method*, *simulations*, *storytelling*, and *action learning*. *Case studies* are used to illustrate internal or external best practice. However, Artzimovitch notes that a balanced use of internal and external cases is necessary, otherwise participants complain. The researcher has written a case study on Nestlé titled *Managing Internal Growth at Nestlé: The Story of LC¹*, the goal of which was to stress the need for managers to: (1) think as entrepreneurs, (2) network internally, and (3) focus on internal growth to stimulate and grow the business. This case study has been used at Rive-Reine, as well as at IMD and other business schools.

Artzimovitch also notes that *simulations* are useful, although they should not be abused. They should also underline the learning and be customized for Nestlé. Moreover, Artzimovitch has a distinct preference for board game simulations, not computer-based simulations. He stresses that simulations tend to have one major drawback: participants often get too caught up in winning, and therefore do not focus enough on learning. Furthermore, Artzimovitch indicates that 99% of simulation success depends on the trainer.

Storytelling is also used at Rive-Reine, although Artzimovitch remarks that some participants complain about this. They feel that the insights are most important, not lengthy stories from senior managers about their experiences from years ago.

Finally, Rive-Reine is increasingly moving away from lectures and case studies and focusing more on *action learning*. Rive-Reine even encourages participants to identify a problem before arriving and work on a solution with other participants during their visit. Artzimovitch believes that 99% of those who come to Rive-Reine will learn by interacting with others.

6.6 Optimizing Executive Development

At Rive-Reine, Victor Artzimovitch, Head of Training, is faced with several challenges as he seeks to optimize training and development at Rive-Reine. The following sections specifically address learning considerations, training effectiveness and learning, the evaluation of executive development programs, as well as other issues Nestlé faces when developing and delivering executive development programs.

6.6.1 Learner Considerations

At Rive-Reine, Artzimovitch states that development is not customized to the individual, although Gaemperle emphasizes that a customized solution is possible. However, Artzimovitch believes that e-learning could provide the solution and help to customize development, since it is more individualized. Artzimovitch also stressed that development at Nestlé is self-driven. He adds

that while training involves a push, e-learning is self-driven and could become a viable option in the future.

6.6.2 Training Effectiveness and Learning

Nestlé makes a considerable effort to transfer what is learned at Rive-Reine to the participant's work environment back home. Artzimovitch suggests the following method, or action plan, to transfer learning back to the workplace:

- The participant should send an email to his/her boss stating that he/she will attend a course at Rive-Reine;
- The participant attends the course at Rive-Reine;
- The participant should return to the office and set up a meeting with the boss to discuss:
 - what he/she will stop doing
 - what he/she will continue doing
 - what he/she will do in a different way

6.6.3 Evaluation of Executive Development Programs

Rive-Reine collects extensive data to determine the success or failure of its programs. Specifically, feedback is requested immediately after each course, using an anonymous questionnaire, to capture the participant's views on: (1) course content, (2) course objectives, (3) delivery, (4) relevance, and (5) length. This is what Phillips (1998) would term as level 1 effectiveness. (*For a review of the five levels of training and development effectiveness, refer to section 4.3 of the Theoretical Framework*).

As a second step, more feedback is gathered six months after the course, to assess the course's impact on the participant's daily work. This second phase of feedback is validated by the sponsoring manager, in what Phillips (1998) would describe as level 2 effectiveness. As a final step, more feedback is solicited three years after a course is completed. At this stage, the human resources team attempts to assess the impact of training, in terms of strategic

value and career progression. It is important to note that all course evaluations go to Peter Brabeck and the course sponsor.

Rive-Reine does not calculate ROI since it views training as a cost. Instead, it attempts to calculate the cost of non-training, which can be thought of as the result of the overall level of knowledge decreasing in the organization. Put differently, the cost of non-training is what the organization has to spend to buy the knowledge it needs.

Rive-Reine does not ask participants to pay to attend courses, since all Nestlé companies pay royalties to the holding company in order to have access to know-how, which includes training. However, the participant's business unit is asked to pay for the participant's hotel and food costs. Rive-Reine operates a hotel and a restaurant, which are part of the Rive-Reine campus.

6.6.4 Challenges

According to Artzimovitch, participants often criticize Rive-Reine for being too internally focused; they feel that Rive-Reine should look for best practices outside Nestlé. Participants also feel that the company is too focused on the past, and not enough on the vision of tomorrow. Artzimovitch acknowledges that some participants challenge Rive-Reine to think more about what Nestlé should look like in 10 years.

However, despite these challenges, Rive-Reine is considered very successful. This long track record of success means that Rive-Reine has the freedom to try out new ideas, even if they fail. Moreover, Rive-Reine has consistently maintained a high level of training.

6.6.5 Final Considerations

To conclude, the researcher posed a series of questions that were designed to capture the interviewee's thoughts and opinions on issues ranging from job satisfaction of executives who participated in development programs to the advantages and disadvantages of offering tailored development solutions.

Q: Do you believe that development increases job satisfaction and voluntary loyalty in the organization?

A: Definitely yes. Being invited to attend a course at Rive-Reine is a privilege. Only 2,000 of the 225,000 employees get to come here each year. It is almost like a Catholic priest being called to the Vatican.

Q: Did the executive development process create “excitement” or motivate executives to learn?

A: It’s a non-issue for us. Innovations in courses may have attracted people.

Q: Is there someone other than the superior who can coach/advise executives on development?

A: HR corporate can assist in this role.

Q: If development were customized, what are the advantages? disadvantages?

A: This question is not easy to answer. Perhaps employees should first be trained as specialists. Over time, they could be trained as generalists, but at some later stage, they could become specialists again.

7 Cross Case Analysis

In the following sections, the investigator compares and contrasts the three companies that were the subjects of the case studies. This analysis will serve as the basis for the conclusions and recommendations that will be set forth in the final chapter of this dissertation.

7.1 Corporate University/Training Centers

Swissair Group, Zurich Financial Services Group and Nestlé are all similar in that each set up either a corporate university or a corporate training center, which was funded by corporate headquarters. The university/training center was centrally run and significant efforts were made to link development to the corporate strategy in each case. In particular, all three companies sought to use the university/training center as an agent of change in the organization.

However, the corporate university/training centers also differed in many respects. First, Swissair Group's corporate university was entirely virtual; no physical location or building served as a physical campus. In contrast, both Zurich Financial Services and Nestlé invested significant sums of money to purchase and/or renovate buildings and property that would later serve as their corporate campus. Zurich and Nestlé also located their centers close to their respective corporate headquarters in order to facilitate the involvement of top management at seminars and workshops.

Finally, it appeared as though Swissair Group's corporate university was more accessible to employees than the centers run by Zurich Financial Services and Nestlé. Although the primary audience of Swissair Group University was the company's management, virtually all employees had access to the information and knowledge housed at the university via a website. This does not appear to be the case at Zurich and Nestlé. In fact, at Nestlé, only 2,000 of the firm's 225,000 employees have the opportunity to attend a course at Rive-Reine each year.

7.2 Executive Development in Practice

Swissair Group, Zurich Financial Services Group, and Nestlé all focused on aligning development and organizational strategy, identifying leadership competencies, soliciting top management support, and linking the corporate culture to development efforts. A more detailed description of the similarities in differences in their respective approaches is addressed at this stage.

7.2.1 Aligning Development and Organizational Strategy

The three companies are similar in that each sought to align development with strategy in order to better achieve its strategic objectives. Swissair Group tended to look at the corporate business plan and then ask top management for guidance when creating the development agenda. In particular, Swissair Group set up networking events on topics of strategic relevance as a way to encourage managers to talk to each other and to keep managers updated on the senior management's latest strategic thinking.

At Zurich Financial Services, the alignment of development and strategy was accomplished through LEAD (*To review the objectives of LEAD, refer to section 5.3.1*). LEAD consisted of modules that lasted anywhere from 3.5 days to 2 weeks. Finally, Nestlé ensured that development was linked to strategy by having its senior management team act as sponsors for every course taught at Rive-Reine. Of the three organizations, Nestlé appeared to be the most successful in terms of making sure that its development offerings reflected the strategic intent of the organization.

7.2.2 Identifying Leadership Competencies

Swissair Group, Zurich Financial Services Group and Nestlé all had identified a list of leadership competencies it felt managers needed to exemplify in order to be successful in the company (*To review more background information on each company's competencies, refer to sections 4.3.2, 5.3.2, and 6.3.2*). In each instance, the list of competencies served as the basis for the types of development opportunities that were offered in each organization.

7.2.3 Top Management Support

All three organizations in the study had top management support, but to varying degrees. Nestlé's top management support was by far the strongest, as evidenced by the fact that the senior management team not only visited the centre, but took time out to teach, give speeches, and talk individually with participants. As mentioned earlier, the top management team act as sponsors for every course taught at Rive-Reine.

Swissair Group's management ranked strongly in terms of their support for executive development. Although many members of the senior management team, including the CEO and CFO, were highly supportive of development efforts, some members of Group Executive Management were highly critical and even went so far as to avoid development discussions with corporate.

Finally, Zurich Financial Services tended to struggle with securing top management support. For example, former CEO Rolf Hüppi was very supportive of development initiatives such as LEAD. However, some of the other senior managers were less inspired by development initiatives, and had a take-it-or-leave-it attitude.

7.2.4 The Link Between Corporate Culture & Executive Development

At Nestlé, the link between corporate culture and executive development was the strongest of the companies in this study. Nestlé openly discussed its desire to use Rive-Reine to spread the Nestlé spirit. It also was very open about having its courses reflect the way business is done within the company. Only sparingly were best practices from external companies stressed at Rive-Reine. Moreover, Nestlé's CEO spoke constantly about the importance of development and that Nestlé managers should 'never stop learning'.

Swissair Group and Zurich Financial Services Group were roughly the same in terms of how strongly the corporate culture and executive development were linked. At Swissair Group, it was difficult to bring the top management together at development events because they sometimes openly disagreed with

each other. However, at the individual level, it was possible to find senior Swissair Group managers who strongly supported development and who pushed their teams to improve their skills. Likewise, at Zurich Financial Services, the link between corporate culture and development was not so strong, although the corporate culture impacted development initiatives. For example, some senior managers would select managers they favored and ‘see to it’ that they received the development they needed in order to take on more responsibility in the firm. This tended to foster the creation of the ‘old boy network’ at the firm and work to the disadvantage of the management development team when it attempted to implement effective executive development programs.

7.3 Tools for Developing Executives

Swissair Group primarily used classroom-based lectures, guest speakers, panel discussions, and e-learning to develop executives, although e-learning was in its early stages in 2001. Some coaching and mentoring was also done. At Zurich Financial Services, the most popular tools were e-learning and 360° feedback. To a lesser extent, coaching, mentoring, consortia, and job rotations were used. Finally, at Nestlé, the most prominent tools to develop managers were on-the-job training, local training, external training, courses at Rive-Reine, and job rotations. Nestlé expected its managers to also act as mentors and coaches; e-learning was also becoming an important learning tool in the company.

7.4 Methodologies Used

Methodology was important for all three companies in the study. Swissair Group tended to use case studies and outdoor exercises, although simulations, storytelling, and role playing were sometimes used. Zurich Financial Services did not indicate that it preferred any one methodology, although case studies, outdoor exercises, simulations, storytelling, and action learning were the most prevalent methodologies used. At Nestlé, the methodological choices were case studies, simulations, storytelling, and action learning.

7.5 Optimizing Executive Development

In the three companies studied, optimizing executive development was often a goal because of the challenges each company faced to create relevant, timely, and effective executive development programs. Some of the factors relevant to the optimization of executive development include learner considerations, training effectiveness and learning, and the evaluation of executive development programs.

7.5.1 Learner Considerations

Of the three companies studied, Zurich Financial Services Group was the only organization that attempted to create tailored solutions for the learner, although even it failed to do so at the group level. Also, Zurich did not offer tailored learning solutions as a general rule. During the case study interviews, it was revealed that only a certain group of managers received such solutions.

In contrast, Swissair Group and Nestlé were comparatively weak. At both companies, development was not customized to the individual, although it was believed that e-learning could be used to create more individualized solutions. It is worth noting that both Swissair Group and Nestlé stressed that development should be self-driven when asked about learner considerations. It is also important to note that the researcher, while employed at Swissair Group, had begun to develop a procedure to customize development, which will be addressed in the next chapter.

7.5.2 Training Effectiveness and Learning

Training effectiveness and learning deals primarily with the issue of transferring learning back to the workplace. At Swissair Group, the transfer of skills back to the workplace was considered weak, although the head of management development stated that it was possible, depending on the attitude and motivation of the learner. Likewise, Zurich Financial Services experienced significant difficulties in applying learnings in the workplace in a meaningful manner.

In contrast, Nestlé was more successful. In fact, participants at Rive-Reine were asked to develop an action plan for applying what they learned back at the office. Nestlé even asked participants to discuss with their managers upon returning: (1) what they would stop doing, (2) what they would continue doing, and (3) what they would do in a different way.

7.5.3 Evaluation of Executive Development Programs

At all three companies, evaluation of programs was mostly done at level 1, meaning that the participant's satisfaction level was the primary criteria used to rate programs. However, some level 2 evaluation was also done at all three companies (i.e., level 2 effectiveness can be verified by a test or additional feedback from the participant's manager). At Swissair Group, for example, another round of 360° feedback was sometimes conducted to see if level 2 learning had occurred. However, in many instances, if the CEO was satisfied, then that was all the feedback that was needed.

At Zurich, the Group Talent Manager claimed that at the business unit level, learning can be evaluated at levels 3, 4, and 5, with 5 suggesting that the return on investment (ROI) can be calculated. To calculate this, a learner target and a business target were set; if the learner achieved both, then it was possible to calculate the return on investment in cash.

Nestlé also attempted to measure its programs by gathering feedback at three intervals: (1) just after the course, (2) 6 months after completion of the course, and (3) three years after completion of the course. The third interval was often reviewed to see if the participant had advanced in his/her career. Nestlé does not attempt to calculate ROI for training because it considers training to be a cost item. Instead, the company preferred to estimate what the cost of non-training would be, in terms of having to buy the expertise it needed on the market.

7.5.4 Challenges

At Swissair Group, the primary challenges were cost, linking work and learning, linking development and strategy, time pressure, and the tension between corporate and the business units regarding the coordination of development activities. Nevertheless, the corporate university had been a success, and the management development team at Swissair Group received positive feedback on its executive events and MD Pool, which was its program designed to shape middle managers into future leaders.

Over at Zurich Financial Services, the challenges were primarily the corporate culture, which could sometimes be counterproductive for executive development, and the skepticism that the business units had regarding Group-led initiatives. Also, the lack of networking and persuasion skills was seen as a problem. However, LEAD had been a success, even though its future would depend on the support of the new CEO.

At Nestlé, some participants at Rive-Reine believed that the company was too inwardly-focused and too focused on the past. Despite these challenges, Rive-Reine enjoyed a strong reputation and was given freedom to try out new ideas.

7.5.5 Final Considerations

Despite all of the challenges that faced Swissair Group, Zurich Financial Services, and Nestlé, the various managers who were in charge of development felt that development increased *job satisfaction* and increased *voluntary loyalty*. At Swissair Group and Zurich Financial Services, some managers left the company when there were not chosen to participate in certain executive development programs; however, this was seen as a positive factor, since it could be said to represent out-of-the-job development. The managers in question clearly saw that they were not considered as high performers and subsequently left the company.

An observer also noted that Swissair Group and Zurich Financial Services could have been implemented more rigorous succession planning tools. In

particular, it was mentioned that both organizations tended to rely too heavily on executive search consultants to fill top management positions.

In terms of whether the development process generated '*excitement*' or motivated executives to learn, the responses were mixed. At Swissair Group, some managers were keen to learn, while others thought it was important; still, another group viewed learning as a low priority. At Zurich Financial Services, the manager in charge of development felt motivation and creating excitement were worthy goals, since it often led to better retention of program content. In contrast, Nestlé appeared unconcerned when asked if excitement and motivation were worthwhile factors to consider.

Those in charge of management development at Swissair Group, Zurich Financial Services, and Nestlé were also asked if someone other than the superior could coach and/or advise executives on development. In each company, executives did have someone they could turn to in order to discuss their development needs. However, at Swissair Group, this process was not formalized.

Finally, in all three case studies, the researcher asked what were the perceived advantages and disadvantages of customizing development. Swissair Group's view was that the advantages were: (1) the employee can take more responsibility for development, (2) the employee can do it the way they like to do it, and (3) work and learning can be brought closer together. The head of management development at Swissair Group did not see any clear disadvantages to customizing development. However, some of the potential challenges raised might be: (1) getting executives to trust the management development team with this task, (2) getting the management development team to resist producing a thick training manual as a deliverable that can be shown, and (3) having to deal with people who have very different mindsets about learning and development.

The Nestlé view on customizing development was that it was perhaps better to train managers as specialists and then as generalists. The interviewee appeared

to take a more macro or organizational view of customization, and not a micro view.

Finally, Zurich Financial Services suggested that customized development is more focused and that the disadvantages are that it is costly in terms of time, resources, and the extra effort that is needed. However, the interviewee from Zurich Financial Services added that before the decision is made to customize, one should ask if the same result could be achieved with something that is not customized. In particular, the interviewee felt that development should only be customized if: (1) the skill to be acquired is something that Zurich already does, (2) it is a core skill, (3) Zurich has a competitive advantage, and (4) it is essential that Zurich transfer depth of knowledge to the learner.

(For a summary table of the Cross Case Analysis, refer to Table 27 on the following page.)

Table 27: Cross Case Analysis, Executive Development ¹

Factor Analyzed	SWISSAIR GROUP	ZURICH FINANCIAL SERVICES	NESTLÉ
Executive Development in Practice			
- Aligning Development and strategy	Medium to strong	Medium	Very strong
- Identification of Leadership Competencies	Very strong	Very strong	Very strong
- Top Management Support	Strong	Medium	Very strong
- Link between Culture and Development	Medium to strong	Medium	Very strong
Tools	Classroom lectures, guest speakers, panel discussions, and e-learning; to a lesser extent, job rotations, mentoring, and coaching	E-learning and 360° feedback; to a lesser extent, coaching, mentoring, and job rotations	On-the-job training, local training, external training, Rive-Reine, job rotations, coaching, mentoring; to a lesser extent, e-learning.
Methodologies	Case studies and outdoor exercises; to a lesser extent, simulations, storytelling, and role playing	Case studies, outdoor exercises, simulations, storytelling, and action learning	Case studies, simulations, storytelling, and action learning
Optimizing Executive Development			
- Learner Considerations	Weak	Medium to strong	Medium to weak
- Training Effectiveness & Learning	Weak	Weak	Strong
- Evaluation of Development Programs	Medium to weak	Medium to strong	Medium
- Challenges	Cost, linking work and learning, linking development and strategy, time pressure, and the tension between corporate and the business units	Corporate culture, skepticism towards corporate-led initiatives, lack of persuasion and networking skills	Considered by some to be too inwardly-focused and too focused on the past

¹ This represents only the researcher's view of the company's executive development efforts. The scale used to rate each company was: weak, medium, strong, very strong

Chapter Four: Conclusions and Implications

1 Conclusion

This dissertation developed a holistic and integrated framework for how organizations might create customized development solutions that support the individual needs of executives and the overall corporate strategy. The framework integrated a variety of theories and previous research from the fields of executive development, leadership, and adult learning. The framework was empirically validated by multiple case studies on transnational corporations.

The overall conclusion of this dissertation is that organizations can customize development by focusing on three separate but related factors. These three factors were termed *organizational issues*, *executive issues*, and *executive development planning*. *Organizational issues* include topics such as the alignment of executive development with the corporate strategy, the identification of leadership competencies, top management support, and the link between corporate culture and executive development.

Executive issues involve a closer analysis of factors that pertain to the executive, which may prevent him/her from successfully completing a development program or which may reduce the effectiveness of development initiatives. These often include assessment, time constraints, financial and opportunity costs, personal considerations, motivation, and program delivery. Finally, *executive development planning* was included to emphasize the importance of identifying the appropriate tools and methodologies in order to truly customize development for executives. The three factors were combined into the theoretical framework for customizing executive development.

The overall contribution of this dissertation can be viewed from both a *theoretical* and an *empirical* point of view. From a *theoretical* point of view, a key contribution of this dissertation is that integrates a wide range of previously non-integrated theories and research from the fields of executive development,

adult learning, and leadership. These theories were integrated into one holistic and integrated framework for customizing development.

From an *empirical* point of view, this dissertation made three important contributions. First, this study provided valuable empirical data on the executive development process in three Swiss transnational firms. The researcher is unaware of any previous research of this nature. Second, this study included a multiple case analysis of the executive development process in three firms operating in three different industries – the financial services, food, and airline industries. The researcher sensed that the issue of customization would be relevant regardless of the industry, and this was confirmed by the study. Third, this study provided valuable empirical data on how a corporate university can be launched to strengthen executive development and corporate culture.

Limitations of this dissertation: In evaluating the conclusions and implications of this dissertation, several limitations should be taken into account. First, the theoretical framework was built on Anglo-American literature. It is quite possible that important research results have appeared in other languages and that these should have been incorporated into the literature review. This risk appears somewhat minimal since many researchers from around the world in the field of management development tend to publish their findings in leading Anglo-American journals.

Second, the companies that were researched as part of the empirical study are all Swiss companies. Therefore, it is perhaps difficult to generalize to a larger, non-Swiss population. However, it is important to note that the three companies that were studied were *transnational* firms and represented *different* industries, which might make the fact that they were based in one country less relevant. Moreover, the researcher analyzed multiple case studies; Herriott and Firestone (1983), as quoted in Yin (1994), note that the evidence from multiple cases is often considered more compelling, and the overall study can therefore be regarded as being more robust.

Third, resource constraints were a factor. In particular, the empirical study was conducted with only one researcher, although academics have noted the value of using teams of several researchers. This limitation was somewhat addressed by discussing the research design and theory with the academic advisors and executive development specialists. Other resource constraints included money and time. Due to these constraints, the empirical work was done in Switzerland. However, the investigator's significant prior knowledge of the companies in the empirical study and access to them via a professional network allowed him to get the necessary data to complete the study in a somewhat timely manner. Without the investigator's previous experience in the field, this research would have been much more difficult and time-consuming to undertake.

Finally, a fourth limitation was bias. Since the researcher is a former employee of Swissair Group, care was taken not to allow the researcher's positive view of the employer to influence the findings of the study. This was also addressed by having two other companies participate in the empirical study. Being able to compare and contrast three different case studies significantly reduced the likelihood of bias in the research findings. However, the reader should judge this on his/her own. The evidence and research procedures are clearly displayed for this purpose.

2 Theoretical Implications

The theoretical implications of this dissertation have been classified into three categories: (1) strategic management, (2) learning in organizations, and (3) executive development and planning.

2.1 Implications for Strategic Management

This study has provided insights that can have important implications for strategic management, particularly as it relates to the development of future leaders in organizations. First, this dissertation has provided valuable insights into the importance of *aligning executive development with corporate strategy* and *the identification of leadership competencies*. Although Barner (2000) had noted that organizations should undertake a strategic planning review to link strategic planning to leadership capability, this dissertation confirms this point while underscoring how important it is for top management to also participate in the design and delivery of executive development programs. Through this involvement, the top management team can not only ensure alignment, it can communicate and gain support for the organizational strategy.

Related to the issue of alignment is *top management support*. Executive development programs can survive without strong support from top management in organizations, but this dissertation proves that it is difficult for executive development to *thrive* without this support. The case study on Zurich Financial Services illustrates this point most effectively. Since Zurich already understands the importance of customizing executive development, it has the potential to become an example of best practice in the field of executive development by gaining the support of its senior team. This has implications for strategic management because organizations that do not fully support development may have difficulties in recruiting and retaining top talent (Chambers et al. 1998). Given that organizations are increasingly unable to differentiate themselves from competitors in terms of the strategies they adopt, the only way to sustain a strategic competitive advantage in the future will be through the acquisition and development of human capital (Bartlett and Ghoshal 2002).

This dissertation provided insight into the need for organizations to better understand the *link between corporate culture and executive development*. Surprisingly, very little has been written on this topic in the academic literature. However, the empirical study revealed how critical it is for the organization's culture to communicate the role of development as a means of succeeding in the organization. The corporate culture at Nestlé was the best example of how this can be achieved.

Further research is needed on how organizations can create a culture that not only supports development but actively encourages it. If executives do not feel that development is a priority in the organization, they will often not dedicate the time and effort they should to develop themselves. This has implications for strategic management since an organization that does not pursue the development of executives may have difficulty achieving its strategic objectives since it is likely that its executives lack the necessary competencies.

2.2 Implications for Learning in Organizations

This study has provided several insights which can have important implications for learning in organizations. Most notably, this study confirmed the prevailing theory that organizations that invest in learning and development are likely to be more successful than those that do not (Garger 1999). Of the three companies studied, Nestlé appeared to be the most dedicated to investing in learning and it also was the most successful in terms of profitability.

This dissertation also substantiated the findings of Senge (1990) in regards to the learning organization. In particular, Nestlé proved to be very effective in terms of realizing Senge's (1990) concepts of building a shared vision and team learning. Swissair Group was moving in this direction, although it faced certain challenges. Zurich Financial Services was moderately successful, in part because of the LEAD initiative.

The empirical study also provided important insights into the concept of self-directed learning. All of the companies studied indicated their intention to invest in e-learning in order to allow employees to learn at their pace. While

this allows for customization at some level, it is just one tool, which may or may not be the preferred tool of the learner.

More research is needed on self-directed learning. In particular, it would be useful to test if self-directed learning is more effective than traditional group-based learning. To date, e-learning has been marketed more for its ability to lower training costs, while offering the learning more control and convenience. The researcher is under the impression that organizations may be assuming that if the learner can learn when and where he/she wants, then he/she will learn more effectively. However, the conclusion of this dissertation is that *control* and *convenience* are less important than *how* the learner is developed. The researcher believes that e-learning may be a possible solution, but it is nonetheless just one tool that could be used to develop executives.

This dissertation also found that in virtually every case, learning was too *prescriptive* and *inflexible*. Decisions were taken on the who, what, when, where, and how as far as learning was concerned, with the expectation that learners would comply. In many cases, the learner did comply, though the end result was that the learnings were not applied back at work. This scenario brings to mind the famous anecdote, ‘You can lead a horse to water, but you can’t make him drink.’ The investigator therefore suggests that customization of learning would again address this issue.

2.3 Implications for Executive Development & Planning

This study has provided several insights which can have important implications for executive development and planning. Notably, the study showed that learner considerations are very seldom taken into account when designing executive development programs. This goes beyond choice of methodology and development tools to the heart of what may impact the effectiveness of the development program. This topic is not addressed to any significant degree in the academic literature on executive development.

Specifically, executives are seldom asked if they have time constraints or other personal factors, such as family obligations, when programs are created or

recommended to them. Other issues that usually are not addressed include the motivation of the executive to participate in a program, language skills, and the financial and opportunity cost of development if the company does not sponsor such training.

Motivation is perhaps the most important of the executive's issues since the management development team will likely fail in its objective if the executive is resistant. The researcher found that at Swissair Group, some managers were 'forced' into development by their managers against their will. In another case, an executive wished to attend a program that he was not qualified to attend. When another less prestigious option was mentioned, the executive's interest was not as strong. Both of these instances underscore how very important it is for those in charge of executive development to understand very clearly the executive's individual circumstances. Organizations can save time, effort, and money as a result.

Further research is definitely needed in this area. The literature tends to focus on needs analysis and gap analysis and significantly less on how to create effective development solutions when the learner has special circumstances that make the 'standard' executive offerings unattractive. Related to this is the need for more emphasis on ways to create 'excitement' for the learner.

This dissertation also found that organizations must not only offer a range of tools and methodologies to develop executives, but that these tools and methodologies should only be chosen when they are the *preferred* learning tool or methodology for the learner. Too many times, the companies in this study decided on the tool or methodology for the learner, and then 'forced' the learner into the course or executive development program. In the future, organizations will likely be able to increase the return on investment by matching the skill to be learned with how the executive learns best.

If the decision is made not to customize development, further research is definitely needed on the various tools and methodologies currently used for executive development. At present, it appears as though tools and

methodologies are mixed and matched, without any particular attention paid to which methodology or tool is better for developing a particular skill. More empirical data is needed to determine if for instance, strategic management is best taught with a simulation or if finance is best taught by using e-learning. Currently, the researcher senses that organizations use many different tools and methodologies for executive development to have *variety*; in other words, the decision of which tool or methodology to use is at worst, random, or at best, based on what has always been done *or* what is most popular with participants.

Finally, this dissertation addressed how organizations might go about creating customized development solutions that support the individual needs and the overall corporate strategy, but in the future, more research should be conducted to test if organizations consistently realize a greater return on investment or increases in learning effectiveness by tailoring development to the individual. Specifically, future researchers might conduct an experiment in one organization that has chosen to tailor development for some executives, but not for others, to see if any noticeable differences can be detected. Based on the findings of this dissertation, it is likely that future researchers would observe a significant difference.

3 Practical Implications

The overall implication of this study is that organizations that wish to create customized development solutions, which support the individual needs of executives and the overall corporate strategy, should consider organizational issues, the executive's issues, and the executive development planning process.

Organizational issues that should be taken into consideration include the alignment of executive development with the corporate strategy, the identification of leadership competencies, top management support, and the link between corporate culture and executive development. *Executive issues* involve a closer analysis of factors that pertain to the executive, which may prevent him/her from successfully completing a development program or which may reduce the effectiveness of development initiatives. These often include assessment, time constraints, financial and opportunity costs, personal constraints, motivation, and program delivery. Finally, *executive development planning* was included to emphasize the importance of identifying the appropriate tools and methodologies in order to truly customize development for executives. Organizational issues, executive issues, and executive development planning were combined and presented in the researcher's theoretical framework for customizing development.

It is important to note that this framework provides a frame of reference for those organizations that seek to customize development. It is not a 'one size fits all' solution. Rather, it highlights the key elements which should be present when attempting to customize development. Organizations should first analyze all aspects of its development offering before making any significant changes in the direction of customization. Nevertheless, this dissertation has provided a number of insights that have practical implications, which include:

Customization: Conger and Benjamin (1999) note that development needs to be tailored to the needs of the individual, to specific management levels, and most notably, to the strategic demands of facing the organization. They go on to state, "Yet despite the significant investment that companies are making in

their development efforts, many companies undermine these investments through poor designs, inappropriate support systems, and a lack of follow-through and commitment”. This study not only confirmed the findings of Conger and Benjamin (1999), but also highlighted the need to offer development solutions using the tools and methodologies preferred by the learner. The researcher, while at Swissair Group, developed a basic form for customizing development that asks participants to state their preferred learning style (*Refer to References and Appendices, section 4.9 to review the form for customizing executive development*).

The researcher found that all three companies in the study looked to e-learning as the solution for the customization issue. While e-learning is a tool for developing executives that does offer a level of customization, it may not be the tool the executive prefers. E-learning has been praised in development circles since it addresses the timing and convenience challenge; Crotty and Soule (1997) in particular note that timing and convenience dictate attendance at courses which an individual has the option of attending. The authors also note that e-learning “could be the ultimate in timing (the ‘teachable moment’) and convenience, which offers the possibility of designing a program in conjunction with the individual to fulfill the goals of the program, and provides convenient resources of faculty expertise, company experts, etc., but always depending on the initiative of the student.” The authors go on to add that individualized courses could be designed as the need arises, with university and company resources on “stand-by” to meet these needs.

Nevertheless, companies will have to be sensitive to the fact that not everyone is best served by electronic instruction (Hambrecht 2000). Certain groups of employees do not want to miss the “edutainment value” of a live experience and desire the total interactivity with a human trainer. Others are simply uncomfortable with computers. For a number of individuals, technology-based training is not the most efficient learning method, as their learning style is auditory or kinesthetic, as opposed to visual. Moreover, the classroom also provides guidance and structure. These elements are important for individuals who lack the motivation and confidence to succeed in a self-study only

program. The researcher notes that e-learning provider McGraw-Hill even admits that the biggest challenge facing e-learning is course completion. Furthermore, e-learning, if it takes place in the office, may not be practical since workers who attempt to transform their work spaces into learning spaces may be interrupted by phones, colleagues, or email.

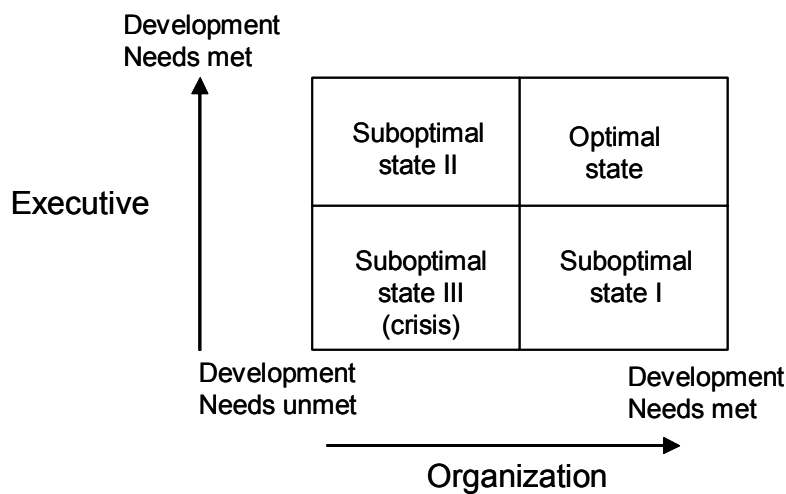
Excitement: This study also highlighted the need for organizations to focus more on developing executive development programs that are exciting and that motivate participants to learn. For instance, Morgan (1997) states that storytelling captures the listener's imagination and interest and provides the stimulus to pursue continuous learning. The author adds that teaching storytelling skills to executives lets them transfer the excitement to their peers and subordinates. Excitement can also be achieved using outdoor exercises. Open-ended events are considered to be particularly suited to achieving personal development ends since such events allow greater scope for the individual to discover his or her own learning needs and to practice new behaviors (Waters 1982).

Transfer of learning to the workplace: From the empirical study, Swissair Group and Zurich Financial Services faced significant challenges in linking what was learned from development programs to the workplace. Nestlé also struggled with this issue, but to a lesser extent. Executive development professionals will need to include top management and the learner more if it is to solve this dilemma (Crotty and Soule 1997). Although this point refers more to programs that are developed internally, it can apply to all types of development. In particular, the researcher noted that Swissair Group began to track which executives had attended open enrollment programs and then asked these executives if they would recommend the program to others and if they had implemented what they had learned back at work. This seemed to attract the attention of business schools who spoke with the researcher while he was employed at Swissair Group. This type of feedback not only increased the pressure of external providers to deliver quality programs, it encouraged Swissair Group executives to seek out programs with the most impact.

The Role of the Management Development Professional: Chambers et al. (1998) have suggested that human resources executives need to be effective, proactive counselors with personal and business credibility and strong relationships with business units. The investigator found that this point was validated in the empirical study. In particular, one of the key success factors for management development at Swissair Group was the credibility of the team. Belet (1999) also notes that corporate universities/training centres require new professional competencies from its staff who will need to become coaches, mentors, and consultants. The author states that in this new role, the main mission would be to act as change agents, as catalysts for individual and team learning, as experts in knowledge management and leadership, as well as in organization and culture changes. The ability of the management development team to act as a coach and mentor will strengthen development in organizations and make executives feel at ease when discussing their development needs.

Closing the Gap Between Executive Development Needs and Organizational Needs: The study also provided some insights into how the gap between the development needs of the executive and the organization’s needs can present serious challenges. The following figure illustrates this challenge:

Figure 11: Closing the Gap Between Executive and Organizational Development Needs



- *Suboptimal state I* is where needs of the organization are met, but the needs of the executive are unmet or are not fully met. In the short term, the organization may achieve its corporate objectives, but it runs the risk of high turnover, poaching, and the inability to recruit top talent – in long-term, the overall executive development strategy will likely fail. All three organizations studied would likely fall in this quadrant, with Nestlé being the closest to the optimal state. The researcher concludes that if all three companies chose to customize development, then each would move from this suboptimal state to the optimal state.
- *Suboptimal state II* is where the executive's needs are met, but the organization's development needs are unmet. Companies in this quadrant run the risk of not fulfilling corporate objectives. A possible solution would be for the companies to require that a certain percentage of development be focused on skills that will help ensure that executives achieve corporate objectives; the remainder can be used for the executive to develop any skills he/she so chooses.
- *Suboptimal state III* is where neither the executive's needs nor the organization's needs are met. This organization will have difficulty recruiting top talent and may be headed for a crisis, since it is unclear on how it can attract, retain, and develop its human capital to remain competitive.
- *Optimal state*: This scenario represents best practice since it is the situation where both the needs of the organization and the needs of the executive are met.

Job satisfaction and voluntary loyalty: The empirical study confirmed that development tends to increase job satisfaction and voluntary loyalty in the organizations studied. Customized development should only enhance this further. Moreover, the study revealed that executives who were not chosen to attend prestigious in-house development programs often left the organization shortly thereafter. Therefore, the non-selection of participants can be considered as a form of out-of-the-job development. Those not selected to

attend programs often realize that not being selected means that they are not considered as high potential managers, or they are underperforming, or both.

Learning Partnerships: The empirical study also revealed that each of the companies relied on external providers for program delivery and to generate new ideas. However, the findings suggest that perhaps organizations could use external providers to an even greater degree, as long as the external provider is committed to helping the organization develop customized solutions. For example, a business school might support organizations with research on development tools and methodologies, or help form networks of professionals that organizations can readily call on for executive development as the need arises. Moore (2002) notes that business schools must become customer intimate and be ready to invest time in getting to know the company and its industry context. Moore adds that business schools can improve in terms of providing “real-time” responses to their corporate partner’s development needs. The researcher in his role at Swissair Group found that some business schools focused more on selling than partnering. Finally, the researcher also proposes that companies consider forming learning consortia with other companies in order to benchmark and to share ideas. While this can be a challenge in terms of coordination, it usually results in a win-win situation for all parties involved.

Executive development is an ongoing process: According to a University of Michigan survey of 1,700 mid-level and senior executives from a range of industries, the ten most pressing problems facing them as leaders are (Lippert 2001):

- attracting, keeping, and developing good people;
- thinking and planning strategically;
- maintaining a high-performance climate;
- improving customer satisfaction;
- managing time and stress;
- staying ahead of the competition;
- aligning vision, strategy, and behavior;
- maintaining work and life balance;

- improving internal processes; and
- stimulating innovation in the organization

While this list represents the obstacles that must be overcome, it does have at least one positive aspect: all of the problems can be addressed through executive development, which is an ongoing process. To address development needs, Hilb (2000) suggests the following approach:

- assess current development needs
- assess future development needs
- identify barriers between the current and future state
- develop a set of actions
- restart process & review goals one year later

If the transnational firm is willing to adopt this approach, and in the process create customized development solutions that simultaneously meet the individual needs of the executive and the organization, then it will be well on its way to being able to tackle any challenge it may face.

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2 Sources (Case Studies)

2.1 Personal Interviews

Artzimovitch, V. (2002) Head of Training, Nestlé International Training and Conference Centre at Rive-Reine.

Berchtold, C. (2001) Coordinator and Content Manager, Swissair Group University.

Egloff, E. (2000-2002) Head of Management Development, Swissair Group.

Ehlers, C. (2001) Personnel Marketing, Swissair Group.

Emanuel, S. (2001) Knowledge Exchange and E-Learning, Swissair Group.

Freathy, A. (2001) Training Manager Finance and Control, Nestlé International Training and Conference Centre at Rive-Reine.

Frese, H. (2001) Head of Group Capabilities, Zurich Financial Services Group.

Hauske, S. (2001) E-learning Manager, Swissair Group University.

Hegglin-Süss, L. (2001) Manager, Succession Planning, Swissair Group University.

Hüsler, A. (1999, 2001) former Head of Training at Nestlé International Training and Conference Centre at Rive-Reine.

Maier, J. (2002) Head of Corporate Capability Development, Zurich Financial Services Group.

Mölleney, M. (2001) Head of Human Resources and Member of Group Executive Management, Swissair Group.

Neumann, R. (2000) Consultant, Trainer, Coach.

Staudenmaier, M. (2001) Coordinator, Swissair Group University.

Tuck, P. (2002), Group Talent Manager, Zurich Financial Services Group.

Weisenberger, S. (2001) Director of Human Resources Development, Gate Gourmet, SAirGroup business unit.

Wenger, R. (2001) Manager and Trainer, Swissair Group

Zindler, R. (2001) Project Manager, Human Resources, Gate Gourmet, SAirGroup business unit.

Zumr, D. (2001) Manager, Succession Planning (successor of L. Hegglin-Süss), Swissair Group University.

2.2 Participant Observation

Rogers, B. (2001) Manager of Executive Development, Swissair Group. From January to December 2001, the researcher was an employee of Swissair Group while also conducting research on executive development. The researcher identified relevant management topics, conducted background research, and organized management colloquia for the top 250 executives. In addition, the researcher designed and created content for executive development programs that supported the overall corporate strategy. The researcher also acted as coach and consultant to executives seeking external management development opportunities.

Throughout 2001, the researcher attended and participated in the monthly meetings of the Swissair Group University team and contributed in planning meetings for executive events with colleagues from various departments. At times, the researcher interacted with and received back from members of the senior management team. The experience of being simultaneously an employee and a researcher was enriching from both an academic and professional point of view.

2.3 Speeches and Presentations

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2.5 Published Sources (Internet, Books, Articles, and Press Coverage)

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Doganis, R. (2001) *The Airline Business in the Twenty-First Century*. London: Routledge.

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Wetlaufer, S. (2001) “The Business Case Against Revolution: An Interview with Nestlé’s Peter Brabeck”. *Harvard Business Review*, 79 (2), 113-119.

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3 Appendices: Research Procedures

3.1 Data Collection Plan

<i>Types of Evidence:</i>	<i>Sources:</i>
<i>Interviews</i>	Informant Swissair: Erich Egloff Informant Nestlé: Victor Artzimovitch Informant Zurich Financial Services: Paul Tuck Interviewees
<i>Participant-observation</i>	Swissair Group: Researcher
<i>Internal documents</i>	Swissair Group: Researcher, Erich Egloff Informant Nestlé: Victor Artzimovitch Informant Zurich Financial Services: Paul Tuck Interviewees
<i>Speeches and presentations</i>	Informant Swissair: Erich Egloff Informant Nestlé: Victor Artzimovitch Informant Zurich Financial Services: Paul Tuck Interviewees
<i>Press coverage</i>	Swissair Group communications department Hoovers ProQuest Library search Company websites
<i>Books and academic articles</i>	Library search Informant Swissair: Erich Egloff Informant Nestlé: Victor Artzimovitch Interviewees
<i>Other sources</i>	Swissair annual report Nestlé annual report Zurich Financial Services annual report

3.2 Schedule of the Empirical Study

3.2.1 Swissair Group

January 2001 – December 2001

The researcher was an employee of Swissair Group and had free access to people and resources for the purpose of conducting this research. As Manager of Executive Development, the researcher identified relevant management topics, conducted background research, and organized management colloquia for the top 250 executives. In addition, the researcher designed and created content for executive development programs that supported the overall corporate strategy. The researcher also acted as coach and consultant to executives seeking external management development opportunities.

Throughout 2001, the researcher attended and participated in the monthly meetings of the Swissair Group University team and contributed in planning meetings for executive events with colleagues from various departments. At times, the researcher interacted with and received back from members of the senior management team.

During this 11 month period, the following internal interviews were conducted:

Berchtold, C. (2001) Coordinator and Content Manager, Swissair Group University.

Egloff, E. (2001) Head of Management Development, Swissair Group.

Ehlers, C. (2001) Personnel Marketing, Swissair Group.

Emanuel, S. (2001) Knowledge Exchange and E-Learning, Swissair Group.

Hauske, S. (2001) E-learning Manager, Swissair Group University.

Hegglin-Süss, L. (2001) Manager, Succession Planning, Swissair Group University.

Mölleney, M. (2001) Head of Human Resources and Member of Group Executive Management, Swissair Group.

Staudenmaier, M. (2001) Coordinator, Swissair Group University.

Weisenberger, S. (2001) Director of Human Resources Development, Gate Gourmet, SAirGroup business unit.

Wenger, R. (2001) Manager and Trainer, Swissair Group

Zindler, R. (2001) Project Manager, Human Resources, Gate Gourmet, SAirGroup business unit.

Zumr, D. (2001) Manager, Succession Planning (successor of L. Hegglin-Süss), Swissair Group University.

3.2.2 Nestlé

October 1999 - August 2002

The researcher first began conducting interviews at Nestlé in October 1999 with Angelo Hüsler, who at that time was Head of Training at the International Training and Conference Centre at Rive-Reine. During the first meeting, the researcher spoke at length with Mr. Hüsler about the training and development process at Rive-Reine as well as the challenges he was facing.

In September 2000, the researcher was invited by Nestlé to participate in a workshop on corporate universities. Leading corporate universities from around the world were invited and the session was moderated by a panel of experts. Nestlé spoke in more detail about some its specific challenges; the researcher took extensive notes during this one day session. The researcher was able to monitor subsequent developments at Rive-Reine because of Nestlé's relationship with IMD, the researcher's place of employment until December 2000.

In April 2001, the researcher, employed at Swissair Group, was invited once again by Nestlé to take part in an information sharing/idea exchange meeting to discuss successes and challenges in executive development and e-learning in particular. The researcher was accompanied by Erich Egloff, Head of Management Development at Swissair Group, and Sandra Emanuel, responsible for Knowledge Exchange and E-Learning at Swissair Group. From Rive-Reine, Victor Artzimovitch, Head of Training, Angelo Hüsler, and Angus Freathy, Training Manager Finance and Control, were in attendance.

In May 2002, the researcher met with Mr. Artzimovitch again to discuss specific questions related to the Theoretical Framework for Executive Development. Finally, in August 2002, the researcher spoke with Ms. Chantal Gaemperle, who is responsible for development at Group level.

3.2.3 Zurich Financial Services

December 2001-May 2002

The initial contact with Zurich Financial Services was in October 2001, although the first face-to-face meetings did not occur until December 2001. At that time, the researcher learned more about executive development at the company by speaking with Hanneke Frese, Head of Group Capabilities. Ms. Frese was instrumental in helping the researcher set up additional meetings with Paul Tuck, Group Talent Manager, and Jens Maier, Head of Corporate Capability Development, which took place in May 2002.

3.3 Interview Outline

Introduction:

- explain PhD project (including theoretical framework)
- explain process (I will send a summary of the interview back for verification; I am happy to share the results of the research at the end.)

Lead Question(s):

(1) What is your organization's approach to executive development, or put differently, what is your executive development strategy? *This refers to the executives who are one to two levels below the executive committee, i.e., High Potentials.* (2) Is executive development linked to organizational strategy? (3) What are the key success factors?

Support Questions:

- Which tools (e.g., internal/external courses, e-learning, job rotations, coaching, etc.) does your organization use to develop executives? Is there a personal development plan?
- Which methodologies (e.g., case studies, simulations, action learning, etc.) are most commonly used?
- Are there or have there been efforts to customize development solutions to the individual? Do you take into consideration learning styles or other constraints?
- What have been some of your organization's major successes and failures in terms of executive development? What are the ongoing challenges? How do you measure results?
- How does the corporate culture impact executive development in your organization?

Close:

- (1) Do you have any internal documentation that could be of help to my research? (e.g., presentations on executive development, program offerings, annual reports, etc.)
- (2) Do you have any other contacts to recommend for interviewing?
- (3) What readings/literature, if any, do you recommend?

Next Step:

I will send you a summary of our conversation for checking within five working days. Any comments or additional ideas are appreciated.

3.4 Interview Summary Cover Note

To: (name of interviewee)

From: Brian Rogers

Date: (date the summary was sent back to the interviewee)

It was a pleasure to meet with you back on May 16. Thank you so much for taking the time to answer my questions about training and development. You have provided a significant amount of valuable information for my doctoral dissertation, and I will be very happy to share with you my preliminary findings and conclusions upon completion of my research later this summer. Copies of my doctoral dissertation will be made available upon request.

In order to assure that I have a correct understanding of the topics we discussed, I would greatly appreciate it if you could read through the attached summary of our discussion and check:







1. if the summary is correct (all information is accurate)
2. if the summary is complete (it covers all key issues discussed)
3. if you have any additions

If I do not hear from you within 10 days, I will assume that you are in agreement with the summary.

Again, thank you for your time and consideration, and thank you for the support you have provided thus far.

4 Appendices: Company Case Studies

4.1 Background on Swissair Group Business Units¹

	<p>Crossair is the Swissair Group's Swiss-based regional airline, operating domestic and European scheduled services (some on Swissair's behalf) and charter flights to European and Mediterranean destinations from its Basel Euro Cross hub. With an 84 aircraft fleet and a workforce of 3263 personnel, the company generated operating revenues of CHF 1.27 billion in 2000.</p>
	<p>Swissport International provides comprehensive ground-handling services for passengers and aircraft of the Swissair Group and customer airlines. The company is internationally active, operating existing ground-handling units and developing new ones. With a staff of 13,407 in 127 ground-handling stations world-wide, Swissport generated operating revenue of CHF 1.06 billion in 2000.</p>
	<p>SR Technics is one of the world-wide leaders in providing technical services for commercial aircraft. Their main activities include aircraft maintenance, aircraft repair, aircraft overhauls, jet engine servicing and maintaining and upkeep of aircraft components. SR Technics has the advantage of 70 years of operational experience gained while providing aircraft maintenance for the Swissair fleet. 50 airlines world-wide profit from this expertise and use SR Technics to service either their entire fleet or a part of it. SR Technics posted operating revenue of CHF 1.4 billion for 2000 and employs a staff of 4,045.</p>
	<p>Swisscargo is responsible for marketing the cargo capacity of Swissair, Sabena and Crossair. Dedicated freighter agreements exist with Malaysia Airlines Cargo, Korean Airlines, and Cargolux, a dedicated freight airline based in Luxembourg. Swisscargo is the general sales agent for Cargolux in Switzerland. Swisscargo is also general sales agent in Switzerland, Belgium and Italy for Leisure Cargo GmbH, a Swisscargo and LTU International Airways joint venture, which markets the air freight capacity of LTU, Sobelair, Balair/CTA and AirEurope. What had been known as Cargologic prior to the reorganization is now Swisscargo.</p>
	<p>Gate Gourmet is the second-biggest airline caterer in the world, producing in-flight meals for the passengers of more than 250 airlines; it also operates 13 airport restaurants. 29,426 Gate Gourmet staff generated operating revenue of CHF 2.6 billion in 2000.</p>
	<p>The Nuance Group AG operates in the travel retail sector. It is the world's largest airport retailer and third-biggest operator of duty-free/duty-paid shops; it operates duty-free/duty-paid shops at airports, on ferries and in cities, as well as in-flight sales. 4,252 Nuance staff posted operating revenue of CHF 1.8 billion in 2000.</p>

¹ The divisions not featured here are the Airline Partners division and the Swissair division.

4.2 Overview of Swissair Group University's Products and Services

	TOP EXECUTIVE CENTER	EXECUTIVE DEVELOPMENT CENTER	SWISSAIR GROUP CENTER FOR LEADERSHIP DEVELOPMENT	CENTER FOR MANAGEMENT EXCELLENCE	YOUNG PROFESSIONALS CENTER
	Targets Group Executive Management & CEOs of Business Units	Targets top 250 executives worldwide	Targets promising middle managers from all Swissair Group business units	Targets all employees (particularly those with management responsibility)	Targets management trainees, interns and young professionals (who recently graduated)
CUSTOMIZED PROGRAMS	Roundtable Discussions on strategy, best practices in leadership, etc. – with guest speakers	Consortium with other companies (to be set up)	MD Pool (by invitation only)	C2 (by invitation only)	Familiarization program "Take off" (5 days per year)
OPEN ENROLLMENT COURSES	<ul style="list-style-type: none"> ✓ External courses at leading business schools ✓ Serve as course leader 	<ul style="list-style-type: none"> ✓ External courses at leading business schools ✓ Serve as course leader 	<ul style="list-style-type: none"> ✓ External courses ✓ Access to internal courses 	<ul style="list-style-type: none"> ✓ External courses ✓ Access to internal courses 	<ul style="list-style-type: none"> ✓ External courses ✓ Access to internal courses
ONLINE COURSES	Computer-Based Training	Computer-Based Training	Computer-Based Training	Computer-Based Training	Computer-Based Training
E-LIBRARY	<ul style="list-style-type: none"> ✓ Harvard ManageMentor ✓ Journal articles (and special searches) ✓ Mgt book summaries (GetAbstract) ✓ Case Studies (can request case development) 	<ul style="list-style-type: none"> ✓ Harvard ManageMentor ✓ Journal articles ✓ Mgt book summaries (GetAbstract) ✓ Case Studies 	<ul style="list-style-type: none"> ✓ Harvard ManageMentor ✓ Journal articles ✓ Mgt book summaries (GetAbstract) ✓ Case Studies 	<ul style="list-style-type: none"> ✓ Harvard ManageMentor ((restricted access)) ✓ Journal articles ✓ Mgt book summaries (GetAbstract) ✓ Case Studies 	<ul style="list-style-type: none"> ✓ Harvard ManageMentor ((restricted access)) ✓ Journal articles ✓ Mgt book summaries (GetAbstract) ✓ Case Studies

4.2 Overview of Swissair Group University's Products and Services - continued

	TOP EXECUTIVE CENTER	EXECUTIVE DEVELOPMENT CENTER	SWISSAIR GROUP CENTER FOR LEADERSHIP DEVELOPMENT	CENTER FOR MANAGEMENT EXCELLENCE	YOUNG PROFESSIONALS CENTER
EVENTS	Executive Events ✓ CMC ✓ Top Management Event ✓ External Events (Wolfsberg, IMD, Swiss-American Chamber of Commerce)	Executive Events ✓ CMC ✓ Top Management Event ✓ External Events (Wolfsberg, IMD, Swiss-American Chamber of Commerce)		Get-to-know Swissair Group: Events for new hire managers (1 per month)	Intern-Event: Get-to-know each other and airline jobs (2 per year)
SWISSAIR GROUP PROJECTS	✓ Change 2001	✓ Change 2001 ✓ Consultant-led projects	✓ Change 2001 ✓ Consultant-led projects	✓ Change 2001 ✓ Consultant-led projects	✓ Change 2001 ✓ Consultant-led projects
SPECIAL SERVICES	✓ Coaching ✓ One-on-one counseling before selecting open enrollment courses ✓ Retention (e.g., job rotations, etc.) ✓ Diagnostic tools (360 degree feedback, Meyers Briggs, etc.)	✓ Coaching ✓ Mentoring ✓ One-on-one counseling before selecting open enrollment courses ✓ Retention (e.g., job rotations, etc.) ✓ Diagnostic tools (360 degree feedback, Meyers Briggs, etc.)	✓ Coaching ✓ Mentoring ✓ Diagnostic tools (360 degree feedback, Meyers Briggs, etc.)	✓ Coaching ✓ Mentoring ✓ Diagnostic tools (360 degree feedback, Meyers Briggs, etc.)	✓ Mentoring ✓ Coaching ✓ Consulting ✓ Diagnostic tools (360 degree feedback, Meyers Briggs, etc.)

Source: Swissair Group

4.3 Succession Planning at Swissair Group ²

4.3.1 Process for Evaluating Executive Managers

(one level below CEO of each Business Unit)



4.3.2 Process for Evaluating Vice-Presidents

(two levels below CEO of each Business Unit)



² Key: EM = Executive Manger, GEM = Group Executive Management, HiPo = High Potential Individual, DHD = MD Swissair Group Corporate

4.5 Financial Performance, Zurich Financial Services Group

Key Figures for the Year ending 31 December <i>in USD millions</i>	2001	2000
Gross written premiums, policy fees, insurance deposits, and premiums written by the Farmers P&C Group Companies (excluding Farmers Re and other Group companies)	56,194	50,044
Gross written premiums and policy fees	34,764	30,410
Net written premiums and policy fees	28,848	25,523
Farmers management fees and other related revenue	1,690	1,589
Asset management fee income	1,417	1,548
Net investment income, realized and unrealized capital gains and losses recognized in income	6,644	8,477
Operating income	(215)	3,151
IAS net (loss) / income	(387)	2,316
- Non-life Insurance	102	1,514
- Life Insurance	621	965
- Asset Management	(29)	51
- Farmers Management Services	501	559
- Capital Markets & Banking	89	80
- Centre	101	131
- Reinsurance-discontinued	(460)	103
- Corporate	(1,312)	(1,087)
Normalized net income	348	2,067
Total investments	123,648	125,479
Net underwriting reserves	94,710	98,353
Shareholders' equity	17,742	20,665
Total assets under management	403,448	440,360

Source: Zurich Financial Services company website

4.6 Executive Capabilities, Zurich Financial Services Group

- 1 Strategic Vision
 - takes action based on anticipation of market trends and developments
 - understands the organization's strengths, weaknesses, opportunities, and threats
 - has a global perspective
- 2 Business Implementation
 - translates strategy into clear action plans
 - sets aggressive but achievable financial and performance targets
 - provides team with a clear sense of direction
 - delegates decision making responsibilities to lower levels when appropriate
- 3 Customer Focus
 - actively approaches clients (external/internal) to identify and understand their needs
 - continually searches for ways to improve client service
 - seeks and acts on feedback from clients (internal/external)
- 4 Quality Focus
 - is committed to the achievement and maintenance of quality
 - continuously improves processes and specific deliverables
 - follows the most cost efficient route to achieve targets
- 5 Technical Competence
 - demonstrates relevant subject matter competence
 - readily absorbs and leverages new technical information
 - uses analytical skills in solving problems
- 6 Innovation
 - stimulates others to innovate and to develop new creative ideas
 - proactively seeks and generates new and innovative solutions
 - takes appropriate risks when others might be more hesitant
- 7 Managing Performance
 - monitors performance against objectives
 - addresses performance issues
 - implements measurements
- 8 Attracting and Developing Talents
 - attracts and recruits high caliber individuals
 - develops the knowledge and skill of others
 - acts as a role model in leadership
- 9 Managing Change
 - prepares others to understand and adapt to change
 - shapes the organization's culture and infrastructure to support change
 - provides compelling rationale for change
- 10 Building Trust
 - shows consistency between words and actions
 - actively listens to others
 - seeks out and acts upon feedback on own behavior
- 11 Collaboration
 - willingly shares knowledge, experience, and resources
 - works constructively with others
 - places organizational success above personal gain
 - collaborates and coordinates across boundaries of all kinds
- 12 Self-Confidence
 - resolves conflicts quickly and effectively
 - conveys a realistic confidence in own abilities and decisions
 - takes responsibility for own actions

Source: Taking a 360° View of Leadership, Zurich Financial Services

4.7 Leading Nestlé Brands, by Food Category

FOOD CATEGORY	NESTLÉ BRANDS
Soluble coffee:	Nescafé, Taster's Choice, Ricoré, Ricoffy
Roast & ground coffee:	Nespresso, Bonka, Zoégas, Loumidis
Water:	Nestlé Pure Life, Nestlé Aquarel, Perrier, Vittel, Contrex, S. Pellegrino, Valvert, Panna, Levissima, Vera, Fürst Bismarck, Viladrau, Arrowhead, Poland Spring, Zephyrhills, Santa Maria, La Vie
Other beverages:	Nestea, Nesquik, Nescau, Milo, Carnation, Libby's, Caro
Dairy products (shelf stable):	Nestlé, Nido, Nespray, Ninho, Carnation, Milkmaid, La Lechera, Moça, Klim, Gloria, Svelty, Molico, Nestlé Omega Plus, Bear Brand, Coffee-mate / (chilled): Nestlé, LC1, Chamyto, La Laitière, Sveltesse, Yoco, Svelty, Molico
Breakfast cereals:	Nestlé
Infant foods:	Nestlé, Nan, Lactogen, Beba, Nestogen, Cérélac, Neslac, Nestum, Guigoz
Performance nutrition:	PowerBar
Clinical nutrition:	Nutren, Peptamen, Modulen, Build-up, Nesvita
Culinary products (bouillons, soups, seasonings, prepared dishes, canned food, pasta, sauces):	Maggi, Buitoni, Crosse & Blackwell, Libby's, Thomy, Winiary
Frozen foods:	Maggi, Buitoni, Stouffer's
Ice cream:	Nestlé, Frisco, Motta, Camy, Savory, Peters
Refrigerated products (yogurts, desserts, pasta, sauces):	Nestlé, Buitoni, Herta
Chocolate and confectionery:	Nestlé, Crunch, Cailler, Galak/Milkybar, KitKat, Quality Street, Smarties, Baci, After Eight, Baby Ruth, Butterfinger, Lion, Aero, Polo, Frutips, etc.
FoodServices and professional products:	Chef, Davigel, Minor's, Santa Rica
Petcare:	Friskies, Fancy Feast, Alpo, Mighty Dog, Gourmet, Mon Petit, Felix
Flavours for the food industry:	Food Ingredients Specialities (FIS)
Pharmaceutical products:	Alcon, Galderma
Cosmetics:	L'Oréal (important interest)

Source: Nestlé company website

4.8 Selection Criteria for Managers at Nestlé

CRITERIA	ATTRIBUTES
Do you look forward to change?	<p>Nestlé is proud of its traditions and heritage. But that doesn't mean we are stuck in the past. To keep us ahead in the ever-changing food industry, we are constantly driving forward the boundaries of our industry. Our people must be:</p> <ul style="list-style-type: none"> - creative - excited by the future - flexible
Are you open minded and ready to learn - every day of your career?	<p>We are committed to the continual training and personal development of our people. A world of opportunities quite literally awaits those who are prepared to:</p> <ul style="list-style-type: none"> - learn something new every day - adapt to new environments - develop multi-lingual skills
Do you have courage in your convictions and keep your cool under stress?	<p>Then you could have what it takes to be a Nestlé manager. The development of our business depends on finding people who are ambitious for themselves and for our company, who can:</p> <ul style="list-style-type: none"> - communicate and innovate - motivate and inspire - delegate without abdicating responsibility
Do you want to explore new countries and adopt new cultures?	<p>Nestlé has been an international company since its very beginning. Food is intrinsically linked with local eating and social habits, and Nestlé endeavors to integrate itself as much as possible into the cultures and traditions of the countries where it operates. To deliver products that meet the needs of individual consumers, we need people who:</p> <ul style="list-style-type: none"> - respect other cultures - embrace diversity - never discriminate on any basis
Are you ready to be the best?	<p>Whether we are creating a product to fulfill a nutritional need, or a chocolate bar that's purely for pleasure, Nestlé is only satisfied with the best. We expect that same commitment to quality from our people. So get in touch with us if you are:</p> <ul style="list-style-type: none"> - enthusiastic - dedicated - ready to be part of our success

Source: Nestlé corporate website

4.9 Customizing Executive Development: A Practical Approach

I. Background Data

Name: Manager X

Occupation: Executive Vice-President, Marketing

Date Employed: 1995

In current position: since 1998

Age: 40 years

International Experience: Yes

Skills to be developed: General Management (he wants a broader overview of Finance, IT, Organizational Behavior, Operations, and Human Resources)

Do you feel you have the knowledge and skills you need to fulfill your organization's strategic objectives? What is the link between development and strategy? No specific link

Degree/Non-degree program: not looking for a degree, just the skills

Career Goal:

When do you wish to start external program? In October or November 2001

Time Willing to Invest for Development: 4-6 weeks

Company Sponsored: Yes

Preferred Location: flexible

Preferred Language of Instruction: English (although he is good in French; mother tongue: German)

Learning Style: prefers personal contact and exposure to people in other industries; he feels it doesn't help to have only airline people; he also wants to interact with people from different cultures – also prefers a project environment, small teams, case studies. He is not interested in chat rooms on the Internet – not so interested in e-learning. He likes simulations.

II. Interviewer Impressions

Strengths:

- Knows exactly what skills he wants to develop
- Forward looking
- Self-driven

Challenges:

Manager X cannot be away from his job for many months. He wants to spend a maximum of 4-6 weeks. He also has a wife and kids. He would consider doing an MBA but doesn't want to spend weekends in class for 2-3 years – he wants to

maintain work-life balance. Manager X is also concerned about the cost of the program, given the company's current financial situation.

Perhaps his boss would not see the immediate need for him to enroll in such a program. Manager X sees the following trade-off: cost vs. self-development.

Training Background:

Manager X has a marketing certificate (equivalent to a 4 year degree). He comes from the practical side and is really strong in marketing. He took part in C2; he also completed the MD Pool in 1999. He has also had training for assignments abroad and various other business skills courses. He doesn't feel he needs any more training in marketing.

Work Experience:

Since joining the company, Manager X has worked in revenue yield management for 2 years, was head of sales and marketing for ____ from 1994-1995. He was also head of global key account management for ____ from 1995 to 1998. Since 1998, he has been the EVP of sales & marketing for _____.

Inspiration/Motivation:

He states, "I really love my job." He also wants to develop himself so that he can take on more responsibility. He adds, "I want to improve. I am not ready to run a whole company today."

Skill Development: see previous section: skills to be developed

III. Recommendations

Open Enrollment Programs (no degree is granted)
(Executive) MBA Programs

5 Curriculum Vitae

Brian Rogers

Stiegweg 15
8303 Bassersdorf, Switzerland

Experience

SWISSAIR GROUP

Manager, Executive Development, Zurich, Switzerland. Identified relevant management topics, conducted background research, and organized management colloquia for the top 250 executives at Swissair Group. Designed and created content for executive development programs that support the overall corporate strategy. Acted as coach and consultant to executives seeking external management development opportunities. 2001.

Project Leader, Change 2001, Zurich, Switzerland. Led a group-wide transfer pricing initiative aimed at producing approximately 15 million Swiss francs in cost savings. Managed a team of 10 people. Reported results directly to the Group's Chief Financial Officer. 2001.

INTERNATIONAL INSTITUTE FOR MANAGEMENT DEVELOPMENT (IMD)

Research Associate, Lausanne, Switzerland. Researched companies in the airline, biotechnology, consumer electronics, food, media, and software industries. Conducted qualitative interviews with senior managers in multinational corporations. Prepared marketing and general management case studies as well as videos for MBA students and executives. Drafted teaching notes for instructors and worked as part of a team to develop articles on contemporary strategic management issues. 1998 – 2000.

INDEPENDENT CONSULTANT

The World Economic Forum. Geneva, Switzerland. Assisted in the development of an initiative to bring together leaders in business, government, and academia to discuss global issues. 1998.

The United Nations. Geneva, Switzerland. Produced report for the Development Policies Branch of the International Labor Organization which provided a cross-cultural perspective of the informal sector in developing and industrialized economies. 1997.

First USA Bank, Inc. Wilmington, DE. Enhanced the Finance department's forecasting model to better forecast late fees, and developed new model to forecast short-term finance charges. 1996.

DELOITTE & TOUCHE MANAGEMENT CONSULTING, INC.

Associate, Strategy Operations, Accra, GHANA, WEST AFRICA. Assessed strategic banking options in Ghana and conducted feasibility study to establish merchant banking venture. Researched timber industry developments and prepared a strategic business plan to support an initial public offering on the Ghana Stock Exchange as part of a privatization initiative. 1994.

STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE)

Strategic Planning Intern, Washington, DC. Identified and analyzed financial industry trends, determined financial implications of product strategies, and performed feasibility studies of new products. Conducted research and developed models to project business activities and market performance. Assisted in launching humanitarian effort to provide aid to institutions of higher learning affected by natural disasters. 1993.

THE EMORY UNIVERSITY EXECUTIVE MBA PROGRAM

Program Assistant, Atlanta, GA. Acted as liaison between administration and program participants, assisted with workshops, and coordinated planning of general program activities. Worked with professors to prepare classroom presentations and provided administrative assistance. 1992-1993.

WHARTON ECONOMETRICS FORECASTING ASSOCIATES, INC.

Data Base Manager, Washington, DC. Managed and updated US Macroeconomic and Business Conditions Digest data bases. Consulted extensively with investment banks,

insurance companies, and accounting firms. Maintained relationships with government agencies and handled economic research requests. 1991-1992.

Education

UNIVERSITY OF ST. GALLEN, Department of Business Administration. St. Gallen, Switzerland. **Candidate for Doctor of Business Administration (Dr. oec).** Research areas: Executive Development and Strategic Management. Doctoral seminars in Corporate Governance, International Auditing, Multicultural Management of Human Resources, Marketing, Culture & Multiculturalism, Knowledge Management, and Research Skills & Methodologies. Invited as guest speaker on how to write successful case studies.

HARVARD UNIVERSITY, John F. Kennedy School of Government. Cambridge, MA. **Master in Public Administration,** June 1998. Concentration in International Trade and Finance. Elective courses in the Management of Nonprofit Organizations and Leadership in Development Policy. School Activities: Member, Professional Interest Council on International Affairs; Member, The Harvard Springboard Society; Contributing Writer, *The Citizen*. Participated in the World Economic Forum's 1998 Annual Meeting in Davos, Switzerland.

EMORY UNIVERSITY, Roberto C. Goizueta School of Business. Atlanta, GA. **Master of Business Administration,** December 1995. Concentration in Strategic Management. Elective courses in Negotiations and Multinational Enterprise Strategy. Conducted research in the areas of Strategic International Human Resource Management and Global Strategic Management. School Activities: Co-Founder, The Emory Council on Diversity in Business; Vice-President, The Emory Black MBA Association; Member, The International Business Association.

HAUTES ETUDES COMMERCIALES, Paris, France.
International Exchange Program. Courses in Finance and Strategy. 1993-94.

GEORGETOWN UNIVERSITY, Georgetown College. Washington, DC.
Bachelor of Arts, May 1991. Double concentration in Economics and French. Elective courses in Monetary Economics and Public Finance. School Activities: President, The Pi Delta Phi French Honor Society; French Tutor, The Georgetown University Center for Minority Student Affairs; Volunteer, The Georgetown University Student Federal Credit Union.

UNIVERSITÉ DE FRIBOURG, Fribourg, Switzerland.
International Exchange Program. Courses in French Literature and International Relations. 1988-89.

- Additional Data**
- Date of Birth: 02.08.1969. U.S. National. Lived in Europe, Africa, and North America.
 - Fluent in French
 - Published poet and jazz enthusiast. Hobbies: reading, movies, sports and nature shows.
 - Proficient in Microsoft Word, Excel, & Powerpoint, Lotus 1-2-3, Netscape, & WordPerfect.

I confirm that this dissertation represents an original piece of research and that it is solely my own work. No one else was involved in the research or the writing of this dissertation.

Paul Brian Rogers
September 20, 2002