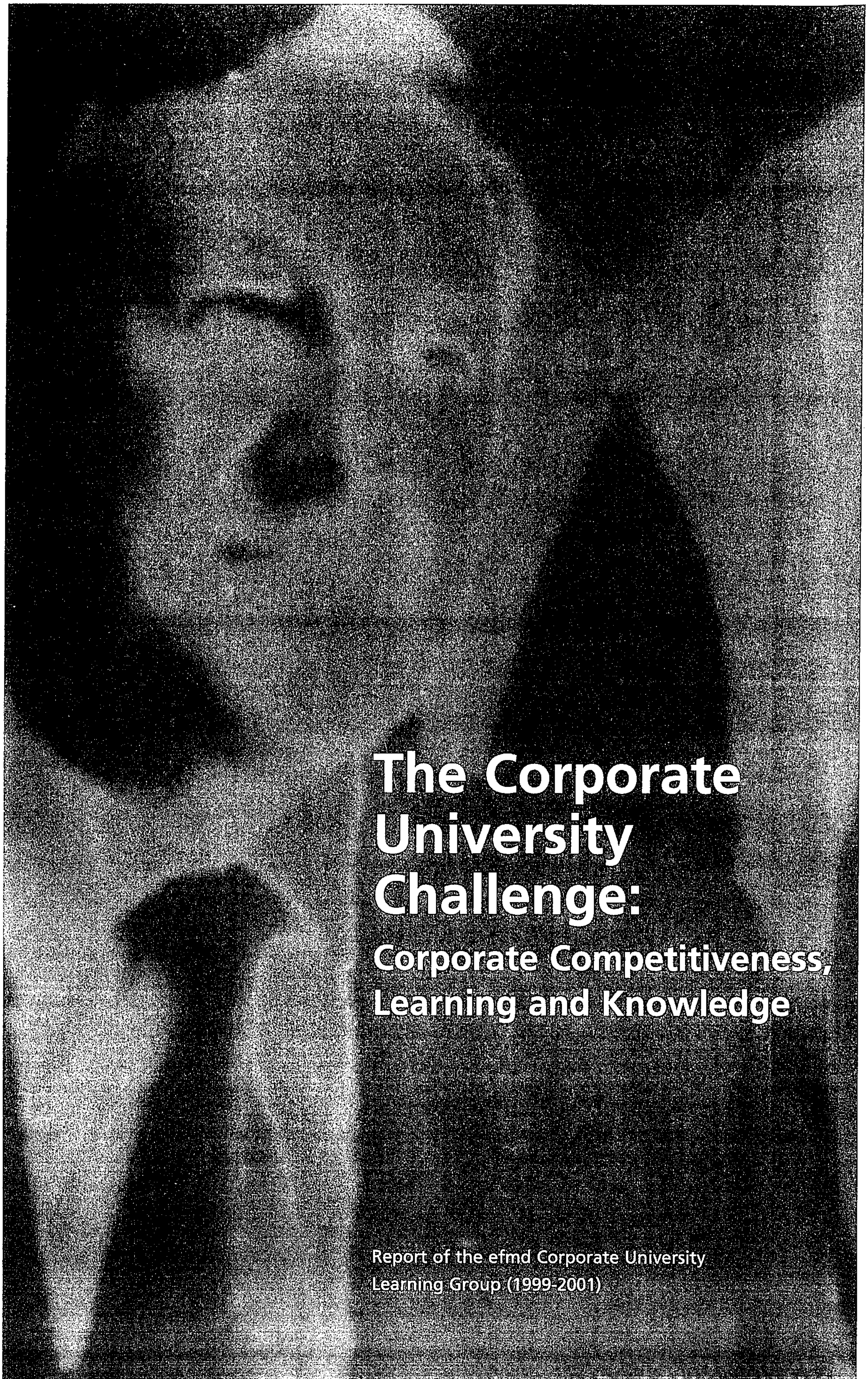
efmd

The Open University
BUSINESS SCHOOL



The Corporate University Challenge:

Corporate Competitiveness, Learning and Knowledge

Report of the efmd Corporate University Learning Group (1999-2001)

TIMS Consultancy
Partner SIMS International Group

Phillips Consultancy

PRICEWATERHOUSECOOPERS

The Corporate University Challenge: Corporate Competitiveness, Learning and Knowledge

Report written by:

Scott Taylor,
Management Learning Research and Development Unit,
Open University Business School

Tim Phillips,
Phillips Consultancy

with major contributions from

Mark Jones,
PricewaterhouseCoopers – Learning Group Facilitator

Sybren Tijmstra,
TIMS Consultancy – Learning Group Knowledge Capture

Published January 2002

Participating companies in
Corporate University group 1999-2001

A. Ahlstrom Corporation
ABB Asea Brown Boveri Ltd.
ABN AMRO
Adam Opel AG
Alcatel
Allianz-Versicherungs-AG
Auchan
Banco Santander Central Hispano (BSCH)
Bekaert N.V.
Buhrmann
C&A Europe
CISCO
Coloplast
Danone Group
DaimlerChrysler Services AG
Deutsche Bank AG
Deutsche Lufthansa A.G.
Diageo Plc
DIEU - Danish International Continuing Education
Eli Lilly Holdings Limited
Ericsson Management Institute
Europay International
General Motors Europe
IBM Europe Middle East Africa
KLM Royal Dutch Airlines
Lhoist Coordination Center S.A.
Lloyds TSB Group
Mobiliar Insurance Group
Norsk Hydro ASA
Novo Nordisk A/S
PricewaterhouseCoopers
Raychem
Renault
Royal Bank of Scotland
Schneider Electric Industries S.A.
Sulzer Infra
Swiss Re
Swissair Group
TIMS Consultancy & SIMS International Ltd.
Toyota Motor Europe
Usinor
Volkswagen Coaching GmbH
Zurich Financial Services

Appendices

Appendix 1: efmd Corporate University Learning group Participating Companies

A. Ahlstrom Corporation
ABB - Asea Brown Boveri Ltd.
Alcatel
Allianz -Versicherungs-AG
Auchan
DaimlerChrysler Services AG
BSCH - Banco Santander Central Hispano
Bekaert N.V.
Buhrmann
C&A Europe
Cisco - Europe, Middle East, Africa
Coloplast
Danone Group
Deutsche Bank AG
Diageo Plc
DIEU - Danish International Continuing Education
Eli Lilly Holdings Limited
Ericsson
Europay International
General Motors Europe - Adam Opel AG
IBM – Europe, Middle East, Africa
KLM - Royal Dutch Airlines
Lhoist Coordination Center S.A.
Lloyds TSB Group
Lufthansa AG
Mobiliar Insurance Group
Norsk Hydro ASA
Novo Nordisk A/S
PricewaterhouseCoopers
Raychem
Renault
RBS - Royal Bank of Scotland plc
Schneider Electric Industries S.A.
Sulzer Infra
Swiss Re
Swissair Group
Toyota Motors - Europe
Usinor
Volkswagen Coaching GmbH
Zurich Financial Services

Appendix 2: efmd Advanced Corporate University Learning group Meetings and Themes

1. What is a Corporate University and Why Set One Up?

   23-24 March 1999, Adam Opel, GM Europe, Frankfurt

2. Designing Your CU: Organisation, Corporate Positioning, Technology

   29-30 June 1999, PricewaterhouseCoopers, Edinburgh

3. Business Alignment, Curricula, Suppliers, Delivery Media, Best Practice

   30 September-1 October, Banco Santander Central Hispano, Madrid

4. Innovation, Effectiveness Measurement & a CU Balanced Scorecard

   13-14 January 2000, Toyota Europe, Brussels

5. Intellectual Capital, Knowledge Management, Evaluation Frameworks

   29-30 May 2000, Ahlstrom, Helsinki

6. e-Learning, Strategic Purchasing & the Learning Supply Chain

   23-24 October 2000, Allianz, Munich

7. Sustaining High Quality in CU Performance

   31 May-1 June 2001, DIEU, Copenhagen

8. Problem Solving Session

   29-30 October 2001, Cisco, London

Miller, R., Stewart, J. and Walton, J. (1999). 'Opened university'. *People Management*, 17th June: 42-46.

Mitchell, Allan, (1997) 'Defining the Role of Corporate Learning Centres and Universities – New Challenges to the European Business School Sector?' *efmd Forum, 3.*

Moore, T. (1997). 'The corporate university: Transforming management education'. *Accounting Horizons*, 11(1): 77-85.

Nevins, M. (1998). 'Teaching to learn and learning to teach: Notes toward building a university in a management consulting firm'. *Career Development International*, 3(5): 185-193.

Phillips, Jack J. (1997) 'Return on Investment in Training & Performance Improvement Programmes' *PRO Press, Performance Resources Organisation.*

Phillips, T. (2001) 'e-Learning about e-Learning' *efmd Forum, 2.*

Plompen, Martine (Ed.) (1999) 'Unleashing the Power of Learning' *efmd report into Executive Education in Europe.*

Prince, C. and Beaver, G. (2001). 'The rise and rise of the corporate university: The emerging corporate learning agenda'. *The International Journal of Management Education*, 1(3): 17-26.

Prince, C. and Stewart, J. (2000). 'The dynamics of the corporate education market and the role of business schools'. *Journal of Management Development*, 19(3): 207-219.

Roesner, L. and Walesh, S. (1998). 'Corporate university: Consulting firm case study'. *Journal of Management in Engineering*, 14(2): 56-63.

Sandelands, E. (1998). 'Developing a robust model of the virtual corporate university'. *Journal of Knowledge Management*, 1(3): 181-188.

Scarbrough, H., Swan, J. and Preston, J. (1999). *Knowledge Management: A literature review*. London: Institute of Personnel and Development.

Senge, P. (1990/1993). *The Fifth Discipline: The art and practice of the learning organization*. London: Century Business.

Stumpf, S. (1998). 'Corporate universities of the future'. *Career Development International*, 3(5): 206-211.

Teare, R., Davies, D. and Sandelands, E. (1998). *The Virtual University: An action paradigm and process for workplace learning*. London: Cassell.

Thomassen, Bente (2002) The MBTI personality preferences indicator and e-learning styles *efmd Forum, forthcoming.*

Trondsen, E. and Vickery, K. (1998). 'Learning on demand'. *Journal of Knowledge Management*, 1(3): 169-180.

Vine, P. (1999). 'Back to school'. *The British Journal of Administrative Management*, March-April: 18-21.

Wiggenhorn, W. (1990). 'Motorola U: When training becomes an education'. *Harvard Business Review*, July-August: 71-83.

References

Corporate university research papers are available via the websites of: HEC Paris France, Open University Business School UK, Copenhagen Business School Denmark, Ashridge Management College UK, PricewaterhouseCoopers Transform Group, TIMS Consultancy Netherlands, Intellectual Partnerships Consultancy UK, and for efmd CU Learning Group members, the private efmd website archive of the CU Learning group's presentations is still available. In addition, we would strongly recommend the following selection of papers and books, especially those in bold.

Burack, E., Burack, M. and Miller, D. (1999). 'The new corporate-business school learning "partnerships": Forging new institutional changes'. *Organization Development Journal*, 17(1): 29-45.

Craig, R., Clarke, F. and Amernic, J. (1999). 'Scholarship in university business schools: Cardinal Newman, creeping corporatism and farewell to the "disturber of the peace"?'. *Accounting Auditing and Accountability Journal*, 12(5): 510-524.

Dealtry, R. (2000a). 'Case research into corporate university developments'. *Journal of Workplace Learning*, 12(6).

Dealtry, R. (2000b). 'Case research into the evolution of a corporate university development process'. *Journal of Workplace Learning*, 12(8): 342-353.

Dealtry, R. (2000c). 'Establishing a methodology for appraising the strategic potential of the corporate university'. *Journal of Workplace Learning*, 12(5): 217-223.

Dealtry, R. (2000d). 'Strategic directions in the management of the corporate university paradigm'. *Journal of Workplace Learning*, 12(4): 171-175.

Department of Trade and Industry (UK) (2000). *The Future of Corporate Learning*. London: Department of Trade and Industry.

Ellis, S. (1998). 'Buckman Laboratories Learning Center'. *Journal of Knowledge Management*, 1(3): 189-196.

Eurich, N. (1985). *Corporate Classrooms: The learning business*. Princeton, NJ: The Carnegie Foundation for the Advancement of Teaching.

Fulmer, R. and Gibbs, P. (1998). 'Lifelong learning at the corporate university'. *Career Development International*, 3(5): 177-184.

Goleman, D. (1998) 'What makes a leader?' *Harvard Business Review*, Nov-Dec: 93-104.

Goleman, D. (2000) 'Leadership that gets results' *Harvard Business Review*, Mar-Apr: 78-90.

Hawthorne, E., Libby, P. and Nash, N. (1983). 'The emergence of corporate colleges'. *Journal of Continuing Higher Education*, Fall: 2-9.

Hilse, H. (2001). 'Ein Himmelszeit in der Online-Welt: Der Beitrag von Corporate Universities zum unternehmsweiten Wissenmanagement'. *Die Unternehmung*.

Hilse, H. (2001). 'The Schools of Business – the business of schools', in Kraemer, W. and Muller, M. (eds). *Corporate Universities: Konzepte and Fallbeispiele*. Wiesbaden: Gabler.

Jones, Mark L., Tijmstra, Sybren, (2000-01) 'Corporate Universities: Lessons Learned from an efmd Group' *efmd Forum, 1*.

Kirn, S., Rucci, A., Huselid, M. and Becker, B. (1999). 'Strategic human resource management at Sears'. *Human Resource Management*, 38(4): 329-336.

Landau, M. (2000). 'Corporate universities crack open their doors'. *Journal of Business Strategy*, May/June: 19-23.

Lester, T. (1999). 'Degree couture'. *Human Resources*, 43: 74-78.

Matthews, P. (1997). 'Aqua Universitas'. *Journal of Knowledge Management*, 1(2): 105-112.

Meister, J. (1998). *Corporate Universities: Lessons in building a world-class work force*. New York: McGraw-Hill.

of high quality personal development opportunities, and always intended to be and remain virtual. A primary aim was to avoid the perception that existing activities were being 're-badged'. This was achieved through the presentation of the Academy as a development, a forward movement, building on existing provision (such as the BT Internet College) and improving opportunities.

However, this model of the corporate university relies on one thing above all else: access. If there is no building to go to, then employees must be able to go to the virtual location. An integral part of the corporate university project thus became the 'enfranchisement' of the 30% of BT's employees without access to the intranet, through which the BT Academy is available to employees. BT's management team decided to examine the strategic possibilities here, and sought to achieve a significant change programme for delivering work assignments to around 20,000 field engineering staff, with the benefit that the Academy became accessible to even more employees. As the method of delivering work assignments to these employees relied on the use of the laptops, it was also a prime opportunity to build interest in and use of the BT Academy. Another significant group, call centre staff, also lacked opportunity to access the intranet at this point – not through lack of 'kit', however, but because workstations in the call centres are set up to provide a responsive service to customers. The solution to this was to set up spatially separate 'corporate university workstations' away from the work area, encouraging staff to make a physical and mental shift from working to learning, yet remaining within the same context.

development of a global market for prestige courses has been led by US schools such as Harvard and MIT, but European schools are fast catching on and catching up. Hence and finally, be open to courses from less well known providers. Content should be judged as to appropriateness and quality on more than just the name of the business school or the leading academic. These lessons and experiences are all feeding into the future design and practice of the Allianz corporate university initiative, in its aim to be transformational at personal and corporate levels.

Networking Employees: The Case of the BT Academy

BT Group plc is the listed holding company for the BT Group of companies, while British Telecommunications plc (BT) is a wholly owned subsidiary. BT is one of the world's leading providers of telecommunications services and one of the largest private sector companies in Europe. Its principal activities include local, long distance and international telecommunications services and IT solutions. In the UK, BT serves 29 million exchange lines as well as providing network services to other licensed operators. Geographically, British Telecommunications plc has operations world-wide, although it is its intention in the future to focus more on the UK and Western Europe.

British Telecommunications plc principally comprises:

- BT Ignite - an international broadband business network business focused primarily on corporate and wholesale markets
- BTopenworld - an international mass-market internet business
- BT Retail - serving end-business and residential customers. And the prime channel to market for other BT businesses
- BT Wholesale - which runs BT Telecommunications plc networks and sells network capacity and call terminations to other carriers
- BTexact Technologies, a wholly owned business, comprising BT Telecommunications plc engineering and technology research and development activities. Its principle customers are the other BT Group plc businesses and BT's alliance partners. BTexact also provides a select portfolio of professional and consultancy services to external customers.
- And BT Affinitis, a business offering services which can be bought stand alone or in integrated offerings. Currently, its customers are the BT Telecommunications plc lines of business. However, BT Affinitis has the commercial mandate to leverage scale still further through external trading, where appropriate.

In the year to 31 March 2001, BT's Group turnover was £20,427million, with profit before goodwill, amortisation, exceptional items and taxation of £2,072 million.

The BT Academy was set up in 2000, driven by four objectives. First, to build the learning organisation and competitiveness. Second, to enhance the employer brand improving recruitment and retention of the best people. Third, to create and exploit synergy with government initiatives. Fourth, to pull together and transform existing disparate learning initiatives. Training and development at the time of setting up the Academy was split into two, one oriented towards developing executives (primarily through use of external providers (initiated by group personnel), while the other area addressed conventional training events (primarily in-house) determined through line managers. Distance learning had been a feature of the training strategy for considerable time.

As David Slingo, Head of Learning at the BT Academy explained, the Academy was initially presented as a concept, rather than a structure for training. It was always seen within the company as one of the ways in which BT could build capability, through the provision

Bringing Local and Global Together: The Allianz Management Institute[25]

Allianz is an insurance and banking multinational based in Bavaria in southern Germany, firmly placed in the largest hundred companies in the world. The company faces a major people development challenge which comes from how it chooses to do business. Allianz's banking and insurance products are predominantly local, driven by country-level strategic decisions. The consequently necessary high level of local autonomy within the one corporate framework defines the central issue which the Allianz Management Institute (AMI) seeks to address: how can synergies and economies of scale and scope from being an international business be gained, while continuing to work in a highly successful federal trading structure?

As Peter Clist, head of the international side of AMI, emphasises, Allianz sought to address this key issue right from the beginning when setting up its corporate university. First, the working language needed to be English, educationally and operationally, right across AMI. Second, an AMI board with regular meetings was constituted from HR directors around the globe, notably including the US and Far East. Third, local business schools with partnering potential were identified worldwide by these HR directors, thus providing AMI with a lot of locally relevant content in a short time. Fourth, Allianz decided to demonstrate commitment to AMI through purchasing and equipping an old country house near Munich as its 'bricks and mortar' Centre. The location was deliberately chosen to enable senior board members to attend and run sessions on a regular basis. Finally, a board level sponsor was identified, with responsibility for championing and reporting on the corporate university initiative.

AMI has an ultimate aim: to be as life changing and formative as 'real university' education can be. Programmes at the moment are classed as providing one of four outcomes. General management courses are targeted at the top 500 managers in the organization, those either working at the top level or with clear potential to get there soon. These programmes are often customised business school courses, with top flight academics providing the content. Career programmes are aimed at another level of 500 high potential managers, identified as likely to be able to perform well in higher level jobs than those they currently occupy. Alongside these two groups of programmes, the special topics range of courses provides short, often information-based, practical introductions to skills and corporate issues. Finally, the Munich campus-based range of programmes focuses on contemporary challenges facing all Allianz businesses around the globe, and brings together national board members to address these issues as matters of strategic importance to the Allianz corporation. The aim of this final set of programmes is primarily Allianz strategy development and alignment at an international level.

Peter has been involved in AMI from the beginning of the process, through the start-up phase and now into its consolidation and expansion phases. He has drawn five key lessons from this complex and rewarding journey. First, it is crucial to recognise that in creating a corporate university initiative, especially a prestigious one like AMI, demand for its products will be high. Hence, access, as with traditional universities, may become politicised; clear criteria for attendance must be available, and decisions as to who should attend must be as transparent as possible. Second, although input on content should be open to as many as possible, there must be an ultimate arbiter who decides on what goes into the courses. Third, managing the corporate university must meet the expectations of senior management executives in terms of administrative smoothness and customer care. Failings in this respect can rapidly tarnish both the individual's experience and the CU's reputation, no matter how good the content of the courses: for news travels very fast in small communities of senior managers. Fourth, manage cost and quality: business school programmes are rising in price in Europe. The

[25] This account is based on in part on an article written by Peter Clist for the efmd Forum magazine, published in the first issue of 2001, and in part on a series of conversations with Peter Clist and with Daniel Dirks, Allianz's global Head of Management Development.

Case Histories

The Corporate University as an Independent Profit Centre and Client Window: The Case of ABN AMRO

ABN AMRO is one the most prominent banking groups around the world, with brand recognition across many countries. It is ranked eighth largest in Europe and seventeenth in the world[24], has over 3,500 branches, employs around 110,000 people, and currently manages assets of around 550 billion Euros. At an operational level, the company is structured into three global strategic business units: one dealing with wholesale clients (20,000 staff present in more than 45 countries serving more than 10,000 clients), one dealing with consumer and commercial clients (with more than 10 million individual and small company accounts), and private clients & asset management (for high net worth individuals with resources to invest, with assets of more than 160 billion Euros). The company is an organization of people from many different national cultures, with a wide variation of educational and social backgrounds. The ABN AMRO Academy, based in Amsterdam, the Netherlands, has been operational since 1995.

ABN AMRO's corporate university was set up as part of the Human Resources function within the company. The ABN AMRO Academy currently offers a portfolio of around 50 programmes. Six full-time faculty are employed there, as well as trainers brought out of the business for 2 to 3 years on secondment. The Academy also employs external facilitators and lecturers on an ad-hoc basis, and provides staff to conduct learning needs analyses for employees. The 80-100 high potential graduates recruited each year are also put through an initial 6 week training programme in the Amsterdam facility. In addition, the development of new and innovative management development initiatives for senior managers for the wholesale bank is led from here. From the outset, the Academy dealt with requests from clients for training and development in fields in which ABN AMRO is seen as a world leader, such as global financial markets, loan products, corporate finance and global transaction services. Thus, stimulated by this customer demand, the Academy is currently pursuing a fresh challenge: moving from being a cost centre to a profit centre.

As Dr Raymond Madden, Head of the Academy, emphasises, this shift is not about making profit. Any income the Academy could generate would be small compared to group earnings. Thus, although the Academy expects to make real dollars rather than wooden ones, through making the Academy an externally available charge back facility, this will definitely not be the primary aim. Rather, staff at the Academy and senior managers at ABN AMRO hope that the Academy will become a key service offered to clients. Over time, ABN AMRO has developed significant expertise in designing, delivering, and sourcing learning events for its own employees in specific fields. This knowledge is clearly relevant to many of the bank's wholesale clients. Perhaps more importantly, however, if ABN AMRO employees and clients can learn together in one room (literally or virtually), then relationships will be strengthened. At a cultural level, leveraging an existing resource and activities in this way will enable clients to understand, and encourage employees to articulate, the ABN AMRO way of doing things. Finally, most innovatively, joint 'Working, Earning, Learning' events involving both ABN AMRO employees and clients will provide vital critical feedback to the bank as to client expectations and potential problems in initiatives or ways of working.

---

24 As measured by Tier 1 capital.

The need to preserve education, learning and the generation of knowledge as core human values, central to a civilization, is likely to ensure the survival of business schools as academic centres for the study of management and organization. However, we would suggest that the increasing sophistication of corporations is likely to ensure that business schools evolve new conceptions of their own activity, including sharper competences in learning process research, learning interventions, marketing and learning products development. Perhaps some will develop consultancy intervention capabilities in the field of corporate performance too? Or, will leading Consultancies tend to take over a business schools – or grow their own superior, 'tied research houses'?

It may be that the consultancies' need to remain up to date as to the available learning tools and techniques for corporate change, the schools' need to have access to materials and situations for their research work, and corporations' need to create wealth for all their stakeholders could lead to some innovative new alliances[23]. A primary concern here must be the creation of effective alliances above all. There is a limited knowledge base here, in respect of what constitutes good practice, or how to manage the complexities of two powerful institutions of differing sizes and with extraordinarily diverse habits working together. Issues to be addressed include cultural differences (especially in relation to perceptions of time!), the nature of the product to be delivered, and the uncertainties inherent to the corporate environment. The potential benefits, however, for both parties are clear. As more and more corporate organizations take learning seriously and place knowledge at the core of activities, it may be that both parties in either a supplier relationship or a longer term partnership for R&D, can learn. This can happen through problem centred course development, cross organizational team-based partnerships, and making relationships multi-perspective. The basic learning supply chain relationship may ultimately be transformed into a learning alliance.

Thus, we can begin to see the ways in which cultural and operational aspects of the suppliers and customers in the corporate university value chain can create new alliances, to the benefit of all participants. As large corporations take on some of the practices of universities and research institutes, and universities incorporate good practice from the consultancy and commercial worlds, we can ask questions as to the future of collaboration and exchange. Will business schools grow their own consultancy arms further, to more effectively harvest the resale value of their research creations? Will corporate universities grow their own 'pure' research arms, to sustain a competitive advantage for longer? Will consultancies grow their own universities, to patent their own intellectual and knowledge contributions to human understanding? Will we see the growth of 'tied' universities and consultancies, serving specific corporations or clusters of corporations? Will we see the growth of careers which span the boundaries of an affinity group of business entities – corporate, consultancy and academic? (Note that this aspect at least is already happening in CU-business school leadership and professional cadres.) How will such club-forming pressures play out internationally, and will they encourage the creation of truly global corporations led by truly international teams of business leaders? These are just some of the questions that the efmd Learning group put on the table at its meetings, and which will in part determine the future of corporate universities.

Finally, however, in relation to this issue, one driving force seems likely to be paramount: the cry from the **efmd** CU Learning group to have higher quality conversations with fewer learning suppliers, if and only if they can grow appropriate trust in their lead suppliers. This has to be the challenge to suppliers in this market: to source and provide the highest quality learning experiences possible, to organizations and individuals who are coming to expect the up-to-date best of both content and service. The trend towards standards, quality kitemarks and learning supplier brands is likely to serve and support this need for sound foundations in the networked world, for trust.

---

23 The speculations in this section draw on Cyert, R. and Goodman, P. (1997). 'Creating effective university-industry alliances: An organizational learning perspective'. *Organizational Dynamics*, 25(4): 45-57, and are extended by the work of the two principal writers of this report, drawing on CU group discussions.

management. It is our prediction that the corporate university will come to have a pivotal role in managing, simplifying and making more sophisticated demands on these complex and important supply chains. Central to this is the place of outsourcing.

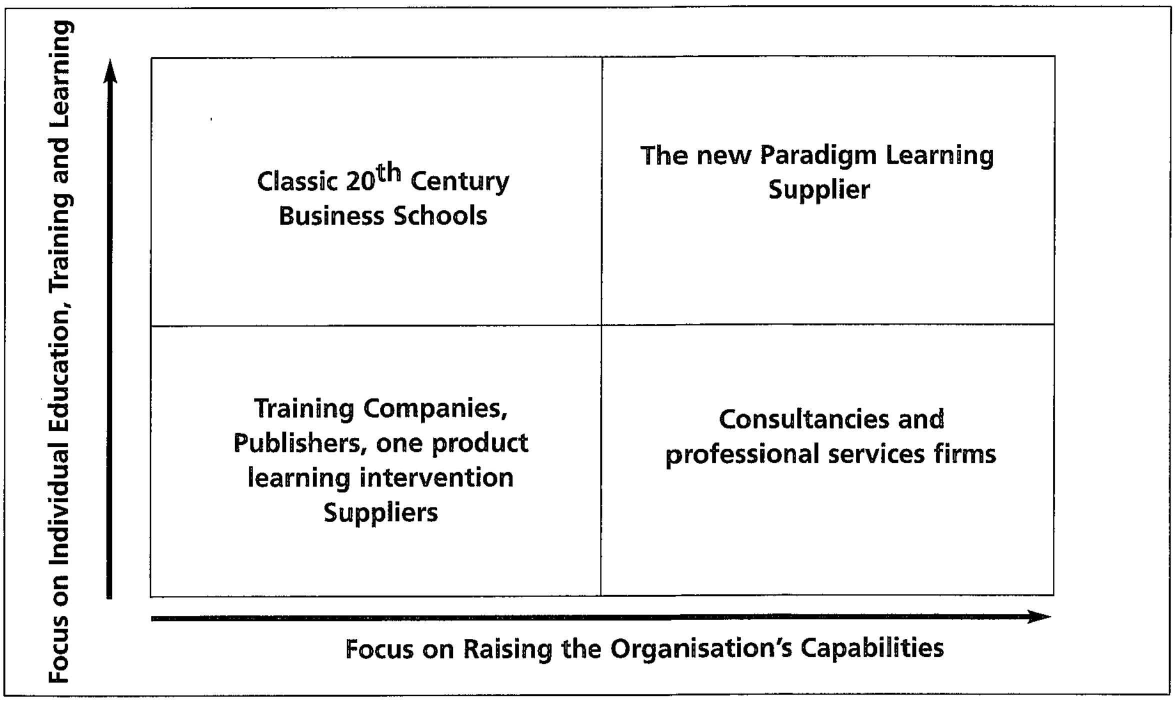
Outsourcing of previously core HR contracts and rewards activities has been common since the mid-1980s. For many, a corporate university seems to provide another means of removing an 'HRD issue' (training and development) from the central managerial cadre of a company, and placing the risk and responsibility with suppliers. However, we would suggest that some capabilities must remain core to the organization, in order to approach the full added value that a CU initiative can bring. From the Learning group participants' varied experiences, we would propose that three capabilities will remain core, and never be outsourced:

- learning strategy and design
- research definition and management
- learning evaluation and acceleration.

This should not affect the competitive process of constructing and managing an effective supply chain for the corporate university. However, if the CU is to become central to the organization, then we would suggest that the activities listed above should remain in the house.

The nature of the supply chain process is set out in section seven above. However, that brief section does not deal with the individual actors in the chain. Managing suppliers as diverse as business schools, consultants, e-learning companies, and individual trainers can be highly complex. However, if we remember that all of today's suppliers are generally committed primarily to the provision of either learning to individuals or performance enhancement to the corporation, then we may begin to make more sense of the future direction of the learning supply process and its principal actors. The CU must, after all, deliver corporate performance enhancement, or die. This it must do at least in part via the learning interventions it creates for employees individually or in teams. To gain access to the best possible learning inputs, the CU must manage both the quality and relevance of its learning supplies and the sheer number of its learning suppliers. What dominant capability combinations will it seek? The following model is offered by the report writers as a simple suggestion of how learning suppliers may be encouraged to evolve, so as to adapt successfully to the CU phenomenon:

A possible 21st century taxonomy for learning suppliers



with Rushlikon, their Global Learning Centre. The corporate university can be used to formulate strategy, rather than follow it. However, being the 'impetus and incubator' for keeping a company ahead of competitors demands a significant commitment from those at the very top of the organization, in terms of time and openness. Rewards can be enormous: real-time business problems can be explored, high potential leaders of the future can be nurtured, and the strategy of the organization can become clear to both top management and middle levels through this process. Last but not least, it must be recognised that learning can happen in two directions. High level managers need to be open to the insights and innovations of new recruits and middle level managers.

The final point in relation to this possible future is the notion of building itself. If the corporate university is to take on this kind of centrality in a company, clearly there needs to be a location where the activities can take place. As we can see in some of the cases presented in this report, European organizations are beginning to approach this ideal. Either building or investing in a building may not appear to be the most radical actions a corporate university can take, especially with pressure to be or become virtual, and it is a major expense, both initially and on an ongoing basis. However, for the corporate university to contribute to the strategy building process, we would suggest that the building itself is of key importance. Its location, easily reached by all the corporation's various leadership teams, is very important too.

A Paradigm Shift or a Change of Image?

Implicit in section nine, exploring the debate around corporate image and CUs, is the issue of whether setting up a corporate university constitutes a shift in thinking or more of a superficial change. Clearly, it is the belief of the participants in the Learning group that a CU can provide the means to fundamentally change the direction of thinking within a large organization with regard to learning, knowledge, training and development, and even strategy formulation. Changing all of these activities and the attitudes of employees towards them is, of course, a massive and long-term project, and one which cannot be accomplished simply through setting up something with an attractive logo and convincing mission statement. From the meetings of the CU Learning group and published accounts of practice, we would suggest that there are certain aspects of CU organizations which indicate that something of a shift is underway:

- learning ***adds*** to corporate capability and is part of strategy forming
- leading the rate and focus of learning can be a sustainable competitive advantage
- the corporate in-house roles of skills training and innovatory learning, R&D about product, production process and the corporation's way of doing things (its corporate culture) form a business education unity
- corporate suppliers and customers become partners in the corporation's learning drives
- learning supplier relationships and networks are seen as critical success factors
- business educating its community becomes a core part of the 'licence to operate' of the CU and the organization.

This list of possible attributes for a 'new paradigm' corporate university is by no means exhaustive, and it is the outcome of an as yet short period of CU practice in Europe and the US. As the corporate university field develops, it will undoubtedly give rise to new and surprising ways in which such an initiative can give momentum to the development of organizations that are in a continuous state of multi-directional learning. However, the list above gives some indication of the potential future for corporate universities that are embedded within organizations.

The Emerging Nature of the Learning & Knowledge Supply Chain

The knowledge and learning supply chain formed perhaps the most pressing operational difficulty for many of the Learning group participants in the **efmd** group meetings. Europe's largest organizations deal with hundreds of suppliers in relation to the activities of learning, training, and knowledge

Section Ten: an Informed Guess: The Corporate University's Foreseeable Future

Introduction

This section is an extrapolation of views and preferences expressed in CU Learning group sessions, and has been made by the report writers. As we have seen through this report, corporate universities have become a phenomenon across Europe through the late 1990s and into the new millennium. The purpose of this section is to attempt the impossible, and predict the foreseeable future of corporate university initiatives. Currently, it is estimated that there are more than two thousand organizations running CU initiatives in the US alone. Figures are not available in Europe, (earlier in 2001, **efmd** estimated that there were then at least 100 CUs in Europe with a serious multi-national reach.) It is clear from the Learning group's work that the leading European multinationals are embracing the theories and practices around learning that corporate universities promote. Many managerial initiatives are seen as fads and fashions, and with good reason. Many have come and gone in the last two decades. Corporate universities, however, appear to be in the process of becoming embedded in organizations. It is with the expectation that the many innovations that fall under the CU label will expand and be maintained that we present the modest predictions in this section.

Although it is dangerous to see any contemporary period as unparalleled, it is clear that the 1990s and early years of the second millennium have been a period of rapid corporate globalisation and communications technology change. Helpful parallels are drawn with 19th Century expansions of trade and improvements in transport and communications. The current economic slowdown seems unlikely to roll back the global reduction in business barriers; rather, remote events having a local impact in economic and human terms is likely to intensify. The development in trading has reached and breached the notion of one dominant world view. The events of and following 11 September 2001 strengthen this perception: a time for truly respectful listening to diverse views and greater economic sharing seems, possibly, slowly, falteringly, but ineluctably to be coming in. It emerges as one of the bases of this report that something more akin to European diversity may become the global organising paradigm, with emphasis on understanding, respect, tolerance and accountability of all to all.

In this respect, for success, corporations which aspire to a global remit will need learning processes and attitudes which embrace diversity. Rather than following one right way, a competition between compatible right ways is possible; rather than one dominant way of understanding and giving meaning a moral force, a diversity of meanings seeking an underlying moral code of values is likely.

In relation to corporate universities, we would suggest that organizations maintaining such an initiative with a central focus and drive coupled with its local ownership and results definition are likely to continue to have a competitive benefit. This is obviously reliant on sensitivity to local codes of meaning being built into the corporation's values. On this basis, we would suggest that a further evolutionary phase (see section 2) can be confidently expected and planned for. Further possibilities include the use of the corporate university as a keystone in building organizational strategies, a paradigm shift in organizational attitudes to learning and employee development (which entails accepting that corporate culture can be changed and in a sense designed for performance improvement purposes), and the increased synergy to be found between the various stakeholders in the knowledge and learning supply chain. It is these issues that the section addresses below.

Some Strategic Building Blocks

One potential future for the corporate university is as a strategic centre for the organization. This can be seen in the US in companies like Trilogy[22], and is part of the design paradigm which Swiss Re are exploring

---

22 Tichy, N. (2001) 'No ordinary boot camp', *Harvard Business Review*, April: 63-70.

Key Issues in Section Nine

- "Our people are our most important asset" – so, visibly invest in them
- status effect: raising the profile and perceived value of learning within the organisation
- dangers of perceived reality, however well branded, becoming detached from actual reality: the boomerang and jammer effects
- jumping on the bandwagon: "Our competitors have one"
- CU's role in attraction, retention & motivation of employees
- CU's role in working with customers and suppliers:- enhancing the value add in the value chain
- CU's role in community relationships management and contribution
- CUs and the long haul of organisational creation and maintenance

the Far Eastern production facilities, casting doubt on the messages used by the companies in the advertising. Culture jamming is a similar process, but focuses on the promotional material itself. Culture jammers use the images and messages generated by companies and turn them upside down. An example of this is the parodying of McDonald's ads on the internet, and defacing billboard advertising by graffiti artists.

At the organizational level, brands and symbols can also be affected by similar forms of resistance. Many managerial initiatives, even the well intentioned, have been undermined by a gap between rhetoric and reality. An example from the training and development field is the British Investors in People standard. A large company in the UK was awarded the quality standard for its people development processes, and proudly displayed the laurel wreath logo on stationery and in recruitment adverts. However, adverse trading conditions led the company to institute a series of redundancies, at which point employees began to refer to the organization as winners of the 'Divestors of People' award. In this example, a hard-won and proudly displayed sign of good practice boomeranged on the company, through the efforts of culture jammers.

Using a corporate university as a means of branding a company may bring some similar dangers. Employee expectations will be raised, whether the CU is targeted at senior managers or all employees. As has been emphasised throughout the life of the **efmd** CU Learning group, in using the term 'university' (or any other from the academic world), a company is demonstrating some kind of commitment to the values and practices found in the educational context. In addition, universities, once established, tend not to be affected too much by economic conditions – they are long term institutions, perhaps even the longest surviving of any organizations. These two issues are central.

Managing employee expectations has often been part of the remit of the training department. A key question for prospective employees at interviews is often related to the training opportunities and the ways in which the individual can be developed. A structured CU approach to people development provides the perfect response to this question, and might encourage recruits into the company. However, it should always be emphasised (as we have seen throughout this report) that training and development will be largely responsive to organizational needs, and secondly to the needs of the individual in building a career. Employees should not expect a free training service for whatever they happen to be interested in at the moment, and this should be made clear to all, especially those with responsibility for the training budgets. Beware of home-made boomerangs.

The final point relates to the maintenance of funding for a CU. The average lifespan of managerial fads and fashions is not long, as we can see in surveying some initiatives of the last two decades. Managing culture, BPR, competency frameworks, quality circles – all have risen briefly to the very top of the corporate agenda. Some remain embedded in companies, others have evolved in name, vocabulary and even function; many have disappeared after a brief flare of interest and funding. Corporate universities, as we have seen through this report, require a significant investment of capital and managerial time and effort over a considerable period of years, and should be seen as a means of restructuring and improving individual and organizational development processes and provision over the longer term. If the exciting and rewarding world of CUs is entered without a long term, clear and significant cultural and financial commitment, then no amount of branding will make the project worthwhile.

interaction of a corporate university and organizational culture; a CU may or may not allow the management of 'a culture', certainly it will not enable change within a couple of years of practices and attitudes which have become embedded over the life of an organization. However, a CU can contribute positively to the perceptions of learning in a company, and possibly facilitate an incremental change in a desired direction over a five or more year period.

What Messages Does Having a CU Send to the Corporation's Stakeholders?

First and foremost, the development of a CU will signal to senior managers, line managers, and employees that learning occupies a central role in the organization. The learning may of course take many forms, and we would emphasise that the learning group was at one in seeing best practice in CUs as involving understanding learning as an iterative process. In other words, learning can happen for any member of the organization at any time, and any employee can be taught by others within the company. The unique contribution of the CU to this goal, of moving towards a learning organization staffed by learning employees, is the provision of both an image and a 'free' space. As the French company Thales emphasises, differences of status and function must be, as far as possible, suspended for the period of learning. Although the micro-politics of working in a large organization may never disappear, the CU may allow for the development of a de-politicised space and atmosphere in which employees can think and speak freely, to the benefit of the company as a whole.

Second, a CU can contribute the cultural understanding of the role of learning within a company through bringing learning and development to the centre of work. If the CU is the locus of personal and professional development, and provides a structure through which the organization can manage research and development, then it will signal to employees that the organization is willing and ready to fund and prioritise learning and knowledge. There has been much rhetoric over the last decade around these notions of the learning organization and knowledge management; funding and supporting a CU may provide both the structure and the signal that these issues are indeed central to the strategic management of the company.

Third, the importance to high potential recruits of maintaining and developing their functional and managerial skills is supported by a CU initiative. The CU can provide a means for the ambitious recruit to source both funding and courses beyond what has traditionally been available through training departments and home departments. The CU can provide these expensive and valuable human resources with access to prestigious theorists from global business schools. In addition, holding all high level development under the central CU roof enables high potential recruits to access a wider range of development opportunities than previously.

However, the construction of a learning organization is much more than image driven. The next section examines the very real dangers of not delivering on the promises that a CU can make, and the ways in which the high expectations of employees generated by a CU initiative can even possibly undermine it.

Delivering on the Image

As we noted at the beginning of this section, image, or perceived reality, has become central to the representation of companies both internally and externally, to employees, customers, and those potentially involved with the organization. The corporate university can form a central aspect of this. However, there are significant dangers to embracing the promotion of 'learning through signs' too wholeheartedly.

Naomi Klein, in her recent book *No Logo*[21], explores the 'web of brands' which has been spun by companies including Nike, Shell and McDonalds. Of most interest in the corporate university context are the notions of 'brand boomerang' and 'culture jamming' which Klein introduces. A brand boomerangs when the production methods are exposed as contrary to the image presented. Examples of this include protests outside shops in the US against the Gap and Nike by employees from

---

[21] Klein, N. (2000) *No Logo* London: Flamingo.

university can form part of this process.

But what does the existence of a corporate university within an organization say to people outside the company? According to the participants in the **efmd** CU Learning group, a corporate university can help to get many messages across, including:

- this is a company committed to the management of the training and development needs of all staff, locally and globally
- this is a company at the forefront of innovation in learning
- this is a company prepared to leverage investment in employees to the benefit of both the employer and the employee
- this is a company which is seeking to create a climate in which learning and teaching are valued as integral to the operations of the organization
- this is a company which values the field experience of employees in nurturing both experienced operators and new recruits

this is a company which is competing with the world leaders in creating and maintaining a learning organization, to create and distribute intellectual capital

This is by no means the group's exhaustive list. Furthermore, it may be that the messages a corporate university structure sends can only really be understood through the perceptions of current and potential employees, research which has yet to be done. Notwithstanding, in order to become an employer of choice it is clear that companies must offer something more than a training budget or basic mentoring system for new recruits. The corporate university model encourages the strategic management of people before and after they join the company.

Internal Representation: Retaining High Potential Staff

The other side of this focus on selling a company as a best practice employer to staff is the retention of those recruited. Here, the internal representation of the company to employees becomes crucial. Again, a corporate university can form a central aspect of the retention of expensively recruited staff.

As we noted in the first sections of this report, it is increasingly accepted that the notion of a job for life is disappearing from European and North American understandings of both preferred and available work and careers. Parallel to this is the development of individual responsibility for employability, a paradigm in which a company can provide the structure for people to develop their skills portfolios with the ultimate goal of providing the individual with the opportunity to retain their employability. Security of employability has replaced security of employment, in this limited loyalty version of the limited liability corporation. The corporate university can bring its corporation into alignment with this broad societal development, through the provision of:

- skills maintenance and updating
- contact with current field practice in the organization and recent theory developments, either through in-house R&D or external academic input
- a wide range of internal or externally supplied course content
- access to accredited qualification structures, or professional development through professional association structures
- the maintenance of learning and teaching as a core competence required of all employees in the organization
- self-paced learning and career or lifelong opportunities for development.

Some of these innovations can be located within the structural changes which the development of a corporate university encourages; others, however, pertain more to the cultural context of working within a company committed to a CU. It is perhaps here that the CU has most to contribute, although it will be by definition less tangible or measurable than in other areas.

Can a CU, or any Agency, Influence its Corporations' Culture?

Despite the best efforts of some management gurus and many North American academics, it is now often accepted among many managers that an organization's culture(s) may not be amenable to either management or measurement. Learning group participants were divided on this issue. At best, we can be sensitive to the existence of a culture, or indeed a dominant system and a set of sub-cultures. It is from this perspective that we treat the

Section Nine: Branding the Business: The CU and Corporate Image

Introduction

We are reminded constantly of the importance of image to organizations through the presentation of corporate logos and badges in advertising and promotional material for the products of the company. Corporations are also in the business of branding their managerial processes and procedures, however, through quality kitemarks such as ISO quality certification, the increasingly international Investors in People initiative, and sustained high quality attainment awards for products and processes, including the EFQM awards (European Foundation for Quality Management), and in the USA, the Baldridge Quality Awards. Another example is **efmd**'s responsibility for the EQUIS accreditation of European and other international business schools. These quality of accomplishment badges are central to their possessors' corporate reputation and external image as organizations, in two ways.

- First, it is suggested that the adoption of initiatives such as ISO certification can have a positive impact on the internal efficiency and productivity of companies
- Second, badges and awards for exceptional performance or innovative activities provide a way for the organization to be differentiated from the common run of companies. A valuable marketing and buying signal!

This report has already outlined in some detail the ways in which a corporate university initiative can contribute to the bottom line performance of companies and enable the reform of slack internal procedures related to training and development. This section concentrates on the use of the CU in relation to image. We explore two aspects of this: the external representation of the company to potential employees and customers, and the internal messages which a corporate university initiative can send. Finally, we note the opportunities which a CU can bring in these respects, and the potential dangers of concentrating too much on image.

This section reflects a series of conversations in a number of the Learning group's meetings. Again, the report seeks to place group discussions and findings into their wider knowledge context, whilst remaining faithful to the group's views and respectful of its confidentiality demands. It is worth noting that this was not seen as a compelling top priority issue by the group. Yes, reputation was to be safeguarded, and the corporation's licence to operate maintained. Yes, its name as a good employer which motivated and retained its people by providing fit for purpose, stimulating learning opportunities, was to be sustained. These were seen as threshold, not excellence, performance markers for the corporate university.

External Representation: Recruitment

Whether we subscribe to the beliefs underpinning human resource management or not, it is clear that the fundamental claim that an organization is only as good as its people contains some truth. The largest companies in Europe spend enormous amounts of money on finding high potential employees, and persuading the very best of them that they should come to work *here* and nowhere else. Recruitment and selection is expensive and complex, and retention always important. It has been claimed that each new employee can cost a year's salary to recruit and train to the point where they are ready to begin working effectively for the company.

However, it is equally true that there are a limited number of high potential people for companies to recruit. The energy put into graduate recruitment programmes by large, prestigious organizations indicates the seriousness with which selection is treated. Today, it is as important for an organization to sell itself to the prospective employee as for potential employees to sell their skills and attributes to the recruiting company. A passing glance at the recruitment pages of newspapers gives an indication of how many companies use badges and awards to make the organization attractive to potential employees. A corporate

Key Issues In Section Eight

- measurement of learning must be understood in the same ways as measurement of all other business activities: it has inputs, processes and outputs. It has opportunity costs and makes opportunities accessible in the real world. How does your organisation evaluate the effectiveness of all its business inputs? When are input, process, output, hard and soft measures most appropriate?

- measurement must of its self-help improve the performance of that which is measured. How will you structure your learning evaluation processes to create that kind of beneficial feedback loop?

- when is it really necessary to conduct a level five, return on Investment evaluation, and when will a Level four evaluation: impact on unit performance assessment be sufficient?

- are there ever circumstances in which measurement of training and learning is not appropriate in your organisation?

- what measures will the major stakeholders regard as essential, and to what extent can the same measure meet the needs of more than one stakeholder?

- measuring the effectiveness of specific training, learning or change inputs is one thing: measuring the benefits conferred by the CU's existence and activities is another. Both are essential to each other. How will you ensure that performing both management functions is a unified activity?

management, or even by the learners themselves. Outcome evaluation of this kind, relating to behaviours or performance improvement, are not problematic, and again provide data that can be central to continuing commitment to the CU from a range of stakeholders.

Consideration of these three initial levels of evaluation then takes us on to explore the possibility of measuring results and return on investment. At this stage, the process begins to incorporate performance measures from outside the HRD area, and may become more complex. As we have emphasised through this report, and as participants in the Learning group discussed at length, proving causal relations between one aspect of managing a business and one measure of performance is highly problematic. Nonetheless, taking into account the framework of this section relating to appropriateness of evaluation, this is an issue that cannot be avoided for corporate university management.

It is worth noting that the **efmd** *RoI on Training* project of 1996-2000 reached similar conclusions, with an added stress on the fit for purpose nature of the measures used and an ambition that the measures themselves should add value via the encouragement (or Hawthorne) effect, so helping the general cause of the training function to be a widely respected, value adding activity.

However, we support the Group in not liking to suggest that there is a need to 'ROI everything'. A good evaluation programme will be responsive to the needs of the individual learners involved, the course providers, and the aims of the learning process. It will above all be appropriate to the contribution of the learning to business goals. In sum, we would suggest that an appropriate evaluation process should have the following features:

- ease of use and flexible for evaluation managers
- able to generate hard and soft data
- non-interfering with core business of organization and corporate university
- ability to calculate business benefits at work unit level
- ability to calculate return in investment for the business unit, where necessary
- appropriate to learning aims of both individual and organisation.

issues facing GE. High levels of teamwork are necessary in order to meet imposed tight deadlines, and a form of 'compressed action learning' is the result[18], as learners work through business problems rapidly.

As Noel Tichy emphasises[19], GE's model is not the end of the road for effective CU management. Corporate universities can become a means of managing research and development, or the centre for strategic decision making in the company. However, at a more practical level, starting and maintaining a corporate university in a European context involves early decisions on the part of the team responsible for set-up, in relation to evaluation. We can see some of these aspects of decision when thinking about evaluation in the diagram below:

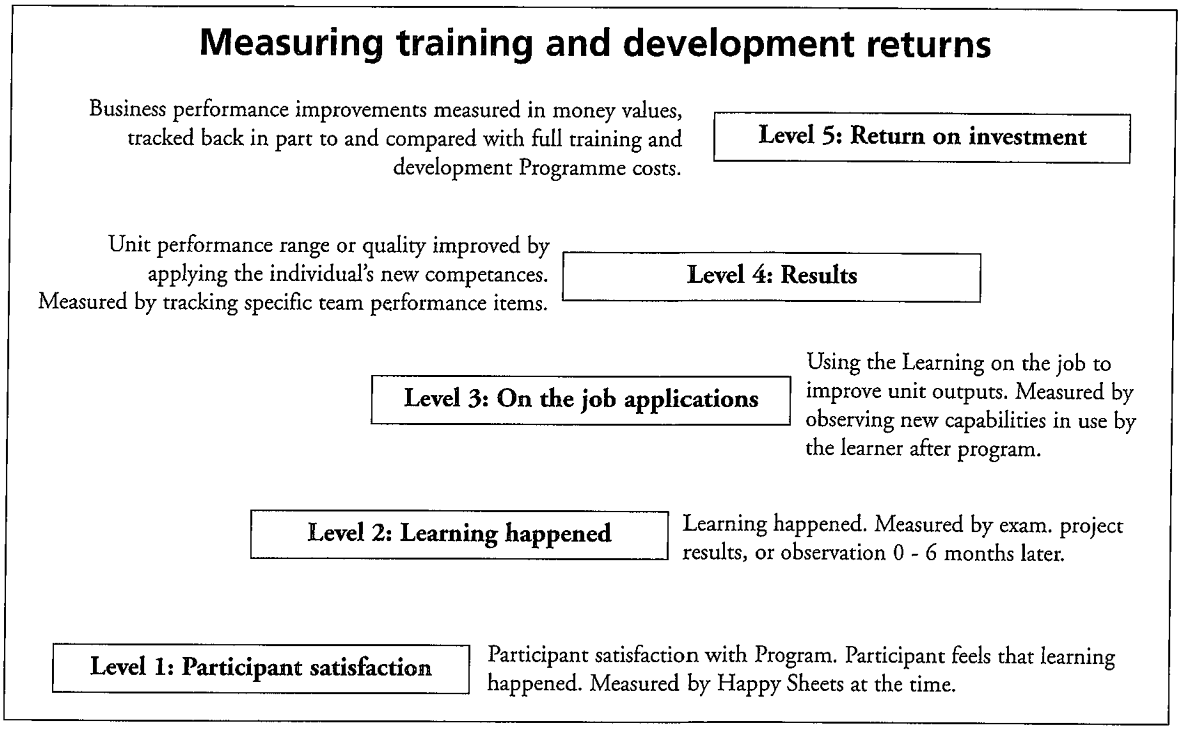


Figure 20: Measuring training and development

As can be seen in this representation of the five levels of learning evaluation, it is possible, even advisable, to begin right at the core of the learning process: measuring participant satisfaction. This can be achieved without difficulty, through the classic 'happy sheets', questionnaires distributed to learners through the course. Data collected in this way should be seen as accomplishing two key aims:

- First, it provides learners with an indication of the responsiveness of the corporate university staff to their experience of courses
- Second, it allows corporate university staff to iterate courses if necessary in a way which is uniquely informed by those doing the learning

However, this in itself is of little use in evaluating the contribution of a CU initiative unless other stakeholders are recognised and consulted. Thus, the second and third levels of evaluation take the measurement of the corporate university into the workplace. Central to a corporate university, in the experience of **efmd's** CU Learning group, is the alignment of learning with business goals – there is little space today for learning that will never have an application in the workplace. Levels two and three of the evaluation process then are oriented towards gauging how embedded the learning is, and whether it has become part of the everyday working experience of the learner. This can be done by corporate university staff, or by local line

18 An early user of this notion was Noel Tichy, one of the founders of the HRM component of the Harvard Business School MBA, and a former head of GE's facility at Crotonville.

19 Tichy, N. (2001) 'No Ordinary Boot Camp', *Harvard Business Review*, April: 63-70.

20 This model is based on the work of Donald Kirkpatrick, Jack Phillips and Mark Jones of the Transform Group at PricewaterhouseCoopers.

evaluation. Multinational organizations, in any line of business, are output driven, as are their corporate universities. Bringing these two together can form the first stage of measurement and evaluation. Bringing the outputs of the corporate university into alignment with the output goals of the company as a whole can, however, be more difficult to achieve. This, we would suggest, is the crux of evaluating the contribution of the CU to a corporation. First, identify the aims of the organization; second, identify the ways in which a corporate university can contribute to those goals, through alignment; and third, evaluate the impact of the CU's learning initiatives on the business.

This process will almost certainly involve the identification of primary and secondary stakeholders in the CU. Through exploring the needs of corporate university users, it is a logical next step to agree objectives. This is central to the initial design of learning programmes within a CU, and is, in our experience, relatively rare. For a corporate university, we can identify a set of internal and external stakeholders to whom needs analysis and evaluation will matter, as in the figure below:

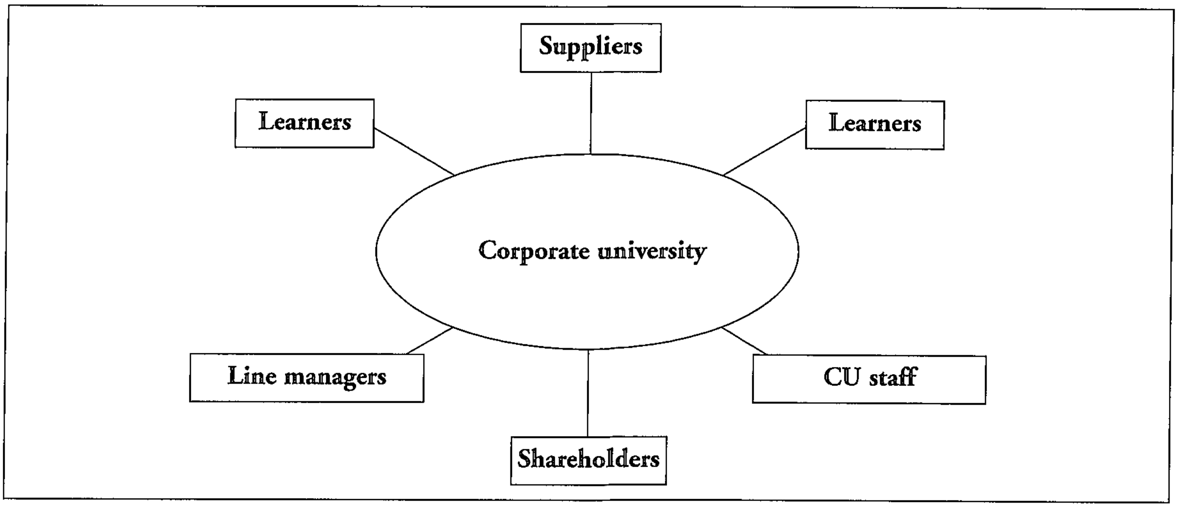


Figure 19: Corporate university stakeholders with an interest in evaluation

There may be many more stakeholders than those identified here, as we can see from some of the cases in this report. For example, national government may have an interest in evaluating the processes in the corporate university; there may be shareholders of the corporate university itself if it is an independent profit centre; there may be evaluation relating to the competency frameworks within a company. The diagram is intended only to give an indication of the importance of carefully considering the range of stakeholders involved in the CU from the start of the initiative, in order to tailor the evaluation to meet their needs.

This is probably the second crucial decision which CU managers consider in this process. If the various stakeholders have been identified, then what sort of measurement procedures and outcomes will provide them with the information they need? The ultimate stakeholder in a corporate university initiative are, of course, the board level fund-holders; central to the evaluation of any HRD process are those asking the hard question 'what is this expenditure or investment bringing to the business?'. In this respect, the design of GE's Crotonville Leadership Development Centre may provide an exemplar of good practice for CUs in Europe.

Designed from the outset to retain and develop high potential managers and staff, Crotonville benefited from long-term support at board level in GE, and continuing support from middle and line management. This was largely achieved through the decision made at the start to structure the learning programmes around identified business problems and operational issues. Learners, new to the company and long-serving managers, came to the Centre in order to explore both their own personal development, and the key business

Section Eight: The Outcomes: Measuring and Evaluating CU Performance[17]

'The Curse of HRD': Measuring the Return

Measuring and evaluating the impact of HRD initiatives and personnel policies was referred to more than once during Learning group meetings as the 'curse of HRD'! Although this was more of a joke than a serious comment, it certainly reflects the increased pressure on those responsible for HRD initiatives to measure and evaluate. Since the arrival of HRD on the managerial agenda in the early 1980s, academics, managers and consultants have sought ways of providing reassurance to boards and shareholders that HRD can impact on bottom line performance, and this work continues. Drivers for evaluation of learning include this increasing accountability for HRD: in particular, the need to make a measurable contribution to business goals, and aligning learning with performance management systems. Broadly, the **efmd** CU Learning group differentiated between two aspects of this process in relation to corporate universities: the formal and the informal. The informal, often driven by perceptions of added value rather than evidence or measurement in the scientific sense, is undoubtedly the more common, yet the formal, providing robust evidence of the impact of HRD initiatives at individual, team, or organizational levels, may be more useful. Finally, Learning group participants noted the potentially negative effects of, first, measuring poorly, and second, not measuring at all. As we hope to show in this section, it is our contention that measurement and evaluation are best achieved through building a robust learning system from the beginning. In short, we report and support the Learning group participants' common view that the evaluation of learning begins with defining learning needs which themselves must be defined within the context of the organizational goals to be achieved through accomplishing that learning. This section seeks to place training and learning measurement in its wider knowledge context, whilst sticking closely to the subject as it was addressed and explored by the Group.

Measuring the Impact of Training and Learning: the CU's Top Priority Issue

The importance of the issue of evaluation was reflected throughout all of the meetings of the group. However, in the problem-solving meeting, this was finally highlighted by participants as one of the three central problems of running a corporate university. The outcomes of all the group discussions on measurement concerned both the means of measurement and the areas of organizational strategy to which a corporate university could contribute. These two issues are the subject of this section, which also sets out in some detail one empirically robust, organizationally tested, theoretically grounded way of measuring the return on a company's investment in learning. Following the Learning group's own evidence and strong interests, we also aim in this section to indicate how some of the barriers to evaluation can be overcome. These are significant, and include:

- perceptions that there can be no business case for evaluation of learning
- lack of familiarity with technology and tools available for evaluation
- doubts about the validity of outputs
- the traditional mindset that 'evaluation begins at the end of learning'

In sum, through this exploration of measuring and evaluating the impact of learning on business goals, we aim to suggest that the heads of corporate universities can expect that CU initiatives, of whatever kind, can add value to the corporation. Equally, we would like to emphasise that the evaluation will be in part dependent on the leadership style in the organization, the values that managers and employees adhere to, and above all the nature of the company's goals and operating methods.

The Aims of Measurement

Measurement is aimed above all at evaluation. However, evaluation of learning interventions is a complex process, necessitating a series of decisions as to what is evaluated, how to evaluate, and how to interpret the results of

[17] This section is primarily based on the learning evaluation development work of Mark Jones and the Transform team at PricewaterhouseCoopers in Europe, and also draws on work done by efmd via the 1996-2000 Learning Group project, *Return on Investment in Training*, to be published shortly.

Key Issues in Section Seven

As section six demonstrates, procuring more complex services and supplies requires more complex supplier and supply chain relationships. Applying the lessons of strategic procurement to the learning supply chain starts raising simple, powerful questions:

- how many suppliers do you want to engage in high quality strategic conversations?

- how can you raise efficiency by evolving your supplier hierarchy?

- how can you select your lead suppliers, and behind them your major and finally your niche suppliers? What criteria and methodologies will you use? To whom can you delegate at each level? How will you develop the levels of trust in your lead suppliers needed to delegate such choices?

- what outsourcing arrangements will work? Administration? Needs analysis? Design? Delivery? Whole function apart from strategy?

- how can suppliers interpret their new role?

Finally for the CU – the big question: will the CU retain ownership of learning strategy, design and standards, or place them with its lead academic supplier? How can the business school gain access to higher value add, more complex demanding and interesting work?

Concomitantly, for the business school (or the consultancy), the contemporary big question from Learning group participants might be: under what circumstances would a learning supplier seek accountability for the business benefits of its products, the individual education, organisational learning and change interventions which it designs and delivers?

methods. The CU must decide which to employ for what. Evidence from the Learning group favoured a case by case approach, and a common though not universal preference for a supply arrangement with a number of schools rather than one, whether this is for working on one global management programme or delivering a number of separate functional leadership or performance improvement programmes.

Equally, as noted above, Learning group participants showed little energy for outsourcing the learning design or strategic supply function. Rather, there was a marked preference for cherry picking able suppliers, and investing in longer-term relationships to ensure the supplier understood the company and so could help with the design function.

So, the open questions seem to be: what new organisational forms and processes will the schools and other suppliers need to grow? Which ones will do so first?

How Will the Learning Purchaser - Supplier Relationship Evolve?

Using the concepts of supply chain management, and the supply organisation and relationship patterns seen for example in the automotive and aerospace industries, it is possible that 21st Century learning supply will tend to conform to the following model:

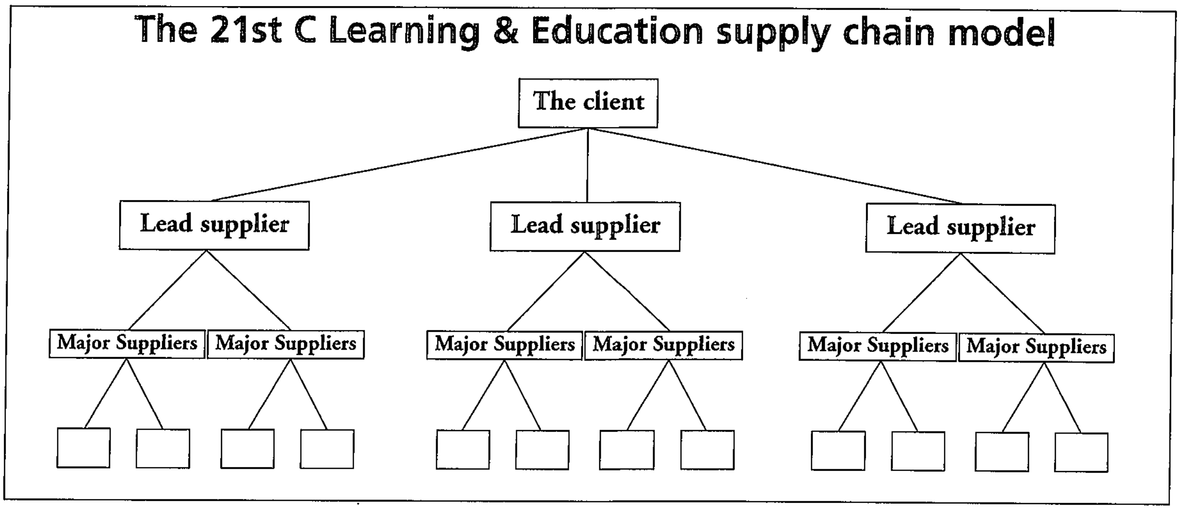


Figure 18: The learning supply chain

Will corporate universities in effect outsource their supply decisions for learning intervention component producers to a lead supplier? CU Learning group participants were uncomfortable with this idea, and preferred to think in terms of accreditation standards for suppliers as helpful decision aids. The rapid development of **efmd**'s EQUIS accreditation scheme for leading business schools internationally is an example here. In a smaller way, the growing accreditation standards and schemes for facilitators, coaches and mentors is further evidence for the same trend. The growth of training organisations with a well developed capability to cherry pick faculty from a very wide range of source organisations, to exactly fit their clients' corporate learning needs, is more evidence of the trend. (Note the prescience displayed in Thomas Moore Jnr's referenced article of the mid 1990s, and Allen Mitchell's article of the late 1990s.) Learning group participants concluded that they hope business school executive education units will go through a very imaginative change and growth phase. The schools might well include in their response, thought some group participants, an offer to help corporate learning functions grow a more powerful strategic management capability. The difficulty from the corporate university perspective looks like being distinguishing between suppliers of enhanced strategic capability, participating in value adding research into the CU phenomenon, and suppliers of the best fit for purpose training and change management learning inputs around. Would not using one supplier for more than one of these be too high a concentration of risk? Many feared so. More work needs to be done.

Learning Supply: Role Evolution

Summarising CU Learning group discussions and other sources, roles in the learning & knowledge supply chain can be categorised as:

- content researcher
- educational intervention designer, provider, accreditor & evaluator
- process researcher
- change consultant

Whereas business schools primarily focus on the education of the individual, consultancies primarily focus on the organisation itself. Consultancies will seek to provide more effective organisational processes; business schools pride themselves on the quality of the business education they can provide to individuals. Clearly, there is an overlap between the two: consultancies have to train and develop individuals to work in the new processes; business schools have to research and teach new business paradigms, forms and

Section Seven: The Value Chain Perspective: The Corporate University In A Customer – Supplier Network

Introduction

At issue here is the relationship between the corporation and the organisations from which it buys training and learning. Mainly these suppliers are business schools, training companies and consultancies. As corporate universities have grown, they have turned their attention to the need for a more strategic relationship with their suppliers, in the manner characterised in section six. This section chronicles the history and present stage in the CU-Business School relationship, plus some comments on the role of Consultancies and professional service firms, as perceived by the CU Learning group participants. Whilst it may not make very happy reading for some business school executive education deans, it is at least a timely wake-up call, or a source of directional assurance for them.

Background

As part of its corporate university work, **efmd** ran workshops on the subject at its Annual Conferences in 1999 (Edinburgh), 2000 (Sardinia) and 2001 (Warsaw). Additionally, in May 2000, the **efmd** Executive Education Network of business schools invited the Advanced Corporate University Learning group to a joint session. The evidence from these events shows a radical shift in the perceptions of their role's requirements amongst management development purchasers and suppliers.

Initially, in 1997-1999, business school participants in Europe attending **efmd** events gained awareness of the CU phenomenon. School participants' responses ranged from curiosity, to dismissive ('its another passing corporate fad') to patronising ('they cannot do learning without us') to outright hostile ('they are completely misunderstanding and abusing the valuable term university').

In 2000, this manifestation of the classic change cycle had moved onto the next stage: from awareness to anger and rejection. Responses in Sardinia ranged from the angry ('they do not even know the meaning of the term research!') to the deprecatingly belittling ('they will realise soon enough they are trying the impossible – they do, we think'). In May 2000, the CU group, composed of heads of corporate universities, had turned the business schools executive education deans' offer of a joint session down flat. They did not want to sit there and be sold to, they said, and did not in that venue regard the schools as likely to do anything else.

In 2001, the **efmd** Executive Education Deans seminar studied corporate universities, reflectively. At the efmd Annual Conference that year, few schools attended the **efmd** conference workshop on Corporate Universities. Attitudes were changing. Of those that did attend, all had moved firmly onto the next stage of the change cycle: from angry rejection to acceptance and willingness to adapt. 'What approaches will work?' 'What level of sophistication have they attained, and how will they try to evolve?' 'What business model will help us work with them, and what will their success measures be, for our new supplier relationship?' Even: 'How can we research this interesting trend?' Indeed, in 2001, seriously researching into the CU phenomenon became relatively common, and the first changes in business school function and structure to accommodate the more sophisticated procurement relationship began to happen. HEC Paris made some of its CU research (HEC Paris was early into the field via the work of Bertrand Moingeon with CAP Gemini) available via its website. The Open University Business School appointed research talent to study the phenomenon, as did Copenhagen Business School. The OUBS, for example, distinctively differentiated between its consultancy and its research arms. The search for value adding partnership formats is now happening, within the normal European context of highly valued, increasingly networked and evolving patterns of diversity. Corporate university conferences are beginning to move on from the mass market war glory story telling, to the more broadly based research symposia types.

Key Issues In Section Six

- moving from a training centre to a corporate university requires analysing the strategic supply needs of the learning interventions which the CU has the chance to supply. Which of them are most likely to provide a strategic input using leading edge learning products to enhance competitiveness?

- what analytic and procurement capabilities will the CU need to possess or be able to access within the corporation?

- within the corporation, what positioning and relationships will be mission critical for the corporate university to possess? The above analysis seems to indicate that strong links with the CEO's office, the business strategy and planning function corporately and at major business unit level will be more important than strong links with the HR function.

- outsourcing the training function could become big business over the next two to five years. What benefits must it confer, and are participants right in asserting the need to keep only a strategic understanding and design capability in-house?

What does this model reveal? Moving from the lower left hand box to the upper right box means changing the organisation's approach to purchasing from a commercial transaction approach to a strategic relationship one. The two approaches require completely different qualities from all the partners involved. The model indicates the broad stages in relationship change which the transition from bottom left to top right requires.

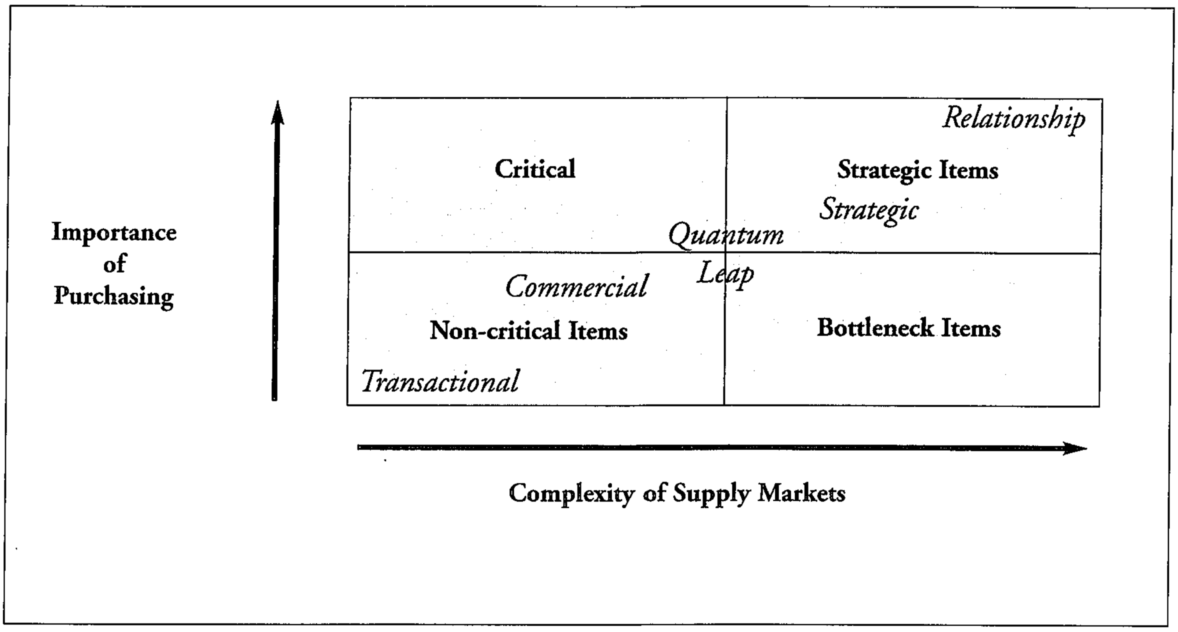


Figure 17: From transactional to strategic relationships in purchasing

Learning Supply: The Next Steps

CU Learning group participants found this model helpful in clarifying their learning supplier understandings. However, it is fair to say that the CU learning group participants saw learning supply chain management as an important but not top priority item. All agreed that it was more important to have a few good suppliers than many niche suppliers. The management time saved was enough to justify such a move. The reality seemed to be to permit local training purchasers freedom to buy locally required learning services, whether local meant organisationally or geographically local, or both, so long as a cost reduction case for central buying could not be made. Also, common practice is for the centre to reserve its right to buy top management programmes from their preferred suppliers, as do business unit and functional leadership groups in their areas of specialism.

There was great interest however, in the growing number of examples of wholesale outsourcing of the training function. The balance of opinion seemed to favour keeping design and strategy in-house, and outsourcing the entire supply of a defined area of training activity. This is clearly a growing trend, to be watched over the next 2-5 years.

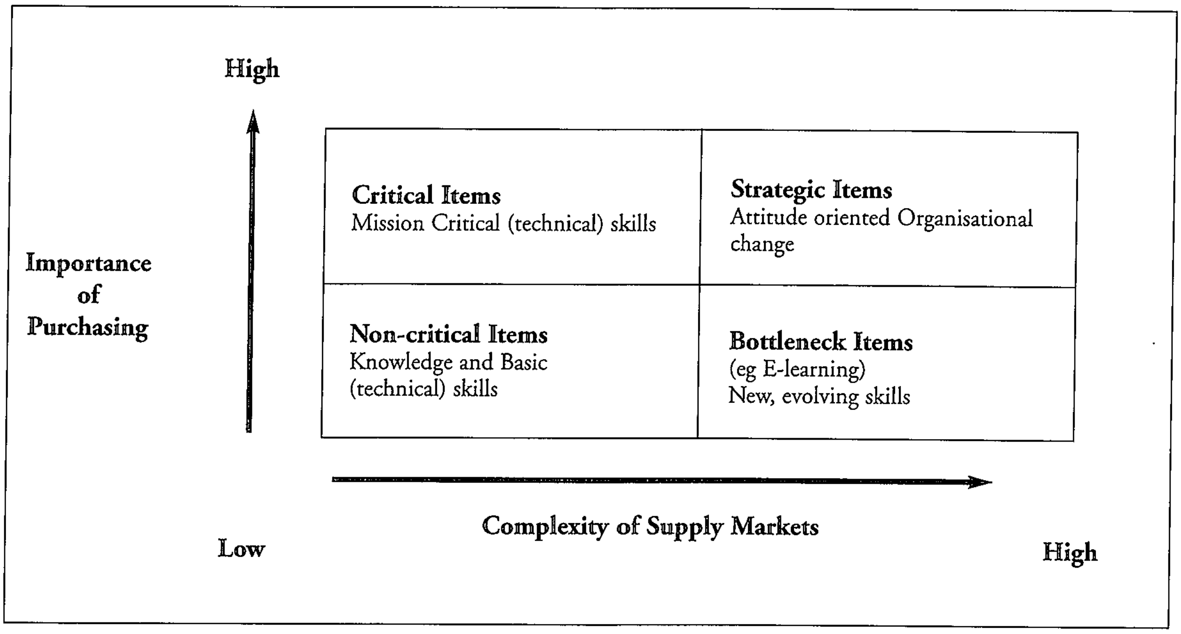


Figure 15: Purchasing and supply markets of a corporate university[16]

Setting Up Knowledge And Learning Supply Chains: From Purchasing to Partnership

Purchasing highly important services which themselves are complex and relatively new, still evolving, requires creating and sustaining strategic relationships or even partnerships with lead suppliers - see the following version of the model. For each of the four boxes the purchasing approach has to be different. Going from efficient buying, which can be defined as meaning attaining a best price-quality relationship, via interchangeable buying, to assuring security of supply, to finally a full supply chain partnership, the model comes to look like this:

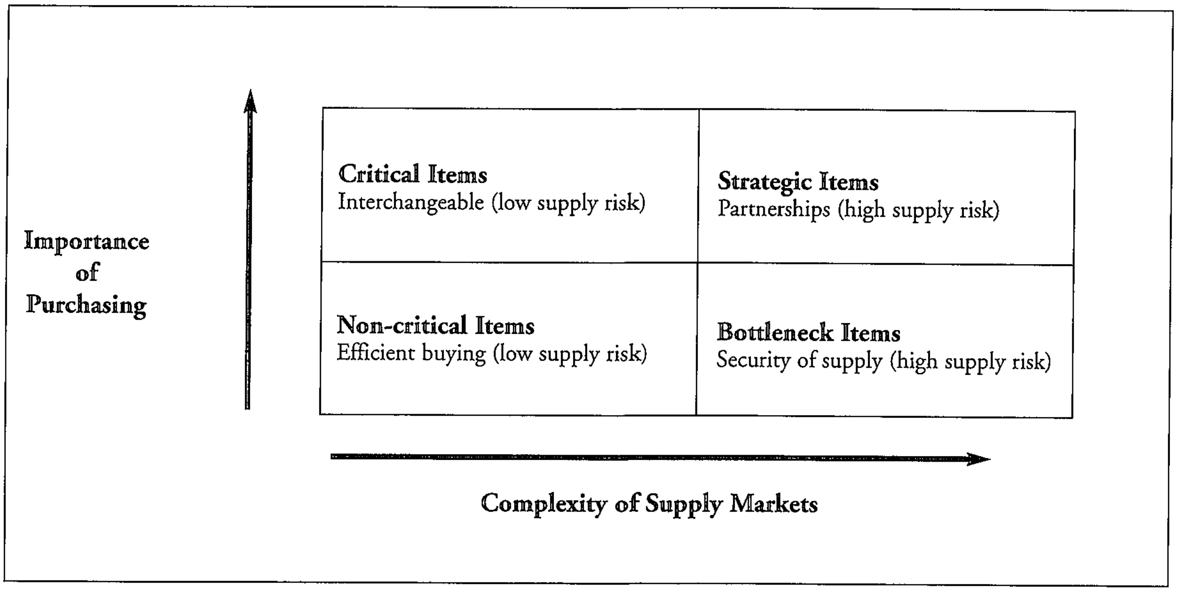


Figure 16: Item specific purchasing from suppliers

16 This model and the following developments of it were created by Sybren Tjimstra, TIMS Consultancy.

Section Six: Strategic Purchasing: The Corporate University and its Suppliers

Introduction

Strategic purchasing and the supply chain have become well-developed concepts during the 1990s and beyond. They are directly applicable to the procurement of training and learning, and as such are key tools in the corporate university's armoury. This section examines how to apply strategic procurement concepts to corporate learning supply, and places the Learning group's discussion in its knowledge context.

Background

Before the start of the corporate university trend, companies tended to concentrate their management development efforts on either sending mostly senior managers and high potential, talented employees to open courses offered by local or international business schools. Next to this, their training centre also provided an in-company training portfolio, which often had a more skills oriented character (new information technology business applications, specific technical skills necessary for specific business processes, languages, presentation skills, interpersonal skills, internal consulting skills, etc) often using external providers. The training centre also provided apprenticeship or traineeship programmes mostly run by internal staff. Where it was felt necessary, training functions went to external providers for tailor-made programmes. Often these were business schools; alternatively they were specialist training companies. The products supplied often in fact were tailored open programmes, but with company specific cases included. Some adaptation to the specific situation of the company was provided, but the purpose was seldom to create a support tool which was an integral part of the then current change management process. Examples of suppliers or of the internal training function accepting accountability for the business impact of their products were few, beyond the 'happy sheets' recording Level 1 effectiveness (see section 8, measurement) or possibly Level 2 impact (recorded by learning tests).

It is possible to conclude that the training function's focus before the CU trend was more on interpersonal skills, knowledge acquisition and technical skills training rather than on organisational performance oriented activities. If the training function was looking for non-strategically important offers like pure knowledge transfer and basic technical skills, including language, soft personal skills and technology training, they were in fact working in the area of non-critical items. If they were seeking suppliers in the same non-complex supply market, but instead were seeking, for example, specific technical skills training to support a strategic business initiative, the training function was starting to contribute to mission critical business goals. In other cases, training supply involved items which where not strategically important, but because their supply market was evolving fast in either product or producer terms, such training supplies could become 'bottleneck', or shortage, items. Here, the actual relationship with the supplier became more important to the training function's perceived effectiveness.

The figure below identifies the above three categories and includes a fourth option: the more recent need for strategically important offers of a complex or quickly evolving new product range from a relatively complex supplier base. The classic example here is support for major organisational change involving interacting with a complex supply market. In summary, the two key parameters in this emerging model are:

- importance of purchase to business success
- complexity of supplier market

Hence, indicators for seeking added value from a learning supply strategy can be identified by using this model.

Key Issues in Section Five

Core lessons learned for practical application are:

- e-training (instructor driven, to accomplish known outcome) or e-learning? (learner driven, to accomplish new, unknown outcome)
- link e-learning applications to business goals
- define the learning task and its business contribution
- define knowledge resources needed
- understand your and others' learning styles and needs
- learning team forming, motivating and focusing are ***essential***
- build trust – for effective learning at a distance it is ***essential***
- skilled online e-learning facilitation is ***essential***
- manage time. Keep commitments. Communicate priority changes
- fit for purpose technology, simple to use, speedy and reliable
- e-learning users technical support helpdesk: - ***essential!***

Finally, some current issues:

- do you need a company-wide Learning Management System (LMS), or will using one inevitably reinforce the command and control management paradigm?

- if you go for an LMS, what functionality will add to productivity rather than to needless management information?

- how will you resolve the inevitable creative tension between central standards, overall focus and drive versus local ownership and use?

- in e-learning, how can you encourage a profitable, innovative and learner led approach to business development projects, where the outcome is not known beforehand?

- what culture changes will your corporation need to make, to take full advantage of the potential of e-learning as the latest corporate rate of learning accelerator?

- blended solutions of e-learning and face to face learning groups seem like the preferred way forward. Apart from preceding and following classroom sessions with virtual groups and electronic access to information, how will you fully exploit the interactive capabilities of the net (sometimes called i-learning) to stimulate faster rates of learning?

- if the rate of learning across a corporation is truly a sustainable competitive advantage, how can e-learning (not e-training) be deployed to accelerate this rate?

piloting training in one skillset in one location (e.g. training in standardised customer reception personal styles in for all customer contacting hotel staff in one hotel in a chain). Starting with collaborative problem solving via e-learning was less usual, though interest in it was widespread.

Cynic's Corner – Where Can e-learning Really be Helpful to Competitiveness?

Here, Learning Group participants inclined to the view that something new was in fact now available: though a sizable number thought that alone e-learning would not be broadly helpful. e-Learning in this more reflective view was seen as a new delivery channel, which could have a useful place, in blended solutions of face to face and virtual, sole learner and group study, together with time+distance shifted collaborations for organizational performance boosting learning projects. All saw the cost virtues of e-training for new skills via online media, where the networks exist. Linking work process learning and classroom instruction was viewed as a valuable new bridge, if rather specialized in its direct applications. Here, the **e-** cynics were thoughtful – contrast this with Knowledge Management, where its cynics were noticeably less trusting of the 'new' revelation. Overall, the big questions seemed to emerge as: granted the cost savings of online skills training, could this new tool and medium be used to more economically create and sustain desired culture change and culture design? How could it be used to speed up and increase the number of innovations with a bottom line impact? How could it in practice accelerate the rate of learning across the corporation, and so deliver a sustainable competitive advantage?

Useful lessons learned about e-learning included:

Practical e-Learning: Lessons from efmd Learning Groups' Experience

- Group Bonding

the players must meet and become trusting of each other. Their shared vision, shared commitment and prioritization of the work, shared contract of behaviour must be reliably forged, or fast learning and delivery will not happen.

- Group size

No more than about 10 is wise, unless more facilitation effort is available.

- Task definition and Purpose

All must share one definition, and share the rules for its revision as the work unfolds.
Also, the task must have clear business relevance and impact on each group members' business performance goals and personal expectations.

- Online group leadership activities must include:

keeping up the momentum, sticking to commitments, encouraging shared learning, Knowledge Management, distilling the questions that provoke real learning, mapping the ideas created and combining proven and new technologies

- Online facilitation is essential to keep a group using today's net technology, with it limited range of stimuli, committed and energized.
- Group lifecycle tools e.g.: Tuckman's group performance management lifecycle model, help online learning groups grasp what is happening to them
- Group composition matters in cyberspace too. Team and personality
preference tools, e.g. Belbin's Team Types and Myers Briggs Type Indicator can be used to help groups become more self aware and so work on their collaboration capabilities with greater effect. (See also References, Bente Thomassen on MBTI.)
- Online learning and collaboration skills have to be learned experientially, but some training during the initial face to face teambuilding session will help a lot.
- E-Learning can cross corporate boundaries as well as time and distance,

if there is trust and a shared commercial goal

Figure 14: Lessons learned in learning group relating to e-learning

Some 'awful ifs', or pitfalls flow from the above, and are worth stressing:

- business
  if the business goal of the work is unclear, and it has no recognized, predetermined commercial impact, initial enthusiasm for the new will blur corporate focus and not enhance competitiveness.
- content
  if the business task or goal is not a critical component of the e-learners' assessed work objectives, the inherent difficulties of collaborative learning at a distance will move this task inexorably down individual member's hierarchy of priorities, and their participation will diminish.
- relationships
  if one member, particularly the leader or facilitator, slips away unannounced, and it is very easy just to not show up in cyberspace, then the group's morale will rapidly fall to failure levels.
- Technology
  if it does not work first time, new e-learners are very unlikely to try it a gain if in an unsupported, remote location. And Remember: Murphy's Law applies in cyberspace too!

e-learning and the Corporate University

CU Learning Group participants saw e-learning as a new set of learning tools and as a learning delivery channel with many benefits. Almost all participants confirmed that they have an e-learning exploration or implementation programme. Almost none saw it as a panacea, and all were very aware of its infrastructure costs. Starting with a pilot application was the universally recommended approach. Reported pilots varied from enforcing familiarity with the corporate intranet as a first step, via for example making on-line expenses claiming mandatory, to working in teams on business problems to which there is no known solution. The people need to learn together, to innovate - and so deliver the radically new. The problems they work on may be product or production trouble shooting issues, or new product or production process development challenges. The essence is that some new way of creating or saving wealth is being attempted by a diverse, dispersed group or team, by applying brain rather than muscle power. Divergent thinking is needed, at least to start with, unlike the e-training scenario, where the new capabilities are carefully defined in advance and the trainees tested for successful mastery. But like e-training, time and distance are surmounted economically. Also like e-training, the concept has the aspects of central leadership and overall co-ordination: can the whole corporation learn from the successes of some of its units, by rapidly adopting and improving their methods? The excitement about e-learning comes from seeing it as the tool to enhance the rate of learning across the company – and this rate has been identified for some years as a major source of competitiveness.

e-Learning: Doing It

As with e-training, there are both technology and culture issues to be resolved for e-learning to be effective in business. George Por provided the Learning Groups with this model:

Business
What business model of value creating inputs and returns will best support an e-learning journey which could yield large gains to the business?

Content
What is to be learned, how are the e-learning process and its output to be organised, and what knowledge is needed to help that happen?

Relationships
Who are the learners and their guides, and how do they relate: what are the roles, relationships and the decision making processes?

Technology
What technical infrastructure does e-learning need, and what software will help the learning process evolve most flexibly?

Figure 13: Understanding the context of e-learning

George Por emphasizes the 'communities of practice' concept, where people come together around a shared goal and self organize to accomplish it. He specifies a number of roles and an approach to creating and sustaining such groups.

Learning Groups participants' experience, when analyzed, showed the roles to be indeed essential, and the communities of practice approach to be mission critical. Furthermore, experience showed that a number of well known group work and team building tools to be very helpful, including Tuckman's Team life cycle model and the Myers Briggs Type Indicator of personality style preferences. Further, participants' experience showed that e-learning groups or teams turn out to have a natural life span, as do any other groups. Trying to prolong the group's life after its task is done, does not work. The good news is, however, that experience of working in virtual communities or virtual learning groups creates cumulative learning for individuals - and so can be well worth persisting with for organisations too.

e-training Implementation Issues

Learning in the workplace can be difficult to implement, for human social reasons. In more autocratic corporate cultures, supervisors may not look kindly on team members deviating from productive work to spend workstation time on self directed learning, even when following the most prescriptive, examined and reported on curriculum. Naturally, there are systems solutions here, with the supervisor being able to monitor via the learning management system just how much time goes into the training modules. But the solution indicates the underlying tension: autocracy versus learning something new. The issue is one of culture and style: will I learn if I feel a sense of being under the autocratic eye of big brother all the time? Am I not more likely to learn if I sense an atmosphere of encouragement, support and rewards for success? CU Learning Group participants discussed this one privately.

Secondly, e-training requires an IT infrastructure, which may not be the same as the one built by the corporation for doing the other aspects of its business. This, participants concluded, means making friends with the IT department, to ensure they understand what is to be done and can help locate the low cost infrastructure solution. The alternative, in practice will result in the IT department ruling on who has access to what information and learning opportunities. Not ideal, thought the learning groups.

Thirdly, some Learning Group participants were very concerned about Learning Management Systems: i.e. the portal software which permits individuals to have their own learning account, records and training plans stored online, and integrates this with the organisation's ability to set learning goals for individuals and groups and deliver timely messages and training packages to deliver progress to the organisation. Which packages and providers to go for? What are the corporate culture implications? Which features will turn out to correlate positively with enhancing productivity? The provider market is rationalising, with survival going to those with the stronger client base and the capability to quickly deliver and sustain a working solution. But is such a tool really necessary? Will it not automatically reinforce autocratic tendencies, and fight against the very change it is trying to facilitate? How much detail is needed centrally anyway, and is a two tier reporting system more useful? Most group participants were convinced that some sort of training management system was needed, but unsure about what training level improvements in quantity and quality would flow from this sort of tool. Considerable private sharing of colleagues' experience is going on, with a focus on productivity outcomes rather than training volumes seeming to lead the way.

e-training Conclusions: Go For It!

Participants concluded that unit costs can be reduced and skill levels more precisely managed, with central drive and local application. The downsides noted above can be minimised in practice. Further, the training function can more easily measure the contribution it is making, via the more accurate identification of time and other costs, and the sharper definition of the capability enhancement being made. (See also section 8 on Training RoI). Additionally, a common barrier to training effectiveness can be more easily eradicated: e-training requires very close co-operation between the line and the training function. Defining the capabilities to be taught very clearly is essential, and can only be done with operational line collaboration. Measures of effectiveness, and ongoing re-definitions of capabilities to be built and sustained can only be accomplished by operations and training working together with one shared set of goals. The traditional training defence that they deliver to Level 1 (training event satisfaction in the minds of the trainees) becomes untenable, as does the line gripe that training train in yesterdays' ways.

e-learning: the Next Frontier

Participants realised that once e-training processes are in place and delivering value, the next level of competitiveness improvement can come from collaborative learning across time and distance. What is at issue here is people owning two incompatible learning management systems. (It reminded some participants of the not-so-distant days of multiple, mutually incompatible in-house email systems.) On balance, the CU Learning Group favoured the solution of outsourcing to a combination of specialist process software providers and content providers, so long as a strategic understanding and control could be retained in-house.

↑ **High Capability**

Portal Providers Provide High Functionality software frameworks for managing learning	**Content Customisers** Help you create your own e-content from your own or your bought-in materials
Specialist Technology Companies Provide tools, assemblies, work spaces, linking capabilities needing users and content	**Content Tools Companies** Provide authoring systems to permit you to develop your own online learning programmes or modules. e.g.: help you put computer based training onto the net.

From Gareth Morgan, Newmindsets.com - 2001

→ **High Content**

Figure 12: e-learning technology providers taxonomy

Start With e-training

efmd Learning Group participants' experience indicates that an initial focus on e-training, (1st generation stuff) is a very valuable route to take. Making training happen over the net is very cost reducing, when applied to business processes and the skills to deliver them consistently to high quality standards. It moves information and knowledge through time and space to where employees need it. It permits testing the trainees' new capability levels. It saves travel and other physical movement related training costs, and so saves time too. It is an advance on CD ROM training, as it makes central understanding of what is going on much simpler to arrange. It is interesting to note that ELAN, the European automotive industry's EU-funded management development network, has formed very similar conclusions in its 2000-01 programme.

What are the downsides? The group noted the usual negative effects of distance and net enabled learning here: low or absent social context to encourage the trainee, and the tendency of skills training packages to instruct in one way of doing things rather than setting out to teach the underlying principles as well as their application. Caution is needed in planning even e-training programmes.

Directly Connecting Training With the Workplace

e-Training has another strong, new benefit too: net-enabling the training activity makes it much easier to connect the classroom and the workplace. Not only can people learn at their workstations, but also issues arising in the course of their work can be directly linked into the relevant training module. The call centre provides a simple illustration: say the employee receives a call which they cannot resolve. Clicking onto drop-down Help menus on their screen provides the missing knowledge. If it is not there, the employee-trainee can add in a question addressed directly to the knowledge managers, so the process can be enriched for future use.

we accept the arguments around the contribution of **e-** to learning, it remains to be seen whether e-learning as a whole can make a difference to how we do business. Gareth Morgan working in 2001, has summarised e-learning's present contribution to business as delivering:

The e-Impact	**2001's Corporate Reality**
• cost reduction	- being achieved frequently
• improved accessibility	- as above
• increased quality	- not there yet, in many cases
• personal, collaborative learning at a distance	- just beginning

Figure 10: e-impact and corporate reality[15]

However, it is evident in the field of e-learning, perhaps more than in any other aspect of corporate university management, that change is rapid and evolution in the near future highly likely. Gareth Morgan further describes e-learning's present and likely future evolution in three generations:

- 1st Generation: Instructor Driven, and simply understood as e-training: traditional courses and text put on line and typically organized in a linear fashion

- 2nd Generation: Learner Driven, self-organizing and evolving, and capable of being accessed at any point for "just in time" learning on a "just enough" and "as needed" basis, and simply understood as e-learning, but using today's limited range of Internet media and so delivering a narrow range of sensory stimulation and interactive capabilities

- 3rd Generation: Learner driven, built on a "second generation" broadband platform with advanced interactive technology using a full range of media giving a richly interactive experience, with text, voice, pictures, movement delivered across the net – requiring much more advanced software and bandwidth than most have today

Figure 11: Three generations of e-learning

George Por of the Knowledge Ecology University, California and now of the Centre for Applied Learning Technologies, INSEAD, notes that Gareth Morgan's model can be defined another way at its 3rd Generation level. Here, e-learning can be depicted as group, or collaborative exercise and learner, rather than instructor driven. Note that both their definitions require a richer array of interactions, put the 2nd Generation in an interim position and both envisage faster, richer rates of learning.

Providers – From Whom to Buy?

Understandably, Learning Group participants devoted much time to discussing e-training and e-learning providers. Gareth Morgan's classification of e-learning providers was found a useful aid to understanding what is going on in the marketplace. The pitfall of buying into a provider who seeks a lock-in hold over their clients' learning processes was grasped. The need to ensure that the buying decision was taken for the whole corporation was clearly understood: there is little corporate benefit in

[15] This model based on work done by Morgan, G. of the Schulich School of Management, York University, Toronto, in 2001. See also Morgan's website: www.newmindsets.com

Section Five: Corporate Universities and E-Learning: Neither Dream Nor Disaster

Introduction: e-what? What is it and Why Now?

e-learning became the latest fashion in management development and wider circles during 1999–2001. Some management developers became and remain optimistic, claiming that learners will now be able to access a world-wide store of material at any time, from anywhere, of their own choice. This view, however, is not common to all involved in e-learning; nor is it the dominant experience of an increasing number involved in providing and participating in e-learning. The potential seems limitless; the reality seems much more mundane. First consultancies, then training companies, then mainstream corporations, and finally even some universities realised that education, training, and even development and learning could be improved by using the internet and corporate intranets. The trend took off in the States first, but this time with Europe as a very close follower. The pattern was the same as for earlier management fashions, with great waves of initial enthusiasm for the new, and boundless energy and belief that e-learning could solve some long lasting problems and deliver some permanent improvements in efficiency, effectiveness and productivity. Experience and learning has followed, and slowly practical reality has been emerging as to what the new capability can actually contribute to our civilization's principal material wealth creation engines.

Essentially, e-learning users have been subject to the dawning realisation that Information and Communication Technologies (ICTs) could help in corporate training and learning, as these are largely information and understanding based, not physical material based activities. The dialogue since this has been about creating a deeper and very practical understanding of what is physical and what is informational in learning and training. Where will clicks do a better job, and where are bricks truly essential?

Now, writing at the end of 2001, and drawing heavily upon the work of the CU Learning Group and **efmd**'s 2001 Learning Group on e-Learning, we believe that a preliminary, practical synthesis in relation to the role of e-learning in corporate universities is possible. The **efmd** e-Learning Group was devoted entirely over a three month period, to learning about e-learning by doing some e-learning on the subject of e-learning. This section draws also on the work of three people: Professor Gareth Morgan, of the Schulich School at York University, Toronto, Canada; George Por, Research Fellow at the Centre for Applied Learning Technologies, INSEAD; and Dr Gilly Salmon, of the Centre for Information and Innovation, Open University Business School. Morgan and Por provided direct input to the **efmd** learning groups. Dr Salmon's work summarises very well many of the lessons of experience learned by the groups about the role and essential need for skilled online facilitation. (See References at end of the Report)

So What is New? What is its Value Add?

In e-learning, the Learning Groups' experience suggests that the novelty comes almost entirely from the **e-**. That to which the e-methods are applied is as old as humanity. Without learning, we would not even have stone tools, let alone bricks or clicks. Nonetheless, e-learning is new in many respects, and can add a permanent enhancement to corporate competitiveness, given certain conditions.

A key distinction of e-learning is its purposefulness. It is often intensely practical, aiming for a functionality which is closely defined. A second is the contribution that teachers and online facilitators (or Moderators) can make. This will differ enormously from the traditional methods of making learning possible. Third, we concur with the CU Learning Group in suggesting that e-learning, in the context of corporate universities, may provide learners and learning managers with the potential to provide learning opportunities to a wider audience than ever before.

This brings us to the potential contributions that e-learning can make to business. Even if

Key Issues in Section Four

- the Balanced Scorecard & CUs
  Can the balanced scorecard's ability to include other than financial and accounts measures be really useful in defining, relating, measuring and managing your CU's business contribution and internal performance?

- how to decide which criteria will best assess the CU's efficiency?
  the answer for each corporation will come from an analysis of its corporate vision, strategy, business goals and operational priorities; plus the existing quality of relationships between the CU and its client groups

- how to decide which criteria will best assess the CU's effectiveness?
  the answer will come from analysis of the corporation's business performance indicators, and the extent to which the corporation's performance is improving over recent comparable periods

- how to assess the CU's value add to the corporation?
  combining the rather more set, determined business structures and goals with its more fluid, movement imbued performance capabilities will give the clearest picture of how the corporate university can best contribute to enhancing the firm's competitiveness

If we finally add the relatively obvious components of CU Process Performance and Finance Performance, the CU balanced scorecard can be seen to potentially provide a holistic picture of a CU's goals and evaluation possibilities:

Market Performance

- Define scope
- Needs analysis
- Centralise vs. decentralise
- Speed of roll-out
- Project based activities
- Virtual vs. residential
- Structure of programme offerings
- Choice of didactical approach and tools
- In- versus out-sourcing, of resource supply or of entire programmes or even whole curricula
- External recognition:
- Alliances with educational institutions

CU Balanced Scorecard

Finance Performance

- Proportion of corporately funded programmes
- Proportion of Business Unit funded courses
- Percenrage of self funding courses
- Percentage of external customers
- Return on overall investment
- Long term sustainable growth
- Short term payoffs
- Intervention styles
- Risk management tools

Figure 9: Internal process and financial performance measures for the corporate university

Assessing the Corporate University Efficiency And Effectiveness: the Internal And External View

The purpose of this section has been to outline one possible means of providing a rationale for leading and managing a corporate university. In addition, we have outlined the potential of the balanced scorecard methodology for stakeholders both internal and external, with the ultimate aim of assessing the CU's internal operational progress and efficiency. This, as we explore further in section eight, increases the probability that the return on CU investments will be optimal for the funding organization.

Balanced Scorecards: efmd CU Learning Group Participants' Views

The models presented here have been distilled from the CU group's work, and we are grateful to Sybren Tijmstra, our Knowledge Capture expert, for their codification and playback within the balanced scorecard conceptual structure.

However, it is worth recording that whilst many were enthusiastic, not all CU Learning Group participants were convinced that the Balanced Scorecard model has much to contribute to their running of their own CU. Some came from organisations where balanced scorecards had been tried, found unhelpful, and rejected. Others felt that the grouping and elucidation of CU strategic focus, management and progress measurement criteria which the balanced scorecard concept, and our group's work on it has crystallised was helpful, so far as it went. But the need to define which particular criteria out of the many the Learning Group came up with would be the ones to use within any particular CU still remains. Each CU has its own particular context and business challenges. How to make the key scorecard criteria selection was the subject of considerable, and very confidential, conversation between participants.

Following group discussion, and dependent on the corporation's vision and strategy, other less obvious headings were added in the Market Performance and Innovation areas. These less obvious items depend on the CU's market reach, priorities, and the tools in use to deliver a robust contribution to corporate vision and strategy. Learning Group suggestions as to what they might include are:

Financial Performance

Market Performance

- Labour Market
- Suppliers
- Customers
- External Non Related Parties

CU Balanced Scorecard

Process Performance

Innovation Performance

- Link with Competence Models
- Self-fulfilment aligned with Corporate Objectives
- Knowledge Management - both Explicit and Tacit

Figure 7: Corporate university delivering to corporate vision and strategy

These headings can be further specified to focus the CU's work:

Market Performance

- **Labour market**
  - Image
  - Attractivness
- **Suppliers**
  - Strengthened Links
- **Cutomers**
  - Strengthened Links
- **External Non-related Parties**
  - Contribution to enlarged enterprise
  - Contribution to self funding

CU Balanced Scorecard

Innovation Performance

- **Competence Models**
  - Improved performance
- **Self-Fulfillment**
  - Satisfaction
  - Entrepreneurship
  - Drive
- **Knowledge Management**
  - Spread of explicit knowledge
  - Unlocking tacit knowledge

Figure 8: Further performance indicators for corporate universities

In determining what should be part of each of the above meta-headings, some elements seem quite obvious. For instance under Customers or Market Performance and Innovation some possibilities raised by the group would be:

CU Financial Performance

CU Market Performance

- Participants
- Personnel/MD Staff
- Line Management
- Top Management
- Educational Institutions

CU Balanced Scorecard

CU Process Performance

CU Innovation Performance

- Support Learning Organisation
- Networking
- Synergy

Figure 5: Examples of corporate university stakeholders

From this point, the group built on to be more specific, as follows:

CU Market Performance

- **Participants**
  - Reach
  - Satisfaction
  - Retaining
  - Career Growth
- **Personnel/MD Staff**
  - Acceptance
  - Co-operation
- **Line Management**
  - Link Strategy to objectives
  - Bottom Line
- **Top Management**
  - Increased effectiveness of the organisation
- **Educational Institutions**
  - Programme Management
  - Teaching
  - Degree recognition

CU Balanced Scorecard

CU Innovation Performance

- **Support learning organization**
  - Performance
- **Networking**
  - Interaction after the programme
- **Synergy**
  - Successful joint ventures
  - Successful integration of acquisitions
  - Successful partnering

Figure 6: Detailed specification of corporate university stakeholders' scorecard measures

methods, whilst still including the 'hard' financial indicators of accountancy. However, it encourages the exploration of 'soft' measures, such as customer retention, product development cycle times, employee satisfaction, intellectual assets and levels of organizational learning.

Applying the Methodology

Use of this methodology in considering the strategic direction and operational management of the corporate university can bring a future oriented approach, which takes new dynamics of the business environment into consideration. It can create a dynamic, holistic orientation, in which the operational reality of the corporate university has the potential to match its rheotorical vision. The balanced scorecard methodology has past performance and also future oriented potential as its basic starting points. As noted above, it takes a range of elements (such as customers, innovation, internal processes, financial results) into consideration in its holistic business approach. Applying the balanced scorecard to the corporate university may help create a management approach which emphasises a continuing, monitored, managed focus on the relevance, quality as well as the cost of its achievements, hence making it easier to manage its alignment and integration with other units' efforts across the organisation, and therefore improving the likelihood of continued competitiveness.

By taking the vision and strategy of the organisation as its starting point, the balanced scorecard allows for the identification of elements to consider under each of the four headings: Customers or Market Performance; Innovation; Internal Processes or Process Performance; Financial Results. This approach therefore serves two purposes: providing the framework for the CU's operational management, and the subsequent development of measuring tools to determine the extent to which objectives have been met. The figure below sets out the beginning of this process, in which the initial questions are set:

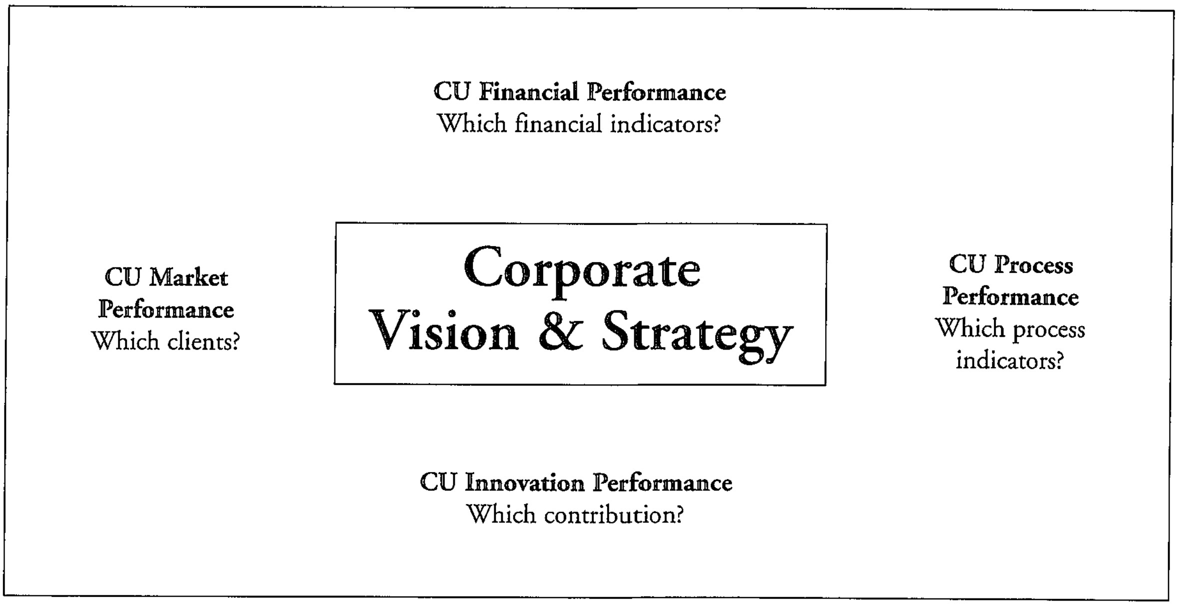


Figure 4: Corporate vision and CU performance[14]

[14] This and subsequent models in this section were created by Sybren Tijmstra, TIMS Consultancy from Norton & Kaplan's work.

Section Four: Holistic CU Management: A Balanced Scorecard Approach

Introduction: the Balanced Scorecard Approach to CU Management, Leadership & Results Measurement

As Learning Group participants continually asserted and as we emphasise throughout this report, the corporate university, like any other corporate unit, requires efficient, effective operational management. The CU will certainly be obliged, if good practice is being followed, to integrate its internal performance management with a focus on the goals the corporation sets for it. Driven by its customers' realities, and their perceptions of their learning and development needs and their and their colleagues' perceptions of how well those needs are being met, the corporate university management team will always be involved in balancing needs and demands from a variety of stakeholders. As we explore in more detail in section eight, the precise identification of these stakeholders and their needs must be aligned from the beginning with business goals. In this section, however, we concentrate on the construction of the stakeholder group which will have an effect on the development of the CU and its strategic direction, and how focusing on meeting their needs can measurably drive the CU leadership and management process.

The dominant perceptions of the corporate university can be drawn from six groups of stakeholders, listed below:

- CU's strategic alignment with the business: The CEO's view
- CU's internal operational management: The CLO's view
- CU's client relationship management: The Line managers' view
- CU's delivered product quality: The Employees' view
- CU's Return on investment over time: The CFO's view
- CU's contributions to corporate reputation: External stakeholder views

Overall, to ensure that a corporate university contributes in an optimal way to the competitiveness of the company, potentially including the facilitation of organizational change processes to embed the CU, its management must be led by the vision and strategy of the organisation, as in other business units. The vision and strategy of the corporate university, in responding to the needs of the various stakeholders identified above, must be a subset of the vision and strategy for the corporate whole, so the CU can enhance rather than de-focus the corporation's overall capabilities. This is the vision which underpins this section; it was supported by the CU learning group. To achieve this vision, one possible tool is the 'Balanced Scorecard' methodology of Kaplan and Norton[13]. Sybren Tijmstra, the **efmd** Group's Knowledge Capture person, used Kaplan and Norton's concepts to codify and extend a number of the Learning Group's perceptions of effective CU operational management.

Developing the Balanced Scorecard Methodology

These two researchers studied more than ten American based organizations for more than a year, during which time they began to develop their alternative approach to performance measurement. Stimulated by the belief that the profit motive alone could not provide a substantial enough foundation for the long-term strategic management of large companies, Kaplan and Norton suggested that over-reliance on financial accounting measures can lead to damaging short-termist decision making. More importantly, over-investment in assets which have an easily measured value (such as through mergers and acquisitions), and under-investment in less easily calculable assets (such as employee development or skills), together provide a context in which the long-term viability of organizations is at best partially understood and at worst is ignored. The balanced scorecard methodology that Kaplan and Norton suggest can be an alternative to narrow, cost-accounting

13 Kaplan, R. and Norton, D. (1996) *The Balanced Scorecard: Translating strategy into action.* Harvard, Mass.: Harvard Business School Press.

Key Issues in Section Three

- CU as focuser
  home of and driver of innovation, encouraging innovation models, attitudes, cultures across the firm

- CU as leader
  in intellectual capital and knowledge management process provision within the corporation; includes both working with explicit and tacit knowledge sharing and trust creation

- CU as owner
  developer of Knowledge Management capability within the organisation, using technology provided by IT department

- CU as home
  for corporate research effort and spend, placing contracts, sustaining relationships with lead suppliers, measuring value added to business activity by research & development spend

- knowledge management as librarianship
  Do not confuse internal effectiveness with external orientation

argument goes, to see technology as a very powerful way of spreading access to knowledge easily, at little incremental cost, and accept that collaboration is a pre-existing human capability which needs continual nurturing if it is to flower in the commercial setting, whatever the medium of work and communication? Given this approach, knowledge management comes to mean the librarian disciplines required to harness massive amounts of easily available data into usable forms for specific goals, and nothing more. It becomes an essential component of information systems, with the goal of distilling, filtering, presenting correct, relevant timely information for decision making. As such, it is part of the essential underpinning of a collaborative performance oriented culture. Emphasising internal processes is not usually the best way of becoming market led, customer-centric or even externally aware and particularly innovative in the face of market opportunities. Admittedly, all the foregoing are business capabilities which can be better performed with an excellent librarian function supporting them. Lets keep it that way!

Figure 8: Further performance indicators for corporate universities

The Learning Group was impressed by the Skandia approach to identifying and taking new advantage of the knowledge, or intellectual capital with which they work. Skandia regard their business products and processes as the most important assets they possess, and as such as their most important venues for fundamental research and development. This involves people sharing the ways in which they do their work, to a personal level. It also involves business units sharing their present practices, and co-operatively, together seeking better ones. Skandia's approach, as seen in their making explicit and positively managing their business process model, and in their methods of bringing out and expressing employee development, commanded much respect from the group. The way the two are linked together was admired. Participants noted the complexity which sheer size and large employee numbers bring to the process, and the ongoing need for seeking out and abolishing barriers to process efficiency improvements. The GE (and GM) Work Out methodologies, and the Lufthansa D-Check process, all designed as methods for achieving in-house major process efficiency improvements, were also noted with respect as effective corporate tools for tackling this issue.

As part of the Skandia process, and as an example, we give here an outline of the Skandia notion of Competence Insurance. Skandia creates financial opportunities for individual employees to grow new business knowledge for new situations. The company creates an ongoing fund in the name of the employee, based on a percentage of the employee's salary. The employee and the company both contribute to the fund, which is invested by Skandia and by law attracts favourable tax treatment. The employee can spend the fund on approved personal development and education, which is intended to create new capabilities for future job roles, - not for enhancing present skills. The contrast between this seemingly enlightened way of extending state support to corporate training was noted with real respect. It contrasts very favourably with Training Tax Refund methods practised in France and used though mostly discontinued in the UK.

When Can a Corporate University do Effective Knowledge Management Work?

If a corporate university is in the tactical or strategic stage of its development, it can contribute in a very meaningful way to a successful knowledge management approach.

At the tactical level the purpose of the CU could be the production and spreading of knowledge in such a way that both corporate and personal objectives are met. At this stage a conscious contribution is made to strategically relevant activities such as socialisation and increasing knowledge. These companies are often called knowledge creating companies; they offer services which are highly knowledge intensive. Examples are in financial services and education.

At the strategic level of its development, CU participants exchange and combine knowledge and build strategically relevant new knowledge often around particular business projects. This will be the case for value-adding knowledge companies which are highly knowledge intensive and offer high level services mostly integrated in the value chain of their clients. Examples of these are IT companies and aerospace and automotive component manufacturers in sophisticated supply chain partnerships.

Finally, the Cynic's Corner: Does this Emperor have any New Clothes?

Not all CU Learning Group participants were convinced that we are onto something useful and new in debating and trying to use the concepts of Knowledge Management to improve competitiveness. Is knowledge management a helpful advance or an exaggerated concept? Where can managing knowledge be truly shown to have added value rather than merely increased cost and complexity, beyond an obviously necessary librarian function of ease of access to information and knowledge, purging the obsolete and providing the current? It is hard to argue that rewarding sharing, and sustaining an atmosphere of trust, are both really specific to knowledge management. They are also part of sustaining a goal oriented high performance culture. Would it not be simpler, the cynics' and never hindered. Operating such a system answers the question: How can I most economically gain the knowledge I need to get this job done more profitably?

Successful knowledge management, the Group saw, requires a good collection, storage and accessing system, well developed identification, contribution and usage control processes, and necessary human social attitudes and values which support its development. The systems side is often the least important concern; information technology permits incredible things in this area – at least for Explicit Knowledge. Designing a good system and operational process for knowledge collection and distribution may not be a major problem either; guides for good practice are plentiful[12]. However, assuring that the process and the system both work as intended is quite a different challenge. This involves working closely with the people in the organization who will be responsible for the maintenance of the system. It is ultimately through the actions of these people that any KM system will succeed or fail.

Explicit Knowledge

Sharing explicit knowledge (best practices, procedures, operational information) will only be done if people believe the organisation is willing to share via its corporate culture, and that that culture explicitly rewards sharing and giving and concomitantly discourages selfish behaviour. As a CU via its programmes provides opportunities to witness and strengthen this co-operative cultural norm and pro-sharing attitude amongst peers, and indeed exists in part to communicate the required underpinning value system of the company, it can by so doing actually contribute to the likelihood of sharing of explicit knowledge actually happening at a higher rate and quality. In its training activities, the CU will demonstrate how useful the knowledge sharing and management process can be to increasing business efficiency and effectiveness.

Tacit Knowledge

The CU can make an even greater contribution in the area of tacit knowledge, by which is meant the know-how knowledge base embodied in each of us. It is this personal knowledge capital that individuals are only willing to make explicit if they are sure it will not weaken their position, working on the starting principal that knowledge is power. This level of sharing, it is generally thought, will only happen in an environment of full mutual trust.

Hence, a CU will further tacit knowledge sharing if it can organise its activities, which are by definition already taking place in a low risk and confidential environment, in such a way that this feeling of trust and mutual respect is developed and strengthened. In this way it will act as a catalyst towards making tacit knowledge explicit for the benefit of the company and its clients but also to the benefit of the company's employees.

Examples of Knowledge Management in Action

An example of value creating knowledge management is found in the concept of the Starter Kit, as developed by PricewaterhouseCoopers. This is the complete package of operating instructions, information, forms and resource requirements needed to set up a new operation. Examples are:

- Opening a new subsidiary in a new country. The Starter Kit is generated by collecting the shared experience of many operators, and distilling out a best practice set, which is then tested to prove its validity and reliability. The user of this body of managed knowledge steps from the aircraft with all the know-how needed to launch the new operation, given favourable local circumstances
- Compiling a computer based simulation of the people side of the mergers & acquisitions process. Here, the legal and other rules applying to the M&A process and to employer changes are built into a computer based model, and to them are added the experiences of many successful (and unsuccessful) merger and acquisition experiences. The resultant knowledge tool can be used for training purposes before an M&A event or for what-iffing the decisions made in an actual M&A campaign.

---

12 See, for example, the journal *Knowledge Management.*

Section Three: The Corporate University and Knowledge Management?

Introduction[10]

The uses of the corporate university can be seen in many different aspects of an organization. Another powerful movement recently has seen knowledge become central to individuals' relationships with their employers. Although knowledge has been recognised as integral to the economic performance of nations for as long as a hundred years, the emergence of knowledge and the management of knowledge(s) as issues of strategic managerial importance for companies is much more recent. There are a number of difficulties with this phrase and some of the practices associated with it, some unique and some generic to all managerial initiatives. Three which are unique to managing knowledge are:

- identifying what it is we are trying to manage;
- identifying what the management of knowledge can bring to a company;
- identifying where the knowledge we want to manage is, how to store and access it, and how to re-distribute it.

In this section, as was the case in the Learning Group, we are not able to offer complete solutions to these questions. The very novelty of the field of knowledge management means that it will be some time before the dust has settled, and we are able to see clearly what shape the topic is, and what activities really do deserve the title of best practice. However, even at this early stage in the process of defining, codifying and practising knowledge management, three clear areas of knowledge in organizations have emerged: explicit, tacit, and social. These are the subject of the next section, in which we also set out the understanding of knowledge management which the Learning Group generated, and seek to embed it in the field as it is forming.

What is Knowledge Management?[11]

It has been emphasised again and again that the attitudes and values of the people making up a human system are the main hurdles to or guarantees of its success. It is in this respect that the CU can make a seminal contribution to any effort at knowledge management in a large organization. As noted above, knowledge to be managed is generally best categorised into explicit, tacit, and social or cultural. Explicit knowledge can be expressed in formal language, shared in coded or data form, and processed, transmitted, stored and accessed relatively easily. In contrast, tacit knowledge is embedded in the individuals within the organisation, and as such, is knowledge that needs special treatment if it is to be easily used. Tacit knowledge is often highly personalised, resistant to formalization and difficult to communicate. Finally, cultural knowledge we would see as forming perhaps the key contribution which the corporate university can make to encouraging individual employees to become part of a collective work organization. Cultural knowledge involves understanding the centrality of beliefs, values, and attitudes to work. Universities have been part of forming the cultural values and beliefs of societies since the founding of the first European institutions in the 14th century; corporate universities may in part play a similar role for globally distributed work organizations. This broad approach to defining knowledge management, and the role that CUs might play in its use and development, seems to us to encompass the Learning Group's work on this topic. The rest of this section seeks to codify the non confidential parts of the Group's dialogues and presentations on commercially valuable knowledge and its management.

During the meetings of the Learning Group, a practical definition emerged from the group participants' own experiences and understanding:

- knowledge management means ensuring that the necessary information and knowledge, together with a sound understanding of them both, can be easily accessible to those who need them within the organisation, so that the corporation's wealth creating operations are enhanced

[10] This section draws on Quintas, P. (2001) 'Managing knowledge in a new century', the introduction to Little, S., Quintas, P. and Ray, T. (eds), *Managing Knowledge*, London: Sage.

[11] The definitions of explicit and tacit knowledge draw on Nonaka, I. And Takeuchi, H. (1995) *The Knowledge-Creating Company*, Oxford: Oxford University Press.

Key Issues in Section Two

- what *is* a CU? When is a CU not a Training Centre?
  TC can help maintain and improve present individual and team capabilities
  but
  amongst other capabilities, the CU can help design, sustain and communicate organisational culture, and help radically change the organisation's capabilities
- CUs' emergence as an application of Revans' Law
  'For an organisation to survive and grow, it must learn at the same or faster rate than the rate of change in its environment.' Or: adapt, evolve - or die.
- CU and internal positioning: to whom does it report?
  CU as an arm of the HR Department, - or the board and the business strategy function: how strategic is your CU's role?
- CU as a key factor in successful implementation of Corporate Strategy
  Human Capital Resource Development, or resourcefully ensuring the availability of resourceful humans
- CU as the pragmatics of the Learning Organisation
  CU valued by the corporation as its holistic Learning Supply activity, ensuring measured, faster rates of relevant learning
- the CU and competitiveness
  CU as the organisational focus on learning efficiency, effectiveness and evaluation

- Fifth, to aid in the maintenance of a corporate culture even when the organization is spread over many diverse local cultures.
- Sixth, and perhaps most importantly, as a means of focusing the attention of all the organizational members and potential members as to the key role which learning and knowledge play in creating and sustaining competitive advantage.

We noted, as via discussions as various meetings did the Learning Group, that all of these aims can be supported by retaining emphasis on learning efficiency, effectiveness and evaluation. Although working with the concept of the corporate university will not solve all organizational and managerial problems, it will certainly address issues which are central to sustained business success today.

Moving from one focus to another within the model, or enhancing the CU's capability and hence its value add to its organisation, requires growing not only new competences but also new relationships. How this is best done was the subject of considerable dialogue at Learning Group sessions.

Making Learning Competitive, Effective, and Measurable

Finally, there are the closely related issues of efficiency, effectiveness and evaluation. Section four below explores in more detail the possibility of measuring CU performance through an adaptation of Kaplan and Norton's Balanced Scorecard model[9], and learning effectiveness, while section eight examines the case for applying models of return on investment longitudinally to assess the effectiveness of training and learning interventions. It is clear from the work of the **efmd** Learning Group that measurement forms a very important and integral part of the management of a corporate university, and that it is not something which can be avoided or treated as an add-on. The corporate university structure can make measurement of training, development, and learning central to organizational activities more broadly.

It could be argued that the role of training has shifted significantly over the hundred years or so in which modern large, international, complex business organizations have existed. Initially, managers and company owners had to train in order to provide new employees coming from agricultural work with the basic skills to survive in a factory or industrial environment, as we noted in section one. Subsequently, however, managers found that knowledge and skills were not being transferred between generations, as they had been in less industrial societies. It also became apparent that the state education system was not going to be able to deliver the range of skills which private companies required. These realisations led to the first corporate training activities, set up in the US and Europe, and the formalisation of industrial apprenticeship programmes – widely found in Europe. As and where improved provision of skilled employees by the state lessened the need for companies to provide such a comprehensive service, training and development arguably became more of a perk, something which employees and managers received if they had performed well in their core job tasks and were viewed with favour for probable advancement. This was supported by the explosion in specialist training providers and the development of spectacular events in exotic locations.

Clearly, this could not last. Not only had training and development become unaccountable in terms of core business goals, learning was pushed into the background in favour of rewarding loyalty and exemplary performance. In part, the corporate university seeks to address this. Learning is brought back into the training equation, and becomes central to the assessment of training effectiveness, and those trained are required to justify developmental needs at least in part in terms of business goals. The CU then contributes directly to the competitiveness of the organization, in making employees more effective, in making managers more aware of their employees' and their own developmental needs in relation to strategic goals, and in making training providers conscious of the need for their products to reflect individual and organizational goals.

The Corporate University as an Organizational Focus

In sum, in this report we are summarising the CU Learning Group's findings on why CUs are valuable, by suggesting that a corporate university can provide some or all of the following to an organization:

- First, the ability to increase the rate of learning within the company, enabling the organization to match the increased rate of change in the operating environment.
- Second, the ability to respond to the challenge of globalisation, in part through the utilisation of technology.
- Third, the ability to align business goals and learning strategies.
- Fourth, to centrally direct and co-ordinate a locally owned activity.

---

9 Kaplan, R. and Norton, D. (1996) *The Balanced Scorecard: Translating Strategy into Action* Cambridge, Mass.: Harvard Business School Press.

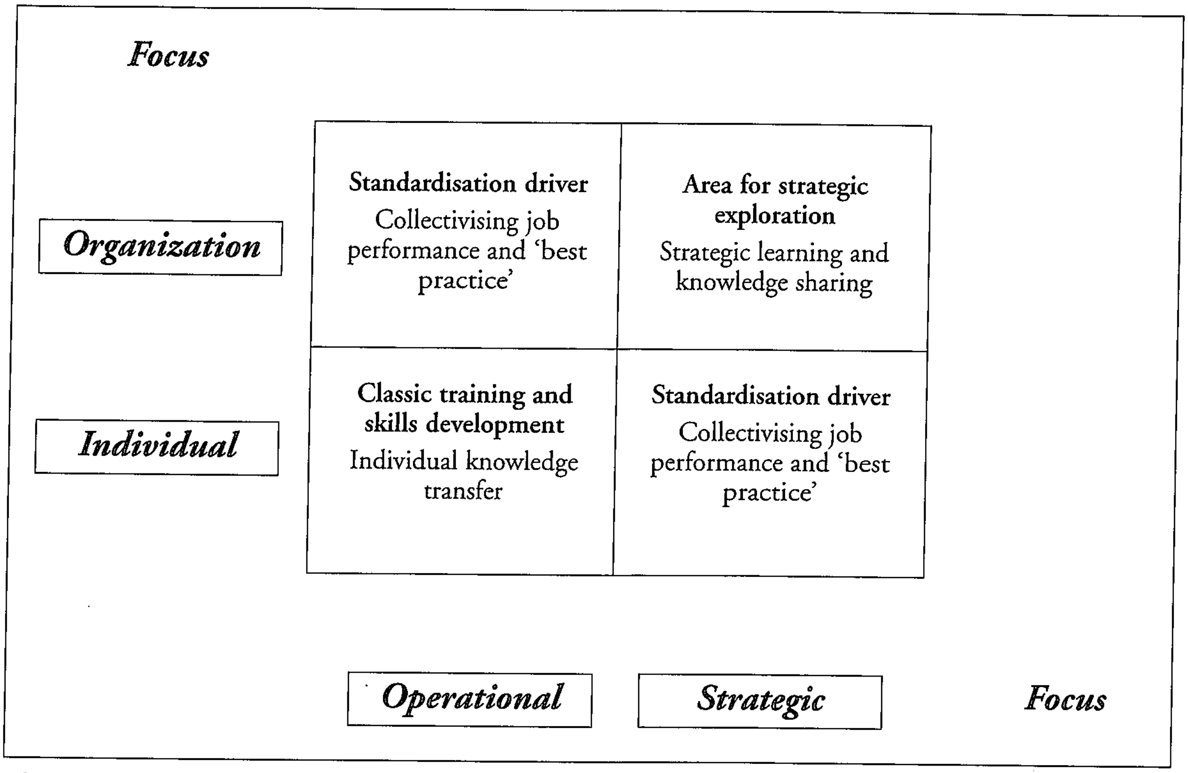


Figure 2: A typology of corporate universities[7]

The CU Learning Group tackled this subject by studying the evolutionary stages which might be practical steps towards building a CU. Their commonly agreed aim was that, in the absence of a major budget to invest in creating a CU from the ground up, each step towards it must be viable as a service provider in its own right. The evolutionary model presented by Michael Heuser of Lufthansa was well received by the group as a realistic guide[8]. It is:

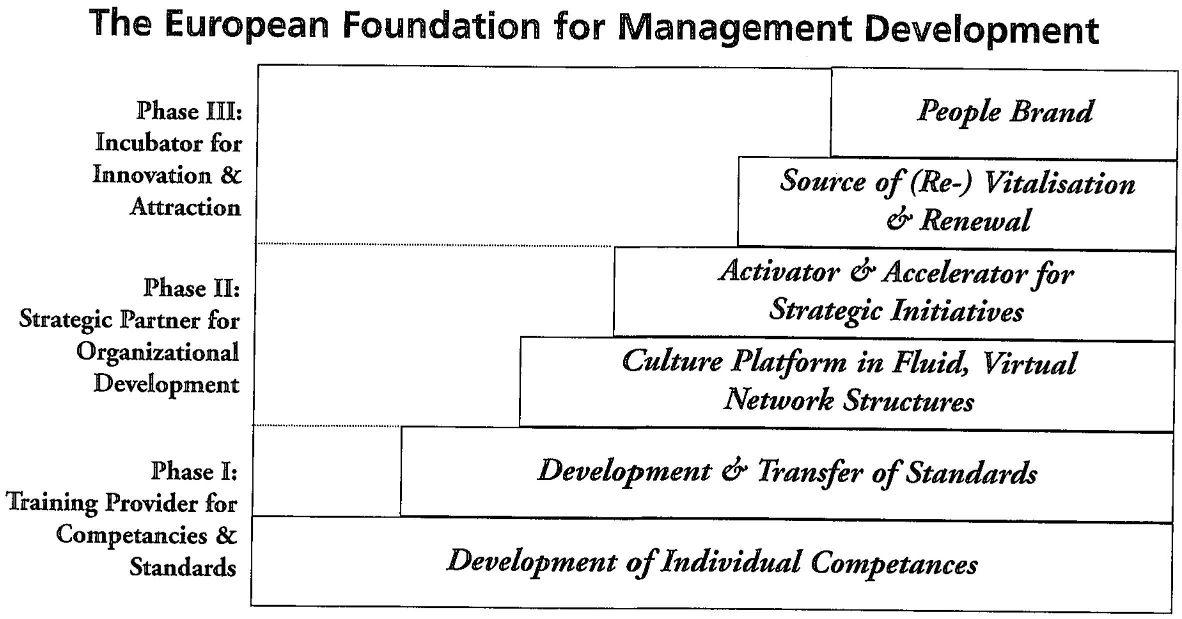


Figure 3: Evolutionary phases of the corporate university

7 Reproduced from Hilse, H. (2001) 'Ein Himmelszelt in der Online-Welt: Der Beitrag von Corporate Universities zum unternehmensweiten Wissenmanagement', *Die Unternehmung*. Translation ours.

8 Source: Sattelberger/Heuser 1999 Further details from Michael Heuser, Head of Lufthansa School of Business

Heiko Hilse (formerly of the Universität Witten/Herdecke, currently working in the corporate university sector), has suggested that there are three aspects of corporate training and education that the corporate university can address. First, there are the generic lower and middle levels of skills training or line management training; second, there is the higher middle management and high potential area; and third, there is the top level executive stratum. The experience of the **efmd** Corporate University Learning Group confirms this, and more importantly, has taught us that there are quite different concerns and challenges to each of these aspects of corporate education. As can be seen from the cases we present in this report, some participants in the group have concentrated on the very highest levels of corporate university provision. Companies such as Allianz and Swiss Re have focused on developing high potential managers and new recruits, alongside making sure that board level managers in place stay in touch with new developments in theories of management and organization. Others, such as BT, have started from the basis that a corporate university can provide training and development for an entire multinational organization of enormous size and diversity. Throughout this report, as repeatedly stressed by the learning group, we take into account the variations in goal and process which companies working to different corporate university models may have. However, again in the words and experience of the **efmd** Learning Group, the CU's core operational aims and initiatives do not change. The provision of or access to training, education, learning, research and development at reasonable cost, helping the organization to achieve its strategic goals, must be the central driver for any corporate university initiative, whatever the operational means of achieving this.

Hilse also suggests that there are more conceptual differences to be found in surveying the activity taking place under the corporate university umbrella around the globe. As his matrix below indicates, we can locate corporate universities according to where they sit on two axes. First, we ask if the CU is focused on the individual or the organization, and second, we ask if there are operational or strategic aims. We believe it is possible to locate all of the corporate university initiatives currently operational in the organizations of our Learning Group participants by using this model. However, we would emphasise that there is not a hierarchy of corporate university achievement implied here. Focusing on the operational and the individual can be as crucial to business success as bringing out the organizational and the strategic.

However, we would like to emphasise the importance of time in setting up and continuing to develop a corporate university. At Global Corporate University week[6], after a brief survey of some of those attending, three generic stages in the development of corporate universities were identified. They are:

- the operational stage - an advanced training department
- the tactical stage - the knowledge backbone of the organisation
- the strategic stage - the knowledge factory of the organisation.

Although quite a few companies contributing to the research were still in the first, operational stage of the corporate university development, a trend towards the tactical and in some cases the strategic stage was also identified. This makes the role a corporate university might play in the context of knowledge management within organisations a core issue to address, which we do in section three below. The view that the collective knowledge of all the employees of a company represents its main core competence has led to the recent increased attention to knowledge management, and consideration of its place within the organisation's overall learning strategy. Notwithstanding this potentially valuable process of CU development, corporate universities are and should remain broad churches of learning.

[6] Cannes, May 2000. Details can be found at http://www.cuweek.com/.

managers as part of their own career development, thus bringing a new learning focused role into the firm's formal succession planning processes. This Learning Group noted with interest the growing trend for management development professionals to pursue careers which move between business schools and corporations. Indeed, it was suggested that European MBA syllabi in the 1990s have helped this trend, with their increasing emphasis on the human end of corporate capability growth.

Creating Manageable, Focused, Fast Learning

One aspect of CU practice that is clear is that corporate universities appear to have different aims from the medieval model to which most state universities adhere. The central aim of many CUs revolves around an application of Revans' Law. Revans, the founder of the school of thought and development known now as action learning[5], suggested that 'for an organization to survive and grow, its rate of learning must be equal to or greater than the rate of change in its environment'. If we accept that the current trading environment for many large organizations is changing more quickly than before, then logically the rate of learning must also increase to match.

However, in organizations which employ more than 10,000 people, as is the case for most of the participants in this Learning Group, individual and organizational learning must be managed in order for the processes to contribute to the survival and growth of the company. The corporate university can achieve this in two ways. First, a CU structure allows for the centralised direction and measurement of learning and development. The use of an intranet to manage and deliver learning, whether on-line, face-to-face, or using a blended solution, allows a small number of central staff to direct the learning strategy of the organization. Further, the same technology enables not only the delivery of learning, but also the evaluation of the impact of the learning. This should not be taken to mean that local, line management ownership of the development of employees is removed; quite the opposite. The CU is only concerned with the strategic direction of the learning process and programmes in the organization. Local ownership, line and employee, continues. Individuals continue, as they have been encouraged, to take responsibility for their own career strategy and personal development, and line managers continue to hold budgets for these activities. However, the CU can and should take responsibility for the provision of relevant, stimulating learning opportunities to all employees, and both set and monitor the standards to be applied.

Equally, organizational learning and knowledge management are not activities which simply take place at local levels in the large organizations we see today, spread over many cultures and timezones. Knowledge management should not however be seen as a mechanical process, in which tacit knowledge is extracted from individuals' heads and brought into a form which anyone can access. Rather, taking our lead from the CU Learning Group's participants, it is the social aspect of knowledge management which we seek to emphasise in this report, and the role of the CU in relation to this is crucial. In particular, the corporate university has a key function as the organizational focus for senior management to pool, exchange, and disseminate existing knowledge – as well as being the stimulant and catalyst.

Emergent Models of the Corporate University: The Importance of Time

As we hinted in the first section of this report, however, the concept of a corporate university is a broad church. Just among the participants in the **efmd** Corporate Universities Learning Group, there is a wide range of experiences and models which organizations are working to. It is our intention to reflect the diversity of CU practices, while retaining the ability to pull back from specific examples and structures and give a broad overview of the common drivers and issues involved in running training and learning through a CU. The report outlines various different approaches to learning and knowledge management contained in some of the CUs we have had contact with, and emphasises again the commonality of purpose and practice.

---

[5] See Revans, R. (1983) *ABC of Action Learning* Chartwell-Bratt, for a useful introduction.

uses, but this strategic and visionary aspect is perhaps the most important. The rest of this section outlines in more detail the role of the CU as a learning supplier across an organization, and the potential this brings.

Second, survival and growth through learning, encouraging organizational learning and the development of learning organizations, have all three been central to the management of people since the early 1990s. In the wake of the 1980s, a decade of downsizing, the internal market within a corporation, business process reengineering, and lean operations, some began to question the emphasis on functionality and 'hard' measures of efficiency in the largest business organizations across Europe. In addition, those companies which had implemented BPR most enthusiastically suddenly found gaps in the knowledge held by employees. Finally, it became clear that very large companies contained an immense pool of talent, ideas, creativity, and innovation, if only they could access them. Arguably, corporate universities as we see them today sprang from these internal drivers, as much as the external changes outlined in section one of this report. Companies which learned fastest and best seemed to be gaining a competitive advantage. The obvious way to manage the learning processes already underway was to examine the classic learning structure, the university.

Third, we would suggest that a corporate university may bring learning to the centre of the strategy formulation process. This is perhaps the key to the entire corporate university phenomenon, and it is an issue that we explore in depth in section 10. This takes us initially to the issue of ownership of the corporate university, central to the development of a learning initiative accepted across the organization.

In-House Positioning: To Whom does the Corporate University Report?

The Learning Group debated this in-house political issue at some length, and openly. If the CU reports to the HR function, it will tend to be seen as part of an administrative, contracts and rewards service, which frequently has a rather cautious, even negative image, within the company. This positioning issue can also be further tied in to the evolution of the HR function its self, with trends towards outsourcing of routine contracts, rewards, training and benefits work to specialist suppliers, and growth of internal consultancy skills, capabilities and approaches. If the CU reports to the CEO, or to the main board via a main board member, is a distinct entity organisationally and commonly works closely with the formulators of corporate strategy, then it will tend to be seen as part of the company's ways of creating and implementing its business strategies and responding rapidly to its opportunities. The in-house corporate reality is seldom clear-cut, and reporting to the CEO has its dangers too. Cases of the CEO departing, and his brainchild being stifled or significantly reined in, were reported to the Learning Group. Depth of ownership, or embedding the CU role within the organisation's leadership function, is the core issue. Further, if it is part of a CU's mission to help the organisation change its self, then the CU will be strengthened if it has external members on its own governance board. These will help the CU sustain a view of the external reality, and so strengthen its ability to sense when significant change might be helpful to the organisation's learning processes or even its in-house ways of doing its business (i.e. its corporate culture). Learning Group participants were divided about this potential strength; whilst acknowledging its theoretical value, many did not see the political likelihood of being able to implement it as very high within their own companies. However some, whilst acknowledging that they were still at an earlier stage, are planning experiments with advisory bodies for various CU functions, which will have some external members.

Leadership: Where to Find the Head of the CU?

Jeanne Meister freely uses the term 'CLO' (Chief Learning Officer) in her descriptions of American CUs; we found no examples of this term in European corporate universities. The issue of interest was more practical than creating a new job role with a grand title: where to find the combination of competences needed to lead the growth and establishment of the CU? Some companies (such as Lufthansa, BAe Systems and Shell) have hired academics, including deans of business schools, to do the job. Others have appointed line

Section Two: What is a Corporate University and What Does it Do?

Introduction

It is a commonplace often heard that the world around us is changing more quickly and more radically than we have ever known. This kind of claim is often applied in the business context to encourage radical organizational change, such as business process re-engineering. Consultants refer to it as creating the 'burning platform': the compelling need to change now and fast. As we saw in section one, the discourses around globalisation, the knowledge society, and rapid changes in employment and career direction, are all present in rationales for the arrival of the corporate university on the landscape of work and education. However, such issues, while clearly impacting on the management of workplace learning and training, do not tell us much about why companies have chosen, at this time, to react to turbulent environmental conditions with the development of corporate universities. From the CU Learning Group's work, we would suggest that one possible reason for the adoption of such a radical initiative in Europe is the recognition that strategic decision-making can be a learning process, and that the many corporate university initiatives in Europe build on the recognition that learning is central to organizational survival and growth. Effective learning, in the European context, must include and creatively combine a very diverse set of inputs. Managing large, transnational organizations today is as much about learning as directing, and the CU can have a central role in this process.

Making the Difference: When is a Corporate University Not a Training Centre?

Given the number of 'radical, new' initiatives in large organizations, and the frequency with which well-promoted new three letter acronyms appear in companies as the latest solution to problems of production, motivation or quality, it is not surprising that corporate universities are already being dismissed by some as merely another, transient fashion. Implicit to this is the argument that corporate universities do not constitute anything different from previous ways of directing and delivering training and development. Within companies, line managers and employees may treat CUs as a re-badging of existing structures and practices, while outside the organization academics and other analysts can locate CUs within a history of failed, 'come and gone' initiatives. In the case of CUs, a number of concerns can be raised in considering whether anything different is happening and what the longer term implications may be. In this section, we outline the unique aspects of CUs which we and the Learning Group participants consider to differentiate CUs from traditional ways of organizing individual and organizational development.

First, a training function is essentially a reactive, stand-alone unit within an organization. Training is often seen as the 'Cinderella operation' in companies, the first target for cutbacks when trading conditions are tight. Historically, the training department has been the final destination for pre-retirement managers to pass on some of the accumulated knowledge gained over years working for a company. In addition, responsibility for directing training has often been a minor part of another managerial function, such as finance, personnel or (today) HR.

There are many positive aspects to this method of maintaining a company's skills base. The training centre model of employee and management development focuses attention on individual (and to some extent team) capabilities, and can respond very rapidly to demands from line managers across the organization. The training manager has the ability to negotiate discounts from a range of suppliers as well as providing in-house training, and it can be clearer what the spend on training is annually. However, we would argue that a corporate university approach to training and development provides opportunities for active management of corporate culture, competences, innovation and knowledge in an organization, and a means of bringing learning to the centre of a company. A corporate university has many

Key Issues in Section One

- CUs emergence in Europe driven by a global trend of 1990s competitiveness enhancements
  central to the acceleration in the number of corporate universities in USA and in Europe. European response conditioned by European diversity

- corporate universities – a paradigm shift?
  takes time to digest and perceive its significance. Leads to uneven progress across different corporations

- not only an enhanced training centre
  part of the organisation's capability to change its self as well as co-ordinating training supply within present paradigm

- new technology as a key tool amongst others
  technology as delivery channel and aid to changing perceptions of what is possible and needed. Includes distinguishing between skills training and open ended learning to create original solutions

- new response called for from traditional education and training suppliers
  with their corporate clients developing a more sophisticated view of their own internal educational and training activity, the supplier community has an unavoidable change in its environment to confront

- no one pattern of corporate response in CU design emerging as yet
  a time of experimentation, when learning from each others' experience is particularly valuable

- a trend with no end point in view
  not possible to see whether or when the trend will weaken. More likely to continue and accelerate, with significant, lasting changes in corporate learning practice and learning supplier behaviour visible over a twenty year period from 1990.

Corporate Universities: Affecting us All

Thus, we see corporate universities as broader than just an extension of educational values and philosophy to corporate training programmes, as more than simply a way of encouraging universities to become more involved in educating for work and the workplace, and as more than just a re-badging exercise for a neglected HR activity. Corporate universities take every shape and form imaginable: virtual, bricks and mortar or a blended combination, large and small, inclusive and elite, resource intensive and lean, knowledge-oriented and training focused – just as state educational institutions have become more and more diverse, so corporate universities can be seen to embody many philosophies and practices. What is clear, however, is the strength of feeling which supports this development, in companies and elsewhere, and the level of investment which the world's premier corporations are committing to training, education, and learning through corporate universities. This report is based on the notion that corporate universities in fact do constitute a fundamental shift for all involved in work and education, rather than a simple application of 'pressure to perform' placed on the traditional company training centre. Managers, academics, employees, companies, universities – all have a stake in this development. To ignore it would be rash; to dismiss it would be foolish.

enable ongoing change and development of the company as well as the individual. The vision of the 1990s, when change management formed a brief period of chaos and upheaval in an otherwise serene path of progress, is questioned by companies with a corporate university. The maintenance and management of organizational cultures becomes a continuous process, and the corporate university can be the centre of this.

What's in a Name?

An area of confusion and controversy which we also deal with in this report is the issue of the term corporate university itself. We explore the emerging models of the corporate university in practice in more detail in sections 2 and 10 below. Here, we wish simply to note that the umbrella term 'corporate university' or 'CU' used in this report should be taken to include a wide number of organizational initiatives. However, it does not include private and semi-private universities or business schools, such as Henley Management College or Harvard Business School, nor those institutions which are referred to as 'corporatised universities' in the US and Australia. These institutions are not, for us, on the main track of emerging corporate universities as the genre is coming to be understood in Europe; crucially, they do not produce anything other than education and training. Definition is complex, however. For example, the Arthur D. Little School focuses on client education, teaching Arthur D. Little's engineering approaches and methodologies to MBA level, via a degree accredited by the State of Massachusetts. As such, it is exploring one interesting area of the CU's role – enhancing the corporation's marketing effort via accredited client education. All of the participants in the Learning Group which generated this report work for companies whose core business is producing something or providing a service. Their corporate universities (or institutes, learning centres, academies, or 'U's) are owned and controlled by the corporate entity, and exist to further the strategic aims of that organization.

In short, we see the term 'corporate university' as a useful and clear way of referring to the many recent initiatives in work organizations focusing on training and development, often using terms and ideas from the educational world. Although there are significant differences in the corporate universities currently operating across Europe, we would suggest they share or aspire to these basic characteristics:

- wholly owned and controlled by a work organization or consortium
- capable of significantly contributing to the organisation's goals of changing its self as a whole to enhance its competitiveness
- is the principal provider or co-ordinator of training and development to the organisation's employees, customers and suppliers
- providing training and development either through electronic means ('clicks') or in a dedicated building/campus ('bricks'), or some combination of the two
- using the title 'university' or another term from the educational sector (school, academy, learning centre, institute, etc.) to emphasise the value of learning
- focused on bringing training and development to the core of organizational decision making

As we outline in section 9 of this report, labels and images are important; the processes of deciding how corporate training and development activities should be presented can have legal implications in some countries, and the choice of name certainly has a cultural impact. Notwithstanding, by whatever name the initiative goes, corporate universities now form part of the design and direction for the organizations involved in **efmd**'s Learning Group, amongst which are many of the largest and most prestigious of Europe's leading companies. The involvement of these companies in the Learning Group and the ways in which they have embraced the corporate university concept, indicates at the very least that both managers and educators should be taking note of the theory and practices of corporate universities. This report we see as a first but significant step towards understanding the European experience of this phenomenon.

universally happy over the last 20 years. The issue of loss of focus on corporate priorities and concerns was often a terminal issue. This we feel to be a key distinction, and so this report is aimed primarily at corporate universities which are and will remain part of their corporate group.

A key aspect of answering the question of 'why now in Europe?' for the development of corporate universities is the organizational environment. In the introduction to this report, we explore a number of themes. First, the closely linked roles of technology and globalisation as stimulants for change in large organizations. Corporate universities are often based on the more effective utilisation of electronic learning delivery, and commonly act as centres for the management of enterprises trading in global markets. This leads us to the second issue, the high rate of merger and acquisition in Europe and the US, prior to the recent economic downturn. Industry consolidation and cross-cultural partnering increase the rate of change in the new organizations, highlight the need for rapid learning, and bring the management of knowledge to the top of the agenda. Finally, we examine the recent tightening of criteria of assessment in relation to training and learning spend in large companies. The success of the Investors in People quality standard initiative in the UK has demonstrated that managers are turning to training and development as an area of strategic importance, and recognising that it needs to be closely managed in order to make sure that it contributes to organizational aims. The earlier **efmd** Learning Group on Return on Investment in Training and Learning, conducted in collaboration with PDI (Personnel Decisions International, an **efmd** corporate member), also showed both the difficulty of progress in this area as well as the high value placed upon it by tightly managed corporations. RoI as a subject was also one of the most popular with this Learning Group. In seeking to link individual development to business aims, and to align employee development with strategic goals, organizations are making it clear that training budgets are no longer 'slush funds' to be used as rewards for hard work or long service.

In addition to these key themes, we also suggest that the development of corporate universities owes something to the massive changes internally to multinationals over the last decade. Hierarchical pyramid structures are increasingly questioned, and the networking organization is held up as an ideal - autocratic leadership, though it may appear to be effective, is demonstrated to alienate rather than inspire[4]. As soon as the autocrat moves on or is distracted the underlying resistance s/he has generated springs back. Also, as large organizations move from a domestic to a global outlook, the functional emphasis of job tasks and teams has given way to looser team-based working. These trends and shifts, among many others, are impacting on the theory and practice of corporate universities. However, in this Learning Group, we have taken two aspects of contemporary society and economy to be central to the CU phenomenon. First, the notion of a job for life with only one employer, whether in the public or private sectors, has become less common and less fashionable across Europe. Opportunities for ongoing development and a process of growing new overall competences, via targeted re-skilling are now offered by Europe's most prestigious organizations. Second, and closely linked to this, is the development of a knowledge economy, in which mental rather than manual skill is paramount. However, knowledge has an increasingly short shelf-life, and we therefore see the emergence of corporations as educators as well as employers.

The corporate university is thus not merely a reaction to external trading conditions, nor simply an attempt to deal with organizational restructuring. It can also be seen as a manifestation of more basic and longer term shifts in the way that we manage large, complex, transnational organizations. The belief in the importance of human assets has been a mantra of directors and senior managers for the last thirty years, particularly since the arrival of human resource management on business school curricula. The development and support of a corporate university provides an opportunity for acting on this belief – a way of bringing the management of the person and personal development to the very forefront of corporate strategy. Management development can also become, as we see later in the case of Allianz, a way of ensuring that the organization can

[4] See, for example, the work of Goleman (1998&2000) in relation to this, and the increasing popularity of leadership development emphasising the importance of emotional and spiritual leading.

Section One: Why Corporate Universities? Why Now in Europe?

Business, more than government, is instituting the changes in education that are required for the emerging knowledge-based economy. School systems, public or private, are lagging behind the transformation in learning that is evolving outside of schools, in the private sector at both work and play, for people of all ages... Over the next few decades the private sector will eclipse the public sector and become the major institution responsible for learning.[2]

Introduction[3]

In the earliest years of industrialisation in the US, it became evident that the traditional passing of knowledge from generation to generation, craftsman to craftsman, was no longer happening. This resulted in the initiation of the first corporate schools by DuPont, General Electric, and Edison, all set up in the late 19th century. Reacting to the lack of state provision in areas such as engineering, applied sciences, and business administration, the schools were intended to increase individual and corporate efficiency, and all made overtures to existing higher education institutions, seeking to work together – meeting with little response. There were four key aspects to the development of corporate education alongside traditional educational structures:

1. they develop in parallel, not as an integrated system;
2. the two aspects of education are not synchronized;
3. state education lags behind corporate education in innovation and practice, and
4. the two systems are not linked on a large scale.

The notion of the corporate university, however, belongs to the late 20th century. Pioneer companies in the USA included Motorola, Disney, Arthur D Little and General Electric in the US. Later, largely in the 1990s, Unipart, Anglian Water, Lufthansa, Ericsson, Heineken, Daimler Chrysler, Cap Gemini and Thomson (now part of the Thales group) across Europe, began to construct their own internal, more avowedly educational institutions. Although looking for a new way forward, these 'early adopters' of the CU concept were essentially working to the 19th century template, of meeting training needs and reacting to the demands of employees for core skills development. However, if nothing else, these companies indicated that company training programmes need not be limited to vocational in-company courses or payment for external certificated degrees. Perhaps there could be some marriage of the two? This is the root of the corporate university phenomenon – seeking to bring education and work together, for the mutual benefit of both.

As with many corporate initiatives, the term corporate universities began to really gain acceptance when it acquired a key text. Jeanne Meister published *Corporate Universities* in 1994, with two subsequent editions in 1998 and 2002. She is the CEO of her own American consultancy company, and speaks regularly at academic and industry conferences around the globe. This report draws on Meister's work to a limited extent, insofar as we deal with the American origins of the movement. Principally we seek to bring the European history and perspective to the theory and practice of corporate universities. Our report is based on European experiences of running CUs, as garnered and valued by **efmd**'s CU Learning Group participants. The cases we use to illustrate key issues are all drawn from European organizations. In addition, Meister's focus on the corporate university as an independent revenue generating centre is not the norm among the participants in the **efmd**'s Learning Group (although there are exceptions – see the case of ABN-AMRO below). Indeed, the history of Company Training Centres in Europe, which were challenged by their corporations to become revenue earners has not been

---

2 Davis, S. and Botkin, J. (1994) *The Monster Under The Bed*, New York: Simon and Schuster. Quoted in Hilse, H. (2001) 'The Schools of Business – The Business of Schools', in Kraemer, W. and Muller, M. (eds) *Corporate Universities – Konzepte und Fallbeispiele*, Wiesbaden: Gabler.

3 This section is largely based on Eurich's (1985) pioneering analysis of corporate education, which provides a historical and measured perspective on the place of corporate training in relation to the wider educational provision in the US.

The corporate university must measure and manage its performance, and be able to define, target and deliver its value add to its corporation. It must convince both the Chief Financial Officer and the Chief Executive Officer that its return on investment at least matches those of the firm's other investments. It must be directed centrally, but its work must be owned and valued locally. It is a fully integrated part of its company.

Finally, the corporate university has a fundamental role to play in creating and sustaining the company's reputation amongst all its stakeholders. It must assist in retaining, motivating and developing the firm's people. It must attract the right kind of potential employees. It must help sustain the corporation's public image as an employer, business operator and good citizen. It must, above all, evolve flexibly.

Key issues in setting up and managing a CU are illustrated with case studies drawn from the participant organizations in the **efmd** Corporate University Learning Group.

But what is a corporate university? We established that whilst leading companies seek these capabilities, there is no one emerging best way of organising to provide them. Perhaps the most coherent organising principle for corporate learning at this stage is the need to balance central leadership and standards with local ownership and implementation. The corporate university is the learning organisation's practical face, helping integrate and align individuals' learning and units' capabilities growth with the organisation's evolving strategy and positioning in its markets. It is the present part of a longer term trend towards organisations treating learning as a core part of value creation and management.

Executive Summary

This report overviews development and practice in corporate universities (CU) across Europe. It comes from eight meetings of the **efmd** Corporate Universities Learning Group, 1999 – 2001, and places their findings in the wider context of CU knowledge.

The group's corporate universities occupy a strategic position at the centre of their large multinational organizations, focusing on three main tasks for enhancing corporate competitiveness:

- the provision of high quality, highly focused training and development for the organisation, its leaders, its employees, suppliers, and customers
- the management of explicit and tacit knowledge held by individuals and groups in the company
- access for corporate strategists to the organisation's human capital

We note the term corporate university covers varied initiatives, and report the evolutionary process CUs go through as they add capability.

The **efmd** CU Learning Group returned most frequently to the subjects of :

- defining the CU's purpose, role, positioning and capabilities
- understanding how the CU could use e-training and e-learning with benefit
- seeking ways of measuring its effectiveness and contribution to profitability.

Corporate universities exist to help their corporations compete more effectively. During the 1990s, competition increased globally, with lowering of barriers to trade and better communications technology. The internet came into business practice, just as much in the corporation's growth and dissemination of capabilities internally as in its pursuit of profitable business. The corporate university is a corporate response to the need to grow and change at least as fast as the rate of change in its presently accelerating environment. For this to happen, focused learning demand and learning supply processes are needed internally across the company. The learning supply process must link the business' opportunities and strategies to its learning and training spend and to the learning and development efforts of its people.

The corporate university differs from the company training department because it is part of the organisation's capability to change itself. It reports to the board, not the HR Department. It not only trains employees in new skills, it also is the organisation's agency for deciding what individuals training and corporate capabilities will be needed, what knowledge will be required and how innovation can best be encouraged and focused. It is the organisation's research and implementation capability for enhancing competitiveness, as well as being its individual employees' competence training house.

It must decide its client focus: will its best contribution to competitiveness come from focusing on all employees, or on particular management cadres or business issues? What core learning interventions will best improve corporate performance? Induction, culture changing and sustaining, knowledge management and innovation programmes, all with better business as their focus, are part of its research and delivery task. It must work with tacit and explicit knowledge and practice, and it must be managed as a business with treasured clients. Clients are employees, the management cadre, the suppliers, customers, community or other stakeholders whose friendship and development will further the aims of the business' short and long term profitability.

It will pioneer new training and learning technologies and methods. These currently include e-training and e-learning, which span time and distance to link learning need with learning supply, and operationally combine place with cyberspace. It will cultivate strategic relationships with a few lead suppliers, and a wider supply chain network. It must maximise the contribution of its learning content and process research and development agendas, including products, development and production processes, corporate culture and business models. It must know what it means by research. It is either a new, death-dealing competitor for business schools, or a more sophisticated buyer of learning services. Corporate universities call for a new approach from the schools, better differentiating their selling from their research and supply.

produced by Mark Jones and Sybren Tijmstra in the form of a futuristic projection. The group ultimately decided to carry on meeting beyond the six planned events, and **efmd** with the group's support decided to publish a report based on the group's eight meetings to end 2001.

There are several aspects of this report central to its understanding. The report includes the findings of the participants in founding and maintaining a corporate university in Europe; the specific issues confronted by individual group participants are not dealt with in detail. In particular, the processes through which the group participants arrived at an understanding of the challenges of running a corporate university are not traced. Further, the views stated are not necessarily supported or practised by all group participants. The report has filtered the experience of the group participants through both the dialogue within the meetings, and through the published literature concerning corporate universities (although as we shall see, there is not yet a significant amount of this). The report's writers have striven to give a faithful account of the broad themes and issues established in the group's dialogues, and have positioned the Learning Group's work within the broader context of corporate university research. As such, the report demonstrates generally where the corporate university debate and organisational progress has reached in Europe, as practised by a number of leading companies operating in Europe at this point in time. As the institution of a corporate university demonstrates, knowledge and learning are dynamic processes; this report forms part of the broad web of understanding and working with managers in organizations, which sociologically speaking can themselves be said to be constantly learning.

Acknowledgements

An **efmd** Learning Group only comes about because many people want it to, to further the learning of their organisations and to raise standards in our profession generally across Europe. So it is with the **efmd** Corporate University Learning Group: there are many people for **efmd** to thank. Here are some of the principal contributors to the process.

Our thanks go to PricewaterhouseCoopers, for making Mark Jones available as the Learning Group's facilitator. We thank Sybren Tijmstra of TIMS Consultancy for his diligent knowledge capture work, and Tim Phillips of Phillips Consultancy with Scott Taylor of the Open University Business School's Management Learning Research and Development Unit for preparing the report of the Group's work. Finally, we thank Allan Mitchell for bringing Thomas Moore Jnr to the **efmd** Seminar in 1997, and his subsequent work with Tim Phillips for giving rise to the project in the first place.

We heartily thank our eight hosts: General Motors-Adam Opel, PricewaterhouseCoopers, Banco Santander Central Hispano, Toyota, Ahlstrom, Allianz, DIEU and Cisco. We acknowledge your hospitality and your example of openness and frankness as indispensable, invaluable aids to our learning progress.

We thank our presenters, who generously shared their wisdom and discoveries at the various Learning Group sessions, and whose work the Learning Group drew upon in their confidential discussions.

We also thank all those others of you, without whose diligent efforts and willingness to share, our learning could not have taken place. So, on behalf of us all, thank you all, most warmly.

The Future

efmd looks forward to continually facilitating the dialogue between theory and practice in this as all other management development areas, via more events, conferences, learning groups and more practice-based and practice-influencing research. If we can help our members improve their competitiveness, and also improve the standards generally achieved and sustained in management development across Europe and beyond, we will be happily fulfiling our purpose. Please contact **efmd** via our website www.efmd.be, or by phone on 0032 2 629 0810 to join in with the work - and develop your own and your organisation's capabilities.

Why This Report?

In February 1997, Allan Mitchell, then **efmd**'s Corporate Services Director, organized the first European seminar on corporate universities in Brussels, for 20 **efmd** corporate and academic members. The corporate university movement had been growing in the USA and Canada, with 40 or so corporate universities in the late 1980s expanding to 400 by 1994. At this point, interest was stirring in Europe and a small number of companies had founded corporate universities, including Unipart and Anglian Water in the UK, and Ericsson, Heineken, Lufthansa, Daimler and Cap Gemini in mainland Europe. Thomas Moore Jnr, then Dean of Babson College, and former Dean of the Arthur D. Little School of Management, participated in the seminar, to boost learning amongst European practitioners about the trend[1].

In 1997-8, **efmd** drew up plans for an ambitious journey into the corporate university phenomenon as it was growing rapidly across Europe. **efmd** worked with PricewaterhouseCoopers an **efmd** corporate member, to establish resources and the overall project design. The project was intended to respond to the needs of **efmd** corporate members who were in the process of starting their own corporate university; **efmd**'s new interaction model, the Learning Group, was chosen as the project's operating template. PricewaterhouseCoopers provided the facilitator, Mark Jones, of the Client Training Group – now Transform - within PwC. **efmd** also gained the services of Sybren Tijmstra, of TIMS Consultancy, to provide knowledge capture from the Learning Group's meetings. Subsequently, Scott Taylor took on the task of writing up the project, his services being kindly provided to **efmd** by the Open University Business School's Management Learning Research and Development Unit. Tim Phillips, formerly of BP, Rolls-Royce, Anglian Water, PricewaterhouseCoopers, **efmd** and now the Phillips Consultancy, worked with Scott, Sybren and Mark to create the report. Martine Plompen, **efmd**'s Knowledge Services Director, arranged its publication and dissemination through the Open University Business School.

What is an efmd Learning Group?

Essentially, an **efmd** Learning Group is a group of **efmd** members who come together to explore a current shared business concern. A current group is working on succession planning. Group participants are those with executive responsibility in their corporations for the area in question, so that dialogue can lead directly to immediate impact on their corporation's practice. Generally, substitutes are not permitted, to prevent the level of the group from drifting down the hierarchy. The group has a facilitator and someone designated to provide knowledge capture. The group's principal output is the acquisition of ideas for implementation by its individual participants during the meetings. All discussions are confidential, and frank openness about thorny problems as well as glorious success stories is part of the group's contract with itself. What is shared in the discussions, remains within the group. However, for **efmd** to fulfil its historic role, there is the possibility of further dissemination around these core subjects. The knowledge capture role is there to ensure that an account of the general outcomes of the group's proceedings is recorded, and from time to time the accumulated knowledge is played back to the group in an educational yet actionable format. The final action is the production of a report concerning the subject of the Learning Group. In this way, **efmd** is able to disseminate new and good practice to a wider audience of management education and development practitioners, both academic and corporate. In this Learning Group, as much of considerable practical value was identified and explored confidentially and is not for reporting, a number of issues are flagged up at the end of each of the report's sections under the general heading of Key Issues.

The Corporate University Learning Group's Progress

For the Corporate Universities Learning Group, a programme of six meetings was initially advertised, with places quickly being fully subscribed. Lists of the group's meetings, hosts, topics and participants are given in the appendices. The group decided its own programme of study, and met at a member's facilities each time. An interim report was

[1] Mitchell, Allan, (1997) 'Defining the Role of Corporate Learning Centres and Universities – New Challenges to the European Business School Sector?' *efmd Forum, 3.*

Introduction

What is efmd?

The European Foundation for Management Development (**efmd**) is the premier professional network for management education and development across Europe and beyond. Our mission is to promote excellence in the management development profession. We believe:

- That management within the context of an organization is the ability to get the best out of people for the optimal – and shared – benefit of all stakeholders
- That development is realized through academic preparation, practical formation and the provision of adequate experience and incentives to managers
- That excellence is achieved through identification, constructive debate and permanent improvement of standards
- That to promote is to seek consensus, awareness and wide recognition of such standards and values, both within and beyond our membership network.

Most of the leading business schools across Europe and beyond are members, as are over 100 major international corporations which want to learn from others and by sharing their own issues. In addition, **efmd** is the custodian of standards in good practice for its profession and industry, for the schools via EQUIS, the world-wide accreditation standard for business schools, and increasingly for corporate practice too.

Generally, **efmd**'s goal is:

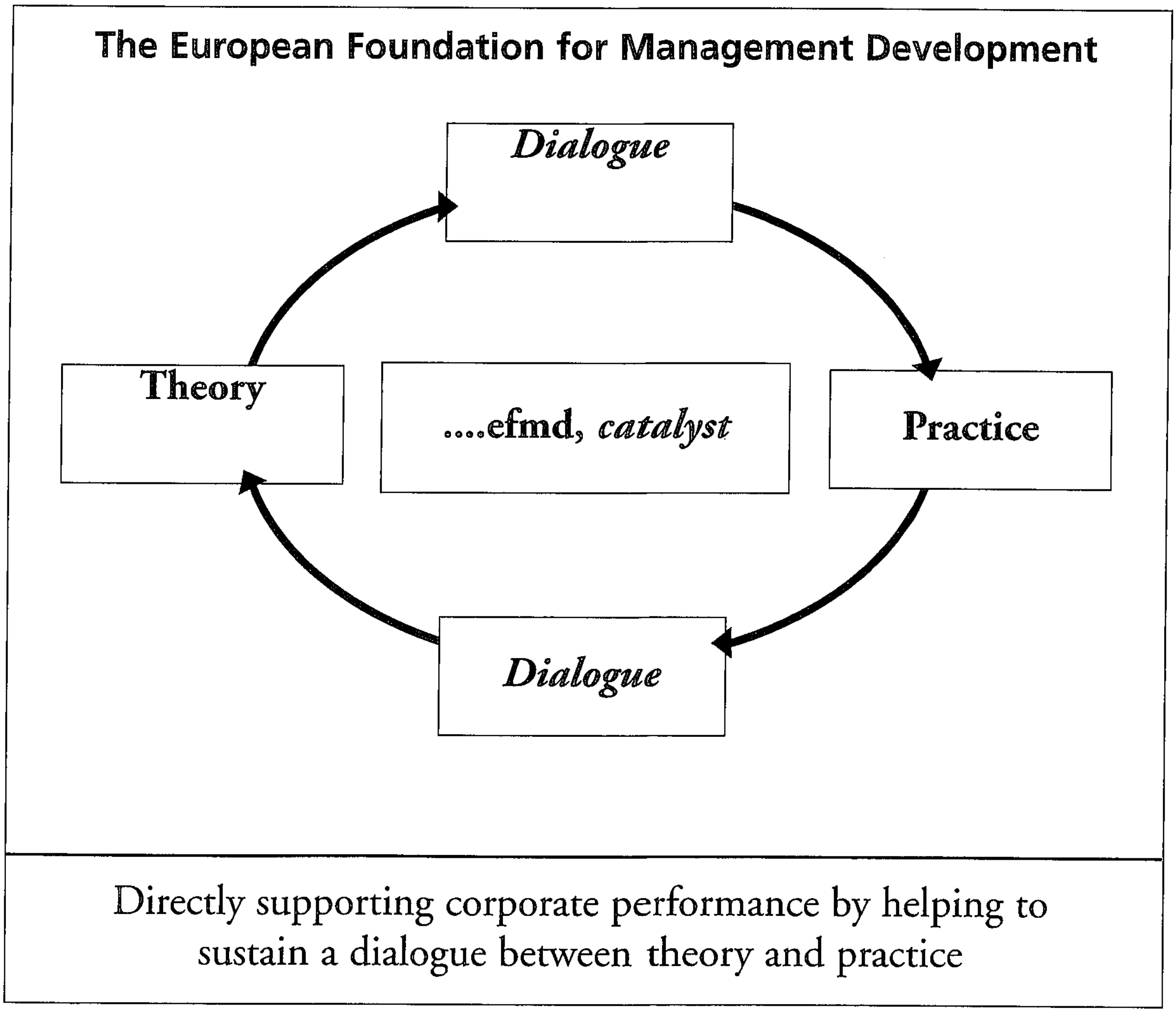


Figure 1: The ***efmd*** *cycle*

The Corporate University Challenge: Corporate Competitiveness, Learning and Knowledge

Acknowledgments

Our grateful thanks to all who made possible this advance in our understanding of the Corporate University phenomenon in Europe, in particular the participants in the Learning Group who shared their experiences, challenges, and solutions to the corporate university challenge.

A summary report is being produced in written and PowerPoint form for use in workshops to help accelerate our grasp of what in practice makes corporate learning successful. The efmd CU Learning Group continues. To join in, contact ge@efmd.be

CONTENTS

efmd
88 rue Gachard
B-1050 Brussels
Phone: 32 2 6290810
Fax: 32 2 6290811
Web: www.efmd.be

efmd

Open University Business School
Walton Hall
Milton Keynes
MK7 6AA

www.oubs.open.ac.uk
Information hotline: +44 (0)8700 100311

The Open University

BUSINESS SCHOOL