4imprint

Blue Papers

Why Learning Isn't Just for Kids - How Businesses Benefit from Continuing Education Programmes

Back to School: Corporate Universities Help Companies Keep Employees at the Top of Their Class

In a global economy with rapidly changing conditions, at a time when industry knowledge is ever-evolving, when competition for business is more fierce than ever, it can be disastrous for organisations that enter the battlefield unprepared. It's more important than ever to make certain your employees are ready. They must have the tools, or rather the knowledge, to keep themselves and your organisation successful. Many companies have encouraged their employees to stretch themselves mentally and hone their skills with continuing education to address this need. Indeed continuing professional development (CPD) is a requirement for on-going membership of many professional governing bodies and trade associations.

Recent statistics from the U.S. show that:

- In 2008, companies spent an average of $1,202 per employee on training each year. Spending varied widely from industry to industry; the industry that spent the most was finance and insurance, with $1,061 per learner, and the lowest was the retail industry with $594 per learner.
- Leadership development, management and supervisory training was the largest area of investment across all sectors, comprising 21% of all spending on training.
- While leadership training was a top priority across the board, specific industries invested heavily in other areas:
    - In telecommunications, 23% of training dollars were used for customer service training.
    - Technology companies dropped 29% of training monies on sales training.
    - Pharmaceutical companies spent 25% on compliance and other mandatory training.
- E-learning has grown dramatically. The use of self-study e-learning made up 20% of student hours, up from 15% in 2007. The study also showed a marked increase in new Web-based and collaborative learning resources, such as podcasts, blogs and wikis. [1]

Why is continuing education in the work place taking a front seat these days?

---

1 Bares, Ann. "Companies Spend an Average of $1,202 per Employee on Training." *Compensation Force*. 12 Feb. 2008. 6 June 2009 <http://compforce.typepad.com/compensation_force/2008/02/companies-spend.html>.

There are many reasons. First, the days when employees could specialise in one specific area are essentially gone, and organisations are seeking a workforce that is cross-trained and flexible—able to navigate a wide variety of tasks. Second, as baby boomers age and retire, a valuable, highly-educated workforce is dwindling and needs to be replenished. Experts say another contributing factor is that the shelf-life of knowledge is changing at faster rates; in some industries, that requires new education every one or two years, or even more often. In addition, the workforce dynamics are changing; as foreign workers enter the job force in unprecedented numbers, additional training is needed for them.

Yet even after all that spending, employers may find they're not getting what they want out of their continuing education budget. The problem? University education itself or other outside training is typically not steeped in the culture of the organisation. Nuances of the specific business considerations can be lost. In addition, courses themselves can lack consistency—leading to a staff operating from differing pools of education, and practical application of the knowledge learned may require additional training within the workplace. The solution? For many companies, untangling this education puzzle means developing their own corporate university: an educational setting where businesses can develop the scope of curriculum to further their organisational goals, grow the skills of staff to ensure a steady stream of qualified leaders and easier succession planning, and attract high calibre applicants who are interested in continued professional growth, and tie it all to the organisation's strategic direction.

According to a research paper produced by Nottingham Business School [2] and published in the International Journal of Management Education, corporate universities are the fastest growing sector of higher education with over 1,800 operating in the United States alone. General Electric is credited with the establishment of the first corporate university in 1955 while in the U.K. latest estimates suggest that around 200 organisations have established corporate universities including Unipart (1993), Anglian Water (1995), BAE Systems (1997) and Lloyds TSB (1999).

President of Corporate University Xchange, a New York consulting firm specialising in corporate university management, and author of the book, "*Corporate Universities: Lessons in Building a World-Class Work Force,*" Jeanne Meister defines a corporate university as a "... centralised strategic umbrella for the education and development of employees ... [which] is the chief vehicle for disseminating an organisation's culture and fostering the development of not only job skills, but also such core workplace

---

2 *The Rise and Rise of the Corporate University: The emerging corporate learning agenda'* by Christopher Prince and Graham Beaver *http://www.heacademy.ac.uk/assets/bmaf/documents/publications/IJME/Vol1no2/Prince_Corporate_learning_agemda.pdf*

skills as learning-to-learn, leadership, creative thinking, and problem solving," [3] While not traditional universities, these training models vary widely, but most offer consistent, continuing education for staff which may include company-developed and -supported courses, distance learning, an educational facility owned and managed by the parent company and/or attendance at an institute of higher education. While most corporate universities are focused on achievement of company goals by providing ongoing training to employees, some will also offer the ability for employees to obtain higher degrees in a broad range of majors. Corporate heavy-hitters have embraced the notion of corporate universities in droves: McDonald's, Motorola, Lufthansa, Philips, Intel … the list goes on and on.

From Mickey Mouse to hamburgers

Many point to Disney as a pioneer in developing a corporate university, and their model is anything but child's play. "Disney University provides Walt Disney World's 42,000 cast members with world-class training in diverse skills ranging from computer applications to culinary arts to regulatory training. The Disney University Cast Member Catalogue rivals some community college catalogues in size and scope. In addition, cast members are also eligible to participate in the company's Educational Reimbursement Plan, which allows cast members to attend courses to pursue a college education at Disney's expense." [4] Disney's model includes the utilisation of Mobile Training Units to allow workers to have access to computer training at their worksite, when it's most convenient for them. In addition, Disney allows training via satellite to some of the top business schools in the United States for mid and upper level management.

But Disney's model goes far beyond offering continuing education to employees. Largely regarded as a leader in customer service and business, Disney has developed a rather passionate following in the business world. Leaders across a wide variety of industries want to learn the "Mickey Mouse" business model.

So Disney University expanded to accommodate demand, developing the Disney University Professional Development Programs, enabling them to train business men and women in such subjects as people management, creative leadership and quality service, while turning a nice profit from derivative revenue in the process.

Hamburger University, a training facility in Oak Brook, Illinois., owned by McDonald's Corporation, has educated more than 70,000 managers for the restaurant chain since the

3 Hearn, Denise R. "Education in the Workplace: An Examination of Corporate University Models." NewFoundations: Publishing and Consultancy. 10 May 2002. 06 June 2009
   <http://www.newfoundations.com/OrgTheory/Hearn721.html>.
4 Paton, Scott M. "Service Quality, Disney Style." Quality Digest. 6 June 2009
   <http://www.qualitydigest.com/jan97/disney.html>.

corporate university's inception in 1961 and may be the world's most famous corporate university. The training facility employs an international staff and trains worker from 119 countries. The facility itself boasts enviable features including 13 teaching rooms, a 300-seat auditorium, 12 interactive education team rooms and 3 kitchen labs. Simultaneous translation allows faculty to teach in 28 languages via translators, a capability that far surpasses those of most traditional universities. New additions have been added with Hamburger Universities now open in London and most recently Shanghai.

Corporate behemoths like McDonald's and Disney may have led the way to corporate university development, yet smaller organisations are following suit, and with the variety of companies entering the educational playing ground, a variety of models have emerged for corporate universities.

Smaller scope success stories

At Village Green, a property management and development company with 12 offices throughout the United States, they've had a corporate university for more than 30 years now. With more than 1,100 employees, their University of Village Green training programme begins with orientation for new hires: a weeklong course that covers Village Green's history, philosophy and offerings. But indeed, that is only the beginning, as the University of Village Green offers more than 50 classes covering a variety of subjects including leasing, marketing, management, maintenance and customer service. Leaders say this gives associates the knowledge needed to have a thriving career and outperform the market and also helps them stay abreast of the latest trends and ahead of the competition.

But what truly sets this university apart is The Village Green hiring philosophy behind the university. "The whole idea is that we want to be different from any other property management company," explained Jerry Schulz, vice president of Human Resources for Village Green. "So we have our Manager In Training programme, and we hire bright, talented individuals out of college who have no experience in the industry. Their brains are essentially empty, and we fill them up with the way we do things. That has been extremely successful. That's where our future leaders come from." Schulz said as a result, Village Green has the lowest employee turnover in the national multi-housing industry, and countless numbers of the company's executive and director staff have come from the Manager In Training programme.

Not only is this important for today's workforce according to officials at Village Green, it is also vital to Village Green's success, as it provides a strong foundation for achieving the most efficient and profitable operations. "I would say the average employee probably spends 48 hours in the classroom per year. That's a real conservative number,"

Schulz explained. [5]

Employee motivation, recruitment and retention

An important driver in the desire to create a corporate university is the recruitment and retention of talented staff. Organisations operating in highly competitive labour markets may consider an observation made at pharmaceutical and biotechnology research company Kendle International. "Associates were telling us loud and clear in exit interviews that they were leaving to join companies that would support them by providing courses and tuition reimbursement," said Amy Shannon, director of corporate training and development. [6] Kendle listened, and instituted a corporate university.

While some organisations worry that employees will just use a corporate university to further their prospects for bigger bonuses or career advancement with other companies, some experts argue that business leaders should be listening to the important underlying message of a desire to learn and grow … and the ramifications of failing to fuel that flame. "The bigger worry is if you don't develop them and they stay," said Jim Moore director of workforce planning and development for SunU, the corporate university for Sun Microsystems. [7] The company viewed starting its own university as a necessity since all of its revenue—100 percent of it--comes from products fewer than 18 months old.

Not all employees choose to take part in the Mountain America University, said Oliver, yet continuing education is part of an employee's annual performance review and can be tied to incentives like bonus pay or promotion. But experts say learning opportunities provided through a corporate university can be highly valued overall, and subsequently can become not only a retention and motivation tool, but also an employee benefit, positioning the company as an employer of choice for recruitment of highly-motivated staff with an interest in improving their skills throughout their careers; and that's good news for your company's future.

Developing a successful corporate university

So, your organisation is considering developing its own corporate university. How do you get started?

There are 10 steps to implementing and sustaining a

5 Schulz, Jerry. Telephone interview. 05 June 2009.
6 Westwood, Roberta L., and Martin Stewart. "Developing a Corporate University Strategy." *Westwood Dynamics Learning & Development Home*. 06 June 2009
   <*http://www.westwood-dynamics.com/articles_by_roberta/developing_a_corporate_university_strategy.htm*>.
7 Gerencher, Kristen. "Corporate Universities Reinvent Training" *MarketWatch.com*. 06 Oct. 1999. 06 June 2009
   <*http://www.marketwatch.com/story/getting-personal-corporate-universities-reinvent-training?pagenumber=2*>.

successful corporate university, as defined by Meister.

1. "Executives or top management of an organisation must form a governing body for the corporate university, much like that of a traditional university, which will establish and maintain the organisation's commitment to the programme.

2. The vision or strategic plan of the corporate university must be crafted; thereby, determining the organisation's goals for the programme.

3. The organisation must then recommend a funding strategy. Most commonly, corporate universities are either funded through corporate allocations or through charges placed on individual business unit budgets.

4. Next the organisation must determine its audience or stakeholders who will use the corporate university service.

5. In addition to determining the audience, the organisation must also determine how the needs of the audience will be met while continually pursuing the strategic goal of the corporate university.

6. Following the completion of the above tasks, corporate university organisers must develop a template for how products and services will be designed to achieve university goals.

7. The organisation must also select suppliers, consultants, traditional universities and for-profit firms who will act as learning partners, if appropriate.

8. The use of technology and resources to be used by the corporate university must then be determined.

9. Additionally, a measurement system should be developed that will allow the organisation to continually monitor its progress against the university's strategic goals.

10. Lastly, the governing body must communicate the vision of the corporate university constantly and consistently. All stakeholders should be made aware of the mission, products and programmes that make up their organisation's corporate university." [8]

Starting a corporate university is obviously no small task, and Meister said it's important to keep in mind that these steps may take 18 months to complete, can be adjusted to align with your corporate culture, and may even involve partnering with an established university or HE institute.

If the task seems too daunting, as it can for many companies, you consider bringing in

---

8 Meister, Jeanne C. *Corporate universities: lessons in building a world-class work force. New York: McGraw-Hill, 1998.*

help. From one of a number of consulting firms designed to help you to set up your Corporate University, but that can become very expensive. The process can also take a long time, sometimes up to two years.

Throughout the process, it is important to define the scope of your corporate university. Here are two extreme examples. [9]

1. **Wide-focused corporate universities.** These initiatives address all levels of the company, and use many different types of training. Programmes may be strategic but also demonstrate commitment to employees and offer no direct benefit to the organisation other than serving as a retention and recruitment tool.

2. **Lean corporate universities.** These initiatives have a narrow focus. They offer training for top management teams only and have a limited selection of programmes, all of which further the strategic goals of the organisation.

Between these two polar opposite designs exists an entire spectrum of considerations which may push a corporate university toward one extreme or the other. Ask yourself the following questions:

- How much of the corporate university will be in-house, or taught by company staff?
- How much of the content development will be done in-house?
- Will you partner with an institute of higher learning, a common move for organisations that don't wish to develop their own highly-involved "Hamburger University?"
- Can someone else offer the training at better value, and would it be worth your while to explore those means of delivery?
- Will you use virtual classrooms or physical ones?
- Will the courses be offered as computer-based training? Will you use distance learning?
- Should your university cater to top management, middle management, or everyone on the staff?

Note that it is common for a corporate university to be launched to limited staff, often upper management, first, and then expanded. However, answering these questions will determine the scope of your organisation's corporate university.

---

9 "ECUANET: An Overview of Corporate Universities." 20 Mar. 2006. 6 June 2009.

But I am a small company, with a limited budget. Can I still develop a corporate university?

Experts say a corporate university can be within reach of your organisation, no matter how small your budget or staff size. For some organisations, a successful corporate university transfers into greater sales: clients know they will receive great service by contracting with your organisation, and that information can be leveraged at sales time. Consider too, if your organisation already offers tuition reimbursement, the return on investment related to partnering with a traditional university can be significant. In addition, some corporate universities, much like Disney University are able to turn their offerings into a revenue source by opening their doors to other businesses for specific coursework, seminars and retreats.

"Some organisations have become so successful at running a corporate university that members of outside organisations have asked to attend. This often starts with related organisations – suppliers, customers, and other strategic partners. It frequently makes sense for a corporate university to provide education to its partners—the organisation's goals can be better met if its partners are well educated." [10]
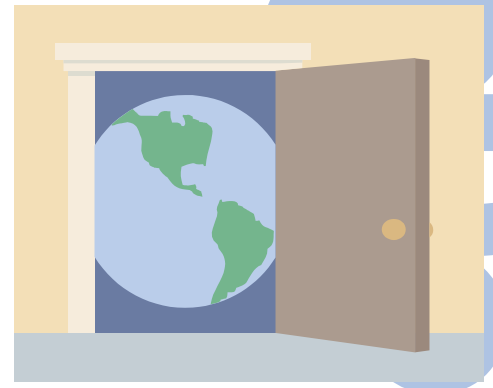
Yet experts caution that very small organisations, and those which rely on automated technology more than human labour, may not be the best candidates for developing their own corporate universities, as author Mark Allen explained in The Corporate University Handbook: Designing, Managing, and Growing a Successful Program. "The size of the organisation is clearly not the primary determinant of its eligibility for having a corporate university. While having a corporate university would not make sense for an organisation with only three or four employees, I have seen some relatively small organisations (with only a few hundred employees) successfully adapt the concept." [11]

Even the smallest of companies could consider the cost and benefit effective practice of 'job shadowing' whereby a new recruit, or long-standing employee, works alongside someone experienced in that particular role. The advantages of job shadowing include 'showing' rather than 'telling' someone how a task is carried out, it enables the newcomer to meet colleagues and become accepted into a group in a relaxed way as well as enabling the shadower to try out a task under supervision rather than being thrown in at the deep end. The shadowing relationship can develop into a strong bond with the more experienced partner acting as on-going mentor to their shadow.

In her article, "Virtual Cap and Gown," author Margaret Kaeter defines three primary

---

10 Allen, Mark. The Corporate University Handbook: Designing, Managing, and Growing a Successful Program. New
     York: AMACOM/American Management Association, 2002.
11 Ibid.

organisational models for virtual corporate universities, offering achievable models of e-learning for organisations of any size and a variety of budget levels. [12]

- **Classic** – Under the Classic model, employers offer financial support to employees to pursue education from a college's standard curriculum, requiring students to apply to the college, be accepted and complete credits. Student coursework may be done via distance learning over the Internet.
- **Education Portal** – Through Education Portals, companies work with traditional colleges or other businesses which offer training for online courses. Companies may have their own corporate Internet portal, customized for that organisation, providing a "virtual campus" for students.
- **Tailored Training** – Corporate universities utilising the Tailored Training model will work with traditional universities to develop distance learning courses that specifically address an organisation's needs. The partnership allows companies to customise training materials to reflect the organisation's specific needs.

In addition, funding may be available from government sources. No matter what size your organisation is, experts advise companies exploring the idea of establishing a corporate university to calculate the return on investment and develop a cost/benefit analysis.

Tracking results

It's vital to illustrate your corporate university's success throughout your organisation. But how? Some experts suggest using employee feedback, by surveying each student after every course they complete to get their feedback on the strengths and weaknesses of the programme and instructor. Another method is to track certifications or promotions of those employees who enrolled in certification or role-based training. "If your department just completed a major technical training programme and several employees from the programme were later promoted, these results should be tracked toward the training department's goals." [13] Positive results should be communicated company-wide and negative feedback can be used to improve problem areas indicated in the surveys, ensuring an environment of constant improvement.

Whether your goal is building an organisation that is an employer of choice with

---

12 Hearn, Denise R. "Education in the Workplace:An Examination of Corporate University Models." _NewFoundations: Publishing and Consultancy_. 10 May 2002. 06 June 2009
    <_http://www.newfoundations.com/OrgTheory/Hearn721.html_>.

13 Sauer, Henry. "How to develop an in-house training program - San Antonio Business Journal:." _San Antonio Business Journal: Local Business News_ |. 13 Oct. 2006. 06 June 2009
    <_http://sanantonio.bizjournals.com/sanantonio/stories/2006/10/16/focus3.html_>.

improved recruitment capabilities, training staff to become tomorrow's leaders within your organisation, providing employees with the wealth of current, ever-changing knowledge they need to help the company succeed, or creating an across-the-board training capability that ensures everyone is on the same corporate page; whether you're looking at development of an electronic, virtual university, or constructing an entire campus, a corporate university can be the solution your company seeks to achieving its strategic goals.