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Feature: **Grading Executive Education**

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By Jeanne C. Meister

Firms are setting hard criteria for selecting programs and emphasizing strategic results.

In 2005, American corporations spent about $20 billion on tuition assistance programs. But according to a study conducted among 1,304 U.S. human resource professionals by the Council for Adult and Experiential Learning, almost 40 percent of companies didn’t know the actual impact of their assistance programs in terms of recipients’ job retention, performance or promotion.

That finding, in conjunction with a recent study of 70-plus North American chief learning officers and chief talent officers, shows an overwhelming need among corporations that sponsor tuition assistance programs to take steps to change how they operate their initiatives. The study was sponsored by Kaplan University, a subsidiary of Kaplan Inc., which in turn is a global education company and wholly owned subsidiary of the Washington Post Co.

The chief learning officers and chief talent officers interviewed for the survey stressed that companies need to hold universities accountable for customization of industry-focused learning programs, apply innovation in the design and delivery of custom programs and identify "hard" business metrics to justify continued sponsorship of tuition assistance programs.

The days when corporations would passively fund tuition assistance as an entitlement program are over. Now employers are becoming the customers of education and are managing university partnerships just as they manage other vendor relationships. They are setting hard criteria for selection, insisting on customized programs to fill industry needs and requiring levels of accounting and metrics that heretofore have been reserved for corporate training vendors rather than university partners. Selecting university partners.

As corporations become astute customers of education, they are taking a much more strategic approach to managing tuition assistance programs. Just as the corporate training budget has come under pressure and is expected to be closely linked to business strategy, tuition assistance programs are now being viewed as a strategic investment rather than a corporate human resources benefit.

The first step to managing this as a strategic investment is to create a set of selection criteria that potential university partners must meet in order for corporations to fund their programs. The recent survey of chief learning officers revealed the top five criteria in selecting a university partner:

- Customization of learning, which may result in new accredited programs to fit industry needs.
- Innovation in design, delivery and addition of new services for families of employees eligible for tuition assistance programs.
- Creating "hard" business metrics to justify continued support of tuition assistance programs.
- Flexibility in working with corporate partners with a focus on exploring eligibility of corporate training programs for possible college credit.
- The brand of the university and the quality and cost of the programs created for a corporate audience.

Many corporations now expect universities to be flexible in working with them to jointly develop customized and innovative programs to fit business needs.

A case in point is Ingersoll-Rand, a $10.5 billion industrial manufacturing company that generates 40 percent of its revenue outside of the United States. Hence, one of the top issues for Ingersoll-Rand chairman, president and CEO Herbert Henkel is to develop global leaders.

But while the company has a generous program for tuition reimbursement, a study commissioned by Ingersoll-Rand University found the tuition assistance programs to be fragmented and not aligned with corporate business priorities. In fact, the company estimates that it was funding more than 70 different MBA programs of varying quality, none of which really linked to the company’s business goals.

The solution was to create an Ingersoll-Rand MBA in partnership with an accredited university. After an extensive search process, Ingersoll-Rand selected Indiana University’s Kelley School of Business. The result was the design of a customized three-year "blended" MBA program that offered both face-to-face and online elements. It targeted a cohort of high-potential managers who go through the three-year program together, fostering professional and personal networking. This newly designed MBA program included customized electives focusing on industry needs and Ingersoll-Rand business priorities.

Rita Smith, dean of Ingersoll-Rand University, believes one of the secrets to the success of the MBA program was the strong executive participation, which allowed Ingersoll-Rand business leaders to be on hand as sponsors and special guest instructors. With the program now in its third year, Smith estimates that not one of the 70 Ingersoll-Rand managers who have participated has left the company—a remarkable retention of global talent.

Customizing the program

Home Depot, the world's largest home improvement retailer, with 380,000 full- and part-time associates, took a different approach than Ingersoll-Rand. Rather than select one university partner, Home Depot decided to create a "preferred network of university partners" and manage these partners as it would a health care network.

If employees took courses at a university "in network," they would be able to receive some discount pricing and perhaps additional benefits like reduced fees for home tutoring and test preparation as well as price breaks for family members enrolling in university programs.

Under the direction of Leslie Joyce, Home Depot's chief learning officer, the company set out to create a diverse yet managed system of university partnerships.

"We decided to manage Home Depot tuition assistance programs as a strategic investment, and apply the same rigor that we manage other vendor relationships [with]," Joyce says.

Home Depot set aside time to approach partnerships with online universities in a strategic fashion. The first step was to create a detailed request for proposal, which identified three top criteria required of future online university partners:

- Favorable pricing on accredited courses: Of the nearly 380,000 associates employed by Home Depot, almost 30,000 are in leadership roles. As leadership roles within Home Depot increase in responsibility, scope and complexity, continuing education in the form of a certificate program or a college degree provides each associate with a competitive advantage. Given the size of this potential higher education audience, Home Depot wanted to obtain assurance from universities on tuition discounts.

- Customized programs: The job of managing a retail store is typically learned on the job, and it is getting much more complex with the introduction of new technology, systems and processes. Home Depot sought to create customized educational programs focusing on the new skills and competencies required of retail store leaders. Ideally, these customized programs may feed into a new bachelor's degree in retail management.

- Easy access to higher education for associate family members: Increasingly, corporations are expanding the scope of their potential audience for higher education to include family members of full-time associates. The range of services offered to family members includes discounts on tuition plus tutoring and college test preparation.

Home Depot developed three distinctive partnerships—with Kaplan University, Strayer University and Capella University. While Home Depot associates still have the freedom to select a university that is "out of network," they do so at standard tuition rates and don't benefit from the supplementary services of the network university partners.

Forming the partnerships was just the beginning. After Home Depot selected the universities to be in its "preferred university network," Joyce and her team set out to offer Home Depot associates another benefit: the opportunity to turn Home Depot corporate training courses into college credit.

To do this, Home Depot partnered with the American Council on Education's college credit recommendation service to evaluate Home Depot corporate training programs for possible college credit. Based on an evaluation process conducted by the service, 12 Home Depot training courses—including instructor-led classes and Web-based programs—were recommended for 41 undergraduate college credits.

Applying hard metrics

Once a corporation and a university agree on the terms of a partnership, the next crucial step is to identify a process for uncovering "hard," or measurable, business outcomes.

Increasingly, corporations are diminishing their focus on the four levels of training outcomes specified by the "Kirkpatrick model." In that measurement scheme, participant satisfaction is the lowest level of outcome, moving up through learning, job impact and finally to business impact. Instead, corporations are establishing measurement systems that deliver hard business metrics and assist businesses in improving the effectiveness of their operation.

Consolidated Edison, the investor-owned energy company that provides electric, gas and steam services to the New York area, partnered with the Stevens Institute of Technology to design a customized online course for a mission-critical workforce. In the process, it identified a new system of measuring value to the organization.

Luther Tai, senior vice president at Con Edison, joined forces with Bob Ubell, dean of the technology institute’s school of professional education, to create an online pilot course, "Analytical Capabilities for Business Improvement." The course was originally designed to train Con Edison senior managers on how to use root-cause analysis, a process focusing on finding the fundamental cause of a business problem. In this course, Con Edison managers were grouped into virtual teams and charged with examining real-life Con Edison business challenges and proposing solutions. For example, one of the teams analyzed the IT help desk call traffic over the previous year. These Con Edison managers worked as a team, examining call traffic as well as participating in a Web-based, instructor-led course for six weeks. Each team’s work culminated in a presentation with recommendations to Con Edison senior managers.

The result was that Tai and his team were able to capture operational data relevant to the business, and they were then able to act upon it. For example, the team helped Con Edison figure out how to reduce the number of calls placed to the help desk and recommended how to change systems so more calls could be resolved through self-service initiatives. This analysis resulted in a 10 percent reduction in call volume, allowing help desk representatives time to focus on more urgent business needs.

While the initial course was a pilot, plans are under way to expand its scope. The use of real-life problems in the course and the ability to measure business impact on the organization have prompted Con Edison to increasingly focus learning and development resources on senior managers in mission-critical jobs. The training in root-cause analysis is particularly valuable for this group because their participation can deliver large returns to the organization, and they can serve as mentors to their direct reports.

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Jeanne C. Meister is an author and independent corporate learning consultant and can be

reached at Jeanne@jeannemeister.com