



THE FUTURE OF EDUCATION

THE FUTURE OF EXECUTIVE EDUCATION

CO-CREATING INDUSTRY DEVELOPMENT



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Imagine taking a walk on the beautiful campus at Harvard Business School in the middle of Boston, or on the gorgeous countryside campus at INSEAD Fontainebleau outside Paris. You will find two campuses full of life, with students and professors interacting inside and outside the classroom. *With COVID-19, this social, high-intensity learning experience is being challenged.*

We are now stuck with teaching using Zoom, Microsoft Teams, or other digital means, many of which neither business schools, nor the students and our clients, have experienced before. But this new reality demands quick adaptation and we are rapidly learning how to use these digital channels. So, it is fair to ask: “is this digital wave transforming the future of education before our eyes”? If so, can, and then how, can the high-quality learning experience with its emphasis on “high-touch” be produced in the future?

Drawing upon the experience of the Stockholm School of Economics (SSE) and our executive education over the last couple of years, this article offers three ways for how leaders and teachers in business schools can design a learning experience that works also after COVID-19. *In essence: promising paths lie in co-creating large scale industry development, something that SSE already has done in industries such as in finance, retail and sports – and with a systematic approach, this can be leveraged to all sectors and parts of society.* Co-creating industry development brings new forms and avenues of the learning experience in itself, but even more importantly so, it yields a true value to our stakeholders.

The Executive Education industry in the middle of COVID-19 – a financial and identity crisis

According to Unicon¹, the global Executive Education market was worth close to \$2bn in 2019. The COVID-19 pandemic, however, unleashed dramatic decline in the market with reports of a 25 percent or higher drop in revenues from various providers. For instance, BTS writes

¹ Unicon is a consortium of 113 business schools providing Executive Education courses.

in their 2020 Q1-report that:

Over 60 percent of our revenues come from physical deliveries to groups of over 20 people or more, quite often tied to travel. We believed that these deliveries would disappear, and that this could last for months going forward. On top of this we would see the recession’s economic impact on our customers.

As an immediate response to the lockdown following COVID-19, many Executive Education providers made swift changes by starting up digital offerings and launching entirely new programs. *It is fair to say that the Executive Education market is currently developing at a pace previously unseen.*

For instance, at the Stockholm School of Economics Executive Education, a new online portfolio for the finance and insurance market has been developed and launched in a period of only two months. The ambition was from the beginning to create a learning experience, albeit different, but on par with physical deliveries. Similar ambitions are found at other leading business schools who are looking for ways to develop its premium senior leadership programs as online courses with as much value as traditional onsite campus teaching offers.

These are interesting initiatives, but as the impact of COVID-19 is likely to be profound and long lasting, it is too simplistic to believe that it is enough to turn physical deliveries into online deliveries. Rather, the question to ask for finding a sustainable and long-term solution is: “how and in which way should Executive Education providers deliver value for individuals as well as to society at large?”

Most Executive Education providers have long-lasting partnerships in all sectors of society. Therefore, the ambition should be to focus on industry development. *Executive Education should not be about “executives” and “education”. It should be about transforming industries and sectors, through research-based education of the highest quality.* Obviously, this does not mean neglecting the development of individual

leaders and businesses and organizations.

The old model: physical meetings for a unique learning experience

The strength of Executive Education has historically been about leveraging physical meetings. There are numerous stories from participants about “life changing moments” when professors explain complex theories, or when fellow participants share insightful stories about their professional and/or personal lives. Most people going through an executive training agree on the benefits of the small-group experience. Walking through a campus, sitting in a [class]room designed and tailor-made for learning enhance the experience – not only about learning the theoretical underpinnings, but also the feeling of being part of a unique and transformative experience. *Both learning and the “feeling” are at the core of the success of the Executive Education offering.*

With COVID-19 and its potential economic downturn, most players in the Executive Education industry will likely have to rethink their offerings and business model(s). How to create a sense of exclusivity when standard digital tools like Zoom, or Google Meet can be acquired by anyone? How to produce impactful learning journeys when one cannot mobilize all the senses of the body?

As we have known for many years: small, and partly exclusive, group training programs in a beautiful environment where all participants have time to reflect, sleep, and eat fantastic meals, increase the ability to learn. In essence: body, mind and soul are integrated into a learning experience that produces fantastic results.

Now, due to, or thanks to, COVID-19, this is all challenged by a multiflora of options beyond the physical meeting that range from fully online offerings to various hybrid and digital solutions. One could argue that Executive Education providers are facing a new world. *It is fair to say there is room for, and an understanding of, the need for innovation in the executive education space.*

However, we know from research that innovation is not simple, and many innovation initiatives fail. We all remember industry giants such

as Kodak, Nokia, Yahoo, and many more, failing to innovate when dramatic and transformative change emerges, which, according to Schumpeter (1942), is a natural consequence of creative destruction.

Yet, history has also told another story. There are indeed companies that are able to renew themselves and come out stronger when faced with transformative change. According to Pisano (2015) the success of these companies lies in having an innovation strategy and direction of where to go. The innovation strategy needs to avoid corporate units fighting over competing priorities and instead ought to determine how innovation creates value for potential customers, how the company itself can capture that value. The same is likely to hold true also in the Executive Education market. This is a market calling for a new model – a model that can be depicted as a model with the emphasis on co-creating industry development involving multiple stakeholders.

The new model: co-creating industry development

At the Stockholm School of Economics and our Executive Education, we have embarked upon a journey that hopefully can inspire others to re-create what they do in a positive way to the benefit of society. *In short, it is about moving the lens from focusing on the growth of individual participants, or on the single company, to instead focusing on industry development together with multiple stakeholders.* The emphasis is no longer about “executives” and “education”. It is about taking on the task of transforming industries and sectors, through research-based education of the highest quality. In order to do this, there are three essential tasks for each business school and executive education provider.

1. Define the problem and find a meaningful direction.

From theories of design thinking (Verganti, 2016), we know of the importance of reinterpreting problems independent of existing solutions. Put differently, this means being able to redefine what customers value. *At SSE, we believe this can be summarized with*

the sentence: “From the education of executives to the co-creation of industries”. This goes back already to 1909 when SSE’s founding educational mission was to combine the aim of positive social development with high-quality research.

One “classic” example is SSE’s close relationship with the banking industry in Sweden. This relationship has created a situation where SSE has been able to build a core competence in finance and accounting that have taught thousands of executives over the years, but equally true is that our Swedish House of Finance is one of the best academic institutions in the world in this sector. *Hence, combining industry development with cutting-edge research is the basis for making an impact.* In more recent years, a successful example is the development within the retail industry. Joining forces, SSE and the retail industry has created a Bachelor Program in Retail Management and developed a research center of excellence that is now helping companies such as H&M, ICA and IKEA grow in a sustainable way.

A central part in “the co-creation of industries” is to take the cliché of “customer-focus” seriously. Instead of selling products, e.g. various executive education programs, one starts by jointly identify long-term strategic challenges in an industry together with representatives from the industry. Put differently, this is about defining the problem and finding a meaningful direction.

In the case of the retail industry, the strategic challenge concerns two aspects: talent acquisition and data-driven decision-making. Up until the early 2000s, the retail industry had been characterized by hands-on activities. It was seen as favorable if the CEO (or other members of the management team) had taken the long route from picking stock from the shelf to becoming a store manager. “Retail is detail” as the saying goes. However, with increased digitalization and internationalization, complexity of operations had grown at a rapid pace which called for recruiting new talent to the industry and a more data-driven decision making process, albeit without forgetting the importance in understanding the details of retail craft.

The solution the industry found together with SSE was to address both of these strategic challenges simultaneously: first, founding of one of the first dedicated research centers in the world with a specific focus on the retail industry, and second, creating a customized Bachelor program in Retail Management. Over time, offerings from SSE’s executive education have been added to further the development of leaders in the retail industry, but also for executives outside the industry who can learn from the retail industry. *However, it is not enough to only define the problem and find a meaningful direction; a more detailed innovation strategy must follow these initial steps, to which we turn next.*

2. Relate and implement an innovation strategy.

In the aftermath of the COVID-19 crisis, it will be necessary for executive education providers to understand what creates value for their customers, and which innovation(s) are needed. *For the past ten years, SSE has had an innovation strategy focusing on the integration of research, teaching, recruitment and Executive Education into a coherent whole.* This way of working is conceptualized in a model called “The Collaborative Wheel”.



FIGURE 1: SSE’S INNOVATION STRATEGY – THE COLLABORATIVE WHEEL (ILLUSTRATED WITH SPORTS INDUSTRY).

Figure 1 describes the collaborative wheel with our activities within sports, which is another example where SSE and the industry have been able to co-create and thereafter develop. The first step was to identify the strategic challenges of the sports industry, a work done by the advisory board at the Center for Sports and Business. The advisory board consist of both researchers and representatives, from the highest-level, of the sports industry.

Similar to the retail industry, sport is a context where hand-on knowledge has been historically prioritized. Nevertheless, a more professional work environment is much needed. Under the label “professionalize’ the sport office”, SSE and most leading Swedish sports (e.g. football, ice hockey, golf, skiing, equestrian, trot racing, parasport, a Swedish Classic and the Swedish Olympic Committee) have co-created an industry change agenda.

This industry change agenda holds activities that span across research, teaching, recruitment and executive education in a “collaborative wheel” approach. The result up until today are research publications; student projects and theses; a job fair focusing solely on sports; customized executive education programs for transforming the industry and individuals within the industry. It may seem like easy work to create and implement an innovation strategy, but it does take considerable time and effort. Therefore, it is necessary to have constant testing and iterations of possible solutions, which means testing the offer with as many stakeholders as possible.

3. Test your offering with as many stakeholders as possible.

Drilling down from the overall innovation strategy, which may be a bit too high-level, it is necessary to understand that your success lies with your relationships. The Collaborative Wheel demonstrates how internal relationships within SSE (e.g. between researchers, students, and administrative staff) as well as external relationships within the industry at hand needs to be developed and stitched together.

Continuing on the example of the sports industry, prior to COVID-19,

the large majority of external relationships were with high-level executives within the sports industry. *Apart from the advisory board and the sport industry’s involvement in research and engagement within teaching, Executive Education programs have also played a crucial part.* The physical meetings at SSE’s countryside campus in Sigtuna have facilitated both knowledge sharing and the strengthening of a distinct “sports executive identity”.

It is therefore interesting to note that these relationships have not diminished during the COVID-19 pandemic, but rather have been strengthened. What SSE has been able to do is to gather representatives from across the industry during the last couple of months and has functioned as a vehicle and facilitator of knowledge and experience sharing, thus helping to continue to co-creating industry development. All of this is done by using digital means of communication.

With this experience, we foresee further development of the “collaborative wheel” approach by building impactful learning journeys for the whole industry using a mix of, and blending, digital and physical elements. Currently it is our imagination that sets the limits, but there are plenty of options available. *One particular promising avenue is to combine both small and high-quality face-to-face meetings with inviting guests, partners, etc. to join in during certain times and periods to enhance the learning experience.* It all boils down to the simple, yet very powerful question of: “where do we want to go?”, and “how will we know when we have arrived?” Thereafter it is up to us as providers of Executive Education to find the fastest and most impactful way to get there.

The future of Executive Education – co-creating industry development

By blending physical and digital elements, and by combining the learning of facts with concrete industry development, we see a new and more innovative executive education market develop. *The offerings will change from “the education of executives to the co-creation of industries”.* For a small business school like SSE, COVID-19 has been, and

still is, a challenge both financially and emotionally. Nevertheless, as the saying goes, *“necessity is the mother of invention”*. With a strong focus on our industries’ and the clients’ strategic challenges, combined with new technical means and opportunities, we believe that the combination of the old and new can help to disrupt the Executive Education market in the years to come.

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