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Driven by Customers or Driving Customers? What Really Matters in Executive Education

Wolfgang Amann, Shiv Tripathi, and Shiban Khan

Introduction

Executive education (EE) institutions are still recovering from the financial crisis which haunted companies and countries in the 2007–2012 period. This period refers to a time in which the majority of companies suffered so severely from the poor economic environment that expenditure on EE was the first item to be cut in the budget. In the aftermath of this crisis, several schools folded, or embarked on merger and acquisition activities to ensure survival, exemplified by the recent Hult and Ashridge merger in 2014 (cf. Bradshaw, 2014).

Across the board, EE providers are currently tempted to enhance their customer orientation and commit themselves to uncompromising customer satisfaction. However, this chapter argues in favor of a more differentiated view, positing that many corporate clients and individuals in the market for EE may:

a) Not know from what kind of EE program they would benefit most.
b) Impose rather rigid demands on EE providers in their requests for proposals.

Consequently, real needs of corporate clients that could be addressed by EE remain unaddressed. These needs might range from knowledge, skills, and reflection opportunities, which could have – at least partly – prevented corporate crises.

A more conducive way forward – and therefore the next generation idea for running EE institutions – lies in driving customers, instead of merely being customer oriented or driven. Driving customers does not have to be limited to the narrow focus on performance enhancement understood in the traditional, old-fashioned way that is rendering corporate processes, structures and cultures ever more effective and efficient in economistic terms. In contrast to this performance focus, or “P” approach, this chapter argues that driving customers should increasingly consider the dignity paradigm, or “D” approach.

Besides discussing financial performance aspects, business, academia, and practice have been including social and environmental sustainability for some time already. More social and environmental sustainability will ensure that people in companies and society will in general lead lives of greater dignity. The latter includes, but is not limited to, understanding human beings as an end in themselves, not as a mere means to the end of higher shareholder returns.

Human dignity calls for more respect, better working conditions, participation, empowerment, fair treatment, to name but a few aspects of this multifaceted construct. This chapter underlines the responsibilities EE providers have when it comes to driving their customers towards more holistic solutions – if this is required. As such, this chapter extends the critical evaluation of the Kirkpatrick (1976) model, which has not been compensated for by Phillips’ (2011) extension and addition of a fifth dimension to form the Kirkpatrick-Phillips approach. This past distillation of shortcomings, which has not lowered the model’s popularity, includes the model’s inability to address the summative question *Was training really effective?* and the formative question *How should training be modified to boost effectiveness?*, as Bates (2004) argues. Neither the summative, nor the formative question really dealt with and solved the normative question *What is really the normative responsibility of the EE provider?* This is where the chapter at hand contributes to the discussion and hopefully to the actual practices of designing, implementing, and evaluating EE seminars in light of the call for more humanism in business.

The chapter is structured as follows: it starts with a real case study (disguised to protect the customer and to observe confidentiality), which is subsequently discussed. The authors outline how an EE provider can help a client address issues over time rejecting inferior solutions stemming from its customer orientation.

The discussion continues including two assumptions. First, a litmus test for EE providers is presented and critically reflected upon – *Can EE providers forgo profits in order to emphasize and deliver what corporate clients and individual executives actually need?* Second, this chapter outlines an alternative method to measure EE success.

The case of WholeSale Inc.

WholeSale Inc.[1] was a European market leader in its industry that generated double digit billions in annual sales. In its market segment, it supplied a full range of products to companies throughout Europe. In all of these, WholeSale Inc. applied the same business model: a multichannel approach from on online and catalogue-based selling.

Given thin profit margins in the industry, national adaptations in marketing, sales, and distribution were minimized to ensure standardization and low costs. The industry saw substantial consolidation with only two pan-European players surviving besides a few local firms in each of the European markets it served. WholeSale Inc. had several CEOs and major restructuring efforts before, during, and after the big financial crisis – with very modest results.

WholeSale Inc. started to restructure its EE efforts, outsourcing as much as possible, including photocopying and delivery of binders with printouts that an external service provider brought to the seminar room and put on the tables. With respect to key topics, WholeSale Inc. only gave one EE provider, ESSAD,[2] a full mandate to train its white collar staff across Europe.

The new training request for sales experts

In November 2013, WholeSale Inc. asked its key EE provider ESSAD to design and implement a European training initiative for 180 sales experts. WholeSale Inc. was not happy with the sales performance at that time. Not only was there pressure from shareholders to constantly deliver more dividends but also the top management had a profit-oriented incentive scheme. Neither the shareholders nor top management made a secret about maximizing their returns and pay.

Simultaneously, many of the firm markets, although not all by far, nor all segments within the product portfolio, were growing. There was a perception among the senior leaders that WholeSale Inc. was not benefiting from these market opportunities. Sales experts were supposed to attend a next generation sales program, in which they would learn a new centrally coordinated way of selling that would be standardized across Europe. They were the lowest of three hierarchical levels and reported to sales managers, who in turn reported to regional or national sales directors.

WholeSale Inc. had asked ESSAD to design a new way of selling for WholeSale Inc., which would be rolled out across Europe with the help of this training program. WholeSale Inc. expected that any training initiative for its experienced staff members would be EE, particularly because some of them would be future sales managers and directors.

From previously commissioned programs, ESSAD and its director Mr. C knew that WholeSale Inc. was very numbers driven. ESSAD realized that in the future it would have to prove to the board and other senior leaders of WholeSale Inc. that the EE program had provided expected returns on investment. ESSAD thus decided to analyze the situation thoroughly to enable a strictly tailored sales program for the subsequent roll-out across Europe. After all, training 180 program participants in several linked modules would provide a significant amount of income for ESSAD.

The analysis phase of EE needs and current sales practices, for which WholeSale Inc. would pay, the program design phase, and implementation phase meant that many multi-million Euro returns were beckoning on ESSAD's horizon. ESSAD knew that their training of sales experts would open up further opportunities to either train them in other topics later on, or would lead to organizational development consultancy opportunities once trusted relationships emerged. Established contacts were substantially more attractive than acquiring new ones. In this regard, EE did not differ from other industries.

In order to determine the program details, Mr. C decided to interview key program participants and their supervisors. All program participants were surveyed quantitatively regarding perceived training needs and the context in which they needed to excel. They rated challenges, skills, and future potentials to tap based on five-point Likert-scales.

Results of the initial analysis

After speaking to sales directors, managers, and experts, and scrutinizing the survey results, Mr. C realized that the problems with WholeSale Inc.'s sales teams were bigger than expected. These sales experts suffered from a variety of parallel issues.

First of all, it was revealed that they had little knowledge what the company strategy was. Since there were frequent turnovers in the CEO and the top management, ideas and winning recipes came and went, leading to confusion.

Second, there was a big gap between what the sales experts felt was needed (more service as a key differentiator in order to enable closer relationships with the customer) and what the top management felt (price-based competition, the latest professional selling techniques such as social media based selling, but avoiding moving into relationship marketing – a concept which called for a shift away from product-price combination towards building strong bonds with clients).

Third, there was a lack of resources to fulfill targets, which had also been evident in previously ignored training. These previous sessions had been infrequent, half-hearted, often cancelled at the last minute to avoid staff losing opportunities due to attending training. The skills required were also insufficient. This became apparent, for example, when one sales expert negotiated himself into a dangerous position: the price he had agreed upon with a large customer was so low that if the deal had actually been closed, WholeSale Inc. would have lost money. In addition, if the client defected and simply ordered from local suppliers, substantial sales volumes would also be lost. Further, this sales expert would probably be fired. For weeks he did not communicate this fear to his superiors due to fear of losing his job and ending up without a survival income. Mistakes were not tolerated at WholeSale Inc.

Fourth, performance pressure was increasing all the time. Nothing was ever good enough, but there was no form of performance coaching. The sales experts did not have time to breathe or to recover from periods of peak workloads. When closing a good deal, the performance delivered through it became the new normal. If equally sensational new deals did not materialize, the sales experts were believed to be lazy, complacent, untrustworthy, and in need of more pressure. New initiatives were added at all times, while none of the older ones were abandoned. Priorities were frequently changed depending on what the sales managers and directors thought would be trendy that week or month. In turn, the upper management was perceived to be refusing to provide help and lacked appreciation of what had been achieved. Those sales experts who could no longer stand it left as swiftly as possible.

Fifth, the general dynamism (see Bruch and Vogel, 2011) with which the staff members in sales tackled matters was a tremendous cause for concern. Figure 7.1 summarizes the distribution of the staff members across four essential groups. Among sales experts, hardly anyone was passionate about what they did, but higher up in the sales organization there was true passion.

ESSAD's designated program director, Mr. C, understood why there was friction in the sales organization, why their innovativeness was less than expected, and why most people shied away from further initiatives and change. A substantial share of 40 percent of these sales experts experienced strong disengagement at work. WholeSale Inc. was probably not the only large company with such challenges. Yet, when it came to enhancing sales performance there were major impediments to change.

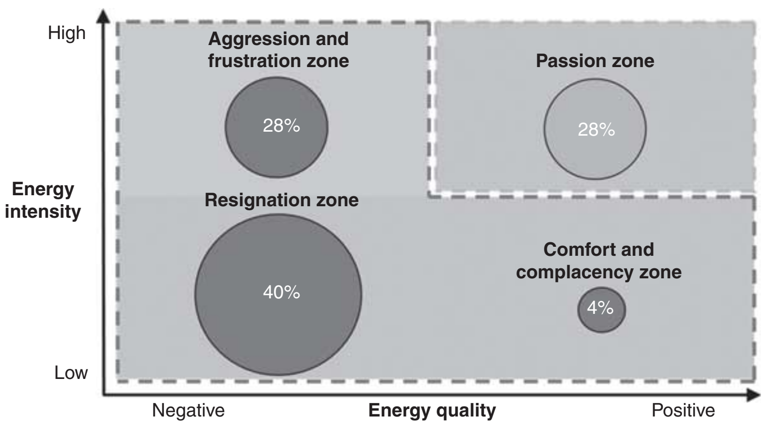

Figure 7.1 Distribution of sales staff members across energy groups

ESSAD's reaction

On the basis of the interviews and results of the quantitative surveys Mr. C had conducted, he concluded that WholeSale Inc. did not primarily need sales training for the sales experts to push them towards even higher sales targets.

With a focus merely on latest sales techniques and without some corresponding change within the European sales organization, it was unlikely that sales experts would be re-energized and thus leave the resignation zone. Representatives of this group needed a different kind of leadership. The same held true for all employees suffering from too much aggression and frustration, but also for those in the comfort zone. Merely offering and implementing a sales technique training would not fix the root causes of the disappointing sales performance across Europe.

Mr. C thus decided to offer a holistic EE program, which would include but not be exclusively centered on the latest sales techniques only for sales executives, in addition to a transformational leadership program for sales managers and directors, which would in turn set the stage for a high performance sales organization.

Transformational leadership programs enhance performance of participants by presenting positive, inspiring role models, higher levels of caring for all individuals equally, promoting a working atmosphere in stark contrast to the existing one, and ensuring more trust, as necessary conditions to motivate people to move to the passion zone work level shown in Figure 7.1.

It was clear for Mr. C that respect for human dignity was not well developed in WholeSale Inc.'s sales departments and needed improvement. The individuals did not really matter. They were treated as human resources and their output had to be maximized. Mr. C could present studies and experiences from other clients where such transformational leadership programs had actually led to the desired outcomes to WholeSale Inc.'s sales directors.

The Litmus test for ESSAD

To Mr. C's surprise, the sales directors of WholeSale Inc. voted against the program proposal, requesting nothing but a sales technique program. They thought highly of their work, assumed that the lower levels would always complain anyway, and referred to the times when they themselves were at that level, working long and intense hours. They ignored the statistics and the idea that they themselves would have to receive EE. If at all, the sales experts had to first demonstrate a different attitude and better performance to deserve their better supervision.

This boiled down to a litmus test for Mr. C. Would he be willing – in the aftermath of the financial crisis – to forgo sales and profits as no program that made sense could be delivered, or would he cave in and merely be customer oriented? The latter meant that he would contribute to perpetuating non-humanistic working conditions and to the overarching problem at WholeSale Inc.'s sales department not being resolved.

Mr. C took a decision that many other business schools and EE institutions would have rejected. Based on his analysis and needs assessment, he offered WholeSale Inc. a comprehensive leadership and organization transformation program that was required to increase productivity and promote sales. Only a holistic program made sense. ESSAD's doors would always be open to WholeSale Inc. if they were interested in fundamentally revamping their sales department. Nine months later, during a regular customer relationship call, he learned that another supplier had sold Training Inc. a simplistic sales technique program, which time showed, did not improve sales. The staff turnover at WholeSale Inc. continued to be high in the sales department.

The need for a new success measurement system

The above mentioned case and litmus test lead to the question: *Do business enterprises know how to assess organizational needs and evaluate program results that lead to business success and sustainability?* The best established way to date has been the Kirkpatrick-Phillips way (Phillips, 2011), which scrutinizes the five impact layers of EE:

1. Rigorous and consistent assessment of level of satisfaction of program participants, measured with the well-known Likert scale (or smiley face surveys) at the end of each program.
2. Effective methods to assess program outcome and participants' learning, which is measured through the assessment of performance improvement and improvement in organizational climate.
3. Impact, which refers to the degree to which participants apply program contents and lessons in their jobs.
4. Systematic assessment of business outcome and results, measured as the impact that the implementation of the training programs has on the business.
5. Return on investment of the training beyond the partly qualitative and partly quantitative results mentioned under 4.

This chapter suggests that there might well be space for a sixth layer to depict EE's success. This sixth layer ought to measure the degree to which the client of an EE institution responsibly transformed clients beyond original expectations, beyond narrow pre-defined program goals specified in requests for proposals and beyond the even narrower return on investment figure.

This relates primarily to non-financial, more humanism aspects of normative management, since the return on investment is already considered in the measurement framework. Responsibly developing clients beyond their

Table 7.1 Key questions for EE's success

Level	Key Questions
Level 1	Did the learners enjoy the training?
Level 2	Did knowledge transfer occur?
Level 3	Did learners' behavior change as a result of the training and with regard to the original specifications in the request for proposal?
Level 4	Did the training have a measurable impact on performance improvement as understood in the original specifications?
Level 5	Did the training generated investment provide a positive return on investment?
Level 6	Did the EE provider holistically develop the client beyond the narrow specifications? In particular, did humanistic assumptions, values, and practices improve beyond regular the mere functionalist purpose of the training?

Source: Kirkpatrick-Phillips model expanded by authors.

original specifications could refer to improved working conditions, receiving appreciation, experiencing inspiration, and more realistic resource endowments to actually achieve goals. While the return on investment is a clearly established figure, humanism in business is a broader variable, which might not be easy, and which should not necessarily be ex ante pre-defined for all situations. It is an ideal vector construct: the more, the better, not an ideal point.

Humanism in business is contingent on what it can mean in a specific situation. This chapter thus argues in favor of an extension of the Kirkpatrick-Phillips model by adding a sixth question and detailing the preceding ones as shown in Table 7.1.

Conclusion

Signs of unsustainability in the world persist. Companies can be a crucial transmission belt towards better sustainable solutions. They might have to rely on EE providers to trigger needed innovation and far-reaching transformation than that entailed in original requests for proposals. This chapter with its propositional knowledge presents a case study and the structure of an assessment method to select human centered EE programs.

The described setup shows the accurate needs assessment of an EE provider that allowed designing a strategically feasible solution to solve the sales problems of a multinational company in Europe, but which realized it could not deliver an effective EE program if this were not based on the six levels of success outlined above.

EE providers are encouraged to reflect upon their roles in the light of this human centered business proposal. Are they mere service providers that "obey" instructions based on executives' perceptions but not on statistical needs assessment and scientific evidence? Or can EE providers add value to business enterprises providing scientific and statistical evidence required to make human centered high rates of return on investment? They truly co-create success and in an increasing number of cases this means driving their customer towards innovative EE programs. This chapter takes a clear stance on these questions and much needed debate.

Notes

1. The name of the company has been disguised. The presented dilemma and observed pattern, however, remain unchanged.
2. The name has also been disguised.

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