



## The Future of the Corporate University

### How firms can maximise the impact – and profitability – of in-house management training.

Last year marked the 60<sup>th</sup> anniversary of the U.S.'s first corporate university, GE's Crotonville. Although the paradigm is nothing new, only in recent years has it been seriously suggested that firms' in-house training and development offerings could **supplant traditional business education**. Corporate universities (CUs), some say, are better suited than academia to deliver the targeted, strategy-focused programmes today's executives need.

Phil Parker, INSEAD Chaired Professor of Management Science, sees things differently. He envisions a future where digital technology enables B-schools and corporate universities, working together, to expand their combined reach as never before. "On [agriculture] projects I have been working on with the Bill and Melinda Gates Foundation, we have been very interested in educating, for example, the smallholder farmer to agri-dealers to wholesalers, up and down the value chain," Parker says. Training value chain players both upstream (suppliers, dealers, etc.) and downstream (retailers and distributors) to improve their performance is a priority shared by NGOs and major multinationals. Indeed, INSEAD's Fortune 500 executive education clients have been clamouring for exactly that sort of training, according to Parker. Now, the pieces are in place to make it happen, thanks to INSEAD's recent success at **co-creating**

**curricula** and the economies of scale made possible by online education platforms.

#### Monetising the corporate university

This concept, which Parker calls "value chain education", has emerged at a moment when corporate universities are under increasing pressure to prove their profitability. The simplest way for CUs to generate revenue is to open their doors to paying customers beyond company walls. The company's existing value chain partners are low-hanging fruit for CUs looking to monetise, but the overall market potential is much broader.

Parker explains, "A corporate university could go directly to a business unit and say, 'If your suppliers could be improved by having them go through a course on production or strategy, what could we do with them?'"

Partnering with a prestigious B-school such as INSEAD serves a dual purpose: smoothing CUs' transition from internal-facing to outward-facing providers, while lending academic gloss to their certification programmes. INSEAD has already collaborated with leading companies on similar projects – for example, running a yearly "CMO workshop" for a major internet company as well as annual day-long courses for valued institutional

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clients of one of the world's biggest banks. Host companies say the enhanced stakeholder relationships that resulted from the courses were more than worth the investment of working with INSEAD.

### The problem of scale

The “multiplier effect” of value chain education becomes even more powerful, Parker says, when combined with the scalability of online platforms. Digitisation also solves the problem of affordability, especially for players with fewer resources at their disposal. “What if you want to affect 500,000 farmers or hundreds of retailers or resellers? A typical person in emerging markets will not be able to afford the airfare, hotel, and all the costs associated with an INSEAD executive education programme,” says Parker. Online courses, by contrast, can be delivered on a theoretically unlimited scale at low incremental cost.

Mary Kwan, INSEAD's Asia Pacific Executive Education director, says the school's latest online courses have cracked the retention problem that stymied early MOOCs, by deploying bespoke content packages that might include TED-inspired videos, gamification and group interactions. An online module INSEAD designed for salespeople at a household-name tech company has a completion rate of more than 80 percent; course-taker self-reports have attributed €15 million in increased sales revenue to the course so far.

### The big picture

In Parker's view, corporate universities and business schools have different but complementary strengths, making them natural partners rather than rivals. Collaborating with CUs occurs in several stages: “The first step is to identify key players in the value chain”, Parker says. “We work with them to come up with the highest-impact curriculum, which is then tested on smaller groups of people and then, together with the corporate university, we roll it out... We take learnings from that and then we augment it and scale it.”

If done right, value chain education represents the ideal format for both CUs and B-schools to maximize their impact. The ripple effects are felt across the entire corporate ecosystem, Parker says. “What one notices is that by using corporate universities, the inter-linkages between upstream and downstream players have actually increased. There is much more customer relationship at that point and the entire value chain benefits.”

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