

Chapter One

Introduction: What is a Corporate University and Why Should an Organization Have One?

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In the beginning, there were universities. Maybe not at the very Beginning, but by medieval times, in Europe, the antecedents of the modern universities were taking shape. In the New World, colleges sprang up in colonial times, before there was a United States of America. Corporations came later. The corporate model for American commerce grew in the Nineteenth Century and was well-established by the turn of the Twentieth Century.

So how did universities and corporations come together to form corporate universities? Was there a master plan, or was it a serendipitous you-got-your-chocolate-on-my-peanut-butter sort of accident? The answer is a little bit of both, as the rapid proliferation of corporate universities over the past two decades is not a revolution in workplace education, merely the next steps in an evolutionary process that had been unfolding for a half-century.

This book will examine the phenomenon of corporate universities in all of their forms. Corporate university practitioners, consultants, and observers, representing all aspects of corporate university operations, have contributed chapters describing the various dimensions of this rapidly-growing trend.

Corporate university veterans from some of America's largest and best-respected organizations share their experiences. Consultants and educators who have worked with numerous corporate universities—from start-ups to large, thriving organizations—relate tales of what they have learned. International authors describe the corporate university phenomenon in Europe, Asia, and Australia. *The Corporate University Handbook* is designed to provide practical, hands-on information to the professionals who work daily within a corporate university, to the educators and consultants who contribute to corporate university success, and to the executives and managers who are charged with planning, developing, and creating new corporate universities.

The first section of the book deals with organizational structures of corporate universities. Karen Barley, who has consulted with numerous corporate universities, explores different organizational structures for corporate universities. Mike Morrison addresses launching a corporate university from the ground up by relating his very personal tale of getting the University of Toyota started. Jim Moore examines different funding models for corporate universities based on his experience at Sun Microsystems' Sun U. Motorola University's Tom McCarty writes about how to use a corporate university as a strategic lever. The international perspective on corporate universities is provided by Ian Dickson and Lee Watts of Deakin University, who visit corporate universities in Asia and Australia, and by Annick Renaud-Coulon, who takes us to Europe.

Educational content is the subject of the second section. Linda Lewis of Charles

Schwab writes about how to integrate the training function into a corporate university.

Management and executive education is discussed by Robert Fulmer, who has worked with thousands of executives in dozens of companies and provides the findings from several research studies on management and executive development in best practice corporate universities. I conclude the section by examining the options for partnerships that corporate universities can engage in.

Section Three is devoted to corporate university processes. The role of technology in corporate education is described by distance learning expert Brandon Hall. Laree Kiely discusses evaluation and measurement in corporate universities, while Matt Barney of Motorola presents ROI models. John Wells, the president of Corporate University Exchange, looks at pitfalls that corporate universities can fall into, while I provide a conclusion that looks ahead at the future of corporate universities.

Defining Corporate Universities

Before we can discuss all these various aspects of corporate universities, it would be useful to define the beast. However, a simple, widely-accepted definition has been elusive. I will provide several possible definitions with the goal of arriving at a single definition that will serve as a guideline for the rest of this book.

One author has estimated that there are currently over 2,000 corporate universities in the United States alone (Meister, 2001). Although there is no definition associated with that estimate, it does bring up the question of how to know whether an entity should be

included in the count. In order to address that question, let's use the example of an organization I recently worked with. This was a large division of a Fortune 500 company. One day, someone in the marketing department read an article about corporate universities and decided his organization should have one. He brought the idea to his managers, who quickly endorsed it. The first thing he did was come up with a name for their corporate university. This was followed quickly by the design of a logo. Once you've got a logo, you pretty much need t-shirts. After several months, they had a name, a logo, some t-shirts, and a budget. What they didn't have was any staff devoted to corporate education, any dedicated place, or any educational programs whatsoever. Yet the hundreds of employees at this organization said that they had a corporate university and believed that they had a corporate university. I have no idea if that organization was included in Meister's estimate, but there are many stories of training departments that are magically transformed overnight into a corporate university by virtue of nothing more than a name change. This brings us to one possible definition of a corporate university: any entity that calls itself a corporate university is a corporate university. If, in fact, there are 2,000 corporate universities in America, I believe that many of them are small entities that merely call themselves corporate universities and either do little in the way of corporate education or are merely training departments that have undergone a name change. While this definition might get us to 2,000 corporate universities in the United States, it is not go very far in satisfying curiosity about corporate universities, it is not very descriptive, and it does little to clarify the concept.

We can also look to the literature for definitions of corporate universities. An article in 1983 provided the first detailed research into corporate universities (which were then called “corporate colleges”). The authors of this study defined a corporate college as an institution “offering postsecondary degrees which was initially established by an entity, profit or nonprofit, whose primary mission was something other than granting collegiate degrees” (Hawthorne, Libby, and Nash, 1983, p. 2). This definition is a bit too restrictive, limiting corporate college to those which offer degrees. As I will explain below, this definition would only apply to a small handful of corporate universities today.

Nearly two decades ago, the Carnegie Foundation for the Advancement of Teaching published the first book on corporate universities (which the author also referred to as “corporate colleges”). That book defined corporate colleges as educational entities that “were all started by incorporated organizations whose first purpose was not education” (Eurich, 1985, p. 96). While this definition can be helpful—it would rule out the Apollo Group’s University of Phoenix, which is a corporation and a university, but not a corporate university since its primary business is education—it also does not provide much description of the goals and activities of a corporate university. Any corporation’s training department would qualify as a corporate university under this definition.

The question of whether a training department should be considered a corporate university is worthy of examination. One method of defining a corporate university would be to examine the scope of activities undertaken. I have identified four levels of activity that

corporate universities may engage in:

Training only

Training plus managerial and/or executive development

Courses offered for academic credit

Courses offered that lead to an academic degree

At one end of the spectrum are corporate universities that are training departments. They exist to provide job-specific training to employees. The next level of corporate universities additionally provides management and executive development courses. While “training” focuses on skills that are necessary for specific tasks, “development” refers to education designed to modify “core parts of the executive and his/her behavior” (Edelstein and Armstrong, 1993, p. 53).

Level III corporate universities offer courses that can be taken for academic credit—credit which may be transferred or applied to an academic degree. Because of the stringent and bureaucratic requirements for receiving accreditation, few corporate universities are entering the business of offering transferable credit. Those that wish to offer their employees courses for credit typically do so in partnership with traditional accredited universities. In these cases, the course credit comes from the partner institution, not the corporate university.

Level IV corporate universities offer degree programs at the baccalaureate or master’s level. To be considered in this Level, a corporate university must offer accredited

degrees. As discussed in Chapter Fifteen, The MGM Grand Hotel's University of Oz offers programs leading to the Th.D. degree (Doctor of Thinkology). While this degree is quite prestigious within the walls of the MGM Grand, it is not an accredited degree and therefore would not qualify for Level IV status. While many in traditional institutions of higher education have either feared or reviled corporate universities for poaching on their turf, the truth is that very few corporate universities offer degree programs or aspire to. In 1985, Eurich identified 18 such institutions, but predicted a rapidly growing trend. In fact, more recent study went in search of corporations throughout the United States and Canada that offer degrees and was only able to identify five that definitely met the criteria with a possible seven others that broadly meet some of the criteria (Thompson, 2000). These twelve institutions represent fewer than Eurich identified in 1985 and accounted for a total of fewer than 11,000 students. So traditional institutions can rest easy—corporate universities are not trying to poach in their degree-granting turf.

Why are so few corporate universities offering degrees? There are several reasons, but the greatest is the difficulty in obtaining accreditation. There are many time-consuming obstacles to overcome to achieve accreditation and while traditional institutions of higher education need to hurdle these obstacles (for both eligibility for Federal funds and general respect), corporate universities do not. In fact, corporations that want their employees to earn degrees can send them directly to traditional colleges. Of course, many corporate universities exist because of a dissatisfaction with the offerings of traditional colleges.

Those that want a more specialized or customized program can get one in partnership with a college that is willing to customize curricula and be flexible with delivery. An increasing number of colleges are demonstrating a willingness to enter into such partnerships (as will be discussed in Chapter Ten), so corporate universities are finding it to be unnecessary to establish their own degree programs.

Another reason why there are so few level 4's is that when corporate universities reach this level, they have a tendency to spin-off from their parent organizations, at which point they are no longer a corporate university. One of the earliest examples of a corporate university is Northrop University. Needing well-trained workers for the rapidly growing aviation industry, Northrop Aviation created this university in the 1940's. The University grew in size and scope over several decades and was spun off from the parent company and become an independent, not-for-profit university. Northrop University continued to offer programs in aviation, but expanded to include a school of business offering MBA degrees and a law school. The University became a fully-accredited, degree-granting institution that was completely independent of Northrop Aviation. The increasingly competitive higher education marketplace forced Northrop University to close its doors in the 1990's.

The Arthur D. Little School of Management is another example of a corporate university that began offering degrees and was later spun off from its parent. Founded in 1964 as an integral part of its consulting company parent, the Arthur D. Little School of

Management began offering degrees in 1973 (Eurich, 1985). Gradually, The School moved away from being a training ground for employees of Arthur D. Little and started recruiting students from outside the company. It gained an impressive international reputation and its Master of Science in Management program is fully-accredited. After many years of operating as a part of Arthur D. Little, the School is now an independent, not-for-profit organization. Like so many children that have grown up, the School has moved out of Little's headquarters and has taken up residence at Boston College. Although independent, the School still maintains a relationship with Arthur D. Little, but in fact is more closely allied with Boston College, where it maintains its facilities and shares resources.

So clearly an organization does not have to issue degrees to be considered to be a corporate university, although most people would agree that an entity that merely conducts job training would not be a true corporate university, even if that training is quite extensive. I think an organization should at least conduct management and executive development (in addition to training) to qualify as a corporate university. But does meeting this qualification definitely make you a corporate university? I think that offering management and executive development is a necessary minimum criterion, but it not sufficeint to automatically earn the designation of corporate university. In order to be a true corporate university, something more is needed.

That extra something is a clear tie to company strategy. One theme that will emerge in many of the chapters of this book is that the best corporate universities are those that

exist to help the company meet its goals. Every organization exists for a reason—that reason is usually articulated in a mission statement. Most well-run organizations develop strategic plans designed to help the organization fulfill its mission. Having a corporate university should not be viewed as a goal of an organization—it is a means to helping organizations achieve goals.

When viewed like this, a corporate university can be a powerful tool for helping organizations get where they need to be. Motorola's Tom McCarty in Chapter Five refers to corporate universities as being "strategic levers."

In fact, recent attempts in the literature to define corporate universities have all, in some form or another, asserted that the feature that most defines a corporate university is its connection to its parent organization's strategy. "What makes corporate universities 'corporate,' one can argue, is their link with strategy, which brings up the question of how strongly corporate university programs are related to corporate strategy (Rademakers and Huizinga, 2000, p. 18). These authors identify three stages of corporate university development: operational, tactical, and strategic. It is interesting to note that they did not refer to these designations as three different types of corporate universities; rather these are three developmental stages of corporate universities. So a corporate university might not start out with a clear link to company strategy, but it might be working its way toward that stage as it evolves.

A more recent article specifically addressed the issue of defining corporate

universities. Five corporate university professionals were interviewed and were asked to provide their definitions of a corporate university. Most of these included some tie to organizational strategy and goals.

One definition was provided by Jim Moore, the former director of SunU, who is the author Chapter Four of this book. Moore defined a corporate university as “A central organization serving multiple constituencies that helps the organization to develop the employee capabilities required for successes” (McGee, 2001, p. 7). This definition is instructive because it focuses the corporate university’s role on developing employee capabilities. There are numerous tools that an organization may use to help it achieve its goals—products, services, finances, etc.—but the corporate university is the tool that helps the organization meet its goals through its people.

Motorola University’s Tom McCarty who contributed Chapter Five of this book, is also quoted in the article. His definition is, “The corporate university is the organization responsible for managing the learning processes and knowledge assets of the corporation for the purpose of increasing total shareholder value of the corporation” (McGee, 2001, p. 7). The important part of this definition is that it assigns the corporate university with the tasks of “managing the learning process and knowledge assets of the corporation.” While not mentioning employees as specifically as Moore’s definition did, this phrasing recognizes that learning is both an individual and an organizational activity. This definition also implies that organizations have knowledge assets which are often in the heads of

individual employees, but also may exist independently of individual employees (in databases, documents, etc.). McCarty ascribed an important role to the corporate university in giving it responsibility for this knowledge management function in addition to the traditional role of employee education.

However there is one part of McCarty's definition that I would not include in a blanket definition of corporate universities: the focus on shareholder value. As a matter of fact, I think the word "corporation" does not belong in the definition of corporate university. The corporate university concept has been effectively utilized in many organizations that are not corporations and do not exist for the purpose of making a profit or creating shareholder value. Numerous governmental agencies, municipalities, hospitals, and other not-for-profit organizations have successful corporate universities. The fact that these organizations are not corporations should in no way disqualify them from being corporate universities in the sense that the term is commonly used. Because Motorola is an organization focused on shareholder value, it makes sense that Motorola University's role is to help increase shareholder value. However this is not true of all organizations. For many corporate universities, the "increasing shareholder value" part of the definition should be replaced with whatever wording more accurately reflects the organization's mission.

So from all of this, can we cobble together a definition that is both descriptive and comprehensive? The key descriptors of a corporate university are that they are educational organizations, that they provide a variety of functions, but that these functions are clearly

and strategically linked to organizational goals and mission. Based on all of the foregoing, I offer this as a definition of corporate universities:

A corporate university is an educational entity that is a strategic tool designed to assist its parent organization in achieving its mission by conducting activities that cultivate both individual and organizational learning, knowledge, and wisdom.

To deconstruct this definition into its component parts, I think it is essential to first characterize a corporate university as an educational entity, as education is the primary function of any university, corporate or traditional. This definition clearly states that a corporate university is strategic, while adding that it is a tool (one of many at an organization's disposal) to help its parent organization achieve its mission. The clear tie to organizational mission is important here as it emphasizes the strategic nature of corporate universities in meeting the overarching goals of the parent organization. And the word "organization" recognizes that the parent need not be a corporation, need not be in the business of making money, and may be in any industry (perhaps even education—couldn't a university have a corporate university?). The definition also has the corporate university "conducting activities." The non-specific nature of this phrase is intentional—there are many possible activities ranging from classroom learning to distance learning, to executive development, succession planning, knowledge management, strategic hiring and orientation, and many other possible activities. What ties them together is that they are all

designed to cultivate individual and organizational learning, knowledge, and wisdom. This last phrase first acknowledges that the primary focus of the corporate university is on the individual, but that organizations also learn and the ultimate beneficiary of the activities of the corporate university is the organization. Finally, the definition refers to “learning, knowledge, and wisdom,” three words that should probably be defined. “Learning” refers to change. Individuals change, both internally and in their behaviors, when they undergo learning. Such a description can also apply to organizational learning. “Knowledge” refers to specific facts and procedures that can be possessed by an individual or an organization (and that are typically acquired by the change process called “learning”). The highest rung on the ladder is “wisdom,” the ability to effectively apply knowledge to organizational goals. Remember, the whole purpose of a corporate university is to support organizational mission—learning that is achieved, but not applied to organizational goals, is not a successful corporate university outcome.

It is important to note that under this definition, training is certainly a viable corporate university activity. However a training department by itself typically would not qualify as a corporate university in that its activities usually do not have a direct strategic link with organizational mission and rarely are designed to cultivate organizational learning, knowledge, and wisdom.

Why have a corporate university?

I have spoken to many people that have come across the concept of the corporate

university and have asked whether the model is appropriate for their organization. Based on the foregoing definition, there is really only one reason to have a corporate university: to help an organization to achieve its mission. Every organization has a mission, but there are a variety of ways of trying to achieve that mission. So while the goal of helping an organization achieve its mission can apply to virtually any organization, is the corporate the right tool for every organization? For many, yes, but not for all.

Since a corporate university exists to assist in individual and organizational learning, knowledge, and wisdom, the first criterion must be that the organization have a good number of individuals (it is true that organizations learn, but organizational learning happens first inside of the individuals that comprise the organization). While there is no critical mass or specific headcount that qualifies an organization for being appropriate for having a corporate university, it is clear that the concept applies best to those organizations that are very dependent on employees and their knowledge and skills. While this applies to increasing numbers of organizations in the so-called knowledge economy, it is not true of all organizations. Certainly very small organizations and those more reliant on automated technology than human labor might not be appropriate candidates for a corporate university.

Size is clearly not the primary determinant of eligibility for a corporate university. While having a corporate university would not make sense for an organization of three or four employees, I have seen some relatively small organizations (with only a few hundred employees) successfully apply the concept.

Some organizations have become so successful at running a corporate university that members of outside organizations have requested that their members be allowed to attend. This often starts with related organizations—suppliers, customers, and other strategic partners. It often makes sense for a corporate university to provide education to its partners—the organization’s goals can better be met if its partners are well-educated.

Often, this evolves to the point where the corporate university’s offerings are so much in demand that many outsiders, even those with no relationship to the organization, request to attend. Some corporate universities have acquiesced to this demand and allow, encourage, or even aggressively sell outsiders attendance in their programs. Disney University is one such example. High quality brochures trumpet Disney University’s many offerings and encourage anyone willing to pay to attend these programs. Once a corporate university starts making money selling education, is it disqualified from being a true corporate university? Not necessarily. While Disney University aggressively markets its offerings, the sale of these programs is not the primary purpose of the University. The main purpose is still the education of Disney employees.

Saturn University is another corporate university that sells seats in its programs to outsiders. However, this indirectly is consistent with its mission as Saturn University uses the revenue from outside participants to support its primary mission of educating Saturn associates.

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