

JAPAN'S SERIOUS SHOGUN

THE PENTAGON'S BATTLE WITHIN

SEPTEMBER 20, 2010

Newsweek®

THE FUTURE OF EDUCATION

RISE OF THE CORPORATE COLLEGE

GLOBAL COMPANIES ARE CREATING A PARALLEL UNIVERSITY SYSTEM WITH STARTLING SUCCESS


 A woman in a purple shirt is shown from the chest up, holding a large stack of books. The spines of the books feature logos for major corporations: Petrobras (BR logo), GE (General Electric logo), Motorola (M logo), and Infosys. The books are stacked horizontally, and the woman's hands are visible at the bottom, supporting the stack.
 BR PETROBRAS

MOTOROLA
Infosys®


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CORPORATE LEARNING

SENDING AN ASPIRING SCHOLAR OFF to college is a cherished rite of passage in Western households. But in the global economy, where companies rise or fall on brainpower, higher education has taken on broader meaning and new urgency. Corporate HydroPower University in Moscow teaches plant managers how to wield turbine technology and rotor dynamics to deliver power efficiently to millions of energy-hungry clients. Engineers at the University of Petrobras in Rio de Janeiro must master the secrets of pumping oil buried 7,000 meters beneath the Atlantic. Forget ivy-hung walkways and fratfests; think enterprise incubators, virtual oil rigs, and mobile classes for transport workers in railroad cars. The alma mater isn't what it used to be.

Today, corporate colleges are considered the fastest-growing sector in higher education. Their numbers have more

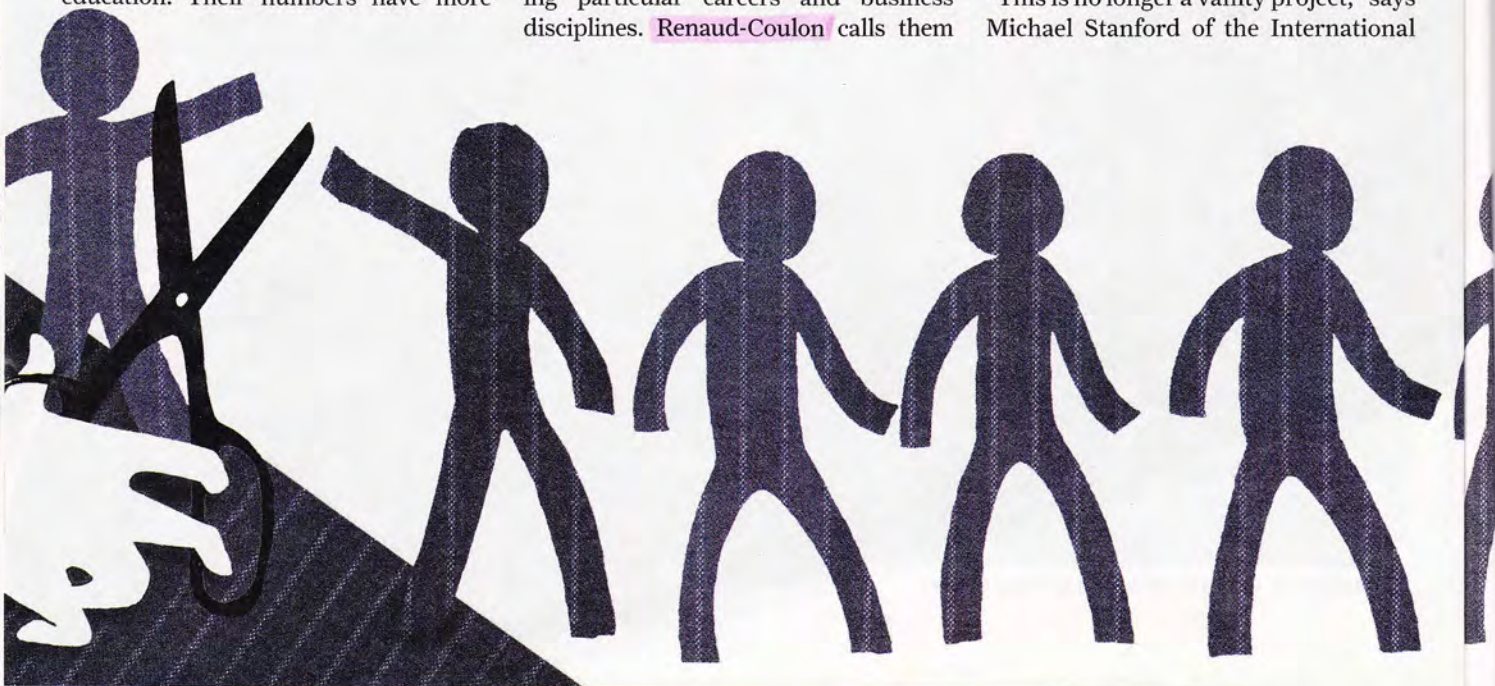
BY MAC MARGOLIS

ILLUSTRATION BY DAVID GOLDIN

than doubled in the last decade and now top 4,000, according to **Annick Renaud-Coulon**, who chairs the Global Council of Corporate Universities. More than 4 million individuals are studying at a company university, where by some estimates enrollments may soon outnumber those of traditional universities. Once a luxury for the Fortune 500 brands, the corporate academy is now standard practice, with every self-respecting business boasting a campus or sharing one with other companies. Unlike traditional universities, corporate campuses generally do not grant degrees (though many partner with traditional colleges that do), concentrating instead on short-term immersion courses tailored to enhancing particular careers and business disciplines. **Renaud-Coulon** calls them

"spaces of applied education to put business strategies into motion."

The concept is not new. McDonald's had its budding sous-chefs flipping burgers at Hamburger University in Oak Brook, Illinois, as early as 1961. But as market opportunities have expanded, so have the demands on the workplace. Employees must be able to communicate and work in teams. Moving easily in varied cultures now counts as much as mastery of quantum mechanics. In some countries, where traditional classroom education has failed, companies find themselves teaching reading and writing. Others impart nuances of strategy, logistics, and technology that normally take years of hands-on experience to acquire. Everywhere, an increasingly advanced economy makes the corporate learning curve steeper. "This is no longer a vanity project," says Michael Stanford of the International



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BIG COMPANIES ARE SETTING UP UNIVERSITY CAMPUSES ALL OVER THE WORLD TO HELP PRODUCE THE KINDS OF EMPLOYEES THEY MOST NEED.

School of Management Development in Lausanne, Switzerland. "Companies are taking much more seriously the idea that learning and development are competitive tools. Businesses that don't do this are not going to get as much out of their employees."

Corporate academies are as varied as the brands they represent. Legacy companies like General Electric and Siemens keep schools around the world, shadowing their imperial footprint. Motorola's international campuses are identical, down to the blackboards and furniture color scheme, whereas GDF-Suez is so radically decentralized that its Paris-based corporate university can simply influence, and not impose, local programs on its worldwide campuses. Russia's Oboronprom (United Industrial Corporation) is a totally mobile university that dispatches teams of instructors to hold two- and three-day seminars to

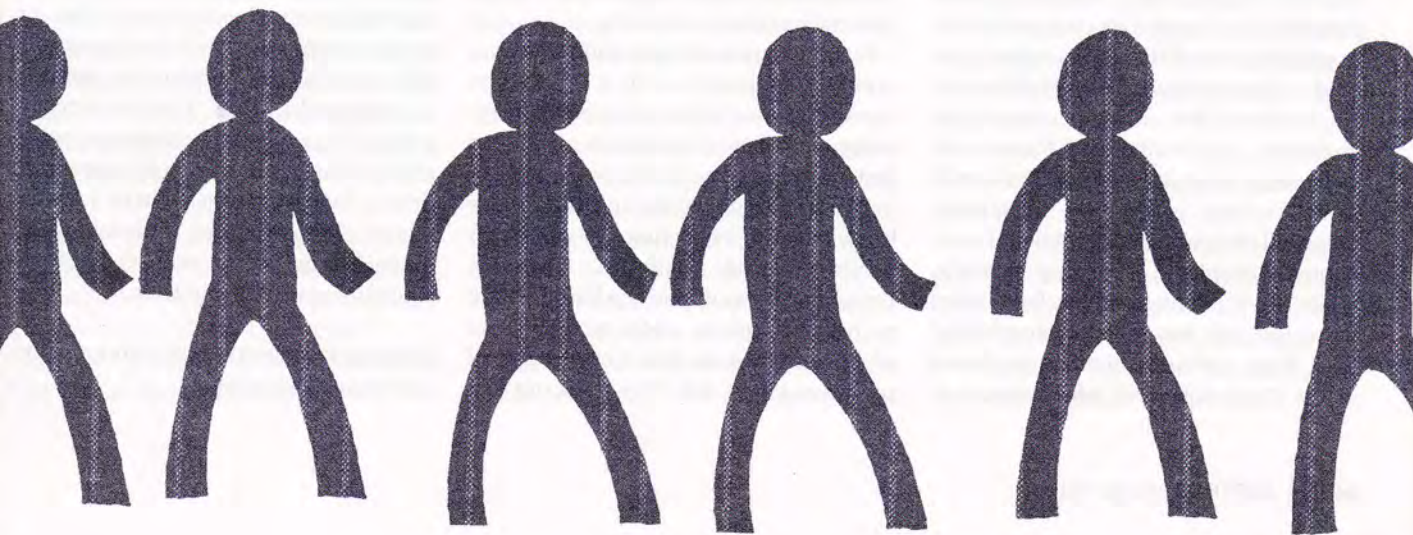
employees at 20 different helicopter- and airplane-assembly plants. The Chinese computer-parts giant Huawei hired starchitect Norman Foster to design its four-building university complex in Beijing. Dell University, fittingly, is completely virtual.

Not surprisingly, some of the most striking examples of corporate learning are in emerging Asia, Central Europe, Latin America, and Africa. Few are doing as much as Infosys. With two heliports, a professional cricket stadium, a palm-studded pool, and a three-screen multiplex housed in a mirrored geodesic dome, the Infosys Global Education Center in Delhi looks like a cross between Disney's Epcot Center and Las Vegas. The \$120 million complex already puts Delhi's new Commonwealth Games venues to shame—and a \$150 million expansion is in the works. Each of the 14,000-odd recruits has his own room and computer worksta-

tion, an opulence unheard of at the typical tech-starved university campus in the rest of Asia. Much of the coursework and testing are conducted online.

But what really stands out is the curriculum. Young engineers undergo a program equivalent to an advanced computer-science degree. To increase the employability of future recruits, Infosys also trains hundreds of university instructors to teach the basic communication and problem-solving skills essential for working in diverse markets. "What we do is to bridge the gap between what the academic institutions do and what industry requires," says Infosys CEO Kris Gopalakrishnan, who describes the campus as more like a well-endowed U.S. university than a modestly equipped Indian one.

Not long ago, such elaborate efforts might have seemed superfluous. Big businesses had their pick of the finest



BY SOME ESTIMATES THE ENROLLMENT AT CORPORATE UNIVERSITIES MAY SOON SURPASS THE NUMBER AT TRADITIONAL UNIVERSITIES.

minds from world-class universities, scooping young managers, engineers, and IT whizzes straight off the commencement dais. Today, with new technologies and management methods constantly tested and toppled in the crucible of the workplace, businesses have developed learning needs of their own. And some skills simply cannot be bought or outsourced. Every year campuses disgorge engineers, economists, and managers, but few are schooled in the fine points of producing bio-fuels, assembling aircraft, or moving millions of tons of ore across oceans. Furthermore, a large chunk of the workforce—50 percent of hydropower experts in Sweden and 45 percent of oil engineers at Petrobras—are set to retire, threatening to take with them decades of experience and institutional memory. “You can go to business school and learn about global-supply-chain management and leadership,” says Stanford. “What is not easy is to learn about ways that are applicable to your business.”

The challenge is even more daunting in developing nations, where failing traditional education forces companies to teach the basics. India's software powerhouse Infosys started its own university in part because of the reality reflected in studies like a recent one by McKinsey & Co. that found that only 25 percent of new engineers, 15 percent of new finance and accounting graduates, and 10 percent of overall college grads were adequately prepared to work for multinational companies. “People in emerging markets, while often talented, suffer from what we could call last-mile employability,” says Vijay Govindarajan, a professor at the Tuck School of Management at

Dartmouth. “They lack communications skills, don't know how to work in teams, are extremely theoretical, and are taught to be overly obedient. These are problems that companies have to correct.”

In Brazil, the skills void is even more dramatic. Often blue-collar laborers at even the biggest corporations lack rudimentary education. “Teaching math and Portuguese is not part of our core business, but because of flaws in the educational system we frequently find ourselves in that role,” says Desiê Ribeiro, education manager at Vale, which gives classes in railway cars along the country's vast rail network. It's worse in Vale's overseas outposts, such as Mozambique and New Caledonia, where the company had to teach miners basic excavation skills and train local suppliers in business management.

In response, some companies are taking their education down the learning chain. Infosys picks bright but often poorly trained recruits and turns them into world-class techies on its own campus. Recruiters at Siemens, the Munich-based tech and energy multinational, go into high schools—and in some cases even grade schools—to generate student interest in science and math.

But the corporate education is also a symptom of progress. In a time when companies are often pioneering technology and innovation, there are things that no school can teach. No engineering school, for instance, can trump Vale's knowledge of extracting ore from the harsh Amazon rainforest. Likewise, Petrobras is about to probe for oil where no one has before, under 2,000 meters of seawater and another 5,000 meters of rock, sand, and salt. “We need not just

petroleum engineers, but professionals versed in microbial carbonate reservoirs,” says Ricardo Salomão, general manager of human resources at Petrobras University. “Not much is known about this anywhere.”

The classroom investments are paying off. Thanks largely to its prowess in offshore oil—now part of the core curriculum at Petrobras University—the Brazilian major currently controls 24 percent of deepwater operations. And as it begins to pump from its new deepwater reserves, it will need to add 8,000 to 9,000 new employees by 2015, far outstripping the supply of university graduates. By reeducating recruits and honing young staff, Infosys's university is leapfrogging the faulty Indian educational system to create software engineers from graduates in other disciplines, which has in turn propelled the company's blistering revenue growth of 20 percent to 40 percent a year.

Not everyone is happy about this arrangement. Many traditional academics won't hear of putting “university” and “corporate” in the same sentence and claim that business is enslaving universities to the profit motive. Academics in Australia complained so bitterly that corporate universities there had to rebrand with names like “leadership centers,” says *Renaud-Coulon*. There is certainly a case to be made for disinterested scholarship. But in an economy increasingly driven by knowledge, where talent is scarce and corporate universities are outpacing traditional ones, the protests sound increasingly academic.

With STEFAN THEIL, JASON OVERDORF, and TRACY MCNICOLL