

A 21st Century Challenge: Can Higher Education Provide for SMEs What the Corporate Universities Provide for Corporations?

J. Michael Alford
The Citadel

Abstract

This paper describes the recent growth of the Corporate Universities and their role in workforce education. It then challenges Higher Education to investigate its activities in this area to determine if it is measuring up or needs to revamp its relationships with Small and Medium Enterprises(SMEs) in order to help SMEs achieve and maintain competitive advantage in the increasingly complex business environment of the global economy.

Introduction

The increasing complexity of business and the pressure of global competition dictate that both large firms and SMEs participate in programs which will enable the development of distinctive competencies and skills through which they can obtain competitive advantage. Many larger firms have approached this situation through the development of the Corporate University (Meister, 1998). SMEs, however, typically lack the resources for such an undertaking and depend upon consultants, institutions of higher education, firms which provide seminar type training, and providers of equipment and technology for education and training programs. Such arrangements tend to lead to a piecemeal approach to the process. This situation is compounded by the fact that many of the government and foundation sponsored programs such as technology assistance and tax incentives require expertise which the typical SME does not have.

The Corporate University

The dissatisfaction with the product of the United States secondary school system has been debated for many years. The U.S. spends about \$619 billion per year on education(9.8 per cent of gross domestic product)(Meister, 1998). It has been stated by elected officials that the secondary school systems from which most employees come are seen as producing graduates who cannot read their own diplomas. Graduates from earlier years are facing a continual change in the complexity of their jobs because of technology applications in the workplace and expanded markets and business relationships in the global economy. However, some report that the most serious problem is not the output from the public school, but inadequate education and training programs for the workforce(Bowsher, 1998). A 1994 report by the Conference Board indicated that 98 per cent of respondents to a questionnaire stated that despite reengineering, downsizing, and restructuring, companies need to gain higher performance from their workforce (Csoka,

1994).

These concerns have caused many corporations to develop **ACorporate Universities.** This activity was reported by Meister in 1994 under the heading of Corporate Quality Universities. Currently, some \$60 billion is spent on Corporate University operations each year. The high level of attention that this area is receiving is revealed by the fact that there are now some 1,000 Corporate Universities, whereas, there were only 400 in 1988 (Meister, 1998). The goal of the Corporate University is not to provide the typical academic university type education, but to provide in-house education and training tailored to meet corporate priorities.

General Motors, for example, was a pioneer incorporate education with the establishment of General Motors University to train its automotive engineers and designers. GM reviewed its education function in 1994 and found a number of weaknesses such as redundant courses, courses not related to its strategic priorities, an inability to transfer or share best practices, a shortage of skills, and poor distribution of talent which was causing business imbalances. GM has reorganized its University to play what is seen as a major role in GM's drive to be the world leader in transportation products and related services.

The United States does not have a monopoly on the Corporate University. The fact is that the leaders in the Corporate University movement are global and multi-national organizations. Also, a list of sponsors of the 1998 Corporate Education Benchmarking Survey (presented by Raytheon and conducted by Corporate University Exchange) includes among its sponsors the American Assembly of Colleges and Schools of Business (AACSB) and the European Foundation for Management Education. Thus an academic and international interest are reflected. The desire of firms to have the Corporate Universities become profit centers has led them to seek customers outside the firm. The first obvious clients are their own suppliers and customers. The idea of having one's employees, suppliers, and customers attending the same program could lead to visions of a corporate **Asuperculture** which would be based on the programs being oriented to the strategic vision of the corporation conducting the program. The leadership of AACSB is currently studying the relationships between AACSB, corporations, and higher education.

Activities Of Corporate Universities

A special Advertising section of the January 12, 1998 Fortune magazine indicates how active the Corporate Universities are becoming. Raytheon describes its providing of training and education for a major automotive manufacturer and Jim Miller, Raytheon's executive director, commercial training, states,

The ultimate aspiration of many of our clients is to create a corporate university, but they travel different paths at different speeds to get there. Our solutions are highly customized to meet the client's needs.

UNISYS calls its corporate university a **ACareer Fitness Center.** The University of Wisconsin and Louts Development have a partnership aimed at modifying traditional classroom delivery methods into a distributed learning solution.

In March of 1998, a symposium was held for corporate university practitioners. The theme of the symposium was "Designing A Virtual Corporate University." The major areas of discussion were the forming of corporate/college partnerships, use of technology to accelerate learning and the linking of education to business goals.

A recent survey conducted by Corporate University Exchange, Inc. included the deans of 100 Corporate Universities and the following best practices in corporate university education were reported.

1. Align the goals of education to the strategies of the business. The Chief learning officer in the organization is responsible for linking education to critical business strategies.
2. Involve leaders as learners and faculty. Top management is increasingly committed to and involved in the learning process. Chief Executive Officers are spending at least one day per month facilitating the learning process.
3. Use technology to measure, track, and accelerate learning. Combinations of high-tech and high-touch result in fun, entertaining, and engaging programs. It is predicted that the current 20 per cent of technology delivered programs will increase to 50 per cent by the year 2000.
4. Develop a range of innovative alliances with higher education. Joint degree programs are increasing. At this time the degrees are primarily at the graduate level. Such programs are replacing the practice of tuition reimbursement and enable the Corporate University to impact the types and skills and knowledge needed for success in an industry.
5. Use the Corporate University as a branded competitive advantage and a profit center by marketing their expertise in training programs to outsiders.

The approaches of the Corporate Universities vary greatly. They range from formal classroom instructions to efforts to eliminate the classrooms and have learning activities be a part of the normal work routine. Dell University's Vice President Joe Cone is pushing for a rapid move from the classroom and seminar setting. He states, "Our job is not to create work-centered learning. That's what I worry about when it comes to corporate universities because we think of them as learning institutions stuck in the workplace. We have to create learning-centered work and stop creating entities that are definable as *the* university or *the* training program, and start putting the learning right into the way people interact and the way people work." (Meister, 1997) Mr. Cone is a forward looking individual, but it must be pointed out that Dell started with a classroom based program and is now offering more and more training via web site. There is probably not a single model which will fit all Corporate University delivery requirements. The main thing is that in general the Chief Learning Officers realize that the programs must be geared to respond to the rapidly changing world of competition and maintain a focus upon the competitive strategy of the firm.

The Role Of Higher Education In SME Programs

The growth of the corporate university programs presents Institutions of Higher Education with the challenge and opportunity to ask whether Higher Education is providing programs which can assist SMEs in achieving and maintaining competitive advantage. The employees of SMEs are drawn from the same universe as those of the large firms which have developed the Corporate University programs. Therefore, it appears that the SMEs will have similar needs in employee development, education, and training as do the large firms. A slight difference may exist because employees of the SME will likely have a closer linkage with top management than lower or even mid-level employees of the large firms. This difference does not decrease the need for education programs for SMEs, but it can work to SME advantage by allowing faster face-to-face exchange of information and faster follow up on ideas. Designing and conducting such programs will allow higher education to truly bridge the gap between academia and business. It will create stronger and mutually beneficial bonds with the business community. This is seen to be of long term benefit to academia, business, and the community at large. The results may include a consulting relationship between the educational institution and the firm which can also benefit the regular students of the institution through their involvement in appropriate projects.

The fact that accrediting agencies for higher education are seeing such community service as a necessary part of the institution mission should also be considered (AACSB, 1994). This pressure on Higher Education from accrediting agencies to include service to the community in the institution mission is drawing some response. However, much of the response is based upon the concept of having Small Business Centers, Small Business Development Centers, or business incubator programs which focus on assisting one firm or a limited number of firms. Also, the focus tends to on specific or limited problems of the firms.

Bernier (1998) describes some of the issues facing the SBDCs in the United States in determining how and where their efforts should be focused. At a session of the 1996 meeting of the International Council for Small Business, a plan for how Sweden might coordinate its efforts in assisting SMEs was presented. The focus was on having common efforts in consulting practices for those working with the SMEs. Again, we see a focus on solving individual and specific problems without the consideration of a much broader approach of developing methods to understand how the assistance, education, and training should fit into the strategic vision of the firm.

Of course, we have the easier said than done situation facing Higher Education in regard to developing programs for SMEs. One problem is the lack of resources on the part of both Higher Education and the SMEs to devote to such far reaching programs. Some state supported educational institutions are operating with 70 to 80 per cent of the funds called for in the state budget formulas and private institutions are continually seeking ways to increase revenues. A typical SME does not have the revenues to develop its own corporate university nor do they have enough personnel to provide clients for one. However, it should be possible for Higher Education to develop better ways to pool the resources of SMEs so that the corporate university benefits

could accrue to SMEs. Transferring the Corporate University concept to the lend of the SME might be a way to increase the revenues and capabilities of Higher Education while providing broader and more long term benefit to the SMEs which are served.

Some Thoughts On The Subject

A quick review of the programs and activities of those institutions with top rated entrepreneurship programs reveals that Higher Education has the skills and ability to develop programs which can better serve the needs of SMEs. For some of those without programs in place there is a fear of lack of financial resources to start such programs. In fact, the start up cost can be low, by obtaining exposure through cooperative efforts with organizations such as the Chamber of Commerce (COC) and professional organizations. Higher education can use such alliances to transition from start up to a complete program with little expenditure of funds. For example, the COC will pay advertising costs of programs and recoup their costs through program fees and share proceeds with the institution. The COCs tend to offer short seminars, so there would need to be a change in thinking to develop more far reaching programs. The American Production & Inventory Control Society (APICS) offers programs through its local chapter to educate and train members for certification in different technical and professional areas related to the profession. APICS has emphasized programs dealing with enterprise resource management in recent years, so the organization has an awareness of the need to expand efforts for workforce education. APICS or similar professional associations could be approached with an offer to conduct additional programs for the companies represented in its membership. In fact, one is hard pressed to find an industry that does not have some type of professional organization with the aims of providing education and training for its members.

The opportunities to provide SMEs a corporate university education and training environment will vary greatly with the location of institutions of higher education. Those in or near large metropolitan areas have the opportunity to explore common vases of education and training which would apply to a large number of SMEs in the same industry. Typical industries might be electronics, computer hardware, automotive parts, and the hotel/motel industry. Most importantly, higher education could offer the SMEs the opportunity to participate in high quality education programs without the high cost of establishing their own corporate universities. Through discussing needs with the SMEs, programs can be developed which can satisfy members of several firms sharing the cost of a program and individual firms can have programs of lesser magnitude tailored for use on the premises of the SME or at an agreed upon site off premises.

Meister (1994) and Bowsher (1998) have identified several important considerations for the establishment of programs to serve the workforce. These factors are based on what are considered the core workplace competencies which enhance competitive advantage. They include:

- Learning skills*: showing commitment to self-development and constantly improving the ability to learn new skills and competency

- Basic skills*: the basic skill set of reading, writing, and mathematics to handle increasing job demands

-Interpersonal skills: listening, communication, conflict resolution and networking

-Creative thinking and problem-solving skills: possessing the cognitive skills to go beyond sequential thinking to creative problem solving

-Leadership and visioning: empowering co-workers and help enable a group to envision the future business aims of the firm and managing a diverse workforce.

-Self-development and self-management: historically, we have referred to those with these traits as self-starters. People who could map out and manage career development needs and manage day-to-day activities with little or no direct supervision.

Achieving the ability to operate with these core competencies requires a change in the way of thinking and acting on the part of all members of the organization. It requires understanding the corporate values and culture. Recent emphasis on customer satisfaction has helped many organizations to approach a high level of achievement in the core competencies and play an important role in the development of the Corporate University.

Institutions of higher education can use the information above and obtain additional information from the Corporate University Exchange (www.corpu.com) as well as contact local business service and professional organizations such as those mentioned above to help determine the needs of the local SMEs.

Which Institutions Can Lead In Answering The Corporate University Challenge?

Each year, several academic and business journals and magazines publish lists of top rated entrepreneurship programs. The September 1977 issue of Journal of Business Venturing published a list of 30 such programs. These institutions have the seeds of a national movement in Higher Education to provide SMEs significant education and training through the development of corporate university type programs. The current range of offerings by these institutions is varied and some have offerings ranging from undergraduate programs to graduate programs at the masters and doctoral level, distance learning, and programs tailored for the workplace. If these institutions could examine their programs in terms of generating offerings based upon the critical success factors of an industry, they might enable SMEs to pool resources and start the journey to what might be called the SME University. A viable alternative, of course, is to partner with a corporate university as the University of Wisconsin has.

Conclusion

This paper has identified an area which Higher Education should investigate and act upon if it is to meet the challenges of the 21st century. The SMEs have a critical need to have the same quality of education and training programs as the large firms receive through the Corporate Universities. A discussion of past efforts on the part of Higher Education to Abridge the gap@with

business was avoided here because we need to redirect our efforts toward doing for the SMEs the same thing that the Corporate Universities are doing for their clients. It is hoped that this paper will serve as a wake-up call for Higher Education. We are faced with a significant challenge in bridging the gap between academia and industry in the 21st century. This challenge is the growing number of Corporate Universities who are seeking more customers for their programs. Corporate Universities are operating on an international scale and are beginning to partner with trade associations and foreign and domestic government agencies. Through their involvement with professional organizations, SME management likely will soon be demanding the same SME University programs. If Higher Education takes action now, we can provide these programs. If not, we risk default to the Corporate Universities.

References

Standards for Accreditation: Business Administration and Accounting, Nineteen Ninety
Ninety Four/ Ninety Five, AACSB, St. Louis, MO, 1994.

Bernier, Robert E., The SBDC Dichotomy and Reconciliation Through Reflective
Practices, @Proceedings: United States Association for Small Business and
Entrepreneurship, Clearwater, FL, Jan 15-18, 1998.

Bowsher, Jack E., Revolutionizing Workplace Performance, Jossey-Boss/Pfeiffer
Publishing Company, San Francisco, 1998.

Cone, John, Dell University's Radical Concept of Embedded Learning, @
CORPORATE UNIVERSITY INTERNATIONAL, November/December 1997.

Csoka, L., The Human Performance Gap, @The Conference Board, New York, 1994.

Meister, Jeanne C., Corporate Universities: Innovators in Educating the Workforce, @
FORTUNE, January 12, 1998, pp. S1 - S10.

Meister, Jeanne C., Corporate Quality Universities: Leaders in Workforce Development,
Irwin Professional Publishing, Burr Ridge, IL, 1994.