

CONCLUSION

STUDENTS FOR LIFE:
**WHY EXECUTIVES
MUST CONTINUALLY
UPDATE THEIR WISDOM**



AUTHOR

By Krishnan Ramanujam

Vice President and Global Head, Consulting & Enterprise Solutions,
Tata Consultancy Services

Companies today must get smarter, faster, and lighter at ever-increasing speed. This challenge will weigh most heavily on top management at big organizations, both at the corporate and divisional levels. They risk making their firms, and themselves, obsolete if they cannot learn new business models, new strategies, and new ways to organize work—even new ways of thinking—more quickly than in the past. The half-life of business knowledge is quickly diminishing—accelerated by game-changing technologies that enable companies to transform themselves quickly as the world changes.

Last year, when asked about the most important trait of a successful leader, General Electric CEO, Jeff Immelt, answered that it is the ability to learn new things. “You need to be a learner,” he told Fortune magazine. “If you want to be successful, you have got to have an antenna up all the time, and you have got to be open to new ideas. You have got to be grabbing every new thought you can come up with. And you can never feel like you are safe in anything you do.” That is why GE spends \$1 billion every year on education and training.⁶³

⁶³ GE, accessed July 10, 2016, <http://www.ge.com/au/careers/why-ge/training-and-development>

It is also why other companies are now upping their commitments to more regularly updating the mindsets of their top people. Executives who believe their biggest learning days are in the past will be in for a rude awakening, as an increasing number of leading academics, business magazines, and CEOs like Immelt are saying.

So how must executive learning change to keep executives and their companies competitive? It needs to go beyond developing the skills that are relatively timeless: project management, personal communications, time management, etc. It also requires a clear understanding of the current shape of the business, the future trends that will reshape it, and most importantly, executives' ability to challenge and change how they think.

2.3 billion consumers today actively use social media and 2.1 billion use smartphones

Before examining how executive learning needs to change, let us first look at why today's prevailing business wisdom will not have the shelf life of the wisdom that preceded it.

THE RAPIDLY DECLINING HALF-LIFE OF BUSINESS KNOWLEDGE

Many companies today are under unprecedented pressure to become smarter, faster, and lighter. However, if senior executives operate under obsolete notions about how to achieve those goals, their initiatives will fall short. They could even fail altogether.

How so? Consider the world of consumer products marketing. Given that 2.3 billion consumers⁶⁴ today actively use social media and 2.1 billion use smartphones,⁶⁵ marketing strategies and tactics have undergone a sea of change. Renowned global brand builders such as Procter & Gamble, Nestle, and Unilever have dramatically altered the ways they create awareness and demand in the last 10 years. They, and other big consumer firms, have deep partnerships with companies that were not around at the turn of the 21st century (or were in their infancy): Facebook, Google, Twitter, and Alibaba, to name just a few.

Just consider how fast the world of Nestle's senior marketers has evolved. In investor presentations today, the \$87 billion food, water, and chocolates giant uses terms that would have mystified both Wall Street and Madison Avenue in the 1990s: 'global mobile app consumer engagement platform', 'end-to-end eContent lifecycle', and 'digital acceleration team', to name a few.⁶⁶ In fact, \$3 billion of Nestle's business in 2015 came from selling directly to consumers online, a business whose revenue has grown an average 16% annually since 2011.⁶⁷

Business functions outside of marketing could tell a similar story of rampant alterations in the ways they work, especially customer service, R&D, and sales. The cost to a company of a top management team that operates with an outdated picture of the world can be severe.

Yet it is perfectly understandable how it happens: the world is shifting under executives' feet far faster than ever, but some do not feel it.

⁶⁴ Wearesocial.com, January 27, 2016, accessed July 20, 2016, <http://wearesocial.com/uk/special-reports/digital-in-2016>

⁶⁵ eMarketer Worldwide Internet and Mobile Users, Cindy Liu, August 2015, p. 15, accessed July 20, 2016, https://insights.ap.org/uploads/images/eMarketer_Estimates_2015.pdf

⁶⁶ Nestle, Investor Presentation, 2016, p. 40, accessed July 20, 2016, http://www.nestle.com/asset-library/documents/library/presentations/investors_events/investor-seminar-2016/nis-2016-11.pdf

⁶⁷ Ibid

Yet the signs are everywhere. Here are three of the most significant ones:

Percentage of companies on Fortune 500 list that disappeared



1 The shrinking fortunes of very big companies.

We all know that thousands of small companies disappear every year. But even the biggest companies are succumbing, or at least falling off their lofty perches, faster. Between 1995 and 2015, 57% of the companies on the Fortune 500 list disappeared, up from 45% that fell off the 1955 list by 1975. What might make even more than 57% disappear by 2036? The acceleration of technology. In a 2015 survey, the magazine asked Fortune 500 CEOs about their companies' biggest challenges. They rated the rapid pace of technological change as No. 1. What is more, 94% said that in the next five years, their firms would change even more than they had in the last five years.⁶⁸ Why do so many large companies lose their way? They lose touch with the world around them.

Articles published in academic journals



2013 **2.4 million**

2003 **1.3 million**

2 An explosion of better ideas about how to run a business.

So many more ideas are out there today about how to optimize a business, especially ideas based on academic research. Unlike less tangible signs of tumult, this one is easier to measure. The total number of articles published in academic journals jumped 85% between 2003 and 2013, from 1.3 million to 2.4 million.⁶⁹ In the last 30 years, the number of academic periodicals (including business) has more than doubled, from 95,000 in 1985 to over 230,000 a year ago.⁷⁰ More knowledge means more theories and more approaches to how businesses should work, how diseases should be addressed, how social issues should be tackled, and so forth. With so many more competing ideas about how business should be conducted, it is becoming much easier to be guided by obsolete concepts.

Number of academic periodicals



2015 **230,000**

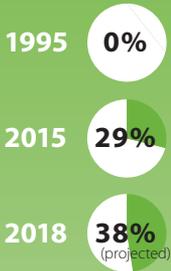
1985 **95,000**

⁶⁸ Fortune, 5 things you didn't know about the Fortune 500, June 4, 2015, accessed July 20, 2016, <http://fortune.com/2015/06/04/fortune-500-facts/>

⁶⁹ STM, The Stem Report: An overview of scientific and scholarly journal publishing, Fourth Edition, March 2015, P. 28, Accessed July 11, 2016, http://www.stm-assoc.org/2015_02_20_STM_Report_2015.pdf

⁷⁰ Proquest, How We Used to Build the Future: 30 Years of Collection Development Trends, citing statistics from Ulrich in a May 28, 2015 SlideShare presentation, slide 9, accessed July 12, 2016, <http://www.slideshare.net/NASIG/nasig2015-30-years-of-collection-development>

Percent of advertising dollars spent online, 1995–2018 (projected)



3 Far-reaching changes in virtually every profession.

You only have to look at marketing to see how prevailing practices are becoming obsolete faster in every business domain. Twenty years ago, internet advertising was largely a foreign concept. Print and broadcast media were where chief marketing officers and their advertising agencies spent the marketing dollars. Fast-forward to 2015, and that picture changes drastically. Online advertising (seen on desktop and mobile devices) commands 29% of the global advertising pie, and is projected to snare 38% by 2018. If that happens, the Internet will top TV as the largest advertising medium. Advertising executives who think they are still largely in a *Mad Men* world of print campaigns and TV jingles should think again.⁷¹ In many ways, the world has changed even faster in fields such as IT, manufacturing, research & development, and customer service.

Along with these three signs, many other signs tell us that a great deal of today's business knowledge is not likely to be right next year or the year after. But whether you believe them or not, many companies have already acted as if they are a fact of life.

Over the past three decades, the data shows that companies—worrying that their executives' knowledge may go the way of the dinosaur—have built their own places of higher education. In 1985, only 18 U.S. companies had corporate universities, or places where they could educate employees and develop skills. General Motors was among the first of these, developing its in-house program in 1920. By the 1970s others had followed suit, such as Fiat. By 1997, that number grew to 1,000, and then it doubled again to about 2,000 by 2007. Today, an estimated 4,000 companies around the world have their own formal universities.⁷²

⁷¹ ZenithOptimedia, Executive summary: Advertising Expenditure Forecasts March w2016, March 2016, accessed on July 27, 2016, <http://www.zenithoptimedia.com/wp-content/uploads/2016/03/Adspend-forecasts-March-2016-executive-summary.pdf>

⁷² Boston Consulting Group, Corporate Universities: An Engine for Human Capital, accessed July 12, 2016, https://www.bcgperspectives.com/content/articles/human_resources_leadership_talent_corporate_universities_engine_human_capital/?chapter=2#chapter2

Percentage of business schools worldwide with non-degree executive education programs



Source: AACSB International, Business School Questionnaire

Companies that are not building college campus-type buildings are sending their executives off to accredited business schools in large numbers. To meet the voracious demand for executive education programs, more business schools are offering them. The percentage of business schools worldwide with non-degree executive education programs has risen steadily, from 34% in 2003 to 44% in 2013.⁷³

All of this demonstrates that companies are worried their executive teams may be operating under outdated beliefs about their markets, customers, competitors, and how to do business. The worries are valid. It is natural for highly successful executives at highly successful companies to rest on their laurels and believe they have all the answers.

Bill Taylor, co-founder of *Fast Company* magazine and author of the new book ‘Simply Brilliant: How Great Organizations Do Ordinary Things in Extraordinary Ways,’ explains it this way: “Why is it so hard to make deep-seated, meaningful, long-lasting change in long-successful companies? The longer you have been in a discipline and the higher up the ranks you go ... it becomes hard to open your eyes and minds to new ways of solving longstanding problems. ... It takes a real act of leadership willpower to make sure that what you know does not limit what you can imagine.”⁷⁴

As Taylor believes, “leaders should take a gut check to understand whether they are learning as fast as the world is changing.”

⁷³ AACSB International, Exec Ed Rise Continues, This data was based on a controlled set of 409 business schools accredited by AACSB, August 21, 2013, accessed July 12, 2016, <http://aacsbblogs.typepad.com/dataandresearch/2013/08/exec-ed-rise-continues.html>, The 2003 data was based on an AACSB blog post on April 2, 2011, accessed July 12, 2016, <http://aacsbblogs.typepad.com/dataandresearch/2011/04/exec-ed-on-the-rise-1.html>

⁷⁴ Business Model Sandbox, Bill Taylor: We Must Learn As Fast As The World Is Changing, accessed July 11, 2016, <http://sandbox.businessinnovationfactory.com/podcasts/bill-taylor>

FIVE WAYS IN WHICH EXECUTIVE LEARNING NEEDS TO CHANGE

Is your team that fast? And, if not, how can you help them stay current with the fundamental changes in the way your industry, customers, and competitors operate? First, help them understand that learning does not end after graduation or after a promotion to the C-suite. In fact, one could argue that learning today must be accelerated for those people who are shaping the destiny of a large company.

Here is some other advice based on the practices of companies that are ahead in the game of keeping executive worldviews current:

1. Get the best educators from the best sources. Companies such as Unilever, Apple, and GE sought out prominent business school professors to lead their executive education initiatives. Unilever went to professors at business schools such as Cambridge University, INSEAD and others to design and teach the programs on its two campuses (one in London, the other in Singapore). Apple hired the dean of Yale's business school (Joel Podolny) to run its little-publicized executive learning program, Apple University.⁷⁵ Getting the very best experts in each field will mean cherry-picking them from multiple institutions, not just one.

2. Make the learning immediately applicable, not theoretical so executives use the new insights right away. The corporate university at German airline Lufthansa continually revises its curriculum so that it is in line with the company's strategy.⁷⁶

⁷⁵ The Economist, Keeping it on the company campus, May 16, 2015, accessed July 12, 2016, <http://www.economist.com/news/business/21651217-more-firms-have-set-up-their-own-corporate-universities-they-have-become-less-willing-pay>

⁷⁶ Boston Consulting Group, Corporate Universities: An Engine for Human Capital, accessed July 12, 2016, https://www.bcgperspectives.com/content/articles/human_resources_leadership_talent_corporate_universities_engine_human_capital/?chapter=2#chapter2

3. Create education that is irresistible—and not optional. Continual learning is no longer a luxury that executives can do when they ‘find the time’. But consider highlighting the carrot rather than the stick. Executives should know that a growing body of leadership research ties ‘the ability to learn’ to ‘promotion potential’. For example, research from executive recruiter Korn Ferry has found that people with high learning agility get promoted much faster—twice as many promotions over 10 years as managers with low learning agility.⁷⁷ Learning agility refers to someone’s interest and ability to grow from experience and use that learning to succeed in a new experience.

4. Make learning illuminating, not dreary. Executives have short attention spans. They also have day jobs. It is hard for them to learn often radical-sounding ideas about the business and their area of expertise if the course content is arcane, boring and not visual (i.e., mostly text). What is more, it needs to be presented in shorter, more digestible chunks. Expecting executives to learn about the A to Z of digital strategy in six months of courses is unrealistic. That learning, at the least, needs to come in smaller but highly informative and highly useful pieces. Overall, corporate educators must make sure the learning content passes the ‘wow’ test: Does it make sense? Is it interesting? Does it provoke? And does it instruct on what to do next?

5. Ensure it’s convenient. If executives are to continually learn important new things about their field, the education must be highly accessible. Expecting managers to go offsite or even just into the next building for days or weeks at a time is not realistic. The rapid rise of online learning—so-called Massive Open Online Courses—shows it is indeed possible to educate executive’s right at their desks or on their smartphones. More corporate education has to be delivered that way, rather than at a monthly visit to the corporate training facility.

As digital competition continues to force established companies to re-think their business models and how they operate, they will have to treat executive learning as a necessity, not a luxury. Doing so will increase their ability to win at the now-perpetual game of getting smarter, faster, and lighter.

⁷⁷ Korn Ferry, Assessment of Leadership Potential guide, 2015, accessed July 11, 2016. http://static.kornferry.com/media/sidebar_downloads/KFALP_Technical_Manual_final.pdf

THE FIVE DEMANDS ON CORPORATE EDUCATION

THE PRACTICE	WHAT IT MEANS	EXAMPLES
Get the best educators from the best sources	Companies such as Unilever, Apple, and GE sought out prominent business school professors to lead their executive education initiatives.	Unilever went to professors at business schools such as Cambridge University, INSEAD and others to design and teach the programs on its two campuses (one in London, the other in Singapore). Apple hired the dean of Yale's business school (Joel Podolny) to run its little-publicized executive learning program, Apple University. Getting the very best experts in each field will mean cherry-picking them from multiple institutions, not just one.
Make the learning immediately applicable, not theoretical so executives use the new insights right away	Course content should draw heavily on real examples that illustrate key lessons, and provide questions that prompt executives to begin applying the lessons to their situations.	The corporate university at German airline Lufthansa continually revises its curriculum so that it is in line with the company's strategy.
Create education that is irresistible—and not optional	Continual learning is no longer a luxury that executives can do when they 'find the time'. But consider highlighting the carrot rather than the stick. Executives should know that a growing body of leadership research ties 'the ability to learn' to 'promotion potential'.	Research from executive recruiter Korn Ferry has found that people with high learning agility get promoted much faster—twice as many promotions over 10 years as managers with low learning agility. Learning agility refers to someone's interest and ability to grow from experience and use that learning to succeed in a new experience.
Make learning illuminating, not dreary	Executives have short attention spans. They also have day jobs. It is hard for them to learn often radical-sounding ideas about the business and their area of expertise if the course content is arcane, boring and not visual (i.e., mostly text). What is more, it needs to be presented in shorter, more digestible chunks. Expecting executives to learn about the A to Z of digital strategy in six months of courses is unrealistic.	That learning, at the least, needs to come in smaller but highly informative and highly useful pieces. Overall, corporate educators must make sure the learning content passes the 'wow' test: does it make sense? Is it interesting? Does it provoke? And does it instruct on what to do next?
Ensure it is convenient	If executives are to continually learn important new things about their field, the education must be highly accessible. Expecting managers to go offsite or even just into the next building for days or weeks at a time is not realistic.	The rapid rise of online learning—so-called Massive Open Online Courses—shows it is indeed possible to educate executive's right at their desks or on their smartphones. More corporate education has to be delivered that way, rather than at a monthly visit to the corporate training facility.