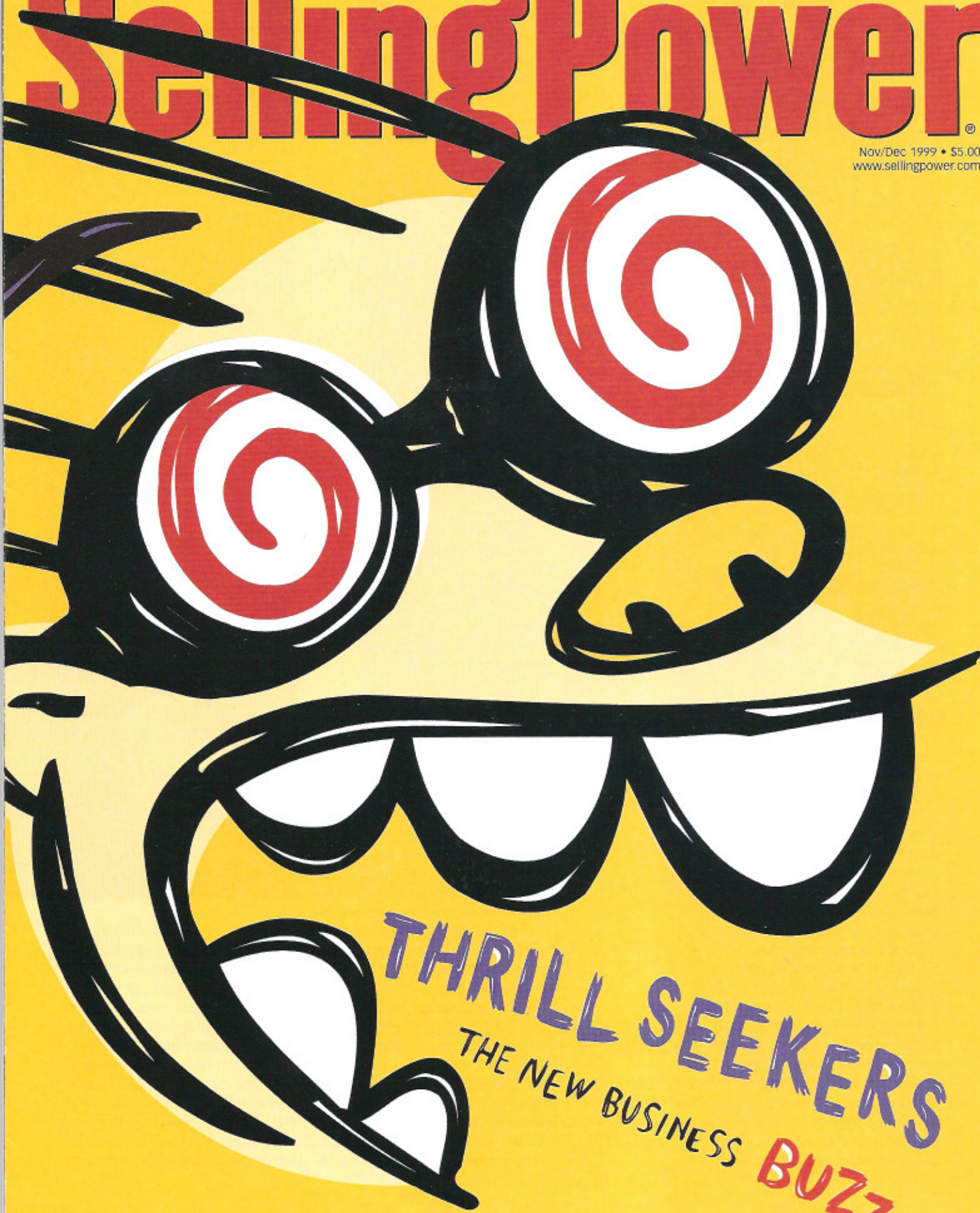


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THRILL SEEKERS
THE NEW BUSINESS **BUZZ**

The Corporate University Boom

Toyota is gearing up to school itself into number one position in the 21st century

THEY'RE HOT; they're growing; they're a phenomenon. In 1988, 400 U.S.-based corporate universities schooled thousands of company employees in the basics of their particular business. Today, 1,600 corporate universities teach hundreds of thousands of employees everything from sales and service to consumer trends and more. By the year 2010, and perhaps sooner according to Corporate University Xchange Inc., a research and consulting firm in New York, corporate universities will outnumber the nation's more than 3,700 traditional, accredited universities. What is going on?

"It's a phenomenon that has spread its wings in the last decade," says Adam Eisenstat, director of research and communications for Corporate University Xchange. "And definitely, there's no sign it's letting up."

What is a corporate university? Simply put, it's a large company's central, in-house umbrella for education. What does a corporate university do? It strategically aligns a corporation's training with its business goals. It wipes out fragmentation and redundancies common in companies where units share responsibility for training. It shapes corporate culture and customizes curriculum. It em-

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phasizes lifelong learning for employees, but also educates dealers, customers and suppliers.

Why the dramatic growth during the 1990s? More working adults want to keep learning. But many conventional colleges neglect to deliver what employees need to do their jobs in the 21st century. And instead of griping about higher education's irrelevance to the marketplace, more leaders in the fast-changing business environment have seized the reins — delivering courses to employee desktops and corporate classrooms through a myriad of technologies.

"The root of it is technology — the short shelf life of knowledge," Eisenstat adds. "Every day the developments come staggeringly fast. It's important to keep up with these technological changes."

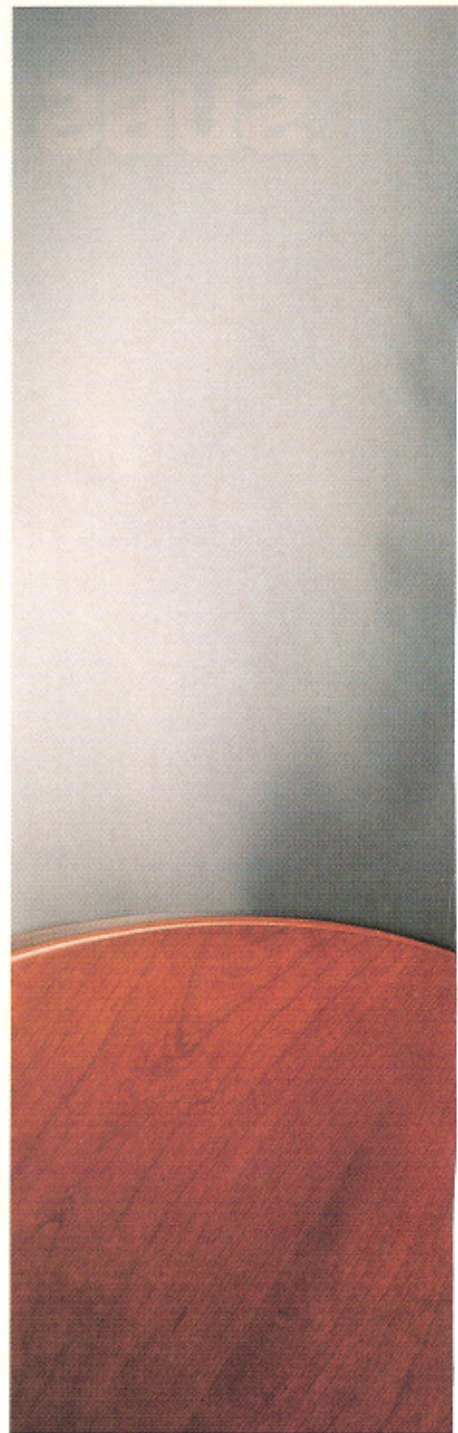
When asked to pinpoint the overriding force behind this boom in the business world, some of the leading corporate universities gave one overwhelming answer: The desire to improve employee performance and productivity, according to a 1999 survey by Corporate University Xchange.

If competing businesses boast similar equipment, one of them can gain an edge by relying on its own university to constantly channel cutting-edge knowledge to its staff, Eisenstat says. More than 90 percent of the top corporate universities surveyed by the Xchange deliver growing amounts of education through technology includ-

ing Internet, satellite TV, videoconferencing and CD-ROM.

Harnessing technology to accelerate learning "is on the rise in a big way," Eisenstat says. "New systems and new approaches — it's a lot of bells and whistles."

But many businesses must leverage the latest whistles and bells to stay ahead of the curve. Far-flung work forces and the breakneck pace of change in the technology and telecommunications fields prevent





the shuffling of employees into and out of classrooms.

IBM's university, one of the world's largest, with more than 10,000 courses, lacks bricks and mortar but employs 3,400 people in 55 countries. This virtual university offers more than 1,000 courses on the Web alone. IBM claims distance learning will save more than \$100 million in 1999 and curb disruption to employee lives.

To ensure survival of a corporate

university, the enthusiastic backing of senior management can go a long way. In 34 percent of the top corporate universities, the CEO teaches a class, according to the Xchange survey.

With traditional four-year colleges as partners, corporate universities offer degree programs. Andersen Consulting, for instance, teamed up with Texas A&M University to create a new MBA focusing on customer in-

Adam Eisenstat of Corporate University Xchange praises University of Toyota's TQFM as "best practice."

sight, according to the Xchange.

Unlike the typical training department, the corporate university caters not just to employees but also to dealers, suppliers and customers. To ease the financial strain on the parent company, some mature universities including Disney's and Motorola's, offer training to outside companies.

"This is a shining dream of corporate universities – to actually be profit centers," Eisenstat says. "The traditional training department is a stepchild of the human resources department. This (the corporate university) is a very different model."

But, because a corporate university costs an average of \$17 million a year, the parent businesses want to get the biggest bang for their bucks. Yet, despite upper-management demands for proof that the end justifies the means, evidence of a return can be hard to come by.

Can a university link its price tag to higher employee satisfaction, better worker productivity or increased market share? Dell Learning won plaudits for its innovative ways of comparing the cost to the benefit. Dell determined that more than \$41,000 worth of training given to about 100 salespeople led to nearly \$280,000 in greater profits.

"Measurement really is about the hottest topic in corporate universities," says Eisenstat. "There's a visionary element involved there. You can't measure it right away – the benefits a corporate university is having and is going to have on a business. It's a forward thinking kind of thing – to see how it's going to benefit you. There's a conceptual leap involved in starting a corporate university."

TOYOTA

Toyota Motor Sales U.S.A. Inc. took the leap in April 1998, creating University of Toyota to align training with the corporation's business goals. In an interview with *Selling Power*, a top officer said the university emerged from Toyota's blueprint for improving its competitiveness as it enters the 21st century: "We didn't have a coordinated, concentrated effort on developing curriculum that was instructionally sound and provid-