Myth-busting

Three myths are weakening the development of executive learning, **Winfried Ruigrok** and **Georg Guttmann** explain why it is many firms are struggling to make their executive learning and development work

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Getting managers ready to take up or extend executive responsibilities has always been important but never easy. Over 90% of companies consider executive learning and development (L&D) key to their long-term success yet only 20% are satisfied with the state of executive L&D in their organisations. Why are only few firms able to capitalise on their executive L&D efforts? What does it take to become an executive L&D champion?

The St Gallen Executive Education Report 2016 offers answers to these questions based on insights from leading companies in this area. Our report captures the assessments of 350 top executives as well as HR and L&D professionals across a wide range of industries in 13 European countries. The report has uncovered pervasive myths about executive L&D as well as best practice examples from executive L&D champions.

Figure 1:
Top three challenges of executive learning and development

77%
Limited resources

67%
Short-term business goals undermining long-term activities

65%
Changing expectations of newly incoming management generation

Myth 1:

Scarcity of talent keeps firms from excelling in executive L&D

Scarcity of talent has been blamed for many organisational deficiencies, particularly when it comes to preparing managers to take up executive responsibilities. How big a challenge is scarcity of talent really? According to the St Gallen report less than we often hear. Only 38% of respondent firms claim to be held back by talent shortage. This is good news for L&D professionals and top managers alike.

What are the key talent management challenges? Two-thirds of companies indicate that they struggle with changing expectations of the new management generation. For example, today's managers are less than excited by the prospect of spending time in traditional classroom settings and absorbing knowledge in a passive way. Instead, the leaders of tomorrow expect to be taken on a participative learning journey that is flexible and rich in variety.

How can firms respond to these expectations? There are numerous new opportunities to design and deliver executive L&D initiatives. Innovative didactical approaches such as action or experiential learning and new technology-based formats have broadened the portfolio of possibilities. Unfortunately, the financial implications may be overwhelming. New approaches and formats require high investments and often substantial modifications to the corporate learning architecture. Nearly eighty per cent of companies mention resource limitations to be the biggest barrier to advancing their executive L&D.

L&D directors will have little choice but to lobby actively in their organisations to obtain the necessary financial support to meet the L&D expectations of today's younger executives. In doing so, they should explain to the top management team that becoming an executive L&D champion will require advanced solutions.

As one board member and former CHRO we interviewed put it: "Companies should stop treating executive L&D as a cost and start embracing it as a priority investment in the future."

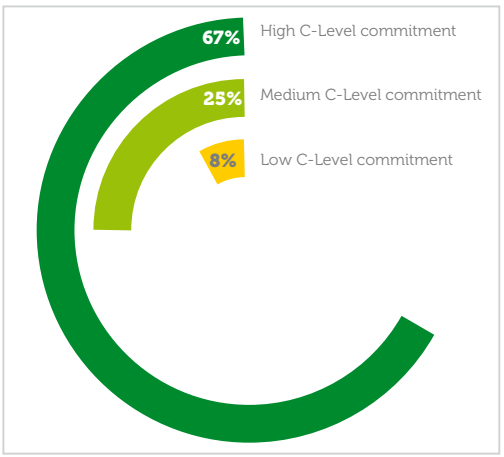

Figure 2:
Chances of becoming an executive L&D champion

Myth 2:

Executive L&D is just another administrative task for the HR department

Who should be in charge of driving executive L&D? The answer is not straightforward. Executive L&D responsibilities range from purely administrative tasks (such as implementation of L&D initiatives or the evaluation of providers) to inherently strategic decisions (for example, budget authority or the power to launch strategic L&D initiatives). Today's reality is that most HR and L&D departments are understood primarily as operational facilitators of executive L&D activities.

L&D directors find it difficult to address the demanding challenges facing executive L&D with the limited means and authority they have at their disposal. The sobering picture that many study respondents paint of the state of their executive L&D is also a result of misaligned hierarchies and reporting structures. Indeed, even the few companies (17%) that report having appointed a Chief Learning Officer (CLO) typically equip their highest-ranking learning steward with operational responsibilities only.

Fortunately, there are clear solutions to this problem. Firms can increase executive L&D effectiveness by strengthening their C-level commitment (the extent to which they appreciate executive L&D as a strategic management challenge) in two ways.

First, organisations with high C-level commitment are much more likely to include executive L&D on their board agenda. Second, in such organisations top managers are more likely to step up their involvement in designing and facilitating executive L&D activities. This latter point may be helped by installing a CLO and equipping him or her with executive responsibilities. Executive L&D success depends heavily on C-level commitment. We find that C-level commitment is the single strongest predictor for becoming an executive L&D champion. The chances of becoming an executive L&D champion without having obtained C-level commitment are at a meagre 8%, compared to 67% when C-level commitment is high. Moreover, many firms with high C-level commitment have also developed other capabilities crucial to successful executive L&D management, such as the ability to employ predictive and analytical measures to support executive L&D decision-making.

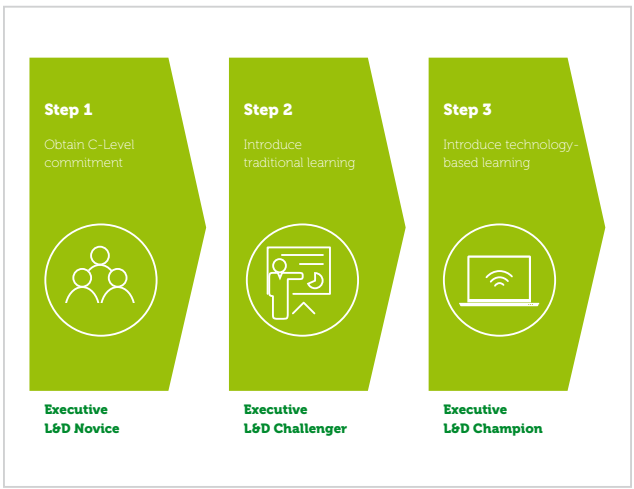

Figure 3:
Steps towards increasing executive L&D effectiveness

90%

Over 90% of companies consider executive learning and development (L&D) key to their long-term success yet only 20% are satisfied with the state of executive L&D in their organisations

8%

C-level commitment is the single strongest predictor for becoming an executive L&D champion. The chances of becoming an executive L&D champion without having obtained C-level commitment are at a meagre 8%, compared to 67% when C-level commitment is high

Myth 3:

Technology-based learning is executive L&D's silver bullet

Few developments over the recent years have been discussed as intensely by L&D officials as the promise of innovative, technology-based learning. Some consider it a silver bullet whereas others reject its potential value. We find that few firms have adopted technology-based learning and that most remain wedded to what they know best, emphasising traditional, face-to-face learning over technology-based learning formats. For example, over three-quarters of firms often use singular classroom courses while two-thirds of companies do not use any form of technology-based learning (such as individual online courses, mobile learning, massive open online courses) frequently. Should corporate decision-makers rethink? Unfortunately, impartial and objective guidance on the true potential of technology-based learning has been sparse. Most reports on the topic have been coloured by the agendas of respective authors and institutions, either by making a case for sticking to existing solutions or insinuating the urgent need to invest in specific new infrastructures.

We find that achieving executive L&D effectiveness follows a clear trajectory. Firms benefit from different learning formats at different stages of their development (see Fig. 3). Simply adding technology-based formats will not create miracles for firms at earlier stages (before they have obtained C-level commitment), formulated an executive L&D strategy and developed more traditional, face-to-face learning formats. Despite the enticing promise of technology-based learning (allowing for faster, more flexible and better tailored delivery of L&D activities), those firms are not able to unlock any performance gains from it.

Our study reveals that the less experience respondents have with a specific technology, the more sceptical they are about its effectiveness. However, overcoming this hesitation will pay off for firms which have done their homework.

It is the select group of companies that have secured top-level strategic ownership and implemented traditional learning formats prior to venturing into technology-based learning that reap measurable benefits from it. Firms that have followed this trajectory report by far the highest effectiveness in their executive L&D, which is why we label them executive L&D champions.

Towards a strategic approach on executive L&D

Executive L&D represents a form of non-routine investments for a limited group of executives where past pay-offs offer no guarantee for future success. It is a strategic function that requires top decision makers' attention. Executive L&D may perhaps be compared with research and development, which carries equally uncertain pay-offs but is indispensable for most companies' future success.

Top management teams and boardrooms should be directly involved in shaping and supporting executive L&D programmes. Becoming an executive L&D champion means becoming a learning organisation with a highly involved executive suite, an effective learning architecture, and deep knowledge about how to use a wide range of formats and vehicles.

Looking ahead, the imperative of career-long learning and development is likely to become even stronger in the years to come. Companies that fail to acknowledge the importance of executive L&D will likely have difficulties prevailing in an increasingly competitive, uncertain, and complex business environment.

L&D directors should be prepared to be confronted with higher and more sophisticated expectations in the future. We therefore urge firms to not fall for common myths in executive L&D and instead rely on sound evidence to advance their executive L&D.

Download the St Gallen Executive Education Report 2016: www.es.unisg.ch/seer

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