Lifelong Education at Penn

Now that the Steinberg Conference Center is open and the Aresty Institute of Executive Education is in full swing, members of the University community have expressed curiosity about the new program and its role at Penn. The Wharton School compiled some of the most-often-asked questions and submitted them to Dean Russell E. Palmer. In this report are the questions and his answers:
1. What is lifetime education and career development, and why is it important?

In keeping with Wharton's strategic plan as approved by the various bodies within the University, we believe our primary mission is threefold: to educate future management leaders, to excel at conceptual and empirical research involving practical problems, and to provide lifetime education and career development (LECD) for our graduates and other individuals.

The concept of LECD includes a commitment to continually refining and broadening the skills of individuals to meet changing demands throughout their careers. Nearly every major study of education in recent times has maintained that continuing education is critical to almost every facet of American work, particularly in the professions.

U.S. Secretary of Labor Ann McLaughlin, in a recent speech at Wharton, said that it is the education and retraining of the American workforce that will insure its competitiveness in the coming years. Quality is a process, she argues, in which employees are able to anticipate and adapt to changes in job demands.

A study to be published this year, commissioned by the Graduate Management Admission Council and conducted by the Battelle Human Affairs Research Centers, found substantial growth in the demand for executive education programs by large U.S. companies. All companies with more than 25,000 employees and 83 percent of companies employing fewer than 3,000 people reported that their managers participate in formal management education programs.

According to the authors, this demand stems in part from the perceived challenges to management by increased international competition and the pace of technological change. An indicator of the increased commitment to executive education was a growth in the number of firms requiring executive participation in continuing management education—22 percent in the GMAC study. In contrast, a 1982 study by A.A. Vicere of the Pennsylvania State University found that only 12 percent of Fortune 500 companies studied required continuing education.

The same trend is seen with physicians, lawyers, accountants, individuals in finance, marketing, and most other areas of endeavor. More and more of the professions, aware of the impact of technology and other forces of change in a complex society, are requiring that their members take a given number of hours of coursework each year in order to be relicensed.

The question then becomes, who will provide this education? Many studies conclude that executive education is as much a part of the mission of educational institutions as is their undergraduate and graduate curricula. In line with this, students who graduate from Penn should not have to go to Harvard, MIT, Chicago, Stanford, the University of Michigan, or other schools to continue their education, but this is what has been happening.

While offering executive education programs on campus is a major aspect of the overall goal for LECD, Wharton's other goals for the future include providing graduates with summaries from relevant journals and periodicals, and holding one or two-day updating seminars in various locations around the United States.

2. Where does Wharton stand compared to other major business schools with respect to Lifetime Education and Career Development?

Five years ago, Wharton was probably dead last among our peers in this regard. Moreover, many schools who were not as well known were far ahead of us in this endeavor. Almost every major business school in the United States has a program in executive education. Five years ago, we offered primarily an affiliation with a program in New York that organized short seminars around the country, although Wharton offered a few other courses directly.

In contrast, Harvard has an executive education program that is as large as their MBA program, offering about six times the volume we do. Their world-renowned program, including an advanced management sequence, is attended by people from around the world, including a great number of our graduates. Stanford's program is also more substantial as a portion of their total programs. Among the universities offering significant programs are Northwestern, the University of Michigan, Columbia, MIT, Duke, the University of Virginia, and Dartmouth.

Most of the business schools at universities providing what we consider the best programs have facilities dedicated to executive education. Northwestern's Kellogg School has just doubled the size of its facility, Duke's is underway, and the University of Michigan's is recently completed. Rochester is planning a facility, and Harvard has recently completed major renovations to its facilities.

Any school in the future that does not offer a significant program of continuing education for its graduates will...
find itself at a disadvantage in several respects, including the ability to attract graduate and undergraduate students.

3. Who attends Wharton executive education programs?
   As mentioned, executive education programs are just one aspect of lifetime education and career development. The seminars offered through the Aresty Institute of Executive Education are of two types: open enrollment and contractual. Open enrollment programs cover a variety of topics and are available to any interested individuals as long as they are qualified. Contractual programs are tailored to the requirements of a specific company, although the program is controlled by the Wharton School and its faculty. We anticipate that initially, 60 percent of the programs will be open enrollment, and 40 percent contractual.

   This year, some 5,000 alumni and executives will attend programs at the Steinberg Conference Center. They will come from all parts of the world, and a great number of them will become acquainted with the University of Pennsylvania for the first time through these programs. This can only enhance Penn's reputation throughout the world, particularly among the leaders who will attend certain programs such as the new Advanced Management Program. In this five-week flagship program, executives about to assume the top positions in their organizations will be taught by University professors in anthropology, history, English literature, psychiatry and the biosciences as well as by Wharton faculty.

4. What is the role of the Steinberg Conference Center?
   The Steinberg Conference Center is a self-contained building that offers classrooms, study suites, sleeping quarters, dining facilities, and other support required to train executives. The average cost to attend is approximately $3,000 a week per person. The fee structure indicates a program concerned with operating in a highly effective manner, providing a consistent level of excellence to accommodate these executives.

5. What was the cost of the building, and who paid for it?
   The total facility accommodates several needs of the University. Attached to it are the new University placement offices, the relocated University Computing Center, and a new MBA social space.

   The cost of the conference center and MBA social space was approximately $24 million. Of this, $10 million was raised through a bond issue that will be repaid out of the proceeds of revenues from the building, with Wharton funds covering the interest on the bond issue. The remaining $14 million is being raised from donors. About $6 million is still to be raised, and we anticipate that this fundraising will be completed in the not-too-distant future. No University funds were used for the building other than temporary funds advanced which bear interest. It should be noted, moreover, that the program is already providing approximately $1 million of overhead each year to the University.

6. What does executive education contribute to the undergraduate and MBA programs?
   There are many related benefits that accrue to undergraduates and graduate students. First, the faculty teaching executive education will be exposed to some of the top business executives from around the world, and will work with specific companies on the firm's problems. This interaction can only enhance the faculty's effectiveness in teaching undergraduate and MBA classes.

   Second, a great number of companies will be coming to Penn who do not presently recruit here, but who will become interested in recruiting students throughout the University following their visit. Similarly, as mentioned, a great number of people each year will become acquainted with the University who would not have otherwise. These include government and top not-for-profit organization leaders as well as executives.

   Additionally, some schools have found that individuals who attend these programs develop a loyalty to the school. At Harvard, for example, graduates of the advanced management program hold reunions and are a source of fundraising.

   Third, the programs will provide resources that will be used in the undergraduate and graduate courses. Other universities have enjoyed an advantage over us in offering courses that develop a significant amount of funds for future use in supporting...
undergraduate and graduate programs. Harvard's executive education programs, for instance, could be generating as much as $15 million a year for its doctoral, MBA, or undergraduate programs.

In the physical realm, the construction of the Steinberg Conference Center has helped free up additional classroom and other space in Steinberg Hall-Dietrich Hall and Vance Hall.

And finally, as previously mentioned, the most important benefit of executive education will be the opportunity for our undergraduates and graduates to continue to attend programs to maintain relevant skills throughout their careers.

7. Will it be possible for students to use the building?

The first order of business is to bring the building to a level of service commensurate with first-rate executive programs. We do not anticipate there will be excess capacity to accommodate other events, but this will be evaluated in the future, after our primary goals are met. At this time, we expect to be operating at capacity nearly all of the time with executive education programs in the building. Therefore, while I have noted how the total facility has enhanced several aspects of student life, I would anticipate that the conference center itself will be used primarily for the continuing development of executives.

The facility will, however, be used on weekends to house the Wharton Executive MBA program, which consists of two classes of about 80 students, each meeting on alternate weekends.

8. Will the conference center be used by outside individuals for conferences?

We do not anticipate the use of the conference facility by outside groups. As mentioned, we believe the executive education programs will utilize the entire capacity of the conference center, and therefore, we do not foresee availability for outside groups. We have already had to turn down a considerable number of requests to use the facility for purposes other than those stated previously.

The Aresty Institute of Executive Education offers the following seminars:

The Wharton Advanced Management Program
Strategic Management
Managing Technology and Innovation
Implementing Strategy
Managing Organizational Change
Management in the Service Sector
Business/Industrial Marketing Strategy
Consumer Marketing Strategy
New Product Management
Development and Introduction
Perspectives in Sales Force Management
Strategy Analysis for Finance and Marketing
Management Information Systems for Strategic Advantage
Finance and Accounting for the Non-Financial Manager
Financial Management: Policies and Practices
Pension Funds and Money Management
Mergers and Acquisitions
Real Estate Investment Strategies
The Wharton Effective Executive Seminar
Managing People
Executive Self Management
The Next Generation of Family Members in Family-held Businesses
Chief Executives and Senior Officers of Family-held Businesses
Women in Family-held Businesses

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