

THE ZICKLIN SCHOOL OF BUSINESS'
INSTITUTE FOR EXECUTIVE EDUCATION

Purpose:

The Purpose of the Institute is to provide a vehicle for Zicklin and its faculty to offer non-degree course work to executives and professionals.

Rationale:

ZSB currently provides traditional and executive degree programs, but has no organization dedicated to creating, offering, marketing and administering non-degree coursework for executives, professionals and managers. An organization should be created within or in association with ZSB to coordinate, encourage and offer such coursework.¹

Offering such non-degree courses and certificate programs permits ZSB to sell its educational services to a broader market, offering the opportunity for an expanded revenue base and enhanced prestige for the School's degree programs. Exciting synergisms can be achieved; the very existence of the Institute, for example, will support and enhance the research of our faculty, who will then be able to use that research to enhance and bring prestige to courses the Institute offers.

An important purpose for creating the Institute is that it gives to faculty who contribute (by developing and/or teaching such courses) an opportunity to earn significant income in addition to their salaries. Faculty retention and recruitment are clear beneficiaries.

In addition, the organization should be positioned to conduct educational joint ventures with entities inside and outside Baruch, offering Zicklin and the Institute opportunities for added prestige (and perhaps funding).

Competition:

¹ Other than "Continuing and Professional Studies", there is currently no coordinating structure whatsoever for ZSB faculty to offer non-degree education. This gap has the twin effect of (1) making our current non-degree executive offerings and programs haphazard, and (2) encouraging our faculty to participate in the executive offerings of other institutions. While ZSB cannot meaningfully require all its faculty to do their executive teaching "at home", it can and should create the structure and incentives to bring that work to ZSB.

The Zicklin Institute would face competition from both universities and private providers of executive educational services. Competition can be generally divided into 3 categories:

1. Prestigious institutions of higher education, like Harvard and Columbia, which sell high-priced “certificate programs” which offer executives a “certificate” bearing the seal of the University+;
2. Well-known business schools, such as NYU and Fordham, offering both certificate programs and individual courses or days, often utilizing the school’s most well-known faculty as a draw
3. Private education companies who typically tailor their curriculum to the needs of individual companies, then hire “faculty” to deliver the material. Most CPE providers fall into this category, as does the AMA.

ZSB cannot successfully compete with category #1 institutions, although the time quickly may come when we find niches where we can compete successfully in this category. We will have difficulty competing directly for the market serviced by category 3 providers; instead, joint ventures should be pursued. ZSB can and should compete with category #2 providers.

Category 2 institutions tend to charge approximately \$1,200 - \$1,700 per six-hour educational day. ZSB should price its courses about 30% below that figure (i.e. target about \$1,000 per day), so that the price point is attractive, but still high enough to evoke “quality”, understanding that the \$1,000 price may be high in some markets and low in others. ZSB should be creative and flexible in the timing and pricing of its offerings, including offering 1, 2 and 3-day courses, “breakfast” seminars, evening and weekend courses, and intensive “boot camp”-style experiences. The Subotnick Center facilities should be utilized.

ZSB’s Best Markets:

ZSB should look to the major business sectors which exist in New York, including but not limited to securities-brokerage/banking/financial services; performing arts; advertising; health care management; law firms (offering non-law courses), and city and state government.

In addition, ZSB should rely on its alumni base as a main market for courses, giving former students an opportunity to update their education; popular professors would provide a good draw. For example, an annual accountancy/tax update offers a good entry point for ZSB. (See “Priming the Pump”, *infra*)

ZSB should also target the businesses around the college, such as Met Life and NY Life, as well as other accounting firms (especially mid-sized) and financial services firms. Nevertheless, it is both difficult and costly to “customize” programs for specific companies; the Institute’s main efforts, at least in the early stages, should be in other areas. ZSB should not exclude marketing its services outside NYC (including abroad), offering NYC as an added attraction (for participants and spouses), although housing such programs is an issue. Offering some degree-course credit to Institute attendees who matriculate into a ZSB degree program should be explored.

Joint Ventures:

ZSB should leverage the organization it creates by entering into joint ventures with entities inside and outside ZSB, such as the Center for Financial Integrity, SPA, or the Anti-Defamation League (see “Priming the Pump”, *infra*). The Institute should reach out to non-business Baruch faculty, such as Industrial Psychology, for courses and/or programs.

Incentives and Course Development:

The key to success is producing high-quality courses that are attractive to definable segments of the business community. Attracting the very best of our faculty and encouraging the highest quality work can only be accomplished by providing appropriate financial incentives. Informal investigation reveals that full Professors in our current E-MBA faculty earns over \$500 per class-hour for courses taught; informal inquiry reveals that NYU pays over \$1,000 per hour for non-degree executive education.

The optimum structure for creating incentives is to have faculty share in the success of the courses or programs they develop and/or teach. The Institute should favor an entrepreneurial structure, where faculty initiate course proposals and those proposals compete for Institute

approval based upon quality, marketability and projected profitability. Faculty making proposals (whether individually, in teams, or with a joint-venturer) would be expected to submit a Prospectus, with details on content, market and budget (including faculty compensation or provision for revenue sharing).¹ The Institute ought to adopt and encourage creative compensation structures, including bonuses for high registration, or incentives for generating repeating customers or courses.

Because the range of potential courses and customers is broad, and the “market” for faculty varies depending on subject and person, the Institute needs to be flexible in its approach to faculty compensation. The Institute needs to be willing and able to pay higher or lower amounts to faculty depending on the market for the course and for the professor’s services. Repeat offerings or offerings of pre-prepared material need not necessarily receive the same compensation as initial offerings. In short, the market ought to drive the compensation decision, and the reward for success should be shared among the faculty and the Institute.

The market-priced incentives described here are crucial to the success of the Institute. Without the incentives, and an assurance of continuity into the future, ZSB faculty will not be eager participants. By contrast, giving them a stake in making the Institute successful and profitable, and assuring them that their efforts and excellence will be rewarded, will insure a bright future for the Institute.

Governance:

The Zicklin² Institute should be a not-for-profit corporation organized to assist the Zicklin School of Business fulfill its mission. The Institute should have its own corporate structure and governance, and ZSB should create a diverse and independent Board to govern the Institute.³ The Board would (a) determine, based on quality and

¹ The Institute will need to develop a user-friendly template for proposals.

² The Task Force has not considered the legal issues associated either with use of the Zicklin name or the corporate structure proposed.. A thorough examination of these issues by College and University counsel is necessary.

³ Duke University, for example, has set up just such a corporate structure for its highly successful “Corporate Education” unit. See http://www.dukece.com/about_us/incorp.htm

viability, which courses to offer; (b) set pricing for courses; (c) negotiate and determine compensation levels for faculty teaching such courses; (d) hire and fire employees of the Institute; and (e) oversee the administration of the Institute. The Board should consist of a cross-section of the ZSB community, and might be composed as follows:

The President of Baruch College, or his representative
The Dean of ZSB, or his representative
2 full-time faculty members, elected by the ZSB faculty
1 full-time faculty member appointed by the Dean of ZSB
1 adjunct faculty member, appointed by the Dean
2 representatives of the Executives on Campus Program,
 appointed by the Dean of ZSB
The Academic Director of the Executive MBA program
The Director of the Weissman Center for International Business
1 representative of the other independent “Centers” affiliated with
 ZSB, appointed by the Dean of ZSB
 The Executive Director of the Baruch-Mt Sinai Graduate
 Programs in Health Care

The Board should elect a Chair, and the Chair should serve as Chief Executive Officer of the Institute. The CEO would be responsible to coordinate the efforts of the employees of the Institute, and to oversee the work of the Institute. The CEO should receive meaningful compensation (tied partly to performance) and release time.

Board members should receive a meaningful honorarium for serving on the Board. Meetings of the Board should be appropriately catered

In light of the many possible planning variations and uncertainties involved in course development and pricing, the board should be free to proceed with considerable flexibility concerning the selection and pricing of courses, and the selection and payments made to professors.

Structure:

The Institute needs at least 3 full-time employees: one to oversee and handle marketing; a second to oversee and handle course administration, and to assist the board and the CEO in the performance of their functions; and a clerical person. Trying to scrimp

on structure would be an error. The Task Force recommends that if two (2) professionals cannot be hired, ZSB should forego this effort completely. The same is true of accouterments - facilities, food and services, since the audience we want to reach values such indicia of quality. Compensation to the marketing and administrative employees should be tied, at least in part, to incentives and productivity.

Priming the Pump:

Creating the governance and administrative/marketing structure described here is a medium-term project. While these structures are being put in place, the Institute can begin to test the waters. The Task Force considered many diverse ideas, and recommends that ZSB endeavor to offer three courses for Fall '03. Among the best prospects are:

Native Courses:

1. Accounting/Tax/Law Update for CPAs and Accounting Grads
2. Financial Statement Analysis for Lawyers
3. Law Update for HRA Directors

Joint Ventures

1. Leadership, in conjunction ADL (See Exhibit A)
2. Officer/Director Education (in connection with CFI)
3. Institute for Executive Coaching (See Exhibit B)

The Task Force brainstormed many other ideas, some of which could only be viewed as long-term projects (e.g. offering courses to prepare professionals for the "CFA" designation), and others which sounded like good prospects for the nearer term. (See, e.g. Exhibit C, containing a summary of modules currently offered in the Executive MBA program which could be adapted to non-degree education). The list recited here was constructed because the courses contained on it are highly viable in the short-run. In particular, the three (3) "native" courses described can be offered quickly and effectively because the

market for these courses is easy to identify, and the courses can be put in place even before a full-time marketing director is hired. Two (2) of the Joint Venture courses are already in the works.