

CBS Executive Annual Report 2005

1. Executive Summary

Introduction

Ever since its conception in 2002 CBS Executive has grown incrementally in volume in terms of participants, programs, and staff. The first half of 2005 has however, been a difficult period as we like most other organizations in this field of activities have witnessed a declining market, at the same time as more and more players enter the market. Even so we succeeded to get a class of 47 participants on the MPA Program, although the recruitment for this program has due to the Danish structural reform been more difficult than ever. Many public organizations (mainly regional and local) have difficulties in deciding on educational investments, because of uncertainty about who is in charge as managers in the years to come. This uncertainty will also be present during 2006.

Due to lack of demand, we have had to close down the GeM Program and the MBA BYG. Although these programs could not sustain their positions in the market, we gained by learning new experiences from the running of these programs. The GeM Program, gave us the experience of being part of real international program setup. MBA BYG, gave us some exposure within the Danish market and as a result some of the accepted candidates on MBA BYG have decided to join the MBA TMO program.

The recruitment for our Full-time MBA started out difficult. But due to a change in marketing strategy and development of a clear profile of the program, we managed to get 38 participants in the new class. Moreover, CBS Executive has also been able to successfully launch a new certificate program, which can be seen as the first part of the Executive MBA. MBA Shipping also managed to get the largest number of participants in the class (an increase of 34%). The composition of the class in terms of age, experience, nationality, management responsibility, etc. is the best we have ever had for this program.

Generally there are some indicators towards a positive change in the market situation, especially for MBA Programs.

It is also worth mentioning that during 2005 the cooperation between CBS Executive and its advisory board has been further strengthened, and the focus has been on the development/refinement of the product strategy/product portfolio.

Status on the Development of CBS Executive

As the new strategic plan for CBS Executive has not been finally approved by the CBS Board, we have chosen to focus on the further development of our 6 strategic focus areas which were developed in 2002. Current and planned actions on the issues will be discussed in section 4 – strategic action areas for 2006.

Status on the 6 Strategic Focus Areas:

1. Positioning CBS Executive as a Strong and Valuable Center in CBS in order to Support the Individual Programs' Marketing and Position on the Local and International Markets.

We are still very visible in the media; especially on the MBA-market. Previously the focus has been on the Danish media, but with more and more of our programs being international, international media such as Financial Times have come to play a much larger role. Among other things a very positive feature article was written about CBS and our Executive Master programs in November. And the CBS Executive magazine which is distributed by Børsen to more than 70.000 subscribers and to all of our stakeholders in general has also contributed significantly to the overall profile of our center.

2. Implement a Coherent MBA Strategy.

The issue on how to create a more flexible EMBA has been intensively discussed. Among other issues the possibilities of how to incorporate research and educational initiatives – e.g. the plans made in connection with the Knowledge Management program which unfortunately did not start - in a future modular EMBA have been a discussion topic. The much increased competitive situation on the MBA and Master market in general, and the trend towards shorter and more flexible programs has further emphasized the need for a modular EMBA. A certificate program focusing on Leadership and General Management, which is the first leg in what in essence will become a modular version of the existing EMBA, was launched September 2005.

The idea was to get good people onboard who were not ready to sign-up for 21 months. By offering teaching biweekly we could also allow people living further away from Copenhagen to study at CBS. In the beginning, we were concerned that this may result in cannibalization of the well-established EMBA program but this has proven not to be the case as it is evident from the high number of participants - i.e. 50 - for the new EMBA Class. The Executive Certificate started with 26 participants and has been very successful - 9 of the participants have already signed up for continuing towards the EMBA and another 8 in the class have indicated their interest to pursue the EMBA program. As a consequence we have decided to develop the modular EMBA further. We will, therefore, be offering a "new" certificate from September, which is equivalent to the 2nd semester of the Executive MBA. At the same time, we will give the semesters theme titles instead of just numbers, so from September 2006 we will have an "Executive Certificate in Leadership and Business Essentials" (formerly known as Semester 1) and "Executive Certificate in Entrepreneurship and the Global Marketplace" (Semester 2). We also aim at recruiting more candidates for the "Executive Certificate in Entrepreneurship and the Global Marketplace" (Semester 2) in order to fill-up the class. The EMBA Modular will consist of taking the two certificates and then joining the strategic management courses and the Integrated Strategy Project (Semester 3 and 4) of the traditional EMBA.

3. Create the Best Possible Knowledge Transfer and Cooperation between the Two CBS Faculties, Learning Lab, CCE (HHE), and CBS Executive.

The knowledge transfer between the programs has continued. Especially in the area of Leadership Mentoring Scheme good results have been achieved, and EMBA, MBA Shipping, MCC and full-time MBA now have a fully-fledged Leadership Scheme. There still is a need for CBS to invest in research and development within this area so that it in the future will be possible to find in-house process consultants instead of having to use external consultants. The leadership dimension (the "Scandinavian way") in all our executive programs is rapidly growing and becoming more relevant in the coming years, so the need for in-house competences is increasing. At the same time, the positive experience within e-learning and use of an electronic learning platform and the learning processes from TMO and MMD are incorporated in our newer programs, MHM and MCC. The same will be the case for our more traditional programs.

4. Support CBS' Internationalization Process.

In the Spring 2005 CBS became re-accredited by EQUIS, a re-accreditation process in which CBS Executive has played an active role. We also intend to be closely involved in the AACSB and AMBA accreditation initiatives at CBS which are going to take place in 2006 and 2007. The Executive MBA was also for the first time ever ranked on the Financial Times ranking list in October 2005, and received a listing amongst the 75 best Executive MBA Programs in the world!

5. Offering of Executive Events to our Stakeholders.

During 2005 more than 1200 executives and participants from our Executive and other programs, corporate partners as well as from our network in general have participated in 9 executive events where an academic and/or an executive presents a live case followed by a question and answer session. Following the lecture, CBS Executive has hosted a reception which is a good and strong networking platform for new programs and for recruitment of mentors, partners etc. These events are of increasing importance in terms of the sales proposition for CBS Executive.

6. Develop the Cooperation between CBS Executive and CCE (HHE).

The cooperation continues to develop in a positive manner. Short seminars – derived from the master programs – are offered/arranged by CCE. A good example of this is annual seminars for IBM in Shipping & Logistics which is run both for the senior managers (3 x 3-day courses) and project managers (1 day course). These programs are based on the content of some of the MBS modules which are designed and tailor made to meet the requirements of the IBM participants. CCE has also offered short-term programs (brush up) mainly for alumni from the MPA Program. This is to be continued in the year to come. Furthermore, CCE is to offer electives from the full-time MBA program on the open market.

Most recently a common task force between CBS Executive and CCE has been developed working on various solutions for tailor-made certificates. This could develop into a strong cooperative advantage in the years to come. Joint company visits arranged by the two units are undertaken, and generally initiatives are taken to integrate the two units more. The fact that there now is overlap between the board for CCE and the advisory board for CBS Executive and that Christer Karlsson, the Dean for CBS Executive, serves on the board for CCE means that the cooperation is most likely to increase substantially in future.

2. CBS Executive's Contribution towards the fulfilment of CBS' Strategic Objectives and the Goals of the Development Contract.

CBS Executive meets the strategic objectives and the goals in the development contract in the following ways:

Internationalization

- The full-time MBA Program graduated 23 candidates, covering 18 nationalities in August 2005 and started a second cohort in September 2005 with from 10% North & South America, 17% Asia and Oceania, 22% Denmark, 50% Rest of Europe and Middle East and Africa.
- Closely involved in the EQUIS re-accreditation, and initial preparations for AMBA and AACSB accreditation.
- Successful ranking of the Executive MBA in Financial Times.
- The current MBA Shipping & Logistics class has 38 participants from 15 different countries.
- Master of Corporate Communication started primo 2005. Of the 26 participants in the program 3 are non-Danes, and another 2 are Danes residing outside Denmark.
- Joining the European MBA.
- Continued planning for a joint e-MBA program with US partner.
- Six Executive Master Programs are in English.

Partnership with the Business Community

- Further development of the cooperation with the advisory board consisting of senior executives from private and public companies and organisations.
- Establishment of an advisory board for MBA in Shipping & Logistics with high profile executives from the industry. The board is among other things involved in program development, profiling of the program, and in recruiting to the program. The establishment of an industry specific research program has also been outlined in an advisory board workshop.
- More than 1.200 business executives participate in our frequently offered CBS Executive events.
- Initiatives are taken to increase the dialogue with corporate partners. Meetings with individual partners have been conducted.
- Full-time MBA succeeded in obtaining 6 strategy sponsors, paying for the results
- DBA successfully launched and the interest in the program is very positive.
- CBS Executive and HHE in cooperation have by the industry been asked to come up with proposals incl. budgets for 2 "tailor-made" Certificate programs.
- The MHM Program was launched in February 2005 and hence is still in the initial trial-and-error phase. The program, however, seems to be a success in that it has been met with solid approval by the health sector in Denmark. The first batch of students numbers 29 persons from a very broad range of institutions and organizations within the sector.

The Learning University

- Executive MBA, MBA in Shipping & Logistics & Full-time MBA have rescheduled the Leadership modules.
- Coaching and mentoring are now integrated elements of all our Master Programs
- 3 new programs have been launched, but the market conditions are much tougher than before and require hands-on marketing skills etc.
- MPA has entered into an international network with pedagogical issues on the agenda. This year the international workshops were held in Edinburgh and Krakow.
- With the help of the members of the Advisory Board for MBA Shipping & Logistics, efforts are made to set-up a Shipping-related Research Center which will give us an even better platform to compete from.

3. Strategic challenges and risks for CBS Executive

Strategic Challenges

The overwhelming strategic challenge to CBS Executive as well as most other organizations in this field of activities worldwide is a declining and concurrently volatile market. This applies especially to the heavy

investment and costly operation of the full-time MBA program. Also for other Executive Master programs the market is declining while at the same time more and more players enter as new competitors. The area that looks the brightest is the one of short executive programs and especially the customized ones. Also the Industry Specific MBAs such as the MBA in Shipping & Logistics is doing very fine. Generally, however, there are some indicators towards a positive change in the market situation, especially for MBA Programs.

CBS Executive is also increasingly threatened by competitors. A quite aggressive international player is Henley doing considerable marketing in Denmark. At the lower end we have local organizations offering rather quick and cheap CBAs (Certificate of Business Administration).

CBS has internationalization as a central part of its strategy. Even though our profile has increased internationally through among other things articles in the Financial Times and the ranking of our Executive MBA it can be concluded that while CBS Executive has a reasonably strong brand in Denmark, the brand has yet little value on the international market. One reason being that not all our programs are in English and offered on the international market, another being the full-time MBA which on that market is brand (!) new. There is obviously room for much better profiling, branding and marketing of CBS Executive and its product offerings. However all our programs cannot be international. We will have different segments for international, regional, and local programs.

CBS Executive is reasonably strong in degree programs while having a very limited offering of short executive programs, especially on a high executive level where the program portfolio is almost nonexistent. CCE has, however, played an important role during the last few years.

Concerning internal production resources much too few faculty members contribute to our Executive programs. A rather small number of individuals are used in many of the activities. Most programs heavily rely on some experienced faculty while few younger ones get the chance to develop and participate.

Another important challenge is the fact that the activities are based on a rather small number of experienced associate deans and to some extent also program directors. Here circulation and other measures are more difficult since programs mostly are built up around an associate dean with a product idea, hence being a product champion.

Even though some improvements have been made, CBS Executive is internally too little known and accepted as a natural and equal part of the CBS organization. In the worst case it may even be seen as an alien organization with activities outside the normal ones of a university. CBS Executive must be seen as an area of activity which the two faculties, their institutions, centers, and academics contribute to and participate in as natural as they do in CBS graduate and undergraduate programs. Hopefully, the current positive recruitment and thus financial situation will help to improve our image.

The existence of the CBS Executive within a university structure has too often been questioned. Even the existing of a sound financial structure has been questioned. One reason for this is an "unprofitable" full-time MBA: But the economy of the full-time MBA must be seen as consisting of two parts, an investment, a contribution to the international profiling and positioning, and an operation. The investment is in the product and in the overall CBS brand. The operation is not unsound but a considerable part of the budget must be seen as a more or less separate investment.

The market for MPA/MHM-studies is under pressure from a growing number of programs being offered by all university institutions in Denmark. However, the MPA is still a brand signalling high quality and a very special emphasis on students' teamwork and a shared experience of expanding personal and professional horizons and networks. Quality is costly, however, and a balance needs to be struck between the very teaching-intensive structure and the need to lower the break-even point of the program in order to stay financially sound. The MHM Program is still in a fragile organizational state and needs to be supported intensively by the secretariat.

The tight financial situation will also in 2006 be the biggest challenge, especially for our smaller programs. There will be no surplus on the operations to develop new modules or content of 'old' modules unless it is done 'free of charge'. Development of strong alternative marketing initiatives, which don't cost much, will be a core focus area. The smaller programs will try to find alternative sources of income – primarily by offering

shorter courses to alumni. But this will not change the overall picture of the financial situation.

Comments on the considerable risks

We shall certainly face serious consequence if we do not generate enough participants for the 2006 full-time MBA. It is merely impossible to postpone the program and hope for enough participants the following year if we do not run in 2006. Hence we have decided not to cut down on the marketing budget that was planned since it both is and has to be high. But fortunately the demand for the program is up compared to last year at the same time, and initiatives are continuously taken to boost demand.

In other programs there are, except from the possible effects of the Danish structural reform, fewer risks of considerable sizes. The changing market place of the programs due to the administrative reform of the Danish public sector coming into force by January 1st 2007 means that we have to: strengthen program relevance, enhance existing networks, and create new alliances. The risk structure is merely due to the fact that investments are made early in programs in terms of hiring faculty and especially staff. When one gets close to a program start and there are too few participants most costs are taken. It is only if the number of participants is threatening the course pedagogical aspects that it is sensible to postpone. The costs are taken anyway. In order to deal with this risk structure a general 15% risk "premium" has been introduced in all CBS Executive program budgets to compensate for potential income losses. CBS Executive has to run all programs excl. FT MBA at breakeven or better. However, the financial situation is tough for all programs, and collaborations with external partners (e.g. Master i Skat) are quite important to make the figures balance.

It is clear that programs with limited participants are faced with a larger financial pressures than before. An example of this is the MMD Program with 24 participants. In September the deficit and the financial problems of the CBS became clear, and this combined with the fact that the program due to the loss of 2 participants also faced a worse financial situation than expected, decided to cancel a study-trip to a very prestigious school with specific competence in organizational development. The program also had plans to develop one of the modules on the third semester with two international professors. However, for the reasons mentioned above this also has been postponed.

4. Strategic action areas for 2006

CBS Executive's strategic analysis and intentions are described in more detail in the document "CBS Executive Strategy" which is to be formally approved by the CBS Board. Below for the following year under each intended strategic development the following actions are planned to be given priority.

Intentions regarding position

- Within the program portfolio increasingly offer programs that fit managerial careers and are conducive to life-long learning. Here there are plans to initiate a few short programs preferably by first developing them for focused customer groups and later generalizing them towards a wider customer group. A Certificate Program in Leadership and General Management has already been launched and another in Business Development in the Global Market Place will be launched September 2006. These certificates are to be seen as first steps in the Modular Executive MBA Program. Discussions are also undertaken to modularize within Public Programs.
- Develop the programs to be increasingly international in terms of participation, faculty and content and increase the volume of international faculty. The full-time MBA is supposed to get an elective international track that later can become a product offering of its own of the International / Global MBA type. An on-line MBA program in collaboration with a US university is planned and is expected to be launched in 2006 or 2007.
- Establish ourselves as a major forum for knowledge exchange and development within the business community including our alumni. Here we plan to run our executive events at least every second month and to develop the networking activity to be more interactive. In addition to this we are on the MBA Shipping & Logistics program in the process of introducing a Blue MBA Graduate Annual Seminar where, together with our graduates, we shall focus on offering relevant topics of interest to the shipping industry in order to keep our graduates abreast of the developments in this ever-changing industry. The first such seminar is planned for 2006.

- Initiatives will be taken to make further use of databases and CRM systems –Superoffice, a sophisticated CRM system has already been implemented in the FT MBA, EMBA, and EC secretariat, and, if successful, it will be implemented across all of CBS Executive.
- Invest in and strive towards further international acknowledgement by appearance in internationally recognized accreditations and rankings. Initiatives are taken to develop a more distinct profile and brand image and to have us further accredited (i.e. AACSB and AMBA). The ranking of the Executive MBA on the Financial Times EMBA ranking list is also to be seen in that regard.
- Further develop the collaboration with companies and other organizations to offer more complete solutions to management development. A development activity is under planning with a service to companies in which we not only give courses but also offer analysis of the need for and planning of executive development. Currently we are negotiating with three companies about customized Certificate/Master programs. We expect to enter in such activities to a much larger extent in the future.
- Establish benchmarking activities towards other institutions for clarification of several of our strategic issues.

Intentions regarding programs and other products

- Considerably expand the volume of activities responding to demands for programs and activities.
- Working with the advisory board will support this development process.
- Modularize programs for higher attractiveness cross program fertilization, and better economy of scale. The EMBA program now has an alternative modularized track to the traditional cohort track and offers a credit point with a certificate. The Certificates will serve as intermediate products. In the longer perspective there would be many advantages of having “joint” Certificates, which could offer access to other MBA/Master Programs. This would give customers more options and they could postpone their choice until they develop a better understanding of what we offer. The Certificate in Business Development in the Global Market Place and thus the modularized EMBA will be launched September 2006. Each Executive Certificate track has a targeted approach dealing with a focused theme while offering a general management perspective.
- Revision of the MPA Program through the Competence Project: transform cutting-edge research into relevant curricula.
- Consolidation of the MHM-Program through the creation of a stable organizational environment: secure routinization of administrative procedures, maintain a high level of professional student service and expand knowledge and brand recognition of the program among potential student segments.
- Increase the international dimension of the MHM and MPA programs through intensified cooperation with sister-programs.
- The strategic focus of developing the relations to Australia is to find a program that can become the international equivalent of the MMD program. Our hope is also that the ‘local’ co-operation between the two programs can become a lever/further support for more integrated relations between CBS and Australia.

Intentions regarding administration

- Improve efficiency by the use of better control systems and increased awareness of productivity, efficiency and effectiveness issues. New productivity and financial measures will be developed and used in budgeting and follow up. Staff is in the process of being hired to facilitate this development.
- Joint secretariats, like EC, EMBA and FT MBA have been established, and the focus will be on functional structures, such as sales and marketing, and operations. The closure of MBA BYG has also meant that we have had to reorganize the staffing and the structure of the MMD, TMO, and BYG-secretariat.