

Evaluating the ROI of Executive Education

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This article is a condensed summary from the research paper, “Teaching Executives to See Social Capital” by Ronald S. Burt, Professor of Sociology and Strategy at the University of Chicago Booth School of Business, and Don Ronchi, former Chief Learning Officer at Raytheon Company.

The two examined the ROI for the Business Leadership Program, a custom Executive Education program developed by the Chicago Booth and Raytheon. Their findings are of great interest to the many CEOs, Senior HR Executives, and Chief Learning Officers who consider the value of investing in Executive Education.



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This article is a condensed summary of the research conducted by **Professor Ronald S. Burt of the Chicago Booth School of Business and Don Ronchi, former Chief Learning Officer of Raytheon Company, who evaluated the Chicago Booth/Raytheon Business Leadership Program to determine the ROI of the program (March 2005).**

Raytheon's Challenge

The Raytheon Company, a leader in the defense and aerospace systems industry, examined the problem of how to coordinate across the organization silos of its many product programs and similarly-segregated product programs in the three large organizations it had recently acquired. Simply, the task was to preserve efficiency and tacit knowledge within the silos while harvesting the value of integrative work across the silos.

The Educational Solution

Chicago Booth and Raytheon collaborated and formulated a custom Executive Education program, titled the Business Leadership Program. In the course, a cohort of two to four dozen executives spend five days at Chicago Booth. The group studies and discusses the latest principles of social capital and strategy and Raytheon's strategy in light of the principles discussed. Participants then apply the principles to practical issues at Raytheon by working on team projects.

Six weeks later, the cohort assembles for a mid-course day at corporate headquarters to discuss the projects' progress and have a two-hour workshop with the CEO on Raytheon strategy and leadership. Six weeks after that, the cohort assembles for a "graduation" day at headquarters. They debrief one another and the CEO on their final proposal, and their progress on a plan to transfer their program project into the company for development or implementation.

Biographies in Brief

Ronald S. Burt

**Hobart W. Williams Professor of Sociology and Strategy
The University of Chicago Booth School of Business**

His work concerns the social structure of competitive advantage. His most recent book is "Brokerage and Closure," published by Oxford University Press.

Don Ronchi

**Former V.P. Raytheon Six Sigma, Supply Chain, and Chief Learning Officer
Raytheon Company**

Prior to coming to Raytheon in December 1998, he was an organizational psychologist in private practice specializing in helping organizations change their culture and align their processes and structures accordingly.

He is the former Vice President of Six Sigma, Supply Chain, and Chief Learning Officer of Raytheon Company. He is currently with Cerberus Capital Management, L.P.

Evaluation Method

An evaluation of the Raytheon Business Leadership Program was undertaken using the most popular framework for guiding evaluations. The framework includes:

- Reaction — Did participants like the program?
- Learning — Did participants change their attitude, knowledge, or skills?
- Transfer — Did participants change their behavior?
- Results — Did participants become more productive?

Control Group

To estimate program effects on performance, a control group (a set of people not attending the Business Leadership Program, but otherwise similar to the people who did attend) was identified and evaluated.

Program Effects

The three program effects are:

- higher performance evaluations,
- more likely promotion, and
- improved retention.

The Results

■ Graduates of the program are 36% to 42% more likely to receive to performance evaluations.

Program graduates are significantly more likely to far exceed expectations (41% of BLP graduates versus 17% of same rank people who did not participate in BLP) and are significantly less likely to be in the bottom category of simply meeting expectations (12% of BLP graduates versus 37% of those who did not attend BLP). People who were doing well were more likely to be invited to participate in the program, but the above program benefits are gains relative to a control group of peers doing well before the program who did not attend the program.

■ Program participants are 43% to 72% more likely to be promoted.

Program graduates and their peers in the control group are clearly outstanding within the broader employee population in the top five job ranks, but program graduates are significantly ahead of their peers in the control group.

■ Program graduates are 42% to 74% more likely to be retained by Raytheon.

Program graduates were more likely than their high-performance peers in the control group to find engaging, productive projects inside the company.

■ Active participation in the program turns out to be critical to the program effects.

Two years after completing the program, program graduates who had been categorized as “active” participants had 43% higher odds of promotion. Subsequent careers of executives who were quiet spectators in the program cannot be distinguished from the careers of people in the control group (high-performance peers who never attended the program).

Read the Entire Research Document

This brochure is condensed from the research paper, “Teaching Executives to See Social Capital” by Ronald S. Burt and Don Ronchi.

For a complete copy of the research paper log onto:

<http://faculty.chicagobooth.edu/ronald.burt/research/TESSC.pdf>

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Results in Summary

By evaluating Chicago/Raytheon's Business Leadership Program, a custom Executive Education program grounded in principles of social capital, researchers found program effects yielded substantial outcomes.

- Graduates of the program are 36% to 42% more likely to receive top performance evaluations.
- Program participants are 43% to 72% more likely to be promoted.
- Program graduates are 42% to 74% more likely to be retained by Raytheon.
- Two years after completing the program, program graduates who had been categorized as "active" participants had 43% higher odds of promotion.

The program has substantial positive effects for the participants and the Company.

This article is a condensed summary of the research paper, "Teaching Executives to See Social Capital" by Ronald S. Burt and Don Ronchi.

For a complete copy of the research paper log onto:

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Custom Executive Education Programs

Chicago Booth creates Custom Executive Education programs that capitalize on the "Chicago Approach," which is the very best disciplined approach to conceptual knowledge and academic theory with practical, real world application delivered by faculty of one of the world's top business schools. These components of Chicago's programs are all keys to driving your corporate competitive advantage through effective human capital investments. Through deep thinking and high impact results, Chicago Booth writes the rules that business follows.

Partnering with us today will drive your business success tomorrow!

For more information on the Executive Education offerings or Custom Program possibilities, contact:

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