

Teaching in Executive Education Programs

Rita Gunther McGrath

rgmcgrath@comcast.net

www.ritamcgrath.com



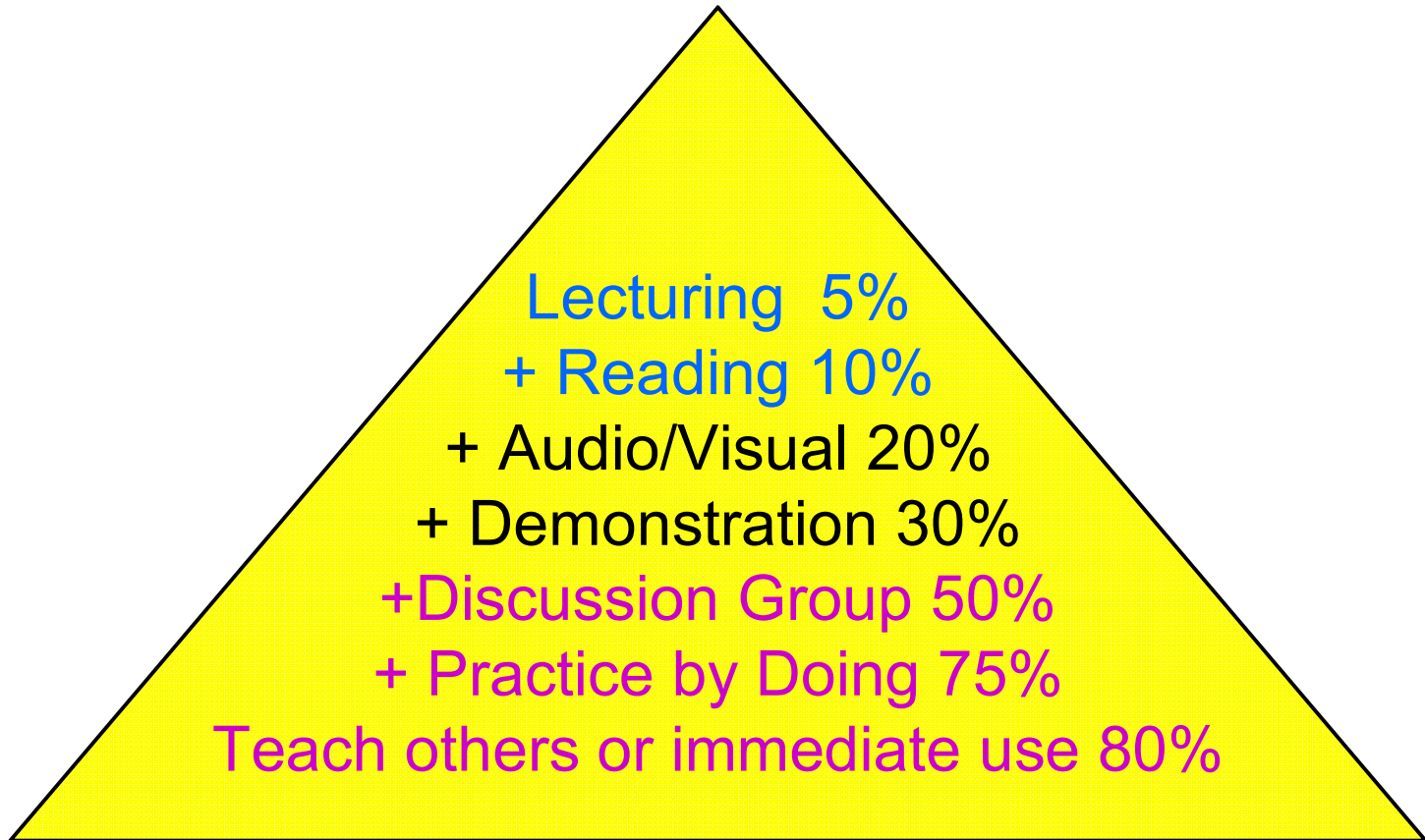
Strategic Management Society Annual
Conference Cologne

October 12, 2008

Retention in Adult Learning

- Studies show that over a period of three days, learning retention is as follows:
 - ▶ 10% of what you read.
 - ▶ 20% of what you hear.
 - ▶ 30% of what you see.
 - ▶ 50% of what you see and hear.
 - ▶ 70% of what you say.
 - ▶ 90% of what you say as you do (e.g., orally work out a problem)
- Source: Pike, R. W. 1989. Creative Training Techniques Handbook. Minneapolis, MN: Lakewood Books.

Hence – I try to keep groups in the ‘maximum learning’ space



A 'worked' example in 15 minutes or less

-
- Real Options/ Discovery Driven Planning

I would kick off with a short discussion of their own experience, as in these questions:

-
- Reflect on two growth opportunities you've been involved with
 - ▶ One, a real success
 - ▶ One, not such a success
 - What factors made the difference between the two?

Then extract the key learning point from participants' stories...

- Recognize that different disciplines are required for exploring new areas than you might use in the core areas
 - ▶ Assumption to Knowledge ratio
 - ▶ Cost, not rate
- Remember: What makes something interesting is a challenge to weakly held assumptions

Source: McGrath & MacMillan *The Entrepreneurial Mindset* 2000, Harvard Business School Press

Brief outline of technique (tell them what you're going to tell them)

- Define success before you start
- Impose market and competitive discipline
- Lay out clear operations specifications
- Articulate and document assumptions
- Plan to checkpoints

Then application to a simple problem



Reverse income statement

- Required Profits = necessary revenues minus allowable costs
- Required ROI = required profits / allowable investment
 - ▶ Start with profits and permit costs, not start with costs and hope the profits will flow

Weave together the application & the story



For the toy store...

Required Before-Tax profits	\$	250,000.00
Return on Sales		50%
Required Revenues	\$	500,000.00

Then have the participants engage in critique as the 'story' unfolds

Average price per item	\$25.00	
Number of items required	20,000	
Average items per purchase		2
Required purchases	10,000	
Weeks during peak season		8
Required purchases per peak week		1,250

Total size of store? 3,100 square feet

Then examples, pros & cons which reflect their likely discussion

- Average purchase in a Toys R Us store
 - ▶ \$10 or just under
- Average size of a Toys R Us store
 - ▶ 20,000 square feet



Hmmm...not looking so good

- But what about Build a Bear Workshop?
 - ▶ 3,000 average store size
 - ▶ \$700 average revenue per square foot
 - ▶ \$2.1 M revenue potential per year per store
 - ▶ That works!



Or the American Girl Place?



- A day at American Girl Place can easily run about \$300 for one adult and one child. It starts with the purchase of an \$87 doll and paperback book.
- Visitors spend on average two hours at the store--watching the musical American Girls Revue at the in-store theater (\$28 each), having lunch at the pink-and-black polka-dotted tea room (\$20 each), visiting the doll hair salon (\$10 to \$20), posing for a picture at the photo studio (\$23 to \$35), perusing the doll museum (no charge), and shopping for doll outfits, doll furniture and doll accessories.

<http://www.prophet.com/newsevents/news/story/20070116story.html>

In an ideal world, lecture format followed by break out – this is one I'm doing next week in our Senior Exec Program

-
- You will be setting up the initial parameters for a Discovery Driven plan for the “Mushrooms with a Mission” venture, in your venture groups
 - For this morning, focus on:
 - ▶ What would success look like at the venture’s maturity?
 - ▶ What unit of business makes the most sense?
 - ▶ What are some of the key operating assumptions that you think need to be tested?
 - ▶ Prepare to report back on your conclusions
 - For later on in CSEP, consider developing a complete DDP for the venture, as an aid to the Foundation

Key take-aways

1. Too much one-way communication is ineffective
2. In design, remember the basic principle of what makes something interesting – challenge to weakly held assumptions
3. Build on executive participants' own experiences & connect to your teaching points
4. Creative repetition (700 times)
5. Tell stories
6. Combine facts, emotions and symbols – often, one or another are left out