

# Teaching in Executive Education Programs

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Strategic Management Society Annual  
Conference Cologne

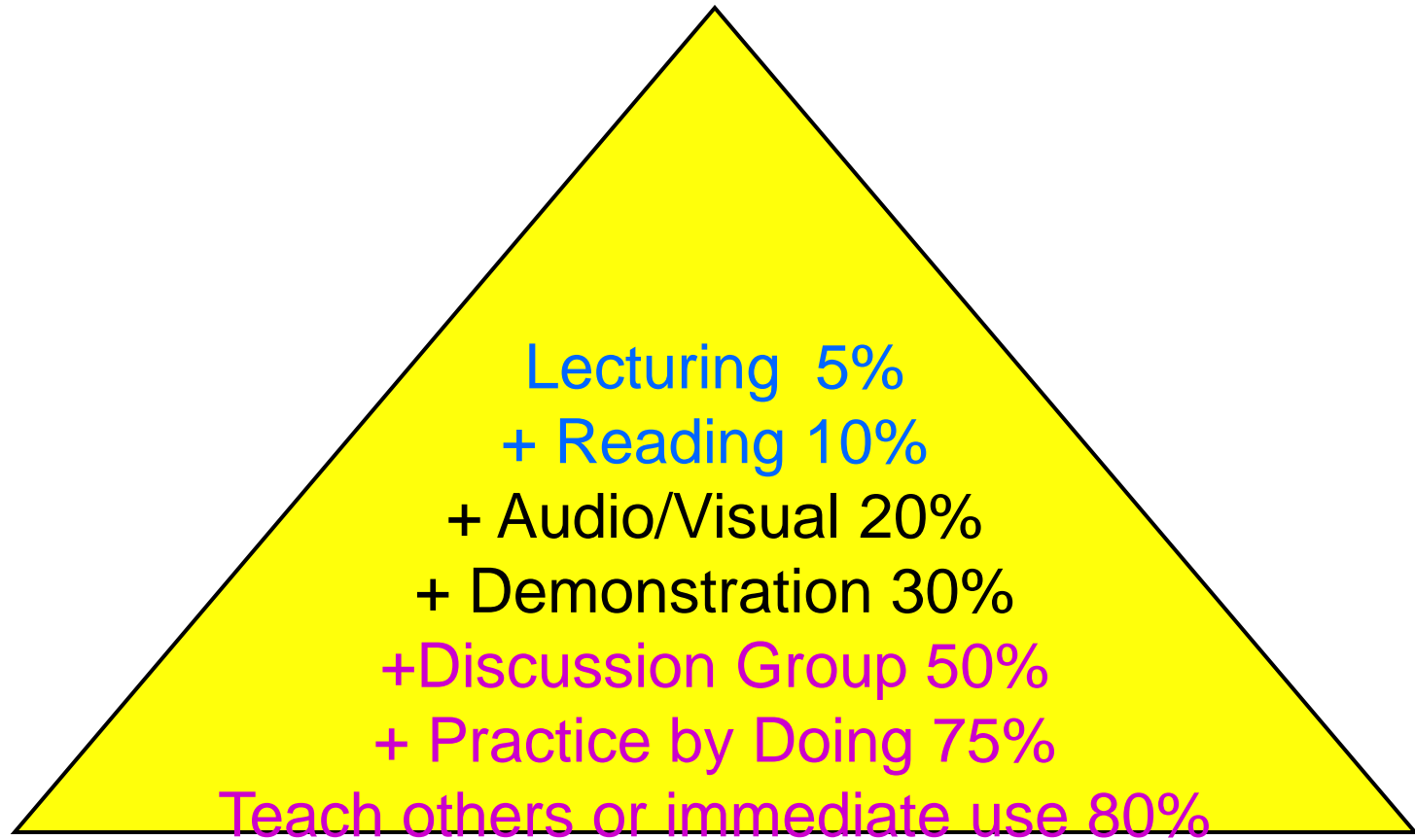
October 12, 2008

# *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*

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# *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:***

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- 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...***

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- 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

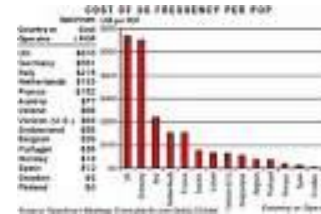
*Then use this to set up the tension your will address in your session – in my case, the ‘flops’ file*



Revlon  
Vital  
Radiance



AOL/  
TimeWarner



3G Licenses



Motors



Millennium  
Dome



CargoLifter



Kodak/  
Sterling Drug



PAX tire



Webvan

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

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- 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*

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# *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

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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*

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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*

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- 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