Peter Drucker
The Lessons of Business Schools

What Keeps Deans Awake at Night?

PLUS:
On Track with Technology

Hello, World!
The Indian School of Business Arrives
<table>
<thead>
<tr>
<th>No.</th>
<th>Section</th>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>FEATURES</td>
<td>Taking Stock</td>
<td>Management icon Peter Drucker takes a look at business schools, what they’re teaching students, and what they need to be teaching.</td>
</tr>
<tr>
<td>18</td>
<td>FEATURES</td>
<td>The Challenge of Change</td>
<td>Deans and faculty heads discuss the issues that keep them awake at night: the fight to find the best teachers, the effort to master new technologies, and the race to forge global alliances.</td>
</tr>
<tr>
<td>24</td>
<td>FEATURES</td>
<td>On the Right Tech Track</td>
<td>How technology is changing the way students learn and teachers teach.</td>
</tr>
<tr>
<td>30</td>
<td>FEATURES</td>
<td>The Knowledge Ecology</td>
<td>Visionary George Pór sees a future in which organizations draw on their collective wisdom to succeed.</td>
</tr>
<tr>
<td>34</td>
<td>CONTENTS</td>
<td>All Business in India</td>
<td>Born as a collaboration between Kellogg and Wharton, the Indian School of Business aims to be a world-class institution.</td>
</tr>
<tr>
<td>40</td>
<td>CONTENTS</td>
<td>Jumping the Digital Divide</td>
<td>Hewlett-Packard’s Bess Stephens examines the close link between philanthropy, technology, and education.</td>
</tr>
<tr>
<td>44</td>
<td>CONTENTS</td>
<td>Niche Marketing Makes Its Mark</td>
<td>Business schools find new ways to set themselves apart through specialty education programs.</td>
</tr>
<tr>
<td>48</td>
<td>CONTENTS</td>
<td>Fantasy Baseball and the Future of Business Schools</td>
<td>AACSB International’s John Fernandes envisions a future in which every school can have a winning team.</td>
</tr>
</tbody>
</table>

DEPARTMENTS

3 From the Editors
4 Headlines
54 Technology
56 Bookshelf
58 Calendar
60 Your Turn
64 Spotlight
Synchronicity

Recent news stories reported that scientists have created the world’s most precise clock. Using liquid mercury and lasers, this new and improved clock can measure the shortest spans of time ever recorded. It can synchronize, to the quadrillionth of a second, the technological networks that drive our lives, from communication grids to global positioning systems. A better clock, said the scientists, will help everything run just a little more smoothly.

Synchronicity, with time, and with the times, has become one of our biggest challenges, especially when it comes to business and management education. Whether we’re on a business school or corporate campus, we try to stay connected with the world via cell phones, laptops, handhelds, and the Web. But the more we try to keep in sync with the world, the more elusive that goal may seem. Scientists may have devised a better clock, but staying ahead of trends in business and education requires different kinds of tools.

AACSB International has created BizEd to be just such a tool. It is designed for management educators and managers who want to stay synchronized with a quickly evolving marketplace—and even move one step ahead. As the only publication dedicated to issues unique to business education, BizEd will strive to keep management educators and corporations in sync with what’s happening in the world of business, and more important, with each other.

Let us introduce ourselves: Sharon Shinn is a graduate of Northwestern University (BSJ ’79), and has more than 20 years’ experience in journalism. Tricia Bisoux is a graduate of Washington University in St. Louis (BA ’91, MA ’94), with six years’ experience as an editor and instructor. We are honored now to be working with AACSB International to create this publication.

Most publications want to hear from readers, but we place a special importance on receiving your letters, e-mails, and submissions to the “Your Turn” and features pages. We invite you to contact us at BizEd.edit@aacsb.edu with your ideas and feedback. As the editors of BizEd, we want this publication to be a forum for the exchange of ideas about what’s important to business educators and the businesses they ultimately serve.

We welcome you to our premiere issue! Although we may not be able to beat the scientists’ new clock, we’ll work to keep time with the trends and make BizEd an indispensable tool for management educators around the globe.
Five Schools Join in Offering Global EMBA

Five business schools from Asia, Europe, South America, and North America have formed an in-depth partnership to design and deliver OneMBA, a geocentric executive MBA program focused on developing global managers. The five schools are: The Chinese University of Hong Kong, Faculty of Business Administration, People’s Republic of China; Erasmus University Rotterdam, Rotterdam School of Management, The Netherlands; Fundação Getulio Vargas, Escola de Administração de Empresas de São Paulo, Brazil; The Monterrey Tech, Graduate School of Business Administration and Leadership at ITESM, Mexico; and The University of North Carolina at Chapel Hill, Kenan-Flagler Business School, United States.

According to Kai Peters, new dean of the Rotterdam school, “This new model for a truly global MBA education is built on a collaborative partnership that transcends—while taking advantage of—regional boundaries. Its approach is globally relevant and locally sensitive.”

The 21-month program, which is slated to begin in September 2002, is designed for fast-track executives living and working in each of the schools’ regions. OneMBA founders expect executives in the program to be global managers of multinational companies and regional managers who need to know more about global markets. They will study together at their home business schools and during four experiential learning trips to major business arenas in Asia, Europe, South America, and North America. Graduates will receive a degree from their home universities and a OneMBA awarded jointly by the five schools.

“This new model for a truly global MBA education is built on a collaborative partnership that transcends regional boundaries.”

The OneMBA program will admit a global class of approximately 100 senior executives, distributed across the program’s five campuses. Each school will be responsible for recruiting the class from its own region, subject to acceptance criteria established by the alliance. Classes will be taught in English, so proficiency in English is required. The schools will share a common Web site with access to application forms. Tuition will be set by each school based on regional market conditions.

At least one-third of the core courses will be integrated across schools and will focus on leadership, operations, marketing, finance, and strategy. Other courses will revolve around such specialized topics as information technology, negotiations, and alliances. In addition to a weeklong opening session in Washington, D.C., participating executives will experience three global learning modules, each of which will include the creation of a new global team. The executives also will be assigned global team projects that will help integrate core course material and enhance interaction. Potential team assignments include global branding, business simulations, country risk analysis, evaluation of changes in the global business environment, and business plan competitions.

Each university will offer OneMBA in the format that is most practical for its market. The U.S. program, for instance, will meet once a month—Friday, Saturday, and Sunday—in Washington, D.C., or Chapel Hill. However, professors at different universities will coordinate the topics covered in each core course; the same subject will be offered during similar time periods so that executives in the program can work in virtual global teams on select assignments.

Global experiential learning modules will cover one developed economy and one developing economy. They will include one-week modules in Washington, D.C., Europe, Asia, and the Americas.

“The MBA is no longer an American concept,” says UNC’s dean, Robert Sullivan. “Our collaboration has created a new standard for executive MBA education, redefining what it means to be a global business school. The partner schools have brought together a multinational group of pioneering business and academic leaders. Together, we will jointly develop and provide new, relevant and practical education for senior executives who will lead their organizations through the massive change and opportunities created by an emerging global economy.”
LBS Chooses Laura Tyson as New Dean

London Business School has announced its new dean: Laura d’Andrea Tyson, most recently dean of the Haas School of Business at the University of California at Berkeley and a former adviser to Bill Clinton. Replacing former LBS dean John Quelch, Tyson will assume her new duties in January.

Tyson has been dean at Haas since July 1998, and a professor there since 1990. She has been at the campus since 1977. From 1993 to 1996, she also served in the Clinton administration, helping formulate the president’s domestic and international economic policy agenda. During part of that time, she also chaired the Council of Economic Advisors and served as the president’s national economic adviser.

Tyson will be on leave from her faculty position at UC Berkeley and says she plans to return to the campus in the future. She has said that the London appointment will provide her with a perfect vantage point from which to study the globalization of business. She is known for her research in international economics, most notably in her book, Who’s Bashing Whom—Trade Conflict in High Technology Industries.

Tyson is the first female dean of LBS. According to Business Week Online, Tyson will be looking to improve female enrollment. In 2000, according to the article, just 22 percent of the incoming class of MBAs were female, as compared to 30 percent at other elite MBA programs.

Her absence will be felt at Haas. “Laura Tyson has shown wonderful leadership as dean of the Haas School. She has led the school to new levels of prominence and fostered an innovative learning environment that will continue to greatly benefit today’s business students. We wish her the best in her new position,” said Robert M. Berdahl, chancellor of UC Berkeley.

Berdahl announced that professor Benjamin Hermelin, who has been serving as associate dean for academic affairs and chair of the faculty at the Haas School since 1999, has been appointed interim dean. The school will undertake a national search for the permanent deanship.

EMBAs by the Numbers

While rankings based on MBA programs have long been a source of both pride and contention among business schools worldwide, organizations that produce the rankings always have argued that they’re helpful to the ultimate consumers—students looking for guidance and corporations hiring graduates. In an effort to be even more helpful, two publications have broadened their scopes and, this October, are offering rankings for EMBA programs.

Both the Financial Times and Business Week see their new EMBA rankings as a way to provide a more complete picture of the schools profiled. “For some schools, the EMBA is actually their flagship program,” says Della Bradshaw, business education editor for the Financial Times. “So if schools have only been ranked for their MBA programs, they might get a ranking which they think is underestimating the quality of their school.”

According to Mica Schneider, business education reporter with Business Week, the new EMBA rankings are a way of presenting a more accurate picture of the schools profiled. “There are schools that are doing such a good job of catering to their part-timers and offering a really flexible schedule, or catering to their executive program, that they don’t have the best full-time program. But maybe that school doesn’t need the best full-time program because it’s got other strengths. If the school has 40 people in its full-time and executive program, and 300 in its part-time program, it might have a strength that we’re not addressing with other rankings.”

Because the structure of an EMBA program is so different from that of a full-time MBA, many schools might not be highly ranked in both programs. “What’s interesting is that many of the schools you’d expect to see in the top ten on a regular full-time MBA ranking aren’t in the top ten for EMBA rankings, simply because they don’t have the programs,” Bradshaw says.

When assembling the rankings, says Bradshaw, Financial Times looked at the reasons individuals pursue EMBA degrees and whether or not they’ve successfully achieved their goals after graduating from the program. “With EMBA, a lot of people are company-sponsored, and one of the most interesting things is finding whether the company-sponsored students actually stay at their companies longer than the ones who pay for themselves,” she says. The report looks at EMBA students who’ve stayed in their companies, and how far they’ve progressed, as well as the career progressions of students who’ve left their companies.

More information is available on the publications’ sites online. See www.ft.com and www.businessweek.com for details.
Kai Peters Appointed
Dean of RSM

After a successful period as interim dean of the Rotterdam School of Management, Kai Peters has been confirmed as dean of the RSM, the Graduate School of Business at Erasmus University Rotterdam in The Netherlands. Peters thus becomes one of the youngest deans of a major global graduate business school. Peters, who was born in Germany and raised in Canada, also brings an international background to his position.

“It is my goal to continue the development of the RSM as a global leader in business education,” says Peters. “Our focus will be on the globalization of both technology and financial markets, and how these developments affect internationally oriented managers.”

Prior to his appointment as dean, Kai Peters was director of MBA programs at Erasmus University Rotterdam. His team was responsible for the growth of the full-time MBA program and the development of the part-time MBA program, increasing overall enrollment from 160 to 500.

Before beginning a university career, Peters worked at IBM Canada, Volkswagen Germany, and a company in the German publishing sector.

In other news, RSM announced that it is condensing its MBA degree program from 18 months to 15 months starting in October 2002. Designed to provide a high-quality education with a minimal interruption to participants’ careers, the new curriculum accommodates the needs of students who are increasingly older and have significantly more work experience than students of the past decade. The three months have been shaved off the time frame by decreasing downtime between semesters; utilizing technology more effectively; and developing a more structured approach to projects and internships.

Cardean University
Adds Law Courses

Cardean University, the online educational subsidiary of UNext, has announced plans to expand its business and management curriculum to include law-related topics. These new courses will cover issues that are of particular concern to business, such as contracts.

E-BUSINESS

Business schools worldwide are adding e-business programs at a rapid rate, but most of the time they’re responding to external pressures rather than an internal drive to join the e-commerce boom. In fact, student and business community interest in e-business has been the primary driver for the creation of these programs, according to an e-business study recently completed by AACSB International and two researchers from the University of Louisiana at Lafayette, Harlan Etheridge and Kathy Hsu. Deans and directors of 282 schools worldwide participated in the survey.

Nearly three-quarters of the survey respondents (72.4 percent) noted that their schools have already introduced at least one course in e-business. Integrating e-business into existing courses has been the strategy for 76.9 percent of the respondents, who had such courses in place by the spring of 2001. Another 21 percent said they are actively considering integrating e-business into existing courses. Such course integration is viewed as more effective than general e-business courses, and a general degree that includes some e-business is considered more useful than an e-business degree.

Finding faculty to teach the courses has been challenging, although nearly half of the respondents are retraining existing faculty in e-business skills. Again, integration seems to be the answer, as most schools assign these trained professors to established departments that recognize a formal specialization in e-business.

Why establish an e-business program? Average

- Current student or prospective student interest: 4.29
- Business community interest: 4.08
- Faculty interest in teaching e-business: 3.88
- Faculty interest in e-business scholarship: 3.28
- Pressure from university administrative officials: 2.50

Scale: 1=Not Important; 5=Very Important

How are e-business faculty deployed? Average

- Assigned to functional business department: 3.26
- Assigned to functional business department with formal recognition of a specialization in e-business: 3.17
- Assigned to functional business department without formal recognition of a specialization in e-business: 3.07
- Established in separate e-business department: 2.39

Scale: 1=Not Effective; 5=Very Effective
workplace rules, and intellectual property.

The courses are being developed in consultation with Steven Shavell, director of the John M. Olin Center for Law, Economics, and Business, and the Samuel R. Rosenthal Professor of Law and Economics at Harvard University; and Louis Kaplow, Professor of Law, also at Harvard. Shavell and Kaplow will work with other faculty members from leading law schools to create courses that are relevant for corporate clients.

Cardean’s business and management curriculum is created in cooperation with a consortium of leading universities, including Columbia Business School, Stanford University, the University of Chicago Graduate School of Business, Carnegie Mellon University, and the London School of Economics and Political Science.

The new law-related courses will follow Cardean’s format for short executive education courses and deal with issues that are of current practical interest. Each “Quantum” course will require approximately two hours of work on the part of the student and will be available in suites of three to five related courses. As with other Cardean courses, the new law-related courses will be based on learning by doing and student-focused learning methods. The first courses are expected to be available later this year.

For more information, visit www.unext.com and www.cardean.edu.

### MBA Students Focusing on Future in Finance

The field of finance has overtaken consulting as the No. 1 career preference of MBA students, according to the results of the annual MBA Global Survey administered by the Graduate Management Admission Council. The number of MBA students studying finance increased more than in any other field, growing by nine percent over last year’s class.

More than 4,500 responses were collected from the MBA class of 2001, representing 108 schools in 103 countries. According to GMAC, the survey represents the largest sample of MBA students ever studied.

While an MBA improves anyone’s earning power, it helps women more than men. According to survey results, women receive, on average, a 100 percent salary increase after earning an MBA, while men receive an 89 percent increase. Nonetheless, the majority of all respondents expressed extreme satisfaction with their degrees, and they are most pleased with their enhanced ability to think strategically.

Other key findings of the 2001 survey include these points:

- Rankings of MBA programs are among the top media sources for prospective MBAs.
- Students’ major motivation for earning an MBA is to increase career options.
- When graduates accept employment, the most important factor is the opportunity to develop corporate strategies.

Complete data from the 2001 Global MBA Survey is available online at www.gmac.com.

### Which degrees are most popular?

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<thead>
<tr>
<th>Degree Type</th>
<th>Now in Place</th>
<th>Under Consideration</th>
<th>Total</th>
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<tbody>
<tr>
<td>MBA with concentration in e-business</td>
<td>25.45%</td>
<td>22.22%</td>
<td>47.67%</td>
</tr>
<tr>
<td>Certificate in e-business</td>
<td>18.98%</td>
<td>34.67%</td>
<td>53.65%</td>
</tr>
<tr>
<td>Executive nondegree programs in e-business</td>
<td>18.75%</td>
<td>28.31%</td>
<td>47.06%</td>
</tr>
<tr>
<td>Specialized master’s degree in e-business</td>
<td>10.51%</td>
<td>9.78%</td>
<td>20.29%</td>
</tr>
<tr>
<td>Bachelors degree in e-business</td>
<td>8.89%</td>
<td>11.11%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Doctoral degree in e-business</td>
<td>2.57%</td>
<td>2.94%</td>
<td>5.51%</td>
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### How do you find e-business faculty?

<table>
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<th>Method</th>
<th>Have Done</th>
<th>Under Consideration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retrain existing faculty for e-business</td>
<td>49.64%</td>
<td>35.87%</td>
<td>85.51%</td>
</tr>
<tr>
<td>Hire new tenure-track faculty with expertise in e-business</td>
<td>45.65%</td>
<td>29.35% 75.00%</td>
<td></td>
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<tr>
<td>Hire new non-tenure track faculty with expertise in e-business</td>
<td>34.32%</td>
<td>27.31% 61.62%</td>
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For more information about the e-business survey, access [www.aacsb.edu](http://www.aacsb.edu) or contact Dan LeClair, AACSB International’s Director of Knowledge Services, at Dan@aacsb.edu.
Headlines

**Executive Education Update**

**Wharton West Woos the WEMBAs**

The Wharton School of the University of Pennsylvania, Philadelphia, has announced the start of its first West Coast class of executive MBA (WEMBA) students. In August, 65 students began taking classes at Wharton's new campus in San Francisco, known as Wharton West. The WEMBA programs in both San Francisco and Philadelphia offer students the same program, faculty, and degree as the MBA program at the Wharton School.

According to Wharton dean Patrick Harker, the school was interested in setting up a San Francisco campus in order to be closely involved with one of the world’s most important hubs of technological and economic activity. Wharton already has an unofficial presence in the area, with dozens of faculty members working in the West Coast region. More than 5,500 Wharton alumni are currently living in California, and 18 percent of Wharton’s MBA class accepted positions with companies in the western United States.

WEMBA, one of the first programs launched at Wharton West, will be held on alternate weekends and during two weeklong sessions in the summer. Students based in San Francisco will have the option of spending a semester at Wharton’s Philadelphia campus, and Philadelphia-based students will have the opportunity to study at Wharton West. WEMBA program administrators include Leonard Lodish, vice dean of Wharton West and professor of marketing; Howard Kaufold, WEMBA director; and John Lyon, associate director of WEMBA’s West Coast program.

For more information, visit wharton.upenn.edu/wemba/.

**Yale Offers Executive Education for Top CEOs**

Peer learning is the mainstay of executive education, but CEOs at the world’s top companies don’t have too many peers—except each other. To address their needs, the Chief Executive Learning Institute, a combination think-tank and corporate management education center, has joined forces with the Yale School of Management to offer a university-based peer-driven learning environment for prominent CEOs.

Under the new partnership, Yale SOM and CELI will continue to offer programs to corporate heads, government officials, and leaders of nonprofit organizations. At the CELI forums, CEOs, faculty, and students will be encouraged to join in rapid-fire debates, a staple of CELI executive education.

CEO’s at the world’s top companies don’t have too many peers—except each other.

“Both the Yale School of Management and CELI have as their missions educating leaders for business and society. The interaction of the world’s top business executives with our students and faculty will be a wonderful formula for education that furthers this goal,” says Jeffrey E. Garten, Dean of the Yale School of Management.

For more information about CELI, visit www.ceoleadership.com. For the Yale School of Management, go to www.mba.yale.edu.

**MDs offered an EMBA at Wayne State University**

An executive MBA tailored to medical students will help new physicians learn to deal with the business of running a practice as they’re learning to diagnose illness and write prescriptions. The degree will be a joint venture between Wayne State University Business School in Detroit, the Wayne State School of Medicine, and the Detroit Medical Center.

According to an article by Lisa Cichon in *The South End*, the intensive 16-month, 36-credit program will focus on accounting, statistics, information systems, finance, and service operations. The program also will examine “21st-century delivery systems for health care, structuring for the future through strategic planning and marketing, competing in a dynamic environment with organizational design, managing modern technical health-care professionalism, and legal and risk analysis.”

The EMBA program will be staffed by members of the business school faculty as well as health-care executives from the Detroit area. Students must achieve their medical degrees before enrolling in the EMBA program.

For more information, visit wharton.upenn.edu/wemba/.

[Image: Synapse icon]
THE CONFERENCE OBJECTIVE IS TO PROVIDE PROFESSIONAL DEVELOPMENT THAT FOSTERS EXCHANGES AMONG BUSINESS SCHOOLS.

HEC Focuses on the Business of Art

HEC School of Management in Paris has created a new specialization in arts and cultural management. Third-year students who have taken general management courses can pursue this option.

The new specialization is multidisciplinary and will be taught by a team of permanent HEC lecturers, augmented by outside experts from the artistic and cultural worlds. School leaders consider the initiative a natural extension of HEC’s interest in the arts, most visible in the French school’s contemporary art space and artist-in-residence.

AACSB Annual Meeting Moves Overseas

For the first time, AACSB International’s Annual Meeting will be conducted outside North America. The 2002 event will be held June 7 through 9 at the Shangri-La Hotel in Bangkok, Thailand. Management educators from North America, Asia, and other world regions are expected to attend.

The conference objective is to provide “professional development that fosters exchanges of practices and information and builds capabilities among business schools and individuals.” Three program co-chairs are developing the conference curriculum: Roy A. Herberger, president, Thunderbird, The American Graduate School of International Management; Virach Aphimeteetamrong, dean, Faculty of Commerce and Accountancy, Chulalongkorn University; and Jaruporn Viyanant, dean, Faculty of Commerce and Accountancy, Thammasat University.

The lineup of conference speakers currently is being developed. Concurrent sessions will be practically oriented and feature topics of critical interest to management educators. In addition to explorations of contemporary global issues in management education, attendees will have opportunities to learn about the complex factors influencing business schools in Thailand and Southeast Asia.

A gala Welcome Reception, honoring newly accredited and reaffirmed schools, kicks off the conference on Friday evening, June 7, along the landscape of the Chao Phraya River at the Shangri-La Hotel. Beta Gamma Sigma will again feature its International Honoree at a luncheon plenary speech on June 8, and the organization will co-sponsor the Welcome Reception with AACSB in recognition of the newly accredited and reaffirmed schools.

Discounted fares for AACSB delegates are being negotiated with American Airlines and its global partners for

Stewardship Awards Go “Beyond Grey Pinstripes”

Business schools with MBA programs that emphasize social and environmental issues will be honored in late October when a new survey, “Beyond Grey Pinstripes 2001,” is published. Beyond Grey Pinstripes is a joint report of the Aspen Initiative for Social Innovation through Business and World Resources Institute.

The survey looks at business schools that have shown “exceptional dedication and innovation by offering deep, well-balanced programs that synthesize social and environmental issues into traditional management curricula, academic research, and outreach agendas,” according to a spokesperson.

The first BGP survey was conducted in 1998. This year’s participants include 82 schools from the United States and 24 from Asia, Europe, and the Americas. The goals of BGP 2001 are: to celebrate innovation in business education and recognize faculty pioneers; to inform potential students about environment and social impact management disciplines; to challenge business schools to incorporate such programs into their curricula; and to let corporate recruiters know which schools are providing training in these areas.

Aspen ISIB is a program of the Aspen Institute, a global forum dedicated to improving the human condition. Beyond Grey Pinstripes was originally developed in the belief that the global marketplace needs social and environmental stewardship skills in business and that these skills need to be taught in MBA programs. Results of the 2001 survey will be released Oct. 31 at the Citigroup headquarters in New York City. More information will be available online after that date at www.beyondgreypinstripes.org.
travel to Bangkok. A specially designed guest program includes the Welcome Reception and two full-day tours for accompanying spouses and family members. In addition, optional pre- and post-conference tours of Southeast Asia and Thailand have been designed to help attendees make the most of their Asian experience. One highlight will be a half-day tour of the three area business schools.

The various tours will give visitors a chance to explore the fascinating past of the Thai Kingdom, underpinned by the people’s adherence to Buddhism and reverence for the monarchy. The country has been a cultural crossroads, and many historical sites exist as testament of the nation’s evolution. All tours feature sightseeing, transportation, accommodations, dining, and shopping.

The Annual Meeting immediately precedes the Global Forum on Management Education, which will be held from June 9 through 12, also at the Shangri-La Hotel in Bangkok. The Global Forum is held twice each decade and is dedicated to the advancement of the global practice of management education. In 2002, the Global Forum is hosted by Association of Deans of Southeast Asian Graduate Schools of Management (ADSGM) and co-hosted by AACSB International and other regional associations. The forum’s strategic global partners include Andersen, Motorola, and Lufthansa, and Fuji Xerox has joined the forum as an official industry partner.

Look for additional information about the AACSB Annual Meeting and the Global Forum in printed brochures that have been widely distributed. Detailed information is also available on the organizations’ Web sites: www.aacsb.edu and www.globalforum2002.com.

Porter Prize to Recognize Japanese Businesses

Distinguished Harvard professor Michael E. Porter is the namesake of a new award established by the Graduate School of International Corporate Strategy at Hitotsubashi University in Tokyo, Business Wire reports. The award will recognize Japanese companies that have achieved superior profitability in a specific industry through excellence in management and competitive strategy.

The Porter Prize is being sponsored by the Daiwa Institute of Research of the Daiwa Securities Group, Tokyo. Porter has a long history of involvement with Japan and its economy and will be on the advisory board overseeing the prize.

The university and the Daiwa Securities Group have formed a comprehensive university-industry alliance as part of a long-term plan to help revitalize the Japanese economy. The prize is one of its efforts. The Daiwa Institute of Research, which specializes in management and financial databases, will provide operational and financial support to the prize. The Daiwa Securities Group plans to use the prize to “reinforce its intellectual assets and build a global human network by cooperating with leading authorities on strategy.”

In addition to Porter, the prize’s advisory board will include Yoshinari Hara, president and CEO of Daiwa Securities Group; professor Ikujiro Nonaka of ICS; and Professor Iwao Nakatani at Tama University, also in Tokyo.

The Graduate School of International Corporate Strategy was established in April 2000 as a professional graduate school. More details, see www.ics.hit-u.ac.jp. An application may be obtained from www.porterprize.org.

Prize winners will have their case studies published in the Hitotsubashi Business Review, case studies also will be registered at the Harvard Business School.

In addition, organizers hope the Porter Prize will encourage the “theory and practice of competitive strategy to take root more widely among Japanese companies.”

Blue Ribbon Committee Studies Accreditation Changes

What must a business school do to attain accreditation through AACSB International—The Association to Advance Collegiate Schools of Business? Accreditation standards have always been high, and will remain so, and a Blue Ribbon Committee established to review accreditation standards is considering changes to the standards and to the process to maintain their currency and to improve their value to members.

The committee will look at standards “in light of the global environment, changing higher education initiatives, and the need to make accreditation a part of the normal strategic planning process,” said AACSB outgoing chair Larry Penley in a report at AACSB’s annual meeting held last spring. Penley is dean of the College of Business at Arizona State University, Tempe.

The committee is focusing on three key areas. In the first area, the scope of accreditation, the committee is proposing that accreditation be awarded to an “administrative unit,” which might be a school, department, college, or division. The second area being examined is that of accreditation standards. The committee is recommending standards that focus on educational expectations.
and achievement, in ways that do not depend exclusively on U.S. higher education models of the past. In the third area, maintenance of accreditation, the committee is looking at how a school can maintain accreditation through continuous implementation of strategic planning.

Nine institutions have been invited to participate in the new experimental maintenance review process during 2001–02, and all have accepted. An additional 18 have been invited to participate in the experimental process in 2002–03; of these, 14 have accepted so far.

The BRC met in August to consider recommendations for modifications and made standards revisions available for member review in mid-September. Members interested in learning more about the Blue Ribbon Committee and its progress can go to the AACSB Web site at www.aacsb.edu, and follow the links to the Blue Ribbon Committee. In addition to the working draft of the revised standards, communiqués to members, thought papers, and other reports are available online. Members interested making suggestions can send comments to Milton Blood, AACSB managing director of accreditation, at Milton@aacsb.edu.

New Officers Begin Term at AACSB

AACSB International—The Association to Advance Collegiate Schools of Business has elected a slate of new officers for the 2001–2002 term. John Kraft, dean of the Warrington College of Business, University of Florida, Gainesville, will be the new chair; Jerry E. Trapnell, dean of the College of Business and Public Affairs at Clemson University, Clemson, South Carolina, is the vice chair and chair elect. The new secretary-treasurer is Paul E. Dascher, dean of the School of Business Administration at Stetson University, DeLand, Florida, and the immediate past chair is Larry Penley, dean of the College of Business, Arizona State University, Tempe. The current term ends on July 1, 2002.

New chair Kraft expects to focus on three key areas during his term. One is the experimental changes in accreditation standards being studied by AACSB’s Blue Ribbon Committee (see previous page). “We’re running experiments this year with several schools, and we’ll be running them for the next couple of years as a test for how the standards might be applied to the reaccreditation process,” says Kraft. “That’s a major focus for this year and next year.”

Globalization will be his second area of concentration as AACSB works to accredit more schools worldwide and to attract more international members. “This effort will be ongoing as we attempt to be defined as the spokesperson for business education globally,” Kraft says.

The organization’s third focus will be on “the decline in faculty research productivity and the associated decline in Ph.D. production,” Kraft says. “Ph.D. production is down about one-third from where it was in 1990, and that is in the face of worldwide growth in demand for business faculty. This is something we’re going to have to address as a problem that will emerge significantly in the next five years.”

Kraft has worked with the National Science Foundation and the Federal Energy Administration. He also has served on the boards of the Greyhound Financial Corporation, Citibank of Arizona, the Graduate Management Admissions Council, and the Arizona State Research Institute.

Vice chair Trapnell is president of the Southern Business Administration Association has served on the boards of the American Institute of Certified Public Accountants, the American Accounting Association, the Federation of the Schools of Accountancy, the Institute of Management Accountants, and the South Carolina Association of CPAs.

Secretary-treasurer Dascher is a board member of the Southern Business Administration Association, Memorial Health Systems, Sun Trust Bank, and the Financial Executives Institute Orlando. He has also served as national vice president of the Institute of Management Accountants and as president and board member of the Accountants for the Public Interest.

Penley, the immediate past chair, is an affiliated faculty member with the Center for Latin American Studies, a member of the Chicana/o Studies Advisory Committee at Arizona State University, a board member of the Greater Phoenix Economic Council, INROADS Arizona, the Economics Club of Phoenix, Wells Fargo Bank of Arizona, and The Center for Advanced Purchasing Studies.

For more information, contact Howard Hoskins, at Howard@aacsb.edu.
What Peter Drucker has to say about business schools and management education is as original, lucid, and provocative as all his observations have been for the past 50 years.

Peter Drucker modestly calls himself a management consultant. His disciples call him a hero, a legend, a giant among men. Widely regarded as the seminal thinker on 20th-century business organizations, Drucker has written 32 books that have been published in more than 30 languages. Drucker’s works seem timeless, perhaps because he writes about much more than management or the production of wealth. He also shows how people can lead useful lives and produce greater opportunities and resources for themselves and others.

Born in Austria, Peter Drucker pioneered the study and practice of organizational management more than 50 years ago—long before management as a concept had even entered the business consciousness of the world. He became immersed in the practicalities of organizational management by becoming the most sought-after advisor to CEOs, senior managers, executives, and government leaders from around the world. He originated business concepts such as privatization, outsourcing, management theory, knowledge workers, and the global economy.

Drucker, now 92 years old, is the Clarke Professor of Social Science & Management at the Claremont Graduate University in Claremont, California. In a recent interview, Drucker shared his views on business schools, their effectiveness, and their future.
What are the three most important lessons that today’s business schools should be teaching tomorrow’s executives?

The first is that they have to learn to take responsibility for themselves. Far too many people still expect the personnel department to look after them. They don’t know their strengths, they don’t know where they belong, they take no responsibility for themselves.

The second is that the most important thing is to look up, rather than down. The focus is still on managing subordinates, when it should be on being an executive. Managing your boss is more important than managing subordinates. And so is asking, “What should I contribute to the organization?”

The final lesson is the need to acquire basic literacy. Yes, you want that accountant to be an accountant, but you also want her to understand what the other organizational functions are about. That’s what I call the basic literacy of the organization. Such literacy is not a matter of taking the right courses, but a matter of practical experience.

We help our students achieve basic literacy by placing them in small teams and sending them out to work in actual organizations. There, they take on projects that make a significant difference to the organization.

I recently sat down with one team that had been working in a fairly large organization two days a week for the last six months on the difficult question of pricing. These were very able people between the ages of 27 and 40 who had at least five years of practical experience. But they had never really seen an organization as a whole. Through their work they were exposed to the entire organization and began to understand that pricing is not just a financial decision or a marketing decision, but requires an understanding of the entire organization, as well as of the market.

That’s a lesson you can’t learn in a classroom.

How well do business schools prepare their students?

Only the students themselves can answer that question, and they rarely know until ten years or more have passed. Also, I think that what you mean by management, one cannot learn until one first has several years of practice. Finally, the reality is that management positions will be far fewer in the future, so we should be preparing students for other types of careers as well.

The question, therefore, should perhaps focus on the extent to which we enable students to “get going.” In this respect, I believe that business schools prepare students very well. They give students functional skills that enable them to earn their keep very quickly, if very narrowly. Certainly one of the purposes of undergraduate and typical MBA programs is to help the student get a good first job. I think there is no doubt that MBA programs are effective in that respect. MBA students get very good jobs, better jobs that they would have landed without an MBA. That’s all that can be expected, really. What happens after they land the job is up to each individual person.

You’ve stated that traditional management careers will disappear. What will take their place?

We’ll have to call them executive careers, or careers in organizations. The traditional career path, which takes you from being a professional specialist to being a supervisor of specialists and then a manager—that’s going to be history pretty soon. General Motors, for example, has already reduced its management structure from 28 layers to 15 and will drop to three or four in the not too distant future. Then there is the growth of careers outside the organization, where people are contractors to the organization instead of its employees.

One of the great challenges to the organization will be rewarding and motivating people when the possibility of promotion doesn’t exist. I’ve been working with large companies on initiatives that enable their best people to develop their own businesses within the organization. They become CEOs of their own shows and are rewarded and recognized as such.

I don’t think our business schools are prepared for this reality. Our business schools do not prepare people to take responsibility for their careers.

How will the Internet and related technologies change management education?

First let me say that shying away from Internet-based education because it is too impersonal to be effective is nonsense. Nothing is easier than building feedback and direct contact into the
Internet. Yes, it’s true that the way most schools do it, by taking a course that a good professor delivers, filming it, and putting it on the Internet, is impersonal. That doesn’t work. With every new medium, you have to change the message and the format. And you must get feedback.

I recently developed ten one-hour online courses, and we built feedback into the program. Questions are asked, answers are given by the students, and I comment on the answers and give better possible answers or offer other solutions. It took us a long time to work out the process, but our customers think it is our most important feature. They don’t feel the Internet class is impersonal, and it isn’t. It’s no more impersonal than a large lecture class. In fact, it’s more personal.

Regarding the overall impact of such technologies, I think it is too early to tell. For example, I am working with several large consumer-brand companies, and one of the things we are learning is that we will have to move from one method of distribution to three. While the consumer will still buy many items at the supermarket or discount store, some commodities—we don’t know which ones—will be bought, for the most part, online. Some products will be bought online but delivered through the supermarket. So the large consumer goods companies must learn how to distribute their products through three different channels, and we don’t know yet which products will be distributed which way.

The auto industry provides another example of how difficult it is to predict the impact of technology on car sales. We all thought that new cars couldn’t be sold on the Internet, but 60 percent of all new car purchases are now being decided on the Internet. After limiting or eliminating the choices, the car buyer goes to a dealer. Similarly, everybody was quite sure that you could not sell used cars over the Internet, but amazingly enough, that is the area that is growing the fastest.

In the same way, we don’t know yet exactly how the new learning technologies will affect higher education. Online technology will certainly make a difference, but it is just a new way to deliver teaching. It forces you to restructure what you offer. Perhaps the one certainty is that we will develop a number of alternative ways of delivering management education and management learning as a result of the new technologies. For example, online education will most likely play an important role in the delivery of education to already highly schooled adults, an area that represents the frontier of higher education.

Why do you consider highly schooled adults to be the frontier of education?

This is where I think we will see tremendous changes—in the education of older people, especially the education of people who are already at work. Not primarily because of technology—technology is just the enabler—but because the idea of continuous learning is taking over.

Knowledge makes itself obsolete every ten minutes. Once you graduate, you have to begin to learn. And so the continuing education of already highly schooled adults is not only going to provide an additional dimension and an enormous opportunity to higher education, but it will also change what we teach and where we deliver it.

It will revolutionize the way we deliver management education, because that traditional full-time student sitting in the classroom is the wrong recipient for this type of education. A good deal of teaching will still be done in the classroom, but much of it will take place off campus in groups. Much will occur online, and much will be accomplished through self-study. Perhaps the single most important medium will be special tools that are adapted for use at home, with built-in visual and audio feedback mechanisms.

Another factor is that management education is more and more the concern of the employing organization. As a result, management schools will increasingly work with outside organizations to create management education programs that fit the organization’s needs. Quite a number of corporate universities have been founded in the last few years, and not just in large businesses. I am working with the management of two corporate universities that were developed by two national nonprofits. Such organizations see the management school as a resource and as a producer, but not necessarily as the exclusive provider of management education.

In our very small school, Claremont Graduate School in California, there is a constant demand for us to take our courses
to various businesses and nonprofits and help them organize off-campus educational programs. They also ask us to help develop nontraditional curricula that are focused and adapted to their needs. A city police department, for example, which is a large and complex organization, has needs that are very different from those of a for-profit business. We have to convince the department not to be too narrow in its programs; but on the other hand we have to adapt the courses to the needs and backgrounds of its people, which are totally different from those of the typical management graduate student.

**What other significant changes do you foresee?**
I suspect the next 30 years will be marked by great change in higher education. The past 50 years have been a period of tremendous growth. The school of commerce, which used to be the stepchild of the university, has blossomed into the largest single area of American academia. But the curriculum is basically the same as it was 65 years ago when I first came to this country and saw the first graduate business school at New York University.

After 50 years, maybe one has to rethink the curriculum. In the '50s and '60s at NYU, our student enrollment increased 40 percent each year. In such a situation, you don’t have much time to think; but with the period of most explosive growth behind us, I think we will have a little time for reflection. It’s time to develop a new curriculum that reflects the fact that management or business education is now core instead of a minor appendix, and that most people will make their living either working in or with organizations.

**What should the new curriculum include?**
One area of focus should be on basic literacy, which I mentioned earlier. It is essential that individuals be able to relate their specific skills and areas of expertise to the larger organization—and world—that surrounds them.

I see this need very clearly in my advanced graduate students. A large number of them come to us sponsored by their companies because they are high achievers and successful people, but the emphasis of their careers has been on specialization. As a result, they are overspecialized and don’t know anything about the rest of the universe. Here they are, 36 years old, and after ten years as accountants they are suddenly placed in a management position and realize that they don’t know a blessed thing about anything but tax accounting. What is lacking is the relation of themselves to the universe of knowledge. You have to make your career as a specialist; there is no other way. And yet you need to be able to relate yourself to the universe of knowledge and have basic literacy.

I’m always appalled at how little statistics my students or my clients know; and yet it is a core discipline, a vital area of knowledge. Economics, law, some history, some structure of society and world economy, psychology—these are core disciplines that we may teach a little. For whatever reason, though, the students aren’t able to connect to them.

Another missing element is something that we do not teach—what I call social skills. Unlike the physician or the lawyer, the executive works either in or with an organization. And they need social skills. Otherwise, they are simply not effective in an organization.

There is a great deal of emphasis on leadership today. I am all for it. In fact, I taught what I believe was the first course on leadership in an American university way back in 1952 or so. But what about “followership”? Most people—even the so-called leaders—spend some time being followers and equal partners. What about learning that in an organization one doesn’t begin by asking, “What do I want?” but by asking, “What is needed?”

Above all, you cannot manage other people unless you have learned to manage yourself. And we do a very poor job of teaching writing, speaking, and listening, the communication tools on which all effectiveness in an organization depends.

**How important is the research university?**
As far as management education goes, it is totally unimportant. First, the management school is a professional school, not a Ph.D. mill, and in a professional school the emphasis is on teaching. You look at a law school, and you don’t ask how many...
far, very little of real importance has come out of academia. people like Alfred Sloan or Jack Welch.

papers are usually published. Your first question is what percentage of its students passes the bar exam the first time. In other words, how good is the teaching? You want enough people in your faculty to be intellectually active and to advance knowledge; but you also want them to advance the profession, a goal to which we sometimes pay little attention.

I think basing tenure decisions on peer-reviewed publications is nonsense. It has nothing to do with the business school. Business education is not about research. Sure, we want and need research; but consider the modern medical school, which began in the late 18th century. The emphasis in medical school is not on research and publication but on the ability to treat patients and make a difference in their lives. For its first 100 years, the medical school had no research. Its focus was on the practice of medicine instead. Until 1880, the only innovations in medicine came out of the practice of medicine. The same is largely true in management. So far, very little of real importance has come out of academia. It has originated from either practitioners or people like myself who teach but consider themselves primarily to be practitioners. My emphasis has been on my consulting work, because that is where I learn. Only in the last few years, with Philip Kotler at Northwestern and Michael Porter at Harvard, have new things of importance come out of the business schools. Otherwise, in the 50 years since World War II most of the so-called research of the business schools has added nothing to the effective practice of management. All of the innovation has come from people like Alfred Sloan or Jack Welch.

Is this focus on research the greatest weakness of today’s management education?

It is a part of the larger problem, which is that there is not enough practical experience on the part of the faculty. As the number of management schools mushroomed in the last 50 years, the model on which they formed themselves was that of the college of arts and sciences. The business schools saw themselves as being looked down upon by arts and sciences and, therefore, tried to become academically respectable.

But arts and sciences at the research university are the wrong models for management education. Management is a practice, like medicine; and the model should have been the medical school, where the bulk of the teaching—especially the most important teaching of the M.D. in his or her residency—is performed by practitioners. The head of ophthalmology education, for example, is a practicing eye doctor who has a flourishing practice and spends two days a week supervising the residents. At Harvard, the students start seeing patients the day they enter medical school.

Unlike medicine, where you can bring sick patients into the classroom, business education does not allow you to bring an organization into the classroom. You can, however, bring experience in through your faculty. Business educators should be out as practitioners where the problems and results are. I’m thinking of one of my most effective colleagues, a wonderful teacher. His own field of expertise is quite narrow. But he works with a number of organizations, and he keeps on growing and keeps on learning. You have to work with an organization to be an effective educator. Doing so stimulates you and forces you to learn.

Fifty-five years ago, I turned down an invitation to join the Harvard faculty. There were many reasons for my decision, but a significant one was that the dean at the time had limited the consulting work of faculty members to one day a week. And I thought that was the worst thing to do. Yes, he had a problem, in that his faculty members spent too much time outside the school and neglected to teach. But he solved it the wrong way.

Should business schools seek accreditation?

Accreditation by itself is meaningless, and yet it is valuable. Accreditation does weed out the people who are trying to make a fast buck by selling degrees. It gives a potential student, and, even more important, his advisor in his company or school, some guidelines for choosing a management school. That advisor, whether he is in the company or the school or college, often has absolutely no way of judging. If the school is accredited, then the advisor knows it at least meets minimal standards. And that is very important, given the number of business schools in existence. Accreditation is a guide. It’s no guarantee that the results are good, but it is a guarantee that they can’t be too bad.

Accreditation also provides some protection to a potential employer. Here is a 24- or 26-year-old just out of school with little or no actual work experience for the employer to judge, but he has graduated from a school that at least has the approval of its peers. There is a price to pay when hiring decisions are based on such criteria—you end up hiring degrees rather than people. But you at least have some protection, some assurance of the type of education the applicant has received, and that is very helpful if you’re uninformed.

Accreditation is basically a brand, and brands do not tell you that the stuff is the best; they tell you it isn’t too bad. That’s an important function.
In the wake of a global business revolution, business schools are reinventing themselves. It’s dicey and difficult, but most schools appear to be rising to the challenge.

Functioning in a culture of change is the name of the game for business school deans and faculty. An informal BizEd survey of management education leaders confirms that the tumult of the current business environment probably isn’t all that different from what’s happening on business school campuses.

One-on-one interviews with several deans from around the world indicate that many schools are wrestling with similar concerns and questions; and many current issues, once they’re analyzed, seem to be interrelated. Different schools inevitably require unique solutions, but candid and perceptive commentary on common problems may be a valuable resource for everyone caught up in the challenge of change.

By Sharon Shinn
Fighting for Faculty

The most plaguing issue for business schools appears to be the faculty shortage—deans and administrators alike recognize that attracting and retaining the best faculty is critical. Robert L. Joss, dean of Stanford University’s Graduate School of Business in Stanford, California, says, “I worry that an academic career may not be as attractive to the best minds as it was a generation or two ago. Intellectually gifted people have many more opportunities today. On the other hand, the need for management skill has never been greater in our society, and the impact that good management practice can make on the world has never been greater.”

Joseph Alutto, dean of Fisher College of Business, Ohio State University, Columbus, worries about a faculty roster that is stretched too thin. “In too many areas we think of ourselves as ‘one deep.’ That is, we may have multiple faculty in an area, but a program is really carried by one or two faculty members; and if they leave there are severe programmatic impacts. We are investing heavily in faculty development for senior and junior faculty, and we’re recruiting to achieve a level of redundancy that minimizes disruptions due to departures of faculty.”

Even so, many deans believe a crisis is ahead. “We are not creating enough doctoral candidates worldwide to replace ourselves, let alone fuel the growth in management education in the world,” says Patrick Harker, dean of The Wharton School at the University of Pennsylvania in Philadelphia. “In Asia, Europe, and Africa, we’re going to see more and more business schools emerge; and they’re going to be desperate for management talent.”

Margot Northey of Queen’s School of Business, Kingston, Ontario, agrees that current graduates from Ph.D. programs are “absolutely not going to meet the demand.” As a result, she is convinced that “we’re going to be looking for different kinds of professors to fill different kinds of needs.” She adds, “The void won’t be filled simply with business professionals because you obviously need theoretical grounding and research. But I think you will find increasing importance placed on what people call adjuncts, and I believe they will have a major role in the management of schools.”

Funding the Future

For many, how to find money to pay for new faculty—as well as new facilities, new programs, and financial aid—is the real question. At Arizona State University in Tempe, Philip M.J. Reckers, the director of the School of Accountancy & Information Management, is concerned about the “high and rising costs of technology in business; high faculty costs; high costs of distance education; and revenue bases that are not rising—that is, state tuitions and state taxes.”

The results, he says, “are pressures to adopt program up-
charges, and enhance the emphasis on alumni giving, corporate contract teaching, and distance education. Curriculum innovation will demand increasing portions of faculty time as alumni demand more responsive programs for their contributions.”

The Rankings Race
An outlay of funds is also required to make schools more attractive to students who can choose among institutions located anywhere in the world. “The Internet allows full information on competing schools, so competition among schools will intensify,” predicts Evan Douglas, head, Brisbane Graduate School of Business, Queensland University of Technology, Brisbane, Australia. “Accreditation and rankings will be more important than ever before. Shakeouts, mergers, and consolidations of many business schools may occur as global linkages, franchised campuses, and branch plant campuses become more common strategies for leveraging the brand equity in higher-ranked accredited schools.”

That increased emphasis on school rankings sets off alarm bells for many, however. Steve Albrecht, associate dean at the Marriott School of Management at Brigham Young University, Provo, Utah, believes that “tremendous harm” is being done to business schools by magazine rankings. “They rank us as though we are one program—an MBA program,” he says, “when in reality we are multiproduct organizations. Focusing so much on the MBA is hurting our other programs, which are as important as the MBA. Yet, we need to focus our energy and money on the MBA program because of the rankings.”

Similarly, Myron Roomkin, dean of the Kogod School of Business at the American University, Washington, D.C., views the obsession with rankings as an “arms race.” He says, “It seems that after a decade of wealth accumulation, business schools are trying to spend themselves into prominence,” he says. “It is not clear to me how some of our expenditures on facilities and glossy brochures truly relate to quality education. An arms race is intended to spend one’s competitors out of existence. You have little choice but to compete.”

Global Expansion
Another force that is shaping management education is the uncompromising focus on globalization. “Today, business school is a completely international experience in terms of curriculum, student composition, faculty background, company projects, and job offers for working in all continents,” says Xavier Mendoza, dean of the ESADE Business School in Barcelona, Spain. Mendoza identifies gearing up for globalization as “the biggest challenge business schools will face in the first decade of the 21st century. It’s a challenge that has triggered an intense worldwide competition for the best students, the best faculty, the best corporate partners, and the best partner schools in other regions of the world.”

He identifies the increasing number of international alliances as one of the main drivers of the globalization of business schools, and supporting evidence is everywhere. Wharton recently announced an alliance with INSEAD; Northwestern University’s Kellogg Graduate School of Management, Evanston, Illinois, has joined with Wharton and London Business School to found the Indian School of Business in Hyderabad, India; ESADE has opened a new campus in Madrid and participates in the European Consortium of Doctoral Programmes on Knowledge and Management.

The São Paulo Business School for International Management, for instance, requires MBA students to enroll for the first year in Brazil and the second year at Saint Mary’s in Halifax, Canada. The school’s dean, Wolfgang Schoeps, insists that schools worldwide must focus on making basic improvements and extending their reach. “Alliances with top schools from abroad will be an answer,” he says.

For some schools, it’s not just an international alliance that insures a global outlook, but a multicultural emphasis on the campus itself. For instance, INSEAD supports totally integrated twin campuses in Fontainebleau, France, and Singapore. In addition, the school requires its students to have fluency in two languages as part of their preparation for a career in international business—as well as three to five years of real-world experience.

“Multinational organizations today want people who can bring a true global perspective to their roles, not just because they’ve learned about it at business schools but because they’ve experienced multicultural perspectives to problem-solving first-hand,” says INSEAD’s dean Gabriel Hawawini. There is no better way to an international perspective, Hawawini and other deans believe, than by forming reciprocal learning relationships with schools in other parts of the world. Such reciprocity can offer something a student’s home-grown alma mater cannot—immersion in a different country’s language, culture, and practices.
Tapping into Technology

Globalization is not the only force transforming business management school; technology is an even more pervasive influence. Virtually no part of the education process has been left untouched by technology, from admissions systems to course delivery to test-taking. Faculty members must learn how to utilize new technology, and they’re sometimes behind the curve their own students have set. So not only must schools “integrate more technology into the class,” notes John Wholihan, dean of the College of Business Administration at Loyola Marymount University in Los Angeles, they also must “train faculty who can and will do so.”

One of the challenges lies in making sure technology does not supersede learning. “Until recently, I think most of us thought we would all have far-ranging distance education programs. I think we now realize that technology does have its limits, and we must plan to use it wisely and carefully,” notes Ronald W. Clement, dean, Kelce College of Business at Pittsburg State University, Pittsburg, Kansas.

Still, when it works, it’s spectacular. At Queen’s University, the EMBA program relies heavily on video conferencing equipment that can tie together 29 sites throughout Canada. The University of North Carolina at Greensboro is one of many schools experimenting with the use of Palm Pilots. Students will check out the equipment when they arrive in class; if the system works, it may be adapted for large classes. At Arizona State University in Tempe, a sophomore accounting course introduces students to the intricacies of e-business via a CD that runs off the students’ PCs.

ASU has also developed what dean Larry Penley calls a “significant e-learning and IT staff that supports ASU College of Business faculty and staff.” According to Penley, ASU commissioned an e-business task force of business people—from such companies as CISCO, Intel, Sun, Honeywell, and Oracle—as well as faculty to provide e-business direction for general curriculum change at the undergraduate and graduate levels.

Elsewhere, technology is ingrained into almost every aspect of learning. “At ESADE, students learn to work in virtual teams, debate in virtual forums, and develop their analysis and decision-making skills through Web-based multimedia cases and interactive business simulations,” says Mendoza. Through such activity, he adds, “technology changes both student and faculty roles. The student can assume greater of North Carolina at Greensboro is one of many schools experimenting with the use of Palm Pilots. Students will check out the equipment when they arrive in class; if the system works, it may be adapted for large classes. At Arizona State University in Tempe, a sophomore accounting course introduces students to the intricacies of e-business via a CD that runs off the students’ PCs.

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makes her most nervous about the coming years. “The ability to attract top faculty is going to be a greater challenge outside the U.S. than inside the U.S.,” she says, “and we’re the big neighbor right to the north.”

That’s not her only challenge, however; readying a school for the technological upheaval of the next decade is another. Queen’s is in good shape there, and Northey points to the school’s video conferencing capabilities and requirements for laptops in certain courses. “Technology can be very useful. It can fulfill certain functions even better than the classroom,” she says.

However, she is adamant that technology cannot replace other forms of education. “I think if we assume that education is about somehow getting knowledge packed in, then we’ve skewed what business education should be. A business education is more than technique, and it’s more than tools. It’s technique and tools and judgment.”
FOR DIPAK JAIN, THE NEW DEAN OF KELLOGG, two things set the school apart: an attitude and a curriculum.

“We’ve always followed what I call the culture of change and innovation,” he says, “so we are continuously evolving, depending on what the market needs are.” To meet the demands of a changing marketplace, Northwestern has added new majors in technology and commerce, biotechnology, media management, analytical consulting, and analytical finance. Kellogg is also strengthening international alliances by launching programs with Wharton, London Business School, and York University in Toronto.

Jain acknowledges that none of these changes would be entirely possible without new technology. “Technology improves efficiency and restructures the course by enriching content,” Jain states. “While you’re discussing a case, you can get immediate access to the Internet to look at what the company is doing.”

He’s not as comfortable with any form of e-learning that takes place entirely through electronic media. “I don’t think e-learning is going to be a substitute for what you learn in the classroom,” Jain says. “One very important part of the program is what you learn together, which is not possible when you sit at home alone and learn on your computer.”

He acknowledges that the coming decade will not be easy. “There will be more pressure on business schools from corporations to offer MBA-type programs in a shorter time period. Companies cannot afford to let people go for two years,” he says. Meeting that demand will be the first challenge. The second, Jain asserts, “is to keep attracting the best students, and the third is to retain and attract new faculty members who will also want to do research.”

Even so, he surveys the future with a certain buoyancy. “It’s going to be challenging, but it’s also going to be interesting,” he says. Any time you’re presented with a challenge, he believes, “it makes you more innovative, because you think of more creative ideas about how to thrive and grow.”

Gearing Up for Change

Even as deans and administrators tame technology to suit their needs, they’re facing a future that will require them to be even more nimble. Change has already become part of their environment, and it will reshape the landscape even more.

Kellogg dean Dipak Jain notes a number of key changes that have already transformed business schools: the global focus, the impact of technology, the impact of entrepreneurship, the emphasis on teamwork, and the fact that more programs are designed “with the corporate world in mind.” But one of the most striking changes, he believes, is that students themselves have become more demanding. “The change in the quality of students is one of great significance,” he says.

Partly because of these new, demanding students—and partly because the world of business itself is moving so rapidly that keeping up is almost impossible—many administrators expect the future of business schools to be one of sweeping change that permeates down to the very structure of teaching.

“We must be more flexible and responsive to changes and opportunities that are evolving,” says Alutto of Ohio State University. “There are far too many rigidities built into the normal operating structure of the college to address needs of corporations, individuals, and technologies, particularly when one thinks of an environment characterized by shifting alliances and partnerships.”
George E. Stevens, dean of the College of Business Administration & Graduate School of Management at Kent State University in Kent, Ohio, makes two recommendations. One, he says, is to “get our own faculty to engage in a lifelong learning process. Too many feel that because they have a Ph.D., there is nothing to learn; and if there is, they can’t learn it from anyone who does not have a Ph.D.”

Stevens’ second suggestion is to make business schools respect the power of the “for-profit educational institutions that cater to the needs of working adult learners, while we offer higher education on our own terms in the same old traditional way. These for-profits are more sophisticated than many of our traditional colleges and universities realize.”

In fact, the whole university structure may require rethinking, suggests Ara G. Volkan, chair of the Department of Accounting/Finance at Richards College of Business, State University of West Georgia, Carrollton, Georgia. He asks, “Are we, as teachers, ready to use the production processes—teaching content, teaching style, and student skill development—that result in the product, our graduates, desired by our customers, their employers?”

Schools must take students out of traditional educational models and place them into experiential educational settings, says dean V.V. Baba of McMaster University’s Michael G. DeGroote School of Business in Hamilton, Ontario. In addition, they must make “management relevant.” He says, “While we all understand the importance of management, we have difficulty defining it and developing a program of education and training that adds tangible and demonstrable value.”

Course integration is also essential, Baba continues. Core subjects like finance, accounting, and operations are taught “without any thought to how they relate to management,” the dean says. “Medical schools pay more attention to integrating the various subjects than management schools do.”

Notwithstanding all these caveats, most deans are upbeat about the future of business schools and their ability to attract top students. As Stanford’s Joss observes, “We really have all the great advantages—vs. other professional schools—because businesses are the most intellectually exciting and merit-based institutions in society today.”

Hawawini notes. “In the early ’70s, business education was very much about techniques, classical theory, things. It was—and had to be—very, very academic, because it was a time when business schools were looking for legitimacy as academic institutions. Today, the legitimacy of business school is established and recognized, and the remit of what constitutes good business practice is much broader. “I think the standard definition of business school as a place that you go to take courses is dying. In my view, it’s about creating a global knowledge and learning network that combines people, places, and technology for a lifetime. We’d be the first at INSEAD to say that this is easier said than done. But I believe we’re on the right track!”
Test Thursday 2:30

Aggregate Demand
Income

(1) C = 100
(3) G = 300
(2) I = 200

and equilibrium occurs
where Y = AD
AD = C + I + G = 600 + 0.8Y
During the 1980s, management educators had only begun to see what computers could do for their administrative and educational practices. The tried-and-true, traditional chalk-and-blackboard lecture had yet to meet its first “smart classroom,” one wired for multimedia, data projections, and interactivity.

Fast forward two decades and you find B-school deans seeking out IT specialists, while WAPs, LANs, laptops, and e-learning have become commonplace for faculty members and students. The possibilities are endless, the scope for creative teaching exciting—and the prospect of keeping up with an ever-accelerating pace of technological change overwhelming.

“If you think about it, life was much easier when you could walk into a classroom with only a piece of chalk. All you had to do was make sure the chalkboard was there,” says Anne Massey, associate professor of information systems at Indiana University’s Kelley School of Business, Indianapolis. “When you have a fully wired classroom, all this technology at your fingertips, all these resources over the Internet, and all these students with laptops—suddenly, you have to be more creative in terms of capitalizing on those opportunities.”

The trends on today’s business school campus reflect a new era of learning, when technology changes significantly in short spans of time. Simply staying current can be a full-time occupation. But the future of tech in management education is absolute. The only questions still up for debate are what form it will take and to what extent it will affect the nature of its graduates.

Whether business schools have adequate funding or the
staff is trained in all things tech has almost become irrelevant. Higher education no longer can “opt out” of IT. As the demand for a computer-influenced education increases, business schools worldwide are striving to create the best wired, wireless, and online learning communities for their students.

Adapting to 24/7 Learning
There’s much talk about “distance learning,” where courses are delivered to nonresident students at any location. But business schools also are investing extensive resources in providing resident students the same easy access to school and course information. Technology has transformed the way on-site students expect to learn about real-world business strategies. These new expectations create increased pressure for business schools to provide wholly interactive environments.

Many schools have initiated student laptop programs at both graduate and undergraduate levels, in addition to distance learning programs. Wireless access protocols (WAPs) and local area networks (LANs) enable students to interact with their professors and fellow students at any time of day, from any point on campus, through antennas plugged into their laptops. Plus, more universities are using online information portals to provide students, faculty, and staff access to course content, scheduling information, searchable databases, and much more.

Around-the-clock learning comes only through a computer infrastructure that is extremely sound, says Russ Altendorff, information systems director for London Business School. The “No. 1 issue of the moment,” he says, is living up to the expectation of all-the-time-any-time access to course and university information. Schools no longer have the luxury of thinking that “nighttime and summer are times when you can dismantle everything and install something new.”

For this reason, minimizing complexity, eliminating redun-

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The Power of Partnership

Many a computer company has invoked the newly minted, already clichéd phrase, “Technology brings people together.” But it’s a cliché that speaks truth, especially where education is concerned.

Just ten years ago, for example, most management educators had never:

- Team-taught a course thousands of miles away, through video-conferencing, with a professor at another school.
- Invited a corporate CEO to speak to a class—from his or her office on the other side of the country.
- Shared information and other resources, online and real-time, with partner schools overseas.

A decade ago, business schools were fairly isolated in terms of the resources at their disposal, which most often were limited to their own faculty and funding. But with the help of new communication tools, schools are seeing their resources expand with the power of well-chosen partnerships—with corporations, with other schools on their campuses, and with each other.

“It goes beyond negotiating for discounts with suppliers. We now create long-term, mutually beneficial partnerships with a few commercial partners, making the stakes very high and getting those partners to truly believe in the educational mission. Companies like SUN, IBM and Hewlett-Packard understand the value of pure research,” says Russ Altendorff of the London Business School. “I know that many universities have deep relationships with technology companies, but I think there’s still a great deal of scope to bring together commercial endeavors with education.”

London Business School has taken partnerships one step farther to create what it hopes will be a different kind of online informational portal, one designed for a general business audience. Its new site, titled Bestofbiz.com, incorporates more intuitive search methods, such as the use of a built-in thesaurus to connect a single search to a variety of relevant information. This site, which will serve as a revenue-generating source for the school, came about through the school’s existing resources, as well as alliances with several companies with an interest in education.

“We didn’t set out to have a grand project that would have heavy funding and a great pressure to perform and produce some return on investment,” says Altendorff. “Instead, we had a vehicle for experimenting. We had a commercial driver, but without the burden of raising funding. We saw the need to create alliances that would give academic weight to the project.”

And when corporations have a stake in education, the high cost of technology can be decreased significantly. “In my MBA telecommunications course last fall, Verizon donated 80 wireless cards for students in my class to use in their laptops,” says Anne Massey, associate professor of IT at Indiana University’s Kelley School of Business. “We used them for both demonstra-
dancy, and streamlining all computer operations are essential to keeping any operating system up and running. To this end, London Business School has partnered with SUN Microsystems to help modernize and combine the many systems that it had added in the last 20 years—including 20 different servers running everything from Windows NT to Novell to Unix.

“During the year 2000 we all learned about the real cost of complexity,” says Altendorff. “Everybody across the world had to come to grips with upgrading everything in sight. Any weakness caused by complexity really showed up. We’ve tried to simplify and at least rationalize the number of operating systems we support. That in itself reduces cost and risk and drives you toward your goal of 24/7 operation, 99.9 percent of the time.”

A university that is literally open for learning 24 hours a day dramatically alters the educational process, agrees Thomas McQuillan, executive director of MBA and MS programs at Temple University’s Fox School of Business in Philadelphia. “We’ve noticed that students go nowhere without their laptops. From the time they come here in the morning until the time they leave in the evening, they are able to communicate 24 hours a day with one another. MBA students are not 9-to-5 types of people,” he says. “This has driven the faculty to think about how they’ve designed their courses.”

Faculty also must cope with a 24/7 time frame. When can they truly close shop for the day? Perhaps never, says John DeAngelo, assistant dean for information technology at Fox School of Business. The time when interaction with students was confined to the classroom and occasional office visits is effectively over.

“Students are not at all shy about contacting you any time day or night, and you must be clear about what your limitations are,” he says. “You have to tell them, ‘I answer my e-mail between 7 and 12 every night, but don’t expect one after that.’ If you don’t manage expectations, you’ll be swamped.”

According to Robert Mason, a professor in the Department of Information and Management Sciences at the Florida State University College of Business, the new technologies have resulted in more work for instructors and more time invested in a technology-enhanced course. “I don’t know that any instructor would say that technology has made it easier, or requires less preparation,” he says. “It requires more time. But in a much more meaningful sense, you’re much more accessible to the students, and students expect professors to be more responsive. You’re expected to stay connected even at night and on weekends.”

The New Interactivity
Essentially, technology is changing the dynamic of business schools and other higher education institutions. However, providing a tech-ready, value-added campus that is wired for interaction at all levels means that schools must bear the brunt of higher expenses and an increased pressure to introduce and maintain new systems. As a result, human resources, often already stretched thin, bear the extra load.

“We’ve had the same four network staff in the school since before I arrived four years ago. And yet, those four individuals are now being asked to support activities that four years ago didn’t exist,” says DeAngelo. As examples, he mentions a new...
entrepreneurship program, a new e-business institute, and a new MIS department. Fox also extensively uses Blackboard, an online course management and administrative tool targeted to universities.

“Finding a way to continue to support and fund these operations and the personnel that we’re dependent on is probably the biggest challenge facing Temple University, and probably the biggest challenge facing most universities today,” he says. The level of change has compelled a steep learning curve for staff, students, and faculty, who must adapt quickly to new approaches and continuously relearn new systems. Educators also have had to revamp, at the most basic levels, the manner in which they teach. What used to be fodder for classroom lectures is now posted online; with this material already absorbed, students then come to the classroom ready for interactive team projects, in-depth discussion, and hands-on simulations.

In effect, says Massey of the Kelley School of Business, “you’re fundamentally changing the way you deliver courses and interact with students. Technology is mediating that relationship.” She notes that Kelley has incorporated an online course delivery system called OnCourse and has added a new MS degree in information systems for the fall of 2001.

“Faculty members have been energized by the opportunity to teach new and old material differently,” says DeAngelo. “When you’re doing the same thing over and over again, and you finally get an opportunity to do it in a new way, you can light a fire.”

**Building New Communities**

Between laptops and the Internet, and the new wireless technologies now conspiring to make the two tools one and the same, management education is still in a state of technological flux. However, it seems to be headed into an era that not only offers

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"When you’re doing the same thing over and over again, and you finally get an opportunity to do it in a new way, you can light a fire."
More Tech to Come

There is no question that the world’s business schools are in for a whirlwind of change in the coming decade. Not only must they keep up with new advances in IT, they also must keep pace with business at large. In the next few years, the number of online courses, the prevalence of students “connected” to each other through wireless means, and the amount of information available to students and corporations via university-sponsored information portals are expected to increase significantly.

Whether or not all these changes are for the better is still a debatable point in some quarters. As schools experiment with technology, some methods will succeed and others will invariably cause controversy. But, as Mason of Florida State University points out, controversy surrounding how and what business schools teach has existed since the mid-20th century.

“Let’s give it a little different perspective,” he says. “Before the 1950s or 1960s, management education was much more hands-on. Then, the Carnegie Report suggested that business management education needed to have a more theoretical base. Much of this report was embraced, and most business schools went to a new disciplinary structure and developed new theoretical models. It became much more like the sciences, with its disciplines very compartmentalized.”

With the technological boom, the pendulum is swinging back again, Mason suggests. He notes that many believe the theoretical models now are being lost in the push toward real-world learning.

“In the ’90s, there was a shift toward more integration, and technology has enabled that,” he says. It is up to educators, he emphasizes, to keep theory in balance with experiential learning. “You need the abstract concepts and the concrete experience and reflective observation as a continuous cycle. I think what we may be suffering from is the lack of time to reflect on what we’re learning in the classroom, internship, or co-op experience.

“I think technology does have the capability to enable us to make the best use of time,” he concludes. “But I don’t know that we’ve developed the technology that enables us to be more effective in our reflective time.”

Finding ways to strike this balance, says Altendorff of London Business School, is the challenge that business schools must now work to address. Schools are working “to move from ambition to actuality,” he says, “and the rate of change is accelerating. Universities are still trying to learn the extent to which technology is critical, or whether or not it’s simply ‘in vogue.’ I think there is still a long way to go for universities to understand the real value of some of these technologies.”

Whether or not universities are ready for the change, students are demanding a shift from traditional to technological information delivery. As a result, the typical business student’s educational experience will be transformed by the influx of computer-related tools in the classroom and campus environment. Even more important, as business school administrators and faculty move from the chalkboard to the keyboard, their experience also is changing. No longer will they be simply communicators of information, but rather, educational collaborators, more inextricably involved with their students’ educations than ever before.
The emerging theory and practices of knowledge ecology are making 20th-century ideas of management and business obsolete. The hallmark of effective managers no longer rests on how well they control information, but how well they encourage the healthy exchange of ideas in the workplace. Not only do such exchanges create social and economic value for business; they also increase its capacity to collaborate effectively in learning partnerships of all kinds, inside and outside the formal organization.

For example, think of an organization as an ecosystem, a living organism. When all of its constituents perform in concert, sharing and coordinating their efforts to enhance the possibilities for all members and the organization as whole, the ecosystem thrives. Likewise, “knowledge ecology” is about studying and enhancing the ways in which the parts of knowledge-generating systems relate to and coordinate with one another. It provides a framework for organizations that want to maximize their benefits from emerging technologies and encourage effective collaboration among their members.

Most managers today understand that Web-enabled communications have made their function of “information gatekeeping,” in large part, obsolete. They even realize that people are their most important assets. Some of them also understand that what the members know is what makes or breaks their organizations. However, they also must take the next step, which is to recognize that knowledge is not a “thing” that can be “managed” like physical assets. Rather, it is an organizational capacity produced by collaborative relationships, which a manager must nurture.

The core practice of knowledge ecology is the art of “knowledge gardening”: that is, the seeding and feeding of healthy knowledge ecosystems. Nurturing an organization’s knowledge ecosystem is both a key component of competent leadership and a strategic imperative for today’s organizations.

The First Steps
To create a healthy knowledge ecosystem, we first must abandon many of the old concepts of “management” as we know it. As French novelist Andre Gide once said (as quoted in Bela Banathy’s *Guided Evolution of Society: A Systems View*), “One does not discover new land without consenting to lose sight of the old shore.”

Some managers still are guided by the old habits and processes of command and control, rather than inspired by the full potential of their members (previously known as “employees”). These types of managers hold a company back from developing the resilience and flexibility it needs to respond to rapidly changing technologies and markets. And that will be the difference between a business that succeeds and one that struggles, or dies.

Indeed, what must take the place of our “old shores” is a practice more akin to shared learning, in which managers—who themselves become master learners, coordinators, and coaches—lead by example, and inspire and acknowledge contributions of knowledge from all who work with them.

What a company knows is a strategic asset. However, it also can be a liability if it is not fostered by its leadership and members. We’re living in a time when knowledge, intelligence, and wisdom have become the most powerful engines to generate social and economic value. Therefore, the vibrancy of a corporation’s knowledge ecosystem is a more reliable indicator of its future performance than the extent of its financial might.

Money, for example, indicates only a corporation’s past performance on the market. The vitality of its knowledge ecosystem, however, indicates its potential to meet rapidly evolving strategic challenges and opportunities. A company can have billions of dollars in the bank, but if that company is not in tune with the requirements of a knowledge-based economy, it’s very likely that it will not survive.
Ecology
Management Meets Education

There was a time when an MBA degree meant a partial, if not total, shift from learning to doing—from student to employee. That model also is quickly becoming obsolete. In a knowledge economy, no managers can afford to rely on what they have known in the past to see them through their careers indefinitely. They must continue to learn, and managers and educators alike must create environments in which learning is ongoing and “stealthy”—that is, invisible and effortless. “Stealth learning” happens simply by doing our work in virtual and real-world environments specifically designed to develop new capabilities.

As a result, management development no longer is limited to organizations such as business schools or corporate universities. Organizational professionals develop new skills and better maps of the knowledge landscapes in which they travel through “peer learning” or “collaborative learning.” Also known as “c-learning,” a term coined by the Gartner Group, collaborative learning occurs everywhere people interact, and it is most prevalent in environments optimized to support their collaboration. If their environments, and their potential, are not optimized, it starves the organization’s knowledge ecosystem.

To promote a healthy knowledge ecology, managers have a new responsibility before them. To inspire their members’ best contributions, they must:

- Be master learners and encourage better practices of individual and c-learning.
- Elicit the leadership qualities in all who work with them.
- Become future-responsive, anticipating and articulating future possibilities.
- Be a model for all of the above, so that others can learn to do the same.

If managers are not master learners, they will not be able to absorb and apply the new practices they need to win in the marketplace. If they cannot inspire leadership in all of their members, they cannot mobilize the full potential of the organization to deal with a broad range of situations.

If the primary goal of all business is to generate value for its surrounding market ecosystems, we can say the same for education. The difference is that most business organizations deliver that value through their goods and services as their primary market offer, while educational organizations tend to do so through staging, eliciting, and guiding learning experiences for their customers.

However, even that differentiation may disappear or become more nebulous, as more businesses realize that selling memorable experiences is what brings customers back. The subtitle of The Experience Economy, a popular management book by two Harvard professors, B. Joseph Pine II and James H. Gilmore, tells it all: “Work Is Theater and Every Business Is a Stage.”

Moreover, as managers play a more prominent role in educating their members, and vice versa, the line between business school and the workplace also will become blurred. The shift between learning and doing will become not a shift at all, but a continuation, as people move from one collaborative learning environment to another.

Working and Learning in Cyberspace

Mastering the right combinations of social and electronic technologies for collaboration, learning, and coordination of action is an essential ingredient of organizational effectiveness. Recognizing that, more organizations are using online environments to connect their members to each other across the office, the campus, or the world.

Cyberspace, however, will neither replace nor diminish the value of face-to-face communication. It will, in fact, oblige us to become smarter about how and why we use the latter. When someone convenes a meeting that brings together 20 managers from around the world, both the convener and the participants are aware of the combined value of their time and attention. As face-to-face meetings become more expensive, planners will take more care to ensure that each meeting is effective and efficient, and that all participants enjoy and benefit from the interaction. And as the volume of work done in cyberspace increases, so, too, will the value of well-designed, face-to-face events.

Where cyberspace will thrive most is in its capacity to provide a “place” where groups can share their energy and genius freely and easily. Cyberspace allows for both synchronous and asynchronous interactions, in which groups can work, share, and learn together.

To be viable in the knowledge economy, an organization must develop competence in designing and nurturing diverse kinds of c-learning communities. Some of these c-learning communities also are known as “communities of practice” and refer to groups of colleagues who face the same types of challenges, and who learn together to become better practitioners. Their primary purpose does not lie in a specific, goal-oriented project, but in their shared and collaboratively negotiated learning agenda. As technologies that enable c-learning continue to improve, communities of practice—the stewards of organizational competence—will become more and more strategic and valuable to the organization.

“Competition Is Dead!”

Author James Moore, who has championed the idea of a market ecosystem in which all organisms function in concert, wrote, “Competition is dead!” This makes sense, considering that if value is created through sharing—not hoarding—knowledge, then an organization’s most valuable strategic advantage is its capacity to share knowledge across multiple organizations.
In a knowledge economy, no managers can afford to rely on what they have known in the past to see them through their careers indefinitely.

an ecosystem functions well, players easily can find their unique niches and contribute to the whole what they do best. If, in a given niche, I cannot provide as high a value as someone else, I must discover and redefine my true niche.

For example, here’s a story to illustrate that point on a personal level. Recently, I attended an invitational conference of an international group of computer scientists, biologists, artificial intelligence experts, sociologists, and other researchers. I had prepared a presentation that was scheduled for the last day. However, as I conversed with other participants during the first two days, I twice found it necessary to revise my presentation. There was no point to wasting everybody’s time, I thought, by elaborating on issues that already were covered by somebody else.

Thinking of the workshop as a miniature ecosystem, and each participant as a species occupying a certain knowledge niche, I noticed how the unfolding patterns of our shared knowledge evolved and shifted with each new presentation. Given the new and continually changing shape of the workshop’s implicit “issues map,” I saved those elements of my original presentation that added unique knowledge value to that evolving mini-ecosystem, and abandoned those covered by other participants with more coherence and clarity. Doing so allowed me to refocus my ideas on issues about which I had a more unique contribution to make. (To read this presentation, titled “Designing for the Emergence of a Global-Scale Collective Intelligence: Invitation to a Research Collaboration,” visit www.co-i-l.com/coil/knowledge-garden/kd/designing.)

Organizations can thrive in continuously shifting market and technical conditions only if they learn to grow, harvest, and leverage the unique mix of knowledge and capabilities of all of their members.

Distributed Intelligence, Collective Wisdom
Knowledge ecology is about recognizing and honoring people— their knowledge, their expertise, and intelligence—as the main source of value creation. “Honoring” includes providing them with the best available tools, methods, and expert facilitation of knowledge development, as well as encouraging productive conversations. In a well-nurtured ecosystem, relevant information, successful practices, and mutual inspirations feed one another.

The health of a knowledge ecosystem requires that business leaders, HR executives, and management educators provide sustained attention to the right cultural and technical conditions in which people, and their relevant knowledge, can blossom.

Recognizing what knowledge is relevant also is a key part of success. Spectacular failures have happened to organizations that have been successfully climbing a mountain in their knowledge landscape, but that have chosen the wrong mountain to climb.

However, when an organization designs its knowledge ecosystem to unleash the potential of its members’ creativity and collaboration, it equips itself with the collective wisdom it needs to know what knowledge is relevant and what is not. It will have, first, a better understanding of the interrelatedness of the parts within it; and second, a better intuition about the future.

Verna Allee wrote in Knowledge Evolution: Building Organizational Intelligence, “Wisdom is ... a highly creative and connective way of processing knowledge that distills out essential principles and truths. Wisdom tells us what to pay attention to. Wisdom is the truth seeker and pattern finder that penetrates to the core of what really matters.”

Discovering the “essential truths” within an organization is the true goal of knowledge ecology. And now, with the emergence of the Web and related technologies, there are even more opportunities to create intricate connections and collaborations within and among diverse knowledge ecosystems.

But even in these conditions, an organization can’t afford to be simply knowledgeable. To understand and respond to the kaleidoscopic patterns of new opportunities and potential dangers to its mission, an organization must mobilize the distributed intelligence of its members and listen to the collective wisdom of the whole.

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Global, corporate, competitive, and brand-new, the Indian School of Business joins the world of business management education.
It's the perfect fusion of business and academe. Its goal is to create a world-class business school environment that will produce students capable of working at top companies anywhere in the world, though they may have a bias toward those headquartered in India. And it will produce its first class of MBA graduates in June 2002. Hello, world—the Indian School of Business has just opened its doors.

The brainchild of a handful of American citizens of Indian origin—but the creation of legions of professors and business pros—the ISB is a business school truly designed by business. Among the multinational corporations that contributed heavily to its founding are DaimlerBenz, Goldman Sachs, Citibank, and McKinsey & Co. Indian contributors include ITC Limited (the former Imperial Tobacco Company), Hindustan Lever, Godrej Group, and Bajaj Auto Limited. Representatives from many of these companies are also on the governing board of the new school.

The school is being organized and run by two highly respected business schools: Northwestern University’s J.L. Kellogg Graduate School of Management in Evanston, Illinois, and The Wharton School, University of Pennsylvania, Philadelphia. Both schools are heavily involved in recruiting faculty and devising the curriculum. When ISB students graduate, their diplomas will bear the seals of ISB, Kellogg, and Wharton. Another powerhouse, the London Business School, has recently signed up as a partner in the new school. London Business School professor Sumantra Goshal, a former teacher at INSEAD and MIT, has been named ISB’s new dean.

The pedigree is impressive enough to catch the attention of the most wary corporate donor, but it’s not the only reason major corporations have made generous contributions to the new school. “I am positive that they honestly and genuinely believe in education and are trying to promote it, regardless of personal benefit,” says Bala V. Balachandran, distinguished professor of accounting, information systems, and decision sciences at...
Kellogg, and chairman of the academic advisory committee for ISB. “But I am also positive there is a personal benefit directly tangible to them, because they will be vested in the school. They will have an identity with the school. Right now, we have a class of 130 students who would be good enough to be admitted to Wharton or Kellogg or any other school. Of that 130, I wouldn’t be surprised if 110 someday will be working in one of the companies that sponsored the ISB.”

Not only do sponsoring companies get the benefit of highly qualified and highly motivated new workers, those workers aren’t averse to going back to India for a three- or four-year tour of duty if the parent company needs a representative overseas. They have an emotional bond with the country, Balachandran points out, as well as loyalty to the company sending them there.

Why India, Why Now?

Balachandran, one of the core group of people who came up with the original idea for the ISB, says that he had long considered the benefits of founding a “world-class” school in some country outside the U.S., perhaps in Asia, perhaps in Israel. But his neighbor Rajat Gupta—who also happened to be managing director of investment company McKinsey & Co.—helped him turn his focus to India. That bias might be natural, considering they’re both of Indian origin; but then, so are a large number of other individuals in corporate and academic America.

Balachandran can recite a long list of Indian deans and faculty members at prominent business schools, and he notes that Indians are highly placed in corporations all over the world. In fact, in Silicon Valley alone, the tales of Indian success stories are ripe. A White House fact sheet estimates that in the late 1990s, 16 percent of all start-ups in Silicon Valley involved a partner of Indian origin. Anna Lee Saxenian, a professor of community and regional development at the University of California–Berkeley, has done research that says these high-tech Silicon Valley businesses account for more than $16 billion in gross revenue and more than 50,000 jobs (www.ppic.org/publications/PPIC120/index.html). These statistics don’t even take into account the hard-to-measure impact of Indians engaged in e-business.

Taken together, the signs were hard to miss in the late ’90s. The time seemed right to invest in a first-rate Indian business school. Balachandran canvassed Indian academics; Gupta, now chairman of the board at ISB, sounded out industry leaders. The response was overwhelmingly positive as Indians who had become citizens of countries around the world warmed to the idea of “giving a payback to their motherland without compromising on quality,” says Balachandran.

They also could help create an institution that was truly global, that would give students from around the world a chance to study at an American-style school located in an emerging economy. The quality would be just as high, but the experience would be radically different, enabling students to absorb the differences between cultures and the impact of such differences on the business strategies of multinational enterprises.

“In the context of the global economy, it is important not to think of the world as just the segment that is the U.S.,” says Sridhar Ramamoorti, a principal with Andersen in Chicago, and formerly a member of the accountancy faculty at the University of Illinois at Urbana–Champaign. Ramamoorti, who recently visited the ISB in Hyderabad, is among the Indian American businessmen who are extremely enthusiastic about the new school. He strongly believes that a high-quality education on foreign soil
helps students learn first-hand that values and customs differ sharply in different parts of the world. As an example, he looks at American advertising, where puns and wordplay form the basis of many of the messages. Such tactics won’t work in India.

“A large percentage of the population of India is still illiterate,” says Ramamoorti. “There are millions of Indians—who can’t read or write. And you think research on consumer behavior would show that you should play word games with them? Come on.”

A student pursuing a degree in India would learn that fact very quickly, drawing on experiential learning instead of textbook learning, Ramamoorti notes. “The point is, you have a different mindset. You become receptive to these kinds of issues, and you have a strategy that is more focused on the local context and the community and the cultures to which you will be exposed,” he says. “Whereas if you are coming from more advanced countries where other business or marketing strategies are already being used, you can be misled into believing that these strategies will succeed in less developed countries—and that would be a mistake. In large populations, like those found in India or China, labor-intensive strategies are far more likely to succeed than capital-intensive approaches. You can only get these kinds of lessons if you pursue your education in a foreign context.”

Planning the Program
While Gupta and Balachandran first came up with their business school concept in the early ’90s, it was not until 1997 that the school actually began to take shape. As the idea for the school turned into a reality, Balachandran was put in charge of recruiting faculty and was also named head of the dean search committee. Professors at Wharton, as well as those at Northwestern, began to design the curriculum. A state-of-the-art facility in Hyderabad began construction. In June 2001, the school opened its doors.

ISB is concentrating on three areas: a one-year MBA, a Ph.D. program, and a series of executive education programs. The MBA program is unusual for two reasons. One, it only costs about $15,000 in U.S. dollars. Two, its 12-month structure allows students to get a degree faster than they would at many universities. Core courses are taught in the first six months; electives are offered in the second six months. During the second half of the year, MBA students can choose to take some of their classes at Northwestern or Wharton, though this is not required—and, because of the extra cost involved, it may not be an option that many students choose.

By contrast, students in the Ph.D. program will be expected to do the first year of study at Kellogg or Wharton. They will conduct their fieldwork and thesis work in India. By pursuing their degrees in both locations, students will have a better understanding of both cultures, Balachandran believes. “Students will be globally oriented but able to analyze local problems,” he says.

The executive education classes will fill a need for working professionals who might not have had a chance to enroll in top-flight education programs in the past. Since the ISB’s faculty roster ultimately will consist of half permanent faculty and half visiting faculty, respected professors from all over the world will have a chance to teach for a few days or a few weeks at a time. Balachandran expects these faculty superstars not only to offer courses at ISB, but to take a few opportunities to put on programs at local corporations that otherwise could never import such high-powered talent.

In addition to faculty members from India, America, and Europe, Balachandran plans to bring in, as guest lecturers, a wide range of high-ranking government officials from India and Asia. These include a governor from an Indian state, the president of Sri Lanka, and a former member of the ministry of economics who was involved in shifting the country to its present economic status. “Americans might imagine having the governor of Illinois, who is also a Ph.D., who is also a professor of a business school, teaching a class,” he says.

Competing for Students
While its plans are ambitious, ISB is not the only Indian business school seeking promising students and world-renowned faculty. India already has a set of management institutions that are legendary for their high standards and tough course requirements. The six Indian Institutes of Management are government-
“I would say that it’s crucial to create a community of leading global universities.”

THE ISB MAY BE THE NEW KID IN TOWN, BUT IT’S GOT some Asian neighbors who didn’t move in all that long ago. In August 2000, the Singapore Management University enrolled its first small class of several hundred freshmen. SMU officials are hoping to see the business-focused university grow to 6,000 students in the next decade.

Just last month, the school announced the name of its second president: Ron Frank, former dean and Asa Griggs Candler Professor of Marketing Emeritus at the Roberto C. Goizueta Business School of Emory University in Atlanta. He succeeds Janice Bellace, formerly deputy dean of the Wharton School at the University of Philadelphia in Pennsylvania. Bellace will be returning to Wharton as Samuel Blank Professor of Legal Studies and director of the Huntsman Program in International Studies and Business.

Like the Indian School of Business, SMU is a private university modeled after elite U.S. and international business schools. It also has strong ties with at least one U.S. school—in this case, Wharton, which will provide advice and assistance to the new school over a five-year period. Wharton and SMU also are collaborating on a center dedicated to research and publication in niche areas.

Unlike the ISB, the Singapore school receives state funding and is part of the country’s push to make itself a truly global player. “Prior to SMU, there had been only two universities in Singapore, both large state universities with a British-style curriculum,” says Bellace. “With its plan to advance Singapore as a knowledge-based economy, the government was keenly aware that entrepreneurs and venture capitalists were a driving force in the new economy. Singapore has been known for its strengths in engineering and science education. With SMU, the government set out to strengthen the offerings in the business and management areas.”

Frank also sees the establishment of SMU in a historical context. “I think of Singapore as being, in one sense, like our country was in the early 1890s,” he says. “We had a problem. We wanted to move a lot of our population from rural to urban areas and from one occupational frame of reference to another, and we needed a massive engine. In Singapore, they need an engine too, one that will make more of their professional population capable of participating in a global marketplace.”

An investment in public universities is only part of that strategy—but it’s a key one. Both business leaders and government officials are on the new school’s governing board, and they are prepared to do what it takes to create a top-flight research university with high intellectual standards and a global faculty. “They’re offering salaries that are equivalent to open-market salaries of the best business schools in the United States, so they are willing to be competitive,” says Frank.

GROWTH SPURT

In the first year, 300 undergraduates were admitted to SMU’s School of Business; this year, 400 were admitted to the business school and 100 to the School of Accountancy. The next school to open on campus will be the School of Economics and Social Sciences, and Bellace looks for 50 students to be admitted into that class next year. “We expect to start a part-time MBA program within a year,” she says. “We also will have other master’s and doctoral students.”

Since the school is still in its infancy, its growth rate in the near future should be spectacular. “In the business school alone, we’ll be hiring approximately 30 faculty members a year for the next couple of years, and that ignores replacement,” says Frank. “Even once we fill out the faculty and the student body after the first four years, we’ll still be growing the size of the program.” In addition, MBA and Ph.D. programs will draw more faculty members and students to the campus. While a high percentage of first-year faculty members have been Singaporeans, Frank expects to begin recruiting more heavily from Australia, England, and Canada.
The school is currently located on a former British college campus in completely remodeled buildings, some of which date back to the 1930s. While Bellace calls this a “lovely, traditional campus,” the school soon will outgrow the site, and a new city campus is slated to open in 2005. “The location is a historic section of Singapore, quite close to the financial district, on the only sizable plot of land still remaining in the heart of the city,” she says. The cost for the new campus will be in the region of S$500,000 (about $285,000 in U.S. dollars). The land will be owned by the government and leased to SMU on a long-term basis.

The creation of the new school seems like perfect timing to Bellace. “Worldwide, the whole notion of business education is changing daily with the advent of the knowledge-based economy, e-commerce, and a global marketplace,” she says. “In Asia, some countries are now advanced economies and thus in need of graduates from top-ranked schools. SMU is in an opportune position to embrace the mindset of the new millennium and develop a whole new generation of leaders.”

While some might see the new Indian School of Business as competition for SMU, new president Frank is not among them. “I think it’s almost the opposite. I think that we complement each other,” he says. “The base for business education of the quality that you find at leading schools in the United States and other parts of the world—especially in the Pacific Rim—is so thin that it would help all of us for each of us to succeed. I would say that it’s crucial at this stage of development to create a community of leading global universities—and not just universities in general, but business schools in particular. They’re all going to face the problem of how to import and produce more intellectual capital in their own countries. At least for Singapore to be successful—not just with its educational institutions but to achieve growth in general—it’s got to compete not only for its own nationals, but for a world market of knowledge.”

He compares the Asian business school market to the smaller one in Boston. “Does MIT really hurt Harvard? Does Harvard hurt MIT? Or do they both make a very strong magnet for top-quality faculty who want a broad community of scholars that’s stable, that sits like a rock? The answer is, yes, they do.” That’s why he welcomes the ISB. He says, “I’m delighted to see them. The more kids on the block, the better.”

sponsored schools that are usually among the top-ranked business schools in Asia. IIM applicants are selected, in part, based on their scores on the Common Admissions Test, which people who have taken both consider more difficult than the GMAT.

“What I’m going to say next is astonishing,” says Ramamoorti of Andersen. “In the early 1990s, some 30,000 students took the CAT exam every year. Approximately three percent got into the IIMs, which means that more than 29,000 students were rejected. Clearly those who got in were not only very bright, but they were the crème de la crème. But I can’t imagine that the remaining 29,000 were all that different. I would think that at least ten percent of that 30,000, or about 3,000 students, were really good enough to make it at the institute. Clearly, there is a capacity problem here for grooming managerial talent and globally savvy executives.”

The ISB wants to tap into this pool of talent, but everyone is aware that the IIMs will provide fierce competition. The IIMs are not only well-established, but they, too, have international affiliations, with schools like Harvard and MIT.

Nevertheless, the ISB’s first class is an impressive one: It includes Indian government officials who have taken one-year educational leaves, a handful of full-time employees from companies such as Andersen and PricewaterhouseCoopers, and the runner-up in the Miss India competition, who is also a sports gold medallist. She’s in good company, since about 25 percent of the class is female. Says Balachandran, “It’s a great class. The average GMAT score was 687. For every applicant we admitted, we had at least ten good applicants rejected.”

His one disappointment is that this first class has fallen short of its goal of admitting ten percent to 12 percent non-Indian students; the number was closer to six percent. “We want clearly diverse, different cultures with truly international colors,” he says.

He expects to reach that goal in the future as he and his colleagues begin recruiting for future classes. Ghoshal will use his contacts to recruit in Europe; Balachandran will continue to focus on recruiting in America, and he also expects to start promoting the school more heavily in Australia and New Zealand.

Naturally, ISB did recruit international students for the June 2001 start date, but it was handicapped by not having a track record. “Unfortunately, it’s our first year, so we don’t have anything to show,” says Balachandran. “People are skeptical. Next year, I can say, ‘These are our 130 graduates, this is where we placed them, these are the number of offers they got and their average salary.’ Then I am playing in a different ballgame.”

That game will be conducted on a playing field that grows more international with every passing year. The ISB is dedicated to generating a team that can play in countries around the world and yet always feel right at home.
The new “haves” and “have-nots” are those who do and don’t possess technology. Is it the responsibility of today’s corporations to help bridge that gap? HP thinks so.

by Sharon Shinn
One of the most important missions of corporations, and all organizations with technological capacity, is to address the “digital divide”—that great gulf between those who have access to technology and those who do not. Bess Stephens, the director of philanthropy and education for Hewlett-Packard, headquartered in Palo Alto, California, believes that both businesses and communities can benefit if corporations invest in technological philanthropy, providing computer equipment to those who have yet to benefit from the computer revolution. HP’s pioneering work in philanthropy and education is closely aligned with the company’s vision to make technology and its benefits available to all.

“Historically, education has been the centerpiece of our work in philanthropy,” notes Stephens. “We’re using a two-pronged approach, working to ensure that K–12 education is world-class and contributing to the development of a pipeline of diverse students who will be competitively eligible for higher education.”

For any corporation, taking steps to bridge the divide is not a wholly selfless act: Technology has become so ingrained in the operation of business that tomorrow’s employees must be “digitally literate,” Stephens says. Ignoring the large percentage of people without access to technological innovation threatens everyone’s progress. Moreover, in the future, occupations that do not require computer education will be rare. Even jobs that focus on outside information services, such as those in the retail and food service industries, will require employees to be familiar with computers and other appliances, she stresses.

“These devices and tools are products of the information age. Technology has become all-pervasive, and I don’t anticipate a
change in that,” Stephens says. She adds that public and private sectors need to work together to “ensure that the next generation is able to take advantage of the vast array of technology available today and that will be more available tomorrow.”

**Wiring the Classrooms**

Students who haven’t been exposed to computer use from a very early age stand a poor chance of excelling at the college level—whether they’re studying business or any other field. For that reason, from kindergarten to college, it is important “to use technology to teach,” Stephens emphasizes. “Notice I don’t say that schools actually have to teach technology. They have to use technology to teach, so that information products—including computers, laptops, mobile units, and wireless products—have a presence in the learning process. We’re not only preparing young people for what they will face in the working world; we’re helping them see that the use of tools creates a different paradigm in critical thinking and creative thought.”

Because “underserved” communities are least likely to have access to current technology, Stephens calls for a concentration of efforts in those areas. Such efforts, she promises, pay off for everyone: students, schools, and corporations such as HP.

For instance, in the company’s HP Scholars initiative (described on opposite page), the most obvious benefit is to the students, who get a chance to experience real engineering work, says Stephens. “They’re being taught a work ethic, but they’re also getting to look at what it takes to be effective in a corporate environment, how to use e-mail in a work situation, and how to work in teams, for example. All of these are things they typically would not be exposed to until later.” For HP, the program allows managers a chance to work directly with the students, develop a personal interest in them and, by extension, form a connection to the philanthropy program.

In addition, the program “serves as a kind of feedback loop to colleges and universities,” Stephens says. HP learns what products and programs work well for instructional use, and the schools learn what programs they need to offer students.

The philanthropy programs also have resulted in a push to get disadvantaged schools more involved in the technology race. “The schools are more committed to making the gatekeeper courses—math and particularly algebra—available to the young people who have been historically closed out. They’re given access to those classes at an earlier level,” says Stephens. At the college level, the support helps universities “do a better job of recruitment and retention of underrepresented students.”

**Executive Outlook**

**A 20-YEAR VETERAN OF HEWLETT-PACKARD, BESS Stephens knows that executives have to be nimble on their feet to thrive in the corporate workplace. Before becoming HP’s philanthropy and education director, she held a variety of management positions, including Government and Public Affairs Manager and Human Resources Manager. She knows what today’s business students need to do to succeed.**

“My impression is that for business students to aspire to the executive level, they need to do a few things extremely well, over and above the fundamentals,” she says. “They must approach learning with an eye toward being prepared for jobs that do not exist today. To rise to the executive rank, I believe people have to bring a skill set that allows them to be excellent at problem-solving and working collaboratively with a diverse and multicultural workforce. They also must have strong analytical skills that enable them to navigate complex problems that they will not be able to anticipate.”

If they acquire leadership skills, she adds, they will be able to adapt to fields that may have nothing to do with the discipline they are currently studying. “I trained as a chemist, and today I’m the director of philanthropy and education,” she points out. “A willingness to participate in lifelong learning has served me well.”

Above all, she concludes, “Students must be diligent, persistent, and hard-working enough to embrace the opportunity to learn. They must prepare broadly for the future, whatever that future will be.”

"My own external scan shows that, increasingly, companies are getting involved, especially in addressing the digital divide. Other companies are doing good work—even if it’s not exactly the same work. One company can’t do it all.”

—Bess Stephens, Hewlett-Packard
people with computer access in New York City than on the entire African continent, the report noted.

These numbers are so compelling that the panel stated that “the issue is not whether to respond to the challenges brought about by the revolution in ICT (information communications technology), but how to respond and how to ensure that the process becomes truly global and everyone shares the benefits.” The panel thoroughly refutes the claim that poverty should be addressed before technological disadvantage, arguing that technological access has been proven to be a solution to poverty. It calls for the entirety of the world’s population to have Internet access by 2004. (To read more of this report, visit the Web site for the United Nations, www.un.org.)

It is for these very reasons, says Stephens, that educational institutions—at the elementary, high school, or college level—are essential places for corporations to focus their attentions. The donation of equipment allows students to become familiar with technology and allows teachers to integrate technology into the curriculum itself. The result, says Stephens, is that students become more creative in problem-solving. “They might do computer-assisted drawing, they might use a computer to solve a complicated equation. They might design a Web site. These tools enable them to achieve a vision beyond what is possible without technology,” she says.

While Stephens has always found schools and professors eager to receive the new products offered in corporate technological initiatives, she points out that corporations such as HP must have an existing relationship with a university before new products can be successfully introduced. “Such programs are possible because we have a recruiting relationship with these schools, a research relationship, and a training and educational relationship,” she says.

She believes that philanthropy is spreading among corporations. “My own external scan shows that, increasingly, companies are getting involved, especially in addressing the digital divide,” she says. “Other companies are doing good work—even if it’s not exactly the same work. One company can’t do it all.”

FOR HEWLETT-PACKARD, CORPORATE GIVING MOST often means investing in the future of the workforce. In the year 2000, approximately 65 percent of the company’s donations of cash and equipment went to improving education. The company supports a number of key initiatives:

- The Diversity in Education program, launched in 1997, is a five-year, $4 million plan aimed at improving the representation of women and minority groups in engineering schools and the engineering and computer science workforce. The DEI initiative sponsors long-term partnerships between universities and K–12 schools to help students take an interest in science from the earliest possible age.

  The program has been so successful that, last May, HP was among the companies to win a Ron Brown Award for Corporate Leadership. This award is the only Presidential Award that honors corporations for outstanding achievements in employee and community relations.

- The HP Scholars Program, part of the Diversity in Education initiative, puts Latino, African-American, Native American and other under-represented students to work. Students receive scholarships of $3,000 per year for four years and are offered a paid summer internship at HP. In addition, they receive HP equipment—and, just as important, mentoring and telementoring from HP employees.

- The Digital Village brings technology to underserved communities by offering both equipment and expertise. HP selected three communities—East Palo Alto, California; East Baltimore, Maryland; and the Southern California Tribal Community outside of San Diego, California—with which to work in this initiative. Each community receives $5 million in HP products and services over three years. An HP executive on loan, who serves as product manager, is assigned to each community.

- The HP Wireless Mobile Classrooms are designed to put wireless notebook PCs and specialized Internet-based applications in the hands of teachers and students. Each mobile classroom is a self-contained unit that houses 30 HP Omnibook notebook PCs, a printer, a copier and fax, and a digital camera. The motorized cart provides the wireless infrastructure, allows the mobile unit to be recharged, and allows it to be moved to additional classrooms.

  The Wireless Mobile Classrooms are part of a series of collaboration grants HP is offering to ten universities and their respective partner K–12 schools that serve low-income, ethnically diverse students. HP is also providing the Wireless Mobile Classrooms to eight community colleges to encourage minority students to prepare for engineering and computer science degrees.

Technology and Philanthropy
Niche Mark Makes M
To differentiate themselves from an ever-growing crowd of competitors, business schools need more than great academics—they need an edge. Many schools are exploring niche programs that may give them special claims to fame, and often, an advantage in the marketplace.

Ask former dean and finance professor Andrew Policano what keeps University of Wisconsin–Madison School of Business thriving, and he has a ready answer: It finds the right niche and fills it. For the last 30 years, UW–Madison has made creating educational specialties a specialty in itself, offering a variety of niche programs, called “centers,” which range from arts administration to supply chain management. “Brand-name MBA programs are dominating the business school industry right now,” says Policano. “In this environment, if you don’t have a specialized strategy, you don’t have much at all.”

Marketing appeals based on educational cornerstones such as stellar academics and state-of-the-art facilities simply don’t pack the promotional punch they once did, now that a chorus of business schools is making the same claims to fame. Faced with a barrage of choices, many students are asking, “That’s great, but what else have you got?”

Rick Hesel, a higher education marketing consultant with Arts and Sciences Group in Baltimore, Maryland, agrees. “The management education field has witnessed a proliferation of institutions offering business degrees, from the local adult education provider to the Harvards of the world,” he says. “The competition is keener and the need for differentiation all the more significant.”

Occupying a niche may, in fact, prove to be almost as powerful a lure as a brand-name reputation. Business schools are quickly learning that if they can’t beat the competition at its own game, they still can prosper simply by finding a different game to play.
Global Warming

The increasing globalization of education has been a primary force driving business schools into niche specialties. Before 1990, MBA programs in the United States and Europe reigned, as the Western-style MBA attracted students whose countries had few, if any, choices in business education. Although competition among business schools in the United States was fierce as the number of enrollments swelled, markets in Western Europe, Asia, Australia, and Africa were quiet by comparison.

After 1990, however, management education institutions experienced a worldwide population boom. Communism fell in Eastern Europe, sparking an explosion in Western-style business practices. China entered the global economy with gusto, freeing its markets to world trade. And the European Union formed, creating a homogeneous market for management education in that region. By 1997, more than 1,000 new programs had opened in Eastern Europe, according to the *Chronicle of Higher Education*. Likewise, China went from having no MBA programs in 1990, to having 26 business schools in operation by 1997, and 26 more in the planning stages.

Add to the mix the technology boom of the ’90s, which has made it possible for business schools to interact with students thousands of miles away, and, in effect, you have a market for education without boundaries. “These institutions find themselves in a highly competitive sphere,” says marketing consultant David Strauss, also with Arts and Sciences Group. “As competition continues to intensify, traditional promotional techniques have become somewhat secondary. Now, marketing based on how a school differs from its competitors is what makes the primary difference.”

Recent moves by some business schools may make niche development even more imperative. For example, in the last two years, some of the best-known business schools have set up shop in foreign countries: INSEAD of Fontainebleau, France, and the University of Chicago of Chicago, Illinois, both opened business school facilities in Singapore last year, extending their reach into the Asian market. Likewise, The Wharton School of the University of Pennsylvania in Philadelphia joined forces with INSEAD earlier this year, giving each school a foothold in Europe, Asia, and the United States. As a result, many regionally prominent schools must revise their marketing strategies now that their once-distant competitors are becoming their new next-door neighbors.

Singapore has always been important for the Australian Graduate School of Management, located in Sydney, says its dean, Michael Vitale. However, Vitale realizes that INSEAD and the University of Chicago have raised the stakes considerably, and he believes AGSM now must promote itself more aggressively to retain its market position in the Pacific Rim countries.

“We have not seen much overseas competition until now. But it’s starting, and there’s no question that it will continue to increase,” he says. To maintain AGSM’s status in the Australian and Asian markets, the school is concentrating heavily on points that it believes will set it well apart from its competition.

“We have just rewritten our MBA program for 2002, and we are promoting that very heavily as a program that is essential for the business practices of the new millennium,” states Vitale. “Furthermore, we now see ourselves filling a niche that offers small class sizes and face-to-face education.”

AGSM also plans to forge into new markets where other schools have yet to explore. For the first time, the school will focus its marketing efforts in Indonesia. As the fourth-largest country in the world, Indonesia promises to be a substantial market for management education, in spite of its current political unrest, Vitale comments. “We will be getting into these markets, promoting our diversity, quality, and brand harder than ever.”

Great Expectations

Some business schools aren’t simply adding a niche program—they’re becoming one. The City University of Hong Kong, for instance, is revamping its entire focus, transforming its programs into an e-business curriculum. Risky? Yes, especially when the Internet bonanza seems to be at least temporarily subdued. However, Richard Ho, dean of City University’s business school, sees the shift to online commerce as almost inevitable. He wants his school to be among the first to offer businesses a supply of graduates savvy in all things “e.”
“To prepare Hong Kong for China’s accession to the World Trade Organization, Hong Kong must overhaul its education system to provide more manpower to the Chinese mainland,” says Ho. “Intensified competition, brought about by globalization and accelerated through electronic commerce, demands that our education system become more responsive to the New Economy.”

City University started on the path toward becoming an e-business school with its iMBA program, an online education program launched in 1999. That program already has gained the school international recognition and a No. 1 ranking as the top distance-MBA program in Asia Week’s May 2000 issue. Now, the school is completing the transformation, teaching all of its courses with the “e” in mind. E-accounting, e-economics, e-logistics, e-human resources management, and e-marketing are now offered, as well as courses in information technology and data mining. Students will earn BBA, MBA, and Ph.D. degrees in e-commerce and information systems.

“Hong Kong is moving toward a knowledge-based economy, in which new business activities are becoming increasingly e-driven,” says Ho. “This move is seen as an opportunity to leapfrog the performance of other local and regional institutions.”

City University’s radical approach to specialization may not be right for all programs, but such niche development may define the next wave of competitive activity between business schools. Although the management education field has not yet entered an era in which business schools are completely unrestrained by regional boundaries, such a market may soon be coming. Schools adopting a “do-it-first” strategy are betting that their efforts will keep them competitive, now and in the future.

**Rank and Reputation**

Schools once were wary of specializing, especially since it did little to move them up in the ever-present rankings. However, with each passing year, many institutions are finding it more and more difficult to win the rankings race. Suddenly, exploring a niche or innovative approach to education is capturing students’ attention, rankings or not.

“In a sense, rankings have discouraged innovation, because there was very little reward to institutions at the top for doing something outside the realm of rankable characteristics,” says Hesel of Arts and Sciences Group. “However, rankings are encouraging innovation for other institutions. Schools that are lower in the pecking order are not going to be able improve their positions by merely boosting promotion, unless they were doing no promotion at all before. Most likely, they will do so through differentiating themselves from the schools at the top.”

Specialization, in fact, is not only a way for a school to change its magic number in the rankings but may also help the school to sidestep them altogether. “You can develop a real foothold with these types of niche programs,” says Policano of UW–Madison. “This is a strategy that more and more business schools will follow.”

As business schools continue to explore specialties to make their own, the field already is witnessing a change in the way rankings operate. For example, publications such as The Wall Street Journal and BusinessWeek have diversified their ranking systems. They now produce separate rankings devoted to niche programs such as entrepreneurship, technology, and, most recently, executive education. This trend can only benefit the schools subject to these annual evaluations. After all, the more such diversification takes hold, the more top spots will be available, and the more chances there will be for a school to earn a top ranking in the niche of its choice.

**Corporate Collaboration**

Schools need only look as far as the business community they serve to anticipate a need before others have the chance to address it. Says Policano, “We always ask ourselves, ‘What does the business community need? Do we have some competitive advantage in filling that need? Do we have the faculty resources to make it successful?’

To this end, he meets with corporate heads on a regular basis to learn whether or not they are having a difficult time finding graduates with a specific skill set, or if they are branching out into new areas that may require attention from business schools. Companies often come to the school with ideas for specializations. If they are deemed promising, the next step usually is to ask the company to help get the program off the ground.

“Once we discover an idea, we enlist the company’s help,” says Policano. “For example, right now we’re looking at brand management and product innovation, and we’ll be talking to companies such as Kimberly Clark and Proctor & Gamble.”

With the help of the companies that will most benefit from certain niche programs, Policano believes business schools will be capable of producing extremely valuable graduates, custom-made for the next wave of business practices.

To a large extent, corporations are looking to business schools like UW–Madison, City University, and AGSM to be incubators, not only of the workers they need now, but of the workers they’ll need four, five, and even ten years from now. Schools that make niche development a priority today may well ensure themselves a more prominent place on the educational map and could be the first destination for tomorrow’s corporate recruiters.
AND THE

Future of Business Schools

Managing the future of business schools may have some uncanny relevance to the lessons of baseball.
Fantasy baseball leagues allow millions of participants to become fictional owners of a baseball team. At the start of each season, the “owner” assembles his best squad by bidding against others in the league for real major league players. As play progresses through the season, the owner wheels and deals, making changes in his roster. All owners play with the same bankroll, which is usually 260 units to spend on 23 players. Standings are based on the cumulative statistics of each team’s players in eight categories, such as RBIs and ERA. At the end of the season, winners are crowned.

In some circles, ERAs and RBIs might seem leagues away from GMATs and MBAs. During the past months, however, at the same time I’ve explored and reflected on the future of business schools and AACSB’s role in shaping that future, some of my leisure time has been devoted to managing a fantasy baseball team. It has occurred to me that parallels exist between the two, and that managing the future of business schools may have some uncanny relevance to the lessons of baseball.

Like effective business schools, winning baseball teams are built on much more than intuition. High achievement requires an understanding of the intricacies of the game; knowledge of the competitive environment; and anticipation of needs and trends. In fact, the ability to make strategic assessments with regard to what’s going to happen next and what the implications might be—plus knowing when and how to act on that appraisal—may be the nucleus of baseball and business school success.

Predicting the Future

Imagining the future based only on what we personally observe and experience is dangerous and unreliable. We need to find ways to tap into other sources.

One of the strengths of AACSB International is the collective power and knowledge of our membership. Valuable data from our schools, along with information and insights from an array of other sources, help to illuminate the future and lead
us to six fundamental projections about the future of management education.

1. One World
Corporate globalization is galvanizing the demand for quality management education around the globe. Increasingly aggressive and business-savvy developing economies, the actualization of the European Union, the transitioning markets of the former communist states, and other international developments will spur business school expansion, global coalitions, and fierce competition. The value of proven management strategies and principles will become even more entrenched, as business leaders around the world stake their claims and demand their share of the returns.

As the realities of “one world” become a given, the borderless marketplace will drive management education toward a global core curriculum that will incorporate regional and country-specific approaches and varying norms and practices within the business world. Ethical values and challenges will be addressed along with varying market behaviors and human resources management. Business schools will become even more closely attuned to the needs and expectations of their customers—the corporations that employ their graduates.

One of the benefits of AACSB International membership centers around our sense of community and mutuality. In some sense business schools are competitors, but business school leaders fully understand and appreciate the value of networking; exchanges of information, ideas, and best practices; and professional development. Opportunities abound for members representing all types of organizations to reach out to each other through AACSB International.

AACSB International’s commitment to globalization is not new, but it is now an even more important dimension of the organization—and it’s even reflected in our new name. In the near term, our efforts will focus on the expansion of international accreditation, programs such as conferences and seminars at sites outside the U.S., and mechanisms that will make it easier for members to share innovative/effective practices and business school data/information across all borders. An International Advisory Council has been established and is helping to ensure global perspectives and opportunities for members.

In baseball, the “playing field” is much bigger than the term suggests. Managers must make day-to-day, moment-by-moment analyses and assessments of players and their skills; but managers must also view their teams as a unit and within the broad context of what everybody else in the league is doing. Just as business school leaders must see their organizations from the fully informed perspective of one world, those who aim for baseball glory—even fantasy style baseball glory—can’t afford a micro view of the game.

2. Consolidation
Spiraling operating costs will compel consolidation among some institutions of higher education. At many schools, tough fiscal times have already descended. Remedies like large tuition increases, program cuts, and hiring freezes, unpleasant as they are, may still not be enough. Increased costs associated with fixed facilities, human resources, and other operating expenses will exert extreme financial pressures on institutions that rely on governmental subsidies and student tuition to conduct operations. Institutions that are unable to muster significant support from private sources may face insolvency or mergers with more financially able providers.

In some instances, schools are already acting to consolidate certain aspects of their operations. At the community college level, for example, eight Midwest community colleges in the U.S. have formed a nonprofit corporation, the Alliance of Community Colleges for Electronic Sharing. The consortium maintains student records and handles financial accounting, payroll, and other administrative systems. According to a Chronicle of Higher Education report, the consortium has saved the schools millions of dollars in hardware and software costs since 1995, when the alliance was formed. Although the process of joining forces may be far more complex for large institutions, it is a strategy that might be relevant in many different environments and areas.

Depending on particular circumstances, the specter of consol-
Accounting curriculum will once again produce savvy business leaders for the new economy.

AACSB International is committed to helping accounting programs achieve and maintain quality. Although accounting accreditation isn’t essential, it does ensure that good programs don’t become complacent. It also promotes teamwork, boosts morale, provides credibility, and supports program currency and relevance.

Understanding the context of accounting is akin to “the great revelation” of baseball—and I perhaps can say this because of my own accounting background. Before I became engaged in fantasy baseball, I considered myself to be on a fairly high level as a student of the game; but the fantasy league experience forces participants to learn much more about the game and how all the pieces fit together. In a Sporting News story by Michael MacCambridge, Dan Okrent, one of the founders of fantasy baseball, talks about gaining an understanding of the intricacies of baseball: “You saw (for the first time) how futile it was to be a short reliever for Tommy Lasorda because he never wanted to rely on one guy. It was bullpen by committee. So you’d begin to understand bullpen strategies. Or how the trade of a player, like Sixto Lezcano from Milwaukee to St. Louis, caused you to see that those numbers wouldn’t translate because of the ballpark differences. You sort of got this underneath-the-fingernails level of appreciation and understanding of the game.”

While the elegance and precision of their profession will always hum and beat in the hearts of accountants, they must seek out that “underneath-the-fingernails” level of business understanding. Broad knowledge of finance, communications, marketing, and all the other elements of business will ensure relevance and help make accounting once again the language of business.

4. Faculty Shortages

A recent “All Things Considered” segment on U.S. National Public Radio included an excerpt from Professor Michael Bradley of Duke’s Fuqua School of Business in Durham, North Carolina. The reporter explained that Bradley was recording his lectures for a CD-ROM version of his corporate restructuring class. Armed with Bradley’s presentations, other faculty members will teach the course for him. Bradley says his teaching load has doubled and that he hasn’t enough time for research and other assignments. While the strategy may have seemed novel to some National Public Radio listeners, faculty shortages are compelling new approaches.

In their book, *Accounting Education: Charting the Course through a Perilous Future*, W. Steve Albrecht and Robert J. Sack argue for transformational changes in structure, curriculum, pedagogy, research, and faculty development. They advocate approaches that will position accounting education so that it regains its synchronization with business and technology.

Accounting students must learn more than accounting. They must understand other disciplines, see business as much more than their own area of specialization, and learn how to be exceptional communicators. Thought leaders are already working to modify course requirements and integrate the new economy’s languages of finance and information technology. An evolved accounting curriculum will once again produce savvy business leaders for the new economy.

In business schools, as in baseball, there’s no substitute for time spent on imagining the future. We can’t succeed or make the best decisions if we wait until everything is obvious because somebody will be there before us. We must fully understand the territory, make our best guesses about what the future holds, and then make those guesses work for us. He who hesitates is lost. If people wait too late to get in the game, they lose. We become reactors instead of actors.

3. Transformation of Accounting

Traditional accounting education will become a multidisciplined curriculum and form the new economy’s language of business. The ever-strengthening grip of information technology on business is only one of the forces that have resulted in a decline in the number of students acquiring bachelor’s and master’s degrees in accounting. Yet traditional accounting programs have given students a form and structure that elucidate and rationalize the world of business. That insight is invaluable; but it must be broadened, and it must become more relevant.

In situations where consolidation appears to be a feasible solution to a problem, AACSB International members may be able to use their contacts within the organization to make their best deals. Connecting with colleagues who have been through some similar decision-making processes is one of our strengths.

In business schools, as in baseball, there’s no substitute for time spent on imagining the future. We can’t succeed or make the best decisions if we wait until everything is obvious because somebody will be there before us. We must fully understand the territory, make our best guesses about what the future holds, and then make those guesses work for us. He who hesitates is lost. If people wait too late to get in the game, they lose. We become reactors instead of actors.

A hot dog at the park is better than steak at the Ritz.

Humphrey Bogart
News that the demand for business faculty is far exceeding supply hardly comes as a surprise. Only about 500 of the thousand business Ph.D. candidates who receive degrees every year seek academic jobs, and the supply of faculty through traditional sources will continue to dwindle. Business students are well aware that Ph.D. programs require four or five more years above the MBA. In addition, earning opportunities are far greater in the business world.

In the new scheme of things, academics like Bradley will design curricula and courses and focus on research and advanced delivery methods; but they will provide little classroom instruction. Professional instructors whose credentials are more practical than academic will teach students. They will operate effectively in the live and electronic classroom, but they will be purveyors, rather than the authors, of the course content.

At the same time, the 90-plus business schools with Ph.D. programs should strive to attract more students. Escalating salaries for faculty may help to make the case to Ph.D. candidates.

Business schools will explore other options, such as recruiting and retaining experienced managers to be professors. Intensive Ph.D. programs might be established for individuals who boast successful track records in real-world business environments but who might be looking for a different type of challenge.

Our AACSB International Board of Directors, staff, and leaders are constantly in search of strategies and initiatives that will allow us to leverage our collective strength and support our members as they deal with challenges like faculty shortages. Whether our role is to provide information, training, or forums, we believe that AACSB International should help to solve problems. Our new seminar program, which will be launched this fall, is only one of the mechanisms that might be helpful. The seminars will offer intensive training in areas such as teaching methodologies, for example, along with a lineup of other courses aimed at faculty, program directors, deans, development officers, and others. In addition, we’re developing one-day, drive-up programs that can be taken to campuses throughout the U.S. and can be adapted to other countries.

Effectively managing human resources is critical in any enterprise. In fantasy baseball, it’s the name of the game. You have to be able to recognize talent that may not be visible to others, and you must understand the ins and outs of developmental processes.

You also have to recognize when those processes and people aren’t working out so that you can cut your losses.

This year I was late joining the fantasy baseball league, which meant that all the top players had been drafted by others. To move from last place to first meant that I had to acquire quick, in-depth knowledge of the players—their histories, possibilities, and limitations. When large corporations—and maybe business schools—refer to people as “their most important asset,” they really mean it.

5. For-profits and Not-for-profits

Traditional not-for-profit institutions will reverse recent trends and win back market share from the for-profit sector. Education has become big business; and many venerable not-for-profit higher educational institutions have been on the run from slick, low-cost, for-profit education providers. In fact, a recent report by the U.S. Education Commission of the States shows that for-profit, degree-granting institutions have grown at a significantly faster rate than their not-for-profit counterparts. From 1989 to 1999, for-profit four-year degree-granting colleges increased to 194, or 266 percent. The public sector grew three percent, to 613 institutions, while the number of not-for-profit private colleges increased four percent, to 1,536.

Still, “the game ain’t over ‘til it’s over”—to quote the incomparable Yogi Berra. The not-for-profit, bricks-and-mortar learning centers will make a comeback. From bold initiatives in e-learning to global alliances in curriculum delivery, not-for-profits have just begun to take back their marketplace. Taking some of their cues from the audacious upstarts, not-for-profit institutions will provide higher quality, more reliable management education than the new for-profits at a competitive cost to students.

The mission of AACSB International is to advance management education, and how that overarching purpose plays out depends on the needs and wishes of members. Historically, our membership has been largely centered on traditional institutions of learning; but as the business school environment changes, so must we. Our membership is far more heterogeneous than it has ever been. It includes the world’s most established business schools, but it also includes smaller schools, private schools, corporate universities—accredited and nonaccredited, for-profits and nonprofits. Our underlying standards haven’t changed, but our leaders have recognized that excellence comes in all shapes, sizes, and colors.
Consistency and comebacks are as inherent to business schools as they are to baseball. What’s important in both environments is to honor the fundamentals and embrace change when it’s necessary. In today’s supercharged world, the pendulum sometimes seems to swing with the same regularity as the baseball bat.

6. E-learning

Electronic delivery and wireless technology will transform the management education process. Demand from emerging economies and busy employees and traveling executives everywhere will ignite the marketplace. Increasingly, students will come together in electronic communities, although their colleagues are as likely to be halfway around the world as in the next room. The 24/7 format will become the norm. Technology not only has revolutionized management education, it has also made business school far more accessible to far more people.

Still, e-learning will be only one management education tool among many. Striking the right balance between varied, innovative learning strategies will be an important goal. The benefits of face-to-face contact among learners and instructors will not be easily dismissed, and the possibility of learning from someone with enormous passion and knowledge of a subject will not lose its cachet or appeal. Business schools will find ways to harness technology, but their real goal will be to optimize learning and the educational experience.

Our AACSB International Board, along with staff and other leaders, is committed to helping members capitalize on technology. Our e-commerce conferences have informed and educated members in many aspects of e-learning, for example. We are also introducing a special technology boot camp that will provide hands-on, intensive training designed to enhance the skills of faculty in this area.

Technology has had as great an impact on fantasy baseball as it has had on education. Fantasy baseball probably would never have taken off as it did without technology. Easy access to computers reduced the drudgery for statisticians, who then were able to disseminate worlds of vital data to fans. According to ESPN.com baseball columnist Rob Neyer, the Internet “has brought a whole new wave of fans into the game, fans who didn’t have the time to sit down and add up their own numbers and now only have to push a button.”

Fantasy baseball seems to be caught up in a similar whirl. The game has burgeoned into an explosive industry, fueled by the ease and accessibility of the Internet. The oldest and most elaborate fantasy site belongs to ESPN.com, with about 100,000 teams. To me, it’s an intriguing hobby, one that invites me to apply the principles and practices of business that are a part of our AACSB International environment. I’m not sure whether or not baseball truly explains the meaning of life, as some aficionados have claimed, or if life imitates the World Series; but I’ll let you know if I finish in first place.

John J. Fernandes is the President and Chief Executive Officer of AACSB International—The Association to Advance Collegiate Schools of Business. Fernandes has more than 25 years’ internal auditing and management experience, and serves on the Board of Governors of the business honor society, Beta Gamma Sigma.
Kogod Premieres New Global IT Center

In a move that reflects the global economy’s increasing incorporation of technology, American University Kogod School of Business in Washington, D.C., premieres its new Center for Information Technology and the Global Economy this fall. The Center, says its head, Dr. Shyam Chidamber, will be the heart of the school’s technology-based knowledge and resources, and will focus its work and research on global issues such as the use of the Internet, telecommunications innovation, national and international IT regulations, and e-commerce initiatives.

Recognizing the interaction between technology and various disciplines, the technology center also will draw on the resources of other schools at American University. Its Washington School of Law, School of International Service, School of Public Administration, and College of Arts and Sciences will participate in the Center’s research and dissemination of knowledge about IT management in global businesses, says Kogod’s dean Myron Roomkin.

Of the importance of the human factor in IT development, Roomkin comments, “Technology is not just a machine-driven revolution. Beyond the hardware and software, there is ‘humanware.’ By drawing together our top technology resources—our skills, tools, and concepts—under one roof, we are creating a powerhouse of IT knowledge and information, which will be utilized around the globe.”

New Site Meshes Management Education and Social Issues

This November, The Aspen Institute, a nonprofit organization devoted to social issues in several disciplines including science, art, and business, launches a new Web site at www.CASEPLACE.org. The site is designed to integrate social and environmental issues with business decisions. It will offer a database of case studies that are uniquely related to social and environmental challenges facing the world of business.

The new Web site is a result of a survey of second-year MBA students conducted by The Aspen Institute, which has offices in Aspen, Colorado; Chicago, Illinois; and New York, New York. As part of its Initiative for Social Innovation Through Business, the Institute asked the students what they believed would most enhance their education in management. Students responded that they believed that their course content should integrate more social and environmental issues.

Searchable by keyword or discipline, the online database will incorporate case studies covering issues such as ethics, accounting, finance, and other areas important to MBA courses of study. CASEPLACE.org will be free to registered users, and it will allow users not only to access information, but also to exchange ideas with other users and submit their own relevant materials.


No More Pencils, No More Books

A common college campus staple—the textbook—may be disappearing within the next few years. Chicago-based goReader, and its handheld electronic book device of the same name, not only may make textbooks obsolete, but also promises to revolutionize the long-time student practice of highlighting information and taking marginal notes.

The device, which comes in a 10.4” size, has a backlit, touchscreen display and can hold up to 65 textbooks in its computer memory. It has a battery life of five to ten hours and recharges through an AC adapter. With a special stylus, students can highlight in different colors, noteate, cut and paste text onto an electronic clipboard, and electronically bookmark pages.

As with any computer device, goReader is only as good as its compatibility with existing systems. In the last year, the company has worked to partner with publishers willing to convert their textbooks into an electronic format. Publishers such as Addison Wesley and Harcourt College
Publishers have started offering books in formats compatible with the goReader device. The device is already being tested with groups of law students, says goReader’s director of sales Mark Cassin. Eventually, the company plans to offer e-textbooks in five major disciplines, including business, law, engineering, medicine, and science, as well as to K–12 schools, corporations, the military, and government offices.

From a marketing standpoint, the primary drawback of goReader is its price: more than $900 per unit. With students already investing in their own desktops, will they be willing to pay another few hundred for an all-in-one textbook?

“We asked students that question, and 71 percent of them said they would be willing to purchase goReader,” says Cassin. “Plus, downloaded textbooks will cost 30 percent less than printed textbooks.” With students carrying course loads that often require four or more heavy textbooks, this sleek, five-pound device promises to leave them quite a few pounds lighter.

Hail to the CIO

The United State’s first MBA president is very likely to have the country’s first chief information officer, reports CNN. This summer, a group of Congress members initiated the E-Government Act of 2001. If passed, the act will lead to a $200 million annual budget to fund initiatives such as a federal IT training center. The act also requires the appointment of a federal CIO to allocate the budget and to oversee the development of new information policies in government.

Some municipal governments already are one step ahead of the country at large in IT. Boston, for example, appointed its first-ever CIO last year. If the E-Government Act passes, it will mean a new form of “e-government” and an end to the “era of big government,” Senator Joseph Lieberman (D-Conn.) said. In its place will be a government streamlined through technology.

Although many in Congress support the act’s philosophy, dissent in the ranks is already brewing over its execution. Not surprisingly, some are objecting to placing too many layers of management between the CIO and the President himself. Instead, they’re looking to new business practices, rather than old politics, to suggest what form e-government should take—primarily, they want the CIO to report directly to President Bush.

Representative Jane Harmon (D-Calif.) noted the importance of the new approach during a press conference on the new E-Government Act. “President Bush has an MBA. He should know that information flow is critical to effective management,” she said. “No CEO would run her company without a chief information officer. The federal government should learn from the private sector.”

EU Battens Down the Net

The European Union is implementing a comprehensive strategy to protect itself and its citizens from security risks caused by an increased use of the Internet, said Erkki Liikanen, European Commissioner for the Enterprise and Information Society. The EU is starting a campaign to educate its citizens in ways to protect their systems from attack and keep the security of their networks intact. The plan also calls for a centralized warning system that could quickly respond to a threat throughout the countries of the EU. (Source: CNET)
The Words of Jack Welch

For anyone who ever wondered about the true definition of “boundaryless,” The Jack Welch Lexicon of Leadership will be invaluable. This volume gathers up all the phrases for which Welch has become famous during his reign at GE and explains both what they mean and how they affected his strategy of reinventing the company. Some of the entries—such as “Six Sigma” and “Work-Out”—already may be familiar to anyone who has followed the CEO’s career, but author Jeffrey A. Krames relates them to Welch’s key initiatives and explains why they’re important.

The book opens with an overview of Welch’s career and the sweeping changes he instituted at GE. It closes with a bibliography of sources. In between is an analysis of the concepts behind the words that helped create the most famous CEO of our times. (McGraw Hill, 210 pages, hardcover, $19.95)

People Are Reading...

If you think you have a hard time sorting out all the information coming at you from e-mail, voice mail, cell phones, and other sources, you’re not alone. Many people and institutions are suffering “organizational ADD” as a result of too much input, according to The Attention Economy, a new hardcover by Thomas Davenport and John Beck (256 pages, $29.95, Harvard Business Press).

The authors point out that we have unlimited access to information, customers, and markets, but that what’s in short supply is the attention of consumers and employees. They break down the kinds of attention available—front-of-mind, back-of-mind, captive, voluntary, and so on—and make a distinction between time management and attention management. They sprinkle the text with brief case studies of companies that experienced attention deficit and suggest solutions to the problems.

The book itself is something of a case study in attention overload, with its bright purple-and-black rays on the cover and its pulsating pop art chapter openings. Almost every page features an inset sidebar or footnote with related information. Still, the information is thoughtfully presented and itself worth some attention.

If your company offers the best product selection, does it need to offer the best price? Maybe not, according to the authors of The Myth of Excellence, published in hardcover this summer by Crown Publishing (320 pages, $27.50). Truly great companies excel at only one of five critical parts of marketing, suggest authors Fred Crawford and Ryan Mathews: access, experience, price, product, and service.

According to Crawford and Mathews, the best companies develop a strategy for excelling at one of those five attributes, differentiating themselves on a second one, and maintaining a respectable industry average on the other three. Using charts, consumer interviews, case studies, and references to a raft of well-known companies, the authors make their points about what customers really want: honest prices and the dignity of being treated like individuals. They admit that some of their conclusions surprised even them, but their premise deserves a look.

International Research

Two 2001 hardcover books available from Quorum Books, Westport, Conn., take scholarly approaches to the challenge of gathering international research. International Business Scholarship, edited by Brian Toyne, Zaida L. Martinez, and Richard A. Menger, sums up its intent and its collection of essays with the subhead “Mastering Intellectual, Institutional and Research Design Challenges.” A host of guest authors presents a series of academic papers on how to determine if your institution is prepared to conduct international research, what the internal and external barriers might be, how to assemble and work with a team on an international project, how to conduct interviews and collect data in foreign countries, and what to do with the research once you’ve completed it. Essays by the editors bracket the book and introduce major sections. They have pegged the importance of globalization in the business education field and taken an analytical approach to explaining how to successfully achieve it. (255 pages, $69.95)
Torsten M. Kuhl, and Günter K. Stahl, also a collection of essays, explores the challenges of creating global leaders. The book looks at ways of identifying and training leaders, developing their tacit and explicit knowledge, and understanding where they fit in a strategic international human resources model. A few chapters deal specifically with topics such as the German approach to international business and developing women leaders. Other sections analyze the synergy of multinational work groups, discuss how to build international teams, and look at the strategy of repatriation. (320 pages, $77.50)

What's On Your Bookshelf?
It’s been out since 1998, but *Who Moved My Cheese?* is still an intriguing read. The management book by Spencer Johnson was listed as a favorite by 12 percent of those who responded to an electronic survey sent by BizEd this year.

Other books that received multiple mentions by respondents include: *Blown to Bits* by Philip Evans and Thomas W. Wurster; *Gravy Training* by Des Dearlove and Stuart Crainer; *Leading the Revolution* by Gary Hamel; and *Management of the Absurd, Paradoxes in Leadership* by Richard Farson.

Books that follow the lives and practices of some of the world’s most prominent business leaders also received high marks from respondents. Getting a nod were books such as *Greenspan: The Man Behind the Money* by Justin Martin; *I’d Like to Buy the World a Coke*, the biography of Robert Goizueta, the late CEO of Coca-Cola; and *Titan: The Life of John D. Rockefeller Sr.*, by Ron Chernow.

Other survey respondents suggested these titles as books worth the read:

- *Beep, Beep! Competing in the Age of the Road Runner* by Chip R. Bell and Oren Harari
- *The Capitalist Philosophers* by Andrea Gabor
- *Comparative Management: A Transcultural Odyssey* by S. Gatley, R. Lessem and Y. Altman
- *Emotional Intelligence* by Daniel Goleman
- *Guns, Germs, and Steel* by Jared Diamond
- *The E-Boys* by Randall E. Stross
- *The Innovator’s Dilemma* by Clayton M. Christensen
- *The Invisible Continent* by Kenichi Ohmae
- *Jack Welch and the GE Way* by Robert Slater
- *Mastering the Dynamics of Innovation* by James M. Utterback
- *The Maverick Way* by Richard Cheverton
- *The Millionaire Next Door* by Thomas S. Stanley and William D. Danko
- *The New New Thing* by Michael Lewis
- *Pushing the Digital Frontier; Insights into the Changing Landscape of E-Business* edited by Nirmal Pal and Judith M. Ray
- *Slack, Getting Past Burnout, Busywork, and the Myth of Total Efficiency* by Tom DeMarco
- *Survival of the Smartest* by Haim Mendelson Johannes Ziegler
- *Technotrends* by Daniel Burrus
- *The Wealth and Poverty of Nations* by David S. Landes
- *When Genius Failed* by Roger Lowenstein

Still other respondents made a list of titles they consider among the best books ever written on management:

- *Accounting Education: Charting the Course Through a Perilous Future* by W. Steve Albrecht and Robert J. Sack
- *The Cluetrain Manifesto* by Christopher Locke, Rick Levine, Doc Searles, and David Weinberger
- *Corporate Universities* by Jeanne C. Meister
- *The Courage to Teach* by Parker J. Palmer
- *Dancing with the Devil* by Richard N. Katz
- *Leadership Without Easy Answers* by Ronald A. Heifetz
- *The Lexus and the Olive Tree: Understanding Globalization* by Thomas L. Friedman
- *Managing at the Speed of Change* by Daryl R. Conner
- *The Nature of Managerial Work* by Henry Mintzberg
- *A Passion for Excellence* by Tom Peters and Nancy Austin
- *Reflections on the Revolution in France* by Edmund Burke

The final book on the list, of course, was written in 1790. But it’s no accident that today’s professors are looking to yesterday’s thought leaders for inspiration. A Time magazine columnist recently pointed to Karl Marx’s *Communist Manifesto* as the best description of globalization ever written, and last year Alan Axelrod published a management book called *Elizabeth I, CEO*. Today’s leaders clearly realize that the lessons of the past are well worth another look.
Faith in Business

Successful corporate brands are created and maintained by the entire organization, and they require the support of all the organization’s stakeholders. These stakeholders include investors, regulators, and special interest groups, as well as customers, suppliers, and local communities.

Corporate brands particularly need the backing of the employees who deliver their goods and services. Just as important is the culture that those employees produce and rely upon for emotional support in their everyday working lives. When the culture of an organization supports the vision of its leaders, then stakeholders are more inclined to form positive attitudes about the firm. They will express these positive attitudes in the way they buy, invest, and seek employment in the firm.

But how do managers win this highly desirable coherence between organizational culture, strategic vision, and the images held by key stakeholders? When managers try to “align” the organizational culture with their own ambitions for the firm, they often meet negative consequences. These might be cynical employees (“What, another culture change?”), disenfranchised customers or disillusioned investors, community members, and potential employees (“These guys are not who they pretend to be”). When managers are hell-bent on “aligning” their organizational cultures and stakeholder images with their vision, they often overlook the extent to which vision, culture, and images are interdependent.

They’re also missing the degree to which faith is a factor in maintaining the delicate balance of the entire system. Managers almost have to assume the role of priests who can inspire their parishioners with their own beliefs in the ideals and goals of the institution. If that sounds too outrageous, let me put it to you like this:

- Strong corporate brands require leaders to have faith that their vision will attract enough supporters to keep
- External stakeholders need to believe that the company will walk its talk. Strong corporate brands require customers, investors, and other stakeholders to believe that corporate spokespersons represent what they will find when they come into direct contact with the company’s culture and employees.
- Strong corporate brands require employees to have faith that if they follow their leaders they will not be led astray. Leaders who engage in unethical behavior or expect their employees to behave unethically risk losing the faith of their followers. So do managers whose own poor performance in running the business puts employees in jeopardy of losing their jobs.

Faith plays an important but underrecognized role in maintaining the viability and success of organizations. For instance, during the past year, Explorer customers lost faith in Ford, and many investors lost it in dot-coms. I believe faith is more important in bridging vision, culture, and images than managerial attempts to close the gaps between them. In that case, we need to consider the ways in which managers act as spiritual leaders—that is, as priests who inspire the faithful to celebrate the religion of business symbolized by corporate brands. Without the faith of employees and other stakeholders, any business could fail.

What can managers do to build faith? First, they must recognize that faith is a personal choice. It cannot be demanded, only invited. This is why inspiration is the key—faith can be passed from one person to another through inspiration. For example, when a manager has passion for the...
mission of the firm, that passion can become contagious. But where does such passion begin? It lies, I believe, in the potential that lives within the organization’s employees and stakeholders. Tapping this root is a manager’s most important job. When managers can see and feel what is possible through the eyes and emotions of their key stakeholders, they begin to develop true vision for the future of the firm. They also develop the passion to realize their vision, and their path to success becomes clearer. Clarity, when coupled with the passion to achieve success, can move—maybe not mountains—but certainly human beings.

Although the metaphor of manager as priest may be shocking to some, it has a longstanding place in organization theory. Amitai Etzioni once contrasted three forms of commitment: coercive commitment generated by totalizing institutions such as prisons; calculative commitment generated by economic institutions such as businesses; and the personal identification elicited by ideological institutions like religions. To the extent that commitment to corporate brands requires personal identification on the part of stakeholders, studying the role of faith in business makes perfect sense.

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WHAT SINGLE FACTOR HAS THE GREATEST IMPACT ON BUSINESS STUDENT SATISFACTION WITH ACADEMIC PROGRAMS?*

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Engagement in Learning

Elon University, The Martha and Spencer Love School of Business
Elon, North Carolina

Although the Martha and Spencer Love School of Business thrives within the small, private-school atmosphere of Elon University, its faculty and 1,000 undergraduate and graduate students take great pride in its international reach, says dean John Burbridge. “We have one of the highest levels of study-abroad programs for a school of our size,” he says.

From its location, a town in the southeast United States with a population of more than 4,000, the school sends faculty to Mexico, Southeast Asia, Europe, and elsewhere abroad. In addition, at least half of its students study abroad during the winter term. One popular activity is the school’s “annual international trip,” conducted by Professor Jim Barbour. The three-week trip exposes students to the facets of the newly formed European Union through visits to four economically important European cities.

Established in 1984, the Elon MBA program typically attracts young professionals in their early 30s. Its introductory MBA course, called “MBA 500,” is an intensive, two-week course in which students manage a fictitious company under changing global market conditions. The “Legends of Business” program invites distinguished guest speakers, senior executives who bring their expertise to students. A twice-annual “Theme Week” brings students face-to-face with executives from companies such as Cisco, Sun, and GlaxoWellcome to discuss major topics in business that range from globalization to technology.

In addition, one of the school’s most popular programs is its Entrepreneurial Leadership Program, headed by Associate Professor Barth Strempek. The program allows students to launch an actual small business in which they produce and market music CDs to consumers. The program recently earned a grant from the Department of Education’s Fund for the Improvement of Postsecondary Education (FIPSE).

In 2001, U.S. News & World Report ranked Elon University No. 9 of 130 Southern schools, while Yahoo Internet Life magazine ranked it among its “Top 100” wired colleges and universities. What earns Elon University—and the Elon MBA—such recognition, says Burbridge, is its foundation “on the concept of ‘student engagement,’” in which students learn primarily through collaboration, co-curricular activity, and hands-on experience.