Top of the Class
What characteristics does a teacher need to be a peerless professor?

Classroom Magic
Four innovative and award-winning teachers cast a spell that transforms their students and their classrooms.

Grading the Teachers
What tools should you use when evaluating a teacher’s performance? A survey of business school deans and administrators offers surprising answers.

Funny Business
“Dilbert” cartoonist Scott Adams draws a satirical but insightful picture of the corporate world.

Build the Best BAC
If your school’s business advisory council isn’t yielding the hoped-for results, you may need to fine-tune your approach.

Tulip Fever
Business incompetence is always in bloom. How to spot it—and how to teach students to avoid its fertile ground.
What It Takes to Teach

Many people believe that “anybody can be a teacher.” After all, it’s just telling a group of students something they need to know, right? How difficult can it be?

Quite difficult, as anyone who is or has been a teacher will testify. Whether you’re teaching kindergarten or college, economics or English, teaching is a vocation that requires a diverse, almost ineffable combination of talents. Professor Regina Bento of the University of Baltimore’s Merrick School of Business, who is profiled in this issue, says that teaching is akin to “casting a spell” and that learning is akin to “falling in love.” So, a good teacher not only must know the material, but also must be part magician and part matchmaker, sparking in students a love of the discipline and a desire to learn more. That’s a pretty tall order.

I must admit, I’ve never taught a business course. But for five years I taught my own specialty—English composition—to college freshmen. I soon discovered that teaching is no simple feat. In my first year of teaching, I practiced my lesson plans as an actor rehearses a script. I worked on my inflection, gestures, and use of props. I’d “stage” my class carefully. Should the students have their desks in a circle or break into small groups? With what idea should I start to pique their interest and provoke a lively, meaningful discussion? Then, I’d walk to my classroom door, take a deep breath, and walk in. Showtime.

As the years went on, however, it became increasingly clear that as a teacher, I had to be better at improvisation than rehearsal. I had to think fast, for instance, when a student asked defiantly, “If Virginia Woolf can use a semicolon any way she wants, why can’t we?” My carefully planned lesson on the use of semicolons, colons, and their brethren evaporated. Instead, we broke into an impromptu discussion of Virginia Woolf’s unconventional use of punctuation. And I was astonished. My students were actually interested! Together, we came to the happy realization that you’ve got to know the rules before you can break them effectively. To be honest, I’d never thought of it that way before. I also realized something important about teaching: Although it’s essential to be prepared, sometimes it works best just to make it up as you go along.

Unlike the award-winning teachers featured in this issue, I can’t say that I broke into the realm of the innovative with my little punctuation epiphany. But my students learned something. As Professor Yezdi Bhada stresses in this issue, learning is the ultimate goal of teaching. That idea may seem clear now, but it hasn’t always been so obvious to many educators. I know it took time for me to realize that the essential responsibility of teachers is to ensure not that they teach, but that their students learn.

In addition, my students taught me something. Indeed, innovative teaching—and its corollary, innovative learning—is achieved when teachers actually learn from their students. That’s when teachers know... it’s working.
Wonderful Women

I would like to extend my gratitude to BizEd for “Educating Women,” the wonderful article you put together on professional women in education for your July/August issue.

Helen Frame Peters
Dean
Boston College
Chestnut Hill, Massachusetts

Thank you for your informative July/August issue’s articles on women in business and the factors contributing to the 30 percent barrier. I found, however, that the articles’ focus on barriers in corporate America and academia neglected the enormous strides women have made as entrepreneurs. According to the Center for Women’s Business Research, women own roughly 28 percent of all privately held companies in the U.S. While that number is not much different from the magic 30 percent of women in b-school, the rate of increase is noteworthy: During the last five years, the Center estimates that the number of women-owned firms increased 14 percent nationwide. Furthermore, sales grew by 40 percent, and employment increased by 30 percent.

These numbers represent an opportunity for MBA programs trying to increase the number of women in their classes because business schools don’t exclusively prepare their graduates for rigid corporate careers. They also train them for entrepreneurship, which frequently provides greater flexibility and a richer family/work balance. Business schools should highlight and market this invaluable training and the flexibility it can bring as they strive to attract women and break through that 30 percent barrier.

I am acutely aware of the value of an MBA in starting my own business. In 1979, I earned my MBA from UCLA’s Graduate School of Management (today the Anderson School). When I started my business in the early 1990s, I had six children, ranging in age from 3 to 12. My independence gave me the variable hours I craved. The ability to schedule my work times around my children’s school hours, limit hours initially, and ultimately increase them as my children (and business) grew were critical to me. My MBA played a leading role in my business’ success and in my ability to balance—usually—the demands of family and work.

Linda Abraham
President
Accepted.com

Correction

In the “Spotlight” column of the July/August issue, the dean of ESPAE’s business school was incorrectly identified as Juan Alvarado. The current dean is Moises Tacle.
Season’s Deanings

The holiday season is a time for remembering your close connections, acknowledging your blessings—and showing off your sense of humor. Since 1998, the deans at Brigham Young University’s Marriott School of Management have been sending out greeting cards that feature dean Ned C. Hill and associate deans Lee T. Perry and W. Steve Albrecht in lighthearted poses. The cards go to about 1,600 university associates—deans and program directors of other schools, major donors, members of advisory committees, and alumni.

Responsibility for creating the cards rests with the staff at the external relations office, which begins brainstorming ideas in October. “Since most of the people in the office are students, they come up with some zany ideas,” says Joseph Ogden, assistant dean of external relations at the Provo, Utah, school. “During the Olympic year, one student submitted a sketch of the three deans skiing, each of them hitting a progressively bigger rock.”

Ogden and his staff pick the top three suggestions and submit them to the deans, who choose the final image. “Sometimes we combine several concepts,” Ogden says. “We’ll say, ‘We can use this idea, but we’ll have them sitting in their suits instead of their pajamas so we can still maintain a professional look.’ We want to preserve a sense of decorum and not cross the line between fun and silly. After all, these are extremely accomplished people.”

While the cards have become popular with their recipients, Ogden says the mailings are still just a small part of the efforts the university makes to maintain good relations with its supporters. “We view the cards as one little gesture that says, ‘We want to thank you for your association with us and for the help you’ve given the school.’ The cards are an annual reminder that we can design in a fun way. But we don’t want to make more of them than that.” Nonetheless, it never hurts to help donors and alumni associate a face with an institution—especially when that face is topped by a Santa Claus hat.

Minority Milestone

This summer, Alisha D. Malloy turned herself into a milestone when she successfully defended her Ph.D. dissertation titled “Design and Performance Evaluation of QoS-Oriented Wireless Networks.”

An assistant professor at the University of Alabama, she received her Ph.D. in Information Systems from Georgia State University. Her achievement is noteworthy because she is now the 588th minority business school professor in the U.S. That’s double the number that existed in 1994, when The PhD Project began monitoring minorities in business school.

The PhD Project was founded by a group of business school deans and corporate leaders to attract more minorities to careers as business professors, thus increasing the number of role models for potential minority business leaders. The multimillion dollar initiative is administered by...
The KPMG Foundation, which is the lead sponsor of the organization, providing approximately one-half of the financial support. Other financial support comes from corporations, foundations, academic organizations, and universities.

With 416 minority doctoral students currently in the pipeline, the number of minority business school professors might easily triple from its starting number of 294 within the next four years. Even so, the ratio still works out to less than one minority professor per school.

This fall, annual conferences were held by the five Doctoral Student Associations of The PhD Project—peer associations created for minority doctoral students in each of five business disciplines. At these conferences, 51 new doctoral students were welcomed and 35 who have earned their Ph.D.s over the past year were recognized. These conferences enable The PhD Project to form a support network for minority business students and connect them with key leaders in their field of study. Hundreds of additional applicants will be invited to a November conference held by The PhD Project. For more information on the conferences or the organization, visit www.phdproject.org.

### What Do Recruiters Want?

Strong interpersonal skills and the ability to work well with other team members are among the characteristics corporate recruiters focus on most closely when interviewing business school graduates for jobs. That’s one of the conclusions offered in *The Wall Street Journal Guide to the Top Business Schools 2003*, published this fall by *The Wall Street Journal* and based on information gathered by Harris Interactive. While the survey of recruiters was used to help the periodical put together its annual ranking of business schools, it also yielded information about what recruiters generally value in recent graduates. The following chart shows what percentage of recruiters consider certain skills and characteristics to be important:

<table>
<thead>
<tr>
<th>Skill/Characteristic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication and interpersonal skills</td>
<td>90%</td>
</tr>
<tr>
<td>Ability to work well within a team</td>
<td>87%</td>
</tr>
<tr>
<td>Analytical and problem-solving skills</td>
<td>86%</td>
</tr>
<tr>
<td>Ability to drive results</td>
<td>81%</td>
</tr>
<tr>
<td>Quality of past hires</td>
<td>80%</td>
</tr>
<tr>
<td>Leadership potential</td>
<td>74%</td>
</tr>
<tr>
<td>Fit with the corporate culture</td>
<td>73%</td>
</tr>
<tr>
<td>Strategic thinking</td>
<td>65%</td>
</tr>
<tr>
<td>Likelihood of recruiting “stars” — graduates who are likely to be promoted</td>
<td>65%</td>
</tr>
<tr>
<td>Student “chemistry” — overall like or dislike of the students</td>
<td>49%</td>
</tr>
<tr>
<td>Willingness to relocate</td>
<td>47%</td>
</tr>
<tr>
<td>Original and visionary thinking</td>
<td>46%</td>
</tr>
<tr>
<td>Overall value for the money invested in the recruiting effort</td>
<td>39%</td>
</tr>
<tr>
<td>General-management point of view</td>
<td>35%</td>
</tr>
<tr>
<td>Content of the core curriculum</td>
<td>35%</td>
</tr>
<tr>
<td>Retention of past hires</td>
<td>35%</td>
</tr>
<tr>
<td>Years of work experience</td>
<td>32%</td>
</tr>
<tr>
<td>School “chemistry” — overall like or dislike of a school</td>
<td>32%</td>
</tr>
<tr>
<td>Entrepreneurial skills</td>
<td>26%</td>
</tr>
<tr>
<td>Faculty expertise</td>
<td>26%</td>
</tr>
<tr>
<td>Career services offices at the school</td>
<td>24%</td>
</tr>
<tr>
<td>Past acceptance rate of job offers from students at this school</td>
<td>24%</td>
</tr>
<tr>
<td>Strong international perspective</td>
<td>21%</td>
</tr>
<tr>
<td>Awareness of corporate citizenship issues such as corporate and social responsibility</td>
<td>15%</td>
</tr>
</tbody>
</table>

### Accreditation Update

Seven schools recently achieved first-time or ongoing accreditation from AACSB International. Receiving initial accreditation were King Fahd University of Petroleum and Minerals in Dhahran, Saudi Arabia; Seoul National University in Korea; University College Dublin in Ireland; and Australian Graduate School of Management in Sydney, which became the first Australian business school to receive AACSB accreditation. Reaffirming AACSB accreditation were California State University in Bakersfield and Lamar University in Beaumont, Texas. Accreditation maintenance in accounting was awarded to Villanova University in Villanova, Pennsylvania.
University of Dallas Adds B-School

The University of Dallas in Texas has established a new College of Business and a new undergraduate business leadership degree. H. Gene Swanson has been named dean of the new college. The College of Business will serve as an umbrella for the existing Graduate School of Management’s MBA and Master of Management degree programs, as well as the new undergraduate degree program in business leadership.

The undergraduate degree will combine the liberal arts education offered by the college with the study of real-world business disciplines covered by the College of Business. The emphasis on business leadership will allow students to learn both pragmatic business techniques and core foundational principles of ethics, philosophy, arts, literature, and history.

“In light of recent headlines about corporate governance and ethics issues, this addition to the university is even more timely,” said Reverend Monsignor Milam J. Joseph, president of the private Catholic university. “The establishment of our new College of Business embodies the university’s mission of developing society’s leaders, emphasizing both academic knowledge and character development. We’re combining the best of a classical liberal arts education with the study of business best practices, helping prepare students to lead businesses with integrity.”

Students Focus on Ethics in Education

More than 80 percent of prospective business graduate students feel that MBA programs today need to include a greater emphasis on ethics, according to a recent online survey conducted by GradSchools.com, an Internet site dedicated to graduate school information. The three-question survey was administered to more than 1,200 prospective graduate students who indicated an interest in business degrees while researching programs on the Web site.

The survey also revealed that, in the wake of the Enron and WorldCom scandals, more than one-third of respondents are reconsidering their educational focus, while others are rethinking their career choices. When asked, “Are you likely to seek a job working for corporate America after the recent accounting scandals?” more than 15 percent said they were “less likely,” while 20 percent were “more likely.”

“There appears to be a growing disenchantment with corporate America among prospective graduate students,” says Mark Shay, president of GradSchools.com. “However, whether this ‘mini-trend’ continues remains to be seen.”

Gallo School Funded

The Ernest & Julio Gallo Winery has provided $5 million toward the creation of a business school at the new University of California in Merced. The Gallo Winery and the Gallo family will donate the $5 million challenge gift to the new school, with the University agreeing to raise an additional $5 million to fund endowed faculty chairs and other gifts to create a $10 million founding endowment.

In recognition of the importance of the gift, the University will name the new school The Ernest & Julio Gallo School of Management at UC Merced. UC Merced, which is the tenth campus of the UC system, is scheduled to open in fall 2004 with 1,000 students initially. Eventually, the school is expected to grow into a research university for 25,000 students and approximately 6,000 faculty and staff. The Ernest & Julio Gallo School of Management will be the first professional school created at the new university.

The Gallo School initially will offer undergraduate business courses leading to a BS degree. Over time, the school will plan an MBA degree offering and doctoral programs. The Merced administrators plan to utilize digital technology to create an educational network that serves students and communities throughout the San Joaquin Valley.
$10 Million Given to MU

The College of Business at the University of Missouri-Columbia received a $10 million gift from Gordon Crosby Jr. and his wife, Chessie. The Crosbys’ donation, the largest gift to an MU academic division from a living donor, will be dedicated to the college’s top strategic priority, which is to strengthen its degree programs, especially the MBA program.

In recognition of this donation, MU’s MBA program will be renamed the Gordon E. Crosby Jr. MBA Program.

The Crosbys’ gift will be used to advance several key activities in the MBA program, including recruiting a high-ability student body, providing students with added opportunities for professional development outside the classroom, and supporting the instruction and development of faculty who are involved with the program. In addition, the gift will be used to sustain a high level of collaboration with alumni and companies.

The MU College of Business celebrated another milestone this summer as it moved into its new home, Cornell Hall. The 150,000 square feet of space in the new building will bring together all units of the business school under one roof. Previously, the college was located primarily in Middlebush Hall but shared space in three other buildings as well.

Construction of Cornell Hall began in late 1999 and was completed in spring 2002. The new building consists of 16 technology-rich classrooms, two computer classrooms, a student computer lab, informal student gathering space, a 125-seat lecture hall, a 500-seat auditorium, and 13 small breakout rooms. All classrooms in Cornell Hall have ceiling-hung projectors, a dedicated computer, a DVD/VCR player, network connections, and document cameras. Two-way video, via satellite or Internet, will be available in all classrooms, either through dedicated cameras or portable equipment. Numerous data ports have been installed in student lounge areas throughout the building. The total cost of the new building was about $30 million.

Corporate Outreach

In an era when executive education is increasingly seen as vital to the success of most business schools, the University of Dayton is expanding its model of a shared corporate university outside the Dayton, Ohio, region where it is located. The school’s Center for Leadership and Executive Development is partnering with Baldwin-Wallace College in Berea, Ohio, to offer executive development programs to organizations in other Ohio cities.

The executive education program delivered by University of Dayton and Baldwin-Wallace does not require executives to travel or commit large chunks of time out of the office. Instead, the programs are delivered locally in one- or two-day sessions.

“Our mission is to support our partner organizations by providing the best in custom executive education. We want to be where our partners are,” said Richard Walsh, executive director of UD’s Center for Leadership and Executive Development.

Over the course of a year, participants from the partner organizations attend sessions on topics such as leadership, succession planning, international growth, performance-based compensation, and ways to develop and retain top-tier managers. The schools are able to share the costs of attracting top speakers. Both schools also draw on the resources of Dayton’s Center for Leadership and Executive Development, which has relationships with 18 partner organizations, including five Fortune 500 companies.

Indian Congress Planned

The Institute of Marketing & Management, New Delhi, India, is hosting the 30th World Marketing Congress on “India & ASEAN: Partners in Progress” January 9 through 11. It will be held at The Park Hotel, Parliament Street, New Delhi. Chairman of the event is S.T. Devare, former secretary of economic relations in the ministry of external affairs; co-chairman is Inder Jit, editor of India News & Feature Alliance.

Sessions at the congress will cover topics such as investment, trade, tourism, technology, telecommunication, and other industry sectors in India and nearby countries. Attendees will have a chance to interact with top government officials and industrialists. Sightseeing tours to the Taj Mahal and other historic sites are available. More information can be found on the Web site www.immindia.com.
Accounting Awards Presented

Two professors won Outstanding Accounting Educator Awards at the annual meeting of the American Accounting Association (AAA). Jacob G. Birnberg of University of Pittsburgh and Robert E. Jensen of Trinity University won the 2002 award, which recognizes contributions to accounting education and comes with a $5,000 prize for each recipient, as well as a $5,000 award for the association. It is funded by PricewaterhouseCoopers.

Joseph T. Wells, Chairman of the Association of Certified Fraud Examiners, received the Innovation in Accounting Education Award, a $5,000 prize funded by the Ernst & Young Foundation. Stephen Penman of Columbia University received the John R. Wildman Medal, a $5,000 prize funded by the Deloitte & Touche Foundation. David Burgstahler of University of Washington and Ilia Dichev of University of Michigan received the Notable Contributions to Accounting Literature Award, a $2,500 prize that is funded by the American Institute of Certified Public Accountants. Susan D. Krische, University of Illinois at Urbana-Champaign, received the Competitive Manuscript Award, a plaque given to reward research conducted by new Ph.D.s.

The AAA has sent out a call for nominations for the 2003 awards. For information about the awards and the submission process, visit AAA’s Web site at accounting.rutgers.edu/raw/aaa/index.html.

SHORT TAKES

- A $2-million gift from Canadian media and entertainment company Corus Entertainment will fund a chair in communications strategy at the University of Toronto’s Joseph L. Rotman School of Management. The chair, known as the Corus Entertainment Chair in Communications Strategy, will investigate the recent trends towards convergence in the Canadian media and the need for Canadian media companies to compete globally. Corus is also one of the founding partners of the Judy Elder Program for the Advancement of Women in Organizational Leadership, which will launch at the Rotman School next spring. Named for a Toronto businesswoman who died earlier this year, the program will address the need to promote women to top leadership positions.

- Florida International University, Miami, Florida, has announced that its College of Business Administration has teamed with its College of Engineering to launch the Howard J. Leonard New Venture Challenge: An International Business Plan Competition. This joint venture highlights the importance of combining technological innovation with the business skills needed to bring a product to market. The challenge is open to all full- and part-time students enrolled in an accredited four-year college or university in the state of Florida, the Caribbean or Latin America. The business plan must be for an original seed, start-up venture and address the complete business concept, including its implementation. The completed application form must be received in the Challenge office no later than November 22; all business plans and submission forms are due by January 24. For more information, visit the College’s website at www.fiu.edu/~nvc.

- DuPont has made a $100,000 gift to the Center for Sustainable Enterprise at Kenan-Flagler Business School, University of North Carolina at Chapel Hill. Part of the business school’s Frank Hawkins Kenan Institute of Private Enterprise, the center is a leader in teaching, research and outreach designed to equip business leaders with the skills to practice sustainable enterprise.

- Lydia C. Jones has been chosen as the new director of the Small Business Development Center (SBDC) at the Coles College of Business at Kennesaw State University in Georgia. Jones has been a business consultant and instructor at Georgia State University’s Small Business Development Center. She is certified by the Kauffman Center for Entrepreneurial Leadership to facilitate Fast-Trac Planning and New Venture programs, and by the National Women
Business Owners Corporation to assist with certification of women-owned businesses. She is also a founding member of the Georgia Women Entrepreneurs.

Singapore Management University recently opened the Wee Kim Wee Centre, which will promote international studies that contribute to a greater understanding of cultural diversity. The center is named after Singapore’s former president, who served as a diplomat in Malaysia, Japan, and Korea. Through the center, SMU will establish links and collaborative exchanges with other regional and international institutions. The Wee Kim Wee Centre will be headed by Practice Professor Pang Eng Fong, former High Commissioner for Singapore to the United Kingdom and Ambassador to Ireland.

SMU also announced that it has received a commitment from Li Ka Shing, global entrepreneur and philanthropist, and his Hutchison Whampoa Group of a S$19.5 million donation (about $11 million in U.S. dollars). Most of the money will go toward endowing the SMU library at the new city campus, expected to open in 2005. The rest will go toward supporting up to eight endowed scholarships a year for undergraduates from the Asian region, particularly Hong Kong and mainland China. Both the scholarships and the library building will reflect the donor’s name, as they will be called the Li Ka Shing Endowed Scholarship Programme and the Li Ka Shing and Hutchison Whampoa Group Library Fund.

The Wharton School of the University of Pennsylvania, the University of Chicago Graduate School of Business, and Stanford Law School joined together to offer a three-day intensive program for corporate directors and senior executives to explore the fundamentals of corporate governance and board service. The Directors’ Consortium was intended to help attendees evaluate the role of directors in strategy development and understand the questions board members should be asking management about financing, disclosure, governance, succession planning, and compensation. Sessions also covered what audit committee members should know about revenue recognition, off-balance sheet financing, and accounting methods and disclosures. The first session was held in Chicago; future programs will rotate among Chicago GSB, Stanford Law School and Wharton.

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France’s Grenoble Graduate School of Business has opened a recruitment office in Mexico to encourage Latin American students to apply to its MBA, MIB, and international residency programs.

Peter Degnan has been appointed director of MBA Career Management Services at the Wharton School of the University of Pennsylvania in Philadelphia. Degnan has more than 19 years of financial services experience, including 12 years working in Asia. As managing director and chief operating officer for UBS Warburg Japan from 1998–2000, he was responsible for the complete integration of the merger between the UBS and SBC Warburg organizations in Japan, and for managing the primary financial and administrative areas, including finance, operations, IT and general administration.

Bryant College, Smithfield, Rhode Island, has received a $750,000 challenge grant from The Kresge Foundation to help complete fund raising for the George E. Bello Center for Information and Technology. Bryant is working to raise the final $3.58 million toward its $20 million facilities goal before March 1 to fulfill the Kresge challenge. Among other things, the Bello center will house a financial markets center that simulates real-world trading conditions.

Pennsylvania State University alumni J. David and Patricia Rogers have made a $4 million gift toward construction of the new Business Building at the University Park campus of the Smeal College of Business. The Business Building will be the largest academic building on the campus and part of one of the largest business school complexes in the nation. The structure is projected to cost $60 million, which includes $35 million in university funds and $25 million in private support.

Sarah E. Bonner has been named Accounting Associate Professor of Accounting at the Leventhal School of Accounting in the University of Southern California’s Marshall School of Business, Los Angeles. The five-year renewable term is awarded to a faculty member who is a nationally recognized scholar and has contributed to issues of national concern to the accounting profession.

Georgia State University’s J. Mack Robinson College of Business, Atlanta, has inaugurated The Carl R. Zwerner Prize in Business Ethics. Named for business leader and Robinson alumnus Carl R. Zwerner, the award will recognize master’s level students who demonstrate great potential for success in the global business environment based on ethical conduct, integrity, and community involvement. Each year, students involved in activities associated with the college’s ethics courses...
The six business schools that previously made up the AEA Alliance have recently admitted a new member: Fundação Instituto de Administração, Universidade de São Paulo, Brazil. Founded in March 2000, the AEA Alliance is a strategic network of schools that share intellectual, professional, and technological resources in their executive education programs. The other member institutions are E.M. Lyon in France, Warwick Business School in the United Kingdom, HEC Montréal in Canada, Thunderbird in Glendale, Arizona, Lingnan University in Hong Kong, and the Universidad de Belgrano in Argentina.

Cranfield School of Management has committed to doing ongoing research and consultancy work for aerospace company Boeing. Cranfield is developing an MBA program focused on project management for the aerospace industry. In addition, Boeing is strengthening its links with Cranfield University, which has a College of Aeronautics, through air traffic management simulation modeling, fuel-cell driven aircraft design, and Blended Wing-Body research.
Scott Adams views the world of business through the lens of the absurd in his syndicated comic “Dilbert.” In a world where foolishness flourishes and thickheadedness thrives, says Adams, success comes down to a little perseverance and a whole lot of luck.
It could be argued that there has not been a corporate foible, laughable corporate policy, or doomed corporate idea that hasn’t found its way into a “Dilbert” cartoon. After all, Scott Adams, its creator, gets his ideas straight from the front lines. Thousands of readers send him their stories of managerial blunders, oversights, and just plain weird behavior.

After more than a decade of drawing “Dilbert,” Adams has heard many stories that prove that business can, indeed, be weirder than fiction. Like the one about the company that purchased laptop computers so that its employees could work more easily while on business trips. Management then had the laptops permanently mounted to employees’ desks to prevent theft. Or the one about the company that routinely ignored employees’ suggestions for improving operations. Instead, the president hired a troubleshooting consultant, who asked the employees for their suggestions. The consultant then gave those suggestions to the president, who then promptly put them into practice. It’s the kind of stuff you just can’t make up, Adams says.

Until he left his job to work on “Dilbert” full-time, Adams, too, was on a corporate track. After earning his bachelor’s degree in economics from Hartwick College in New York in 1979, he went to work for Crocker National Bank in San Francisco from 1979 to 1986, and for Pacific Bell in San Ramon, California, from 1989 to 1995. He earned his MBA, via evening classes, from University of California-Berkeley in 1986, with the full intention of climbing the corporate ladder.

But a strange thing happened on his way to a promotion. In the late 1980s, Adams imagined a rather dorky-but-intelligent engineer named Dilbert, who was trapped in a cubicle working for an unnamed tech company. Dilbert and his coterie of co-workers are tormented by the bottom-line blindness of accounting, the cruelty of human resources, the vacuity of marketing, and, above all, the clueless whims of management, personified by a nameless “pointy-haired” boss.

With such an unflattering view of business, Adams is often deemed an “anti-management guru.” But he has struck a powerful chord in the business world. Since the strip began in 1989, its popularity has exploded. “Dilbert” now runs in more than 2,000 newspapers worldwide.

The “anti-management guru” label is a misnomer, Adams believes. As co-owner of two restaurants in the California area (Stacey’s Cafe in Pleasanton, California, and Stacey’s at Waterford in Dublin) and the CEO of Scott Adams Foods, manufacturer of a nutrition-packed burrito, Adams is a businessman himself. But the absurdity is out there, he says, noting that “Dilbert” simply reflects the often laughable exchanges that occur between managers and their employees. In such a world, Adams has found that the trick to succeeding in business often comes down to persistence and plain dumb luck. Once managers realize that, he says, they’re in the position to achieve anything.

You were in corporate America for quite a few years before you entered the MBA program at UC-Berkeley. What made you decide to get your MBA?

Well, at the time I was still at Crocker Bank and had no thought of cartooning. I made the observation that people who had MBAs from good schools got ahead, people who didn’t have them got ahead much more slowly. I thought I was going to become a captain of industry, so I decided it would be good for my career.

What did you take from the experience?

Getting my MBA was probably the hardest, most rewarding, and most useful thing I’ve ever done—and I’m not saying that just because I think you might like to hear it! But I found myself in accounting classes, for example, with people who already were CPAs. Needless to say, I was not the head of the class.

In my first quarter, I distinctly remember sitting in my accounting class after we had taken a test. Before the professor handed out our tests, he put the distribution of grades up on the board, so he showed how many people got As, how many people got Bs. There was one person who had the lowest grade. I remember sitting there thinking, wow, that poor bastard, how embarrassing to be that one guy at the bottom! There weren’t even two people at the bottom, just one! Well, he handed the tests back, and I was that guy. And I remained at the bottom of that list until I figured out just how much work was required to get an MBA and I started doing it.

I know that I came out of the MBA program much, much better prepared to do anything. And when I encounter people who have not had a similar educational experience, the thing I’m amazed at is that they don’t know what they don’t know. So they don’t know they’re missing anything. That’s the scary thing. I didn’t know that I was missing anything. And frankly, I didn’t go to school to learn; I went to school to get a degree so that people would think I was smart, but I wouldn’t actually have to be smart. My biggest surprise was that I actually took away from that experience skills so valuable that, for me, they made the difference between success and not success.

In fact, if you ask the right question, I’ll tell you why the MBA is the only reason that “Dilbert” has been successful.

by Tricia Bisoux
photo by Timothy Archibald
I wrote *The Dilbert Principle* around the concept that in many cases the least competent, least smart people are promoted, simply because they’re the ones you don’t want doing actual work. You want them ordering the doughnuts and yelling at people for not doing their assignments—you know, the easy work.

OK, I’ll ask—why was the MBA the only reason that “Dilbert” has been so successful?

Well, most cartoonists follow a process where they create a cartoon, and they send it to the syndicate. Then, the syndicate figures out which newspapers are actually going to print it, and then a newspaper prints it and sends it to the guy who reads it and decides if it’s funny. The cartoonist never knows whether the reader laughs or doesn’t laugh. It’s a one-way path.

In business school, you learn to build channels to let customers tell you what they’re thinking. That’s not obvious to a lot of cartoonists. In fact, it’s not obvious to a lot of businesses—many businesses still think they have to guess what the customer wants.

In 1993, I put my e-mail address in the strip. I was also one of the first to put my strip online. That was a direct response to the fact that I saw a gaping hole in the cartoonist’s business model. With my e-mail address, people were able to write back to me and let me know what they liked and didn’t like. At that time, Dilbert wasn’t in the office very much in the strip. He was at home or out doing abstract stuff. Readers told me they liked it more when Dilbert was in the office, so I changed it. Or, when the character of Catbert was first introduced, he was originally just a cat Dilbert met on the sidewalk. People loved him so much that I had to keep him. But I also had to put him in the office, so I made him the director of human resources.

I also learned that I could get people to do my marketing for me through the simple trick of mentioning different occupations in the strip. For example, it turns out that everyone knows an accountant—either they are one, they used to be one, they have a friend who’s one, or they’re related to one. So I’d put an accountant in a strip, and people would cut it out and send a copy to all the accountants they knew. I kept using that technique, including each of the professions, until everyone on earth had been sent a “Dilbert” cartoon. It was a systematic approach to building the market.

Something happened to make you leave the corporate arena—you were working at Pacific Bell even after “Dilbert” was a huge success. Why did you quit?

I’m actually going to tell you the truth. I left one position because, literally, “white men couldn’t get promoted.” That’s not my paranoia—I was told that directly by my managers on a number of occasions. They told me to forget it because they’re the ones you don’t want doing actual work. You want them ordering the doughnuts and yelling at people for not doing their assignments—you know, the easy work. Your heart surgeons and your computer programmers—your smart people—aren’t in management. That principle was literally happening everywhere.

**The push for diversity was a big issue for corporations in the 1980s, and still is today. Do you view that decision by management as unfair, or one that was simply a necessity?**

They really had to choose between two unfair solutions. One was a good choice and one was a bad choice, for them and for society. At the time, the only person it hurt was me. But here’s the important part: I’m not arguing that I was qualified and the other people weren’t. There were a lot of equally qualified people, and among them I had no chance because of what the company needed to do at the time. It was like trying to park in San Francisco when all the parking spots are taken. Most of the time, if you circle the block long enough, one of those parking spots will open up for you. Well, that wasn’t going to happen for me because I happened to be driving a bus. I simply wasn’t going to fit.

But it was better off for society in the long run. And maybe it did help me—I’m certainly better off now than I was then!

**You say that the MBA gave you something valuable, yet you created a comic strip that often depicts business—specifically managers—as at best naïve, and at worst oblivious. In fact, in your book *The Dilbert Principle*, you note that the least qualified people are often promoted to the highest positions. Where does business go wrong?**

Well, you know, when I originally started drawing Dilbert, I was just writing a funny little comic about a guy who had a job that was a lot like mine. People read into it that workers were brilliant and bosses were stupid. But that’s only half true—what I really thought was that everybody was stupid, including me. But it was far more commercial to go with what people wanted. This is where the MBA helps out. I just did the math: For every boss there are about ten employees. Do you want to sell a product to one boss or to ten employees? I had to go with the ten-to-one advantage.

Even so, I wrote *The Dilbert Principle* around the concept that in many cases the least competent, least smart people are promoted, simply because they’re the ones you don’t want doing actual work. You want them ordering the doughnuts and yelling at people for not doing their assignments—you know, the easy work. Your heart surgeons and your computer programmers—your smart people—aren’t in management. That principle was literally happening everywhere.
If it’s true that the least competent people are promoted to management, do you find it ironic that business schools are in the business of teaching people to become managers? Does a formal business education negate the “Dilbert Principle” at all?

Well, I wouldn’t say that business school teaches you how to manage. Do business schools make that claim?

Yes, they’re in the business of management education! Well, business schools may tell you how to manage a business, but they don’t tell you how to manage people. A business education makes you a lot smarter, it makes you understand all the issues, it teaches you about the cost of doing business, and it teaches you about marketing and customers and that kind of stuff. But what it often doesn’t tell you is how to deal with a disgruntled employee, for example. At least, I didn’t take any classes like that.

If you ran a business school, then, what types of classes would you make absolutely mandatory to prepare students for that aspect of management?

This might surprise you: hypnosis. I became a licensed hypnotist in 1981, and it was the most important skill I ever learned, outside of business. It was the best single course I ever took, because although you hardly ever put anybody in a trance, per se, hypnosis tells you so much about how the mind works. It changes your way of looking at everything.

In what ways?

Hypnosis is just a stronger version of what you do in business all the time: using the power of persuasion. Selling is persuasion. Marketing is persuasion. Every business meeting is based on persuasion. You can take separate courses in all of those things, but they’re teaching you the art of persuasion in its weaker form. It’s like learning self-defense by taking a Tae-Bo class and learning how to kick the air versus becoming a black belt in karate.

Hypnosis is the macro-skill that covers all of those things. You can do all of them better if you understand how the mind works, how people think.

Are there other courses that your business education was lacking, which you believe should be mandatory?

Business schools should definitely offer more courses in communications, like speaking and writing, neither of which I had. And, this might surprise you—business schools should also offer courses in design. Everything I do in my non-Dilbert-related business involves some form of design. Just yesterday, I had to have a sign designed for a restaurant I’m opening. I’m always looking at packaging, I’m always looking at Web sites, I’m always looking at documents. Everything is designed. It used to be that you could just farm out your design to somebody, but that’s no longer the case. It’s all part of communications.

With the recent scandals in the news, business ethics has become a huge topic for business schools right now. In “Dilbert,” you often depict a company trying to sell consumers an underdeveloped product for an overinflated price, clearly a breach in ethics. Do you think the fact that “Dilbert” draws attention to such practices makes management more likely to try to avoid such improprieties?

Apparently not! Certainly the evidence does not bear out the cause and effect, especially where the large stuff is concerned. But the strip definitely has an effect on the small stuff that companies do every day. By that, I mean that I get a lot of reports from people who say, “My manager was going to roll out this stupid program. Then I showed him a ‘Dilbert’ cartoon that showed exactly how stupid that same program was and he canceled the whole thing.”

There is a dampening effect for stupidity. Most people will instinctively stay away from anything that will cause additional ridicule because we all have enough of that already. “Dilbert” is like this little beacon that says, “These areas are landmines, and if you step on one of these, you will be ridiculed.” But “Dilbert” won’t stop anybody from cheating on his accounting and siphoning off billions of dollars from a company.
Do you think having business school courses in “Dilbert” might do the trick?

The Dilbert Principle is actually required reading in a number of business schools, but whether it’s helping or not, I don’t know. In fact, I often hear from college kids who say, “I love ‘Dilbert,’ but I don’t like any of the stuff when he’s in the office. I like it when he’s at home.” But when they leave school and go to the corporate world, they say, “I love it when he’s at the office. I now work in a cubicle, and you are my god!” So clearly, these students are entering the workforce without being aware of just how bad it is, how silly it is, what issues real people are dealing with, what they’re actually thinking when they’re sitting in their little boxes. It might be useful for business schools to make people more aware of that before they get there.

In your comic strip and books, managers are the ones making the gaffes. Do you believe it’s possible for someone to be a good manager and avoid the kind of pitfalls that “Dilbert” so often depicts?

Well, managing is basically an offshoot of evil. By “evil,” I mean when people must do things that are good for them at the expense of other people. That’s the essence of management. The whole point of leading is to get people to do things that they don’t want to do on their own. Managers must work for the benefit of themselves and for interested third parties, like stockholders. Therefore, employees don’t necessarily view management as working for their best interests, so all leadership, in a sense, is making people unhappy. So you can’t be a manager and be effective, and not be evil.

There are times when it looks like managers aren’t evil. If you’re a manager, you can get that illusion during a booming market. You find yourself the head of Cisco or Apple Computers during their heydays, and suddenly it looks like you’re brilliant and kind. You’re treating your employees well and making money, so it must be that you can do both! But that’s an illusion that disappears with a market downturn. It has everything to do with the industry, with being in the right place at the right time. It has nothing to do with your management skill.

In addition to being a cartoonist, you’re also a restaurateur and an entrepreneur. It seems like two different worlds. What made you decide to go in this direction?

The restaurants have more to do with wanting to be part of the community, wanting to have something that was physical, and wanting to be diversified, even though most of my money was in the stock market, unfortunately. I kind of knew that I needed my money in actual businesses, at least a portion of it.

One could argue that I’m more qualified to be a food entrepreneur than an artist! It’s what I was trained for. You come out of business school and you should be able to start a business that you’re not that familiar with. The idea for Scott Adams Foods started when “Dilbert” was at its very peak. I was literally running everywhere trying to get everything done, getting no sleep and trying to eat as efficiently as possible. I wanted the best nutrition I could get with the least amount of effort. So, I started looking at labels and realized that there was almost no nutrition in any single food you can buy, even in foods like broccoli and carrots. You’d have to eat a wheelbarrow-full a day to get even the minimum amount of nutrition you need.

My thinking was this: There are six billion people in the world, and they’d all like to eat two or three times a day if they could, and, all things being equal, they’d all prefer their meals to taste good, be inexpensive, and have good nutrition. I realized that there was possibly the biggest market opportunity since the Internet. I mean that literally, because not everyone will use the Internet, but everyone will eat. The multiplier is gigantic. Again, it’s just doing the math.

So we set out to build what I call the “blue jeans” of food. If you look at blue jeans, basically everyone on earth wants to wear them some of the time. Not for everything, but some of the time. You don’t have to iron them, they always make your ass look good, they don’t cost too much, they last forever. What makes blue jeans unique is that they almost work on every
There are times when it looks like managers aren’t evil. You find yourself the head of Cisco or Apple Computer during their heydays, and suddenly it looks like you’re brilliant and kind. You’re treating your employees well and making money, so it must be that you can do both! But that’s an illusion that disappears with a market downturn.

level. I thought, “What if we built a food that works on every level, except for maybe formal state dinners?”

So we worked for two years, and we came up with the Dilberito, forming a company around it. It comes down to the fact that I think the things you do are the things you can’t prevent yourself from doing. Sometimes a thing seems like a good idea, but you just don’t get up and do it because you don’t care. There are some things that you just can’t prevent yourself from doing. For me, this was one of them.

What would be your best advice to business schools operating today? Are there lessons to be learned so that people can operate as effectively and honorably as possible?

I think that everything that causes pain and frustration in business is caused by the same problem, which is expecting bad people to change. So many managers think, “Well, he screwed me 25 times in a row, but this 26th time, I’m feeling lucky!” I’ve noticed when something works, it’s because, by sheer coincidence, a group got together that didn’t have an idiot among them to stop everything, or it’s because the group had one and got rid of him.

So, that kind of social engineering is really important to learn. For example, if you look at Steve Jobs’ success, I’d bet you’d find out that when he puts together his groups, he viciously gets rid of the bad people. Once you’ve done that, you have a tremendous ability to do things wrong, but still make things come out okay.

How would you like to see the business world change? Really, the current “employer-employee” model is the problem. It invariably forces some people to be unhappy. The only things that seem to make anything better are related to employee incentives and free agency. First, businesses that structure themselves so that employees have a percentage of the profits create more productive employees. That’s the way I run my company. I have one employee who has an equity interest in the company, so I never have to wonder whether he’s doing things right, because if he’s capable (and he is), he’s obviously going to be doing things that are good for both of us.

Second, free agency, the so-called “free agent nation,” gives people choices. People are happy when they have choices, and everyone is going to make a different choice. In any office, not everyone is unhappy, only about half. If that half could work somewhere else, so they wouldn’t always have to be in the office, they would enjoy their work much more. A free agent nation gives people options. I think those will be the innovations that make a difference.

Is there any one manager that you can point to and say, “He or she does it right”? I could only say he or she “does it effectively.” There are people who are generous and kind, who aren’t effective, and then there are the Jack Welches, who are not generous and kind but are very effective. Or, it’s also possible that someone like Jack Welch simply got lucky.

There’s a great book that I often recommend called Fooled by Randomness: The Hidden Role of Chance in the Markets and in Life by Nassim Nicholas Taleb. It’s very instructive. For instance, many people believe that some people are more gifted in business and some people are less gifted, when it really might all come down to luck. Pure statistics support the idea that with so many businesses operating at one time, somebody’s going to be lucky 100 times in a row. So every time that person opens a new business and it succeeds, it looks like he’s the only one who can consistently do things right.

Here’s an example: My favorite strip is probably the one where Wally, one of the engineers, is getting his performance review. He explains to the boss that, in the past year, all of his co-workers have embarked on big projects, and they’ve all failed and cost the company millions of dollars. On the other hand, Wally has done absolutely nothing, and so, based on economics, he’s been the most profitable employee for the company. He takes a sip of his coffee and says to the boss, “Watch and learn.”

That kind of luck is such an overwhelming factor in management. It’s kind of like asking, “Who is better at picking lottery numbers than anyone else?” Well, you might say the people who’ve won! But that would be kind of absurd. Likewise, is Jack Welch a genius, or is he just lucky? Now, it’s possible that both are true, but I wouldn’t bet on it.

Doesn’t that send a disheartening message to entrepreneurs and business students who believe that hard work and talent can lead to success?

No, I don’t think it does. That’s the beauty of the capitalist system. Most people think life and business are like Las Vegas, that if you go there and keep gambling, you’ll simply leave with no money. But that’s not true. Life and business actually work the other way, because they involve your time and hopes.

The capitalist system allows nine failures for every winner, so you’re either one of the people who will fail a few times and quit, or you’re one of the few people who will keep trying and win. If all the people who quit had kept going, they would have been as successful as I have been with “Dilbert.” But they didn’t. If I could pick one thing that contributed to my success, it was that I tried many things and I didn’t quit.
No longer is it good enough to have a Ph.D. and a job offer.

Top of the Class

by Yezdi K. Bhada
Today’s truly effective teachers must be able to convey knowledge and enthusiasm in an environment that promotes active learning.

Yezdi Bhada’s views on effective teaching were strongly influenced by a comic strip he once read. “In the cartoon, one child is telling an older boy that he has taught his dog to whistle,” says Bhada. “The bigger boy bends down and listens to the dog but says, ‘I don’t hear him whistling.’ The smaller child replies, ‘I said I taught him. I didn’t say he learned it.’"

Bhada, who is professor of accounting emeritus at the J. Mack Robinson College of Business at Georgia State University in Atlanta, has made the topic of effective teaching his major focus of research. Co-director of the Southeast Master Teacher Program and special advisor to the dean at GSU, Bhada has conducted numerous programs on teaching improvement in the U.S. and around the world.

One of the reasons more business schools are focused on teaching effectiveness these days, Bhada believes, is that there has been a paradigm shift in how schools view its importance. “When I first started teaching, the implicit criterion was survival of the fittest,” he says. “A good teacher was tough. Whoever had the highest attrition rate was the best teacher. At that time, if you had a Ph.D., you were still breathing, and you could solve Problem #17-9 on the board, you were a teacher.”

This period of traditionalism in teaching gradually gave way to a series of other models. First came a more teacher-centered era, in which administrators focused more on student and teacher satisfaction. At this time, success was measured by student evaluations, faculty self-assessment, and judgments made by the department chair. This era was followed by a student-focused stage, when schools began to engage in active learning and incorporate certain accreditation standards for student learning.

“In the ’90s, schools began to work on process improvement by introducing teaching portfolios and awards for teaching innovations,” says Bhada. “Organizations like the American Association of Higher Education and the Carnegie Foundation began to have a stronger influence on the practice of teaching.”

Today, the emphasis has shifted to student learning outcomes, the scholarship of teaching, and the incorporation of active learning techniques. “The paradigm shift has been from teaching to learning,” says Bhada. “We are changing from an emphasis on lecturing in the classroom to designing learning methods that rely on discussion, teamwork, and off-site communications.”

In fact, teachers not only are teaching their students to whistle, but are devising methods to gauge how well they’ve learned to make music. In the following pages, Bhada outlines the traits that enable any teacher to become truly effective.

Learning how teachers teach and students learn—in effect, how faculty behavior influences student learning—has become a key focus for me and other colleagues at Georgia State. I’ve worked closely with professor Harvey Brightman in studying three different groups: faculty (service providers), students (service receivers), and colleges of education (research conductors).

The faculty: A study by Joseph Lowman, professor of psychology at the University of North Carolina at Chapel Hill, provided us with an excellent starting point. Based on observation of faculty members who had been identified as successful, Lowman came up with a two-dimensional model of the “master teacher” and published the work in Mastering the Techniques of Teaching.

According to his model, the master teacher is successful both in the “intellectual dimension” and the “interpersonal dimension.” In the intellectual dimension, teachers are well-organized, good at establishing relevance, dynamic in the classroom, and appear to love teaching their material. On the interpersonal side, they treat students as individuals, encourage questions and discussion, and behave in a positive manner toward students.

Lowman’s model was further validated through a later study that looked at how faculty and administrators articulate teaching effectiveness. For this, he content-analyzed the material submitted on UNC teachers nominated for teaching awards. Among the words that came up over and over again in the letters of nomination were enthusiastic, knowledgeable, clear, organized, concerned, caring, and helpful.

Students: When we turned our attention to how students perceive teaching effectiveness, we found that literally thousands of studies had been done in this area. Initially we looked at teaching effectiveness in a general way. Eventually we narrowed our focus to teaching effectiveness from the perspective of business schools—specifically to the business school at Georgia State University.

The most influential piece on students’ perceptions was a meta-analytical study done by John Centra in Determining Faculty Effectiveness. His factor analysis provided clustering of attributes that influence overall teaching effectiveness as perceived by students. The primary factors identified by Centra are organization/clarity, student-teacher rapport, communication ability, workload challenge, grading, and motivation.

Through research we conducted at Georgia State University, using a home-grown instrument, we were able to confirm Centra’s top factors that influence student perception of teacher effectiveness. Listed in order of impor-
tance (with the first two representing significant influence), these factors are:

- **Organization/clarity.** Students perceive a teacher to be clear and organized if the lecture is easy to outline or cases are well-organized.
- **Presentation ability.** Students give high marks in this category if the teacher shows enthusiasm, has self-confidence, and seems to enjoy teaching.
- **Grading/assignments.** Because business students are often working while they are in school, they are generally time- and grade-conscious. They seem to put a lot of weight on a teacher returning impartially graded papers quickly and following an established syllabus.

Other factors—such as intellectual stimulation, student interaction, and student motivation—did not rank highly with GSU business students; however, we believe they carry more weight with students in arts and sciences or social sciences fields.

Ninety percent of the time, faculty members who don’t fare well on student evaluations will give one of two explanations. They will either say, “I am not an extrovert, and therefore students rate me poorly,” or “I’m a tough grader, so they mark me down.” What these studies show is that those aren’t necessarily the only factors that students care about. What they’re interested in is someone who is organized, clear, enthusiastic, and attuned to their needs. The other elements do play a role, but not as strongly as some people want to believe.

### Six Questions for the Author

1. **Students earning Ph.D.s almost inevitably will become professors, but many of them are given no instruction on how to manage a classroom. Should universities take an active role in preparing doctoral students to teach?**

During my doctoral program, which was predominantly research-based and discipline-oriented, no one really spent any time talking to me about teaching—yet I became an assistant professor on receiving my Ph.D. Sure, I was required to learn research skills, but I was assumed to have teaching skills. My response to your question is an unqualified affirmative. Fortunately, in the last decade or so, there’s been an awakening. More and more schools are offering programs to help doctoral students become good teachers. At Georgia State, we initiated a university teaching seminar that all doctoral students must take if they’re going to be graduate teaching assistants.

2. **In EMBA and executive education programs, participants learn from each other as much as they learn from the teacher. Is student-with-student learning also important in undergraduate classes?**

Today’s undergraduate learning environment is far more cooperative and collaborative than it used to be. Involving students in the teaching process is a real plus. Let’s face it, I cannot get myself to think like a sophomore. Even though I may want to, I cannot always come up with terminology that young students can relate to. But if one student in class understands what I am attempting to convey and comes up with an alternative way of phrasing it, she can explain it to others in the class in language they can understand. And, once students see that their peers can do something, they are more motivated to try to do it themselves.

Inevitably, there will be some resistance to interactive teaching—from both students and teachers. It’s easier for a professor to prepare a lecture, go into the class, and pour the knowledge into the students’ brains. Also, it’s easier for the student to copy it down and regurgitate it back on a test. But what we want is not necessarily what we need.

3. **You’ve said it’s extremely important that teachers present their material with enthusiasm. Isn’t this more difficult to do with material that is particularly dry or technical?**

Some courses may not be as sexy as others, but I don’t think there’s any subject that cannot be exciting. Those who don’t love what they teach are in the wrong profession. I’m convinced most professors love their disciplines. The question is: Do they show that? Do they demonstrate their excitement to the students? My contention is that every faculty member can and should make their presentations interesting, relevant, and exciting.

4. **Do you think a time will come when universities emphasize teaching as much as they emphasize research?**

I would hope so. I would like to see a balance. Don’t get me wrong, research is an integral part of a university’s function, and I don’t think any university professor should be exempt from undertaking the scholarship of discovery. And I believe every faculty member should be doing research in his own field of interest. I am not saying teaching should be a substitute for research, but rather that it should be given equal weight.
Teaching and Learning

Turning our attention to the relationship between teacher attributes and student learning, we were heavily influenced by the work of Kenneth A. Feldman. He correlated faculty attributes with student accomplishment as measured by common examinations—for example, department-developed exams or functionally based exams administered by outside institutions. Here again, the two most important criteria influencing student achievement were: teacher preparation and organization and teacher clarity and understandability.

The third factor is usually a surprise to people: Instructor meets course objectives. This emphasizes the fact that students’ accomplishment is enhanced when they know what to expect. Another highly rated item was: Teacher communicates relevance and impact of the instruction.

Knowing that these two items are so important to learning should have a profound impact on teaching. If I am teaching a course on accounting and I know that “relevance” and

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5. Do universities have to be the ones sponsoring radical changes in teaching methods? Or can individual teachers make a real impact?

It will take both. Universities have to encourage teaching innovations, which means they must give proper recognition to creativity through the reward system. This is far more difficult than you might expect, because university administrators have to ask themselves, “How much risk are we willing to take?” A faculty member has to face the question: “If I move to the learning paradigm, what impact will this have on my student evaluations?” I can tell you, in the initial stages, the evaluations are likely to be negative, particularly in environments where one or two teachers are innovative and the rest want to continue with traditional teaching. Students will resent the fact that they’re in a section where they have to think, while their colleagues are in sections where they can study the night before the exam and get an A.

So, are the administrators willing to take this risk? And will faculty tenure and promotion committee members—most of whom came up through the research models—also be willing to change? Are faculty members willing to take time to acquire new skills? I believe the change has to come from higher administrations, from each individual, and from the faculty as a body. At the same time, we know that every movement, every change that has ever come about, has come because some individual has taken a stand on a position.

6. If you were giving advice to a college professor just beginning his first semester of teaching, what would you tell him about how to develop into a great teacher?

I would begin by saying there is no quick fix. It is going to be a continuous process, and therefore there has to be a mindset that says, “I will improve as I go.” But that alone is not going to do it. I believe new teachers should attend workshops and pursue training. They must take a holistic view and realize improvement is not going to occur if they just fix one thing here or there.

Having said all this, I would add that if I were talking to recent Ph.D.s getting jobs as professors, I would be dishonest if I told them to put all their time into teaching. Given the current educational environment, they still have to be productive in their research, or they’re not going to have tenured jobs.

Even if one institution says, “We’re really going to have a balance between research and teaching,” the ratio may work at that institution, but the individual’s mobility will be strongly impacted. You can get by on a not-so-strong teaching record, but you cannot expect to get a great job on a not-so-good research record.

Individuals must also ask whether they want to work at a university that emphasizes research or teaching. What are your personal goals? Do you want to move to a more research-oriented university, or are you willing to stay at the university that emphasizes teaching, or where administrators are willing to accept a trade-off? It’s a fine line. I would advise new faculty to “put most of your emphasis on research—but don’t disregard teaching.”

Tenured, established faculty? They have the opportunity to follow their own paths to excellence.
“meeting course objectives” are two of the primary concerns of students, I will spend more time on examples that show students the practical ramifications of accounting in the work situation. Thanks to recent examples such as Enron and WorldCom, this should not be too difficult to do. Instead of focusing on insignificant technical details, I can communicate learning objectives and allocate more classroom time to getting students to relate to the subject.

Attributes of Effective Teachers
After reviewing all these studies, we are confident that effective teachers must possess certain key characteristics. They must be:

- **Knowledgeable and current in the field of study.** All other attributes are merely window dressing if the teacher does not have a synthetical/evaluative grasp of the subject matter. However, being a first-class scholar in the field does not assure being an effective teacher, unless the other attributes are also present.

- **Organized and prepared.** That doesn’t mean they cannot be flexible; it means they must know their course objectives and get them accomplished.

- **Clear and understandable.** They must take the time to develop key concepts, know what is difficult and requires more time, and know when to let students work by themselves.

- **Enthusiastic.** I heard Lowman once acknowledge that it is controversial to say that all good teachers are good performers—but they all are! This, however, does not mean that all good performers are good teachers.

- **Able to establish relevance and connections.** Business teachers often fail to make those connections. If I teach accounting, I must help students see how it interacts with finance, marketing, and all our other disciplines.

- **Respectful and fair.** Fairness is a perception issue, but successful teachers are perceived to be consistent in how they treat students.

- **Committed to high standards that motivate student accomplishment.** The really good teachers I know are high-expectation teachers. They do not sacrifice their standards; but they give of themselves, and the students recognize that.

Self-Improvement and Evaluation
Once teachers understand the attributes that are viewed as important, and once they understand where their weaknesses lie, I believe they can improve. But they’ve got to have the heart for it. At Georgia State—and many other universities—teachers can attend workshops and faculty development seminars that will help them become better teachers.

Teachers also can improve their techniques by videotap-
ing themselves and watching that tape with a mentor. Most people can pick up on their own idiosyncrasies as they watch themselves on video. However, some traits are so ingrained that they feel normal and natural, and it takes an outsider to point out where the individual has gone wrong. For instance, most people don’t realize if they talk too fast, even if they hear themselves on tape. But teachers who talk too fast can lose their students, particularly students who are learning in a language that is not their mother tongue.

Another tool teachers can use to help improve their performance is the teaching portfolio. Peter Seldin has compiled a list of items that can provide inputs for a comprehensive teaching portfolio. One important element is the teacher’s philosophy. This reveals whether a professor is content-oriented or process-oriented, generates critical thinking or relies on rote memorization, hands out knowledge on a silver platter or encourages discovery learning, incorporates innovations or relies on yellowed notes. Evidence of the professor’s teaching style can be found in syllabi, course examinations, peer evaluations, and classroom videotapes.

While I believe teachers should develop their portfolios primarily to help them improve their own performance, I do think the information gathered in the portfolios can help administrators evaluate a teacher’s success in the classroom. In fact, I am confident that good teaching portfolios eventually will be among the key tools used for evaluating teaching effectiveness.

**Conclusion**

Business schools may be behind the curve in implementing new theories of teaching and learning. But we’re at a point in time where a lot of people are questioning the value of a business degree. We must keep up with effective teaching practices to maintain relevant and regenerative student learning. Business schools will inevitably undergo some changes because university provosts often come from backgrounds other than business. These provosts are more in tune with the educational philosophies gaining popularity around the nation.

I believe the movements that will have the most profound impact on business schools will originate in associations such as the American Association of Higher Education, the Carnegie Foundation, other education-oriented organizations, and accrediting bodies such as AACSB International. In fact, some of the new accrediting standards proposed by AACSB specifically focus on student learning. They call for schools to demonstrate their learning goals by defining the goals, providing appropriate learning experiences, and assessing learning accomplishment.

All of these educational associations have strong followings by senior administrators, and they have tremendous potential for influencing education trends. I do believe business schools are beginning to value teaching as a skill—but we have a long way to go before we can ensure that every teacher is an effective teacher.
The best teachers create a class culture that’s empowering, interactive, innovative and—literally—full of magic.

by Sharon Shinn

Great teachers can transform the way students view the world. Today’s business schools have become much more focused on the power of teaching and are taking active steps to promote the scholarship of teaching and assurance of learning. More teachers are embracing active learning styles, which force students to take some of the responsibility for leading and teaching the class. Others are actually examining the architecture of the classroom to decide if it is suitable for real learning.

While many teachers are actively pushing the boundaries of what’s being covered and how it’s being taught, four of them have had particularly notable success. Two are professors who have won awards for their classroom teaching styles, and who use a variety of techniques to draw students into active learning. Two are innovators who are offering unconventional courses in redesigned settings, one for grad students, one for executives. All of them are passionately committed to creating an environment where students thrive and education is assured.
For Duane Varan, the formula is simple: A good teacher recognizes and releases student potential. “One of the things that has amazed me is that no matter how hard I push, I can’t seem to reach a barrier in terms of what students are capable of,” says Varan, who last year won the Australian Prime Minister’s Award for University Teacher of the Year, as well as the Australian Teaching Award for Economics, Business, and Related Studies.

Motivating students to do well makes up about 80 percent of his job as an educator, Varan believes. “Motivation is what separates a teacher from a PowerPoint presentation,” he says. “Many of our social statistics are drawn from the field of agronomy, where you can take a sample of corn and draw all sorts of conclusions based on that sample. In a lot of ways, people might be similar to corn; but you can’t really motivate an ear of corn. You can motivate students.”

One way to motivate students is to create a sense of community and culture in the classroom, no matter how big or how small the class is. In the past, when he has taught classes of 550 students, Varan embraced creative opportunities and economies of scale. For
instance, for a final project, he would give students an option of writing a paper—or a song.

“About 70 students would opt to write a song, and many would collaborate. Out of the 70, there would be about ten songs that were absolute killers,” Varan says. After picking out the top numbers, Varan would have an album professionally pressed and distributed to students, who could review for the exam by listening to the music. “The project might have been worth five percent of the grade, but students would be extremely motivated to respond to an opportunity like that,” he says.

Large classes also gave Varan an opportunity to hold an end-of-the-year talent show, in which every act or skit was related to course content. “First prize was five points up on your final exam, second prize was four points, and third prize was three. Everybody got at least a point as a consolation prize,” he says. “Again, it was very small when you calculated its impact as a percentage of the student’s overall final grade, but you’d be amazed at how hard these kids would work and how good the quality of the skits would be. Something like that creates a very empowering culture within the class. It makes students feel they can rely on a range of their skills and talents.”

While Varan believes good teachers must try a variety of techniques to reach students, he notes that finding the right ones is a process of trial and error. He says, “I’ve taken many approaches that I’ve regretted. There are a lot of things I’ve done that I didn’t think would be great but that turned out to be absolutely wonderful. You tinker and you discover along the way.”

One technique that he views with mixed emotions is his custom of conducting magic tricks in large lecture halls. While he considers magic “brilliant” as a way of improving attendance, he now believes some tricks can trivialize the subject. For instance, while lecturing on topics associated with racism, he turned a white handkerchief and a black handkerchief into one live black-and-white rabbit. “Well, it was a horrible illusion,” he says. “First of all, a trick like that took a serious theme and made it seem lighthearted. Second, it was very distracting for the rest of the lecture, because all the girls just sat there staring googly-eyed at the rabbit.”

He was more successful with another radical technique: reorganizing class time for a course in which students needed a whole set of skills before they could work on their final projects. As structured, the class only allowed them two weeks to work on those projects, “and that was woefully inadequate in terms of the sheer magnitude of the task before them,” says Varan. So he packed all the required semester hours into the first nine weeks of class, which gave students four weeks to work on the final assignment. During that last month, he would meet with students an hour a week to make sure the projects were progressing well.

“It turned out to be an absolutely fantastic solution,” Varan says. “The quality of the students’ final projects improved drastically, and their learning objectives were exceeded dramatically. So, that time, thinking outside of the box was good.”

At the moment, Varan is teaching a much smaller undergraduate class—with as few as eight students studying the future of interactive TV. It’s so focused and so cutting-edge that global industry leaders are flying the whole class from Australia to London so they can work with the students, an option that obviously is only available in very small classes. “We’re seen as world leaders in the area of interactive TV,” says Varan. “What’s so exciting is that we’re able to build our students into the model. So we actively encourage our students to join us in our research, tailor classes to dovetail into our research, and create synergies between teaching and research.”

Varan believes it’s essential for any teacher to stay connected with industry through research or consulting opportunities. “It’s even more critical today, because the cycle for innovation is so rapid now that the lag between industry practice and academic discourse is so huge. The things that are happening in industry don’t turn up in journals until two or three years after they’ve occurred. If you’re not linked with industry, there’s no way you can prepare students for the world they’re entering,” he says.

What he’d like to see most in the university of the future is less competition between universities and much more collaboration—between institutions and across disciplines. “I don’t think we’re too far off from a time we’ll see my class taught in conjunction with a class in the United States and a class in London,” he says. “I also think that universities are going to have to find a way to keep students from being slotted into a silo. They should be able to take psych units and anthropology units and anything that is going to reinforce the learning objective. In today’s world, I think it’s unlikely that all the training a student needs will be contained in a single discipline.”
Falling in Love

Regina Bento
Hatfield-Merrick Distinguished Professor
Merrick School of Business
University of Baltimore
Baltimore, Maryland

Regina Bento also practices magic in her classroom. On the first day of class, she waves her hands over students and says, “I am going to cast a spell upon you. From this day on, you’ll be under the spell of organizational behavior. You think you’re going to take this class on Monday, from 5:30 to 8, but no! You’ll be having a shower, and you’ll be thinking about O.B. You’ll go on a date, and you’ll think about O.B.”

The spell often works: Her students begin to see organizational behavior in all facets of life. She recently received an e-mail from a student who had watched in fascination as a caretaker struggled to watch over 12 screaming children as the whole group traveled down the street. The student wrote, “What crossed my mind was, ‘What an interesting example of the implications of scale of control.’”

Being able to permeate a student’s way of thinking is an essential part of teaching, believes Bento, who has received numerous teaching awards from the Merrick School, the Hoffberger Center for Professional Ethics, and the University of California-Riverside. She says, “When we teach, we achieve two things: translation and transformation.”

In translation, a teacher helps students learn the basic concepts of a new discipline, such as a language. Then something magical happens: transformation. “You start thinking in that new language. You start dreaming in that language. It becomes part of you. I equate that with falling in love. Good teachers help students fall in love with their disciplines.”

Teachers can bring about that dreamy state in a variety of ways. “I try to create multiple avenues through which people with different styles are going to have an equal chance of falling in love,” Bento says. “If someone is visually oriented, I use visual materials. If somebody is abstract, I use abstract materials.”

For the past two years, her approach has been to create leadership teams from within the class; each week, “one team is responsible for our collective learning.” She adds, “It’s amazing to see the switch that happens in people’s minds when they’re in charge of learning. Now they start to ask the questions the teacher would ask—what’s relevant, what’s the best way to convey this, how do I relate that to people’s experience? It’s amazing to see the kinds of resources they find, the energy they generate. They enjoy teaching, and they now see their roles as being leaders and managers.”

Another teaching tool Bento favors is online discussion, which she has utilized since the early ’90s. She notes that online teaching has made her examine the notion of what it means to participate. She likes to sandwich face-to-face discussions between online sessions before and after class time. If students have a chance to go over material online beforehand, they don’t have to spend the first part of class familiarizing themselves with a case; they arrive already prepared to discuss it. “They come early to class, and they start discussing the case before the class even starts,” she says. If the bell rings and the discussion is still “bubbling,” she will continue the dialogue online.

Working within University of Baltimore’s online MBA program, Bento has also taught MBA classes entirely via computer, and loves to do so. She uses a mix of textbooks and online reading materials, and orchestrates a weekly online discussion that relates to the readings. “The discussions are amazing. They become like a fix that the students have to have. Sometimes, when the class ends, they ask that the discussion forum remain open so they can keep talking among themselves. If something happens to one of them at work, they can go online and have 20 people whom they respect give them ideas about how to handle this problem. It’s quite a resource.”

She admits that it’s difficult for some teachers to learn online teaching skills—but points out that many university professors are not naturally good at teaching in the classroom, either. People studying for their Ph.D.s often are given no instruction on how to teach, she notes.
“And guess what, people with Ph.D.s are going to teach,” she adds. “People think it’s something that’s inborn; you have it or not. But that’s not true. You can get better.” Within her own field, she recommends that teachers attend the annual conference of the Organizational Behavior Teaching Society and read the Journal of Management Education to improve their skills.

“There you can learn everything from the philosophy of teaching to the nuts and bolts,” she says. “How do you handle a large class, how do you structure a test, how do you involve people more in participation, how do you give a good lecture?” Some schools also sponsor organizations that allow teachers to discuss effective teaching techniques and describe tactics that have worked or failed.

“There may be people who can go into the kitchen and start cooking, but some of us need Betty Crocker,” Bento jokes. “It is the same with teaching. There will be the natural-born, but we can all learn about when to add a quarter teaspoon of this or that.”

She believes that management education institutions are undergoing a cultural transformation in which even the hal- lowed research institutions are beginning to emphasize teaching. And to some extent, she believes schools are beginning to realize that they have created their own limitations. She describes a cartoon she watched with her children, in which a stick figure agitates to get out of its confining box—but then he becomes very afraid of the great white space that exists all around him and puts himself back in his box.

“It stayed in my mind as a symbol of what we do,” Bento says. For many years, schools have been so focused on publishing and research requirements that they have failed to realize how much energy they can devote to teaching. “Now some schools are really exploring that white space, but some of them fear the freedom. It’s still too scary. I say, the box is in our minds. We are the ones who choose what we bring in and what we bring out and how permeable that box is.”

While she expects technology to continue to reshape the classroom of the future, she expresses a hope that the fundamental exchange between student and teacher never changes. “For thousands and thousands of years, since mankind was back in the caves, we’ve had people sitting around teaching,” she says. “I hope that tradition will remain—that we continue to use teaching to transmit who we are as human beings. What I would most like to see is that sense of belonging to that millennial tradition of teachers who teach with whatever they have, whether they’re sitting around the campfire or using the latest in technology. We are all part of something magical.”

Soul of the New Leader

Rammath Narayanswamy
Professor, Economics and Social Science Area
Indian Institute of Management
Bangalore, India

According to Rammath Narayanswamy, today’s business students need more than an understanding of finance and accounting. They need an understanding of their souls. Through graduate-level classes he teaches in creativity and spirituality, he emphasizes personal development that leads to strong leadership.

“My experience with teaching young MBA students has underlined the critical importance of developing character and attitudes over tools and techniques,” he says. “Our students—young, bright, and intelligent though they are—often abandon their creative and learning skills at the altar of conformist behavior, mistaking the acquisition of tools and techniques for wisdom.”

He sees an intimate connection between creativity, spirituality, and leadership. “Spirituality is largely about discovering the sense of invisible order in one’s self. Creativity is about stepping out of the box, straddling boundaries, and being comfortable in that straddle. Leadership is largely about taking responsibility and ownership for both intended and unintended consequences. So in my view, the three are very deeply and profoundly linked.”

His class “Tracking Creative Boundaries” seeks to teach students to think creatively by studying the ways that creative people think. This is particularly helpful in teaching them to break free from silos of discipline. “The marketing person reduces the universe to a marketing exercise. The finance guy sees the world in purely financial terms. The goal is to learn to straddle all these disciplines, because knowledge creation really comes in the boundaries between disciplines.”

For the class, Narayanswamy brings in a wide range of artists—from the fields of theater, cinema, poetry, drama, music, and dance—who give presentations, hold interactive sessions with the students, or offer “creative biographies” of their work. “The instructor plays a critical role here, because the sessions tend to be very open-ended,” says Narayanswamy. “It’s up to the instructor to glean the insight and connect the ideas in a managerial context.”

The somewhat unorthodox course evaluation method is a learner’s diary that students keep to record their impressions of the speakers, what they’ve learned, what questions have
been raised, and how these questions might be answered. The diary allows Narayanswamy to gauge not only what the students have learned, but also their ability to relate abstract ideas to “a larger and wider sociocultural context.”

While students who already have a creative bent are the ones most likely to take this class, Narayanswamy is just as interested in signing up the skeptics, the people who are convinced that “the cultural environment and their individual value systems have nothing to do with their careers as managers.” He says, “I have to reach out to the uncreative types, and sometimes the anti-creative types, who actually need the course.”

He must also take the long view, for he knows that students might not even feel the impact of this course for years. “Transformations don’t happen overnight,” he says. “I always tell the students that the purpose of this course is to sow a seed in their souls. Like most seeds, it requires a little love, a little fresh air, a little water. But if they take care, they eventually will have a sapling. Unfortunately, all over the world, most education is about pumping the student full of a lot of skills and tools. But this course is about liberating the mind.”

Like his course on creativity, Narayanswamy’s class called “Spirituality and Self-Development for the Global Manager” is a highly-rated elective that’s not exactly conventional. But Narayanswamy considers it absolutely in line with the needs of today’s managers. “There are some very huge public scandals plaguing corporations today,” he says. “I see them as a failure of spiritual intelligence.”

He schematically divides intelligence into analytical, emotional, and spiritual categories. “Very broadly speaking, analytical intelligence is useful in a stable situation. Emotional intelligence is useful in an uncertain situation. Spiritual intelligence is very important in an ambiguous situation. There’s far too much emphasis on analytical intelligence, less emphasis on emotional intelligence, and we do not address spiritual intelligence at all. The argument I give to managers is that spiritual understanding is terribly important because it helps you articulate yourself to yourself.”

The mechanics of the course involve looking at the nine “wisdom traditions” of the world—including Buddhism, Hinduism, Catholicism, Protestantism, Judaism, and Islam—through readings from the Koran, the Bhagavad Gita, the Torah, the Bible, and other sources. Narayanswamy is less interested in religion as a faith to follow than as a springboard to individual awakening.

For instance, he describes the Hindu concept of Vedanta, the core of which is self-inquiry. “It exalts the individual to ask himself who he really is and explore his own divinity. Through a relentless process of self-inquiry, the individual reaches out to the divinity inside. If you look across the wisdom traditions, the message everywhere is the same.”

By studying levels of awareness that take them from themselves to the context of the environment, students learn to examine “the way they converse with the world around them. They understand their own engagement. Spirituality will help them embed the value system that is so central to making them good or bad managers.”

For the majority of students, some of these concepts might not crystallize until years in the future, when they’re faced with a moral dilemma in the workplace. “And there is no way any individual can avoid that trial by fire,” says Narayanswamy. “The question is, can I help managers engage with it? That’s the value of a course like this.”
“Most MBA programs are designed for people who have one or two years of work experience and who come back to learn general business techniques. But that’s different from learning how to manage.”
designing a class setting. “It’s difficult to have a diverse learning community in a tiered amphitheater,” he says. “You can’t do it unless you have a flat room with space for people sitting around tables in sub-groups. If you’ve got those tables, you can include people who are shaky in the teaching language because the lecture stops every ten minutes or so and allows participants to check their understanding with other people around the table.”

Such a course setting encourages pluralism, which Gosling hastens to point out is not the same as diversity. In most traditional classrooms, a diverse student body is largely irrelevant, he says, “because the students read the same set of case studies, they get quizzed on the same questions, and they’re supposed to reach the same conclusions.” In a pluralistic classroom, however, participants actively interact with people who live around the world, listen to their insights—and understand how different experiences can illuminate their own.

One key part of this pluralistic learning experience in the IMPM program is the pair exchange, in which one executive takes a week to visit his counterpart in another region of the world. Sometime later, they reverse their roles as guest and host. “At first participants were skeptical,” says Gosling. “They would say, ‘Why would I want to watch someone else operate for a week in a language I don’t understand?’ But they would come back and say it was the most valuable experience they had in the course.” That part of the program has been so successful that the IMPM team has created a separate leadership program for senior executives who want to replicate these weeks as guest and host.

The concept of sharing knowledge—between individuals and between institutions—is one that Gosling hopes to see expanded for management education in the future. He would most like to see a world in which academics feel “they have a shared and equal, but different relationship with their partners” in the education process.

He’s also committed to the idea that, in the future, managers will see their jobs in the broader context of the world. He believes that the alienation many managers feel comes about because they are forced to separate themselves as human beings from themselves as business executives—and that business schools must help managers reintegrate those two roles. Business schools also must help these managers realize that the decisions they make as executives have an impact on themselves and the world around them. He says, “Management education takes the easy way out if it ignores that.”
One of the knottiest problems facing business school administrators is how to evaluate the teaching effectiveness of their professors. The problem is compounded because it can be difficult to know how to weigh various sources of data—including student evaluations, peer evaluations, and teaching portfolios. Since teaching evaluations often are used to determine whether a professor deserves promotion or tenure, it is critical that administrators carefully and fairly interpret all the data available to them.

A recent survey of AACSB members was designed to determine what components most deans and department heads believe should be considered in faculty evaluations. A rapid response from many members indicated that the survey indeed hit a nerve with deans and administrators. Findings here are based on 501 completed surveys.

What criteria should you look at to determine if your professors are doing a good job?
**The Top Criteria**

In general, deans and administrators tend to look most closely at a professor’s depth of knowledge, student evaluations, technical ability, and teaching skill when evaluating teaching effectiveness. The survey suggests that:

- The single most important element in faculty effectiveness is the professor’s current knowledge of the field. Of all respondents, 61 percent found this to be extremely important; 33.8 percent found it somewhat important.

- Stakeholder feedback is also crucial—when it comes from students. Of the 20 items listed in this category, student evaluation scores and student written comments ranked as the most important elements.

- Peer evaluations are more important than a dean’s evaluation, but less important than the chair’s evaluation.

- According to the majority of respondents, evaluative classroom visits by administrators or faculty are only somewhat important or not important at all.

- Intellectual contributions are not valued as highly as many people think. In fact, survey respondents ranked them seventh in importance, behind being current in the field, student evaluation scores, student written comments, chair’s evaluation, teaching awards, and peer evaluations.

- The teaching portfolio—though gaining popularity in recent years—is not the best measure of teaching effectiveness. Just over a quarter of respondents called it extremely important; half said it is somewhat important.

- Administrators do not appear to be especially concerned about class enrollments, grade distribution, or drop rates. Only 5.2 percent of those who responded think the drop rate of a class is an extremely important factor in determining teaching effectiveness.

- It pays to be tech-savvy. Respondents rated a professor’s use of technology as a more important factor than colleagues’ opinions, grade distribution, course notebooks, course level, course type, class enrollment, and drop rate. About 56 per-
I try to consider all aspects of each faculty’s contribution to our overall mission. Not everyone makes strong contributions in the same areas, but

**What is the most important component in evaluating annual faculty performance?**

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
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<tbody>
<tr>
<td>Classroom teaching</td>
<td>1.1</td>
</tr>
<tr>
<td>Intellectual contributions</td>
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<tr>
<td>University service</td>
<td>2.0</td>
</tr>
<tr>
<td>Collegiality</td>
<td>2.0</td>
</tr>
<tr>
<td>Honors and awards</td>
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</tr>
<tr>
<td>Grants and funding received</td>
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</tr>
<tr>
<td>Community service</td>
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<tr>
<td>Faculty rank</td>
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<tr>
<td>Consulting activity</td>
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</tr>
<tr>
<td>Distance learning activity</td>
<td>3.2</td>
</tr>
<tr>
<td>Supply of applicants</td>
<td>3.5</td>
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</tbody>
</table>

*Mean figures on a scale from 5 to 1, 1 being most important

**What is the most important component in evaluating teaching effectiveness?**

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
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<tbody>
<tr>
<td>Current in field</td>
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<td>Student evaluation scores</td>
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<tr>
<td>Student written comments</td>
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<td>Chair’s evaluation</td>
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<td>Teaching awards</td>
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<td>Peers’ evaluation</td>
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<tr>
<td>Intellectual contributions</td>
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<tr>
<td>Teaching portfolio</td>
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<td>Classroom visits</td>
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<tr>
<td>Dean’s evaluation</td>
<td>2.2</td>
</tr>
<tr>
<td>Class assignments</td>
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</tr>
<tr>
<td>Use of technology</td>
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</tr>
<tr>
<td>Alumni feedback</td>
<td>2.4</td>
</tr>
<tr>
<td>Colleagues’ opinions</td>
<td>2.4</td>
</tr>
<tr>
<td>Grade distribution</td>
<td>2.6</td>
</tr>
<tr>
<td>Course notebooks</td>
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<tr>
<td>Course level</td>
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<tr>
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<td>Class enrollment</td>
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<tr>
<td>Drop rate</td>
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</table>

**What is the most important item on student evaluations?**

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Professor’s preparation</td>
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<tr>
<td>Professor’s communication skills</td>
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</tr>
<tr>
<td>Professor’s overall rating</td>
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</tr>
<tr>
<td>Professor’s enthusiasm</td>
<td>1.63</td>
</tr>
<tr>
<td>Professor’s knowledge</td>
<td>1.75</td>
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</table>

**What is the most important means for comparing student evaluations?**

<table>
<thead>
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<th>Component</th>
<th>Value</th>
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<tbody>
<tr>
<td>Department mean</td>
<td>2.1</td>
</tr>
<tr>
<td>Discipline mean</td>
<td>2.2</td>
</tr>
<tr>
<td>College mean</td>
<td>2.5</td>
</tr>
<tr>
<td>University mean</td>
<td>3.0</td>
</tr>
</tbody>
</table>
What is your position?

- Dean: 50%
- Associate/assistant dean: 13%
- Chairperson: 29%
- Division head: 5%
- Faculty: 2%
- Other: 1%

What is your Carnegie classification?

- Master's/Universities I: 31.6%
- Master's/Universities II: 15.4%
- Doctoral/research-extensive: 18.4%
- Doctoral/research-intensive: 15.2%
- Baccalaureate—liberal arts: 4%
- Baccalaureate—general: 3.8%
- Baccalaureate—associate's: 0.6%
- Don't know: 9.2%
- Other: 1.8%

Thoughtful Comments

AACSB members who completed the survey noted that faculty evaluations also should be tied to the mission of the institution. This can be problematical, as several respondents indicated, when schools with teaching missions are asked to place significant emphasis on intellectual contributions.

With all the conflicting imperatives, it’s no surprise that faculty evaluations remain a “bucket of worms,” in the words of one respondent. Another respondent succinctly summed up the views of many: “For tenured faculty, there are no consequences, good or bad, attached to evaluations.” The process weighs heavily on administrators, many of whom would agree with this comment: “Faculty evaluation is one of the most difficult areas to quantify precisely. I can rank most of my faculty roughly. The best and worst are easiest to identify. It is the middle that is difficult.”

One of the reasons faculty evaluations might be so problematic is that many administrators perceive that every professor brings some value to the school. One dean said, “I try to consider all aspects of each faculty’s contribution to our overall mission. Not everyone makes strong contributions in the same areas, but everyone has something of value to offer.”

It is clear that different administrators place weight on different components of the evaluation process, and many tools are necessary to determine whether or not a teacher is doing a good job. Knowing how other deans judge their professors should help administrators at all business schools design an evaluation process that is rigorous, fair, and accurate.

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With the right care and cultivation, a business advisory council can be one of a business school’s...
As a former dean, I’ve worked closely with business advisory councils (BACs) and know how important they can be to the health, wealth, and well-being of a business school. With advisory councils so important to a school’s development, it’s surprising that so little has been written to help reduce the amount of “trial and error” and “reinvention of the wheel” phenomena associated with b-school BACs.

Handpicked by a business school administration, this group of business leaders can serve as a veritable wellspring of information. In fact, BACs can be so influential that programs or projects can live or die based on their counsel. A BAC can become an invaluable source of information, one that offers input on recruitment trends and curriculum; feedback on academic programs; networking opportunities; student internship and job opportunities; and even financial support for scholarships, buildings, and programs. It can be, in short, indispensable.

Whether an advisory council works wonders for a business school or simply wilts on the vine, however, depends on how well it is created and managed. Only with time, effort, and proper planning will a BAC fulfill its potential and purpose.

Select the Best
At the heart of any BAC is, of course, its membership. An institution’s goals for the future should play a large part in determining who sits on its BAC. The first questions a dean must consider are straightforward. Why are you creating an advisory council? Do you want to form more business contacts or bolster your school’s visibility? Do you need to find help for fund-raising or secure more internships and opportunities for students?

Although it may seem that a good BAC should include the best and brightest that the business community has to offer, that’s only half the equation. The other half rests on what an institution wants to accomplish. If a school’s goal is to become a leader in finance or technology, then its BAC should include CFOs or CTOs, in addition to some general managers. If fund-raising is a priority, then business leaders with a wide range of influence may make the best members. A BAC membership should be diverse, but it also should represent the needs of an individual school and its stage of development.

Diversity, too, has its limits. While it’s important to avoid being too selective—a school risks hindering its goals for diversity and the scope of membership participation—it’s also important to aim for members who will consider themselves “peers,” in company sizes and titles. The chairman of an entrepreneurial startup and the vice president of a Fortune 1000 company could work well together; the CEO of a Fortune 100 firm and the senior vice president of a community bank may not.

I had the luxury of creating my BAC from scratch. I handpicked people with whom I had prior affiliations and whom I trusted. When a new dean comes to a school with a council already in place, he or she does not have the same option. In this case, it’s important that the new dean and the former dean go through the membership, discussing the strengths of each person and what he or she contributes. But whether a dean is establishing a brand-new council or...
learning about a council already in place, doing the proper groundwork is essential to building a successful relationship between a business school and its BAC.

Minimize “Show and Tell”
I’ve had the opportunity to participate in several panel discussions about the “care and feeding” of BACs. In these discussions, most of the stories I hear are not from deans who don’t have advisory councils, but from those who have them and want to make them work more effectively. Many deans believe they are not utilizing the expertise of their BAC members to best advantage, or that they’re not getting the networking advantages that they had anticipated. They talk of dysfunctional councils they have inherited, of BAC meetings that went awry, and of conflicting expectations of the development and academic staff.

One of the biggest BAC blunders involves meeting management. “Show and tell” sessions in which faculty and staff give presentations and updates on the school’s progress should not dominate the meeting. It’s not that members aren’t interested hearing about the school’s progress. It’s simply that BAC members are not there to listen; they’re there to share their experience. If the dean and faculty do all the talking, neither they nor the school nor the BAC members themselves are able to take advantage of the high-powered people assembled in the room.

The BAC meetings that I’ve found most successful are those where the members do most of the talking. These meetings avoid “dog and pony” shows that sing the praises of a school, and they don’t overcrowd their agendas with activities. Instead, a dean and his or her staff prepare members well in advance of the meeting for its topic of discussion; then, they allot significant time during the meeting for discussion and debate.

For those seeking ways to get members talking, try a personal favorite of mine—give them “homework.” When I planned BAC meetings, I sent members a homework assignment, most often via e-mail, several weeks beforehand. These quick assignments included four to six questions related to the meeting’s primary discussion topic. Members could forward these messages to the appropriate people in their firms and have answers ready for the meeting date. As a result, all members were well-informed and ready to contribute to a well-balanced discussion at the meeting, even if the topic fell outside their expertise.

While the members on my BAC were initially skeptical about the homework assignments, they came to appreciate their value. In fact, BAC members who were unable to attend a meeting actually forwarded me their homework so we could benefit from their input. Through these assignments, BAC members not only gained new insights into their own organizations, but also they were better able to put into perspective the experiences of other firms.

BAC Membership

Just as no two snowflakes look alike, neither should the business advisory councils of different schools with different missions. It’s up to a school’s dean, staff, and faculty to work together to develop the right “look” for their BACs. Whether you’re establishing a new BAC or restructuring an existing one, its form and function will be determined by your answers to the following questions:

How many members should you invite?
BACs can range from five members more than 100. A membership of 25 ensures a good cross-section of opinions for group discussion, while also being a manageable size for developing strong, personal relationships with members. A membership of 150, on the other hand, provides more extensive networking opportunities.

What are the criteria for membership?
Most BACs target the chairpersons, CEOs, CFOs, CTOs, presidents, and partners in for-profit and not-for-profit organizations. Your own “A” list may include people whom you already know, those who have relationships with the school, or those nominated by the development office. Throughout the selection process, however, aim high. Never underestimate the drawing power of your institution.

Must members be alumni?
Don’t assume that BAC members must be graduates from your school. This, in fact, may be impractical, especially if your school is relatively young or aspiring to a “higher level.” Instead, consider a heterogeneous BAC of alums and non-alums. Or, as some schools have done, form two sepa-
Most important, from their discussion we gleaned information we would not have been able to find anywhere else. When we asked our members about their employees’ reactions to our advertisements in various media outlets, we were able to target our marketing efforts more effectively. When our business school was considering the launch of an executive MBA program, we asked our BAC how many of their employees were attending an executive MBA program, what schools they attended, how the programs were selected, whether these programs were evaluated by the participants or the firm, and what trends they had seen in this area in the last five years. From their answers, we realized that the market was already saturated. The BAC input heavily influenced our decision to abort the project.

We made these decisions based not on the advice of just one or two companies, but on discussions that spanned 10 to 15 industries. We were able, quickly and easily, to capture the trends in the marketplace at that moment, rather than waiting months for the results from a survey. Such feedback also helped shape our market research and outreach activities.

**What about geographic scope?**

Whether your BAC comprises local, national, or international membership depends not only on your school’s mission, but also its location and the geographical dispersion of its alumni. If your school enjoys significant international alliances or if it is located in an area with few corporate headquarters, your reach should be national or international in scope.

**Should trustees, retired executives and faculty be asked to serve?**

It depends. Trustees may bring clout to the table, but have too much institutional knowledge to be able to provide independent advice. Retirees may not be on top of current trends; on the other hand, they may offer a wealth of expertise and possible financial backing. Existing BAC members who retire are often asked to stay on as emeritus members; however, execu-

**Set the Parameters**

In addition to selecting the membership, school officials must determine the parameters under which the members will serve. Some schools prefer a formal hierarchy, while others prefer a more informal approach. Either way, the expectations for the council members must be made clear to them before they begin their service.

**Term limits**—Establishing terms for your members’ service is a necessity. Often extending for two or three years, terms can be renewable or restricted. Terms provide an amicable way for members to bow out if they find they can no longer honor the commitment; they also provide a diplomatic way for schools to remove a member if he or she lacks the time to participate or has poor chemistry with the group.

**Fees**—Membership fees—which can range from $1,000 to $10,000 or more annually—appear to be the exception rather than the rule. Some deans who have inherited a fee-based BAC are considering eliminating the fees, while others are dependent on the revenue.

**Bylaws**—Bylaws can be extensive, covering the council’s purpose, membership criteria, committee structure, rules of voting, and expectations. Some deans avoid bylaws altogether, preferring a more informal structure. The extent of your bylaws depends on the size of your group and the complexity of your goals. In all instances, however, at a minimum you should have a brief, written statement of the BAC mission and member responsibilities.

**Meetings**—BAC meetings are usually held two to four times a year, with considerable advance notice given to members. If your members are local, a meeting may last a few hours; if your membership is international in scope, a multiple-day meeting, perhaps scheduled around a campus event such as homecoming or a major speaker, may be more appropriate. For local and regional BACs, scheduling meetings in the early morning rather than late afternoon can significantly increase attendance.

**Access to members**—Who, besides BAC members, should be invited to attend a BAC meeting can be a hot issue. Many on campus may want access to these high-powered individuals, but the dean should control who is and is not invited. A dedicated reception where members and select nonmembers can meet may be a good compromise. The rest of your meeting time can be reserved for the council’s discussion.
Perhaps the **most valuable GESTURE** a dean can make to foster engagement with BAC members is a personal visit at least once a year.

**Rules of Engagement**

The most essential, and most elusive, element of a BAC is a sense of engagement among its members. At best, bored, underutilized members may resign. At worst, a failure to engage BAC members may hurt an institution’s reputation in the business community.

To foster a sense of engagement among BAC members, make sure that members are encouraged to contribute during the meetings. Be sure minutes are recorded for each meeting. At the next meeting, return to the topics that were raised previously and let members know which suggestions were put into action, which ones were not, and why. BAC members want to know that their input is valued and making a difference. BAC members also want to network with other members, so make sure time is built into every meeting for informal conversations.

And while a close attention to detail is always important to a dean, it’s perhaps even more so when working with a BAC. Not only must you make the best use of BAC members’ time, but you also must make the experience as enjoyable for them as it is beneficial to your school. Moreover, BAC members will be assessing your institution and, by association, your graduates, by their experiences on the BAC.

It doesn’t take a large oversight to compromise a BAC meeting; in fact, even the most trivial details can have a lasting effect. Therefore, make sure that the smallest details of the meeting—from communicating the meeting’s purpose beforehand, to limiting the number of guests, to arranging for parking, food, hotel rooms, campus tours, and faculty interaction—are in place. Such planning is the only way to avoid unpleasant surprises and offer a successful forum for members.

Beyond BAC meetings, a business school should show its appreciation for members’ input by keeping them informed, involved, and remembered. Send out a dean’s newsletter as a simple yet significant way to keep members apprised of new programs and research, awards and honors, and student achievement. Invite two to three members to participate in panel discussions that other members, faculty, and possibly students can attend. Provide tickets to campus athletic and cultural events. Take members on tours of new facilities during the construction phase. Such exclusive treatment costs little but is highly valued by BAC members, who in turn help spread the word about your new facilities.

Before our business school opened its newest building, we not only gave business leaders a tour; we also gave them hard hats bearing the school’s logo. Keepsake gifts such as paperweights, sweatshirts, or a framed group photo of a BAC acknowledge the time of the members. Moreover, these are items that members will proudly display in their homes or offices, a perfect marketing opportunity for a school.

Perhaps the most valuable gesture a dean can make to foster engagement with members is a personal visit at least once a year. If that’s infeasible, then make a personal phone call. In this way, the dean and the school bond one-on-one with BAC members, find out if the BAC is meeting the individual’s expectations, and build their personal allegiances with the school.

**Valuable Opportunities**

I’ve learned firsthand that it is difficult to specify or anticipate all the potential benefits a BAC can provide. At one meeting, for instance, I mentioned that the market for student internships seemed to have fallen; a member who was also the president of a professional organization in Boston put out the word. By week’s end, eight companies had contacted us about possible internships for our students. During another meeting, we asked for our members’ input about our business school’s new master of science degree in information technology. One of our members—the CEO of a software company—was so excited about the program that she offered to be included in our promotional brochures.

Such opportunities can easily arise from a well-structured, perpetually cultivated BAC—and these opportunities can’t easily be found through other means. No matter what your school’s goals are, its BAC should be an asset, not a liability. Without the proper time and attention, a BAC will founder. A BAC, however, that is aligned with a school’s mission, meets the expectations of its members, and gives those members a stake in the school’s success becomes an indispensable, strategic asset for the school and well worth the time and effort.

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A few years ago, a top Harvard professor addressed a gathering of business school deans in The Netherlands. He noted that Harvard’s top MBAs were no longer joining Wall Street but setting up dot-com companies and starting to make their fortunes while still at college. Partway through the talk, he asked the audience, “What do you think?”

“Tulips,” someone responded. The audience laughed, and the chairperson of the event explained the tulip mania frenzy that engulfed Holland between 1634 and 1637. So desperate were investors for the new bulbs that they were spending thousands of dollars on tulip futures—on items that did not actually exist. The parallels between that situation and the dot-com mania were obvious.

Investing in nonexistent products and blindly following an exciting new market are far from being the only mistakes business owners make. Recently, I was driving to a dot-com company with an executive from the venture capital firm 3i. The dot-com was interested in raising funds from 3i. I asked the 3i exec what signs she looked for to indicate that a company might not be worth funding. She said, “I look for all the signs that indicate people are playing at business, not working at it. A flashy building with ego-sized offices and arty communal areas. Excessive executive perks, manicured gardens, and flags—loads of flags.”

Business incompetence can bloom even at the most prestigious corporation. Business schools can help students identify the syndromes that indicate a company is offering fertile ground for trouble.
We turned off the road into the driveway of the company chasing 3i’s money. Through the trees we could see the corporate HQ in a beautifully restored country house with several exotic cars parked in the driveway. “And there are the flags!” exclaimed my passenger. “A whole United Nations of them.”

The company did not get 3i’s money, but it did receive funding from other sources. Within months, it went from dot-com to dot-bomb, taking its investors’ money with it.

Incompetence Is Flourishing
Like tulip mania and the dot-com bust show us, business incompetence is in perennial bloom. Enron, WorldCom, Allied Irish, ITV Digital, and Consignia are just the latest in a tragic history of business failures. While business schools concentrate on developing “competencies” and “doing things right,” it sometimes seems that, in business, success also is based on making the fewest catastrophic mistakes.

In an article in The Economist, Lloyds TSB was unusually humble in explaining how it became the world’s most highly valued retail bank. Lloyds TSB floated to the top, representatives said, because everyone else was making silly mistakes, diversifying overseas and into lots of businesses that Lloyds did not understand. It turned out that the other banks did not understand the new businesses either. They lost their shirts, jobs, bonuses, and tower blocks by following each other into a series of copycat international misadventures.

What makes businesses blow it? Lloyds TSB’s competitors and the dot-com bomber both give some clues. It is not lack of competence, because both concerns were full of highly trained and motivated staff. It is not lack of strategy—they had that in abundance. Business incompetence is caused by a bundle of circumstances that in themselves are innocuous but that—given the wrong time, the wrong market, and the wrong people—can combine to cause catastrophic failure.

Business incompetence is not just a random alignment of unfortunate circumstances; there are patterns and clues to follow. It is important to understand what conditions are precursors of business incompetence—and how we can teach business school students to recognize and avoid them in their own careers. The following syndromes, like the flags waving before a corporate headquarters building, should alert anyone to the possibility of incompetence in bloom.

The Signs of Incompetence

The delusion of omnipotence: Some companies fail when they become institutions. They become less of a business and more of a national treasure. Two British retailers that fell foul of such delusion were Sainsbury’s supermarket chain and Marks and Spencer. Both were market leaders with a comfortable, noncommercial feel about them. The staff cared about their customers, and the respectable middle class flocked to them.

Yet, both became more like state institutions than stores. Both had huge central London headquarters more befitting a government department than a retailer. Moreover, the way they retailed demanded huge operations. They focused on their own high-end brands, disdained sales promotions, and—in the case of M&S—refused to accept any credit cards but their own. Eventually, Sainsbury’s arch rival stole its No. 1 slot as Britain’s lead grocer, and M&S lost ground to marketers who attacked it from both the high end and the discount end. Neither retailer realized that it had to adapt its own way of doing business to the way business was currently being done.

Monumental mistakes: Corporate executives are also in trouble when they fail to concentrate on the business itself and instead focus on outward symbols of prestige, such as huge buildings. Yet deposed British Airways CEO Bob Ayling changed the
London skyline during his four years with the organization. He championed the BA-sponsored London Eye Ferris wheel that towers over the Thames, commissioned British Airways’ exotic new headquarters, and served as a chairman in the company that built and operated London’s unprofitable Millennium Dome. Meanwhile BA slipped from being the world’s most profitable airline to showing a loss of £200m.

**Trivial pursuits:** Managers obsessed with trivia put their companies in as much danger as managers obsessed with prestige. Shortly before Barclays Bank lost nearly everything in a failed overseas venture, two of the firm’s grandees hit upon the key to trading success. They decreed: “Fish must be eaten with two forks, in the manner of the East Anglian Quakers.” Such trivia often grows to squeeze out initiative.

Universities are classic examples of the law that the amount of trivia in an organization increases with its age. That is, the newer or more independent the school, the less trivia it has to weigh it down. Not surprisingly, in France the strong business schools are outside the university system; in Britain the leading business schools are independent or part of universities formed in the last 50 years. U.S. universities have not yet had time to accumulate the trivia and traditions that prevent their European predecessors from competing effectively.

**Self-aggrandizement:** The Faber Book of Useful Verse includes “The Advertising Agency Song”: “When the client’s hopping mad/Put his picture in the ad./If he should prove refractory/Add a picture of his factory.”

Some CEOs have the same sense of ego, using their names and their images to communicate the firm’s identity to stakeholders. Versace, Jack Welch, Body Shop’s Anita Roddick, and Virgin’s Richard Branson are all so strongly identified with their companies that their lifestyles and personalities reinforce the brand. Smart managers use the publicity they attract; others become seduced by their own myth.

The business press is partly to blame for this corporate vanity. Famous faces sell magazines, and business magazines are hungry for news of the superstars they helped create. However, publicity-hungry CEOs have to remember that only one thing sells magazines better than the face of a successful personality: a celebrity scandal.

Egotistic CEOs, like despotic dictators, also look for chances to display their portraits everywhere. In the period before Barclays Bank fell from grace, its CEO took to traveling the world, visiting subsidiaries that the company should not have had anyhow. Then, to every overseas office he visited, he gave a very special gift—a portrait of himself.

**Offshore adventures:** Two recent banking fiascos resulted when companies tried to do overseas what they could not do at home. Barings was the private bank of kings, a merchant bank that exuded respectability and was run by gentlemen. Nick Leeson, a plasterer’s son working out of the bank’s securities office in Singapore, bankrupted the company. Not only was Leeson offshore, but his office was ten floors below the people who were “managing” him. Most disastrous of all, Leeson ran the trading and the settlements office that acted as a check on the traders.

Barings had drifted into a business it did not understand. Lacking an appreciation of the finer points of the futures and options business, executives dreamed of a securities business with no risk attached. Therefore, they did not implement the usual risk management systems, according to Geoff Tibballs in Business Blunders.

Allied Irish Bank seemed set on repeating the Barings fiasco as it moved from being a very successful domestic retail bank in Ireland to losing control of a trading operation in the U.S. Both banks fell victim to the same double jeopardy: Having found out what they were good at, they tried something else in a new market. In grammar and multiplication, double negatives make a positive. In business, double negatives make a mess.

Other examples abound. Jean-Marie Messier transformed a utilities company into Vivendi Universal, a media giant big enough to challenge Rupert Murdoch. What are the transferable skills between a French water company and Hollywood’s Universal Studios? According to The Economist, Vivendi Universal reported the largest annual deficit in French corporate history: a sum equivalent to
Miraculous rise: Barings managers let Nick Leeson ride because his cover-up made it look as though they had found the holy grail of moneymaking: getting something for nothing. During the dot-com boom, people bought shares in companies that promised quick riches even though they had no products to sell. Traditional business models were discarded; it was a time of mystery, excitement, and alchemy. Slogans replaced sound business thinking. For Vivendi, the slogan was “media integration.” Companies like France Telecom and Deutsche Telekom discovered the “globalization of telecommunications.” The dot-com mystery that made business logic unnecessary was the “leader’s advantage.”

Analysts now question the unremitting, market-beating rise of share price or profits. Shareholders love a company’s profits and share price to grow steadily, in the way that GE’s did between 1990 and 2000. Was it real or was it an accounting fix? During the 1990s, while the S&P index rose steadily, there were about 50 restatements a year for American corporations who adjusted their results after accounting errors. The Economist reported that the number of errors zoomed to 100 in 1998, and to 200 in 1999—just as the S&P’s index approached its miraculous peak.

Beware of markets that, like hot air balloons, rise smoothly with no visible means of support. They are probably full of hot air.

Sycophantic syndrome: Groups of executives who have a great deal in common, who are insulated from outside influences, who are under stress, and who are dominated by a directive leader, are prone to “groupthink.” They are not able to moderate the wilder schemes devised by chief executives and their vice presidents. Groupthink is often reinforced by the business culture and legislation. In Japan, a web of relationships across business, the civil service, and politics makes it difficult for people to make the tough decisions necessary to arrest the country’s economic stagnation, according to The Economist. France’s business culture has a similarly cozy network where top managers sit on one another’s boards. Enron was awash with such comfortable relationships.

Me too dumb: Groupthink can extend to entire industries, as businesses behave incompetently in unison. In the 1980s, U.S. housing trusts engaged in competitive overlending. More recently, banks in Hong Kong and Japan began over-speculating on property. Japanese steel companies have simultaneously diversified into microelectronics. Why have groups of managers converged to make the same bad decisions? Perhaps it’s because they respond to the same media, are similarly trained, and influence each other’s thinking at popular watering holes.

This pattern of thinking is reflected in much business practice. There is a myth that most new products fail. In fact, most of the products that fail are the droves of “me too” products that follow a smart idea. Similarly, most business strategies that masquerade as well-developed plans are simply following the currently popular panacea, be it conglomerate growth, vertical integration, or investing in the dot-com revolution.

Digging a hole: Politician Dennis Healey devised the law: When in a hole, stop digging. Business incompetence is littered with people who ignore the rule. In Singapore, Nick Leeson gambled increasing amounts of money to hide earlier mistakes. Similarly, Enron devised ways of hiding its true debt. In Germany, Comroad’s boss, Bodo Schnabel, took liberties with the company’s accounts. Two-thirds of its 1998 revenue supposedly came from a Hong Kong account that did not exist. Having started digging the hole, Comroad kept digging. By 2000, the fictional account had grown to 97 percent of revenue. Imagine the hole in the accounts that this had left. Unfortunately, Comroad’s auditors, KPMG, missed the problem.

Why do managers let their incompetence mount instead of facing reality? One reason is asymmetric consequences. If a manager owns up to an early mistake, a company might save money; however, the offending
manager could lose his job and lifestyle. As the corporate gambling increases, the manager incurs even greater losses, but still has a chance of paying off with an even bigger gamble. At some point, the scale of the gamble tips the mistake into illegality. However, even when the cover-up becomes highly illegal, the costs are asymmetric. The incompetent—or, by now, criminal—manager can write off billions of dollars, even though this wrecks the careers of many other people. Nick Leeson was soon out of jail, having written an autobiography and sold the film rights.

In 1997, Arthur Andersen’s audit failures allowed Sunbeam to cook its books to reflect a recovering company. A third of the company’s earnings came from an accounting fraud. The ruse succeeded. The share price rose to $52 before the trick’s exposure lost shareholders billions as prices collapsed. The cost to Arthur Andersen? A $110 million fine, an amount easily covered by its $19 billion annual revenue. The Arthur Andersen partner who signed off the book also survived. He was still working for the company when Enron failed.

Business School Blunders
While business schools can use corporate examples to show students inexperience in action, many schools are also practicing incompetence. In Singapore, leading world-class business schools are adopting the “me too dumb” attitude in “offshore adventures.” When all business schools were preaching globalization, the Singapore government deregulated its business education market to make the city the business education capital of Asia. Everyone dived in. Never mind that some years before, several British pioneers in distance learning had pulled out of the Southeast Asia market because the competition had degenerated into low-cost degrees with easy access. The downward pressure on the market continues, which is hardly surprising when 50-plus business schools are competing in a country with a population and GNP less than that of many U.S. cities. How long will it be before everyone in the city-state will have an MBA?

Other schools are practicing “me too dumb” policies by becoming late entrants in the distance learning market. Never mind that the Open University is well established worldwide, the U.S. is a clear market leader, the fixed costs of entry are high, and it looks as if the market will be dominated by a few top suppliers. Everybody still thinks they just have to be in this market.

When a prospective head of a U.K. business school was asked, “What is the biggest threat facing the university?” he pointed to U.S. university presidents “with daft ideas.” In the U.K., that daftness has led to an outbreak of new business schools. After centuries of ignoring business education, vice-chancellors are funding a series of headlong charges into an established sector with many large, vigorous, and well-established competitors. They often start by slamming together a few departments that sound as if they could relate to business, building something to put them all in, and advertising for someone to lead the misadventure. What a recipe for disaster! Still, it sounds strategic and much more dynamic than sorting through the numerous departments within the university that are declining. Other schools are trying to merge their way out of trouble. They think, “If we cannot make a success of what we have at the moment, we can surely solve our problems by doubling them.”

MBA in Competence
What can business schools do to reduce the chance that their MBAs will join the league of incompetence? Can we track which business schools trained the top incompetents? More practically, can we train our students to avoid the risks? I see three angles:

- Helping students understand what is right and wrong, which means teaching a class on ethics, not the pseudo-subject “business ethics.”
- Explaining the danger of the regulators catching unethical business executives—a danger which is, admittedly, low.
- Teaching the reality that you cannot cheat the market. The invisible hand of the market, not the long arm of the law, will expose transgressions.

These lessons cut across all disciplines. The issue starts...
Curing Incompetence

Can incompetence be cured? No, not while we are cultivating it so intensively. However, its impact can be reduced. Capitalism and democracy are systems that detect and punish incompetence, even though the systems don’t function perfectly.

Failures like Enron occur because people behave illegally. Such behavior cannot be legislated against, although there would be fewer white-collar criminals if the crime and punishment were less asymmetric. The punishment is harsh for those who rob a bank, even though the cash stolen is an imperceptible fraction of the bank’s worth. However, if, like Nick Leeson, you destroy a bank and write off billions of dollars of investors’ wealth, you might get away with a short sentence and enough fame to create a best seller.

Governance and auditing should be checks on the most incompetent managers. The iron trinity of independent board chair, nonexecutive board members, and audit committee exists to keep a watch over shareholders’ investments. A smart CEO would choose board members who question strategy and practices in order to keep top executives on their toes. However, in reality, the concentration of power among top corporations means that CEOs and board members swap positions regularly. They are less likely to be harsh judges when at times they will be plaintiffs before the same people.

Even if a company’s board is self-serving, an independent audit committee and auditors can act as checks. However, for an all-powerful chair/CEO, what is the incentive to create a troublesome audit committee? In the case of Enron, auditors were also acting as consultants to the company. They would have been abnormal indeed if their behavior was not influenced by the fact that they were on the payroll. Once again, the role of plaintiff and judge were confused.

Remember: Power corrupts, but absolute power is really nice. That is why so many people, from world leaders to top CEOs, behave badly. They are seduced by their own myths, their delusion of omnipotence, and the attitudes of paid sycophants.

Business incompetence will never be eradicated entirely. Smart stakeholders will look for the signs that a business environment and a business’s relationships are shaped to suit managers, not shareholders—signs that relationships have become too cozy. Smart executives will look for signs that these same conditions exist in their own companies—and they will look for ways to eradicate them before the results of incompetence become catastrophic. Z

John Saunders is head of the Aston Business School at Aston University in Birmingham, England.
Virtual Class Is in Session

Although the phrase “virtual classroom” has become part of the business school vernacular, gathering students from different schools into a single online class is still more the exception than the rule. That might soon change, however. During the next two academic years, three graduate schools of business—the Haas School of Business at the University of California-Berkeley, the Darden School at the University of Virginia in Charlottesville, and the University of Michigan Business School in Ann Arbor—will bring together their MBA students in a virtual classroom.

The institutions are taking advantage of Internet and online video technology to offer one course each in the virtual classroom. The courses will be available to MBA students at all three business schools. This fall, Darden professor Jeanne Liedtka is teaching a consulting course to approximately 20 students each from Darden, Michigan, and Haas. In the spring, Terry Odean, assistant professor at the Haas School, will teach behavioral finance. The course from the University of Michigan, which will be offered in the fall of 2003, has yet to be determined.

Students at each site will work on team projects, which will be presented to their counterparts at the other schools via online video presentations, Professor Liedtka explains. “We also will organize teams with participants from all three locations. The teams will utilize the Web to work together and make their presentations from three separate sites,” she added.

E-Marketplace Plagued with Dangerous Complacency

Now that the bubble has burst on the dot-com economy, businesses have gone from e-commerce excitement to “massive complacency,” according to a study from the United Kingdom’s Said Business School at the University of Oxford. Conducted by Steve New, “Understanding the E-marketspace” was commissioned by Achilles Group, a company that has offices in Europe and South America and provides online and supplier services to companies worldwide.

In the study, New analyzed existing data on e-commerce and looked at the services and strategies of more than 600 B2B marketplaces. He also sent a survey that generated 240 usable replies and conducted follow-up phone interviews with a dozen of these companies.

Tools of the Trade

ImagePro 9058 Large Venue Projector

If your classroom presentations need a bit more visual punch, Dukane Corporation of St. Charles, Illinois, has introduced a new projector to the market, the ImagePro 9058. Offering 5800 lumens of light, the ImagePro is a high-brightness LCD projector designed specifically for large-scale applications in auditoriums, conference rooms, or other areas where a large, bright data/video image is required. It accommodates computer or video image display with multiple inputs and various control methods, and offers an image resolution of 1280 x 1024 pixels and power zoom, among other features. It can display video signals such as composite, S-video, and all types of high-definition TV (HDTV). The 9058 comes with a five-year warranty and has a list price of $27,995. Visit www.dukane.com or call 630-584-2300 for more information.
FEWER THAN 35 PERCENT OF COMPANIES SURVEYED HAVE AN ONLINE CATALOG, AND JUST MORE THAN 20 PERCENT USE THE INTERNET TO GENERATE ORDERS FROM CUSTOMERS.

“Unrealistic hype has been replaced by dangerous complacency.”

Three aspects of online buying and selling stand out, writes New in his study. First, even large organizations still follow procedures that don’t work in the Internet age, such as relying too heavily on traditional benchmarks to measure success or underestimating the costs of implementation. Second, firms still find it difficult to integrate online systems with their existing computerized systems. Finally, the culture within many companies is still resistant to conversion to Internet strategies—some organizations still find the Internet “an unwelcome intrusion on the status quo” in the relationships they have with their customers and suppliers.

“One interpretation of these results seems to be that there is perhaps an unwarranted degree of optimism—and maybe even complacency—in the responding firms,” New notes in the study. “An alternative reading, however, suggests that organizations will increasingly be divided into victors and victims in the E-marketspace. For firms who take the new opportunities seriously, it might well mean that they can improve their position in the supply chain in both directions. For firms who neglect the new agenda, there could be an increasing squeeze on profitability and power.”

Visit www.sbs.ox.ac.uk/e-market space/to download the full report.

NEW TECH CENTER FOR MICROSOFT

In September, Microsoft held a grand opening ceremony for its new Microsoft Innovation & Technology Conference Center in Reston, Virginia. The $25 million facility boasts the latest in highly secure computing and telecommunications equipment. Microsoft’s goal for the building and its site near Washington, D.C., is to secure a contract with the U.S. government for its domestic security initiatives.
**Market Survey**

A master economist, according to John Maynard Keynes, “must contemplate the particular in terms of the general, and touch the abstract and concrete in the same flight of thought.” Stanford economist John McMillan realizes this ideal with *Reinventing the Bazaar: A Natural History of Markets*. Moving with ease between examples and economic theory, he uncovers the fundamental requirements for effective markets. They boil down to mechanisms that support trust, provide security of property rights, facilitate information flow, curtail externalities, and enhance competition. Serious and important conclusions, yes—but getting there is a pleasure.

Along the way, we discover the technological sophistication of the wholesale flower market in the Dutch village of Aalsmeer, experience the vibrancy of the Middle Eastern Bazaar in Marrakech, and realize the grand scale of the fish auction in Tsuskiji. We’re brought inside McMillan’s own consulting and research projects to observe the high-stakes electromagnetic spectrum auction and investigate the secretive *dango*, price-fixing conspiracies in Japan. We also examine the causes and consequences of corruption in Mobutu’s Zaire and Suharto’s Indonesia; compare the economic reform experiences of New Zealand, Russia, and China; and much more.

Such a world tour would be irrelevant for the usual abstract treatment of markets by economists. For McMillan, however, place and time are essential. Local histories, cultures, technologies, governments, and firms affect market design, which in turn affects market performance.

McMillan doesn’t shy away from the most challenging questions about the role of markets in dealing with controversial issues. How can we make AIDS drugs affordable in developing countries? Can we reduce sulfur dioxide emissions (the main cause of acid rain) without bureaucratic command and controls? Is it possible to sustain the world’s fisheries? What programs and policies are most effective in lifting millions from poverty? In each case, market solutions offer huge potential, but they also create substantial risk if poorly designed and implemented.

McMillan demonstrates that markets are complex. More important, however, he reminds us that markets are created by humans. In the end, he calls for a pragmatic approach. He writes, “Markets are not magic, nor are they immoral. They have impressive achievements; they can also work badly. Whether any particular market works well or not depends on its design.” (W.W. Norton, $25.95)

—reviewed by Dan LeClair

**The School of the Future**

The future of management education is fraught with a variety of perils, not least among them the challenge of offering a relevant curriculum to an ever-changing pool of students. To thrive in the upcoming decades, business schools will need to develop their own strategic management plans—more likely than not, aimed at serving corporate clients with specific needs. So argues Peter Lorange in his book *New Visions for Management Education: Leadership Challenges*. He sees the business school of the future as one that must be pioneering, market-oriented, dynamic, and flexible. Moreover, it must work in partnership with its primary clients, corporations that send teams of executives back to school as part of their own investment in human capital.

Some challenges are associated with becoming a learning partner with industry, Lorange admits. Schools must make sure they manage the gaps between what they’re delivering and what the customer wants, in terms of relevant content, in the interests of better serving these corporate clients. He points out, “Business issues today tend to be complex, cross-functional, and cross-disciplinary.” Since one of his premises is that business schools must be able to adapt quickly to changing market needs, he is in favor of eliminating the tenure system, which inherently promotes inflexibility.
Lorange draws many of his examples from the strategies in place at the International Institute of Management Development in Lausanne, Switzerland, which he heads. He acknowledges that many of the tactics that work for an independent school outside the university system might not be easy to implement for schools within universities or supported by state funds. But many of the principles are universal: identifying customers, adapting to their needs, looking ahead to the market conditions of the future, keeping up with innovative technology—and keeping the business school relevant. (Pergamon Press; available through Elsevier Science Inc.; $75)

Internet Innovators

When was the last time your office was able to handle 45 million changes in a single day? Depending on your field, and your technological sophistication, such a feat might be routine—or, at any rate, doable. If so, you’re one of the companies in one of the industries that has enthusiastically and intelligently embraced the power of the Internet.

That astonishing statistic of 45 million updates comes from the airline industry, where price wars sparked constant fare changes in the late ’80s. The highly sophisticated Semi-Automated Business Reservations Environment (SABRE) used advanced technology to control all the chaos. Today SABRE is one of the largest IT companies in the world.

The airline industry is only one to be profiled in *The Fast Track to Profit*, a new book by former Hewlett-Packard executive Lee G. Caldwell. While the opening chapter discusses “Using Internet Technologies to Make Cold, Hard Cash,” the book isn’t really a primer on turning your business into a tech-savvy money machine. Rather, it better lives up to its subtitle: *An Insider’s Guide to Exploiting the World’s Best Internet Technologies*. This book is essentially a history lesson about a few major industries that experienced extraordinary growth and gains in efficiency by going online, and it’s full of fun facts, fascinating back stories, and shrewd corporate maneuverings.

Caldwell explores how the auto industry used Internet technologies in car design and manufacturing, reengineering of the supply chain, and network communications. He describes the way the banking and credit industries adopted technological advances—including their techniques for overcoming customer resistance to the first ATMs. The airline industry did everything right. The telecommunications industry, still mired in a crazy quilt of competing technologies and governmental regulations, has done most things wrong. The writing is lively, and the tales revolve around industries that touch every part of our lives. You’ll walk away with a new respect for the Internet—and the people who have harnessed it. (Prentice Hall, $29.99)
The Paradox of ‘The Box’

My eyes were opened to the limitations of traditional business education when I overheard an exchange between two teams of students, one from the university’s business school, the other from the school of industrial design. They were all part of an initiative called InventureWorks, which pairs cross-disciplinary teams with corporate partners exploring new product development.

The business students were astounded when they were confronted by the design students. “We’re sick of this. None of you can think outside the box,” the design students said. Shocked, my students responded, “Yeah, well, you can’t think inside the box.” The silence that followed was awkward but instructive. To me, this confrontation between design and business students—between creative and analytical thinkers—represented a paradox that has become more prominent in the business world. Should we think “inside the box” or “outside the box”? Who’s right?

In fact, business leaders often have to think both ways. It’s only when we take a step “beyond the box” that we can see that fact, and then begin to teach students what business already knows—creativity and analysis go hand in hand.

Unfortunately, it’s still routine for business schools to choose one side or the other. Some business schools have moved from lectures to experiential learning, emphasizing hands-on projects while skimpling on the traditional teaching methods that provide a vital foundation for best practices. Others remain mired in traditional teaching methods—lectures, readings, and case studies—that oversimplify and overrationalize business challenges. A common product of the first approach, I fear, is a street-savvy yet impulsive and reckless graduate; a common product of the second is a book-smart yet narrow and naïve graduate. Neither has the comprehensive skills required in the modern workplace. Creativity or analysis alone can’t solve every business problem; in isolation, neither approach can replicate the intricacy of business.

Take my academic field, organizational behavior. For the moment, let’s consider this field to be a “toolbox” of managerial knowledge and methods. In the classroom, we typically teach one theory at a time to provide students with clarity and structure. Each theory puts another “hammer” in the student’s toolbox, a means to understand one facet of human behavior. A carpenter’s apprentice could hardly make a living if he was sent to a job site with a toolbox full of hammers—without the screwdrivers, wrenches, and pliers that would enable him to do everything the job requires. Yet business schools routinely send their graduates into the professional world equipped with the managerial equivalent of nothing but hammers.

Business schools attempt to solve the problem by offering students experiential, hands-on learning sessions to round out their educations, but often fail to put the traditional lessons of the classroom into a real-world context. For example, when students participate in global field studies, many business schools treat them as little more than tourists. Students are herded onto buses to see the sights; then, they are herded back to a college campus. There, the students are given classroom instruction identical to what they would receive at home. They return with no more tools at their disposal than they had when they left. The opportunity to integrate the classroom and the real world, to join “inside the box” thinking with “outside the box” applications, is lost.

When done right, however, international studies can bring about a remarkable transformation in students and faculty. They come to understand that the two ways of thinking are not mutually exclusive. For example, I’ve witnessed how these intense programs bring traditional international business concepts to life, helping students to “think globally and act locally.” On a recent field study in Queretaro, Mexico, my students spent each morning in a different company, each afternoon at the national university, and each evening with their...
host families. As a result, my students experienced a huge change in attitude as the field study progressed. Their initial reaction was to point out the impact of the slower pace of daily work life in the culture, and the society’s emphasis on family and social activities. On paper, such an emphasis might seem a hindrance to an economy. But after spending more time in the culture, my students gained a profound respect for the tremendous work ethic and rising business sophistication of the people. They could step outside the confines of traditional approaches to business to see that less structured ways can lead to successful business practices.

Such cultural complexities would not have become evident had the students continued to think questions in business can be answered with an “either/or” approach. Many times, the answer to questions in business will be “both.” Once students have honed their analytical prowess in the classroom and paired it with real-world creativity, they can discover when analysis alone does the job and when it comes up short. They become more holistic thinkers who are able to take an apparent paradox and find where two seemingly opposing objectives intersect, and often, even work together.

So, let’s return to where we began, with the face-off between the design students and the business students. In this case, pairing business and design students pushed both groups to recognize the need to be both creative and analytical to achieve new product development. As the students work with a corporate partner to explore product variations for a different venue—say, coffee vending machines for a theater, gas station, or family restaurant—their greatest insights revolve around learning to manage a multidisciplinary team. During the term, design and business students continue to shift from a feeling of frustration to one of excitement, moving away from a dogmatic belief in their own points of view and toward a genuine appreciation of the others’ different perspectives and expertise. The need for a union between traditional instruction and real-world insight is powerfully illustrated through their “inside the box, outside the box” debate. We must bring that debate into the learning process; through such open discussion, business students can see the limitations of logical, systematic analysis, and the design students can realize that artistic, improvisational thinking alone won’t sell a product.

These types of opportunities still seem unusual in most business schools, but they can, and should, become more rule than exception in management education. Educators must look more diligently beyond the traditional classroom, to one that is neither merely traditional nor merely unconventional. They must apply more subtle, more elastic control over their classrooms, integrating conventional teaching methods with hands-on applications. That is, educators themselves must be able to step inside and outside of the box with ease, before they can effectively teach their students to do the same.

Failing that, educators will squander opportunities to develop critical and paradoxical thinkers for a business world that sorely needs them. They will also lose an opportunity to develop their own skills at managing paradoxes, which would be a shame. After all, while paradoxes offer a challenge to business educators, they also have the power to inspire innovation. Not only that, they create a learning environment where teaching becomes an enriching experience, one that challenges and invigorates not only the students, but the teacher as well.

It’s only when we take a step “beyond the box” that we can begin to teach students what business already knows — creativity and analysis go hand in hand.

Marianne W. Lewis, a professor of management, is associate dean for innovation and program development at the University of Cincinnati’s College of Business Administration in Ohio.
An International Mission

CENTRUM Católica
The Business School of Pontificia
Universidad Católica de Perú
Lima, Peru

Launched at the beginning of the new millennium, CENTRUM Católica, the business school of Pontificia Universidad Católica de Perú (PUCP), is Peru’s first business school. CENTRUM currently serves a student body of more than 400, offering MBA and doctoral programs in which courses are presented in Spanish and English. It also offers a range of specialized programs in marketing, finance, operations, human resources, and global financial management.

CENTRUM’s first cohorts of 27 full-time MBA students, 66 executive MBA students, and 61 part-time MBA students graduated this past spring. To offer each cohort of students a variety of international opportunities, CENTRUM also partners with the Maastricht School of Management (MSM) of The Netherlands; the A.B. Freeman Business School of Tulane University in the United States; and the Université Laval and the University of Alberta in Canada.

Interaction with students and faculty from around the world is a part of each of CENTRUM’s programs. In addition, its part-time MBA program includes a three-week stay in The Netherlands, during which students take courses, visit global companies, and meet institutional leaders of the European community.

Exchange students and professors visiting from other countries also have the opportunity to visit the famous city of Machu Picchu, or walk the famous Inca Trail, a 25-mile historic scenic trekking route that leads past majestic ruins.

In August, CENTRUM offered its first Doctor of Business Administration program, a part of a dual program between PUCP and MSM. According to Fernando D’Alessio Ipinza, the new business school’s director general, CENTRUM continues a tradition began by PUCP when it was founded in 1917. The school, he says, “provides a space that encourages the fusion between academics and enterprise management.” In a short time, CENTRUM has become one of the top business schools in Latin America, promoting the economic development of Peru and its entrance into a global economy.