illycaffè’s Andrea Illy: A Commitment to Quality

Designing Across Disciplines

Teaching the Tools of Responsible Leadership
A is for B-School

Four authors address issues critical to the success of any business school. Phyllis Zadra follows one school’s journey to assessment, Jeffrey Mello explores how to utilize adjuncts, and Ruth Guthrie and Louise Soe advocate for accreditation maturity.

Joining Forces

Corporations have become more concerned with, engaged in, and essential to business school programs, acting as prized partners in the educational process.

The Emperor of Espresso

Andrea Illy of Italy’s illycaffè is passionate about coffee—and smart about selling it around the world.

Design Think @ Innovation U

Business, design, and engineering students dream up big solutions that promise to shape the future of business.

Learning to Lead—Responsibly

At Universiteit Maastricht, writes Mariëlle Heijltjes, courses emphasize problem-solving and self-directed learning to turn students into responsible leaders.
I ♥ My Mug

Let me tell you about my mug. Used for all my daily beverage needs, my glass mug has soft swirls of white and blue swooping through it. Its smooth sides curve gently inward, providing the perfect place for my hand to grasp. Sparkling grooves adorn the points where the elegant handle meets the glass.

In case you couldn’t tell, I love my mug.

I stumbled upon it accidentally at a flea market years ago; I purchased it as an afterthought. But after I used it once, it was all over. This mug would not be relegated to the back of the kitchen cabinet. It would be used frequently and with pleasure. I wish I knew the artist who made this masterpiece. He or she did a fine job.

That’s the power of great design. The question is, if great design can inspire an ode to joy for a common household object, what can it do for a business?

A great deal, according to some business educators. The tools and collaborative processes embraced in the design world can help an organization adopt elegant business models that inspire fierce loyalty and devotion among its customers and staff. As a result, courses in “design thinking” are becoming important parts of the curricula at a growing number of business schools. In these courses, business students collaborate with students from engineering, design, and other disciplines to find unrecognized needs in the market and develop innovative ways to meet them. In the process, they’re learning to appreciate diverse new perspectives and embrace an exciting array of possibilities.

Roger Martin, dean of the Rotman School of Management at the University of Toronto in Canada, sees such interdisciplinary integration and design-based curricula as “important for the next stage of business education.” Martin and other educators believe that it will be the students with business savvy, design smarts, and collaborative skills who’ll be best prepared to help organizations stay ahead of the trends and succeed in the midst of rampant global competition.

After all, I never knew I needed a blue-swirled glass mug, just as our counterparts in the 1970s never knew they needed the Internet. By combining their talents, designers, engineers, and business leaders can envision solutions that we haven’t even dreamed of yet. And, of course, once these design-minded innovators take their best ideas to market, we’ll wonder how we ever lived without them.
Evaluating the Teachers

“The Scientist and the Sage,” in the July/August 2007 issue of BizEd, addressed a problem faced by schools around the world: how to give great researchers and great teachers equal recognition and reward. Reward and recognition should be based upon strictly objective evaluations of faculty. However, schools find it much easier to weigh the evaluations performed by external sources, such as the research reviews given out by national and international peers or the research grants awarded by sponsors. Such evaluations are based on globally accepted and published methodology and practices.

The problem with teaching evaluations is that they are carried out locally by students and supervisors. Therefore, the results run the risk of being more subjective and may contain an element of emotional appreciation; this can distort an evaluation process that is designed to assess the quality of the teaching, not the quality of the teacher. Perhaps this explains why schools place more emphasis on research than on teaching when they are recruiting.

The sidebar accompanying the article, “New Models at Work,” offers some interesting avenues for recognizing teaching excellence. We support approaches such as encouraging more published case studies, which allow objective feedback regarding teaching utility. We also feel that student tutoring can promote a more objective evaluation of courses and programs. Like administrators at Harvard Business School and Ohio State’s Fisher College of Business, we believe that the quality of teaching may also be evaluated through new models developed across disciplines by teachers and researchers. Schools should take the development of these new models into account when they are evaluating the teaching contributions of individual faculty members.

We would welcome a broader discussion on the evaluation of teaching in our schools.

Valentina Carbone and Don Osborn
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Bridging the Doctoral Gap

As part of its response to the predicted doctoral faculty shortage in management education, AACSB International has endorsed five “Post-Doctoral Bridge to Business Programs” developed by member schools. These programs prepare qualified doctoral faculty from other academic disciplines for positions in accounting and finance, marketing, management, supply chain management, international business, and entrepreneurship.

The five schools offering these programs are the University of Florida in Gainesville; Grenoble Ecole de Management in France; University of Toledo in Ohio; Tulane University in New Orleans, Louisiana; and Virginia Polytechnic Institute and State University in Blacksburg. All programs are slated to begin by the summer of 2008, but program concentrations, delivery methods, and other factors will vary to reflect the strengths of the schools and provide interested candidates with flexible options. For instance, schools participating in the Bridge Program might offer options such as intensive summer scheduling or more emphasis on distance education.

AACSB International’s endorsement ensures each program will be rigorous and prepare both experienced and newly qualified doctoral faculty from academic disciplines, according to Richard Sorensen, dean of the Pamplin School of Business at Virginia Tech. Sorensen leads the association’s efforts to address the doctoral faculty shortage. The programs will also orient these scholars so they can more quickly pursue faculty positions in management education, he says.

The programs evolved from the findings of the 2003 report, “Sustaining Scholarship in Business Schools,” prepared by AACSB’s Doctoral Faculty Commission. Taking into account current Ph.D. enrollments, projected demand for business education, and expected rate of faculty retirements, the report predicted that the U.S. will experience a shortage of approximately 2,500 Ph.D.s by 2012.

Developing bridge programs is a vital step in meeting “the growing demand for high-quality business education and research,” says John J. Fernandes, president and chief executive officer of AACSB. “Increasing the academic diversity of our faculties through this program will strengthen our ability to meet this global demand.”

Women and B-School

In an effort to draw more women into business careers, many business schools are stepping up their recruiting efforts or developing specialized programs. Here is just a sampling of recent initiatives:

- The Quinnipiac University School of Business in Hamden, Connecticut, has implemented Business Women in Search of Excellence (B-WISE). The program offers formally structured professional development opportunities for female business students and helps them address issues specific to being a woman in business.

  According to Rowena Ortiz-Walters, an assistant management professor at the school, the program will help female students express feelings of self-confidence, recognize personal work and accomplishments, overcome phobias about quantitative courses and business careers, dress professionally, and network effectively. B-WISE also aims to help female students understand the glass ceiling, develop strategies to deal with potential career barriers, and balance work and family life.

- The Darden Graduate School of Business at the University of Virginia in Charlottesville has concentrated on recruiting more female applicants and offering more fellowships to women. The school
while women are reluctant to claim they face more challenges than men, too few women progress to top corporate positions.

worked with the Forté Foundation, a nonprofit organization devoted to increasing the number of women in MBA programs, to find ways to reach more women applicants. Its efforts have paid off: In Darden’s incoming class of 2009, 31 percent are women, compared to 21 percent in last year’s class. Administrators hope the “critical mass” of women already enrolled in school will lead to more women applying to Darden in the coming years.

Last year, the Cranfield School of Management in the U.K. launched two Aurora-Cranfield MBA Scholarships for Women. One covers tuition for the full-time MBA, and the other covers tuition for the two-year EMBA. The scholarship is sponsored by the Aurora Network, a group for professional women. Cranfield’s International Centre for Women Business Leaders also leads an annual summer networking conference for women MBAs.

While women are reluctant to claim they face more challenges than men, too few women progress to top corporate positions, says Susan Vinnicombe, the Centre’s director. This is partly due to the fact that women don’t specifically behave in a way that “manages impressions,” she says, and partly due to the “macho model of success used in many organizations.” She adds, “Not to address that would be denying the reality that exists at the senior management level in most organizations today. It’s not about a deficiency model—it’s about helping women MBAs look at the differences in how men and women progress in management.”

HBS Program Reaches Out to Undergrads

Harvard Business School in Boston, Massachusetts, has unveiled HBS 2+2, a deferred MBA admissions program designed for students who typically might not consider business education. The program gives undergraduates a guaranteed place in a future Harvard Business School MBA class, contingent upon their graduation from college and completion of two years of approved work experience.

HBS will reach out to high-achieving college juniors studying science, engineering, healthcare, government, and public service, among other disciplines. Once students are admitted to the 2+2 program, the school will help them find jobs for the two years between college graduation and full-time matriculation at HBS. As many as 100 organizations—including Google, Teach for America, The Clorox Company, and McKinsey & Company—are expected to serve as recruiting partners to facilitate the job search process.

During their two-year work experiences, 2+2 students will participate in on-campus summer academic programs that will expose them to HBS classes and allow them to meet classmates. They also will have a dedicated career coach and access to strategic career coaching advice through an online self-assessment tool. HBS anticipates that the 2+2 Program will grow to about 5 percent to 10 percent of the incoming Harvard MBA class over the next several years.

Grenoble Embraces Rugby

In the U.S., a number of business schools have taught principles of management at NASCAR tracks or golf courses. In France, the Grenoble Ecole de Management is capitalizing on Europeans’ obsession with rugby to teach managerial practices through the lessons of sports. This fall, the school signed a partnership with the Grenoble Rugby Club, which will participate in the creation and content of marketing and sports programs at the school. Rugby professionals will present Grenoble students with a series of case studies for which the students will develop business plans and strategies. The school and the club also will participate in each others’ conferences, boards of admissions, sports events, and internships.

Rugby is also the topic of a recent book, Le management à l’école du rugby, published by Grenoble’s François Leccia and Loïck Roche. The book, co-authored by rugby coach Jacques Dalmas, examines the parallels between the worlds of sports and business. The authors argue that in business, as in rugby, a successful organization requires both individual effort and team spirit.
B-Schools Go Green

Today when business schools think “green,” they’re often focusing on environmentalism, not money. Three schools have recently found ways to shrink their environmental footprints or boost their sustainability:

- The Rady School of Management at the University of California in San Diego has installed an 18-kilowatt Kyocera solar power system on top of its new facility Otterson Hall. The system will provide an additional power source for the school’s 50,000-square-foot facility, with the goal of minimizing the school’s energy costs for decades to come. The project was proposed and directed by MBA students in Rady’s Net Impact chapter.

- Rotman Executive Programs at the University of Toronto’s Rotman School of Management in Canada has partnered with Zerofootprint, a not-for-profit environmental organization. Staff will be introduced to the Web-based Zerofootprint/Rotman Calculator, which measures an individual’s environmental impact in four areas: travel, food, office, and home. The tool then advises individuals how to reduce their footprints; simulates “what-if” scenarios; allows individuals to compare their achievements with others; and encourages them to join social networking groups organized around environmental goals.

- Babson College in Wellesley, Massachusetts, has undertaken two initiatives to help the school become a little greener:

  The school has selected Telkonet SmartEnergy to manage the in-room energy consumption in a 120-room dormitory. Telkonet eliminates wasted energy by using equipment that senses when a room is vacant or occupied and adjusts the room’s temperature accordingly. The particular dormitory was chosen because it uses energy-intensive electric heating that needed to be manually changed room by room when students were away. The school anticipates an energy consumption savings of 30 percent, which will repay the investment within two years. Other campus buildings, including the conference center/hotel complex, will be candidates for energy management systems in the future.

  In addition, Babson’s Energy and Environmental Club has purchased carbon offsets to reduce the environmental impact of operations at the F.W. Olin Graduate School of Business. The club’s purchase helps subsidize the cost of producing electricity through renewable technologies, such as solar and wind, in areas across the country. These carbon offsets, purchased through Carbonfund.org, counterbalance 1 percent of the annual carbon emissions from the school’s estimated gas and electricity consumption. The purchase also ensures that the club itself will be “carbon neutral” during the 2007–2008 academic year.

Novel Approach to Business 101

Business students who arrived for orientation at Pace University’s Lubin School of Business in New York City over the summer got an unusual introduction to the issues of globalization and cross-disciplinary problem solving. They received copies of The Namesake, the 2003 novel by Jhumpa Lahiri, and discussion questions that would help them explore key business issues prevalent in today’s “flat world.” In a letter to students, dean Joseph Baczko told business students that “the role of immigrants in the U.S. and adaptation of people into new cultures is an important topic that will be incorporated into numerous courses you take.”

Baczko adds, “Nonfiction can’t always let you experience life the way people live it and feel it. We think this will motivate students to better understand human behavior and get them away from the stereotype that business is mostly finance, strategy, logistics, and control. We teach those rigorously, but more than ever, success takes the ability to see beyond functional boundaries.” The mix of business and literature is part of a new, multidisciplinary teaching emphasis at Lubin that uses collaborative approaches to solve concrete business problems.
NEW APPOINTMENTS

- **John R. Wells** has been named the new president of IMD in Lausanne, Switzerland, replacing Peter Lorange. Wells, who begins his term as president in spring 2008, is currently professor of management practice at Harvard Business School. Wells also co-founded the management consulting firm Monitor Company and held senior executive roles at PepsiCo and Thompson Travel.

- **Hildy Teegen** has been named dean of the Moore School of Business at the University of South Carolina in Columbia. Teegen most recently was director of the Center for International Business Education and Research and professor of international business and international affairs at George Washington University. She will succeed Joel Smith, who announced his retirement last year.

- **William M. Moore** has been named dean of the Silberman College of Business at Fairleigh Dickinson University in Teaneck, New Jersey. Moore previously was dean and professor of management at the Franklin P. Perdue School of Business at Salisbury University in Maryland.

- **Jitendra V. Singh** has been appointed dean of the Nanyang Business School at Nanyang Technological University in Singapore. Singh, who took over from Hong Hai on September 1, is the former vice dean of the Wharton School at the University of Pennsylvania.

- **Samuel Troy**, director of the Office of Domestic Operations at the U.S. Department of Commerce, has joined the Bryan School of Business and Economics at The University of North Carolina at Greensboro as an executive in residence for international education. Troy comes to the Bryan School as part of the International Personnel Program, a governmental exchange program where federal employees can be assigned to state and local governments, universities, and other eligible organizations for up to two years. Troy will work to increase international awareness among students, faculty, and the business community.

- Several new faculty have been added at the George L. Argyros School of Business at Chapman University in Orange, California. **Richard L. Smith** has been appointed the Ralph W. Leatherby Chair in Entrepreneurship and Private Equity, and **Clas Wihlborg** has been appointed the Fletcher Jones Chair in International Business. **Vernon L. Smith**, who won the Nobel Prize in 2002, will also join Chapman with his five-person research team.

STEPPING DOWN

- **Howard Frank**, dean of the Robert H. Smith School of Business at the University of Maryland in College Park since 1997, has announced that he will step down next June. He will take a year’s sabbatical and return to the school as a professor of management sciences in fall 2009. During Frank’s tenure, the school has increased its endowment from $6 million to $50 million; overhauled its curriculum to integrate technology, entrepreneurship, and globalization into the core disciplines; and dramatically expanded its faculty.

- **Tom Campbell**, the Bank of America Dean of the Haas School of Business at the University of California, Berkeley, will step down from his position next summer. He has not yet made an announcement about his future plans. Under Campbell’s leadership, the Haas School has enjoyed high media rankings, reached record-breaking fund-raising levels, expanded undergraduate and graduate classes, and established the Center for Responsible Business and the Center for Public and Nonprofit Management.

NEW PROGRAMS

- **Indiana University’s** Kelley School of Business in Bloomington has launched a new undergraduate leadership development program that is being supported by a grant from Target. The Target Excellence in Business Leadership program will weave leadership into every aspect of the students’ undergraduate experience. The leadership program will match students with mentors, offer workshops that connect students with successful leaders, and help students develop a leadership portfolio that will serve as a record of their development and as a resource in career searches.
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DePaul University’s Kellstadt Graduate School of Business in Chicago has launched an MBA concentration in sports management. Students will complete core courses in the MBA program; study sports leadership, management, and operations; and choose from elective courses.

Samford University’s School of Business in Birmingham, Alabama, has announced three new degree programs in entrepreneurship, social entrepreneurship, and international business. Students who study entrepreneurship will focus on bringing new products and services to market; those focusing on social entrepreneurship will learn to lead nonprofit or socially conscious for-profit organizations. The new program in international business promotes foreign language study and international experience.

Columbia Business School in New York City has established a Private Equity Program to link students with alumni and the business community. The program encompasses a mentoring program between EMBA and full-time MBA students, sponsors an annual joint event with the London Business School, and offers a series of courses.

City University of Seattle in Washington has announced a master of arts in leadership program, a cross-disciplinary program developed between the School of Arts and the School of Management.

The Centre for Executive Learning and Leadership at Cranfield School of Management in the U.K. has launched an MSc in leading, learning, and change.

Oxford University’s Said Business School in the U.K. has launched a capstone program focused on climate change and energy security. The program uses scenario thinking and guided case studies to help students learn about key social and environmental problems of the 21st century and what business can do to solve them.

The Cecil B. Day School of Hospitality at Georgia State University’s J. Mack Robinson College of Business in Atlanta has launched an MBA specialization in hotel real estate.

The School of Global Management and Leadership at Arizona State University in Tempe has added a master’s of accountancy and applied leadership that will help students blend technical, interpersonal, and leadership skills and prepare them for executive positions in CPA firms, private industry, and governmental organizations. The school has also launched a master’s of applied leadership and management.

The Neeley School of Business at Texas Christian University in Fort Worth has joined the new TCU Energy Institute to sponsor a new non-college credit Petroleum Land Practices Certificate program.

This fall, the University of Texas at Austin began offering an Energy Finance Certificate program at its Federal Reserve Bank campus in Houston. Faculty from the McCombs School of Business, the Cockrell School of Engineering, and the Jackson School of Geosciences will partner to deliver the program.

Clermont University’s School of Management in Glendale, Arizona, has developed an exchange agreement with Fudan University’s School of Management in Shanghai, China. Student exchanges began in the fall.

The University of Mississippi in the city of University and Grenoble Ecole de Management in France have formed a partnership for business education. Their first joint program will be a doctorate of business administration (DBA) degree for mid-career and senior executives. Students in the program will earn two credentials: a joint certificate from the Ole Miss
School of Business and Grenoble
Ecole de Management, and a DBA
from Grenoble. Classes will be held
in Grenoble and residencies will be
required throughout the program.
The program is also partnered with
the United National Global Compact,
and the program is partially under-
written by international sponsors.

GIFTS AND DONATIONS
- The University of Washington Busi-
ness School in Seattle has received
$50 million in gifts from the Foster
Foundation. In recognition, the UW
Business School is being renamed
the Michael G. Foster School of
Business. The foundation made the
gifts in memory of Foster, who died
in 2003. Other gifts from Foster and
his family have gone to support the
business library, a fellowship fund,
and the endowment fund.

HONORS AND AWARDS
- David Schoorman, professor of
management and dean of GISMA
Business School in Hanover, Germany, has received
the Academy of Management’s
Distinguished Educator Award.
The award recognizes excellence in
developing doctoral students, teach-
ing effectively, and fostering peda-
gogical innovations. Schoorman’s
work focuses on leadership and trust
in organizations, decision-making
processes, and motivation.
- Ramesh Subramanian has been
named a Fulbright scholar. He is
the Gabriel Ferrucci professor of
computer information systems in
the School of Business at Quinnipiac
University in Hamden, Connecticut.
Since last December, Subramanian
has been based at the Indian
Institute of Technology Madras, where
he will remain as a Fulbright
senior researcher. Subramanian
will study the effects and conse-
quences of rural Internet devel-
opment in India.

COMPETITIONS
- The University of Maryland’s
Robert H. Smith School of Business has
announced the winners of its third
annual China Business Plan Com-
petition. The yearlong competition,
which drew 200 entries, culminated
in September and awarded $50,000
for the top three prizes. Grand prize
winner ZaraCom Technologies Inc.
was awarded $25,000; second-prize
winner Nantronics received $15,000;
and $10,000 went to third-place win-
ner XBRL-enabled Business Report-
ing for China Market.

A case competition designed
to produce tangible solutions to
poverty has been sponsored by
Vanderbilt University’s Owen Gradu-
ate School of Management in
Nashville, Tennessee. The Project
Pyramid Case Competition is
an outgrowth of the school’s
Project Pyramid initiative, designed
to expose students and faculty
to microfinance principles and
encourage them to embrace the
philosophy of investing in the
poor. Winners of the competition
were scheduled to be announced
at the Net Impact conference held
November 1 through 3 on the
Vanderbilt campus. The $15,000
in prize money was provided by
Cal Turner Jr., chairman of the
Cal Turner Family Foundation and
retired chairman and CEO of Dol-
lar General Corporation.

FACILITIES
- The University of Houston in Texas
will break ground early in 2008 on
a $9 million building that
will serve as part of the
home for the Bauer
College of Business.
Michael J. Cemo Hall
was named after the
University of Houston
regent who provided
a $3 million lead gift. The
33,000-square-foot Cemo
Hall will house the Global
Business Minor Program, as
well as the Bauer Career Cen-
ter, a 450-seat auditorium, a
testing center, and three 80-seat
classrooms.
It wouldn’t be surprising to learn that espresso, not blood, runs in Andrea Illy’s veins. In 2005, the chairman and chief executive officer of illycaffè, based in Trieste, Italy, took over operations in the company that his family has run for three generations. His degree in chemistry, earned from the University of Trieste, enabled him to develop an almost clinical appreciation of the makeup of the coffee bean. In 1995, he co-wrote Espresso Coffee: The Science of Quality with a handful of other specialists. In short, coffee is at the center of his professional life.

That life has been as rich and satisfying as the perfectly brewed cup. While he spent some time at Nestlé, Illy has been part of his family’s operation since 1990, first working as a quality control supervisor, then as managing director, before ultimately taking the top spot. Quality remains one of his primary focuses, and the company is legendary for putting coffee beans through more than 100 tests before determining they are good enough for the company brand. Illy’s grandfather invented the first automatic espresso machine, and the company still looks for ways to improve brewing methods. Illy’s obsession with quality has helped earn the company outside validations, including the Qualité France label, as well as ISO 9001 and 14001 certifications.

While the quest for perfection in a demitasse cup is not conducive to rapid global growth, illycaffè has been gradually finding its aromatic way to different parts of the world. The brand can now be found in nearly 150 countries and is continuing to expand. Recently, illy espresso bars went up in China, where tea has long been a staple beverage, and in the U.S., where Starbucks is a powerful competitor. Even in markets such as these, Illy hopes to lure customers intrigued by the illycaffè ambiance and the pure indulgent flavor of the illycaffè brew.

Realizing that a business education would prepare him for global expansion, in 1993 Illy attended the master executive program at the Bocconi Business School in Milan. He also has important yet simple lessons to share with business students to help them prepare for their own careers: Commit yourself to a unique product, always care about quality, and never stop learning.
You’re a third-generation business owner and coffee purveyor, running the business that your grandfather started. What still works the way it did when your grandfather started the company? What doesn’t? The philosophy is the same, and so are the mission and the passion. The company was founded on the idea that we would produce the best coffee in the world, and we have always tried to do it. That obsession is still the same.

What is changing, of course, is the level of technology, the number of people involved, the competition, and the size of the business.

Something else that remains the same is the involvement of the family in the business. Your father is honorary chairman, and your brother and sister are on the company board. What would you tell business students who are planning to take over the reins at their own family businesses?

A family business has three advantages. First, there is the transfer of know-how from parent to child. Second, there are the strong values that family members usually embody. And third, in order to make the family business long-lasting, there are long-term goals.

What I did was practice for the job I have now. I worked directly in various operations, I ran projects, and I got to know people. And I’ve done my part to transfer knowledge to the next generation by writing a book on the chemistry of coffee.

No doubt you learned a great deal simply by being part of the family business for so long, but you also attended an executive education program at Bocconi Business School. Why did you find it helpful to learn the more theoretical aspects of business?

I think there are two types of managers: those who are basically theoretical, and those who are basically pragmatic, who gather knowledge through day-to-day experience. Mixing the two approaches provides a good balance. I always attempt to apply the theories I’ve learned to practical situations. As often as I can, I take business school courses, and when that’s not possible, I read books.

What can business schools offer to executives at your level?

More and more, business schools are organizing themselves around thematic programs. For instance, in Italy there is a trend for business schools to offer courses on a very specific topic, such as the food business. Usually these programs significantly adapt general management principles to the specific sector, which I think is very good.

I also think the advantage of business schools is that they give their students a great deal of practical contact with other companies. They give students a chance to build a network.

Business schools are very focused on globalization, which is one of illycaffé’s strengths. Since you’ve taken over the company, you’ve expanded the brand to more than 100 countries. What market was the most challenging?

Japan! There is a lot of protocol in Japan. There are many countries where you really need to know the business etiquette, but that is particularly true in Japan.

What advice would you give to students who will be taking jobs with companies operating in other parts of the world?

You need to be very open-minded about other cultures. If you draw too much on your strong European or American culture, you may find yourself clashing with people in other countries. You really need to be a citizen of the world. You need to complement this mental attitude with a specific study of the anthropology and the traditions of the populations you will encounter in the new country.

In some countries, the people are definitely nationalist, and you are not respected unless you speak the local language. You should know enough of the language so that you can speak it for, let’s say, 30 percent of your conversation. That is particularly true if you want to be successful in business in France or Germany. If you have to switch to English when the conversation is technical, you will be respected because you have at least tried to learn the language.

As you’ve expanded into the U.S. market, you’ve chosen to associate with elite retailers, such as Whole Foods and Williams-Sonoma. What advice would you give to business students who will be taking positions where they will be marketing elite and luxury items?

I prefer to talk about a high-end product instead of an elite or luxury product. “Luxury” might be confused with something that is opulent, whereas high-end products typically are of very high quality, resulting from a tradition with a certain savoir faire. These products also tend to be culturally hip and have an emotional connection with their consumers. So emotion, culture, tradition, and quality are the

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four pillars of a high-end product. If you don’t have all of these, it’s better not to try to sell in this market.

In Italy, we also like to call this “altagamma”—in fact, I’m vice chairman of Altagamma, an association of Italian companies that operate in the high end of the market.

It would seem that this “altagamma” attitude is one of your greatest strengths as you position yourself against coffee giant Starbucks. Do you believe you’re going after the same customers? And if you are, how do you differentiate illy and Starbucks in the minds of customers?

There’s natural differentiation because illy is unique. Illy is the sole roaster in the world producing only one coffee blend—we are the specialists of espresso. We have been the missionaries of espresso around the world. In many cases, we were the first coffee producers to enter a market. We would be followed by our Italian colleagues, and then by local competitors. Eventually there would be an espresso market in countries where it was not present before.

Italy is considered—for good reason—the country of coffee, because coffee consumption started in Italy three and a half centuries ago. We are Italian, we are a family business, and we are small. I don’t see any problems perceiving the difference between illy and Starbucks.

You’ve certainly managed to impress the business press with your ability to differentiate your product. You were named a Marketing Superstar by Advertising Age in 1996. What do you think are the secrets to great marketing?

Marketing is a word that is immense—it involves everything. It certainly envelops technology development, product development, and all of a company’s values.

One secret to great marketing is consistency over time in all the elements of the value chain. Another secret is innovation—this will be radical innovation if you’re lucky, but it can also be incremental innovation that reinvents products that are already present in the market. You can also look at innovation in communication, in pricing strategy, or in distribution strategy.

But if you don’t have a unique product to market, you have no chance of survival. A marketing expert, Jack Trout, wrote a book called Differentiate or Die. Differentiating is not even an option now. You must be unique.

Let’s shift the focus a little to business school. With your background in chemistry and R&D, I’d think you would bring an unusual perspective to the business classroom. If you were teaching a course, what would you most want your students to learn from you?

My experiences. And maybe the way I model. Being a chemist, I am keen to create models, so whatever I learn, practical or theoretical, is converted into a model. Sometimes I take cross-models to make a supermodel, and this is a skill I think I can teach. The idea of modeling is something I try to transfer to my colleagues and my team.

When you’re hiring recently graduated business students, what skills and strengths do you look for?

A passion to learn. Overextension as an attitude. Courage and loyalty. Also, of course, I want them to think about what it means to be a novelty. To be different. I want them to think outside of the box.

Finally, let’s take a look ahead. What are your goals for the future?

To keep learning and to keep improving as a consequence of learning. I also want to maintain illycaffè as the leader of quality in coffee culture.
Mary Boone came to the MBA program at Carnegie Mellon University’s Tepper School of Business in Pittsburgh, Pennsylvania, as an engineer with an interest in product development. To get a more complete picture of the product design process, she enrolled in Tepper’s 14-week course on integrated product development. Boone worked with two design students and two engineering students to develop a ventilated truck-driving shoe to improve truckers’ circulation after long hours on the road.

“I wanted that cross-disciplinary experience,” says Boone, who now works as director of market development for an electronic display company in Pittsburgh. “You can’t just put a product on the market and hope the market wants it. It took our team’s combination of perspectives to discover what truckers need, not just what business thinks they need.”

Boone is among a growing number of business students who enroll in multidisciplinary courses in innovation and design—to learn to adopt the skills and tools of “design thinking.” In these courses, students quickly learn that creativity alone may not result in ideas that make good business sense. Instead, they discover that it often takes collaboration across functional disciplines to see all the possibilities and develop economically viable business solutions.

By working with their counterparts in design, engineering, and other disciplines, business students don’t just broaden their perspectives and advance their problem-solving skills, say the educators behind these courses. They also begin to appreciate the value a designer’s creativity and an engineer’s precision can add to their own views on business.

Special Teams
Cross-disciplinary collaboration is a hallmark of innovation, says Laurie Weingart, a professor of organizational behavior and theory at Tepper. Yet, it can be one of the most difficult hurdles for students to clear. “Students often lack an understanding of the language and thought processes of other disciplines,” she says. “And people often resist what they don’t understand.”

Weingart taught Boone’s course in integrated product development with two professors of marketing, a professor of engineering, and a professor of design. In the Tepper course, she explains, the first step is to help students appreciate the different skills and viewpoints their teammates have to offer. In fact, her students’ first assignment is to go out together for drinks and social interaction. “Students enjoy the assignment, but they often don’t know why they’re doing it,” says Weingart. “But later in the semester, when the pressure’s on, they realize why they needed to understand each other better.”

Mitzi Montoya-Weiss, professor of marketing innovation at North Carolina State University’s College of Management in Raleigh, agrees that students gain a new understanding of the innovation process when they realize what other disciplines have to offer. She saw that process in action when a student team in one of her courses was developing a new single-dose inhaler device for asthmatics.
The design students wanted to go on a nature walk, as a group, for inspiration. The business and engineering students complained that a nature walk was a waste of time,” she says. “But guess what? It was the design group that eventually came up with the mechanism for the product, using the same flow matrix that you see inside a sea shell.” That’s a lesson in inspiration that business and engineering students often have to see—and experience—to believe, she says.

Empathy & Ethnography
Once students are comfortable on their teams, they begin to employ a three-step process, one that many educators have determined are key to innovation. First, they complete intensive research to understand the needs of the users or environments in question. Next, they sketch, role play, or exchange ideas that can lead to solutions. Finally, they choose the most promising idea and develop a prototype and business model that can translate that idea to real-world success.

To develop a comprehensive understanding of the user—or “user empathy”—students engage in “ethnographic observation,” a technique often used in sociology to observe the ways users interact with a product or environment. Students go out into the field to conduct interviews, interact with users, and document processes via photography and notes.

This technique is much different from traditional surveys and focus groups that businesses often use to try to understand their customers. The trouble with those tools is that the information isn’t always accurate, explains Jeremy Alexis, an assistant professor of design at the Illinois Institute of Technology’s Institute of Design in Chicago. Customers often exaggerate or tell interviewers what they want to hear. Or, they may simply not know what they want.

Ethnographic observation allows students to witness needs that users may not even realize they have, says Alexis, who helped create a dual degree program between the Institute of Design and IIT’s Stuart School of Business. “To understand the long-term needs of customers, students have to spend a lot of time with them, interacting with them in different ways than most businesses currently do,” says Alexis. “User empathy is a huge element in design thinking.”

Once students complete their ethnographic research, they return to the lab to enter the prototyping phase. They act out scenarios, create storyboards, sketch drawings—techniques that are typical of the design world but are outside the experience of many in business. Finally, once they’ve created prototypes of their best ideas, they develop business models that take costs and other constraints into account to make those ideas work in the real world.

A Course for Innovation
How one business professor brings the language and tools of design into the business classroom.

by Youngjin Yoo

The National Aeronautics and Space Administration has landed men on the moon and sent robots to Mars. The innovation consultancy firm IDEO has invented products ranging from disposable insulin injectors to space-age shopping carts. And the architectural firm of Frank O. Gehry has designed the gravity-defying Guggenheim Museum in Bilbao, Spain. What do these organizations have that others don’t?

True, NASA, IDEO, and Gehry benefit from exceptionally talented people, not to mention big budgets. But they’re also differentiated by their mindsets. They see themselves not as stewards of a world that they inherit, but as creative forces that shape and change the world for the better. They speak in the language of possibility, not limitations. In short, they see themselves as designers.

There’s a profound disconnect between the language these companies use and the language we use in typical MBA programs. At business school, we often teach students to focus on control and the status quo; they learn to make choices from a relatively narrow set of existing alternatives. The complex world of management is radically reduced to numbers—net present values, survey results, and spreadsheet reports—with black-and-white clarity.

I believe that business students can benefit greatly from adopting the language of design and innovation. I created the course “Designing Innovation in an iPod World” for the Fox School of Business at Temple University in Philadelphia, Pennsylvania, to give them that opportunity. The course, which launched last spring, is designed to help students learn the tools of designers and explore new solutions and possibilities—in short, to turn them into innovators and shapers of the world.

From Decision Making To Designing
Design as a core element of professional management is not a new idea. In fact, Herb Simon wrote in his 1996 book The Sciences of the Artificial: “Everyone designs who devises courses of action aimed at changing existing
Youngjin Yoo of the Fox School of Business with storyboards that his students created to develop new products. The storyboards were part of Yoo’s course “Designing Innovation in an iPod World.”

situations into preferred ones. … Design, so construed, is the core of all professional training.”

I built on that idea to teach students methods commonly used in design, such as prototyping, narratives, photo journaling, unfocused group discussions, rich picture techniques, and soft system modeling. We explored the opportunities for product and service innovation offered by mobile/wireless devices, pervasive computing, intelligent sensor networks, and Web 2.0 technologies such as online social networking. Working in teams, students learned to use the collaborative design process to spark new ideas and approaches to business problems.

I combined the introduction of these methods with discussions about the differences between decision making and design thinking: Decision making, for instance, asks the question, “Should we do ‘A’ or ‘B’? Design thinking, however, asks the question: “What could we do to improve this situation? What are the possibilities?” I invited guest speakers from organizations that are embracing the use of design in their businesses, such as IBM, IDEO, Samsung, and the city of Philadelphia. These guest lecturers shared their stories and further defined the difference between making decisions and driving innovation.

Three-Dimensional Modeling
Over the course of the semester, students learned to analyze the users of a product, service, experience, or operation in three dimensions: time, action, and experience. Through such comprehensive observation, students could better empathize with the user and consider multiple perspectives as they sought innovative solutions to a problem.

For instance, I asked students to look for an innovation opportunity in the typical clothes shopping experience. They had to look beyond the act of choosing and purchasing an item and instead view the experience in three dimensions. First, they developed a timeline, following the shopper as he or she leaves home, drives to the store, enters the store, browses, selects an item, purchases the item, drives home, unpacks it, and uses it. Next, they identified all the actors involved, including not only the shopper, but also people such as the salesclerk, the child with her mother, or the husband waiting for his wife outside the dressing room. Finally, they explored the different experiences involved in shopping, including the emotional, cognitive, social, physiological, and cultural.

Such a three-dimensional framework requires students to explore the whole experience, rather than only one small part. In addition, this exploration allows them to better empathize with those involved, understand the experience more comprehensively, and see more opportunities for innovation.

Using the Tools of Design
As part of the course, students worked on a semesterlong team project in which they applied the methods, concepts, and frameworks they had learned to design a novel product or service. In this case, student teams spent one week studying the experiences of residents, commuters, and visitors in the city of Philadelphia, which recently implemented a city-wide free wireless network. They conducted field research by following, observing, and talking to their target users.

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Based on their observations, the teams participated in a design workshop where they wrote narratives and role played, to better target aspects of the user experience that could be improved. Each team imagined alternatives, chose one that showed the most promise, and designed a prototype that they felt would transform the experience of using Philadelphia’s wireless network.

One group created a small device called the Philadelphia Urban Communicator (PUC), which used voice-over-Internet-protocol (VoIP), a pedestrian navigation service, instant messaging, and other functions to help pedestrians navigate the city more easily. The prototype also incorporated a system by which pedestrians could pass the device over a bar code on each building to obtain quick information about the offices, shops, and restaurants within. Another team designed a device for tourists that would replace a traditional city guidebook. The handheld computer would integrate with Google Maps and include information and visitor recommendations regarding landmarks, restaurants, and other points of interest. It could be sold to hotels and travel agents and rented to tourists through tourism Web portals.

Of course, both of these teams grappled with the challenges their products presented: How could they create alliances with the number of business partners that would be required to make their products work? How could they reach their target audience on the scale required to make it successful? But they addressed these challenges after they delved into all the possibilities open to them. Not hampered by limitations, they were able to go beyond the status quo to try to think of something new that met a user need.

Students also provided feedback and constructive criticism to other teams. In this way, they shared their excitement—and frustration—as they embraced a different approach to problem solving and wrestled with innovation.

**Limitless Possibilities**
Throughout the course, I had to overcome some misconceptions among my students. Many students, particularly those with strategy, entrepreneurship, and marketing backgrounds, responded well to these new concepts. However, those with mostly technical backgrounds struggled to grasp the notion of design; they came into the class thinking they would learn the technical skills for programming and development. Because of the title of the course, a few students actually thought they would receive a free iPod!

Some students simply weren’t convinced that they could learn anything by going out into the field and talking to people directly. These students returned to class with conveniently arranged interviews with their friends and family members. I was disappointed in this initial attitude and worked to overcome it. The group project, in many cases, addressed this problem. Once students built their physical models, based on the ideas sparked by their field research, they saw the value of observing and interacting with users to drive the innovation process.

In the future, I plan to incorporate the online virtual community Second Life into the course as a place where students can simulate their design ideas. I’d also like to stretch my students’ thinking even further by introducing other design tools and concepts, such as bricolage, which refers to the designer’s creative use of the materials at hand, and the notion of gestalt, in which a larger system is so well unified that it cannot be reduced to the individual patterns that comprise it. I’ll also face the continuing challenge of balancing the in-class discussion with work in the field. Ultimately, I hope to invite students from design, architecture, engineering, and urban studies to enroll in the class, to add their different perspectives to the process.

The rapid development of digital technologies presents seemingly boundless opportunities to innovate products, processes, and services. What holds us back is our inability to imagine a new future that we haven’t seen yet. To paraphrase the philosopher Ludwig Wittgenstein, the limits of our language are the limits of our world. It is precisely the limits of our language in management that restrict our ability to conceive and design a better world.

The business curriculum, too, needs a context where students can learn to be playful, imaginative, and empathetic. A course or program in design thinking provides students with the opportunity to learn concrete concepts and methods they can use to spark the innovation process. And it offers them a vibrant new language they can use to explore multiple—not limited—possibilities.

Youngjin Yoo is an associate professor of management information systems at Temple University’s Fox School of Business and Management in Philadelphia, Pennsylvania.
Courses in design and innovation often revolve around “human problems,” in areas such as technology, the environment, or healthcare. “If a company needs to choose what software program to install in its manufacturing facility, that’s not a design problem,” explains Karl Ulrich, professor of operations and information management at The Wharton School at the University of Pennsylvania in Philadelphia. However, he adds, if a company needs to make its manufacturing facility more user-friendly for its workers, that is a design problem.

“For me, this process starts with sensing a gap in the world,” says Ulrich, who teaches the course “Innovation, Problem Solving, and Design” at Wharton. “This gap could be a customer need, but it could also be a need for an improved process in an operation or a need to improve an aspect of society.”

Heather Fraser directs the Design Initiative at the University of Toronto’s Rotman School of Management in Ontario, Canada. She also directs the school’s designworks innovation lab. In the lab, business and industrial design students work on a variety of projects, ranging from developing ways to help people maintain their brain functions well into old age to working with a cancer center to improve the chemotherapy experience for patients.

In the latter example, students look beyond what happens to patients as they enter the chemotherapy clinic, says Fraser. “They ask patients to take pictures and tell us stories of their experience, rather than answer directed questions. Rather than focusing only on what the staff does or the way the walls are painted, students learn more about patients’ broader experience before, during, and after chemotherapy. In that way, they can better understand patients’ needs.”

**Not Just Creativity**

Multidisciplinary collaboration will be crucial to many emerging fields, such as technology, environmental sustainability, and especially healthcare, says Gretchen Gscheidle, lead researcher at Herman Miller, headquartered in Chicago, Illinois. The prominent design firm works with InnovationSpace, a lab at Arizona State University in Tempe, which teams up students from four disciplines—business, engineering, industrial design, and visual communications. Student teams at InnovationSpace work together for two semesters to design new products or processes for real-world businesses.

Herman Miller, for example, asks students to look at ways to improve healthcare environments, both in the home for aging baby boomers and in critical care hospital environments. “These projects aren’t just exercises in creativity. We are bringing rigor to the process, so they won’t be surprised when they enter the workforce and are asked to work on long-term projects on cross-functional teams,” says Gscheidle. “We want to give them a head start.”

Intel, also a sponsor of InnovationSpace, challenges student teams to study two dissimilar user groups—audiophiles and the hearing impaired—and find ways both groups can optimize their hearing environments. It also has asked students to discover ways to camouflage technology in seemingly everyday objects, such as women’s purses. In both instances, teams had to develop strong concepts, write persuasive presentations, and sell the viability of their ideas.

“This approach mirrors our own approach at Intel in terms of mixing disciplines to tackle problems,” says Shauna Pettit-Brown, who works in exploratory market research for Intel’s health research and innovation division. “You can’t really make progress in our arena without covering all the value vectors that InnovationSpace teaches: filling user needs, finding business value, creating technologically feasible solutions, and doing good for the world.”

In the dual business-design degree program at the Illinois Institute of Technology, students work together across disciplines to tackle real-world problems.
Institute of Design, students used direct observation to help a prominent audio equipment company solve a mystery. Annual customer surveys revealed that, every year, fewer customers would recommend the company’s audio equipment to others—and the company didn’t know why. After spending time in one of the company’s showrooms and even following products to the customers’ homes, the students discovered a disconnect between customers’ excitement about buying the product and their experience of owning and using it. It turned out that customers were dissatisfied because the product didn’t do everything they thought it would.

That discovery was a real “aha moment,” says Alexis. “The students found that the company really needed to follow the entire customer experience, from consideration to use.”

From Abstraction to Action

No matter what their background is—design, engineering, or business—students must learn that interdisciplinary design goes beyond the creation of a well-designed object. They must also understand how they can apply design principles to a business’s entire operation, corporate culture, and future strategy, says Jeanne Liedtka, associate professor and director of the Batten Institute at the Darden Graduate School of Business Administration at the University of Virginia in Charlottesville.

To help students in her business design course make that connection, Liedtka asks them to bring to class an object that they believe is elegantly designed. They bring in everything from a corkscrew to a picture of a Porsche Boxter, she says. Liedtka then breaks the class into small groups to discuss each item. The students generally agree on the characteristics of a well-designed object. They’re simple and user-friendly. They evoke some kind of emotion. They are familiar while also possessing some novel quality. “After they talk it through,” says Liedtka, “I ask, ‘Does your business strategy have these qualities? If not, why not?’”

Sandy Shield, an architect and adjunct professor at the University of Richmond’s Robins School of Business in Virginia, taught the school’s first course in design principles to MBA students last year. To illustrate how much impact great design can have on a business operation, Shield took her students to a recently remodeled chain of bowling alleys. The spaces had been fitted with larger restrooms, brighter interior finishes, and cheerier restaurant areas designed to transform the customer’s perception of a bowling alley, from a dark bar environment to a family-friendly facility that would appeal to a wider range of customers.

“My students learned that simplicity consistently executed is better than sophistication poorly executed,” says Shield. “They saw how design thinking can empower them to view problem solving from a new, integrated perspective.”

Empowering people to feel comfortable with design, and see its value to business, is an important element of courses in innovation, agrees Alexis. He notes that even as interdisciplinary design gains ground in the business curriculum, there still exists a fear of the word “design” among business managers. “For some, the word implies fashion or fads, something that’s just temporary, that can’t be measured or controlled,” he says. “We have to show people that design thinking is a valid discipline that adds long-term value to the business curriculum.”

“The Next Stage of Education”

For James Hershauer, a professor of management with ASU’s InnovationSpace, the growth in interdisciplinary, design-based curricula isn’t surprising. After all, business is changing, and business leaders need to develop sustainable, design-based, user-oriented solutions to compete.

“In my 40-year career, businesses have moved from an emphasis on production to an emphasis on the customer. They’re growing more committed to helping society and improving
the environment,” says Hershauer. “They’re facing complex problems that require interdisciplinary approaches to solve.”

Design-oriented curricula that reach beyond the business school and across functional disciplines will be “the next stage of business education,” agrees Roger Martin, dean of the Rotman School of Management and a champion of business design. “It’s not enough to stick to the traditional approaches in business education, plain and simple,” he says. “By using design thinking—or integrated thinking—students learn not only how to choose well between existing models, but to create new models altogether.”

Business schools have taken this message to heart. Schools like Carnegie Mellon, University of Texas at Austin, and Massachusetts Institute of Technology offered the first design courses in the early 1990s. Schools like Stanford University and the University of California at Berkeley have established design-based innovation labs and programs in the last few years.

The Zollverwein School of Management and Design in Essen, Germany, launched its International MBA in Business Design in 2005. But its interdisciplinary approach already has attracted the attention of other educators interested in business design. Its curriculum is based on five thematic areas: transformation, methodology, strategy and marketing, organization and leadership, and finance and operations.

The transformation theme, which covers design, culture, and society, runs through the entire degree program, explains Annekatrin Sonn, director of Zollverwein’s communications office. “Because of their empathetic skills, professionals with creative training can identify customer needs and transform these needs into innovative products and services,” says Sonn. “They can anticipate future developments more accurately than even the best market research studies.”

The Tanaka Business School at Imperial College in the United Kingdom is also betting on design, taking part in Design-London, a new £5.8 million center that brings together design, engineering, and business. Launched in October, the center will accept its first student cohort in October 2008.

Design-London will include an incubator where multidisciplinary student teams will create new concepts and a simulator where they can test those concepts in real-world scenarios, explains David Gann, head of innovation and entrepreneurship at Tanaka. “All students in our innovation management courses complete experiential learning projects in innovation strategy and entrepreneurship,” says Gann. “Now they’ll do the same in design.”

In the future, more and more companies will look to innovation as an essential part of their long-term survival in a competitive global market, say educators in business design. And they’ll look to business schools for graduates who know what it takes to innovate: patient observation, energetic experimentation, and open-minded collaboration across the disciplines.
As a professor of managerial behavior who teaches courses on leadership, I’ve often been asked this question: “You’re educating the business leaders of tomorrow. What are you doing to help prevent the unethical conduct that led to scandals such as those at Enron, WorldCom, Ahold, and Parmalat?”

Many business schools have added an ethical component to their leadership programs, and those that base part of their programs on an exploration of ethical leadership face specific challenges. At the Faculty of Economics and Business Administration and the Universiteit Maastricht Business School in the Netherlands, we decided to take concrete measures to face those challenges. We wanted to provide a clear answer to those who asked us how we were preparing our students to become ethical, responsible leaders.

In our MBA and masters of international business (MSc) programs, we have designed part of the curriculum with this goal in mind. We have adopted an approach that immerses our students in group discussion, self-directed problem-solving, and self-awareness, so they develop a clear understanding of their personal values and their strengths and weaknesses as leaders.

We realize that the impact business professors can make on their students’ ethics and values may be modest. Even so, we believe that by adopting this pedagogical approach, we can be catalysts that put students on a path toward a lifetime of responsible leadership.

**Defining Objectives**

Before we designed the leadership and organization trajectory in our curriculum, we first defined our objectives. What qualities do responsible leaders possess that we want to instill in our students? We found several recurring themes in a range of studies on leadership. Overall, the research defined a responsible leader as one who is honest and trustworthy, who possesses integrity, and who shows consideration and respect to others.

Based on these studies, we conceived the following definition as a guide: Responsible leaders build and sustain morally sound relationships with all stakeholders, and they take all stakeholders’ interests into account when making decisions.

These characteristics are grounded in an individual’s values, beliefs, or attitudes—they aren’t typically addressed on a personal level in a business school curriculum. But we believed that if our students developed such a mindset, they would understand how their organizations function not only on rational levels,
but also on emotional and intuitive levels. Their decisions would be driven naturally by the best interests of the community, as well as the company.

Once we settled on this definition of responsible leadership, we faced the next challenge: How could we design courses that emphasized both the rational and the emotional, intuitive aspects of leadership? And how could we do so when the majority of our student body had little to no relevant work experience, as is the case in most European masters programs in business?

**Building a Community of Dialogue**

Our answer was to adopt an approach that uses dialogue and coaching to help students develop self-awareness. To build a community of dialogue, we build on the existing pedagogy of Problem-Based Learning (PBL) that is used in all programs at Universiteit Maastricht. All students in a course are divided into tutorial groups of ten to 15 students; each group meets for two hours twice a week during the seven-week course. Academic staff members serve as tutors and learning coaches who help students solve business problems, analyze academic articles and case studies, and assess fellow students’ presentations.

So, in the PBL process, students, not their professors, take responsibility for identifying gaps in their knowledge to solve business problems. They embark on a course of independent study, looking for sources to close their perceived knowledge gaps.

For example, in preparation for a guest lecture by the human resources director of Unilever in the Netherlands, students were asked to analyze the ethical challenges that leaders face in the home, personal care, and foods industry. A dominant question emerged: How can a leader combine different leadership perspectives—such as value-based leadership, authentic leadership, and servant leadership—and still run the business to make a profit?

When the students could not answer this question on their own, they turned to empirical studies. Then, they asked the Unilever executive the question directly. From the information they gathered, they realized that they had implicitly held the stereotypical view of leaders as authority figures. They concluded that, to become effective leaders, they would first have to develop a better understanding of themselves as human beings than they currently possessed.

**Encouraging Self-Directed Learning**

The process of self-directed learning can vary from student to student, so we allow students a certain freedom to choose how they want to learn. One way we accomplish this is by making two students responsible for organizing and facilitating each tutorial group meeting. To prepare to lead the meetings, they must find ways to translate ethical issues from abstract theory into concrete examples that affect their own lives.

For example, the two student leaders of a session on ethical leadership designed a quiz based on the course readings. The student leaders asked the rest of the group and the tutor to judge the ethical situations illustrated in pictures and movie clips. They also told the group that whoever answered the most questions correctly would win a brand new iPod digital music player.

Their contest was actually an ethical experiment. Everyone, including the tutor, silently questioned the appropriateness of offering such an elaborate prize in a classroom setting where learning was the objective. Yet no one raised these concerns out loud. When the winner was announced, the student facilitators revealed that there was no iPod—they had designed the quiz to illustrate how easy it is to manipulate a group into doing something that each individual member might question.

For the rest of the meeting, the group analyzed why no one had spoken up, even though everyone admitted to having misgivings about the ethics of the quiz. In the end, the students—and the tutor—noted that they learned more from this exercise than they would have learned from any straight lecture, article, or discussion.
Students ask themselves two essential questions:

“How do I want to lead my life? What does that choice mean for my work?”

Gaining Insights

The tutorial group meetings offer a safe environment where students can examine academic content, discuss important issues, and reflect on responsible leadership and followership through personal interactions. Through these discussions, even our tutors gain new insights on leadership!

For example, Mike, a student in our MSc program, had very limited work experience; even so, he liked to be in control of any situation. After a few meetings, members of his group offered him feedback on his style of interaction—they let him know that his directive, authoritative demeanor wasn’t very effective in a leadership role because it sparked a great deal of resistance among team members.

Mike was able to use this feedback before he led a group session. Even though it made him uncomfortable to relinquish complete control, he realized that he did often ignore the capabilities of the other students. When Mike prepared to lead a session on transactional and transformational leadership, he not only gathered material to illustrate the concepts, but also shared his deliberations with his group at the start of the meeting. He also asked for their help to conduct the meeting and considered everyone’s needs before making decisions. After the meeting, two group members provided Mike further feedback and discussed whether he viewed his new, more participatory leadership style as merely a change of technique or if he now saw more value in others’ capabilities.

These types of learning experiences are crucial in our students’ leadership development. They help our students build the self-awareness and respect for others they’ll need to be responsive, inspire trust, and elicit the best from their teams. These are, in essence, the characteristics we see in great business leaders.

Developing Self-Awareness

Within the tutorial group setting, we set up a Personal Development Trajectory (PDT) for students. While PDT is part of the curriculum in the EMBA program, it is voluntary for students in the MSc program.

During their PDTs, students ask themselves two essential questions: “How do I want to lead my life? What does that choice mean for my work?” The trajectory is grounded in human psychology and specifically focuses on emotions, attitudes, and assumptions through the use of personal coaching; “intervision,” or the act of sharing experiences in the small group setting; and reflection. The objective of PDT is to help students improve not only their problem-solving abilities and understanding of business issues, but also their self-awareness, empathy, and interpersonal interactions.

At the end of the trajectory, students turn in learning reports about the insights they have gained through the process. For instance, students may have learned that they need to build more spare time into their schedules to relieve stress or that they need to delegate more. They might need more effective tactics for managing conflict, setting boundaries for themselves, dealing with criticism, or even relating to others without envy.

The PDT runs through the entire academic year. This time frame gives students plenty of time to work on the issues they identify as important to their leadership development and to reflect on their progress.

Making a Pedagogical Shift

When students take responsibility for their own learning, the role of the professor changes considerably. In a problem-based learning format, faculty still set learning objectives and exam content for their students. However, rather than act as authorities who answer students’ questions, they instead provide the resources for students to use to answer those questions on their own. Rather than take control of each class, they manage the class tutors to ensure that all student groups study similar issues and meet the same learning objectives. To be successful in this kind of educational setting, faculty must possess knowledge on group and personal dynamics and self-awareness, as well as knowledge on a specific academic topic.
To help new and existing staff learn to work in a problem-based context, our school employs training programs developed by the Faculty’s Education Research and Development department. At the start of their program, students also receive training about their responsibilities in a PBL context, which include providing feedback, chairing meetings, and adopting the role of the tutor. This preparation helps us create a culture where evaluation and reflection, not evaluation and appraisal, go hand in hand.

New faculty members, especially, often find this shift confusing. One professor noted that, at first, he felt as if his knowledge was not being sufficiently tapped during his students’ group meetings. Another noted that she nearly “bruised her tongue by biting it so often,” when she felt group discussion was going in the wrong direction.

However, as they learned new teaching skills and reflected on their classroom experiences with their colleagues, they realized the value of problem-based learning. They were amazed to discover that even when it appeared a discussion was going in the wrong direction, students somehow still found the right answers themselves. In the PBL process, our faculty also learn to use their expertise differently—they learn to meet student questions with more probing questions, rather than to immediately provide the answers.

**A Reality Check**

Of course, the program we have designed at Maastricht isn’t the only type of environment that can develop responsible leaders. Many other schools have designed programs that also address ethical issues in a leadership context, and these programs can vary widely. Even in our school, where the dominant pedagogy is PBL-based, not all faculty believe that the development of self-awareness and attention to interpersonal interaction should receive the same emphasis in the curriculum as academic content. Such diversity of thought is part of the richness of the academic environment.

Still, it’s of crucial importance that business schools make available to students a sufficient number of courses that address their personal and emotional development and allow them to adopt attitudes that suit responsible leaders. It is just as important that business schools offer faculty the opportunity to train in these areas. Different subjects in the business school might require completely different teaching pedagogies when it comes to addressing students’ leadership development. By taking a variety of approaches into account, business educators and administrators also adopt the attitude of responsible leadership.

Given these opportunities, business faculty will have a clear and straightforward answer to the question, “What are you doing to prevent unethical conduct in business?” They can describe the ways they and their students don’t just talk about responsible leadership—they act on it.

Mariëlle Heijltjes is a professor of managerial behavior and teaches organizational behavior and leadership at Universiteit Maastricht in the Netherlands.
Successfully running a business school requires balancing so many imperatives that even the short list is impressive. Administrators must fine-tune the curriculum, keep up with business trends, raise funds, upgrade facilities, maintain quality programming, worry about rankings, recruit faculty—and, while they’re at it, make sure their students are learning what they need to know.

It’s difficult to cover all these topics in depth, but a quick look at ways to manage three key factors offers helpful insights and strategies. Phyllis Zadra recounts Baruch College’s long journey toward assessment and the lessons other schools can learn from its travels. Jeffrey A. Mello of Barry University examines the best ways to recruit adjuncts and make them loyal, productive participants of the faculty. And Ruth Guthrie and Louise Soe of California State Polytechnic University of Pomona urge schools to strive for a mature attitude toward accreditation so that the high quality standards achieved when schools attain initial accreditation continue to affect everyday operations.

All administrators and many faculty will encounter these three A’s of business school management. With a little assistance and a positive attitude, they’ll find their handling of such issues can be letter perfect.
Assessment
The Long Road

Embarking on a lengthy journey to learning assessment, Baruch College finds the way rough but the destination worthwhile.

by Phyllis Zadra

The road to learning assessment winds over rocky terrain that can leave travelers weary, confused, and frustrated. But the end of the journey offers a glorious reward: faculty who are energized by a sense of shared purpose and students who have demonstrably mastered critical business skills. At Baruch College’s Zicklin School of Business in New York City, we started out on our journey more than eight years ago, and we’re still on the road. But every step we take makes our school stronger and prepares our students better for the working world.

It’s still amazing to me how far we’ve come. In 1999, when I joined the Zicklin School, there were no conversations about teaching and learning environments or assessment metrics. There were general assumptions that faculty were teaching challenging material and that if students could not pass the courses, they either would not or could not do the work.

One of my first assignments was to review our micro- and macroeconomics courses. I found that faculty were using 11 different books and sharing no common syllabus for the 12 microeconomics sections. Math prerequisites for the courses were unclear. Instructors ranged from senior tenured economists to Ph.D. students. Class sizes varied from large lectures with 300 students to sections with 40 students. When I analyzed grades for the 1,300 students registered in microeconomics that fall, I found that more than 45 percent had received a D or an F or had withdrawn from the course.

The ensuing revision of the introductory economics courses was pivotal. It taught me that our faculty were not only desperate to consider issues of teaching and learning, but also hungry for leadership to focus these efforts.

Beginning the Journey
It became even more important to focus on teaching and learning when AACSB International officially approved the concept of Assurance of Learning as part of its new standards in 2003. Schools undergoing re-accreditation in the following few years could choose to be evaluated under either the old or new standards. As Baruch prepared for its spring 2005 re-accreditation visit, we elected to be judged under the new criteria.

This meant we first had to articulate learning goals for the undergraduate and graduate programs, and then we had to develop direct measures of student learning to assess those goals. By early 2004, the undergraduate curriculum committee had drafted eight learning goals for the BBA, and these were unanimously approved by the Zicklin faculty. Two learning assurance committees were then formed to determine how to measure student learning at the graduate and undergraduate levels. As the associate dean for undergraduate programs, I headed the BBA committee, which...
We had to reassure faculty that assessment was not a backdoor method for evaluating teachers, nor would assessment results be used to punish students.

included representatives from each major or department, the coordinator of the BBA’s capstone course, and an executive from the business community.

I have vivid memories of our first committee meeting in November 2004. The other associate dean and I had to explain why course grades did not provide satisfactory assessment data and what other methods we could use to assess learning goals. We also had to reassure faculty that assessment was not a backdoor method for evaluating teachers, nor would assessment results be used to punish students. One of the members said flatly, “If you want the students to learn more, then pay the faculty more!” Clearly, we needed to educate the faculty about assessment before we had any chance of achieving our goals.

To prepare for our next meeting, committee members were asked to elaborate on the definitions of the learning goals. The members brought copies of materials they thought were relevant. We were inundated with paper. An undertaking that I thought could be outlined in a few meetings began to look like a project without end.

**Slow Progress**

Eventually, the committee focused on the oral and written communications skills that BBA graduates should possess. To help us, we brought in “outsiders” from Baruch’s Bernard L. Schwartz Communication Institute and Communication Studies Department. It was soon clear that many of the business faculty had never thought about how to improve basic communication skills, even though we knew most of our students were not particularly good writers or speakers.

We began with oral communication. By spring 2005, we created a 12-item checklist that outlined the essentials of a good oral presentation and a three-point scale to rate them. Items were scored either as: 1—below expectations, 2—meets expectations, or 3—exceeds expectations.

Two members of the BBA Learning Assurance committee worked with the Schwartz Communication Institute to develop scoring criteria. We gathered pilot data from business policy classes, where students were required to make oral team presentations. We created three-person evaluation teams consisting of one outside faculty member, an outside executive, and a Schwartz Communication consultant.

Pilot assessments showed that most students barely met or were below expectations. One evaluator commented that the presentations would improve if the assignment itself were more clearly focused, and the course supervisor conveyed this to the instructors. Thus, the assessment exercise immediately had an impact on the curriculum.

**Finding Roadmaps**

During the spring of 2006, we eventually collected oral assessment data on 101 students who made oral presentations in 12 different business policy sections. After the BBA Learning Assurance Committee compiled the results, we recommended the following actions for the Zicklin school:

- Increase opportunities throughout the undergraduate curriculum for students to make short presentations and receive feedback on them.
- Map the curriculum to find out exactly what opportunities existed for students to develop oral communication skills.
- Provide instruction to faculty and students about how to improve specific oral communications skills, such as speaking clearly and maintaining eye contact.
- Set the goal of having 30 percent of the ratings exceed expectations in every category, with no more than 10 percent of the ratings falling below expectations for the next assessment in three years.

**New Paths**

We followed similar strategies as we addressed learning assessment in written communication, analytical and technological skills, and civic awareness and ethical decision making. Each learning goal has required a somewhat different approach.

When we assessed written communication, we sought the input of faculty from the Writing Center to learn more about writing techniques. We also held freewheeling discussions on issues that faculty had not talked about in any form, such as whether we helped our students when we accepted lesser proficiencies in English.

When we assessed analytical skills, we decided we had to embed the assessment in an assignment that would be a learning experience for the students while providing a product that could be evaluated by our teams. We ultimately settled on a broad-based case study that allowed students to demonstrate their ability to understand issues, consider solutions, and prioritize them.

We have recently turned our attention to assessing the next learning goal, “civic awareness and ethical decision making.” Again, we first needed to define those terms in the context of our undergraduate curriculum. We recruited our law department representative to head this initiative. Concurrently, representatives from our economics, CIS, finance, statistics, and accounting departments have joined forces to consider the statistical and spreadsheet skills BBA graduates need to
succeed in the workplace. This draft will propel us toward defining and measuring technological skills. The process will continue as we work our way through all eight of the BBA learning goals.

The Journey Never Ends
At the Zicklin School, I’ve seen remarkable side benefits to the assessment journey. Conversations about curriculum, teaching—and, most important, student learning—now occur frequently. Assessment concepts have seeped into the college culture. We have become a school that is centered around student learning. The rewards have been numerous, but three stand out:

1. Assessment has provided common ground for curricular discussions. I assume that such conversations are sorely needed in all institutions. Administrators who want to start such discussions at their campuses should find a diverse and reasonable group of people and encourage them to start talking.

2. The process, the discussion, and the camaraderie engendered by our assessment process have brought about a sea change in faculty attitudes. Faculty are upbeat about what is possible in the classroom and what their responsibilities are in regard to student learning. We’ve found that it’s important to publicize the progress the school is making so that faculty can learn from and support each other.

3. Our assessment program is constantly expanding and improving. As the Zicklin faculty continue to be thoughtful and creative in considering assessment, our attitudes about student learning become even more refined—and more embedded in our school’s culture.

Still, it hasn’t been easy. Based on our experience, I would say that embedding assessment into the culture of the campus is a mammoth undertaking. In our case, I’m not sure we could have been successful if the new AACSB standards had not created the urgency for us to focus on learning as well as teaching. Expectations imposed by external agencies can serve internal purposes.

The assessment journey can be a long and arduous one, but the destination makes the travel worthwhile. Because of our assessment efforts, we feel more confident that our students are prepared to enter the working world. We are clarifying what we want to teach them and discovering what they’ve learned. The winding road to learning assessment has led to a better education for Zicklin students.

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Adjuncts Groomed for Success
Adjunct faculty are making up more and more of the b-school roster. It’s up to administrators to ensure that adjunct faculty are as good as they can possibly be.

by Jeffrey A. Mello

Few business schools could successfully deliver their programs without the aid of adjunct professors. These part-time, temporary instructors are generally drawn from the ranks of business executives, bringing a fresh perspective to the classroom. They also offer administrators a great deal of scheduling flexibility and a chance to cover new topics in the curriculum. And because they’re usually paid by the course and accrue no benefits, adjuncts are less expensive to employ than full-time research faculty.

As the doctoral shortage worsens, schools are likely to rely even more on part-time instructors. Indeed, changes to AACSB’s standards now allow schools to classify many adjuncts as professionally qualified (PQ) faculty and use PQ professors for up to 50 percent of their undergraduate “faculty resources.” These changes make it easier for business schools to bring adjuncts on board—and make it critical that administrators understand the best ways to recruit, deploy, and reward adjunct professors.

Finding the Best
Administrators who want to utilize more adjunct faculty need to hire top-notch individuals who will be committed to the school’s mission, and the effort begins with recruiting. One way to identify likely candidates is to network at meetings of professional academic or practitioner organizations, such as the Society for Human Resource Management or the American Marketing Association. It’s also useful to attend meetings sponsored by alumni groups.
As the doctoral shortage worsens, schools are likely to rely even more on part-time instructors.

Full-time faculty can aid in the recruiting process by being active in the associations serving their own disciplines and looking out for new teaching talent. Many outstanding adjunct faculty never even think about teaching until they’re approached by a colleague.

Hiring adjuncts with no experience in a classroom is always a little risky—even if they have impressive professional qualifications and an interest in teaching. Such individuals still might make excellent teachers, but it’s critical to gauge classroom effectiveness before offering a contract. One way is to ask applicants to deliver guest lectures at the school, so administrators can judge their ability to run a classroom and interact with students. Candidates will find that guest lectures offer them a realistic job preview as well—and, if they’re effective, these opportunities can boost their confidence before they accept the position.

**Developing the Talent**

Because adjunct faculty are frequently hired to plug teaching gaps, and most are hired on a semester-to-semester basis, the majority are left to succeed or fail on their own. Rarely are they afforded opportunities for development or integration into the department.

Administrators can take several commonsense steps to ease adjuncts into the business school, such as walking them around campus, introducing them to full-time faculty, and providing a handbook that covers parking, library hours, and technological resources. It’s also necessary to cover departmental policies regarding class cancellations, evaluations, grade rosters, and grade submissions.

Even more important, however, is to assign each adjunct a mentor from the full-time faculty, particularly one who currently teaches or has recently taught the course the new professor will handle. It’s even better if the adjunct can come to campus during the previous semester and watch the professor teach the course—and perhaps even deliver a guest lecture.

If adjuncts have no teaching experience, they might find it useful to ask for an informal evaluation by students sometime after the fifth week of the course. This can give teaching novices enough feedback to adjust their approaches in the following weeks to make sure students are pleased with the course. Classroom visitation by a peer or mentor can also provide important early feedback.

Over and above monitoring adjuncts’ teaching success, administrators can make teaching more rewarding for adjunct faculty by stressing their value to the college, actively acknowledging their contributions, and perhaps even promoting team teaching opportunities between adjuncts and full-time faculty. An institution that truly values its adjunct faculty might go even farther, by offering adjuncts seminars to help them improve their pedagogy, funding travel to conferences, or paying for professional organization membership or professional certification. Simply asking adjunct professors what they need to be more effective might turn up more targeted development ideas—and offer a motivational lift. If administrators invest some time and effort, they’ll find that adjuncts are valuable assets that produce significant returns.

**Strengthening the Commitment**

Both school and faculty benefit if adjuncts pursue professional accreditation and improve their teaching skills. Remember that, to maintain their professionally qualified status in AACSB’s estimation, these individuals must participate in continuous development activities over five-year cycles. These activities include maintaining an active consulting practice;
serving on a board; publishing in academic, professional, or trade journals; or continuing an “active role of significance in a business enterprise.”

For most adjunct faculty, the most obvious of these choices is to continue their roles as business executives. Because few adjunct faculty are interested in becoming full-time academics, most feel more loyalty to their professional careers than to the schools that hire them part-time. That’s why administrators should seek ways to integrate these executives into the life of the school and make them feel good about their contributions. Administrators can help adjuncts bond more closely with the university if they:

- Include them in department communications, meetings, lunches, and other events. Administrators should particularly seek their input during discussions about teaching. Because adjuncts usually aren’t putting energy into research and service activities, they often are more focused on teaching and student needs than full-time faculty can be, so they have a great deal to offer on these topics.
- Give them office space, even if they have to share it, so they feel like they belong.
- Ask them to share their professional experience by giving presentations, acting as resource guides, or providing industry contacts for the full-time faculty.
- Recognize them through annual teaching awards handed out to adjunct faculty—or include them whenever faculty are being considered for such awards. This kind of attention will help adjuncts develop a real sense of connection to the university.

**Ultimate Payoff**

Because their professional experience complements the academic strengths of tenured research faculty, adjuncts can be vital components in a school’s efforts to achieve its mission. As the competition for qualified faculty becomes more intense, outstanding adjuncts with successful teaching experience may be courted by a number of eager schools.

However, adjuncts aren’t in it for the money; they’re teaching because they want to share their knowledge. If they’ve developed a deep connection to one school, they’re unlikely to be tempted away by better salaries. Administrators who treat them well and manage them as critical assets will find that their adjunct professors are loyal, productive, and insightful members of the faculty team.

Jeffrey A. Mello is associate dean and professor of management at the Andreas School of Business at Barry University in Miami Shores, Florida.

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**Accreditation Achieving Maturity**

Schools should strive to integrate the lessons of accreditation into their ongoing operating procedures.

by Ruth Guthrie and Louise Soe

When a business school is preparing for initial accreditation, the whole faculty pulls together to make sure the school meets the standards of necessary quality. Once this milestone is achieved, however, sometimes faculty and administrators relax and revert to their traditional operating levels. It’s far better for schools to aim for “accreditation maturity,” which can serve as both an outlook and a strategic plan as they work to maintain accreditation-quality standards in all their daily operating procedures.

Schools can track and improve their accreditation maturity by consulting a Capability Maturity Model (CMM), a tool originally developed at Carnegie Mellon’s Software Engineering Institute to help the government assess a vendor’s ability to deliver work to a certain standard. Vendors that had achieved a Level 3 CMM rating were eligible to receive a government contract. In this article, the CMM model has been adapted to track accreditation maturity among colleges.

The CMM system shows schools where they stand on five possible accreditation levels. At Level 1, schools follow an ad-hoc approach to delivering education. At Level 2, schools have developed repeatable key practices, but these do not inform improvement. At Level 3—which we consider the minimum level for accreditation—key practices are defined and actively maintained by the college faculty. At Level 4, the college manages key practices with quantitative data. At Level 5, the optimum maturity level, the school continually assesses and improves key practices.

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Jeffrey A. Mello is associate dean and professor of management at the Andreas School of Business at Barry University in Miami Shores, Florida.
Developing a tiered view of process improvement gives administrators a way to keep their faculty’s enthusiasm at the same level that it was during the initial accreditation stage. It helps them maintain focus and sustain their accreditation over time. In addition, the CMM approach reduces staff anxiety. Because faculty know what level the school has attained, they can discuss what issues they still need to address without resorting to any of the negativity that sometimes accompanies accreditation or re-accreditation efforts.

Even schools that follow the CMM method might encounter several obstacles to accreditation maturity:

Dean turnover. When a college of business hires a new dean, continuity between old and new processes is often lost. The strategic planning, action items, and goals are sometimes forgotten; and even if the mission stays the same, processes for achieving it sometimes are abandoned. If a new dean is hired every five years, it’s difficult to maintain systematic strategic planning processes to meet objectives. Instead, processes are reinvented, and the maturity level remains the same.

AACSB director turnover. Many universities ask a knowledgeable senior faculty member to assemble the accreditation committee and meet with the visiting team. If the faculty member returns to the classroom after the visit and the re-accreditation responsibilities are taken up by someone else, continuity and knowledge can be lost.

Committee turnover. Business schools expect faculty to serve on many key committees, such as those overseeing curricula, strategic planning, and assessment. Individual faculty may store reports, minutes, and e-mails on their computers, and this knowledge and institutional memory can be lost when committee membership changes.

Faculty reluctance. Professors who know how much time and effort are required to serve on an accreditation committee might be unwilling to serve on a re-accreditation committee. In addition, such a role might not seem urgent to them if another visit is several years in the future, so even if they accept the assignment, they may put most of their attention elsewhere. At the same time, many faculty are not interested in accreditation. They perform student assessment daily but are reluctant to discuss program assessment, particularly if it affects discipline distinctions or steps on anyone’s toes.

Poor technology. Compiling accurate information about budgets, strategic management requirements, and assurance of learning targets is a labor-intensive process. Schools can buy commercial software packages that manage this information, but it still takes labor to key in the continually changing data. If administrators don’t know what information they need or how to use it once they’ve captured it, data collection won’t improve decision making or shed light on process improvement.

Gaining Maturity

To move a college toward accreditation maturity, it’s essential to build an institutional memory and an experience base so that the whole school is working to maintain and improve key practices. It’s also essential to realize that accreditation should be a long-range, ongoing project, not
a yearly assignment. To achieve accreditation maturity, schools should follow these five actions:

**Involve all faculty in accreditation committees.** While it seems like a good idea to load the accreditation team with associate deans and department chairs, such a structure misses a chance for shared governance. A team comprising mostly faculty encourages a sense of ownership, safeguards against personnel turnover—and ensures that accreditation is part of the organizational structure. Such a committee also creates liaisons to departments and dispels misconceptions about accreditation.

**Focus on what the school already does well.** Don’t assume that operations must be completely revamped if the school is to achieve accreditation. Look for existing key practices and map these to the accreditation standards. Areas that are not mature will become apparent and can be improved.

**Take advantage of technology.** Instead of relying on informal e-mail communication, invest in a mechanism such as an electronic project library to store all data relevant to the accreditation process. Such a tool enables a school to build a searchable database of reports and correspondence and allows faculty and staff easy access to accreditation information. In addition, whenever it’s practical, use Web-based automated processes and data collection to store information on curriculum changes, meeting minutes, and action items.

**Formalize training about accreditation.** Design a professional training system to give all faculty and staff, including new hires, a consistent level of understanding about accreditation efforts.

**Focus on the goal, not the individual.** Identify weaknesses in key practices, but don’t focus on who was responsible for the weakness. Instead, develop action plans to improve the process—and if the first approach doesn’t work, try another one. People will be more eager to embrace change if the goal is not punishment for something they’ve done wrong, but process improvement for the school.

**Higher Goals**

A school with a mature accreditation rating finds an AACSB accreditation visit is just that—a visit. There is no frenzy before the team arrives as staffers collect reports about achieving mission statements and establishing infrastructure. The accreditation team simply shows up on a certain day, meets with the required groups, and looks at existing documents.

If business school administrators allow the energy and focus that preceded the initial accreditation to dissipate, they’ll only make the re-accreditation process that much more difficult. They need to lift their schools into the mindset of accreditation maturity, so that excellence becomes the baseline of school operations.

Ruth Guthrie and Louise Soe are professors of computer information systems at California State Polytechnic University of Pomona.

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*Forbes recently ranked the Rollins MBA 37th nationally out of over 400 AACSB International accredited programs and in the top 20 of all private universities for its ability to provide outstanding return on investment. Mykl, like many of our accomplished alumni, is a testament to what you can do with the essential business skills delivered by a Rollins MBA. For 50 years, the Crummer School has earned its title as Florida’s Most Prestigious MBA by bestowing upon students the skills to lead the nation’s most successful companies with greater vision and integrity.*
Once, when a company wanted to hire the best and brightest, it would send recruiters to the b-school campus each spring to meet the latest crop of soon-to-be graduates. To get back to its b-school roots, it might send its executives to visit the dean, speak to a class, or attend a luncheon. And to keep its workforce well-trained, it might enroll its managers in an executive program. Still, there were two distinct worlds at work—academia and enterprise operated, in large part, independently of one another.

Today, the stakes are higher. Companies face mounting global pressures, complex business problems, and concerns about sustaining the pipeline of top talent; business schools must keep up with swiftly changing business realities and bring them into the classroom in real time. Both sides are coming to the same realization: They can’t go it alone.

“The blend of the corporate sector and the business school curriculum has always been important, but today it’s doubly important,” says Andy Policano, dean of the Merage School of Business at the University of California, Irvine. “The global context makes the interaction between the business school and corporations more critical.”

As many business schools have discovered, the old rules often don’t apply in this new world of corporate relations. To build thriving links with the corporate community, b-schools have shifted their focus from fund raising to refining best practices in corporate relationship building. Each new approach is designed to help schools form tighter, more synergistic alliances with top business leaders and bring more corporations into the academic fold.

**RULE 1: Know What Companies Want**

Companies essentially have a short list of general concerns when they join forces with a business school: recruitment, branding, training, networking, and discovering the latest innovations in business. Their specific concerns, however, can be as varied as the businesses themselves. One company may need to develop a more entrepreneurial workforce or a more robust IT infrastructure, while another may want to expand into new global markets or manage large-scale change.

Understanding and meeting an organization’s individual needs are at the heart of a successful corporate connection, says Jean-Marie Hennes. As president of the HEC Foundation, the corporate relations arm of HEC Paris in France, Hennes emphasizes that developing a tailored approach to the needs of individual companies has become an essential way to woo their interest. Some companies may even want to work with a business school to develop programs targeted to their own industries.
“A real estate company may need more managers, so its representatives may ask a school to help develop courses in real estate management,” says Hennes. As long as they make sense within a school’s larger mission, such specialized efforts can go a long way toward establishing friendships between corporations and universities, he emphasizes.

And although playing favorites may be frowned upon in other arenas, it can be a vital part of a successful partnership between a business school and a corporation. “We must treat our corporate partners like clients,” says Hennes. “Every one of them must be under the impression that they are unique.”

Customization is at the heart of the mission of IMD’s Corporate Learning Network in Lausanne, Switzerland, says its director, Paul Hunter. Once a company joins the network, it receives an initial visit from IMD staff to find out what its executives hope to gain from membership. Next, the school sets up a customized learning online portal containing information and research that targets those needs, explains Hunter.

“If the company is particularly interested in change management, for instance, we will design its portal that month to offer information on that topic,” he says. Companies use their IMD portals for training and brainstorming sessions.

The MIM Program: A Corporate Gateway to Business Education

When the Netherlands-based ING Group needs to hire, it doesn’t have to look far. As a member of the Community of European Management Schools and International Companies (CEMS), the company is a partner with not just one European business school. It’s a partner with the 16 other full academic CEMS members in Europe, nine associate academic members in non-European countries, and 53 corporate members.

For a long time, many academics simply didn’t understand “what corporations had to say,” says Marina Eloy, head of human resources for ING Group. “CEMS makes it easy for us to keep in regular contact with academics, so we can help them understand what’s important for corporations. As a result, academics are becoming more open to what we need than they used to be. CEMS has built bridges between many corporations and different universities across Europe. It’s a big plus for us.”

Founded in 1988, CEMS was designed to open an international, mutually beneficial educational exchange between academics and corporate leaders, explains Catherine O’Sullivan, its corporate relations manager. “CEMS provides corporations a gateway to a specific population of students and faculty—a population that’s more mobile, multilingual, and internationally minded,” she says.

Full academic members are chosen by invitation—only one full member is admitted from any single country—and pay €8,000 a year for membership; corporate members pay €20,000 a year. Although CEMS originally focused its efforts in Europe, the organization is now expanding to become a global organization. It recently accepted associate member schools from Australia, Brazil, Canada, China, Mexico, Russia, Singapore, and the United States.

“Many corporations don’t have a footprint in some of the markets we’re in,” says O’Sullivan. “Through their membership, they can gain visibility in all of those markets and build their brands without plunging into multiple relationships with schools in each of those markets.”

One of the cornerstones of CEMS activities is its one-year Masters in Management (MIM) program, which accepts more than 580 students each year. In the MIM program, each student spends the first semester at one university and the second at another member school in a different country. CEMS corporate members are involved at every stage, from student selection, to course assignments and competitions, to internships and capstone projects.

Corporate representatives have direct input in the selection process—and, consequently, in the quality and profile of MIM students. They evaluate students based on their academic skills, international mindsets, and desire to achieve. For example, at Erasmus University’s Rotterdam School of Management, the CEMS member school in the Netherlands, MIM candidates are selected, in part, based on their performance on business cases provided by corporate partners such as ING Group, Shell, and Randstad Holding. To be selected for the MIM program at the Stockholm School of Economics, the CEMS member school in Sweden, candidates must impress corporate partners during a two-day assessment.

Once students begin the program, CEMS corporate partners continue their input. They send representatives to present
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The CEMS Career Forum is an annual event exclusive to CEMS students, alumni, and corporate partners.

guest lectures, provide real-life cases, and design and judge competitions. They also provide one-day modules on a variety of topics, such as branding, negotiating, communicating, and working in multinational environments. Indesit Company, an Italian appliance manufacturer, talks to students about branding; Procter & Gamble holds a module on creative problem solving. “Essentially, the companies adapt training modules that they would use in their own corporate universities or graduate training programs to CEMS courses,” says O’Sullivan.

In the second semester, students form international teams to complete consultancy projects that comprise about 50 percent of their semester’s workload. Students receive an academic coach from the business school and a corporate coach from the CEMS corporate member that provided the project. Then, to finish the year, students complete internships at CEMS companies. By the time they graduate, MIM students have been exposed to—and trained by—many companies in the CEMS network. It’s no wonder that most of the program’s graduates take positions at CEMS partner companies.

The ongoing objective for CEMS is to provide opportunities to network members that they could not access as individual institutions or companies. O’Sullivan says that her biggest challenge is to maintain the network’s relevance to both its academic and corporate members. “We don’t want to fall into the trap of acting purely as service provider,” she says. “We must bring together people from two very different worlds. CEMS provides a platform for constructive exchange that’s profitable and productive for everyone.”

to help them get particular projects off the ground. At the company’s request, IMD will also send e-mail reminders to employees to let them know when new material is available.

Likewise, when the Merage School wanted to strengthen its ties to the corporate community, its administrators first wanted to know how to customize their efforts. So, they embarked on a comprehensive study of the industries in the region. The study pinpointed five primary industrial sectors: real estate, investment and wealth management, healthcare, information technology, and entrepreneurship. The school then identified the major business leaders in those sectors and arranged to meet each one.

“We asked all the leaders to tell us about their particular challenges, and then we explained what we could do to help them meet those challenges,” says Policano. When it comes to corporate relationships, he says, his business school thinks of itself as an HR firm that provides not only talent, but also consultants, research studies, and training meetings tailored to suit an individual corporation’s needs.

“If you’re visiting a corporate leader, you have to be thinking like the person on the other side of the desk. You need to know what he wants before you even enter the door,” he adds. “That’s why we focused on five industries. We wanted to be able to approach someone in the healthcare industry and say, ‘Here’s exactly what we can do to help you.’”

RULE 2: Think Partners, Not Donors

Many schools, including the Merage School, HEC, and IMD, do not use the phrase “corporate donor” when they describe their outreach programs. Instead, they opt for the phrase “corporate partner.” The former implies a one-time transaction; the latter, a long-term, exclusive relationship. In fact, corporate partnership programs—in which companies pay a membership fee to a business school, usually on an annual basis—are quickly becoming the norm. “We don’t have corporate clients; we have learning partners,” says Hunter of IMD. “We believe we can learn much from each other.”

Both parties enjoy the reciprocal nature of the arrangement, says Hunter. For instance, companies can join IMD’s Corporate Learning Network at one of two levels. They can pay one membership fee to join as full learning partners with complete access to all of IMD’s research and academic resources as well as a seat on IMD’s foundation board. Or, they can pay a lower membership fee to become business associates and enjoy more limited access.

Creating a synergy between the school and the corporate community is essential for a business program, agrees Jette
Ryttergaard, director of corporate relations at Copenhagen Business School in Denmark. Its program, CBS Connect, invites companies to subscribe to its network for €80,000 every three years. In return, these companies receive a range of support services from the school’s corporate relations office, such as exclusive career fairs, advisory board participation, and direct access to and involvement in school research.

“We have gradually adjusted our corporate partnership package to match the needs and wishes of participating companies, both to support our current partners and to attract new ones,” says Ryttergaard.

To become a corporate partner of the HEC Foundation, companies pay €75,000 a year or €350,000 a year, depending on the level of engagement they desire. Hennes notes that French corporations want to know exactly what they’re getting for their corporate membership. The foundation makes sure its corporate members become part of the governance of HEC Paris, serving on the school’s committees for teaching, research, or communication.

“They really have the power to decide how we use their money,” says Hennes. “If they’re financing an endowed chair, it’s not enough for them to see their name in the chair’s title. They want to be a part of the class. You’d be surprised at how many executives in France want to teach in the classroom.”

**RULE 3: Create Multiple Points of Involvement**

Once business schools sign a new corporate partner, their next challenge is to create an array of opportunities for companies to engage with students and faculty. Increasing the frequency of such interactions between businesses and business schools is a high priority at CBS, says Ryttergaard. For example, CBS recently introduced weekly individual career counseling meetings between students and corporate partners. Ryttergaard also has launched a monthly e-newsletter that shares with corporate partners the latest research and courses from CBS faculty, inviting their involvement where their expertise may apply.

IMD’s Corporate Learning Network includes an integrated network of opportunities for its partners, explains Hunter. For example, every Wednesday, the company creates a 30-minute Webcast that features an interview with a faculty member or guest speaker about the latest research. “Each week, anyone at a partner company can interact live with our faculty and ask a question,” says Hunter. “We typically have more questions come in than we can answer during the 30 minutes, so we answer additional questions afterward by e-mail.” IMD has already created 200 Wednesday Webcasts, and so far, more than 25,000 people across the network have registered for Webcast access. The company also has launched a series of five- to ten-minute podcasts on a variety of business topics.

In some programs, corporate leaders are taking on more active roles in the educational process—they’re not just stopping by for a guest lecture. They’re actually designing courses, competitions, and consulting projects. In some cases, they’re even selecting the students who attend the program. For example, companies take a particularly active role in the Masters in Management (MIM) Program, offered through the Community of European Management Schools and International Companies (CEMS), an alliance of business schools and corporations based in Jouy-en-Josas, France. Representatives of member companies in the CEMS network take the time to coach students individually, speak to them in the classroom, interact with them at scheduled events, and even vet student candidates (see “The MIM Program: A Corporate Gateway to Business Education” on page 50).

“Companies are aware that business schools offer a new way of approaching new talent, one much different from classic recruitment. By taking a direct part in students’ educations, they can show their organizations in a different light and help students become more familiar with their company culture and attitudes,” says Catherine O’Sullivan, the corporate relations manager for CEMS.

CEMS also strives to provide opportunities for corporate involvement that go beyond the academic, says O’Sullivan. For example, the organization includes a student governing body, called the Student Board, which exists to bring together academic and corporate partners to work on “issues that are close to students’ hearts,” she says. This year, students organized a project across the CEMS academic network with the United Nations World Food Program called “Walk the World.” A number of CEMS corporate partners took part, contributing financial or technological support. Petroleum company BP donated €10,500 to kick off the students’ fund-raising efforts. In the end, the Student Board raised €50,000 in this first-time event.

By offering a variety of ways to become involved, a school makes sure that each of its partnering companies will find a niche it wants to fill, says Policano of the Merage School. At Merage, for instance, business leaders can serve on one of five advisory boards or participate in its executive mentor program that matches students with one of 110 executive mentors. It has formed a Senior Leadership Circle, which gives 550 business leaders the opportunity to contribute ideas to the school and network with each other. In addition, the school operates a ropes challenge

“Ultimately, we measure our success by how many people are interested in becoming involved with our school. Our philosophy is to break down the walls of the business school, so that you cannot differentiate where the business school ends and the business school community begins.”

—Andy Policano, University of California at Irvine
course for corporations to help them develop teamwork among their employees.

“Ultimately, we measure our success by how many people are interested in becoming involved with our school. Our philosophy is to break down the walls of the business school, so that you cannot differentiate where the business school ends and the business school community begins,” says Policano. “The key element of our mission is to be an integral part of the engine that drives the growth in this community.”

**RULE 4: Don’t Ask for Money**

Although fund raising is the lifeblood of a business school, it has become a secondary focus for many corporate relations programs. For instance, at CBS, the main function of the school’s five-year-old corporate relations office has gradually shifted from fund raising to providing support and counsel to its corporate partners, says Ryttergaard.

This evolution has been driven, in part, by an extremely competitive recruitment market in Denmark. Companies everywhere now come to business schools not only to recruit new hires and train executives, but also to boost their brands, build their networks, request specialized research, and design courses specific to their needs. The days when the success of a business school’s corporate relations office was measured solely in dollar signs, she says, are largely over.

And that’s a good thing, says Policano of the Merage School, who emphasizes that an increase in corporate donations may be the result of a strong corporate relations program, but it can no longer be the aim. “The last thing we do with a company is ask for money,” Policano says. “We find that companies are eager to help once we have demonstrated our value to them. But the value proposition has to come first; any business school must first earn the right to ask.”

As business becomes more complex and unpredictable, the give-and-take between businesses and business schools becomes all the more important to help both camps keep ahead of the curve. “Because the business community is so complex and so diverse, there is much to learn,” he says. In such circumstances, he adds, “enhancing learning across academia and the business community is much more critical.”

**RULE 5: Build a Network of Leaders**

Perhaps more than anything else, many companies look to business schools to help them expand their networks—of knowledge, talent, and contacts. They’ve developed a critical interest in working through business schools to reach a more diverse, global, mobile, and rapidly evolving business market, says Hunter of IMD. “In today’s world, many business leaders find it difficult to network and interact with other companies on a global scale, which can be a definite handicap,” he says. “Business schools can give them those opportunities to interact.”

Any business school that can provide companies the opportunities of a dynamic and wide-reaching network will benefit from its corporate program, says Hunter. IMD works to build a sense of community throughout its academic and corporate network through a series of one- to two-day “discovery events,” which focus on topics such as entrepreneurship, energy futures, and the markets in China and India. It offers 25 to 30 global forums a year, as well as its annual CEO roundtable, a one-day gathering for CEOs of the more than 180 companies in IMD’s Corporate Learning Network.

Each of these events is designed to bring together members of the Learning Network to exchange ideas and speak directly about the challenges they face. “We want to offer a ‘global meeting place’ for our member organizations, where their employees can interact with IMD’s faculty, talk with people from other companies, and return to their workplaces with a fresh mindset and ideas they can apply immediately,” says Hunter. He adds that many companies send employees to IMD’s discovery events as a reward for a job well done or as an incentive to encourage higher level performance.

CEMS also wants to offer its academic and corporate members more opportunities to learn from and interact
with their peers in its network. For example, the organization plans to provide more benchmarking activities to allow members to see how they compare to each other. Also under consideration is a program in which three member companies in the same industry would work together to create a single, revolving internship; through the internship, business students would have the opportunity to work three months at each company and compare different corporate cultures. At the same time, collaborating companies could gain a different perspective on their shared industry, says O’Sullivan.

“We have built a network of exchange for our members,” says O’Sullivan. “Now we want to launch projects that bring them together and make use of their differences. We want to take what we already do and do it better.”

**RULE 6: Merge the Best of Two Worlds**

Under these new rules of corporate engagement, a b-school’s corporate partners program can unquestionably serve the complex needs of the business community. But its intrinsic value to the business school itself is just as essential, say these administrators. Often, this value can’t be measured on a balance sheet.

For business students to get the best education possible, the business school is “only part of the equation,” says Policano of the Merage School. “The rest of it must come from the corporate community. We have to establish a strong bond with companies, so that they can tell us about the challenges they face and our students can learn about those challenges firsthand.”

For example, Policano notes that, as a result of close corporate relationships, Merage faculty have received data for important research, and its students are granted access to valuable consulting work. Microsoft oversees an annual project for 20 Merage MBAs, while Montpelier Investments runs an annual investment strategy competition that allows students not only to benefit from the learning experience, but also to compete for $100,000 in scholarships. Factor in corporate keynote speakers, advisory council service, and other corporate contributions, and an effectively executed corporate relations program may be among the most valuable assets a business school can have.

Such close corporate partnerships afford a business school a direct line into today’s business challenges, agrees Hunter. “We believe the closer we are to our partners, the better we understand them and the better we can provide them with the information they need for their ongoing learning,” he says. “That’s good for them, and it’s good for us.”

There’s no better definition of a “win-win situation,” say those heading corporate relations initiatives. Successful corporate partnership programs provide more varied learning experiences to students and deliver more qualified graduates to the business community. That synergy helps everyone—schools, students, faculty, and business—maintain a sharp competitive edge in a competitive global market.
CEOs’ Words May Foretell the Future

What CEOs say today may predict how well their organizations innovate tomorrow, according to a study forthcoming in the Journal of Marketing. Three researchers have found that the number of future-oriented sentences that a CEO uses in a company’s annual report can predict its future innovation.

The paper, “Managing the Future: CEO Attention and Innovation Outcomes,” was co-authored by Rajesh Chandy, professor of marketing at the University of Minnesota’s Carlson School of Management in Minneapolis; Manjit S. Yadav, associate professor of marketing at Texas A&M University’s Mays Business School in College Station; and Jaideep C. Prabhu, professor of marketing at Imperial College’s Tanaka Business School in London, England. The researchers studied empirical data collected from the online banking industry over eight years to determine innovation outcomes such as speed of development and breadth of technological deployment.

By counting the number of future-oriented words and phrases in letters to shareholders over this period of time, the researchers were able to predict the level of innovation of that firm up to five years later.

What CEOs say to shareholders can inspire and motivate employees to innovate, the authors say. When a CEO’s attention is focused on internal problems rather than the company’s future direction, employees’ innovation may stall. “The daily pressures from inside the corporation tend to take up the bulk of the CEOs’ time, overwhelming their attention spans,” explains Chandy. “But because the CEO sets the tone and culture, not thinking forward and outside the firm has major consequences for innovation.”

The researchers advise CEOs to direct their attention to the big picture, while letting others take care of the day-to-day problems that can distract CEOs from their true purpose—moving the company forward. “The temptation to focus on fires within the firm may cause CEOs to take their eyes off their jobs,” says Chandy. “A CEO who focuses on the big picture, not the nitty-gritty, will influence the process of innovation and future outcomes of the firm.”

Research on Entrepreneurship on the Rise

While entrepreneurship has been the topic of many courses and much discussion, research into the field has been less pervasive. However, a study by three researchers at the Georgia Institute of Technology’s College of Management in Atlanta has found that, over the last few years, academic research activity on entrepreneurship has been increasing.

Frank Rothaermel, associate professor of strategic management, and doctoral students Shanti Agung and Lin Jiang surveyed the number of academic studies on entrepreneurship in the U.S. over the past 25 years. They found that 173 articles had been published in 28 academic journals by 232 scholars from 1981 to 2005. However, 127 of them were authored from 2000 to 2005. Moreover, 69 percent of these more recent articles were authored by only 65 researchers.

The authors identified four primary research areas of interest in the field of entrepreneurship: the entrepreneurial research university, the productivity of technology transfer offices, new firm creation, and the environmental context for entrepreneurship.

The authors cite several reasons for the increase in research over the last 25 years. The passage of the Bayh-Dole Act of 1980 started the trend, they argue, by providing universities with government funding to patent scientific breakthroughs and spurring the growth of entrepreneurial courses and degree programs. They also point
to the increase in the number and mobility of scientists and engineers, as well as the development of important technological breakthroughs in computing, biotechnology, and nanotechnology.

Rothaermel, Agung, and Jiang conducted the research for the Ewing Marion Kauffman Foundation. To download the full report, visit www.universityentrepreneurshipresearch.com.

Fewer Trade Barriers, Higher Productivity

The elimination of trade barriers between nations could be a boon to productivity, according to a study by two Canadian economics professors.

Daniel Trefler of the University of Toronto’s Rotman School of Management and Alla Lileeva of York University’s department of economics in Toronto looked closely at Canadian companies before and after the enactment of the Canada-U.S. Free Trade Agreement (FTA) in 1989. They found that companies with low productivity levels before the FTA made significant productivity gains after 1989.

Trefler and Lileeva surmise that the elimination of trade barriers created the right conditions for companies to make investments in productivity, innovation, and manufacturing technology related to production and inventory control. In fact, low productivity companies that began to export after 1989 adopted new technology at more than two times the rate of their nonexporting counterparts. As a result, these companies improved not only their productivity but their sales performance in Canada: Their sales improved by as much as 20 percent over eight years.

S
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The Character of Success
Overall, small companies were the big winners, the researchers found. Larger companies that had already made major investments in productivity did not see the same gains as smaller companies that had yet to take the plunge.

Even so, researchers conclude that such higher rates of productivity among smaller companies can lead to higher tax revenues for government, which leads to more money for social programs. These findings indicate that “interprovincial trade barriers should be eliminated as much as possible at home to make the Canadian market as accessible as it can be,” says Trefler. He also advocates that Canada eliminate any technical trade barriers that still exist between it and the U.S.


Racial Bias and Major League Baseball

Pitchers in Major League Baseball may have an advantage when they share the same race or ethnicity as the umpires behind home plate, according to the research findings of Christopher Parsons, associate professor of finance at McGill University in Montreal, Quebec, in Canada; Johan Sulaeman, a graduate student at the University of Texas at Austin; Michael Yates, assistant professor of finance at Auburn University in Alabama; and Daniel Hamermesh, professor of economics at UT-Austin.

The researchers analyzed every pitch in three seasons of major league baseball between 2004 and 2006—2,120,166 pitches in all. They wanted to see whether race played a role in how an umpire called a game.

They found that umpires were more likely to call strikes when they and the pitchers shared the same race or ethnicity. In this case, umpires were .34 percent more likely to call a pitch a strike.

This percentage may seem small—it averages out to less than one pitch per game. However, the researchers argue that one pitch can have huge consequences in a low-scoring game like baseball. In their paper, the authors cite the hypothetical example of a black pitcher facing a Hispanic umpire. In this instance, the pitcher may be awarded fewer close calls, and as a result, change his pitching over the course of a game so that balls become easier to hit. Just one hit can make the difference between a win and a loss.

STUDY BRIEFS

THE DOWNSIDE OF INCENTIVES
Financial incentives intended to motivate stronger performance—such as bonuses and commissions—may have the opposite effect. In a recent article for The Conference Board Review, Jeffrey Pfeffer, professor of organizational behavior at Stanford Business School in California, finds that incentives may actually encourage bad behaviors. For example, Pfeffer cites what happened when officials of the city of Albuquerque, New Mexico, decided to pay trash workers for eight hours of work, even if they finished their routes more quickly. The city hoped the policy would reduce overtime and encourage efficiency. Instead, workers began to miss pickups; exceed speed limits, causing accidents; and overload their trucks, incurring fines. Companies that plan to offer financial incentives to boost performance may do well to consider other options, Pfeffer writes: “Incentives should be used not to drive behavior but instead to provide recognition and share a company’s success with employees.”

NEW ROLES FOR HR
In their Human Resources Competency Study, conducted for the consulting firm RBL Group of Provo, Utah, researchers at the University of Michigan’s Ross School of Business in Ann Arbor identified six core competencies that up-and-coming human resources professionals will need to succeed. They need to perform as credible activists who command respect and have impact; stewards of culture and change who shape corporate culture; talent managers/organizational designers who can find and retain talent; strategy architects who have a vision of the firm’s future success; operational executors who can manage people and serve employees well; and business allies who understand the markets where their companies operate.
The study also found that such bias disappeared in ballparks where the league has installed electronic monitoring systems that check the accuracy of an umpire’s calls. In addition, the researchers also found no bias when a call was critical—when it could result in the batter’s striking out, for instance, or when it occurred near the end of a very close game.

The authors see this research as indicative of subtle discrimination that can have big outcomes in other venues, such as the workplace. “Discrimination affects the outcome of a game and the labor market, determining the pitcher’s market value and compensation,” says Hamermesh. “From an economics perspective, this is troubling.”

If such subtle bias occurs during a worker’s performance evaluations, he adds, it could be incredibly difficult to detect discrimination in other areas. Plus, small occurrences of bias could have a much larger impact on a worker’s career.


The Economic Costs of Climate Change

Climate change in North Carolina over the next 30 to 75 years will have significant economic consequences for the state, according to the new study, “Measuring the Impacts of Climate Change on North Carolina Coastal Resources.” The study was conducted by Germany’s Potsdam Institute for Climate Impact Research and three North Carolina economists: lead author John Whitehead of Appalachian State University

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Indiana University in Bloomington has opened an interdisciplinary Research Center for Chinese Politics and Business, which aims to help scholars and business professionals better understand the complexity of China’s economy and political system. Twelve faculty from IU’s Kelley School of Business, College of Arts and Sciences, and School of Public and Environmental Affairs will engage in the center’s scholarship. The center also will organize lectures, faculty roundtables, conferences, and outreach to business professionals throughout the Midwest.

INNOVATION WINNER
The Association of European Operational Research Societies (EURO) recently recognized three professors for the paper, “Designing Mechanisms for the Management of Carrier Alliances.” The paper was authored by Lori Houghtalen, a professor in the mathematics and science division of Babson College in Wellesley, Massachusetts; Ozlem Ergun, an assistant professor at the Georgia Institute of Technology in Atlanta; and Joel Sokol, an associate professor at Georgia Tech. EURO presented them with its Management Science Strategic Innovation Prize for the study, which outlined the technical and legal challenges associated with integrating information systems of autonomous carriers when they form alliances. It also explored ways to best manage these alliances while ensuring sustainability.

A Slow Journey to Bad Behavior
New research suggests that unethical behavior is often not the result of deliberate fraudulent acts by bad people. Instead, it can happen as a consequence of a gradual decline of ethical standards by individuals in an organization over time, according to Francesca Gino of Carnegie Mellon University’s Tepper School of Business in Pittsburgh and Max Bazerman of Harvard Business School in Cambridge, Massachusetts.

For their paper, “Slippery Slopes and Misconduct: The Effect of Gradual Degradation on the Failure to Notice Others,” Gino and Bazerman conducted four experiments with 330 subjects, who were shown pictures of jars filled with pennies. In each experiment, “estimators” in Boone; Okmyung “Paul” Bin of the department of economics at East Carolina University in Greenville; and Chris Dumas of the department of economics and finance at the University of North Carolina at Wilmington.

Funded by a grant from the National Commission on Energy Policy, the study surveyed the North Carolina counties of New Hanover, Dare, Carteret, and Bertie, which represent a cross-section of the state’s coastline in terms of geographical distribution and economic development. They found that the state’s coastal topography makes it economically and ecologically vulnerable to hurricanes or a rise in sea level.

For example, the study found that a one- to three-foot rise in sea level along this cross-section could cause $6.9 billion loss in property value, and billions more in interruptions to business and tourism, over the next 75 years. By 2080, hurricanes could equate to losses that amount to as much as $157 million per storm event. In that time frame, 14 of 17 recreational swimming beaches in southern North Carolina also could erode completely, unless something is done to prevent it.

The researchers hope that the study will convince policymakers of the need to address the issue of climate change. “The benefits of implementing climate change policy would occur further down the road, which makes them easier to ignore or postpone,” says Whitehead. “We hope this study will fill in some of the gaps in knowledge about this issue.”

The full study is available at econ.appstate.edu/climate/.

UPCOMING & ONGOING

$6 MILLION FOR INNOVATION
The Sorenson Legacy Foundation has donated $6 million to the University of Utah’s Eccles School of Business in Salt Lake City for the creation of an interdisciplinary center for the study of discovery and innovation. Named after medical device inventor James LeVoy Sorenson, the new center will encourage multidisciplinary examination of innovation and discovery as the primary tools in progress and economic development. The Eccles School will name a Chair of Discovery and Innovation Studies to direct the center’s research. In addition, the center will sponsor the Tech Titans Innovation Challenge, a statewide student idea and design competition.
offer different estimates for the amount of money in the jar. The subjects were asked to play the role of “approvers,” accepting or rejecting the estimates. Subjects were also told that they and the estimators would be paid more for higher-approved estimates. However, they risked a penalty for approving exaggerated estimates.

In some of the experiments, estimators changed the amount of their estimates abruptly; in others, their estimates increased gradually. Individuals were more likely to approve very high estimates if estimators built to them gradually, rather than making the leap all at once.

The researchers believe these findings support the conclusion that fraudulent behavior can often be blamed on employees’ failure to notice the gradual erosion in an organization’s ethical environment—not on deliberate attempts to defraud.

“We find that individuals are more apt to engage in unethical behavior when it falls along a slippery slope, because they aren’t aware that it’s happening,” Gino says. She draws an analogy to “boiling frog syndrome,” which holds that frogs will hop out of boiling water, but will slowly cook to death when placed in cool water that is gradually heated.

The best way for companies to combat this tendency is to focus less on changing the behavior of individual employees and more on changing the organizational factors that feed these types of gradual breakdowns. “Companies must clearly and consistently communicate ethical standards to employees and strive to create a culture where there’s a commitment to doing the right thing,” Gino says.
E-Learning Tools Deter Cheaters

Cheating scandals and studies that show levels of cheating among business students have put business schools on the ethical defensive. It doesn’t have to be that way, say Anthony Catanach and Noah Barsky, associate professors of accounting at Villanova School of Business in Pennsylvania. If business schools want to stop cheating, they have the perfect tools at their disposal: course management systems and e-testing.

Catanach and Barsky have found that today’s course management systems offer a number of technologically based tools for test administration that work to deter cheating and improve learning. One of the best features, they say, is the creation of randomized tests for each individual student, which students complete on computers.

Using the Blackboard system, Barsky and Catanach have created a large database of questions for their accounting tests. Each question is categorized by type, including multiple choice, true-and-false, and calculation; thought process required, including memorization and critical thinking; level of difficulty; and learning objective.

“If I want to test my students on a certain type of question, I can simply design a test that pulls questions at random from the appropriate question pools,” Catanach says. “Each student takes a test that includes different questions and content, but that covers the same material.” Course management systems also allow professors to scramble the order of choices on multiple-choice questions or change the numbers in a calculation question for each test taker. Even if students are sitting side by side as they take the test, CMS technology offers professors “a huge element of control,” says Catanach.

Catanach and Barsky also set up tests so that students cannot view more than one question at a time, nor can they go back to questions they’ve already completed. As a result, students working at different speeds will be at different points of the test at any given time, thwarting attempts to read the answer to a particular question off another student’s computer screen.

Some may argue that such a format puts students at a disadvantage because they can’t go back and check their work. Catanach and Barsky address this criticism by allowing students to take any test twice before locking in a final grade. This policy gives students the chance to know the types of questions on the test and work on any weaknesses before a second try. “The second test isn’t the same quiz, but it includes the same type of material,” Catanach says. “That alleviates a lot of problems.”

Catanach and Barsky cite other advantages to using CMS tools: E-testing systems tabulate grades and provide student progress reports instantaneously. Other features of course management systems, such as video and podcasts on course content, not only save professors time in the long run, but also enhance their students’ learning experience overall.

The professors recently conducted a study to show how the advantages of e-learning tools significantly outweigh the initial time faculty must invest to learn the systems and upload content.

“When we surveyed accounting students in classes that used e-learning tools liberally, 87 percent noted that e-learning improved their overall learning experience,” says Catanach. Although e-learning and course management systems must be used consistently and in conjunction with a robust university technology program, say the professors, such tools not only streamline test administration and grading, but also reduce—or even eliminate—opportunities for students to cheat.

New Networking Portal Keeps Students Connected

Bentley College in Waltham, Massachusetts, is tapping the growing popularity of online social and professional networks to add a new tool to its career services offerings. The college recently launched FalconNet, one of the first student-to-student, student-to-alumni, and alumni-to-alumni career networking portals.

FalconNet was created through a collaborative effort between Bentley’s management information systems and marketing teams, as well as Harris Connect, an alumni and membership services company based in Norfolk, Virginia. In addition to
providing information on jobs and internships, the online networking community allows students to set up their own home pages. There, they can describe accomplishments, experiences, and career objectives, in the same style as pages on popular social networking sites such as MySpace and Facebook.

Users can search for classmates or alumni by employer, field, or interests. Such connectivity is incredibly valuable to students in their job searches, says Caitlin Blasco, Bentle-ley’s director of undergraduate career services. “If a student has an inter-view for an internship at Deloitte & Touche, he can contact other Bentley students who have interned there to find out what the interview process is like and what kind of responsibilities they had,” she says.

Like other online social networking sites, FalconNet enables students to expand their social and professional networks. But it also helps the school continue to interact with its alumni. The connection FalconNet will provide between Bentley and its alumni will be “vital to our institution,” says Blasco.

**GSU Adopts AESOP to Train IT Professionals**

A collaborative project between Georgia State University in Atlanta and Pennsylvania State University in University Park is designed to help fill the growing demand for IT professionals. The three-year project will be funded by a $705,000 grant from the National Science Foundation, which will be split between Georgia State University’s Robinson College of Business and Pennsylvania State University’s College of Information Science and Technology (IST). The project’s objective is to help GSU adopt Penn State’s Augmenting Education of Systems-of-Systems Professionals (AESOP) model for undergraduate education.

Leading the project team at GSU are Vijay Vaishnavi of Robinson’s CIS department; Richard Welke of Robinson’s Center for Process Innovation; and Faye Borthick, director of GSU’s Center for Teaching and Learning. Leading the project at Penn State is Sandeep Purao, an associate professor at IST.

AESOP was developed to meet a growing demand for IT professionals who possess not only technology knowledge, but also the skills to solve complex problems and succeed on interdisciplinary teams. The “systems-of-systems” concept that drives AESOP refers to the use of technology to develop integrated systems of small, independent applications, rather than large, monolithic, multifunc-tional applications. The advantage of a system based on small independent applications is that the failure of one application does not mean the failure of all. The disadvantage, however, is that systems-of-systems technologies interact across organizations in incredibly complex ways.

The AESOP curriculum is designed to help undergraduate students build and support these intricate, inter-organizational technologies. It follows a format of problem solving, exploration, and experiential learning, in which students are given real-world challenges and are expected to find appropriate solutions. Their professors act as mentors and coaches throughout the process.

One of the project’s objectives is to determine how well the AESOP Project Aims to Preserve Virtual Worlds

Four schools have been awarded a $590,000 grant by the U.S. Library of Congress for the Preserving Virtual Worlds project, which will explore methods of digital preservation of video games and virtual worlds. The Rochester Institute of Technology in New York, the University of Illinois at Urbana-Champaign, Stanford University in California, and the University of Maryland in College Park have partnered with Linden Lab, the creator of the online virtual community Second Life.

The project will develop standards for preserving digital games and interactive fiction such as Second Life. Eventually, the project will investigate preservation issues through a series of archiving case studies involving early video games and electronic literature.

The work is significant because “the worlds we are playing with today will be gone in a flash, with no recordable way of recreating them for future generations,” says Andrew Phelps of RIT.

The Virtual Worlds project is administered by the Library of Congress under the National Digital Information Infrastructure and Preservation Program (NDIPP). It is one of eight that are part of the Library of Congress’s Preserving Creative America Initiative. Other projects will target digital photographs, cartoons, motion pictures, and sound recordings. For more information, visit www.digitalpreservation.gov.
ADS & SOCIAL NETWORKS
YouTube, MySpace, and other social networks may be popular with users, but not so much with advertisers. The prominent Web sites are still having trouble attracting advertising dollars, according to a recent report by IDC, a research company based in Framingham, Massachusetts. The problem, according to the report, lies with the sites’ reliance on content generated by such a wide range of users. To protect their brands, most companies choose to advertise on sites that contain more controlled content and that target narrower demographics of users.

MORE SUPPORT FOR IT
The more companies adopt the latest technology, the more stressed their IT support staff will feel, according to a study from the University of Western Ontario’s Richard Ivey School of Business in Canada. Researchers conducted in-depth interviews with 14 IT workers and found that their workloads and responsibilities generated stress, frustration, and the risk of burnout. In the study, researchers recommend that companies not only provide strong support systems for their IT staff, but also hire IT personnel who exhibit positive outlooks and strong coping skills.

Purdue Tests Emergency Messaging
The administrators at many colleges and universities are looking for efficient and effective ways to communicate with their campus communities in case of emergency. To that end, Purdue University in West Lafayette, Indiana, conducted a large-scale, real-world test of text messaging in September. The test’s objective was to determine how well the technology works to issue emergency alerts.

Text messaging presents so many variables that can delay the delivery of messaging—including cell tower proximity, signal strength, and system traffic volume, says Scott Ksander, Purdue’s executive director of information technology networks and security. A test like this one, he says, helps administrators to know its potential and its limits.

“When we need to send an emergency message, time is the most critical factor,” says Ksander. He adds that administrators need to know how to ensure that messages are delivered quickly enough to notify their entire campus communities in case of emergency.

“Too many vendors focus on the function of their product, not the actual performance,” says Ksander. “Some vendors will claim that they can send a million messages. But how do we know those messages were received? That was the answer we were really after.”

Thousands of people volunteered to accept and respond to text messages and e-mails for the one-day experiment. Researchers tracked not only how long it took for messages to be delivered to a mass audience, but also how long it took for volunteers to send confirmation that those messages had been received.

For the experiment, the school used a vendor-supplied text messaging service and the school’s own e-mail system. It sent more than 9,900 text messages in seven minutes and 56,000 e-mail messages in six minutes. In the text-message experiment, more than 5,700 people followed instructions and responded to the message to confirm its receipt—the school received just under 3,000 of those replies in the first ten minutes. In the e-mail experiment, the school received 19,535 positive replies, nearly 10,000 of those in the first hour.

The experiment yielded “yards of data,” which the school will use to improve performance in a future test. The data will also help the school choose a permanent technology solution for the university’s mass communication system. “We now have some performance specifications to include in our requests-for-proposal as we select a permanent vendor,” says Ksander.

So far, Ksander says there were 364 confirmed delivery failures, which he and his staff are investigating. In addition, they have learned that many volunteers received the message but did not respond, simply because they were too busy. “In our next test, we will impress upon the volunteers how much we need them to reply, even if it’s only ‘I’m OK,’” says Ksander. “In case of a real emergency, that simple reply can relieve a lot of worry for a parent, family member, or friend.”
When Helen Bowers wants to know if undergraduate students in her introduction to finance course understand a complex concept, she doesn’t have to wait until the final exam. Bowers, an associate professor of finance at the University of Delaware’s Lerner College of Business and Economics in Newark, simply asks her students a question about the concept. They use radio frequency clickers to submit their responses instantly.

“If I ask a question about how cash flow drives stock prices, for example, and 90 percent of my students answer correctly, I feel very comfortable moving on,” says Bowers. “But if only 46 percent get it correct, I know I need to go over it again.”

Faculty across the University of Delaware campus began using Interwrite PRS RF radio frequency clickers in 2006. The clickers provided a way for faculty to “encourage active learning,” says Janet de Vry, the university’s manager of instructional services in its IT department. “Clickers are a powerful, yet simple, way to gauge conceptual understanding and to stimulate discussions.”

Bowers notes that students are often very reticent to admit they don’t understand a concept. Or they may think they understand it when they really don’t know the finer details. “If I were to just ask questions, I’d likely be greeted with silence,” she says. “With the clickers, students find it much easier to ask questions or make a comment. The clicker questions help them self-identify their problem spots.”

For her last course, Bowers asked 33 clicker questions over the semester, which counted for 2 percent of students’ grades. The clickers not only allowed Bowers to know how well students understood the material, but also encouraged attendance, increased class participation, and transformed students’ learning experience from passive to active.

Students developed a “good-natured competitiveness,” she says. They really wanted to get the questions right, she says. And when they didn’t, they weren’t shy about asking why.

Dave Wilson, a professor of political science at the University of Delaware, is exploring the technology’s application to another academic function: research. In many surveys, especially those that ask questions on sensitive topics, people may not give candid or truthful responses due to embarrassment or even shame, he says. Last fall, Wilson used the Interwrite clickers in his class to see if students would offer more candid responses to questions about racial attitudes.

“With the clickers, I had fewer nonresponses,” says Wilson. “Students were not ashamed to say they had issues with different religious or racial groups, or that they didn’t want members of certain groups teaching their classes or running for office in their communities.” He notes that the clickers also offer researchers another added benefit—immediate data collection. “Even with paper-and-pencil surveys, you have to enter the data,” he says. “The clicker software allows you to analyze the data immediately.”

Wilson adds that the clickers require that instructors spend more time thinking of relevant questions to ask of students. To reap their educational benefits, instructors also must make sure to use survey results to spark in-depth discussions. In addition, there is a learning curve; users must get used to the clicker’s operation. Even so, Wilson plans to use the clickers again both to engage students in the classroom and to improve his public opinion research.

“At a recent conference, I gave a presentation of the research I conducted using the clickers,” says Wilson. “After I finished, no one asked about my research—they only wanted to know more about the clickers!”

For more information about Interwrite clickers, visit www.interwrite.com. Other vendors also offer radio frequency and infrared clickers, including Turning Technologies’ Turning Point (www.turningtechnologies.com), eInstruction’s CPS (www.einstruction.com), and Wiley Higher Education’s WileyClicks! (he-cda.wiley.com/WileyCDa/Section/id-103701.html).
Hubris: Bad for Business

A good case could be made for the argument that hubris is at the root of most of the ills that have plagued businesses in recent years. Overconfident CEOs have overpaid for acquisitions, overstepped their legal bounds, and overlooked signs that their companies might be in trouble.

Executives at all levels fall victim to a sense of hubris. Entrepreneurs running startup companies ought to be familiar with the statistic that more than two-thirds of all new ventures fail. Yet a staggering number of entrepreneurs are overwhelmingly confident that they will beat the odds. In fact, many entrepreneurs believe that their ventures are as likely to succeed as the sun is likely to set in the West.

Seasoned executives have the same overconfidence. In 2006, the value of mergers and acquisitions achieved around the globe was $3.8 trillion globally—but much of that includes money that need not have been spent. In my research with Don Hambrick of Pennsylvania State University, we identified hubris as the No. 1 reason that CEOs overpay for M&As and, therefore, destroy value from newly acquired companies.

When executives are overconfident, they also tend to believe they can get away with egregious corporate conduct—even crime. It’s disturbing that at least some of the executives who have been convicted of criminal misdeeds came from prestigious business programs. For instance, Jeff Skilling of Enron and Walter Forbes of Cendant are graduates of Harvard Business School.

In fact, I believe that one reason hubris is such a problem in the business world is that it is rife in business schools, among faculty and students alike. As a faculty member myself, I know that we professors tend to overestimate our teaching skills. A majority of us think that we’re above-average teachers, and we discount evidence that we are not. Because we don’t realize that we should improve our classroom performance, our students suffer.

Students are already suffering from a malady of their own—an overconfidence that rivals ours. For proof, ask a classroom of students to close their eyes and raise their hands if they consider themselves to be above-average students. Most of the hands will go up. One reason students have such an unjustified belief in their talents is that grade inflation is rampant in American education, a situation that is discussed at length on www.gradeinflation.com.

The results of this overconfidence can be disastrous. Students become unrealistic about how smart they are and how prepared they are to face real-world situations. All too often, I’ve had former students return to tell me they can’t understand why they’re not getting ahead or, worse, why they’ve been fired—even though they’re smarter than their workplace colleagues. It’s as though our students believe that their top grades will create value at their new workplaces. They don’t realize that they must create fresh value for themselves by building new relationships and acquiring a vastly different skill set. Sadly and unnecessarily, these students often take a fall.

It’s true that a certain amount of confidence can be beneficial. It helps drive success, making all of us more persistent, passionate, and persuasive in our projects. But that attitude is valid only to the extent that confidence is driven by our capabilities and situations. Too much confidence is as injurious as too little—and deans and professors need to be wary of exhibiting overconfidence or allowing students to develop it.

I’ve drawn on the tenets of behavioral decision theory to distill four sources of unwarranted confidence: False sense of self. Excessive pride leads people to take an inflated view of their achievements and capabilities. While people with this attitude often require external validation, they are deeply convinced that they know more than they really do. Laypeople who fancy themselves expert investors are prone to this same syndrome.

Unilateral decision making. Pride can lead people to make decisions on their own that would be better made in conjunction with trusted advisors. Obviously, there are times when no individual is fit to make a decision single-handedly, either because he or she doesn’t have the skills or because the situation is too broad for one person to manage alone. Only by having the right foils around them will leaders avoid this trap, as Carly Fiorina discovered at HP.

Refusal to see the true situation. People indulge in false confidence when they fail to see, seek, share, and use full and balanced feedback to gain a more grounded assessment of their situations. Leaders need accurate, pertinent, timely, and clear feedback,
whether positive or negative, to understand what’s going on around them. As Merck executives illustrated in their handling of Vioxx, that’s easier said than done. It’s difficult to assemble reliable information when our projects take time to complete and the feedback we receive is delayed and inaccurate.

**Denial of probable consequences.** Because executives may not realize they’re acting with unhealthy confidence, they must play out—not plan out—the consequences of their decisions ahead of time. Planning increases leaders’ confidence without increasing their ability to complete the tasks at hand. By contrast, experimenting and probing allow them to gain a better idea of what the results of their decisions might be.

Trying to determine consequences is particularly important when someone is dealing with finance techniques, because those methods are particularly prone to heroic assumptions. When Dean Kamen estimated demand for his two-wheeled scooter, the Segway, he forecast that it would capture 0.1 percent of the total global population of more than 6 billion people, giving him sales of 6 million units per annum. Since 2001, Kamen has sold fewer than 30,000 Segways.

**Curing the Disease**

False confidence is to hubris what bad cholesterol is to heart disease. Just as the cure for heart disease is to reduce bad cholesterol rather than all cholesterol, the cure for hubris is to fight the sources of false confidence, rather than to reduce confidence altogether. If business school administrators are to fend off false confidence at their schools, I believe they must recognize four truths:

**Ego management must start at the top.** If Nobel Laureates like Myron Scholes and Robert Merton are out of their league as managers of hedge funds, it is conceivable that fabulously successful academics are out of their depth as leaders of business schools. The skill set required to lead a large organization is vastly different from the skill set needed to produce high-quality research. The problem is exacerbated when deans hire yes-men as associate deans. In those situations, it will be difficult for the leadership of a business school to get a true read on its situation.

Business schools should consider hiring as deans those individuals who have displayed some flair for managing large organizations—whether those are faculty chairs who have proven themselves gifted in administration or outside professionals who have run successful businesses. And professors who take on the role of dean should listen to opposing voices to make sure they are not falling victim to their own overconfidence.

**Ego management must be accepted by faculty as their own responsibility.** With their privileged positions, tenured faculty can become immune to advice. I’ve known my share of professors who were better teachers before they got tenure than afterward. Tenured faculty should make sure they do not insulate themselves from candid feedback; they must be open to ideas that will improve their research and teaching skills.

**Ego management must be embedded in the curriculum.** Fortunately, behavioral decision theory has now developed a body of pedagogy in negotiations and organizational behavior courses that lends itself to ego management techniques. The idea is to put students in real business situations where they must work through the implications of different decisions. As an example, I have collaborated with Rakesh Khurana of Harvard Business School to develop a case on Jean-Marie Messier at Vivendi—a dramatic example of what happens when an executive cannot control his ego.

**Ego management must be brought to life by executives who have experienced it.** The Tuck School offers an MBA course in which students visit corporate criminals in a local federal penitentiary. Students who go on such visits report long-lasting and indelible impressions. Other schools invite guests in to describe the different kinds of business decisions they made when their egos were out of control compared to the times when their egos were in check.

Naturally, not every executive falls victim to hubris. Many CEOs have run profitable, admirable companies without overreaching their abilities or overstepping their bounds. And certainly not every MBA student fits the stereotype of the driven, ambitious, self-assured individual who is willing to sacrifice everything to achieve success. If business schools are able to curb any tendency toward overconfidence in their students, they will be doing their part to mold sensible decision makers who lead their companies through talent—not hubris.

Mathew Hayward is an associate professor of management at the Leeds School of Business at the University of Colorado in Boulder. He is also author of Ego Check: Why Executive Hubris is Wrecking Companies and Careers and How to Avoid the Trap.
Everyone hates a phony, but customers may hate phonies most of all. In an economy where consumers are not just buying goods, but experiences, the genuineness of the product will be what determines buyer satisfaction. So say James H. Gilmore and B. Joseph Pine II in Authenticity, which examines how everything from pervasive technology to breakdowns in social institutions has led customers to long for experiences that are more human, more real, and more believable. Though it seems somewhat counterintuitive to learn how to render authenticity, the authors offer exactly that sort of guidance. They say consumers will find products and services to be authentic if they are: “earth-based,” such as products made with natural ingredients; based on unique or original designs; done with exceptional care or offered with exceptional personal service; drawn from historically accurate traditional sources; or seen as capable of exerting consequential influence on other entities, a description true of many environmentally friendly products. The payoff is huge, say Pine and Gilmore: “When consumers want what’s real, the management of the customer perception of authenticity becomes the primary new source of competitive advantage—the new business imperative.” (Harvard Business School Press, $26.95)

The world has moved from a land-based to a capital-based to an information-based economy, and even innovative products are quickly copied and commoditized. In such a world, says Dov Seidman in How, it doesn’t matter so much what a company makes or sells; what will distinguish a corporation is how it produces goods and interacts with customers. That’s particularly true because pervasive technology makes it harder and harder to hide bad behavior or defective processes. Seidman explores all sorts of fascinating side roads about human psychology—trust, altruism, and the development of values—as he repeats his central message that we live in a time where sharing and collaboration offer the best chance of competitive advantage. “The tapestry of human behavior is so diverse, so rich and so global that it presents a rare opportunity, the opportunity to outbehave the competition,” he writes. He makes his points with elegance and conviction. (Wiley, $27.95)

Intellectual property, like physical property, receives protection under the law, but that protection is constantly subject to reinterpretation as technology improves and attitudes change. “Marking off the boundaries of...
intellectual assets is like drawing lines in water,” writes Stanford University law professor Paul Goldstein in Intellectual Property. He explores the thorny issues surrounding patents, copyrights, trademarks, and trade secrets, and how all of them have evolved. Particularly fascinating is the discussion about the complex relationship between copyright law and technological advances. Goldstein dissects the legal and political maneuvering on the part of movie studios faced with successive threats from broadcast television, cable TV, videocassette recorders—and now, DVR technology. Timing is everything, he asserts. File for legal protection too soon, and the technology will be so new that no one will understand how it can pose a threat. File too late, and the technology could be “so well-entrenched among users that no court or legislator will dare to shut it down,” Goldstein writes. The topic is wide-ranging, since everything from drug formulas to software programs can be considered intellectual property, and Goldstein makes the book an absorbing read. (Portfolio, $27.95)

“Leadership is not about personality; it’s about behavior,” write James M. Kouzes and Barry Z. Posner in Leadership Challenge. While they’ve conducted new research for the fourth edition of this classic, it overwhelmingly supports their original conclusions, first presented nearly 25 years ago. And a leader’s behavior remains at the heart of the authors’ “five practices of exemplary leadership.” A leader must model the way, inspire a shared vision, challenge existing processes, enable others to act, and encourage the heart. At the same time, employees look for a leader who is honest, forward-looking, inspiring, and competent. “What we found in our investigation of admired leadership qualities is that, more than anything, people want to follow leaders who are credible,” write Kouzes and Posner, both of Santa Clara University. “Credibility is the foundation of leadership.” The book explores the many journeys individuals have taken on the path to dynamic leadership. (Jossey-Bass, $29.95)

Everyone can instinctively understand the message inherent in the title Juggling Elephants, a time management book in which Jones Loflin and Todd Musig elaborate on how it feels to try to handle too many big projects all at the same time. Loflin and Musig deliver their advice in the form of an allegory about the circus and one busy executive’s realization that his own life consists of three busy rings crowded with demanding acts. Counsel from the ringmaster brings this executive to some basic truths: “Not all acts belong in my circus. I need to line up my acts based on what will create an effective performance.” The messages aren’t particularly new, but the presentation is entertaining. (Portfolio, $19.95)

The last few decades have seen significant growth in powerful nonprofits that are having a measurable impact on a wide array of the world’s ills—such as poverty, hunger, and environmental destruction. What has made them so effective? In Forces for Good, Leslie Crutchfield and Heather McLeod Grant study 12 of the most successful nonprofits of the last couple of decades, including Habitat for Humanity, Teach for America, and America’s Second Harvest. They believe that truly great nonprofits share six practices: They offer advocacy and service programs; partner with business; inspire evangelists; nurture networks of allied organizations; adapt when necessary; and share leadership throughout the organization. “It’s the end of charity as we know it, and the beginning of high-impact philanthropy,” the authors write. They add that, for today’s nonprofits “to be true forces for good, they must learn new ways of thinking and acting.” (Jossey-Bass, $29.95)

Ever since Six Sigma came on the scene, companies have been assiduously working to perfect their processes and eliminate defective products. But one huge, key part of the business equation is impossible to manage that way: the human component that encompasses both employees and customers. In Human Sigma, John H. Fleming and Jim Asplund explore the ways human interactions can affect business success—and
These interactions can’t be rigidly scripted, they warn, or managers risk focusing too much on processes and not enough on outcomes. Instead, they insist that emotion will underlie any good employee-customer interaction and that employee and customer experiences must be measured together if the results are to mean anything at all. Once managers understand the way employer-customer relationships work at their companies, they can improve them, even if that requires widespread organizational change. Is it worth the effort? According to the authors, companies that applied Human-Sigma management principles have outperformed their peers by 26 percent in gross margin and 85 percent in sales growth. Worth it, indeed. (Gallup Press, $25.95)

101 Leadership Tips is a charming little book in which Danny R. Arnold and Ahmad Tootoonchi of Frostburg State University come across as wise uncles sharing years’ worth of accumulated wisdom. The tips are divided by topic—remembering your human side, communicating with followers, developing a decision-making process—but all of them are presented in the same straightforward, friendly tone of a respected elder offering really good advice. “Everyone has ambition. Show only a little of it,” they recommend. Also, “A good leader inspires his or her followers. You should attempt to convert simple jobs and projects into quests.” The book isn’t ground-breaking, but it’s insightful; it lays out an action plan and a code of behavior that any leader would do well to follow. (Pearson Custom Publishing, $22.67)
Over the past eight years, the Mason School of Business at the College of William & Mary in Williamsburg, Virginia, has worked to place more graduates in summer internships on Wall Street, taking them on tours of Wall Street firms and providing them access to mentoring and career counseling with W&M graduates.

Still, the school wanted to take its Wall Street internship program one step further, both to increase the number of its recent graduates landing jobs on Wall Street and to strengthen its alumni network. To achieve those objectives, the school launched its Double Mentor program last summer. As its name suggests, the Double Mentor program pairs each summer intern with two Wall Street mentors. The program deliberately matches each intern with mentors who work in distinctly different firms and positions.

The goal is to expose recent graduates to a range of Wall Street opportunities, explains Rhian Horgan, founder and supervisor of the program. Horgan is also the global head of equity derivatives at JP Morgan Private Bank and a 1999 W&M graduate. The Double Mentor program aims to help students expand their network of contacts and broaden their perspectives on the career tracks Wall Street has to offer.

“arri The idea is to maximize our interns’ performance on the job and to get them even more savvy about Wall Street,” says Horgan. “We hope this program increases their potential of being offered full-time jobs at the end of the summer.”

And for those interns who, halfway through their summer internship in investment banking, realize that investment banking simply isn’t for them? The Double Mentor program offers them insights into other fields they would not have gotten through their internships alone.

For instance, Horgan describes one intern who worked at a small private equity boutique firm. She was matched with a mentor who worked at a large private equity firm. “The mentor helped her think through the pros and cons of working for a small firm versus a large firm,” says Horgan.

The Double Mentor program also includes group events where interns and mentors come together to socialize. Even in such social settings, the interns learn how important networking will be for their careers.

“Because the market has been good for the last two years, students might underestimate the importance of developing ties,” says Horgan. The Double Mentor program is designed to help students cast a wider net, so they can start making those ties early. “If the job market turns bad,” she says, “they’ve already established connections.”