Re-Imagines Business School

Management Education: The Next Ten Years

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An Urgent Call to Action

What’s your crisis?

Are you worried about falling student enrollments, faculty shortages, or a lack of diversity on campus? Are you focused on reformatting your MBA or achieving accreditation for your program? Do you need to raise money, upgrade your facilities, reconnect with alumni? How critical is the situation? How well are you and your staff responding? The way you answer those questions may give a hint about how well you—and your business school—will survive the next decade of management education.

I just read John Kotter’s new book, *A Sense of Urgency*, in which he discusses how badly most of us, both individuals and institutions, deal with the imperatives for change. According to his calculations, in 70 percent of the situations when changes were necessary, “either they were not fully launched, or the change efforts failed, or changes were achieved, but over budget, late, and with great frustration.” Complacency is one root cause of failure, Kotter says. People don’t think anything is wrong, or they think problems can be fixed by using old methods that were successful in the past. A false sense of urgency also leads people astray. They bustle about, set up committees, conduct studies, produce data—but they never address the core issues.

Business schools are not immune from this syndrome of failing to implement, or even recognize the need for, massive change. Yet if business schools hope to remain relevant in the 21st century, they must radically reinvent themselves, argues author and professor Gary Hamel. Among other things, he says, management programs must focus on innovation, which will drive all business strategy in the future. Hamel also believes that administrators and faculty will have to practice innovation themselves, reconsidering not only what they teach, but how they deliver content. He predicts this and other changes for business schools in “The Innovation Generation” on page 18.

If change was easy, there wouldn’t be libraries of business books devoted to the topic of managing it. Kotter, in particular, offers specific tactics leaders can use to rally workers around a common cause—beginning with making a heartfelt case for change. As Kotter says, rational, intellectual appeals rarely move people into decisive action. Passionate, emotional stories turn them into advocates and believers.

Kotter believes that, whenever your school identifies a need for action, it’s not enough to form committees and write proposals and hold meetings to debate the next steps. You have to make your staff care about solving the problem, he writes; you have to inspire them with “a gut-level determination to move, and win, now.”

Motivating whole teams of people will become even more crucial if, as Hamel expects, the whole landscape of management education undergoes transformation. But whether the changes on the horizon are as simple as creating a new administrative post or as drastic as reinventing the MBA, the schools that understand how to implement change will be the ones that thrive well into the future.
**Headlines**

### New Center on Financial Reporting

Ernst & Young LLP has committed $1 million to the Ernst & Young Academic Resource Center, a collaboration between E&Y professionals and university faculty that focuses on International Financial Reporting Standards (IFRS). Launching this September, the Center will develop curricula and learning materials that will help faculty teach U.S. students how to make a successful conversion from the generally accepted accounting principles (GAAP) of the U.S. to the international standards.

Although a date has not been set to adopt IFRS in the U.S., most European Union countries are already required to use IFRS. The SEC has approved a change in its rules so that foreign private issuers using IFRS are no longer required to reconcile their financial statements with GAAP.

According to “US GAAP vs. IFRS: The Basics,” available online from Ernst & Young, the two systems share many similarities, in that their financial statements include a balance sheet, income statement, statement of cash flow, and accompanying notes. The most significant differences revolve around the financial periods required, the layouts of the balance sheets and income statements, the presentation of current versus noncurrent debt in the balance sheet, the classification of various items on the income statement, changes in equity, and disclosure of performance measures.

In a May 2008 report, the Treasury Department’s Advisory Committee on the Auditing Profession specifically called on private industry, educators, and regulators to work together to implement curricula and content for accounting students that continuously evolve to meet the needs of the auditing profession.

“T he changes that are now clearly on the horizon around International Financial Reporting Standards will create a seismic shift in the knowledge and content that U.S. students will need to learn in the coming years,” says Douglas Shackelford, Meade A. Willis Professor of Accounting at Kenan-Flagler Business School, University of North Carolina, Chapel Hill. For more information, visit www.ey.com.

### Bentley Receives EFMD Accreditation

Bentley College in Waltham, Massachusetts, has earned accreditation from the European Foundation for Management Education’s European Quality Improvement System (EQUIS). One other American school, the University of Washington in Seattle, currently holds that designation as well. Both Bentley and UW also are accredited by AACSB International.

Pursuing European accreditation fit well with the school’s overall international strategy, says Michael J. Page, Bentley’s new dean of business and dean of the McCallum Graduate School. “We expect that EQUIS accreditation will enhance our ability to attract high-quality faculty and students,” he says. “It also will enhance our goal of establishing additional partnership arrangements with business schools throughout the world.”

As a U.S. institution seeking accreditation from a European organization, Page says, Bentley’s primary obstacles were “presenting our international faculty, research, programs, and students in a manner consistent with our agenda while at the same time satisfying EQUIS standards and criteria.” Other schools seeking EQUIS accreditation need to seriously examine the nature and scope of their international activities, he says. “EQUIS accreditation requires much more than international exchanges at a student and faculty level. Rather, the school needs to have a comprehensive engagement with international stakeholders that is developed from a solid international strategy and agenda.”

### The AICPA Diversifies

In an effort to promote diversity within the accounting profession, the American Institute of Certified Public Accountants recently held a workshop titled “Lead the Way, Make a Difference, Become a CPA.” Running the sessions were professionals with an array of expertise in public accounting, private industry, and academia. The AICPA has since received more than 360 minority accounting scholarship applications.
Schools Give Back

Doing good and giving back to the community are strong mandates at many business schools around the world:

- Two schools won the 2008 TeamMBA Award for Outstanding Community Service, an annual honor presented by the Graduate Management Admission Council to recognize schools that make exceptional efforts to give back to their communities. The Vanderbilt Owen Graduate School of Management in Nashville, Tennessee, tied with the Rotterdam School of Management at Erasmus University in the Netherlands.

This year, 26 schools competed for the honor, which was judged on criteria such as participation level, effort, reach, and impact. GMAC launched the TeamMBA initiative in 2005 to celebrate business schools’ outstanding community-focused work. More information about the program can be found at www.gmac.com/teammba/default.aspx.

- The Wharton Healthcare International Volunteer Project (WHIVP) received a 2008 Health and Human Rights Leadership Award from Doctors of the World-USA (DOW). The awards recognize extraordinary leadership in the cause of health and human rights. The student-run initiative at the University of Pennsylvania’s Wharton School of Business seeks to improve healthcare systems in communities with limited resources and severe health problems.

In 2006 and 2007, WHIVP volunteers partnered with DOW in its HIV and Maternal & Neonatal Health programs in West Pokot, Kenya, to create health delivery and social entrepreneurship systems. The collaboration had two focuses: creating microfinance systems for people living with HIV and developing creative methods to increase utilization of services in isolated communities.

- This summer, students, faculty, and staff from the Tuck School of Business at Dartmouth in Hanover, New Hampshire, participated in the eighth annual Tuck GIVES (Grants to Interns and Volunteers for the Environment and Society) auction. The student-run event provides an opportunity for members of the Tuck community to support students who accept nonprofit, service-based summer internships. This year’s event raised $67,400 through a combination of silent and live auctions, calendar and raffle sales, and a poker tournament.

Items auctioned included flying lessons, a New Orleans style crawfish boil with Tuck’s dean Paul Danos, and an authentic dinner super fiesta offered by seven Tuck students from Mexico. “Tuck GIVES demonstrates how Tuck puts its values to work. We believe in using business skills to make a positive difference in the world,” says Patricia Palmiotto, director of the Allwin Initiative for Corporate Citizenship, a sponsor of the event.
Ethics, Sustainability, and the Job Search

Two recent surveys take a look at how business students expect their personal beliefs about values, ethics, and sustainability issues will—or will not—carry over into the workplace.

The Aspen Institute for Business Education, a part of the Aspen Institute Business and Society Program, surveyed nearly 2,000 students at 15 business schools worldwide for “Where Will They Lead? MBA Student Attitudes About Business and Society.” The survey, Aspen’s first on this topic since 2002, was conducted in 2007 and released in 2008. Issues included ethics, business school coursework, and the corporate recruitment process.

“The most important finding is that students seem to be taking a more holistic view of the role of business in society,” says Nancy McGaw, deputy director of the Aspen Institute Business and Society Program. “But the findings also suggest that many students sense those beliefs are not valued by employers or linked to career opportunities.” For example, only 48 percent of surveyed students feel that recruiters place a high value on personal integrity, and only 7 percent think recruiters place high value on their understanding of sociopolitical issues.

Additional statistics show that students perceive a conflict between their own values and those they anticipate in the workplace. Eighty-three percent anticipate that their values will sometimes clash with what they are asked to do in business, but only 45 percent say that they are very likely to speak up about their objections. Students in 2007 feel more prepared to manage values conflicts than those in the 2002 survey. However, their confidence in that preparation falls persistently throughout the MBA program.


A survey of students recently attaining MBA degrees at the Sloan School of Management at the Massachusetts Institute of Technology, Cambridge, suggests that students are more likely to try to incorporate “green” practices into their personal lives than hope to find jobs with companies that promote sustainability.

To help reverse the shortage of PhD accounting faculty in U.S. colleges and universities, the CPA profession has launched the Accounting Doctoral Scholars Program. Spearheaded by the largest accounting firms, it will be administered by the American Institute of Certified Public Accountants Foundation.

To date, more than 70 U.S. firms, along with several state CPA societies, have committed a total of $15 million to the program. The firms will recruit top employees for the program and encourage them to become accounting professors in the audit and tax disciplines.

“There has been a significant decline over the past ten years in the number of accounting doctorates,” says Doyle Williams, executive director of the Accounting Doctoral Scholars program. “The average age of current accounting professors is around 55, which indicates that a real crisis is coming in the next decade. By contrast, the demand for professionals with undergraduate and master’s accounting degrees is at an all-time high. Many talented practicing professionals can make a significant contribution as faculty members preparing the next generation of CPAs, and this program will help make that happen.”

The Accounting Doctoral Scholars program will provide funding for up to 30 new candidates each year for four years, which would create a total of 120 newly trained PhDs in audit and tax. Applicants must have recent and proven performance in audit or tax in a public accounting firm. Potential program candidates must be U.S. citizens or permanent residents committed to a career as an accounting faculty member at a U.S. university accredited in business by AACSB International.

Applications will be accepted beginning September 9. More information is available online at www.adsphd.org. Interested parties also can contact ADSprogram@aicpa.org or 919-402-4524.

New Program for Accounting PhDs
SHORT TAKES

NEW APPOINTMENTS

James W. Dean Jr. has been named dean of the Kenan-Flagler Business School at the University of North Carolina in Chapel Hill. The appointment took effect August 1. Dean, a Sarah Graham Kenan scholar and professor of organizational behavior and strategy, previously was senior associate dean for academic affairs. Steve Jones, who had been dean since 2003, announced last year that he would step down by the end of July 2008.

Donald S. Siegel is the new dean of the School of Business at the University at Albany, State University of New York.

David F. Pyke has been named dean of the School of Business Administration at the University of San Diego in California. He was previously the associate dean of the MBA Program at the Tuck School of Business at Dartmouth College and the Benjamin Ames Kimball Professor of the Science of Administration. Pyke replaces interim dean Andrew Allen.

Linda M. Salchenberger has been announced as the Keys Dean of the College of Business Administration and the Graduate School of Management at Marquette University in Milwaukee, Wisconsin. Previously Salchenberger was associate dean of academics in Northwestern University’s School of Continuing Studies. She is the first female dean of the college, and she inaugurates the Keys deanship, which was endowed by Marquette alumnus and retired Johnson Controls CEO James Keyes.

Thomas W. Gilligan has been appointed dean of the McCombs School of Business at The University of Texas at Austin. He was formerly the E. Morgan Stanley Chair in Business Administration and professor of finance and business economics at the University of Southern California’s Marshall School of Business in Los Angeles. Gilligan will replace George W. Gau, whose six-year appointment as dean of the business school ends in August.

Richard K. Lyons has been named dean of the Haas School of Business at the University of California, Berkeley. Lyons was most recently the chief learning officer of Goldman Sachs in New York. Lyons holds a professorship at the Haas School and served as acting dean of the school in 2004–05. He succeeds Tom Campbell, who led the Haas School since 2002.

Christine Riordan has been named dean of the Daniels College of Business at the University of Denver in Colorado. She was most recently associate dean for external relations at Texas Christian University.

Q. Which Graduate Admissions Test is More Accessible?

Hint: This test is administered in 165 countries worldwide, more than any other test.
HONORS AND AWARDS

■ Nancy Nix has been awarded the Outstanding Contribution to Logistics Education award from the Council of Supply Chain Management Professionals. Nix is associate professor of professional practice and director of the Supply & Value Chain Center at the Neeley School of Business at Texas Christian University in Fort Worth.

■ Jack Pinkowski has been named a Fulbright scholar for 2008–2009 by the Council for International Exchange of Scholars (CIES) in concert with the Fulbright Commission of Ireland. Pinkowski is an associate professor of public administration at the H. Wayne Huizenga School of Business and Entrepreneurship at Nova Southeastern University in Fort Lauderdale, Florida. Beginning in September, Pinkowski will be consulting with the city of Dublin, Ireland, on economic development issues and enhancements that will turn Dublin into a globally competitive city.

■ Elizabeth Murphy has been honored with the Outstanding Leadership in Advancing Diversity Award from the Illinois CPA Society. Murphy is an associate professor of accounting at DePaul University’s College of Commerce in Chicago. Murphy was chosen to receive the award for serving as an advisor and competition coach for the DePaul student chapter of the Midwest Association of Hispanic Accountants (MAHA), among other activities.

■ Alan R. Miciak was named one of the “100 most influential people in finance” in the June issue of Treasury & Risk Magazine. Miciak is dean of the Palumbo Donahue School of Business at Duquesne University in Pittsburgh, Pennsylvania.

■ Nada Sanders has been elected as a Fellow by the Decision Sciences Institute. Sanders is the James L. and Eunice West Chair and Professor of Supply Chain Management at the Neeley School of Business at Texas Christian University in Fort Worth.

■ Faculty at Duke University’s Fuqua School of Business in Durham, North Carolina, have received a variety of honors. Richard Staelin, the Edward and Rose Donnell Professor of Business Administration, has been selected as an inaugural recipient of the INFORMS Society for Marketing Science fellow award. Wesley Cohen, the Frederick C. Joerg Professor of Business Administration and Faculty Director of the Center for Entrepreneurship and Innovation, has been named to the National Academies’ Committee for the Management of University Intellectual Property. Cohen and visiting professor Ashish Arora have been named to the World Economic Forum Innovation 100, a group of business leaders and academics recognized by the World Economic Forum as the top 100 thought leaders who “set the tone on the global discussion of innovation.”
**Headlines**

**SHORT TAKES**

- Catherine Durnell Cramton, an associate professor of management at George Mason University in Fairfax, Virginia, has been awarded a Fulbright Scholar grant. She will lecture and do research at the Mediterranean School of Business in Tunisia during the fall 2008 academic semester.

- Ik-Whan G. Kwon has been selected as the 2008 Boeing Welliver Faculty Fellow, and he will spend eight weeks at various Boeing sites to learn their supply chain operations. He is professor of supply chain management and director of the Consortium for Supply Chain Management Studies at the John Cook School of Business, St. Louis University, Missouri.

**COLLABORATIONS**

- The Darden School of Business at the University of Virginia in Charlottesville has signed an education partnership with HWZ Hochschule für Wirtschaft Zürich of Switzerland. Their International Partner Program calls for Darden to provide specialized courses in general management and marketing for HWZ students.

- Cranfield School of Management in the U.K. has partnered with IKOS, a Cyprus-based global hedge fund, to launch IKOS Scholarship, which will enable Cypriot nationals to study the one-year full-time MBA program at Cranfield.

- Grenoble Ecole de Management in France has signed a partnership with XLRI Jamshedpur, its sixth partner-ship in India. The collaboration will involve student and faculty exchanges and a joint development of executive education.

- Columbia Business School in New York City and the U.K.’s London Business School, partners in the EMBA-Global program, are launching EMBA-Global Asia in cooperation with the University of Hong Kong. The program will offer learning and networking opportunities in London, New York, Hong Kong, and Shanghai, China.

- The HEC Foundation, HEC Paris, Morgan Stanley Real Estate, and Unibail-Rodamco have partnered to create the Real Estate Chair at HEC Paris to promote business education in the fields of real estate economics, finance, and management. The chair will be held by Alessandro Citanna, finance and economics professor at HEC.

**GIFTS AND DONATIONS**

- The University of New Hampshire in Durham has received a gift of $25 million, the single largest gift in university history, from alumnus and entrepreneur Peter T. Paul. The gift will help fund construction of a new business college to be named the Peter T. Paul College of Business and Economics.

**NEW COURSES AND PROGRAMS**

- The College of Business Administration at the University of Nebraska in Omaha has received two major gifts that will go toward construction of a new 120,000-square-foot, state-of-the-art facility for the business school. The new facility will be named Mammel Hall in recognition of the lead gift by Carl and Joyce Mammel. Ruth and Bill Scott have made a second key donation toward the building fund. The school expects to raise a total of $38.5 million, which includes $31 million for construction of the building and $7.5 million for the school’s endowment. Construction of the three-story building will begin this fall with completion expected in summer 2010.

- The School of Management and the School of Public Health at Boston University in Massachusetts are launching a new dual-degree program in September. The two-year MBA/MPH program will focus on the challenges of public health across the globe, from implementing pharmaceutical policies to dealing with HIV/AIDS.

- The University of Arizona’s Eller College of Management in Tucson is collaborating with the university’s College of Medicine to launch a five-year dual-degree MBA/MD program.

- The Institute for Research and Education on Negotiation in Europe at ESSEC in France has launched a new intensive program designed to teach participants how to effectively lead commercial negotiations in China.
Heads

Starting this fall, the Kogod School of Business at American University in Washington, D.C., will offer two master of science degrees, one in finance and one in finance and real estate.

OTHER NEWS

Harvard Business School of Boston, Massachusetts, has opened an office in Shanghai to serve both HBS and the Harvard China Fund. Another Harvard office is scheduled to open in Beijing this autumn. The new offices will support Harvard faculty and students teaching or conducting research in China, provide services to students completing internships in China, facilitate admissions interviews for prospective Harvard students living in China, and strengthen the alumni network in the region.

The Simon Graduate School of Business at the University of Rochester in New York has established a new Center for Leadership Development under the direction of Daniel H. Struble, senior lecturer in business communication.

The Rotman School of Management at the University of Toronto in Canada has chosen Kuwabara Payne McKenna Blumberg Architects to design an expansion of the school, which is expected to open in 2011. The new structure will house the Desautels Centre for Integrative Thinking, the Lloyd and Delphine Martin Prosperity Institute, classrooms, study space, event facilities, and other research programs and Centres of Excellence. The new building, which will incorporate several green roofs, will aspire to LEED certification via the Leadership in Energy and Environmental Design Canada Green Building Rating System.

HEC Paris has announced the founding of a chair in social business to sensitize students to issues of social business and global poverty. Co-holders will be microfinance expert Muhammad Yunus, founder of Grameen Bank and HEC Honoris Causa professor at HEC; and Martin Hirsch, High Commissioner for Active Solidarities against Poverty in the French government and former chairman of the charity Emmaüs France.

Xavier University in Cincinnati, Ohio, has announced the formation of the Graduate School of Business in the Williams College of Business. Raghu Tadepalli will serve as the dean of the graduate school while continuing his duties as associate dean of the Williams College. Xavier also has signed memorandums of understanding with the Université Catholique du Lyon in France and with Al-Zaytoonah University in Amman, Jordan, to allow exchanges of undergraduate students, graduate students, and faculty, as well as to encourage collaboration on projects.

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Gary Hamel argues that business educators must become inventors, innovators, and experimenters to help business meet the challenges that lie ahead.

What’s new in management? If you ask Gary Hamel, everything. Or at least it should be. The world, he says, is leaving many traditional assumptions about management practice in the dust.

Well known for his incisive and often sharply critical perspective on the modern practice of management, Hamel recommends swift and sweeping change in business and business education. In his 2002 book, Leading the Revolution, he called for companies to exchange old systems that rely on incremental change for more innovative business models, technologies, and approaches. In his latest book, The Future of Management, co-authored with Bill Breen, Hamel urges business leaders to abandon “command-and-control” management hierarchies to build more democratic workplaces that give everyone a chance to lead, innovate, and effect positive change. He describes organizations in Darwinian terms—to survive, he argues, companies must reinvigorate their employees’ creative DNA. “Commit to revolutionary goals,” he writes, “but take evolutionary steps.”

As a visiting professor at London Business School in the United Kingdom and Harvard Business School in Boston, Massachusetts, Hamel has taken his work outside the business school. He founded Strategos, a strategic consulting company with offices in Chicago, San Francisco, and Lisbon; he now serves as chairman.
of its San Francisco office. Strategos has worked with companies like Microsoft, Whirlpool, and Campbell’s to help them not only fix problems, but also learn fresh approaches and new ways of thinking.

And in 2007, Hamel and colleague Julian Birkinshaw launched the “Management Innovation Lab” at London Business School. MLab invites business leaders and faculty alike to experiment with new business theories, Hamel says.

Through all of these outlets, Hamel has a clear message for managers and management educators alike: Cling to traditional assumptions about business at your peril. The future is coming faster than you think.

In The Future of Management, you write about progressive thinkers, such as the founders of Google and Whole Foods. But most managers still adopt traditional “command-and-control” approaches. Why are so many so reluctant to adopt new management models?

Three reasons. First, we have operated in the old model for so long, we’re comfortable there. There’s a certain amount of inertia. We have the sense that management has always been with us. The fact is that it’s a relatively recent invention. Most of modern management as we know it today—the tools and technologies of financial reporting, paper performance, job and task design—was invented in a very brief period of time, from about 1890 to 1920. Ironically, we expect great leaps in other kinds of technologies, but we assume that management has to stay the same. If we think of management as a social technology, there’s no reason to believe that it couldn’t be reinvented.

Second, we have a hard time imagining radical alternatives to the status quo. And, third, the existing system serves the interests of some people very well, particularly the interests of what I would call the bureaucratic class. These are people who know how to get things done in that system, who have fought their way up the hierarchy, who enjoy the privileges and prerogatives of power. Asking those people to give that up would be a little bit like asking turkeys to vote for Thanksgiving.

What will it take to overcome that inertia?
A radical rethink of how we mobilize and coordinate human labor soon will be inevitable. Companies today are faced with new challenges that lie outside the performance envelope of our current management model. They are being challenged to reinvent themselves at a tremendously accelerated pace. Yet most management systems and organizational processes almost reflexively favor perpetuation over adaptation. We have to confront that problem, or companies will quickly become irrelevant.

How do you think companies will have to rethink the way they coordinate their staffs? As knowledge itself becomes a commodity, a company’s success will depend largely on its ability to create more value per employee than any of its competitors.

We now have a generation of people coming to work who grew up with the Web. They’ve used tools of creativity like mash-ups and wikis, blogs and podcasts. When you post a video to YouTube, write a blog, or put a photo up on Flickr, no one asks whether you went to film school or journalism school. They ask, “Was it interesting? Was it entertaining? Was it incisive?” This generation has grown up in an environment where what matters is not your credentials or title, but what you can contribute—it’s what I call a “thoughtocracy,” or a democracy of ideas. It’s unlikely that these people will be content to work in companies where senior executives have extra credibility simply because they’re higher up the hierarchy.

Any organization that wants to attract and keep those people will have to create a working environment that is much different from what is now found in large companies, one where employees are willing to bring the gifts of their imagination, creativity, and passion every day. No company is going to be able to afford to waste even an iota of human imagination.

Companies that don’t adapt will simply fade away, and new, more adaptable ones will take their places. Is there something to be said for “survival of the fittest” here? When you argue that companies should be more adaptable, you’re not arguing that they should be protected from their own stupidity. If companies don’t see the future coming—if they don’t change their strategy or invest in new technologies—then they deserve to go out of business.

But when organizations fail, there are social costs. You walk
If we think of management as a social technology, there’s no reason to believe that it couldn’t be reinvented.

To what extent must business schools reinvent themselves?

Any field—whether it’s medicine, engineering, or business—can become stuck in a paradigm trap over time. Everybody’s been trained the same way. They think the same way, and they take the same things for granted. I think that’s where management is today. Business faculty need to be very conscious of the inherited dogmas that may underlie their views.

Many of the most progressive 21st-century pioneers—the companies that are really challenging management dogma—are led and were built by people who didn’t go to business school. They didn’t know what they didn’t know. So, those of us who have the responsibility to train the next generation of leaders and managers have to be vigilant that we don’t unthinkingly trap our students in the same orthodoxies that have trapped managers for the last 75 or 100 years. We have to treat everything we’ve learned about how we manage and organize human beings as hypotheses that are forever open to disconfirmation.

How would you like to see business schools change the way they conduct research?

As researchers, we need to become much more experimental. As human beings, we’re always interested in what the next great breakthrough in medicine or technology will be. I don’t know how many people are asking, “What’s the next great breakthrough in management?”

If you look at scientific progress generally, you find that many of the most important theoretical breakthroughs came when researchers were confronted with anomalous results from experiments. They’d try something and something would happen that they didn’t expect. They’d have to ask, “What does this tell us?” From this process came new theoretical insights. There’s a certain kind of learning and progress that you simply cannot make intellectually if you’re not engaged and experimenting in the world of practice. That’s how W. Edwards Deming launched the quality movement, how Bob Kaplan created the Balanced Scorecard, why Peter Senge founded the Society for Organizational Learning.

That’s why I formed Strategos. I didn’t want to create a consulting company as much as I wanted to test a proposition. I wanted to explore the possibility of turning an organization and its tens of thousands of people into empowered innovators. This kind of deep experimental collaboration between scholars and practitioners is the norm in other professional schools, but it’s rare in business schools.

What will it take for business scholars to make that kind of shift, from theoretical to experimental?

For business faculty to move from being merely scribes and conceptualizers to being inventors, we need the courage to commit ourselves to really romantic goals, to problems for which there are no obvious and immediate solutions. Too often, we hold up Google or GE or whatever is the model du jour, and we tell our students, “Go thou and do likewise.” But we seldom ask where these organizations start. We seem to accept as fact that however good the best companies are now, that’s as good as companies are ever going to be.
Look at Nick Negroponte and his “One Laptop Per Child” project. Look at Craig Venter and all the people who worked on the Human Genome Project. Look at the Bill and Melinda Gates Foundation, where they’re asking big questions, like “How do we eradicate malaria?” These are huge, almost romantic goals. And I ask, “Where are the management and business school faculty in all of this? How are we making a real difference in the way businesses are run, rather than being interested only in incrementally improving their effectiveness?”

To fulfill our potential as innovators and inventors, we have to be willing to look beyond today’s best practices and commit ourselves to making a difference in organizations. We need to solve problems that today seem almost insurmountable. It’s hard work, but courage comes from the willingness to tackle a problem that may not be easy, but that’s inherently worthwhile.

**It seems as if it would be difficult for many business faculty to see themselves as inventors, rather than as teachers or scholars.**

It has been an enormous challenge. I live close to Stanford University, and when I go to its computer sciences department, engineering school, or medical school, I find faculty who really see themselves as inventors. They’re experimenting with new algorithms, new therapies, and new materials. But in business schools, few faculty see themselves as experimental scientists. They study best practices as they currently exist. They codify and share those practices, but they don’t see themselves as active participants who are really affecting the future of management practice. If a faculty member wants to have the opportunity to test out ideas, there’s little in the business school environment to make that possible.

**Is that why you and Julian Birkinshaw opened the Management Innovation Lab?**

We created MLab because we have a sense that companies are now facing a variety of new challenges that simply cannot be met with “management as usual.” We need to challenge some of the management orthodoxies and dogmas that we’ve inherited from the early 20th century.

We studied more than 100 management breakthroughs over the last century and learned that advances in management practice often come through a partnership between two groups. In one group are the theory-oriented practitioners, the executives and managers who are in the world of practice but have a passion for new ideas and willingness to experiment. In the other are the practice-oriented theoreticians—academics like W. Edwards Deming, Bob Kaplan, or Douglas McGregor—who have a real desire to change the world of practice. MLab was designed to bring together these two groups, progressive companies and progressive thinkers, to collaborate.

**You’ve also noted that business schools need to produce more innovative graduates. Are most companies ready to recognize the value of these graduates?**

When young people go into a company today, nobody’s going to give them permission on Day One to rip up the capital budgeting process or the strategic planning process. But as they assume positions of power over the next decade and beyond, they shouldn’t be so imprisoned by the old model that they can’t imagine alternatives. I want them to be frustrated by what they find in the organizations they work for. I want them to think that these companies could be better than they are and to be ready to innovate when they get the chance. Most companies have departments and business units that are like mini-laboratories where you can try out new management ideas—a different way of measuring performance or a different way of interviewing potential employees.

People coming out of business school don’t see themselves as responsible for dramatically advancing the science and technology of management. We don’t train them to do that. As management educators, we should develop people who can take the lead in inventing the new management practices and models that will be critical in the new century. We need to teach them to be management innovators. If we don’t start with this generation, I don’t know when we start.
In your book, you note that if you had a heart-to-heart with a CEO, the first thing you’d ask is, “How much of your budget is being channeled toward innovation and making a unique product?” What would you ask a business school dean?

I would ask, “Are you confident that you are preparing your students for the world of business as it exists right now?” I also would ask, “What are you doing with your curriculum and research that would have your competitors scratching their heads and thinking, ‘These guys must be crazy?’”

I’ve had many conversations with deans at business schools about what we’re doing at MLab, and they’re universally enthusiastic about it. But when it comes to the practical implications of having to change their own models, they find it enormously difficult to get their heads around that idea. When we look at business model innovation, we learn that the things that ultimately make a difference were often seen in their inception as practically crazy by the incumbents. If you’re not trying at least a few of those “out there, on the edge” experiments, your business school is not embracing innovation.

What do you think the b-school landscape will look like ten years from now?

I think there will be more online and diploma programs that are focused on particular needs, that aren’t full-fledged, two-year MBA programs. There will be more flexibility in the curriculum in terms of the pace at which students earn their degrees. I think there will be more emphasis on clinical learning, on getting out and integrating the theoretical lessons of the classroom in practice. I do think there will be many opportunities for business schools to reinvent themselves. To what extent those opportunities are going to be exploited, I don’t know.

What do you hope your work will ultimately accomplish?

The world is becoming more turbulent faster than our organizations are becoming more adaptable. There are problems that we should be working on and speaking to, and society is desperate for answers to these challenges. The world deserves better organizations that are better managed and more humane.

My motivation in all of this is that I believe that most organizations are less adaptable and less inventive than the people who work there. I meet many ordinary folks who have changed course mid-career. They’ve gone back to school, moved across continents, and dealt with enormous tragedies. They’ve risen to those kinds of challenges. Human beings are adaptable and innovative, but somehow the way we manage human beings seems to leach those qualities out of them. How do you build organizations that are as human as the people who work there? For me, that’s a very important quest.
Earning Excellence

by Sharon Shinn

Each year, thousands of students enter business schools to pursue their MBAs, credentials that indicate they’ve developed the skills and mindsets to become highly successful business leaders. And each year, business schools around the world begin seeking their own external credentials as they undertake the process of pursuing accreditation. But if a school puts its staff and stakeholders through the grueling process of pursuing accreditation, what are the true rewards likely to be?

That question recently was answered by the deans of business schools at four very different stages of the process, from those still working toward the goal to those that have held the designation for more than half a century. No matter where they stand in the process, all agree that achieving accreditation offers powerful benefits. But that’s not the only reason to pursue accreditation, they say. The journey itself provides just as many rewards.

Nakiye Boyacigiller of the Faculty of Management at Sabanci University in Istanbul, Turkey, is currently shepherding her school through initial accreditation with AACSB International. She is most impressed by how the accreditation process forces a school to examine its systems and meet its own goals. “It’s very easy to write in our strategic plan that we will be at X level of internationalization by a certain time, and then be loose about measuring ourselves against the plan,” she says. “Accreditation holds us accountable on the things we say we want to do, so we have to be careful about what we promise.”

Achieving accreditation helps a school set itself apart, attain a high level of quality, and earn international recognition—while learning valuable lessons along the way.
Because accreditation requires a school to prove its own claims, administrators must develop a reflective mindset, says Sue Cox, professor and dean at the Lancaster University Management School in England. She also is a member of the International Awarding Body for the European Quality Improvement System (EQUIS), the accrediting system of the European Foundation for Management Development (EFMD). The school is accredited by multiple associations.

Says Cox, “One peer review team said to us, ‘You say you’re a research-led school. What does that really mean?’ We couldn’t just reply, ‘We’ve always been at the top of the field in the U.K.’ We had to think about the fact that we embed research into our teaching, our staff development, and our culture. Accreditation teams question assumptions you’ve always had, and you’ve actually got to use the elevator pitch to justify your claims! It makes you challenge who you are and the journey you’re on.”

Even established schools benefit from meeting such challenges, says Jan R. Williams, dean of the College of Business Administration and the Pilot Chair of Excellence in Leadership at the University of Tennessee at Knoxville. Receiving input from a visiting team helps those schools identify what they’re doing right and where they need to improve.

Williams, who also conducts peer reviews for AACSB, says he comes away with new information every time he visits another school. “Probably seven out of the ten things I ever learned on peer review teams were positive things to do,” he says. “Three of the other ten were things I learned not to do. All are pretty valuable.”

Here, these deans share their insights about the benefits of accreditation—at every stage of the process.

The Accreditation Veteran

The College of Business Administration at the University of Tennessee at Knoxville was founded in 1913 and accredited in the same year dean Jan Williams was born—1941. For a school that has been established so long, is accreditation still as critical as it once might have been?

Williams believes the answer is yes, but not for the obvious reasons. While accreditation is a badge of quality, he believes many stakeholders simply assume such a well-known school is accredited; it’s what they expect. “I think that, when established schools are hiring faculty, not having accreditation might be a bigger negative than having accreditation is a positive,” he says. He thinks the same reasoning holds true for grad students deciding where to pursue a degree.

Still, even a school that has been accredited for more than 60 years must consistently meet a high level of quality to maintain accreditation. Williams thinks schools most often run into trouble in two key areas: creating assurance of learning processes and maintaining the right ratio of academically qualified and professionally qualified faculty. UT Knoxville has tried to avoid problems in those areas by focusing on them throughout the school year.

As part of its annual evaluation of faculty, the College of Business Administration uses AACSB guidelines to calculate its academically qualified/professionally qualified faculty ratio. The school also has made internal assignments so that someone is always monitoring faculty ratios or assurance of learning goals. “If we run the risk of falling out of compliance, we know it early,” says Williams.

Williams thinks that the association’s crisply defined standards for AQ and PQ faculty has been a boon to schools. “When the standards formally recognized PQ faculty as part of the mix, it freed us up to hire more of them than we could before,” he says. UT Knoxville deliberately hired professionally qualified faculty to take on specific roles that would benefit from hands-on experience.

“For example, we decided to make a big push on international business, and we brought in recently retired business executives who had significant international experience,” Williams says.

Accreditation provides not only staffing guidelines, but also the helpful insights of like-minded professionals. “It makes sense to base your continuous improvement efforts on what your peers say about you. It’s particularly valuable since the people visiting you are either from institutions comparable to yours or aspirational institutions—schools you want to be like,” says Williams. It would be difficult for the school to get that kind of scrutiny, he adds, if it wasn’t taking part in the accreditation process.

New School on the Block

The School of Business at Adelphi University in Garden City, New York, was midway through candidacy when AACSB changed its accreditation standards. “Without hesitation, we said that we wanted to be reviewed under the new standards when they went into effect,” says Anthony F. Libertella, dean
Schools often run into trouble in two key areas: creating assurance of learning processes and maintaining the right ratio of faculty.

of the school. By emphasizing continuous improvement and mission-based learning, the new standards would ensure “that we constantly looked ahead,” Libertella says. In 2007, Adelphi became the first North American school to attain accreditation under AACSB’s new standards.

Through achieving accreditation, the School of Business has fulfilled its part of a universitywide goal to attain top-level professional recognition for each professional school or program in the institution. But perhaps even more important, the School of Business has sent a signal that it has joined a select rank of accredited schools—many of which already dot the region where Adelphi is located.

“Most of our peer competitors and aspirant business schools in the New York metropolitan area have attained AACSB accreditation,” says Libertella. “For us, accreditation has leveled the playing field so that we can compete based on other criteria, such as small class sizes, student access to faculty, and technology-enriched faculty.”

But moving any school from wanting accreditation to achieving accreditation requires an immense amount of work. “First, we had to educate stakeholders about the necessity for accreditation,” says Libertella. “Then we had to create a culture of scholarship and inquiry, recruiting and empowering faculty to participate in the process.

“Finally, we had to make sure we sustained the effort over the candidacy period,” he continues. “Pursuing accreditation requires an explicit and conscious effort to formalize key processes, which made all of us—the faculty and the administration—much more focused on our mission and goals. Specifically, during the candidacy period, we achieved dramatic changes in faculty research productivity, learning assurance processes, and the overall curriculum.”

The six-year candidacy period already has changed the school’s culture, says Libertella. Scholarship, teaching excellence, and outcome assessment have become institutionalized, and the continuous improvement model is now ingrained, he says. In addition, the business school is developing joint programs within the university and exploring global partnerships.

Since attaining accreditation last year, Adelphi has heavily promoted its achievement. “The AACSB logo is featured prominently in all of our communications with potential students, parents, alumni, and the business community,” says Libertella. “This includes advertising, mailings, newsletters, our Web sites, and viewbooks.”

He believes all stakeholders are aware of the achievement—and influenced by it. For instance, he has noted an increase in collaborative research by and among the business school’s faculty. He is convinced that graduate students decide to attend Adelphi partly because of its accreditation status. And alumni are definitely impressed.

“There was a significant jump in alumni giving once we attained accreditation,” says Libertella. “We expect this to continue for the foreseeable future.”

Pursuing Recognition
Sabanci University opened its doors in 1999 and already has earned a reputation for excellence in Turkey. “But as soon as I cross my border, as soon as I want international students or faculty to apply, I hear the question, ‘Who is Sabanci?’” says Nakiye Boyacigiller.

A desire for international recognition was one of the goals that spurred Sabanci to undertake its current quest to achieve AACSB accreditation. “There are many ways for a school to communicate that it is a high-quality institution,” says Boyacigiller. “It can publish good articles, it can turn out skilled graduates. But AACSB accreditation is an instant stamp of approval, and that is the No. 1 reason we want it.”

The accreditation seal also will carry weight with stakeholders, Boyacigiller believes. She expects it to help her attract international faculty who might be excited about the idea of coming to Istanbul, but have some questions about a startup university. At the same time, it will signal students that Sabanci runs a high-quality MBA program—and let alumni know that the school is getting better every year.

Boyacigiller doesn’t shy away from admitting that the whole effort has been more difficult and time-consuming than expected. For instance, all of her full-time faculty have PhD degrees, and they publish frequently. The school routinely documents processes and achieves quality goals. She had anticipated the school wouldn’t have far to go to meet standards. “But it’s been a great deal of work—more than we could have predicted,” she says.

Boyacigiller adds that developing assessment processes for assurance of learning has been particularly time-consuming—partly because the concept is very new in Turkey. “We’ll be leading the assessment effort at our university, which is exciting, but we’re learning it as we go along, which is a challenge,” she says.
Another challenge to overcome is the relative inexperience of her staff. “We’re young not only as a school, but as a faculty,” says Boyacigiller. “When I arrived in 2003, we had 13 faculty members, and now we have 29. Almost all of them are newly minted PhDs. They haven’t been through accreditation before. They can’t say, ‘This is how we did that at my previous institution.’”

Despite the hard work, she’s proud of her school’s effort and hopeful about the outcome. “I view it as a badge of honor to even start the accreditation process,” says Boyacigiller. “I think we’re on track. We’re getting positive signs. We’ll see.”

Accreditation Multiplication
Faculty and administrators at Lancaster University Management School know firsthand how stressful the process of accreditation can be. LUMS set the standard for stress earlier this year by undergoing initial accreditation with AACSB, reaccreditation with EQUIS, and accreditation of its master’s program with the Association of MBAs (AMBA)—all in the same term.

Despite the effort, pursuing multiple accreditations at the same time has its advantages, Sue Cox says. Everyone at LUMS remained in a certain “accreditation mindset,” and the school was able to conserve and combine efforts.

For instance, she says, “We have a fully international advisory board with members from around the globe. We can combine one full board meeting with one accreditation visit, but we can’t ask board members to come back again a month later for a second accreditation visit. In that sense, managing the logistics for multiple accreditations made a lot of sense.”

At the Rotterdam School of Management at Erasmus University in the Netherlands—which also has been accredited by the three organizations—similar efforts are under way to simplify the accreditation and re-accreditation process. “Until a couple of years ago, each reaccreditation was dealt with separately, and different sets of coordinators were responsible for different programs,” says dean George S. Yip.

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If You’re Thinking About Accreditation...

1. **Understand how much effort is involved.** Be realistic about the challenges and time-frames necessary for a successful effort, says Nakiye Boyacigiller of Sabanci University. To make sure all the tasks get done, she says, divide the work among many people and recruit champions who will “take the process very seriously.”

   Because the effort can be so immense, let faculty know you appreciate their work, says Adelphi University’s Anthony Libertella. “Establish a reward system to motivate and maintain faculty momentum,” he says, “and celebrate small victories along the way.”

2. **Ask for help when you need it.** Libertella advises that administrators consult an expert early in the accreditation process. Other deans recommend seeking advice from assigned mentors, staff members at accreditation bodies, and colleagues at other schools.

   “Hearing personally from colleagues who have gone through the process is very helpful,” says Boyacigiller. “It’s like learning a recipe by watching a cooking show instead of reading a cookbook.”

3. **Learn about your own institution.** “Put together self-evaluation documents that reflect how the school envisions its future direction,” says Sue Cox of Lancaster University. “Ask responsible role-holders of the school to contribute to the self-evaluation. When you’ve gathered all the information, have someone go through it and look for internal inconsistencies. Don’t think this is a document that can be ghost-written.”

   And start the work early, says Libertella. “In the year prior to submitting a formal self-evaluation report, do a mock accreditation review,” he advises.

4. **Make sure your data collection systems are compatible with those of the accrediting body.** Consider the ways you collect data on faculty, including where they’ve published, when they were promoted, and how they’ve been developed. “When we underwent AACSB accreditation, we also had to look at assurance of learning and how we collected data on student..."
As business and business education become more international, the world’s accrediting bodies increasingly are promoting excellence around the globe.

Today, RSM systematically collects the data necessary for accreditation and compares the requirements of the awarding bodies. “Differences in subject, focus, and emphasis thus become apparent,” says Yip. “At the same time, we can establish the overlap between the different accreditation requirements, and that’s very useful as well. We have also been able to reach an agreement with our national accrediting organization, NVAO, so we can use reaccreditation information from AACSB to nationally accredit a number of our programs. Moreover, we recently appointed a special accreditation manager to oversee and coordinate activities for all the different accreditation processes. This doesn’t just streamline activities—it also helps us make the most out of the data.”

The immense effort of managing multiple accreditation requirements pays off with equally huge rewards, Cox believes. Not only does undergoing each process contribute greatly to the betterment of the school, but achieving the designations instantly confers legitimacy as a top school, she says. “Our students, our advisory board, our corporate partners, and our academic partners are looking to join and have alliances with schools that have multiple accreditations,” she says.

Cox notes that the three different accreditations offer a school three different lenses. AMBA is very program-specific, dealing only with the MBA. EQUIS focuses on a school’s strategy, direction, and governance. AACSB connects the school’s mission with its programs and achievements, while drilling deeper into program quality. “I see the three accreditations as being very complementary,” she says.

Maintaining Quality
No matter which brand of accreditation a school pursues, achieving and maintaining it can lead to “episodic stress,” Cox notes. Administrators can mitigate this to some degree by applying continuous improvement tactics to program goals. “I know that when my AACSB peer review team returns to Lancaster, they’ll be looking to see if we’ve consolidated our assurance of learning programs and if we can demonstrate some growth in our international research,” she says. “These are objectives we need to be working on all the time. In that sense, accreditation becomes sort of a rallying call for the troops.”

Williams agrees. He points out that AACSB’s shortened reaccreditation cycle—from ten years to five years—has made continuous improvement even more imperative. “School administrators can’t just get accredited, heave a sigh of relief, and then sit back and do nothing for nine years,” Williams says. In the past, by the time schools had to seek re-accreditation, the whole faculty might have turned over and the school could have lapsed in key areas, he says, making reaccreditation almost as difficult as initial accreditation.

Once a school has achieved accreditation, it becomes part of a larger community of educational institutions where information is shared to the benefit of all. “One of the things the awarding bodies do is spread best practices throughout the management community,” says Cox. “Spreading that information is a good goal for the awarding bodies, who are there to promote the excellence of schools generally.”

Indeed, as business and business education become more international, the world’s accrediting bodies increasingly are promoting excellence around the globe. Today, a school pursuing accreditation has the chance to benchmark itself against—and share best practices with—schools in Asia, Europe, Africa, Latin America, and the U.S. As each individual school focuses on its own continuous improvement, it also joins a greater community whose members are all striving to raise the bar. Thus, accreditation prompts a virtuous cycle that improves management education for everyone.
French business schools have seen rapid growth in the past decade, due largely to the improvements they have made to achieve accreditation.
**International Appeal**

One of the most marked benefits of accreditation is that it has greatly improved France’s market share of cross-border education. Ten years ago, France had a difficult time attracting international students. Across the world, fewer students were learning French as a foreign language; non-French-speaking students who wanted to study outside their own countries hesitated to come to France because they feared their lack of fluency in French would be a major handicap. In addition, many people viewed France’s economy as struggling, which made them less interested in traveling to France to study business.

At the same time, France’s older generation was firmly opposed to losing its “Frenchness.” In Paris in 2002, Edufrance (now Campus France) held a meeting to present its new catalog of programs taught in English. When the session was opened to questions, the director of one of the most prestigious French engineering schools instantly raised his hand. “Well, really!” he said disdainfully. “Should we be doing this? I believe in defending the French language and culture. Foreigners coming here should learn that first and then be taught in French while they are here.”

Clearly, France still had a long way to go. Fortunately, we’ve made progress.

Last November, *The Economist* printed data from the Organisation for Economic Co-operation and Development showing how cross-border education statistics had shifted between 2000 and 2005. According to the OECD, French business schools increased their market share of cross-border education from 7.5 percent to 8.7 percent of world students.

By contrast, Germany’s share of international education dropped from 10.3 percent to 9.5 percent. The U.S. market share dropped from 26.1 percent to 21.6 percent, and the U.K.’s dropped from 12.3 percent to 11.7 percent.

The rigor and transparency required in the accreditation process has helped French schools become a viable choice for students from other countries. A school that’s accredited has had its content and quality validated by an outside organization, so the accrediting bodies have actually streamlined the selection process for international students. Students also can use rankings to gauge a school’s quality. However, rankings are subject to large swings in position from year to year, whereas accreditation can offer students a long-term view of a school’s programs.

**Many Other Benefits**

While many French business schools originally sought accreditation for its perceived marketing advantage, they now appreciate it on multiple levels. First, accreditation brings extraordinary internal organizational benefits to the school and makes a positive impact on day-to-day operations.

Second, accreditation reassures students, parents, and potential employers that the institution is focused not only on student achievement, but also on providing an efficient, effective, and enriching learning environment.

Third, accreditation deepens stakeholder involvement in nearly every aspect of school life. For instance, in a country where students rarely evaluate professors, French business schools are now asking students to evaluate not only faculty, but the administration and infrastructure as well. Faculty and administrators adhere to high standards based on the latest research and professional practice, and “quality assurance” has become the organizing principle of accredited schools.

Accreditation has become so important and widely known that one French newspaper recently talked of “fatigue.” In effect, because accreditation has become so pervasive, the press now has the luxury of criticizing the very force that has driven improvements in the education system.

**Obstacles Remain**

Despite all the advantages accreditation brings to a school, it is not easy to achieve—and that’s particularly true when a school is pursuing the designation from an organization outside its region. In particular, European schools face several obstacles when seeking AACSB accreditation.

Prior to 2003, one significant barrier revolved around AACSB’s standards for faculty recruitment and deployment. Those earlier standards required schools to employ a majority...
of research-oriented faculty and high percentages of doctorally qualified teachers; they also required schools to follow a very specific classification and reporting system. Most French institutions were built on the Grande Ecole model and ran their programs like professional vocational schools—which meant many faculty members were successful high-level practitioners. At the same time, French labor laws dissuaded schools from hiring large numbers of core faculty, or what would be comparable to tenure-track professors. Instead, schools relied heavily on pools of adjunct faculty.

It was a welcome event when AACSB published its revised standards, purposely designed to be applicable to the global landscape of business education. These revisions allowed schools to pursue AACSB accreditation within the context of their unique missions and focuses. Nonetheless, AACSB accreditation remains out of reach for smaller schools with limited resources.

A second, related barrier is the difficulty many French institutions have in hiring faculty who are not only doctorally qualified, but able to teach in English. AACSB does not require schools to teach in English, but the competitive environment puts additional pressure on French schools to do so. In France, the market for faculty members with this profile is highly competitive, and starting salaries are out of reach for smaller schools with smaller endowments.

Schools that seek accreditation from organizations outside their region also need to jump cultural and language hurdles. For instance, a French school pursuing AACSB accreditation must have staff who fully understand the standards in English, can interpret them to fit the French model, and then can write self-assessment reports in English. To make sure that quality processes are understood and owned at all levels of the institution, many French schools have created new roles or restructured staff responsibilities. For example, at Grenoble Ecole de Management, the Centre for Quality and Institutional Development is dedicated to accreditation issues and employs both native English and French speakers.

For some European schools—particularly the second-tier schools fiercely competing to fill their classrooms—achieving accreditation has become a question of survival. Therefore, European schools continue to work hard to find middle ground between their traditions and the requirements for accreditation.

**Maintaining Excellence**

Despite the advances accreditation has made possible for French schools, it’s important to put the picture in perspective. International students still believe a degree from a U.S. school is a passport to wealth and success, and American schools still dominate the education market. For the past five years, Shanghai Jiao Tong University’s Institute of Higher Education has produced its Academic Ranking of World Universities, which takes into account factors such as faculty who have won Nobel Prizes or produced highly cited research. In the 2007 ranking, 17 of the top 20 schools were from the U.S.

French schools were woefully absent from this list, although three of them appeared in the top 100. Business schools don’t greatly influence rankings because they educate only a small percentage of the population. Of the 2.3 million students pursuing higher education in France, only 88,000 are studying business. In addition, masters programs are a niche market in the education system. The Shanghai Jiao Tong ranking serves as a reminder that French universities still must work hard to become top global players.

The good news is that French business schools have shown that they can compete with the best in the world. Maintenance of accreditation requirements mean that schools must frequently undergo self-reflection and peer review. This will ensure that French schools continue to adhere to rigorous standards—and continue to improve—in areas such as administration, instructional resources, faculty, physical facilities, student recruitment, and the curriculum.

French business needs strong French business schools. In particular, the French employment market needs managers capable of working abroad. France boasts that it draws 80 percent of its income from companies on the CAC 40, a weighted index of the French stock market that includes many international companies. France also needs foreign students who have graduated from its schools to help its multinational companies succeed beyond the country’s borders. These facts have motivated many French institutions to do the work necessary to upgrade their schools, prove their quality—and achieve accreditation.

Julie Perrin-Halot is head of the Centre for Quality & Institutional Development at Grenoble Ecole de Management in France. Mark Thomas is the school’s director of international affairs.
Anticipating the Future

by Dipak C. Jain

I was to deliver my first speech as the dean of Northwestern’s Kellogg School of Management on the morning of September 11, 2001. I had just begun to address the incoming class of MBA students when I received news of the terrorist attack on the World Trade Center.

Nothing in my life had prepared me for the suddenness of this catastrophic event. All of us instantly knew that our world had been forever altered. I no longer recall what I was going to say that day, but I am sure that I have been saying something vastly different ever since.

Our history is punctuated with examples of massive change set off by devastating events. But in the 21st century, change itself has undergone a profound, if deceptively subtle, shift: It occurs more quickly and is more disruptive than ever before. In this new environment—which my colleague Philip Kotler and I refer to as the nanosecond culture—prediction is nearly impossible. At the same time, looking into the future to try to determine what awaits us is more important than it has ever been.

With this in mind, I now say that we need to anticipate the future, not try to predict it. As management educators, we all look to the future of business so we can determine what we should be teaching our students now. But given today’s unpredictable business environment, we must hone our anticipatory skills and become even better at identifying important trends early in the game. That is the only way we can drive our institutions, as well as the students and businesses we serve, in the right direction.

What trends and forces will shape the next decade of management education? Some changes are subtle, others sweeping.
I anticipate that four distinct trends are set to shape management and management education.

**Changing demographics.** Over the next 25 years, 90 percent of the population growth will occur in developing countries. Developed countries are aging as developing nations are getting younger. The 65-plus age group is the fastest-growing population in Europe, while the under-35 group is expanding more quickly in Asia. The population that is most relevant to our MBA programs is the group between the ages of 25 and 29. That group is projected to grow by more than 12 percent in Asia and by nearly 50 percent in sub-Saharan Africa. At the same time, it is expected to shrink by 8 percent in Western Europe, 14 percent in the Baltic States, and 26 percent in Eastern Europe.

Demographics alone would tell us that there is not much growth to be expected in Eastern Europe, where populations are shrinking. And yet many of the transition economies in Eastern Europe are exhibiting growth patterns similar to those in India. That’s why Kellogg has been focusing its global curriculum on countries like Ukraine and Georgia, in addition to India. By watching the demographic and economic developments in these transition economies, we can chart a clear course to the future.

**Increasing globalization.** Nations no longer can isolate themselves economically, politically, or culturally. Indeed, collaboration between countries, organizations, and people has become of paramount importance. But globalization doesn’t mean that borders and cultural differences will cease to matter—in fact, they’ll matter more.

The multinational companies of the future will expect managers to navigate all types of economies. Business students worldwide are already preparing for the demands of their future careers. For example, many people are surprised when I tell them that a cohort at one remote Mexican university includes 60 Indian students. But these students want to master the local colloquial Spanish so they can start call centers in India that cater to Hispanic customers.

We’re all familiar with the famous blunders that resulted when marketing research from one country was applied blindly to a completely different one. Now business schools must educate students to avoid making the same mistakes, especially in today’s unforgiving environment.

**Changing competition.** Disruptive technologies and a new kind of entrepreneurism have been reshaping the rules of competition and reconfiguring whole industries. The dynamics of this new brand of ‘hyper-competition’ are not always intuitive, so we must learn to look at businesses with fresh eyes if we are to anticipate the forces that will affect them.

As an example, when I served on the board of United Airlines, I realized that business schools and airlines are similar when it comes to competition. That’s because, for each of them, future competition will arise from unexpected sources. For airlines, the biggest threat may come, not from other carriers, but from continually improving video conferencing technology. If, in a single year, 1,000 business executives choose one video conference over a first-class ticket on a flight between New York and Singapore, the airline industry could lose $10 million in revenue.

Tomorrow’s business schools also will be facing new competitors that are not just other management schools. Their students will be lured away by corporate management development programs, organizations that deliver just-in-time online learning modules, and leading-edge think tanks.

**Demand for talent.** Not only are corporations and institutions competing for clients and students, but they are fighting for managers and faculty. At a recent conference, I made the observation that leadership “humanizes business by recognizing that people are the only source of differentiation and value creation.” Business schools must help students understand that if organizations focus on their employees, they will bring in more customers. If they focus only on commodities, they will lose business. The future of business—and business schools—will depend on the people at the core of the enterprise.

**Evolving Missions**

It is not just these external trends that management educators need to anticipate. We need to look at what changes lie ahead for our core missions of creating, disseminating, and certifying knowledge.
Knowledge creation. I believe that, in the future, more of our research will need to focus on management in transition economies—and more of it will need to be collaborative. In anticipation of this trend, Kellogg has already joined the Wharton School at the University of Pennsylvania on several endeavors, including founding the Sasin Graduate Institute of Business Management at Chulalongkorn University in Thailand in 1972 and the Indian School of Business in Hyderabad in 2001. I expect more schools to collaborate on international centers of excellence in various regions of the world.

I also believe business schools will need to engage the talents of students more often as co-creators of knowledge. When students help faculty formulate questions and theories about management, the students bring fresh ideas and experiences to the table. And when faculty engage students on research projects, they help students develop a research mindset that will benefit them for the rest of their careers.

Knowledge dissemination. As we teach business students, we should focus more on developing wisdom than on relaying information. By emphasizing wisdom, we not only will give our students a better education, but we will make our schools stronger than those new competitors that provide only information.

But developing wisdom in individuals is difficult because it requires students to learn from their own failures and successes. It requires that education be customized to the learner. To develop wisdom, MBA students will need to learn through an experiential curriculum that also includes an array of electives—elements we’ve worked to integrate into our programs at Kellogg. I believe more schools will need to follow this model in the years to come.

If institutions around the world are granting MBA degrees, how can one university separate itself from all the others? A school’s brand must reflect its soul, and a soul is built around people—faculty, students, and alumni—not merely around programs.

I learned this lesson during one of my most challenging professional experiences. I was working with senior government officials of Thailand to develop the country’s national identity with the goal of attracting foreign investment and building the tourism industry. As with any brand building, this effort was predicated on authenticity—creating a promise that could be met—in this case, letting people know what to expect when they visited or did business in this beautiful country.

My colleagues and I had begun to use the word “Thai-ness” to describe the warmth, caring, and hospitality of the Thai people, but I didn’t really understand what that meant until I witnessed it firsthand. As the branding project drew to a close in December 2004, my family and I were vacationing in the beach resort of Phuket. Late that month, the tsunami hit. The Thai-ness of the local people was immediately evident in the way they treated guests despite the devastation.

What I saw there made me think of our own industry and how every member of a business school community interacts with the school’s stakeholders. The business schools of the future will need to develop their own “school-ness”—a brand identity that is common to faculty, students, and staff—if they’re going to survive their own crises.

I believe that, as we prepare for the future, we must do more than refine our methods of creating, disseminating, and certifying knowledge. The cost of providing our students with leadership development, experiential learning, and global perspectives is rising more quickly than tuition. Therefore, we must find new ways to extract monetary value from our core missions—whether we publish and sell case studies and reports based on faculty research or establish centers that offer consulting services to corporations. Not only will this strategy allow us to cover the costs of learning, but it also will allow us to pour more resources into our programs and add even more value to our degrees. It also provides us with another avenue to put valuable ideas to work in the larger world.

“If you want to build a ship, don’t drum up your men to go to the forest, gather wood, saw it, and lash the planks together. Instead, teach them the desire for the sea.”

— Antoine de Saint-Exupéry
Globalization and Leadership

In the past decade, globalization and leadership were two of the themes that dominated management education. I anticipate that, in the following decade, they will shape the whole business curriculum.

Today, globalization is no longer just a topic within the MBA program. It is the reality of business school education. All business schools must find ways to integrate globalization into the overall educational experience so they can truly replicate the work environment our students will enter.

At Kellogg, we have globalized the MBA program through four components: international student recruitment, international corporate recruitment, curriculum enhancements, and faculty development. It is still a challenge to pursue globalization while working within resource constraints and staying true to our existing mission and strategy. We have achieved our goals, in part, through teamwork and collaboration. For example, we have made alliances with other schools, collaborated on faculty development, and partnered with other institutions to launch new schools. Our global strategy is also intended to foster economic development in transition economies.

For years, business schools have taught students how important teamwork will be in the workplace. But I believe that business schools will need to apply teamwork to their own strategic plans, especially when it comes to globalization.

While globalization will remain a key challenge for business schools, it will be even more crucial for us to emphasize leadership. We will need to focus on our students’ personal development in addition to their career development. We will need to help them harness their potential so they can cope with work, family, and social pressures. We must sharpen their intellect and instill a sense of passion and responsibility so they will be prepared for long and satisfying careers in business.

French writer Antoine de Saint-Exupéry, who penned *Le Petit Prince*, also produced this marvelous statement about how to inspire people. He said, “If you want to build a ship, don’t drum up your men to go to the forest, gather wood, saw it, and lash the planks together. Instead, teach them the desire for the sea.”

Saint-Exupéry has captured our most critical challenge as management educators. We must do more than give our students the technical knowledge to build a company; we must do more than show them how teamwork will keep their enterprise afloat. If we are to keep management education thriving, we must inspire our students with a passion for the endlessly varying world of business.

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Businesses at Risk

by Richard Phillips

Even a cursory reading of the business news indicates there’s a dearth of high-caliber risk management talent available to the global market—at a time when there’s a pressing need for such talent. The corporate world is straining to manage risks presented by a wide array of challenges: the seemingly endless fallout from Enron, the subprime meltdown, the skyrocketing price of oil, supply chain issues in China, widespread natural disasters, and global warming.

Many business leaders are starting to realize that they need effective and imaginative risk management to achieve significant competitive advantages, an enhanced corporate reputation, and a better overall stakeholder value. Business schools can help them meet this need—but only if they turn their own programs into true training grounds for risk managers.

Today’s Risks

Attention to risk management has intensified recently because companies worldwide are facing hazards that they didn’t even acknowledge five or ten years ago. In the past, even those companies that recognized additional risks largely ignored them, believing that they couldn’t be measured or managed.

Instead, companies focused on management risks that could be identified in a property/casualty insurance contract: risks posed to employees and vehicle fleets, as well as the potential liabilities faced by C-suite executives and board members. In the early ’80s, these manageable risks spread to the treasury department as the capital markets developed so-called derivatives contracts that allowed companies to deal with fluctuating currencies, interest rates, and commodity and equity prices. Companies may have found these financial risks more difficult to understand than risks to their people and property, but—and this is the important point—they still were quantifiable.

Today’s business climate has forced companies to redefine the concept of risk and plan specific ways to manage it. But many business schools aren’t turning out the kinds of graduates who can handle this complex job.
Then a series of cascading events happened along the way to the millennium, changing the way people perceived risk. First came two disturbing realizations:

- Some risks aren’t predictable in magnitude or easy to manage in the insurance and capital markets. Remember the scare over Y2K and the lack of liquid insurance markets and products to cover those risks?
- Overall costs of risk could be lowered by taking unrelated exposures and measuring them through a single financial or insurance contract rather than multiple separate ones. An explosion of financial engineering in the 1990s inspired a number of these holistic risk management models. The most famous example was in 1997 when Honeywell combined foreign exchange and hazard risks in a multiyear contract, saving an estimated $4 million annually.

Next came a series of disasters:

- Hurricane Andrew made landfall in Florida in 1992, causing an estimated $26.5 billion in losses. Nearly bankrupting the reinsurance industry, Andrew led to the creation of so-called catastrophe bonds and a new type of financial and natural disaster modeling to make the bond ratings possible.
- The World Trade Center attacks on September 11, 2001, forced businesses to consider terrorism, business continuity, disaster recovery, and security issues as part of their corporate risk management plans.
- Enron collapsed at the end of 2001. That led to the passage of Sarbanes-Oxley and the rush to involve account-

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**Risk at Robinson**

R etooling risk management has become a key initiative at the J. Mack Robinson College of Business at Georgia State University. We launched our risk management program in 1950 and our actuarial science program in 1958. Although both programs were successful, changes in academic research and the needs of business meant it was time to consider an overhaul. In 2003, we adopted the goal of becoming a world leader in risk management scholarship and education through a collaboration of multiple risk-related disciplines. We are in the midst of implementing our new program, and through 2012 we will be making additional investments in time, talent, and money.

Five years ago, we started working on a strategic plan that would incorporate quantitative methods, corporate finance, actuarial science, mathematical finance, and accounting and management sciences into one risk management department. Our plan included:

- Successfully lobbying university officials for incremental funds totaling $3.75 million over five years, renewable thereafter.
- Initially adding six new faculty positions and making plans to add three or four more. We brought in specialists not previously found among our faculty, including some who were focused on mathematical finance, corporate decision making, and economics. This expanded not only our numbers, but also our expertise.
- Adding a new graduate degree program focused on quantitative methods used by banks, insurers, and corporations to manage financial risk.
- Dramatically altering our traditional actuarial and MBA risk management programs to increase integration among areas of risk specialization.

We now offer an MBA with joint degree options in risk management and insurance and finance; a dual-degree MS that integrates mathematical finance and actuarial science; and an undergraduate risk management degree that focuses on critical thinking about risk. This new curriculum reflects our belief that our graduates must be able to measure all kinds of risks, not just financial ones, and they must be comfortable managing both quantifiable and unquantifiable risks.

In one of our capstone courses, students must identify and manage an interest rate exposure as well as an employee
Companies face a plethora of new risks in areas as diverse as corporate reputation, human resources, IT, supply chain management, disaster planning, and financial and nonfinancial controls.

The new tagline for this enormous corporate endeavor is enterprise risk management (ERM). Companies must learn to combine the exacting science and mathematics behind insurance, capital markets, and modeling to meet ERM’s seemingly endless management requirements.

A Lack of Talent
Schools are facing a related challenge: training students to become employees who can slay the dragon of corporate risk. It’s urgent that they begin meeting this challenge today—particularly because the traditional sources of insurance talent seem to be drying up.

For example, since the 1990s, there has been a significant decline in the number of people taking the CPCU exam, the health risk exposure. In the first part of the case, we give them good information about the relationship between the two risks. In the second part, we provide limited information in a specific situation—for instance, the low probability of dealing with a health pandemic such as SARS. We ask students to develop their risk management strategies assuming normal market conditions; once they reach their conclusions, we release additional information.

This method not only helps students learn to measure risks based on the information available, but also teaches them the error of relying too much on existing models. With such courses, we believe that our new degrees will produce students who can meet the future risk management needs of corporations in all industries.

Impressive Results
As we have refined our risk management program at Georgia State, we have seen powerful, tangible results. Students in our risk management majors have the highest entrance exam scores of students at any program in the Robinson College, and students from our new quantitative graduate risk management program have the highest average salary of any major at Robinson.

At the same time, our faculty are producing more research and forging key partnerships with industry. For example, a team of our faculty is conducting a review of the economic capital model used by the American International Group, one of the world’s largest insurers. The study will comment on the theoretical soundness of the company’s model and suggest alternatives that could lead to improvements. It also will facilitate discussions between AIG and various stakeholders—business and product line managers, rating agencies, regulators, analysts, and so on—to encourage them to accept the model.

As the world grows more perilous for business, companies in many other industries also will be looking for graduates who can handle a broad range of risk management requirements. Adam Litke, head of market risk management at Wachovia, points out that actuaries are not risk managers. “They can help mitigate risk passively, but they’re not good at playing that advisory role, saying, ‘You can restructure that risk this way.’” If graduates have a broader skill set, he says, they won’t have the “translation problem” quantitative specialists might have as they talk to businesspeople.

For the moment, we view Georgia State’s approach to risk management as something of a hybrid program. As our program evolves, we consider it invigorating to be part of the larger debate about where academia needs to go in regard to risk management. We believe the business school community needs to take an entirely new approach to helping businesses manage risk and succeed in a hazardous world.
dominant professional certification exam for property and casualty insurance underwriters in the U.S. Between 1992 and 2007, the number of people sitting for the exam dropped from 52,500 to 18,000—almost a 75 percent decrease in just 15 years.

Meanwhile, in the past seven years, the number of U.S. actuaries accredited by the Society of Actuaries saw an annual growth rate of only 1.6 percent—which is anemic, considering that the industry’s asset base grew four times faster over the same time period.

The risk management programs at business schools are also struggling. Almost a decade ago, one university announced that it was discontinuing the insurance track in its undergraduate finance program due to lack of interest—and this is a school that was listed among the top 15 insurance and risk management programs in the most recent U.S. News & World Report. Another well-known risk program now offers only one undergraduate insurance course, although this program is considered a leader in teaching financial derivatives.

It’s not that business schools aren’t trying to meet the needs of today’s multinational corporations. The American Risk and Insurance Association (ARIA) boasts 46 academic institutions as members, and together they produce close to 1,000 graduates annually.

The problem is that, in too many schools, “risk management” and “insurance” are considered virtually interchangeable programs. These colleges and universities are not grooming risk managers who can help companies effectively handle global risk, especially in the executive suite and boardroom. And if these schools don’t re-examine the way they teach their students risk management, they will produce increasingly marginalized graduates who do not have the skills to help companies tackle some of their most urgent problems.

Zeroing In on the Challenges

Even for schools that are taking a long view of risk management, programming is complex. A growing number of disciplines are being put under the ERM umbrella, including insurance, accounting, auditing, IT security, supply chain management, and business continuity, and each functional silo claims to be the one to go to for risk decision making. Of course, each silo comes complete with its own educational degrees, certification processes, and professional associations, and each has its own ideas about how companies should handle ERM.

Nonetheless, risk programs are beginning to zero in on how to tackle ERM and produce graduates who are qualified to lead in a complex world. For instance, at Georgia State’s J. Mack Robinson College of Business in Atlanta, a revamped curriculum is bringing together a number of existing programs to create a series of risk-related graduate and undergraduate degrees. (See “Risk at Robinson,” on page 47.)

Other schools are also considering how to approach the topic. In 2006, the ARIA joined with Ohio State University’s Fisher College of Business in Columbus and the Griffith Foundation for Insurance Education to hold a two-day symposium called “Putting the ‘enterprise’ into risk management and insurance education.” Risk management academics from the U.S. and Canada attended to hear the viewpoints of executives from a wide variety of corporations and industries—as well as rating agency executives and consultants. Another symposium was held in August 2008.

Still other endeavors aim to bring together educators and the corporate community. The Enterprise Risk Management Initiative, founded by North Carolina State University’s College of Management in Raleigh, hosts a series of roundtable presentations where executives from companies such as Federal Express, Delta Airlines, and General Motors tell regulators, educators, and corporate practitioners how they are implementing ERM on the ground.

Mark S. Beasley, Deloitte Professor of Enterprise Risk Management at N.C. State and director of ERMI, says the initiative is gaining traction. “When we started, we had a list of maybe 20 corporate executives; now we have several thousand, so we’re making slow but steady progress.” While N.C. State’s initiative does not currently offer degree programs, Beasley expects growth in its future as executives recognize the need for broader talent.

Executives Weigh In

The best indicator that business schools need to address their risk programs comes from corporate executives themselves. Even traditional insurance companies have begun to look for graduates with more than an understanding of the math and science used to develop actuarial numbers.

For instance, Dutch-based insurance giant ING has expanded its actuarial program into one that deals with broader risks,
according to Frederik ten Lohuis, the company’s manager of market risk. Since April 2007, the company has had a chief risk officer who reports directly to the board.

“As a life insurance company, we’ve concluded that only 10 percent of our risks are exposures to life insurance,” says ten Lohuis. “Fifty percent to 60 percent of our relevant risks really relate to interest rate movements and equity prices. The remainder revolve around operational, business, and credit risk. So our need for graduates who specialize in the actuarial sciences isn’t as great as we once thought it was, while our need is increasing for those who can help quantify other risks through metrics such as value-at-risk.”

Nonfinancial corporations are also recognizing the need for graduates with broader skills. That’s true at the Southern Company, an Atlanta-based utility company. “What you haven’t seen historically are university programs producing well-rounded risk analysts,” says Silvia King, who until recently headed the ERM efforts at Southern. “Many of them produce the stereotypical ‘quant’ who specializes in technical fields and is uncomfortable dealing with managers in the C-suite. But managing risk from an enterprise perspective has as much to do with ethics, governance, and accountability as it does with actuarial science. Business school programs need to find a way to bring the technical and nontechnical skills together.”

If business schools are going to meet the needs of business in the field of risk management, academia must look to the future, says Don Mango, managing director at Guy Carpenter, a global reinsurance intermediary. “Schools should try to produce the kind of graduates companies will need—even if most of them don’t know it yet,” says Mango. “The risk manager of the future should be able to go into an industrial company, for instance, and deal with the risks surrounding raw material, logistics, and the supply chain, among others. Today, the people assessing those risks are often traditional MBAs, but academia should be able to offer graduates who add more value. They should...
be able to train people who can provide expertise in all three areas—risk finance, insurance, and capital markets.”

**Room to Grow**

As risk management programming becomes more urgent, schools and businesses will no doubt engage in a larger debate about what needs to be covered. The programs most likely to be successful will be those that blend financial engineering and actuarial science with more traditional risk management and insurance courses.

That blended approach will be powerful, says Paul L. Walker, an associate professor of accounting at the University of Virginia’s McIntire School of Commerce in Charlottesville. Walker teaches a graduate course on ERM and is the author of *Enterprise Risk Management: Pulling It All Together and Making Enterprise Risk Management Pay Off*. “I can’t imagine working at any major corporation today without having a broader understanding of risk than corporate executives have had historically,” he says. “Nor can I imagine being on a corporate board and being asked a question that I couldn’t answer. It would be embarrassing.”

The future may hold a wide variety of business programs tailored to risk management, believes Joan Schmit, the American Family Insurance Professor of Risk Management and Insurance at the University of Wisconsin in Madison. She says, “I think there will continue to be more traditional insurance programs, because there will always be a need for underwriters and claims adjusters and contract writers.” But since corporations will need to hire people with backgrounds in mathematics and operational risk, she says, schools need to offer programs that meet those needs. She adds, “What’s most important is for the leaders of these programs to know who they really are and who they want to be.”

If schools can retool their programs to suit today’s risk marketplace, their students will be eligible for the most desirable jobs in the financial services sector and elsewhere. Their enhanced risk management programs will boost the overall reputations of their schools, serve to differentiate them from competitors, and fill an important space next to more traditional academic programs like finance. At the same time, their programs will be ahead of the curve as they fulfill a need that global businesses are just beginning to realize they have.  

Richard Phillips is Bruce A. Palmer Professor and Chair of the Risk Management and Insurance Department at Georgia State’s J. Mack Robinson College of Business in Atlanta. Lawrence Richter Quinn, president of Quinn Risk Management Media in Atlanta, contributed to this story.
Ethical Objectives

by Richard A. Cosier

During a lecture he gave at Purdue University two years ago, Nobel Laureate Lech Walesa told the audience that “ethics should serve as the grounds for all solutions we impose in this era.” I could not agree more—no discussion of management education would be complete without talk of the need for ethics. Now, as AACSB International faces so many wide-ranging goals, daunting challenges, and great opportunities, we must remember that we can accomplish these goals, face these challenges, and leverage these opportunities only if we never lose our focus on integrity.

With that focus firmly in place, I believe AACSB will be able to achieve five important objectives it has planned during the next year and beyond. These objectives address closely related priorities such as globalization, assurance of learning, the impact of research, the importance of engaging with the business community, and the growing responsibility business will have to promote and support social causes.

All of these issues reflect AACSB’s recognition that neither the organization nor its business school members can ignore the need to grow with and stay ahead of an expanding world economy. Only by tackling these issues can we continue to serve the global business community effectively.
1. Growing Globally

Business school administrators and faculty realize that globalization should be integrated throughout b-school curricula. On campus, we are increasingly placing our students in diverse teams that mirror the workplaces they will be entering upon graduation. Off campus, we are giving students the opportunities—if not the mandate—to travel and study globally.

Undoubtedly, AACSB will grow its international membership to keep pace with these trends and with the global economy. There are more than 11,000 business schools worldwide, and only 555 hold AACSB accreditation. Of those 555, fewer than 100 are found outside of the United States. These numbers reflect a great potential for growth throughout the world.

With their massive populations and burgeoning economies, China and India are prime areas for management education expansion. For this reason, as part of its Asia Initiative, AACSB plans to open an office in Singapore.

Africa, too, is a potential area for expansion in AACSB membership. Although many African countries struggle to resolve crises such as corruption and ethnic violence, there

Meet Richard Cosier

Prior to pursuing an academic career, Richard Cosier was a planning engineer with The Western Electric Company, which eventually would become Lucent Technologies. By making the transition to academia, Cosier embarked on a career that so far has included two deanships and positions at four academic institutions.

Cosier joined Purdue University in 1999 and now serves as the dean and Leeds Professor of Management at Purdue’s Krannert School of Management in West Lafayette, Indiana. He formerly served as the dean and Fred E. Brown Chair of Business Administration at the University of Oklahoma. He served as associate dean for academics, professor of business administration, and chairperson of the department of management at Indiana University in Bloomington. He also held a faculty appointment at the University of Notre Dame in Indiana.

With his practitioner’s background, Cosier is especially mindful of the importance of connecting to the business community and raising private support for a business school’s academic mission. In 1997, at the University of Oklahoma, Cosier announced an $18 million endowment from Wall Street fund manager Michael F. Price and a matching $12 million from the State of Oklahoma. As a result of the endowment, OU’s College of Business was renamed the Michael F. Price College of Business.

In 2000, at the Krannert School, Cosier announced a $10 million gift from alumnus Jerry S. Rawls, which completed funding of Krannert’s Rawls Hall. Cosier takes pride in the fact that all three buildings in the Krannert School complex—the Krannert Building, the Krannert Center for Executive Education, and Rawls Hall—were privately funded, constructed without tax dollars. In total, Cosier’s fund-raising efforts have brought more than $130 million to the Krannert School and Price College.

Since 2001, Cosier has been on the executive committee and board of directors of the Greater Lafayette Community Development Corporation and the board of directors of the Lafayette-West Lafayette Development Corporation. He also serves on the boards of Kite Companies, an NYSE public company, and Roll Coater in Indianapolis. Cosier has been active with the United Way of America at the national and local levels, serving as chair of Purdue’s 2003 campaign. He has published more than 60 articles and columns, has co-authored a management textbook, and has written a chapter on conflict that was included in a popular management text.

Cosier is looking forward to bringing his experience to the board of AACSB International. “I pledge my dedication to listening to all AACSB member schools and being inclusive with regard to our governance process,” says Cosier. “I look forward to doing my part to help achieve our most important objective, advancing quality management education worldwide.”
AACS must be ready to help African business schools produce business leaders who are prepared to help African economies prosper.

still have been encouraging signs that their economies are growing. AACS must be ready to help African business schools, particularly those in sub-Saharan Africa, produce business leaders who are prepared to help African economies prosper. Today, there are only about 350 business schools in Africa. In all of Africa, only the northern region’s American University in Cairo, Egypt, is accredited by AACS.

Yet I know that others will follow, as our organization works with business schools across the continent. In August, AACS’s chief accreditation officer, Jerry Trapnell, conducted a two-day seminar in Johannesburg, South Africa, for deans and directors of African business schools. Sponsored by the W.K. Kellogg Foundation of Battle Creek, Michigan, and the University of Pretoria’s Gordon Institute of Business Science in Johannesburg, the seminar covered topics such as business school leadership and AACS accreditation.

As AACS expands its reach around the globe, we must take to heart the very lessons we teach our students. If we want to encourage new membership and the pursuit of accreditation, we must resist the temptation to impose U.S.-centric standards. Although we always will promote academic quality, we also must respect the differences among cultures and traditions. While AACS must maintain standards of excellence, we need to be flexible and fair in our academic requirements and keep overall quality as the overriding priority.

2. Promoting Peace
While significant cultural differences exist among the world’s business schools, I believe that some principles and standards should be common to all institutions. These include honoring basic human rights and promoting diversity. As an accrediting body, AACS must not lose sight of its responsibility to humanity to do what is right and just.

As a member of AACS’s Peace Through Commerce Task Force, I am proud of our organization’s efforts to help produce leaders who are globally conscious and who use business to improve the common good. Through means such as student and faculty exchanges, research projects, and global business ventures, we can show how business and commerce can be used to promote prosperity and peace.

AACS also recently has partnered with the United Nations Global Compact and other groups participating in the Principles for Responsible Management Education (PRME) Initiative. As of August, 140 schools had signed on in support of PRME. The project will work in conjunction with more than 3,000 companies from 100 countries and 700 civil, labor, and academic organizations to address issues such as human rights, free trade, and environmental responsibility.

AACS has formed a PRME affinity group to help achieve these objectives. It is important that we continue such efforts to raise world levels of humanity while expanding our global footprint in management education.

3. Assuring Learning Outcomes
Assessment and assurance of learning (AoL) also will be areas of great importance to the organization in the coming year. Businesses that hire our students expect them to be ready to contribute from day one. Both on the undergraduate and graduate levels, those companies are making a large investment. They expect to benefit from a high value-added component when those investments—our students—hit the front door.

Students also rightfully expect that the thousands of dollars they invest in their educations will benefit them,
immediately and in the long run. That expectation is shared by government leaders, particularly in the case of public universities where elected officials expect a solid return on taxpayers’ investment. And don’t forget our alumni, who are aware that the values of their degrees are in part affected by the quality of the institution going forward.

As an important component of the AACSB accreditation process, seven of the 21 standards focus on AoL. They require schools to define learning goals for their programs and to link their students’ learning goals to the mission of their schools. There is no doubt that AoL is difficult to measure precisely. AACSB will need to stay flexible to help schools monitor and achieve their learning objectives.

Even so, schools must meet AoL standards to ensure that their graduates enter the business world with the knowledge they will need to be successful business leaders. Our students, government leaders, and taxpayers demand that outcome; our hiring companies expect it. As AACSB institutions, we also should demand and expect it from ourselves.

4. Evaluating Research
A natural extension of learning assessment is a discussion of the meaning and value of our research. After all, it is our faculty’s business school research that forms the basis of much of the knowledge we impart to students. For this reason, AACSB convened the Impact of Research Task Force, which drafted recommendations of ways to increase the overall value and visibility of business school scholarship. Task force members gathered input on the initial draft from nearly 1,000 business school professors, deans, and directors and used that input to develop a final report.

For example, task force members suggested that AACSB include in its standards a requirement that schools demonstrate the impact of their faculty’s research, encourage recognition of the diversity of faculty members’ research contributions, and promote greater interaction between business academics and practicing managers. (To read the full report, visit www.aacsb.edu/research.)

Before any of these recommendations can be adopted, though, there first must be an understanding that the mission of each school will define the type of research that institution produces—and the impact that school wants to make. In addition, we must carefully evaluate how the Task Force’s recommendations can be implemented. Once we have defined a framework for these possibilities, we will be better able to improve the efficiency and effectiveness of our research.

5. Engaging Business
As AACSB continues to grow the organization and expand its footprint globally, we will need more volunteers. Increasing numbers of accreditation reviews will require several hundred peer review team members each year. We will need a diverse set of trained volunteers to meet the growing demands.

Many of those new volunteers will come from the academic world, but some will come from business. That represents another challenge. We must do a better job of engaging business leaders with AACSB. We must improve the connection between industry and business schools.

For that reason, AACSB must promote greater advocacy and build a bridge to the business community. We need businesses to help us increase the public’s understanding of the importance of AACSB accreditation, to raise awareness of the roles that business schools play, and to encourage financial investment in our institutions.

Looking Ahead, Working Together
As we tackle these five important issues, I know that AACSB must work to stay ahead of a swiftly moving current of technological advances. These advances are leading to new methods of delivering education and new uses of social networking in the classroom. We’ve already seen the impact that distance learning and the Internet have had on our profession, and it’s impossible to predict what the next few years will have in store.

But regardless of delivery method, we must ensure that our high standards of management education are upheld, without exception. Moreover, it is more vital than ever that AACSB and its members integrate ethics and integrity into business school curricula. It is equally important to emphasize to our new AACSB members, regardless of geographic location, that our students, faculty, and administrators be held to the highest standards of ethical conduct.

I am particularly struck by this statement from a report prepared by AACSB’s Peace Through Commerce Task Force: “Once people work together and learn that people are essentially the same, regardless of their backgrounds, making war is likely to become far less attractive than making
We need businesses to help us increase the public’s understanding of the importance of AACSB accreditation, to raise awareness of the roles that business schools play, and to encourage financial investment in our institutions.

money.” In fact, by pursuing common goals under common standards, we already are one step ahead and that much closer to achieving our objectives.

It’s uplifting to realize how much our organization can accomplish once we recognize the truth of that statement, that economic prosperity is a cornerstone for peace and collaboration around the world. It’s inspiring to think that what we teach in our classrooms every day can play a part in making the world a better and safer place to live.

AACSB has been the premier accrediting body for management education since 1916. I am confident that it will continue to grow and adapt to a rapidly changing business world; it will work to ensure that our future leaders are prepared to lead our global economy. Throughout these efforts, over the coming year, it will be my privilege to serve as your board chair.

Richard A. Cosier is the dean and Leeds Professor of Management at Purdue University’s Krannert School of Management in West Lafayette, Indiana.

About the Krannert School of Management

Last fall, Purdue University’s Krannert School of Management marked its 50th anniversary. Although the school is relatively young by business school standards, it has grown considerably since its inception, now educating nearly 3,400 undergraduate, masters, executive education, and doctoral students, and boasting more than 32,000 alumni.

Krannert prides itself on producing graduates who become leaders of technology-driven enterprises, as well as on developing robust operations management, quantitative analysis, and supply chain management curricula. Building on those strengths, Krannert’s Global Supply Chain Management Initiative (GSCMI) works with companies to identify problems, develops teaching materials, helps companies and students with their professional development, and shares best practices through conferences and meetings. The GSCMI annual conference attracts a range of practitioners to West Lafayette to discuss such issues as global sustainability and managing operational risk.

The Krannert School also continues to globalize its programs. Since 1999, the school has partnered with the GISMA Business School in Hannover, Germany, to provide full-time and Executive MBA education. It also has agreements with universities in the Netherlands and Hungary for its International Master’s in Management degree, part of Krannert’s executive education programs. Most recently, the school signed agreements with three universities in China to provide cooperative educational and research opportunities for its students and faculty.

The topics of ethics and integrity form the foundation of Krannert’s curriculum and are integrated throughout its courses. The school co-sponsors the Purdue Series on Corporate Citizenship and Ethics with the university’s College of Education. Past keynote speakers in the series have included Nobel Laureate Lech Walesa, former president of Poland; Ben & Jerry’s co-founder Jerry Greenfield; and former Senator Paul Sarbanes, co-author of the Sarbanes-Oxley Act.

As the school looks forward to its next 50 years, it promises to continue to view ethics and integrity as the foundations of management practice. The goal, says its dean Rick Cosier, is to ensure that all of Krannert’s students “learn to manage complex organizations in a social context and to use integrity in making decisions.”
Crossing Disciplines for Collaborative Research
by Robert Briggs, G.J. de Vreede, Roni Reiter-Palmon, and Lynn Harland

What can be done to reduce the dropout rate among urban school children? How can thousands of managers in a multinational corporation conduct risk and control analyses? How can a company achieve consensus among stakeholders? These are just a few of the questions addressed by researchers at the Institute for Collaboration Science (ICS) at the University of Nebraska at Omaha (UNO).

ICS was formed in 2006 to study the effects of individual, group, organizational, and societal factors on how well people work together to achieve common goals. Bringing together faculty and students from UNO’s College of Business Administration and five other colleges on campus, ICS has three missions: collaborative research, collaborative education, and community outreach.

A recent ICS project demonstrates the impact that collaboration science research can have in improving a company’s operations. ICS researchers worked with an international organization that coordinates responses to global humanitarian and political crises to increase its flexibility and instill a stronger culture of collaboration among the staff.

Testing a Theory
ICS assembled a project team that included members with backgrounds in collaboration science, management, industrial and organizational psychology, information systems, and knowledge management. Together, team members developed a new theory—the Value Frequency Model for Change of Practice—that could predict how well new collaborative work practices would be accepted and sustained once opportunities to improve collaboration within an organization were identified.

Under this new theory, team members conducted interviews with individuals throughout the company and identified 12 high-value tasks most likely to benefit from improved collaboration. Because crisis prevention planning was an area most important to the organization, the team decided that it was the best place to start putting new collaborative techniques to the test.

The ICS team then worked with stakeholders to develop and deploy new collaborative work procedures, as well as define responsibilities, channels of communication, deliverables, and measures of merit. Before the organization began working with ICS, its crisis prevention program moved so slowly that conditions could change more quickly than plans could be developed and approved. With new procedures in place, the organization’s leaders report that they now can complete a task in less than one quarter of the time it used to require.

In addition, the team discovered that the organization already had a number of computer-based collaboration tools that were being underutilized, while other needs could be filled with tools available on the market. ICS experts devised a new approach to collaboration software and have already acquired a research grant to develop prototypes.

Linking Theory to Results
To further test the Value Frequency Model for Change of Practice, ICS assigned student teams to use the protocol in community outreach projects, for which they designed collaboration-based solutions for five companies. For example, one team worked for a financial services company. Within the company, lawyers, accountants, financial planners, brokers, and other professionals needed to work together to create comprehensive financial plans for clients, but they did not work well as teams. The students introduced them to simple collaboration techniques and helped the company develop software technology to support their work. When the proj-
ect ended, the company provided a full graduate assistantship to one of the students to continue the work and hired him when he completed his MBA program.

Of the five companies, four adopted the students’ suggested solutions successfully, a better success rate than expected. As a result, instructors in our new Principles of Collaboration course incorporated the protocol into the curriculum, where it is now used to support community service-based learning projects.

**Benefits of Collaboration**

In the two years since its founding, ICS has acquired $3.4 million in research grants and formed an international working group to develop practical solutions for collaboration problems in real-world workplaces. ICS faculty find that cross-disciplinary collaboration gives rise to unanticipated breakthroughs, both theoretical and applied.

Business problems have become so complex that a single individual—or discipline—rarely has the expertise or resources to solve them alone. Collaboration science is a critical new area of research that helps organizations find and implement solutions more quickly. Think tanks like the ICS give faculty opportunities to experiment, while exploring and defining the next generation of collaboration technologies.

Robert Briggs is director of academic affairs, G.J. de Vreede is managing director, Roni Reiter-Palmon is director of research, and Lynn Harland is a senior fellow at the Institute for Collaborative Science at the University of Nebraska at Omaha.

**GPM Better Than MPG?**

What would help car buyers make more fuel-efficient, environmentally friendly purchases? For a start, posting a vehicle’s fuel efficiency in “gallons per mile” rather than “miles per gallon,” say Richard Larrick and Jack Soll, professors of management at Duke University’s Fuqua School of Business in Durham, N.C.

Larrick and Soll ran experiments that presented people with a series of car choices in which fuel efficiency was defined in miles per gallon. The researchers found that many people cannot easily identify which option would result in the greatest fuel efficiency. For example, most people believe that an improvement from 34 mpg to 50 mpg would save more gas over 10,000 miles than an improvement from 18 to 28 mpg. In reality, the opposite is true: Going from 34 mpg to 50 mpg saves 94 gallons over 10,000 miles, while going from 18 mpg to 28 mpg saves 198 gallons.

However, when presented with fuel efficiency in gallons used per 100 miles, consumers are better able to gauge their savings. For example, 18 mpg becomes “5.5 gallons per 100 miles,” while 28 mpg becomes “3.6 gallons per 100 miles.” Few people realize that “improving fuel efficiency from 10 to 20 mpg is actually a more significant savings than improving from 25 to 50 mpg,” Larrick says.

The authors recommend that consumer publications and car manufacturers list efficiency in terms of gallons per 10,000 miles driven—a standard the United States has already adopted in many countries. The study appeared in the June 20 issue of *Science* magazine.
More MBAs Leave Work to Become Moms

A woman with an MBA is more likely than a woman with an MD or JD to leave the workforce to become a stay-at-home mom, according to research by Catherine Wolfram, associate professor at the Haas School of Business at the University of California in Berkeley, and Jane Leber Herr, a doctoral candidate in the school’s department of economics. For their study, “Opt-Out Patterns Across Careers: Labor Force Participation Rates Among Highly Educated Mothers,” Wolfram and Herr examined Harvard College reunion surveys for nearly 1,000 undergraduates from the 1988 to 1991 graduating classes.

The researchers looked specifically at graduates who were women, married, and had at least one child. The researchers found that, 15 years after graduating from Harvard College, 28 percent of the women surveyed who went on to get MBAs were stay-at-home moms. By comparison, only 6 percent of women who went on to become doctors stopped working outside the home.

Wolfram and Herr also found that 79 percent of the Harvard College women in the survey who went on to earn JDs continued working after having children. However, JDs with children were more likely to switch careers—MBA moms were twice as likely to quit working altogether.

Wolfram hypothesizes that work environment plays a key role in determining career longevity. Doctors, for example, often work in private practices and may be able to work part-time more easily than women in other fields. Businesswomen, on the other hand, more commonly must work long hours and travel frequently. “Women who are in family-friendly environments are more likely to stay working,” says Wolfram.

Wolfram believes that if businesses were to become more flexible and adopt more family-friendly policies, businesswomen would be more likely to continue working after having children. The message to women, says Wolfram, “is to be cognizant of the environment your degree gets you into and what opportunities it offers.”

Want to Attract Gen Y? Be Green

Companies with “green” practices may have the best shot at attracting young “Generation Y” consumers, according to a study by the Center for Marketing Technology (CMT) at Bentley College in Waltham, Massachusetts. The catch: Perception may mean more than reality when it comes to winning over young customers.

Pierre Berthon, marketing professor, and Ian Cross, CMT director, surveyed 2,127 college students across the United States, whose average age was just under 22 years old. The goal was to discover which brands these students believed were the most and least environmentally friendly, and why.

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Toyota and Honda topped the list of the environmentally friendly—students cited their manufacture of fuel-efficient cars as the reason for the high marks. Whole Foods came in third for its emphasis on organic foods. Companies that students noted were the least green were Exxon Mobil, Hummer, and Ford.

Ironically, General Electric came in fourth place on the “most green” list and eleventh on the “least green” list. Students lauded GE for its work in alternative and renewable energy, but criticized it for its contribution to pollution. In addition, Gen Y perceives Nike as being less green than Google, when available data on the environment and social action show that Nike is by far the more environmentally friendly company.

Berthon and Cross describe companies like Nike as “Green Martyrs”—those that adopt green practices but get no credit for it in the marketplace. Xerox is another company that is touted for its ethical business practices but fails to communicate its efforts to consumers, the researchers note. Such dichotomous results suggest that companies will have to work to manage their green reputations.

The Gen Y students surveyed indicated that a company’s stand on environmental, social, and ethical issues was “important” or “somewhat important” in their purchasing decisions. To win this generation over, the researchers argue, “reputation management” is key. Companies
need to make certain that their efforts to adopt socially responsible practices are perceived as part of their brand and recognized in the public eye.

“Specificity pays dividends,” says Berthon. “Our advice to any company would be to have a flagship product or service that embodies the best of its green actions.”

Death Makes Us Hungry

When people think about their own deaths, they eat more, say Dirk Smeesters of the Rotterdam School of Management at Erasmus University in The Netherlands and Naomi Mandel of Arizona State University in Tempe. The associate marketing professors find that “consumers, especially those with a lower self-esteem, might be more susceptible to over-consumption when faced with images of death during the news or their favorite crime-scene investigation shows.”

Smeesters and Mandel conducted experiments in Europe and the U.S. on 746 subjects. Participants were evaluated to determine their levels of self-esteem. Then, those in the study group were asked to write about their own deaths, while those in the control group were asked to write about a visit to the dentist. Researchers gave each group a supply of cookies to munch on while they pondered these topics.

Smeesters and Mandel found that participants who wrote about their own deaths, and who exhibited low self-esteem, ate more cookies and listed more items on a hypothetical shopping list than those who simply wrote about a trip to the dentist.

A theory called “escape from self-awareness” may explain the behavior, the researchers say. When reminded of their own mortality, people may begin to wonder about the meaning of their own lives.

Some, especially those with low self-esteem, may escape such thoughts through overeating or similar activities such as overspending.

Research

Research Recognitions
- Marketing professors Michael Levy of Babson College in Wellesley, Massachusetts, Arun Sharma of the University of Miami in Florida, and Heiner Evanschitzky of the University of Strathclyde in the United Kingdom have been awarded the 2007 James M. Comer Award for Best Contribution to Selling and Sales Management Theory/Methodology in the Journal of Personal Selling and Sales Management. Their winning article was “The Variance in Sales Performance Explained by the Knowledge Structures of Salespeople.”

- Bill Fischer, a professor at IMD in Lausanne, Switzerland, and Rebecca Chung, a research associate at IMD, won the second “Imagination Lab Foundation Award for Innovative Scholarship.” The award is granted by the Imagination Lab Foundation in collaboration with the European Academy of Management. Fischer and Chung were honored for their design of executive development materials that focus on managing in emerging economies.

- An article co-authored by Roger Schmenner, professor of operations management at the Kelley School of Business at Indiana University in Bloomington, and Robert Collins, professor emeritus of manufacturing management and strategy at IMD in Lausanne, Switzerland, has been selected as Outstanding Paper by the Emerald Literati Network Awards for Excellence. The article, “Understanding Persistently Variable Performance in Plants,” was published in the International Journal of Operations & Production in 2007.

- John Hull, the Maple Financial Group Professor of Derivatives and Risk Management at the University of Toronto’s Rotman School of Management in Canada, is the inaugural honoree in the History Makers Series of the Professional Risk Managers International Association. Hull was recognized for his research involving risk, stock options, volatility surfaces, and interest rate derivatives.

Study Briefs
- Finance Fights for Funding
Researchers from the University of Missouri-Kansas City find that finance research attracts less external funding than research in other disciplines. Finance professors David Kuipers and Stephen Pruitt examined articles published in the four top finance journals from 1999 to 2004 and found that external funding is rare, especially in the U.S. Close to 20 percent of authors received external funding for their work, much less than funding received by researchers in the humanities, natural and social sciences, and the practical arts. Their paper, “The External Funding of Academic Finance Research,” is forthcoming in The Finance Review.

- Keep Control in China
A study by Joseph Johnson, assistant professor of marketing at the University of Miami in Coral Gables, Florida, and Gerard Tellis, professor of marketing at the University of Southern California in Los Angeles, finds that joint ventures may not work well when it comes to entering the markets in China and India. The researchers studied data related to 192 companies that entered China and India just as these markets experienced deregulation. They found that smaller companies that retained control of their operations did better overall than those who came in as part of joint ventures. Their paper, “Drivers of Success for Market Entry into China and India,” was published in the June issue of the Journal of Marketing.

- Mobile is Global
Mobile communications technology is used most often in emerging markets, according to a study released by the Altimo Foundation, a London nonprofit that promotes social investment in emerging markets. Citizens of Asia, Africa, Eastern Europe, and the Commonwealth of Independent States (the former Soviet Union) account for 60 percent of mobile technology use. Researchers note that as emerging markets continue to dominate the global mobile market, the power shift between traditional markets and new economies may encourage business investment in developing regions. The study, “The Value of the World’s Mobile Industry, 2008–2013,” was conducted by scholars at the University of Illinois at Urbana-Champaign in the U.S.; Cass Business School in London; and the New Economics School in Moscow.
BU Honored for Linking Biz and IT

The MS-MBA program at Boston University School of Management was recently named a Laureate by the Computer-world Honors Program for its use of information technology. BU’s MS-MBA received the recognition in part for its systems design and data management course developed by Ganesan Shankaranarayanan, assistant professor in the information systems department.

Required for all MS-MBA students, the course was singled out for its incorporation of Unified Modeling Language (UML), a data modeling tool that allows programmers to specify the characteristics of the design and architecture of projects. The course also incorporates business process and data modeling in software environments such as .NET, Workspace, PowerBuilder, Java, and Eclipse. Students learn to use UML and other tools to design their own enterprise models.

Students in the course ranged from those with years of IT experience to those with little or no exposure to IT, says Shankaranarayanan. He had to convince both sets of students that technological understanding is critical to improving an organization’s performance and profitability.

Shankaranarayanan presents students with three cases: The first is the basis for his teaching in the classroom; the second, for individual homework assignments; and the third, for team projects. For each case, students identify primary and secondary business processes, create models that outline the flow and function of these processes, and create data models to show what support is needed to make these processes most effective. In one case, for example, students studied Boston Flicks Inc., a fictional Internet movie-rental company similar to Netflix. In the case, Netflix is considering a hostile takeover of BFI, and students must analyze both companies to see how well Netflix could integrate BFI’s operations into its own.

As businesses’ reliance on IT intensifies, it will be critical for managers to align business and technology, says Shankaranarayanan. “Successful managers must effectively communicate business requirements to the technologists who implement systems,” he says. “They also must understand technology well enough to know how to change and improve business processes to leverage the technology effectively.”

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Two Campuses Connect with Web 2.0

Through the spring semester, students from North Carolina State University’s Jenkins Graduate School of Management in Raleigh, North Carolina, worked with students from Indiana University’s Kelley School of Business in Bloomington to learn about service innovation. What made this project different from other student collaborations was that these two groups of students never met in person. Instead, they worked together exclusively through Web 2.0 technologies.

Communicating through wikis and meeting in the virtual world Second Life, student teams from both campuses were given the same assignment—make the business case for the use of Second Life for service innovation. Faculty and students held meetings in Second Life, conducted Webinars, and used open source document repositories and wikis to work on corporate-sponsored projects. The course culminated in a seven-week case competition among the teams.

Many companies have yet to see a practical use for these technologies because the number of people they can reach via virtual worlds is limited, says Riley Gaddy, a Kelley business student. “It will take some time before the general public has enough understanding of these technologies,” he says. “Many of these applications, especially virtual worlds, have hardware and graphical requirements that many household PCs do not meet.”

However, he and other students in the program saw the potential of virtual worlds in a number of business sectors. Companies in the pharmaceutical industry, for instance, might use them to develop testing and screening services to identify patient populations for new drugs. In healthcare, physicians might create environments that encourage greater patient compliance with medication regimens.

“Web 2.0 has been evolving, and 3D virtual worlds are rapidly emerging as a way to enable collaboration” not only among co-workers, but also between companies and their customers, says Anne Massey, dean’s research professor of information systems at Kelley. “Today’s students need to develop skills that will enable them to be effective collaborators, particularly in the context of technology-enabled virtual worlds.”

Capstone Simulation At Northeastern

The Northeastern University College of Business Administration in Boston, Massachusetts, has chosen a new Web-based simulation for its undergraduate capstone course. Designed by Business Game Factory, a Web-based business tournament design company in Helsinki, Finland, the simulation is run in the last three weeks of the semester-long course “Strategy in Action.”

More than 200 seniors take part in the simulation. Students are divided into five-person teams, each managing a global mobile cell phone manufacturing company and network

Display, a trading display system company based in Shawnee, Kansas. To read the full white paper, visit www.risedisplay.com/business-schools.html.
service. Their goal is to win the game by conceiving and implementing the best working strategies, winning market share, and maximizing long-term shareholder value.

The simulation is held in four rounds, each equaling one year of business operation. For each round, teams submit dozens of online spreadsheets that outline their financial and operational decisions regarding product line, manufacturing options, pricing and marketing strategies, competitor analysis and benchmarking, and investment in new services such as music or games. Those “year-end” results are analyzed and returned to them within 36 hours.

The experience demonstrates the cross-functional links inherent in business enterprises, says Bert Spector, professor of international business and strategy. “The emphasis is not on the technology,” he adds. “The emphasis is on the process of information sharing and decision making that occurred within the groups.”

To learn more about Recordant, visit www.recordant.com.

There was a time when college students took such copious notes during classes that professors became accustomed to talking to the tops of students’ heads. When technology allowed students to replace scribbling with key tapping, professors learned to talk to students over a sea of open laptops.

Now, digital audio-capture technology promises to make both scenarios obsolete. In fact, two professors at Wake Forest University’s Calloway School of Business and Accountancy in Winston-Salem, North Carolina, put this technology to the test last spring. J. Bren Varner, center director, and John Abraham, general partner at Massachusetts-based Kodiak Venture Partners, used a digital audio-capture device in their course, “Venture Capital: From an Entrepreneur’s Perspective,” offered through the school’s Center for Entrepreneurship.

Kodiak Venture Partners is an investor in Recordant, an audio-capture technology vendor based in Alpharetta, Georgia. The technology was originally designed to allow retailers, law enforcement officers, and military organizations to record face-to-face interactions for training and process improvements. Abraham and Varner thought Recordant’s technology also would have applications in academic environments.

The instructors recorded the audio of each class and then uploaded the recordings to a secure Internet site. In addition, they attached graphics such as handouts or PowerPoint slides. They also could add question sets to the end of each recording that helped them gauge their students’ understanding of the material. Students then could log on and review the material, perform keyword searches of the audio, and bookmark points in the audio they wanted to revisit.

Varner and Abraham wanted to create a teaching environment that made real-time note taking unnecessary. “We ask students to close their laptops and concentrate on comprehension of the lecture material,” says Varner.

For more information about Recordant, visit www.recordant.com.
The Ewing Marion Kauffman Foundation has launched growthology.org, a blog dedicated to entrepreneurship. Authored by two economists at the Kauffman Foundation, the blog addresses topics such as “jobs of the future,” “the evolution of cities,” and “law and entrepreneurship,” in an effort to foster economic growth.

The Wharton School of the University of Pennsylvania in Philadelphia has received $1 million from alumnus Art Bilger and his wife, Dahlia, to create and support the Wharton Interactive Media Initiative (WIMI). Wharton professors Eric Bradlow and Peter Fader are spearheading the initiative, which will conduct research on the effects of interactive media on global businesses and the implications for traditional media business models.

Kevin Lowe, a professor of business administration at the Bryan School of Business and Economics at the University of North Carolina at Greensboro, will be inducted into the Business Strategy Game Online Hall of Fame as a Master Professor. He was recognized for having one or more Grand Champion teams in the Best Strategy Invitation for the May 2008 Business Strategy Game.

Syracuse University’s School of Information Studies, or iSchool, has launched an executive doctoral program for mid-level managers. Its Doctorate of Professional Studies in Information Management is a three-year, limited residency, distance learning format.

Learn to leverage faculty resources while sharing experiences with peer schools. AACSB presents two seminars developed for deans, associate and assistant deans, department chairs, faculty, and accreditation committee members.

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B-Schools’ Broken Windows

Urban decay, shattered windows, and boarded up buildings signal that a neighborhood is in decline. In the early 1980s, criminal justice professionals advanced the idea that if a neighborhood simply cleaned up these signs of neglect, it could go a long way toward improving the way both citizens and criminals perceived the community.

New York City subscribed to the same notion in the 1990s by cracking down on seemingly minor infractions such as graffiti painting, subway fare jumping, and windshield washing by panhandlers. In 2005, Michael Levine applied the idea to the corporate world in Broken Windows, Broken Business, arguing that companies that do a good job of attending to their metaphorical broken windows often outperform those that do not.

We believe that business schools can benefit by applying the same concept to themselves. Administrators who promptly identify cracks in their foundations and repair their broken windows will increase both the actual and perceived quality of their business schools. Unfortunately, for many b-school insiders, the major challenge lies in seeing the cracks in the first place.

Many schools suffer from what we term institutional myopia. This short-sightedness leads administrators to see and do things the way they’ve always been done. This behavior is particularly rampant in small regional schools, which are so prone to replicating their cultures that they don’t realize how much they could grow if they would expand their perspectives. But, in fact, institutional myopia is pervasive in all institutions of higher education, especially those where tenured faculty have no real incentives to identify areas that would benefit from change.

Schools that suffer from institutional myopia exhibit one or more of these symptoms:

- A lack of vision beyond their immediate region.
- The tendency to settle for “good enough.”
- Little tolerance for change, with a strong culture built on preserving the status quo.
- The tendency to follow procedures because that’s the way something has always been done.
- Organizational processes that encourage people to lay blame instead of accept responsibility.
- A culture of ambivalence, as opposed to one of accountability.

These indicators are likely to manifest themselves in one of three areas: the strategic management of the school, the behavior of its participants, and the process of determining assurance of learning.

The Strategy

Fundamentally, myopia strikes at the heart of a school’s self-image. Since the mission statement provides direction for decision making and continuous improvement activities, a school that has defined its goals too narrowly is almost certain to become a victim of its own limitations. It’s important for a school to have an image and an identity—but it’s just as important that the school not allow that image to restrict its potential.

For example, a college may see itself as a small teaching school. But this particular defining characteristic might preclude administrators from exploring meaningful opportunities, such as offering more international courses. Administrators also might be reluctant to revisit and revise the school’s mission, fearing that if they overreach their stated ambitions, they might be penalized for failing to achieve them.

Institutional myopia can lead to “paradigm paralysis.” If administrators are too paralyzed to consider new alternatives for expanding resources, the school won’t have the wherewithal to launch new initiatives. It will be stuck forever in its present incarnation.

The People

Institutional myopia can involve students, faculty members, and administrators. Students are part of the problem when the school recruits them solely from the same regions where they’ve always been recruited. While this practice helps preserve the status quo, it also leads to a stagnant student body that matches previous demographics and exhibits the same level of academic ability.

Administrators and faculty both show signs of myopia when they allow grade point averages to increase without a documented upgrade in student abilities. In this case, administrators are guilty of complacency and a desire to show improvement in the school’s quality—even when no such improvement exists.

Faculty exhibit myopia in teaching when they do not stay current in their disciplinary knowledge and methods of content delivery. Faculty committed to continuous improvement will regularly update their course materials and pedagogy; conversely, instructors who hesitate...
to embrace new techniques do a disservice to themselves and their students. Schools that are intensely research-oriented need to pay particular attention to advances in teaching. They can’t allow faculty to become so involved with discipline-based scholarship that they allow metaphorical broken windows in the classroom.

On the other hand, faculty at some small teaching schools might view intellectual contributions as unimportant—but this attitude can translate to an extremely large bank of broken windows. Instructors need to keep up with the latest research, even if they are not producing new disciplinary knowledge. They need to read the latest research in their disciplines so their minds remain sharp and their teaching stays relevant.

The Learning Process

Given the basic covenant between a school and its students, assurance of learning failures might be the ultimate broken windows. In this area, myopia is a problem that occurs when curriculum changes and faculty proposals are based on feelings and beliefs, rather than on best practices. One red flag would be the phrase “I’m not concerned with what other schools do—that’s not who we are.”

The school also has a problem if faculty show little interest in becoming involved in the direct assessment process. Assurance of learning is the responsibility of everyone at the school, not just the administration and the comparatively few faculty members on an assessment committee. If faculty don’t care about assurance of learning, the school will never improve and grow.

Fixing the Broken Windows

We’ve described the broken windows most likely to result when an institution focuses on the way things have always been, as opposed to the way things could be. Fortunately, accreditation standards such as those set by AACSB International mitigate a school’s tendency to replicate the past culture for its own sake.

Even so, deans and administrators need to make sure that incentives and rewards are in place so that no one in the school falls victim to myopia, paralysis, or complacency. Schools that address their broken windows will operate more effectively and enjoy continuous improvement.

When was the last time you took a good look through your own windows? What did you see?

Anthony F. Chelte is the dean and Rodriguez Distinguished Professor of Management at the Dillard College of Business Administration at Midwestern State University, Wichita Falls, Texas. John M. Coulter is professor of accounting and chair of the department of accounting and finance at the School of Business at Western New England College, Springfield, Massachusetts.
Clayton Christensen isn’t one of those authors who believes the traditional U.S. school system is broken. But he sure thinks it could stand improvement—and he expects disruptive technology to do the heavy lifting. In *Disrupting Class*, Christensen and co-authors Michael B. Horn and Curtis W. Johnson note that teaching methods have changed very little in the last few decades, despite the fact that a large number of students do not learn well in lecture-style classrooms. But Christensen and his co-authors believe that, within the next ten years, student-centric online learning methods will revolutionize the way education is delivered, allowing all students to progress at their own speeds and absorb information in ways that make sense to them. They predict that student-centered computer-enabled learning will only take off—as all disruptive technologies do—when it primarily competes against the alternative of no learning at all. For instance, schools that don’t offer live classes in AP calculus or Mandarin Chinese will set up learning labs for the small number of students who want those classes and have no other access to them. From there, they argue, rapid improvements in technology will turn computer-enabled learning into the educational delivery method of choice. It’s utterly fascinating to see the principles of disruption applied to the educational system. Most of the book focuses on K–12 learning, but the lessons apply to any classroom. (McGraw Hill, $32.95)

**Total Leadership**

Stewart D. Friedman—founding director of the Wharton School’s Leadership Program and its Work/Life Integration Project—attempts to help readers find their balance by better aligning those four separate domains of their life. He believes people can be more content and more productive in all phases of their lives if they identify what matters to them, who matters to them, and how they are apportioning their time and energy among the quadrants of their lives. A man who is a better father, for instance, becomes a better boss; a woman who learns to accept her parents for who they are similarly learns to appreciate her diverse employees. *Total Leadership*, which is full of exercises that make readers reflect on their own values, is part self-help book, part motivational tool, but Friedman backs up his premise with some hard numbers. He launched the Total Leadership program at a *Fortune* 50 company with 35 high-profile managers. The changes they implemented produced a combined $5.8 million in cost savings and $700,000 in new revenue—and presumably improved all the other areas of their lives as well. (Harvard Business School Press, $25.95)

Paul B. Carroll and Chunka Mui pose an interesting question in the introduction to *Billion Dollar Lessons*: “Why spend $500 million, and a decade of your life, repeating someone else’s mistake when you could learn to avoid it by spending a few hours with a $26 book (less on Amazon)?” Their book delivers the goods. It’s a brisk detailing of some of the worst failures in business, an analysis of the seven most disastrous business strategies, and an examination of the human behaviors that are likely to lead even smart people into making really bad decisions. But even though the authors note that “humans are hardwired to come up with bad strategies,” CEOs

The world of business is an endlessly fascinating panorama of brilliant minds, shady characters, game-changing deals, and shocking reverses. Joe Nocera, a business journalist who has written for *The New York Times*, *Fortune*, and *Esquire*, loves every complex minute of it. In *Good Guys & Bad Guys*, he gathers together 20 years’ worth of columns about some of the larger-than-life characters that have tramped across the American business stage. Steve Jobs, Warren Buffet, Charles Merrill (and his descendants) all make unforgettable appearances within Nocera’s pages. “When you start out on a business story…you really have no idea which of your main characters are going to turn out to be memorable and which are going to be dull as dishwater,” Nocera writes. Maybe he just picked the memorable ones, maybe he just has such a fascination with his subjects that he’s able to bring them masterfully to life. His book feels like the best deal on Wall Street—one that repays the investment with interest. (Portfolio, $25.95)
can overcome strong psychological biases toward making and sticking to unfortunate choices. One key is to “build disagreement into the formulation of strategies”—in other words, to invite other top executives to disagree with a plan, or try to find its flaws. The book is fun to read, because Carroll and Mui write in an effortless and engaging style, but the lessons are pretty sobering. (Portfolio, $25.95)

“The twin forces of ideological change and technology revolution are making globalization one of the most important strategic and organizational issues facing companies today,” note Anil K. Gupta, Vijay Govindarajan, and Haiyan Wang in The Quest for Global Dominance. The authors—Gupta from the University of Maryland, Govindarajan from Dartmouth, and Wang from the China India Institute—have written an ambitious and wide-ranging book that covers all angles a business leader might need to consider before formulating a global strategy. Then they take an in-depth look at specific issues. For instance, they ask, when a company wants to exploit its global presence, how does it adapt to local market differences? Does it know how much customers are willing to pay for adapted products? Are market research systems in place to gauge customer satisfaction? Two of the most interesting chapters in the revamped second edition of this book have an even narrower focus. One looks closely at Wal-Mart’s experiences with globalization, and another analyzes how China and India will reshape international business within the next 40 years. Throughout the book, the authors have one clear message: “Get on board, or get left behind.” (Jossey-Bass, $34.95)

The U.S. government can be considered one of the largest, most unwieldy corporations that ever existed—and one of the most poorly run. That’s the premise of Wharton professor Lawrence G. Hrebiniak in The Mismanagement of America, Inc. He first lays out the case for America as a corporate entity, albeit one with a confusing organizational chart, and then makes his basic charge: “The U.S. is being managed in ways that no large, for-profit company could tolerate if it hoped to survive and prosper.” Few of his observations are surprising—for instance, is there anyone who doesn’t agree that a $9 trillion debt is evidence of poor fiscal management? Nonetheless, his cumulative presentation of hard data is increasingly worrisome. Hrebiniak does believe that proven management practices such as organizational restructuring, cost-cutting, strategic planning, goal setting, and leadership can put the country back on the right track, but he doesn’t believe there’s any time to waste. “It’s necessary, more than ever before, to focus on sound management and organizational design to compete effectively and remain viable in an increasingly complex and turbulent world,” he writes. “The U.S. is not a business, of course, but there certainly are important lessons in management that can be borrowed from the private sector to solve the impending problems.” (iUniverse, $28.95)

Business schools turn out thousands of graduates who take corporate jobs and climb the management ladder—but those jobs don’t always turn out to be as satisfying as people hope. Is there something better? In Escape from Corporate America, Pamela Skillings examines life in the cubicle farm, honestly praising its good points, but with equal bluntness describing where it can go horribly wrong. Bad bosses, toxic co-workers, overwork, and boredom are only some of the hazards of the corporate workplace. Even so, many people are afraid to bail out, leaving behind a hefty paycheck, job security, and useful benefits. Skillings thinks they’re making a mistake. “The supposed stability of a corporate job is an illusion. In Corporate America today, you can be sent packing with little notice… . If all jobs have risks, why not go for one that inspires you?” She shepherds readers through fantasizing exercises that will help them identify their dream jobs and cheerlead them past their insecurities and fears. The book is a great read for anyone thinking about dropping out of investment banking and taking a job as a chef—or anyone preparing to graduate from business school and trying to figure out how to spend the next forty years. (Ballantine Books, $15)
Restoring Hope

Business students at Bryant University’s College of Business in Smithfield, Rhode Island, have found two surprising ways to hone their business skills—saving forgotten old diners and helping local troubled teens. As members of the school’s chapter of Students in Free Enterprise (SIFE), these students have been working with the Rhode Island Training School for Youth (RITS) as part of the New Hope Diner Restoration Project.

The project began through an agreement between John Scott, a RITS administrator, and Daniel Zilka, director of the American Diner Museum in nearby Providence. They saw the project as a way to help inner-city teens caught up in the juvenile justice system. The idea was to teach the teens vocational skills, ranging from carpentry and welding to restaurant management, which they would use to help restore old restaurants and market them to new buyers. The project plans to keep one restored diner as a restaurant and learning lab for RITS students.

What Zilka and Scott needed, however, was a business plan to make it work. That’s when they turned to David Greenan, a management professor at Bryant who serves as the school’s SIFE faculty advisor. Greenan and his business students are helping to develop a three-part business plan for the New Hope project. That plan will include a strategy to help RITS sell the refurbished diners; a marketing approach to sell a new brand of coffee produced especially for the diners called New Hope Blend; and a business plan to help make profitable Rhode Island’s famous Mike’s Diner, a vintage late-night mobile diner that recently closed in Providence.

The project will span several years and involve several classes of business undergraduates. In the process, New Hope gives SIFE students the opportunity to show these teens that “legal and legitimate business pursuits can indeed pay off and lead to success,” says Greenan.

The SIFE students are especially excited about developing a lesson plan designed to teach RITS students the fundamentals of market economics, financial literacy, business ethics, entrepreneurship, and other skills key to business success. Bryant student volunteers will deliver the interactive lesson plan to the teens at RITS with the help of its teachers.

“We’re working with them to provide a better understanding of the steps and planning necessary to develop and effectively sustain a business,” says Julie Wentzell, who graduated in May. She adds that she hopes the RITS students will continue to develop these skills and someday use them to start and manage their own businesses.

The benefits of the New Hope project are threefold, says Greenan. “It’s a great way to help the training school kids learn new skills, help our students apply their classroom experience, and help preserve an important slice of Americana,” he says. At the same time, he adds, Bryant students “gain a better understanding of people who live and work and struggle outside of their own campus and community. The project offers them an opportunity to engage in creative and meaningful out-of-the-box thinking.”

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—David Greenan, Bryant University