William Weldon
The Business Of Healthcare

Collaborating: Partnerships That Work

Rebuilding A Nation In Rwanda
FEATURES

18 Healthy Ambitions
William Weldon subscribes to Johnson & Johnson’s famous “Credo” that puts people before profits.

24 Partners in Progress
Long-term collaboration between UCLA’s Anderson School and Johnson & Johnson has produced programs that improve life in disadvantaged communities.

28 The Business Of Collaboration
Collaborations across campus—and around the globe—allow business schools to accomplish much more than they could on their own.

36 A Work in Progress
As Rwanda rebuilds from genocide, the Kigali School of Finance and Banking helps lead the way to a more stable economy. Journalist Gabriel Constans reports on the turnaround.

42 ‘Outsourcing’ The Curriculum
A film-festival favorite that takes a humorous look at the realities of outsourcing inspires a new course about cultural differences, communication, and leadership.
Unlocking Potential

Anyone wanting to study human psychology would do well to work a game at a children’s carnival. I recently helped a friend run a game booth at her church’s fund-raising event, and I was fascinated to see how many ways four- to eight-year-olds will try to outsmart a game of chance.

Here’s how it worked: After handing us a 50-cent ticket, a child reached into a small container with seven keys inside. One of the keys opened a locked cage filled with Beanie Baby stuffed animals; the others, seemingly identical, did not. Children who pulled out the key that opened the lock on the cage won their pick of the stuffed litter.

Although the odds of winning were clear, many children tried to gain an edge. Some studied the keys to see if they could see a difference (they couldn’t). Others tried to sneak losing keys out of play to raise their odds on their next play (not allowed—if a key didn’t work, it went right back in). A few stood by and watched, like onlookers at a Las Vegas casino waiting to play a slot machine that’s “due.”

My favorite was a girl of about four who had won earlier on her first try. Convinced she could win again, she returned with her mother in tow and a determined look on her face. Without a word, she forcefully handed me her last fistful of tickets, ready to take all her chances at once. To use gambling parlance, she was “all in.”

Her mother wisely let her daughter play just one more time, to no avail. Still, I loved the child’s certainty of success. It’s a mindset that abounds in business, with one crucial difference. For an enterprise to succeed, most business leaders know they’ll have work to improve the odds—to sort through the bad keys and find the one that wins.

We hear all the time of organizations that put all their chips on the table, so to speak, to achieve their goals, while simultaneously leaving little to chance. In this issue, for instance, William Weldon, CEO of Johnson & Johnson, explains how his company follows “Our Credo,” a document that outlines the company’s principles and priorities. It serves as a road map, says Weldon, to ensure that the company’s strategies stay true to founder Robert Wood Johnson’s original vision.

In the article “Partners in Progress,” we show how UCLA and Johnson & Johnson took a chance on training early childhood educators in hopes of improving children’s health—and how they achieved big results. And in “The Business of Collaboration,” we see how schools are doing their homework to choose the right academic partners and create alliances that are more than the sum of their parts. Time and time again, we see business and academic leaders achieve big goals with the help of both talent and luck, both skill and serendipity. And the more skills they have, the more the odds work in their favor.

I wouldn’t be surprised someday to see that little girl from the carnival in a business classroom. At business school, she can learn how to balance her confidence with the right measure of care—and find the right keys to unlock doors and make great things happen.
IFRS: Not So Fast!

You discussed the dismantling of the Financial Accounting Standards Board in “Ready Or Not, Here Comes IFRS” in the July/August 2009 issue of BizEd. The article contained this conditional premise: “If, as expected, the Securities and Exchange Commission decides U.S. companies should switch from generally accepted accounting principles (GAAP) to International Financial Accounting Standards (IFRS)...” Indeed, realistic expectations are just the opposite.

One key overlooked point is the simple fact that the roadmap to IFRS was generated in the final months of the Bush Administration when Chris Cox was chair of the SEC. The Democratic Obama Administration appointed Mary Schapiro as the SEC chair. Based on her public comments, it’s clear this commission is not about to implement a proposal put forth by the Republican Party. Thus, it’s not reasonable to expect the SEC to promote the switch.

Furthermore, I believe we should all question the soundness of abandoning GAAP and the Financial Accounting Standards Board, which is the most independent and capable standard-setting body in the world. FASB enjoys unprecedented independence because the Sarbanes-Oxley Act ensured that its operating budget no longer relies on voluntary contributions from corporate managers. FASB now is funded by the Public Company Accounting Oversight Board (PCAOB), which collects mandatory fees from public companies.

Sarbanes requires PCAOB to fully finance the budget of the authorized standard-setting body. Thus, a switch to the International Accounting Standards Board (IASB) would either force the IASB foundation to accept its entire budget from the PCAOB or compel Congress to make standard setters once again dependent on gifts from the regulated parties. Both scenarios seem unlikely.

Since 1973, FASB has served as the U.S. standard-setting body for public reporting, although the SEC retains full oversight over its activities. By contrast, IASB is not subject to any one country’s sovereignty, and it certainly would not be willing to operate under the SEC’s exclusive oversight. Thus, implementing the Cox plan would cause the SEC to sacrifice this power over accounting standards applied in the U.S. It’s obvious Congress will not surrender control over accounting standards to an international body beyond the reach of U.S. regulators.

Less obviously, close observers know IASB is not up to creating standards for U.S. capital markets. The BizEd article rightly observed GAAP and IFRS are similar, but didn’t explain why. One reason is that GAAP served as the prototype for IFRS. Another is that FASB and IASB routinely issue joint standards. Bottom line: IASB is not yet capable of creating its own new standards without FASB’s participation. Incidentally, that view was expressed in a July 28 report by the International Accounting Standards Foundation.

Another obstacle to IASB’s ability to produce quality standards is that IFRS won’t become effective in the Common Market unless the European Union legislature specifically votes its approval. Thus, IASB faces tremendous pressure to compromise.

The BizEd article also repeated the old chestnut about IFRS being “principles-based” and GAAP being “rules-based.” Even if this were true, I doubt that it would lead to superior financial statements. GAAP are rules-based because the management corps and the auditing profession have repeatedly demonstrated willingness to bend principles to produce desired but false financial images. There’s no evidence that such a proclivity would disappear under IFRS.

Finally, many of my colleagues believe that the four large accounting firms are pouring so much money into abandoning GAAP because those firms would gain the most if it happened. In late July, for example, PwC announced by an email to all accounting faculty that it will hire only graduates who meet the firm’s specified levels of IFRS knowledge. Because this effort meddles with faculty’s near-sacred control over curriculum, it is likely to backfire. But AACSB members should be alarmed by the pressure being applied to accounting professors.

In conclusion, it strikes me as bravado for any of your sources to claim it’s only a matter of time until IFRS replace GAAP. That statement is simply not supported by the facts.

It would be far better to maintain a healthy working relationship between FASB and IASB so accountants can produce truly high-quality financial statements by following standards that go above and beyond today’s politically compromised rules, whether GAAP or IFRS.

Paul B. W. Miller
Professor of Accounting
University of Colorado
at Colorado Springs

Letters
Headlines

Student Debt Slowly Rises

Student debt is increasing across the board, though possibly not as much as some people think. According to a new study by the College Board, the amount of debt accumulated by graduates of public and private four-year institutions grew relatively slowly from 2003–2004 to 2007–2008. The study “How Much Are College Students Borrowing?” is based on data from the U.S. Department of Education’s National Postsecondary Student Aid Study (NPSAS).

According to the study, among all students who earned an associate, bachelor’s or certificate degree in the 2007–2008 academic year, 59 percent graduated with some debt, up from 54 percent four years earlier. The most rapid increases in debt were within the for-profit sector and for all students earning certificates and two-year degrees.

For students earning bachelor’s degrees at public four-year colleges in 2007–2008, the median level of debt was $17,700, a 4 percent increase in inflation-adjusted dollars over five years. For students at private four-year institutions, the median debt level was $22,375, a 5 percent increase over the same period.

In 2007–2008, 39 percent of all students and 54 percent of all full-time students took out education loans. Numbers are highest among students pursuing bachelor’s degrees. In 2007–08, 66 percent of bachelor’s degree recipients graduated with debt, including 62 percent who had federal loans and 33 percent who had borrowed from nonfederal sources. A much larger fraction of graduates of for-profit institutions relied on private loans.

“How Much Are College Students Borrowing?” is available online at professionals.collegeboard.com/policy-advocacy/affordability/policy-briefs.

More Students Pursue Accounting Degrees

The number of students who graduated with accounting degrees in the 2007–2008 school year surpassed the previous year’s record level, according to a new report by the American Institute of Certified Public Accountants. More than 66,000 students earned bachelor’s and master’s degrees in accounting, 3.5 percent higher than in 2006–2007.

This represents the largest number of graduates since 1972, the year the AICPA began tracking the data, according to 2009 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits. The gender ratio is 51 percent female, 49 percent male, a 1 percent uptick in the male cohort.

In addition, 2007–2008 enrollments in undergraduate, graduate, University of the People Opens

The United Nations Global Alliance for ICT and Development and University of the People have announced the opening of the world’s first tuition-free online university. In September, 178 students from across the globe started the first term at the university. The online university has the goal of providing unparalleled access to post-secondary education on a global scale.

The first class is diverse: Students represent 49 countries—predominantly Indonesia, Colombia, Vietnam, and the U.S.—and they range in age from 16 to 61. In this first class, 105 are enrolled in the business administration program and 73 in the computer science program.

Currently, students may attend University of the People for free. As it expands, the school expects to levy nominal fees for admissions and examination processing, though students never will be charged for applying to the school, taking classes, or accessing study materials. Fees will be adjusted on a sliding scale based on the economic situation in the student’s country of residence. More information can be found at www.UoPeople.org.
and doctoral programs achieved a 4.7 percent boost over the previous year, with an aggregate total of 213,000 students. Although the hiring of new graduates has declined overall as a result of the weakened economy, firms with 50 to 200 CPAs did report an increase in recruiting new accountants.

Eighty percent of respondents report that their curricula currently cover International Financial Reporting Standards, and 15 percent say they will add it this fall.

**Schools Honored for Social Responsibility**

Six schools were recognized this summer by the Graduate Management Admission Council (GMAC) as part of its 2009 TeamMBA Awards for social responsibility:

- The Zicklin School of Business at Baruch College, City University of New York, won the Service Award for Original Program. Through the Honors MBA Program Financial Literacy Project, a student-driven response to the financial crisis, MBA students educate youngsters on the benefits of budgeting, credit, and risk.
- Baylor University’s Hankamer School of Business in Waco, Texas, won the Service Award for Collaborative Program. More than 30 MBA students from the school volunteer regularly as business plan mentors for inmates in a local Prison Entrepreneurship Program.
- Boston University School of Management in Massachusetts took home the All-School Award. Students volunteer with such organizations as Dress for Success, Adopt-A-Family, and the Greater Boston Food Bank, and engage in other activities with social responsibility and sustainability themes.
- At the University of Central Florida in Orlando, the DeVos Sport Business Management Program won the Service Award for Volunteer Engagement. Last August, MBA students contributed more than 1,100 hours toward rebuilding homes in the New Orleans area.
- Mississippi State University’s College of Business won the Service Award for Philanthropy. Five groups of MBA students in a strategic marketing management class baked, marketed, and sold cookies in the “Bulldog Challenge,” a one-day, on-campus cookie sale. The $7,400 netted during the competition was donated to United Way.
- The IESE Business School at the University of Navarra in Barcelona, Spain, won the Service Award for Educational Initiatives. The Doing Good and Doing Well Conference, a two-day event presented by the IESE Responsible Business Club, brought together hundreds of international business students, social entrepreneurs, industry experts, and professionals to discuss social entrepreneurship, corporate responsibility, microfinance, health care, energy, and the environment.

Created by GMAC in 2005, TeamMBA serves as a focal point for student volunteerism in business schools and is open to all graduate schools of management education. More information can be found at www.gmac.com/teammba.

**UT Arlington Takes an Oath**

The University of Texas at Arlington has developed an ethics oath for participants in its Executive MBA program. Jim Ellis, executive director of the UTA EMBA program, modeled the oath after the student-led ethics initiative at Harvard University in Cambridge, Massachusetts. But in the case of UT, the ethics oath will be mandated for executive MBA students.

“Because of the current issues on Wall Street, it’s essential that future business leaders understand the importance of ethics,” says Dan Himarios, dean of the UT Arlington College of Business. “We want to be sure that our students will uphold standards of integrity and honesty in their careers and be able to serve the business community with their skills, rather than exploit it.”

The program’s December graduates will be the first class to take the oath. They will join students at institutions such as Columbia School of Business in New York City and the Thunderbird School of Global Management in Glendale, Arizona, where oaths and honor codes are already in place.
SHORT TAKES

NEW APPOINTMENTS

■ Peter Blair Henry will become dean of the Stern School of Business at New York University on January 15, taking over from current dean Thomas Cooley. Henry currently is the Konosuke Matsushita Professor of Economics at Stanford University.

■ Sogang University’s Sogang Business School in Seoul, Korea, has announced that Park Kyung-Kyu will be its new dean. He has previously served Sogang University as director of general affairs and chair of the business school’s human resource management area. Outgoing dean Sungbin Chun plans to continue her teaching and research roles.

■ Edilberto C. de Jesús has been named the new president of the Asian Institute of Management in the Philippines. De Jesús has previously served the country as Presidential Adviser on Rural Development, Deputy Peace Commissioner, and Secretary of Education.

■ Mark A. Fuller is the new dean of the Isenberg School of Management at the University of Massachusetts in Amherst. He was most recently professor and chair of the department of information systems at Washington State University in Pullman. Along with his appointment as dean and professor in finance and operations management, Fuller will be the first recipient of the Dean Thomas O’Brien Endowed Chair in the Isenberg School, which was funded by alumni.

■ Virginia State University in Petersburg has appointed Mirto M. Martin interim dean and professor of management for the School of Business. Martin previously has held various positions at Averett University, the University of Richmond, the John Tyler Community College Foundation, and the Virginia Community College System.

■ Michael J. Page, dean of business at Bentley University and the McCallum Graduate School in Waltham, Massachusetts, is now also the vice president for academic affairs. At the same time, Robert D. Galliers has stepped down as provost and vice president for academic affairs to take on the new role of University Distinguished Professor.

■ The Graduate School of Business Administration Zurich in Switzerland has announced that Edgar C. Britschgi will be its new dean. Working closely with Peter Lorange, the president and rector of GSBA, Britschgi will be in charge of the school’s planned transformation and implementation of new strategy.

■ The Journal of Business Venturing has chosen Dean A. Shepherd as its new editor-in-chief. Shepherd is the Randall L. Tobias Chair of Entrepreneurial Leadership and professor of entrepreneurship at Indiana University’s Kelley School of Business in Bloomington.

■ Two business professors have been appointed to terms on the Federal Accounting Standards Advisory Board. D. Scott Showalter is a teaching professor in the department of accounting at North Carolina State University College of Management in Raleigh. Michael H. Granoff is the Ernst & Young Distinguished Centennial Professor of Accounting and a University Distinguished Teaching Professor at the University of Texas at Austin.

■ Kent Womack has been named the Manulife Chair in Financial Services at the University of Toronto’s Rotman School of Management in Canada. He also will be a visiting professor of finance. Currently Womack is a professor of finance at the Tuck School of Business at Dartmouth College in Hanover, New Hampshire, and previously he was a vice president in the Equities Division at Goldman, Sachs & Co.

■ Robert S. Adler has been confirmed as a new commissioner of the Consumer Product Safety Commission (CPSC). Adler is professor of legal studies and the Luther H. Hodges Jr. Scholar in Law & Ethics at the Kenan-Flagler Business School at the University of North Carolina in Chapel Hill. Adler fills one of five commissioner posts as part of a CPSC expansion led by President Barack Obama.

■ L.J. Shrum was recently elected president of the Society for Consumer Psychology. Shrum is chair of the department of marketing at the University of Texas at San Antonio College of Business. The national society is a division of the American Psychological Association.
**Headlines**

**SHORT TAKES**

- **Eric W. Ford** has joined the faculty of the University of North Carolina at Greensboro as the Forsyth Medical Center Distinguished Professor. Ford, an expert on information technology in healthcare, has a joint appointment in the Bryan School of Business and Economics and the School of Nursing.

- **Nandini Kannan**, a professor of management science and statistics at the University of Texas in San Antonio, has been elected a fellow of the American Statistical Association. Kannan was instrumental in developing UTSA’s new PhD program in applied statistics.

**NEW PROGRAMS**

- This fall, Quinnipiac University’s School of Business in Hamden, Connecticut, will offer three graduate programs online: a master of business administration, a master of business administration in healthcare management, and a certificate program in healthcare compliance.

- **George Mason University’s** School of Management in Fairfax, Virginia, has launched the National Defense Executive MBA designed for military, government, and corporate defense industry professionals. The 17-month program includes an intensive one-week study tour in the Washington, D.C., government and defense sectors.

- The Daniels College of Business at the University of Denver in Colorado is offering a new program designed for nonbusiness majors who want to minor in business. In this program, which was rolled out this summer, students take six four-credit courses in business foundation topics such as management, business law, accounting, marketing, and finance.

- **Dartmouth College** in Hanover, New Hampshire, has designed a PhD/MBA program that will allow new doctorates to earn accelerated MBAs from the Tuck School of Business. The goal is to train science-minded managers and entrepreneurs who are ready to lead high-technology workforces. The streamlined path allows PhD candidates to enroll in Tuck immediately after obtaining their doctorates; the PhD experience will count as their post-bachelor’s degree work experience.

- The Jesse H. Jones Graduate School of Business at Rice University in Houston, Texas, launched two new academic programs this fall. The first is the school’s first doctoral program, a PhD in marketing. The second is a new weekend option for the MBA for Professionals program.

- The University of Miami School of Business Administration in Coral Gables has significantly revised two programs—its EMBA and its MBA for Work-

**COLLABORATIONS**

- **Audencia Nantes** School of Management in France has signed international agreements with a number of new partners, more than half of them based in South America. These include Fundação Getulio Vargas in Curitiba, Brazil; Pontificia Universidade Católica do Rio de Janeiro; Universidade de São Paulo, Brazil; Universidad Austral IAE Business School in Buenos Aires; Yonsei University Business School in Seoul, South Korea; Shanghai University.
Three international business schools have marked the official launch of the Global Entrepreneurship Program (GEP), which grants a master of science in management with a concentration in global entrepreneurship. The partners are Babson College in Wellesley, Massachusetts; EM Lyon Business School in France; and Zhejiang University’s School of Management in China. During the 12-month program, students earn a master’s degree from the school where they are enrolled, as well as certificates of completion from the two partner schools.

French school Grenoble Ecole de Management has partnered with the Management Institute of Paris to launch a specialized master’s degree in international human resources. The degree program, which begins in January, is designed to aid HR management teams that work for multinational corporations.

Georgetown University’s McDonough School of Business in Washington, D.C., has partnered with consulting firm Booz Allen Hamilton to create a customized Change Management Advanced Practitioner program. The executive education program will certify “change management black belts” who have mastered skills and tools to help them address the evolving needs of government organizations.

Build Industry Experience
The percentage of business schools that offer internship options or partner with corporations to offer a co-op or education program varies substantially by region:

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<th>US</th>
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<tr>
<td>Co-op</td>
<td>9%</td>
<td>25%</td>
<td>13%</td>
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<tr>
<td>Internship</td>
<td>68%</td>
<td>67%</td>
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Source: 2009 Application Trends Survey, which included 667 graduate management programs from 36 countries. Read the report at gmac.com/applicationtrends.

Participate in the 2010 Global Management Education Graduate and Corporate Recruiters Surveys and receive free custom benchmark reports. Visit gmac.com/surveys before December 1.
GRANTS AND DONATIONS

■ Washburn University School of Business in Topeka, Kansas, has received a $5 million gift from an alumnus and his wife. Richard K. Davidson was CEO of Union Pacific; Trish Davidson also worked for the company. The gift, the single largest in Washburn’s history, qualifies for matching funds through the Kansas Partnership for Faculty of Distinction program.

■ Cleveland State University’s Nance College of Business in Ohio has been awarded a fourth consecutive Title VI-B grant from the U.S. Department of Education to integrate the principles of sustainability across all international business programs. The $189,449 grant enables the college to deliver a graduate-level concentration in Global Sustainable Management in partnership with Groupe ESC Clermont Graduate School of Management in France. The money also will allow the school to deliver multilingual overseas internships in partnership with Groupe ESC Clermont and the University of Concepción, Chile; establish a Net Impact student chapter; and establish a sustainability forum with the Corporate Sustainability Network for Northeast Ohio business leaders and CSU faculty.

OTHER NEWS

■ The Tuck School of Business at Dartmouth College in Hanover, New Hampshire, now offers an institutional loan designed exclusively for international students. A student with demonstrated financial need can borrow up to the cost of attendance, less other financial aid. The loan requires no U.S. co-signer, has zero origination fees, and offers a variable rate, which adjusts annually.

■ The University of Maryland’s Robert H. Smith School of Business in College Park has joined the Global Business School Network (GBSN), an international nonprofit dedicated to training business leaders in developing economies.

■ The Smith School also has launched the Center for Social Value Creation, which gives students hands-on learning opportunities to apply business principles to global social and environmental challenges. One project allows business students to work with the university’s Engineers Without Borders chapter to develop sustainable business plans for water and electricity distribution in rural Africa.

■ In September, DePaul University in Chicago opened a School for Hospitality at its College of Commerce. The new school, which was partially funded by a $7.5 million gift from the Conrad N. Hilton Foundation, will prepare students for management roles at hotels, restaurants, convention and tourism ventures, and other leisure industries.

OBITUARIES

■ William K. Laidlaw Jr., former AACSB International Executive Vice President, died August 7 of an apparent heart attack. He was 66. Laidlaw joined AACSB as a managing director in 1975, and in 1977 he became executive vice president. During his tenure, AACSB launched accounting accreditation, changed its strategy to mission-driven accreditation, and began the internationalization process. After resigning in 1999, he became interim dean for the Weatherhead School of Management at Case Western Reserve University in Cleveland, Ohio.

■ Alan F. Kiepper, former AACSB board member, died August 26. He was 81. Kiepper had spent much of his career in public transportation, including stints with the transit authorities of Atlanta, Houston, and New York City. He also spent years of his public service life in municipal administration in locations such as Richmond, Virginia; Montgomery County, Maryland; and Fulton County, Georgia. In addition, he had a long and active life in academia, holding professorships at Rice University’s Jesse H. Jones Graduate School of Administration in Houston and New York University’s Robert F. Wagner Graduate School of Public Service. He served on the Board of Directors for AACSB International from July 2000 to June 2002.
Healthy Ambitions

by Tricia Bisoux

When we wish someone “health, wealth, and happiness,” it’s no coincidence that we put “health” first. Good health is often a necessary precursor to prosperity, whether for an individual, a community, or an entire nation.

It’s no surprise, then, that good health is also good business—something that William Weldon knows well. As CEO of Johnson & Johnson, one of the largest healthcare companies in the world, Weldon leads its efforts to devise new treatments, create new drugs, and improve people’s health and well-being in more ways than many people realize.

“When most people think of our company, they think of baby powder, adhesive bandages, and shampoo,” says Weldon. “They don’t realize that consumer products make up the smallest portion of our business.”

Many are surprised to learn that Johnson & Johnson, headquartered in New Brunswick, New Jersey, also is the world’s largest medical device and diagnostics company, as well as the seventh largest pharmaceuticals company, says Weldon. With that kind of reach, he says, Johnson & Johnson is poised to help transform healthcare worldwide.

Johnson & Johnson’s CEO, William Weldon, is looking for business leaders with the courage to follow new paths and put people first, letting profits follow.
We all have to work together to make sure everyone has access to affordable healthcare.

How has the economy affected the healthcare industry?
Healthcare is usually resistant to recessions, because people always need to take care of their health. But this recession has had an impact on all three of our businesses.

For example, in our consumer products business, consumers have moved away from branded products and into private label products. In our medical device business, people are now opting to wait to undergo elective surgeries such as joint replacements or cosmetic procedures. In pharmaceuticals, we’ve seen a decrease in the number of prescriptions being dispensed. That’s because, for every 1 percent increase in unemployment, more than 1 million people lose their healthcare coverage. As a result, they don’t go to the doctor as often or have their prescriptions filled.

These trends are happening on a global level, but we’re seeing them more in the U.S. and Europe than we are in China and India, where there still is strong GDP growth.

The problem of the uninsured is a big issue in the United States. The Obama Administration is trying to pass a healthcare reform bill to lower costs and cover the uninsured. Where does Johnson & Johnson stand on these efforts?

Years ago, we expressed our thinking in a document called “The Promise of Healthcare,” which includes opinions very similar to those of the administration. In this paper, we said that we all have to work together to make sure that everyone has access to affordable healthcare.

Over the years, we have developed programs that supply needy patients the medication they need free of charge—they just have to let us know that they need it. In the last two years alone, we’ve provided more than 1.7 million prescriptions for patients. We’ve also supported comparative effectiveness, the idea that different medications affect different people in different ways. We want to make sure that healthcare providers understand how the medications work, so they choose the medication most appropriate for their patients.

Johnson & Johnson also has embraced the idea of wellness and disease prevention to reduce the need for prescriptive care.
I think the area of wellness and prevention is one of the secrets to improving healthcare, not just in the United States but around the world. I’ve discussed this idea with President Obama, and his administration has shown an interest in making wellness and prevention a part of the healthcare reform bill.
We can look at our company as a microcosm. More than 30 years ago, we put a wellness and prevention program in place, and we’ve monitored its impact on the lives of our employees. We have found that while 20 percent of people in the general population are smokers, only 4 percent of our employees are tobacco users. Only 6 to 7 percent of our employees have hypertension or high cholesterol, also much lower than the general population.

Last year, we acquired two companies to lay the groundwork for a wellness and prevention business: HealthMedia in Michigan and the Human Performance Institute in Florida. HealthMedia uses Web-based behavior modification to improve patients’ health. The Human Performance Institute was developed by a sports psychologist and an exercise physiologist. They studied diet, exercise, recovery, and priorities to create plans that can help people follow healthier lifestyles and improve their lives.

Such programs can be executed across the United States and in other parts of the world. We think that it’s very important to keep people healthy, rather than reward physicians for treating people only after they become ill.

Johnson & Johnson puts great emphasis on innovation to develop new drugs and treatments. What fuels innovation at your company?

We have a decentralized model that includes businesses around the world, which gives us insight into many markets. We can see where in the world there are unmet medical needs and where products aren’t servicing patients as well as they should. Within that decentralized model, we create an environment where people have the tools they need to work together and access universities, equipment, and research. It’s an environment that helps them follow new paths and discover new products.

What are some examples of innovations your company’s model has made possible?

One that comes immediately to mind is the drug-eluting stent, which can deliver a drug to help prevent a coronary artery from reclogging. We couldn’t have created the first such stent, CYpher, without our ability to converge the skills of our pharmaceutical scientists and medical device engineers. We also have been able to develop and tailor products for specific markets. For instance, we created a glucose meter for India that doesn’t have some of the same features of meters we sell in the U.S., but it measures glucose effectively at a much lower price point.

Another good example is our work in personalized medicine. A medicine might treat a disease but produce serious side effects; many patients won’t respond to it at all. We bring together our diagnostic group with our pharmaceutical group to look at genetic markers, so doctors...
Our Credo lays out our priorities. It’s simple: The people who use our products come first.

can know whether patients will respond to a product or suffer side effects.

What should business graduates know before they come to work for you?
First, they have to know that everything we do is based on a document written 65 years ago by Robert Wood Johnson, called “Our Credo.”

Our Credo outlines our company’s four priorities, or responsibilities. It says that our first responsibility is to the people who use our products—the doctors, nurses, patients, mothers, and fathers. Our second is to our employees, to make sure they have good working conditions and are treated with dignity and respect. Our third refers to what people today call social responsibility—it’s a commitment to the communities where we live and work. And our fourth is to the shareholders, the people who invest in our business.

It’s important for business graduates to know that Our Credo is our road map. It describes the way we look at our business. If we stick to its priorities, our shareholders will have what Our Credo calls “a fair return.” In the 65 years that Johnson & Johnson has been a publicly traded company, its performance for shareholders has been surpassed by few, if any, other organizations.

How might students find Johnson & Johnson different from other companies? What kind of careers might they expect to have there?
Students might not realize that we afford opportunities for them to grow and develop careers. We have over 250 operating companies in our three business segments. Students who come to work for our company can start in the pharmaceutical side of the business, move into medical devices, and then work in consumer products. They can work anywhere in the world and advance within the organization. They don’t have to move from company to company to get different experiences.

I’m a good example of that. I started out of school to work with the pharmaceutical group. I moved into medical devices, and then I came back to pharmaceuticals. I lived and worked in Asia, Europe, and the United States. I’ve had such an extraordinary wealth of experiences, all within one organization.

Johnson & Johnson has had a relationship with UCLA’s Anderson School since 1991. Through that partnership, you offer two-week training programs for Head Start managers, as well as training programs for HIV/AIDS service providers in Africa. What is the business case for making that collaboration a priority?
We know that improving people’s lives goes way beyond healthcare, and we recognized that the Anderson School shared our goal and vision. Both Johnson & Johnson and the Anderson School wanted to teach people in nonprofit organizations to apply business models and strategies to improve the world.

When we first started working with the Anderson School, we all recognized there were a growing number of children at risk economically, socially, and educationally, and we wanted to develop programs to benefit these children. So we created the Head Start Johnson & Johnson Fellows program. We went on to develop the UCLA/Johnson & Johnson Management Development Institute for HIV/AIDS workers.

It’s amazing to talk to faculty who were part of the MDI program, who have taught service workers in Africa concepts that they otherwise would not have had an opportunity to learn. That’s really the business case—we have a responsibility to give back.

In spite of programs like these, the healthcare industry also attracts criticism because of the high cost of drugs and services. Many argue that the industry pours so much money into R&D, it drives up the cost of basic care. How does Johnson & Johnson balance the need for R&D with the need to keep costs under control?
It takes more than $1 billion and a decade of work to bring a drug to market. Johnson & Johnson spends about $8 billion a year on research and development—and those costs increase every year. Only a very small percentage of drugs ever get to the market, and only a small percentage of those ever realize a profit. It’s a huge investment, and it’s a huge risk that organizations take.

But as healthcare companies, we also have to be reasonable about the way we price our products. We make sure that we supply products free of cost to those who cannot
afford them. We underwrite many programs like Operation Smile, where surgeons volunteer to do procedures on people in underdeveloped countries; and our Children Without Worms program, which operates in eight countries to deliver 25 million doses of free medicine to children who suffer from intestinal worms.

Our Credo lays out our priorities. It’s simple: The people who use our products come first, our employees second, the community third, and our shareholders fourth.

What skills do you think business schools should emphasize, as they prepare students for today’s business world?

Business schools do a great job to prepare students. But I think that, no matter what careers students pursue, it is important that they develop interpersonal skills and business ethics. It’s important that they know how to work in all-inclusive teams and that they be exposed to the global nature of the business community. The main idea of Tom Friedman’s book The World Is Flat is really true. In this global market, students need to know how to appreciate and deal with differences and diversity.

Students also have to come out of business school knowing that there should be more to a job than just a paycheck and a title. Students should think about the benefits and richness that they can bring to the lives of others.

That’s why this is such a special place to work—not just at Johnson & Johnson, but in the industry itself. Healthcare gives us a wonderful opportunity to give back, through the business and through our philanthropic efforts. We can see the impact we have on people’s lives. That fulfillment is something that students should really think about when they build a career.

If you were teaching a business school class on leadership, what would you emphasize?

Leaders have to be very courageous. They need to get all the facts, but not necessarily go the way of the crowd. If they believe in something and have the facts to support it, they have to have the courage to take positions that might not be popular.

You’ve set very high goals for Johnson & Johnson. What personal goals do you have for yourself?

My personal goals go very much with my goals for the company—I want to find cures for diseases like cancer and diabetes. I receive the greatest rewards from seeing people benefit from our breakthroughs, from helping them live better lives. I also think it’s great to see people in this company become extraordinary leaders. It’s rewarding to know that in some way I’ve had a small part in making people successful.
When business schools and corporations join forces, it’s most often with a specific goal in mind—to enhance the business curriculum, promote an area of research, advance faculty experience, develop executive training programs, or create positive change in the community. It’s certainly an accomplishment for such a collaboration to achieve one of these goals, but it’s quite another for it to achieve all of them.

But that’s what has happened with the 18-year partnership between the Anderson School of Management at the University of California, Los Angeles, and Johnson & Johnson, says Al Osborne, senior associate dean and director of UCLA’s Price Center for Entrepreneurial Studies. Since its inception in 1991, the partnership has generated key research into childhood diseases, established three community-based training programs for nonprofit managers, provided students and faculty with educational and research opportunities, and launched a nationwide program dedicated to promoting health literacy among low-income families.

Birth of a Partnership
When Johnson & Johnson first approached the Anderson School, the company was particularly interested in helping economically disadvantaged children and their families, explains Osborne. With that in mind, Anderson faculty and company executives soon focused their attentions on Head Start, one of the most comprehensive childhood development organizations in the world.

In 1991, the partners launched the UCLA/Johnson & Johnson Head Start Management Fellows Program, which Osborne now directs. Through the program, Head Start administrators from across the U.S. come to UCLA to learn management and leadership skills. A central feature of the intensive two-week Fellows program is the MIP—Management Improvement Project—which is a step-by-step strategic approach that helps Fellows plan and execute projects, improve operations, and solve problems. This year, the Fellows program graduated its 29th class and its 1,200th student.

Mernell King had been a Head Start director for 15 years when she attended the Fellows program. At the time, she says, she had no idea just how much she didn’t know. “I had been to all kinds of courses on fiscal management for Head Start, but I’d never been trained in strategic planning, cost benefit analysis, or improvement projects,” she says.

King applied what she learned to turn the Head Start agency she was managing at the time in Hannibal, Missouri, from inefficient to high-performing. She now directs early childhood programs for Central Missouri Community Action in Columbia, Missouri—last year, she also sent two members of her staff to attend the Fellows program.

“We ‘MIP’ everything! If we have a systems issue, we MIP it,” King says. “The Fellows program teaches us that there is a big difference between managing a project and leading a project. MIPs are now at the core of our planning process.”

Wassy Tesfa directs the Head Start program at the Center for Community and Family Services in Altadena, California. She notes that most Head Start administrators come to the Fellows program with educational backgrounds: They know how to teach, not necessarily how to run an organization.

The Fellows program teaches participants about the finer points of negotiating, budgeting, and strategic planning. Fellows also can return to UCLA each January to attend the Advanced Management Institute where they network, refresh their skills, and update themselves on legislation and trends affecting Head Start. In her continuing training, Tesfa hopes to learn more about branding and marketing, so that her agency can attract more funding and support from the community.

“We become higher level executives and directors,” Tesfa says. “We now have higher expectations of ourselves.”

Promoting Health Literacy
In 2000, Anderson and Johnson & Johnson wanted...
to do more to reach out to
disadvantaged families,
so they worked with the
Fellows to conduct a survey
of Head Start parents about
the biggest barriers they
faced when it came to
obtaining healthcare.

Many parents noted a
similar problem, explains
Ariella Herman, senior
lecturer at the Anderson
School. They said that they
lacked information and felt
unprepared to deal with chil-
dren’s illnesses on their own.

For instance, when asked
what they would do if their
child had a mild tempera-
ture of 99.5 degrees, 70
percent answered that they
would take their child to the
emergency room.

That survey led to the cre-
ation of the UCLA/Johnson &
Johnson Health Care Institute
(HCI) in 2001. HCI, which
Herman directs, continues to
conduct research, develop
educational materials, and
create training programs
for Head Start agencies to
deliver to parents across the
country. The programs cover
topics such as oral hygiene,
childhood illnesses, and dia-
betes and obesity to empower
parents to care for their fami-
lies. “We gave Head Start
agencies a methodology to
train families on any health-
care topic,” says Herman.

To date, the program has
trained 40,000 families in
35 states. The program
includes the book, What to
Do When Your Child Gets
Sick, written by Gloria
Mayer and Ann Kuklierus,
both registered nurses. The
book is written at a third-
grade level, so that its
information is accessible to
everyone, Herman explains.

The result of this pro-
gram isn’t just healthier
families; it’s a more
efficient healthcare system,
says Herman. In post-
training surveys, only 10
percent of parents indi-
cated they would take their
children to the ER for a
slight fever. That translates
to millions of dollars saved
in terms of fewer visits to ERSs
and clinics, fewer days lost
from work, and fewer Medi-
caid claims, says Herman.

Johnson & Johnson con-
tinues to lend its expertise
to the Anderson School,
as well as fund the devel-
opment of new research,
training, and materials. At
the same time, the program
is expanding with the help
of outside support. Phar-
maceutical company Pfizer
is funding the program’s
rollout in New Mexico, and
the state of Washington has
made room in its budget
to bring the program to its
Head Start families. In addi-
tion, Anderson faculty and
MBA students are traveling
to Mexico, Brazil, China,
and Eastern and Western
Europe to conduct field studi-
ies on childhood diseases
to learn whether HCI’s
training program can be
translated to other regions
of the world.

Anderson’s training pro-
grams also have expanded
to other areas. In 2002,
Anderson and company
executives launched the
UCLA/Johnson & Johnson
Health Care Executive
Program, which trains lead-
ers from community-based
healthcare organizations to
provide the best possible
services to underserved
communities. And in 2006,
they created the Johnson &
Johnson/UCLA Management
Development Institute for
HIV/AIDS, which provides
in-country management train-
ing to individuals running
HIV/AIDS clinics in Africa.
So far, this program has
graduated 350 participants
from 22 African nations.

Achieving
Tangible Results

With a stronger grasp of stra-
tegic planning, King has been
able to adopt more vibrant,
interactive, and entertaining
methods to interact with par-
ents through her Head Start
agency in Columbia, Mis-
souri. Before her training, few
parents attended her agency’s
educational sessions, she
Callout —Callout author

26 BizEd November/December 2009

saying. “Who wants to come to a Head Start center, sit in a tiny chair, and be offered a bowl of chips and a soda? Nobody,” says King.

King and her staff now include parents in the planning of training events. “Instead of thinking of it in terms of ‘us’ and ‘them,’ we sit down with them and ask, ‘What do you want?’” says King.

Today, each family that attends training sessions offered by King’s Head Start office receives not only information, but also prizes and a nice dinner. Physicians, medical residents, and nursing students from the nearby University of Missouri are on hand to speak with parents.

“We hadn’t completely understood the culture of poverty, where life can be intense,” says King. “Parents are working three jobs, their car has broken down, and they’re trying to pay the bills. When we say, ‘Come to our training session,’ it can sound like the dumbest thing. Now we can say, ‘We’re going to treat you like you deserve to be treated.’”

Attendance at educational sessions is no longer a problem, says King. One of her recent health literacy training sessions attracted 400 people. Better still, the events are funded completely by donations from local physicians, clinics, pharmacies, and businesses. King and her staff attract this support with the help of the negotiation skills they learned in the Fellows program. Not only that, King says that her office is now so skilled at project planning that it has received every grant it has applied for—most recently, a $1.2 million grant to roll out HCI’s health literacy program to all the Head Starts in Missouri.

Life-Changing Experiences

A success story like King’s is just what Anderson faculty and Johnson & Johnson executives want to hear. Her story and others like it from Head Start administrators across the U.S. illustrate how corporate support and business school research can translate into positive, lasting, far-reaching change in the community. “Our approach to helping Head Start families is very scalable,” says Osborne of UCLA. “It can lead to all kinds of interventions.”

Once achieved, such a partnership creates opportunities for students, faculty, corporate representatives, and members of the community that otherwise would not have been possible, says Herman. “As faculty, we can conduct studies and write articles, but it means more when our work gives back to the community,” she says. “This has been a life-changing experience for all of us.”

Keys to Perfect Partnering

Many business schools want to cultivate long-standing and fruitful corporate partnerships. To find that perfect partner, schools should keep four key ideas in mind, say Al Osborne and Ariella Herman of UCLA:

1. Approach companies that have a vested interest in the project. An IT company, for instance, might be especially interested in computer literacy and more willing to devote significant time and resources to the partnership that focuses on that issue.

2. Approach companies willing to offer long-term support. Many initiatives can take months or years to bring to fruition, from initial study and implementation, to revision, to expansion. For example, if the business school has an interest in social enterprise, it should look for a corporate partner that has demonstrated strong, ongoing support of that kind of activity, says Herman.

3. Seek a corporate partner with equal passion for the mission at hand. For example, while Johnson & Johnson has an obvious interest in healthcare, many of its executives are personally invested, says Osborne. They often meet with participants during the Fellows programs and attend graduations, as well as attend Head Start training sessions to meet with parents.

4. Find faculty who will commit to the cause. For the sake of the partnership’s continuity, the faculty involved should be passionate about and invested in its activities. When it came to creating management tools for Head Start, the Anderson School “had some bumps along the way,” says Herman. “But we critiqued ourselves honestly and looked for faculty who would do a good job—who truly understood and cared about what we wanted to accomplish.”
The Business of Collaboration

The days of the unhyphenated business degree might soon be over. Within their own universities, business schools are partnering with other departments to offer joint degrees in everything from law to healthcare. Outside of their campuses, they’re building relationships with schools across the country or across the ocean. Two of the most common catchphrases at b-school today are “interdisciplinary” and “international.”

These kinds of partnerships take careful planning and diligent maintenance. Collaborating with other schools on campus can mean carefully developing procedures that suit all departments and skillfully negotiating for scarce university resources. Collaborating with institutions in other countries requires dealing with unfamiliar government policies, overcoming language barriers, and coordinating logistics.

But not only do the payoffs outweigh the pain, many school officials believe there is no other way to educate the multitalented, culturally aware problem solvers who will be needed in tomorrow’s workforce. For that reason, collaboration—across campus and across continents—could very well be the watchword of the future for business education. For the four schools featured here, it has become an essential part of their pedagogy. Faculty heading their efforts explain how to safely navigate a complex but essential maze of partnerships with fellow schools on campus and far-flung universities.

Tomorrow’s business will be multinational, multicultural, and multidisciplinary. Programs at four schools illustrate how multileveled partnerships prepare students for the challenges ahead.
Collaboration is the operating system that runs the Lauder Institute, a joint degree program that relies on relationships within the University of Pennsylvania as well as schools around the world. Now in its 26th year, the program combines a Wharton MBA with a master’s degree in international studies. Up to 70 students are accepted annually into one of eight foreign-language tracks that revolve around Arabic, Mandarin Chinese, Japanese, French, Spanish, Portuguese, German, or Russian.

Lauder students begin classes in May, three months before Wharton classes start, then spend two summer months in an overseas immersion program located in a country that speaks the language they’re studying. Classes are held on the campuses of partner schools that include the American University in Cairo, École des Hautes Études Commerciales Paris, the Beijing Foreign Studies University, the Universidad de San Andres in Argentina, and the Academy of National Economy in Russia. Upon returning to Philadelphia, Lauder students join the rest of the Wharton MBAs. They spend the next two years dividing study time between business and international studies in a closely choreographed and highly collaborative arrangement.

When someone asks me why the world needs a cross-disciplinary, cross-cultural program like ours, I have two answers.

First, I don’t think the world is as flat as some people say. Take a look at the current economic crisis. Germany didn’t have a real estate bubble like the U.S. did; it’s suffering from the crisis because it exports a great deal, and trade has plummeted. What happened in the U.S. is only relevant to the German markets as background. If we want managers to be more effective in Germany, they need to understand the situation in that country.

Second, a joint business and international studies program allows us to educate better human beings. We don’t teach students Russian or Portuguese because we expect them to work in Russia or Brazil for the rest of their lives. We teach them a second or third or fourth language to enrich them as individuals, to make them better thinkers and problem solvers. In the future, when they face difficult problems, they can say, “How would a Russian solve this?” and they will instantly have a new perspective.

We don’t want students at the Lauder Institute simply to be fluent in a second language. We want them to have an in-depth understanding of another country, so we provide classes on the history, culture, and politics of the regions they’re studying. Not only do Lauder students go overseas for the summer immersion, we encourage them to pursue “in-language” internships during their second summer of the program, which means taking positions in countries where their target languages are spoken. To make this more affordable, we offer a fellowship that will enable them to accept jobs in countries such as China or Brazil or Chile, where the pay might not be as good as it would be if they interned in the U.S.

While students take their MBA classes at Wharton, the Lauder Institute has its own faculty for language, history, culture, international economics, economic history, and summer immersion courses. Thus, successful collaboration across campus is critical.

I have learned that two structural decisions will help interdisciplinary programs like ours function smoothly. One is to have the program heads report to someone other than the school deans—in our case, that’s the provost. The support of the deans is always essential, but reporting to a campuswide official ensures access to university resources.

The second important decision is to define early on which part of the program will serve as its foundation, and which part will differentiate it from similar programs. At the Lauder Institute, we build the program on the foundation of the Wharton MBA. We differentiate it with the master’s degree in international studies, which does not exist separately.
For a joint degree program to run smoothly, it’s absolutely critical for the director to establish relationships with all parts of the campus that will be involved in the effort. That’s easier said than done. When I started as director two years ago, I had more linkages to Wharton than to the School of Arts and Sciences, but my job has been greatly facilitated as I’ve tapped into the connections I had at both schools. For instance, I have a secondary appointment in the department of sociology. Most crucially, the Institute has a co-director who is a faculty member from the School of Arts and Sciences, and our activities are overseen by a Graduate Group in International Studies which includes faculty from across campus.

Collaborating with institutions in different countries presents a different set of challenges. I think there are four ways to address these challenges and develop successful international partnerships. The first step is to define what you want to accomplish with the alliance; develop a clear set of goals before you begin.

Second, partner with schools at your same level, so you don’t dilute your reputation. We look for partners who have a solid reputation in the world of business, but who also can deliver language and cultural training that flows logically from our May classes into our fall classes. We also must consider logistical demands, such as the timing of their summer schedules and the geographic location of their campuses.

Third, structure the relationship so that it has specific limits. A partnership doesn’t have to be like a marriage—it doesn’t have to affect everything.

Finally, make sure you have an exit mechanism. Sign a partnership for a set number of years and then jointly evaluate to determine if it’s working the way you want. And keep in mind that changes in the world itself might render these partnerships irrelevant, so always be prepared for new challenges.

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At the University of Miami’s Global Business Forum, receptions and breaks between events give participants a chance to hold cross-disciplinary discussions across a variety of industries.
As a result of the Forum, faculty have a deeper understanding of how their colleagues in other departments think, publish, and approach research problems.

When we began our planning for the Global Business Forum, the deans of other schools were open to cross-disciplinary participation, but we all had different ways of working and thinking. Never before had we collaborated on an event of this magnitude. And we soon found that expressing support for cooperation and actually cooperating are two different things.

The provost and the Academic Deans Policy Council were enthusiastic about the idea of the Global Business Forum, but we needed more than verbal commitments. We needed the other schools to organize their own panels with prominent thought leaders, while interacting with us as we built the program.

We had made the decision to call the conference the “University of Miami Global Business Forum: Harnessing the Power of the Connected World,” which turned out to be both an asset and a liability. The name helped connect the event to the business school, but it also served to de-motivate some of the other schools, which tended to put our conference on the back burner as they focused on their own priorities.

Early planning sessions that included representatives from all the participating schools did not show rapid progress, as it was hard to get solid commitments from such a large group of people. We made more progress as we began having one-on-one discussions with individual deans. Crucially, we also invited the schools’ external affairs directors, who instantly understood that the Forum presented an opportunity for them to connect with alumni and business leaders. Their participation helped us all align our incentives.

Once the deans were onboard, we sought buy-in from the University of Miami Citizens Board and the university’s Board of Trustees, which together include hundreds of the community’s most important business, professional, and civic leaders. The Citizens Board became our first sponsor, providing $10,000 in seed money. More sponsors were added as all schools finalized their panelists and keynote speakers.

Registration was the next big task. We had decided to charge alumni and businesspeople to attend—a first for the university, which usually offered such events to the community for free. The decision seemed even riskier as the January 2009 date approached, and the world was in the worst economic crisis since the Great Depression. To attract paying registrants, we asked each school to invite alumni and other constituents to their own panels, and we customized promotional materials for each school. We also built support for the whole conference through electronic media such as email blasts and social networking sites.

If we hadn’t collaborated so closely with other schools on campus, it’s unlikely the Forum would have been so successful. Many attendees noted that they found the event so interesting because it was cross-disciplinary; they could attend one panel on music, another on medicine, and another on marketing. Some of our own faculty experienced aha! moments when they listened to panel discussions organized by other schools. Many discussions occurred during breaks and at receptions, when people from different schools talked to one another and with CEOs from companies across industries.

For the School of Business, the Forum had another outcome: It helped other schools tie the practical aspects of their disciplines to business applications. For example, the College of Arts and Sciences organized a panel about how culture leads to branding. Panelists drew a dotted line between the social sciences—ethics, sociology, anthropology, and psychology—and business.

As a result of the Forum, faculty have a deeper understanding of how their colleagues in other departments think, publish, and approach research problems. Students are better able to connect their coursework across disciplines. Members of the campus community know one another better and have formed strong working relationships.

These relationships will continue to be important as the School of Business develops or continues joint programs with the schools of medicine, architecture, and law. We believe the campuswide cross-disciplinary focus is a key competitive advantage for both the university and the School of Business and that the event has enabled us to promote this competitive advantage. No wonder we’ve already started working on our 2011 Global Business Forum.
The Power of Partnerships

Desi Schmitt
Director of International Relations
Audencia Nantes School of Management
Nantes, France

If handling one partnership is a challenge, imagine how difficult it is to juggle dozens. But for Audencia—which currently sustains student exchange agreements with 110 schools in 43 countries—there is no other way to give students the international experience the school is committed to providing. Not only does Audencia send each business student abroad for at least one semester, it also welcomes a heavy influx of international students. The school’s current student population is 23 percent international; the goal is 50 percent.

The majority of Audencia’s students are enrolled in the Master in Management program, which requires them to learn three foreign languages before they graduate. The school also has launched tracks that allow students to take the master’s program in Spanish, German, or Chinese while completing internships in Latin America, Spain, Germany, or China. Along with the semesters spent abroad, these internships expose them to international cultures as well as international business.

English may be the common language of business, but for most people, it is not their native tongue. That means that most business graduates will be working with and talking to people whose language, culture, and perspective are much different from their own. To prepare our students for that life, we want to put them in an international environment both when they’re at home and when they’re abroad, which is why we maintain partnerships with more than 100 schools.

When we’re choosing partner schools, first we look at quality. About 50 percent have AACSB or EQUIS accreditation; many are the top schools in their countries. Second, we look at whether they adhere to the same values we do in terms of ethics, strategy, global social responsibility, and faculty research. We also consider whether they are similar to us in terms of programs, internationalization goals, and size.

When we do sign agreements with bigger institutions, they usually have smaller business schools—or majors and specializations business schools might not. For example, we recently signed an agreement with Boston University’s arts administration department so our students could study the administration of cultural institutions such as museums and opera. In this way, we complement each other. We bring our European management competencies to the table, and they bring their specific expertise.

Arrangements vary widely, from simple student exchanges to multileveled partnerships that include faculty exchanges, collaborative research, and joint degree programs. For instance, we just signed a broad alliance with HHIL-Leipzig in Germany and the Politecnico di Milano’s School of Management in Italy. We have combined all our recruitment and placement efforts so our MBA students have a wider pool of possible employers and a bigger network of alumni associations. We also collaborate on different double master’s degrees with each of these institutions.

Within Europe, arrangements are fairly simple because of the Bologna Accord, which allows students to move easily between European schools. But partnerships with schools on other continents often present more challenges. For instance, schools in China have different rules to follow; there generally is more bureaucratic involvement, which can create extra red tape. However, such cultural differences are not insurmountable. For example, we have a strategic partnership with Tongji University that includes faculty exchanges and double degree programs.

It also takes a good deal of time to finalize agreements with Latin American schools, where Ministries of Education are often deeply involved. We’ve found we can overcome cultural barriers if we negotiate toward a win-win for
If we don’t teach our students how to deal with a globalized environment, we will have failed them and the companies that hire them.

both schools. That’s most likely to happen if both partners are flexible and patient. In these situations, the human relations element becomes very important, because we need to build trust between institutions.

For a school to succeed at global collaborations, it first must commit pedagogical, financial, and human resources. Internationalization must be at the heart of the school’s philosophy, and everyone at the school has to believe in it. At Audencia, we not only send out 500 students every year, we also welcome hundreds of international students to our campus. Everyone on campus must be involved in making these international exchanges a success.

For instance, the people in the International Relations office must keep track of all the details, working on one of two levels. At the simplest level are the student exchange partnerships, which form the majority of our agreements. It is a relatively straightforward process to keep track of the logistics of these kinds of partnerships.

However, it is much more complex to maintain far-reaching strategic partnerships, because these relationships involve participation across the board. An international committee monitors partnerships. The faculty must participate in pedagogical and curricular efforts; the dean and vice dean must determine strategy. The cleaning staff must be able to communicate with international students they meet in the halls, and the cafeteria staff must be able to sell them sandwiches. Everyone at the school must help make them feel welcome.

We’re committed to an international education because we believe students need to understand more than the pure disciplines of management. In order to make critical business decisions, they need to have balance in their lives, and they need to understand other cultures. If we don’t teach our students how to deal with a globalized environment, we will have failed them and the companies that hire them. Collaboration with schools in so many other countries allows us to meet our mission of internationalizing the student experience.

Collaboration with schools in so many other countries allows us to meet our mission of internationalizing the student experience.

Building Cross-Disciplinary Teams

Peter Kaufman
Assistant Professor of Marketing
College of Business
Illinois State University
Normal, Illinois

Interdisciplinary relationships are at the heart of ISU’s two-year-old Export Project, which organizes teams of students to research markets for Midwestern companies looking to export overseas. Participating in the project are five departments—marketing, international business, entrepreneurship, agriculture, and technology—from the College of Business and the College of Applied Science and Technology.

Faculty spend the fall semester lining up partner companies and recruiting students into the program, usually aiming to create four to five teams of four students each. During the spring, students conduct secondary market research before setting out in the summer for an intensive three-week international field experience to undertake primary research. They meet with potential distributors, industry representatives, law firms, and final users every day while overseas, then return to Illinois to synthesize their findings and make presentations to their sponsoring companies. The program nets six credit hours for the students, most of whom are graduating seniors; they march with their classmates at graduation but don’t receive their diplomas until they’ve made their final presentations.

The overseas travel for 12 to 15 students and five faculty members is costly, but the first two years of the program were funded by a U.S. Department of Education grant and the participating departments and companies; a $100,000 federal earmark, just received, will sustain it for at least one more year.
Business students quickly understand why an international experience will be valuable, but students from other departments sometimes need more convincing.

For the Export Project, my colleagues and I create student teams customized to a company’s needs, just as a consulting firm would do. For instance, if an air filtration company wants to research the market in China, we might want a tech student with a background in construction management, a student with a double major in marketing and international business, and a student taking business administration.

To set up the market research field experiences, faculty members draw on a broad mix of resources, including the state of Illinois’ 11 trade offices in cities around the world; the U.S. Chamber of Commerce, which is a branch of the U.S. Chamber of Commerce; international trade associations; industry conference attendees; professors at universities in our target markets; and, in special cases, market research firms. Some of these individuals and offices provide us with background information, while others help us set up appointments. Client company executives may also accompany the teams overseas for specific appointments.

The cross-disciplinary nature of the program is essential to its success. As an example, this year one of our partner companies was the second-largest producer of soy milk in the U.S. Company executives wanted to learn specific facts about the market in India, where they thought the protein-based nutrition of soy milk might appeal to Indian consumers who don’t traditionally eat much red meat. In particular, they wanted to learn about flavor preferences, potential processor partners, structure of supply chain, and barriers to export. We recruited a grad student from food science and nutrition, and we teamed her with students focusing on international business and agriculture.

At the same time, the interdisciplinary component of the program can be its most challenging aspect. Business students quickly understand why an international experience will be valuable, but students from other departments sometimes need more convincing. I usually explain that the experience—which develops critical thinking skills—could relate to many jobs they might have in the future.

For instance, when a food sciences student wondered how international experience could help her improve the daily diets of those in malnourished U.S. communities, I told her she could go to India to research nutritional deficits there. She then could apply that knowledge to her career in the U.S. If I’m trying to recruit a technology student, I point out that he might one day take a job with a U.S. firm that wants to license technology to an overseas company. If he can say that he spent three weeks in China consulting for an air filter manufacturer, he’s instantly going to be on the team that explores international possibilities.

In addition to student recruitment, other aspects of cross-campus collaboration can be challenging, because the participating departments often have different processes and procedures. To improve communication, we ask faculty members from each of the five departments to meet every week, and we involve the deans and chairs from both colleges fairly often. We realize the university has a finite set of resources, so we want to keep updating the deans, the chairs, and other stakeholders on the benefits of our program.

Despite the challenges, the payoffs are plentiful. First, the students come away with specific business knowledge, much greater self-confidence, and much deeper cultural understanding. Second, faculty build and refine their skills, while sometimes identifying future research projects. Third, the university’s image is enhanced as faculty cultivate contacts with institutions outside the U.S. For example, school administrators we met in Argentina and China have shown an interest in partnering with ISU for study abroad programs. So our cross-campus collaboration might very well lead to cross-country collaborations as well.

Schools that want to create a collaborative consulting experience should first analyze companies in their geographic areas to find the dominant industries. Then, they’ll know what other departments they’ll need to work with to serve those industries effectively. For example, if the region supports medical device manufacturers and pharmaceutical companies, a business school should approach the medical school or biology/chemistry departments to recruit students and faculty to complement the business-oriented members of the team.

Then they should consider potential sources of funding to pay for the overseas experience. Money could come from the client companies and students, but it could also come from the local chambers of commerce, the state’s office of economic development, or federal grants. It could come from alumni who have done well in international business. It takes time and effort to launch an interdisciplinary program like ours, but the rewards are tremendous.

The Goal of Collaboration

While collaboration is a key ingredient to the success of these schools, all of them invest tremendous time, energy, and resources into their relationships. And, whether they’re seeking a partnership with a school nearby or around the world, all of them have specific motivations and goals in mind. They make it clear they aren’t collaborating because it’s fashionable. They’re reaching out to other schools because an interdisciplinary, international curriculum is the best way they’ve found to educate students for the demands of tomorrow’s business.
The Kigali School of Finance and Banking is part of Rwanda’s plan to rebuild after the genocide in 1994. But first, the school must build its capacity, establish its vision, and redefine its role in a swiftly evolving region.

Donatha Musabende is a 43-year-old Rwandan widow. Vennah Mukumburwa is a 24-year-old who never thought she’d be able to return to school. Seraphina Mukameana is a 40-year-old woman who, in 1993, was studying to be a secretary. All three women lost hope for their futures after Rwanda slipped into war and genocide in 1994. Now, because of Rwanda’s renewed emphasis on education, all three are planning for careers in finance or accounting at the Kigali School of Finance and Banking (SFB).

“I had lost hope of going back to school after all these years,” says Mukameana. “I have three children who are still at lower primary classes, but I thank God for enabling me to succeed in my dreams.”

The Rwandan government hopes that once they receive business training, Musabende, Mukumburwa, Mukameana, and other young men and women will be catalysts for growth and prosperity. The country’s Ministry of Finance and Economic Planning is placing its bets on education and entrepreneurship to spark a bustling knowledge-based economy.

In 2002, when the government opened the SFB in the Rwandan capital of Kigali, the hope was that the school would be at the front and center of the country’s rebuilding efforts, creating a new generation of talented managers and passionate entrepreneurs. The government hired Krishna Govender, an educator formerly from South Africa, as the school’s rector. The government expects that, under Govender’s leadership, the Kigali School will become an internationally respected academic institution within the next decade.
The task for the school, says Govender, is monumental. “If you think not having nice shoes is a problem, try not having feet,” he says of the SFB’s situation. It is easy to be overwhelmed, but he believes the school will meet its goals. “We are trying to integrate teaching and community involvement so that each generation will have more opportunities to enrich itself and the nation.”

But first, says Govender, the SFB must build its infrastructure, train its faculty, and improve its technology. Then, it will be positioned to earn recognition for its programs and make a difference in the region.

**Overcoming History**

It is estimated that between 800,000 and 1 million Rwandans were killed in the genocide, mostly Tutsis who perished at the hands of the Hutu militia. The genocide wiped out the existing business and academic infrastructure. Ever since the fighting ended, the nation has been trying to rebuild its educational institutions, businesses, and banks.

Over the last decade, Rwanda has had an influx of investment from international aid organizations, banking institutions, world governments, and multinational companies. But without a stable economy and an educated populace, officials fear that these investments will fail to bear fruit.

In 2000, the Ministry of Finance and Economic Planning wrote its “Vision 2020” agenda, which outlined its goals of eradicating poverty and creating a vibrant middle class. To achieve these goals, the Ministry estimates that Rwanda’s economy will have to grow at an annual rate of 7 percent. The country will have to raise its per capita annual income from US$290 to US$900, decrease its poverty rate from 64 percent to below 30 percent, and increase its citizens’ average life expectancy from 49 years to 55 years. These are daunting benchmarks given the country’s massive debt, ravaged infrastructure, landlocked geography, and limited natural resources.

The good news is that the country is making progress. Key industries are growing at a rate of 5 percent to 10 percent a year, including construction, tourism, energy, communications, and the production of tea, coffee, and bananas. The challenge is to keep the country on its upward path. Rwanda is in dire need of talented managers and entrepreneurs to build its private sector and meet the needs of its small but growing middle class. That’s why the Rwandan government is investing heavily in education and training for its citizens at all levels.

**Rwanda’s First MBA**

The Ministry hopes that SFB will be central to the realization of its vision, as the main source for skilled managerial talent. When SFB first opened its doors, it offered professional training in accounting and insurance. In 2003, SFB formed an affiliation with the Maastricht School of Management (MSM) in the Netherlands to develop an MBA program, the first MBA in Rwanda. In 2006, the school collaborated with the Belgian Bankers Academy to transfer a number of students from another higher education institution to SFB.

Today, SFB faculty are qualified to teach nearly 50 percent of the program. MSM and SFB are developing seminars to reach out to the Rwandan business community and are exploring the possibility of entering into joint research projects.

In 2006, the Ministry of Education contracted with the William Davidson Institute (WDI) at the University of Michigan in Ann Arbor. Under that agreement, WDI began a five-year project to work with SFB to build its capacity until all of the school’s programs are internationally accredited. The project has five objectives: to improve the school’s curricular and programmatic activities; to create faculty development programs; to identify degree and nondegree educational needs for Rwanda’s business and civil sectors; to upgrade the school’s facilities and technological infrastructure; and to create a leadership and management structure to support the school’s mission. WDI also agreed to help the government train 100 senior ministry officials.

“We have adopted a spirit of cooperation and a desire to adapt best practices used elsewhere,” says Govender. “We do not rely on or expect the government to provide all the answers. That is one of the keys to SFB’s success.” With that mindset, the school hopes to build its faculty, strengthen its curriculum, and increase its outreach efforts to bring the vision of a stronger Rwanda to fruition.
Other fledgling schools of business in the region have faltered, primarily because they lacked support from external accredited institutions, says Govender. Although it may seem counterintuitive, SFB’s partnerships with WDI and MSM have fostered a sense of independence among SFB’s administrators and faculty, who are becoming more and more capable. In the beginning, for example, most courses were taught by European faculty. Over time, MSM and WDI worked with SFB’s faculty to develop their teaching and research skills.

The school now offers undergraduate BBA courses in accounting, finance, marketing, entrepreneurship development, strategic development, project development, production and operations management, and human resource management.

The two-year MBA is still offered in partnership with MSM. The 80-credit, part-time program consists of four primary segments. During the foundational segment, students complete eight core management courses, as well as a writing workshop to help students strengthen their research skills. During the integration segment, students complete four multidisciplinary courses designed to help them make connections across disciplines.

The specialization segment allows students to take courses in either finance or project management. Finally, students complete the performance segment, during which they write a master thesis on an issue of their choice drawn from the contemporary business environment.

Last year, SFB also launched a Certificate in Computerized Project Planning and Management, a vocational program that students can include in their BBA or MBA studies. So far, the school has graduated three cohorts of students, most of whom have remained in Rwanda to work. In 2007, the school established an alumni association; it plans to hire a marketing officer whose primary role will be to energize the association and engage alumni with the school, each other, and the community.

For Govender, the growth of the school has been encouraging, and he appreciates the support WDI and MSM have provided. However, he sees these partnerships as “two-way streets” of education, which not only facilitate the exchange of a variety of educational experiences and best practices, but also provide students and faculty from Europe and the U.S. with on-the-ground knowledge of the African business environment.

Perhaps one of the biggest challenges facing SFB is to attract a strong base of students who are prepared for the rigor of the program. Because many of Rwanda’s secondary schools aren’t geared to college preparation, the SFB often must fill in educational gaps. “Our students have studied business-related subjects in school, but their levels of preparedness for higher education may differ,” says Govender.

The school now serves two categories of students. Government-sponsored students are selected by the Rwanda National Examinations Council. The council chooses more than 1,000 students to receive loans that cover 100 percent of tuition—US$10,000 for the two-year MBA. Additional students receive a loan that covers 50 percent of tuition. Other students apply directly to the SFB and are screened for admission based on the strength of their academic credentials—as well as the school’s existing capacity. “Unfortunately, many students who could otherwise be admitted if we had the space and infrastructure must be turned away,” Govender says. Soon, he adds, the school will introduce two annual intakes—in September and June—to accommodate more students.

The school is particularly focused on admitting women, who have traditionally been denied educational opportunities in the country. The SFB is working with WDI and Goldman Sachs’ 10,000 Women Initiative to award 15 full scholarships to underprivileged women each year, over four years, through the Goldman Sachs Business School Scholarship Fund. In addition to having her tuition waived, each scholarship recipient is paired with a member of SFB’s faculty, who will serve as a mentor and advisor.

More than 1,000 women applied to earn one of the 15 scholarships in 2008. The women who attend SFB also may choose to earn a Goldman Sachs Entrepreneurship Certificate, through a six-month program that teaches them how to write effective business plans, secure financial backing, and launch their own
The school also aims to forge stronger links with the business community to further strengthen the country’s economic credibility.

businesses in the Rwandan economy. In February, 29 women earned their entrepreneurship certificates from SFB—a small fraction of the 600 women who applied. The program also included a business plan competition. Based on the strength of their plans, two women received $2,500 and five women received $1,000 in startup funds.

Increasing numbers of women are attending the university, with or without the aid of scholarships. Currently, 42 percent of the school’s student body is female. At the school’s March graduation ceremony, 335 women received their academic credentials, including 292 BBAs and 26 MBAs. Seventeen received their accounting certificates.

In fact, in most disciplines, women outpaced the men in terms of academic performance: BBA student Charity Kagenza received the honor of “best overall student” and was awarded a presidential scholarship to continue her studies. Other women were at the tops of their classes in several other disciplines.

*Toward a Position of Strength*

Today, SFB serves about 2,300 undergraduate students and 120 graduate students, from all economic and sociological backgrounds. As the school has evolved over the last seven years, it has assumed a position of strength in its region and continues to make improvements. For instance, because most students face a poor job market after graduation, the school plans to make entrepreneurship a central focus of its curriculum. Last year, the SFB offered a seminar to teach students how to create more jobs through effective project management and grassroots efforts.

In addition, the school has announced plans to open a Centre for Entrepreneurial Development (CED), in collaboration with the International Finance Corporation, to develop and encourage entrepreneurship among Rwandans. The center will develop case studies and curriculum for entrepreneurs. It also will offer a capacity-building program to teach budding entrepreneurs how to navigate the Rwandan business environment, write successful business plans, keep financial records, develop effective sales and marketing strategies, and handle issues of organization and human resource management.

The CED will serve as a “knowledge center” for small- and medium-sized enterprises, says Govender. “The center will act as a focal point in linking the school to the real business world in order to make a significant contribution to economic development and poverty reduction in Rwanda,” he notes on the school’s Web site.

To spark further growth, the Academic Advisory Committee and faculty at SFB have teamed with the Rwanda Public Procurement Authority to raise funds for additional programs in the near future. These funds also will support new departments, encourage additional faculty and student exchanges with international universities, develop Rwandan professors into quality lecturers and researchers, and strengthen the school’s executive education unit so that it is more responsive to the needs of Rwandan business leaders.

The school also aims to forge stronger links with the business community. Govender is working with the World Bank to establish an Institute of Banking in Rwanda, a professional certification organization that he hopes will further establish standards and practices and strengthen the country’s economic credibility. In addition, he hopes to establish a Consumer Association of Rwanda to help protect consumers and improve the quality of products made in the country. Reaching out even further, he has been in contact with a local orphanage that serves 200 children. He plans to create a program in which SFB graduate students serve as mentors and advisors to the children, introducing them to higher education, business, entrepreneurship, and the possibilities that are available.

As Govender looks ahead, he also is considering the possibility of a name change for the school, to build a stronger brand and reflect more directly its focus on entrepreneurship and community building. As the school continues to evolve, he says, it will take time to “match our vision with reality.” Through partnerships and active exchanges with other management education institutions, he holds, SFB will succeed in helping Rwanda emerge from its embattled history to become a thriving business region ready to contribute to the global economy.

Gabriel Constans is a freelance writer from Santa Cruz, California.
When business professors Aneil and Karen Mishra saw the 2007 film comedy “Outsourced” last year, they thought they were just indulging in their love of independent films. But they quickly realized that the film had tremendous potential as a teaching tool in the business classroom.

The movie’s depiction of the outsourcing phenomenon, as seen through one manager’s eyes, covers many of the themes important to business, say the husband-and-wife pair. The story tackles the effects of globalization, the importance of appropriate cross-cultural communication, and the real human consequences of decision making, with a sense of humor that they thought would be especially accessible and relevant to business students.

The Mishras contacted the film’s producer, Tom Gorai, and director, John Jeffcoat, who also saw the educational potential. Gorai and Jeffcoat already were looking for a professor to create a business curriculum around the film, so they were more than willing to work with the Mishras on the project.
“We wanted to make this film because the script was funny and thoughtful,” says Gorai. “But we got a surprising response from educators and HR directors who told us that the film really gives viewers a sense of empathy and awareness. It helps them understand what motivates other people and how to effectively work together toward a common goal.”

The Mishras also saw how cross-cultural connections came into play in the film’s storyline. “We knew it would resonate with students,” says Karen Mishra, an assistant professor in the department of advertising, public relations, and retailing at Michigan State University in Lansing. After viewing and discussing “Outsourced,” she says, students understand more deeply how business decisions can have ripple effects on both sides of the ocean.

Springboard for Discussion
The Mishras were especially impressed with “Outsourced” as a tool for learning because it strikes an essential balance: As a fictional comedy, it allows students to critique and discuss its content freely, but its realistic, documentary-like portrayal provides students with a rich window into a global environment.

The movie’s plot centers around the character Todd, a middle manager at a novelty catalog company, who finds out that his department is being outsourced to an Indian call center. Even worse, he must travel to India to train his own replacement. During his time in India, Todd evolves from an American outsider puzzled and sometimes alarmed by the stark differences between India and America, to a true student of Indian culture. He soon realizes he has to work within India’s cultural framework to train the new manager, work with Indian employees, and improve the call center’s performance. Ultimately, he changes how he views the country.

“Some of our students talk about scenes from the movie and say, ‘That couldn’t happen,’” says Aneil Mishra, professor and associate director of the Human Resources Executive Education Center at Michigan State. “But an Indian student in the class will say, ‘That did happen—to me.’” Those kinds of exchanges don’t just promote further discussion, says Aneil. They inspire students to think more about the tensions between cultures and the cause-and-effect relationships in business.

The film-based curriculum includes an introduction to the film, an explanation of India’s culture and business environment, a discussion of the negative and positive impacts of outsourcing, and suggestions for additional reading. After they view the film, students then work through 14 sets of questions. Each set correlates to a moment in the film and addresses subjects presented in the film from three disciplinary perspectives: leadership and change management, cross-cultural communication, and sales and marketing.

The questions are designed to spark discussion among students. Could Todd’s boss have shown greater compassion when he told Todd that the department would be outsourced? How could Todd have prepared himself more effectively for his immersion into Indian culture? What does Todd learn as he begins to integrate Indian cultural norms into his own management style?

One aspect of the film is particularly enlightening for students, says Aneil. In the story, Todd stays at a comfortable residence hall, much like a bed-and-breakfast. However, just over its high garden wall is an incredibly poor community. Todd frequently sees residence hall staff pass trays with meal leftovers across the wall to the unseen people just beyond. In one scene, Todd passes the remainder of his meal over as well. It’s a metaphorical moment that generates debate not only about the interactions between Indian and American cultures, says Aneil, but also about the barriers between rich and poor.

Learning to Listen and Lead
The course features modules that serve as extensions of the lessons the movie teaches. For instance, students can play a cross-cultural role-playing game, created by Roy Lewicki, that
It’s easy for people to say that, when companies need to cut costs, they can eliminate jobs without thinking about it. But these are the decisions that haunt managers the most.

—Karen Mishra

is often part of organizational behavior curricula. The game, called Krunchian Role Play, breaks students into two groups: the Krunchians, who are members of a female-dominated culture, and consultants, who have come to teach the Krunchians to build airplanes. The student-consultants must navigate a cultural minefield, because the Krunchians do not speak English, do not trust men with responsibility, and punish any violation of their laws and customs with banishment.

To up the stakes, the student-consultants aren’t told at the outset that Krunchia is a matriarchal society. “The men often come in with typical Western attitudes and try to take charge, but the Krunchians don’t want to talk to the men and start banishing them,” says Karen. “The exercise can become quite comical as it plays out.”

As the game progresses, however, students are faced with the central difficulty Todd must overcome in “Outsourced”—how to work within a culture without forcing on it the values of another. “Students really start to listen to each other and communicate with each other,” Karen says. “They start to ask, ‘What is your culture like? How can we help you?’”

The Mishras continue that lesson with a module on effective listening. Students are placed in small groups to play one of three roles: speaker, listener, or observer. Over five minutes, the speaker shares a concern or problem, while the listener practices active listening skills such as maintaining eye contact, avoiding unnecessary interruptions, paraphrasing the speaker’s concern, and asking pertinent questions. At the end of five minutes, the observer provides feedback to the speaker and listener. Then, the students trade roles.

Such role-playing games reinforce the film’s depiction of communication and leadership—themes that are at the heart of research the Mishras have been working on for the last 20 years. Both professors have developed case studies about what happens at companies when they must downsize or displace their workforce. This research is the basis of their recent book, Trust Is Everything: Become the Leader Others Will Follow.

Too often, they say, the message for business is to “stay objective” and focus solely on the bottom line. But objectivity doesn’t always yield the most positive results, says Karen. For example, a company places its own future at risk if it lays off employees without also showing compassion—by helping laid-off employees find other work and reassuring the employees who remain that the company will try to save their jobs. Without that kind of reassurance, a company’s best people are likely to seek more secure positions elsewhere.

For leaders, compassion begins with the ability to listen and respond well to employee concerns, says Karen. “In our research, we found that companies that downsize most effectively are those that treat their employees with respect and compassion. They’re the ones that build trust, preserve morale, and energize their remaining employees,” she says. “Even though they must downsize, these companies actually make their organizations better.”

The Human Component

Many business concepts have a technical, data-driven component, but students are more likely to remember the human stories that arise when these concepts are put to the test. That’s why “Outsourced” can be a powerful tool in the classroom, says Karen. “It’s so easy for people to say that, when companies need to cut costs, they can simply eliminate jobs without thinking about it. But when we interview managers, they often say that these are the decisions that haunt them most,” she stresses. “These decisions aren’t just on a spreadsheet. They can be devastating to actual human beings.”

The course is now being used in schools such as Boston College, Southern Methodist University, Tulane University, and Louisiana State University. The Mishras hope that it will take hold not only in MBA courses, but also in executive education.

For Gorai, the film has taken on new meaning since it was first released. He points to a scene where Asha, the female lead, jokingly tells Todd that if it doesn’t work out for her in India, “I’ll come to America and take your job.” That joke resonates differently today than it did just two years ago, Gorai says.

“People relate differently to that line now, because they realize how true it is—how closely tied together all the economies of the world really are,” Gorai says. “People have told me that, after viewing the film, they’re a little less aggravated by customer service calls. They realize there’s another human being on the other end of the line.”

The Mishras hope that students will come to similar realizations. Their goal is that faculty will use the film as an accessible and humorous gateway to a number of vitally important business topics, including the cross-cultural dimensions of business.

After all, many of today’s students won’t just pursue multiple careers in their lifetimes—they’ll pursue these careers in multiple countries, the Mishras emphasize. The “Outsourced” course introduces them to a dialogue that they will likely engage in for decades to come.

For more information about using the film “Outsourced” in the business curriculum, visit www.outsourcedthemovie.com.
Two Takes on Exec Pay

Do big executive compensation packages do more harm than good to a company’s bottom line? To the economy itself? Two new studies come to different conclusions about these questions.

Incentives and Market “Shocks.” The most popular executive incentive—the stock option—has led to volatile swings, or “shocks,” in the market, according to researchers John Donaldson and Mark Giongoni of Columbia Business School and Natalia Gershun of the Lubin School of Business at Pace University, both in New York City. When executive compensation is tied to company performance, as stock options are, CEOs may set unrealistic earnings expectations. These expectations, rather than business fundamentals, drive business cycles, say the researchers. The consequence of this vicious circle can be economic instability—much like the instability of today’s markets.

The paper, “Some Unpleasant General Equilibrium Implications of Executive Incentive Compensation Contracts,” is available on the Social Science Research Network.

Incentives and Shareholder Wealth. While the study above finds the dark side of executive incentives, a study from Carnegie Mellon University’s Tepper School of Business in Pittsburgh, Pennsylvania, suggests that such incentives may actually build shareholder wealth.

Tepper professors George-Levi Gayle and Robert Miller analyzed compensation and firm data for the aerospace, electronics, and chemical industries from 1944 to 1978 and 1993 to 2003. The researchers found that at those average-sized firms that maintained their size from 1944 to 2003, CEO pay increased by a factor of 2.3—approximately equal to the growth rate of per capita national income over the same period.

These findings undermine the argument that the earnings of high-ranking executives have skyrocketed compared to the general population, say the researchers. However, per capita nonwage income—such as dividends and interest income—grew more quickly than average wages, a reflection of the increasingly volatile state of earnings. CEOs who lead larger companies are taking bigger risks themselves. If such incentives were eliminated and replaced by fixed wages, the value of U.S. firms could be reduced by half in just eight years, the researchers argue.

“Properly designed incentive-based pay helps to discourage excessive risk-taking, and eliminating such compensation would undercut the critical role that it plays in ensuring the alignment of interests between shareholders and executives,” says Miller. “Such a change would do serious harm to the fiscal health of corporations and the wealth of shareholders.”

“Has Moral Hazard Become a More Important Factor in Managerial Compensation?” is forthcoming in the American Economic Review. It also is available for download at www.comlabgames.com/ramiller/AER.pdf.

Whither Economics?

Economics has long been somewhat of a chameleon on university campuses. In some institutions it’s found in the business school; in others, the school of arts and sciences; in still others, the school of social sciences. But does its location affect the curricular emphasis of its doctoral program?

Shane Sanders is an assistant professor of economics in the department of finance and economics at Nicholls State University’s College of Business Administration in Thibodaux, Louisiana. He examined the curriculum vitae of 661 economics PhD candidates from 76 economics departments, all entering the job market in 2008.
Subir Bandyopadhyay market in the spring of 2008. Sanders found that factors such as candidates’ academic specialty and gender, as well as how their PhD programs were ranked and whether they earned degrees in English-speaking countries, affected their choice of research specialty. However, the location of the economics department had no effect, writes Sanders, “on a given student’s propensity to choose a general field, a field within macroeconomics or monetary economics, a field that advertises an empirical methodology, or a field related to traditional business studies.”

He concludes that these findings provide “strong case evidence that administrative location of an academic department does not affect the nature of its educational output.” “Does Administrative Location of an Academic Department Affect Educational Emphasis? The Case of Economics,” was published in the August 2009 issue of the Journal of Higher Education Policy and Management.

Do Promotions Affect Other Product Categories?

Peanut butter and jelly. Coffee and dairy creamer. Cheese and crackers. Certain products go together. The question is whether—and how much—promoting a product in one category increases sales of products in complementary categories, says Subir Bandyopadhyay, a marketing professor at Indiana University Northwest’s School of Business & Economics in Gary.

To measure the effects of cross-category promotions, Bandyopadhyay and a research team studied data from The Kroger Co., a supermarket chain based in Cincinnati, Ohio. They specifically examined data involving the sale of four brands of ice cream, two brands of ice cream toppings, and three brands of frozen yogurt. They had access to scanner data for 97 consecutive weeks.

The researchers were not surprised to find that promotions of frozen yogurt did not significantly affect the sales of ice cream toppings. However, they discovered that ice cream promotions did—and that specific ice cream brands affected toppings sales in different ways.

For instance, directly after stores promoted Texas Gold brand ice cream, sales of Hershey’s toppings increased by 137 units, but sales of Nestlé toppings increased by only 12 units. Similarly, a promotion of Breyer’s brand ice cream led to a 10.5 percent increase in units sold of Nestlé toppings over the next eight weeks, compared to an 8.7 percent increase in units sold of Hershey’s toppings.

That indicates that Nestlé and Hershey’s could do well to merchandise certain brands of ice cream within promotions of their own toppings, says Bandyopadhyay. He realizes that marketers may not be enthusiastic about promoting products from companies other than their own. But he maintains that this cross-category analysis model could help both retailers and manufacturers identify shopping patterns that could inspire more advantageous product stocking, shelf placement, and coupon combinations.

This model is not as effective for evaluating brands new to a category, says Bandyopadhyay. But when it comes to established brands, he writes, the cross-category competition model “unravels the competitive dynamics within and across categories.” “A Dynamic Model of Cross-Category Competition: Theory, Tests, and Applications” is due to be published in the November issue of the Journal of Retailing.

How Branded Components Are Changing the Market

There once was a time when Dodge pickup trucks represented only the Dodge brand. Today, a Dodge pickup truck may share equal billing with the Cummins engine inside, says George John, chair of the marketing department at the University of Minnesota’s Carlson School of Management in Minneapolis. “When component brands become powerful, it changes the industry,” John says.

John and Mrinal Ghosh, marketing professor at the University of Arizona’s Eller College of Management in Tucson, studied a number of component brands, including Intel processing chips inside Dell computers and Detroit Diesel engines inside GM vehicles. They found that on 30 percent of the
Research

Power in the Abstract
The more powerful the leaders, the more abstract their thinking—and the more overconfident they’ll be, according to a new study from New York University. Joe Magee and Frank Milliken of NYU’s Stern School of Business, Robert Wagner of the Graduate School of Public Service, and NYU student Adam Lurie analyzed hundreds of public comments in the media from September 11, 2001, to September 20, 2001, regarding the 9/11 attacks. They found that individuals in positions of power in government, on Wall Street, and in the military were more likely to describe the event in abstract terms. Such abstractions contributed to these individuals’ underestimates of the difficulties they would face and the time they would need to achieve their goals.

In fact, says John, the innovation that makes one product superior over another often doesn’t come from the primary brand, but from the component brand.

The increase in visibly branded component parts is of special interest to policymakers and regulators, John adds. In the case of a failure—of an industry or of a product with a primary brand and secondary brand—those setting the rules will face difficult questions. “Who gets bailed out? Detroit Diesel or GM? Cummins or Dodge?” asks John. “The right answers must depend on a deep understanding of who offers the real value.”

“What Should Original Equipment Manufacturers Use Branded Component Contracts with Suppliers?” was published in the October 2009 issue of the Journal of Marketing Research.

What Makes Investors Tick?

Why do some investors buy up a stock at the same time others are selling it? What makes their perceptions of the same company so different? Over the years, researchers have developed several tools to explain this diver-

Study Briefs

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The more powerful the leaders, the more abstract their thinking—and the more overconfident they’ll be, according to a new study from New York University. Joe Magee and Frank Milliken of NYU’s Stern School of Business, Robert Wagner of the Graduate School of Public Service, and NYU student Adam Lurie analyzed hundreds of public comments in the media from September 11, 2001, to September 20, 2001, regarding the 9/11 attacks. They found that individuals in positions of power in government, on Wall Street, and in the military were more likely to describe the event in abstract terms. Such abstractions contributed to these individuals’ underestimates of the difficulties they would face and the time they would need to achieve their goals.


Study of Wine Country
Researchers from the University of North Carolina at Greensboro and North Carolina A&T State University, also in Greensboro, have collaborated to examine the growth of North Carolina’s wine industry. They found that winery owners are hindered by a lack of time and capital, as well as by the state’s alcohol regulations.

Because most of the state’s wineries are fairly young—less than ten years old on average—the study emphasized the need for more education in basic business practices and marketing. The researchers’ next step is to conduct a benchmark study of the state’s alcohol regulations to compare them to those of other U.S. states. The full report is available at www.uncg.edu/bae/or/WIBDC_Results_Final_Report.pdf.

Media Under the Microscope
A new paper by David Grayson, director of the Doughty Centre for Corporate Responsibility at the U.K.’s Cranfield School of Management, explores corporate responsibility (CR) and the media, from print and broadcast to blogs and social networking sites. Recent media behaviors—ranging from reproducing cartoons that offended Muslims to operating in China under the shadow of censorship—raise critical CR issues, Grayson says. He adds that the media must not only play a vital role in reporting on the bad behavior of businesses and society, but also do more to delve into the complexities and trade-offs that modern businesses face. Their responsibilities, he says, include
Jon Garfinkel, associate professor of finance at the University of Iowa’s Tippie College of Business in Iowa City, has developed a process to indicate which of these measures is most accurate at determining the effects of this phenomenon, known as “investors’ opinion divergence.” Such a guide, Garfinkel explains, could help analysts predict how a particular stock will perform in the future.

After signing nondisclosure agreements, Garfinkel and his research assistant were granted access to proprietary data from the New York Stock Exchange, which they used to study limit orders placed with the NYSE during three months in 2002.

Garfinkel found that, of the currently used measures, “unexplained volume” was the most accurate in determining the effects of opinion divergence. Those using unexplained volume begin with a previous day’s volume as an indicator of a stock’s expected volume on any given day; then, they compare this number with actual volume. If actual volume significantly and unexpectedly exceeds expectations—and has no other obvious cause, such as an earnings report or news story—investors are most likely trading because they disagree about the stock’s value.

Another frequently used measurement—analyst forecast dispersion—did not fare as well. The measure views analysts’ opinions as a reflection of investors’ opinions. Garfinkel found it to be a weaker indicator—most likely because analysts and investors often view the markets differently.


practicing transparent and responsible editorial policies, generating impartial and balanced reporting, defending freedom of expression, promoting media literacy, and helping people cross the digital divide. Grayson’s paper about CR and the media can be found online at www.doughtycentre.info under the “Publications” link.

UPCOMING & ONGOING

NETWORK FOR HEALTHCARE MANAGEMENT

Two centers at the University of Leeds in the United Kingdom have won £300,000 (about US $437,800) in funding from the European Cooperation in Science and Technology. The Centre for Employment Relations, Innovation and Change and the Centre for Innovation in Health Management will use the funding on a four-year project to manage the research of healthcare management in 19 countries. Leeds will coordinate the research activities of groups such as the European Health Management Association, the European Association of Hospital Managers, and the European Hospital and Healthcare Federation. The objective, says Ian Kirkpatrick, a professor at Leeds University Business School, is to determine whether reforms in health services in these countries have led to improved quality of care and greater cooperation between healthcare providers.

AWARDS FOR INNOVATION

Boston University’s Institute for Technology Entrepreneurship and Commercialization has created the Boston University Clinical Innovation Awards Program. The program is supported by a grant of $150,000 from the Johnson & Johnson Corporate Office of Science and Technology to provide support for multidisciplinary research and development of new medical technologies.

COLLABORATORY ESTABLISHED

IBM and the Indian School of Business in New Delhi have opened a research “Collaboratory” on ISB’s campus dedicated to the study of service science. The lab initially will have a team of ten full-time researchers—five each from IBM and ISB—who will focus on developing best practices for the service sciences field. Research will be multidisciplinary and include academic, government, and commercial partners.
Online Game Teaches Freshmen Survival Skills

Michael Savoie, professor at the School of Management at the University of Texas, Dallas, is tapping a medium that most new college freshmen know well—the video game—to help teach them the skills they’ll need to succeed in college.

With the help of a $250,000 grant, Savoie and a team are designing an interactive online game intended to help acclimate students—and their parents—to the culture of a college campus. The game, says Savoie, could mean the difference between success and struggle for many students.

Savoie points to the seemingly innocuous issue of a rainy day. Many students who wake up to pouring rain may choose to stay in bed and miss their classes, simply because they don’t have an umbrella. Others come anyway, wet and dripping. Savoie envisions the online game asking the right questions: Do you have an umbrella? Can you borrow one? Do you know where to buy one?

Savoie is creating his game, scheduled to debut in the fall of 2010, with the help of friends from a University of Texas system program initiative, Transforming Undergraduate Education. Initially, the game will target freshmen, transfer students, and their parents, focusing on time- and money-management issues. It will take students beyond the school’s Web page and student blogs to what Savoie calls the “three-dimensional” aspects of college. It will cover everything from what students need for their classes to where they can do their laundry—that is, the day-to-day choices they’ll have to make once they begin their college careers.

“We want to reach students through a platform they understand, and gaming has been shown to be almost universally understood and used by people age 25 and younger,” says Savoie. Whether the issue is money management, time management, or social interaction, he adds, “the game will show them the consequences of the decisions they make.”

Tech Addicts

In a survey of 11- to 18-year-olds recently conducted by the United Kingdom’s Cranfield School of Management, more than 60 percent of respondents admitted being “very” or “quite” addicted to the Internet; more than 50 percent admitted an addiction to mobile phone use. In addition, 39.3 percent admitted that their use of abbreviations while texting has caused the quality of their spelling to deteriorate, and 59.2 percent admitted to inserting information from Web sites directly into their homework. Although they recognized this act as plagiarism, more than 28 percent saw nothing wrong with the practice.

LBS and Google Team Up

The London Business School in the United Kingdom, Google, and the U.K. newspaper Daily Telegraph have teamed up to launch a YouTube channel called “Survival of the Fastest.” The channel will offer three streams that cover topics in marketing, e-commerce, and finance. Contributors include academics from LBS and executives from companies such as Dell, Virgin Media, and OfficeMax. The channel can be found at www.youtube.com/user/survivalofthefastest.

Site for Prospective Students

The Consortium for Graduate Study in Management, a national non-profit dedicated to diversity in business, has launched a Web site to highlight the benefits of business school to prospective minority students. The site, www.makeyourcareermove.com, includes information about merit-based fellowships and networking opportunities, student and alumni testimonials, as well as a list of member schools and links to applications.
**Drama at the Door**

Earlier this year, the Temple University Fox School of Business in Philadelphia, Pennsylvania, installed this 177-foot eight-color LED ticker from Rise Display in the student lounge of its new facility, Alter Hall. The large ticker—which can be viewed from the school’s classrooms, Capital Markets trading room, and from the street—displays business headlines, stock quotes, university messages, and updates on the university-managed investment fund. A Web-based interface allows administrators to update ticker information from any Internet-connected device.

“The ticker has garnered tremendous excitement from everyone who enters the building,” says John DeAngelo, who recently retired as the school’s associate dean for information technology business and management. “It really knocks everyone’s socks off, and the students are very proud of it.”

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**TOOLS OF THE TRADE**

**Interactive Team Rooms Boost Student Collaboration**

Many of today’s technology-infused classrooms allow multiple users to send information to a central computer screen for all to see. But what if technology allowed everyone to use a common screen as an extension of their own laptops?

That is the concept behind TeamSpot, a collaborative technology developed by Tidebreak, a software company in Palo Alto, California. Each TeamSpot room becomes an interactive wireless environment with a central common screen to which users can jump from their laptops, by moving their mouse arrows beyond the top of their own screens. In this way, participants can move files instantaneously to the common screen; all members of the group can notate and revise the common documents.

The technology is also secure. Equipped with what the company calls “room awareness,” the site allows only those present in the TeamSpot room to participate in a session. The software keeps a real-time record of the information exchanged during each session, which participants can access at a later time.

Since January, the College of Business Administration at the University of Tennessee at Knoxville has been using TeamSpot as part of its Investment Learning Center (ILC). For instance, students in the Bloomberg Certification course use TeamSpot to view data and conduct analyses on the Bloomberg terminal, explains Laura Wallis, a lecturer at the ILC.

Other ILC students use TeamSpot to manage UTK’s Haslam Torch Fund and LaPorte Torch Fund, two portfolios of securities. The interactive environment has increased their efficiency at producing quarterly reports of portfolio performance, says Wallis.

Wallis has found that an interactive room doesn’t just make the learning environment more dynamic and flexible. It also removes traditional barriers to classroom participation, she adds. “Students no longer need to point at a screen and ask, ‘What if the input period for the stock price was changed to weekly?’ I no longer have to ask a student to ‘go to the chalkboard’ to work on a problem,” she says. “Now, a student can control the main screen with his own laptop and mouse and show the rest of the class himself.”

Tidebreak also offers ClassSpot, a similar collaborative technology for instructional use. For more information about either product, visit www.tidebreak.com. [2]
Your Turn

The Essential Undergrad Internship

While internships generally are considered an important part of business education, few schools do much to maximize the value of those experiences at the undergraduate level. Unfortunately, too many schools consider undergraduate internships to be add-ons, instead of integral parts of the educational experience. But when it comes to differentiating and honing leadership skills, there is nothing better than incorporating meaningful work experiences into an undergraduate’s academic career through internship programs.

So why do many business schools resist setting up such programs for undergraduates? Some faculty and administrators believe that undergraduates are too young, naïve, and unfocused to capitalize on the benefits provided by these opportunities. Yet in my experience, most undergraduates are more than ready to be challenged by unique work experiences, but they’re frustrated because not enough resources are made available to make those programs a reality.

To be sure, undergraduate internships present a number of challenges. But if our students and institutions are to succeed in this difficult economic environment, it is critical that all stakeholders work together to overcome any obstacles that might block the implementation of these very beneficial programs.

First Challenge: Getting Faculty Buy-In

For an undergraduate internship program to be successful, schools must devote one of their most important internal resources to the effort: faculty. Why? Because faculty often consult for businesses and have strong relationships within organizations that can be leveraged to create work experiences for students.

The challenge is that internship development takes time away from research, curriculum/class preparation, or both. Identifying the right executives, pitching the program, and managing the logistics—at least until the program can be transferred to the career development office—is a time-intensive process. No wonder faculty are tempted to say, “Thanks, but no thanks.”

To overcome this obstacle, deans and administrators must build the value of internships into a school’s culture. This can be accomplished in part by requiring the participation of both tenured and untenured faculty, who will not only teach and conduct research, but also play a substantial role in developing and sustaining internship programs. While this approach helps young faculty become involved in—and understand the importance of—internship programs early in their careers, it also has a trickle-down effect as they move into tenured positions, begin mentoring new faculty, and take on more high-end consulting opportunities.

Second Challenge: Making the Workload Manageable

Faculty aren’t the only ones who must commit time and energy to an internship program. Students also must make a significant commitment, so it’s not surprising when they comment on how hard it is to manage an internship while completing academic work and paying tuition. Despite the risk of coming across as an uncaring administrator, nine times out of ten my response is “Too bad.”

We are living in unprecedented times, and I have no doubt that only the strong will succeed. And those who want to be among the strong must continually find time to fit in a “workout,” regardless of how difficult or time-consuming it might be. Bottom line: Both students and their parents must make short-term sacrifices to achieve long-term goals.

Nonetheless, there are ways schools can help students ease the pain. First, they can offer academic credit for internships—an option that appeals to parents and helps students remain committed to the internship program during their college careers. While administrators and faculty often find themselves at odds on this issue, I believe deans can and should be stronger advocates for this approach.

Second, department chairs can spend more time identifying in-class “bridge” opportunities that give students access to real companies and allow them to apply what they’re learning in class to real-world challenges. While these in-class projects achieve some of the same objectives as traditional out-of-class internships, they require less time and effort.

Third Challenge: Building A Strong Foundation

In-class “bridge” opportunities also serve another function: They prepare undergraduates for the demands they’ll face in the workplace.

For instance, at Miami University’s Farmer School of Business, certain courses give students a chance to act as consultants for real companies with real problems. These companies, which also recruit at our school, pay substantial fees...
to submit projects to undergraduate classes so students can analyze the issues, provide input, and generate solutions. Recently, global retailer Tesco became a paying client and asked one of our interdisciplinary undergraduate teams to refresh its customer-focused “Every Little Helps” campaign. While Tesco was extremely pleased with the work, the best compliment came when the company incorporated our students’ recommendations into its marketing plan.

This type of program can be a win-win for all involved: Companies benefit from fresh perspectives and get access to potential future employees, while students have the opportunity to prepare for internships and real jobs.

**Fourth Challenge: Providing Global Exposure**

While there are a handful of schools that believe in undergraduate internships, they often fail in a key area: offering international work opportunities to their students. This is most unfortunate because—as the economic downturn has made clear—markets, financing, production, and supply chains are increasingly global. In fact, even when this crisis is over, the continuing rise of new economies will force most businesses to compete more aggressively.

These changing realities mean that every business major must develop a global vision of commercial activity and cultivate a true understanding of the cultures and business practices in other nations, particularly China. To accomplish this, I believe business schools will need to require all undergraduate business majors to spend some time participating in overseas internships prior to graduation.

To my colleagues who’ll say, “That looks good on paper, but how can we pay for such programs?” I offer the following two suggestions:

- Dedicate a portion of donor outreach activities to raising funds for international internships. Target donors who understand the need for a strong focus on international studies because they own or manage international businesses.
- Approach international companies that recruit at the school and ask them to provide overseas internships, including travel and accommodations. In return, offer them free consulting services from faculty or in-class “bridge” classes on specific real-world projects.

**Developing Leaders**

So what will happen to our MBA students if the “MBA experience” now starts at the undergraduate level? I believe business schools must develop MBA programs that provide students with unique opportunities to combine curriculum and practice throughout their MBA careers. The goal should be to develop programs with extended internships—including substantial live-and-work opportunities overseas for six weeks or more—that are complemented by business seminar courses to integrate the internships into the rest of the program. Through this approach, MBAs will not only build on their BBA experiences, but take those experiences to the next level.

The reality is that an expanded internship program for undergraduates will elevate a business school’s MBA program and play a key role in developing undergraduates into real leaders. Time and again at Farmer, we’ve seen undergraduates come out of internship experiences with increased confidence and assertiveness. Indeed, they show more leadership in everything they do—from completing class teamwork assignments to taking positions of responsibility within campus organizations.

Undergraduates who participate in internships also build well-rounded resumes and develop a network of business contacts. Most important, they learn about their own inner landscapes: what experiences stimulate them, what careers appeal to them, and what work environments make them satisfied and productive.

At a time when the business community is under intense scrutiny and criticism, we must take steps to increase the value and relevance of all business education. If we start by enhancing the total value of the internship experience, beginning at the undergraduate level, everyone—students, business schools, and the corporate world—will benefit.

It’s a tall order with many challenges, but I’m confident it can be accomplished. More important, if we do not take action, we will continue to squander an incredible opportunity to enhance the development of our undergraduate students.

Roger Jenkins is dean of the Farmer School of Business at Miami University in Oxford, Ohio.
At Zane’s Cycles of Connecticut, a customer can take a $6,000 bike out for a test drive without leaving behind so much as a driver’s license for collateral. About five bikes are stolen annually—but 4,000 are sold, and the company makes $13 million every year from one location. Zane’s has made the decision to trust its customers, says Jeanne Bliss in I Love You More Than My Dog. Choosing to believe in customers and employees is only one decision typically made by “beloved companies” such as Southwest Airlines and Apple. Beloved companies also decide to act with clarity of purpose, show their quirky personalities, commit to continued relationships with customers, and apologize when necessary. While those “decisions” might sound a little fuzzy, Bliss’s examples are razor-sharp, and the dozens of brief profiles illustrating how certain companies embody each decision make up the heart of the book. For instance, Umpqua Bank decided to turn itself into a community-center-Internet-café-coffee-bar-bank. Zappos.com decided to make sure new hires really fit in by offering them $2,000 to leave. Other examples are just as compelling in this fun, fast-paced book. (Portfolio, $22.95)

It’s easy to love a book that opens with the story of the founding of Hot or Not, a Web site that encourages viewers to rate the attractiveness of ordinary people. But in Viral Loop, Adam L. Penenberg isn’t just amusing himself with tales of 20-somethings and their voyeuristic pastimes. He’s explaining how today’s social media enable the building of million- and billion-dollar companies that require little cash and offer impossibly quick returns. Within six weeks of launch, Hot or Not was attracting 3 million page views a day; within six years, it sold for $20 million. Other companies have experienced similar trajectories, and Penenberg explains why. People want to spread the word about their latest discovery, because each new user adds an exponential benefit. Facebook isn’t any fun if no one else is on it; each new member opens up limitless new connections. Penenberg, a journalist with a relaxed and engaging writing style, makes interesting points about harnessing the marketing power of viral loops. But, really, the appeal

The most fashionable mantra in the business lexicon these days might be design, as illustrated by three recent publications that have the word in their titles and at their hearts:

Real design innovators don’t study user needs and develop slightly improved products, says Roberto Verganti in Design-Driven Innovation. They consider what emotions drive a consumer’s basic purchase and create a product that provides an entirely different experience. Verganti, a professor at Politecnico di Milano, tells how the company Artemide marketed a lamp that “emitted an atmosphere created by colored light, which could be controlled and adapted according to the owner’s mood and need.” Design innovators add “unsolicited meaning” that consumers don’t even know they’re craving—and they create products people can’t live without. (Harvard Business Press, $35)

In Change by Design, IDEO’s Tim Brown discusses how multidisciplinary teams can rethink anything from healthcare to hospitality. No matter what the project, he says, they create solutions that meet at the intersection of desirability, viability, and feasibility. He waxes poetic as he makes his case: “Design thinking relies on our ability to be intuitive, to recognize patterns, to construct ideas that have emotional meaning as well as functionality, to express ourselves in media other than words or symbols.” (Harper Business, $27.99)

In The Design of Business, the University of Toronto’s Roger Martin explores the stages a business goes through as it conceives of an idea, figures out how to make it work, and puts it into operation. Martin presents this process as moving from a mystery to a heuristic to an algorithm. But once processes become too codified, businesses lose that spark of innovation. Businesses that practice “design thinking” constantly leap between stages, re-imagining products. Writes Martin, “They actively look for new data points, challenge accepted explanations, and infer possible new worlds.” (Harvard Business Press, $26.95)
of the book is the stories about the people involved at every turn and how they developed or stumbled into their enterprises. Readers will laugh while they learn. (Hyperion, $25.99)

The information age is challenging a basic assumption of economics: that a perfect market can’t exist, because there is no such thing as perfect—i.e., complete—information. But in Profit Power Economics, Mia de Kuijper of the Duisenberg School of Finance points out that the Internet and the cell phone have practically delivered us to perfection. “Where they aren’t here already, ubiquitous connectivity and cheap, easily available information...are just around the corner. Everywhere. Globally.” In this new transparent economy, she says, focused companies with distributed business arrangements are the new dominant business structure; competition is being waged not only up and down the value chain, but horizontally in established markets and across traditional industry boundaries. A company’s key to profitability will lie in its ability to exploit its “power nodes,” which include traditional advantages such as brand strength and proprietary ingredients, as well as new ones such as “hubs” of products, services, and people that build a company’s popularity. It’s all a little head-spinning, but the overriding message is clear: “The transparent economy will offer extraordinary opportunities to business executives, entrepreneurs, leaders of not-for-profit enterprises and investors.” In short, everyone. Globally. (Oxford University Press, $34.95)

It’s hardly a surprise that Henry Mintzberg has strong opinions about the topic of management, and he sums them up in the simply titled Managing. He wants to dispense with the theories of the day to focus on the true responsibilities managers undertake. “Finding out what managers do is not the problem; interpreting it is,” writes Mintzberg, a professor at McGill University. “A half century ago Peter Drucker (1954) put management on the map. Leadership has since pushed it off.” Mintzberg first revisits the characteristics of management itself—its unremitting pace, its fragmentation—and the kind of practitioners these characteristics breed. He does not think one simple aspect of managing supersedes all the others: “Managing is...controlling and doing and dealing and thinking and leading and deciding and more, not added up but blended together.” By examining the manager’s role in all its frenetic complexity, he infuses it with dignity and accords it much-needed respect. (Berrett-Koehler, $26.95)
Incubating Talent and Growth

At a time when many regions have taken a beating from the recession, colleges and universities can take the opportunity to step in and spark economic growth. That’s just what Rowan University had in mind when it opened its $15 million, 50,000-square-foot South Jersey Technology Park in Glassboro, New Jersey.

The park became the perfect opportunity for the university’s business school: With the help of a $10 million gift from the William G. Rohrer Foundation, the school built the Rohrer College of Business Incubator (RCBI) on the park site. The 3,000-square-foot facility contains 16 spaces, complete with offices, workstations, and cubicles. RCBI currently houses six tenants who rent all 16 spaces. The incubator is located a mile from Rowan’s campus; a shuttle runs regularly to transport students and faculty.

The incubator is an integral part of the university’s project-based learning program, which makes hands-on experience a significant part of the curriculum, explains Niranjan Pati, dean of the Rohrer College. Faculty volunteer their time to coach companies in the incubator, and they also translate those companies’ experiences into project-based learning assignments for their classes.

As part of their capstone programs, business students provide commercialization, marketing, and business services to incubator tenants—and summer—and even full-time jobs after graduation.

In spring 2009, a team of undergraduate entrepreneurship students developed a commercialization plan for Focal Cool, a company developing a new kind of heart catheter designed to cool the tissue around the heart to lessen the damaging effects of a heart attack. Eventually, the technology also could be used to cool brain tissue to prevent damage from strokes.

If Focal Cool is to make the leap to market, its executives will need strong business skills, says Tom Merrill, the company’s CEO. The guidance he receives from students and faculty in both the business and engineering departments, he adds, “helps us transform what we do from a scientific standpoint to a practical product standpoint.”

To support other services for incubator clients—such as workshops, mentoring events, and networking opportunities—Rohrer College uses grant money from the New Jersey Commission on Science and Technology. Pati hopes to secure sponsorships and donations to cover additional costs related to RCBI and eventually to construct a second building in the technology park.

In September, one of the incubator’s first tenants moved on to a bigger space after just nine months—that’s a cycle that promises to create new jobs for the region, says Pati. “It is exciting to see how creative ideas emerge and are perfected in RCBI,” he says. “Our students are no longer passive learners of theories, but active participants in the creation of new technologies and services.”