Caterpillar’s
Jim Owens
Engaging the Global Economy

Creative Solutions For Tough Times

What Business Wants From Tomorrow’s Leaders
FEATURES

20 Trade Secrets
Caterpillar’s Jim Owens is a staunch advocate of free international trade.

28 Tomorrow’s Leaders
Five executives-in-residence draw on their real-world knowledge to describe the graduates businesses will want in the future.

36 Giving in Tough Times
Donors and b-schools redefine their relationships during a down economy.

44 Facing the Winds of Change
Richard E. Sorensen reports on the radical ideas deans offer in a special workshop devoted to helping business schools learn to thrive in an evolving economy.

50 To the Ends of the Earth
AACSB’s new board chair, Howard Thomas, expects to see the association expand its reach to emerging and underserved regions of the globe.
Six Little Words Say It All?

Lately I’ve been mesmerized by some of the shortest biographies in the world—six words long, in fact. These abbreviated memoirs started pouring in to Smith magazine a couple of years ago after the publication asked readers to boil their life stories down to the allotted word count. Some of the resulting submissions, from folks both famous and unknown, turned into a 2008 book, Not Quite What I Was Planning, and a sequel on love and heartbreak.

I find the encapsulations fascinating and addictive, ranging as they do from Deepak Chopra’s “Danced in fields of infinite possibilities” to a recently dumped young man’s lament that “I still make coffee for two.” I’ve been checking out new submissions daily on Smith’s Web site, www.smithmag.net/sixwords/.

Then I came across the blog of Alden Keene, who writes about “cause marketing,” or products and organizations that exist to publicize specific initiatives. He, too, was entranced with the six-word theme and thought any cause marketer should be able to develop such a pithy pitch. He offers a sample tagline for (RED), a network of global businesses, including Apple and Windows, that donate a portion of sales to fight AIDS in Africa. Keene’s suggestion is “Help stop HIV. Buy like Bono.”

In truth, business folks have always understood the benefits of brevity. Most great advertising slogans meet or beat the six-word rule, as proved by famous lines from some of the world’s best-known companies. Volkswagen: “Think small.” Nike: “Just do it.” Coke: “It’s the real thing.” L’Oreal: “Because I’m worth it.”

There are advantages to reducing a complex concept into a sound bite. Simple, catchy phrases tend to be easily remembered. And they require that the phrasemakers carefully review their subjects and condense them to the most relevant and vivid points.

But, as any politician will tell you, there are hazards as well. The subtleties get lost. The supporting data vanishes. That’s particularly true when you’re trying to dissect a business phenomenon. In a few sentences, you can’t chart the market forces that have driven the success of a wildly popular new product—or explain the mistakes that have led to the implosion of the entire financial industry. Some things just can’t be summed up.

I discovered that when I tried to find six words to describe “Tomorrow’s Leaders,” my piece on what businesses of the future will want from the b-school graduates they hire today. My first attempt resulted in “Socially conscious problem solvers thinking integratively.” Next I thought of “Leaders who are ready for anything.” Both were accurate, but neither conveyed the breadth of information, the thoughtful analysis of the possibilities provided by the five executives-in-residence whom I interviewed for my article. For the full story, I needed 3,000 words, not six.

Having spent a considerable amount of time on this endeavor, I think I came away with six words of hard-earned wisdom that any fresh MBA could appreciate: That was harder than it looks. And its corollary: There’s so much more to learn!

Sharon Shinn
Over the past decade, leaders in every industry have been forced to deal with new imperatives in the business world that incorporate social, political, cultural, and environmental issues. They might find themselves running a multinational workforce located in a dozen countries, struggling to understand labor practices across the supply chain, or responding to increasingly strict environmental controls.

To manage these new demands, organizations have realized “they need something different from tomorrow’s leaders, something more,” say Matthew Gitsham and Kai Peters of Ashridge Business School in the U.K. “Tomorrow’s leaders need a different way of seeing the world and relating with people, a broader awareness, and an enhanced range of skills and capabilities.”

To determine exactly what kinds of skills organizations will expect from tomorrow’s leaders, Ashridge recently worked with a number of international schools and businesses to conduct a global survey of CEOs and executives. The research uncovered a stark and simple message, say Gitsham, director of the school’s Center for Business and Sustainability, and Peters, the school’s CEO.

“Seventy-six percent of respondents say it is important that senior executives have the knowledge and skills to respond to the challenges and opportunities of the 21st century,” they explain. “These include understanding climate change, coping with resource scarcity, and doing business in emerging markets marked by poverty, corruption, and human rights violations. However, fewer than 8 percent believe that their own organizations are effectively developing this knowledge and these skills. Furthermore, fewer than 8 percent believe business schools have very effective responses in place.”

Navigating the Future

Based on the survey, Gitsham and Peters identify a number of skills that leaders will need in tomorrow’s work world. These skills fall into three knowledge clusters: context, complexity, and connectedness.

• **Context.** Eighty-two percent of executives polled believe that tomorrow’s leaders need to understand the changing business context, which is affected by social, political, cultural, and environmental trends. They also need to know how other industries in their sectors—and all of their stakeholders—are responding to these factors.

  For example, say Gitsham and Peters, global warming has become a strategic issue for organizations—not just because of direct implications for their assets and business models, but also because customers, investors, regulators, and competitors are focusing on global climate change. To integrate relevant trends into their strategic decision making, they believe, CEOs will need to use tools to help them manage risk, build scenarios, and scan the horizon for change.

• **Complexity.** Tomorrow’s executives also will need to lead in the face of complexity and ambiguity, Gitsham and Peters note, since the trends affecting business are often ill-defined and much debated. Leaders will need to be creative and innovative in their problem solving (say 91 percent of survey respondents); able to learn from mistakes (90 percent); flexible and responsive to change (88 percent); and able to balance short- and long-term considerations (77 percent).

• **Connectedness.** Leaders also must work with external partners, such as regulators, competitors, and local communities. Tomorrow’s executives will need to identify key stakeholders who have an influence on the organization (according to 73 percent of survey respondents); understand what impact the organization has on these stakeholders, both positively and negatively (74 percent); engage in effective dialogue (75 percent); and build partnerships with internal and external stakeholders (80 percent).

  Gitsham and Peters emphasize that community engagement will be even more critical for businesses like mining and energy companies that face rising expectations from governments, NGOs, finance institutions, and indigenous populations. “They can no longer afford a mindset in which local communities are viewed as nuisances that must be managed. They must see communities as strategic partners where constructive relationships are central to value protection and value creation,” say the researchers. “This means companies must do more than donate money to community projects—they must focus on real relationships.”

Leaders also must be prepared to contribute to public policy, they...
add, particularly as nations negotiate over a successor to the Kyoto Protocol and the second phase of the European Emissions Trading scheme. By 2012, they point out, the European Union will make decisions on the future distribution of permits that could be worth up to €3 billion for the airline industry. They note, “Companies need to work closely with regulators to ensure that the new rules do not have unintended consequences. For many business leaders, this engagement will require enhanced skills.”

New Learning Approaches
These enhanced skills probably can’t be learned in traditional classrooms. According to executives who answered the survey, these skills need to be developed through practical experience, whether acquired on the job, through experiential learning, or through learning networks such as mentoring relationships and communities of practice.

While individuals need to seek out their own learning opportunities, a corporation can support the education agenda through leadership development programs, say Gitsham and Peters. As an example, they describe the process at Unilever, where high-potential executives can take a program on emerging market strategy and work on team projects to build engagement skills. These executives also research current trends and collaborate with NGOs, microfinance organizations, and other grassroots groups. The teams present business proposals to the Unilever board, and the most successful ones are implemented.

Business schools must deploy new learning approaches that support executives’ efforts and prepare students for their roles in the changing corporate world. According to Gitsham and Peters, school administrators need to ask themselves these questions: What qualities and skills should we be developing in our students? What are the most effective approaches for doing this? Are we offering the right programs now or should we experiment with new ideas?

As an example, Gitsham and Peters describe the MBA program at Ashridge, which includes a compulsory two-week module on “building awareness and skills for leadership for a sustainable future.” The challenges and opportunities of sustainability are increasingly featured in the school’s executive education programs and organizational change consulting, and the school has just launched a new executive MSc in sustainability.

Increasingly, say Gitsham and Peters, when students consider where they want to pursue their MBA degrees or executive education courses, they will ask this key question: “How can a management degree help me build the leadership qualities and skills I need for the future?” In light of current trends, the two educators stress that every business school will need to find its own unique answer.

The research in this article was obtained from a CEO survey completed in the fall of 2008. To conduct the survey, Ashridge Business School was joined by Case Western Reserve University in the U.S.; China Europe International Business School (CEIBS); IEDC-Bled School of Management in Slovenia; IESE in Spain; INSEAD, France and Singapore; Tecnológico de Monterrey in Mexico; the University of Cape Town in South Africa; the University of Waikato in New Zealand; and the Center for Creative Leadership, with locations around the world. The research was coordinated by the European Academy for Business in Society (EABIS) for the United Nations Global Compact Principles of Responsible Management Education (PRME). It was sponsored by Unilever, IBM, Shell, Johnson & Johnson, and Microsoft, the founding corporate partners of EABIS. The full report is available at www.ashridge.org.uk/globalleaders.
A Helping Hand for International Students

International students will have an easier time finding loan money through a program developed by a consortium of organizations experienced in managing student loans. The International Student Loan Program, which will provide loans requiring no co-signer, was originally conceived under the convening authority of the Graduate Management Admission Council. It was developed with the involvement of other organizations—such as Deutsche Bank, Liberty Bank, Access Group, and Moehn and Associates—as well as the Chicago Booth School of Business at the University of Chicago, which signed a participation letter with the ISLP this spring.

The program will make educational loans available to international students who are not eligible for federal assistance and cannot qualify for standard private loans because they do not have a U.S. co-signer. Under the agreement, Deutsche Bank, as initial investor, expects to purchase notes, the proceeds of which will provide financing to international students. The loans will have terms comparable to private loans available for students with U.S. co-signers. The transaction remains subject to completion of required documentation and regulatory approval, if any.

At Booth, about one-third of the students enrolled in the MBA program come from outside the U.S., says Rosemaria Martinelli, associate dean for student recruitment and admissions. “With some traditional avenues closed due to the weak economy, we have gone to great lengths to find creative alternatives so our international students can finance their education,” Martinelli says.

The ISLP program also is open to other select MBA programs in the U.S. For more information, contact Kevin Moehn at 703-242-3591 or Kevinmoehn@aol.com.

Who’s Getting Admitted to B-School?

One of the most marked trends in recent MBA admissions is the admission of younger students. In fact, according to a survey of MBA admissions officials at top U.S. schools, 47 percent of respondents say that the number of students admitted to MBA programs straight out of bachelor’s programs has significantly or moderately increased compared to five years ago. The eight-week online survey was conducted by Veritas Prep, a GMAT preparation service and admissions consultant.

“Business schools seeking to capitalize on the shift toward a younger demographic should consider rolling out integrated programs similar to the HBS 2+2 Program or Yale’s Silver Scholars, which are especially meaningful to younger applicants because they synthesize professional and classroom experiences,” says Scott Shrum, Veritas Prep’s Director of MBA Admissions Research.

Other findings from the survey indicate that when admissions officers review applications from MBA candidates, 50 percent of respondents rank analytical skills as the most important student selection characteristic, followed by interpersonal skills (25 percent), leadership ability (19 percent), and maturity (6 percent). When weighing the importance of student experiences, 63 percent of admissions officers say professional experience is the most important factor, far above standardized test scores, community service, or extracurricular activities.

The full report is available for download at www.veritasprep.com/AdmissionsOfficerWhitepaper09.pdf.
Headlines

The Race to Raise Funds

Complex times require innovative ideas, and this summer the Henry W. Bloch School of Business and Public Administration at the University of Missouri-Kansas City launched a particularly unusual fund-raising plan. On eBay, the school auctioned off VIP access to the final stage of the Tour de France on July 26 in Paris.

Teaming with the Bloch School on the fund-raising idea was Garmin International, which sells satellite navigation devices, and Auction Cause, a cause-marketing agency. The package included tickets for four to see the final stage of the bicycle race, with exclusive seats near the finish line on the Champs-Élysées, as well as two hotel rooms for three nights and other services. Garmin donated the cycling package to help raise funds for the Bloch School’s Institute for Entrepreneurship and Innovation.

- The Wharton School of the University of Pennsylvania in Philadelphia also created a program to subsidize employer stipends for MBA internships over the summer. Students pursued internships through the Program for Social Impact and provided consulting to regional nonprofits.
  - In Los Angeles, Pepperdine University’s Graziadio School of Business and Management will provide a reduced tuition rate of up to 75 percent to MBA alumni who wish to refresh skills and acquire advanced knowledge by taking additional courses or completing a new emphasis. MBA Plus, the name of the alumni lifelong learning program, will allow qualified candidates to apply for a limited number of seats in the Fully

Educational Relief

As the economic downturn creates hardships for some students—and alumni—many business schools are responding with specialized courses, financial aid packages, and support groups to ease them through tough times.

- To help first-year business school students find summer internships with private equity or portfolio companies, the Tuck School of Business at Dartmouth College in Hanover, New Hampshire, created a program to subsidize up to half of a summer intern’s salary.
  - The Wharton School of the University of Pennsylvania in Philadelphia also created a program to subsidize employer stipends for MBA internships over the summer. Students pursued internships through the Program for Social Impact and provided consulting to regional nonprofits.
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Award Winner

BizEd has won multiple awards in two different magazine competitions whose results were announced this summer.

BizEd took home four prizes in the Charlie Awards competition sponsored by the Florida Magazine Association, which honors excellence in Florida-based publications. All awards were in the “association” category of the competition.

The magazine won a Charlie—equivalent to a gold—award for best feature for “Dial M for Mobile.” It was written by Sharon Shinn and appeared in the January/February 2009 issue. Tricia Bisoux received a bronze award for best department for the ongoing Spotlight department. BizEd also received a silver award for best special theme or show magazine for the July 2008 issue on socially responsible leadership, and a silver award for best overall magazine.

In addition, BizEd won two honorable mentions in the 2009 Tabbie Award competition held by Trade Association Business Publications International (TABPI). That competition is open to all English-language trade, association, or business-to-business magazines and Web sites.

One award came in the feature article category for “Teaching Business in a Web 2.0 World,” which was written by Tricia Bisoux and appeared in the January/February 2008 issue of BizEd. A second award came in the focus/profile article category for “Brand Evangelist.” It was written by Sharon Shinn and appeared in the March 2008 issue.
Employed MBA program’s evening and weekend courses starting in fall 2009. Alums are eligible for a 75 percent reduction on their first four units of coursework and a 25 percent reduction on subsequent units.

- Indiana University’s Kelley School of Business has founded a Job Search Support Group to make job-hunting easier for the graduates of the Evening MBA program held on its Indianapolis campus. Faculty members Robert Grimm and Ken Wendeln meet with unemployed MBA students once a week to help them fine-tune resumes and hone interview skills.

- The University of Cincinnati College of Business has created a free minicourse consisting of 20 four-hour sessions in a flexible format to update the skills of recently displaced professionals.

  Providing instruction on a pro bono basis are various UC faculty members, including Jeff Camm, head of the Quantitative Analysis and Operations Management Department. He sums up the attitude of many business school administrators when he says, “We felt that we had an obligation to help not just affected individuals specifically, but also the community as a whole.”

**The GMAT® Report**

**Recruiting leaders**
Graduate Management Admission Council® surveys offer a wealth of information on what businesses want from tomorrow’s leaders.

**Tangible skills**
MBAs and other business graduates have skills that give employers a competitive advantage. Specific abilities most sought by employers in hiring:

<table>
<thead>
<tr>
<th>Skill</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oral and written communication skills</td>
<td>89%</td>
</tr>
<tr>
<td>Proven ability to perform</td>
<td>73%</td>
</tr>
<tr>
<td>Strategic skills</td>
<td>69%</td>
</tr>
<tr>
<td>Core business knowledge</td>
<td>67%</td>
</tr>
</tbody>
</table>

**Intangible qualities**
Firms also consider personal characteristics in hiring decisions. Top traits sought by employers:

<table>
<thead>
<tr>
<th>Trait</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiative</td>
<td>82%</td>
</tr>
<tr>
<td>Professionalism</td>
<td>81%</td>
</tr>
<tr>
<td>Integrity</td>
<td>81%</td>
</tr>
</tbody>
</table>

**Strategic hiring**
Employers believe that personnel with graduate business degrees show higher abilities than their co-workers in critical areas, including:

<table>
<thead>
<tr>
<th>Skill</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing strategy and innovation</td>
<td>80%</td>
</tr>
<tr>
<td>Knowledge of general business functions</td>
<td>77%</td>
</tr>
<tr>
<td>Managing decision-making process</td>
<td>75%</td>
</tr>
<tr>
<td>Learning, motivation, and leadership</td>
<td>74%</td>
</tr>
</tbody>
</table>

Data are from Corporate Recruiters Survey (2007, 2009). This year’s survey included nearly 3,000 employers from 63 countries, accounting for 35,000 jobs in 2008. Read more or benchmark your program at gmac.com/CorporateRecruiters.
Headlines

SHORT TAKES

NEW APPOINTMENTS

■ Timothy L. Smunt has been named as the fifth dean of the Sheldon B. Lubar School of Business at the University of Wisconsin–Milwaukee. He joined the Lubar School on August 15. Previously, Smunt was professor of management and Sisel fellow in operations at Wake Forest University’s Babcock Graduate School of Management.

■ This summer, S. Andrew Starbird took on the role of interim dean at the Leavey School of Business at Santa Clara University in California. Starbird is professor of operations and management information systems and faculty director of the undergraduate business program. He takes over temporarily for Barry Posner, who stepped down June 20. Posner will return to the school for the 2010–2011 year as a member of the faculty.

■ Garth Saloner will be the next dean of Stanford University’s Graduate School of Business in California. Saloner is the Jeffrey S. Skoll Professor of Electronic Commerce, Strategic Management and Economics, and a director of the Center for Entrepreneurial Studies at the Graduate School of Business. He will succeed Robert Joss, who is stepping down after ten years as dean.

■ The School of Management at George Mason University in Fairfax, Virginia, has named Jorge Haddock its new dean. Haddock previously served as dean at the Robins School of Business at the University of Richmond in Virginia. Haddock replaces Richard J. Klimoski, who served as dean for the past eight years. Robert M. Schmidt has been appointed interim dean of the Robins School of Business at the University of Richmond in Virginia. Schmidt is chair of the economics department and a 28-year professor at the school.

■ The David Eccles School of Business at the University of Utah in Salt Lake City has named Taylor Randall its new dean. Randall was previously associate dean of academic affairs and has served for ten years on the school of accounting faculty. He replaces Jack Brittain, Pierre Lassonde Presidential Chair and vice president for technology venture development for the University of Utah.

■ Lauren H. Mounty has been named dean of the School of Global and Professional Programs at Marist College in Poughkeepsie, New York. She was formerly the associate dean for academic programs at the Fordham University Graduate School of Business Administration.

■ In August, Maling Ebrahimpour became the new dean of the College of Business at the University of South Florida St. Petersburg. Previously, he served as dean of the Gabelli School of Business at Roger Williams University in Rhode Island. He replaces Geralyn Franklin, who has taken office as dean of the College of Business at the University of Dallas.

■ Kevin Stocks, director of the Brigham Young University School of Accountancy in Provo, Utah, has been selected as president-elect of the American Accounting Association.

■ José Manuel Campa has been appointed Spain’s Deputy Finance Minister. Campa is professor of financial management at IESE Business School of the University of Navarra in Barcelona.

■ Carl Shapiro, the Transamerica Professor of Business Strategy at the Haas School of Business at the University of California, Berkeley, has been named chief economist in the U.S. Department of Justice’s antitrust division.

■ Irma Becerra-Fernandez has been named director of the Eugenio Pino and Family Global Entrepreneurship Center at Florida International University in Miami. She is the Knight Ridder Center Research Professor at the school’s College of Business Administration.

■ Miheea Moldoveanu has been named the Marcel Desautels Professor of Integrative Thinking at the University of Toronto’s Rotman School of Management in Canada.

■ Allan Bird has been appointed the Frederick and Darla Brodsky Trustee Professor of Global Business at Northeastern University’s College of Business in Boston, Massachusetts.

■ Two business professors have joined the advisory committee for University of the People, a global tuition-free online academic institution headquartered in Pasadena,
Heads

HEADLINES

SHORT TAKES

California. Gabriel Hawawini is Henry Grunfeld Chaired Professor of Investment Banking at INSEAD and Visiting Professor of Finance at the Wharton School of the University of Pennsylvania; Russell S. Winer is executive director of the Marketing Science Institute in Cambridge, Massachusetts, and the William Joyce Professor and chair of the department of marketing at the Stern School of Business, New York University. Winer also has been appointed chair of the business administration department. For more information, visit www.UoPeople.org.

HONORS AND AWARDS

- Philip Tetlock was named to the 2009 class of fellows of the American Academy of Arts and Sciences. Tetlock holds the Lorraine Tyson Mitchell Chair II in Leadership and Communication at the Haas School of Business at the University of California, Berkeley.

- The Los Angeles Chapter of the International Association of Business Communicators has honored Linda Livingstone with the IABC-LA Success Award. Livingstone is dean and professor of management at Pepperdine University’s Graziadio School of Business and Management in Malibu, California.

NEW PROGRAMS

- The Bryan School of Business and Economics at The University of North Carolina at Greensboro will launch four new online programs this fall. Three of the programs—Information Technology; Information Assurance, Security and Privacy; and Supply Chain, Logistics and Transportation Management—are post-baccalaureate certificates. The fourth offering is a degree completion program intended for transfer and returning students who wish to complete a BS in Business Administration with a concentration in business studies.

- A joint JD/MBA program has been launched by Indiana University’s Maurer School of Law in Bloomington and Sungkyunkwan University’s Graduate School of Business in Seoul, Korea. The degree program will allow students to pursue interdisciplinary studies with an international component.

- Kennesaw State University in Georgia will start offering a joint, three-year MBA/Master of Public Administration degree this fall. The cross-disciplinary program is offered jointly by the Coles College of Business and the College of Humanities and Social Sciences.

- Henley Business School at the University of Reading in the U.K. has launched a new MSc in coaching and behavioral change as part of its executive education program.

- This October, Harvard Business School in Boston, Massachusetts, will offer Managing Healthcare Delivery, a new executive education program for healthcare professionals. The program will be led by Richard Bohmcr, physician and HBS faculty member, who is also the author of Designing Care: Aligning the Nature and Management of Health Care.

- The Mihaylo College of Business and Economics at California State University, Fullerton, is introducing an undergraduate program in entertainment and tourism management. The program will be helmed jointly by Harold Fraser, a former Paramount Pictures senior executive, and Kim Tarantino, a CPA with expertise in entertainment and accounting. The school has organized an advisory board consisting of industry executives from companies such as Walt Disney, Paramount, Fox Home Entertainment, and Morongo Casino Resort.

COLLABORATIONS

- INSEAD of Fontainebleau, France, and Singapore has become a Programme Partner with the CFA Institute, an international association for investment professionals. The CFA Programme Partner Initiative recognizes select universities and business schools whose degree programs align with CFA’s Candidate Body of Knowledge requirements.

GRANTS AND AWARDS

- Atlanta businessman Lewis M. Manderson Jr. and his wife, Faye, have donated more than $12 million to the University of Alabama’s Culverhouse College of Commerce and Business Administration in
Tuscaloosa. The gift will support the Manderson Graduate School of Business, which is named in honor of the donors. The majority of the funds will support scholarships, student recruitment efforts, career services, alumni relations, and school operations.

The University of Toledo College of Business Administration in Ohio was awarded $900,000 from The Kresge Foundation toward constructing and equipping the Savage & Associates Complex for Business Learning and Engagement. The Kresge Challenge Grant required the university to raise $4.4 million toward construction of the complex by April 1 to receive the award.

OTHER NEWS

The American University in Cairo has announced the establishment of a new School of Business and named Sherif Kamel as its founding dean. The new institution emerges as the university also establishes a School of Public Affairs and restructures its former business program. Previously, the school of business and some elements of the School of Public Affairs were part of the School of Business, Economics and Communication. The new School of Business will consist of three departments—accounting, economics, and management—and will incorporate several of the university’s research centers.

In September, Dipak Jain steps down as dean of Northwestern University’s Kellogg School of Management in Evanston, Illinois, where he has served as dean for eight years. Following a one-year leave of absence, Jain will return to the Kellogg faculty. An interim dean will be appointed while the school searches for Jain’s replacement.

The Audencia Nantes School of Management in France has created the Audencia Foundation, whose goal is to increase the school’s academic development and equal opportunity policies in France and internationally.

Last summer, the Wharton School of the University of Pennsylvania in Philadelphia created a summer internship program for undergraduate students pursuing careers in socially focused ventures and businesses. The program, made possible through the generosity of the Robert and Diane v.S. Levy family, is managed by the Wharton Ethics Program and the Legal Studies and Business Ethics Department. Through the program, ten undergraduates received stipends over the summer months as they worked with socially responsible enterprises in the U.S., the U.K., India, China, and Singapore. Undergraduate members of the Penn Social Entrepreneurship Mentoring Program are actively involved in every aspect of planning, selecting, and implementing the internship program.

The business school at Rice University in Houston, Texas, has officially changed its name from the Jesse H. Jones Graduate School of Management to the Jesse H. Jones Graduate School of Business. In conjunction with the name change, the school has adopted a new logo and Web site.

The Anisfield School of Business at Ramapo College in Mahwah, New Jersey, will be the new home to the Eastern Economic Association, an organization that promotes education and research in all areas of economics. The association publishes the Eastern Economic Journal and hosts an annual conference on the Eastern Seaboard.

Last July, the American Institute of Certified Public Accountants inaugurated its Leadership Academy in Chicago by hosting 28 CPAs under the age of 35. Led by AICPA chairman Ernest A. Almonte, the CPAs engaged in intensive workshop training to hone leadership skills.
Free trade will be fundamental to every country’s economic growth, says Caterpillar CEO Jim Owens. As products and services increasingly cross international borders, he stresses, business students must prepare for careers that span the globe.
The academic community seems to be selective about its political engagement. I was embarrassed that economists from academia didn’t speak up during the 2008 Democratic campaign, which was hugely anti-trade.

Owens’ passion for free trade has only been building during his 37-year career at Caterpillar. Three years after joining the company as an economist in 1972, he moved to Geneva, Switzerland, to become the chief economist for Caterpillar Overseas S.A. He returned to Peoria in 1980, but then went to Indonesia in 1987 to work for P.T. Natra Raya, a Caterpillar joint venture. Between 1990 and 2003, he served first as president of Solar Turbines Incorporated, a San Diego-based subsidiary, and next as chief financial officer and group president in Peoria, before being named Caterpillar’s CEO in 2004.

Owens also directs the Council on Competitiveness and serves as co-chair of its Energy Security, Innovation & Sustainability Initiative. The Council, says Owens, is developing a comprehensive energy security roadmap to identify how business and government can drive demand for sustainable energy solutions.

Owens, who has a BS in textile engineering and a PhD in economics from North Carolina State University in Raleigh, also is a passionate supporter of business education. In 2008, Owens and the Caterpillar Foundation pledged $2.2 million to NCSU, supporting the “Owens Distinguished Professorship of Supply Chain Management” and the “James W. Owens Graduate Economics Fund” for doctoral economics students. In April, NCSU’s College of Management named Owens its “2009 Person of the Year” for his contributions to business.

As leader of one of the largest exporters in the U.S., Owens knows that he’s a natural choice to speak out against protectionist economic policies. But he hopes that academics will help him send a clear message to the world’s politicians: Free trade, not protectionism, is the way to keep business booming.

When you hire new talent at Caterpillar, what skill sets do you value most?

Engineering—mechanical, electrical, industrial, and manufacturing—is a big portal of entry. So are finance and accounting. In our research center, we hire people with master’s and doctorate degrees, primarily in math, science, and engineering. We hire a sprinkling of MBAs, but we normally hire more people with undergraduate degrees.

Why so few MBAs?

We don’t recruit at the top MBA programs in the country, partly because we haven’t been very successful with that. Those students primarily are moving toward consulting, investment banking, venture capital, and other similar sectors, so they’ve been less inclined to come to a large traditional manufacturer. We can’t compete to hire that talent straight out of school.

Many of our employees pursue MBAs on nights and weekends after they come to work for us. In addition, many of our MBAs are mid-career hires who come in at senior and mid-management levels, with a lot of relevant experience in our industry.

You have degrees in both engineering and economics. How did your study of economics influence your perspective?

I used a lot of applied economics in my early jobs at Caterpillar. First, I was an econometrician, doing statistical modeling and forecasting of product sales. I did macroeconomic analyses, relating them to our sales forecasts. I did pricing studies and sourcing studies, which used basic economics. I wrote papers on exchange rates and global competitiveness and productivity trends. This work gave me a lot of global experience, and I was able to help our senior leaders think about megatrends that were important to our business.
As I’ve gone into more senior jobs, I’ve thought more about business strategies and the vision of what we as a company want to be—about what gives us a competitive advantage and how we understand business cycles. All of that comes out of basic economics. Of course, I’ve gotten increasingly modest about my ability to forecast business over the years. I think everyone has these days!

You’ve been an outspoken member of President Obama’s Economic Recovery Advisory Board. What has been its impact so far? What kind of input have you had?

I think the jury is still out. We’ve met with the president twice, and we have a telephone meeting on specific subgroups once a week. Our group interacts with the Council of Economic Advisors, which reports directly to the president, with Larry Summers and his economic advisors, and with Tim Geithner in the Treasury. We’re also dealing with the Department of Transportation, the Department of Energy, and the Environmental Protection Agency. I think we’ve had some good dialogue, particularly with members of the administration.

The area where I think I’ve been a little influential is in my continued emphasis on how important it is for the U.S. to stay engaged in the global economy.

What approaches would you like to see the government adopt?

The U.S. has to keep its doors open to competition. We need our government to help open other markets to our best companies. I’ve emphasized strongly the merits of continuing to pursue trade agreements like the World Trade Organization’s Doha Development Round, particularly at a time when we are flirting with a global recession that could get much worse if the world turns protectionist. There also are global issues like climate change and energy policy, which cannot be dealt with through only a domestic lens.

Are you making progress in convincing those who embrace protectionist views?

I think the anti-trade populist sentiment is alive and well. Many Congressmen I talk to say, “I’m for free trade, but my constituents are adamantly against it.” And politicians regularly blame every plant that closes on the North American Free Trade Agreement. No wonder the public is skeptical.

Thoughtful people agree that it’s important to stay engaged with the world. Yet, we still can’t get the Colombia and Panama Free Trade Agreements passed in Congress, and those would directly strengthen and create jobs right here in the U.S.

Caterpillar has an interest in the establishment of global trade agreements. Your company had to reduce its workforce by about 25,000 people since late in 2008—without its global business, would that number have been higher?

We manufacture in 50 countries around the world, and we’re one of the top ten U.S. exporters. If it weren’t for our global exports, we would be in far worse shape. Our U.S. orders this year are off by more than 50 percent compared to last year, so our exports have kept us as strong as we are.

What could business schools bring to this debate?

I enjoy speaking at universities. I know that most academic economists are for free trade, because all economists are trained that way. But the academic community seems to be selective about its political engagement. I was embarrassed that economists from academia didn’t speak up during the 2008 Democratic campaign, which was hugely anti-trade. It was dominated by labor interests that believe that if we build a big enough wall around the U.S., we can be a great country. And not a peep out of academic America! There aren’t too many from the left speaking up about pro-trade—about the fact that companies should be forced to compete.

If you’re going to run a great global company, you must have this cross-pollination of people whom you embed in your culture. It helps them become culturally sensitive to different social practices and to the ways of global business.
You’ve expressed that you don’t feel the U.S. government has been quick enough in distributing its $787 billion stimulus package. Do you think the stimulus bill will help your U.S. sales?

Of that bill, about $70 billion was for hard infrastructure—repairing and building roads, bridges, rail corridors, and fast-rail service. That’s only 6.5 percent of last year’s spending on construction in the United States. Only in the last few weeks has that stimulus money actually begun to hit the bricks, if you will. Workers are just now beginning to dig the holes. Even so, construction has been falling faster than that 6.5 percent will offset in the United States.

What do you think is the best solution?

We need to invest in our future through a focus on rebuilding our nation’s crumbling infrastructure and creating tangible and sustainable jobs. To that end, we recently asked our dealers to identify the five major infrastructure projects in their states or areas that could be started within the next year—and that would improve the economic efficiency of our country. Because the U.S. housing market is so depressed, we have 18 or 19 percent unemployment in the construction sector. We could invest in infrastructure, without creating inflation, and in the process create a lot of jobs.

The beauty of infrastructure investment is that it’s capital investment. You end up with a capital asset that lasts for ten or 15 years. Plus, this investment creates jobs, but it’s not a permanent expense. I’m afraid a lot of government programs that the stimulus is now supporting will be with us for a long time, creating a deficit problem.

Earlier you mentioned the issues of climate change and energy. Caterpillar is working to reduce its greenhouse gas emissions by 25 percent and increase its use of alternative or renewable resources by 20 percent. Business scholars are debating the business case for sustainability. How do you believe the costs of Caterpillar’s sustainable goals weigh against the benefits?

We realize that sustainability begins within our own operations, so we’ve established high performance goals for our facilities. We’ve had to evaluate our own operations, as well as those of our customers, so we could set sustainability targets for our products and services. Establishing these goals is important not just for our growth, but for our desire to contribute to a society in which people’s basic needs are met in ways that also sustain the environment.

You also mentioned Caterpillar’s global operations, which must require many of your employees to navigate different cultures, business styles, and governmental requirements. How do you help them face those challenges?

When we go to a new country, we take steps to develop a cultural sensitivity to that business climate and on-the-ground presence. We work with the U.S. embassy and the American Chambers of Commerce. We also work with independent dealers, owned by local nationals, who do the direct marketing and selling. We also hire local nationals to work on governmental affairs in every major country where we have an investment presence—these people become an integral part of our global team.

About half of our employees are outside the U.S. We probably have 3,000 to 4,000 employees who transfer from their home countries to other countries. We have 700 or 800 Americans in Europe, and we have 700 or 800 Europeans in the United States. In Asia, we’re more in a startup mode, so we have about 1,500 Americans working there and 500 Asians working in America. If you’re going to run a great global company, you must have this cross-pollination of people whom you embed in your culture. It helps them
become culturally sensitive to different social practices and to the ways of global business.

**How important is it for employees to speak the local language?**

When our employees go to different countries, we give them basic language training onsite. But the working language of our company is English. In fact, the working language of many multinational companies is English, because it is the one language that the majority of college-educated people in the world speak. If you’re working with a German company, for example, it’s actually difficult to get everybody to speak German on a functional basis. I’ve lived and worked Europe and in Asia, but I’m embarrassed to say I’m very monolingual.

**As you look ahead to Caterpillar’s future, what are your biggest concerns?**

My very immediate concern is the shape of this cyclical recovery. As we come out of this recession, we don’t know whether we’ll end up with several years of sluggish growth or a very sharp recovery as a result of the stimulus money that’s awash in the world. Each scenario would be a challenge to manage, just in a different way.

But it’s important that we be prepared to go in either direction. So I will have to work with our leadership team to make sure that we’re prepared from a cost basis to have reasonably attractive profitability if we stay in this cycle for two or three years. We also must be ready for a fairly explosive increase of sales and revenue in a given year. Even in 2004, after the last recession, our sales were up 30 percent worldwide. Almost every machine line was up over 40 percent. We know it can happen and probably will happen. The question is only, when?

In the longer term, we must be ready to capitalize on the world’s emerging markets, which will be the most dynamic, high-growth parts of the world for the next 15 or 20 years. They are likely to grow at two to three times the rate of the U.S., Europe, and Japan. With that kind of growth, there will be an emergent middle class and a higher standard of living, particularly in Asian countries like China, India, and Indonesia. This will drive demand for commodities and big infrastructure. These are things you can’t get without products like ours. We want to be sure that we position ourselves with the right products for those customers and that we place the right leaders in those economies who can help us succeed and win.

**What do you most need from business schools?**

We need people with truly global perspectives, who understand the implications of currency market movements, political upheaval, varying growth rates, and the competitive pressures that come from that. The graduates we want to hire will have these critical dimensions.
The next generation of CEOs will have a whole different profile than the current one. Gone are the days when a top executive needed only thorough expertise in his particular field and a basic grasp of marketing, finance, and product development. To be successful in the future, tomorrow’s leaders will need a deep vein of creativity, a sensitivity to cultural context, a commitment to sustainability, and a social conscience. That’s on top of a more familiar set of non-negotiables—flexibility, adaptability, problem-solving skills, a multidisciplinary outlook, and a global mindset.

To turn out graduates with these abilities and attributes, more business schools are setting up executive-in-residence programs. Retired and senior executives can bring the immediacy of the workplace right into the classroom and position students to dive headfirst into the changing corporate environment. Because they have ties to both academia and business, these experienced executives understand what binds the two realms together—and what the business world desires most from the educational world.

We interviewed five executives-in-residence and asked them to share their perspectives and insights on tomorrow’s business landscape. It will look very different from today’s, they told us, because it will be shaped by economic crisis, technological advances, climate change, globalization, and other critical factors. The era of the specialist is over, these executives claim. The leader of the future is an integrative thinker who can meet any challenge. And plenty of challenges await.
The Jazz Singer
Jazz musician Kathy Wade is not just a performer. She’s also a businesswoman who runs a 17-year-old nonprofit organization in Cincinnati, Ohio, called Learning Through Art. Through its “Books Alive for Kids” program, the organization brings music, crafts, and storytelling to schoolchildren between pre-K and third grade. Learning Through Art also sponsors events such as a diversity festival that last year brought 30,000 people to the local zoo. Wade currently sits on three boards for the Williams College of Business at Xavier University in Cincinnati, including those for academic affairs, marketing, and diversity and inclusion. She has spent the past five years acting as an executive mentor at Xavier to a series of female African American business students—showing them by example what it takes to run a small business today.

I earned my master’s degree in arts administration, because music is a business. It’s not enough to perform a concert and take home a paycheck. Artists have to manage their careers, too. And anybody running a nonprofit definitely needs business management skills. I try to show my mentees that, whether they’re hired by a for-profit or a nonprofit, there are certain attributes and skills they will need:

• **Passion.** New graduates must care deeply about everything they do, even if their current job isn’t their dream job. They don’t drop success in a bowl, put some water on it, stick it in a microwave, and have it ready in 15 seconds. They have to apply themselves. If they’re digging ditches, be passionate about it. Because something they learn while digging ditches will point them to the next opportunity.

• **Multiple skill sets.** Everyone has a line on his resume saying, “Proficient at Word,” but that’s not enough today. For instance, I just hired an operations manager. What caught my eye about her resume was that she’s also a graphic designer and a Webmaster. She has an expansive set of skills.

• **Initiative.** Let’s say you work for me, and I’m on deadline. I have to be somewhere in an hour, but I can’t leave until a certain report is done. You should say to me, “How can I help?” And that’s true for any job at any level. Whether you’re a CEO, a CFO, a manager, a director, a banker, or a baker, you have to take initiative.

I told my new operations manager that I wanted a spinoff on my Books Alive for Kids program, and she designed a prototype that could be tested at an event the very next day. That’s what I’m looking for. That’s what any executive would be looking for.

• **Flexibility.** One summer, Learning Through Art held an outdoor concert. We were selling beer tickets by the food booth, which was across the street from the beer booth. As soon as someone pointed out that I would sell more beer if the ticket stand moved closer to the beer stand, I immediately made the switch and announced the change—and we sold a lot more beer. I tell this story to all my mentees. I let them know, “Sometimes you move the tickets, and sometimes the tickets move on you. You always have to be evaluating.”

• **Networking skills.** Because my organization is a nonprofit and I need to raise money, it’s all about relationships. And relationships are vitally important in this current market. Students need to understand how to build them, take care of them—and walk away when they’re no longer good.

• **Potential to grow.** Businesses don’t like turnover—they want to keep their employees for a long time. But like other employers, I look for people who are willing and able to change as the business changes. If they can’t change, they’ll hold the business back. In my world, that means they have to go.

• **Ethical clarity.** Leaders have to have a sense of honesty and pride in what they’re doing. The quick way is not always the best way.

If they’re digging ditches, be passionate about it. Because something they learn while digging ditches will point them to the next opportunity.
• **Openness to opportunity.** Procter & Gamble executives were planning a fine arts fund raiser and asked me if I could deliver a corporate program for the event. I didn’t have one at the time, but I adapted my Books Alive for Kids program to create a new product called Discovery in a Box. This experience taught me that there are always new possibilities in existing products, and it taught my students that they should always be looking for new opportunities.

I think it’s important that I show my mentees exactly how my business works. Running a nonprofit ain’t for the faint of heart. You have to be creative and make hard decisions. I have a plaque in my office with a Winston Churchill quote: “Courage is what it takes to stand up and speak. Courage is also what it takes to sit down and listen.” It goes alongside a blow-up doll of the screaming man from the Edvard Munch painting. Tomorrow’s leaders will have to know how to balance these elements well.

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**The Consultant**

Donald C. Waite III spent his career at McKinsey & Company in various positions, including leadership roles in the firm’s Banking and Securities Practice and Global Financial Institutions Practice. In his final six years with the company, he was one of the three people in the Office of the Managing Director, overseeing McKinsey’s overall management. When he retired in 2002, he joined Columbia University’s School of Business in New York City as director of its Executives in Residence Program. Since then, he has doubled the executives on hand, from five to ten, and taught courses on topics such as social enterprise.

The future isn’t going to be like the past. A few years ago, I would have said businesses were looking for graduates with strong skills in a specific field and the ability to execute superbly. It used to be, if you were interested in finance, you could spend three-fourths of your course time studying finance, and you might focus on some very esoteric areas. But no more.

Today, business wants integrative thinkers. Finance students also will need an understanding of market forces, globalization, technology, and all the other areas that affect a business. So will everyone else. Looking back, I don’t think you can say globalization is the one thing that has shaped our current business environment, or that technology has been the biggest driver. Many different drivers have all come together.

What business also wants now are people who can anticipate what issues are going to come up, who can diagnose the problems, and who can suggest innovative solutions. Today’s graduates will need to bring a mix of creativity and critical thinking skills to solving the problems facing business and society in general. It can’t just be an off-the-wall creativity. It has to fit in the context of practicality. These graduates should understand how to make change happen.

Finally, tomorrow’s leaders will need a high degree of social consciousness. For instance, a graduate who finds employment at an energy company might explore the viability of alternative sources of energy. I think everybody will have to have a social objective as well as a profit objective.

To turn out students with these skills, business schools must supplement the traditional pre-set curriculum with interactive forums that can focus on current hot topics. For instance, schools might examine the financial crisis by putting students together in a room with practitioners and academics, while they all explore what the crisis means and how it will affect the future.

They also will need to introduce students to the concept of interdisciplinary teamwork, which is an idea that academia greatly favors but doesn’t always achieve. Schools will need to take the typical disciplines—finance, marketing, human behavior, accounting—and add integrated thinking and problem solving to create graduates with the right skills.

Schools with executive-in-residence programs can help students achieve that integrated model and gain a much more practical perspective than they might get from their professors. Very few business students are going to stay in academia and become PhDs. Most are going to go out into the world and find their own ways. Business schools provide students with a terrific base of knowledge, but executives can help students think about how to integrate their backgrounds—their skills, their experiences, their inclinations, their desires, and their aspirations—into meaningful roles in the business world.

"Today’s graduates will need to bring a mix of creativity and critical thinking skills to solving the problems facing business and society in general."
Pratap Nambiar is a truly global citizen: He holds degrees from the University of Bombay and the National University of Singapore and is a Fellow of the UK’s Chartered Institute of Marketing. In jobs with a variety of companies, including Ernst & Young and KPMG, he has worked in Indonesia, Singapore, Nigeria, India, and Russia. Before he founded executive coaching firm Thought Perfect Pte Ltd, he ran KPMG’s Asia Pacific Global Client Program out of Singapore. Currently, he is Executive in Residence at the National University of Singapore Business School, where he teaches classes, presents lectures, meets with students on specific projects, and coaches students on dilemmas they might face in the workplace.

What businesses will want most from graduates is clarity of thought and action. Obviously, clarity is an aspect of leadership that will be invaluable for executives working in a complex, fast-changing, and uncertain world. A leader who thinks clearly can shape the beliefs of the team and bring about changes in behavior. These will lead to appropriate actions, which will bring about the desired outcomes.

Graduates also will need to understand the importance of culture. They will need to understand that the ability to build trusted relationships at all levels can mean the difference between great strategy and great performance. The implementation of strategy and the constant search to deliver greater value to customers and stakeholders will help graduates become successful leaders.

Leadership is not a position, but a process. It is my job to help students understand their approaches to leadership. I must show them that the way they think and feel will shape their expectations, and their expectations will determine their results.

As I have worked with business students, I have been impressed by their positive energy and their hunger for success. They are full of enthusiasm and good cheer in spite of all the problems around us. They also have a balanced and hopeful view of the world. They believe in global responses to global problems. They are open and transparent, and they take a long view that focuses on the betterment of the world as a whole.

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“Leadership is not a position, but a process. It is my job to help students understand their approaches to leadership.”

The Investment Banker
Ellen Miller’s 25-year career in investment banking included a long stint with the European office of Lehman Brothers, where she held a variety of high-profile positions. One of her responsibilities included building relationships between Lehman and elite European business schools. She developed particularly close ties with London Business School after the firm provided initial funding for the school’s Lehman Brothers Centre for Women in Business. In 2008, she took a sabbatical from Lehman to become executive-in-residence at the Centre, where she markets its research to other practitioners, does broad community outreach, mentors female students, promotes gender diversity in business, and advises the Women in Business Club.

One of the lessons we’ve learned from the recent economic crisis is that it’s a mistake for business schools to turn out graduates who are too one-dimensional. For example, I’m not sure the workers in the financial sector ever had a 360-degree understanding of what was happening last year.

To some extent, the fault lies with businesses that deliberately recruited students with exclusively quantitative strengths. I’ve always believed that what is done in the financial world is not rocket science, and smart people should be able to learn how to do it. But much of the time, the reality now is that tomorrow’s leaders will need to be well-rounded individuals with equally strong quantitative and qualitative skills.

“The reality now is that tomorrow’s leaders will need to be well-rounded individuals with equally strong quantitative and qualitative skills.”
graduates who have read the classics or studied English are not as valued in the financial world as people who have primarily studied economics and math. I think that perspective is wrong—and I think it’s changing.

The reality now is that tomorrow’s leaders will need to be well-rounded individuals with equally strong quantitative and qualitative skills. Businesses will be looking for graduates with an array of key abilities: great communication skills, leadership potential, humility, a sense of ethics, and a desire to contribute.

Top business schools are already finding ways to turn out such graduates. They’re doing extensive coaching. They’re hiring people like me who have real-world experience and who can give case studies and deliver lectures. I share with students my real-world experience, my management experience, and my personal experience. I show them how I managed the transitions in my career to prepare them for their own transitions.

I think it’s very important that students don’t attend business school just so they can get the right jobs. They should see it as an investment in the future. I never got an MBA because I didn’t want to invest the time and incur the cost, but five or seven years later, I wished I had. The degree would have given me a much broader framework for dealing with the larger business world. I think that’s the attitude today’s students should take as they pursue their MBAs. They should see it as part of their journey.

If there’s one area tomorrow’s leaders will need to understand, it’s sustainability. As they develop business models, create products of the future, and make key decisions, they will need to consider all three legs of sustainability—environment, society, and economics—and they must consider all three of them simultaneously. It won’t be enough to look at them one by one.

If today’s business students are going to be successful in the long run, they must be able to dig deeper and consider all aspects of an enterprise. Only then will they be able to develop truly sustainable products and business models, no matter what business they’re in.

For example, if a company is making bamboo flooring, its executives can’t be content just making a profit and knowing that bamboo is a rapidly renewable resource. They have to look deeper. They have to understand where the bamboo is harvested. They have to ask how workers are being treated and whether rainforests are being depleted to grow more bamboo. They have to look at these issues in the context of competitive offerings and the world’s ability to supply the needed resources.

Although students can learn a great deal by reading books and discussing case studies, the educational process moves to a whole new level if students can follow business situations in real time. As an executive-in-residence, that’s what I bring to the classroom—practical experience and an understanding of how real-world business operates. I also share the mistakes I’ve made along the way so that students can avoid making the same ones.

My experience is far different from that of a typical business school professor, who might have spent a lifetime gaining knowledge in a specific discipline. In my career, I’ve done everything from producing goods to developing new products to coordinating supply chains. This kind of wide-ranging experience has been particularly useful in the field of sustainability, which by its very nature is broad and a bit unwieldy.

As I share my experience with business students, I’ve been impressed by how bright and motivated they are. They’re not just out to make a buck. They have a desire to make the world a better place, whether they’re working in the San Francisco Bay area or in the poorest reaches of Africa. Their creativity and desire to solve the world’s challenges give me hope for the future.
When Heidi Woodbury of the University of Utah’s David Eccles School of Business in Salt Lake City received a call last December from a representative of a Utah foundation, she wasn’t sure what she would hear. After all, the stock market had just plunged and the immediate future of the school’s fund-raising efforts was uncertain. To Woodbury’s surprise, the foundation wanted to make a $25,000 gift to the business school, no strings attached.

Although the pace of giving has slowed, there are bright spots such as these at what is otherwise a bleak time for business school fund raising, says Woodbury. But she admits that even though the economy may be showing signs of life, many donors still are taking a “wait-and-see” approach to giving.

“Most donors aren’t saying ‘No,’ but they’re saying, ‘No, not right now,’” says Woodbury. “People are still giving, but many are being conservative with their cash.” Several corporate donors to the Eccles School have taken a break from their corporate giving in 2009, while others are giving at lower levels.

The challenge for b-school fund-raisers is how to make the most of a recession-era economy. It may not be a good time to expect the big checks, says Woodbury, but it is a good time to experiment with new methods, engage with the community, attract more attention, and make friends for the future. Schools that take these steps, say fund-raisers, are likely to find themselves in stronger positions when the economy rebounds.
Lowered Expectations

Like many other business schools, the Eccles School has been hit with a budget cut from the state, which only exacerbates the effects of depressed giving rates and a shrinking endowment. It also translates to lower expectations for the school’s capital campaign, now two-thirds of the way to its $100 million goal. For instance, the school’s original goal had been to spend $80 million on its new building project, but given the slower pace of fund raising, the school may try to reduce the cost of the building to $70 million.

Still, there may be some light on the horizon. Although seven-figure gifts to the Eccles School have not been forthcoming in the past months, several individuals have noted that they may be able to make significant pledges once the economy has begun to bounce back. “At this point,” says Woodbury, “we are very optimistic and continue to reach out to potential donors.”

The story is the same for the Culverhouse College of Commerce and Business Administration at the University of Alabama, Tuscaloosa, which has been conducting its $86 million fund-raising campaign since January 2002. School fund-raisers had hoped to finish the campaign by the end of June, but that timeline was extended, says Charlie Adair, director of development.

“While we recently received a significant donation to push us over the $80 million mark, we did not meet our June 30 deadline,” says Adair. “We spoke to many people at the end of last year who just weren’t ready to give.” A few donors have asked to skip payments, he says, but they have extended the terms of their pledges accordingly. When Culverhouse wrapped up its campaign in July, there was a “flurry” of donations, says Adair. “We closed a little bit short—just $1.3 million from our goal,” he says.

In light of the times, Culverhouse is changing the ways it connects to donors. For instance, the school is emphasizing e-mail and its Web site over print-based mailings. The school also keeps these messages short and simple, directing people to the Web site for more information.

These approaches don’t just save money—they keep the school’s communications effective, concise, and on target. That strategy may pay off when donors resume their philanthropic activities, says Adair. “The good news is that I’ve met with a number of corporate donors who are interested in giving $1 million gifts in the fourth quarter. Many are ready to start the conversation again,” he says. “I feel good about the next six months.”

Tough, Not Catastrophic

The top fund-raising schools have been hit incredibly hard. In April, The Chronicle of Higher Education surveyed 12 schools currently conducting fund-raising campaigns of $1 billion or more. It found that those campaigns saw an average 32 percent decrease in donations between March 1, 2008, and February 28, 2009.

That’s a huge dip, but it’s not the whole story, says Roy Muir, a consultant with Marts & Lundy, a New Jersey-based consulting firm that works with universities and other nonprofits. Such large campaigns often rely on massive gifts—and today’s economic climate can spur wealthy donors to think twice about the amount, structure, timing, and investment of a large donation.

The story is less dire for campaigns at institutions with smaller fund-raising objectives. At the end of 2008, Marts & Lundy surveyed its clients to see how the economy’s reversal of fortune had affected annual giving campaigns. The 64 responding institutions reported an average 3 percent decrease in total money raised—not the best outcome, says Muir, but also not catastrophic.

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“There’s no doubt that many people are psychologically affected by this recession. Even if they haven’t lost their jobs or seen their investments drop, they’re uncertain about the future. That means they might give a little less,” Muir says. But he also is hearing some good news. “Many clients are telling me that while cash is down, the number of donors is steady or up. They’re seeing donors who are actually increasing their gifts. They know that the money is important to the school right now.”

**The ‘Big Gift’**

The Anderson School of Management at the University of California, Los Angeles, has raised $48 million toward its $100 million goal in its current capital campaign. While the smaller gifts generated by its annual giving campaign are still important, the school plans to shift its attention to pursuing larger six- and seven-figure gifts as it enters the next phase of its campaign. The reason is twofold: Affluent donors most likely had larger financial cushions to begin with, and the school’s campaign has a very short timeline—only three years. By comparison, the school’s last $100 million push occurred over seven years.

“We’re making our case more strongly to let people know what we’re trying to accomplish,” says Marcia Shackelford, Anderson’s associate dean of development. So far, the strategy is working. The school recently finalized a $2 million donation from a manufacturing firm.

Last fall, the University of Washington’s Foster School of Business in Seattle completed an eight-year, $181 million campaign that supported scholarships, curriculum, and two new school buildings, including the 135,000-square-foot Paccar Hall scheduled for completion in 2010.

The building campaign, especially, placed new pressures on the fund-raising effort, as the costs of construction continued to rise. In 2005, the school’s administration decided to focus more attention on donors with the capability of making eight-figure gifts, says Steve Hatting, assistant dean of development and external relations.

School staff and administration began to provide regular progress updates, on the Web site and in person, to inspire the confidence of high-powered donors in the school’s ability to complete the building’s construction. Those updates paid off: One donor, who already had made a significantly smaller pledge, increased his gift to $18 million after he learned more about the school’s progress. Shifting focus to larger donors was “critical to the school’s success,” says Hatting.

He admits, however, that the school completed its campaign just as the recession hit. Securing large donations in today’s economic climate is a more difficult task. Now that the Foster School’s campaign has been completed, the school is focusing its outreach on securing smaller gifts of $10,000 or $25,000. “As people see a third of their stock portfolios disappear, small gifts are more in line with what they will entertain,” Hatting says.

**New Rules for Donors**

The Foster School also has readjusted its outreach efforts to focus on scholarships and fellowships, where donors can see an immediate return on their investment. For instance, Foster’s development team is thinking of asking a donor to give an annual gift of $50,000 for four years to create two named doctoral fellowships each year. In return, the two students who receive the fellowships would stay in touch with the donor throughout their four years of study. Such a program would keep donors excited about the school, which may lead to more gifts to support doctoral education, endowed chairs, or professorships.

In addition, the Foster School has redesigned its Web page for online gifts. Online donations used to go straight into an unrestricted fund, but now the site includes what it calls “the Foster Five”—five categories for donors to choose from when making their gifts. They include academic departments, competitions, new construction, scholarships, and the unrestricted Foster Difference Fund.

While it may be tempting to eliminate alumni events to save costs, many school administrators are holding even more events to reconnect alumni to the school and help them weather the recession. UCLA’s Anderson School, for example, is holding events to help alumni with recruitment, career development, and networking; making sure alumni are active in its LinkedIn networking activities; and providing intellectual content in the form of guest lectures and seminars.

A session at AACSB International’s Conference and Annual Meeting in Orlando in April, “External Relations and Fund Raising in a Down Cycle,” focused on how schools can make the most of the current economic challenges. The
session’s panel included Gail Naughton, dean of San Diego State University’s College of Business Administration in California; Mark Zupan, dean of the University of Rochester’s Simon Graduate School of Business in New York; and Andy Policano, dean of the Merage School of Business at the University of California, Irvine. The panelists emphasized that business schools that continue their campaigns, keep up their marketing and public relations activities, and increase the nonmonetary involvement of alumni and donors will be positioned well when the downturn reverses.

Many schools are creating multidimensional approaches to attract donors and get them excited about their programs. That might mean asking donors to support major initiatives or faculty chairs on a yearly basis, rather than through lump sums, says Policano. The Merage School also has created a tiered gift approach—or “donor pyramid”—for alumni, executives, and corporations, which lets them start at small sums and donate larger amounts over several years.

At the Simon Graduate School of Business, events on financial topics that used to attract only 50 or 60 alumni are now attracting hundreds, says Zupan. The media also has been calling on the expertise of Simon’s faculty more fre-

Survival Tactics


The article notes that, in an effort to reduce the cost of education, some schools are experimenting with individualized on-demand support and interactive instructional materials, while increasing the level of support available to students. Others are re-engineering business processes with new technology, reducing staffing needs, outsourcing business services, and even considering renting out their facilities when classes are not being held. Such efforts will make schools stronger after this recession than they were before, says Paul Yakoboski, principal research fellow of TIAA-CREF Institute and editor of Advancing Higher Education. The economic climate has given schools a “sense of urgency,” says Yakoboski. “Crises can result in institutions making very large, creative changes in very short periods of time.”

Take, for example, Tulane University’s Freeman School of Business in New Orleans, which may have been better prepared for the economic crisis than most schools. In August 2005, after Hurricane Katrina struck, the school was forced to streamline its courses, reorganize its operations, and redesign its MBA program to pull through the massive disruption caused by the hurricane. In essence, says its dean, Angelo DeNisi, the school already went through the worst. It adapted—and survived.

Today, with Tulane’s endowment down more than 20 percent, the school is taking advantage of efficiencies it put in place in 2005. “Even though raises have been minimal, we haven’t had any layoffs or furloughs. We still have budgets for traveling and research,” says DeNisi. “Things are going fairly well.”

Indiana University in Bloomington recently announced that it would slash its budget by $4.9 million this year—a reaction to a reduction of its funds from the state of Indiana. But because IU operates under a system of “responsibility-centered management,” IU’s Kelley School of Business has the freedom to generate its own revenue, subtract its costs, pay the university back for taxes, and keep what’s left. “Most schools operating under that model should do reasonably well during the recession,” says dean Dan Smith.

Smith plans modest changes for the 2009–2010 year. Raises will drop from 4 percent to 1 percent, and most budgets will remain flat. The 40-page color magazine that usually goes to alumni twice a year will be mailed once and posted once online. “That will save $100,000 right away,” says Smith.
Few schools are as strapped as those in California, which at one point faced a $26 billion deficit. The University of California and California State University systems alone could see $335 million in cuts for the 2009–2010 and 2010–2011 academic years. In addition, the Cal Grant program, which provides grants to college freshmen, will be phased out—200,000 freshmen who had received grants will have those grants reduced or rescinded. The budget crisis is so bad, “we’ve just stopped talking about it,” says Gail Naughton of San Diego State University’s College of Business Administration. With SDSU’s endowment under water, the school, in the midst of its first-ever capital campaign, is taking creative approaches to find the funding it needs.

To avoid faculty layoffs, Naughton and her advisory board plan to raise $3.3 million to pay for the benefits of several faculty members, under an agreement with SDSU that the university will support those faculty after three years. The school also received permission from its board to restructure its endowment so that it can draw from principal to cover its teaching expenses. “If we don’t take these steps now,” says Naughton, “we won’t be in a good position once the crisis ends.”

Even executive education, traditionally a top revenue generator, has taken a hit, says Mark Zupan of the University of Rochester’s Simon School of Business. His school has seen a 25 percent reduction in enrollment to the school’s executive MBA program. “We’ll have accepted an applicant, and then he will call to say his company has backed away from its commitment to fund the program,” says Zupan. “I haven’t seen that happen in 20 years in the industry.”

One lasting result of the recession may be new attitudes toward endowments. “It used to be that ‘the school that dies with the biggest endowment wins,’” says DeNisi. “Today, donors no longer trust that they can give us a $1 million endowment and it will be safe. Now, if $1 million is worth $50,000 annually, they would rather just give $50,000 a year.”

Perhaps the best protection against collapsing endowments is to rely on different funding models altogether. Some European business schools, such as the Monaco Business School at the International University of Monaco, are supported completely by student tuition and fees. “We do not rely on an endowment or other forms of support,” says Boris Parkovich, director of IUM’s doctoral program.

DeNisi agrees that “tuition will have to drive more of what we do.” Already, some universities are beginning to nudge their tuitions higher, adopting models that offer a more reliable base of support during bad times. That, along with some creative problem solving, won’t just pull business schools through the recession, says Yakoboski. It also will put them in stronger, more competitive positions once they make it to the other side.

To download the PDF of the TIAA-CREF article, “Managing Higher Education in Uncertain Times,” visit www.tiaa-crefinstitute.org/articles/higher_ed_uncertain_times.html.
An evolving economy brings unprecedented change—and offers unexpected opportunities for radical reinvention.

Historically, some of the most profound innovations in science and business have taken place during times of stress. During World War II, we saw more scientific development than we’ve seen in any other era. During the 1980s, when companies laid off massive numbers of staff, we realized we had to devise new ways to accomplish the work that needed to be done.

Today’s institutions of higher learning also are facing stressful times. In this volatile economic climate, state funding is down, endowments are falling with the stock market, and students can’t afford higher tuition. At the same time, traditionally profitable enrollments in executive education noncredit courses are shrinking because fewer people can afford to pay for such programs. These are certainly causes for alarm—but they might also be opportunities in disguise, chances to try new ideas and implement new initiatives that otherwise might never be accepted.

Earlier this year, in conjunction with its annual Dean’s Conference, AACSB International held a bonus workshop titled “Responding to the Global Economic Impact on Business Schools.” At the workshop, more than 100 people from 20 countries—a third of them from outside the U.S.—discussed ways to address the challenges facing today’s business schools. I led the workshop with Gail Naughton, dean of the College of Business Administration at San Diego State University in California.
DISCUSSION NO. 2:
Thinking Strategically

The Situation
The current global climate is overwhelming and uncertain. With business schools’ success and survival at stake, many deans and faculty risk cleaving too tightly to outdated training, experiences, competencies, or technologies. Business schools must ensure they stay relevant. They also must strive against becoming more uniform at the very time when differentiation is essential.

Suggested Actions
• Carve out “quiet time” for strategizing.
• Build a strong strategic planning staff.
• Define a unique mission.
• Focus on what the school does best.
• Conserve resources by deciding what not to do.
• Strengthen the business school’s autonomy.
• Cross disciplines.
• Identify growing industries, like energy, sustainability, healthcare, and government.
• Train and recruit faculty in these fields.
• Learn from mistakes.

Workshop participants were divided into 16 discussion groups, where they tackled ten topics of concern for today’s business schools. Half of the groups reported on problems associated with their topics, and the other half reported on solutions. Each discussion inspired an energetic exchange of ideas as participants offered not only their own schools’ solutions, but also completely new approaches to the challenges today’s higher education institutions face.

The workshop’s exchange of ideas was valuable, but its main benefit was that people realized they were not alone. They also realized that we must look for alternatives to “business as usual.” The central theme of the workshop and conference was that we all must prepare for the future, since the economy isn’t going to turn around in a year. We have to understand our options, and we have to act.

The following pages outline the problems that workshop groups discussed and highlight the solutions they suggested. Together, their proposed solutions might provide a toolkit of new ideas for business educators and ways to see the opportunities in today’s tough times.

DISCUSSION NO. 1:
Coping with Change

The Situation
Ever since Alvin Toffler published Future Shock in 1970, change has occurred at an unprecedented rate. Most academics don’t understand or appreciate change theory, considering it part of “social sciences.” As a result, many of them have been paralyzed by the rapidly changing environment. But business school deans have no choice but to learn to cope with change. They can’t merely reminisce about the past; they must look to the future.

Suggested Actions
• Welcome change as an opportunity to accomplish new goals.
• Anticipate change and keep informed about options.
• Understand the new technologies and resources that accompany change.
• Learn from Kurt Lewin’s theory of social change, which advocates unfreezing, moving, and refreezing to overcome inertia and move into a new mindset.

DISCUSSION NO. 3:
Placing Graduates

The Situation
As overall unemployment rapidly increases, it’s harder for students to land jobs—which is the reason they’re attending business school in the first place.

Suggested Actions
• Partner with prospective employers to create programs that suit the needs of future business.
• Expand experiential learning opportunities.
• Create employer-student mentoring programs.
• Support on-campus business speaker programs.
• Invite more prospective employers to campus.
• Help students develop stronger networking and job-search skills.
DISCUSSION NO. 4: Funding Programs

The Situation
Because of the recession, schools might see government funding drop by as much as 30 percent, while some endowment values are down by as much as 40 percent. Even if schools increase enrollment, tuition caps limit what they can charge. A loss of funding can hurt program offerings; it can make students anxious about losing financial support; and it can lead to a drop in morale among faculty.

Suggested Actions
Raise money:
- Seek more collaborative grants and contracts.
- Expand development and fund-raising activities.
- Expand credit and noncredit programs that generate surplus revenue.
- Increase out-of-state student enrollment at higher tuition.
- Revamp student fees:
  ‣ Require students to pay more for extra services.
  ‣ Charge tuition on a per-course-hour basis.
  ‣ Charge more for programs in high demand.
- Revisit agreements with the university:
  ‣ Require nonbusiness university programs to pay for business courses.
  ‣ Renegotiate revenue-sharing programs.
  ‣ Urge the university to eliminate caps on student tuition.
  ‣ Borrow from the university to bridge budget deficits.
- Help the university seek additional government funding or participate in economic stimulus programs.

Reduce expenses:
- Eliminate inefficient policies and practices.
- Cut back on operating budgets.
- Restrict student enrollment.
- Reduce course offerings for nonbusiness programs.
- Eliminate academic administrative units and programs.
- Deliver more courses or programs electronically.
- Increase class sizes.

Redeploy faculty:
- Increase faculty teaching loads.
- Renegotiate faculty time for teaching and research.
- Utilize more shared PhD seminars and courses.
- Hire new faculty only to fill critical needs.
- Don’t fill other empty positions.
- Provide early retirement incentives.
- Consider drastic solutions:
  ‣ Eliminate faculty positions.
  ‣ Put faculty and staff on furloughs.
  ‣ Reduce salaries.
  ‣ Abrogate tenure for core faculty positions.

DISCUSSION NO. 5: Fund Raising

The Situation
Both businesses and individuals are suffering from the recession and have less money to give. Many existing pledges are being retracted or delayed, and some longtime supporters are shifting their gifts to charitable organizations. As a result, some business schools have seen annual giving drop by at least 25 percent, while new major gifts have gone down by a similar number. Staff reductions in the development office have exacerbated the problem, and so have situations in which business schools find their needs in conflict with policies in the central development office. (For more on fundraising, see “Giving in Tough Times” on page 36.)

Suggested Actions
- Make all stakeholders aware of funding needs.
- Participate in university development plans.
- Tie special requests to specific outcomes, especially future accomplishments.
- Be sensitive to donors’ situations:
  ‣ Continue donor stewardship activities.
  ‣ Allow them to pay commitments over a longer period.
  ‣ Offer workshops and seminars tailored to their needs.
- Welcome smaller gifts.
- Focus on deferred and future gifts, such as bequests, charitable trusts, and property.
- Approach corporations and high-net-worth individuals who have been less affected by the recession.
- Focus on alumni:
  ‣ Remind them that their degrees are enhanced by improvements to the school.
  ‣ Support them in career transitions so they can support the school in the future.
DISCUSSION NO. 7: Attracting and Retaining Faculty

The Situation
The current business faculty deficit exceeds 1,000 per year. Some schools already are understaffed, and those with budget restrictions will find it difficult to hire and retain faculty if top professors are wooed away by elite institutions with more money. The supply of academically qualified (AQ) faculty may be reduced further as schools cut back on doctoral programs, but more professionally qualified (PQ) faculty may become available as seasoned executives are downsized out of jobs. However, schools need both AQ and PQ faculty to attain AACSB accreditation.

Suggested Actions
• Create a favorable work environment that is supportive of faculty productivity.
• Use chaired professorships to keep and attract highly qualified faculty.
• Use faculty retention salary adjustments only for top performers.
• Hire graduates from AQ Bridge and PQ Bridge programs.
• Hire visiting faculty.
• Hire or train faculty who can teach interdisciplinary courses.

DISCUSSION NO. 8: Managing Enrollment

The Situation
More people are considering business schools, because people historically invest more in graduate business education during poor economies. But if the university controls student enrollment, the business school might not see additional revenue from higher enrollments. At the same time, many business programs are becoming generic, and other programs at some universities are replicating the business curriculum, causing the business degree to lose value. Meanwhile, the business school’s resources can be consumed by students who have double majors or minors that include business.

Suggested Actions
• Develop differentiated graduate and undergraduate programs.
• Determine optimal enrollment levels of all programs.
• Reduce or eliminate nonessential academic programs.
• Reduce or eliminate services offered to anyone outside the business school.
• Reclaim responsibility for management courses that have been taken over by nonbusiness departments.
DISCUSSION NO. 9: 
Maintaining Teaching Relevance

The Situation
Because most business schools offer discipline-based courses, few faculty have the cross-disciplinary training to teach what’s happening in the current market. Critics claim that management degree programs are generic, and they ask hard questions. Are business schools still relevant? Are students being taught to think critically? Are students actively participating in the teaching/learning process?

Suggested Actions
• Encourage faculty to expand their research, particularly into relevant emerging fields.
• Keep doctoral education focused on relevant topics, particularly in emerging fields.
• Expand faculty experience in business and government.
• Supplement textbooks with more just-in-time information sources—from the newspaper to Web news feeds to stock market data—to illustrate financial principles through current events in politics, business, and the economy.
• Develop expanded partnerships with local firms to stay more closely in touch with what businesses need.
• Strengthen interdisciplinary teaching:
  † Hire and train faculty to teach cross-functional courses.
  † Expand students’ interdisciplinary learning opportunities.
  † Devote more centers to interdisciplinary research.
• Prepare students for the real world:
  † Expose them to topics such as business ethics and social responsibility.
  † Develop their critical thinking skills.
  † Give them experiential learning opportunities.
• Change learning objectives to better reflect a changing curriculum.

DISCUSSION NO. 10: 
Delivering Services

The Situation
While the uncertain economy will cause some existing educational programs to be curtailed, new ones will emerge. Economic development and impact studies will become increasingly important to business and government.

Suggested Actions
• Determine the market for new or expanded programs—and deliver them.
• Offer more programs related to economic development and impact.
• Enhance entrepreneurship programs to attract newly unemployed individuals.
• Expand credit and noncredit programs that generate surplus revenue.
• Expand programs that build on faculty members’ skill sets.
• Develop appropriate infrastructure to support program delivery.
• Expand grant and contract activities to prepare for the next round of change.

Today’s “Black Swans”
As educators discussed and exchanged these ideas during the conference, I was reminded of the 2007 book The Black Swan by Nassim Nicholas Taleb. His title refers to a widely held belief among 17th-century Europeans that there was no such thing as a black swan, because no one had ever seen one. They would eventually learn, however, that black swans commonly existed off the coast of Australia. Similarly, Taleb notes our tendency to disbelieve that which we cannot predict. But even rare events—the dotcom bubble, 9/11, or today’s financial collapse—aren’t as rare as we’d like to think. Once they happen, the world is never the same.

No one anticipated this financial crisis—the economic equivalent of Taleb’s black swan—and yet it will have extreme impact. Business schools need to accept the notion that things will never be the same. But they also can take advantage of change to try new and sometimes even radical ideas to push forward and prepare themselves for a time when the next black swan inevitably arrives.

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To the Ends of the Earth

by Howard Thomas

Whether or not you agree with Thomas Friedman that the world is flat, it’s certainly interdependent. It’s also changing, as emerging nations become a bigger part of global commerce. AACSB International has long been focused on promoting quality management education around the world, and I expect this commitment to globalization to be my key priority during my time as the association’s new board chair.

During the following year, AACSB will engage in many activities that build on and intensify its long history of global outreach. For instance, AACSB has recently held or plans to hold conferences, seminars, and other major events in locations around the world, including Barcelona, Paris, Buenos Aires, Shanghai, Dubai, and Sydney. In June, the association opened its regional headquarters in Asia with an office in Singapore. But even more efforts at internationalization are on their way, and they will shape the association for years to come.

Outreach and Expansion
AACSB is currently gathering information that will help it expand its membership and knowledge base. The association has launched a European version of the Business School Questionnaire, and the European Affinity Group will help the association add more questions over the years to keep the questionnaire relevant.

AACSB’s new board chair is passionate about expanding quality management education across the globe—to both developed and developing nations.
In addition, AACSB’s board has just approved a proposal to establish a series of advisory task forces to address regional issues. In the first phase, the board will create a task force that will recommend ways the association can enhance support to schools in Europe. If this is successful, the board plans to create advisory task forces for other regions over the next several years.

Other task forces will be doing work that I consider even more critical. A task force is examining the role of business schools in supporting innovation. Another is charged with studying the globalization of business education and assisting business school leaders with information about best practices in the internationalization of business education.

Meanwhile, the Special Committee on Global Accreditation Strategy has the broad charge of considering accreditation strategy around the world—including in developing nations. I believe that, in the future, AACSB will need to focus heavily on these emerging regions as it continues to promote high-quality management education.

**A New World Map**

It’s instructive to note the membership trends from the past 20 years. In 1988, less than 10 percent of the association’s members were based outside of the U.S. Today, that number is 40 percent; in four years, it’s probable that half of all AACSB members will be from outside the U.S. In the last year, AACSB added 54 new educational members—85 percent of them from outside the U.S.

While AACSB’s reach extends around the world, there are also significant areas where it is conspicuously absent. So far, nearly all of AACSB’s accredited schools are in wealthy Westernized countries. We need to find ways to increase the association’s reach in underserved areas—Asia, parts of Eastern Europe, Latin America, and Africa. These countries pose unique challenges, in that they lack educational materials that can make management education relevant to their regions. They also lack the resources and the emphasis on research that will help them produce enough professors to teach management.

The opening of our regional headquarters in Asia was critically important, not just because of the access it will give us to a vital and growing part of the world, but because of its symbolism. AACSB has to be part of this diverse region of the world as a thought leader, a quality assurance mechanism, and a provider of accreditation. Yet we know that the standards we apply to business schools in Western countries may not accurately measure the quality of schools in emerging economies, or adequately address the specific
challenges they face. We have to find a way of improving quality in these business schools while leveraging their strengths and cultural differences.

In 2008, GFME produced a report on the “Global Management Education Landscape,” which very much reflects my views about how we must proceed. As that report points out, “Globalization means that business and management must be understood in the context of local history, politics, and culture. Therefore, management education should not be ‘culture free,’ but ‘culture full.’”

Yes, we need to expand high-quality management education into developing parts of the world, but we do not need to impose an American- or European-style MBA on Asia and Africa. We need to assist schools in those countries to create cases, textbooks, and other data with regional relevance—with a goal of educating managers so they are equipped to understand the problems and opportunities they will be dealing with in their own nations. We need to find ways to assure quality of education while still honoring cultural and regional diversity.

Many Models
The fact is, there isn’t—and there shouldn’t be—just one model for business education. There are a series of models, and those will become more evident as AACSB’s membership expands. In fact, all schools can be differentiated on three measures—institutional differences, which come down to national contexts; competitive differences, which are defined by markets; and differences in social capital, which reflect a school’s national and international reputation.

For instance, in many ways European schools are distinctive. In 2007, Don Antunes and I published “The Competitive (Dis)Advantages of European Business Schools,” in which we explore how European business schools tend to stress diversity, celebrate cultural differences, and rely heavily on international and corporate connections. They also favor flexibility and innovation; they were among the first to adopt distance learning technology, as well as one-year degree programs. While the influence of the Bologna Accord and international accreditation standards have created some standardization among them, they still tend to have highly individualized identities. They work to make their programs more relevant to their local business needs and customs.

I believe some of the same reasoning will apply to AACSB’s expansion into developing nations. We will need to keep in mind what kinds of business programs will work best for schools in these specific countries—and help them maintain and solidify their own identities.
We will be assisted by an amazing array of Internet-enabled tools, including e-learning, mobile learning, digital libraries, and others we don’t even know about yet. In developing countries, these tools promise to have tremendous influence on introducing younger generations to management education. In developed countries, these tools can provide continuous education opportunities for working professionals and somewhat alleviate the stresses caused by the doctoral faculty shortage. In short, as new technology is developed and adopted, it will enable AACSB to help all schools achieve their quality improvement goals.

The Impact of Research

Both technological tools and the globalization of management education are having a profound influence on another one of AACSB’s key concerns: the impact of management research. In 2008, AACSB published an in-depth report on this subject, which can be found online at www.aacsb.edu/.

Profile of Two Schools

As Howard Thomas finishes out 2009 with Warwick Business School and begins 2010 with Singapore Management University, he will move between two very different environments. WBS, a 40-year-old institution, is a department of the University of Warwick, which is based in the heart of England. It is situated within a few miles of both Coventry and Stratford-upon-Avon and 90 minutes from London.

While the school offers a range of undergraduate, post-graduate, and executive education opportunities, about one third of the more than 6,700 students enrolled during the 2008-2009 academic year were studying for some variant of an MBA. Options include distance learning; executive, corporate, and full-time MBAs; master’s of science degrees in a range of functional disciplines; and an MPA, or a public sector MBA.

Warwick supports seven research centers, including the Centre for Management under Regulation, the Centre for Small & Medium-Sized Enterprises, the Financial Econometrics Research Centre, the Financial Options Research Centre, the Industrial Relations Research Unit, the Local Government Centre, and the Innovation, Knowledge & Organisational Networks Research Unit. The school has been accredited by AACSB International, the European Foundation for Management Development, and the Association of MBAs.

By contrast, Singapore Management University is a young school, established in January 2000 with the close involvement of the Wharton School of the University of Pennsylvania in Philadelphia. SMU is located on a city campus in heart of Singapore’s business and cultural districts.

In addition to the Lee Kong Chian School of Business, SMU is home to schools of accounting, business, economics, information systems, law, and social sciences. The 6,000 students can pursue six bachelor’s degrees and 11 master’s degrees, as well as PhDs in economics and information systems. A PhD in finance is also in the works.

SMU still maintains close ties to Wharton, in part through the Wharton-SMU Research Centre. Twelve other centers of excellence support the school’s research and learning objectives, including those focused on dispute resolution, marketing excellence, social innovation, and other areas. The school also collaborates with Carnegie Mellon University in Pittsburgh, Pennsylvania, and the University of Chicago in Illinois.

Thomas is looking forward to his new challenge. He says, “I’ve led an American business school and a European business school, and now I have a chance to lead an important business school in Asia.”
resource_centers/research/default.asp. Scholars are also taking a closer look at the impact of research, myself included. Alex Wilson and I recently collaborated on the article, “An analysis of the environment and competitive dynamics of management research,” which is forthcoming in The Journal of Management Development.

These types of studies make it clear that the Internet has made it much simpler for scholars around the world to collaborate, leading to globally focused research that is widely distributed through electronic outlets. But even as management research becomes more international, it continues to face a series of related challenges: remaining accessible, collaborative, and useful to business.

I think one answer to all these challenges is for management research to focus more on cross-disciplinary topics of great importance to the world today. These might include sustainability, climate change, healthcare, security and terrorism, entrepreneurship, global accounting, and global risk management. Topics like these lend themselves to focused analytical inquiry that demands rigor—but they also have immediate relevance to the real world.

But it’s not enough for business schools to produce valuable research. They also must find ways to disseminate it more widely and in formats that are more comprehensible to the average person seeking knowledge. When Warwick Business School recently provided its advisory board with key papers from its leading researchers, I was surprised to find that the most common complaint was that the papers were hard to read and filled with too much academic jargon. Our advisory board members also believed the school should reformat the papers and publish abridged information on our Web site and in venues such as the Financial Times and The Economist.

In addition to disseminating research more widely, I believe we must consider new ways to measure its impact. We need to do more than simply count how many times an article has been cited in scholarly journals. We need to understand how it is being utilized in practical, hands-on applications.

**Much to Be Done**

Even while the association fine-tunes its efforts in globalization and research, we can’t overlook other defining initiatives. AACSB will continue to provide leadership in areas such as ethics, peace through commerce, and assurance of learning. And, of course, we will continue to promote what is and always will be our core mission: accreditation.

As AACSB expands its efforts to support quality management education in every nation, we will bring with us our focus on balanced research, our understanding of assurance of learning techniques, and our commitment to thought leadership. In short, we will bring with us our unwavering dedication to quality management education.

Howard Thomas is dean of the Warwick Business School in the U.K. and the 2009–2010 board chair of AACSB International.
The Limits of Consumption

How much consumers are willing to spend depends greatly on what they’re buying, say marketing professors Glenn Voss of Southern Methodist University’s Cox School of Business in Dallas, Texas; Andrea Godfrey of the Anderson Graduate School of Management, University of California, Riverside; and Kathleen Seiders of Boston College’s Carroll School of Management in Massachusetts. In some categories, consumers will only buy so much; in others, they often can’t buy enough.

Consumers make purchases in what the researchers call “weak-satiation” and “high-satiation” categories. Clothing, for example, is a weak-satiation category—as one’s income increases, so can one’s motivation to spend. Food, insurance, auto services, and banking services, on the other hand, fall into high-satiation categories—most consumers limit what they’ll spend, no matter what their income.

Companies in weak-satiation categories can use a wide range of tools to attract customers, including new ad campaigns, customer rewards programs, pleasant shopping environments, and trained staff.

Those in high-satiation categories must take more careful approaches. Additional advertising will fall on deaf ears if customers already have spent all they intend to spend, the researchers say. It’s also unlikely that major improvements in service will result in more sales. Instead, say the authors, these companies should identify and target less-satisfied customers—those who have not yet reached satiation—and elevate their satisfaction by building relationships, providing more convenience, and offering new products.

Banks, which often have poor customer satisfaction ratings, are well aware of this concept, says Voss. They know that even if they offer wonderful service, a person of modest income is unlikely to spend any more than he already is. Therefore, they create promotions to try to take “100 percent share” of a customer’s potential spending.

Especially now, when customers have become more careful with their money, it makes sense to know how to market effectively in high-satiation environments, the researchers suggest. Their paper, “Does Consumption Know No Limits? The Moderating Role of Satiation in Determining Customer Repurchase Rates,” is under review.

Promotional Tests Lead to Anxiety

While some organizations use standardized tests to determine promotions, they may do more harm than good. This is a finding of a new study by Julie McCarthy, professor of organizational behavior at the University of Toronto’s Rotman School of Management in Ontario, Canada; Coreen Hrablik, now at Deloitte; and R. Blake Jelley, professor of organizational behavior at the University of Prince Edward Island’s School of Business in Canada.

McCarthy, Hrablik, and Jelley studied the use of promotional exams with Ontario police officers. They found that these tests could discourage candidates from applying or create anxiety that could hurt their performance. They argue that organizations can help employees do their best in promotional processes by developing test preparation tools designed to manage exam anxiety.

Organizations “need to ensure...
that the process they are using is fair and that people are going to have positive reactions to the process, even if they do not receive a promotion,” says McCarthy.


Secrets of Sequel Success

A new study finds that four key factors determine whether a movie sequel will flourish or flop at the box office. These factors include parent brand awareness, wide distribution, positive parent brand image, and star continuity from the original film to the sequel.

The study was conducted by Mark Houston, a marketing professor at Texas Christian University’s Neeley School of Business in Fort Worth; Thorsten Hennig-Thurau, professor of marketing and media research at Bauhaus University-Weimar in Germany; and Bauhaus doctoral student Torsten Heitjans. The researchers examined all 101 “first sequels” of parent films released from 1998 to 2006 in North America and compared them with 303 non-sequels released during the same period. They pulled data from resources ranging from Nielsen VideoScan to the Motion Picture Association of America, gathered consumer comments from the Internet Movie Database, and consulted with industry experts from the Academy of Motion Picture Arts and Sciences.

RESEARCH RECOGNITIONS

- Management professor Scott Anchors is the 2009 recipient of the Gordon Lawrence Educational Achievement Award from the Association of Psychological Type International in Dallas, Texas. Anchors, who teaches at The Maine Business School at the University of Maine in Orono, received the award for his work and research with the Myers Briggs Type Indicator (MBTI) personality test. As a student affairs administrator in the 1980s, Anchors used the MBTI to match roommates, advise students, plan programs, and solve management challenges. He has conducted several research projects using the MBTI to examine student retention, activity patterns, and academic success. Anchors currently is studying how personality affects students’ choice of major and managers’ use of time, as well as how managers can use the MBTI approach to lead more effective meetings.

- The American College Center for Ethics in Financial Services has appointed Anthony H. Catanach Jr. as the first recipient of its Cary M. Maguire Fellow in Applied Ethics. The fellowship is designed to investigate what forms of disclosure are meaningful and how this “meaningful disclosure” can be promoted and encouraged. Catanach, an associate professor at the Villanova School of Business in Pennsylvania, will use the Maguire Fellowship to pursue his research in the accounting industry.

- Srinivasan also received best paper honors at the conference for a study he co-authored with James Lattin, also of Stanford, and former doctoral student Oded Netzer, now an associate professor of marketing at Columbia Business School. Srinivasan and Lattin won the John D.C. Little Award for best marketing paper of 2008; Netzer won the Frank M. Bass Award for the best marketing paper based on a doctoral thesis published in an INFORMS journal. Their study, “A Hidden Markov Model of Customer Relationship Dynamics,” was published in the March–April 2008 issue of Marketing Science.

- INFORMS Society for Marketing Science awarded its Fellow Award to three marketing professors for their lifetime contributions to the profession. V. “Seenu” Srinivasan of Stanford University’s Graduate School of Business in California, Glen Urban of the Massachusetts Institute of Technology’s Sloan School of Management in Cambridge, and Don Lehmann of Columbia Business School in New York received the honor in June at the 2009 INFORMS Marketing Science Conference in Ann Arbor, Michigan.

- Ben Rosen won the first Bullard Research Impact Award given by the University of North Carolina’s Kenan-Flagler Business School in Chapel Hill. Rosen, a professor of organizational behavior, won the award for the impact his research has had on business and society over the last ten years. His research specializes in issues of diversity, age, and gender in the workplace.
New Way for Exec Pay

Four professors have proposed a solution to the problem of executive compensation in a working paper, “Dynamic Incentive Accounts.” The paper was written by assistant finance professors Alex Edmans at the Wharton School at the University of Pennsylvania in Philadelphia, Xavier Gabaix of New York University’s Stern School of Business, and assistant economics professors Tomasz Sudnik of NYU Stern and Yuli Sannikov of Princeton University in New Jersey. The professors recommend replacing today’s short-term compensation models—that often emphasize stock options—with dynamic incentive accounts. These accounts would invest only a percentage of their value in company stock; the rest would be held as cash. If the stock price falls, the account would be rebalanced by drawing from cash to purchase more stock. That model ties the manager to long-term performance, providing “strong incentives to improve shareholder value in both good and bad times.” The paper is available at ssrn.com/abstract=1361797.

Analysts Miss the Missing Week

One week out of five years may not seem significant when it comes to financial reporting, but it’s more important than financial analysts might think, according to a study by Andrew Leone, accounting professor at the University of Miami School of Business in Coral Gables, Florida; assistant accounting professors Sun-daresh Ramnath and Ya-Wen Yang, also of UM; and Rick Johnston, assistant professor of accounting and MIS at The Ohio State University’s Fisher College of Business in Columbus.

The researchers note that many companies report earnings four times a year based on 13-week quarters. That timing leaves one day unaccounted for in most years—two days in leap years. To make up for those days, companies report quarterly earnings based on 14 weeks once every five or six years.

After examining research involving 600 companies and 365 financial analysts, the professors found that most analysts ignored that extra week, instead basing their estimates...
## Power and the Perception of Guilt

The more powerful people are, the worse the public views their misdeeds, notes a new study by two professors from Kenan-Flagler Business School at the University of North Carolina in Chapel Hill. Alison Fragale, assistant professor of organizational behavior, and Ben Rosen, professor of management, found that, when it comes to mistakes, people believe powerful people should simply know better.

In one experiment, Fragale and Rosen created two scenarios. In the first, participants were told that a new drug had caused several deaths and that a junior scientist had designed the drug trial. In another, they were told that a senior scientist had designed the drug trial.

The oversight also has an impact in the same quarter in the following year. Analysts often overestimate revenues during that time, because they forget that the quarter in the previous year had an extra week.

These results are unexpected given that analysts can easily access the information, says Rammath. “We attribute analysts’ and investors’ apparent failure to do so to a lack of effort rather than ability,” he adds.

Their working paper, “14-Week Quarters,” can be found online at papers.ssrn.com/sol3/papers.cfm?abstract_id=1328026.

### Lessons from the Bologna Process

A report from the Institute for Higher Education Policy (IHEP) explores the Bologna Process, the effort among 46 European countries to adopt common standards for higher education degrees—particularly in comparison to higher education institutions in the United States. The report finds that the Bologna Process has produced stronger degrees and more transparent student learning outcomes, in many cases, than U.S. institutions. It references efforts by higher education systems in Indiana, Minnesota, and Utah to test how well elements of the Bologna Process would work in a U.S. context. It also covers how the Bologna Process standardizes education at three levels: degrees, courses, and credits. The report, “The Bologna Process for U.S. Eyes: Relearning Higher Education in the Age of Convergence,” is the third publication in IHEP’s five-part series related to its Measuring Global Performance Initiative. It is available on IHEP’s Web site at www.ihep.org/Research/GlobalPerformance.cfm.
Research

Researcher had been responsible. Participants were more likely to think that the junior scientist had made a simple mistake, but that the senior scientist deliberately designed a trial to produce misleading data.

In another study, some participants were told that a woman with high social and political status had underpaid her income tax; others were told that a daughter of Mexican immigrants had done the same. Again, participants believed that the first woman had broken the law, while the second had merely made an error.

The researchers speculate that because powerful people are seen as rich, well-educated, and well-connected, others view their misdeeds as deliberate and selfish. A more cynical view could be that others take more pleasure in seeing those in power stumble, the researchers add—by punishing those in higher positions, people might feel better about their own less-privileged status.

The authors point to Martha Stewart as one prominent example: Although many people are caught at insider trading, few are ever jailed. Stewart, however, was not only convicted and jailed for the crime, but also harshly criticized in mainstream media. Because Stewart made her living as a celebrity selling perfection, Fragale and Rosen suggest, she was punished more harshly for her wrongdoing than others might have been.

Oprah Winfrey, on the other hand, has experienced many crises in her career without public backlash. The lesson for those in power, say the authors, is to think about reputation before they run into trouble. A high-status individual who has cultivated a reputation for philanthropy, kindness, and humility may do better in the court of public opinion than someone who has not.

The paper, “The Higher They Are, the Harder They Fall: The Effects of Wrongdoer Status on Observer Punishment Recommendations and Intentionality Attributions,” appeared in the January 2009 issue of Organizational Behavior and Human Decision Processes.

Advertisers Move to Movies

With DVRs allowing more viewers to watch their favorite television programs while skipping commercials, advertisers are turning to product placement in movies. Such placements result in a boost in a featured company’s stock price.

This was the conclusion of Michael Wiles, assistant professor of marketing at Arizona State University’s Carey School of Business in Tempe, and Anna Danielova, assistant professor of finance at McMaster University’s DeGroote School of Business in Hamilton, Ontario, in Canada. The researchers studied 126 product placements in films released in 2002. They found an average abnormal stock price jump of .89 percent for the related companies during the films’ openings. In movies, companies can tie products “to the characters and what’s portrayed to get rich symbolic associations with the movie and pop culture,” says Wiles.

Placements linked to advertising campaigns before a film’s release often resulted in bigger jumps, while those in especially violent movies often resulted in lesser jumps. Placements in critically acclaimed movies also were less valuable, perhaps because viewers of these films found the placements disruptive to their film experience.

Given today’s advertising environment, the use of product placements in movies is likely to increase. It’s important that companies approach the practice carefully, says Wiles. “It’s a difficult balancing act to figure out which ones will be worth the most,” Wiles says. Advertisers must weigh the type of film, the promotion surrounding the film, and the number of placements already in the film to judge each placement’s value.

EXAMINING CORPORATE REPUTATION
Drexel University’s LeBow College of Business in Philadelphia, Pennsylvania, will open its Center for Corporate Reputation Management this fall. Directed by Elliot Schreiber, a professor of marketing at LeBow, the center will work to identify best practices in reputation, share applicable knowledge and research across disciplines, and address the importance of building and protecting a firm’s reputational capital.

CELL FOR INNOVATION
The Center for Leadership, Innovation, and Change (CLIC) at the Indian School of Business in Hyderabad has partnered with Indian biotechnology company Biocon Limited to form the Biocon Cell for Innovation Management (BCIM). Funded by Biocon, BCIM will focus on generating knowledge that helps companies better understand how to manage innovation while mitigating risks, minimizing costs, and producing new solutions.

A LOOK AT HEALTHCARE MANAGEMENT
The Cranfield School of Management in the United Kingdom is partnering with Cranfield Health, which includes the Cranfield University’s postgraduate medical school, to survey middle and frontline hospital managers. The study will ask how they handle the daily pressures of health service, as well as the effects their management has on patient outcomes and the quality of patient care. Launched in June, the three-year project is funded by a £387,000 grant from the National Institute for Health Research’s Service Delivery and Organization Research program. Its aim, says lead researcher and organizational behavior professor David Buchanan, is to identify best practices and provide practical guidance in the effective management of acute healthcare settings.

FUND FOR ETHICS RESEARCH
The University of Arizona Foundation in Tucson has received a gift from EthicsPoint, a provider of hotline and anti-fraud reporting and case management services, to establish the EthicsPoint Fund for the Discovery and Dissemination of Ethics Research. The fund will support ethics research in areas such as organizational justice, behavioral decision making, and management information systems. Research findings will be distributed through reports, Webinars, and other programs. The aim of the fund, which will be administered by the department of management and organizations at the university’s Eller College of Management, is to promote a better understanding of “the dynamics behind behavioral ethics in business,” says EthicsPoint CEO David Childers.

EMPHASIS ON EMERGENT MARKETS
Businesses that are products of developing economies will be the focus of a new center at the University of Cape Town Graduate School of Business in South Africa. The role for the Centre for Emergent Market Business (CEMB) will be to produce research, textbooks, and case studies; develop new programs that address the issues of businesses in emergent markets; and highlight the role of business schools to address the talent shortage that these businesses face. The center will host a conference on emergent market business on the UCT campus in November.

Until recently, most work in this area has focused on BRIC nations (Brazil, Russia, India, and China), says Tom Ryan, an associate professor and acting director of the UCT GSB. “But there is a fast developing focus on doing business with and in Africa, with many African countries experiencing over 5 percent economic growth over the past three years.” In fact, he adds, the growth of emergent markets is predicted to outpace that of developed markets over the next 20 years.

The CEMB chose the word “emergent” in its name, rather than the more common term “emerging,” for a reason, explains Mills Soko, a senior lecturer heavily involved with the formation of the new center. “Emerging is a term used mainly by the financial world and is rooted in an ideology that implies the markets are moving toward a pre-defined goal,” says Soko. The term “emergent,” on the other hand, suggests that the growth of new markets is “largely unpredictable and alive with possibility.”
A company like IBM might once have been categorized as a manufacturer of computer equipment and accessories. But in today’s economy, IBM is seeing a greater portion of its revenue come not from selling equipment, but from providing a wide range of services to finance, support, maintain, and maximize efficiency for that equipment after the sale.

Graduates who understand how to design and implement stellar service components are just the ones IBM wants to hire, says Jai Menon, vice president of IBM’s Global University Programs. “We need people who can help us make our services profitable. But right now, we spend an enormous amount of money training our new hires,” Menon says. “We’re asking universities to add this kind of training to their curricula. If people will come to us with these skills, we’ll have to do less of the training ourselves.”

That demand is not limited to IBM. Menon estimates that at least 70 percent of the U.S. economy is now based on service-oriented activities, such as financial services, technical support, and after-sale product maintenance—and by next year, six out of ten jobs will be responsible for service-based activities.

“Five years ago, business schools were still focused on teaching students about manufacturing supply chains, rather than services supply chains,” says Menon. “Since then, we’ve been on somewhat of a crusade. We’re asking universities to start placing their teaching and research in a services context.”

**TRAINING “T-SHAPED” LEADERS**

IBM has launched its Service Science, Management, and Engineering (SSME) initiative to encourage more schools to adopt service-based curricula that teach students to successfully manage science, technology, business, and people, says Menon.

“In the past, universities have graduated students with I-shaped skills—skills deeply based in one field or discipline,” he says. “We’re looking for people with T-shaped skills, who have skills in one area, but whose knowledge also branches out into other areas.”

So far, most students come to SSME programs with solid skills in technological fields like computer science and engineering. But the number of business students enrolling in these programs is growing. Of the 250 schools now teaching an SSME curriculum, 38 include it in their business programs and 25 in their MIS programs.

Mitzi Montoya is the Zelnak Professor of Marketing Innovation and associate dean of research at North Carolina State University’s College of Management in Raleigh. As director of NCSU’s SSME program, Montoya believes that there will be no shortage of employers ready to hire graduates with service-oriented business degrees.

“So many industries today have a service component,” she says, noting that the trend goes far beyond...
typically service-oriented industries like banking and retail. She points to companies like IBM, Xerox, and HP that offer sales, support, and operation maintenance. Automotive companies, often viewed as traditional manufacturers, have moved into financing, roadside and after-sales services, and in-vehicle technologies like OnStar.

Two years ago, NCSU’s MBA program added a services concentration that allows students to choose one of two tracks: services management, which focuses on consulting, sales, and marketing; and services innovation, which focuses on the analysis and design of business processes. Of the four new courses developed for the concentration, three cover topics related to services management, business processes, and organizational culture. The fourth is a service innovation lab, where students in business, design, and engineering explore new concepts in service development and design.

Companies provide projects for students to tackle in each course, says Montoya. Insurance company Blue Cross Blue Shield asked students in the business process analysis and design course to look at its customer service operations and determine how it might best increase the range of products it offers. Target wanted to find new ways to interact with its customers, so it asked NCSU students to explore services it might offer in the virtual-world environment, Second Life.

Montoya agrees that the “T” concept is an apt metaphor for students who study SSME. “About 75 percent of our students come from science, technology, or engineering—that’s their ‘I,’” says Montoya. The training they receive in an MBA with a service management concentration helps them understand how technology, strategy, business processes, and people interact in service delivery, she adds. “We give them the bar that goes across the ‘T.’”

UNDERSTANDING THE SERVICE SUPPLY CHAIN
SSME also has become an important part of the curriculum at Manchester Business School in the United Kingdom. Its undergraduate program in information technology management for business incorporates a strong services orientation, and its MBA program offers an SSME elective.

Administrators are considering adding a master’s program devoted to service design and innovation, says Linda Macauley, professor of information system design. The move would be in recognition of how far and fast business is changing, she says. “Service has long been thought of as more of an art than a science—something that does not require a systematic or scientific approach. But major organizations are now realizing that more of their revenues are coming from services than manufacturing.”

In Manchester’s MBA elective course, students must choose services at their own companies to analyze and troubleshoot. The project can be an eye-opening look at how services are delivered—and how that delivery can be improved, says Macauley.

For instance, when one student studied his company’s call center, he found that operators were recording data inaccurately. That resulted in longer calls and greater customer frustration.

Some companies might blame these inaccuracies on the operators and demand that they process calls faster, says Macauley. But when the student looked at the bigger picture, he found that the problem stemmed from the job environment, not the workers. Operators reported low levels of job satisfaction, largely due to the restrictions they worked under—having to read from set scripts, for example. These restrictions took away the “human” element of the job and gave them very little motivation to improve.

“This student took a much wider view, examining IT systems, company operations, and employee morale. As a result, he found that the whole interaction with the customer could be improved by redesigning it to include more human-to-human contact,” says Macauley.

MARKETING ‘SERVICE SCIENCE’
Although businesses are seeking out graduates with service-based skill sets, there still is no clear job description that suits SSME graduates, says Macauley. “There are no job openings for ‘service scientists,’” she says. “If students call themselves ‘service engineers,’ people think they fix televisions!”

The goal for business schools, Macauley argues, is not only to give students skills that prepare them for a service-based economy, but also to market service science and innovation as a clear discipline and job track in its own right. To that
end, Macauley and her colleague, Liping Zhao, a professor of computer science at the University of Manchester, have formed the Web site www.SSMEnetuk.org to attract attention to the field, promote service-based curricula, and encourage research collaboration.

IBM has partnered with companies such as Oracle, Cisco, Sun, Xerox, and Microsoft to support research, award faculty, and provide fellowships to doctoral students to encourage more work in the discipline. Together, these companies have formed the Services Research and Innovation Institute (SRII). The goal of SRII, says Menon, is to fund research in service science in areas ranging from healthcare and finance to IT and business processes. Another goal, he adds, is to design new models to improve the quality, efficiency, and profitability of business services.

**FAR-REACHING EFFECTS**
As companies place more emphasis on services, they are creating a new business model that will require a specific set of skills from business graduates, says Macauley. “Instead of the service supporting the products, the products are now supporting the service.”

Technology promises to have an especially significant impact on the extent to which companies adopt service-based business models. New online advertising models, for instance, are likely to become more customized to suit individual users. The rise of social media like Second Life, Twitter, and Facebook also will add new dimensions to the services industry.

The growth of a service-driven economy has far-reaching implications for business school curricula, she adds. “There’s still so much we don’t know about the cost components of sales, delivery, financial management, and growth when it comes to services,” she says. “We need more educational opportunities and more research in this area.”

Graduates with service-oriented skill sets could have tremendous impact on how well people live their lives in the 21st century, says Menon. “Just look at what we’re trying to accomplish—designing more intelligent transportation systems, making a smarter energy grid, avoiding healthcare mistakes that kill 100,000 people each year in the U.S. alone,” he says.

With a solid understanding of how services are delivered, students will be better equipped to look holistically at big problems, Menon says. They’ll see not only how science, technology, and psychology interact to create these problems—but also how to re-engineer the interactions to solve them.

For information about IBM’s SSME initiative, visit www.ibm.com/developerworks/spaces/ssme. For information about the Service Research and Innovation Institute, visit www.thesrii.org.

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**Can Facebook Train Better Workers?**

Although many companies view the use of sites like Facebook as drains to productivity, a researcher at the University of Western Ontario’s Richard Ivey School of Business in Canada begs to differ. In a recent study, Nicole Haggerty, an assistant professor of information systems, found that using Facebook and other social networking sites might help employees develop stronger communication and technological skills.

In several studies, Haggerty and former doctoral student Yinglei Wang measured a skill they call “virtual competence.” The term refers to workers’ confidence in their use of collaborative technology. In one study involving Ivey students, for example, the researchers found that participants who were not well-versed in social networking did worse in e-learning environments than those who were. In fact, students who were accustomed to online social networking were not as satisfied with e-learning environments that did not include a social networking component.

Another study involved Ivey graduates who now worked in management positions. The researchers found that those with more experience on social networks reported higher job satisfaction and displayed better job performance.

These findings suggest, for example, that Ontario officials made a mistake in 2007 when they banned government employees from using Facebook during working hours. Instead, says Haggerty, all managers may want to make social networking technologies a bigger part of the working environment, because
workers with greater virtual competence communicate more effectively via e-mail, blogs, and other Web-based forums—making them stronger employees overall.

“When an organization bans something for short-term productivity reasons,” she concludes, “it may be stifling the development of capabilities that are valuable in the long run.”


Mobile IT Makes Its Mark On Education

The iPhone and other mobile devices are quickly becoming near-necessities among college students—so much so that many schools are increasingly using them as tools for education as well as entertainment. Programs centered on mobile technology and applications are appearing on a number of different campuses.

Designing the Campus App. The University of California, San Diego, has created its own free iPhone application that provides users with mobile access to information about the school’s courses and athletic teams, as well as faculty and student directories and YouTube videos related to the school.

Via the touchscreen of an iPhone or iPod Touch device, users can access an interactive map feature to search the campus to locate buildings by name. They not only can view photos of the buildings, they also can see a building’s position relative to their own, using a GPS service.

So far, the application has been a hit with students. In the first two days after its release, students downloaded it 2,100 times. Eventually, the school plans to design the application to allow the download of audio lectures and podcasts. By the end of the year, a BlackBerry with multitouch...
Technology

capabilities also will be compatible with the application.

**Forming an iCommunity.** HEC Paris in France has become one of the first business schools to create a profile on iTunesU, Apple's mobile learning platform. It has created a public site, which includes information about its courses, research, and community. The profile also includes downloadable course materials—including videos, podcasts, online tutorials, and user-generated content—in a protected area for its own community.

**Tapping the Smartphone.** Indiana University’s Kelley School of Business has entered a two-year pilot agreement with AT&T to use BlackBerry smartphones to deliver educational content to MBA and doctoral students at its Bloomington and Indianapolis campuses. Students who participate in the program will use their smartphones to access campus e-mail and calendars, as well as the school’s existing BlackBerry Enterprise Server.

**Encouraging Interactivity.** Technology suppliers to higher education are also tapping into the trend. Class capture Web service company Tegrity now includes an application in Tegrity Campus for the iPhone and iPod Touch that allows students and instructors to bookmark key points of a lecture in progress by clicking a key on their iPods, iPhones, browser-enabled cell phones, or regular browsers.

Turning Technologies also is offering a free new app for ResponseWare, its polling software. The application allows students to submit responses to interactive questions via an iPhone or iPod touch inside or outside the classroom.

**AACSB Expands Web Options**

With business administrators and faculty turning to online communication tools in greater numbers, AACSB International has created new Web-based features to enhance its interactions with the business school community:

- **Conference microsites** now offer visitors easy-to-navigate online homes for upcoming AACSB conferences, where visitors can access information related to conference location, topics, and learning outcomes, as well as registration, exhibits, and sponsorships. The latest microsite for AACSB’s September Continuous Improvement Conference, for example, can be found at www.aacsb.edu/cic.

- Administrators embarking on new building construction can visit the association’s new online Business School Facilities Resource Center at www.aacsb.edu/resource_centers/facilities/. The site, which will grow over time, will offer ideas and inspiration to business schools that plan to revamp existing buildings or build new facilities from the ground up. Its opening page will highlight the features of new facilities at different schools on a rotating basis.

- To reach the broad higher education community, the association has created a new **Value of Accreditation** page at www.aacsb.edu/aacsb-accredited. Targeted to students, parents, recruiters, and counselors, the page outlines the process of accreditation and explains the requirements AACSB-accredited business schools must fulfill to earn and maintain the designation.

- AACSB’s site at BestBizSchools.com has been enhanced to include an interactive world map. After clicking on a continent of interest on the map, users can navigate their way into the map to a chosen country and city to find information about accredited schools in that region.

- AACSB also has plans for further online features in the works. To tap into the power of social networking, it soon will launch a members-only community to enhance networking opportunities and provide an online resource for information and developments in management education worldwide. The association plans to create two Facebook pages, a LinkedIn group, and a Twitter feed as well.

According to ABI Research, healthcare will continue to transition to wi-fi capability—it predicts that global sales of wi-fi-ready healthcare products will rise 70 percent by 2014, reaching revenues of $5 billion.
The Modern-Day Men’s Club

During the Victorian era, gentlemen’s clubs were run by members who conspired to keep out the “wrong sort” by making the rules of entry hard to understand and impossible to follow. Today’s top scholarly journals function in much the same way. Historically, publishers have burnished their reputations not by publishing useful and readable contributions to practice and teaching, but by becoming narrower and more exclusive. I believe this mindset is damaging the entire field of business.

Let me explain. Scholarly books and journals are typically judged on their exclusivity. The top journals may publish only two or three papers out of every hundred submitted to them. Once they’re published, research papers are judged by peer-to-peer citations—that is, how many times they are referenced in other papers published in a select set of journals. This means publications are racing each other to reach greater levels of introspection, narrowness of view, and obscurity of content.

At the same time, the top journals may have a two- or three-year lag time between acceptance and publication. Therefore, papers that appear in them may have taken a year or two to research; spent a year or two being shuttled among editor, author, and referees; and then spent another two years waiting their turns to be set in print. Because of this system, scholarly publications with the greatest prestige tend to reject any form of research except the highly conceptual—otherwise, the publications would be hopelessly out of date.

Despite the flaws in the system, those of us who publish scholarly research provide an important way for business schools and professors to gauge the impact of their research: We enable a quality-assured “counting” mechanism that measures how much their research contributes to scholarship. We also help determine each individual’s productivity by counting how often a scholar has published pieces of such scholarship. Institutions rely on this productivity count to help them decide which scholars to recruit and retain, and which professors are making progress toward fulfilling tenure requirements.

The problem is that this system is deeply focused on a single metric: discipline-based scholarship defined by the rigor of the research. Such a system cannot provide the relevant research the world needs today.

As CEO of a specialty publisher in business and management research worldwide, I acknowledge that publishers deserve a portion of the blame for the failures of our industry. But the problems are caused by players throughout the system—and change must come from all of them.

Calls for Reform

Let me pause a moment to note that those conducting management research are members of one of the highest brain-power clusters in the world. And anyone who has spent time around the professors and publishers producing management research knows that these are not just clever, soulless drones chasing maximum returns with no regard to consequences. They are, by and large, kind, funny, well-rounded, and reasonable people.

But if these people are not using business research to better address the needs of society, why not?

Where’s the disconnect? And how can we overcome it?

People both inside and outside of academia are agitating for change, demanding management research that is both relevant to today’s complex world and underpinned by scholarly rigor.

From outside of academia, the calls for reform come from industry recruiters and senior HR people who sometimes make presentations at major academic conferences. In their sessions, they might say something like, “Please don’t send us people who only can do financial analysis. Give us graduates who can think, who are plugged into what’s happening in the world, and who can help represent the external community within the business.”

At the same time, provocative thinkers from within the academic community—including Henry Mintzberg, James O’Toole, Jeffrey Pfeffer, and the late Sumantra Ghoshal—have complained that professors in the ivory tower are detached from the real world. These individuals have also offered clever analysis about the need to better connect business school outcomes with business.

The situation reminds me a bit of the “quality problem” much debated in the 1970s and ’80s, when Joseph Juran, W. Edwards Deming, Philip Crosby, and others shook the tree on the need for improved quality assurance. Nonetheless, quality assurance didn’t become embedded in operating reality until a set of systems was codified by international bodies and standards organizations.

I think the same thing is true now. Relevance and real-world impact will become part of scholarly research only when they are rooted in our quality standards, our awards pro-
programs, and our accreditation processes. We will have a systematic solution to a systemic problem only if AACSB International, the European Foundation for Management Development (EFMD), the Association of MBAs, and other bodies look at multiple metrics when they accredit schools.

Some of these institutions are already making a start at achieving such a goal. For instance, not long ago AACSB organized a Task Force on the Impact of Research, which issued a report that addresses the way accreditation systems measure business research. Among other things, the report notes that business schools should not simply consider rigor when judging a scholarly contribution. They should also consider how well it contributes to learning and pedagogical research, and whether it makes a contribution to practice. We need a way to measure all three.

The Publisher’s Role
Yet another group of players needs to join the reformation movement in this field: the organizations that publish scholarly research. We need to amend our policies to make it easier for authors to focus on relevant research.

At Emerald Publishing, we’re trying to do our part. Earlier this year, we revised our publishing strategy to make a place for scholarly research that contributes to practice or to pedagogy. We began asking authors to assess, within a paper and an abstract, what kind of “impact on society” they make with their research. We will not be dismantling our strength in discipline-based scholarship—rather, we will seek to increase its relevance and impact.

Because of this shift, we will be able to assess and count scholarly research based on how it contributes to knowledge in three different areas—theory, practice, and pedagogy. Already, many of our journals include sections about works in progress, case studies, and other kinds of research. Our Web platforms also spotlight all three types of contributions.

We have challenged ourselves to rethink the very notion of what a scholarly publisher is and does, and our goal is to increase the impact of research by bringing peripheral ideas into the mainstream. We will share our progress at events hosted by AACSB, EFMD, the Academy of Management, and others. We look forward to the day when validated publishing media welcome more contributions that focus on practice and pedagogy, as well as scholarship. We also look forward to debating how these contributions can best be counted and verified.

One thing is important to note: When we seek to measure a wider impact of research, we might focus on outputs, such as published papers, but all players in the chain should be thinking about outcomes—that is, whether what was intended to happen actually happened.

Let’s Change the World
In these turbulent times, it’s odd that we would even think that the way to help businesses succeed is to train people to process information narrowly.

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Our world is greatly influenced by the way our businesses, governments, and other institutions are managed. If we rethink scholarly publishing in the field of management by encouraging our scholars to produce useful, readable, and rigorous research, we can influence management practice. The scholars who produce this knowledge will also be the professors who teach our business students how to deal with complex, global issues in a sensitive and responsible way. We will end up with a better world—one that is fairer, wealthier, more educated, and more careful to preserve the environment.

I believe that almost everyone involved in business research is in favor of change. But all the players need to participate in making change happen. Accreditation bodies first must loosen the shackles of the current system by re-examining their requirements for scholarly research. Publishers must find ways to collect, verify, sort, achieve, archive, disseminate, and assure the quality of all different kinds of research. Schools must reward different kinds of research—and professors must pursue research ideas that have practical relevance.

It will take a great deal of effort. But if the result is more effective research, teaching, and learning that improve management practices throughout the world, I think the effort will be worth it.

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Peter Weill and Jeannie W. Ross help run an MIT program for executives who don’t specialize in information technology, and at some point they bluntly tell participants that managers get the technology they deserve. They ask, “If you change strategies often, or don’t clarify how you want to operate the firm, or abdicate IT decisions and move rapidly from one project idea to the next, how can any organization excel in using IT?” It’s a question they repeat in their book IT Savvy. Fortunately, they have some advice for the clueless or frustrated managers who don’t know how to make technology a source of competitive advantage. First, they must fix what’s broken, including replacing patched-together “legacy” systems. Second, they must construct digitized platforms that standardize and automate underlying processes. Third, they must use the digital platforms to track customers’ buying habits, streamline operations, empower people, enable innovation, and otherwise drive value for the firm. Not easy, maybe, but worth the effort: Their research shows that “IT-savvy firms are 20 percent more profitable than their competitors.” Reason enough to start the digital revolution. (Harvard Business Press, $29.95)

The old model of the paternalistic corporation that offers loyal workers lifelong employment is gone forever, says David M. Noer in Healing the Wounds, but getting to a new model will require a brutally painful journey. Massive staff reductions lead to grief, depression, and anger—what Noer calls “layoff survivor sickness”—among those who have kept their jobs. Executives who don’t help their remaining staff through the bleak times will find themselves with an office full of unproductive, risk-averse employees, Noer says. “This is the team the company is fielding to compete in a global marketplace where innovation and creativity are the only true competitive advantage.” Noer, a professor at Elon University, insists that companies must first allow employees to deal with the grief, then help them develop a new attitude about work, one in which they are more empowered and self-reliant. He admits that some readers will find his premise too touchy-feely, but anyone who’s been through a reduction in force will recognize the players in his pages. And anyone who has already broken out of the old corporate routine will see Noer has identified the new paradigm—and the new workers who will be needed. (Jossey-Bass, $27.95)

Many of us feel envious and inadequate when we hear stories about ordinary people who do extraordinary things. But in The Leap, Rick Smith insists that everyone can make strides toward personal greatness by following a simple three-part plan. First, find your “primary color,” the intersection of your strengths and passions. Second, bring that color to bear on an idea that is “big, selfless, and simple”—discovering a cure for a rare disease, revamping a large national organization, bringing the homeless into the workforce. Third, let the “spark sequence” happen, as one small incident or investment feeds into the next until an idea is suddenly in combustion. Smith rejects the classic picture of successful visionaries as daring loners who reinvent themselves; his view is of quieter, more determined individuals who feel their way forward and often don’t let go of familiar jobs until they’re established in their new careers. He writes, “Good is not the enemy of great; it is the starting point to great fulfillment.” His is a rare book that’s both comforting and inspiring. (Portfolio, $24.95)

Managing any employee is a challenge, but the toughest ones to oversee are the brilliant, gifted, wayward ones who bring great value to an organization. In Clever, Rob Goffee and Gareth Jones describe these difficult employees and how to give them subtle but necessary direction. The authors, both of the London Business School, identify some of these clever folks as surgeons, video game designers, and even college professors, who need the infrastructure of an organization around them but often feel disdain for anyone who attempts to lead them. Organizations need them, say the authors: “We would argue that they are the most valuable people the organization has.” Goffee and Jones profile clever employees as independent, obsessive perfectionists with strong egos—and they paint an equally fascinating picture of the leaders who must try to keep them...
on task. Generally speaking, they say, leaders of clever people must be both humble and tough. “The leader sets the tone and adds some sort of discipline, structure, or sense of process to the organization.” It’s clearly a challenging role, but an essential one. (Harvard Business Press, $27.95)

The subtitle of Pablo Triana’s book, *Lecturing Birds on Flying*, sums up its premise: “Can Mathematical Theories Destroy the Financial Markets?” It’s clear early on he believes the answer is yes. He questions whether mathematical formulas can predict human behavior, which is what drives markets; he references studies that show common-sense approaches to money managing fare better than complex theoretical tools; and he lists the many market meltdowns that financial models failed to anticipate. But it’s not just that these formulas are wrong, he says—they’re harmful. They lull investors into a sense of security that encourages them to take greater risks. Not unexpectedly, Triana takes aim at business schools, where financial theories are born and propagated, but he relies on the observations of plenty of b-school heavyweights to underscore his points. Nassim Nicholas Taleb, author of *The Black Swan*, writes in his introduction, “We learn from crisis to crisis that modern financial theory has the empirical and scientific validity of astrology (without the aesthetics).” Triana’s book will ruffle a lot of feathers, but it also will make many readers think. (Wiley, $29.95)

When Kishore Biyani opened his Big Bazaar food outlets in India, the orderly aisles were modeled after Wal-Mart stores. But shoppers strolled through and never paused to buy. So he scrambled the layout, added noise, and replicated the chaos of a traditional Indian bazaar. Customers loved the new design. It turns out that entrepreneurs almost always have to scrap or refine their initial business plans to find one that works. It’s this task of *Getting to Plan B* that John Mullins and Randy Komisar want to explore. They break the process down into four steps: learning from analogs that are similar to a new business idea; considering “antilogs” that are the opposite of current models; making leaps of faith based on beliefs about the market; and tracking success with a “dashboard” that measures which hypotheses are holding true and which ones need to be re-examined. Mullins, who hails from London Business School, and Komisar, who has ties to Stanford, are clear about their key theme: “It is necessary to constantly iterate to find a path that will work.” The only real mistake in their minds is sticking with Plan A, when Plan B, C, D, or Z would be better. (Harvard Business Press, $29.95)

In turbulent financial times, the role of a company’s board of directors is even more essential and more difficult than ever. In *Owning Up*, consultant Ram Charan provides a thoughtful, well-reasoned blueprint for structuring, fine-tuning, and deploying a board. His underlying theme is one of being prepared—to handle the next big crisis, to name the next CEO, to sift through complex information. The book is divided into 14 chapters posing 14 essential questions: Is our board composition right? How can our board determine CEO compensation? How prepared are we to work with activist shareholders? Readers won’t come away believing the answers are simple, but they will feel as if they truly understand what action is necessary and how it can be accomplished. (Jossey-Bass, $29.95)

Job-seekers with a passion for environmentalism may like *Green Careers*, a forthright guide to the sustainability-oriented jobs of the future. Authors Jim Cassio and Alice Rush divide the book into occupational categories, from engineering to healthcare, and then assess what kinds of green jobs are available, what education and experience they require, and how much they pay. The authors also interview dozens of individuals currently working in green fields. In the section on “Green Business and Enterprising,” Cassio and Rush describe possible jobs such as environmental accountant, green consultant, and eco-friendly CEO, and they offer an interview with Hunter Lovins of Natural Capitalism. Lovins advocates these steps: “Find what you really care about and live a life that shows it. Study everything... Learn how to work with people and how to communicate. But before that, learn to think.” Great advice for anyone looking for a job in any field. (New Society Publishers, $19.95)
Go Forth—Consult!

One of the best ways business schools have of putting students into the fray of business activity is by putting them to work—as management consultants. How to make it even tougher? Make them secure their own clients.

In 2007, Concordia University’s Molson School of Business in Montreal, Canada, began offering an elective course in consulting for second-year MBA students. Ulrich Wassmer, an assistant professor of strategy and a former consultant, developed and teaches the course. The experience helps students “build a consulting skills toolbox” and use what they learned their first year in a real-world context, he says.

The course is structured around three areas. It opens with an introduction to the consulting process, which includes lectures, case studies, and presentations by guest speakers from leading consulting firms. Next, students develop their consulting skills through experiential learning and role-playing exercises. With those skills in hand, they undertake a 13-week consulting project.

With few exceptions, students are not assigned projects—and, instead, they must learn to sell their skills and find projects on their own. So far, Wassmer has been impressed by his students’ ability to secure high-quality engagements in industries such as beverages, lighting, travel and tourism, and logistics services, as well as in the nonprofit sector.

International students, however, often find it more difficult to secure clients because they lack local connections. For that reason, Wassmer keeps a list of firms interested in being part of the class. He “staffs” these projects with students unable to find appropriate clients on their own.

Some students work on high-profile projects—for example, last spring a team developed a marketing strategy for a leading Canadian airline, which flew them to different locations to conduct focus interviews. Others work on more modest—but no less successful—endeavors, such as one team’s work with an entrepreneur to write a business plan.

One challenge of the course is that such varied student-chosen projects result in different learning outcomes, says Wassmer. Students who find work with larger companies learn how to navigate a client organization; students working with individual clients learn more about one-on-one interactions. Some students choose not to become consultants at course’s end, but they leave with experience presenting their ideas, navigating large projects, and managing client expectations effectively.

After the course, some companies ask students to continue work on their projects; others hire students as summer interns. What’s important, says Wassmer, is that students learn to think on their feet and use what they know in ways that no final exam could measure. “The learning occurs 80 percent outside the classroom,” he says. “It’s great to see how the students accelerate and grow during the course.”  

These Molson MBA students secured their own consulting project with Globe, a lighting solutions company. The team evaluated how trends in environmental sustainability would impact Globe’s brand development efforts.