Zappos.com’s Alfred Lin
On Shoes, Service, and Startups

A World-Based Curriculum

Crisis Management: The Critical Course
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When the Light Bulb Goes On

During a warm day in May, there was a power outage at the Tampa, Florida, headquarters of AACSB International—while the association was hosting a seminar with 36 people in attendance. The staff members on hand did what they could to keep participants cool and comfortable until the electricity was restored. Events manager Dian Ginsberg was among the most creative: She found a flashlight, turned it on, and left it in the refrigerator to supply light any time someone went looking for a drink.

Coming up with creative solutions to unexpected or intractable problems is one example of innovative thinking. Another is finding a way to improve upon common human experiences—like going to the mall to try to find a pair of shoes in the right size, right style, and right color. In fact, it was just such a frustrating retail experience that led Nick Swinmurn to found online shoe store Zappos.com. Today, Zappos is an Internet success story built around unflagging customer service and sustained by a quirky corporate culture. Its approach to business has landed it on *Fortune*’s list of best companies to work for and made it a frequent subject in case studies and business books. In this issue, Zappos COO Alfred Lin describes the company’s unusual business model and explains how innovative thinking will help any new enterprise get off the ground.

For those in the management education field, it is increasingly clear that innovation is an essential part of a business education. Recently, an AACSB Task Force released a report on innovation in the business school, in which it recommends that business schools explore ways to make their campuses more innovative. It also calls for schools to recognize and promote innovative initiatives already in place. The report and its impact are among the items discussed by board chair Andrew Policano in “Snapshot: AACSB.”

In this issue, we also learn how a school like Case Western Reserve’s Weatherhead School of Management has shifted the focus of its MBA program to “design thinking.” The article “Management Meets Design” describes how Weatherhead students work closely with partner organizations to consider so-called wicked problems, combining business skills with design theories to produce elegant new solutions.

Today’s business students already know that the world is full of infuriating roadblocks, difficult dilemmas, and unexpected challenges. Armed with innovative thinking, they’ll be prepared to tackle all three. Innovative thinking happens when they learn to solve old problems in new ways or new problems in creative ways. It happens when they figure out how to go around obstacles, solve tough problems, or turn opportunities into gold. As Dian could attest, that’s when the light bulb goes on.
Headlines

Job Picture Brighter for EMBAs, MBAs

Several organizations have conducted surveys that indicate 2010 will offer brighter job prospects to MBAs than 2009 did. The 2010 Corporate Recruiters Survey is conducted by the Graduate Management Admission Council in partnership with the European Foundation for Management Development and the MBA Career Services Council. Findings from this year’s survey indicate that demand is greatest for graduates in healthcare, pharmaceuticals, energy and utilities, and finance fields.

At the same time, graduates themselves have expressed optimism about their job prospects. The class of 2010 students interviewed for GMAC’s Graduate Survey were less likely to have jobs by graduation than their 2009 peers, but more hopeful about the economy in general. Respondents to both surveys expected 2010 salaries to be similar to 2009 salaries. More information about the GMAC surveys can be found at www.gmac.com/gmac/newsandevents/.

Students enrolling in EMBA programs also expressed confidence that the degree will help their careers, but they’re less optimistic than before, finds the fourth annual Student Entry Benchmarking Survey conducted by the Executive MBA Council, headquartered in Orange, California. The survey was administered to more than 2,000 students who enrolled in programs in 2009.

In this year’s survey, 64 percent of students say they expect their employers to give them new responsibilities, compared to 76 percent last year. Only 31 percent expect to be promoted while enrolled, down from 40 percent; 49 percent expect to be promoted after they complete the program, down from 59 percent.

While expectations have dropped, students enrolling in EMBA programs are still demonstrating a “100 percent vote of confidence” that they will develop skills and reap measurable benefits, says Michael Desiderio, executive director of the Executive MBA Council.

International Emphasis

Increasing numbers of schools are adding programs or joining with universities around the world to create opportunities for students or strengthen their international partnerships.

Five Midwestern U.S. schools have been chosen to participate in a new university linkage program sponsored by the U.S. State Department that provides technical and educational support for undergraduate college students in Iraq. Each American school will pair with a different Iraqi university to develop the curriculum and enhance distance learning. The Iraq University Linkages Program at the Academy for Educational Development Center is funded by $1 million grants given to each school by the U.S. State Department; the money is to be spent over three years.

The five schools are the University of Cincinnati and Cleveland State University in Ohio; Ball State University in Muncie, Indiana; Oklahoma State University in Stillwater; and the University of Kentucky in Lexington. The U.S. institutions will be working with Iraqi schools to improve course curricula in disciplines such as business, education, computer science, engineering, and languages.
Participating Iraqi schools include the University of Kufa in Najaf, Salahaddin University in Erbil, and Tikrit University.

American University’s Kogod School of Business in Washington, D.C., has launched new international programs that will focus on emerging markets and geographical areas ravaged by war. The first, an intensive weeklong program called the Kogod Global Management Institute, allows participants to study the critical importance emerging markets play in the global economy, as well as the business opportunities they offer. Such focused management programs are essential, according to institute director Frank DuBois, because emerging markets are growing in importance. A recent JP Morgan study projects that consumer spending in these regions will be 34 percent of the global total this year.

A second international program at the Kogod School looks at countries dealing with extraordinary challenges. The Peace Through Commerce Practicum allows students to refine their consulting skills while they research funding sources for humanitarian projects in conflict areas such as Afghanistan and Iraq. Business faculty lead global learning trips to China, Russia, India, and other countries, where students can earn credit while meeting with global business executives and immersing themselves in the business climate. The course is taught by executive-in-residence Bob Sicina.

Innovations in Business

Today’s schools continually seek fresh ways to bring innovation to campus, or make on-campus innovators more successful, as two universities prove with new initiatives.

The University of Southern California in Los Angeles has founded the USC “Ideas Empowered” program, a two-year pilot designed to bridge the gap between ideas and the marketplace while inviting the participation of students in the process. The program, which is managed by the USC Stevens Institute for Innovation, will help identify the most promising ideas arising from research at USC, reduce the risks associated with their launch, and help bring them to market. Through the program, ideas and innovators will receive in the neighborhood of $50,000 for proof-of-concept experiments and prototype development.

Indiana University in Bloomington has launched its Indiana University Research & Technology Corporation (IURTC) Web site to connect inventors, entrepreneurs, and investors. The purpose of the site is to provide the IU community with information on all aspects of invention and commercialization, from securing initial research funding to managing profits. It offers primers on technology commercialization, policy statements on intellectual property, an individualized index of support staff, and a catalog of forms covering topics from pre-disclosure to copyright and revenue sharing. It also contains information about the new Innovate Indiana Fund, the University Intellectual Property Policy, and other tools designed to facilitate navigation through the laboratory-to-market process.

Net-Zero Building at the Moore School

The Darla Moore School of Business at the University of South Carolina in Columbia has been selected by the U.S. Department of Energy (DOE) to partner with its national laboratories in its Net-Zero Energy Commercial Building Initiative. The Moore School applied for the program to help it attain its goal of achieving net-zero energy consumption in its new building, now in the design phase and scheduled for occupancy in May 2013.

“The Moore School will leverage the expertise of faculty and students who will conduct rigorous business case analysis beginning with the design phase of this building, through occupancy and well beyond,” said Hildy Teegen, dean of the Moore School. “This building will truly manifest our
Improving Business Education

The Graduate Management Admission Council has launched a global initiative designed to upgrade the quality of management education. Anyone in the world is invited to submit three paragraphs on this topic: What one idea would improve graduate management education? The GMAC Management Education for Tomorrow (MET) Fund will award a total of $250,000 in prizes to 15 people whose ideas rise to the top, with the author of the most promising proposal taking home $50,000.

The competition opened in July and closes on October 8. Entries should be submitted to the MET Fund’s Ideas to Innovation (I2I) Challenge at www.gmacmetfund.org. Entries will be judged by a panel of educators and business leaders from around the world, and winners will be announced in mid-December.

During phase two of the I2I Challenge, GMAC will post the winning ideas online and ask schools and other nonprofit organizations to develop ways to implement them. The Council will underwrite one or more of the best proposals using $10 million in the MET Fund. A video on the initiative can be viewed at www.youtube.com/watch?v=sQoL8L8BTc.

Responsible Business Education

Five MBA graduates at the George Washington School of Business in Washington, D.C., have received certificates in responsible management (CRM), a program created by school faculty with the guidance of the United Nations Principles for Responsible Management Education (PRME). The CRM is offered through the MBA program within the Institute for Corporate Responsibility.

The program was launched in May 2009, partly in response to efforts by George Washington’s branch of the student group Net Impact. To earn the CRM, candidates must complete two or more courses focused on PRME objectives, volunteer at least 15 hours per semester with a club or group that improves the university community, and devote 50 hours toward service learning. They also must meet a social media requirement by blogging about their experiences.

The UN’s PRME outlines six specific goals of management education: to teach students to work for an inclusive and sustainable global economy; to incorporate the values of global social responsibility into the curriculum; to teach responsible leadership; to conduct research with social and economic value; to work collaboratively with business; and to facilitate dialogue among all business stakeholders.

Honors for BizEd

BizEd magazine has taken home several awards in three competitions whose winners were announced this summer.

In the 2010 Association Media & Publishing’s EXCEL Awards competition, the magazine won a...
Headlines

NEW APPOINTMENTS

- Kenneth W. Freeman has been named the Allen Questrom Professor and dean of Boston University School of Management in Massachusetts. Freeman is currently a member of the investment firm Kohlberg Kravis Roberts & Co.; previously he was CEO of Quest Diagnostics. He takes over from Louis E. Lataif, who has led the school for 19 years.

- The George Washington University School of Business in Washington, D.C., has named Doug Guthrie its new dean. Most recently, Guthrie served as professor of management at the New York University Stern School of Business and held a joint appointment as professor of sociology at NYU’s College of Arts and Sciences. Guthrie replaces Susan Phillips, who is retiring as dean after 12 years.

- The University of Central Michigan has named David M. Szymanski the Allen Questrom Professor and dean of the College of Business Administration. He will teach the capstone course on responsible business practice.

- Charles Crespy has been named the dean of Central Michigan University’s College of Business Administration in Mount Pleasant. Most recently, he was a professor at the University of New Mexico’s Anderson School of Management, where he also served as dean from 2004 to 2007. Crespy succeeds Michael Fields, who has taken a position at Nova Southeastern University in Florida.

- Diane Hoadley has been named dean of the College of Business at the University of Wisconsin-Eau Claire. Hoadley previously served as dean of the Lumpkin College of Business and Applied Sciences at Eastern Illinois University. Her appointment began in August as former dean V. Thomas Dock retired after 18 years.

- Former Patagonia chief executive Michael Crooke has joined Pepperdine University’s faculty as a distinguished visiting professor of business practice at the Graziadio School of Business and Management in Los Angeles. Crooke will coordinate the launching of the school’s new Social, Ethical, Environment, Responsibility (SEER) certificate program, and he will teach the capstone course on responsible business practice.

SHORT TAKES

- Maria Otero has been named the president of the Clinton Foundation’s International Division. Otero has held a variety of positions at the University of Virginia, including associate provost for academic affairs and vice provost for diversity.

- Jeffery Garten, a former New York governor and president of the Council on Foreign Relations, has been named the George Washington University’s Beinecke Ambassadorial lecturer. Garten will deliver a series of lectures on foreign policy.

- The George Washington University has named Shinn also won a gold award for her editorial “Six Little Words Say It All,” which appeared in the September/October issue. More than 900 entries were judged for the 2010 EXCEL Awards, which reward excellence in association publications and online media.

- The magazine also was honored in the Best Single Issue category of the Tabbie Awards competition sponsored by Trade Association and Business Publications International (TABPI). The May/June 2009 issue of BizEd was listed as one of the top 25 publications submitted to the competition, which is open to all English-language trade, association, or business-to-business magazines and Web sites.

Chris Tyler has been named executive director of the Centre for Science and Policy, which is based in the Judge Business School at the University of Cambridge in the U.K.

Lauren Whitehurst has been appointed executive director of the new Center for Consulting Excellence at Duke University’s Fuqua School of Business in Durham, North Carolina.

Patrick Gougeon has been appointed U.K. director of the ESCP Europe Business School, which has five locations across Europe.

Steven P. Kirn has been named executive director of the David F. Miller Center for Retailing Education and Research in the Warrington College of Business Administration at the University of Florida.

Frederick R. Chang has joined the College of Business at the University of Texas at San Antonio as the inaugural AT&T Distinguished Chair in Infrastructure Assurance and Security.

HONORS AND AWARDS

- ESAD Business School in Spain has been awarded the European Excellence Award given by the regional government of Madrid. The award recognizes people, organizations, and companies that have worked toward the integration of the European Union by supporting EU values.

- Danica Purg has been named International Dean of the Year 2010 by the Academy of International Business, an organization of scholars and specialists promoting international business education. Purg is president of the New York University School of Business and serves as interim president of the International College of Management.

A Global Proposition

The Graduate Management Admission Council offers access to and a wealth of information about the internationalization of business education.

Finding Potential Applicants

Nearly 400,000 potential business students who’ve registered on mba.com want to hear from schools. Breakdown by current location:

- US and Canada: 53%
- Asia: 15%
- Central Asia: 14%
- Europe: 9%
- Other: 9%

Source: Graduate Management Admission Search Service® (GMASS®) database as of July 2010.

Attracting International Talent

Top five countries receiving GMAT scores and the proportion sent by non-citizens vs. citizens:

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<th>Country</th>
<th>Non-citizen</th>
<th>Citizen</th>
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<td>United States</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>Canada</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>India</td>
<td>2%</td>
<td>98%</td>
</tr>
<tr>
<td>France</td>
<td>86%</td>
<td>14%</td>
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Source: GMAT score sending patterns for the testing year ending June 30, 2009.

Developing a Global Workforce

Top destinations of interest for the 42% of 2010 graduates looking for work beyond their home regions (multiple selections allowed):

- United States: 74%
- Europe: 52%
- Asia Pacific: 51%
- Canada: 20%
- Middle East: 17%

Source: 2010 Global Management Education Graduate Survey.

GMAC has more than 50 years’ worth of graduate management education data and welcomes participation in research. Visit gmac.com/gmatreport for details.
**SHORT TAKES**

Will Snyder has been named one of 2010’s Outstanding Accounting Educators by CalCPA and the California CPA Education Foundation. He is an accounting professor at San Diego State University’s College of Business Administration in California.

**GRANTS AND DONATIONS**

Cornell University in Ithaca, New York, has received a $25 million gift to help establish the Charles H. Dyson School of Applied Economics and Management. The new school will become the home of the university’s undergraduate business program. Dyson was co-founder of the Dyson-Kissner-Moran Corporation and a pioneer in the field of leveraged buyouts.

The Daniels College of Business at the University of Denver in Colorado has received a $7.5 million gift for its School of Hotel, Restaurant and Tourism Management. The money was provided by Betty Knoebel, widow of Denver food services pioneer Ferdinand “Fritz” Knoebel. In recognition of her generosity, the school will be named the Fritz Knoebel School of Hotel, Restaurant and Tourism Management. The gift includes a future cash commitment and ownership of the B Bar K Ranch, a 996-acre mountain property valued in excess of $10 million.

Bentley University of Waltham, Massachusetts, has received $1.125 million to create innovative leadership initiatives for female undergraduates. Donors Pam and Jack Cumming are executives at Hologic Inc., a company focused on women’s health care.

NEW PROGRAMS

The Simon Graduate School of Business at the University of Rochester in New York is adding an Accelerated Professional MBA to its portfolio of programs. Starting in September, the lockstep PMBA program will allow working professionals to take evening classes and finish their degrees in approximately two and a half years.

A master of business and science (MBS) degree program will be launched this fall on the Newark, New Jersey, campus of Rutgers University. Already being offered at the university’s New Brunswick and Camden campuses, the program allows working adults and full-time students to pursue coursework in science, engineering, and management simultaneously. Among the three campuses, the concentrations that are offered include urban environmental analysis and management, biotechnology, chemistry, biomedical engineering, food science, agriculture, industrial mathematics, information technology, and actuarial sciences.

This January, Grenoble Graduate School of Business in France will launch a 24-month multisite EMBA in Grenoble, Geneva, Moscow, London, New York, Singapore, New Delhi, and Beijing. The program, which is aimed at high-level international managers with significant experience, will be delivered through one-week seminars in each of the locations; case studies will allow students to visit companies based in each city.

The Warrington College of Business Administration at the University of Florida has launched an online Master...
of Science in Management with concentrations in Geriatric Care Management and Health Care Risk Management. The Geriatric Care track is a joint program with courses offered by the Hough Graduate School of Business and the College of Public Health and Health Professions; the Health Care Risk Management track links courses taken at Hough and the College of Pharmacy. The college also has started an online Master of Science in Entrepreneurship.

Columbia Business School has announced the launch of a Saturday-only version of the school’s EMBA program. Starting in May 2011, 60 MBA candidates will begin the 24-month, six-semester program designed to have the same core and elective curriculum of Columbia’s MBA degree program. EMBA Saturday will target high-achieving working professionals who want to pursue graduate business degrees without spending weekdays away from the workplace.

The University of Miami School of Business Administration in Coral Gables, Florida, will offer a new undergraduate major in health sector management and policy beginning this fall. The major complements the school’s existing portfolio of health sector programs, which also include an undergraduate minor, an MD/MBA program offered jointly with the university’s Miller School of Medicine, and an MBA degree that focuses on the health sector. Students who choose the interdisciplinary undergraduate major will not only take required business courses, but also select electives offered through the College of Arts and Sciences and School of Nursing and Health Studies.

The University of Stellenbosch Business School in South Africa is extending its business management development activities further into Africa through USB Executive Development, the school’s public executive development and training company. USB-ED’s flagship program, the Management Development Programme, will be presented in Ghana, Kenya, and Zimbabwe; previously, it was held only in South Africa, Namibia, and Botswana. The program focuses on developing middle management competencies in human resources, marketing, finances, economics, leadership, emotional intelligence, and team dynamics.

This fall, Kennesaw State University in Georgia will launch an entertainment and music management certificate program that will be a

Financial Times Global Alliance Partners

We would like to acknowledge the global perspective that the schools listed below have given to their students for the coming academic year.

In these extraordinary times, reliable worldwide news and intelligence are essential to the learning process. Today’s successful global executives are forewarned and forearmed with the information that the FT provides. These schools are putting their students in the same league. Thank you!

• Minnesota State University, Mankato
• Villanova University
• Babson College
• Drexel University
• Thunderbird School of Global Management
• United States Naval War College
• University of Alberta

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Headlines

**SHORT TAKES**

joint effort between the College of the Arts and the Coles College of Business. Students will be able to earn the certificate while majoring in the arts or business. The program is being underwritten by a gift from entertainment attorney Joel A. Katz of Greenberg Traurig LLP.

**COLLABORATIONS**

- Five American institutions have formed the Business School Alliance for Healthcare Management. Charter members include Kellogg Graduate School of Management at Northwestern University, The Wharton School at the University of Pennsylvania, Harvard Business School, The Haas School of Business at the University of California in Berkeley, and Duke University’s Fuqua School of Business. Additional members include Yale University, Arizona State University, Vanderbilt University, Boston University, and the University of Colorado at Denver. Membership in the alliance is open to healthcare management programs at business schools with strong research track records and a commitment to the health sector.

- The University of San Francisco in California has recently partnered with the Interactive Advertising Bureau, which educates marketers and the wider business community about the value of interactive advertising. IAB members who complete USF’s online Master Certificate in Internet Marketing program will receive 24 of the required 40 hours toward IAB’s Certificate in Interactive Advertising.

- The College of Business Administration at the University of Tennessee, Knoxville, has partnered with B&W Y-12, a large manufacturing complex that provides stewardship of the United States’ nuclear weapons arsenal and provides fuel to the nuclear Navy. The goal is to enhance business development efforts at the Y-12 National Security Complex in Oak Ridge while also drawing exceptional students to UT’s full-time MBA program.

- This fall, Indiana University in Bloomington will join with Habitat for Humanity International and Whirlpool Corporation to build a house for a local low-income family. Over a one-week period, the house will be “blitz-built” by faculty and students, including those from the Kelley School of Business, as well as Whirlpool employees. The project is part of the 2010 Whirlpool Building Blocks initiative, the corporation’s signature program with Habitat for Humanity. The house will be built on the north side of the university’s football stadium before being moved to its permanent location. The new homeowners will be presented with keys to the house at halftime during a football game between IU and the University of Michigan.
Through a Career Advantage Program, Y-12 is offering employment to up to five prospective students before they enroll in the MBA program; students receive a tuition waiver and small stipend. While at Y-12, students work with senior managers, perform market research, and help determine the commercial potential of Y-12 technologies.

NEW FACILITIES
- The University at Albany-SUNY has unveiled the architectural design for its new 96,000-square-foot School of Business building. Designed by Perkins+Will, the building will integrate Leadership in Energy and Environmental Design (LEED) measures that will improve water efficiency and indoor environmental quality, reduce CO₂ emissions, save energy, and husband natural resources. The university expects to begin site work in summer 2010; completion is scheduled for 2013.

- The Jenkins MBA program at the North Carolina State University College of Management in Raleigh has opened an expanded new location for its Research Triangle Park campus. The new accommodations will take up 5,000 square feet and feature more room for classrooms and conference rooms, as well as upgraded technology.

OTHER NEWS
- The Villanova School of Business at Villanova University in Pennsylvania has launched the Innovation, Creativity, and Entrepreneurship Center (ICE Center) to be led by Patrick Maggitti and James Klingler. The School of Business also has opened a new Center for Business Analytics, which will promote the integration of analytics, business intelligence, business performance management, and business process management. That center will be led by Matthew Liberatore.

- With the goal of boosting the local economy, the Williams College of Business at Xavier University in Cincinnati, Ohio, has launched a competition designed to identify creative entrepreneurs with promising ideas. The college will provide advice and other support to winners of the Xavier-Launch a Business competition, or X-LAB. Among those from the Williams College who will offer advice are faculty, students, executive mentors, and members of the school’s advisory boards. X-LAB consultants will help business owners write business plans, find investors, and link with other community resources.

- Columbia Business School Executive Education recently held its second annual Ariane de Rothschild Fellowship & Cross Cultural Network event. The program recognizes the role that social entrepreneurship can play in community building and aims to create sophisticated social entrepreneurs who will know how to build flourishing multicultural networks. This year’s program featured a mix of primarily Jewish and Muslim social entrepreneurs from France, the U.K., and the U.S. It was led by faculty from Columbia, as well as faculty from the Centre for History and Economics at Kings College, Cambridge University. The program is sponsored by the Edmond de Rothschild Foundation.
Entrepreneurial Sole

by Sharon Shinn

Alfred Lin is fascinated by the potential of online commerce. Although he’s currently COO of Zappos.com, an Internet-only emporium of shoes and accessories, he’s dedicated his whole career to e-businesses. And so far he’s made what have been pretty accurate guesses about the models most likely to succeed in the online world.

The figures don’t lie: Before joining Zappos, Lin held top finance positions at Tellme Networks, which offers voice-based services for computers and mobile devices, and LinkExchange, an Internet ad banner network. Each company eventually was sold to Microsoft—for $800 million and $265 million, respectively. Not only that, last year Zappos was acquired by online retailing giant Amazon.com for close to $1 billion.

It’s easy to pinpoint the characteristics that made Zappos worth the price—a strong, quirky corporate culture; superb customer service; and growing sales that had hit $1 billion by 2008. But none of these were in evidence in the company’s early days. When Zappos was founded in the late 1990s, customers placed orders online, and manufacturers drop shipped items to buyers. The dot-com crash, 9/11, and the first recession of the 2000s put the company on shaky financial ground, and the management team decided to refine its business model. Rather than outsource its fulfillment operations, Zappos would buy and warehouse its own inventory. It would also differentiate itself from other online shoe stores by focusing on customer service.
Now the company manages a warehouse in Kentucky while running most of the operations out of headquarters in Henderson, Nevada, near Las Vegas. Among the employees in Henderson are those taking calls from customers who find the 800-number prominently displayed on the Zappos Web site. The commitment to customer service means there are no limits on calls, resulting in some phone interactions that last four and five hours; it also means the buying process is as simple and convenient as possible.

“We think of ourselves as bringing the store to your home,” says Lin. “Look through our store online. Pick out the items that you think you would like, and we’ll ship them to you. Try them on in the comfort of your home. Keep the ones that you love, and ship back the rest.” Moreover, shipping in both directions is free, and loyal customers are often upgraded to free overnight shipping as well.

Lin joined Zappos in 2005, but he already knew a lot about the business. He’d been friends with CEO Tony Hsieh since their college days at Harvard University, and the two of them were early investors in Zappos through their investment company Venture Frogs. Together with head merchandiser Fred Mossler, they have built an online shoe store into an Internet juggernaut.

That means, for Lin, it’s time to move on. He recently announced that he’ll be leaving Zappos for Sequoia Capital by early next year. The venture capital firm—which has already invested in Google, PayPal, and Oracle—specializes in startups related to the Internet, mobile, and tech sectors. In other words, the kinds of companies that are close to Lin’s heart. In an e-mail to Zappos.com employees, Lin explains the move by saying he is following his calling of helping “interpret the visions and dreams of entrepreneurs about how the world should be.” As he might tell business students, the more you venture, the more you stand to gain.

You first became involved in Zappos when you and Tony Hsieh invested in it while running Venture Frogs. What made you believe the company could be successful, particularly with a commodity item like shoes?

There was a certain amount of naïveté involved. We would like to say that we could foresee everything that would happen, but if we had, we probably wouldn’t have invested.

All kidding aside, we almost missed investing in Zappos. Nick Swinmurn, the company founder, left a voicemail saying that he wanted to sell shoes on the Internet. Either Tony or I had a finger on the delete button. Then Nick went on to say that the U.S. market for shoes was about $40 billion. The clincher was when he said 5 percent of the market, or $2 billion, already was being sold on the Internet. It wasn’t rocket science to dream that the Internet would be bigger than mail order.

The fact that everyone thought it was a crazy idea also made the investment interesting. In the early days, people didn’t think we could sell shoes on the Internet. Then, they didn’t think an Internet company could provide great customer service. Then, they didn’t think that a company could create a brand around great customer service or that an online company could create a personal, emotional connection with the customer.

We realized that if no one else thought it could be done, then there would be very few companies trying to compete with us. If we could figure it out, it would allow us to build a valuable company.

Why do you consider customer service such an integral part of Zappos.com’s business model?

Customer service is one of the most undervalued methods of creating a substantial company in the long run, whether it is online or offline—but the key is in the long run. Most customer service departments are considered expenses, and it is easy to cut expenses in the short run without damaging things in the short run.

Try turning the problem on its head. See if making a greater investment in customer service will pay off over time. In theory, if customers are treated well, they will be more loyal and more likely to promote the company. In theory, that should allow you to spend less on marketing. That is how it played out for Zappos. On any given day, three quar-
ters of our sales are from customers who have shopped with us before.

I’m not sure all business school students understand just how much impact customer service can have on the bottom line. What would you tell graduates about how to build and maintain a loyal customer base?

Know what your differentiated value proposition is to your customers. What makes your company different from your competitors and special to customers? That’s not a course taught in school, but it is probably the most important question you could answer before starting your own business.

When candidates interview for top positions at Zappos, one question you ask is, “What would you say is the biggest misperception that people have of you?” What’s the biggest misperception people have of the company?

We’re trying to change three main perceptions, which we call the “Three C’s. Most people have not shopped with us and even if they have, they think of us as a shoe company. So first we want customers to think of us as a clothing company. After customers have had a great experience, we want them to think of us as a customer service company. After customers have had a few great customer service experiences, we want them to know that our great service comes from our dedication to our culture.

Your corporate culture is so offbeat that it’s frequently been described in business books and case studies. A few years ago, employees worked together to distill that culture into a list of ten tenets, such as “create fun and a little weirdness” and “be humble.” How do you ensure you hire people who will truly embrace those tenets when they come to work at your company?

The commitment to core values begins with the hiring process and continues throughout the employees’ tenure. We call our core values “committable core values” because we are willing to hire and fire based on them. We interview, train, and evaluate performance based on both a technical ability to do the job and the ability to live, breathe, and inspire the culture.

When business students interview for jobs, how can they gauge whether a company has the kind of culture where they’ll feel comfortable?

We encourage everyone to join a company that has their same values. They can watch the everyday decisions a company makes and ask themselves if they would handle situations the same way. If a company with their values doesn’t exist, they should start their own.

When Zappos was sold to Amazon.com, there was obviously some fear that the culture wouldn’t remain the same. Now, not quite a year after the sale, what changes have you seen?

Nothing has really changed. We swapped out our former board of directors with a management committee composed of three members from Zappos.com and three from Amazon.com. Zappos.com is not trying to be Amazon.com or vice versa. Each company operates independently, and we are building our respective businesses, brands, and cultures. The biggest benefit is that now Zappos has access to a wealth of resources at Amazon.

Merging with another company is one way businesses continue to grow. Another way is by adding product lines, and Zappos has started to sell apparel, jewelry, and accessories. What other innovations do you think the company might implement in the future?

We are constantly trying new things, and we encourage our employees to drive that innovation and change. When Tony, Fred, and I speak at orientations for our new hires, we say that if we are the ones who come up with the ideas, that’s only three ideas for the day, month, or year. If we leverage all of our employees, we can get 1,800 ideas in the same timeframe. Given our size, if there’s one person who’s passionate about an idea, there are probably 20 or 30 who are also passionate about it. We encourage them to find those people, get the group together, and run with the idea.

Innovation is a big buzzword among business schools today. How can people be encouraged to think innovatively, either in the classroom or in the corporation?

In general, we are not a fan of buzzwords. In our experience, out-of-the-box thinking doesn’t just happen. It comes from passionate dedication to making progress each and every day in an area that you just love. After a while, you become an expert in that area because you have thought about it more than anyone else. Once you start thinking more quickly than everyone else in that area, you do things differently, and people start calling you an innovator.
Investors don’t buy shares of a founder, a management team, a feature, a product, or even a revenue model. They buy shares in companies.

If you want to innovate, work on something you are really passionate about. Learn as much as you can about it, and just get started.

Although you’ve been COO of Zappos.com for the past five years, your real passion is for investing in startup companies. Not only were you a founder of Venture Frogs, but by early next year, you’ll be joining the VC firm Sequoia Capital. When you’re considering startup firms to invest in, what do you look for? What makes you think a specific company has the potential to succeed?

The answer you’ll hear time and time again is that investors are looking for companies that have exceptional founding and management teams, as well as revolutionary products or services that fulfill a real need in a large and growing market.

We all want to invest in special companies. In my opinion, special companies do three things. One, they change the way the world does something. Two, they create a great environment for employees to work. And three, they make money. Some companies do one of these things, some do two, but very few do all three things consistently.

If you were visiting a business school and talking to budding entrepreneurs about how to secure funding for their startups, what would you tell them about getting a new business off the ground?

First, as I noted before, start by working on something you are really passionate about. Learn as much as you can about the space, and become uniquely good at something in that space.

Second, think of a very large vision that you and others would care about for a very long time. Chase that vision.

Third, build a team with similar vision, passions, and values. There is an African proverb that says, “If you want to go quickly go alone, but if want to go far, go together.”

Next, start small and stay focused. As Jim Collins would say, focus on the intersection of what you are uniquely good at, what you are passionate about, and what can drive your economic engine.

Finally, build a great company. Investors don’t buy shares of a founder, a management team, a feature, a product, or even a revenue model. They buy shares in companies. And they want to buy as many shares as they can of great companies. In a great company, the whole is bigger than the sum of its parts, so think about how to constantly scale and leverage the company’s assets to be even greater.

If you were talking to those business students 40 years from now, as you were retiring from a long and successful business life, what would you hope to tell them about the career you’ve had?

Ah, the epitaph question is so interesting. When one of my high school teachers asked this question, I thought it was very novel and really got to the core of how people want to be remembered. But I’ve come to the realization that it just doesn’t matter what others think of you, as long as you work on what you find meaningful and try to leave the world a better place than when you found it.

I think the character Dicky Fox from the movie “Jerry McGuire” sums it up best: “Hey, I don’t have all the answers. In life, to be honest, I have failed as much as I have succeeded. But I love my wife. I love my life. And I wish you my kind of success.”

The Culture of Happiness

Zappos.com CEO Tony Hsieh provides a warm and intimate look at the history of the company in Delivering Happiness, published this summer by Business Plus. The tales of cash struggles in the early years and unfortunate partnerships with outside providers contrast nicely with the current picture of a committed, engaged staff drawn together by a strong common culture. The book provides plenty of humorous insight into Hsieh himself—such as his fondness for parties, poker, and off-kilter business investments, starting from the time he was a nine-year-old attempting to farm earthworms. But mostly it’s a buoyant love letter to Zappos, its employees, and the culture they have created together.

Because journalists and vendors began asking for a chance to visit the company’s Nevada facility, Hsieh writes, Zappos now offers public tours—but no two are alike. “You never know who is going to be in the office or what a team decided to do over the weekend to surprise our visitors. If you were to show up for a tour today, you might find a popcorn machine or a coffee machine dressed up
as a robot in our lobby. As you passed through different departments, you might find an aisle of cowbells, a makeshift bowling alley built by our software developers, employees dressed as pirates, employees karaokeing, a nap room, a petting zoo, or a hot dog social. You might see a parade pass by because one of our departments decided that it was the perfect day to celebrate Oktoberfest. … Or you might happen to show up during our annual ‘Bald & Blue’ day, where employees volunteer to get their heads shaved by other employees.”

Other anecdotes are equally entertaining—or surprising. The company offers new hires $2,000 to quit, figuring those who stay will be well-suited to the Zappos lifestyle. To help the 1,800 workers get to know each other, the company’s computer log-in ritual includes a photo of a randomly selected employee that the user tries to identify via a multiple-choice quiz; a short bio of the selected employee follows shortly. When Zappos was expanding rapidly and needed to hire a lot of people who would fit in quickly, it experimented with a “speed-dating” hiring process in which candidates had five-minute interviews with six current employees.

In 2004, Zappos began putting together an annual “culture book,” a collection of unedited essays written by employees to explain what the company means to them. Writes Hsieh, “Every year, a new edition of the Zappos Culture Book is produced, which we give out to prospective employees, vendors, even customers.” It’s also available for free through the Web site.

Most famously, the company has codified a list of ten tenets that express the culture in concrete terms. In his book, Hsieh lists the 37 items that were whittled down to these ten:

1. Deliver WOW Through Service
2. Embrace and Drive Change
3. Create Fun and a Little Weirdness
4. Be Adventurous, Creative, and Open-Minded
5. Pursue Growth and Learning
6. Build Open and Honest Relationships with Communication
7. Build a Positive Team and Family Spirit
8. Do More with Less
9. Be Passionate and Determined
10. Be Humble

As an employee writes in one of the many sidebar sections in Delivering Happiness, “I’m always amused by people who say, ‘Zappos must be a cult!’ In some ways, it is. But if a cult revolves around making people happy, I’ll sign up any time.”

At Seattle University’s Albers School of Business and Economics, students are inspired by the Jesuit traditions of academic excellence, education for justice, and service to others to develop into ethical leaders for the global community. An Albers education extends beyond the classroom. Through involvement in the Mentor Program, the Business Plan Competition, and the Albers Executive Speaker Series, students are able to learn from the knowledge and guidance of experienced business leaders. Service learning courses and consulting projects provide opportunities for them to engage with the community to strengthen their networks and practice their business skills in a real world environment.

#25 BusinessWeek part-time MBA
#22 U.S. News & World Report Executive MBA
As business schools customize their individual global strategies, together they’re developing a more complete and comprehensive picture of global business.

W ith demand for global education on the rise, business schools are doing more to expose students and faculty to the world’s major and emerging markets. But as more programs expand into the global arena, they must compete not only regionally, but internationally. That raises the stakes—and the pressure—for business schools everywhere, says Peter Rodriguez, director of the University of Virginia’s Darden Center for Global Initiatives (DCGI) in Charlottesville.

“The world has gotten a whole lot bigger for business schools,” says Rodriguez. “We’re going to see more business schools expand their reach into new markets and offer new products and programs. The difficulty will be, how do they do that while schools everywhere—particularly in growth markets like China and India—are doing the same thing?”

To make globalization more manageable and meaningful, many business schools are adopting strategies that tap into their existing resources—many of which are already surprisingly close to home. They’re broadening their international networks, embedding study abroad within courses, and infusing their programs with global perspectives. Most important, they are creating more multinational campuses, so that students and faculty can experience global environments before they ever leave home.

Putting the World Into Place

by Tricia Bisoux
“How do business schools expand into new markets, while schools everywhere—particularly in growth markets like China and India—are doing the same thing?”

—Peter Rodriguez, University of Virginia

1. Leveraging the Local

While some universities have built campuses on foreign soil, the economic downturn has made such cross-continental options less attractive. Already some U.S. schools are scaling back their plans to set up shop overseas.

Most recently, in response to lower-than-expected enrollments, Michigan State University downsized its plans to open a campus for undergraduate programs in Dubai, opting instead for a satellite office. Five American universities that partnered to deliver education at the locally sponsored Songdo Global University Campus in Seoul, South Korea, are now rethinking that ambition even as construction continues.

Given the uncertain economic future, many schools are instead shoring up their regional expertise to make themselves more attractive to international partners. That trend is sparking a robust market for academic trade—not only of students and faculty, but also of region-specific research and access to local corporate contacts.

That approach is working for Germany’s European School of Management and Technology. With its campuses in Berlin and Cologne, ESMT has positioned itself as an authority on the German and larger European economies, says Zoltán Antal-Mokos, ESMT’s associate dean of degree programs. The school works with its academic partners to send MBA students on two-week study trips to China or India and EMBA students to South America, Turkey, or Russia. But some of its strongest ties are with corporations close to home, such as Deutsche Bank, Daimler, Lufthansa, BMW, and ThyssenKrupp.

“Germany has built and operated an economic system that combines the best aspects of private enterprise and state support—the Soziale Marktwirtschaft or social market economy,” says Antal-Mokos. “This distinctly German philosophy of how to conduct business filters through to those we teach and work with on a continuous basis.”

A local approach may prove especially successful for schools with specialized knowledge of emerging regions. “Western schools are compelled to expose students to markets in China and India. That means that schools in China and India have knowledge about their regions that is an asset that the rest of the world needs,” says Rodriguez.

Bing Xiang, dean of Cheung Kong Graduate School of Business, based in Beijing, China, hopes that Rodriguez is right. With additional campuses in Shanghai and Guangzhou, CKGSB is focusing its strategy on the Chinese market. Ninety-eight percent of CKGSB’s faculty are Chinese-born, Chinese-speaking, U.S.-trained academics, who can study the Chinese economy with no need for cultural acclimation. This year, CKGSB added two new modules on China and international business to its curriculum, and it plans new China-specific modules on topics such as branding and innovation.

More than 20 of the school’s faculty members dedicate their research activities to the Chinese market alone—it takes that much manpower to cover the rapid, real-time structural changes in China’s economy, says Xiang. “We’re now ready to share our knowledge with the global audience,” he adds. “It’s like a global IPO!”

Bingsheng Teng is associate dean and associate professor of strategic management at CKGSB, and also is a professor at George Washington University in Washington, D.C. He returned to China four years ago to teach with the same syllabus he used in the U.S. But he, like other CKGSB faculty, is accumulating a store of Chinese-specific case studies and research. “Now, 50 percent of my syllabus is focused on Chinese cases, most of which I’ve written myself,” says Teng. “Our mission is to create knowledge, not to be the disseminator of someone else’s knowledge.”

Xiang realizes that such a China-focused strategy comes with limitations. To expose students to the nuances of management in the West, CKGSB partners with three schools in Europe, three in Asia, and four in the United States. CKGSB and each of its partner schools host students from the other for two-week consultation projects.

“Few, if any, schools are well-positioned to cover many fronts in a sophisticated way. It would require a ‘supercapability,’” Xiang says. “We know our strengths, and we know what value we bring to the table.”

2. Becoming a Regional Hub

Some schools develop a competitive edge by taking advantage of the international nature of their home cities. It’s a strategy that’s working for the University of Southern California’s Marshall School of Business in Los Angeles and the University of Miami School of Business Administration in Florida.
USC Marshall first set its sights on Asia in 1978, when it created an MBA program designed specifically for Asian executives. Since that first program in 1978, the school has built a network of alumni throughout Asia. Its location in Los Angeles—a hub for Asian students, faculty, executives, and businesses—has allowed it to attract a diverse student body and develop a wide range of expertise, says Richard Drobnick, who directs USC’s Center for International Business Education and Research (CIBER), as well as the Association of Pacific Rim Universities’ World Institute. “If we were located in New York, we would have focused on Europe,” Drobnick says.

The University of Miami, on the other hand, takes advantage of Miami’s status as an active hub for Latin American businesses and executives. For example, the school delivers its Master of Science in Professional Management entirely in Spanish, to attract executives from countries such as Mexico, Colombia, Venezuela, Peru, Ecuador, and the Dominican Republic. Last fall, it began offering an executive program in Puerto Rico.

Adopting a hub-oriented global specialty—taking a deep rather than broad approach—makes globalization more manageable, focused, and self-sustaining, says Barbara Kahn, dean of UM’s business school. Faculty who teach in UM’s EMBA in Puerto Rico bring the ideas they learn from those executives back to their Miami classrooms. After students graduate, they return to the school to share their expertise. This establishes a pattern of “cross-pollination”—a constant flow of knowledge between the school and its Latin American contacts, says Kahn.

“Our students go on to run Latin American divisions of multinational corporations. Many come back to the school to speak, serve as student mentors, and take part in our biannual Global Forums,” says Kahn. “We find the culturally diverse backgrounds of our alumni set our standards high for developing a strong international business curriculum—their influence makes us think globally at all times.”

3. Stepping Up Recruitment

So that their campus communities better reflect the diversity of the global community, many schools are stepping up their international recruitment efforts. Their objective is to attract faculty and students with a wide range of world experiences, citizenship, and native languages.

European schools, especially, are well-positioned to attract international students and faculty, given their proximity to other European countries, Asia, and the Middle East. Nyenrode Business Universiteit in the Netherlands, for example, puts special emphasis on international recruiting, says Désirée Van Gorp, director of the International MBA program. She notes that the typical intake for its full-time MBA program is 85 percent to 90 percent international.

ESMT in Germany recently completed a recruiting campaign, in which it placed advertisements in international publications such as The Economist and the Financial Times, as well as regional publications like Newsweek Russia and Vedomosti, a Russian-language publication from the Financial Times and The Wall Street Journal. The school also offers region-specific scholarships to applicants from the Americas, Central and Eastern Europe, Andalusia, Africa, the Middle East, and Asia.

“Our class of 2010 was our most international to date, with an intake of 40 students from 21 nations,” says Antal-Mokos. “Currently, 83 percent of our professors are from outside Germany.”

Vlerick Leuven Gent Management School in Belgium also makes a concerted effort to recruit international students and faculty. The school’s recruitment efforts are bolstered by a special tax status set up by the Belgian government specifically for foreign researchers. Foreign researchers benefit, because their income is subject only to the tax conditions prevailing in their home countries, explains Philippe Haspe slagh, Vlerick’s dean.

The school also conducts international MBA recruitment fairs. As a result, international applications to Vlerick Leuven
“Our mission is to create knowledge, not to be the disseminator of someone else’s knowledge.”

—Bingsheng Teng, Cheung Kong Graduate School of Business

A full-time MBA with no dominating nationality is an international experience in and of itself, and a kick-start to cross-cultural management teaching and discussion,” says Haspeslagh. “The essence of our international strategy is not in the periphery, but in what we call becoming ‘international in the core.’”

4. Making Everything Global

Many schools work to integrate and embed global content throughout their entire academic enterprise, rather than teach it via standalone courses or study tours. USC Marshall, for example, recruits international students and faculty, encourages cross-national faculty collaborations, integrates global case studies and consulting projects into courses, and embeds students’ international travel within courses.

Freshmen at Marshall can apply to participate in the Global Leadership Program, a two-course sequence that includes study, research, and a trip to Shanghai or Beijing, where students visit companies and meet with executives and government officials. Undergraduates also can take the Experiential Corporate Learning Program (ExCEL), which includes a ten-day trip to a major city in Asia to meet with executives.

Its full-time MBA students are required to take Pacific Rim International Management Education, or PRIME, a course that concludes with a ten-day trip to a city in the Pacific Rim or Latin America. Students in the evening MBA for Professionals and Managers take part in PM.GLOBE, a semester-long macroeconomics course that includes a week overseas.

The school’s international student body becomes a significant asset in courses like this, says Drobnick—when students are planning for a trip to Japan, for example, the professors make sure to ask their Japanese students to contribute their knowledge to class discussions and research projects.

Nyenrode, too, has redesigned its MBA curriculum to embed international experiences, says Van Gorp. It has added three Global Experience modules in which students travel to countries in the Americas, Asia, and Europe as part of a larger course. The school also is in the process of launching a Global Leadership Program that will offer students incentives to participate in global leadership and career development activities.

International experience is now mandatory at the University of Minnesota’s Carlson School of Management in...
Minneapolis. The school provides a diverse array of study abroad opportunities to its 2,300 undergraduates and 2,000 MBA students by working with 29 partner institutions and 75 corporate partners. It also works through the university’s Learning Abroad Center, which provides access to 50 other departmental and institutional contacts. In the 2009–2010 school year, those diverse connections enabled the school to send students to 32 countries on programs that ranged from two weeks to a full academic year.

This year, the school also is implementing its Global Discovery Program, in which all second-year MBA students take an on-campus course for half of a semester before they travel to one U.S. city and three cities outside the U.S. They will then return for a symposium in February 2011 where they will share their newfound insights with global business leaders.

5. Establishing a System
Because business schools want their globalization efforts to work together toward an overarching objective, many are developing systems to help them track the comings and goings of students, faculty, alumni, and executive guest speakers.

The Darden School set up an electronic calendar to track everyone’s travel schedules, consulting work, and research collaborations, as well as visits from international alumni and guest speakers. “With the calendar, we can make sure we’re reaching the right people in the right economies. We can keep track of where we’re engaging and set goals for the future,” says Rodriguez.

USC Marshall takes full advantage of the larger university’s Office of Globalization, which has established a network of satellite offices in countries around the world, including Taiwan, Japan, Hong Kong, Mexico, South Korea, and China. The university pays for these offices, says Drobnick, but the business school is the department that uses them the most to arrange the logistics for overseas trips.

At the Carlson School, students and faculty coordinate their activities through a centralized international office. While faculty advisors aren’t required to go through the office for every activity, it provides a central point of contact for the business school, the university, and the larger business community. “A centralized office is critical to making sure that everything we do aligns with and enhances the international identity of the school,” says Anne D’Angelo, assistant dean of international programs.

The Carlson School also provides an online, four-module course called International Experience 101, which all students must complete upon beginning their programs. The modules outline the international study requirements, offer guidance on courses students should take, introduce them to the Learning Abroad Center, cover academic planning and career considerations, and discuss financing options for travel abroad.

Globalization, Broad and Deep
No matter what strategies business schools are finding most effective, the model of globalization that most schools are choosing incorporates both deeper regional connections and broader global reach. What started as simple exchange programs years ago are evolving into complex partnerships that support multicultural consulting teams, joint degree programs, and cross-continental courses, says D’Angelo of the Carlson School.

“This process is dynamic and ever-changing,” she says. “We’re open to new and different ideas from our institutional and corporate partners. There’s no prescribed formula for this, and there’s value in a range of experiences.”

Xiang of CKGSB agrees that, given the increasing global interactions among schools, business education in ten years may be far different from business education today. “I often say that we need to go to the moon to look at the Earth, because only then can we have a true paradigm shift,” he says. “We can look at companies like Microsoft, Google, Facebook—they’re revolutionary. Like them, we cannot be constrained by the key activities of business schools today. There are new models coming. That’s why we need to go to the moon and look at Earth, so we can see that the whole sky is wide open.”
Learning from the Inside

Educators emphasize that it takes more than “academic tourism” to prepare students to work effectively in global business environments.

by Tricia Bisoux

The global experiences students want today are different from what they wanted ten years ago. Then, students were happy to visit a country where they’d never been for a few days, see the sights, interact with local culture, and return home “enriched.” Today, that kind of “academic tourism” isn’t enough, says Peter Rodriguez, director of the Darden Center for Global Initiatives at the University of Virginia in Charlottesville. Business students, especially, want to know what countries are like from the inside.

“We have to help students explore a region and culture more than they can on a mere study vacation,” says Rodriguez. “Students want to be in the mix—they want to be in the meeting rooms and on the shop floor. They want to work on actual projects and spend a semester helping an entrepreneur get his business off the ground.”

In response to demand for new kinds of global experiences, many schools are developing more involved, more hands-on models—and some are expanding the definition of what “global” means to business.

It’s All About Experience

Darden meets this demand through programs such as its Global Business Experience. Each GBE is a one- or two-week course for MBAs that takes place in either China, Europe, Central America, Egypt, Bahrain, or Israel. The school also offers its Darden Global Business Projects (DGDP), semester-long courses in which MBA and EMBA students work on a business plan for entrepreneurs in emerging markets.

Rodriguez always takes his DGDP students to either Nicaragua or El Salvador. Last year, for example, Rodriguez and a group of students worked with a Nicaraguan group that wanted to build low-cost, environmentally sustainable homes for low-income families. Not only did this project teach students how differently two cultures can view the same situation, but it presented a challenge that even Rodriguez didn’t anticipate.

After working all semester to secure funding for the entrepreneurs’ enterprise, the students excitedly went to their clients with the news that they had found an investor. Rodriguez and his students were shocked when the entrepreneurs refused to enter into the partnership.

“We discovered that in Nicaraguan culture, people do not trust an investor who’s not a close friend or family member. The concept of an equity partner made no sense to them,” he explains. “It was astonishing. They told us they’d rather have a loan, even though Nicaraguan banks charge exorbitant rates. We made some broad assumptions—we never imagined they wouldn’t want the funding!”

Business plans can look far too easy on the blackboard, says Rodriguez. Only when the students arrived in Nicaragua did they discover governmental and cultural obstacles that they didn’t expect—and often didn’t understand.

If a project doesn’t cause students to constantly question themselves and their assumptions, then it’s not meeting the objective of a global education, says Rodriguez. “As business faculty, we have to provide

Carlson students examine the pet food aisle at a Hungarian grocery store, as part of their research for Cargill.
We have to provide students with actual projects to work on for firms, with real opportunities to engage with the commercial culture in each region. It’s rewarding—and it’s tough.

—Peter Rodriguez, University of Virginia

Teaching with Live Cases

The ten-week “live case” is a mainstay of the international program at the University of Minnesota’s Carlson School of Management in Minneapolis. Each live case puts students to work on a problem that a real company faces in a foreign market. Students spend seven weeks on campus researching the problem, meeting with executives, and brainstorming possible solutions. Then, the students spend two weeks in the country itself. In the final week, they return to campus to present their findings to company representatives.

Karine Watne, an international business manager for Minnesota-based Toro, says that such live cases give the company another window into its global strategy. For instance, Toro, a lawn care equipment manufacturer, asked students to work with students at Sun Yat-sen University in Guangzhou, China, to find out what expectations Chinese customers had of its parts and service division.

“When students asked customers for feedback, customers told them that they wished that Toro would allow them to return parts,” says Watne. “That surprised us, because we do have a parts return program in place in China. We realized that we had a communication issue that we had to take care of.”

Cargill, a food and agricultural services company, provided Carlson students with a live case based in Poland and Hungary. Carlson undergraduates worked with executives from Cargill’s animal nutrition division and graduate students at the Warsaw School of Economics to determine how the company might best expand its pet food operations in Central and Eastern Europe.

The students’ research validated some of the expectations that Cargill had about the market, says Lee Skold, a corporate vice president. “These live cases help us know whether our intuition is serving us well or not, and it helps shed light on things that we wouldn’t otherwise predict,” says Skold. “Moreover, it also teaches students to become comfortable tackling and finding solutions for a problem in an often undefined sphere.”

Carlson also sponsors live cases in Minnesota, bringing students from partner universities to work with Carlson students on U.S.-based projects. Anne D’Angelo, Carlson’s assistant dean of international programs, says that live cases offer a perfect mix of global experiences—coursework, travel, multicultural teamwork, research, and interactions with executives.

More Than Geography

For students to think globally, they must understand how business has developed across centuries as well as across borders, says Bing Xiang, dean of the Cheung Kong Graduate School of Business in Beijing. For that reason, CKGSB is working to integrate the humanities into its curriculum. Study of world history and religion is included in its MBA and EMBA courses. All MBAs also take a course called “Confucian Humanism” to better understand Confucian philosophy and how it shaped Chinese culture and business.

Xiang hopes to add more humanities-focused classes to the curriculum in the future, to give students a more complete context for the global business environment. As an example, he refers to China’s historical and religious relics—only by knowing their importance and the values they represent will future business leaders make decisions that take their preservation into account.

“If they don’t, the beauty of these relics may be gone—the damage we do may be irreversible,” Xiang says. “What’s right for the next 20 years may not be right 50, 80, or 100 years from now. If students take history into account, they will make more sustainable decisions.”

Eventually, CKGSB’s curriculum also may include study of artists and artistic periods that have been most pivotal to social, political, and economic innovations. Xiang points to the Medici family, who owned Europe’s largest bank during the Renaissance era.

“The Medici family had so much power and wealth, they sponsored key artists and became key drivers of the Renaissance movement,” Xiang says. “By discussing topics such as this, our students don’t only learn how we do business, but why we do business.”  

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Ten years ago, my colleague Dick Boland and I visited Carnegie Mellon University’s School of Design in Pittsburgh, Pennsylvania. We observed its students working to redesign complex systems, such as the U.S. Postal Service’s methods of handling packages and the Australian tax system’s compliance procedures. When I described these projects to colleagues, some responded, “Those sound like business school projects.”

Indeed, designers and design schools alike are taking a keen interest in areas once considered of interest only to executives, management scholars, and management schools. No longer perceived as a nicety used to “pretty up” products, design is now being applied to business interactions, strategies, and processes. And with a growing chorus of voices arguing that management education needs to change, design provides a perspective that can make substantial change happen.
Laying the Groundwork

Faculty who want to expose students to a wide variety of design processes might start with Hugh Dubberly’s book How Do You Design? A Compendium of Models, available at www.dubberly.com/articles/how-do-you-design.html. In his book, Dubberly describes more than 100 design processes. Though they share many elements, each has characteristics that make it unique. One approach may suit a particular situation better than another. In our courses at Weatherhead, we use Richard Buchanan’s “art of design” process as a starting point. Buchanan’s model serves as a basic guide, although we encourage students to develop familiarity with the wide range of models in use.

We teach students to use design methods outlined in the “characteristic actions” of Buchanan’s model, including observation, concept mapping, scenario building, and sketching. Students also learn approaches such as reframing problems, storyboarding, and critiquing to identify design opportunities in real organizations.

For instance, some students used these methods to help a retailer spur its customers to use social media to connect with each other and promote its brand. Others showed a new exhibit and performance facility the value of helping diverse student groups achieve their goals.

By emphasizing the power of creation, our students unlock creative abilities they would never discover merely by conducting analyses. And by using analysis and synthesis together, they greatly expand the possible courses of actions they’ll have as managers.

Design thinking has been a key part of the programs at Case Western Reserve University’s Weatherhead School of Management in Cleveland, Ohio, since architect Frank Gehry engaged our faculty in designing a new building for the school. In 2002, the year the Peter B. Lewis Building was completed, we hosted a workshop on design thinking. Four years later, we decided to distinguish our program and graduates by refocusing our curriculum on two central and interconnected themes: “managing through design” and “creating sustainable value.”

We believe that integrating design and design thinking into the MBA program can produce graduates who bring their whole selves to managing. In addition to mastering analytical skills, these design-minded graduates understand the value of engaging physically with their markets to experience what is actually going on there. They know how to rapidly sketch ideas, explore and share alternative courses of action, and trust their instincts.

These skills will be crucial in global markets where so many variables play into a company’s strategy. By integrating design into the MBA experience, we invite students to think more deeply about the products and services of an organization—what they are, who will use them, and what purposes they will serve.

Finding Design Opportunities

Within our MBA program, we spend the first semester of a yearlong, field-based course helping students learn to identify design opportunities. Teams of three students each work with an organization. They first develop an understanding of the organization’s vision; then, they identify a problem that warrants design attention. At the end of the semester, each team writes a brief for the company that presents the problem as a design opportunity.

We ask students to seek opportunities in what Horst Rittel and Melvin Webber refer to as “wicked problems.” In their 1973 Policy Sciences paper “Dilemmas in a General Theory of Planning,” Rittel and Webber outline the features that wicked problems have in common. They aren’t definitive—they don’t have what decision theorists call “a stopping rule,” which makes it clear when to stop refining the solution. They are messy, persistent, and complex, and they are always symptoms of other problems. While possible solutions to wicked problems can have good or bad outcomes, no solution is clearly right or wrong, and different views of these problems can lead to very different solutions. Finally, the actions taken to
Design-minded graduates know how to rapidly sketch ideas, explore and share alternate courses of action, and trust their instincts.

address such problems will have an immense impact on everyone involved.

We also ask students and organizations to avoid fixating on a single problem prematurely. Rather, we encourage them first to identify paradoxes or points of tension within the company’s operations that might be productively explored. For example, one student team worked with a manufacturing firm that wanted to improve its customers’ experience; by looking more deeply, the students directed the firm to a larger, but related opportunity—to create systems that better allowed innovations to move from one division to others.

Another student team worked with a retailer that wanted to improve the sales experience in its stores. Using design, students saw instead an opportunity for the store to position itself as a social hub, where target customers could connect to others like themselves. Yet another team helped a services firm identify a conflict between how the firm viewed itself and how others viewed it, a discrepancy that could restrict its attempts to expand.

Some critics might argue—with good reason, in some cases—that managers don’t have the luxury of picking their problems, but must solve the ones put before them. But there are also times that demand that managers reshape the problems they face, so they can create better solutions that play to their companies’ strengths. Business schools have become good at addressing straightforward problems. We could use more practice, however, in reframing the truly wicked ones and solving them in more innovative ways.

Learning to ‘Reframe’
The experience of one of our recent graduates illustrates what happens when design thinking is missing from the problem-solving equation. During a meeting at his new company, he listened as his new associates presented several ideas they had prepared for their client, a retailer. Our graduate asked a simple question: “Has anyone visited the client’s store?” No one had. He was the only one among them who knew that spending time in the store would be valuable. As he suspected, a field trip to the retailer helped the team present a considerably better idea to the client.

Too often, traditionally educated managers take a highly conceptual view of a situation, and they accept their first perception of a problem as the appropriate one. Based on that single perception, they decide on possible solutions and rush to choose the best among them.

Designers, however, follow the respected tradition of “questioning the brief”—a method that encourages them to dig deeper and question their assumptions. It suggests that there are almost always alternatives that have not made it to the table, ideas that have yet to be conceived, and explorations that could yield different perspectives. In this way, designers “reframe” problems to find creative and often unexpected solutions that others might overlook.

One of my favorite illustrations of reframing is that of shipping entrepreneur Malcolm McLean and his development of container shipping in the 1950s. At the time, most people were trying to improve shipping by reducing the time it took to move cargo across the ocean. McLean, however, recast the problem, focusing instead on reducing the time it took to move cargo on and off ships. His innovations eventually reduced cargo’s total time in transit by weeks, rather than hours or days. His changes impacted the unit costs of labor and led to new industry practices handling freight across multiple modes of transit.

Reframing can be useful in tackling almost any business
problem. In addition, the technique can be used to tackle problems faced by the business school itself.

**Seeing New Solutions**

We recently employed reframing to address a problem at the Weatherhead School, which is located near dozens of major arts and educational institutions. We wondered how this district might change if we could rethink the boundaries that currently separate these organizations.

For two days last September, we brought leaders of these institutions together to explore the possibilities. We began by dividing participants into groups and assigning each group an institution and a “persona” to consider. For instance, one group was asked to think about how the Cleveland Museum of Art might be experienced by “Helen,” a seven-year-old girl. Helen, we told this group, regularly visits the museum with her family and arrives carrying her notebook and a matching pen.

The group imagined that when Helen jumped up on a bench in the art museum lobby to get a better view, security staff would tell her, “No pens in the museum!” After putting her pen away, she would join a teacher and other children in a classroom, where the teacher would tell them they were about to see a painting of floating lilies. The teacher might mention that it was painted by Monet, though later Helen probably wouldn’t remember the artist’s name. The teacher would then take the kids to a gallery, where they would share a magical moment as the doors opened to reveal the painting.

In their next session, members of the group considered how practices at the museum could be modified to enhance Helen’s experience. They imagined tools that would leave Helen free to draw, while still protecting museum artifacts. They imagined ways the museum could extend her experience of Monet’s painting out into the spaces that surrounded the museum to make her experience more memorable. And they imagined how our seven-year-old’s height might be transformed from a detriment into an asset that enriched her experience of the massive spaces.

Suggestions included hanging artworks at Helen’s height in some of the galleries and providing ways for her to find other girls her age who also liked Monet’s water lilies. Through these connections, she might discover additional works she’d like. A shared media space might let Helen and her new friends touch and alter Monet’s work or create a new one inspired by it.

In these sessions, participants realized that they could use the expertise of one organization to address the needs of another. The experience also showed them that
Business school faculty will have to see themselves as more than custodians or even generators of knowledge. They will have to see themselves as designers of better knowledge delivery systems.

They were missing opportunities for improvement if they viewed themselves as separate and self-contained entities. By acting together, they could create better solutions to the problems they faced than they could by acting alone.

Applying the Principles
As design historian Ralph Caplan put it, “Design is not everything, but it somehow gets into most everything.” And, when we think about it, everything about a business is designed. Yet, we too often overlook opportunities to confront and benefit from the design of our organizations. We often take the constraints we face as given and fixed.

Again, we can see this phenomenon in business schools themselves. Most faculty members assume that they cannot effect change in their programs quickly, because they think these kinds of changes take a long time. Ironically, this assumption is taken as a given, even in business schools where lectures about the importance of “time to market” are common.

At Weatherhead, we spent more than two years revising our MBA program, under the assumption that such a process was supposed to take that long. But when we turned our attention to our Executive MBA, we realized that we could not afford so long a lead time. Last year, we engaged a design firm to help us plan our approach and set ourselves a three-month deadline—which we met. We will be delivering the new program in the fall.

The result is not perfect, but I prefer working with what we have today over waiting two years for something only slightly more refined. We will learn and adjust as we go, but in two years we almost certainly will be in a better position than we would have been had we followed conventional wisdom.

Embracing Ambiguity
“Design must not be understood as an activity reserved to artists,” the great designer and artist Karl Gerstner asserted. “It is the privilege of all people everywhere.” I would add that, where business is concerned, design thinking isn’t just a privilege. It’s the responsibility of those who lead our institutions of commerce, welfare, government—and, yes, education.

Had the leaders on Wall Street been trained in design thinking, for example, they might have taken steps that could have lessened or even prevented the economic tur-
In spring 2010, the Case Western Reserve University’s Weatherhead School of Management and the Cleveland Institute of Art (CIA) collaborated to hold the first annual “Turning Designs into Business” competition. Six teams of industrial design and MBA students collaborated on business plans inspired by product concepts displayed at the CIA Spring Design Show. The show featured the work of more than 100 industrial, interior, and communication design students, including their renderings and prototypes for new products in areas such as furniture, home goods, electronics, and automobiles. Each team chose a prototype that its members thought had special potential and wrote business plans to bring it to market.

The idea for the competition came when Weatherhead’s Fred Collopy visited CIA’s Spring Design Show in 2009 with several MBA students. The students were particularly intrigued by a CIA student’s design for a different kind of hair dryer. A traditional dryer is shaped like a gun, but this design fit into the palm of the user’s hand and operated in more of a “caressing” motion, Collopy says. The MBA students began speculating about what it would take to turn that product into a profitable venture. Collopy and his colleagues at Weatherhead worked with the CIA to turn that conversation into the “Turning Designs into Business” competition.

First-place winners included MBA students Tim Anderson and Maura Slater and CIA student Sam Cahill. They won $3,000 to develop their business plan for Ivy, a portable hospital I.V. accessory that provides patients with a charging station for mobile devices and a base to hold belongings. Judges noted that the patient-focused product highlighted the need for health providers to “move beyond science and take a more holistic approach to wellness.”

Coming in second place was a plan for Daypack, a stylish comprehensive baby care kit for mothers. The plans for Safecue, a ski rescue device, and Olive, a printer made of recyclable materials, received honorable mentions.

Dan Cuffaro, chair of design at CIA, says that the competition encourages business students to see problems through the design students’ eyes—and vice versa. “Over the years it has been a challenge to get the design culture at CIA to mix with the business culture at Case,” says Cuffaro. “There is a fear of saying or doing the wrong thing in the presence of unfamiliar people.” He sees the competition as a way to push students out of these patterns and expose them to unfamiliar terminology, thought processes, and ideas.

Experiences like the “Turning Designs” competition help business students adopt more innovative approaches, agrees Collopy. He adds that by working with—and often like—designers, these future leaders might bring new ideas to market that otherwise would not be realized.

To see prototypes and read more about each team’s proposal, visit weatherhead.case.edu/about/events/SpringDesignShow/.
moil of the last two years. Instead, the economic crises that resulted from their decisions have left many people wondering if management educators are up to the task of producing graduates with foresight, who can think more holistically, empathically, creatively, and intuitively.

We will not resolve those concerns by making only simple adjustments to the same traditional approaches. One way or another, we must create curricula that engage the whole person in the tasks of management and that produce graduates who see the opportunities in the problems they face. And that means that business school faculty will have to see themselves as more than custodians or even generators of knowledge. They will have to see themselves as designers of better knowledge delivery systems.

Management is all about dealing with the ambiguous, complex, uncertain, and irregular. After all, the straightforward, simple, certain, and regular can be delegated to automated systems or lower-level staff. Many of the problems facing today’s managers are not amenable to simple strategies or pat solutions. If our graduates are to have what it takes to solve these problems successfully, it is our responsibility to equip them with a full arsenal of tools—including the ability to think like designers.

Fred Collopy is professor and department chair of information systems at Case Western Reserve University’s Weatherhead School of Management in Cleveland, Ohio.

SKEMA Business School, the first French business school to open a campus in the United States for its entire entering class

SKEMA Business School opens a new international campus in Raleigh, North Carolina, USA

SKEMA’s foreign campuses all have the same objective: to combine academic and professional experience at an international level. Going to SKEMA means expanded professional networking opportunities, mobility, globalisation, and multicultural diversity. SKEMA’s international campus approach brings the school’s teaching model in line with new management practices. SKEMA Business School trains ethical decision makers who are able to develop and adapt in a globalised world.

Arising from the CERAM Business School and Lille School of Management merger, SKEMA offers a comprehensive portfolio of programmes for students and professionals, on its six campuses in France (Lille, Nice Sophia Antipolis, Paris) and abroad (China, Morocco, USA).

A New World Opening Up
Every type of organization must be prepared to manage a crisis. For a corporation, the crisis might revolve around the global recall of defective products, as was the recent case for Toyota, or an environmental nightmare, such as BP’s oil spill in the Gulf of Mexico. For a government, the disaster might spring from a terrorist attack or the effects of a hurricane or earthquake. For a nonprofit organization, the trouble might relate to financial improprieties committed by senior executives, as the United Way discovered a few years ago. The question companies should ask themselves is not whether a crisis will occur, but when—and how they plan to deal with it.

When an organization’s survival is at stake, the executive team’s crisis management skills can determine whether or not it pulls through. Unfortunately, business schools have been slow to offer courses that will teach upcoming managers how to respond in times of trouble.

I’ve taught crisis management courses at the executive and MBA levels, and I believe there’s great potential in offering them at the undergraduate level as well. After all, it’s certain that our students will someday find themselves in the midst of a crisis, whether at a company they work for or one that they own. How well they emerge from it may depend on how much they learned about crisis management during their business school educations.
The First Phase of a Crisis

I structure my courses around the three phases of a calamitous event: pre-crisis, crisis, and post-crisis. While there are a number of books available on the topic, I prefer Timothy Coombs’ *Code Red in the Boardroom: Crisis Management as Organizational DNA* because it, too, follows the different crisis phases and explores the managerial implications of each. I also draw on cases, articles, in-class exercises, and a simulation to convey important concepts.

When we address the pre-crisis phase, students learn how they might prevent disasters from occurring by practicing risk assessment, issues management, crisis prevention, crisis preparation, and management of stakeholder relationships. They also learn how to assemble a crisis management team and create an effective crisis management plan.

To teach concepts related to risk assessment and management, I use a case study about a cleaning service company in Hong Kong. Students break into groups to discuss the company’s main areas of risk and the strategies that could be used to mitigate them. A number of students identify employee injury as an area of risk; they suggest that the company should improve its training program so employees know how to use the cleaning equipment and chemicals properly. For this exercise, students also must prepare a plan for dealing with SARS, which was a key concern among Hong Kong companies when the case was written in 2004.

During the pre-crisis part of the course, I also cover issues management, which involves identifying emerging issues that potentially could damage the company—and reducing the likelihood that they will turn into crises. One resource I use is a case study about Kraft Foods and the issue of obesity, which is obviously a concern to food conglomerates. However, I emphasize that the lessons of this case study can be applied in other industries as well, and during executive seminars I have the participants reflect on how those lessons might affect their own companies.

After we discuss the Kraft case, I pose two questions to the class: “How could your organization be adversely affected by legislation being discussed by your federal, state, or local governments?” and “How do you think your organizations can manage these emerging risks?”

The answers are always interesting. In one class, several students who worked in online environments said they were concerned that impending legislation on the safeguarding of customer data could have an adverse effect on their companies. To prepare for the situation, they believed they should proactively implement new security measures to protect customer data and then undertake lobbying efforts to prove that the new measures were effective. They thought this tactic could help their companies influence the legislation before it was passed. Other students pointed out that multiple companies from the same industry might wield more clout if they joined forces through a trade group to lobby the government whenever it was considering legislation that might affect them.

I find that students are more engaged if the crises under discussion are current, so in addition to using cases in the classroom, I always incorporate news items about recent events. For instance, avian flu was a major concern in 2006 when I was teaching an MBA seminar, so I supplemented my reading packet with articles on this topic. During classroom discussions, students debated how they would design a crisis management plan to prepare for a possible outbreak of the disease.

The Crisis Itself

During the second part of the course, we study the crisis phase. Students learn how to identify and respond to different situations depending on the characteristics of the crisis; this analysis shows them how to deal effectively with disasters once they arise. I rely on cases, current events, and a management simulation to teach this portion of the course.

One case I’ve used concerns a computer attack by hackers. The case study encourages participants to consider how company officials should respond to their customers, their employees, and the media once their electronic data has
been compromised. Before taking the course, many students believe that, in a crisis, the only stakeholder they will need to placate is the media. I emphasize that executives must consider the concerns of a wide variety of stakeholders, all of whom have different informational needs and who may require very different messages. For example, while customers will be concerned about whether their personal information is safe after a hacker attack, employees will want to know how the break-in impacts their job security.

The hacker attack case shows a situation where the organization is the victim, but I cover other types of crises as well. To teach about situations associated with organizational misdeeds, I use a multimedia simulation in which a large global semiconductor company is accused of racial discrimination.

The simulation, which takes approximately an hour to complete, scores students on the decisions they make as they work under intense time pressure to contain the crisis, as they would in the real world. Shortly after the accusation is made, they must craft a statement to release to the media. They also must try to anticipate the reactions of three different stakeholders—employees, customers, and Wall Street analysts—and decide how to deal with their very different concerns. Scoring is based on how well they anticipate the reactions of real stakeholders in actual racial discrimination suits that have been brought in the past.

A discussion held after the simulation allows participants to see how they performed compared to others in the class, which is a great way to extend and enhance the experience. The simulation also offers students an excellent chance to practice applying concepts they have previously learned, such as taking a stakeholder perspective.

For this part of the course, not only do I run the simulation, but I bring in articles about companies that are currently in the news because of disasters they are facing. I also search for information about crises that have been associated with participants’ organizations in the past. Of course, I ask for their permission to discuss these situations with the class. In most instances, the participants enjoy talking about their experiences, but sometimes they would prefer not to bring these topics up for classroom discussion.

Useful Resources on Crisis Management

**Books, Articles, Syllabi**

- **Code Red in the Boardroom: Crisis Management as Organizational DNA** by W. Timothy Coombs (Praeger 2006)
- Syllabus for executive management seminar by Daniel Laufer (www.marketingpower.com/Community/ARC/Pages/Teaching/Syllabi/Executive/CrisisManagement.aspx)
- Crisis Management” by Freddie Lee, Pui Wah, and Gilbert Wong (Asia Case Research Center, The University of Hong Kong, Case HKU350, 2004)

**Cases**

- “A Hacker Attack: An E-Commerce Nightmare” (Ivey Case #9B05E002, The University of Western Ontario)

**Simulation**

- Crisis Management Simulation by Erika Hayes James and Gerry Yemen (Darden Case UVA-OB-0790S, The University of Virginia, 2003)
Environmental mishaps, terrorist attacks, and cybersecurity breaches can throw any industry into a state of emergency at any time.

After the Crisis
In the final portion of the course, I ask participants to reflect on the crises we discussed in class and suggest ways the companies could improve their responses in the future.

For instance, in some of my classes, we study a case about the FAA levying a multimillion-dollar fine on Southwest Airlines because of poor maintenance. During the post-crisis portion of the course, one student suggested that Southwest needed to improve its issues management. This participant pointed to media reports stating that Congress was concerned that the FAA’s relationship with the airlines was too close, so Congress was increasing its oversight of the agency. The student believed Southwest should have foreseen that the FAA would react by enforcing maintenance checks more strictly.

Prior to taking this course, most students would not have understood the concept of issues management. This type of comment demonstrates how much students have learned during the class. I also expect them to have mastered how to evaluate an organization’s performance during a crisis and make recommendations for changes that will improve preparedness in the future.

Adding the Course to the Curriculum
If a school decides to offer a crisis management course, it can involve faculty from many departments, because the field is a multidisciplinary one that relates to marketing, public relations, communications, and management. My own background is in marketing, while my research focuses on crisis management and the psychology of blame; Timothy Coombs, who also teaches crisis management, has a background in PR.

Given that companies will always make headlines for their missteps and poor crisis management, business schools also can boost their presence in the media by cultivating faculty experts on the topic. For instance, because my teaching and research have helped me become an authority in the field, I’ve been quoted by The Wall Street Journal, CNN, and the Associated Press on crises that range from the Toyota recall to Hurricane Katrina to consumer reactions to mad cow disease. This exposure benefits both the school and my classes, because it attracts participants who perceive me as an expert. And the fact that the media does ask for my comments on these situations shows students that the concepts we discuss in class are directly applicable in the real world.

As organizations around the globe continue to cope with a variety of disasters, executives will continue to have a need for crisis management skills, and schools could find a ready audience for graduate and executive programs on this topic.

I believe crisis management could be a valuable elective for undergraduates as well, since many of them will go from school straight into the working world. Some of the concepts might be too difficult for younger students, and their limited work backgrounds might make it more challenging for them to reflect on experiences they’ve had in their own jobs. However, they can learn a great deal from case studies and news articles about real companies, and they also can consider situations that arose during internships and part-time jobs.

It’s unlikely the world will begin seeing fewer crises in the years to come. Environmental mishaps, terrorist attacks, and cybersecurity breaches can throw any industry into a state of emergency at any time—or, as BP executives are learning, a few critical errors can have monumental consequences. What’s more, the Internet and the 24-hour news cycle mean news about any disaster can fly around the world within the hour. Students who understand how to weather a range of crises will prove to be valuable resources to the companies that hire them after they graduate.

Daniel Laufer is an associate professor of marketing at Yeshiva University’s Sy Syms School of Business in New York City. He also has taught crisis management courses at the University of British Columbia in Vancouver and the State University of New York at Buffalo.
Buiness has never been more global, more complex, or more rapidly changing than it is today. For that reason, it’s not just a bonus for a business manager to possess an international outlook, a talent for creative problem solving, and a commitment to sustainable development; it’s a requirement. To help business schools develop the programs that will produce such well-prepared managers and leaders, AACSB International must be at the forefront of thought leadership on the most critical issues facing organizations today. Currently, these issues include globalization, innovation, and sustainability.

As I approach the midpoint of my term as board chair of the association, I think it’s time to take stock of the organization’s priorities. It seems clear that we must continue to channel much of our energy into the areas of globalization, innovation, and sustainability. Their influence will be felt in Task Force reports, Affinity Group discussions, accreditation efforts—and virtually every initiative AACSB undertakes.
We need to expand our definition of innovation. Innovative management strategies have changed business almost as much as innovative new products.

Emphasis on Innovation

Innovation has become an issue of such importance that we have formed a Task Force to deepen our understanding of its role in business and in business schools—in what we are teaching and how we are teaching it. Led by Robert S. Sullivan of the University of California San Diego, the Task Force recently issued a report on its findings.

Its central point is that we need to expand our definition of innovation. The word does not apply merely to entrepreneurs creating new inventions, because innovation describes processes as well as products. In fact, the report points out that innovative management strategies—in areas such as customer relations, product distribution, and employee management—have changed business almost as much as innovative new products.

As the report makes clear, business schools can contribute to innovation on many levels. They can create highly entrepreneurial environments on campus, which will encourage students to develop innovative thinking habits and faculty to focus on innovative research. In addition, through interdisciplinary coursework and experiential learning modules, schools can equip business leaders with the skills to creatively manage product cycles and enhance working environments.

Even incremental changes can contribute to big breakthroughs, as the report points out: “Important impacts on innovation can come from advances in the theory, practice, or teaching of management, but intellectual contributions do not have to be revolutionary to support innovation.” In order to discover those inflection points, the report suggests to schools: “Do even ordinary things differently.”

Many programs that encourage innovation are already in place. For instance, open-enrollment executive education programs can be excellent incubators for innovation, since they tend to draw participants from a wide variety of industries whose many different perspectives result in exciting debate. Multidisciplinary courses train students to think innovatively, as do courses that blend innovation with other key themes, such as healthcare or sustain-

Economist and Academic

For much of his career as a dean, Andrew Policano has been a tireless fund raiser. He became dean of the Paul Merage School of Business at the University of California, Irvine, in 2004. There, he secured the $30 million naming gift from Paul and Lilly Merage and set his sights on increasing the school’s long-term endowment. During his previous deanship at the University of Wisconsin-Madison School of Business, he worked to increase the school’s endowment from $6 million to more than $95 million. While in Madison, Policano also was instrumental in the launch of the school’s $23 million Fluno Center for Executive Education.

Policano is deeply involved in other areas of vital concern to the management education field as well. He has worked to make sure all of Merage’s programs are highly ranked and focused on socially responsible sustainable growth. He also is committed to increasing diversity at business schools. He served as a founding director of the PhD Project, which works to draw more African Americans, Hispanics, and Latin Americans to doctoral business programs. After 15 years with the organization, he continues on as a member of the steering committee.

Through his leadership roles at AACSB International, Policano has been a strong voice in the management education industry. He was first elected to AACSB’s board of directors in 2001. Between 2001 and 2003, he chaired the Blue Ribbon Task Force on Accreditation Standards, which developed the accreditation standards that guide AACSB today. Since that time he has held key roles on the PhD Bridge Program Task Force, the Committee on Issues in Management Education, the Special Committee on Global Accreditation
able business. And when professors use their research to approach old problems in new ways, they inject innovative thinking into the curriculum.

The Task Force report recommends that business schools regularly explore—and publicize—their roles in supporting innovation, both by collaborating with other schools and by reaching out to industry. The report also encourages business schools to work with policy makers to promote management education for technical professionals and technical education for management professionals. Reaching out to government agencies might also ensure that funding is increased for research on the management aspects of innovation.

In the wake of the report, AACSB is promoting innovation by making it a discussion topic at conferences. For instance, at the International Conference and Annual Meeting in Anaheim last April, one of the plenary speakers was John Kao, chairman of the Institute for Large Scale Innovation. Kao talked about “wicked problems”—complex multi-stakeholder problems—that require an innovative toolbox if they’re to be solved. Like Kao, other speakers throughout the year will highlight the necessity of innovation and how business schools must plan to incorporate it into the curriculum.

AACSB also has created a resource center devoted to this topic at www.aacsb.edu/resources/innovation. The site provides a forum where educators can share innovative ideas and achievements with universities, corporations, organizations, and policy makers.

**Globalization and Accreditation**

Innovation is a large enough challenge in and of itself. But business curricula must be both innovative and global if schools are to turn out graduates who will help companies solve their biggest problems. True, globalization may be one of the most overused buzzwords in organizational vision statements today; however, it’s also a goal that many organizations find difficult to achieve. That reality places it at the crux of many of the association’s upcoming efforts.

AACSB’s Globalization of Business Education Task Force, headed by Robert Bruner of the University of Virginia, is exploring the way business schools worldwide are developing strategies to globalize their programs, research, and other initiatives. The Task Force’s report, scheduled for release in early 2011, will examine the implications of globalization for individual schools, accrediting agencies such as AACSB, and the worldwide management education community.

Globalization is also a challenge faced by the association itself. As the number of institutions that award business degrees swells to more than 12,000, AACSB has a great opportunity to help many of these schools achieve a recognized level of quality in their programs and operations. This also will help AACSB achieve its mission of advancing management education worldwide. But the task is daunting; AACSB has accredited fewer than 600 of these business schools. A key question we face is this: How can we impact a broader range of business schools without diluting the value of the AACSB brand?

To help answer this question, the board of directors has formed the Special Committee on Global Accreditation Strategy (SCOGAS), chaired by Howard Thomas of Singapore Management University. The committee has identified several options, which include changing our current accreditation standards, establishing regional partnerships with other accrediting bodies, adding an intermediate type of recognition that isn’t full accreditation, or adding a separate and distinct level of accreditation.

While all options present advantages and disadvantages, SCOGAS is seriously considering the idea of developing a separate accreditation product. We plan to appoint a working group of volunteers to address the implications of...
such a decision. We also hope to receive additional feedback on all options from AACSB members at various conferences and seminars for the rest of the year.

Even as AACSB extends its services to schools in emerging markets, we must continue to be responsive to the needs of our longtime accredited institutions. We also need to consider ways to distinguish various segments of our currently accredited schools. For example, the Carnegie I research universities have different goals and priorities and, therefore, different needs from AACSB.

We continually seek better ways to help our members achieve their goals, and we frequently receive useful insights from our Affinity Groups. These clusters of schools, drawn together by similar needs and interests, meet at international association events and stay in touch year-round through the AACSB Exchange. Their perspectives help AACSB recognize the differences between schools and provide better services tailored to specific needs.

Other Key Issues

While I expect innovation, globalization, and accreditation to be major themes for the organization over the next year, we also will need to keep our sights on other issues of great importance to business and business education. Among these is sustainability—the development of ethical business strategies that keep organizations profitable while causing no harm to the planet or its people.

Business schools around the world offer programs that approach sustainability from many angles, from developing green supply chains to implementing green accounting practices. Many schools are also “walking the talk” by constructing new facilities that incorporate sustainable design features, such as efficient energy systems, low-flow water fixtures, green roofs, and recycled building materials.

Recognizing sustainability as an essential business strategy for the future, AACSB has organized an annual conference designed to help schools add the topic to their curricula and their campuses. In June, the association held its third sustainability conference in Denver. Speakers from GE and Target described how their organizations have incorporated sustainability and corporate social responsibility into their agendas. Presenters from business schools discussed topics that ranged from creating interdisciplinary sustainability centers to encouraging faculty to direct their research toward solving the world’s ills.

Creating courses on sustainability—or any other topic—is impossible without a strong faculty, and the field of management education continues to face a shortage of doctorally qualified professors. While the current recession has temporarily slowed hiring, the global growth of business schools means the industry will need an increasing number of talented, well-trained faculty. AACSB has already worked to address the shortage by supporting Post-Doctoral Bridge-to-Business programs and other initiatives. But we believe there is more we can do. For instance, AACSB’s Committee on Issues in Management Education (CIME) has begun collecting and analyzing data to assess both the supply and demand for faculty members globally.

We also are forming a Task Force that will analyze the production process for PhDs, a process that has essentially remained unchanged for 100 years. Why does the average time for production of a PhD student take more than five years? If this can be shortened, will we be able to alleviate or avert the doctoral shortage? These and other questions will be addressed by the Doctoral Faculty Shortage Working Group, which reports to CIME and is led by Richard Sorensen of Virginia Tech.

Looking Ahead

The challenges before our association are many and varied, as are the challenges before any business enterprise. To carry out our mission, we will need to be thoughtful, flexible, creative, and committed. We also will need to rely on the input and feedback of our members who have insights into what the association should be emphasizing today—and where it needs to be focused tomorrow.

On behalf of AACSB, I would like to thank all of you who donate your time to our efforts on thought leadership, accreditation review, and many other significant activities. AACSB thrives through the creative, productive activities of its volunteers, and we are very grateful to all who provide valuable time and insights.

Andrew J. Policano is dean of the Paul Merage School of Business at the University of California, Irvine.
CIBERs Put Funding to Work

This summer, the U.S. Department of Education (DOE) announced its grants to support Centers for International Business Education and Research (CIBER) at U.S. business schools from 2010 to 2014. Many existing CIBERs had their funding renewed, and three more schools were added, bringing the number of CIBER schools to 33. The DOE awarded $12,757,000 to 33 CIBERs in 2010, compared to $11,527,300 to 31 CIBERs in 2009—most grants fell in the range of $1.5 million to $1.6 million.

This year, the DOE solicited grant proposals in two specific categories: language instruction, testing, and assessment for one of 78 less commonly taught languages (LCTLs); and outreach activities, consortia, or educational exchanges that help business schools in disadvantaged areas internationalize their programs. The department indicated special interest in proposals that emphasized sustainability or emerging markets.

With their funding in place, CIBER schools are now putting in motion plans for a range of international initiatives:

Looking at language. As a new CIBER location, the Carlson School at the University of Minnesota in Minneapolis will use part of its grant to emphasize language instruction. It plans a summer institute for K-16 language instructors and also wants to involve language instructors in its study abroad experiences. For example, a Chinese language instructor will accompany students on an upcoming short-term trip to China.

This model will allow the instructor to “convey and teach Chinese business language in the context of Chinese business,” says Michael Houston, director of the U of M CIBER.

Turning to teaching. A new CIBER at Georgia State University’s Robinson College of Business in Atlanta will use part of its funding to hold a regional higher education consortium, where educators can discuss pedagogy focused on emerging markets and LCTLs.

Studying international services. The University of Miami School of Business in Florida, the third new CIBER, will match its $1.5 million in funding to dedicate $3 million over the next four years to support programs that explore competitiveness within the services sector. The center will emphasize four international service subsectors: healthcare, financial reporting, infrastructure development, and environmental sustainability.

Fostering collaboration. The CIBER at Brigham Young University’s Marriott School of Business in Provo, Utah, will support development of a ten-day Summer Culture and Language Boot Camp. Held jointly with the Texas A&M CIBER, the boot camp will train college students in international business, culture, geopolitical topics, and language instruction.

Tackling technology. The IU CIBER at the Indiana University Kelley School of Business in Bloomington is planning social entrepreneurship consulting projects in Peru, India, and Ghana, as well as a short-term international faculty development program focused on sustainable business practices in Latin America and the Caribbean. It also will hold programs in language and culture for undergraduates nationwide; these will include field trips overseas. The first of these will focus on Brazil and the Portuguese language, Egypt and Arabic, and China and Mandarin.
On the technology side, the IU CIBER will develop CIBER Share, an online crowdsourcing portal where faculty, K-12 instructors, and government personnel can share and comment on instructional multimedia. In addition, the center is creating World Bazaar, an e-game that will teach students of all ages about global business culture.

Revving up research. The CIBER at Duke University’s Fuqua School of Business in Durham, North Carolina, is putting a special focus on international research. It will allot a portion of its funding to increasing Fuqua’s Offshoring Research Network, a database with information on the globalization and innovation efforts of 2,000 firms. It also will use part of the grant to fund the InterCultural Edge (ICE), a research initiative focused on effective cross-cultural communications. The CIBER plans to certify ICE trainers across the U.S. to instruct students, faculty, and businesspeople on cross-cultural communications.

Focusing on sustainable cities. The CIBERs at the University of Southern California’s Marshall School of Business in Los Angeles and UCLA’s Anderson School of Management will work with the Association of Pacific Rim Universities’ World Institute to launch the Pacific Cities Sustainability Initiative. The initiative will be dedicated to reducing the carbon footprint of urban cities as they grow.

The DOE plans to publish summaries of the proposed activities of all 33 CIBERs. To read these summaries when they are posted or learn about the CIBER network, visit ciberweb.msu.edu/.

Aware Managers Don’t ‘Greenwash’

BP’s current environmental and public relations nightmare over the oil spill in the Gulf of Mexico possibly could have been avoided—or at least mitigated—if its leaders had adopted an environmental awareness system (EMS). This premise is the subject of recent research by Thomas P. Lyon, a professor of business economics and natural resources at the University of Michigan’s Ross School of Business in Ann Arbor, and John Maxwell, professor of business economics and public policy at Indiana University’s Kelley School of Business in Bloomington.

Instead, Lyon and Maxwell say that BP’s leaders engaged in “greenwashing”—that is, they disclosed positive aspects of the company’s environmental activities, but downplayed the negative aspects. Even companies that disclose their activities more fully can face accusations of greenwashing from activists, the authors write. For that reason, they may be less likely to disclose their environmental policies.

Greenwashing is especially dangerous for companies that promote themselves as “green,” as BP did before the spill with its “Beyond Petroleum” ad campaign. “If people come to view a company as ‘green,’ there will be a high price to pay if they discover they have been duped—especially if the public suffers from ruined ecologies, job losses, and other economic problems,” says Maxwell.

In their research, Maxwell and Lyon conduct an economic analysis of greenwashing. They argue that companies that understand the impact of their environmental and social performance are more likely to be transparent about those activities. Activists could better achieve their goals if they stop angrily demanding companies be more transparent, and instead encourage companies to adopt an EMS, the authors write. An EMS puts in place administrative procedures to help organizations integrate environmental concerns into their business practices. In that way, managers are aware of the impact of their companies’ actions.

With an EMS, managers could disclose with confidence, rather than hide behind ignorance and uncertainty, says Maxwell. That might be the best way, he adds, to protect society and the environment from a company’s bad judgment.

Debunk a Stereotype? Just Say It Isn’t So

A new study finds that a short discussion about why a stereotype is invalid can overcome the stereotype in the process. Laura Smith, a psychologist from the UQ Business School at the University of Queensland in Australia, and Tom Postmes, a professor of social psychology at the University of Groningen in the Netherlands, conducted two studies with 380 undergraduate university students in the United Kingdom to debunk the belief that women are worse at math than men.

The researchers had some groups engage in a five- to ten-minute discussions about why this stereotype was not true; then, participants completed a math exam. The women in this group performed as well as men taking the same exam. However, when women participated in a short discussion about why this stereotype was valid, they performed worse than their male counterparts on the exam.

In many countries, teenage girls often do worse on math exams than boys, which leads to women’s under-representation in the mathematics and engineering professions, says Smith. Stereotypes “derive their power from being agreed upon and validated by others,” she adds. “We could use discussion to promote positive social change and eliminate some of these inequalities.”

The next step for this research would be to test whether repeated discussions on this topic could actually change these stereotypes over time, says Smith. She might conduct a long-term study to learn if multiple discussions have this effect, even when people hear occasional contradictory opinions.

“Shaping stereotypical behaviour through the discussion of social stereotypes” was published in the May 2010 issue of The British Journal of Social Psychology.

UPCOMING & ONGOING

SPORTS AND MULTIMEDIA

Sports channel ESPN and The Wharton School at the University of Pennsylvania in Philadelphia have partnered to study consumer behavior during major sporting events. The study, ESPN XP, began with the 2010 FIFA World Cup in South Africa. Using data from the Wharton Interactive Media Initiative and partners such as the Nielsen Company, researchers will measure media usage and the effect of advertising for these events across television, radio, Internet, mobile, and print.

WOMEN IN THE MIDDLE EAST

Charlotte Karam, Lama Moussaw, and Fida Afiouni of the American University of Beirut’s Suliman S. Olayan School of Business in Lebanon will conduct a two-year study of why so few educated women are promoted at Middle Eastern universities. Most studies on the topic of women’s advancement in academia have a Western perspective, say these researchers. With their research project, “The Current Status of Academic Women in the Middle East: Scientific Analysis for Human Resource Policy Development,” the researchers hope to encourage mentoring relationships for young women in academia.

RESEARCH ACROSS DISCIPLINES

Three professors have received a $350,000 grant from the Science of Science and Innovation Policy program at the National Science Foundation. Kai Larsen and Jin-tae Lee, associate professors at the University of Colorado at Boulder’s...
Religion Curtails Financial Fraud

The more religious the region, the less aggressive its companies will be in their financial reporting, according to a working paper by Sean McGuire, Thomas Omer, and Nathan Sharp.

The three researchers at the Mays Business School at Texas A&M University in College Station measured the religiosity of U.S. counties by examining the interviews of more than 600,000 respondents to a nationwide Gallup poll. In the interview, respondents were asked whether their religious beliefs were important to their daily lives. The researchers used the proportion of people who indicated that religion was important in their lives to measure each county’s religious adherence.

They then used accounting data from the New York firm Audit Integrity to measure the level of accounting fraud in U.S. counties nationwide.

McGuire, Omer, and Sharp find that for every 10 percent increase in the number of people in a county for whom religion is important, the odds that a firm headquartered there will be sued for accounting malfeasance decreases by 48.8 percent. In this model, the top three most religious states were in the Bible Belt: Mississippi, Alabama, and Tennessee. The least religious were Alaska, Vermont, and New York.

The researchers also found that the more religious the county, the less its firms adopted socially responsible initiatives such as community support, diversity programs, and employee relations. The researchers suggest that one reason might be that in very religious communities, faith-based organizations play a larger role in promoting such initiatives. In addition, many CEOs may be active with religious organizations and less likely to duplicate these activities in their companies.

The authors conclude that “religious social norms are associated with lower accounting risk, lower unexplained audit fees, and lower likelihoods of accounting-related shareholder lawsuits.” While this finding should not

MEASURING A FIRM’S R&D IQ

Anne Marie Knott, associate professor of strategy at Olin Business School at Washington University in St. Louis, Missouri, has received a grant from the National Science Foundation to study firms with highly productive research and development, or high IQ, and those with less productive R&D, or low IQ. Patent data is often used to measure R&D productivity, says Knott, but because fewer than 50 percent of firms apply for patents, this method is not comprehensive. By comparing IQ characteristics across a range of firms, Knott hopes to design a metric that firms can use to better measure the effectiveness of their R&D.
be the only factor in evaluating a company, say the researchers, it offers investors another measure of the likelihood of financial fraud.

“The influence of religion on financial reporting and corporate social responsibility” is available at ssrn.com/abstract=1548154.

Women and the ‘Compiler’ Effect

Four MBA students at Georgetown University’s McDonough School of Business in Washington, D.C., spent a year studying the roles women take when working on teams in their MBA programs. They find that women assume the role of “Compiler”—completing largely unnoticed and undervalued administrative tasks for their teams—five times more often than men.

Jennifer Bradley Heflin, Colleen Newman, Kelly O’Brien, and Brooke Ybarra surveyed 239 individuals, including MBA students and professionals, for their study, “The Female Compiler Phenomenon: Women Choosing Invisible Roles on Small Teams.” They also conducted four single-sex focus groups with current MBA students and interviews with nine executives.

They found that women act as compilers because they believe that, by completing the compiler’s often detail-oriented tasks, they could add the most value to their teams. But while executives viewed this role as critical, MBA students viewed the role less positively—in fact, some said they thought compilers were avoiding doing “real work.”

The study also looked at other roles commonly assigned to MBA team members. More than twice as many men as women reported taking on the “Thought Leader” role in small groups—36 percent of men compared to 16 percent of women. However, 31 percent of women said they assume the Operational Leader or Project Manager role, compared to 19 percent of men.

The authors want administrators...
Researchers examined 276 deals, across 12 industries, completed by first-year CEOs between 1997 and 2009. They found that CEOs who perform one major deal in their first year enjoy more long-term success than CEOs who do not. However, those who perform more than one major deal see decreased returns in the long run. “What Should I Do Next? CEO Succession, M&A Deals and Company Performance” is available at www.cass.city.ac.uk/marc/research/research.html.

BULLYING WORSE THAN DISCRIMINATION
Workers can be more negatively affected by workplace bullying than by harassment related to gender or race, say Jana Raver, assistant professor of organizational behavior at Queen’s School of Business in Ottawa, Canada, and Lisa Nishii, assistant professor of human resource studies at Cornell University in New York. Raver and Nishii surveyed 735 employees in a range of industries about demographics and levels of harassment in their companies. The employees completed a second survey four weeks later about their attitudes toward their jobs, turnover, psychological well-being, and health. The researchers suggest that bullying does more harm because while victims of harassment have recourse, victims of bullying often do not. “Behavioral outcomes of experiencing workplace aggression” appeared in the March 2010 issue of The Journal of Applied Psychology.

POLITICAL POWER HURTS ECONOMIES
As politicians rise in power, it would seem that their regions’ economies would benefit from increased federal spending. That’s not the case, say Lauren Cohen, Joshua Coval, and Christopher Malloy of Harvard Business School in Boston, Massachusetts. The authors examined data over a 40-year period to track the increased federal spending that states received once their senators became powerful enough to chair a committee. They found that after politicians reach that level, their states cut back on capital expenditures by about 15 percent. Their working paper “Do Powerful Politicians Cause Corporate Downsizing?” is available at www.people.hbs.edu/cmalloy/pdffiles/envaloy.pdf.
Research

and faculty in MBA programs to be aware of the “compiler phenomenon.” Faculty could then educate students about team dynamics and encourage them to assume different roles. The authors also recommend that students working in small teams define necessary roles and rotate responsibilities, so that all members have opportunities to lead.

“In the workplace,” the authors write, “individuals must be wary of getting stuck in certain roles that are perceived to be less valuable or critical to overall success, and seek out mentorship and leadership development opportunities to improve promotability.”

The students completed the project as part of the 2010 Gender in the Workplace Research Competition sponsored by GU’s Women’s Leadership Initiative. An executive summary of the paper is available at guwli.georgetown.edu/research/.

Risk Recognizes No Border

Many people misperceive state boundaries as physical barriers that can block or mitigate disaster, according to Arul Mishra and Himanshu Mishra of the University of Utah Eccles School of Business in Salt Lake City. Correcting this “border bias,” as the professors call it, might save lives and protect property threatened by natural and environmental disasters.

The researchers tested people’s perceptions of disaster risk in three experiments. In all three situations, participants viewed a disaster in neighboring states as less threatening than one in their own—even when the distance between both disasters and the participants homes was identical.

With a better understanding of border bias, organizations responsible for responding to disasters could emphasize geographical distance, not location, when warning a population of an imminent risk. This approach might motivate victims to evacuate more promptly and prevent the need for expensive, and often unsuccessful, rescues. Insurance agencies could also better educate their clients about their proximity to risks and help them make better choices when purchasing insurance.


More Choice Isn’t Always Better

Matchmakers may want to keep their clients’ options to a minimum, say Hanna Halaburda and Mikolaj Jan Piskorski, professors in the strategy unit at the Harvard Business School in Boston, Massachusetts. For agents in “two-sided matching markets” like online dating services, headhunting firms, and real estate brokerages, it’s often neither necessary—nor optimal—to present all available options.

Past studies suggest that in competitive markets, platforms that offer clients the most choice will dominate those that offer limited choices. This argument often is based on the prevalence of “network effects,” which hold that the more people use a product, the more valuable that product becomes. But Halaburda and Piskorski argue that models that limit choice can be just as successful.

Halaburda and Piskorski point to two popular online dating services: Match.com and eHarmony.com. Match.com provides members with unlimited access to its database, while eHarmony.com’s members can access only seven new dating candidates at a time. Even though it offers less choice, eHarmony.com charges 25 percent more than Match.com. Headhunting firms and real estate brokers also charge more than platforms offering clients access to all available options.

Choice-limiting agents also are more likely to make the matches stick—even if the match isn’t perfect. The reason? People who choose limited-choice platforms often want the search to be over and are willing to accept a less-than-optimal match.

Halaburda and Piskorski note that their findings could be significant to managers in industries most subject to network effects. Their intuition may tempt them to offer customers the most choices possible. But the researchers say their model suggests that “restricted choice platforms may prove superior.”

“Platforms and Limits to Network Effects” is available at www.hbs.edu/research/pdf/10-098.pdf.
Wayne Cascio, the Robert H. Reynolds Chair in Global Leadership at the University of Colorado Denver’s Business School, has won the Michael R. Losey Human Resources Research Award from the Society for Human Resource Management. Cascio received the $50,000 award for his research showing that corporate downsizing has little effect on profits—and sometimes makes matters worse when companies lose their best talent.

The paper “Why is PIN Priced?” has received the 2010 Fama-DFA Prize, which recognizes the year’s best paper on capital markets and asset pricing published in the Journal of Financial Economics. The award went to authors and finance professors Jefferson Duarte of Rice University’s Jones Graduate School of Management in Houston, Texas, and Lance Young of the University of Washington Foster School of Business in Seattle. They found that the probability of informed trading (PIN) “is priced because it is a proxy for illiquidity unrelated to asymmetric information.” Their paper appeared in the February 2009 issue; it is also available at ssrn.com/abstract=971197.

The American Accounting Association has awarded its inaugural Distinguished Contribution to Accounting Literature Award to Patricia Dechow and Richard Sloan of the Haas School of Business at the University of California, Berkeley, and Amy Hutton of Boston College’s Carroll School of Management in Massachusetts. They received the honor for their 1996 paper “Causes and Consequences of Earnings Manipulation: An Analysis of Firms Subject to Enforcement Actions by the SEC,” which found that weak governance encourages firms to more frequently manipulate earnings to lower the short-run costs of raising new financing.

The American Real Estate Society awarded Glenn Mueller its 2010 Richard Ratcliff Award for his research on real estate market cycles. Mueller is a professor at the Franklin L. Burns School of Real Estate and Construction at the University of Denver’s Daniels College of Business.
Reflection has become a part of experiential learning at many business schools, but most often, such introspection occurs after projects are completed. But what if students were given the time and tools to record their reactions to experiences moments after they happened—and share them online?

Undergraduates at Lehigh University in Bethlehem, Pennsylvania, are using video blogs to create just such introspective opportunities while they’re overseas. Before departing for their respective destinations, each group—which comprises students from business, engineering, and the arts and sciences—is equipped with two $120 Flip Video camcorders and given guidelines on the types of videos that would be most blog-appropriate.

Faculty and staff at Lehigh’s College of Business and Economics and its Martindale Center for the Study of Private Enterprise worked with the school’s Internet and design services team to integrate a Google Map page into the blog. On the left side of the page are links to video footage; on the right, an interactive Google Map with marks at each stop on the tour. When visitors click on a marker, a box with video and text about that activity pops up.

An early concern was whether students would take quality video, but that concern was unfounded, says Jill Brown, assistant professor of management. Brown accompanied a group to Singapore in March, and she says that students immediately “took the responsibility for filming into their own hands.” They filmed their reactions to everything from learning how to use Singapore’s public transit system to hearing how a Singapore-born entrepreneur and an American expatriate each experience the city.

In May, Sharon Bernstein, program director at the Martindale Center, accompanied 12 students to Iceland. Each day, students and faculty downloaded footage from the previous day to a laptop, reviewed it, and uploaded the best material to the blog via their hotels’ wireless connections.

“This would not have been possible a few years ago, says Bernstein. “Back then, we didn’t travel with a laptop—we were at the mercy of the computer kiosk in the hotel lobby.” Today, students can share video each day not just on the blog, but on their Twitter and Facebook accounts.

Lehigh faculty knew the blog would help include the entire school community in these global experiences. But they didn’t realize how much richer it would make students’ learning experiences, says Todd Watkins, professor of economics and a mentor in the Martindale Center.

Before traveling to Iceland, each student chose a particular subject on which to base a future research project, such as fishing, banking, or geothermal power. The video helped them more quickly home in on ideas central to their projects, says Watkins.
For instance, after discussing Iceland’s banking collapse with officials from the Central Bank of Ireland, two students immediately began filming on the bank steps.

“While that video didn’t end up being used, the activity forced both the filmer and the filmee to reflect on and articulate what they’d just heard,” says Watkins.

Joshua Leight, a sociology and political science major, took part in the Iceland experience. Without the video blog, he says, students might have been so caught up in the excitement of the trip, they wouldn’t think to make deeper inquiries into their experiences. “The video prompted us to ask a unique question of every situation,” he says.

It also captured smaller moments—such as students trying to learn to pronounce Eyjafjallajökull, the name of Iceland’s now-infamous volcano. In that way, the technology helps create an instant and more complete record of the experience, says Rich Aronson, director of the Martindale Center. “It captures the essence of each moment,” he adds.

The video also gets the Lehigh community excited about its global curriculum, says Brown. After she and her group returned from Singapore, she says that many alumni and parents contacted her, offering to connect her to people they knew in Singapore who might help arrange future trips.

So far, Lehigh has created video blogs for trips to Singapore and Iceland, where there is easy access to wireless networks. But it’s likely that faculty will have to adjust this model for upcoming visits to China, where censorship could restrict access to some file-sharing sites, and Africa, where bandwidth is limited.

In China, the school plans to use its own private file-sharing system; in Africa, students will upload photographs rather than large video files.

“We’re learning as we do this,” says Bernstein. “The technology is evolving so quickly that, no matter how hard you try to keep up, you’re always learning.”

To see “The Iceland Experience” and “The Singapore Experience,” Lehigh’s interactive travel blogs, visit www4.lehigh.edu/news/lehighonlocation.aspx.

### iPads in Education: So Far, So Good

A number of business schools have begun piloting the iPad in their classrooms, and early reports are promising. Educators find that the device seems to offer a good balance between convenience and functionality for students and faculty.

IMD in Lausanne, Switzerland, has deployed iPads in four of its executive programs. Executives in these courses received all information pre-loaded on the devices—information that represented up to 1,000 pages of printed material.

“We’ve evaluated several different pieces of hardware, e-book readers, and tablet computers, but we never found anything that fully met the needs of our participants until the iPad,” says Iain Cooke, IMD’s chief technology officer. Cooke says that the iPad has scored well in screen quality, battery life, and user interface. IMD is beginning to use it more integrally for personal communications and networking support.

Other schools plan to roll out pilot programs with the iPad this semester. Oklahoma State University’s Spears School of Business in Stillwater will supply 125 students in five different courses with free iPads, which they’ll get to keep. Tracy Suter, associate professor of marketing at Spears, and Bill Handy, visiting professor in the School of Media and Strategic Communications, will lead the initiative.

“By using the iPad, we can replace paper-and-pencil research with the immediate process of data collection, review, and summary over a Web interface,” says Suter. “Collectively, we will discover new uses a single individual
WIN FOR BIZ SIM

Eric Cadotte, professor of marketing at the College of Business Administration at the University of Tennessee, Knoxville, has received a 2010 Brandon Hall Silver Award for Excellence in Learning Technology in the category of Best Advance in 3-D or Immersive Learning Technology. He won the award for his Marketplace Live Business Simulation, which allows students to interact with characters in various business situations in a 3-D world. In the simulation, “students can touch and feel the products they manufacture, envision the ads they design, see inside the sales outlets they build, and visualize the factories they manage,” says Cadotte. Brandon Hall Research, a training and development research firm in San Jose, California, bestows annual awards in a number of categories for those who advance the use of technology in education.

DEGREE IN INTERNET MARKETING

Florida Tech University Online, the online education arm of the Florida Institute of Technology in Melbourne, and Bisk Education, a facilitator of online degree and certificate programs in Tampa, Florida, will deliver an MBA with a specialization in Internet marketing in a completely online format. The master’s degree program will be available through Florida Tech’s Bisk College of Business. Students in the program will learn how corporate performance is affected by social media techniques, interactive communication methodologies, data mining, and search engine processes.

MARKETING MARTINA

In other news from the University of Tennessee, Knoxville, a group of MBA students there will be working with country singer Martina McBride to produce a social media plan for the singer’s newest CD. Earlier this year, students met with McBride, her husband John McBride, and a group of experts in interactive marketing to begin their work. The applied learning project is part of a marketing course taught by Matt Myers, head of the department of marketing and logistics.

DIGITAL NEWSSTAND

Digital publisher Zinio and the National Association of College Stores Media Solutions division has created an online digital newsstand for the college market, which features more than 3,000 magazines and books. These materials can be purchased and read using Zinio’s UNITY platform, which provides online and offline access to materials from any PC, iPhone, or iPad—it will support other devices in the future. Eventually, Zinio and NACS plan to develop private-label versions so that NACS members can deploy and promote their own digital newsstands. The current version can be accessed at nacs.zinio.com.
Grenoble faculty hope to discover whether iPads can replace laptops, says Marc Humbert, head of the innovation laboratory. “We may realize that the iPad is less intrusive than a PC, which, when open in the classroom, is like a barrier between the student and faculty.”

Although early reviews of the iPad are positive, faculty are likely to learn much more about its advantages—and disadvantages—in the months to come, says Bettina Büchel, professor of strategy and organization at IMD. “We’re still in the discovery phase,” she says. “The applications developed for executive education are just in the starting blocks.”

Social Networks Are More Social Than You Think

A recent study shows that mobile social networks often leak users’ private information to third-party tracking sites and other traditional online social networking services. That information includes users’ physical locations, unique identifiers related to their mobile devices, and other personal data.

Authors Craig Wills, a professor of computer science at Worcester Polytechnic Institute in Massachusetts, and AT&T Labs researcher Balachander Krishnamurthy co-authored “Privacy Leakage in Mobile Online Social Networks.” They examined 13 mobile online social networks, such as Brightkite, Flickr, Gowalla, and Urbanspoon, and seven traditional online social networks, such as Facebook, LinkedIn, MySpace, and Twitter.

They found that all 20 sites leaked some private information—most often the user’s unique social networking identifier—to third-party tracking sites. Six sites passed on the unique identifiers for users’ phones, which could allow third-party sites to track activities in other applications.

Wills argues for more comprehensive and easy-to-use privacy controls, so that social networks cannot compile such comprehensive portraits of users from their personal data. Only then, he adds, can users make informed choices about the information they choose to share—and with whom they share it.

A link to the full study is available at www.wpi.edu/news/20090/junwills.html.


Your Turn

by Ryan Damerow and Kathleen M. Bailey

The Language of Business

What’s a single skill that will set today’s business graduates apart and prepare them for jobs anywhere in the world? We believe it’s a facility with language.

Furthermore, in global companies where managers don’t possess deep language skills, we believe there will be severe negative economic impacts. Research shows that language barriers cost companies more than the money required to pay interpreters or translate documents. The real cost of the language barrier is that it “distorts and damages relationships,” according to a 2003 article by A.J. Feely and A.W. Harzing in Cross Cultural Management. Miscommunication can cause companies to lose potential clients or fail to deliver products and services.

Other experts also cite the impact of language skills in the workplace. “Addressing business issues from multiple perspectives has become a critical mandate in business education,” says Yuwei Shi, Dean of the Graduate School of International Policy and Management at the Monterey Institute of International Studies in California. “Language is essential to cross-cultural and cross-sector understanding.”

Language skills are so important to today’s business executives that we’ve convinced business schools need to make language studies an essential part of the MBA curriculum.

Linguistic Statistics

Supporting our position are various studies on language and business, including one recently commissioned by our organization, The International Research Foundation for English Language Education (TIRF). “The Impact of English and Plurilingualism in Global Corporations” shows that plurilingualism—the ability to communicate successfully in more than one language—helps individuals improve their access to global jobs and the benefits of those jobs.

The TIRF report notes that employees with strong language skills are particularly valuable when companies are expanding their potential exports, negotiating contracts, localizing company Web sites, and recruiting new employees in other cultures—all skills that are crucial to global businesses.

To identify the language skills employees need to possess, TIRF conducted case studies of seven global corporations. These companies comprise industries such as energy (Adriatic LNG), professional services (GlobalEnglish), publishing (Pearson), financial services (HSBC), and information technology (EMC Corporation, IBM Corporation, and British Telecom–Latin America).

Representatives of all the companies involved in the case studies indicate that, if their organizations are to remain competitive in this global age, their employees have a growing need to communicate in a foreign language. Every miscommunication that is attributable to subpar foreign language skills increases the demand for more capable employees.

For many international corporations, the language of commerce is English. Reece Duca, the founder and chairman of the board of Global English Corporation, points to World Trade Organization statistics about non-native English speakers among Global 1000 companies. According to data from the World Trade Organization, those numbers have risen from 30 percent in 1996 to 50 percent in 2005; they’re projected to be 70 percent in 2011. These figures underscore the reality that English is a necessary communication tool among global companies, Duca says.

But other languages can be just as critical in various parts of the world. In 2006, the Centre for Information on Language Teaching and Research (CILT) examined the effect of plurilingual skills among European businesses by surveying 2,000 small- to medium-sized enterprises (SMEs). Respondents noted that their companies had lost contracts worth tens of millions of euros due to a lack of language skills among employees.

The CILT survey found that businesspeople believe they have to encourage their workers’ language skills if they want to increase exports and overall business performance. Many identified Russian, German, and Spanish as the preferred languages in certain markets. They also indicated that their employees need to live in the countries where their target languages are spoken, in order to improve their language skills and heighten their cultural awareness. In fact, some respondents to the CILT survey state that “investment in language skills represents one of the fixed costs of exporting to certain countries.”

Programmatic Requirements

It’s clear that the more globalized business becomes, the more essential it is for managers at every level to possess strong language skills. Fred Thielke, an MBA student at the Monterey Institute of International
In some MBA programs, students either must be bilingual when they apply, or they must learn a second or third language by the time they graduate.

Among the schools with multiple-language requirements are U.S. institutions such as Thunderbird School of Management in Glendale, Arizona, and the Monterey Institute of International Studies; U.K. programs such as the Cranfield School of Management, Durham Business School, and London Business School; European schools such as the International Institute for Management Development in Switzerland and the École des Hautes Études Commerciales de Paris at HEC Paris; and Asian schools such as the Chinese Europe International Business School (CEIBS) in Shanghai.

Other programs rely on different methods to develop the language abilities of their students. For example, INSEAD, which has campuses in France and Singapore, uses English as the mode of communication in the classroom; however, students must have skills in a second language when they apply, and they must study a third language to meet graduation requirements. At the PanAmerican Institute for High Business Direction (IPADE), with multiple locations in Mexico, the primary mode of communication is Spanish in the first year and English in the second year.

Some of these programs also provide opportunities for students to live in countries where their target languages are spoken, which helps them further develop their communication skills. These MBA programs are equipping students with the 21st-century skills of communicating and collaborating across cultures.

One businessman who strongly believes in the value of language skills is Chris Bernbrock, program director of the Cloud Academy of IBM. This global forum, geared to professors and researchers in the IT field, includes academic institutions from the U.S., China, Qatar, Europe, Australia, and Singapore. Bernbrock’s previous posts with IBM included positions in global marketing, sales, and education—and language skills proved valuable in all of them, he says.

“Working in teams globally, on projects that tap expertise around the world and around the clock, is a daily reality in many companies now,” he says. “Having the ability to work with colleagues from countries throughout the world, especially when I have at least some familiarity with their languages and cultures, makes the teamwork go so much more smoothly.”

As more executives join global companies and work with international teams, their experiences will mirror Bernbrock’s—and they, too, will need a facility with language to carry out their jobs. We believe there’s no better place for tomorrow’s business leaders to acquire their language skills than in today’s business classroom.

Ryan Damerow is the administrative assistant for TIRF–The International Research Foundation for English Language Education, which is based in Monterey, California. Kathleen M. Bailey is the chair of the organization’s board of trustees.

For More Information

- “The Impact of English and Plurilingualism in Global Corporations” can be viewed online at www.tirfonline.org.
- The CILT report on the effects of shortages of foreign language skills in enterprise on the European economy can be found online at www.cilt.org.uk/home.aspx.
Want to get ahead in the corporate game? Forget everything you’ve read in best sellers about quiet competence and servant leadership. In *Power*, Stanford University professor Jeffrey Pfeffer offers an unsentimental blueprint for getting noticed and achieving high goals. “There is no doubt that the world would be a much better, more humane place if people were always authentic, modest, truthful, and consistently concerned for the welfare of others instead of pursuing their own aims,” he writes. “But that world doesn’t exist.” He encourages ambitious readers to figure out and get good at what matters to their bosses; learn how to flatter effectively; project a sometimes audacious self-confidence; and assess and exploit the power bases within their own organizations. This unapologetically pragmatic analysis of the avenues to power won’t be to everyone’s taste, but it’s certainly a bracing entry in the expanding library of books that offer to guide executives through successful careers. (Harper Business, $27.99)

Head-swimmingly complex but endlessly fascinating, Tom Bower’s *Oil* arrives at a sadly opportune time, as the industry deals with the disaster in the Gulf of Mexico. That it’s only the most recent of many setbacks, reverses, and cyclical triumphs Bower makes perfectly clear. Bower, a journalist and historian, spins a compelling tale of the presidents, politicians, engineers, and traders who have played their parts in the saga of big oil since the turn of the 21st century. “Oil is not a business for fools or the faint of heart,” he writes. His epic story spans the globe from New York markets to Russian meeting rooms to Houston command centers where geologists watch highly specialized equipment drill below the surface of the sea at a cost of more than $200,000 a day. While the story is labyrinthine, the goal is straightforward: If we understand how we got here, maybe we can figure out where we must go next. (Grand Central Publishing, $26.99)

Traditional business ethics courses teach students to analyze complex moral situations and navigate murky waters in the workplace. But the Giving Voice to Values program—developed for the Aspen Institute and supported by Babson College and the Yale School of Management—takes a wholly different approach. It doesn’t aim to help people determine the right thing to do, but how to gather the courage to do it. In *Giving Voice to Values*, Mary Gentile points out that many people find it difficult to speak up when confronted with unethical behavior. However, if they’ve spent time in class exploring their personal values and scripting responses they might make to workplace violations, they learn how to express their thoughts and how to brace themselves for possible consequences. Gentile’s book lists values commonly held across cultures; helps readers identify and express their own core values; and shows them how to counter rationalizations others use when they’re embarking on bad behavior. Neither didactic nor judgmental, *Giving Voice to Values* is inspiring and empowering. Instead of thinking, “I wish I could,” readers will come away saying, “I know I can.” (Yale University Press, $26)

More than 90 percent of U.S. employees answer to at least one supervisor. And when that supervisor is demanding, mean-spirited, or abusive, the company suffers: Workers are more likely to have heart attacks, slack off, deliberately sabotage projects, and otherwise negatively affect the company. In *Good Boss, Bad Boss*, Stanford professor Robert Sutton explores the very different ways the best and the worst bosses motivate, reward, and redirect their teams. “The best bosses balance performance and humanity, getting things done in ways that enhance rather than destroy dignity and pride,” he writes. They also project confidence, protect their workers, strive for small victories, and never forget how closely their employees study their every move. Sutton brings passion to his analysis of workplace dynamics. He writes, “I don’t care if you lead the most productive salespeople in your organization, coach a world championship soccer team, or are principal of an award-winning high school, if you treat your people like dirt, you don’t deserve to be called a great boss.” He provides guidelines for how to be the other kind. (Business Plus, $23.99)

Business schools are full of classes on strategy and finance, but short on courses that explain how graduates
can parlay their knowledge into lifelong careers. Kathryn Ulrich, who runs career programs for alumni of UCLA Anderson and Stanford GSB, aims to fill that void with Getting to the Top. She interviews executives from fields such as sales, marketing, and corporate communications, and deconstructs the paths that specific individuals took in their journeys to the top. But Ulrich’s key advice for readers is to always have a goal in mind and to accept or reject offers based on how well they support the dream job. “A career is not just something to think about when you’re doing a search; it also applies to the other 80 to 95 percent of your work life when you are employed,” writes Ulrich. Such focus is even more important in today’s linked-in world, where potential employers can find a candidate’s job history online even before they receive a résumé. The book could be a useful tool for mid-career executives—or students just starting out. (Silicon Valley Press, $19.95)

Dozens of experts have explored the reasons behind the ongoing global economic turmoil, and Raghuram G. Rajan provides his own elegant and thoughtful analysis in Fault Lines. Rajan, a finance professor at the University of Chicago and former chief economist at the International Monetary Fund, points to several root causes—such as domestic political stresses, particularly in the U.S.; trade imbalances between countries evolving at different rates; and clashing financial systems among industrialized and developing nations. “The central problem of free-enterprise capitalism in a modern democracy has always been how to balance the role of the government and that of the market,” he writes. While they are incompatible, he says, they’re inextricable, “because each of these systems softens the deficiencies of the other.” Reform, while necessary, won’t be easy, because the only safe system is one that takes no risks and discourages innovations. “In the long run, though, especially given the enormous challenges the world faces—climate change, an aging population, and poverty, to name just a few—settling for the status quo may be the greatest risk of all.” (Princeton University Press, $26.95)

Much has been written about how technology and social media have changed the retail game. Customers can surf the Web to find the best prices on any product and post their praise and complaints on Facebook. These are The New Experts, says business strategist Robert H. Bloom, and they have no brand loyalty. Sellers must woo them by offering benefits that will win consumers’ preference even when other options are available. “Sellers do not have to build their brand to create preference; they have to build the benefit their brand stands for,” writes Bloom. And they have to deliver that benefit consistently—in-store or online—or customers will look for it somewhere else. Bloom’s book is easy to read, to the point, and focused on one key lesson: Today’s buyers have all the power. Sellers must become buyer-centric or close up shop. (Greenleaf Book Group Press, $18.95)