

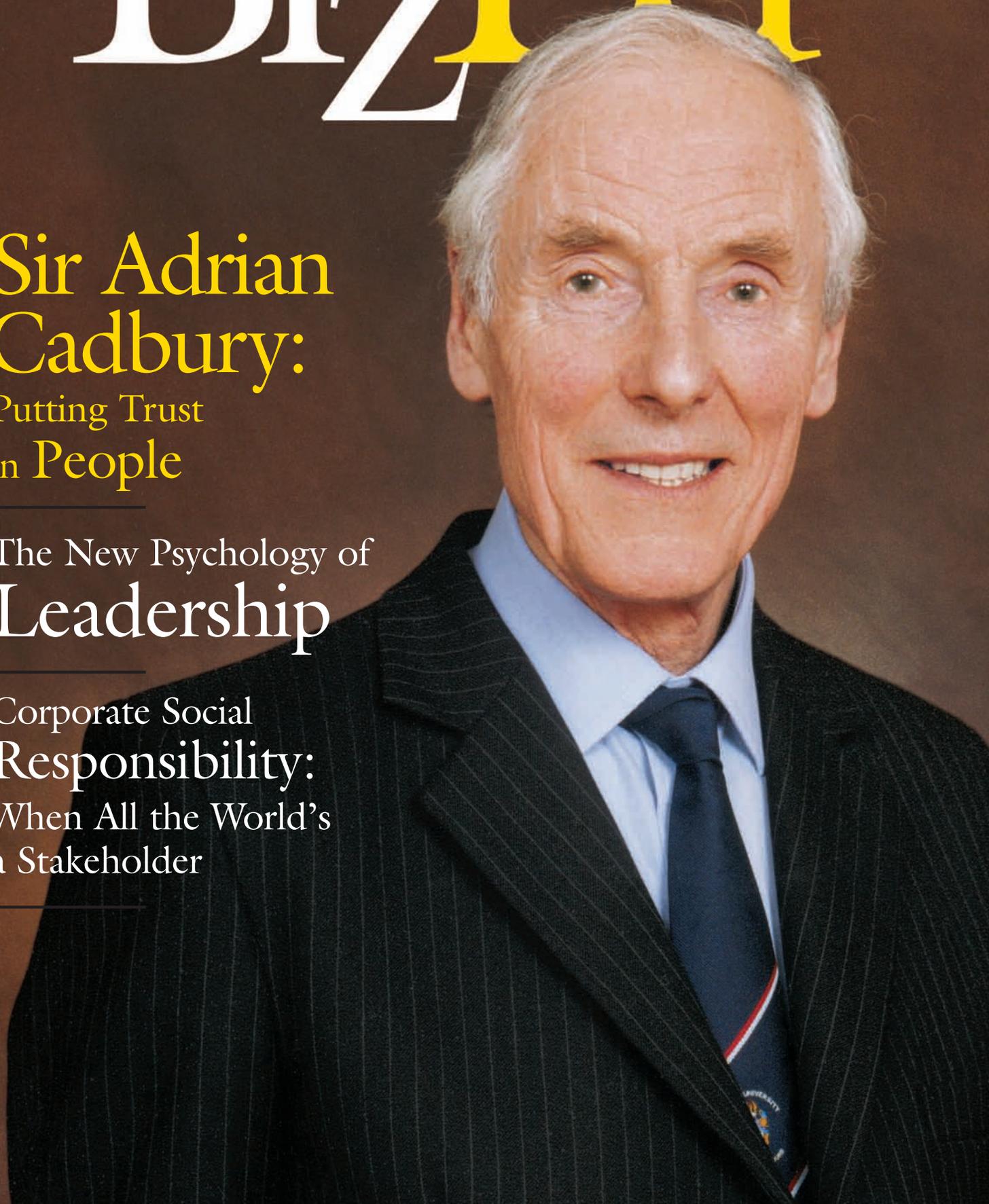
BizEd

SEPTEMBER/OCTOBER 2002

Sir Adrian Cadbury: Putting Trust in People

The New Psychology of Leadership

Corporate Social Responsibility: When All the World's a Stakeholder

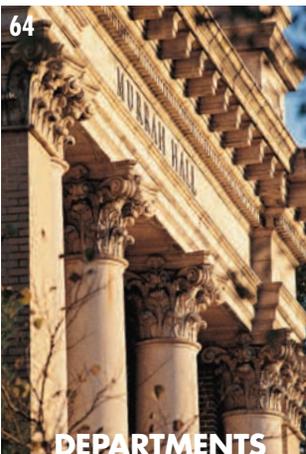


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From the Editors

Leaders in the Classroom

I've been a writer all my life. While I remember learning grammar and punctuation rules, I don't remember learning some of the other basic skills—how to organize an article so it flows smoothly from start to finish, when to use a modifier and when to leave the word stark, how to convey moods and emotions through simple sentences. Although I received a degree in journalism, I've always wondered if it's really possible to teach the skill of writing. A professor can pass along the rules about answering the five key questions in the lead paragraph, but how can he teach his students style?

That's how I used to feel about leadership. Doesn't the will to step forward and

run a company, redirect its initiatives, and take it to a higher level have to be innate? Therefore, how can a business school instill in its students a desire to break from the ordinary and become truly accomplished leaders?

The explanation is twofold. First, students and executives enrolled in business school have already discovered in themselves a passion for leadership. It is because they want to raise their skills to the next level that they've signed up for business school in the first place. For them, learning the intricacies of accounting and organizational behavior are akin to a budding writer learning where to place a semicolon—it's an important skill, but it's just refining the talent that already exists.

Second, and more important, educators are

proving that leadership *can* be taught, because critical thinking and decision making are skills that can be developed. And in today's complex and fragmented business world, everybody needs those skills. Both businesses and business schools are beginning to realize that very few individuals can be responsible for all phases of running a company, and that group leadership may be the answer to specific problems. In recent books, leadership experts have noted that true leaders are the ones who step forward and address a problem in the workplace—even if they are junior-level executives without direct organizational power.

If anyone can be a leader, then everyone should know how to lead; business schools have to prepare all students for the inevitable time when they will step forward and assume leadership. Fortunately, as we see in this issue of *BizEd*, schools around the world are taking up the challenge of teaching leadership, offering concentrations, majors, and centers dedicated to the concept. Today's students are learning more than the equivalent of placing a comma; they're learning how to write the whole text on leadership. ■



BILL BASCOM

Sharon Shinn



Letters

A New Favorite

I was somewhat skeptical when I received the first issue of *BizEd*. Like most other deans, I have to read a lot of material, and I wondered if this new magazine would be worth my time. After reading the interview with Peter Drucker, I decided to take the magazine home. My conclusion: Reading *BizEd* is time well spent. Each succeeding issue has provided interesting, provocative reading, and has been timely, with articles that were well-written, focused, and worth the effort and time to digest.

After reading the article "Meet Joe Dean" in the May/June issue, I decided to share future issues with my department chairperson and my provost. (I ordered copies for each of them.) The response has been overwhelmingly positive. I've actually had chairpersons and faculty walk into my office and express their opinions about various articles.

One final benefit is personal. My wife is dean of the School of Arts, Humanities, and Communications at another institution. As you might expect, she considers us business folks to be "infidels." I started sharing each issue with her. The magazine has actually piqued her interest and given her a different perspective about the unique issues and problems facing collegiate business educators. Our discussions no longer begin and end with comments about the outra-

geous salaries paid to business faculty. For this alone I am most grateful. *BizEd* truly reflects the issues and challenges we face. Each issue gets better, and the magazine is now part of my "must read" list. I encourage you to keep exploring our environment and improving your product.

David K. Long
Dean, College of Business
Bloomsburg University
Bloomsburg, Pennsylvania

Technological Focus

In the Technology column of the May/June issue, you ran an item called "UCSD Offers IT Entrepreneurs Lessons in Management." The piece refers to a San Diego *Union-Tribune* article

that quotes Peter Cowhey talking about UC-San Diego's new management school. He says this is the first time that technology and management education has been the focus of a graduate school in California.

Not true! Since 1997, the UC-Irvine

Graduate School of Management has had an Information Technology for Management focus. We have many classes with an ITM emphasis, including the Lincoln Mercury ITM Lab in Marketing. This year we were named to *Computerworld* magazine's list of Top 25 Techno-MBA Schools, and

Financial Times named our school first in IT among all MBA programs.

Linda McCreery
Communications Officer
Graduate School of Management
University of California, Irvine

All About Enron

I read Jan Barton's "Your Turn" in the May/June issue of *BizEd*. He said that he will not use the Enron development in his class because he wants to avoid teaching "fads" and stick to basics. Since Professor Barton is a recent Ph.D. graduate of the University of Alabama, of whom we are most proud, I write this article in hopes of influencing him and other bright young professors.

Use Enron. Use WorldCom. Use Xerox. Use whatever examples of accounting appear in the news. These stories catch the attention of students. From a teaching standpoint, their curiosity and excitement create an opportunity too good to pass up. Make accounting interesting to students however you can!

Enron offers many lessons. No great depth of analysis is needed to talk about:

■ The audit failure at Enron, the breakdown of the wall of independence between the auditor and Enron, and the massive consequences that resulted when the auditor failed to do its job.

■ The proper role of the audit committee and the board of directors. Enron is an example of what happens when these governance mechanisms fail.

■ Earnings and stock prices, the incentives of managers to "manage" earnings as they did at Enron, corporate ethics and trust, and problems that result when the





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investors feel that the corporate officers have broken the trust.

■ How executive compensation incentives are used to meet earnings targets—the role of stock options, and how stock options are accounted for on the financial statements.

■ "Off-balance-sheet financing"—what it is and why it was important to Enron.

Enron serves as a useful springboard to these important issues, which can be covered without an in-depth case analysis. Stories in the financial press serve as the text background for classroom discussion.

All of these topics seem very relevant to financial accounting classes, particularly MBA classes and especially a financial statement analysis course. None of the above topics strikes me as a fad. Teaching about Enron is a way of exploring fundamental concepts in the classroom! In teaching financial statement analysis to MBAs, doesn't it make sense to consider situations where

the analysis was wrong because the financial statements were fraudulent? Doesn't financial statement analysis only work if the information provided is reliable?

My last observation concerns Professor Barton's comment that, because he was "writing research, presenting at conferences, and teaching," he could ill-afford the time it would take to rewrite a course based on a fad. I would say to him: Think of all the consequences of your decision—you have extremely bright MBA students at Emory, some of whom, no doubt, will be future CEOs and CFOs. You have decided *not* to cover recent events because doing so takes too much of your effort. Rather, you are focusing on doing esoteric research to be published in the top accounting journals where, at best, a handful of academics will read the work. Is avoiding the use of Enron in class a good decision? Weigh the benefits and trade-offs, please. Not

just to yourself, but to all the stakeholders in this decision. I think the incremental time you invest in preparing for a classroom discussion of Enron or WorldCom will have a huge payoff.

*William D. Samson
Roddy-Garner Professor of Accounting
University of Alabama
Tuscaloosa, Alabama*

Corrections

In "Upping the Count in Accounting" in the July/August issue of *BizEd*, two figures were incorrectly stated. The 20 percent decrease in the number of accounting graduates occurred in the three-year period between 1995–1996 and 1998–1999 academic years, not between 1998 and 1999 as stated in the article. Also, the American Institute for Certified Public Accountants has committed \$25 million to its direct marketing campaign to spark interest in accounting careers, not \$5 million.

Headlines

CEO Survey Measures Confidence

Despite the debacles of Enron, WorldCom, and others, almost 75 percent of CEOs say they still have high confidence in the accuracy of results provided by external auditors. That number comes from a new survey of 130 chief executives from some of the nation's 1,000 largest firms con-

ducted by The Gallup Organization and the Yale School of Management, New Haven, Connecticut. The CEO survey additionally measures an array of governance and leadership issues such as CEOs' confidence in their own businesses, people, and acquisitions; confidence in the national economic system; and confidence in national defense.

The survey found that those CEOs who fail to invest in their existing infrastructure in favor of frequent acquisitions tend to be more likely to feel that great leaders are born that way. However, most CEOs believe that great leadership is developed over time.

The survey also showed that as many as a quarter of the polled top executives do not feel that their boards understand the firms they are overseeing. In addition, the CEOs stated that they trust the integrity more than the competence of their own top management. Also, these CEOs are twice as likely to be planning major investments in their staffing than in their technology in the coming year. While confident in

their own firms' prospects in the coming year, few feel confidence in the nation's energy, communications, and healthcare industries.

Jeffrey Sonnenfeld, associate dean of the Yale School of Management commented, "The motives of the once admired and now widely discredited 'serial acquirers' are revealed in this survey. Rather than being driven by business opportunities or

superior strategic vision, the CEOs who build through acquisitions instead of investment in their current businesses seem to be driven by hubris. It is also stunning to see how many CEOs lack confidence in their boards, financial reporting, and even their own management teams. This seems to be an era for many CEOs to rethink their reliance upon their immediate associates."

Entrepreneurs Back Off

The economic recession and lingering effects of the dot-com crash have made potential entrepreneurs wary of starting new ventures. In fact, entrepreneurial activity in the U.S. plunged 30 percent last year, to 11.7 percent of adults who are involved in a business less than four years old. Entrepreneurship is expected to make a strong comeback later in the year, although only one in three adults believe that good opportunities will develop over the next six months. "Global Entrepreneurship Monitor 2002 National Entrepreneurship Assessment for the United States of America," a recent study conducted by Bab-

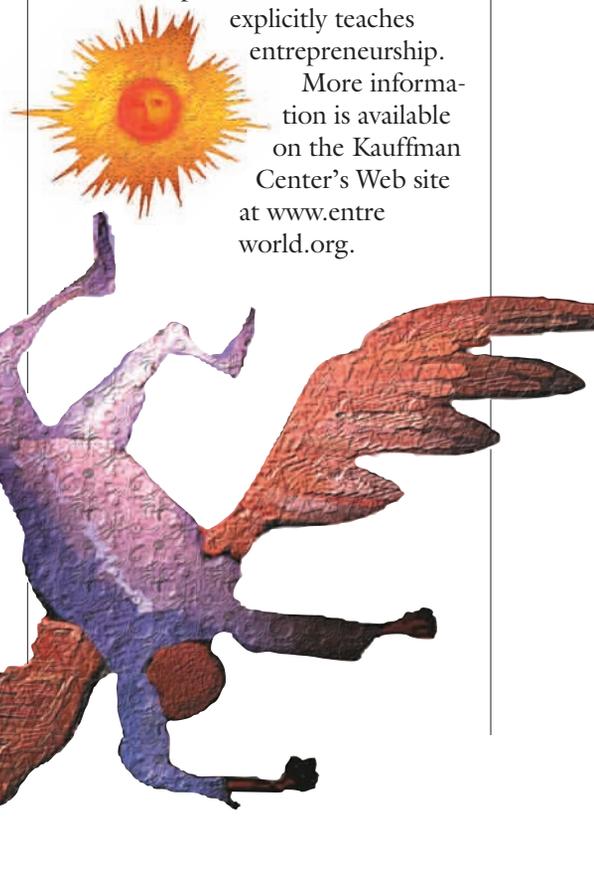
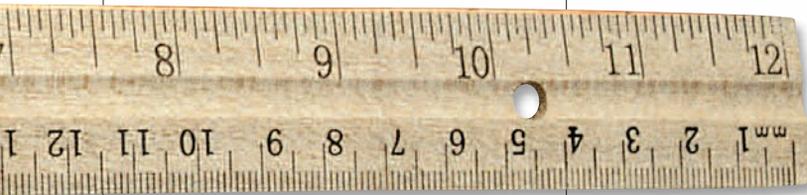
son College and the Kauffman Center for Entrepreneurship, disclosed these and other trends.

The GEM report predicts that other companies backed by venture capital will close their doors soon as some of the younger, less successful venture capital firms shut down, and established companies choose not to invest in seed-stage companies. Despite the bleakness of this picture, the report does offer good news, noting that informal angel investing amounted to \$129.2 billion last year.

Other positive signs also bode well for the recovery of entrepreneurial activity, including the high percentage of older entrepreneurs with deep industry experience and more personal capital; the high ratio of women involved in entrepreneurial activities; a generally positive attitude toward the government and its regulations; and business training that fosters personal initiative and

explicitly teaches entrepreneurship.

More information is available on the Kauffman Center's Web site at www.entreworld.org.



Case Competition Highlights Social Responsibility

J.P. Morgan Chase has established The Walter V. Shipley Business Leadership Case Competition in which students at leading business schools will dissect a business problem laced with ethical, social, and political issues. The competition is named in honor of the retired chairman of the board of The Chase Manhattan Corporation and The Chase Manhattan Bank.

The firm awarded a \$1 million grant to Aspen Initiative's Institute for Social Innovation through Business to design and implement the competition. Aspen ISIB's mission is to increase the supply of business leaders who understand the relationship between business success and social and environmental progress.

This year's competition centered on the large capital construction project currently under way on the African continent, the Chad-Cameroon Petroleum Development and Pipeline Project. Students were asked to play the roles of the World Bank Board of Directors and decide whether or not they would fund this complex project. Environmental and social impact issues, as well as possible political and humanitarian consequences, had to be analyzed. Students also had to consider how to ensure that the project's revenues would not be used to buy weapons, but to benefit the citizens of the country.

Competing were 45 teams from Columbia University's Graduate School of Business, The Stern School of Business at New York University, and The Wharton School at the University of Pennsylvania. Top honors went to a team from Stern, which won a \$20,000 prize.



Top Business Associations Join Forces

AACSB International—The Association to Advance Collegiate Schools of Business and the European Foundation for Management Development (efmd) have entered into an agreement that will enhance the effectiveness of both organizations in addressing critical issues facing the field.

Information gathering will be one of the most important aspects of the collaboration, which began July 1. According to Eric Cornuel, director general of efmd, "Our members are always looking for data about business school demographics, salaries, and programs, among other things.

We plan to jointly publish global findings once a year."

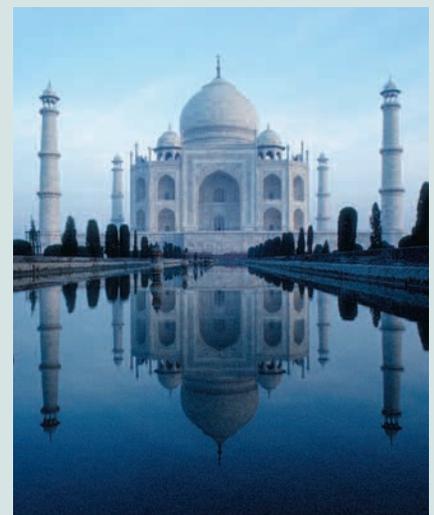
AACSB and efmd have agreed to:

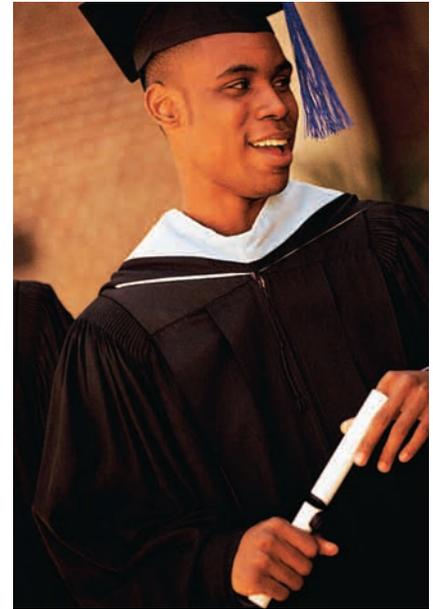
- Hold at least one jointly sponsored seminar each year for new business school deans, beginning in 2003.
- Pursue opportunities for jointly sponsored conferences once every two years.
- Publish articles in each other's newsletters.
- Collaborate on a data-gathering project and jointly publish the findings.
- Cooperate in other initiatives to improve management education worldwide.

"This alliance will enhance AACSB International's globalization efforts," said John Fernandes, president and CEO of AACSB. "Both organizations are committed to helping business schools provide the very best education possible in the field of management. Together, we can begin to look for ways to make this education process more meaningful across boundaries."

An Indian FEAST

India will be hosting its first international Forum of Educators and Scholars of Tourism (FEAST) October 11 to 13 at Chandigarh. B.K. Goswami serves as the president of FEAST, which has no membership fee. Presently, the organization has more than 250 members worldwide, all of them educators and scholars on tourism, hospitality, the international service industry, and event management. As the organization plans its first convention in India, it is looking for contact information on professors and scholars who can make substantial contributions to the process of global tourism education. More information can be found at www.feastindia.com.





that minorities, especially African Americans, are less successful in the MBA application process than non-minority applicants, due in part to lower average GMAT test scores and undergraduate GPAs, as well as less

Program Preps Minorities for MBAs

Management Leadership for Tomorrow (MLT), a New York-based nonprofit organization, and the Yale School of Management recently announced a partnership to launch a new MBA Preparation Program to increase success rates for minority applicants and expand minority representation at graduate business schools worldwide.

The Pre-MBA Preparation program is one of three new MLT initiatives that have resulted from a 2001 research and strategic planning study with the Boston Consulting Group, a

management consulting firm. The study concluded that African Americans, Latinos, and Native Americans are significantly underrepresented at the top 50 MBA programs relative to their presence at both leading undergraduate schools and other graduate programs, such as medical and law schools. These three groups represent approximately six percent of all students at the top 50 MBA programs, whereas they make up 14 percent of all bachelor's degrees awarded at the nation's top 100 colleges, and 12 percent and 13 percent of all students at top 50 medical and law schools, respectively. The study also concluded

INNOVATIONS

IBM Takes MBAs to Extremes

While many corporations hire business students as summer interns—exposing students to the realities of the work world and allowing executives to get some extra help on back-burner projects—IBM has turned summer interns into developers of new product technology.

The company's Extreme Blue program pairs top business and computer science students with executives at IBM and encourages them to develop new technologies that can be taken quickly to market. IBM gives these interns access to the company's most advanced tools and technology.

Three recent Extreme Blue project teams produced an array of innovations:

- A team composed of students from MIT, Stanford, and Duke helped develop a new technology called SashXB, a framework to develop new Linux applications for the

desktop. IBM has released the students' work as open-source code on the www.gnome.org Web site.

- A second team worked on a piece of software code called iSCSI (Internet Small Computer System Interface), a growing standard for moving and accessing data over the Internet. The students' code is now being shipped in an IBM IP Storage 200i appliance.

- Another team of students developed Internet software that helps to diminish some of the frustrations of callers who are put on hold. Callers can take advantage of special features such as self-service menus or make other calls without losing their place in line for a live agent.

Company executives believe the Extreme Blue program is delivering high-caliber results because the students are working in interdisciplinary groups alongside seasoned IBM personnel. A typical team might consist of three or four software develop-

ment interns, an MBA intern, and a business and technical mentor from IBM, who guides them to the appropriate IBM resources. While the development interns write the code, the MBA works on the business case and market analysis for the project.

The program is popular with both students and executives. "We're working on real projects and real challenges, and we're also getting a lot of exposure to some of the top people in the tech industry," says Alan Pentz, an MBA student at McCombs School of Business, University of Texas at Austin. He participated in Extreme Blue during 2001.

"Extreme Blue provides an environment where creative ideas from these fresh new minds come together with our most experienced people here at IBM," says John Wolpert, an Extreme Blue manager.

The program also has a positive effect on the hiring activities of the



AFRICAN AMERICANS, LATINOS, AND NATIVE AMERICANS ARE SIGNIFICANTLY UNDERREPRESENTED AT THE TOP 50 MBA PROGRAMS RELATIVE TO THEIR PRESENCE AT OTHER GRADUATE PROGRAMS, SUCH AS MEDICAL AND LAW SCHOOLS.

savvy application strategies and essay submissions.

With an initial group of 75 participants who plan to apply to business schools in the fall of 2003, the MBA Preparation program features two instructional seminars on the Yale School of Management campus in New Haven, Connecticut. Investment bank Credit Suisse First Boston sponsored the first event last summer. Admissions officers from MBA programs at Yale, University of California-Berkeley, Cornell University, New York University, and Stanford University helped participants assess their strengths and weaknesses. They also

whole corporation, these executives believe. By developing a highly skilled group of business and computer science students, IBM improves its ability to attract and retain new talent. The activities of the student teams, meanwhile, strengthen IBM's ability to turn emerging technologies into real ventures.

The Extreme Blue program started in 1999, originally recruiting just 25 computer science and engineering students to work at the IBM Lotus lab in Cambridge, Massachusetts. Today, more than 100 students participate in IBM's Extreme Blue program each summer. They work at locations in Cambridge; Austin, Texas; Almaden, California; Raleigh, North Carolina; Böblingen, Germany; Haifa Lab, Israel; Hursley Lab, England; Uithoorn, Amsterdam; Zurich, Switzerland; and Beijing, China.

More information about the program is available on the company's Web site at ibm.com/extremebblue.

detailed the critical elements of the application process and developed six-to-nine-month action plans leading to their application submissions. MLT staff and MBA volunteers also provided participants with counseling during the summer and fall to ensure successful completion of their application process. Areas of focus included GMAT preparation, essay and interview planning, leadership development, quantitative coursework, and MBA program research.

NUS Allies with Chinese Business Schools

The National University of Singapore recently announced it has established strategic alliances with premier Chinese universities to promote its international master of business administration (IMBA) program, one of the first programs to be conducted in both English and Chinese. Corporate sponsors from China, Hong Kong, Malaysia, and Singapore have contributed nearly \$1 million to fund study awards in the IMBA program.

The school has established student exchange programs with Xi'an Jiaotong University's School of Management and Fudan University's School of Management. The program is designed to allow students to spend half a year in China as part of the two-year program. NUS seeks to enroll 50 to 60 students annually in the IMBA program.

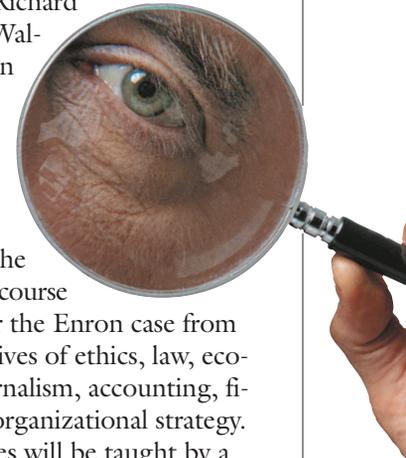
In addition, NUS has established strategic partnerships with Peking University and Tsinghua University in China, bringing them aboard as partners in education and research. More schools are expected to ally with NUS as it expands its outreach in China.

MBA to Study Enron

Responding to the increased interest in business ethics and management practices, the University of California-Irvine Graduate School of Management is offering an interdisciplinary MBA course, "The Enron Case," in fall 2002. The course is organized by Richard McKenzie, Walter B. Gerken Professor of Enterprise and Society, and is open to all MBA students at the school. The course will consider the Enron case from the perspectives of ethics, law, economics, journalism, accounting, finance, and organizational strategy.

The classes will be taught by a Rand Corporation economist who specializes in energy economics; a *Wall Street Journal* reporter who has been covering the case; the school's accounting, strategy, and finance professors; a Chapman University business ethics professor; and a federal prosecutor and a defense attorney who specialize in Enron-type cases. The Enron whistleblower Sherron Watkins also will give a public lecture and discuss her points with the class. Each class often will be preceded by a dinner with selected students meeting with the speaker.

Reading assignments include Internet-based written and video interviews with Enron executives and analysts at the Darden School at the University of Virginia. Most lectures will be carried live over the Internet, McKenzie said. Taped lectures will be available worldwide on the Internet within hours after each class.



■ New Building for U of C

The University of Chicago recently broke ground on a new \$125 million complex for its Graduate School of Business. The 415,000-square-foot facility will replace four buildings the business school now occupies on the university's main campus. It is scheduled for completion in fall 2004.

The modern new complex will incorporate the latest innovations in teaching methods and student learning, creating a collaborative environment that facilitates spontaneous student interaction. It will be 60 percent larger than the school's current facilities and feature 18 classrooms for MBA and Ph.D. students, 34 group study rooms, and 36 interview rooms where corporate recruiters will meet with students. It also will include 167 faculty offices, a student lounge, three outdoor ter-



aces, and a winter garden atrium.

The new building is the cornerstone of the school's \$250 million capital campaign and part of the \$2 billion Chicago Initiative fund-raising campaign of the University of Chicago. The leading gift was a \$25 million contribution from Dennis Keller, a 1968 alumnus of the business school.

■ Schools Achieve Accreditation

A number of schools recently have achieved first-time accreditation or reaccreditation in business and accounting through AACSB International.

The institutions newly accredited in business are: Birmingham-Southern College in Alabama; Emporia State University in Kansas; Henley Management College, Oxfordshire, England; Instituto de Empresa, Madrid; Universiteit Maastricht, The Netherlands; Manchester Business School, England; Memorial University of Newfoundland in St. John's; Monterey Institute of International Studies in California; Northern Michigan University in Marquette; State University of New York College at Geneseo; The University of Texas at Dallas; Texas A&M International University in Laredo; and Tilburg University, The Netherlands.

Institutions newly accredited in accounting are: Belmont University, Nashville, Tennessee; Morgan State University, Baltimore, Maryland; The University of Texas at Dallas; and the University of North Carolina at Greensboro.

Schools that have reaffirmed business accreditation are: University of

Educators in the News

With reports about big business failures and stock market turnarounds leading off the news almost every night, management education professionals have been in high demand as sources of expert information. One such expert recently called to offer her point of view is the chair-elect of AACSB International's Board of Directors, Carolyn Y. Woo. Woo is also dean of the University of Notre Dame's Mendoza College of Business in South Bend, Indiana.

In an appearance on the "The NewsHour with Jim Lehrer" July 9, Woo was interviewed by correspondent Gwen Hill for her reaction to President George Bush's speech that day on corporate responsibility. While Woo praised Bush's list of recommendations, she warned that systems reform takes a long time and can get bogged down in debate. Nonetheless, she expected corporate leaders to welcome Bush's proposals and recognize that they had "a lot of teeth."

Woo also noted that the SEC, while taking the first step of adding personnel to help it enforce laws, also needs to consider whether current accounting standards allow investors to assess real risks. She said, "If there is a risk which is material, we need to disclose that to the investor and to the public. I think that requires an overall change in the approach and philosophy of what our accounting standards are supposed to accomplish."

In addition, Woo appeared on CNN during a July telecast. She was interviewed about trends in female business school enrollment in MBA programs.

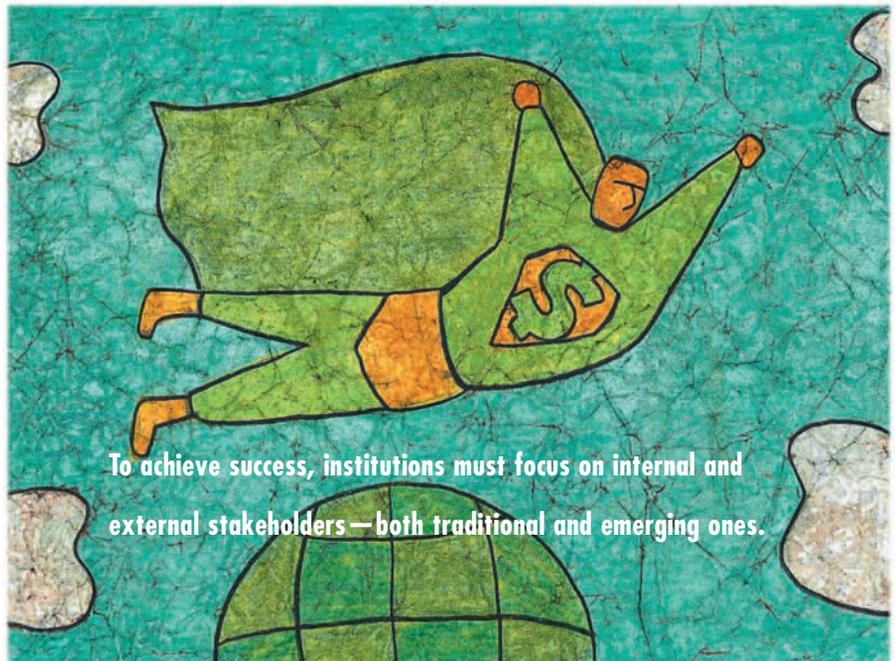


Alabama at Birmingham; University of Cincinnati in Ohio; Clark University, Worcester, Massachusetts; Creighton University, Omaha, Nebraska; Illinois State University in Normal; University of Kentucky in Lexington; University of Miami, Coral Gables, Florida; University of Minnesota in Minneapolis; Mississippi State University in Mississippi State; University of Missouri in Columbia; University of Missouri in Kansas City; The University of North Carolina in Charlotte; The University of South Carolina in Columbia; and Wayne State University, Detroit, Michigan.

Schools that have completed business accreditation maintenance are: Boston University in Massachusetts; Brigham Young University, Provo, Utah; University of California in Berkeley; Indiana University in Bloomington; Rollins College, Winter Park, Florida; and University of Tennessee at Knoxville.

Schools that have reaffirmed their accounting accreditation are: University of Alabama at Birmingham; Boise State University in Idaho; Creighton University; Howard University, Washington, D.C.; Illinois State University; James Madison University, Harrisonburg, Virginia; University of Kentucky; Marquette University in Milwaukee, Wisconsin; University of Miami; University of Mississippi, University, Mississippi; Mississippi State University; University of Missouri at Columbia; and University of North Carolina at Charlotte.

Schools that have achieved accounting accreditation maintenance are: Brigham Young University; University of Tennessee at Knoxville; Wake Forest University-Calloway, Winston-Salem, North Carolina; and University of Wisconsin in Madison.



efmd Examines Global Responsibility

The concept of "global responsibility" came under scrutiny at the Global Forum on Management Education earlier this year, and the General Assembly of the European Foundation for Management Development (efmd) has produced a manifesto on its interpretations of the term. In its manifesto, the Assembly acknowledged that future prosperity of schools and businesses depends on sound development of society; that globalization is having a huge impact on all these institutions and posing both challenges and opportunities; and that, to achieve success, institutions must focus on internal and external stakeholders—both traditional and emerging ones.

The Assembly also listed a range of international phenomena, noting that Europe has a role to play on the global stage and that management educators can contribute to globalization and the search for sustainable development. The Assembly then considered efmd's role in the global

development of management education. It invited the efmd's President's Task Force to create initiatives aimed at developing a globally responsible code as part of efmd's mission statement and to support its members in creating new capabilities that will help managers and leaders become more globally responsible. The Assembly also recommended that efmd partner with other organizations on issues of global responsibility and include global responsibility as a major thrust in management education.

An Academy for Corporate Responsibility

Business leaders and academics are teaming up to found the European Academy of Business in Society, a joint research project that attempts to prove to the European business community that corporate social responsibility makes good business sense. Among the participating business schools are INSEAD, Cranfield University, ESADE, and Ashridge. Also involved in the project are more than a dozen major multinational companies, in-

cluding Shell, Johnson & Johnson, Levi's, Danone, and Caisse des Dépôts et Consignations.

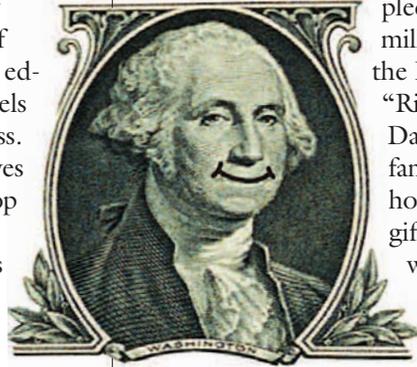
The Academy's goal is to be a world-class reference point to drive corporate social responsibility (CSR) into the mainstream of business practice, theory, and education, and to enhance models for sustainable business success. The Academy's three objectives are: to encourage Europe's top schools to integrate social responsibility into core business education; to create a "global research bank" of interdisciplinary research; and to offer training to Europe's top managers.

The European Academy of Business in Society is part of the wider European Business Campaign on Corporate Social Responsibility, which aims to mobilize over half a million businesspeople and other stakeholders on CSR over the next three years. By 2005, this campaign—created in response to the 2000 Lisbon Summit for heads of state—will present to the European Union its main outcomes and recommendations as a key contribution to Europe's Strategic Goal 2010.

"We need to move from a time of raising awareness—which led us to give more notoriety to CSR—to a time of stronger justification—which will provide us with the necessary credibility for CSR," said Viscount Etienne Davignon, Chair of CSR Europe and Vice-Chair Société Générale de Belgique. "The greatest critique of MBA training at the moment is that it is out of date. If teaching on CSR doesn't come in a fairly short time, businesses will lose interest—not in the topic, but in the business schools."

GW Receives \$5 Million Gift

The George Washington University in Washington, D.C., has announced a



pledge of \$5 million from the Henry "Ric" and Dawn Duques family. In honor of this gift, GW will name its new business school

building the Ric and Dawn Duques Hall. The new business school com-

plex will be a 167,000-square-foot addition to the existing Fungler Hall. The gift was publicly announced at the graduation celebration for the School of Business and Public Management.

GW will break ground on the business school project in the fall. Occupancy is planned for late fall 2004 or early 2005. The business school complex will include high-tech classrooms, team rooms, a career center, an executive conference center, and computer labs. Additionally, Duques Hall will include a Capital Markets Room, where students can access real-time quotes and use proprietary software and financial information systems.

SHORT TAKES

■ Longwood College of Farmville, Virginia, was recently designated **Longwood University** and its School of Business and Economics is now the College of Business and Economics. The AACSB-accredited business school is currently developing an MBA program.

■ **J. Wil Foppen** has been appointed director of the new Graduate School of International Management and associate dean of the faculty of economics and business administration at the Universiteit Maastricht in The Netherlands. He will hold a full professorship in leadership.



■ **Florida International University's** College of Business Administration in Miami, Florida, has unveiled a new International Business Honors Pro-

gram to be launched in August. Enrollment will be limited to about 30 students per year. Students will choose to study a region and its corresponding language while they learn businesses techniques. Students will also attend functions with executives from Miami's multinational business community.

■ In other news from FIU, **Felix Pomeranz**, a professor in the school of accounting in the College of Business Administration, has been named a founder of the Afghan Institute of Accounting. Other founders named were Abdul Wasay Haqiqi, a former advisor to the Afghan Prime Minister and senior advisor for domestic affairs in Afghanistan, and Anway-ul-haz, general manager of the International Medical Corporation. In his new role, Pomeranz will help shape the Institute's policies and procedures, establish accounting and auditing practices, define the role of Afghan accountants, and promote and en-

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courage quality and professionalism within the accounting field. The institute will be located in Kabul.

■ **George W. Gau** has been named dean of the McCombs School of Business at The University of Texas at Austin. Gau was appointed dean after ten years as chair of the finance department, where he pioneered a series of research centers bringing together the interests of students, faculty, and corporations. Under his stewardship, programs such as the AIM Investment Center, the Center for Energy Finance Education and Research, and the EDS Financial Trading and Technology Center brought new opportunities to Texas students. Gau started his new duties this summer.



■ The Dingman Center for Entrepreneurship at the **University of Maryland's** Robert H. Smith School of Business in College Park, Maryland,

announced that the center's New Markets Growth Fund has received a \$250,000 grant from the Federal Home Loan Bank of Atlanta. The grant will be used to provide technical assistance to start-up companies that receive venture capital from the New Markets Growth Fund, which targets small businesses in economically distressed parts of Maryland, Virginia, and Washington, D.C. The fund, which will make \$20 million in venture money available to these businesses, is part of the New Markets Venture Capital program administered by the U.S. Small Business Administration.

■ **Jone Pearce** has been named interim dean of the University of California-Irvine Graduate School of Management, where she is professor of organization and strategy. She has appointed Mary Gilly, professor of marketing, to be vice dean for academic affairs; and Joanna Ho, associate professor of accounting, to be

vice dean for educational programs. "This may be the first case of a co-ed business school headed by a triumvirate of women," said Pearce, who joined the GSM faculty in 1979.

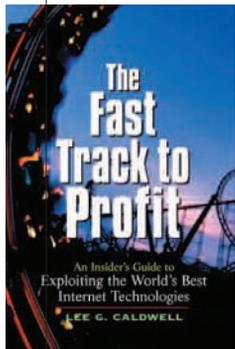
■ **Singapore Management University** has announced winners in its inaugural Lee Kuan Yew Global Business Plan Competition. A team from University of Madison-Wisconsin won the top prize of \$20,000; the University of Manitoba won second place and a prize of \$15,000; and a team from Purdue University won third prize and \$10,000. Venture capitalists were invited to attend the presentations and to fund the winning projects. Singapore's Economic Development board will match any investment money generated if the start-up is physically located in Singapore. The final six teams were from universities in the U.S., Canada, Aus-



Headlines

SHORT TAKES

tralia, Indonesia, and Singapore. More than 200 teams submitted entries to the competition, one of the first international competitions to be organized at the undergraduate level. Major sponsors included Citigroup, Cisco Systems, Egon Zehnder International, Government of Singapore Investment Corporation, and Shangri-La Hotel Singapore. Other supporters were the Economic Development Board and the Infocomm Development Authority.



■ **Lee Caldwell**, formerly vice president and chief technology officer at Hewlett-Packard, has left that company. He plans to stay active in the field of management education, continuing his work with AACSB Interna-

tional, writing, and considering other positions. His book *The Fast Track to Profit* was published in late summer by Prentice Hall.

■ **Gail K. Naughton** has been named dean of the College of Business Administration at San Diego State University in California. Naughton, co-founder of Advanced Tissue Sciences, is the first female biotech entrepreneur to lead a major business program at a U.S. university. She joined the university in August.

■ The Fox School of Business and Management at **Temple University**, Philadelphia, Pennsylvania, announced that its Global Entrepreneurship in Technology Consulting

Practicum was awarded the North American Small Business International Trade Educators' 2002 Program Excellence Award. The program brings together students, faculty, and mentors from Fox, Institut de Gestion Sociale in France, the Ben-Gurion University of the Negev's School of Management in Israel, and, starting next year, the Welingkars Institute of Management Development and Research in India. Cross-cultural student teams help high-tech start-up firms from around the world break into the U.S. and world markets.

■ In other news from Temple, the Fox School has appointed **Robert F. Bonner** executive director of its MBA and MS programs. The school also named **Rudy Treichel** as executive director of its Innovation and Entrepreneurship Institute, and **Gary Fredericks** as director of its Center for Student Professional Development.



■ **William R. Dillon** and **Amna Kirmani**, both faculty members at the Cox School of Business at **Southern Methodist University** in Dallas, Texas, have received the 2002 Paul E. Green Award for "Understanding What's in a Brand Rating: A Model Assessing Brand and Attribute Effects and Their Relationship to Brand Equity." The annual award recognizes the *Journal of Marketing Research* article that demonstrates the greatest potential to contribute significantly to the practice of marketing research. Dillon is associate dean at Cox School of Business and the Herman W. Lay Professor of Marketing and Statistics. Kirmani is associate professor of marketing.



■ **Andy Nazarechuk**, hotel professor at **University of Nevada in Las Vegas**, has been named an international tourism liaison by the state's Lieutenant Governor. He will hold that position during his one-year appointment to Zhejiang University in China, where he will teach courses in hospitality and tourism.



■ **Gary Lindblad** has become assistant dean and executive director of

the full-time, part-time, and combined MBA programs at the Joseph L. Rotman School of Management at the University of Toronto. Previously, Lindblad held positions at the Carlson School of Management in the University of Minnesota and the Anderson Graduate School of Management at the University of California in Los Angeles.

■ Two new appointments have been made at the Crummer Graduate School of Business at Rollins College in Winter Park, Florida. **Keith L. Whittingham** has been named associate dean of the school, with marketing and operational responsibility for all four of its MBA programs. Prior to joining Crummer, Whittingham spent seven years with AT&T, Lucent Technologies, Agere Systems, and Cirrent Semiconductor in engineering, strategic business development and human resources. He is a director of The Kelani Group, a local marketing and consulting organization.

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In addition, **Daniel E. Montplaisir** has been named director of development. Montplaisir will direct the alumni, development and external relations initiatives of the school.

■ David M. Steele has been named dean of the Silberman College of Business of **Fairleigh Dickinson University** in Teaneck, New Jersey. He brings to Fairleigh Dickinson more than 30 years' experience in global business development, operations, and finance.

■ Two Eminent Scholar chairs have been created at the Coles College of Business at **Kennesaw State University** in Georgia. Tim Mescon, dean of the Coles College of Business, has ac-



cepted the Tony and Jack Dinos Eminent Scholar Chair of Entrepreneurial Management. Joe Astrachan, director of the Cox Family Enterprise Center, assumes the Wachovia Eminent Scholar Chair of Family Business.

■ **The Grenoble Graduate School of Business** in France recently announced that it is developing an MSc in business intelligence with the support of SAS Institute. Last year, with the help of SAS, the school created a chair in business intelligence. The school also announced that professor of marketing Daniel Ray has received the Nepveu-Nivelle award for his book, *Mesurer et developper la satisfaction client*.

■ **Texas Christian University's** M. J. Neeley School of Business in Fort Worth, Texas, has partnered with the Universidad de las Americas in Puebla, Mexico, to enable students from both

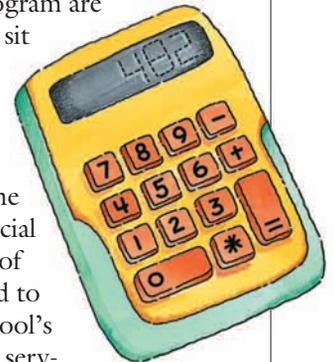
schools to earn a master's in international management from TCU and the Maestría en Marketing y Negocios Internacionales from UDLA. The full-time program will begin in the fall. Students, who must be fluent in both Spanish and English, will take 20 credit hours at each university and complete a three-month internship in their non-native countries.



■ **Peter F. Drucker** recently received the Presidential Medal of Freedom from George W. Bush in a ceremony at the White House. President Bush said that Drucker's "determination to help our nonprofit and

faith-based institutions carry out their desperately needed missions more effectively has made him one of the greatest management experts of our time."

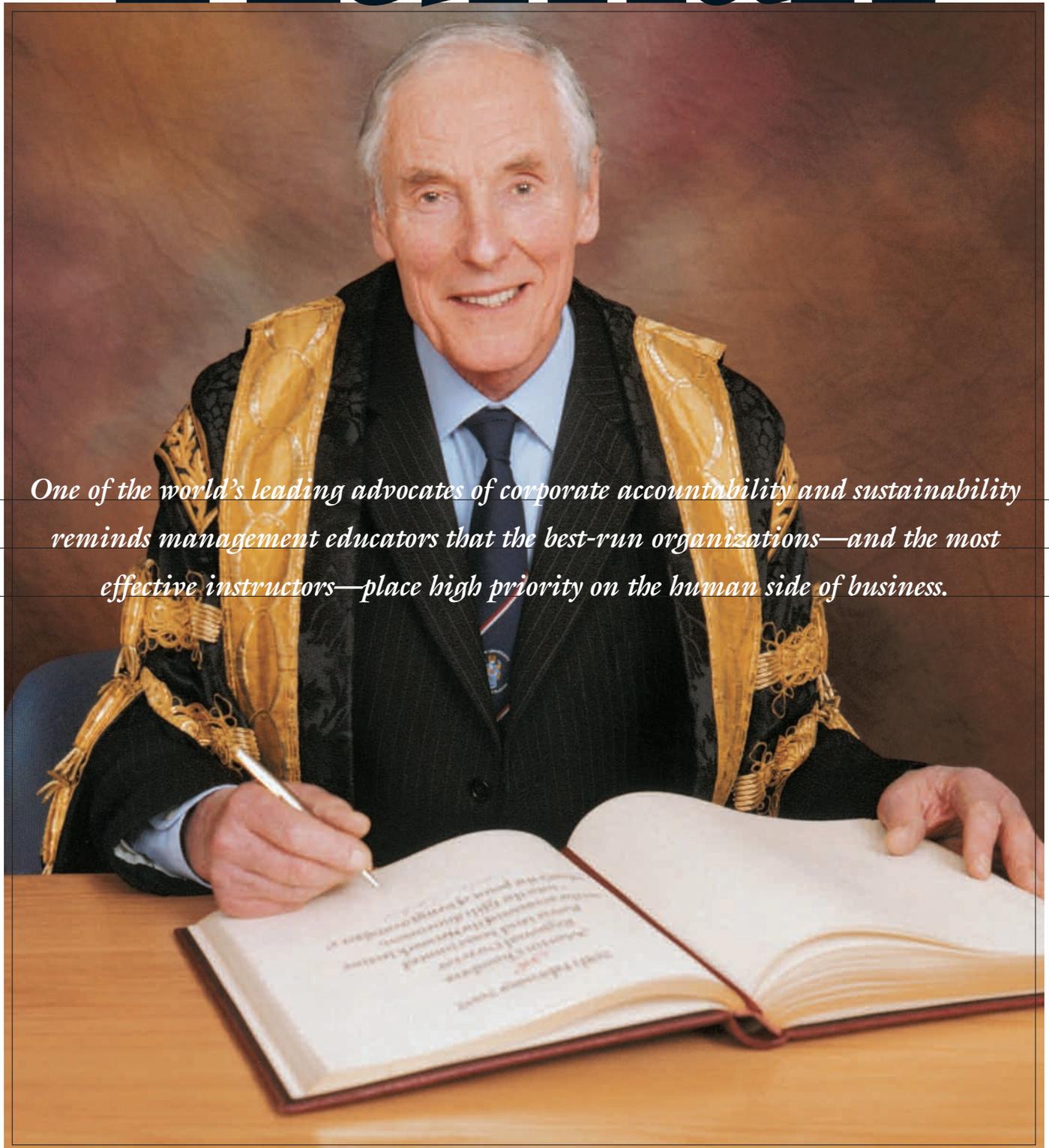
■ Students who complete **Saint Joseph University's** master of science in financial services program are now eligible to sit for the CFP Certification Examination. The Board of Examiners of the Certified Financial Planner Board of Standards voted to register the school's MS in financial services through May 2005.



■ Former U.S. Senator **Carol Moseley Braun** has accepted a position as adjunct professor of management at DePaul University's College of Commerce and will teach business law to students in the university's MBA program beginning this fall. Her course "Legal Aspects of Business—Total Perspective for the Executive" will focus on corporate governance issues. ■

The Human Side

One of the world's leading advocates of corporate accountability and sustainability reminds management educators that the best-run organizations—and the most effective instructors—place high priority on the human side of business.



PHOTOGRAPHS BY NIGEL HAVERY, COURTESY OF THE ASTON UNIVERSITY

of Business

Sir Adrian Cadbury has never opted for the glitzy notoriety that ensnares many of today's high-profile business personalities, but his celebrity and achievements in the business world are indisputable. For 24 years he was chairman of Cadbury Schweppes PLC, the world's third-largest soft drinks company and the fourth-largest supplier of confectionery. He retired in 1989 and is now Chancellor at Aston University in Birmingham, England.

One of Cadbury's most important enduring commercial contributions may lie in his steadfast efforts to improve the way businesses are directed and controlled. Through his pioneering work on the Cadbury Code, the first in-depth statement on corporate governance and a model for sound practice worldwide, Cadbury has helped to spark reforms around the globe.

Numerous financial markets have established their own codes of best practice based on the Cadbury Code's 1992 recommendations. Cadbury also helped the Organisation for Economic Co-Operation and Development forge its own governance principles while he was a member of OECD's Corporate Sector Advisory Group on Corporate Governance.

While highly publicized financial scandals like those at Enron and WorldCom have made even the most uninformed layperson aware of the dangers of lax governance, they also have occasioned discussions about the practices that sustain an organization. Cadbury spoke to *BizEd* about the current state of corporate governance and the role management educators can play.

You've traveled to more than 27 countries to discuss and promote sound governance. How is corporate governance evolving globally?

We're beginning to see some real convergence of governance practice—not necessarily structure, which involves issues such as whether you have a one- or two-tier board—but of practice, meaning the actual processes and standards of governance.

Two main forces are bringing about convergence. On the one hand, we have the big institutional investors like CalPERS and TIAA-CREF. These groups have their own principles and their own governance codes, and they provide those to the companies in which they invest. If an organization wants investment by the biggest institutions, then it needs to come in line on governance standards.

The second force is the capital markets of the world. If a business wants to borrow money at the best possible rate, it must meet the disciplines that the capital market imposes on financial reporting, on financial controls, and so on. So I think convergence is happening, and I think it is being brought about by those two forces, investors and capital markets.

Are management students being educated in corporate governance principles?

Yes, I think they are, although I think governance education primarily comes in at the MBA level. Certainly that's the case here in the United Kingdom.

What is the role of business schools in ensuring that students learn how organizations appropriately govern themselves?

I think the important part is not to get bogged down with the details of corporate governance. It's really the basic issues that one needs to get across.

For example, I would expect students at both the undergraduate and MBA levels to be getting their minds around two concepts. The first involves the relationship between the governing body of an institution and its executive management. Any college, school, or church students have attended, as well as any not-for-profit organizations they may have encountered, have all had some kind of governance body responsible for directing the organization, as well as a management group that actually carried out operations. Rather than discussing how boards of directors should be made up, what checks and balances there should be, and other such details, business schools should help students understand the difference between the basic organizational roles of directing and managing.

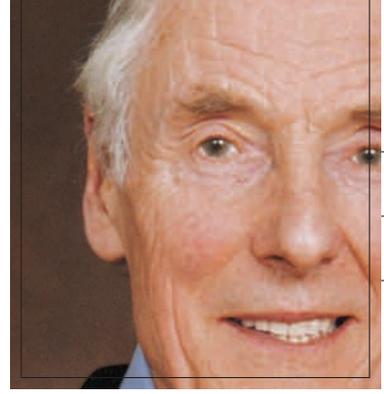
I would also emphasize the concept of accountability. Knowing to whom organizations are accountable and why accountability is important seem to me to be absolutely fundamental governance issues.

What about teaching students the appropriate way to manage so that corporate governance is ensured? For example, Enron whistleblower Sherron Watkins testified that the culture at her company "led good people astray." What is the responsibility of educators to teach students to manage in a way that helps people do the right things?

If we're not careful, we in management education can fall into a trap by teaching things in compartments. Saying in essence, "This is a finance problem, while this is a marketing problem." Sort of putting everything in a nice, tidy little box and looking at it as a separate function of the business.

The point is that the human side of a business cuts right across all those separate functions. Of course, we need to teach the basic functions of marketing and finance and production and so on; but we must also be sure to cover the human element of each of those. The questions about how

by **Christy Chapman**



people behave, and how, in fact, you get the best out of people—those issues absolutely cut across all of those functional compartments.

Teaching students that they mustn't see problems as confined to one tidy box, that there are usually other angles to them, is a principle that management educators can get across.

How does one teach such a principle?

For example, one shouldn't just offer business ethics as a separate option—saying in essence, “Okay, here we are going to study ethics, on its own, and it's different.” In my view, almost every decision we make in business has some ethical aspect, and we really should be signaling that point. We should state, for instance, “No, the issue is not just a financial problem. There is also a question about ethical conduct.” The disasters that have recently occurred are good examples of this.

What one is trying to do in an educational establishment is not to preach to people, but simply to encourage them to tease out the ethical issues. When doing a case study, for example, management educators can teach their students to look at all of the issues that must be resolved. If I have to close a factory, who is going to be affected by that? Now, it doesn't mean I can't do it; it just means I've got to think about the implications for everyone concerned.

I also think the ethos of the educational establishment plays a large role in whether or not students learn to manage the human element of business. We are influenced by our own experiences, by the way we felt when we were “managed.” Were we given a chance to express ourselves? Were we given a certain degree of responsibility? How did those in authority behave toward us? There is really a good deal that management educators can do simply by example.

A large component of effective governance is managing risk. Isn't it true that possessing a risk-based mindset is becoming increasingly important to succeeding in business?

Yes. Interestingly, I was at the Cambridge business school recently, and they were actually running a risk management course. It was clearly for practitioners, but it was interesting that they were offering the course, because it raises a number of issues that are quite relevant to what we're discussing.

First of all, the course was jointly developed by Cambridge University and Carnegie Mellon University, an example of business schools getting together to provide management education. I think such partnering exercises are excellent.

The course itself, as I said, was really for practitioners. The lecturers from Carnegie Mellon and Cambridge were able to

discuss their theories and approaches with people who were actually dealing with these problems in the field. I think that such courses are great exercises, because we're getting the research ideas out of the educational establishment into the outside world, and the outside world is feeding the problems and issues back into education.

How can management educators effectively teach their students to be more risk-focused or aware when they leave the business school?

I'm really not sure how far one can go in teaching this sort of thing at an early level. How you deal with risk, for example, seems to me to be a more advanced concept. It's outside the domain of institutional education. Instead, such learning occurs when one is actually in the job.

That said, I think your point about understanding the nature of risk is right. In management education, we should be trying to impart an understanding of the principles that lie behind these issues. Therefore, students leaving the university should understand the nature of the different types of risk—the risk to reputation, the marketing risks, brand risks, physical risks, political risks, and so on.

Something else we can get across at an early stage is the notion that risk is not just about disaster. Risk is also about taking advantage of opportunities. In other words, the other side of risk is that if you're too cautious and too controlled, you'll miss all kinds of chances. And so when one actually gets into a job, what the individual has to do is strike the right balance.

And avoid over-control?

Yes. In my view, there is a real danger when you try to do everything through control. When a rogue trader causes a disaster, the knee-jerk reaction, certainly here in the U.K., is to tighten up the control screw, because the controls must have been insufficient.

Of course you must have a proper system of control, but at least as important is how you choose the people you put into these positions. So again, we're back to the human side—the selection of people, the training of people, the mentoring of people. Workers need somebody they can talk to, such as a superior who keeps in touch with them and in whom they can actually confide. That is as important as the control side.

What's more, we're now living in a global world, and you simply can't control everything. You're going to have more and more operations taking place in faraway countries, and your best form of risk avoidance will be trust in the people you put into those positions.

What I believe U.S. business schools do better than we do in Europe is demonstrated by the fact that a fairly high proportion of American students actually go out and start businesses on their own. We are far too ready in this country to work for somebody else.

We regularly read about examples of financial fraud. What can management educators do to help reduce this epidemic?

There are a series of points. Obviously, one of them deals with accounting and auditing standards and principles. For example, in the Enron case, the off-balance-sheet stuff is not allowed under U.K. accounting rules. So part of the approach is to say that what we really want in a global world is one accepted set of accounting standards worldwide. It will be difficult to get to, but the aim in Europe is that by the year 2005 we will have agreement across the continent on international financial accounting standards. Then clearly it's a question of how we link that up with the American GAAP standards.

So there is the goal of getting the structure right for both accounting and auditing. And clearly at the moment that is not tight enough. There seem to be lessons that we can learn, which are not really business school lessons. They're actually practical, professional lessons.

In terms of what one teaches at college, I don't think one can try to do everything. Frauds are terrible, but one must be realistic about them. They're going to happen from time to time, and so you do the best you can to keep them from occurring. But you really can't become obsessed by the fact that every now and again things go horribly wrong.

I suppose that what we as educators try to do is, in a sense, impart an understanding, again, of principles—of accounting principles, of procedures, and of the sort of things that one perhaps ought to keep an eye on. For example, disclosure—transparency of the way in which the business is being run—is a very important governance check, in the sense that you hope to see when things are going wrong early enough to be able to do something about them. That's a much better approach than believing that you can somehow teach everybody about all the frauds that might occur and the proper way to stop them.

The final point, though, really does come back to people. You've got to have a sensible mixture of controls and reporting, and you have to use care during your selection of people.

Should there be a global accounting curriculum for business schools?

I think we must first have international accounting standards. The importance of trying to get standards worldwide is that if we were able to accurately balance an investment in Russia against one in the United States and one in Indonesia, it would be a great safeguard to investors and help in the global movement of funds. But it seems that this is a problem for the accountancy profession. The educators should do what they can, but it's the profession that's got to sort itself out.

From an educational point of view, the important thing is to understand that we now live in one world. We're probably going to see fewer mega-businesses that control everything themselves. Instead, we'll see many more joint ventures, partnerships, and other types of business links and alliances across the world. Therefore, a basic understanding of the kinds of fundamental differences in economies, in cultures, and in the social approaches of various countries is part of the necessary foundation of management education today.

What do you see as the strengths and weaknesses of management education?

I think the strengths are in teaching management principles. And that's not easy, because you've got to extract the principles from the practice.

And although it can be an Achilles' heel if we're not careful, the teaching of business in functional compartments is also a real strength. By that, I mean that it's done very well, and that students leave our institutions with a clear idea of the different functions of a business.

What I believe U.S. business schools do better than we do in Europe is demonstrated by the fact that a fairly high proportion of American students actually go out and start businesses on their own. We are far too ready in this country to work for somebody else. Entrepreneurship obviously is somewhat in the nature of Americans, part of the basic culture in the United States. But I also think U.S. business schools must be doing something that we are not doing over here to encourage creativity, entrepreneurship, and a willingness to take risks. That's a bit tough to teach, and I don't know how you do it; but I think it's something we're lacking.

What qualities make a great business school great?

I don't have a really snappy answer for that. There's clearly a kind of virtuous circle, whereby as the school gains a reputation it attracts good staff, good students, and so on. But how does that happen in the first place?

I've been interested in watching which schools have moved up the scale in the U.K. I would say that the difference has been the people who teach at these schools and who lead them. It really isn't a question of location. For example, Warwick Business School has been extraordinarily successful. Warwick is a small town just outside Coventry. The school was formed in about 1960, so it doesn't have a long tradition, and it's not in the middle of things like the London Business School or Cambridge or Oxford. But it's got good people, and gradually that has built its reputation.

For schools to secure a degree of public funding in this

Educating sounds a little bit like sending shirts to the laundry. You know, you go get educated, and you come back shiny, tidy, and clean. But what we really want are people whose minds are going to be questioning and who are going to be learning all the time.

country, universities are rated by outside inspectors, who assess research activities and the quality of the teaching. Getting a top rating from an external evaluator gives everyone in the school great confidence that the outside world rates them highly. That, in turn, gives the school something to build on to get people who are interested in doing research and in teaching to come to the school. To come back to your question, it all turns on the people.

If that's the case, then what makes a great instructor?

That's a good question. What we are aiming to do as educators is to encourage people to learn. Educating sounds a little bit like sending shirts to the laundry. You know, you go get educated, and you come back shiny, tidy, and clean.

But what we really want are people whose minds are going to be questioning and who are going to be learning all the time. What we're trying to do is teach our students to learn, rather than just teaching them facts that they can regurgitate. It's a question of developing their minds. The best educators are people who encourage their pupils to think for themselves and to make the most of their own talents.

What are the three greatest lessons that today's business schools should be teaching tomorrow's executives?

I'm leaving aside the kind of functional things, like teaching people mathematical approaches and so on, which are obviously important. But I'm thinking in terms of after you find yourself in the job. You've perhaps majored in marketing, and you've got a good idea of how marketing works. But, on top of that, what are the kinds of issues you need to understand?

I've always liked the idea of not taking things for granted, of the questioning mind, if you like. I would like to think that it is something that we can get across to our students.

I think the point that I made earlier about encouraging creativity and a willingness to start up something for yourself—a willingness, in that sense, to take risks—is also important. That's something else that we can teach, up to a point.

And then, we do come back to people. Anybody doing anything in business is going to have to work with and through people. An understanding of how groups work, of how you can get the best out of people, and so on, is absolutely crucial.

What are the most significant changes that you foresee in management education over the next decade?

I believe we'll continue to see far more mature students. People are increasingly coming back in their 30s, 40s, and 50s to spend time at the university. I think we'll no longer see life

divided into the three chunks of education/work/retirement.

In the past, students who completed the period of university study received a qualification that was expected to last the whole of their working lives; then they would move on to retirement. However, with the way things move so fast today, we can no longer expect doctors, for example, to qualify at 25 or 26 and then to remain untouched by education of any kind until they are 70. We'll need to have courses that will update individuals working in all kinds of professions and businesses because of the changing world. That is one group of mature students that we haven't really dealt with in the past.

But the more fundamental issue is that there will be people who take a break from work—either by working part-time or by taking a sort of sabbatical—and complete a course in something they know nothing about. Then they'll think about whether they want to go back to what they were doing or move in a fresh direction. This, to me, is a different form of student, because somebody who comes and studies a subject in mid-career has a different outlook than the person who is doing it as an undergraduate. We're going to have to think about how to teach those people and what it is that they want to learn.

A third group is made up of the people who missed out. For whatever reason, they didn't want to go to university or didn't get the chance to go, and they carried on working. Later they decide that they do want to complete a traditional university course. Once again, they're mature students in the sense of having been out in the world, so the nature of the course and the way the students are taught will have to change.

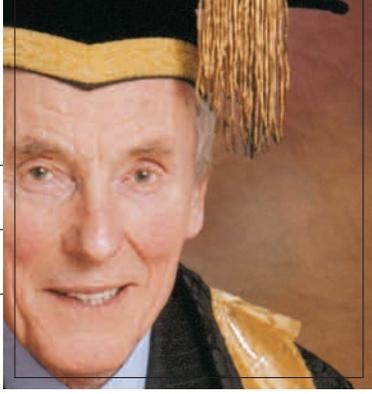
So you see, instead of education defining a specific period in our lives, we'll have a more lifelong approach to education. As a result, we're probably going to have to change our idea of the nature of education. Inevitably one has questions about the nature of the institutions educating these new types of students.

In what way?

Universities and colleges will really have to think about how they can meet the needs of different groups, rather than taking the traditional approach. At least in this country, that traditional approach is geared toward taking people at 19 and providing them with a course of study up until they're in their early 20s.

Another issue is also driving this in the U.K. The British government has announced that its target is for 50 percent of the traditional college-aged population to receive a higher education. As a result, we must have a far wider range of courses and institutions. Not all of the 50 percent will be wanting an academic education.

If you are going to provide higher education for a wider range of abilities and degrees of study, you can't simply repli-



cate Oxford and Cambridge across the country. We'll have to have different kinds of institutions that will run courses that are relevant and appealing to a range of people who until now have not considered going into higher education.

Consequently, our idea of the nature of work and educating for work ought to change, too. These individuals who typically have not been interested in higher education will not only demand a wider spectrum of course offerings, but they may also choose to utilize their skills in ways that have not usually been considered "real" work. We have traditionally viewed paid employment as the only form of work, but that is simply not a true characterization. There is an enormous amount of work that goes on in society for which no one gets paid. A lot of voluntary activities that we don't think of as work are just as valuable to society, and we need to take that into account when we talk about vocational study.

When workers are paid, you have a certain degree of control over their performance. The possibility of losing, or increasing, their pay motivates them to action. But if the people you're working with are volunteers, then you have to use a completely different management approach. Colleges and universities must consider how to educate people for that type of work.

What do you predict for online education?

There's no question at all that it will develop and grow, and it will be important. It already is. At Aston, we have a distance learning MBA. I think the lesson we've learned is that it is not easy to succeed as an isolated individual sitting at the other end of a computer terminal. I really don't believe that learning is a solitary occupation. The great majority of us need the support of other people who are in the same learning situation. Students in online courses don't necessarily have to go to the institution that is issuing the course, but they must be encouraged to meet among themselves. At Aston, for example, if we have a number of people in an area taking a distance learning course, we encourage them to meet as a group in their own way so that they can discuss the issues. They can then return to the computer and feed questions back to those teaching them. Equally important is this chance to communicate with the people who are initiating the course, so that the students are not just out there on their own.

I think, too, that one has to be cautious about reputation. When an institution offers a distance learning course, its reputation is attached to that course. So you have got to be very thorough about how you select students, about how you provide them with the course material, and about the standards that result. This is the kind of world in which, I'm afraid, there will be smart operators who will be offering something that

isn't really of great value and in the end will be seen by the outside world as not being of great value. So the safeguards and guarantees that go with the course are very important.

What characteristics of your own education have proven most valuable to you over the years?

I studied economics at Cambridge, and I remember my early essays were full of ideas and theories. Over the course of study, I really learned how to analyze issues carefully. I learned to think more rigorously about the way economic structures work and not to exclude the human side. Instead of jumping to conclusions, I learned to think through the cause and effect of situations and to consider carefully how each came about.

Have you discovered any significant changes in management students over the years?

One of the things I've noticed is that today's students are far more concerned about the impact of business on society and the environment than was true in my day. There have been concerns in the U.S. over child labor when people outsource their production. Outsourcing is a perfectly sensible thing to do; but what sort of responsibility do organizations have over wage levels, health and safety levels, and working age minimums in these businesses to which they outsource?

When I speak to MBA students, many of the questions I get are about such issues. Students are much more aware of social and environmental concerns and the work that's going on to address them, like the model corporate code of environmental conduct known as the CERES Principles. These issues are real and do engage the attention of students, and that is something that should be encouraged.

There is also a second angle, however. This growing concern about the social responsibility of business means that people increasingly want to work for organizations with good reputations. One of the arguments for companies to take social responsibility seriously is that if they don't, then they won't get the best people to come work for them.

In addition, there is quite a move toward ethical investment funds or socially responsible investing. Many individuals invest for their retirement, and they are concerned about the type of world they're going to be retiring into. Also, the large institutional investors like TIAA-CREF must reflect the views of their subscribers. As a result, more companies are going to have to report not just on their financial results, but also on their environmental and social impact. Those of us who are educating managers must appreciate this point as well. 

Christy Chapman, based in Winter Garden, Florida, is a free-lance writer.

The Mind of a Leader

The psychology of leadership is changing. Today's organizations want leaders who coach rather than control, who give counsel, not commands.

To teach these skills to students, educators are delving into the minds of effective leaders to discover just what makes them tick.

by **Tricia Bisoux**

illustration by Stuart Bradford

Traditional concepts of leadership are deeply ingrained in the human psyche:

Children grow up playing “follow the leader,” mimicking every action and gesture of the child at the front of the line. In movies, the platoon leader never leaves behind a soldier, and the captain always goes down with his ship. In essence, leaders direct, command, and control, receiving the glory and accepting the blame.

At least, that's the way it *used* to be. Enter the leader for a new age, one equipped to work in groups, make decisions collaboratively, and delegate power to others. As corporations require more leaders and fewer followers to add to their ranks, many business schools are reinventing their programs to educate a new generation of leaders who must, in essence, defy tradition.

“In the past, business believed that a leader was like the captain of a ship: cool, calm, collected,” says Barry Posner, dean of Santa Clara University's Leavey School of Business in California, and professor in its Institute of Spirituality and Leadership. “Now, we see that leaders need to be human. They need to be in touch, they need to be empathetic, and they need to be with people. Leaders need to be a part of what's going on, not apart from what's going on.”

Indeed, the diehard mavericks of yesteryear would find

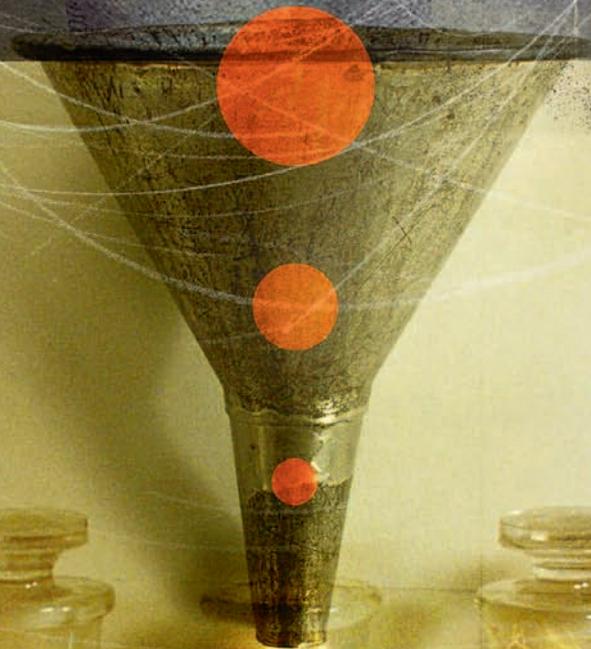
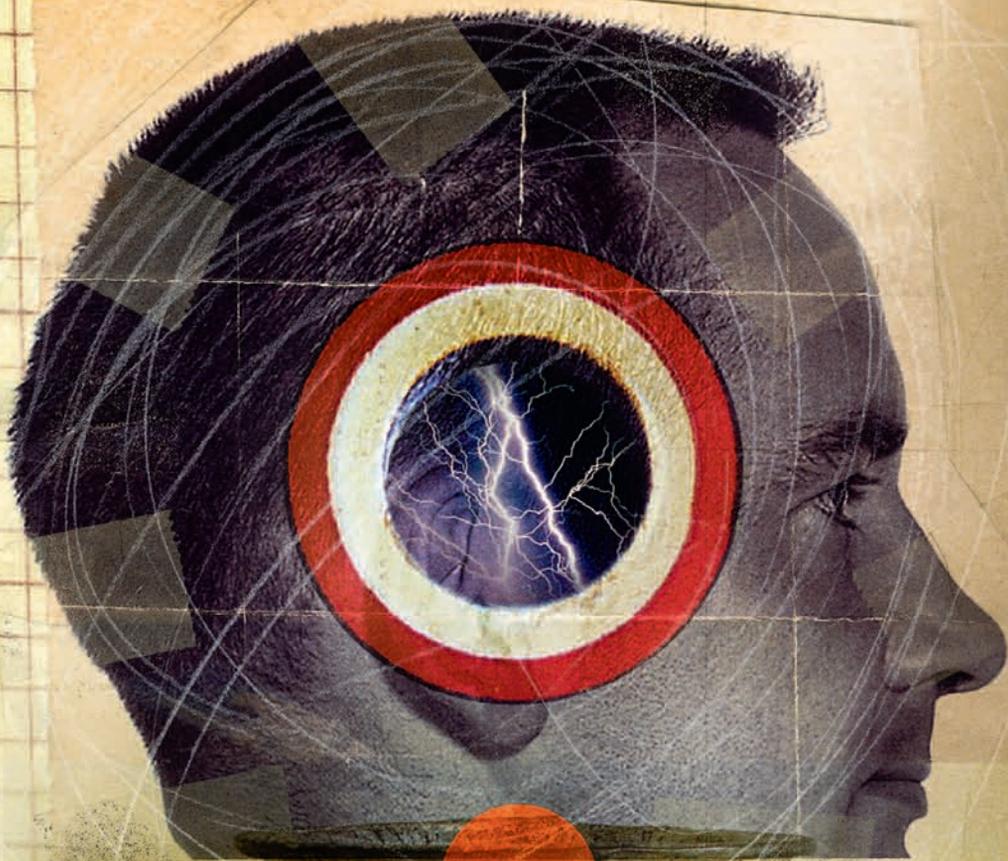
themselves quickly overwhelmed in the modern business environment. As a result, corporations have made it clear that the traditional mainstays of leadership—individualism, unilateral decision-making, and edicts from the mountaintop—simply won't cut it anymore. Instead, it's the cheerleaders rather than the ringleaders whom corporations seek. It's up to business schools to fill that order.

The Discipline to Lead

Many believe it's time to make leadership a discipline in itself, because its purview has expanded considerably. Leadership skills are a necessity for the kindergarten teacher, the Peace Corps volunteer, the family member. It's not just for CEOs and high-ranking government officials anymore.

Already students from institutions that offer degree programs in leadership are in demand. For example, programs such as the decade-old Jepson School for Leadership Studies, an undergraduate liberal arts program at the University of Richmond in Virginia, and the one-year-old MBA/Master of Arts in Leadership at the Thierry Graduate School of Leadership in Brussels, Belgium, have come into their own.

Leadership degree programs are the “actual expression of



The Center for Creative Leadership Greensboro, North Carolina

“The most distinctive difference between what the Center teaches and what business schools teach is insight-based training versus skill-based training.”—John Alexander

Established in 1970, the Center for Creative Leadership offers customized training programs and open enrollment for approximately 1,000 companies, including General Motors Corp., Pfizer Inc., and the United States Postal Service. Each year, the Center serves more than 25,000 professionals, from business, education, government, and the nonprofit sector.

In addition to its Greensboro campus, CCL also has campuses in San Diego, California; Colorado Springs, Colorado; and Brussels, Belgium. Ranked as a top-ten nondegree executive education provider by the *Financial Times*, CCL has also been ranked as No. 1 in leadership development in *BusinessWeek*'s executive education survey. It was the only non-business school to rank in the top 20.

At the heart of CCL's programs is its trademark “360-degree feedback” tool, in which participants complete

surveys about their own leadership abilities. Their supervisors and peers then fill out the same survey. Such evaluation, both self-evaluation and peer review, is crucial to leadership development, says CCL's president, John Alexander.

“We're beginning to understand leadership as a process that occurs between and among people in groups,” says Alexander. “You're not going to do well as a leader if you try to do it in isolation.”



the strong ‘renaissance’ of leadership in recent years,” emphasizes Jean-Pierre Bal, director of the MBA/MAL program at the Thierry School. “The real challenge to our field of education is that leadership is not an exact science, nor are its boundaries precisely defined. By its very nature, leadership generates a continuous state of alertness, awareness, and adaptation of its contents.”

In fact, “leadership” is no longer about directing or managing—it’s about taking initiative, says Joanne Ciulla, a professor of leadership at the Jepson School. “When our students are 22 years old, they’re not going to run General Motors, but they might be leaders in their work groups, or in their homes and communities,” she says. “We are sending the message to students that leadership is not about being the boss or at the top of the heap. It’s about taking responsibility.”

Transforming leadership from a single course here and there into a *discipline* is a necessity, many educators argue. Only through such focused study can institutions fill the growing need for leaders, not only in business, but in society, says John Alexander, president of the Center for Creative Leadership in Greensboro, North Carolina.

“There has been a huge shift in thinking. Our tendency has been always to look to an individual for leadership,” says Alexander. “But now there’s an understanding that leadership is not always correlated with positions of power and authority. It is something that can come from anywhere in an organization or community. It can manifest in many places in many different ways.”

Leadership’s Gone “Soft”

A study from The Leadership Trust Foundation of Herefordshire, England, found that 73 percent of CEOs removed from their posts were fired as a result of “ineffective leadership”—more than the number of executives fired for unethical behavior. Add to that the implosive effects of unethical accounting practices with companies such as Enron, WorldCom, Global Crossing, and other prominent American corporations. Many experts believe it’s not difficult to assign a cause to these disturbing effects: A lack of adequate leadership skills is becoming epidemic.

Such examples are a call to action, says Roger Gill, program director of the MBA/Master of Arts in Leadership program at the University of Strathclyde in Glasgow, Scotland. Gill is also director of the Research Centre for Leadership Studies at The Leadership Trust Foundation, which runs the program jointly with the University of Strathclyde.

“Practical leadership skills have been severely neglected in business school programs—on both sides of the Atlantic,”

says Gill. “Most MBA programs have concentrated on cognitive learning, management models, and the use of management tools and techniques. In spite of this, they’re still turning out what *BusinessWeek* 20 years ago called ‘highly skilled barbarians.’” Practical leadership skills such as emotional intelligence, teamwork and teambuilding skills, facilitation skills, oral communication skills, coaching and mentoring, and scenario planning, he argues, have largely been left out of the business school curriculum.

Many believe that this state of affairs is in the process of changing—quickly. Private and public organizations have expressed a need for a new type of leader, emphasizes Bal of the Thierry School. The functional “hard skills” of business,



Roger Gill

University of Strathclyde
MBA in Leadership Studies
Glasgow, Scotland

“Leadership, among other things, is about empowering people to manage themselves. And it is about using one’s personal power to win the hearts and minds of people to achieve a common purpose.”—Roger Gill

University of Strathclyde’s 36-month MBA in Leadership Studies began in October 2000, as a joint project between the University of Strathclyde and The Leadership Trust Foundation of Herefordshire, England. The program requires at least three years of work experience and comprises 180 credit hours, including 25 days of residential learning in combination with a variety of distance learning methods.

The goals for students in the MBA/LS program are four-fold, explains its director Roger Gill. First, they must learn about leadership; second, they develop increased self-awareness, self-control, and self-confidence as leaders and followers; third, students develop strong coaching and mentoring skills in one-to-one leader-follower situations; finally, they must learn to apply their newfound knowledge and skills in a leadership project.

Such objectives feed into a new reality for today’s leaders, Gill explains, one based on group dynamics rather than hierarchical organization. “Recently, there has been a de-emphasizing of ‘heroic’ leaders—who tend to be short-lived anyway—and an increasing emphasis on ‘collaborative’ leaders,” he says. Even more important, he adds, leaders must have the ability “to empower people to be able to do what needs to be done and inspire and motivate them to want to do it.”

such as marketing, finance, and operations, are “no longer a guarantee for success,” says Bal. “The so-called ‘soft skills’ are now equally important, if not more. Teaching those skills is within the realm of leadership education.”

Higher education institutions, not only business schools, have turned to these soft skills with a vengeance. But those skills are a bit more amorphous than the standard university fare. It’s easy to teach the “hard skills” of statistical analysis, accounting, and even organizational behavior, say educators. They each follow a process and produce a product. Less tangible are notions of self-awareness and evaluation, group interaction, communication, and the leviathan of soft skills, moral fortitude.

Jepson School of Leadership Studies
University of Richmond
Richmond, Virginia

“Leadership today is about values, working with people, building consensus. It’s about thinking about a greater good than yourself. It’s not about the guy on the white horse anymore.”—Joanne Ciulla

Established at the University of Richmond in 1992, the Jepson School of Leadership is one of the first undergraduate schools to focus on leadership as a course of study. The Jepson School presents students with an interdisciplinary approach to the liberal arts taught through the lens of leadership issues.

Many people assume that the Jepson School is a business school, but that is a misperception, says Joanne Ciulla, a founding faculty member and the Coston Family Chair in Leadership and Ethics at the Jepson School. “We are a school of leadership,” she stresses. “We are autonomous, like a law school or business school within a university, so we are able to grant degrees in leadership. Our students often go on to business school, but they also go to law school, nonprofit organizations, or the Peace Corps.”

The school has nine faculty members, some of whom are anthropologists, historians, and philosophers. The school serves approximately 80 to 100 students pursuing majors in leadership in a given year, as well as 50 to 70 students pursuing minors. Interested students apply to the school in their sophomore year, and are considered for admission based on their academic performance and recommendations, an essay, and extracurricular activities. Fewer than half of those who apply are accepted to the Jepson School.

“The mission of our school is to educate our students to take on the moral responsibility of leadership, to see leadership as a service to society,” Ciulla says. “A message our students receive very early on is that it’s not about being the boss. It’s about taking responsibility and having a desire to want to make things better.”



Joanne Ciulla

“We are teaching something that is an abstraction. It’s not like teaching math or history. What we’re doing lies between theory and practice,” says Ciulla. “However, when our students leave, we want to make sure they’re able to pull together the theory of leadership with the practice of leadership, and incorporate the values involved in both.”

Leader, Know Thyself

There has been growing awareness of the psychological dimension of leadership, according to Alexander of the Center for Creative Leadership. That dimension is, perhaps, the greatest challenge for educators—determining how they can unlock students’ knowledge of their own motivations and principles so that they are better able to influence others, he says.

“At CCL, we tend to view leadership through the lens of the behavioral sciences, such as psychology. We look at leadership in the general framework of ‘emotional intelligence’—the so-called ‘human’ side of leadership,” says Alexander. “If you don’t understand yourself very well, your chance of being able to influence, inspire, and empower others is low.”

Bal of the Thierry School agrees, noting that self-assessment—whether an individual is a low-level manager, an upper-level executive, or the leader of volunteer group—is the foundation of good leadership today. “The most difficult process for faculty is to stimulate each participant to learn how his or her own personality and conduct influence others,” he says. “This is where the vast domain of self-leadership actually starts: self-awareness, self-improvement, and the ability to cope with disappointments and failure.”

This point has emerged clearly at Santa Clara University’s Leavey School of Business. As part of the course of study at its Institute for Spirituality and Leadership, executives come to campus each month to give an “up-close-and-personal” presentation about their thoughts on what it takes to be a good leader. The results, says its dean Barry Posner, can be eye-opening, for the visiting executives as much as for the students.

“The speakers tell me that it’s the most difficult presentation they’ve ever prepared,” says Posner. “I’m not asking them to speak about their businesses. I’m asking them to talk about how they learned to lead and what it means to them to be leaders. One of our speakers said she had to go back and call people with whom she’d worked in the past and ask them what they thought she did.”

While leadership is no longer a “heroic” ideal, the idea of *courage* has not disappeared. Courage—the ability to stand up for what one believes and work for what one knows is



Santa Clara University

Leavey School of Business

Institute for Spirituality and Organizational Leadership

Santa Clara, California

“Leadership is a learnable, observable set of behaviors. The key is within everybody’s grasp.”—Barry Posner

Researchers who study leadership say that the field has taken on an emotional, if not psychological dimension. The Institute for Spirituality and Organizational Leadership, following SCU’s tradition in Jesuit teachings, has added to this a spiritual dimension. Professor Andre Delbecq founded the Institute four years ago after a sabbatical during which he studied a variety of religious traditions, from Christianity to Buddhism to Taoism.

“The school was created in response to requests from the business community,” says Delbecq. “It has become clear that it is impossible to be an effective leader unless you have a deep, inner compass to guide you.”

The Institute offers an elective course that explores subjects of meditation, prayer, and inner exploration; the program also looks at leadership as a noble calling and organizations as a source of potential. Students study the types of behaviors that often undermine effective leadership, such as hubris and greed. More than 200 students have chosen to take the course. In addition, the Institute is forming a leadership forum for those graduates of the course who would like to continue the dialogue on the intersection of spirituality and leadership.

Barry Posner, dean of the Leavey School and a professor of leadership, has studied the topic for 25 years. The Institute, he says, represents an evolution of how business views leadership. “In the past, we’ve looked at leadership as it relates to corporate culture and shared values,” he says. “Now, that has taken us to the notion that leadership development should involve exploration of a person’s ‘inner territory.’”

Perhaps never before has **leadership** been so consciously discussed, debated, defined, and in many cases, debunked.

The Thierry Graduate School of Leadership

MBA/Master of Arts in Leadership
Brussels, Belgium

“Management is about today—showing people how to do. Leadership is about tomorrow—showing people where to go.” —Jean-Pierre Bal

A relatively young program, the MBA/MAL program has been in place at the Thierry School since last year. Rather than a specialized MBA, it is considered a dual-degree program, explains program director Jean-Pierre Bal.

“The teaching and learning of MBA course subjects lie within the professional scope of graduate business schools,” notes Bal. “But in order to expand the scope of leadership as a field of its own, it cannot be part of a business school; it requires another learning approach and structure.”

The dual degree generally takes between 18 and 36 months to complete. The program spans 21 courses: 11 MBA courses, four transition courses titled “leadership and change management,” and six in the MAL curriculum. Students earn their MBA degrees first. The 15-month MAL program, which is held subsequent to the completion of the MBA degree, comprises interactive

lectures, workshops, and coaching sessions, and covers issues of ethics, teamwork, personal assessment, creative thinking, intuitive skills, and crisis management.

Thierry makes a significant distinction between the MBA degree and the MAL degree: Those studying for the former are called *students*; those studying for the latter are called *participants*. The distinction is, in large part, a result of the course content of each, explains Bal. MBA students study marketing, finance, and other hard business skills. MAL participants, however, must practice, implement, and act on their newfound skills.

In other words, the key distinction between the MBA and MAL programs, says Bal, is that between theory and practice. “In our system, there is no emphasis on formal or theoretical research work. We view leadership as learning-by-practice, not as science-by-study.”



Jean-Pierre Bal

right—is perhaps the most difficult soft skill to instill in students, says Posner.

“We go further than skills and abilities,” he says. “We try to peel the onion back one more level and talk about values. We ask each student, ‘What’s important to you? What would you be willing to stand up for?’”

In turn, the students often learn by asking visiting speakers that same question. “When we invite speakers here to talk about leadership, they’ll often talk about things they did,” says Posner, “Students will ask, ‘What made you believe you could do that?’ Speakers will say, ‘Well, I just knew.’ And students will ask, ‘How did you deal with self-doubt?’”

Those are tough questions, questions that leaders of two decades ago might never have asked themselves. But that’s the point, says Posner. “All of the people who come here to talk about leadership on a personal level end up thanking me afterward for the invitation. They gain new insights on themselves, making connections they hadn’t made before they came.”

Management Isn’t Enough

What *does* it mean to be a leader? Perhaps never before has leadership been so consciously discussed, debated, defined, and in many cases, debunked. But one thing is clear: Its evolution is far from over. And many are looking to business schools to, yes, lead the way.

Interdisciplinary business education, including the liberal arts, may be a step in the right direction, says Ciulla. “Having been in both worlds, I would say that business schools are really behind the times in leadership studies. Many of them are teaching the social science stuff, but you can’t understand leadership from just one discipline alone. It’s bigger than that.”

For instance, Ciulla believes that dropping courses that seem too oriented toward the liberal arts, such as history, can be a mistake for business schools. “Many business schools have eliminated their business historians, but business history in a time of drastic change is one of the most important areas for a business school student to study,” says Ciulla. “Students come here, and they don’t know how we got to where we are.”

More important, an overemphasis on *management* education may be another problem. A renewed focus on *leadership* education may keep business schools at the top when it comes to supplying corporations with the people they need.

“You can’t be an effective manager these days without being an effective leader. There’s too much complexity, too much turbulence to simply ‘manage,’” says Posner. “Management is all about the status quo; leadership is about doing things differently.” 

Is Exec Ed Facing

Business schools often rely on executive education programs to drive them to profitability, but many corporations are now seeking alternative means to train their employees. If business schools cannot adapt to a changing corporate culture, executive education may be breathing its last.

Are business school executive programs doomed to go the way of the dinosaurs? As I work with companies on leadership development and observe emerging trends, I frequently ask myself that question. While it may be too early to predict their total extinction, some indicators point to trouble.

True, the vagaries of the business cycle have tightened corporate training budgets; in addition, the events of September 11 have had a major impact on executive program enrollment. But these events have masked a more profound shift in the way leading companies have begun to develop their management talent. These companies increasingly are turning to more integrated, in-house training, rather than to business schools' traditional, open

by **Michael Watkins**

illustration by Linda Helton

enrollment programs, a sign that business school executive training programs are somehow missing their targets.

If the status of executive education is diminished even slightly, business schools' financial outlook and position as premier education providers could be significantly affected. To reverse the current trend, business schools must clearly understand who their customers are and what type of educational delivery those customers require. They must design training programs that suit corporate needs *now*, not 20 years ago. In short, it's time to raise the stakes in executive education programs. Only then can business schools keep their growth on an upward swing, rather than a downward spiral.

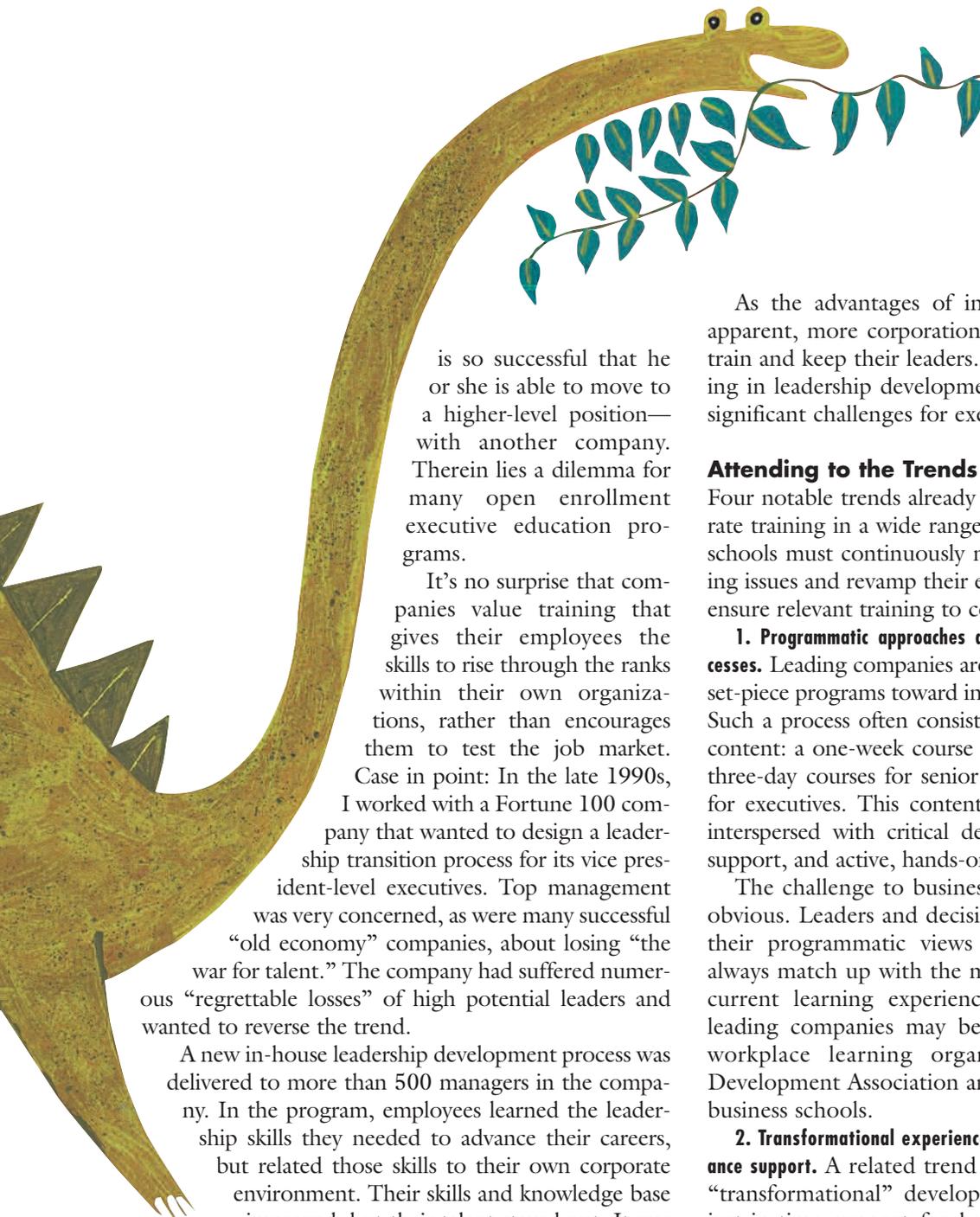
Winning the War for Talent

Assigning value to executive education is, of course, subjective. Few would deny, however, that a quality executive education program has great value to the individual. Students in these programs can hone their skills and network with other business leaders. In some instances, the student's education



EXTINCTION?





is so successful that he or she is able to move to a higher-level position—with another company. Therein lies a dilemma for many open enrollment executive education programs.

It's no surprise that companies value training that gives their employees the skills to rise through the ranks within their own organizations, rather than encourages them to test the job market.

Case in point: In the late 1990s, I worked with a Fortune 100 company that wanted to design a leadership transition process for its vice president-level executives. Top management was very concerned, as were many successful “old economy” companies, about losing “the war for talent.” The company had suffered numerous “regrettable losses” of high potential leaders and wanted to reverse the trend.

A new in-house leadership development process was delivered to more than 500 managers in the company. In the program, employees learned the leadership skills they needed to advance their careers, but related those skills to their own corporate environment. Their skills and knowledge base improved, but their talent stayed put. It was a win-win situation for both individual and corporation.

In corporate training programs, achieving a higher employee retention rate is as important to the corporation as offering their employees educational opportunities. To create training programs that work for corporations, not just for individuals, we must create a common framework and language for accelerating the transition of employees into new senior management positions.

Within a customized framework, a corporation has the opportunity to educate general managers beyond what is expected of them in areas such as finance, innovation, and business ethics. More important, a corporation also can educate them on what is important to *its* environment, mission, and success.

As the advantages of in-house training become more apparent, more corporations are establishing them to help train and keep their leaders. Some of the key trends emerging in leadership development for corporations underscore significant challenges for executive education.

Attending to the Trends

Four notable trends already are changing the face of corporate training in a wide range of leading companies. Business schools must continuously monitor these and other emerging issues and revamp their executive education programs to ensure relevant training to corporations.

1. Programmatic approaches are being replaced by integrated processes. Leading companies are increasingly moving away from set-piece programs toward integrated development processes. Such a process often consists of relatively short “niblets” of content: a one-week course for mid-level managers, two- to three-day courses for senior managers, or one-day seminars for executives. This content is delivered in group settings, interspersed with critical developmental training, coaching support, and active, hands-on learning assignments.

The challenge to business school executive programs is obvious. Leaders and decision makers must recognize that their programmatic views of the business world don't always match up with the more free-flowing framework of current learning experiences. Without new approaches, leading companies may be more likely to contract with workplace learning organizations such as Executive Development Association and the Forum Group than with business schools.

2. Transformational experiences are being replaced by JIT performance support. A related trend is the move away from longer, “transformational” developmental programs to providing just-in-time support for key “passages” in the careers of managers. This trend has generated substantial momentum from the work of Ram Charan and his colleagues in their book, *The Leadership Pipeline*. More and more companies are explicitly focusing development efforts on the transitions from technical contributor to first-time manager, from manager to manager of managers, from functional leader to general manager, and from general manager to enterprise manager.

Unfortunately, few existing executive programs are explicitly tailored to provide JIT performance support for key managerial passages such as these. The challenge for business schools is to tailor programs so that they acknowledge these transition points and provide exactly the knowledge base these managers need, when they need it most.

In the end, perhaps the extinction of traditional executive education isn't such a disaster, if it means that a new form of the animal emerges, better than before.

3. Face-to-face delivery is moving to blended delivery. It's now passé to say that "the Internet changes everything," but the impact of the Internet on executive development is just beginning to be felt. The early focus on the development of online programs is morphing into the adoption of a blended approach, one that combines online pre-work with intersession assignments and tools that students can use even after they've finished the program.

Although many business schools are now incorporating blended learning techniques, face-to-face teaching is still the primary delivery system at most leading business schools. The move to blended delivery may be viewed by some as disruptive, but it is essential for business schools to capitalize on varied learning options.

4. Conceptual teaching is giving way to active learning. In designing their key leadership development initiatives, many companies are strongly embracing active learning. While conceptual readings or expert presentations may be provided at the outset of a course, the focus quickly shifts to collective efforts to solve critical business problems. Increasingly, companies are adopting a blended approach to active learning. This means combining shorter, face-to-face group sessions with more extended individual and group work via the Web.

The problem with this approach is that it focuses on problems that face a particular corporate environment. Such an approach is potentially at odds with the generalized case studies that traditionally have been the basis for business school executive programs. Corporations, however, are interested in problems that affect their business, not someone else's. With their generalized approaches, business school curricula may be losing their relevance to the needs of executive leadership development. To keep business school executive education alive and well, a significant shift in approach must occur—a shift from generalized to customized, from programmatic to integrated, and from study to action.

Who's the Real Customer?

If leading companies cease to rely on business school programs—open enrollment or customized—to develop their people, then what happens? One possible answer is that business schools will increasingly fill their programs with people from non-leading companies or increase international participation in their programs, but this reduces the faculty's ability to learn from participants and stay on the leading edge. Such a situation may create a death spiral for executive education programs from which it may be difficult, if not impossible, to recover.

Currently, the value proposition of traditional open enrollment programs rests on three legs: concepts, connections, and credentials. To their credit, good programs do teach participants much of value. In addition, many participants are attracted by the opportunity to enhance their credentials, build their professional networks, and even identify future job opportunities.

Marketing these values to participants, however, represents a downside to corporations. Networking at a business school executive program can cause a company to lose good people. Likewise, building credentials tends to make people more mobile and more likely to leave for greener pastures. It should come as no surprise that leading companies are recruiting high potential business undergrads more aggressively and giving them customized training, rather than hiring MBAs who tend to wander.

One solution to the problem may simply be an issue of marketing, offering different training programs to the two key customer groups, individuals and companies. For high potential individuals, the networking and credentialization benefits of executive education are at least as important as the substantive content. For corporations, business school programs can emphasize the business impact of a program, rather than networking opportunities; and create integrated programs customized to corporate cultures, rather than general, programmatic curricula.

What's Next for Exec Ed

The bottom line is that business schools must figure out where they fit in companies' increasingly integrated development processes and embrace new approaches for corporate training. In the end, perhaps the extinction of traditional executive education isn't such a disaster, if it means that a new form of the animal emerges, better than before. Business schools can create executive education programs that are integrated, active, relevant, and customized to the accelerated leadership transitions that companies now must develop to keep their talent and stay competitive.

Otherwise, the traditional competitive advantages that business schools offer in corporate training are in danger of becoming obsolete. As a result, business school executive education may simply disappear, replaced by a new breed of in-house corporate training. Business schools will not just lose their edge—they'll lose their status as the true proving grounds for corporate leaders. **Z**

Michael Watkins is an associate professor of business administration at Harvard Business School in Cambridge, Massachusetts.

A small but growing number of business schools focus on the issue of corporate social responsibility

An interdependent world economy, linked by technology, commerce, and communication, requires corporate leaders to have a global outlook on business. For a small but growing segment of management institutions, that global outlook is being taught through programs that emphasize corporate social responsibility and sustainable enterprise—attitudes and techniques that force corporations to consider the consequences of their actions before they even begin.

“I work with the idea that corporations are responsible for the intended and unintended impacts of their activities in at least three areas: economics, society, and ecosystems,” says Gail Whiteman, assistant professor in business society management at the Rotterdam School of Management at Erasmus University in The Netherlands. “All three of those operate at both local and global levels and also interact with each other.”

Putting social responsibility at the center of strategic planning changes a corporation’s whole outlook, says Whiteman. “It reframes the issue of who is a stakeholder,” she says. “If you look at the corporation as the most important player, you’d say certain people or organizations are stakeholders of the company. If you look at the actual world—the earth and society—as the stakeholder, then you can see that corporations are one stakeholder out of many.”

Irresponsible corporate management contributes to the degradation of the global environment, as well as a disruption of rural societies, say experts. But that’s not the only problem. Capitalism, which fuels much of the world’s economy, fails to include about two-thirds of the world’s population. Disenfranchised and angry segments of emerging markets turn to antiglobalization demonstrations, which are most visible in acts of terrorism and incidents of urban rage. Business practices that include the poor and do not threaten alternate cultures stand a better chance of long-term success.

“Corporate social responsibility is a critical ingredient of a world that has globalized around economics, the environment, society, and culture,” says Nigel Roome, chair in sustainable enterprise and transformation at Erasmus. “What we are seeing is a raging debate between those who seek their identity through consumption and those who perceive identity through forms of fundamental religious belief. Violent incidents will emerge because people are violent when they don’t think they belong to a system. How do you respond to that? Do you say, ‘That’s a wake-up call to the fact that my system isn’t making everybody happy?’”

Taken altogether, doing business in a volatile world can

be a daunting prospect for multinational corporations. They have to realize that social responsibility “affects everything they do today and will be one of the primary drivers of future strategy,” says Stuart Hart, professor of management and director of the Center for Sustainable Enterprise at the Kenan-Flagler Business School, University of North Carolina at Chapel Hill. “We take the view that issues around global environment and social concerns probably will become the most important driving forces for business in the coming decade or so.”

Fueling the Demand

While the movement toward social responsibility has gathered more momentum in recent years, to some extent, it was always present, says Whiteman. “Often, the idea of corporate responsibility grows out of philanthropy,” she says. “Corporate responsibility also is a response to pressure from consumers, nongovernmental organizations, and international agencies like the United Nations or the World Bank.”

In more recent years, corporations have reacted to environmental pressures. “Because of the nature of the business they’re in, a whole range of companies have to deal with sustainability issues,” says David Wheeler, Erivan K. Haub professor in business and sustainability at the Schulich School of Business, York University, Toronto. “In certain sectors of business—natural resources, chemicals, almost anything having a significant impact on the natural environment—most leading companies are interested in the issue.”

Another key factor may be that the demographic of the world market is changing. As the consumer base in existing markets becomes saturated, companies look for emerging markets. “Because it requires a different model to do business in these extremely poor environments, you find people thinking about more inclusive models of capitalism,” says James H. Johnson, director of the Urban Investment Strategies Center at the Kenan Institute, also at Kenan-Flagler. “Inequality is bad for business. Doing something to narrow the gap is a form of enlightened self-interest. It enhances market opportunities. It creates the next generation of consumers.”

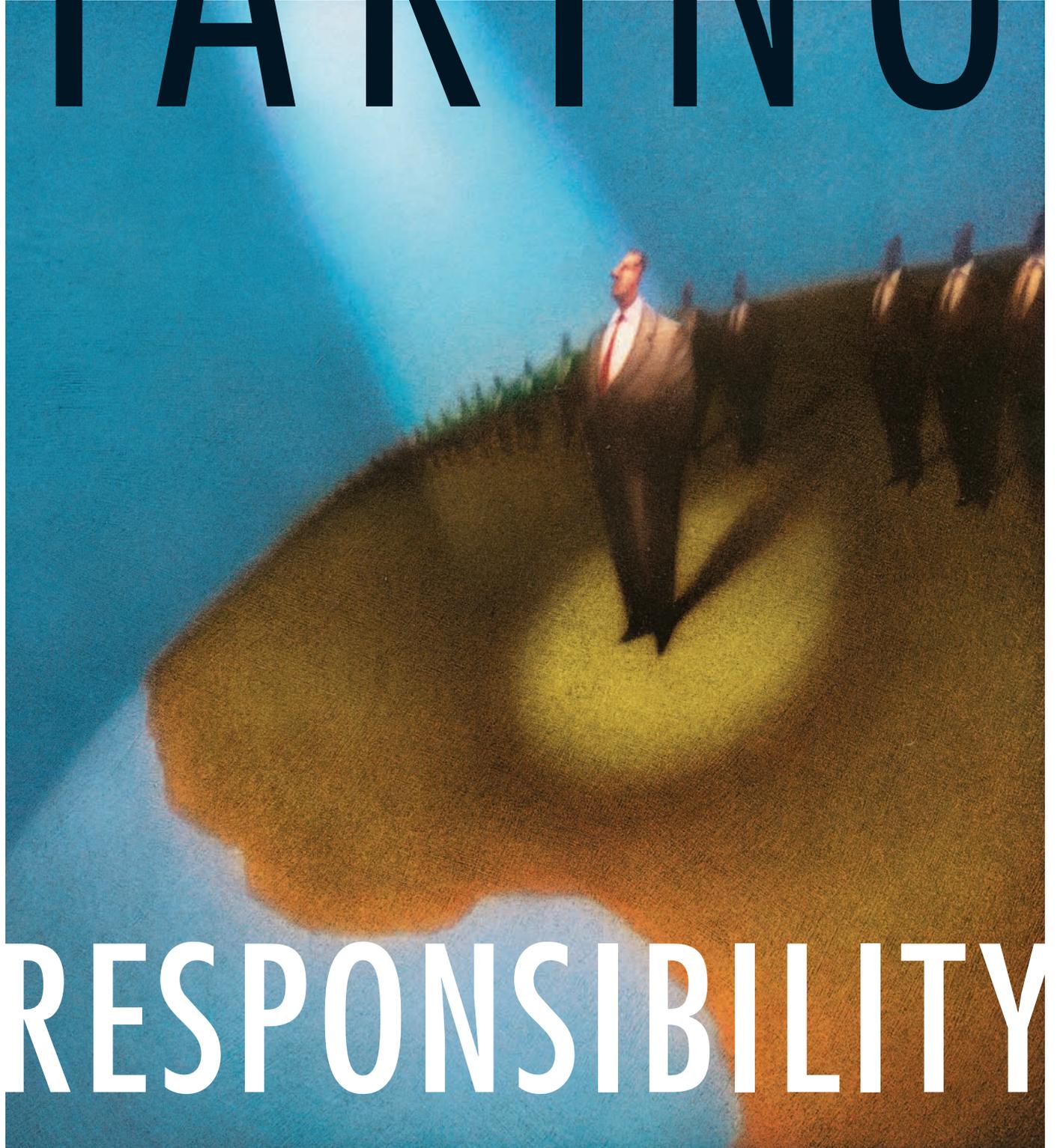
All of this is leading to a slow revolution in business schools. “There is a sea change in the business school clientele. It has become more international, and more racially and ethnically diverse,” says Johnson. “More students are coming from communities and contexts that have enormous social and economic problems, and they have a desire to gain serious business skills and go back into those communities and make life better. They’re asking for a different kind of busi-

by Sharon Shinn

illustrations by Neil Brennan

TAKING

—teaching the next generation of business leaders how to do business that does no harm.

A man in a suit is walking on the edge of a cliff. The background is a bright blue sky. The man is walking away from the viewer, and his shadow is cast on the ground. The overall mood is one of risk and responsibility.

RESPONSIBILITY

ness education, and they're demanding that we respond."

It's crucial that the next generation of CEOs be educated on these issues, says Roome. "The leadership skills needed in the next 30 years will be fundamentally different from those of the last 30. Leaders are people who perceive what others don't see and start shaping responses in ways that organizations can cope with. I tell my students, if they want to be leaders rather than occupational analysts, they need to think about the context of business, the way it's changing, and the implications that has for the nature of capital and capital use."

The Business School Approach

Even though the concept of social responsibility is not new, it has only recently become part of the business school curriculum. Schools that do offer such courses often bundle them with business ethics courses, and overview courses are still optional. "The idea of greening business schools and MBA programs is an important one, but we're not there yet," Whiteman says.

UNC-Chapel Hill is one of the acknowledged leaders in sustainable enterprise, and Hart joined the faculty there in 1998 in part because of all the activity at the school. "A lot of pieces hadn't really been pulled together in a persuasive way," Hart says. "By combining the environmental and social pieces under the umbrella of sustainable enterprise, we broke down a lot of barriers. Typically there are factions of MBA students, some interested in minority enterprise, some in social justice, some in poverty alleviation. Others are greenie types. We brought all these agendas together and created a synergistic way of looking at the field." It's a popular field of study. Recently, one of the required classes for the sustainable enterprise concentration brought in more than half of the school's second-year students.

The schools that offer sustainable enterprise teach individual courses on the topic, have students research socially responsible companies, and set up practicums and internships that expose students to real-world companies. But sometimes the schools also take more unconventional approaches. For instance, Whiteman encourages students to develop their own set of beliefs through journaling and other methods of self-discovery. More practically, she brings in speakers who can discuss "the impact of transnational corporations on local indigenous people. For instance, you would rarely have native people come into a business class—but I say, why not? Let them tell their story about the impact of the students' future actions."

She also wants to take students outside, so that when they're talking about environmental issues, they're surrounded by nature. She tells a story about a manufacturing plant

Give Peace a Chance

At the University of Michigan, researchers are setting out to prove that responsible business doesn't just preserve the environment and cherish existing cultures; it ensures stability in the world. "We're trying to see if there is a connection between business practices and sustainable peace," says Timothy L. Fort, associate professor of business law and business ethics. Fort has developed the Peace Initiative with Cindy Schipani, professor of business law and chair of the department of law, history and communications. "The premise is that businesses can contribute to sustainable peace because they can provide economic development, and with that development come opportunity and resources. You head off the competition for scarce resources and get different ethnic groups to work together on a common project for the first time. The common goal may be something as simple as making money."

Among other things, they're investigating the correlations between corruption and violence and whether socially responsible businesses can contribute to a stable milieu. By consulting existing databases on corruption perception and dispute resolution, Fort and Schipani came up with "a perfect correlation between those countries that are most corrupt and those countries that are more likely to resolve disputes by violence," says Fort. "Those that were most corrupt resolved disputes by violence 60 percent of the time."

Fort and his partner also are trying to establish correlations between peace and the specific values of gender equity, human rights, and a voice in government. After that, they want to examine whether a business that operates in a socially responsible fashion can have a spillover effect on the culture by giving people the idea that "there *should* be more gender equity, less corruption, and more voice in the government," says Fort.

Fort admits that the concepts of liberal values, a democratic voice, and gender equity have a very Western bias, but he believes, in this case, that such a bias may not be a disadvantage. "Frankly, that doesn't bother me if, in fact, fewer people die," he says.

If they're able to prove their theses, Fort and Schipani hope to involve the academic community in a series of papers and conferences that examine the issues from a number of viewpoints. The first successful conference on peace was held last

whose workers made sure to keep their cars away from vents that would spew out unpleasant particles. "But they never asked, 'What are these particles doing to the environment?' They just worried about their cars. The point is, if you could get managers to go outside, they would begin to interact physically with the results of their own decisions. It's important that we shift students from seeing the natural environment as an abstract concept to seeing it as a place where they can make business decisions."

A Growing Field

While only a few schools currently offer courses on social responsibility and sustainable enterprise, advocates predict their numbers will grow. "It's really a diffusion process that is

year, and another one is planned for this November. Fort expects a third and possibly a fourth conference to be scheduled in following years. The idea has such diverse appeal, he says, that one of the participants was an architect “who has done work on how to construct buildings so that they reflect certain values, encourage participation, and have an influence on the psychology of the people working there.”

Fort and Schipani would then take their messages to corporate leaders, to give them additional reasons to practice socially responsible business, and to politicians, to encourage legislation that promotes good business. “Even if there aren’t direct legislative changes, there could be some sort of political dynamic in terms of pressure from NGOs and U.N. transnational organizations that might define what good business practices look like,” Fort says. He’s already talking to the World Bank about developing a distance study program around the world to discuss these interactions.

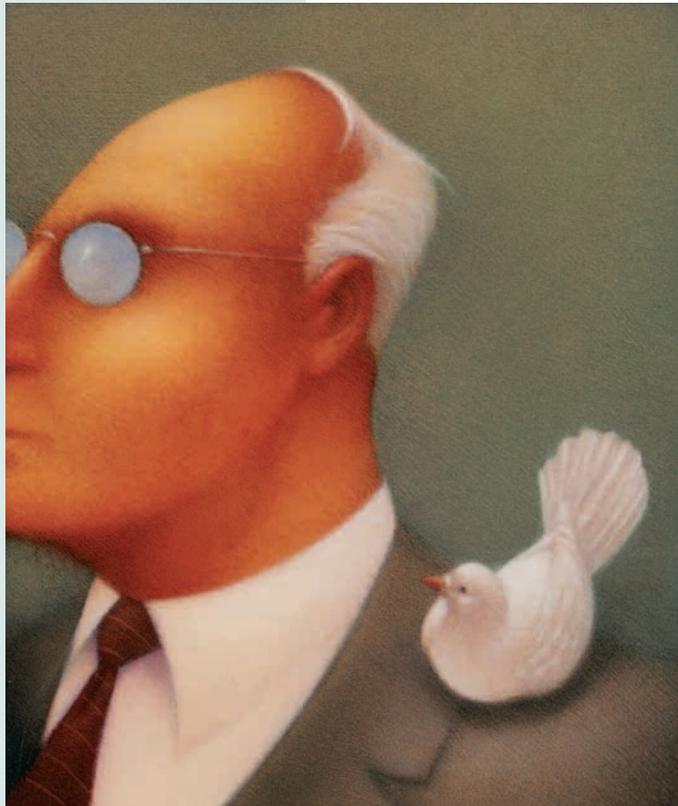
The Peace Initiative is funded primarily by the William Davidson Institute, which is part of the University of Michigan Business School and focuses on emerging markets and post-communist countries. The program is also funded by Aspen Institute’s Initiative for Social Innovation Through Business and individual donor Erika Parker.

Fort, who got tenure a year ago, sees the Peace Initiative as his dream project. “I asked myself, ‘What are the big questions you’d like to go after so you don’t get stale in your job?’ I wanted to take the risk and roll the dice. I can tell you, this is what tenure is supposed to be about.”

in the early adoption stage,” Johnson says. “But there’s no question in my mind—after 9/11, and given global disparities and the antiglobalization movement—that we’re going to see more and more attention devoted to this topic.”

“Sustainable enterprise is a lot like globalization was ten or 15 years ago,” says Hart. “In the early stages, business schools handled it by hiring a few faculty who were supposedly specialists, and they had one separate class on global enterprise. In time it became integrated. And I think that’s what will happen here. There’s really no other way.”

“In all candor, it’s a bit of a balancing act, because the MBA curriculum is already pretty jam-packed,” says William Rosenzweig, director of the Socially Responsible Business Leadership Initiative at the Haas School of Business at the



University of California in Berkeley. “Our ultimate hope is that the program will start to infuse the thinking of the whole MBA education. It won’t be a separate thing. When you take organizational behavior, you’ll get a case that’s relevant to this topic.”

Several things must happen before corporate social responsibility becomes mainstream. First, there must be a market interest, says Timothy L. Fort, associate professor of business

law and business ethics, University of Michigan Business School in Ann Arbor. “Traditionally in business schools, there haven’t been a lot of positions for junior-level faculty to be ethicists or corporate responsibility specialists. But about 20 years ago, a number of major donors said, ‘This is really important. I want to establish a chair and find somebody to teach these courses.’ There’s a momentum and an infrastructure out there now, so more junior-level people will be hired and more conferences will be held.”

This new faculty will need to have a range of skills. Corporate social responsibility “is not about a core functional area such as finance, accounting, and operations,” says Johnson. “It has to be embedded in sociology and culture. At our school, the faculty are interested in business, but they also have training in sociology, economic geography, and cultural anthropology. Business schools will need to hire people who have diverse skill sets in business school or who can build the necessary bridges from the business school to the social sciences. And they will need to create a curriculum that allows students to take courses within the business school and in other schools. We have a lot of students getting dual degrees in business and social work, or business and public health, or business and law.”

The task of hiring specialized faculty might not be as formidable as it first sounds. “The production of faculty that’s interested in this is growing,” says Hart. “Here in the strategy area, I have three Ph.D. students with sustainable enterprise as their focus. The number of young faculty needs to increase by a factor of ten with this as an interest area.”

Schools that may initially resist adding social responsibility courses to their curricula will be motivated to do so in

“One of the best things about business is that it’s filled with people who know how to do things.

They’re not just thinkers and talkers.” —Gail Whiteman, Rotterdam School of Management, Erasmus University, The Netherlands.

response to world events such as the Enron collapse and the increase in terrorism, says Fort. “I’m optimistic that in 20 years you’ll see increasing attention devoted to these issues in business school,” he says.

Student Profile

The schools who already offer a concentration in social enterprise find, not surprisingly, that their student bodies are highly diverse. Many students are from developing countries; though they may have elite backgrounds, they are concerned about environmental pollution. “These people are also annoyed at the Western approach to business. They don’t think it’s necessarily the way to go,” says Whiteman.

Adds Johnson, “They’re typically people who have a very

strong commitment to the community and think about making their nation more competitive. We have international students coming from emerging markets and, from this country, people of color from inner city or rural communities where inequalities and disparities are real.”

Students attracted to the sustainable enterprise program at UNC are high-quality applicants, Hart stresses. “They have higher GPAs and test scores. More important, they have more and better work experience. And even more important, they’re intellectually motivated and socially committed people with a personal sense of mission. Their primary motivation is not to raise their salaries by \$50,000 and play a lot of golf.”

Fort says students come into Michigan’s classes with a variety of perspectives. Some want to learn to run nonprofits in a savvy way; others want to turn corporations into engines for social change. “The third group consists of people who are curious and a little skeptical,” he says. “The fourth group wants to come in and show us all that this is a bunch of nonsense. The fifth group has heard that it’s a fun course, and they want to see what the hullabaloo is all about. I will say that people go out of the class with a conviction that this new emphasis is important.”

While some students already have a defined world view, others are waiting to be inspired, says Rosenzweig. “It’s something of a catalytic process when they get exposed to people who are integrating their own values into their livelihood. They say, ‘I want to be working in a way that’s consistent and harmonious with my values.’”

Will the lessons they’ve learned stick with them once they’re back in the business world? Fort simply hopes to sow the seeds of further thought. “Some students will act on these ideas immediately,” he says. “Others will file them away; a few will ignore them completely. I’m not sure a course on these topics will prevent an Enron, but I think it will make people who take these classes a lot less likely to end up in these situations.”

A Promising Future

Those who specialize in corporate social responsibility are optimistic about its future, as they see both companies and business schools begin to embrace the concept. But for the concept to really catch on, Johnson says, “you’re going to need two or three big-time successes. The diffusion curve will begin to accelerate and people will realize, ‘These markets are huge, but we can’t do business as usual while we’re there.’”

Rosenzweig thinks we’re on the brink of nothing less than “a profound transformation of what the American way of life

Social Outreach

Not all training for social enterprise is going on in the MBA classroom. A few schools are expanding their programs to executives and entrepreneurs.

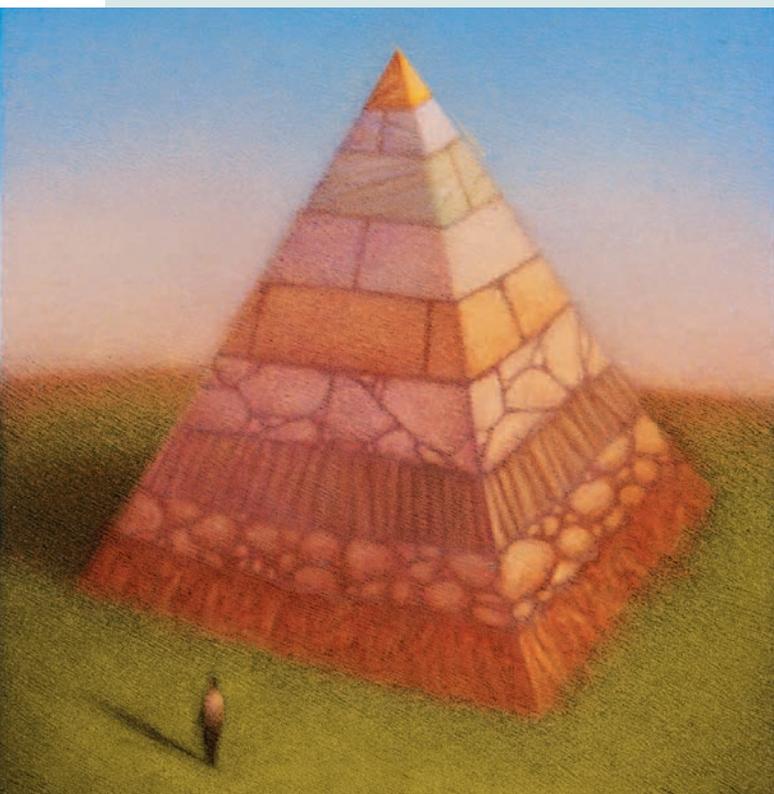
■ In 1999, the Haas School launched The National Social Venture Capital Competition, a student-run competition for nonprofit ventures that incorporates financial sustainability and quantifiable social or environmental returns. Last year, Columbia Business School and The Goldman Sachs Foundation came on as partners. For the 2002 competition, 77 entries were submitted from 31 business schools. Competitors typically focus on entrepreneurial solutions to problems in health care, energy, education, technology, and the environment. This year, the winners shared more than \$100,000 in seed capital and also were exposed to potential funders.

■ The Schulich School at York University in Toronto has recently launched an executive education program called the Sustainable Enterprise Academy, which attracts senior executives from North America and Europe. The program has been funded by five major corporations—Petro-Canada, DuPont Canada, steel company Dofasco, energy giant Suncor, and engineering consultancy firm AMEC—who put in about \$1 million over three years. York is planning to join forces with UNC-Chapel Hill this fall to expand its Sustainable Enterprise Academy, and the schools are hoping to eventually develop a global network of schools to teach the topic. The Haas School is also planning to offer an executive education program on sustainable enterprise that might begin as early as next spring.

Building the Pyramid

At UNC-Chapel Hill, the sustainable enterprise program is built around two challenges, says Stuart Hart. “First, how do you improve eco-efficiencies and reduce material and energy waste emissions, while ensuring legitimacy and maintaining your reputation with important stakeholders? Second, where are the growth opportunities for the future? For the second question, we settle rather clearly on the bottom of the pyramid. Growth will come from the four billion people whose needs have been unmet. We need to figure out how commerce can improve their lot in life—in a way that doesn’t destroy the planet or compromise cultural integrity.”

Kenan-Flagler has constructed a whole program called the Bottom of the Pyramid Learning Laboratory that looks at “issues of poverty, inequity, and environmental degradation



looks like. I think a lot of this transformation is going to come out of the creation of new companies. Large existing companies are going to be much harder to change.

“The hottest areas in this niche right now are sustainable energy and clean tech,” he adds. “There’s also a lot of interest in water supply, food security, and food supply. If you’re an organic food company, you’re going to make all your business practices harmonious with the sustainable world. The emergence of the markets will converge with the entrepreneurs who want to fill these niches, and then venture capitalists will come and say, ‘We choose to participate in this kind of venture. We want to start measuring not just the financial returns on our investment, but the social impact as well.’”

While there is much left to be done—and many social and environmental messes to clean up—Whiteman thinks business

as business opportunities,” says Hart. The Base of the Pyramid Learning Laboratory is supported by member corporations such as Johnson & Johnson, Hewlett-Packard, DuPont, Proctor & Gamble, Coke, Nike, and Ford. It also involves organizations such as World Resources Institute and private investment groups. The assembled groups develop cases, tools, and products for emerging markets.

One project revolved around a British company called Adaptive Eyewear, which created inexpensive eyeglasses with fluid-filled lenses that could be manipulated until they were the right density to focus the wearer’s vision. “Think about emerging markets in rural Africa, India, China—they don’t have large numbers of optometrists and opticians, nor are there people with the income to buy glasses,” says James Johnson. “A product like this creates business opportunities for people who sell them, distribute them, and repair them. And there’s a multiplier effect, because who knows how many people, by virtue of having improved vision, may turn out to be the next Bill Gates?”

Not only that, the manufacturer itself stands to profit. “Let’s say the company gets one percent of the China market. I’d take that,” says Johnson.

Another project focused on the AIDS crisis in southeast Asia. “At the time, they had an AIDS test that cost \$12.50 and took two weeks to get results,” says Johnson. “A local company developed an AIDS dipstick test that cost \$1.50 and had a 24-hour turnaround. So we connected that company with an MBA from Thailand who had graduated from Kenan-Flagler. They formed a joint venture and sold 800,000 AIDS kits in the first six months. Again, there was a technology that fit the context, that addressed a pressing problem, and that was affordable.”

Base of the Pyramid companies are all focused on developing innovative business models that do not harm the environment and that enhance social well-being, Johnson says. “Disruptive technologies have to be developed, but understanding the context is also important. In some places your product might have to be marketed at the village level. Understanding the cultural nuances is all part of corporate responsibility.”

leaders are up to the task. “One of the best things about business is that it’s filled with people who know how to *do* things,” she says. “They’re not just thinkers and talkers. Perhaps the most innovative minds will be the ones who will be turned on to this the most.”

The question remains whether other academic and business leaders will take up the banner of corporate social responsibility. Given the inexorability of globalization, the fact that prominent corporations are already engaged in sustainable enterprise, and the very real environmental concerns facing countries all over the world, it seems inevitable that business schools will begin to pay more attention to this vital issue. How quickly and energetically they integrate the topic into their courses is yet to be seen—but the market may help determine the pace. **Z**

	31-Dec-99	31-Mar-00	30-Jun-00	31-Dec-00	31-Dec-00	30-Jun-01	30-Sep-01	31-Dec-01	31-Dec-01
Assets									
Cash and cash equivalents	\$ 861	\$ 3,771	\$ 5,723	\$ 4,106	\$ 5,130	\$ 5,164	\$ 5,164	\$ 1,898	\$ 5,472
Available-for-sale securities	20,795	13,091	10,937	9,850	9,781	781	9,781	9,781	9,781
Accounts and notes receivable, net of allowance	33,386	71,755	76,144	90,850	9,781	781	76,733	83,266	89,164
Other receivables (including insurance claims)	16,919	6,637	2,000	20,850	9,781	781	8,522	7,952	7,952
Inventory - finished goods, at lower of average cost or market	14,181	13,100	13,100	13,100	13,100	13,100	8,728	7,682	7,690
Prepaid expenses and other							3,344	3,344	3,344
Deferred income taxes							120,244	130,991	132,392
Total current assets							720,243	729,924	740,312
Total property							270,290	\$ 281,094	\$ 292,047

January 2, 2001 (revised edition)
 DJIA 10786.85 • S&P 500 1320.28 • Russell 2000: 483.53

The BURKENROAD REPORTS program is thriving. We received some great national media coverage including a feature on CNN's *Business Unusual* program and a lead article in Dow Jones' *Campus Journal* magazine. The program continues to serve as a valuable springboard for sending our MBA and graduate business students to Wall Street. Since its inception, more than 260 of our students have moved on to careers in the investment field.

ANALYZE THIS

IBERIABANK

IBERIABANK (IBK) is a Louisiana-based bank with a strong presence in the Gulf South region. The company has a long history of providing financial services to its customers and has a solid track record of growth and profitability. The company's focus is on providing comprehensive financial solutions to its customers, including commercial banking, consumer banking, and investment services.

Investment Recommendation:

- Highly rated market
- Continuing earnings
- IBK maintains strong Louisiana presence
- Stock trades at a discount
- Our 12-month target price is \$15.83

Valuation:

Market Capitalization: \$782.11 million
 Enterprise Value: \$782.11 million
 P/E Ratio: 14.50x
 P/B Ratio: 1.56x

Kirby Corporation

Kirby Corporation (KIR) is a leading provider of inland tank barges in the United States. The company has a strong market position and a solid track record of growth and profitability. The company's focus is on providing high-quality inland tank barges to its customers, including commercial and government entities.

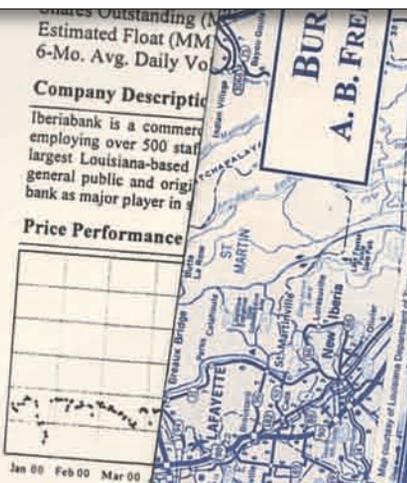
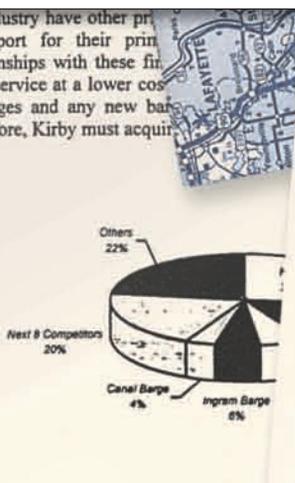
Investment Recommendation: Market Outperform

- Excellent industry fundamentals. Supply and demand for barges is in a strong up-cycle.
- Kirby's control of 27 percent of the U.S. inland liquid tank barge capacity will leave the Company in a good position to consider future acquisitions.
- Management decision to concentrate on the core business.

Valuation:

Market Capitalization: \$5.7 billion
 Enterprise Value: \$5.7 billion
 P/E Ratio: 12.0x
 P/B Ratio: 1.56x

A group of students in New Orleans, Louisiana, can tell you anything you'd like to know about Kirby Corporation. In short, they know everything there is to know about the Louisiana bank — and if you were



Metric	Value
Market Capitalization**	5.7x
Equity Market Cap. (\$MM)**	463.52
Enterprise Value (\$MM)***	782.11
Shares Outstanding (MM):	24.50
Estimated Float (MM):	14.50
Average Daily Trading Vol.	14,388
Stock Data**	
52-Week Range:	\$3.56 - \$12.0x
12-Mo Stock Performance:	\$17 1/4 - \$24 5/8
Dividend Yield:	+14.06
Book Value/Share:***	Nil
Beta:	\$15.83

Analysts:
 Renato Castro
 Tully Forrester
 Omar Nucete

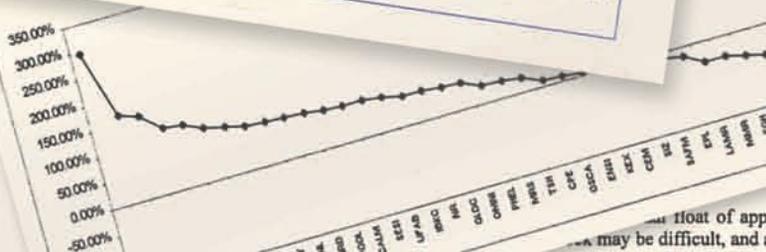
Investment Research Manager:
 David Novak

BURKENROAD REPORTS is produced by a select group of students at Tulane University's A. B. Freeman School of Business. This report is based on information available to the public and does not purport to be a complete statement of all data relevant to the securities mentioned and its accuracy cannot be guaranteed. Furthermore, this report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned.

1 - Total U.S. Inland Tank Barge Fleet

Engine Repair

High diesel engine repair is the smaller part of Kirby's business, the division maintains an enviable position among its peers. Moreover, Kirby's clients are exclusive and its major competitors threaten to take the firm's market share. In the Marine Systems subsidiary, the Company competes for business through a bidding process with approximately 10 independent diesel engine services companies. The Engine Systems subsidiary's competitors distribute generic and remanufactured parts. Therefore, many customers choose to buy from Kirby due to the reputable quality of the EMD products it provides. In the Rail Systems subsidiary, Kirby competes with companies providing engine services, along with the rail companies who provide service for their own



by Sharon Shinn

If it's true that on-the-job experience is the best way to learn, then a group of students from Tulane University is getting an excellent education. These students, enrolled at the university's A.B. Freeman School of Business, are part of a nine-year-old program called Burkenroad Reports that allows students to act as investment analysts for a handful of small regional companies. Some of the students in the program have studied Iberiabank and its assets and liabilities. Others have analyzed the market performance of Conrad Industries, part of the Gulf Coast marine transportation industry, and Petroleum Helicopters, which flies personnel and equipment to offshore oil platforms. Glamorous? Maybe not. Educational? Absolutely.

Students in the Burkenroad program must be accounting or finance majors who have already taken a number of courses in their core disciplines. The fall class includes senior-level undergraduates and some second-year MBA students; the spring semester features all first-year MBAs. Seventy students participate in each session. They're divided into teams of three or four and assigned to do the research

off-shore rigs, visited steel mills, and gone through chicken processing plants. When we're at Sanderson Farms, the CFO takes us out to lunch afterward and makes us eat chicken."

In addition to interviewing top executives, students talk to suppliers, customers, and trade associations to try to assess what's likely to happen in that industry. Eventually, they compile their extensive reports, each about 24 to 30 pages, and each including a buy or sell recommendation.

Because students are dealing with actual companies in real time, they have to be braced for unexpected changes. One Burkenroad company, Callon Petroleum, had a stock price of \$4 a share in January when students first started working on their report. Late in the semester, J.P. Morgan presented a research report on the company, and its stock jumped to \$8 a share. "The students said, 'But we wrote the report based on \$4! This isn't fair!'" Ricchiuti says. "Yeah, but this is live stuff. It can be a little harrowing for them because of that."

Once the student reports are completed, Ricchiuti compiles a compendium publication that includes one-page briefs on all 42 companies. In addition, the information is posted on the Web at burkenroad.org. About 12,000

Iberiabank Corporation, from market performance to peer institutions to potential risks. wondering whether or not to invest in it, they would recommend that you buy.

on one of the 42 companies in the Burkenroad portfolio.

The students then have the entire semester to compile a comprehensive report on their company. "There are nine elements in the report, such as company background, peer comparisons, and the income statement. Each week a different deliverable is due," says Peter Ricchiuti, founder and director of the program. "Each week, the pieces are graded and sent back for revisions. At the end I tell them, 'Don't panic. To finish it, all you need is a stapler.'"

For the students, a key part of learning about the company is making a trip to its headquarters. Firms in the Burkenroad program are all in the five-state regional area of Texas, Louisiana, Mississippi, Alabama, and Georgia—as Ricchiuti says, "anywhere we can get to by car or a cheap Southwest Airlines flight."

During the company visit, the students tour the operations and meet with CEOs and CFOs to get a better understanding of how the company functions. "We have the best field trips in the free world," says Ricchiuti. "We've taken helicopters to

investors take a look at the finished Burkenroad reports, issued in December and in May of every year.

The information also is disseminated at an annual investment conference that is held in New Orleans and is open to the public. The top managers of all the featured investment companies make appearances at the conference and give short presentations to the 700 to 800 investors in the audience. "All kinds of folks attend, from individual investors to people who work in the investment industry to alums who come back for the conference. We've got local people walking around in fuzzy slippers and people from San Francisco investing \$20 million," says Ricchiuti.

From the Beginning

Ricchiuti began the Burkenroad Reports program in 1993 with a small grant and a lot of ambition. He had been teaching part-time at Tulane while acting as the investment officer for the state of Louisiana. "Constituents would call and ask where they could find investment research on this or

that small Louisiana company, and there wasn't any information to be had," he says. That spawned the idea of an investment analysis organization staffed by students. With a \$45,000 grant from the state and a full-time commitment to teaching the program, he was up and running.

The grant money mostly paid to subscribe to Bloomberg Financial Services, and Ricchiuti began to research the companies he wanted his students to follow. His parameters were companies that were headquartered in the five regional states, had market caps of under \$300 million, and were being followed by two or fewer analysts. In the beginning,



however, some of his target companies weren't exactly thrilled at the prospect of devoting so much time to squirreling students around the premises every few months.

"I spent that first summer knocking on doors, talking to CEOs. Every conversation would begin, 'Hypothetically...'" It was a tough sell at first," Ricchiuti says. But the program has been so successful that he now has companies approaching him, asking to be included in the portfolio.

The student interviews do require a great deal of time and commitment from corporate executives, Ricchiuti concedes, but the Burkenroad Reports pay back handsomely in terms of exposure. "These are companies that really need to get their stories told," he says. "Our students are always surprised that these companies don't have a lot written about them. And one thing they have come to realize is that, if a company isn't doing a new stock offering or doesn't have enough shares to be actively traded, Wall Street firms aren't going to bother to come down and talk to them, no matter how good the story is. They're not going to send some \$500,000-a-year analyst down to Pineville,

Louisiana, to figure out how Cleco Corporation works."

Several of these companies have benefited from the light shone on them by Burkenroad Reports. "Fourteen companies have been bought out since we started our reports," says Ricchiuti.

Even greater exposure is on its way for the program and its participants. Last January, Mississippi's Hancock Bank created the Burkenroad Fund, a mutual fund made up almost exclusively of the stocks followed by the student teams. Although the fund, which trades under the ticker symbol HYBUX, legally has its stock picks made by the bank's portfolio manager, the manager is using student research to make decisions. Six months after its creation, the fund posted a 13.47 percent return and is ranked among the top one percent of small-cap growth mutual funds, according to Bloomberg.com.

That's not the only success the program can claim: "In 1999, 2000, and 2001, our indexes outperformed the S&P 500, the large-cap index, and the Russell 2000, the small-cap index," Ricchiuti says.

Making the Commitment

Such a successful program can't be run without a tremendous amount of time and organization, Ricchiuti admits. "It takes 100 percent of my time, 80 percent of the time of one of our finance professors, and contributions from a couple of staff members," he says. "But we've come up with a plan that works really well. We take about a dozen second-year MBAs who were exceptional as analysts in their first year, and we make them Investment Research Managers. They're each in charge of three to four teams of students. I meet every week with the IRMs to try to ferret out problems or discover if any teams have fallen behind. It's a great system for us and for the IRMs. Nothing teaches you a subject better than teaching it yourself."

Ricchiuti also works hard at forging good community relations—but the resulting bond benefits both the school and the city, he believes. "We're quoted somewhere two or three days a week in a local newspaper or magazine," he says. "If something happens with one of the companies we follow, frankly, we're the only game in town." When Piccadilly Cafeterias bought another company, a *Wall Street Journal* reporter called to ask Ricchiuti what this meant for the cafeteria industry. "I said this would make Piccadilly the largest cafeteria 'in the universe,' and that's what went in the *Wall Street Journal*," he says.

Such accessibility has made the media willing to support the program, and various newspaper and radio stations have



responded by offering free ads. “The local TV station did a snazzy public service announcement showing students going up in helicopters. A newspaper just agreed to give us a half-page ad during the week of the conference,” Ricchiuti says. “We’ve also had exposure on CNBC, CNN, and radio shows. Recently we were featured on a radio program called ‘Ray On the Money,’ hosted by Ray Lucia.”

The Burkenroad program requires not just a commitment of time, but of money, since travel and printing both can be expensive propositions. However, offsetting income almost allows the program to break even. The major source of revenue is the endowment provided by the family of William B. Burkenroad Jr., a Tulane alum and supporter, for whom the program is named. “We started off as the Freeman Reports

The business school has to be prepared to support the program financially and emotionally for about three years before expecting it to run smoothly, he says, and it also must hire the right director. “You need a nontraditional faculty person, not someone who’s just interested in why stocks go up every other Monday when it’s colder than 40 degrees. You need somebody who’s a salesperson, who can sell the faculty, the benefactors, and the sponsors on such a program.”

He also thinks such a program is likelier to be successful if it’s located away from the big financial centers and if it focuses on small regional businesses that need the exposure. “You could do the same program for bigger-name corporations, but you’d be less likely to get the appreciation of the companies,” he says. “Some of our kids want to write about Microsoft. I tell them, ‘There are 60 people writing about Microsoft! But we’re the only people writing about the chicken at Sanderson Farms.’”

Another reason it’s so valuable to profile small firms, Ricchiuti believes, is that students get a chance to see business owners who are intimately connected to the fortunes of

“There are 60 people writing about Microsoft! But we’re the only people writing about the chicken at Sanderson Farms.”

until we got the endowment,” says Ricchiuti. Additional money comes from conference sponsors and the \$100 contribution investors are asked to make for getting the printed reports. Starting this year, the program also will receive a licensing fee from the Burkenroad Fund.

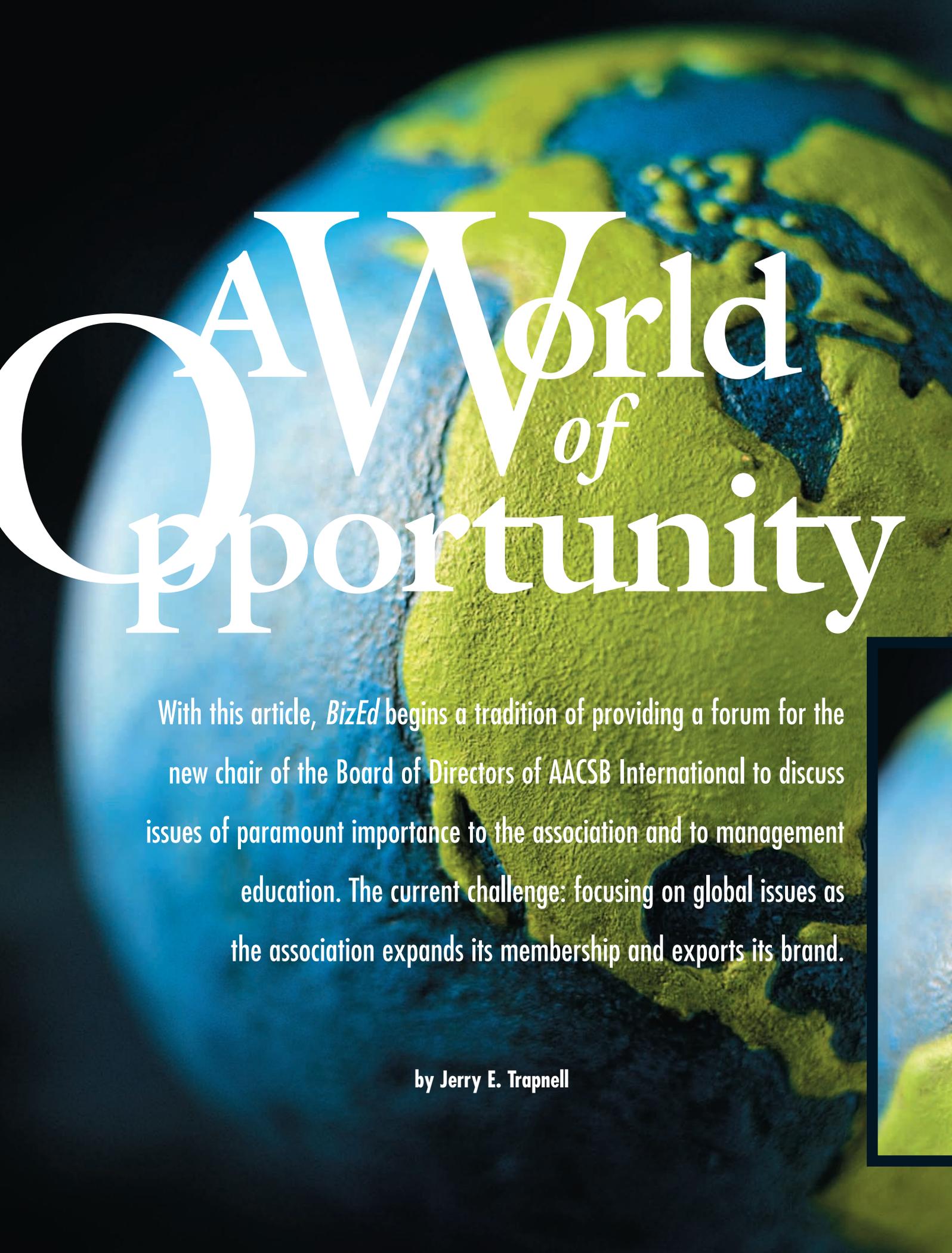
Duplicate Success

The commitment of time and money makes it a program that’s difficult to replicate elsewhere—but not impossible. “We just got a grant from the International Development Bank to create Burkenroad Reports Latin America, where we’ll be training the faculty of nine business schools of Latin America to create this program on their own,” says Ricchiuti. The schools are now in the process of doing research on small public companies in their own countries, and their reports will show up on the Burkenroad Web site. Eventually, some of the Latin American CEOs will make presentations at the New Orleans conference.

Other schools looking to craft such a program should anticipate a few bumps in the road early on, says Ricchiuti.

their companies. “When we were at Piccadilly, the CFO took us to the cafeteria, and we all walked through the line with our trays. The CFO stopped at the drink counter and said, ‘I’ve been running some numbers, and I’ve been thinking. If half the people who got water bought iced tea instead, we could add seven cents a share.’ The students get to meet the people who have a fire in their bellies, the people who wake up three times a night with a little pad of paper next to them, jotting down ideas about how to get the price of stock to go up.”

The Burkenroad Reports program isn’t successful only because it introduces students to engaged CEOs or because it brings small companies to the attention of curious investors. It’s also successful because it directly helps students find jobs. “The investment market is a tough nut to crack, and kids need some sort of edge to get in,” Ricchiuti says. “The report creates a great vehicle to send with a resume. It contains a writing sample and it shows the ability to model. The thing I’m most proud of is that we’ve sent more than 300 students from this program into jobs in investment business.” 



AAW World *of* Opportunity

With this article, *BizEd* begins a tradition of providing a forum for the new chair of the Board of Directors of AACSB International to discuss issues of paramount importance to the association and to management education. The current challenge: focusing on global issues as the association expands its membership and exports its brand.

by Jerry E. Trapnell



The world of management education has never been more exciting, diverse, and full of possibilities than it is right now, partly because management education has taken the whole world as its stage. As new business schools take form, as international alliances between schools on separate continents become commonplace, and as cultural awareness becomes the watchword of every classroom, management education is flourishing as never before.

As the new AACSB International board chairman, I'm pleased to report that, like business schools, this organization has made globalization a cornerstone of its operations. In fact, it seems to me that the leadership and vision of AACSB have become key components in the growth and development of management education worldwide. We're creating global standards of accreditation and exporting our brand to schools around the world. We're broadening our perspectives and revising our U.S.-centric models of education. We're creating ways for far-flung management educators to join together; and we're sharing, capturing, and disseminating information that will strengthen the programs of all our members.

Two guiding statements will be among those driving our planning and execution of future initiatives:

■ AACSB International accreditation will stimulate continuous improvement in global management education and will assure quality management education to prospective students, employers, university administrators, and other stakeholders.

■ AACSB International will be recognized as the preeminent global brand in the development of management education provided by business schools, through distinctive value-added accreditation, related consulting, professional development, and information services.

Global Expansion

In the 1990s, AACSB International began its journey toward globalization. In this post-9/11 era, I believe that it is more important than ever that we accelerate our efforts to internationalize. Though we are early in the process, I have seen great strides in three key areas.

Staff and services: Our International Advisory Council has been ongoing since December 2000. More recently, we have established the Global Development Team, a working group of staff members who will facilitate global integration and coordination among AACSB staff, products, services, and activities.

Otis W. Baskin has been appointed as a special advisor to expand AACSB International's global planning and accreditation efforts. Baskin, currently professor of management at the George L. Graziadio School of Business and Management at Pepperdine University, has an extensive background in international education. As a dean, he helped develop more than 20 strategic partnerships with business schools in Asia, Europe, and Latin America.

Our board of directors, major committees, and peer-review teams increasingly reflect our international membership. Since we have initiated worldwide peer review activities, more than 85 member institutions outside the U.S. have participated or are now participating. Our fastest-growing membership segment is from the international community. Our ranks now include 200 members from outside the U.S.



Meet the Chair

Jerry Trapnell, dean of the College of Business and Behavioral Science at Clemson University in Clemson, South Carolina, is the incoming chair of the AACSB International Board of Directors. He begins his term at a point when the association is aggressively promoting its role as a global leader in accreditation and all aspects of management education. The timing couldn't be better, since internationalizing the organization has been one of Trapnell's long-term interests.

Within AACSB International, Trapnell has served on numerous accreditation peer-review teams and committees. He was elected to the Board of Directors in 1999. He also has played leadership roles in the American Institute of Certified Public Accountants, American Accounting Association, Federation of Schools of

Accountancy, Institute of Management Accountants, and the South Carolina Association of CPAs. He is past president of the Southern Business Administration Association.

Before he became dean in 1993, Trapnell was director and professor of the Clemson School of Accountancy, a program he joined in 1986. He also spent ten years with the department of accounting at Louisiana State University-Baton Rouge. He earned his Ph.D. from the University of

Georgia in 1977 and his B.S. and M.S. from Clemson University in 1968 and 1970, respectively.

Trapnell is committed to Clemson's international growth. "We are focused on developing globally competitive leaders who are entrepreneurially spirited, produce relevant scholarly research, and support service focused on economic and community development," he says. "We're reaching for our goals of global awareness and understanding by integrating global issues across the curriculum, promoting study abroad programs and exchanges, emphasizing entrepreneurial and international trade activity, and developing selected partnerships in the international arena."



BizEd offers international coverage of the management education field and is distributed to members and stakeholders in more than 92 countries.

Accreditation: We conducted an accreditation training workshop earlier this year to enhance committee members' understanding of different cultures and educational systems. We've accredited 30 member institutions in 13 countries outside the U.S. The interest in AACSB International accreditation continues to grow on all continents.

In addition, our early experiences with global accreditation have significantly affected the proposed revised standards and processes being developed by the Blue Ribbon Committee on Accreditation Quality.

Events and organizations: We partnered to host the 1998 Global Forum in Chicago, and we were a partner in the 2002 Global Forum in Bangkok. AACSB leaders and members represented a major contingent of attendees. International educators also regularly attend AACSB events. For example, the 2002 Annual Meeting attracted more than 1,100 educators from 33 nations.

AACSB has recently announced an alliance with eFMD to address critical issues facing our field. Among other goals, we plan to collaborate on data-gathering projects that will allow us to create shared databases and disseminate information about best practices. We also will co-sponsor conferences every two years.

AACSB also actively participates in the International Management Development Network (INTERMAN). Whenever possible, staff members and/or board representatives attend events sponsored by counterpart associations around the world.

The Japan Study Tour, sponsored by AACSB and the Keizai Koho Center, is now in its ninth year. We held a highly successful Accreditation Workshop in Paris that drew 114



AACSB International will continue to strengthen its leadership role in the advancement of management education—and as a forum for change and growth in this field.

Clemson in Capsule

A public land-grant university located in the Southeastern corridor of the United States, Clemson University has the goal of being a “high seminary of learning.” The student body usually numbers between 12,000 to 14,000 undergraduates and 4,000 to 5,000 graduates, with priority given to students from South Carolina.

The university emphasizes specific fields of study through five colleges: Agriculture, Forestry and Life Sciences; Architecture, Arts and Humanities; Business and Behavioral Science; Engineering and Science; and Health Education and Human Development. Clemson’s Extension Service also offers programs in forestry, agriculture, family sciences, and other areas.

Currently, the College of Business and Behavioral Sciences has more than 2,500 students enrolled in the undergraduate program, 75 in the full-time MBA program, 144 in the part-time MBA program, 47 in the specialized master’s program, and 19 in the doctoral programs. The business school offers bachelor’s degrees in accounting, financial management, industrial management, management, and marketing. Master’s degrees are available in professional accountancy,

e-commerce, and industrial management, and students can earn Ph.D.s in industrial management and management science. Courses are taught by the school’s 64 tenure and tenure-track faculty and 16 full-time non-tenure track faculty.

The college is unusual in that it is also the home of the departments of economics, graphic communications, psychology, political science, and sociology. The school sponsors four major interdisciplinary programmatic and research centers, including the Spiro Center for Entrepreneurial Leadership, the Center for International Trade, the Center for Economic Education, and the Center for Policy and Legal Studies. The college is also the base of the Small Business Development Center for a seven-county region in upstate South Carolina, and the home of the Army and Air Force ROTC.

“Attracting and retaining an outstanding faculty and student body is essential as we focus on enhancing quality at the undergraduate, master’s, and doctoral levels,” says dean Jerry Trapnell. “The emphasis on graduate programs is consistent with the college’s increasing efforts to enhance its research profile.”

participants from 29 countries. We will host a joint event on Strategic Alliances in Grenoble, France, in October. Additional international events are being planned.

Future Plans

Although I see these as indicators of success, I realize we still have much work to do. To ensure our future success in our efforts to become an international organization, I expect that we will:

- Increase globalization of our staff, leadership, committee structure, task forces, and peer-review teams.
- Present a highly successful conference and seminar program throughout the world.
- Accredit business schools on every continent.
- Successfully adapt our Knowledge Services program to the global marketplace.
- Position AACSB International as a leader in promoting and sharing best practices and fresh ideas that support continuous improvement in global management education.

I am also focused on additional key initiatives that will help AACSB assert its leadership in management education:

■ The Management Education Task Force has completed its task of identifying the most pressing issues facing business schools and recommending responses. We’ve now assembled a Doctoral Faculty Commission to study the Ph.D. shortage and present a global faculty plan to the board. We’ve also instituted the New Issues Committee, a permanent committee to be led by the chair-elect, which will drive annual board planning and help set the agenda for the Annual Meeting.

■ The Blue Ribbon Committee on Accreditation Quality will work closely with these new committees as it continues to revise accreditation standards and the process for maintaining accreditation. Several schools have undergone an experimental review process for reaccreditation; more will participate as the standards continue to be refined. The committee plans to present a draft of the standards to AACSB membership, and a vote will be held April 2003 at the Annual Meeting.

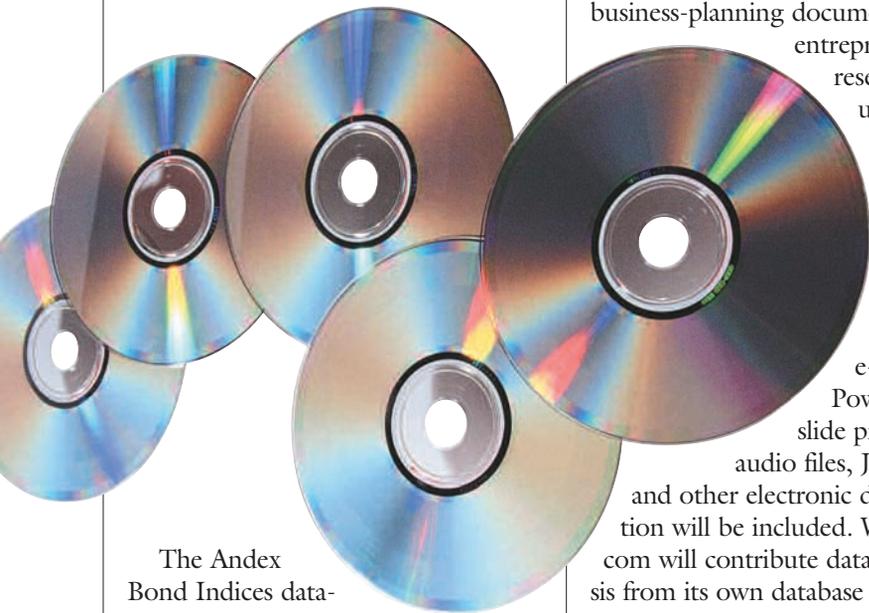
I am confident that, if we monitor and respond to issues in business schools worldwide, AACSB International will continue to strengthen its leadership role in the advancement of management education—and as a forum for change and growth in this field. ■

Technology

■ New Databases Add to Historical Record

It's said that those who fail to study history are doomed to repeat it. Fortunately, two new information tools may help business researchers avoid that common fate.

The Andex Bond Indices. The Center for Research in Securities Prices (CRSP) at the University of Chicago's Graduate School of Business has added the Andex Bond Indices database to its other financial databases. The CRSP databases maintain comprehensive historical records of stock, bond, and mutual fund securities over the years.



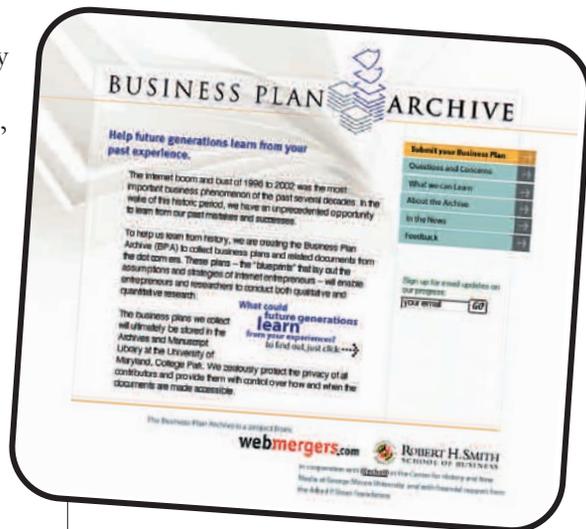
The Andex Bond Indices database, which is an enhancement of CRSP's current treasury indices, comprises 20-year, five-year, and 90-day return indices on treasuries. The new database is now available on CD-ROM on a subscription basis to academic and corporate researchers who gather and analyze financial data.

The Business Plan Archive. The Business Plan Archive (BPA) is a

new database from the University of Maryland's Robert H. Smith School of Business, College Park, Maryland. In partnership with the research firm Webmergers.com of San Francisco, California, the Smith School of Business plans to launch the BPA, a Web-based initiative designed to create a permanent record of the historic dot-com era. School officials say the BPA is part of a major Smith School research project on the dot-com boom and bust period of the late 1990s.

The Web site, located at www.businessplanarchive.org, will collect business-planning documents that entrepreneurs and researchers can use to learn from past business successes and failures. Materials such as e-mails, PowerPoint slide presentations, audio files, Java applets, and other electronic documentation will be included. Webmergers.com will contribute data and analysis from its own database of information on technology mergers and acquisitions that occurred during the dot-com era.

The BPA enables former executives, employees, investors, and customers who participated in the Internet boom and bust to submit business plans, marketing plans, technical plans, venture presentations, and other business documents from failed and successful Internet



startups. Such information provides a valuable historical record, says David Kirsch, assistant professor of entrepreneurship at the Smith School and head of the BPA research project.

"If we don't act now to document the dot-com happenings of the past several years, many of the events and firms that helped define the period will be forgotten," he says. "We must create a meaningful digital archive of this historical era."

Access to the documents will be free, but users will be asked to register to use the site. Site organizers hope to have selected planning documents available this month. Although the site's initial purpose is to document the dot-com era, site organizers note that they will accept business plans of all types.

For more information about CRSP databases, visit www.crsp.uchicago.edu. For more information about the Business Plan Archive, visit www.businessplanarchive.org.

DATABIT
90 percent of U.S. households have access to high-speed Internet services, such as DSL, cable, or satellite. However, only 7 percent subscribe to these services.

Every year you teach students the fundamentals of financial markets. Now it's time they got some real world experience.

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To prepare for the turbulent world of global trading and risk management, students need hands-on, real-life experience. To meet this need, the Smeal College of Business invites students from around the globe to participate in a simulated, online trading competition. Without leaving the campus, students from Brussels to Boston, Bombay to Buenos Aires can pit their classroom knowledge of financial markets in a real-time, real-world trading environment. Using Financial Trading Software (FTS), the competition will hold multiple rounds with the overall winner to be announced in April 2003. The Penn State Trading Competition is open to all colleges and universities.

For more information, please visit our website at www.tradecontest.smeal.psu.edu

PENNSTATE



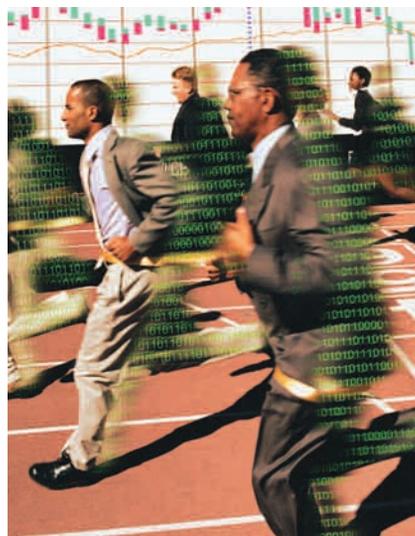
SMEAL
College of Business

Babson MBAs on the Fast Track

In January 2003, Babson College, Wellesley, Massachusetts, plans to launch its Fast Track MBA Program, its new, fully integrated "blended" MBA program. The program, which will integrate onsite classroom instruction with distance learning components, will enable students to obtain their MBAs in just 27 months.

To implement the Fast Track MBA program, Babson has partnered with Cenquest, a provider of school-branded e-learning programs based in Portland, Oregon. The program is tailored for executives with five to seven years of work experience. Students will meet once a month, attending two-and-a-half days of face-to-face sessions with Babson faculty. During the remainder of the program, students will participate in distance learning sessions via Internet-based professor-student collaboration and interactive multimedia course content.

Such programs as the Fast Track MBA can be critical for executives struggling to balance work/life issues, especially in an economic recession, says Tom Moore, dean of executive education at Babson and CEO of Babson Interactive. "Many individuals need to obtain their MBAs, but can't afford to put their careers on hold to do so," he says. "This program is win-win. It provides an MBA for the fast tracker while positioning his or her sponsoring corporation as an employee-centric and forward-thinking organization."



Quinnipiac Set to Build New Tech Center

Quinnipiac University of Hamden, Connecticut, is preparing to build a \$1 million Financial Technology Center for its Lender School of Business. Scheduled to open during the 2002-2003 academic year, the Center will include 30 flat-screen workstations equipped with real-time data from Reuters, Bloomberg, Bridge, and Dow Jones Telerate.

Such financial data will provide students, faculty, and professionals access to instantaneous information on world markets and socio-economic, political, and international events that impact the world economy.

DATABIT

China now ranks third among countries in Internet usage, the *Associated Press* reports. Of China's 1.26 billion people, more than 45 million use the Internet regularly, a 72 percent increase over 2001 figures. China's usage is only surpassed by first-ranked United States and second-ranked Japan. This despite the fact that, in June, the government closed all Internet cafes, many citizens' main access to the Internet.

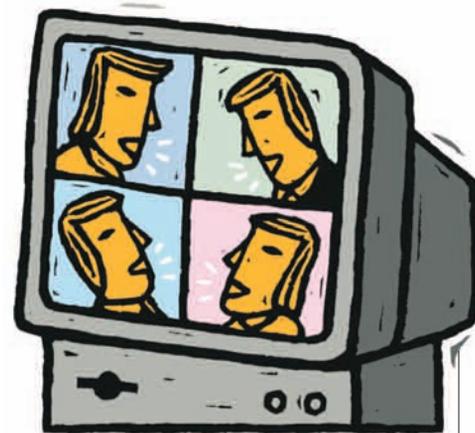
The business school's financial goals for the Center have been helped by corporate donations, such as a \$50,000 donation from Nationwide Insurance. Phil Frese, dean of the Lender School, notes that such support underscores the fact that corporations will be seeking students with the ability to analyze more information more quickly than ever before.

Investment in the new Financial Technology Center is a necessary step toward serving corporations in the future, he adds. Only with comprehensive, up-to-the-minute data can students learn to forecast market trends, serve as portfolio managers, simulate live trades and economic and market outcomes, and determine marketing trends in a 21st-century environment.

IMD Cases Available Through XanEdu

IMD case studies are now available through XanEdu's online and offline business case archives. XanEdu, an online educational content provider from Ann Arbor, Michigan, and IMD International Institute of Lausanne, Switzerland, have partnered to provide IMD's cases online through XanEdu's CoursePack System and offline through the company's print packs.

IMD president Peter Lorange sees the partnership as a means to deliver the information easily to other business schools and executive education programs worldwide. "It promises to expand our distribution significantly in the U.S. and globally," he says.



New Portal for Rotman Alumni

The University of Toronto's Joseph L. Rotman School of Management recently launched its new Rotman Alumni Portal to link more than 8,000 school alumni. The Rotman Alumni Portal is an expansion of the school's existing portal, which was launched in September 2001 for MBA students, staff, and faculty.

Accessible through a password-protected site, the new portal for alumni includes information about

UC-Davis GSM Puts Sustainable Biz on the Web

Earlier this year, the University of California-Davis Graduate School of Management launched a new Web site that targets issues of business, technology, and the long-term importance of social and environmental responsibility. Called the Sustainable World Web site, it is located at www.sustainablebiztech.org.

A GSM course on sustainable and responsible business practices offered two years ago was the inspiration for the site. The site was conceived and implemented by Richard Dorf, a professor emeritus at the school who has studied the relationship between technology and society for the past 25 years.

"The underlying theme is that there's nothing more important than the husbandry of our resources and doing it better and more efficiently, and also raising everybody's standard of living," says Dorf. "There have to be solutions to spread the wealth."

The site features articles on socially responsible business practices, an events calendar on worldwide conferences and summits, and links to organizations involved in sustainable development activities. Dorf hopes the site will initially bring together students from a variety of disciplines, from business to agriculture to engineering. In the long term, he envisions the site as an interactive community for students, faculty, and corporate leaders to exchange ideas and promote sustainable practices.

"We hope this site will be useful to educators in business management, engineering, and other sciences who appreciate the powerful interconnection between business and technology," says Dorf. With sites such as this, he adds, they also can "seek to provide their students with resources for developing a vision of sustainability that draws upon the power of both."

activities and events at the Rotman School, an area for members of each alumni class year in various programs, and an online directory of business contact information for all alumni. The Rotman School also has partnered with Spencer Stuart, an executive search consulting firm with 52 offices worldwide, to make the firm's leadership development and career opportunities available to all alumni through the portal.

The portal represents an effort to keep alumni connected to the school, says Rod Lohin, Rotman's

director of alumni and community relations. The more alumni feel a part of the school after they graduate, the more likely they are to stay involved with the school's fundraising and educational events.

"The best business schools don't just provide a great education. They add value to the careers of their alumni throughout their lives," Lohin says. The portal, he adds, "strengthens our existing network and builds new connections between our alumni, who are business leaders in organizations around the world."

NEWS BYTES

■ COMPUTER BEATS DISHWASHER:

New research shows that the British love their computers, according to a study from the iSociety division of the Work Foundation in Britain. Computer users now make up more than 50 percent of the British population. In fact, British citizens are twice as likely to own a computer as they are a dishwasher.



■ **PAPERLESS PATENT OFFICE:** The U.S. Patent Office hopes to make all its activities electronic by 2004. James Rogan, the office's undersecretary for intellectual property, says the goal is to streamline the application process and cut costs by as much as \$500 million. Rogan hopes that patent filings, which now take two to three years to process, could be completed as quickly 18 months after the new system is in place.

■ **OPEN FOR BUSINESS:** In a step designed to boost its global enterprise, the Peruvian government launched an export Web site to make it easier for the country's businesses to market their products, according to Reuters; many hope the new site, launched this May, also will help the country recover from a three-year economic slump. Found at www.perumarketplaces.com, the site cost \$210,000 and was funded by a government agency and a number of private companies. It sells everything from agricultural and industrial products to textiles and crafts.

■ **IT GETS SMARTER:** IBM hopes to develop "self-healing" computer networks by the end of 2002, according to Computerworld. The goal of its Project eLiza is to create IT systems that not only can locate, diagnose, and correct internal system problems but also prevent their reoccurrence. A fully functional self-healing system might be two years in the making, but IBM hopes that such a system eventually will lower system maintenance costs for users. ■

Does Ethical Leadership Make A Difference On The Bottom Line?

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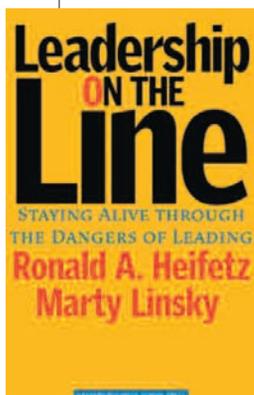
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BUILDING BUSINESS LEADERS SINCE 1931

Bookshelf

■ The Risks of Leadership

It isn't easy to be a leader, but few authors outline the hazards quite so forcefully as Ronald A. Heifetz and Marty Linsky do in *Leadership on the Line*. They make it clear that the job comes with a host of potential risks, from losing your popularity to losing your career to—in the case of Israeli leader Yitzhak Rabin—losing your life.



Leadership seems so perilous in their book because their definition of a leader is one who steps forward and directs necessary change, even when the changes fall outside of his purview. Their leaders are people who see a task that must be done and

do not shrink from it, no matter how difficult or distasteful it might be. That many of these leaders fail to achieve their goals is the issue Heifetz and Linsky want to examine. Carefully and precisely, they analyze what went wrong with the leaders' approaches, which group they failed to account for, and how they might have succeeded by taking another tack.

One of their key points is the difference between technical leadership and adaptive leadership. A technical leader can address a specific problem—the need to computerize a business, for instance—but unless he also addresses the underlying reasons that have prevented computerization from happening earlier, his plan will fail. He will not have addressed the adaptive challenges of convincing other personnel that this change is a good one. “Without learning new ways—changing attitudes, values, and behaviors—people cannot make

the adaptive leap necessary to thrive in the new environment,” the authors write.

Because people and organizations are so resistant to change, they also resist, or do away with, leaders who promote change. “When exercising leadership, you risk getting marginalized, diverted, attacked, or seduced,” the authors warn, and they give detailed examples of leaders who were derailed by each of these methods. In equally detailed fashion, they explain how leaders can navigate the minefields of change with certain set responses: seeing the whole picture, thinking politically, orchestrating the conflict, sharing some of the responsibilities with others, and making sure they manage themselves.

Leadership on the Line is an excellent handbook for the executive who is facing the daunting task of reorganization—or the young manager who wants to step up and prove he can do a difficult job. (Harvard Business School Press, \$27.50)

■ Women Who Work

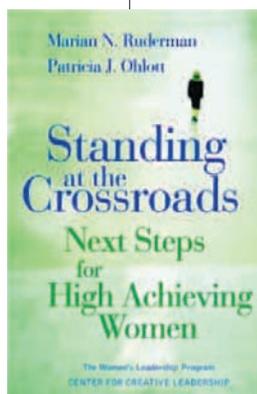
Women are different from men—and the way they operate in the workplace is different, too. While much research has been conducted on how the corporate experience varies between genders, *Standing at the Crossroads* does more than outline the unique problems faced by “high-achieving women.”

Authors Marian N. Ruderman and Patricia J. Ohlott discuss the challenges these women face as they attempt to achieve their professional and personal goals—and they give concrete information on how women can bring those goals into alignment.

To succeed in the corporate environment, women must examine their own priorities and how they can fit into their careers—which sometimes might mean turning down a promotion, sacrificing time with children, or working to develop friendships, depending on the woman's current goal. The authors examine five themes that influence women in the workplace: acting authentically, making connections, becoming an active agent in one's own destiny, achieving wholeness, and achieving self-clarity.

Through a succession of interviews with 61 high-level women who attended The Women's Leadership Program at the Center for Creative Leadership, the authors have come up with guidelines that a woman can use to identify which of these themes are most important to her. If she has been highly successful in her career but feels she is lacking close, intimate connections, how can she find time to develop relationships with family and friends? If she has excellent relationships but is dissatisfied with the pace of her career, how can she learn to act as an agent on her own behalf? Throughout the book, the authors offer several exercises that help readers sort through their own values and recognize which ones matter most to them—at the moment—for the authors also emphasize that values can change over time.

A wide variety of anecdotes grounded in a range of corporate settings will give almost every reader a jolt of familiarity at some point. And that's truly every reader, male or female—because, as Ohlott and Ruderman note, women



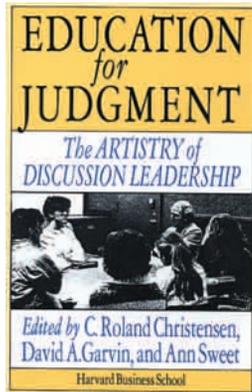
What does it mean to teach? How does a teacher learn to teach? And of all the teaching methods that are available, which are best? *Education for Judgment* comes down squarely in favor of **group discussion** as the best method for teaching.

aren't the only ones trying to achieve a work-life balance. "When we present the themes in this book to predominantly male audiences, the men often comment that they are struggling with similar issues," they note. The struggle becomes a little easier with the aid of this thoughtful book. (Jossey-Bass, \$26.95)

Classroom Discussion

What does it mean to teach? How does a teacher learn to teach? And of all the teaching methods that are available, which are best? *Education for Judgment* comes down squarely in favor of group discussion as the best method for teaching. Nonetheless, editors C. Roland Christensen, David A. Garvin, and Ann Sweet note that it can be a risky, frightening, and exhilarating experience for both teacher and student.

Though published through the Harvard Business School, the book brings together essays from a cross-section of professionals. For instance, one is a medical professor, another a high school teacher. All of them share very personal stories of how they abandoned the lecture mode and began to use the discussion method in the classroom. They discuss the apprehensions they felt when they first began this interactive teaching method, the tools they discovered that helped them become better facilitators of discussion, and the collaborative process that turned their students into co-teachers. Over and over again, they admit that discussion learning is messy, uncontrolled, and far more difficult than lecturing—but a way of teaching to which they have committed themselves. Discussion teaching becomes a partnership, says one writer, that



"makes teaching more joyful. We teachers trade the aloneness and distance

of hierarchy for the cooperation and closeness of collegiality."

While admitting that the concept of discussion teaching may be difficult for some to adopt, the authors say, "However mysterious or elusive the process may seem, it can be learned. Through collaboration and cooperation with friends and colleagues, and through self-observation and reflection, teachers can master both principles and techniques of discussion leadership." This book is a good start. It's like sitting down with a group of good friends who have already undergone the process and asking, "How do you do it?" The answers are honest, detailed, and intriguing. (Harvard Business School Press, \$18.95)

Global Leadership

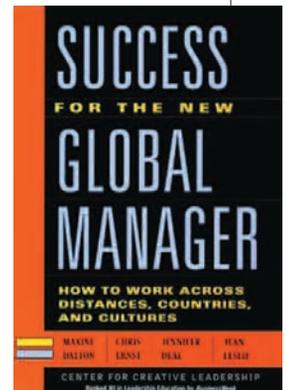
A highly regarded executive who is promoted to a position of global leadership is simply not going to be able to do his job the way he did it before. "He will work across multiple time zones, country infrastructures, and cultural experiences," say the authors of *Success for the New Global Manager*. And more often than not, the people he deals with will hold beliefs and follow customs directly at odds with his own.

It is critical for today's managers to understand those conflicting viewpoints and to be able to interact with people with intensely different cultural backgrounds, say authors Maxine Dalton, Chris Ernst, Jennifer Deal, and Jean Leslie. "The greatest obsta-

cle to global effectiveness is a shortage of people who are prepared to manage and thrive in this new business paradigm," they write. The trick is realizing that leadership traits that are considered valuable in one culture may be considered appalling in another. How then does a multicultural leader manage effectively without appearing to be inconsistent to the various groups that report to him?

Obviously, no one book can provide a template for international behavior, but the authors do isolate essential universal management capabilities and the pivotal skills needed to employ them. Whether they are working locally or globally, say these authors, managers will need the ability to manage people, action, and information; the ability to cope with pressure; and a core of business knowledge. This will require international business knowledge, cultural adaptability, the ability to take on someone else's perspective, and skill as an innovator.

The book is filled with a multitude of comparative charts, including one that demonstrates how various countries express their identities, view authority, achieve goals, respond to change, acquire knowledge, view time, and respond to their environments. Other charts give readers a chance to rate their own personality traits so they understand how they operate—and what they might need to learn. The result is an absorbing and ultimately useful analysis of personality, culture, and business. (Jossey-Bass, \$29.95) 



Your Turn

by Judith Samuelson

Back to the Business of Ethics

In the wake of the recent corporate meltdowns of Enron, WorldCom, Xerox, and others, the media have had a field day interviewing business school deans. They want to know why America's corporate elite are challenged in making conscionable decisions on behalf of their employees and shareholders—and if business schools are reassessing their approach to educating the leaders still in the pipeline. If history is a guide, this newfound interest will trigger a new round of business ethics classes. But will they really do any good?

In 1993 Harvard Business School published a thin volume called *Can Ethics Be Taught?* Professors Tom Piper, Mary Gentile, and Sharon Parks interviewed business school faculty and students on the relevance of ethics to business curricula. The students interviewed suggested that if ethics didn't come up in regular business classes, it must not be important in the broader business world. The faculty, roiled by the Wall Street scandals of the 1980s, voiced a now familiar refrain: How can a graduate business curriculum shape the morality of students who, at an average age of 26, already have a well developed sense of right and wrong?

The researchers concluded that the way to convey business ethics effectively was to bridge from the ethics classroom into general business decision models taught in the core curriculum. Ironically, that's the same conclusion brought to mind by these latest debacles. The business deans interviewed by the press today, though they vary in the



specifics, voice a common theme: Entering MBA students are too old to be influenced as to their fundamental sense of morality.

David Messick, ethics professor at Northwestern's preeminent Kellogg Business School, suggested in an interview with *Crain's Chicago Business*, "The average age [of an MBA student] is 28 to 30," he says. "Their character is largely formed by the time they get here. If they don't have a sound moral compass, nothing I teach in a ten-week course is going to embed one there."

But Dr. Messick and his colleagues are only half right, according to new research on how the attitudes of MBA students are shaped as they pursue the degree. The research was conducted by the Initiative for Social Innovation through Business (ISIB) of the Aspen Institute and is based on the responses of more than 1,000 MBA students at 13 schools in North America and Europe—including Kellogg. It was designed to measure the influence an MBA has on attitudes about the roles and responsibilities of business and busi-

ness leaders. It proves that attitudes *are* shaped during the course of an MBA—but, unfortunately, not in the direction of a higher ethical plane.

MBA students make it clear that if teaching on the wider responsibilities of business is to stick, it better get out of the ethics classroom and into the courses that matter in the MBA hierarchy—strategy, risk management, finance, accounting. Common sense? You bet. Along the same lines, the authors of *Can Ethics Be Taught?* conclude that the most effective way to convey business ethics is to build a bridge from ethics classes to business decision models taught in the core curriculum.

So what's a business school dean to do? The ISIB research suggests the following:

■ **Put ethics where it counts.** Engage the faculty—all the faculty—in talking about what they can contribute individually to the debate over the role and responsibility of the firm. Don't leave it in the ethics classroom. Instead bring the ethics teacher into finance and accounting courses. Ethics courses, billed as such and required for graduation, are at best marginalized and at worst, resented; furthermore, a voluntary ethics class only reaches the choir. If ethics isn't anchored in business reality, it won't sell. Today's students know it's not critical to their future success—or to the immediate challenge of finding a job.

■ **Offer "values assertiveness" training.** Students understand that dozens, if not hundreds, of employees, bankers, accountants, analysts, and business writers knew what was going on at Enron. They assume they will be asked to compromise their values in the workplace, but

are ill-equipped to do anything about it. Aspen ISIB's MBA research makes clear that given the choice of staying to fight and leaving the firm, these future managers will vote with their feet. Yet it should be possible to give students the tools to challenge noxious behavior or a bad decision—not just recognize right from wrong—and to craft alternatives without putting their jobs on the line. In other words, help them to *operationalize* their values.

■ **Develop and teach more comprehensive models for measuring business success.**

The single-minded adherence to increasing share price (“shareholder value”) offers a cover for business decisions that will not stand the test of time. What is true value creation? James C. Collins and Jerry I. Porras, the authors of the best-selling book *Built to Last*, studied companies that have avoided boom and bust cycles. They found that attention to

principles such as treating employees well, creating value for the surrounding community, and making environmentally sound business decisions are money-makers over the long haul. They point to leading companies such as BP Amoco, DuPont and Unilever as companies that understand this well and provide models for others.

■ **Ask Wall Street and the business consultants to do their part.** The Holy Grail for MBA students at Kellogg is a signing bonus and well-paid job on Wall Street or in an important strategy firm like Goldman Sachs or

McKinsey. They set the tone in every elite business school in the country. If it's too late to teach values, how about sending the message that values actually matter in the marketplace? An MBA recruiter once told me that if Goldman Sachs posed an ethical dilemma in its standard interview, it would reverberate throughout the halls of academia. Deans should require nothing less for access to their MBA talent—even in a down market.

■ **Fight the tendency to define “corporate social responsibility” as good works.**

Enron excelled at philanthropy, and business schools are filled to the brim with voluntarism and community charities. Students are confused

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if discussions of good behavior are removed from traditional business decisions and resource management. Ask Human Rights Watch about Enron's record in India as it built the Dabhol Power Plant. No amount of support for the Houston Ballet can excuse the injustices perpetrated in India under the rubric of business investment—or for the fact that Enron dodged taxes for four of the last five years.

■ **Encourage the development of skills for real life.** The most common adjective associated with Enron is arrogance. In the days of a booming

stock price we—the investing public, the bankers, and the analysts—tolerated and even celebrated the cowboy culture of an Enron. This culture is not only celebrated in many firms, it is also mirrored in business schools that reward “hard” skills at the expense of real-life skills like listening, cooperation, and cultural sensitivity. Today, the student who attempts to balance a focus on profits and cash flows with the human and environmental dimensions of the product or investment is forced to the back of the class. Finding that balance is tricky, but no trickier than balancing the conflicting claims of community interests, landowners, employees, investors, pensioners,

customers, contractors, unions, and environmentalists that now compete for attention in the boardroom. Encourage students to listen carefully to all the voices (especially the quiet ones) and to practice social impact management—to think through the effects of business

decisions on all the affected parties and stakeholders—and vice versa. After all, the impact can, and does, run both ways.

Welcome to the post-Enron era. It's time to get serious about the ethical training of our future leaders. But it will take more than another round of ethics classes. ■

Judith Samuelson is the executive director of the Aspen Institute's Initiative for Social Innovation through Business (ISIB) in New York City. A shortened version of this article was printed in the Summer 2002 issue of the *Ford Foundation Report*.

Spotlight

Not Business as Usual

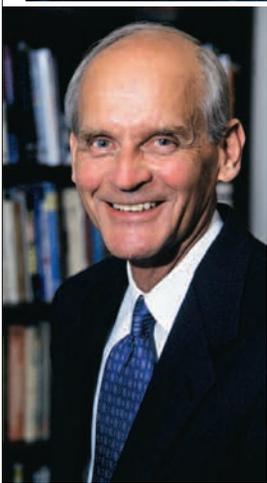
Millsaps College
Else School of Management
Jackson, Mississippi

The tradition of business education at Millsaps

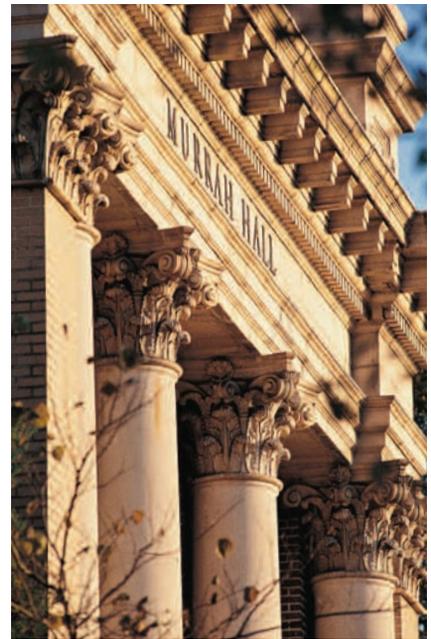
College started when the school awarded its first bachelor's degree in economics in 1941 and its first bachelor of business administration degree in 1974. Established in 1979, the Else School of Management now serves 200 students in its undergraduate program and 100 students in its graduate program.

Students at the Else School of Management can take advantage of unique opportunities such as its specialized Renaissance MBA program, which combines the development of business knowledge, managerial skills, and core liberal arts study. RMBA students read classic and modern materials that provide cultural and historical context to management topics. For example, students might explore organizational structure and leadership styles by reading about Caesar's Gaelic campaign against Vercingetorix or learn about diplomacy through a study of *Beowulf*.

Students in the RMBA program are trained to solve unstructured problems using a wide variety of creative solutions across disciplines and to motivate others to test and implement new ideas, says Else's dean Randy Boxx. "Business leaders across the country remark that traditional MBA programs are not meeting the needs of today's businesses. They seek leaders who are not limited by the boundaries of what is commonly accepted practice or established thinking," he says. At Else, he adds, the RMBA is "not business as usual."



Left: Randy Boxx, dean of the Else School. Above: A fountain that serves as a popular gathering place at Millsaps College. Right: Murrah Hall, a main building for the Else School.



Else also offers study abroad programs to Latin America and Europe. In Latin America, students visit Mexican cities across the economic spectrum, from Kaxil Kiuc, where they study a basic economy based on subsistence farming, hunting, and logging; to Merida, where they see industrial development in action; to Cancún, where they observe the evolution of tourism. In the summer European program, students visit businesses such as Lloyds of London, the London Stock Exchange, Land Rover, and Nestlé to get a firsthand look at a global business environment.

Through internships, Else students also can participate in executive shadowing, offer consulting to local businesses and nonprofits, and manage an \$87,000 stock portfolio fund, estab-

lished with funds from the Merrill Lynch Foundation and General Louis Wilson in 1989. The fund has consistently outperformed the S&P 500. The students managing the fund took second place in "growth style of management" at this year's Redefining Investment Strategy Education (RISE) symposium at the University of Dayton, Ohio.

The Else School of Management's business program is accredited through AACSB International. 