

BizEd

FOCUS ON SUSTAINABILITY

JULY/AUGUST 2009

María Otero

Microfinance
in Action

Teaching in a
Sustainable
World

Accounting
Curricula
Tackle IFRS



BizEd Contents

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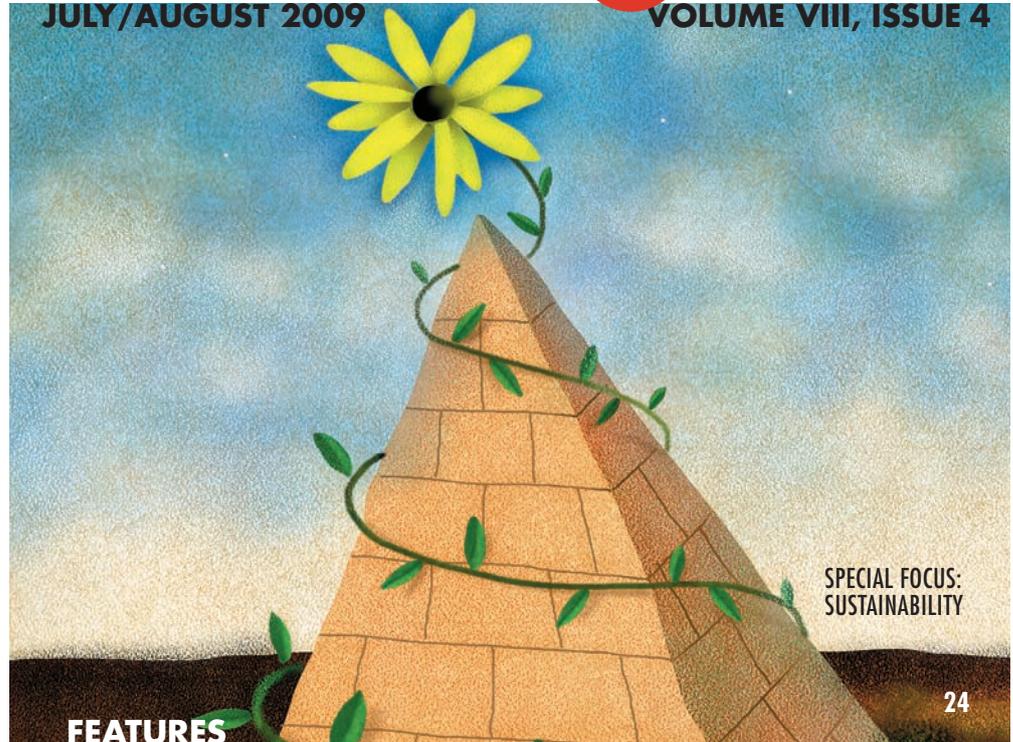


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Malyszko Photography



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From the Editors

Sunscreen and Sustainability

Chicago Tribune columnist Mary Schmich penned what is possibly the most famous message to college graduates ever written. Her June 1997 column, which she describes as an imagined commencement address to that year's graduating class, begins and ends with this piece of advice: "Wear sunscreen."

Humorous as it was, her advice acknowledged that those young, fresh-faced 22-year-olds wouldn't stay young and fresh-faced forever. "You will not understand the power and beauty of your youth until they've faded," she wrote. In that column, which became the basis for a popular song and a book, Schmich entreated that generation to act on their power now, while they still possessed it. She told them to sing, dance, travel—essentially to be an integral part of the world.

If Schmich were to write a similar column targeted to today's business school graduates, I think she might include slightly more urgent messages: Volunteer, she might say. Be honest. Leave the world better than you found it. And, for heaven's sake, don't bet the economy on strategies you don't fully understand.

Most of today's business students would be more than willing to heed this call. Student demand for courses in social enterprise is trending higher and higher. A recent survey from the Aspen Institute found that 88 percent of business students believe that for-profit companies should do more to address social and environmental problems, and 71 percent believe that socially responsible business practices lead to greater profits.

In this issue, we have articles by two people tracking these trends closely. In "Toward Sustainable Change," Judith Samuelson, executive director of the Business and Society Program at the Aspen Institute, calls for business schools to teach *all* students skills in sustainability, whether they plan to work for nonprofits, small startups, or international corporations. In "Converging on Green," Stuart Hart of Cornell University argues that business schools must prepare this generation of students to work in a world powered by renewable energy and advanced by innovative solutions.

"Don't feel guilty if you don't know what you want to do with your life," Schmich wrote to the class of '97. That message actually may be less relevant to the class of 2009. Many so-called Millennials know they want to change the world—they just need the programs to teach them the strategies to do just that, in ways that support the long-term goals of their organizations.

But in another regard, Schmich's treatise is as true today as it ever was. Given the problems students will face involving climate change and a thinning ozone layer, the sunscreen's probably still a good idea. **Z**



RAQUITA HENDERSON

Lucia Bisson



MOODBOARD/PHOTOLIBRARY

Headlines



A Challenge for Social Entrepreneurs

MBA students from top U.S. business schools headed to New Orleans last March to participate in the inaugural “IDEAcorns Entrepreneurship Challenge” sponsored by Idea Village. The New Orleans-based nonprofit aims to “sow the seeds of change through innovation and entrepreneurship.” Participants were DePaul University’s Kellstadt Graduate School of Business, Northwestern University’s Kellogg School of Management, the University of Chicago’s Booth School of Business, Tulane University’s Freeman School of Business, Stanford University School of Business, and the Haas School of Business at University of California, Berkeley. A group from salesforce.com also participated.

The initiative paired each team with a small business or startup venture dedicated to the revitalization of post-Katrina New Orleans. According to Idea Village, the goal was to help New Orleans entrepreneurs become self-sustaining while giving students a hands-on learning experience with real-world implications.

At the end of the weeklong undertaking, no winner was chosen, but each team’s work was evaluated by a panel of business and civic leaders for its potential to solve the problems it addressed. Sponsors of the event included The Rockefeller Foundation, Blue Moon Fund, Harrah’s, and the U.S. Department of Commerce. Google also supported the initiative by providing a blog for students to chronicle their work. For more details, see ideavillage.org.



Creating Social Value

The University of Maryland’s Robert H. Smith School of Business in College Park has launched the Initiative for Social Value Creation, a push to

engage every student in courses and experiential learning programs that demonstrate how businesses can create both economic prosperity and transformative social change. Melissa Carrier, executive director for Social Value Creation, will lead the effort, which will support the groundwork for establishing a center dedicated to social value creation.

The goal of the initiative is to teach students to use business knowledge to solve critical environmental and humanitarian problems, partially by participating in real-world fieldwork. For instance, students might provide consulting work for nonprofits, receive seed funding for social ventures, join Engineers Without Borders to consult on projects in developing countries, or join student clubs devoted to social and environmental concerns. The initiative also will support a Social Enterprise Symposium and a Changemaker Speaker Series, as well as up to three faculty research awards a year.

Philanthropy & Business

Business and philanthropy can work together to solve global challenges and serve the needs of our rapidly evolving society. That was the theme of the annual Leadership Forum held this spring at Bentley University in Waltham, Massachusetts, and co-sponsored by TIME.

One keynote speaker was Van Jones, White House Special Advisor for Green Jobs, Enterprise & Innovation and founding president of Green For All. “The good news is that we can beat this global recession and global warming at the same time. We can beat poverty and pollution at the same time ... and you’re the solution,” said Jones.

“The ideas and potential exist right now to home-grow our own energy and therefore be stronger as a country economically, and also politically. ... Everything that is good for the environment, good in the fight against global warming, good for ecology, is a job.”

Jones noted that President Barack Obama sees a connection between doing right by the earth and doing right by the economy—but he needs the help of the next generation of entrepreneurs. “Somewhere out there, somebody has a Google or a Yahoo or a Microsoft in their mind for energy,” Jones said.

During an on-stage conversation with TIME’s managing editor Richard Stengel, Jones predicted that new regulations will create a “rip-tide of innovation” in the economy. He said, “The energy sector in this country will be as unrecognizable ten years from now as the information technology sector is from where it was ten years ago.”

More information about the forum is available at www.bentley.edu/leadership-forum.



Bentley president Gloria Cordes Larson with speaker Van Jones.



Celebrating the opening of AACSB’s new office in Singapore are (from left to right) John Fernandes, president and CEO of the association; Swan Gin Beh, managing director of the Singapore Economic Development Board; and Rick Cosier, AACSB’s chairman of the board and dean and Leeds Professor of Management, Krannert School of Management, Purdue University.

AACSB Opens A Home in Asia

Singapore became the site of AACSB International’s first regional office when the new headquarters opened on June 4. The association will utilize the new Asia headquarters to strengthen membership, professional development, and accreditation services in the region. Singapore is home to four AACSB members, two of which have received accreditation. The office will be under the direction of Eileen Peacock, AACSB’s vice president of Asia.

“Successful growth in management education is critical for Asia, and ensuring that the growth is based on quality is of vital importance to AACSB,” says Rick Cosier, AACSB’s outgoing chairman of the board and dean and Leeds Professor of Management at the Krannert School of Management, Purdue University. “With its current network of local and international business programs, and its ‘Global Schoolhouse Initiative,’ Singapore’s efforts will serve as the perfect launching pad for AACSB to further its commitment to providing quality management education worldwide.”

According to John J. Fernandes, president and CEO of AACSB, “Today the Asian region hosts more than 5,000 business programs, and is now the largest center of management education in the world. Singapore—with its open business environment and leading management education centre—is the ideal location for our Asia headquarters.”

The opening of the AACSB Asian headquarters has already resulted in an increased number of planned conferences and seminars in the region. At present, eight events in the Asia region have been organized for the 2009–10 academic year, with host cities including Singapore, Shanghai, and Sydney.

Green Applicants

Will your school colors attract college applicants? Maybe—if your predominant color is green. According to a recent survey by the Princeton Review, 68 percent of college applicants say that their decision to attend a college could be affected by knowing how committed the school is to environmental issues. Among parents surveyed, 59 percent believe their children would find such information useful. The question was part of the Princeton Review’s most recent “College Hopes and Worries Survey,” which tabulated more than 15,000 responses.

In addition to surveying students about their interest in a school’s environmental commitment, the Princeton Review has developed a Green Rating of schools, based on such factors as each school’s energy use, recycling plans, food sources, transportation alternatives, academic options, and sustainability actions. The Princeton Review’s updated Green Ratings

The GMAT® Report



will appear with school profiles in the 2010 editions of its *Best 371 Colleges*, *Best Northeastern Colleges*, and *Complete Book of Colleges*. The information will also appear on www.PrincetonReview.com.

Dean Gives \$1 Million to School

Mark A. Zupan, who has served as dean of the University of Rochester's Simon Graduate School of Business since 2004, has made a \$1 million endowment commitment to the school in Rochester, New York. While Zupan remains dean of the Simon School, his gift will provide scholarship support to Simon students; the gift will be available to his successors as an endowed fund to support innovation and the entrepreneurial spirit. In late 2008, Zupan was appointed to a second five-year term as dean.

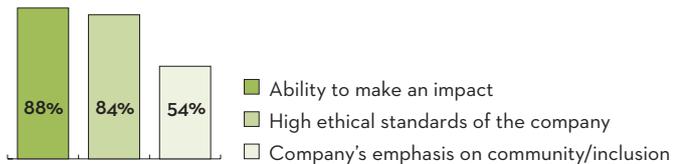
Zupan explains that he was motivated in part by the gifts of previous donors. "So much of what we do in teaching and research is possible because of the support we receive from friends and alumni. I wanted to recognize that," he says. He was also motivated by the experience of his mother, Maria, an international student who was the first woman to earn a doctorate in chemistry from the university. Her degree was made possible partially through scholarship

Greenhouses for Future Talent

The Graduate Management Admission Council® surveys offer a wealth of data on how business schools nurture student growth.

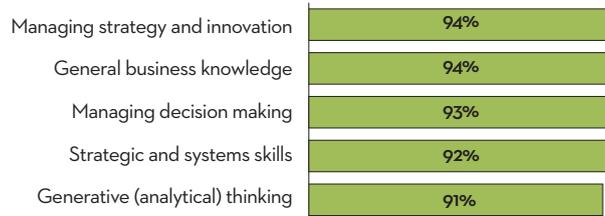
B-Schools Foster Social Responsibility ...

The Class of 2009 is motivated by social responsibility and committed to making a difference. When searching for a job, graduates considered numerous factors important, including:



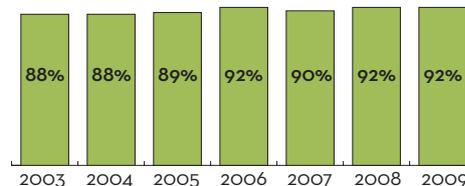
... Develop Long-Term Potential

B-school helps graduates acquire innovative skills for ongoing career success. The highest percentages of students in the Class of 2009 said their program helped them improve the following skills:



... Offer Sustained Value

Graduates consistently report that the overall value of their business or management degree is high. The percentage who rate the value as outstanding, excellent, or good:



Source: Data are from more than 5,200 graduating b-school students in the GMAC 2009 Global Management Education Graduate Survey. Read more or learn how to benchmark your program at gmac.com/globalgrads.

GMAC has more than 50 years' worth of graduate management education data and welcomes school participation in research.

Visit gmac.com/research today.

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support she received from the school.

Zupan notes that he also was inspired by board chairman Edmund Hajim, who gave the school \$30 million last year. “As Ed said, paraphrasing George Eastman, ‘Education is the solution to everything.’ I believe that, too,” Zupan says.

■ BizEd Wins Awards

BizEd took home two awards in the 29th annual EXCEL Awards given out by the Society of National Association Publications (SNAP) to honor excellence in association media and publishing.

BizEd won a silver award for general excellence in the category of magazines with a circulation of 10,001 to 20,000. Co-Editor Sharon Shinn won a bronze award for her editorial “The Time Zone of Technology,” which appeared in the January/February 2008 issue.

Winners were selected from nearly 1,000 entries. More information is available at www.snaponline.org.

■ Simplified International Loans

The Wharton School of the University of Pennsylvania in Philadelphia has launched a custom loan program with Digital Federal Credit Union (DCU) that will provide assistance to international MBA students who do not have a U.S. co-signer. The program, which covers tuition and living expenses, is also available to current first-year international students for their second year of study.

DCU developed the custom loan program in conjunction with Credit Union Student Choice, an organization that offers school-certified private student lending solutions

Good Works

• A new Leadership Immersion course at the Kenan-Flagler Business School at the University of North Carolina in Chapel Hill recently allowed students to hone leadership skills while they raised money for the Make-A-Wish Foundation. In one of the course’s leadership challenges, three teams of students were given 48 hours to raise \$6,500, the amount needed to grant the wish of one child with a life-threatening medical condition. Instead, the students raised \$33,500—enough to send six children to Walt Disney World—through raffles, social networking campaigns on Facebook, and alumni contacts.

The Leadership Immersion course helps students develop their leadership skills through hands-on experiences, coaching, and feedback. The Make-A-Wish challenge required students to design a strategy, motivate a team under pressure, and use personal and professional networks. For their next challenge, students will take part in an Outward Bound experience focused on team building and problem solving.

• The Thunderbird School of Global Management in Glendale, Arizona, has joined Table for Two, a nonprofit organization working to promote health in the developing world by addressing hunger and lifestyle-related diseases. Thunderbird’s food service provider, Chartwells, will offer a daily meal choice that contains less than 800 calories; for each meal purchased, Chartwells will donate 20 cents to Table for Two’s designated recipients.

According to Ángel Cabrera, Thunderbird’s president, “There is a portion of the world where one of the top threats to a person’s health is obesity. In other parts of the world, one of the top threats is insufficient nutrition. This program addresses both of these problems.” Table for Two already has provided approximately 600,000 school meals to hungry children in Uganda, Malawi and Rwanda.



Thunderbird president Ángel Cabrera receives a healthy choice meal at the launch event for Table for Two.

to credit unions across the country. The DCU program is a line-of-credit structure that allows international students to apply once and secure financing for their complete gradu-

ate degree. Besides providing tuition financing, other key attributes of the line include low interest rates, flexible repayment options, and zero origination or pre-payment fees.

SHORT TAKES

NEW APPOINTMENTS

■ Kennesaw State University in Georgia has appointed accounting professor and business school administrator **Ken Harmon** as dean of the Michael J. Coles College of Business. Harmon, who starts his new job July 1, is director of the School of Accountancy at the Coles College.



■ **Matthew L. O'Connor** has been appointed dean of the Quinnipiac University School of Business in Hamden, Connecticut. O'Connor was a faculty member for nine years and interim dean during the 2008–2009 academic year.



■ **Anthony F. Chelte** has been named dean of the College of Business at the University of Arkansas in Little Rock. He is currently dean of the Dillard College of Business Administration at Midwestern State University in Wichita Falls, Texas, and the Louis J. and Ramona Rodriguez Distinguished Professor of Management.



■ **Steven Currall** has been appointed dean of the Graduate School of Management at the University of California, Davis. Currall is a vice dean and faculty member who holds joint positions at University College London and the London Business School.

■ **Amy B. Hietapelto** is the new dean of the College of Business and Manage-

ment at Northeastern Illinois University in Chicago, Illinois. Previously, Hietapelto served as both acting dean and associate dean at NEIU.

COLLABORATIONS

■ **Fairfield University's** Dolan School of Business in Connecticut has partnered with tax and audit firm KPMG to offer courses at KPMG's facilities in Stamford.

■ The **Yale School of Management** in New Haven, Connecticut, is partnering with the Yale Law School to create an Accelerated Integrated JD–MBA program that will enable students to earn both degrees in three years.

■ The Zicklin School of Business at **Baruch College** in New York City has signed a program partnership with the CFA Institute, the global association of investment professionals that awards the Chartered Financial Analyst (CFA) designation.

■ Starting in September, the **Grenoble Graduate School of Business** will offer its International Business and Doctorate in Business Education on the campus of the College of Business Administration in Jeddah, Saudi Arabia. The programs will be conducted in English by Grenoble faculty, while the CBA will provide facilities and administrative support.

■ Microsoft UK has joined **Cranfield School of Management's** Corporate Partnership Programme. Members of the Corporate Partnership Programme participate in the school's speaker series, support its annual capstone conference, explore joint research agendas, and contribute to academic debates.

NEW COURSES AND PROGRAMS

■ The Cox School of Business at **Southern Methodist University** in Dallas, Texas, has created a new major in risk management and insurance (RMI). The major will cover the theory of insurance economics as well as insurance company operations, reinsurance, insurance law and contracts, employee benefits, and enterprise risk management.

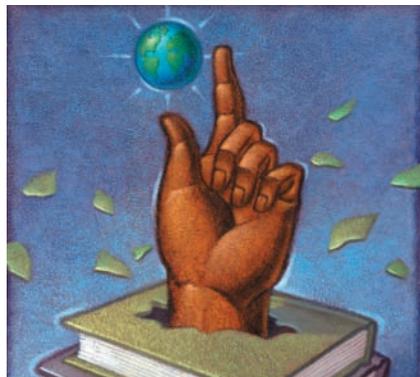
■ **DePaul University's** Kellstadt Graduate School of Business in Chicago has launched two educational programs—one for alumni and the other open to all—to help Chicago professionals become more competitive in the tough job market. Alumni can sign up for three-course concentrations to enhance their MBAs or complete a second specialized master's degree. For non-alumni, DePaul will offer 15-week MBA Primer certificate courses, which allow students to quickly gain broad knowledge and practical management skills.

■ The **University of Tampa** in Florida has announced an enhanced Saturday MBA Program for Business Leaders, which is designed to help working professionals navigate the new economy. The interdisciplinary two-year program offers classes on sustainability, knowledge and innovation management, negotiation and diplomacy skills, leadership, and



creative problem solving. The Saturday MBA also includes a required international component.

■ **Seattle University's** Albers School of Business and Economics in Washington has designed several new programs that focus on valuing intangible assets: a Business Valuation Specialization for Master of Professional Accounting, a Master of Science in Finance, and a Post Graduate Certificate of Business Valuation. Intangible assets that will be studied in the programs include patents, trademarks, copyrights, and brand recognition.



■ Tuck School of Business at **Dartmouth College** in Hanover, New Hampshire, has announced a new course called Business and Climate Change that will delve into the issue of global warming. The elective will be taught by Anant Sundaram.

■ The School of Business Administration at the **University of Miami** in Florida plans to bring its EMBA program to working professionals in Puerto Rico. Classes will be held on Saturdays over a two-year period.

■ **Grenoble Ecole de Management** in France is launching a trilingual study

track called “Content and Language Integrated Learning” (CLIL). Courses will be delivered in English, French, Spanish, or German during the entire length of study.

■ **Hult International Business School**, based in Boston, Massachusetts, has introduced the first in a series of “Pocket MBAs.” The short, intensive business seminars revolve around current business challenges and are designed for professionals and executives. The first Pocket MBA, a two-day seminar on managing during the global downturn, was held on Hult’s Dubai campus in April.

■ **Drury University's** College of Graduate and Continuing Studies and the Breech School of Business Administration in Springfield, Missouri, will begin offering a Fast Track Master of Business Administration this fall. Designed for adult professionals, the degree can be completed in one year.

■ **The University of Hawai'i** will launch a new BBA major in entrepreneurship at the Shidler College of Business in Honolulu this fall. Supporting the program will be gifts that will fund two endowed entrepreneurial chairs and Shidler’s Pacific Asian Center for Entrepreneurship (PACE).

■ This fall, the Richard J. Wehle School of Business at **Canisius College** in Buffalo, New York, will introduce a master’s of science degree in international business (MIB).

HONORS AND AWARDS

■ Individuals who have fostered innovative thinking in education were honored this spring in the Olympus Innovation Awards

Program for 2009, executed in partnership with the National Collegiate Inventors and Innovators Alliance. **Michael Camp**, designer of the Technology Entrepreneurship and Commercialization (TEC) Academy and the TEC Institute, won the 2009 Olympus Innovation Award for his work at The Ohio State University, where he trains business and science students in technology commercialization and entrepreneurship. **Jill Bamberg** and **Gifford Pinchot III**, co-founders of the Bainbridge Graduate Institute, were jointly granted the Olympus Lifetime of Educational Innovation Award. **Andrew Hargadon**, associate professor at the Graduate School of Management at the University of California, Davis, captured the Olympus Emerging Educational Leader Award. For more information, visit www.nciia.org.

■ Three business professors are among the 42 higher education faculty and administrators chosen for the 2009–2010 ACE Fellows program. Sponsored by the American Council on Education (ACE), the ACE Fellows Program identifies and prepares promising senior faculty and administrators for responsible positions in college and university administration. Business school professors participating in the 2009–2010 program are **Fay Cobb Payton**, associate professor of information technology at North Carolina State University in Raleigh; **Mitzi M. Montoya**, Zelnak Professor of Marketing and Innovation and assistant dean for research at North Carolina State; and **Lynnette Zelezny**, interim associate dean of business at California State University, Fresno.

SHORT TAKES

■ **Barry Z. Posner** and **Jim Kouzes** have received the Distinguished Contribution to Workplace Learning and Performance Award from the American Society for Training & Development. Posner is dean of the Leavey School of Business as well as professor of leadership at Santa Clara University in California. Kouzes is an executive fellow at SCU's Center for Innovation & Entrepreneurship. Together they have co-authored several books on leadership, including *The Leadership Challenge*. ASTD provides leadership to individuals, organizations, and society to achieve work-related competence, performance, and fulfillment.



TOM COGILL

■ **Ming-Jer Chen** has been chosen as vice president-elect of the Academy of Management. Chen holds the Leslie E. Grayson Professorship and teaches strategy and competitive dynamics at the University of Virginia's Darden School of Business in Charlottesville. Chen has served as associate editor of the *Academy of Management Review* and as chair of the Academy's Business Policy and Strategy division, among other positions.

GRANTS AND DONATIONS

■ **Case Western Reserve University** in Cleveland, Ohio, has announced a \$7.5 million commitment from Charles D. Fowler, and his wife, Charlotte, to support sustainable enterprise initiatives at the Weatherhead School of Management. Charles Fowler, the president and CEO of Fairmount Minerals, is a

member of Case's board of trustees. The Char and Chuck Fowler Fund will establish a chaired professorship in sustainable enterprise, support research and the creation of teaching material, and fund the operation of The Fowler Center for Sustainable Enterprise.

■ **Bentley University** received a \$400,000 grant from the Ernst & Young Foundation's University Fund to transform its accountancy and finance curriculum. The grant will fund new course materials, accounting resource technology, and an accounting lab assistant program for high-achieving students. The award also includes a provision for matching funds to be sought from Bentley alumni at Ernst & Young, bringing the expected total value to \$515,000.



Oesterle



McCartney

■ **Purdue University** in West Lafayette, Indiana, has received a \$1 million gift from William Oesterle to create the school's first endowed professorship in information technology. The Olga Oesterle England Professorship of Information Technology will be held by Gerry McCartney, Purdue's chief information officer. Oesterle, co-founder and CEO of Angie's List, is also a trustee of Purdue.

OTHER NEWS

■ **Omnicom Group**, a global advertising and marketing services group, has given its support to the Wharton Interactive Media Initiative (WIMI). The initiative, launched by the Wharton School

at the **University of Pennsylvania**, Philadelphia, considers the challenges and benefits of marketing through the new social media. WIMI will serve as a matchmaker between academic researchers and global companies that want to analyze and use "customer-level data" obtained through digital media.

■ The Rotman School of Management at the **University of Toronto** in Canada has launched a new three-year fellowship program that will allow up to eight new MBA graduates to pursue careers with organizations that focus on the environment and the community. A \$750,000 gift from Sonia Labatt, a philanthropist and faculty member at the university's Centre for Environment, has established The Sonia and Arthur Labatt Fellowships in the Not-for-Profit Sector. A 12-month work placement will be funded by a fellowship from the Rotman School, which will be matched by a stipend from a registered not-for-profit organization.

■ The **University of North Carolina at Greensboro** has established the North Carolina Entrepreneurship Center to expand connections in the state and region. The center will target seven areas: creative industries, family business, franchising, health care entrepreneurship, international entrepreneurship, social entrepreneurship, and technology entrepreneurship. The center will create an early-stage "bridge" incubator for students, faculty, and staff to develop businesses that later might reside in more traditional incubators. The center will also help develop student entrepreneurship groups at UNCG. **Z**

‘The Human Side of Finance’

by Sharon Shinn

The current decade has been a high-profile one for microfinance. The U.N. declared 2005 the Year of Microcredit, while in 2006 the Nobel Foundation committee jointly awarded the Nobel Peace Prize to microfinance legends Muhammad Yunus and Grameen Bank. In early 2009, ACCION International presented a petition to the World Economic Forum in Davos, signed by 20,000 people supporting the initiative “Lend to End Poverty.”

“All of these efforts bring more attention to those who live as part of the poor on our planet, and they highlight one approach to addressing poverty,” says María Otero, president and CEO of ACCION, which is headquartered in Boston, Massachusetts.

But it’s not as if Otero waited for the year—or the decade—of microcredit to begin addressing poverty. Even before joining ACCION in 1986, she sought out roles in organizations heavily focused on social responsibility, such as the Centre for Development and Population Activities, the Development Group for Alternative Policies, and the Inter-American Foundation. She has served on the U.N. Advisors Group for Inclusive Financial Sectors since 2006.

María Otero, president and CEO of ACCION International, hopes to see microfinance gain momentum in the business world and the business school.

María Otero addresses the press at an ACCION event in Ghana.



“We shouldn’t ask, ‘Is microfinance a strategy that helps poor people build wealth?’ Instead, we should ask, ‘What are the limitations of what it can do?’”

Once she became part of ACCION, she held positions such as executive vice president and director of the Washington, D.C., office before becoming CEO in 2000. It’s an organization perfectly suited to her longtime commitment to social responsibility. ACCION, which began as a Latin American volunteer organization in 1961, became one of the world’s first microfinance organizations in the early ’70s.

Today ACCION is a network of microfinance institutions (MFIs) that work in 25 countries throughout the world, including Latin America, the U.S., Asia, and Africa. Together these institutions manage a loan portfolio of \$3.5 billion—with a cumulative repayment rate of better than 97 percent. The Web site www.accion.org details the organization’s long history and recent initiatives.

While ACCION’s mission has become Otero’s passion, her educational background is not in microfinance—or even finance. Among her degrees are a master’s in English lit-

erature from the University of Maryland and a master’s in international studies from the Johns Hopkins Paul H. Nitze School of Advanced International Studies, where she currently is an adjunct professor. She considers these liberal arts studies crucial in her own line of work—and for anyone planning to do business in the world today.

“In my spare time, when I want to relax, I read poetry, especially Pablo Neruda,” Otero says. “I draw on that a lot for making sense out of what I do. I would tell business students that, whether it’s philosophy or anthropology or poetry, they should make an effort to develop a passion for the humanities and integrate it into their day-to-day lives.”

You’ve been with ACCION since 1986, when microfinance was still a young concept and it was hard to find institutions that would lend money to the very poor. In the intervening decades, the field has evolved



Otero visits ACCION microfinance clients in Accra, Ghana.

JOHN RAE



JOHN RAE

in remarkable ways, particularly as large global banks like Citibank and Deutsche Bank became involved. How did the participation of major international financial institutions change the microfinance model?

I would turn it around and say that the large banks became interested only after microfinance banks were successfully developed. ACCION International was a major player in building the first commercial microfinance bank in 1992 in Bolivia—BancoSol—which became the model for a bank that could make \$100 loans and be profitable. It was only after this model was replicated by not-for-profits that the international banks began to see microfinance as financially viable, and they entered the playing field.

Of the large banks, neither Citibank nor Deutsche Bank make loans to microentrepreneurs. What they provide is a closer link between microfinance and the capital markets. They either lend money to microfinance banks, or help those microfinance banks secure money from other sources—for instance, by issuing bonds in their local markets or doing syndicated bank loans. They're not the drivers. They're providing inputs now that they see microfinance is viable.

With so many banks collapsing during the current economic turmoil, have microfinance institutions suffered?

Because microfinance banks make loans to poor people in a way that measures their capacity to repay, they have been operating at a prime lending level. And unlike those in the subprime lending disaster, the repayment rates in microfinance continue to be 97 percent or 98 percent. That is because we are looking for a double bottom line. We are interested not only in making a profit, but also in allowing poor people to borrow money in ways and in amounts that they can pay back.

I think, as this crisis continues to dig deeper into the economies of countries across the globe, we might see microentrepreneurs affected. Their products might not sell as well, and they themselves will have higher costs for food and other basic needs. But we don't see the effects quite yet.

Despite its successes, microfinance has also attracted its share of critics, who claim it's a bad social policy that rarely develops the economy or lifts individuals out of

true poverty. How do you respond to these accusations?

Those who are speaking against microfinance are a small minority. We shouldn't ask, "Is microfinance a strategy that helps poor people build wealth?" Instead, we should ask, "What are the limitations of what it can do?"

I think we have to be aware that poverty means lack of access to many, many different things. The only lack that microfinance addresses is access to capital. Microfinance offers the hope that, within a poor household, capital can be turned into an increased income that will give people better access to food, health, and education. But it is just one strategy. If there are no health clinics, if the schools are terrible, if there is no commitment to improving the lives of the poor, microfinance can't fix poverty by itself.

Microfinance is beginning to make its way into business schools in a number of formats. For instance, for the past four years, ACCION has partnered with Harvard University to create an executive education program for microfinance leaders from all over the world. What are the key lessons and benefits you hope participants will take away from such a program?

It's an executive leadership program that we conceived when we saw the enormous demands and challenges facing the heads of microfinance banks. The program looks at what strategic leadership means and how it plays out in the value proposition of the institutions. It considers how individuals can become better visionaries, how they can take their organizations to other levels of performance, and how they can become transforming leaders in difficult environments. This program gives them an opportunity to look at the drivers that leaders must take into account if they're going to succeed.

Microfinance also has found a spot in some graduate and undergraduate programs, as professors take students to places like India or Honduras to work with MFIs on specific projects. Why do you think it's important for business schools to introduce students to the tenets of microfinance?

Microfinance helps young professionals understand the complexity of working in developing countries. It shows them the difference between the textbook and the context. It exposes them to the human side of finance.

Microfinance is less about understanding balance sheets and protections, and more about understanding how to use those in challenging environments. I think every business school should help its students understand what financial inclusion means and how to carry it out.

“If I had my way, I would make sure that the MBA curriculum included concepts related to anthropology, political history, political economy, and foreign policy.”

You didn't major in business—your college degrees are in literature and international relations. What did you learn from pursuing these degrees that you wouldn't have gotten from a typical MBA classroom?

A liberal arts education! I started my doctorate in British Romantic poetry. There's no question that the study of ideas and concepts—the pursuit of understanding the mysteries of human nature—can help us understand the cultures, traditions, and political histories that comprise the web of societies. Unless you understand all these components, you won't be more than a technician.

Business school teaches enormously important skills, but they're only part of the whole. I think, judging by their curricula, many business schools already understand this. Some are offering social entrepreneurship courses, which begin to address that complexity. Others teach issues related to corporate social responsibility and what that means when a company carries out a business proposition.

If I had my way, I would make sure that the MBA curriculum included concepts related to anthropology, political history, political economy, and foreign policy. Graduates can't operate otherwise, particularly the ones who want to work internationally. Once they recognize that, they will begin to read beyond *The Wall Street Journal*. They will begin to look at publications that relay the complexity of the world, or help them understand those components.

This humanitarian focus certainly seems to have formed your own leadership style, and you've won many accolades. *Newsweek* profiled you in a report about the 20 most influential women in the U.S., and *Hispanic Business* named you a leading Hispanic woman. How do you feel about being a role model to both women and Hispanics?



MAY WILKERSON

Otero with microentrepreneurs in Peru

It comes with the territory when one is in a position of responsibility, and I welcome it and celebrate it. Being a role model is an important way to build up the next generation. I want to help young people think about how they're going to lead their lives. I show them that the way I've done it is to combine hard skills and hard work with the pursuit of a profession that has a key social objective.

I have found that being a role model, especially to the people with whom I work most closely, evolves from the example I set rather than from what I say—unfortunately! That shouldn't be a new idea to any parent. I have three children between the ages of 20 and 26, and I can see that they and their peers are thinking about what they're going to do with their lives.

Your kids are part of the Millennial Generation—those born after 1982 who are just entering adulthood. Business schools are quickly realizing that members of this generation are very focused on improving society and volunteering. They're driving business schools to embrace recycling, community outreach, and other socially motivated programs.

There's no question that there is a growing, sustained effort on the part of young people to look intentionally at their own lives. When I talk to young people, I walk away full of trust that they are well-equipped to face the kinds of challenges they'll find in the world today.

This Millennial Generation fundamentally sees the world differently than my generation because of globalization and because technology has put them in touch with each other in real time. The danger they face is that some of that technology, such as Facebook and Twitter, can lead to a self-absorbed way of interacting with the rest of the world.

However, Facebook also allows people to build networks around successful initiatives and allows them to be in touch with people they otherwise would not have encountered. It allows them to be motivated and inspired to do worthwhile things. So this can be a powerful tool if young people don't just focus it on themselves.

What do you think turns these self-absorbed Facebook kids—or highly focused business students—into committed individuals who want to work for socially responsible organizations like ACCION?

People derive personal satisfaction from being change agents. They derive personal satisfaction from putting into place the privilege of their knowledge and expertise to help improve the world. 

Converging on Green

by Stuart L. Hart

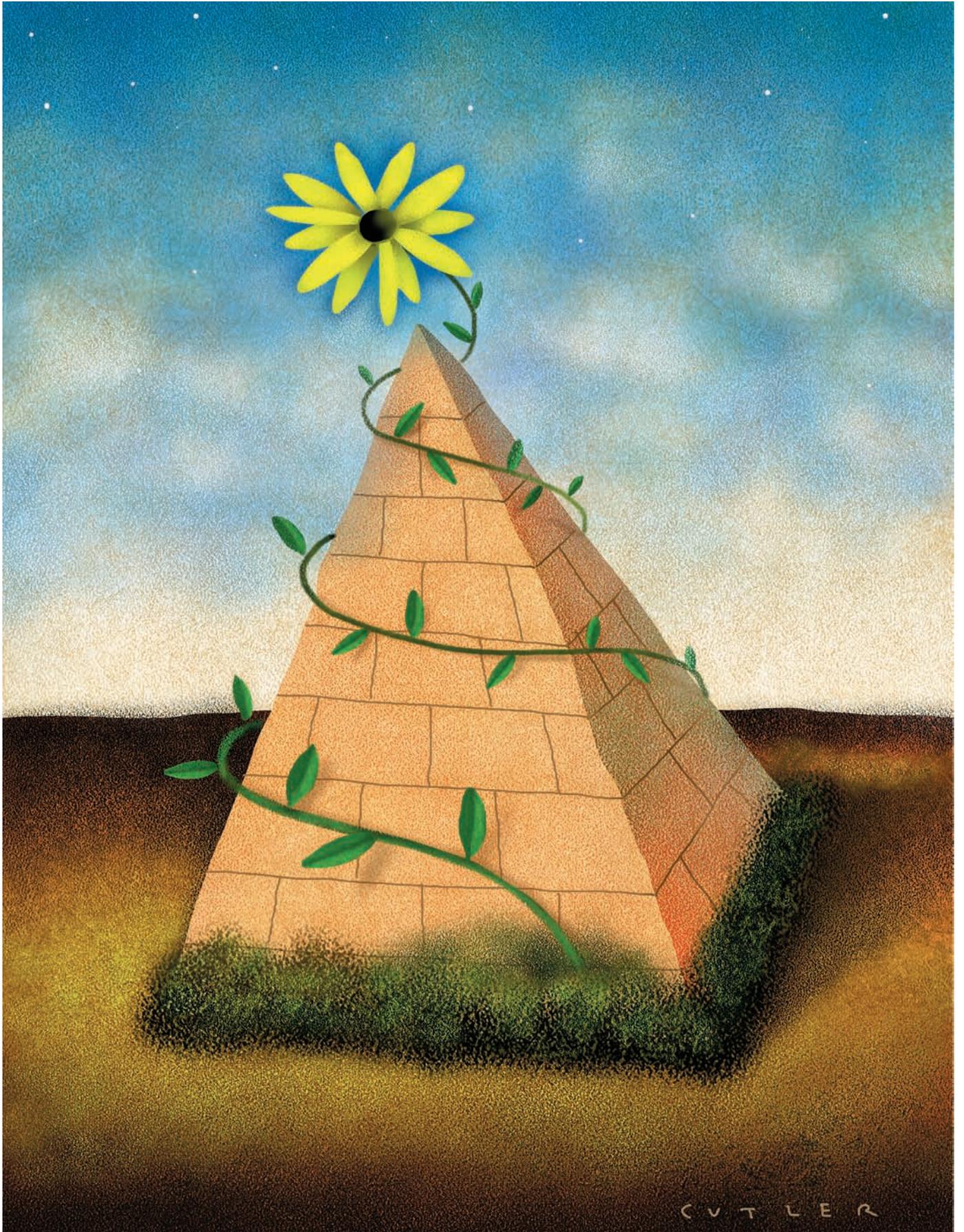
While the current economic crisis has been devastating to many, it actually could be a blessing in disguise for the sustainability movement. This year I attended the World Economic Forum in Davos, Switzerland, where the dominant perspective was one of reformation. Forum founder Klaus Schwab, for example, declared that the world would never be the same, that we will need to reformulate our global institutions to meet the economic reality of the 21st century.

That economic reality appears all the more dire because it must be considered in conjunction with the dark picture growing around climate change. As author Thomas Friedman wrote in a March column for *The New York*

Times, 2008 was the year the problem of depleted natural resources collided with the world's unsustainable demands for more and more material goods. Friedman quoted Australian environmental business expert Paul Gilding in calling this inevitable moment "The Great Disruption." More colorfully, Friedman dubbed this confluence of events as the day "Mother Nature and Father Greed have hit the wall at once."

We've reached a point where everyone in the world knows something is fundamentally wrong. Sustainability is no longer preached by a few crazy, wild-eyed environmentalists or social activists screaming from the sidelines. We've reached what Malcolm Gladwell calls the tipping point.

An economy in turmoil, an environment in distress, a vast worldwide population living in poverty. All these factors are converging to make it more imperative than ever that businesses — and business schools — focus on sustainability.



It's the natural instinct of governments to pump resources into the economy, but the bailouts and the stimulus package are in some ways futile efforts to try to restore the world to the way it was. The truth is, we can't. We're witnessing the death of the "Chimerica" consumerist model, where Americans borrow money so they can buy more goods so the Chinese can build more coal-fired plants to make more goods. That model imploded, and I don't think it can come back.

What we're now experiencing—finally, in earnest—is a transformation to a more sustainable form of commerce and enterprise in a more sustainable world. That's the backdrop for everything that's happening now.

Big Green, Little Green

While I believe change is imperative, I don't expect the existing incumbent institutions to lead the way in developing the new green technology we will need for a sustainable world. In the developed world, powerful embedded interests resist change. They also must operate within a fully built-out infrastructure and a society bound by restrictive rules and regulations.

These huge, centralized, incumbent institutions are likely to produce what I consider "green giant" technology. They want to cover the American Midwest with giant windmills or build solar thermal farms in the Southwest. Those plans suit the institutional structure that's already in place, so they're not disruptive.

That kind of technology scares me a little, because governments don't have a very good track record at creating big, centrally directed solutions to the world's problems. For proof, just roll the clock back to the 1960s and '70s and look at nuclear power. The "green giant" solution puts a lot of money on a couple of bets, and they can go very wrong. We're just not smart enough to predict all the unintended consequences.

I'm much more optimistic about the "little green" model of small-scale ventures offering distributed solutions. Thousands of little ventures run little experiments; they might fail small, but everyone learns big. They aren't destructive because, if the technology doesn't work, the experiment is over. It's the wisdom of the hive operating at a very local level.

That's the way real innovation happens, not in big-bang top-down solutions. Knowledge trickles up. It's easy to add cost and features to low-cost solutions. It's much harder for modified solutions to trickle down.

When technology reaches the tipping point, it's astonishing how quickly it can scale up. First it works in one community, then five communities, then ten, 20, 50. At that point,



it's ready to tip. I think we're on the verge of that with many, many different ideas, including distributed generation of renewable energy, point-of-use water treatment, biomaterials, and nanotechnology.

The best early example is wireless cell phones. In less than a decade, we've gone from under a billion people who have wireless access to more than 3 billion. That's phenomenal. Half of the world is now connected. From this example, we know technology can spread very rapidly.

The Rural Revolution

I believe that the new technology for sustainability will be incubated in developing nations where immense growth is occurring, like China's towns and India's villages. Take China, for instance, where the central government is intent on relocating people from rural to urban areas. Until recently, migrant workers were moving to factories on China's east coast, but now many of those factories are shuttered.

Today, migrant workers are moving back to the country—or, rather, to small cities in rural areas. The Chinese call them towns, but they're human settlements of 75,000 to 100,000 people, and there are approximately 20,000 of them. Over the next decade, 200 million people will move into those kinds of settlements.

Similarly, take a look at India, where about 700 million of its 1 billion people live in rural areas. The thriving business communities in Hyderabad, Bangalore, and Mumbai have taken a hit with the global meltdown. The Indian stock market is down 50 percent, real estate prices have crashed, and investments have been pulled out of the country.

Yet rural India is in relatively good shape. There was a really good monsoon last year, and the farmers have money

“Rural cities in China and India, along with other ‘base of the pyramid’ communities, will be the epicenter of the next revolution in sustainability.”

in their pockets. They haven’t been affected by the subprime crisis because they’re fairly decoupled from the world economy. Rural Indians aren’t particularly interested in moving to the cities right now, because the jobs are no longer there. Again, in India, “rural” is a relative term. Most of the rural towns are small cities with tens of thousands of people.

Right now, one question interests me: How do we invest in and build clean infrastructure that makes for dynamic, attractive living in these rural settlements? In these small cities, we’ve got a chance to get it right the first time. Think of the opportunity to incubate tomorrow’s leapfrog green-tech sustainable way of living! To launch entirely new industries while potentially building enormous wealth in these communities! I believe these rural cities in China and India, along with other “base of the pyramid” communities around the world, will be the epicenter of the next revolution in sustainability.

Green Convergence

Recently, the sustainability movement has been hampered by the fact that it contains what are essentially two separate movements. One revolves around green technology; one revolves around serving the population at the base of the pyramid. Both are exciting, but the problem is that they’re tribal. They don’t talk to each other. The green techies say, “Just give us the venture capital, and we’ll invent the clean tech of tomorrow,” as if it will then spring magically into commercialization. And of course that’s not the way it works.

The people in the base of the pyramid tribe want to address poverty and inequity in developing countries. They say, “How do we innovate business models, extend distribution, and become embedded in the community to build viable businesses from the ground up?” But this tribe doesn’t think much about the environment, as if all this new economic activity will create a sustainable form of development at the base of the pyramid. And we know *that way* of thinking could take us all over the cliff.

I want to figure out how to bring these worlds together. How do we create clean technology at the base of the pyramid in what I call the Great Convergence? That’s the basis of the three-year Green Leap initiative that I launched with the University of Michigan’s William Davidson Institute along with Cornell University’s Center for Sustainable Global Enterprise and Michigan’s Erb Institute. During the first year, from 2008 to 2009, we’ve been in China, building relationships and partnerships with universities and corporations, and we have more plans under way for the next two years.

Green business at the base of the pyramid was also the focus of the Cornell Global Forum on Sustainable Enterprise held

in June 2009 in New York City. We identified and recruited the 100 people—intrapreneurs, entrepreneurs, change agents, financiers—on the leading edge of the Great Convergence. Delegates participated in facilitated working sessions designed to build the social network and determine how to accelerate the rate at which these kinds of ventures are occurring.

The forum concluded with a public roundtable discussion that featured Al Gore; H. Fisk Johnson, CEO of S.C. Johnson & Son; and Ratan N. Tata of the Tata Group. It was moderated by journalist Charlie Rose. (Details and highlights of the conference were posted on www.cornellglobalforum.org.) When we can bring so many champions of sustainability together in one venue, I believe we have a much better chance of solving our most intractable problems.

The Problem with Business Schools

Cornell and Michigan aren’t the only schools that want to make a real impact on sustainable business. Other leading schools with exciting programs include Stanford, Berkeley, Yale, Duke, and North Carolina-Chapel Hill. However, some of those programs are just getting started or are focused more on corporate social responsibility, stakeholder engagement, eco-efficiency, and strategic philanthropy than on sustainability.

But many other business schools do not even seem to be aware that we are operating in a business world that has already changed and a stressed environmental climate that *has* to change. I attended the recent Dean’s Conference held by AACSB International, where I spoke about integrating sustainability into the MBA curriculum. To me it seemed as though most of the deans in the room were proceeding as if we could still do business as usual.

I also sat in on a special session about operating in a time of global crisis, and I heard virtually no discussion about how the global meltdown will impact business schools. I didn’t hear deans ask, “Are we teaching the right courses? What’s our role in society? Should we be thinking about radical surgery on the core curriculum?” Institutionally, I would say business education is in a heavy slumber. Until the recruiters demand graduates with a grounding in sustainability—and that is increasingly the case—I don’t look for business schools to take a leadership stance.

Part of the problem lies with the current model of business school scholarship, which is pinned on peer-reviewed journal publishing. To publish quickly enough to achieve tenure, professors either have to use pre-existing databases—secondary data—or generate data that can be easily collected, often through surveys. I believe that we have to be much more



geared toward action research. In other words, researchers need to become part of the phenomenon they're studying.

For instance, with my graduate students Erik Simanis and Duncan Duke and other colleagues, I have written about new protocols of doing business at the base of the pyramid. This BoP Protocol does not involve large multinational corporations coming into urban slums or rural areas and simply marketing products they believe the indigenous population needs. Many examples have proved that this approach will fail. Nike's inexpensively priced "World Shoe" and Procter & Gamble's water purification system were created by the corporations without the input of the communities they were intended to serve, and they were not embraced by their intended consumers.

Instead, we advocate an approach of "business co-venturing," in which corporations work in partnership with the population at the base of the pyramid. By engaging in actual dialogue with this population, and by sharing a commitment to business co-creation, corporations can design products that create value for themselves *and* their customers. Erik and Duncan are at the dissertation stage, but they've also been field leads for applying the BoP Protocol. They're not only studying co-creation at the base of the pyramid, they're putting it into play.

For example, with companies like S.C. Johnson, DuPont, and Ascension Health, we have been working to co-create new sustainable businesses in Kenya, India, and American inner cities in communities such as Flint, Michigan. We are also engaged in the launch of a startup company, the Water Initiative, aimed at co-creating distributed potable water solutions in Mexico.

If we're going to make rapid headway in sustainability, more business school faculty members need to get out into the world, make things happen, and write about their experiences, instead of staying in their offices, spinning data tapes, and looking for significant correlations.

One Bright Spot

What I find most reassuring and hopeful about business education is the volume of students who come to business schools with sustainability as their primary aim. At Cornell, 40 percent of the applicants say that sustainable enterprise is the main reason or a major reason they applied to the Johnson School. There's been a similar uptick in interest at Michigan's Erb Institute.

Over the course of the next decade, we need nothing less than a fundamental turnaround in our attitudes about business.

Many of these are individuals who wouldn't have considered business school in the past. They would have chosen law or public policy or social work. More and more people see that business can be a positive force, and they are motivated to attend business school for that reason. I don't think business schools will take the lead in reinventing business, but I think students will.

At the same time, there are increasing numbers of companies that are looking for graduates with this mindset. In fact, at Cornell we've gathered data about the job and internship opportunities available to students in the Sustainable Global Enterprise (SGE) immersion program compared to the rest of the MBA students at the Johnson School.

Last September, 100 percent of the second-year students in the SGE program had already accepted job offers, compared to 93 percent of Johnson's other MBA students. First-year students in the SGE program also finalized internship opportunities more quickly than the rest of the MBA pool. I think it's clear that businesses want—and need—workers who understand sustainability and who can lead corporations into the new economy.

What Lies Ahead

Over the course of the next decade, we need nothing less than a fundamental turnaround in our attitudes about business. To use architect William McDonough's line, we're sailing rapidly in the wrong direction. We have to figure out very quickly how to tack and change the sail alignment, so we can not just slow the rate of movement in the wrong direction, but actually change course. We're not even close to doing this yet.

If the current economic crisis has taught us anything, it's that the age of mercenary capitalism is over. We're entering a new era. It's time to hit the reset button, because we're playing an entirely new game.

At this point in time, there are two questions I think business schools should be asking. How do we refocus to think less about financial manipulation and more about strategy? And how do we enable radical leapfrog innovation around inherently clean and sustainable technology that serves the base of the pyramid? Those are our two biggest challenges and opportunities if we're going to get to a sustainable world—and if we're going to do it rapidly. There really isn't that much time left. 

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Toward Sustainable Change

by Judith Samuelson

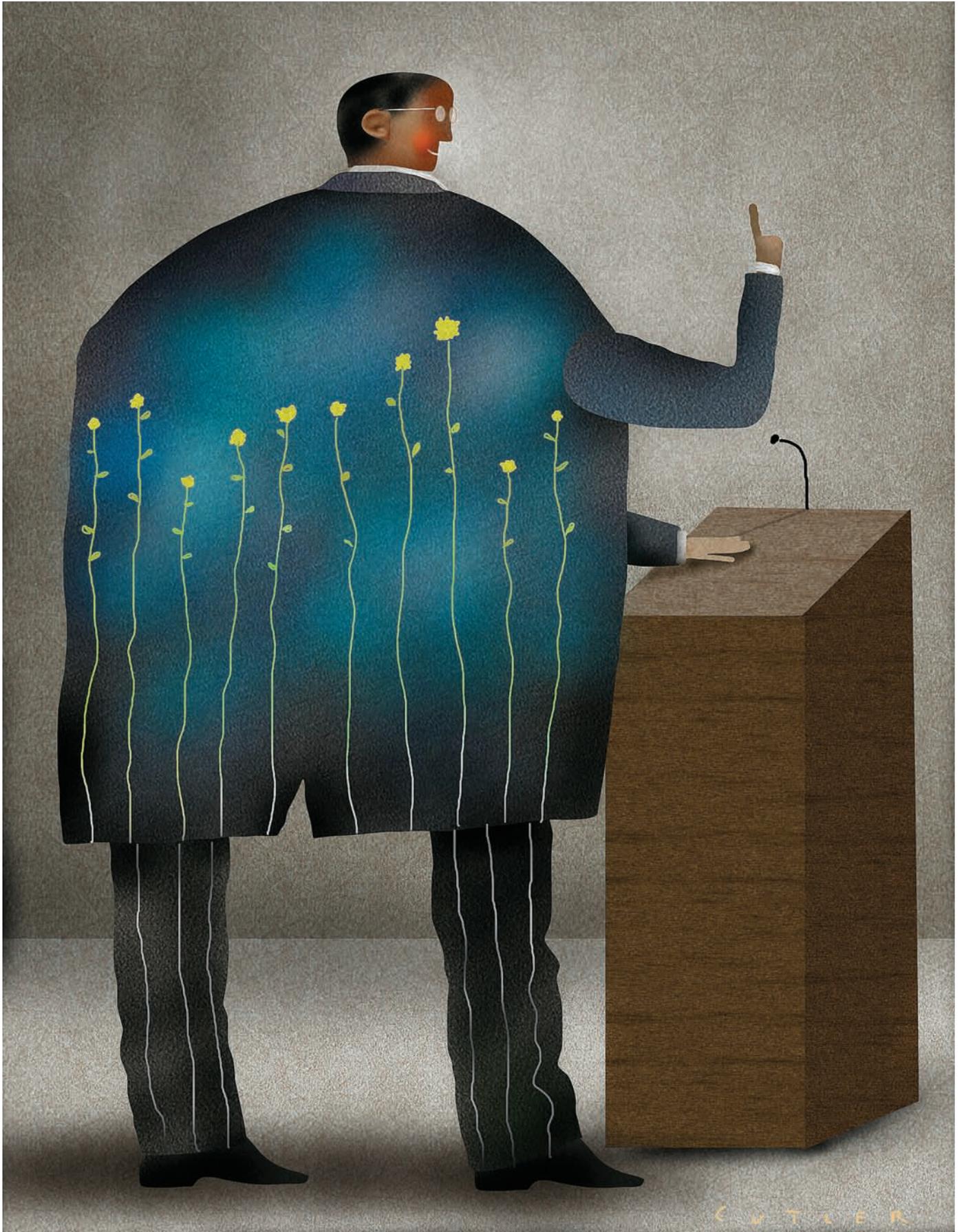
Today's business schools are under the microscope of public opinion. Many critics, including business schools' own faculty, are calling for reform. A generation from now, will we be able to look back and say we were successful at making real changes? From my perspective, this is the acid test: In a world that is crying out for innovative and principled leaders, can they and *will* they come from business?

It is obvious to even the most casual observer that trust in business is plunging to new lows just when markets are being radically reshaped by a variety of forces: the econom-

ic crisis, global tensions, energy and healthcare costs, water scarcity, carbon pricing, the growing dominance of China, growth in poverty, green consumers, and NGO watchdogs empowered by the Internet. To deal with these realities, the best leaders will have a global mindset and great facility with nonmarket forces. They will be able to manage to multiple objectives. They will exercise judgment, manage risks, and take a long-term view. Are business schools up to the task of producing such leaders?

At the Aspen Institute Center for Business Education (Aspen CBE), we believe business schools only will be able to prepare students for the transformed market if they make three mission-critical investments in knowledge and practice. These investments will require them to:

To teach students how to operate in today's volatile world, business schools must integrate social innovation and sustainability into the core curriculum.



- Teach a business model that promotes long-term sustainable growth rather than the shareholder-centric model that externalizes costs and discounts the future.
- Research and teach social innovation *within* business.
- Teach graduates the skills that will allow them to give voice to their values once they're in the business environment.

Business schools can be a great source of innovative thinking about capitalism and the future. They can share best practices about how business can contribute to a global sustainable society, and they can act as proving grounds for managers who need to practice putting their values to work. Business education may have a long way to go, but there is good news as well. The data suggests that the pace of change is picking up and many schools now have a story to tell. Many more are on the path to innovation—which they are more likely to achieve as they make these three critical investments.

A New Model

The first investment will require the most fundamental change: teaching a business model that emphasizes sustainability and shared value over shareholder primacy. While sustainable development means different things to different people, the most frequently quoted definition is found in “Our Common Future,” a 1987 report generated by the United Nations’ Brundtland Commission. It defines sustainable development as *development that meets the needs of the present without compromising the ability of future generations to meet their own needs*.

This simple concept is hard to argue with, and yet it is very much in conflict with what business schools teach about financial models and how corporations operate when practicing quarter-to-quarter management. Rethinking the simplistic, short-term paradigm of shareholder value and profit maximization may be the single biggest challenge we face in both business and education, and it is worthy of our best academic talent. The greatest benefit to emerge from our current financial crisis may be the clamor for a better business model.

Business schools can be leaders in developing more sustainable business models. They can teach students that the freedom to operate requires considering the constituents all along the supply chain who are most affected by business decisions—employees, host communities, and their natural resources. They also can present case studies that show how society’s demand for social responsibility affects growth. For instance, students can learn how a global campaign by labor and environmental activists influenced Wal-



Mart’s decision to move aggressively on alternative energy and other green innovations.

Wal-Mart is joined by many other Fortune 100, 500, and 1,000 companies in their pursuit of “greener” business pastures. If that’s the case, shouldn’t business managers follow a sustainability model that allows them to lead rather than react to their changing circumstances?

An Emphasis on Innovation

The second essential change business schools must undertake is to spotlight genuine business-powered social innovation that tackles everything from poverty to climate change. Businesspeople are glass-half-full types who see a crisis as an opportunity when the rest of us are stuck in the quicksand of bad news. Today, social innovators are concentrating their attention on developing clean fuels and creating markets at the base of the pyramid. Managers at all kinds of firms can learn to work from within to invest in socially beneficial business opportunities that also promote top-line and bottom-line growth.

Business schools do a credible job of introducing students to the concepts of social *entrepreneurship*, or how to create new enterprises defined by their social mission. But they’re not as good at teaching students social *intrapreneurship*—that is, showing them that companies can pursue multiple objectives, including both profit and social benefit. Often students with high ideals get the message that they need to join nonprofits or start their own companies if they want to tackle the big problems that plague us. Not only is that a limited view, it sidelines the most important engine we have for solving the world’s problems: profit-seeking, globe-spanning, talent-rich business.

In a recent article for *strategy + business*, journalist Marjorie Kelly examines companies that have achieved what she calls “mission control,” an ability to balance profit with important societal benefits. For example, Interface, a \$1 billion carpet

“Rethinking the simplistic, short-term paradigm of shareholder value and profit maximization may be the single biggest challenge we face.”

company, has promised to eliminate negative environmental impact by 2020. Google strictly separates advertising from its search results as one manifestation of its unofficial corporate motto, “don’t be evil.” Tiffany scrubs its supply chain to protect areas of ecological or cultural value. Pik n Pay, a \$6 billion South African company, trains entrepreneurs to become suppliers in an effort to overcome inequalities that are a legacy of apartheid. At the same time, it invests in the long-term prosperity of the South African market.

These companies have followed a more complex set of metrics and decision-making approaches than the companies we are reading about in today’s headlines. They have interesting stories to tell our students about leadership and values—stories that will help our students be less cynical about what is possible.

Business schools can use compelling examples of social innovation across the core curriculum, from marketing to general management to finance. Business faculty can use research and teaching to help build an understanding of the potential for better societal outcomes. In particular, they can expand knowledge about what a company needs for *long-term* value creation, focusing on communications systems, metrics, compensation, and incentives. All these pieces must be in place for business schools to successfully teach social innovation.

An Essential Skill

Finally, it’s critical that business schools offer students the chance to practice raising their voices when they see business behaviors that conflict with their values or the firm’s own stated principles. Such work can be done in an ethics classroom, but for maximum effect, it should be practiced in courses across the core.

What we learned from Enron and the current market crisis is that mistakes weren’t fueled by lack of knowledge, but by greed, short-term thinking, and pay packages aligned with immediate results. Plenty of individuals could have helped avert disaster if they’d had the courage—and competence—to speak up about the bad behavior they were witnessing.

The Giving Voice to Values curriculum was conceived and authored by Mary Gentile and launched by Aspen CBE and Yale University’s School of Management. GVV treats the practice of “giving voice” like any other business skill that must be mastered. The program, which was profiled in the July/August 2008 issue of *BizEd*, is being piloted in more than 60 business schools in classes ranging from corporate governance to ethics to leadership.

Students in the GVV program recall and analyze times in

the past when they raised their voices. They script responses to uncomfortable situations they could encounter in their next jobs. They learn how to find peers, build coalitions for change, and craft the most effective arguments. The GVV program offers them essential skills in a world that requires sound judgment to deal with complicated tradeoffs. No amount of regulation will replace the need for internal advocates with the moral compasses and skill sets to speak up before it’s too late.

The Future Looks Bright

The Aspen Institute’s biennial “Beyond Grey Pinstripes” survey explores how schools are integrating social and environmental concerns into their curricula. For the 2009–2010 report, teams of researchers will score 70,000 pages of data from 150 MBA programs that submit information about their syllabi, articles, and courses related to social enterprise. When we compare preliminary data from the 2009–2010 survey to our 2007–2008 report, we see hopeful signs. We anticipate:

- A 35 percent increase in the number of schools preparing students for social and environmental stewardship for the 2009–2010 academic year.
- A 41 percent increase in dedicated electives and an 86 percent increase in core

courses during that time.

- More than 90 percent of participating schools to have at least one required course that addresses social, environmental, or ethical issues.

More data will emerge when researchers complete the task of scoring the data. Researchers also will review 3,500 syllabi and 4,000 article abstracts on relevant topics.

Eventually, the syllabi, articles, and course data will appear on a searchable database that will allow users to compare institutions. The database also will enable students and faculty to find peers, whether they organize their work under social enterprise, risk, ethics, sustainability, or supply chain management.

More information can be found online at www.beyondgreypinstripes.org.

Change Is Coming

At the Aspen CBE, we've seen hopeful signs that schools are making steady progress on these three mission-critical investments in knowledge and understanding. In the data recently collected for the 2009 version of "Beyond Grey Pinstripes," our biennial survey of accredited business schools around the globe, we've noted steady growth in dedicated courses on sustainability, social enterprise, and stakeholder engagement. We've also identified curriculum change efforts in both global brands and regional institutions. At our Web site for teaching faculty, www.CasePlace.org, we've seen a twofold increase in demand for content in the past year.

Yet institutional change is always uneven and often maddeningly slow—the more so because it's not clear who has the power to demand it. Students? Faculty? Recruiters? Donors? The media?

It's obvious that if students have any ability to influence the curriculum, values and sustainability will quickly become part of the core. Aspen's most recent survey of student attitudes reveals a student population hungry for practical knowledge about creating sustainable value through business in ways that contribute to the environment and the community. In that survey, 33 percent of respondents said they believe that a primary responsibility of a company is "creating value for the communities in which it operates." Twenty-six percent were interested in finding work that would allow them to make a contribution to society.

Other stakeholders don't seem so eager for change. Some recruiters say they want students who are broad thinkers, but frequently that claim seems to be "spin" from the parent company, not the reality that governs the interview process. And with important exceptions, donors aren't leading the parade, either. They will endow professorships and bestow naming gifts to their alma maters even if their schools are not in the forefront of sustainability.

The mainstream media sometimes adds to the confusion, particularly with rankings mechanisms that send contradictory messages. In addition, when reporters from *BusinessWeek* or NPR call us to ask about curricular innovation in sustainability, they want to know what's happening at Harvard, not the University of Denver or Washington State at Vancouver or other schools where innovation is happening in unexpected ways. Nor will many business school deans choose to benchmark against these schools.

Nonetheless, progressive deans and pioneering faculty continue to advocate for sustainability to be integrated into the business school curriculum, because they believe this is the most important challenge of our day. It is impossible to

imagine a sustainable future if business sits on the sidelines, and business education is too important and too influential to ignore. In the contemporary mantra, where sustainability is concerned, business education is too big to fail.

What Can Be Done

At the Aspen Institute, one of our goals is to create healthy debate about what constitutes a "cutting-edge" school and what kind of change is necessary throughout the system. Take, for example, the views of Larry Zicklin, the former head of Neuberger Berman whose name is on Baruch College's School of Business. Zicklin has strong opinions about the importance of "soft" skills like judgment and critical thinking, and he says we can't surrender individual judgment simply because a situation is complex.

"Those of us in the education profession have a responsibility to ensure that graduates understand that there is a human factor in business, and judgment and experience should trump models," he says. "The system never was and should never be about pure mechanics."

It seems that judgment was in short supply during the recent economic disasters. When Enron collapsed, many people believed its problems could be blamed on "a few bad apples." Today's crisis has focused the lens on the entire *system*. At Aspen CBE, we certainly don't think business schools are wholly at fault for the world's current financial woes. However, we do believe they bear some responsibility for teaching the narrow focus on short-term financial metrics that flows from the dominant theory of shareholder value. That kind of thinking led to the exaggerated risk-taking we are paying for now.

But while this is a time of crisis, it is also a time of great opportunity for business schools, as individuals throughout the system ask questions about formulating a better model for long-term success. Business schools not only can influence the next generation of business managers, they enjoy remarkable access to the current generation, particularly through alumni seeking guidance and points of connection in a complex world.

So what's next? We have two suggestions for leveraging this unique access to business decision makers. The first is to deliver graduates regular and real-time opportunities to refresh their professional education. As graduates confront complex tradeoffs in expanding global businesses, they will need lifelong learning to grapple with evolving issues. Tom Piper, author of *Can Ethics be Taught?*, once asked how much of the ethics curriculum belongs in the MBA program, and how much in a continuing education program ten years out. The question has even more resonance

A Tale of Two Programs

Two business schools have revised their curricula to emphasize sustainability and integrate topics across disciplines.

A “stakeholder-based approach” underpins a new MBA curriculum at the College of Business at Washington State University at Vancouver. The revamped curriculum was spearheaded by faculty from the accounting, marketing, and management disciplines who wanted to do a better job of preparing business leaders for a sustainable world. The new curriculum has four tenets:

- It places a focus on long-term performance, where profit is often a necessary goal.
- It blends business theory and an experiential, hands-on approach.
- It recognizes that human, financial, and natural resources are provided by stakeholders, who must

be valued and rewarded.

- It integrates stakeholder theory, organizational justice, and ethics into the core curriculum.

The faculty team modified existing core courses and added new ones, including value chain management; business ethics; negotiations; and resources, stakeholders, and competitive advantage. The resulting curriculum consists of eleven required courses and eliminates electives and specializations. School faculty and administrators believe that the revamped curriculum not only brings sustainability issues to the forefront, it prepares students to understand organizations in a more holistic way—both internally and within society.

As part of a goal to rethink assumptions in the business curriculum, the Daniels College of Business at the University of Denver in Colorado recently overhauled its curriculum to focus on new technologies, shifting demographics, and the evolving needs of society. The curriculum underscores the idea that corporate social responsibility and sustainability should not be treated as separate topics, but woven into core disciplines and framed as integral parts of doing business.

To design the new curriculum, a task force drawn from all departments of the college developed a set of interdisciplinary courses that would complement and enhance the core. They used the metaphor of a compass whose four points were defined as *nature, enterprise, self, and world*—four spheres that affect business decisions but often come in conflict

with one other. Integral to the new curriculum was the notion of sustainable development, seen as an ongoing process to accommodate current and future needs.

Ultimately the team developed six courses, called the “Compass” curriculum, that are required for all MBA students. Content builds progressively, and students take the courses in sequence. They’re divided into teams for courses that cover leadership, team building, self-awareness, and ethics, and some choose to stay together for the remainder of the Compass classes. As a way to emphasize Daniels’ integrative approach, two of the Compass courses are team-taught by professors from different disciplines and practitioners from a range of fields. In this way, students learn that business itself must be team-based, interdisciplinary—and sustainable.

today—and the power of the Web offers business schools an easy way to connect with alumni.

Our second suggestion revolves around viewing business as a profession, one that includes the notions of service, common knowledge, and common values. Harvard professors Rakesh Khurana and Nitin Nohria have proposed a written code for business, much like the codes that exist for doctors and lawyers. With these scholars and others—including Ángel Cabrera, dean of the Thunderbird School of Global Management, which already has a code in place for its graduates—we have begun to explore the idea of a “Hippocratic oath” for business. We think the time is right for a moral touchstone, a credo that helps managers sustain their commitment to practicing business as if the wider world matters.

Much to Do

Despite encouraging signs of progress, there is plenty of

work ahead for business schools. At Aspen, we will continue to shine a spotlight on pioneering faculty and institutions so we can help schools prepare students for a world in which the soft sciences matter. We will continue to encourage fundamental questions: What is the purpose of business? How does it define success and over what time frame? Who is most affected by a decision or an investment, and who needs to be consulted to make sure that decision will stand the test of time?

We have arrived at a remarkable moment, a time when opportunity is ripe and potential is boundless. If schools build the tenets of sustainability into their curricula, their efforts will bear fruit in future generations of business leaders who will be worthy of society’s high esteem. **Z**

Judith Samuelson is the executive director of the Business and Society Program at The Aspen Institute, home of the Center for Business Education, which is headquartered in New York City.

Defining Social Entrepreneurship

by Dianne H.B. Welsh and Norris Krueger

While social entrepreneurship is growing more popular on college campuses, the field is so diverse and taught by such a wide mix of professors that it's difficult to determine what it is or how it's being taught. Although most people could agree on a definition of an "entrepreneurial mindset," it is much more difficult to define "a social entrepreneurial mindset." But if SE is going to grow and evolve, it's important for the field to develop a strong personality and an identifiable set of traits.

With that in mind, in 2007 the faculty team of Dianne Welsh, Norris Krueger, Debbie Brock, and Susan Steiner conducted a survey to discover how SE is being taught in schools right now. To provide some parameters to the programs we studied, we used J.G. Dees' definition of a social entrepreneur: a change agent in the social sector who adopts a mission to create and sustain social value, who engages in continuous innovation, and who exhibits a higher accountability both to constituents and outcomes.

After sending surveys to 269 faculty and receiving 145 responses, our team analyzed content in nearly 300 social entrepreneurship syllabi from around the world. We found that most courses are project-based—that is, instructors typically require students either to engage the community through real-world projects or design viable ventures of their own. In addition, most courses place very little emphasis on innovation or ethics, unless they include a heavy dose of sustainability.

What we found most compelling about the survey results is the wide range of approaches faculty are taking to teaching social entrepreneurship. In this evolving field, what is taught and how it is taught can be highly idiosyncratic. For instance, faculty with no entrepreneurship training are significantly less likely to use the experiential pedagogies that entrepreneurship-trained faculty take for granted. Instructors who view social entrepreneurs as social activists who happen to have business ventures will teach their courses much differently than instructors who see such individuals as social entrepreneurs.

Still Evolving

That difference in perception may well be behind the identity crisis that seems to divide the field of social entrepreneurship.



A passionate 42 percent of our respondents believe that SE should, in fact, be its own field. They argue that it possesses a unique set of characteristics and research agendas that cut across sociology, public policy, social work, urban and community development, education, and business.

However, 58 percent believe SE should be taught as part of their schools' general entrepreneurship programs. Entrepreneurship is still trying to establish itself as a field, they point out, so separating the two disciplines would dilute both.

This difference of viewpoint is only one obstacle facing SE. According to the survey, the biggest barrier to social entrepreneurship being taken seriously as an academic field is the schism between SE faculty and professors in other fields.

Survey respondents noted other barriers, including lack of acceptance, lack of publication outlets, lack of common language as a discipline, lack of critical faculty, no clear academic home, and no clear-cut research focus. Respondents also believe that there's little demand for graduates except



from nonprofits, and that some students aren't interested in the field if there's no clear profit motive.

We believe this pessimism by faculty flies in the face of demonstrable student passion for sustainable business ventures. The diversity of instructor backgrounds means that many have little exposure to entrepreneurship—or even business. In these cases, they might not fully understand student dynamics. For instance, at a recent conference sponsored by the National Collegiate Inventors and Innovators Alliance, representatives from one prominent school claimed that few of their students had signed up for their SE class—yet three of the school's students were already working in the field at a national level. For those accustomed to the ivory tower, entrepreneurial students can be *terra incognita*.

We believe that two things will have to happen before SE matures into its own discipline. First, as the survey indicates, educators need to develop a set of common best practices and determine what content and methods are most productive. Second, because the survey hints that an instructor's mental models can influence

student attitudes, we need to develop a "social entrepreneurial mindset" for the business curriculum.

A Case Study

We believe that cross-campus initiatives will shape the future of SE education, and we have seen such initiatives implemented at our own University of North Carolina at Greensboro. The university's Social Entrepreneurship Committee is composed of faculty, staff, and students from disciplines as diverse as political science, public health, and women's studies.

At UNC-Greensboro, SE classes are also interdisciplinary, offered through the Bryan School of Business and Economics, the College of Arts and Sciences, and other colleges. Courses include a seminar in Social Entrepreneurship and Leadership, a class on Social Entrepreneurship and the Feminist Praxis, and a class on Justice and a Green Environment. Courses are taught by professors in business administration, women and gender studies, communications, and social work.

Susan Andreatta, an associate professor in the department of anthropology, has been heavily involved in SE initiatives since 2001, when she began running a program called Project Green Leaf. With this project, she educates students about environmental stewardship and economic sustainability in North Carolina's farming and fishing cultures.

For instance, she has helped small-scale farmers establish Community Supported Agricultural arrangements (CSAs), which allow consumers to prepay farmers for shares of the harvest they will receive when produce is ready. By pre-selling their harvest, farmers earn an income during the winter, which allows them to pay for repairs and buy seeds without going into debt. Consumers share the risk and benefits of farming, while ensuring their preferred food supplier survives financially.

Because Andreatta has successfully obtained external support for this and other projects over the past eight years, she is able to fund students to assist her with data collection, entry, and analysis. Students not only get real-world experience working at farms and farmer's markets, but they get first-hand experience in conducting applied research. Several of Andreatta's students have gone on to accept positions in nonprofit organizations.

A Growing Field

We have found that schools that want to become leaders in the field can bring coherence to the SE model they use on their campuses in two significant ways. First, they can focus on "sustainable entrepreneurship," which has broad appeal. Sustainability is the watchword that will "sell" across campus. And second, their faculty and staff can adopt entrepreneurial mindsets themselves, modeling that worldview for their students. Regardless of domain, SE instructors must teach students to think like entrepreneurs—to seek opportunities, to grow opportunities, and to act on them.

It's critical to understand how social entrepreneurs think. But we conducted our survey because, as teachers, we need to understand how social entrepreneurs *learn* and how we can best develop our pedagogy to turn our students into social entrepreneurs. The more SE makes sense for today's business environments, the more we as business faculty need to understand this steadily growing and evolving field. 

Dianne H.B. Welsh is the Charles A. Hayes Distinguished Professor of Entrepreneurship at the University of North Carolina at Greensboro's Bryan School of Business and Economics. Norris Krueger Jr. is a fellow at the Max Planck Institute of Economics in Jena, Germany.

Grassroots Efforts

by Tricia Bisoux

A microfinance course at the University of California, Berkeley, began in way that's atypical at most business schools. In 2006, then-MBA student Douglas Young decided to take advantage of an unusual option at Berkeley's Haas School of Business that allows any student to organize a one-credit course. Young found other students interested in microfinance, filled out a one-page form with the university, lined up leaders at microfinance institutions (MFIs) who were willing to participate as guest lecturers, and launched a student-led speaker series.

Business students are often leading the charge to bring sustainability into the business curriculum.

When Young graduated and left to work at an MFI in Bethesda, Maryland, venture capitalist Sean Foote, who was teaching a course at Haas in venture capital and private equity, had heard of the series. In 2007, Foote offered lectures to supplement the guest speakers' presentations—he then expanded the course to reach students at other schools, via an interactive Internet simulcast. Last fall, students at 13 other schools watched the course via video stream and asked questions in real time through an online chat room.

This year, 20 schools are signed up to take part in the simulcast microfinance course, which runs once a week from October to December. A professor at another business school has even added his own lecture to the course material and created a three-credit microfinance course of his own, Foote says. "We'd love to have more—we can accommodate up to 50 campuses that have interested students and an Internet-ready classroom," he says. "This



content gives students the ability to go to their professors and say, 'We want to do this course.' They can get their professors excited about this."

How Haas' microfinance course evolved is representative of how many social enterprise courses find their way into the business curriculum. When faculty are reluctant to teach a topic in which they are not well-versed, students like Young are leap-frogging the academy to fill the void. They're starting their own courses, setting up conferences, holding competitions, and spearheading initiatives in sustainability—and they're working to get more faculty interested in this quickly emerging field.

Leading the Way

Faculty like Foote have plenty of opportunities to support students in their efforts. There is no shortage of students interested in becoming "change makers," says Liz Maw, executive director of the San Francisco-based Net Impact, a nonprofit membership organization for students and businesses dedicated to sustainability.

Net Impact's guide of graduate business programs, *Business as Unusual 2008*, provides examples of how students are driving change on their campuses. At the UCLA's Anderson School, for example, an interdisciplinary team of graduate students asked faculty to help them design a study emphasis titled "Leaders in Sustainability." At the University of Chicago's Booth School of Business, students participating in Net Impact worked with faculty to design a business course on clean technology for the 2008–2009 academic year.

The Social Enterprise Club (SEC) at Columbia University in New York boasts 315 student members and spearheads on-campus activities such as the Global Social Venture Competition, one of the oldest competitions focused on corporate social responsibility in the United States. In addition, Columbia is home to the Green Business Club, the International Development Club, and the Micrololumbia Fund, which makes microloans to entrepreneurs in emerging markets.

"We've seen a rapidly growing interest in social enterprise on campus—more than 40 percent of our students are members of at least one social enterprise club," says Joseph Chmielewski, a Columbia MBA student and one of two leaders of the SEC. He adds that the current financial crisis has inspired many students to consider nontraditional career paths in sectors such as clean energy and the environment. Students who originally came to study finance or consulting, for example, are changing their plans once they see that carbon trading companies and educational nonprofits are hiring.



Making the Case

Membership in Net Impact chapters now comprises more than 10,000 students at more than 200 campuses worldwide. That's a huge leap from 1994, when Net Impact had only 500 members on 16 campuses. In fact, as Net Impact's membership has grown, so has the activity level of students like Chmielewski, who have become campus champions for sustainability.

Take Rebecca Solow, who leads the Net Impact chapter at New York University's Stern School of Business. Now in her second year of a three-year joint master's program in business and public policy, Solow was part of a group of students who pushed to get a specialization in social enterprise approved in Stern's MBA program.

With the help of Kim Corfman, vice dean of MBA programs, the students worked for two years to develop and present a case to a decision-making committee. They conducted benchmarking research to show how comparable business schools were addressing the topic and what courses on sustainability Stern already had in place. After they completed their research, the students realized that Stern already had the courses required to create a specialization—the courses just needed to be sequenced and designated differently, Solow explains.

"It didn't make sense for the school *not* to do this. It's really about giving students credit for the electives they're taking in this area," she says. "In fact, I would love to see social impact integrated into the first-year core curriculum in an even more structured way."

Convinced by the students' research, the administration at Stern offered the new specialization in Social Innovation and Impact in 2008. In addition, students drove the imple-



R. SCHNEIDER/JUPITER IMAGES

“If there’s something students think should be a part of the curricular experience that doesn’t exist, they can create it.”

—Rebecca Solow, MBA student, New York University

mentation of the Stern Campus Greening Initiative (SCGI), a program that encourages the school community to save resources and reduce its environmental footprint.

“One great thing about Stern is that if there’s something students think should be a part of the curricular experience that doesn’t exist, they can create it,” Solow says. “We were able to make the case for why social enterprise is important, demonstrate growing student interest, and show how Stern could benefit in terms of its competitive position in the market.”

Changing Perceptions

Solow and Chmielewski lead chapters on campuses where social enterprise is a big part of the students’ mindsets. But how difficult is it for students to launch socially driven initiatives at schools with a more traditional bent, whose student body and faculty are less active in social enterprise?

At these schools, it can be difficult to attract attention, says Benjamin Stoll, an MBA student at Reims Management School in France. He leads that school’s chapter of Oikos International, an organization that, like Net Impact, was founded by students interested in environmental issues. The organization started at the University of St. Gallen in Switzerland in 1987; as of April 2008, the organization had 20 chapters in 15 countries.

Reims offers a sustainable development program and sponsors several events and conferences. Even so, some students at Reims “reject sustainable development as too boring or restrictive,” says Stoll.

Oikos Reims’ members opted to counter the “boring and restricting” image of sustainability with “fun and glamour,” says Stoll. They organized an environmentally conscious

fashion show, which featured fashion created from recycled, organic, and fair trade sources. The group asked designers around the world to lend their clothing creations and recruited business students to act as models.

The fashion show was so successful that some students purchased the clothes featured on the runway and have asked that Oikos Reims make it an annual event. That kind of enthusiasm is what the group needs to attract new members, says Stoll.

Students at France’s ESSEC Business School also can be a hard sell when it comes to sustainability, says MBA student Irène Stolz, a leader of ESSEC’s Net Impact chapter. “We have found it difficult to touch students, because there are so many other events on campus,” says Stolz.

To stand out from the crowd, ESSEC’s chapter is working to implement “Shadow Days,” a one-day internship program in social enterprise. The goal, says Stolz, is to provide students who otherwise would not pursue internships in social enterprise with opportunities to follow a professional working in corporate social responsibility.

Students and faculty can be inspired by efforts like these, says Maw of Net Impact. Because it can be a huge challenge to integrate social enterprise into existing curricula and the business school community at large, she adds, students need to be patient and focus on “small wins.”

“Students are making the case for adding electives, establishing a core course, or hiring faculty who can make this a priority,” Maw says. “Or, they can do something as simple as raising their hands to make a point about sustainability in their current classes.”

Building Momentum

A more pressing challenge for students who want to drive change on their campuses is developing continuity in their efforts from one year to the next. Most MBA students are on campus for two years or less, which often is not enough time to ensure the success of a project or long-term goal.

Students in the International MBA program at the University of South Carolina’s Moore School of Business in Columbia start their year in July, take classes through December, and then spend eight months abroad. “Our biggest obstacle is ensuring the sustainability of the chapter,” says Steven Coffman, president of Moore’s Net Impact chapter, which

is just three years old. "The program leaves a small window, from September to December, for first-year and second-year students to interact and plan for leadership transition."

Jennifer Liao is the incoming president of the Net Impact chapter at the University of Illinois at Urbana-Champaign. Liao believes that students can take a long-term approach by conveying the organization's values, goals, and plans clearly to the incoming cohort. "With each year's change in leadership and incoming class, we must constantly build our reputation and raise awareness," says Liao.

The UTUC chapter keeps members active by offering them a range of networking opportunities, as well as job search and learning support, Liao explains. By keeping its members connected and engaged, Liao believes, the group can achieve its long-term objectives: developing more courses, case competitions, and conferences that emphasize sustainability.

In addition to maintaining momentum in their projects, students passionate about sustainability also have faced



another significant hurdle: Until now, there have been few textbooks and case studies available that addressed the specific challenges of social enterprise.

But that's quickly changing. The Aspen Institute has created CasePlace.org, an online database of case studies that provide professors with a starting point in designing curricula in sustainability. The European Foundation for Management Development followed suit with www.businessinsociety.eu, a gateway that compiles the latest educational resources grounded in CSR.

At the same time, entities such as the William Davidson Institute at the University of Michigan in Ann Arbor and Business as an Agent of World Benefit at Case Western

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Reserve University in Cleveland, Ohio, are hosting conferences, promoting education, and generating a larger pool of research in the field. AACSB International, too, is addressing the topic—its second annual Sustainability Conference, held in Minneapolis this July 29 to 31, will center on discussions about sustainability, social responsibility, and ethics.

This means that students and faculty alike no longer need to start from scratch when proposing and designing new courses. These new resources offer professors a blueprint for integrating issues of social responsibility into core disciplines such as finance, marketing, strategy—indeed, the whole business curriculum.

Seeing Profit in Problems

Although the majority of business students graduate with plans to work in the for-profit sector, they expect to work for companies that integrate social and environmental returns into their businesses, says Chmielewski of Columbia. “Those who assume that ‘social enterprise’ is synonymous with ‘nonprofit’ have had their eyes closed for the past decade,” he says. “Many students today believe that social enterprise is not inconsistent with economic success.”

Of course, these students driving sustainability initiatives are helped when faculty champion their initiatives with them, as Foote did at Haas. However, like Chmielewski, Foote argues that students and faculty should do more to find the profit potential in sustainable business practices—not just promote the social benefit.

“When there’s no profit in problems—whether they’re education, low-income housing, homelessness, or drug abuse—they won’t get solved,” Foote argues. “Business schools need to graduate talented people who don’t just believe they can save the world. They must also believe they can make money at it.”

That’s the beauty of students who are a part of the Millennial Generation, says Foote. They are passionate, creative, and can see the opportunities that others might miss. “I’m so impressed with the initiative these students have. This is a generation of leaders who say, ‘We want it to happen, so we’ll make it happen.’ They don’t take the traditional ‘rules’ as a given,” he says. “That bodes well for the future of solving really complex problems. I’m really inspired by that.” 

For information about Net Impact and Oikos International, visit their Web sites at www.netimpact.org and www.oikos-international.org. Those interested in taking part in Haas’ simulcast course on microfinance this fall can contact Sean Foote at sfoote@alethion.com.



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Ready or Not, Here Comes IFRS

by Sharon Shinn

Business professors always want to prepare students to work in the corporation of the future, but rarely have they been so focused on a particular date. In this case, the date is 2014, and it's accounting professors specifically who have circled that year in red. If, as expected, the Securities and Exchange Commission decides U.S. companies should switch from Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS), 2014 is the year when companies would be required to follow the new standards. At that time, business school graduates and professionals in the workplace would need to understand the differences between the two systems—and how those international standards work.

While U.S. business schools are already considering how to incorporate IFRS into the curriculum, most of them aren't yet ready to teach the new standards.

According to more than 500 professors surveyed last fall by the American Accounting Association and KPMG LLP, 62 percent have not taken any significant actions to incorporate IFRS into their programs. Thirty percent of survey respondents expect the class of 2011 to be the first one to have a substantial grounding in IFRS education. That means there's a lot of ground still to cover in the next five years. Fortunately, a great deal of help is available.

As U.S. businesses prepare to adopt international financial reporting standards, American business schools consider how to incorporate the new requirements into the curriculum.



Resource Guide

As much as anything, learning IFRS requires adopting a new mindset. “The IFRS are principles-based, whereas U.S. GAAP is very rules-based,” says Presha Neidermeyer, associate professor of accounting at West Virginia University’s College of Business and Economics in Morgantown. “Under GAAP, if something is not specifically excluded, then it’s automatically allowed. But a principles-based system operates much more like a framework of accounting.”

There are several reasons U.S. schools have delayed adding that IFRS framework to their curricula. According to 38 percent of respondents to the AAA/KPMG survey, administrators have little or no understanding of the effort needed to make the change. Seventy-nine percent of respondents say that their key challenge will be developing curriculum materials, while 72 percent say it will be making room for IFRS in the curriculum. Meanwhile, only 16 percent of respondents indicate that their schools will fund training for professors to learn about IFRS so they can teach it to students.

But one of the biggest problems, and one cited by 42 percent of respondents, is that textbooks probably won’t incorporate IFRS education until the 2011 academic year. It’s a problem that European business professors are already familiar with. Since most publicly traded European countries switched to IFRS in 2005, European schools have already had a head start on teaching IFRS to their students—and coping with some of the challenges.

“The problem between 2005 and 2007 was that there were no good textbooks available,” says Philip Joos, professor of accounting on the Faculty of Economics and Business Administration at Tilburg University in The Netherlands. He notes that there still isn’t an IFRS equivalent of the standard textbook—*Financial Reporting and Analysis* by Lawrence Revsine, Daniel Collins, and W. Bruce Johnson—used in the third year of Tilburg’s bachelor’s program.

Big Four accounting firms and the SEC are all doing their parts to fill in that knowledge gap and prepare faculty to educate students. For instance, last summer, Deloitte announced that nearly 100 colleges and universities had joined its IFRS University Consortium, designed to bring IFRS into college curricula. Deloitte also contributed support to Ohio State University and Virginia Tech, founding members of the consortium, for the development of IFRS course materials. Resources available for educators include tapes of on-campus lectures and transcripts from Deloitte subject matter leaders, actual case studies, and case solutions. More information can be found at www.deloitte.com/us/ifrs/consortium.

PricewaterhouseCoopers LLP has announced that it will

Accounting’s New Cachet

by Lawrence Richter Quinn and Sharon Shinn

The conversion to international financial reporting standards may be at the forefront of accounting these days, but the switchover to IFRS isn’t all that’s reshaping the field. The business upheavals that started with Enron and WorldCom and morphed into today’s Wall Street woes have given the field a great deal of visibility and turned the profession from staid to sexy. Accountants and auditors—who were seen as part of the problem during the previous scandals—today are viewed as first-line defenders against any corporate actions that might bring the financial world to its knees.

Educators say that accounting’s new visibility has led to higher enrollments and full classes, allowing schools to be more selective about the students they admit to their programs. This cachet reverses a historical trend in which accounting enjoyed less prestige than professions such as law, engineering, medicine, and architecture, says Sam Berde, a lecturer in auditing at the University of California Berkeley’s Haas School of Business.

“Today, students look at a company such as AIG and ask, ‘How did the auditors miss it? Did we all get hoodwinked, and if so,

how?’” he says. “What’s great is that we can work with today’s news stories—talk about what’s really going on—and energize everyone in a way that simply wasn’t possible in the past.”

Real-World Prep

In fact, that use of real news stories in the classroom is one of the reasons accounting has become so exciting today, says Fernando Peñalva of IESE Business School. “Students feel enormous satisfaction when they realize that they understand most of the current issues such as the subprime crisis, liquidity and solvency problems, and bankruptcies.”

Meanwhile, recent events have made it clear that accounting is about more than bookkeeping; it’s about decision making, says Richard Riley, Louis F. Tanner Distinguished Professor of Public Accounting at West Virginia University’s College of Business and Economics in Morgantown. “Accounting is about what you do with the numbers, not the creation of the numbers themselves,” he says. “The people who create the numbers don’t get paid nearly as much as the people who know how to interpret them.”

“The biggest problem is that textbooks probably won’t incorporate IFRS education until the 2011 academic year.”

From page 47

accounting education is a platform from which students can launch great careers, either as accountants or as valuable members of a management team.”

And once IFRS standards are firmly in place, students might launch those careers anywhere in the world, says Presha Neidermeyer of WVU. “As we move to a global focus, our students will know the reporting standards for a hundred countries. With their degrees and their passports, they can go virtually anywhere.”

Higher Standards

Even as they focus on new programs and new jobs, accounting educators also are paying close attention to the recent turmoil in the markets. The fallout is spurring some of them to bring ethics and accountability to the forefront in their classrooms. For instance, IESE is putting a great deal of emphasis on “the ethical implications of aggressive accounting reporting,” says Peñalva.

It will be up to accounting educa-

tors to help students understand the pressures that managers face, he says—and the consequences of misreporting numbers. It also will be their job to teach students to respect the principles behind the accounting standards, not just the standards themselves. Says Peñalva, “We want our students to use accounting to provide a true and fair view of the economic situation of the firm. We teach them to ask, ‘If I were the reader of this financial report, is this what I would like to see?’”

Indeed, some of accounting’s new cachet comes from just such a belief that accountants have the knowledge and the ability to provide “true and fair” reports for any company that hires them. As schools develop new programs, add IFRS standards to their curriculum, and bring real-world cases into the classroom, they will be turning out exactly the kinds of graduates today’s corporations need.

Lawrence Richter Quinn is a free-lance financial writer based in Atlanta, Georgia.

award \$700,000 in grants to colleges to help them prepare U.S. accounting students for IFRS; the grants are part of a \$1 million commitment PwC has made to support IFRS education. Initially, the program will assist 26 U.S. schools in adding IFRS to their curricula. Colleges and universities are expected to use the grants to update accounting courses, transform textbooks, and enhance the focus on international business. PwC is also providing educational material directly to students and faculty through a suite of Web-based videos and tools available at www.pwc.tv.

Similarly, Ernst & Young (www.ey.com) has committed \$1 million to the Ernst & Young Academic Resource Center, a collaboration between E&Y professionals and university faculty that focuses on bringing IFRS into the curriculum. KPMG has launched the KPMG IFRS Institute (www.kpmgifsrinstitute.com), an open forum with Webcasts, podcasts, surveys, publications, and other materials to facilitate knowledge sharing and adoption of best practices throughout the industry.

The U.S. Securities and Exchange Commission also has put extensive information online at www.sec.gov/spotlight/ifrsroadmap.htm. This site includes transcripts of roundtable discussions about IFRS among members of industry and academia, as well as other materials.

Knowledgeable Friends

More personalized and hands-on help also will get accounting programs geared up to teach IFRS. Schools report that they are calling on alums and advisory councils for guidance or asking in-house international accounting experts to hold training workshops for other professors who teach relevant courses.

“Up to this point, our faculty members have benefited significantly from receiving relevant materials from our friends in the profession,” says Don Tidrick, Deloitte professor of accountancy at Northern Illinois University in DeKalb. “In particular, the executive advisory council members have provided input and guidance over time to help us stay connected to relevant professional developments.”

European professors also have advice to offer to their American counterparts. First, grow accustomed to the idea that the adoption of international standards is inevitable. “U.S. schools need to understand that it is not a matter of whether the U.S. will adopt IFRS, but at what speed it will adopt IFRS,” says Joos of Tilburg University. “The ongoing convergence will generate standards that are identical.”

Second, realize it might not be so bad. “No accounting faculty should experience any difficulty teaching IFRS,” says Fernando Peñalva, associate professor of accounting and

Bean Counters and Bean Sprouters

by Jeffrey C. Thomson

For many, the word “accountant” conjures up the image of someone working at a public accounting firm, tracking income and expense reports. However, the majority of America’s five million accountants—more than 80 percent, according to the Institute of Management Accountants (IMA)—hold jobs in industry, using corporate data to help top management decide the course of the company’s future.

These *management accountants* aren’t bean counters—they’re bean sprouters, who play a completely different role from the traditional CPA. They not only improve the quality of internal controls and financial reporting, but also focus on business performance, analyze company data, play a role in decision making, nurture new ideas and products, and help companies maintain their ethical business practices.

But many of today’s accounting graduates aren’t prepared to take on such roles. Most undergraduate accounting programs focus on teach-



ing audit, tax, and compliance. Only a few leading-edge schools recognize that most students will pursue careers in industry, where they’ll need an expanded set of skills.

Students need a solid foundation of both “hard” skills, such as planning, budgeting, and forecasting, as well as “soft” skills, such as leadership and communication. They need to understand all parts of the accounting value chain to make businesses operate. Their design, implementation, management, and reporting functions must work synergistically with the CPA’s financial reporting, audit, and compliance. If either function fails, a company can fail, as evidenced by the scandals and market woes that have rocked the business world in the past decade.

A few universities have embraced a progressive accounting

curriculum. Northwestern University, for example, offers two tracks for an accounting major—financial accounting and managerial accounting. Michigan State University’s master’s degree in accounting offers a concentration in management accounting, with coursework in strategic planning, costing, operational management accounting, and global enterprises. Johnson & Wales University has developed a bachelor’s in management accounting, which requires an internship in management accounting and aligns coursework with preparation for the Certified Management Accounting (CMA) credential given by the IMA.

But there still aren’t enough programs to meet demand. The U.S. Bureau of Labor Statistics reports that the accounting profession will grow faster than the average

of all professions during the next decade. To turn out the graduates that corporations need, accounting programs must work with corporations and associations, both to collaborate on courses and experiences and to teach students the critical management accounting skills they’ll need before they enter the workforce.

The wide range of choices available to students presents a massive opportunity—and responsibility—to business schools. Not only do we need to increase the number of undergraduate students pursuing careers in industry, we need to provide them with the proper education.

Jeffrey C. Thomson is president and CEO of the Institute of Management Accountants in Montvale, New Jersey. He previously was the organization’s vice president of research and applications development.

“U.S. schools need to understand that it is not a matter of whether the U.S. will adopt IFRS, but at what speed it will adopt IFRS.”

— Philip Joos, Tilburg University

control at IESE Business School of the University of Navarra in Barcelona, Spain. The school introduced IFRS into its curriculum more than 15 years ago to accommodate a highly international student body. “Despite claims that there are many differences between U.S. GAAP and IFRS, there are far more similarities than differences.”

Joos notes that both students and teachers will benefit if schools teach the IFRS conceptual framework, and not just the accounting rules that keep changing. Crediting that observation to an article in *Accounting Review* by Stanford professor Mary Barth, he adds, “That way, students will see and better understand the differences between U.S. GAAP and IFRS.”

Students also need to understand that financial reporting

standards are not the only element used to compare financial reports between different firms, says Joos. “Two of the largest retailers in the world are Ahold and Carrefour. Although they both apply IFRS and operate in the same industry, it is not easy to compare their financial reports. Students need to be aware of different reporting incentives across firms—and countries.”

Challenges Ahead

As U.S. business schools figure out how to teach international standards, many are introducing IFRS to the curriculum in incremental stages, first as electives, then as part of required courses. This approach makes sense, says Tidrick of Northern Illinois University, “because today’s accounting graduates don’t need to be fluent in IFRS immediately, though they need to be conversant with the standards. Of course, at some point, our primary emphasis will have to shift in favor of IFRS.”

Some fluency was essential as early as this hiring season, says Neidermeyer. “For 2009, most of the major accounting firms expected interns to know the difference between IFRS and GAAP and how they’ll be affected even if they never decide to leave the U.S.,” she says.

Challenges certainly still lie ahead for U.S. business schools and businesses. To ensure that accounting standards are interpreted and enforced consistently across borders, regulators will have to work together, says Peñalva of IESE. But he’s hopeful about the outcome.

“For the first time in history, we are really close to having a common set of accounting standards used by all countries,” he says. “IFRS will facilitate enormously the interpretation of financial reports, the teaching of accounting, the mobility of accounting experts, and the improvement and development of accounting standards.”

Europe’s broad adoption of IFRS in 2005 was similar to the EU’s implementation of the euro currency in 2002, Joos points out. “It took several years for people to become familiar with the euro, and they were constantly making conversions to the local currencies. By 2009, that has all stopped,” he says. “It’s clear that IFRS is becoming the world’s accounting standard. In the long run, all financial accounting courses will be IFRS-based.”

A globalized set of accounting standards, while challenging to implement, will no doubt have far-reaching effects on interconnected, international business. As today’s business schools give their students a proper grounding in IFRS, they’re preparing their graduates to play essential roles in global companies and contribute to the turnaround of the worldwide economy. 



STEVE McALISTER/GETTY IMAGES

FOCUS ON FACULTY

Advancing Sustainable Scholarship

Darden professor Michael Lenox has long focused his research on business, public policy, and sustainability. Now, he wants to expand the community of like-minded scholars.

Michael Lenox has never seen so much interest in the interplay between business and the environment. But while more companies are putting socially and environmentally responsible policies in place, academic research still lags behind, he says. As a result, businesses still lack clear guidelines about what works and what doesn't when it comes to sustainability.

The Samuel L. Slover Professor of Business at the University of Virginia's Darden School of Business in Charlottesville, as well as the executive director of the Batten Institute for Entrepreneurship and Innovation, Lenox hopes his research will help establish clearer guidelines for companies to follow. "There's a need to understand public policy," he argues. "What is the role of public policy? When does it encourage corporations to embrace sustainability, and when does it impede their efforts? How far can firms be expected to take responsible practices on their own? These are questions that researchers have yet to really explore."

Lenox's recent work focuses on industry self-regulation and its impact on the environment. Lenox notes that self-regulation often fails, as it did so spectacularly in the banking industry, because industries have little incentive to establish rigorous standards or monitoring systems. They fail to institute effective reporting protocols or mete out effective punishments to companies that fall short.

So, what *does* motivate industries to self-regulate successfully? In most cases, says Lenox, incentives ironically come from outside the industry itself.

Published in the *Journal of Economics Management and Strategy*, Lenox's most recent research examines one such external incentive:

systems of self-regulation—if only to avoid being the next target.

Other external incentives also can drive better self-regulation, says Lenox. For instance, he says, before the Food and Drug Administration developed standards for organics, it was difficult to determine whether a product's claim to be organic had any meaning. After clear standards were in place, consumer demand for these products increased. That trend gave firms added incentive to follow the FDA's rules so they could legally use



TOM COBURN

activism. In "Private Environmental Activism and the Selection and Response of Firm Targets," Lenox explores how activists choose companies to target for boycotts and public attacks, what kinds of strategies they employ, and how aggressive they become. If companies better understand activists' tactics, they may have greater incentive to improve their

the term "organic" on their labels.

While Lenox is pleased that more academics share his interest in exploring issues such as these, he notes that most schools still have only one or two professors specializing in sustainability. That won't be enough to satisfy business's growing demand for research on sustainable business practices, he argues.

To help spur their efforts, Lenox now directs the newly created Alliance for Research on Corporate Sustainability (ARCS), a collaboration that aims to build the community of scholars passionate about social responsibility, public policy, and sustainability. Based at Darden, ARCS is sponsored by Dartmouth University, Duke University, Harvard University, the University of Michigan, the University of Virginia, and the University of Western Ontario.

ARCS will provide academics with a research portal to data about the environmental performance of U.S. firms and facilities, as well as a research affiliates program for university faculty, doctoral students, and researchers at think tanks and other research institutions. The group will sponsor a two-day annual conference on sustainability at one of its participating institutions on a rotating basis.

Lenox's next study will explore green innovation and entrepreneurship—specifically, whether state-level renewable energy credits lead to greater innovation, an influx of new businesses, and more “green” jobs. He hopes that ARCS will make research on topics like these more frequent and broaden the network of academics in the field.

“There are interesting conversations to be had about these topics,” Lenox says. “We need to talk more about how we unlock the power of entrepreneurship and use business and commerce as engines for doing good.”

To read more of Lenox's research, visit his Web site at faculty.darden.virginia.edu/LenoxM/research.htm.



David Kirsch



Brent Goldfarb

VCs Fund Businesses, Not Business Plans

Many a business course has taught the importance of a carefully considered and constructed business plan. But is a business plan really a necessary step toward obtaining financial backing? Not really, according to researchers from the University of Maryland's Smith School of Business in College Park.

The research was conducted by David Kirsch, associate professor of management and entrepreneurship; Brent Goldfarb, assistant professor of management and entrepreneurship; and doctoral student Azi Gera. The three focused their attention on startup activity during the dot-com bubble—April 1999 to February 2002. They examined the business plans and funding requests of 718 startups.

They pulled the information from a sample of dot-coms in the Business Plan Archive, a historical research and preservation project. Kirsch directs the archive, which is supported by the Library of Congress' National Digital Information Infrastructure Preservation Program.

The researchers found that of these requests, only 58 actually received funding. Whether or not entrepreneurs had prepared

detailed business plans, however, had no bearing on whether or not they got the nod from venture capitalists.

“You're better off investing in your idea and your social network as well as finding potential investors and customers—the intangibles around your business that are going to make it more likely you succeed,” says Kirsch.

That's not to say that a business plan is not useful. It is an essential organizational tool, say the researchers. It gives entrepreneurs a starting point for their businesses, and provides venture capitalists with a quick overview. But a plan “is a limited-use document that will in no way substitute for the hard work of actually building a business,” says Kirsch.

“Form or Substance: The Role of Business Plans in Venture Capital Decision Making” appears in the May 2009 issue of the *Strategic Management Journal*. For information about the Business Plan Archive, visit www.businessplanarchive.org.

Media Can't Pop the Bubble

Many people blame the media for making a bad economy worse by continually emphasizing bad financial news. However, the media play a smaller role in popping a financial bubble than many critics might think.

A new paper, “The Role of the Media in the Internet IPO Bubble,” explores the impact that media coverage had on stock performance during the dot-com bubble, from 1996 to early 2000. Utpal Bhat-tacharya and Xiaoyun Yu, professors at Indiana University's Kelley

School of Business in Bloomington, conducted the research. They were assisted by former doctoral students Neal Galpin, now an assistant professor of finance at Texas A&M University's Mays Business School in College Station, and Rina Ray, now an assistant professor of finance at

the Norwegian School of Economics and Business Administration in Bergen, Norway.

The researchers compiled a database of all news items on 458 Internet initial public offerings and a matching sample of 458 non-Internet IPOs issued between 1996 and 2000.

STUDY BRIEFS

■ A BOOST TO CREATIVITY

Living abroad enhances an individual's creativity, according to a study conducted by William Maddux, assistant professor of organizational behavior at INSEAD, which has campuses in Fontainebleau, France, and Singapore; and Adam Galinsky, professor of management and organizations at Northwestern University's Kellogg School of Management in Evanston, Illinois. The research incorporated five separate studies involving students at Sorbonne University in Paris, France; INSEAD; and Kellogg. The researchers found that students who had spent the longest time living abroad conceived the most creative solutions to problems. The study

appeared in the May issue of the *Journal of Personality and Social Psychology*, published by the American Psychological Association.

■ WORLD BANK BIAS

Research recently published in Harvard Business School's *Working Knowledge* indicates that members of the World Bank's executive board channel more funding to organizations in their home countries. In their study, "Corporate Misgovernance at the World Bank," law professor Ashwin Kaja and business professor Eric Werker, both of Harvard, found that the home countries of those serving on the board of directors of the International Bank for Reconstruction and Development (IBRD) received twice as many funding opportunities as countries without IBRD representation. The problem, say the researchers, is that even though each board member serves only a two-year term, not all countries have an opportunity to place officials on the board on a regular basis. The two call for more research into the patterns of World Bank funding that will offer a clearer path toward reform.



CASPAR BENSON/PHOTOLIBRARY

They classified each news item as good, neutral, or bad. Then, they calculated the impact of each news item on the firm's stock market returns over the same time period.

The researchers found that, when it came to news stories during that time period, "good news" outweighed "bad news" for Internet IPOs. In fact, Internet IPOs enjoyed a greater ratio of good news to bad news than other IPOs—by nearly two to one. After the bubble burst, however, Internet IPOs generated more negative news articles—by almost four to one.

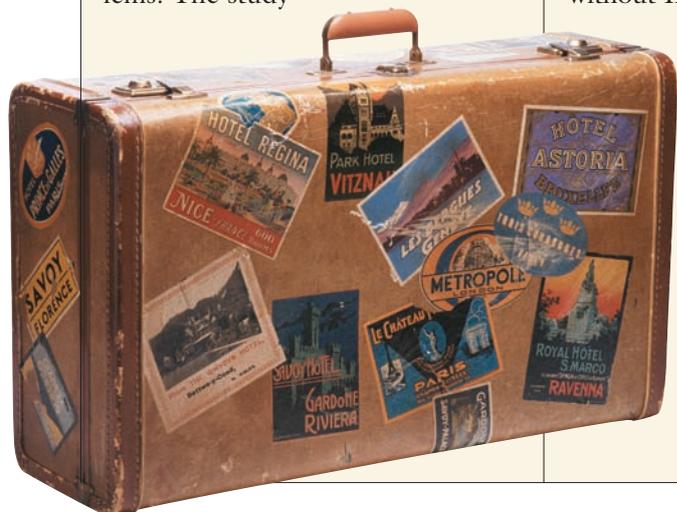
The researchers found that media coverage had minimal impact on a company's financial performance. In the end, they found that the level and tenor of media hype caused less than 3 percent of the more than 1,646



Utpal
Bhattacharya



Xiaoyun Yu



percent difference in returns between Internet stocks and non-Internet stocks from January 1, 1997, through March 24, 2000—the day the NASDAQ peaked.

“Regardless of whether the media’s coverage of the current crisis was good or bad, accurate or complicit, recent history seems to indicate that—at least in terms of market returns—it doesn’t really matter either way,” says Bhattacharya.

Their paper is forthcoming in the *Journal of Financial and Quantitative Analysis*.

■ Beating the Blues by “Backcasting”

There’s no doubt that consumers may treat themselves to new iPods or spa vacations to counter a blue mood. But marketers who help consumers



Jane Ebert

anticipate their bad moods may actually have more influence over their purchases, say Jane Ebert, a professor of marketing at the University of Minnesota’s

Carlson School of Management in Minneapolis; Daniel Gilbert, professor of psychology at Harvard University in Boston, Massachusetts; and Timothy Wilson, professor of psychology at the University of Virginia in Charlottesville.

In a series of four studies, the researchers asked consumers to forecast how they will feel after an event such as seeing their favorite sports team lose. Most often, consumers predicted feelings of unhappiness. But when researchers then asked consumers to “backcast” how another

RESEARCH RECOGNITIONS

Sanford M. Jacoby, UCLA Anderson’s Howard Noble Professor of Management and professor of history and public policy, is the only business professor to win a 2009 John Simon Guggenheim Memorial Fellowship. This year, the Guggenheim Board of Trustees granted 180 Fellowships from a pool of almost 3,000 applicants. Jacoby received honor for his study of how labor movements in the United States, United Kingdom, Germany, and Japan have tried to shape financial markets and corporate governance, through the use of regulation and pension assets. The fellowship will support Jacoby’s work on a book about his current project, “Labor and Finance: Perspectives on Risk, Inequality, and Democracy.”

The Information Society Project (ISP) at Yale Law School has named **Ramesh Subramanian** as its visiting fellow for the 2009–2010 academic year. The ISP was formed to study Internet technology,

security, and policy. Subramanian hopes that the fellowship will offer an opportunity for him to further his research into the interaction of society, the Internet, telecommunication policy, and law. He currently is the Gabriel Ferrucci professor of computer information systems at Quinnipiac University’s School of Business in Hamden, Connecticut.

The American Accounting Association has selected **Richard Sloan**, accounting professor at the Haas School of Business at the University of California, Berkeley, to receive its Notable Contributions to Accounting Literature Award. Sloan was honored for his 2005 paper, “Accrual reliability, earnings persistence and stock prices,” which examined how aggressive accounting practices can lead to eventual stock price declines. Co-authored by Sloan’s former doctoral students Scott Richardson, Irem Tuna, and Mark Soliman at the University of Michigan in Ann Arbor, the paper was published in the *Journal of Accounting and Economics*.



er positive event a few days later—like a birthday party—might counter that sadness, they placed their team’s loss in less negative light.

The researchers suggest that advertisers can take advantage of backcasting. A travel agency, for example, might design an ad that does more than highlight the advantages of a Caribbean cruise. Instead, it might create an ad that reads, “How will you feel after three more weeks of dreary winter? Wouldn’t a tropical vacation help beat those winter blues? Book your cruise today!” Such an approach

recognizes that people make many decisions based on how they expect their choices to make them feel, say the researchers.

The study, “Forecasting and Backcasting: Predicting the Impact of Events on the Future” is forthcoming in the *Journal of Consumer Research*.

■ ‘Playing Nice’ Can Pay Off

Many people believe that individuals who give too much risk being taken advantage of by others with more selfish motives. But if done correctly, consistently cooperative behavior can pay dividends, according to a recent study by J. Mark Weber, assistant professor of organizational behavior at the University of Toronto’s Rotman School of Management in Canada, and J. Keith Murnighan, a professor of management and organization at Northwestern University’s Kellogg School of Management in Evanston, Illinois.

For their study, “Suckers or Saviors? Consistent Contributors in Social Dilemmas,” the researchers analyzed data from previous experiments, and then they created two additional experiments of their own. They found that consistent contributors (CCs)—whom the researchers define as “individuals who always contrib-



J. Mark Weber



J. Keith Murnighan

ute” whether or not those around them reciprocate—can actually influence the cooperative behavior of a whole group.

In one of their own experiments, Weber and Murnighan divided 48 participants into two types of groups: a control group with no CCs or a group with a CC. Participants were provided with 60 “units” that they could either keep in their personal accounts or contribute to the group’s account. After each round, players were given their share of the group units. Players who chose to keep their units in their personal accounts received their share of the group account plus their own 60 units. At the end of the game, participants knew they would receive a chance to win a \$25, \$50, or \$100 prize for every unit they possessed.

The experimenters found that “members of groups with CCs involved did significantly better than people in groups that did not include a CC.” Moreover, those who witnessed others putting their units into the group account were more likely to do the same.

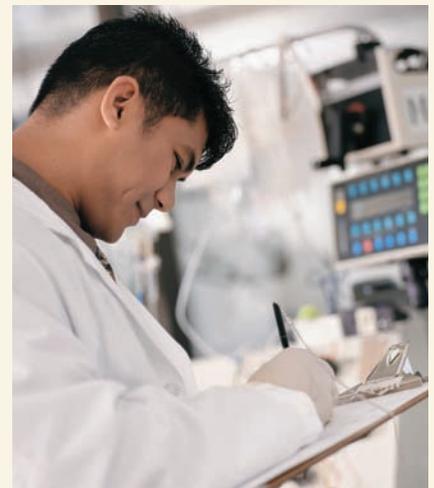
Cooperators aren’t necessarily “suckers” waiting to be exploited, says Weber. Instead, consistently cooperative individuals “seem to set a tone and shape how their fellow group members understand situations,” he says. “Groups become more productive, more economically efficient, and, anecdotally, people enjoy being part of them more as a result.”

The paper was published in the January issue of the *Journal of Personality and Social Psychology*. It also is available online at www.rotman.utoronto.ca/newthinking/contributors.pdf.

UPCOMING & ONGOING

■ PERFORMANCE AND THE PUBLIC SECTOR

Swee Goh, a professor of organizational behavior and human resource management, has received a three-year, \$45,000 fellowship funded by Interis, a Canadian management-consulting firm. As the first Interis Fellow, the professor at the University of Ottawa’s Telfer School of Management in Canada will study how the concept of performance management can be applied at all levels of government and in other public-sector organizations. Goh wants his research to “produce practical applications that senior executives in government can use to measure and improve the performance of their organizations.”



■ FOCUS ON HEALTH INNOVATION

The Ivey School of Business at Canada’s University of Western Ontario in London is working with the Canadian government to create the Ivey Centre for Health Innovation and Leadership. The center, which will receive \$5 million

in government funding pending Treasury Board approval, will form teams of experts who will work to develop specialized talent and innovations in healthcare, as well as commercialize health technologies and processes. To create the Centre, the Ivey School will collaborate with two other entities at UWO, including the Schulich School of Medicine and Dentistry and the London Health Sciences Center, a teaching hospital.

■ NEW CHAIR OF EMERGING MARKETS

IESE Business School at the University of Navarra in Barcelona, Spain, has partnered with Banco Sabadell to create a Chair of Emerging Markets. Held by IESE economics professor Alfredo Pastor, the chair will focus on fostering research, organizing seminars and conferences, creating courses, and building a base of knowledge about emerging markets in Latin America, Eastern Europe, Asia, and Africa.

■ CONFLICTS IN CYBERSPACE

Laurie Kirsch, professor at the University of Pittsburgh's Joseph M. Katz Graduate School of Business, has been granted nearly \$300,000 from the National Science Foundation to fund her three-year research project into the triggers of inter-group conflict—or “faultlines”—among stakeholders involved with cyberinfrastructure projects. Kirsch will study projects being developed by the Global Environment for Network Innovations, a virtual laboratory that provides computer scientists and network engineers with an infrastructure for their experiments.

■ THE EFFECTS OF RECESSION

Worldwide Universities Network will fund a project by the Centre for Employment Relations Innovation and Change (CERIC) at Leeds University Business School in the United Kingdom. During that time, researchers working on the project, “Restructuring, redundancy, and sustainable employment: the challenges of the contemporary economic crisis,” will study employers’ attempts to restructure their organizations to eliminate redundancies during the global recession and offer solutions to help



companies achieve long-term sustainability. The project will last until the end of 2010.

■ NETWORK FOR GOVERNANCE

There is now a new resource for scholarship in corporate governance. Corporate Governance Network (CGN) has been launched as an online global community for researchers. Sponsored by the New York-based Investor Responsibility Research Center Institute, the CGN will be led by Lucian A. Bebchuck, director of the corporate governance program at Harvard Law School in Boston. It will merge with the Social and Environmental Impact Network, and initially offer 21 subject matter eJournals—for free through October 2009—and two Research Paper Series.

RESPONDING TO FINANCIAL CRISIS

Rensselaer Polytechnic Institute's Lally School of Management & Technology in Troy, New York, has opened its International Center for Financial Research (ICFR) and created a new master's degree in Financial Engineering and Risk Analytics (FERA). The FERA track will be taught collaboratively by faculty from finance as well as other departments across campus, including computer science, applied mathematics, decision sciences, economics, and engineering systems.

The moves are meant to encourage renewed interest in the finance industry. It will be important to train “new financial service entrepreneurs” who can rebuild the industry's foundation and restore the public's confidence in financial markets, says David Gautschi, dean of the Lally School. He adds that it's also important to teach students the true connection between finance, business creation, and economic growth, especially now that the rampant economic expansion from 2003 and 2007 has proved to be largely illusory.

“The current crisis in the global financial system underscores the need in business and public policy for decision makers to renew their knowledge of finance fundamentals,” he says. “As a society, we need to help our financial institutions broaden their understanding of new financial tools and methodologies.” **Z**

Technology



■ The Kindle Goes to B-School

Waiting for an electronic book that will effectively replace traditional paper-bound textbooks? Amazon.com hopes that the Kindle DX, the latest version of its e-reader, will end that wait—or at least bring students one step closer to paper-free studying. After launching the DX in May, Amazon announced a pilot program to test its use in the university classroom—a first for the company.

The University of Virginia Darden School of Business in Charlottesville will be the only business school to take part in the experiment, which starts this September. Four other institutions also are participating, including Arizona State University in Tempe; Princeton University in New Jersey; Reed College in Portland, Oregon; and Case Western Reserve University in Cleveland, Ohio.

During the two-semester program, faculty at all five schools will follow two groups of students—some will use traditional textbooks, while others will use the Kindle DX. At the end of experiment, students in both groups will be surveyed about their experiences.

Each university will be testing a different segment of its student body. At Case Western, for example, students in its chemistry, computer science, and freshman seminar classes will be using the DX. At the Darden School, groups of students in its full-time MBA program and its MBA for Executives program will participate.

In addition to containing course materials in digital format, the device offers features such as wireless and cellular connectivity, note taking and highlighting capabilities, a search function, and access to a built-in dictionary. Students also will have the ability to purchase and download books from Amazon's Kindle library, as well as international newspapers, magazines, and blogs.

The goal is to discover whether using an e-reader as a learning tool presents significant benefit to students, says Robert Bruner, dean of Darden. He notes that e-readers promise “to have a great impact on technology, environmental sustainability, student and school savings, teaching, and learning.”

■ With Social Networks, Size Doesn't Count

Those who judge their status by the size of their social networks, listen up: The more Facebook friends or LinkedIn contacts you have, the less social influence you may actually wield, according to the working paper, “Network Effects and Personal Influences: Diffusion of an Online Social Network.” The paper was written by marketing professor Zsolt Katona at the University of California's Haas School of Business in Berkeley; doctoral student Peter Pal Zubcsek of INSEAD in Fontainebleau, France; and marketing professor Miklos Sarvary of INSEAD.

The researchers focused their

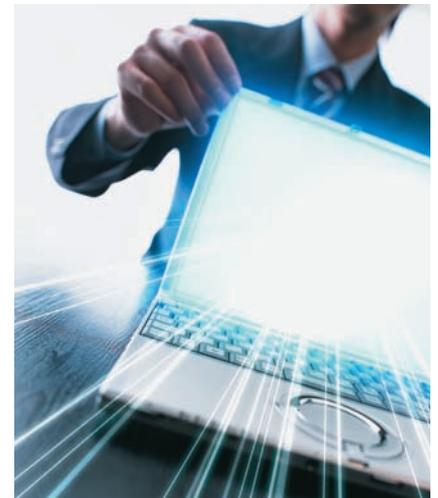
study on a popular European online social network from its 2003 debut to 2006. They studied the site's first 138,964 clients to see how quickly each client was able to convince someone else to become a new friend.

They found that the larger a person's list of friends, the longer it took that individual to recruit a new one. The researchers speculate that the more friends clients had, the less time they could spend on each relationship. That could weaken their social influence overall.

However, the researchers also found that those who created “clusters” of friends—defined as groups of friends who also knew each other—wielded greater influence than those whose friends were not closely linked.

This information is important for marketers who now target the users of social networking sites with the largest networks, says Katona. He argues that marketers may do better to target those whose networks are smaller but more interconnected, if they want to generate the most buzz about a new product or service.

The complete white paper, which is currently under review with the *Journal of Marketing Research*, can be found at www.cs.bme.hu/~zskatona/pdf/diff.pdf.





One Stop for Free Online Ed

Academic Earth, a social entrepreneurship venture founded by Richard Ludlow, now offers free access to online video of full courses and guest lectures from a range of educational institutions, including University of California, Berkeley, and the Massachusetts Institute of Technology, as well as Yale, Princeton, Harvard, and Stanford universities.

Although most coursework hails from the arts and sciences, students can download a range of courses and lectures on economics from Princeton and UC-Berkeley, and courses on entrepreneurship from Stanford and Yale.

Ludlow had the idea for the site as an economics student at Yale, when he was having trouble in his linear algebra course. When he went online for help, he found MIT's OpenCourseWare Web site. "Not only did I have access to supplementary instruction, I got to learn from Professor Gilbert Strang, one of the most renowned teachers in the field and the author of the textbook used in our course," he realized.

While many universities were offering free courses online, Ludlow realized that those resources were dispersed and saved in varying file formats, making it difficult for students to find them all. So, after graduating from Yale, Ludlow deferred his admission to Harvard Business School to launch Academic Earth.

In February, the site attracted more than 200,000 unique visitors

from 207 different countries. Lectures in business, computer science, and engineering are among the site's most popular. Users can hear from a variety of high-level guest lecturers such as Google co-founder Larry Page, Facebook founder Mark Zuckerberg, and *New York Times* columnist and author Thomas Friedman.

The site is meant to be a "single user-friendly ecosystem" for students who want to supplement their coursework, faculty who want to study the teaching methods of other instructors, and lifelong learners who want to learn new subjects, says Ludlow. Students also can assess the quality of lectures by assigning them letter grades, from A to F; the aver-

age of those grades appears under the name of the professor and course.

Academic Earth plans to continue to grow its content, drawing on open-source information and partnerships with additional universities, think tanks, conferences, government agencies, and educational television programs.

For more information, visit www.academicearth.org.



Portals Open to Academics

The Internet is increasingly becoming a tool for collaboration, idea exchange, and networking, a trend not lost on top technology companies. Two organizations—online retail giant Amazon and software company SAP—have recently launched portals designed specifically to attract the participation of the academic community.

For its part, SAP recently opened its interactive Web portal for higher education at www.sdn.sap.com/irj/scn/uac. The SAP University Alliance community comes complete with a career services center, faculty club, student union, library, and classrooms to provide the feel of a traditional university campus in a virtual environment.

In each area, users can find lectures, case studies, exercises, video demonstrations, forums, and blogs. All are designed to provide opportunities for faculty and students to collaborate with each other and network with the larger SAP online community, which already has more than 1.5 million users.

The goal of the portal, say SAP officials, is to develop skills and provide career opportunities to those in the academic community.

Amazon Web Services (AWS), a subsidiary of Amazon.com, has created AWS in Education, an infrastructure designed to help educators teach advanced courses and conduct research in distributed computing, artificial intelligence, data structures, data storage, and other computer-based subjects.

It also offers self-directed learning resources for students interested in cloud computing. AWS is offering teaching grants to faculty of \$100 per student for free usage, for up to one year. Faculty can apply for these grants or find more information at aws.amazon.com/education.

TOOLS OF THE TRADE

Simulation Helps Students Learn Real-World Leadership

vLeader is designed to go beyond case studies to boost students' leadership and collaboration skills.

Online simulations are becoming more popular among business faculty, offering professors a way to engage students in hands-on learning experiences. But how do the outcomes of simulations compare to more traditional approaches?

Alice Stewart, a professor at North Carolina A&T State University's School of Business and Economics in Greensboro, studied that question in 2007, when she pitted *vLeader*, a decision-making and conflict management simulation from Connecticut-based SimuLearn, against traditional case-based learning.

In Stewart's study, two groups of students took a professional development course, delivered during two six-hour sessions on consecutive Saturdays. One group was taught a curriculum using the *vLeader* online simulation, while another covered the same skill sets via the case study method. In addition to participating in class meetings, students in the *vLeader* group completed five online simulations, which presented scenarios that ranged from setting expectations with a subordinate to handling a full-blown crisis as part of a team.

In each simulated scenario, students interacted with computer-created characters, or "avatars," each with different attitudes or information to share.

"Students had to decide whether to give positive or negative responses, or whether to support or oppose another character," says Stewart. "They could try sequencing their responses differently to try to accomplish a goal." They had to determine what responses were most likely to win the cooperation of the characters involved, she explains.

Two months after completing the course, all of the students went to the Greensboro campus of the Center for Creative Leadership to run through a live leadership exercise, where they solved a problem in the office of a simulated company. During the exercise, Stewart and CCL representatives stood behind a glass partition to watch the students work.

Once the CCL exercise began, the students who had learned through case studies immediately went into "student mode," sitting down and going through their information packets, says Stewart. Throughout the day, they sat in their offices and focused mostly on their areas of responsibility, calling others in to discuss the problem in one-on-one conversations.



Playing the roles of avatars, students practice their leadership and decision-making skills in *vLeader*'s online simulation.

But those who had learned with the simulation began the exercise by calling everyone together in a meeting to dissect the problem, says Stewart. "By the end, the *vLeader* students had more knowledge across the organization compared to the traditionally trained group."

As a result, the simulation group performed significantly better in terms of the quality of information they elicited from others, the quality of information they shared, and the quality of their decisions, as measured by CCL administrators.

Many great leaders have an intuitive talent for managing conflict, knowing when to push, when to back off, and when to deflect tension, says Stewart. Simulations can help those who don't have this inherent talent to "build that part of their brains" in a deliberate way, encouraging them to try different responses to see what happens.

"In the CCL simulation, students were able to model the behaviors they'd already learned," she says. "The online simulation helped them think about leadership purposefully rather than intuitively."

For information on *vLeader*, visit www.simulearn.net. To learn more about the project with the Center for Creative Leadership, contact Stewart at acstewa1@ncat.edu. 

I The B-School and Social Business

Today's turbulent economy has underscored the fact that capitalism isn't perfect. Even when capitalism is functioning well, there are chronic problems of hunger, poverty, homelessness, malnutrition, economic disparity, pollution, unemployment, illiteracy, and lack of healthcare for millions. I believe it is time to save the world from the undesirable consequences of unbridled consumerism and globalization. It's time to look at alternate models of business—businesses that sustain themselves and the planet, instead of existing merely to maximize profit. It's time for business schools to teach social business.

A social business is one that addresses an unmet need of the poor or is owned to a significant degree by the poor, or both. It works *with* the people it serves, helping them as they improve their own lives. Examples of social businesses are outlined in *Creating a World Without Poverty: Social Business and the Future of Capitalism*, by microfinance pioneer and Nobel Prize winner Muhammad Yunus.

Yunus expects that, eventually, entrepreneurs will found a range of social businesses, financed by both individual and institutional investors. The idea is to complement profit-maximizing businesses (PMBs) and nonprofit organizations with firms whose core missions revolve around redressing a societal problem. Although average investors seek high returns, that's not the case for social investors, who typically are willing to receive a smaller return for the chance of doing good in the world.

To me it seems clear that PMBs,

nonprofits, and the public sector all are at a disadvantage compared to social businesses. PMBs often draw short-term investors who care too much about maximizing wealth and too little about the environment, consumer safety, and the larger community. While some PMBs have started to remake themselves into socially conscious corporate citizens, their eventual gains are uncertain. Meanwhile, nonprofits and nongovernmental organizations (NGOs) have done a wonderful job addressing many social problems and attracting international support for their work. But their impact is often limited if they're underfunded or inefficient. Finally, while the public sector is large and often effective, it has typically lagged in innovations and efficiencies.

In contrast, social business has as its primary mission the goal of solving a social problem. Like a for-profit, it is designed to be competitive and succeed as a business, while it benefits from private investors. Unlike a charity, it treats its beneficiaries as customers, not victims.

Successful social businesses already exist around the world. An example is Grameen-Danone, established in 2007, which produces and sells nutritionally enriched yogurt for children in low-income households in rural Bangladesh. From design to operations, its mission has been to maximize social impact—improve the health of poor children, create jobs for women, add to the income of small farmers, and be environmentally friendly—while ensuring the company makes enough profit to grow.

Grameen Health Care Services Ltd., patterned after India's Aravind Eye Care, is also designed to serve both the paying patient and the poor. Both hospitals perform thousands of

eye surgeries a year, using a "Robin Hood" pricing scheme in which regular patients pay market prices, but poor patients receive high-quality care at a nominal cost.

There are other examples, but, in my mind, too few of them. That might be because there are three key challenges in developing hybrid businesses that have dual missions:

- Their concepts, theories, and practices remain largely untested, and no legal framework exists to support them.

- Social entrepreneurs have few role models and case studies to guide their efforts.

- It's difficult to determine what constitutes success, if the prime measurement is not going to be profits. For the social business, what would be the equivalent of stock returns? Yunus suggests that equity markets worldwide follow the example of the French stock exchange, which recently agreed to list "social business development fund" as a mainstream money market fund. Even in the most receptive environment, however, sometimes these new outcomes are not as measurable; they may take decades to come to fruition.

At least the first two of these challenges could be addressed by business schools with a bent toward social enterprise. If b-school deans take up the mantle of thought leadership in regard to social business, they can lead the way for an idea that might well transform both business and society.

Some schools are already bringing social concerns into the business curriculum. Today's niche programs focus on sustainability, corporate social responsibility, and the philanthropic sector, which includes traditional charities and NGOs. But

“We must work together to give social enterprises the same nurturing environment for-profits have enjoyed for years.”



in my opinion, management education could be doing much more to advance social enterprise worldwide, particularly in two key roles:

Research. Professors could conduct research that offers practical guidance to social entrepreneurs.

They could work out details of alternate business models, examine the existing regulatory and tax framework, and suggest policy changes that will encourage trends in corporate social responsibility. At the same time, they could write case studies about successful social businesses, which would become blueprints for new entrepreneurs.

Coursework. More schools could offer what Yunus calls a “social MBA,” which would cover traditional finance, marketing, management, and HR skills, but from a different perspective. Students in this program also could take courses focusing on the economics of poverty, maximizing social benefits to the poor, and finding solutions to social problems. This would give graduates not only the analytical tools they need to conduct business, but also the compassionate understanding they require to address the needs of the poor.

Some of these programs might be built around the ideas presented by C.K. Prahalad in his book, *The Fortune at the Bottom of the Pyramid*. Prahalad believes the world could “fight poverty through profits” if the private sector would capitalize on the enormous size and buying power of the impoverished household, designing products that benefit and can be purchased by the poor.

I am impressed by the efforts that are already under way at some schools. For instance, Harvard Business School’s Social Enterprise Initiative has the lofty goal of educating “leaders who make a difference in the world” by applying

“management skills to create social value.” SEI courses cover business at the base of the pyramid, effective leadership of social enterprise, entrepreneurship in the social sector, and more. The SEI also enjoys synergy with programs across the campus that have similar missions. Likewise, Stanford’s Center for Social Innovation offers initiatives such as the Social Innovation Podcasting Channel to facilitate multidisciplinary learning for social change. Stanford also disseminates knowledge in this area through its Social Innovation Conversation, which records the words of thought leaders and shares them with people who otherwise wouldn’t have access to them.

Many top business schools organize internal business plan competitions that focus on social enterprise, but I’m most impressed by a unique collaborative project called the Global Social Venture Competition. It’s run by the Haas School of Business at UC Berkeley in partnership with Columbia Business School, London Business School, the Indian School of Business, and Thammasat University of Thailand. Supporting partners include the University of Geneva in Switzerland, ESSEC Business School in France, The Yale School of Management, the Catholic University of Milan, and a consortium of business

schools in Korea. The participants’ mission is to build on their networks of global leaders, entrepreneurs, and academics to change “the way business measures success.”

And yet, while some schools are being proactive, most of them are being reactive, only offering a greater focus on corporate social responsibility when students and stakeholders demand it. At both the conceptual and practical level, much work remains to be done to truly make social business part of the business school curriculum.

Yunus believes that academics, business leaders, and policy makers must work together to give social enterprises the same nurturing environment for-profits have enjoyed for years. In his Nobel lecture, he describes the challenge of unfinished work, calling for a social stock market where only the shares of social businesses will be traded. He says, “We will need to create rating agencies, standardization of terminology, definitions, impact measurement tools, reporting formats, and new financial publications, such as *The Social Wall Street Journal*. Business schools will offer courses and business management degrees on social businesses to train young managers how to manage social business enterprises in the most efficient manner, and, most of all, to inspire them to become social business entrepreneurs themselves.”

The history of ideas shows that for an idea to succeed, timing is important. I believe the time is right now for business schools to embrace the idea of social enterprise. **Z**

Munir Quddus is dean and professor of economics at the College of Business, Prairie View A&M University in Texas.

Bookshelf

Some of the potential perils of the future can be summed up with the ominous acronym VUCA, which stands for

volatility, uncertainty, complexity, and ambiguity. In this anxious environment, writes

Bob Johansen in *Leaders Make the Future*, top executives will have to develop ten new skills. These include the maker instinct, which capitalizes on

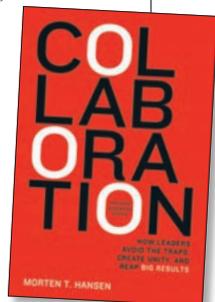
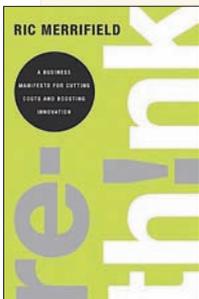
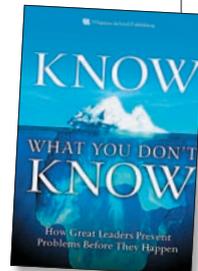
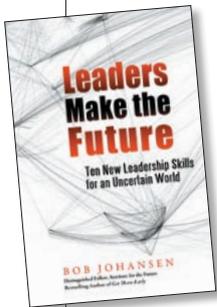
the human desire to create; dilemma flipping, which turns an insoluble problem into a new opportunity; and bio-empathy, which considers business choices through the lens of the natural world. Even more interesting, Johansen examines all these skills through a set of drivers that will shape the future, such as the diasporas created by climate change, and the complex collaborations that will occur among governments, markets, and people. Johansen, a fellow at the Institute for the Future, writes, “The most important value of forecasting

is to help people learn to lead aggressively even if they feel uneasy. Discomfort will come with the territory for the next ten years—and probably far beyond.” (Berrett-Koehler Publishers, \$26.95)

Top executives at Xerox spend a day a month serving as “Customer Officer of the Day,” taking responsibility for resolving customer complaints—and hearing directly from the source what kinds of problems customers have with Xerox equipment. “Listening with your own ears” is one way Michael A. Roberto advises leaders to root out trouble in their organizations before small problems become catastrophes. In *Know What You Don't Know*, the Bryant University professor argues that “leaders need to become hunters who venture out in search of the problems that might lead to disaster for their firms. They cannot wait for

the problems to come to them.” He suggests seven strategies for doing so. These include circumventing the gatekeepers—for instance, by “listening with your own ears” instead of hearing packaged reports; becoming “ethnographers” who study employees and customers in their natural habitats; hunting for patterns throughout the organization; and encouraging useful failures that lead to learning. Like Toyota’s Ken Watanabe, Roberto believes that “problems are not the enemy; hidden problems are.” He shows how to yank those problems into the light. (Wharton School Publishing, \$27.99)

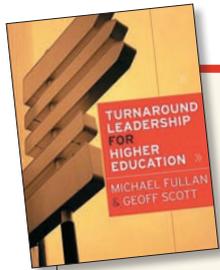
“Bad collaboration is worse than no collaboration.” That bald statement is the opening line of *Collaboration* by Morten T. Hansen, a professor at UC Berkeley and INSEAD. In the book, he takes a thorough look at that most unwieldy but potentially profitable form of teamwork: companywide collaboration. He’s clear-eyed and blunt about his topic, advocating that leaders assess whether or not collaboration will produce a better product or a higher return before they encourage it. He provides intriguing insights into companies where at certain junctures collaboration attempts failed miserably, such as Hewlett Packard and Sony, and companies where collaboration has yielded astonishing successes, such as Apple and Procter & Gamble. Best of all, he provides plenty of specific formulas to help leaders determine where they might find synergies within their companies and how they can estimate their likely return on equity. It’s a how-to book



When CEOs want to improve efficiency, they often look at how their businesses operate and try to fix their processes. Instead, they should be looking at *what* they’re trying to achieve—and making sure those “whats” are done right. That means, says Ric Merrifield in *Rethink*, they need to answer essential questions:

“How important is a particular activity to the company’s goals? How well is it performing in that context? Should it be given greater attention and resources? Should it be automated? Outsourced? Or completely eliminated?”

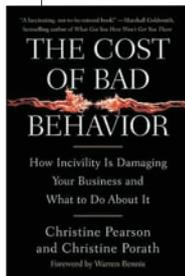
He argues that treating a “what” like a “how” can have disastrous consequences, as Home Depot proved when its attempt to make its staff more efficient cost the company its greatest advantage: knowledgeable employees whom customers trusted. Merrifield is a fan of Internet technologies that allow companies to share information among employees and partners. But even adopting new technology doesn’t make it easy to streamline, he admits. “You still have to make tough decisions about where to put your resources.” (FT Press, \$24.99)



Facing a multitude of pressures, from globalization to the IT revolution, institutions of higher learning must realign themselves to deliver education in the 21st century. That's the premise at the heart of *Turnaround Leadership for Higher Education* by Michael Fullan of the University of Toronto and Geoff Scott of the University of Western Sydney. In particular, say the authors, universities need to move the emphasis off research and onto teaching and learning, while at the same time focusing on “practical reasoning” as a way of creating and disseminating knowledge. To prepare graduates to function in a complex world where workers need integrated skills, universities must move toward interdisciplinary programs that teach critical thinking and practical know-how. According to the authors, “In a sense, universities need to practice this on themselves in order to learn how to teach it.” It won't be easy, they say, but they offer ways to create the “change-capable university”—and the visionaries who must lead it. (Jossey-Bass, \$35)

for a skill set that's hard to quantify, and a smart one at that. (Harvard Business Press, \$29.95)

Anyone who behaves like a jerk at the office is costing the company money. In *The Cost of Bad Behavior*, Christine Pearson and Christine Porath spin a fascinating tale of escalating incivility in American business. They lay out some of the actions that constitute incivility, including taking credit for other people's work, texting during a meeting, and forwarding e-mails to make the sender look bad. Harmless, you think? Pearson, a professor at Thunderbird, and Porath, an assistant professor at USC, disagree. They write, “People who were treated uncivilly purposely punished their organizations by reducing the time they spent working. Some targets spent work time looking for other jobs or helping others do so.” Porath and Pearson estimate that this lost time annually adds up to losses of \$300 billion for U.S. companies. They also provide formulas that enable managers to calculate the cost of incivility. More hopefully,



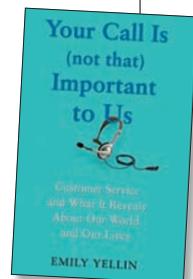
they examine companies such as Cisco and Starbucks that go to immense effort to create pleasant workplaces. “Nobody wins when it comes to incivility,” they write. Readers will respectfully agree. (Portfolio, \$25.95)

“Particularly in difficult and competitive times, effective negotiation across an organization can mean the difference between success and failure,” write Hallam Movius and Lawrence Susskind in *Built to Win*. Yet few CEOs have invested the time and resources to make negotiating skills a core competence of the company. Movius is a principal at the Consensus Building Institute with appointments at Harvard and the University of Virginia, while Susskind is a professor at MIT, and both of them believe companies can improve their employees' negotiating abilities through a shift in training and mindset. Such a shift gives negotiators a clearer sense of what constitutes success and enables them to judge which

counteroffers might be acceptable to their bosses. The authors advocate the “mutual gains approach,” in which negotiators understand their mandates, come armed with the “best alternatives to negotiated agreements,” are prepared to offer “bundles” of options, focus on long-term value, and continually follow through in ways that improve relationships. The book takes a close look at a complex topic, providing a roadmap to better understanding. (Harvard Business Press, \$29.95)



Customer service and advanced technology have a symbiotic and tortured relationship. In *Your Call Is (not that) Important to Us*, Emily Yellin traces the history of the phone-based customer service industry from operator-assisted phone calls to automated call centers. And she makes it clear that communications technology is a double-edged sword. A company might pay \$7.50 per customer contact when the caller speaks to a live person, but only 32 cents when the customer is routed to an automated phone system. Those savings don't look so good when irate customers use the Internet to tap into massive public fury about dreadful customer service. Yellin shares the PR nightmares faced by companies like Comcast and Verizon when customer rage lit up the blogosphere. David McQuillen of Credit Suisse seems to sum up her position when he says, “When you deliver bad experiences...it costs you money. So delivering positive experiences is good for business.” (Free Press, \$26) 



Diversity Includes Disabilities

Many academic and corporate diversity programs address the underrepresentation of women and minorities in the workplace. But few address educating or hiring more people with disabilities.

Grenoble Ecole de Management in Paris has launched an initiative to address “handi-management,” which refers to employers’ efforts to attract, accommodate, and benefit from the skills of persons with disabilities. Following the slogan “Difference is not a disability,” Grenoble’s initiative aims to increase educational opportunities for the disabled and raise awareness of the challenges they face.

As part of the initiative, Grenoble has created study tracks for students with disabilities. Ten Grenoble students also recently participated in the “handi-management project” competition, a French educational program aimed at raising awareness. In March, the students organized a weeklong event that included a film festival and an “eating in the dark” dinner to show sighted individuals what it’s like to be blind.

Part of the initiative is a 12-week sign-language course for business students, taught by English professor Nancy Armstrong-Benetto. “We teach Japanese, Chinese, and other languages,” she says. “Why wouldn’t we want to teach future managers how to communicate more effectively with the deaf?”

Sign language also provides stu-



Business students at Grenoble Ecole de Management take a course in sign language and deaf culture as part of the school’s handi-management initiative.

“Sign language helps managers learn self-awareness and control over their actions and facial expressions.”

—Nancy Armstrong-Benetto

dents with more insight into what Armstrong-Benetto calls “intercultural management.” The culture of the deaf and hard-of-hearing is much different from that of those without a hearing impairment. For that reason, students in the course also learn about deaf culture, including the different ways deaf people express humor and show emotion.

Moreover, she adds, sign language helps hearing students improve their communication skills on a larger scale. “Sign language involves a certain way of positioning your body in time and space,” she says. “It helps

managers learn self-awareness and control over their actions and facial expressions.”

Grenoble has added a human resources course that addresses legislation involving handi-management, formed a task force that is working on disability issues, and held a recruitment drive to enroll students with disabilities. It plans to launch an intranet resource site for students with disabilities in November 2009.

In 2005, the French government instituted legislation that requires companies to ensure that disabled individuals make up at least 6 percent of their workforces. Yet, only 12 percent of disabled people in France have a college degree.

Grenoble hopes to change that through this initiative, says its dean Thierry Grange. The new curriculum is essential, he adds, to “allow students, regardless of their health or social background, to pursue management studies.” **Z**