

BizEd

A portrait of Peter Senge, a middle-aged man with light brown hair, smiling warmly. He is wearing a dark blue V-neck sweater over a light blue collared shirt. The background is a red brick wall with a blurred green railing on the left.

MAY/JUNE 2010

Peter Senge

Rethinking Business

Connected Capitalism
And the Changing World

The Business School
Of the Future

BizEd Contents

MAY/JUNE 2010

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Cover photo courtesy
of the Society for
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From the Editors

■ Taking the Long View

I often feel like a cliché when I drive my Prius to Whole Foods and carry my reusable cotton grocery bags inside. I'm usually sipping water from a BPA-free container, too, and checking cartons for organic ingredients; once I'm home, I recycle any container I can. I'm almost a caricature of the conscious consumer, one who uses her purchasing power to express her social values and her commitment to the environment. But I believe pretty strongly that if we don't act now to preserve the world we have, eventually we won't have a world left at all. I take all of these actions out of a sense of enlightened self-interest.

That's an attitude many of today's top corporations are beginning to share. They're re-examining the value proposition of sustainable business and deciding it makes sound fiscal sense. If a beverage company doesn't practice water conservation, for instance, it soon will be operating in desert wastelands; if a forestry company doesn't practice land conservation, eventually it will run out of timber. Even executives fanatically focused on maximizing shareholder dividends can embrace classic tenets of social responsibility if they believe those tenets will make them more viable, and more profitable, for the foreseeable future.

Retired Coca-Cola CEO E. Neville Isdell is one of the most outspoken proponents of the movement he calls "connected capitalism," which posits that businesses must act responsibly because that's the only way they can protect their own interests. Says Isdell, "The statement 'The purpose of business is to maximize profit' is true as long as we add the phrase 'over the long term.'"

Our article "The Connected Capitalists" examines this movement through interviews with six executives who are members of the newly formed Global Business Leaders Forum organized by Georgia State University. Not only do these leaders envision a new model for capitalism, they lobby for a new interdisciplinary model of management education that emphasizes the connections between business, government, and society.

These connected capitalists aren't the only ones calling for a reimagining of business and business education. MIT's Peter Senge also is convinced that executives need to adopt sustainable business practices and focus on long-term goals that impact society as well as the corporation. His solution relies on "systems thinking" that allows diverse groups to work together to make decisions and solve problems. He talks about what that model means for business schools in "Reshaping Business" on page 18.

These leaders have a big challenge ahead of them as they try to convince skeptical executives—and management professors—to abandon or modify existing business practices that might not work so well in the future. But they're committed to doing the hard work. After all, they're in it for the long haul. **Z**



RAQUITA HENDERSON

Sharon Shinn

Headlines



JIM FRAZIER/GETTY IMAGES

■ Ethics Partnership

Eight universities across the Rocky Mountain region of the U.S. are collaborating on a new ethics initiative in business education supported by a grant from the Daniels Fund, a private foundation established by cable television pioneer Bill Daniels. Participating in the new initiatives are two schools—the University of Denver and the University of Wyoming—that already have business ethics programs supported by the Daniels Fund. A \$7.5 million grant, paid over five years, will be shared equally by the other six schools: Colorado State, New Mexico State, University of Colorado at Colorado Springs, University of New Mexico, University of Northern Colorado, and University of Utah.

Corporate scandals have damaged stakeholder confidence, says Linda Childers, president and CEO of the Daniels Fund. That reality places pressure on the business community to establish clearer standards for ethical conduct, she adds. “This crisis in

business ethics is a serious concern for all of us and creates the opportunity to strengthen management education and to elevate the importance of business ethics curricula.” More information is available at www.danielsfund.org.

■ Conscious Consumers Convene at Kelley

In addition to buying clothes based on their style, color, and fit, an increasing number of consumers are making purchasing decisions based on where goods are made. Indiana University’s Kelley School of Business in Bloomington tapped into that interest recently when it hosted a public event called “Check Your Label: Elements of Conscious Consumerism.”

Five speakers discussed business models that offer a sustainable standard of living for all workers on the supply chain and told stories of operating a thriving business with the goal of social change. Among the presenters were Blake Mycoskie, founder of TOMS Shoes Inc., which gives a pair of new shoes to needy children

around world with every pair sold; Kelsey Timmerman, author of *Where Am I Wearing? A Global Tour to the Countries, Factories, and People That Make Our Clothes*; Amy Chin, director of the nonprofit International Development Collaborative, which connects impoverished villages with opportunities for sustainable community self-development; and IU graduates Anne and Kelly Campbell, who co-founded The Village Experience, which uplifts impoverished communities in the developing world through international trade and tourism.

Kathleen Robbins, director of the Kelley School’s undergraduate program, says students are increasingly becoming interested in the broader topics of globalization, Fair Trade, and social entrepreneurship. “There is a growing sentiment that a business degree can be great preparation for a career that allows you to make a difference in the world,” she says. “All of these speakers have found paths that allow them to be successful while following a strong passion. I think that message will be a powerful one to students who are contemplating what their futures will hold.”

■ Socially Responsible Case Competitions

Two schools recently used case competitions to encourage business students to actively participate in solving social crises in areas that range from education to sustainable transportation.

■ At the Haas School of Business at the University of California, Berkeley, MBA and graduate students from across the U.S. turned their attention to the best ways to reform the Pittsburgh Public Schools during the fourth annual Education Leadership Case Competition.



Every year, Berkeley MBA students of the Education Club choose a school district that presents a critical issue in education and invites students to create potential solutions. Each participating team must include at least two MBA students. This year's first-place winner, a team from Stanford University, won \$3,000; the second-place team, from Harvard University, received \$1,500.

This year's case competition explored an initiative to help ensure that students at the Pittsburgh Public Schools are academically prepared to enter college and can meet the prerequisites for The Pittsburgh Promise scholarship, which annually awards up to \$40,000 for college expenses to each Pittsburgh Public Schools graduate who meets eligibility criteria. The district was recently awarded \$40 million from the Bill and Melinda Gates Foundation to help fund reforms focused on maximizing teacher effectiveness.

The education sector presents an intriguing challenge to business students, say competition organizers. "In order to provide more equitable access to quality education, the sector will have to solve complex problems related to talent recruitment and retention, resource allocation, operational efficiencies, and mass customization," says student and competition co-chair Michelle Florendo. "MBA students have the skill set to help address these issues and the opportunity to have a real impact on children's futures, which make the challenge even more exciting." More information about the event is available at groups.haas.berkeley.edu/education/ELCC/.

■ At Washington University in St. Louis, Missouri, the first Olin Sustainability Case Competition aims

to solve the eternal problem of insufficient campus parking in a way that is safe for the environment. Thirty teams of students from the Olin Business School—from undergrads to EMBA's—entered the competition, offering ideas that ranged from bike- and car-sharing systems to the construction of an automated parking facility with robotic valets.

The top prize went to the team that targeted a specific segment of the university population—graduate students in nearby university housing—as the most likely to use public transportation and bicycles if services and pathways were improved. The winning team received \$5,000 cash, free hours in the university's WeCar shared automobiles, and a chance to present their recommendations to university administrators.

The case study used in the competition outlines the ramifications of parking dilemmas at urban campuses. Washington University is reviewing an operational sustainability strategic draft plan and hopes to become a model for other large universities trying to solve similar dilemmas in a sustainable way. The plan is available online at wustl.edu/sustain/strategicplan.html.



SHORT TAKES

NEW APPOINTMENTS



■ **Mary Ellen Zuckerman** has been named dean of the Ithaca College School of Business in Ithaca, New York, where she will begin

her new duties on July 1. She succeeds **Susan West Engelkemeyer**, who is now dean of the Charlton College of Business at the University of Massachusetts-Dartmouth. Zuckerman was formerly dean of SUNY Geneseo's School of Business and is now a distinguished service professor there. Under her tenure, the Geneseo School of Business was awarded initial accreditation by AACSB International.

■ **Patrick J. Socci** has been named the new dean of the Frank G. Zarb School of Business at Hofstra University in Hempstead, New York. Most recently, Socci served as associate dean of the College of Business Administration at Fordham University. Earlier in his career, he held positions with AT&T, ADC Telecommunications, Citibank, and Merrill Lynch Hubbard.



■ **Ahmad Tootoonchi** has been named dean of the College of Business at Frostburg State University in Maryland. He had been interim

dean since March 2009. Tootoonchi joined the FSU faculty in 1989 and has served as chair of the department of management, as well as associate and interim dean. He is president of the International Academy of Business Disciplines

THE GMAT® REPORT

and chief editor of the *Journal of International Business Disciplines*.

■ **Kathy Krawczyk** has been awarded the Dixon Hughes Professorship given out by North Carolina State University in Raleigh. Krawczyk is professor of accounting and director of the Master of Accounting program at the College of Management's Jenkins Graduate School of Management.

■ In August, **Arnoud De Meyer** will be leaving his position as director of the Cambridge Judge Business School in the U.K. to become president of Singapore Management University. De Meyer, a professor of management studies at Cambridge University, was appointed director in 2006. Previously, he spent 23 years with INSEAD, and he was founding dean of INSEAD's Asia Campus in Singapore.

■ **Sheridan Titman** has been elected vice-president of the American Finance Association for 2011 and president for the 2012 year. Titman is the Walter W. McAllister Centennial Chair in Financial Services at the McCombs School of Business at the University of Texas at Austin.

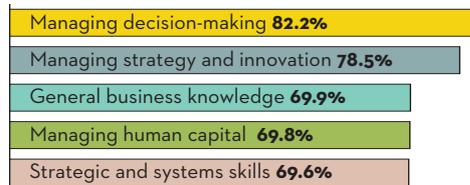
■ **Abbas Mirakhor** has been named the first holder of the INCEIF Chair of Islamic Finance at the International Centre for Education in Islamic Finance (INCEIF) in Kuala Lumpur. Abbas has been a professor of economics at the University of Alabama, Alabama A&M, and Florida Institute of Technology; he was also former executive director of the International Monetary Fund.

B-schools in a Changing World

The Graduate Management Admission Council offers a wealth of information to help business schools adapt to the evolving needs of stakeholders.

Meeting Prospects' Expectations

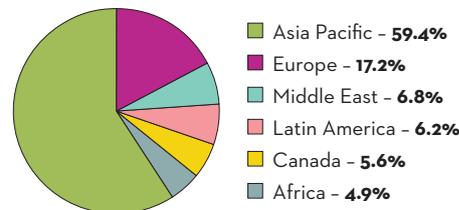
Students consider b-school to build skill sets. Most-hoped-for skills and the percentage of students who want them:



Source: 2010 mba.com Registrants Survey of more than 22,100 prospective students worldwide.

Reaching a Global Applicant Pool

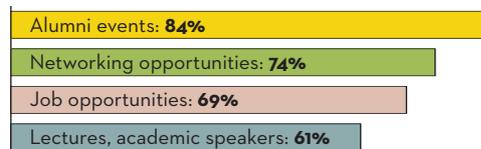
The number of GMAT exams taken by non-US citizens (135,105) surpassed those taken by US citizens for the first time last year. Breakdown of tests taken by these non-US potential applicants by citizenship region:



Source: Profile of GMAT Candidates 2009; data are for the testing year ending June 30, 2009.

Staying Connected with Alumni

Alumni increasingly want to hear from their b-school about specific topics. Leading subjects and percentage of alumni wanting increased communication:



Source: 2009 Alumni Perspectives Survey of more than 3,700 survey respondents worldwide.

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

Visit gmac.com/gmatreport for details.

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■ KPMG LLP, the U.S. audit and tax firm based in New York, has appointed **Stacy Sturgeon** to the position of national managing partner of university relations and recruiting. As the managing partner responsible for KPMG's university recruiting programs and faculty relations, Sturgeon will handle the firm's global internship program, faculty and classroom resources and training, and student diversity and leadership development initiatives.

■ Author **Stephen R. Covey** is joining the Jon M. Huntsman School of Business at Utah State University in Logan. Covey, who will serve as a tenured professor in a research capacity, is the first incumbent of the Jon M. Huntsman Presidential Chair in Leadership. The Huntsman School also is launching a drive to fund the Stephen R. Covey Center for Leadership, which will house the author's works.

■ **Robert Herz** has been named director of the South Side Innovation Center at Syracuse University's Whitman School of Management in New York.

HONORS AND AWARDS



■ **Joseph V. Carcello** has received the 2010 Tennessee Society of Certified Public Accountants' Distinguished Achievement in Accounting Education Award. Carcello is the Ernst & Young Professor in the College of Business Administration's Department of Accounting and Information Management and the

director of research for the Corporate Governance Center at the University of Tennessee, Knoxville.

■ **Rebecca White**, director of the Florida Entrepreneur Center at the University of Tampa in Florida, was recently awarded the President's Distinguished Service Award by the United States Association for Small Business and Entrepreneurship (USASBE). White has served the USASBE as chair of its pedagogy division, board member, liaison to the association's interest groups, and program chair.

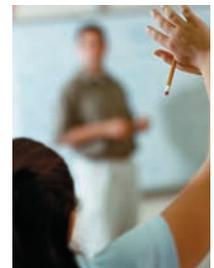
■ **Richard Roll**, Japan Alumni Chair in International Finance at UCLA Anderson School of Management, has been named the 2009 IAFE/SunGard Financial Engineer of the Year. The award recognizes individual contributions to the advancement of financial engineering technology.

■ The Society of Actuaries has named nine U.S. schools and three Canadian schools as Centers of Actuarial Excellence: **University of Connecticut, Drake University, Georgia State University, Illinois State University, University of Iowa, University of Nebraska-Lincoln, St. John's University, Temple University, University of Wisconsin-Madison, Université Laval, University of Manitoba, and University of Waterloo.** The five-year CAE designation recognizes schools for the high quality of their degree offerings, curricula, student bodies, faculty composition, industry connections, and faculty research. Schools that earn the designation are also eligible to compete for substantial multiyear education and research grants from the society.

■ **Finley Graves**, dean of the College of Business at the University of North Texas in Denton, has received the 2009 Joseph A. Silvoso Faculty Merit Award from the Federation of Schools of Accountancy. The award is funded by KPMG LLP.

■ **William Ouchi**, the Sanford and Betty Sigoloff Distinguished Professor in Corporate Renewal at the UCLA Anderson School of Management, has been honored by having a school named for him. The Alliance for College-Ready Public Schools, a charter school management organization, has named one of its top high schools after education reformer Ouchi and his wife, Carol. The naming ceremony took place earlier this year in the courtyard of the new William and Carol Ouchi High School, which opened in fall 2009.

■ Programs at three universities have received Leavey Awards for excellence in private enterprise from the Freedoms Foundation, a nonprofit edu-



cational organization based in Valley Forge, Pennsylvania. The **College of Charleston** in South Carolina was honored for its student-managed social enterprises program; **Berry College** in Mount Berry, Georgia, for its student-operated enterprises; and **Babson College** in Babson Park, Massachusetts, for its Foundations for Management and Entrepreneurship course. The awards recognize educators at the elementary, junior

SHORT TAKES

high, high school, and college levels for innovation in teaching entrepreneurship and free enterprise. More information is available at freedomfoundation.org.

■ The University of Pittsburgh's David Berg Center for Ethics and Leadership in Pennsylvania and Beta Alpha Psi, an organization for financial information students and professionals, have named **KPMG LLP** as the first winner of the Financial Stewardship Award. The award is given to a firm that exemplifies high ethical standards in the financial services industry.

COLLABORATIONS

■ **Audencia Nantes'** School of Management in France has announced a host of new partnerships—with schools and with other institutions. Audencia has partnered with the Crédit Agricole bank to launch a new major in risk management. The program will prepare students for the exam held by the Global Association of Risk Professionals, which results in Financial Risk Management certification. Audencia also has joined with two engineering schools—Centrale de Nantes and Ecole des Mines de Nantes—to create Nantes Atlantic Technology, a higher education consortium that marries management and engineering. The participating schools will create bachelor's, MBA, and PhD programs for students who wish to be engineer-managers. In addition, Audencia has strengthened its partnership with the Universidad Diego Portales in Santiago, Chile, to allow student exchanges with that school,

while cementing relationships with Universidad Tecnica Federico Santa Maria in Chile, Wilfrid Laurier University's School of Business and Economics in Canada, and Université Galatasaray in Istanbul.

■ Dixon Hughes PLLC has teamed with the Bryan School of Business at the **University of North Carolina in Greensboro** to support the monthly Triad Business Index. The index, which is produced by the Bryan School's Center for Business and Economic Research, will now be known as the Dixon Hughes Triad Business Index.

■ **ESSEC Business School**, with locations in Paris and Singapore, has announced a double-degree program to be conducted in partnership with the School of Law at **King's College London**. Under the agreement, students from both institutions can pursue a double degree that consists of an advanced master in international business law and management from ESSEC and a master of laws from King's College. The program covers two academic years.

■ **San Diego State University** in California has partnered with the **University of Malta** to offer a collaborative graduate degree program in integrated marketing communications. The one-year program, delivered in Malta, culminates with the awarding of two degrees—a master of science in business administration, marketing, from SDSU; and a master of arts in integrated marketing communications from UofM. Approximately half of the courses are taught by UofM faculty, with the remainder taught by SDSU fac-

ulty who travel to Malta to deliver intensive versions of SDSU courses.

NEW PROGRAMS

■ This year, the Olin Business School at **Washington University** in St. Louis, Missouri, will be expanding its outreach to Kansas City. There, it will hold executive education programs ranging from one-day open-enrollment seminars to an executive MBA degree. The EMBA program will be offered in a weekend format over 20 months.

■ For the 2010–2011 academic year, the **Duke Law School** in Durham, North Carolina, will launch the Law and Entrepreneurship LLM Program. The two-semester, 23-credit program will combine studies of business law, intellectual property



law, and innovation policy with exposure to entrepreneurial companies in nearby Research Triangle Park. The program is aimed at lawyers who are interested in becoming business advisors or top executives. **James Cox**, the Brainerd Currie Professor of Law, will serve as the initial faculty director for the program.

■ This summer, **Thunderbird School of Global Management** in Glendale, Arizona, will offer its inaugural Summer Global Business Institute. The three-week bridge program will help undergraduates prepare for a career in international business by

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immersing them in Thunderbird's curriculum, culture, and campus life. Participants will attend custom courses on global management, global political economy, ethics, and other topics. If participants enroll in any of Thunderbird's full-time degree programs within five years of completing studies, they may apply 50 percent of the program fee to their tuition.

■ The Daniels College of Business at the **University of Denver** in Colorado is offering a one-year MBA program specifically for students

who have recently obtained an undergraduate business degree from an AACSB-accredited business school. The program, which will launch in August, is designed to encourage top undergraduates to move directly to the graduate school track. Students will be able to customize their curricula by choosing concentrations in areas such as marketing, innovation, entrepreneurship, finance, accounting, real estate, and construction management.

■ Beginning in fall of 2010, the **Georgia Southern University** College of Business Administration in Statesboro

will offer a PhD in logistics and supply chain management.

■ **Rollins College's** Crummer Graduate School of Business in Orlando, Florida, will launch the Key Executive MBA (KEMBA), designed for senior executives and business leaders. The team-taught KEMBA program integrates various business disciplines and uses blended and experiential learning to help participants acquire cross-functional problem-solving skills they can use immediately in their jobs. The blended program includes an online component as well as monthly on-campus interactions.

ecch the case for learning

case writing competition

To celebrate their 21st birthday in 2011, ecch's European Case Awards will become a global event and a case writing competition will be launched. Authors are invited to submit entries in 2010.

Each year the executive committee of ecch will identify an emerging 'hot topic' in the classroom, which for 2011 is 'Renewable and sustainable energy, technology and development'.

The second new category is 'New case writer' for a first teaching case.

Submissions are invited before **30 September 2010**. For details visit www.ecch.com/casecompetition

Come and see us at the AACSB International Conference and Annual Meeting, 18-20 April 2010 (booth 112).

GRANTS AND DONATIONS

■ The Kelley School of Business at **Indiana University** in Bloomington has received \$1 million from 3M Corp. and its foundation for a new professional sales and communications lab for students. It is the first major corporate gift toward a \$60 million capital campaign that will transform the school's facilities for undergraduate students.

■ The Tuck School of Business at **Dartmouth College** in Hanover, New Hampshire, has received a \$2.5 million gift from alum Zdeněk Bakala to endow the new Bakala Professor of Management faculty chair. Bakala is a member of the finance community in the Czech Republic.

■ The Neeley School of Business at **Texas Christian University** in Fort Worth, Texas, has established the Barry Family Entrepreneur-in-Residence position to support



programs at the Neeley Entrepreneurship Center and the TCU Energy Institute. Funded by a \$1.5 million commitment from Barry and Antoinette Davis, the entrepreneur-in-residence post will be held by **Brad Hancock**, director of the Neeley Entrepreneurship Center.

- A gift from alum Ken Goodman will launch the new Goodman Leadership Center at the Whitman School of Management at **Syracuse University** in New York. The center will support academic research, including the Goodman Professorship. It also will be used to help develop a certificate program in leadership and send Whitman students to leadership conferences.

OTHER NEWS

- **Grenoble Ecole de Management** in France has become an affiliate school and member of the Microeconomics of Competitiveness network, a course developed by Harvard Business School's Michael E. Porter. Grenoble Ecole de Management has set up a lab center for strategy and competitiveness where it can deliver the competitiveness course, which explores economic development from a bottom-up, microeconomic perspective. 



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Reshaping Business

by Tricia Bisoux

The term “management guru” may suit Peter Senge, a senior lecturer at the Massachusetts Institute of Technology in Cambridge, more than it suits many other top thinkers in business. Senge’s work at the Society for Organizational Learning, a community he founded at MIT, takes on both practical and philosophical overtones and focuses on a singular goal: to help businesspeople fulfill their individual and collective potential to accomplish great things.

Senge took an unconventional educational path to business—he earned his bachelor’s degree in aerospace engineering from Stanford University in California and a master’s degree in social systems modeling from MIT. His study of philosophy also inspired him to develop the concept of systems thinking, considered seminal by business leaders and academics alike. The model, which emphasizes “the learning organization,” takes center stage in Senge’s book, *The Fifth Discipline: The Art and Practice of the Learning Organization*. In the book, he views the organization as an integrated whole of individuals who, as they learn and work together, are greater than the sum of their parts.

Peter Senge hopes to redefine what it means to be successful in business—and wants business schools to do the same.



“If you ask people what their work environments are like, most would say that their company cultures have become even more stressful, more competitive, and less collaborative.”

Senge also worked with Bryan Smith, Sara Schley, Nina Kruschwitz, and Joe Laur to write *The Necessary Revolution: How Individuals and Organizations Are Working Together to Create a Sustainable World*. In *Revolution*, Senge and his co-authors apply systems thinking to a model of problem solving and collaboration, which brings together diverse individuals to create, promote, and implement sustainable business practices.

It has never been more important for businesses to adopt such a model or for business schools to integrate it into their curricula, Senge emphasizes. Business is reaching a critical point in its history, when leaders must choose between focusing on short-term gains and localized concerns and emphasizing the long-term success of the larger community. The former option may look better on quarterly reports, he says, but the latter is the only way to secure the future for an organization and its stakeholders.

The Fifth Discipline was first published in 1990. Since then, do you think that forces such as globalization and collaborative technologies have brought companies closer to the model of the learning organization that you highlight in the book?

Some organizations have been shaped a great deal by technology and the global environment, becoming more collaborative, less hierarchical, and more network-based.

But if you ask people what their work environments are like, most would say that their company cultures have become even more stressful, more competitive, and less collaborative, and that they have no time for reflection. For the most part, business is still very reactive. Additionally, capital markets have placed more pressure on businesses to achieve short-term financial performance.

On top of that, we've got the effects of the corporate rewards system—executives obsessing about the value of their options, the extreme distortion of pay scales. Twenty years ago, people would view today's ratio of CEO pay-to-frontline pay as a disaster for the organization, destructive to any sense of collaboration.

What kind of force would inspire more companies to adopt systems thinking?

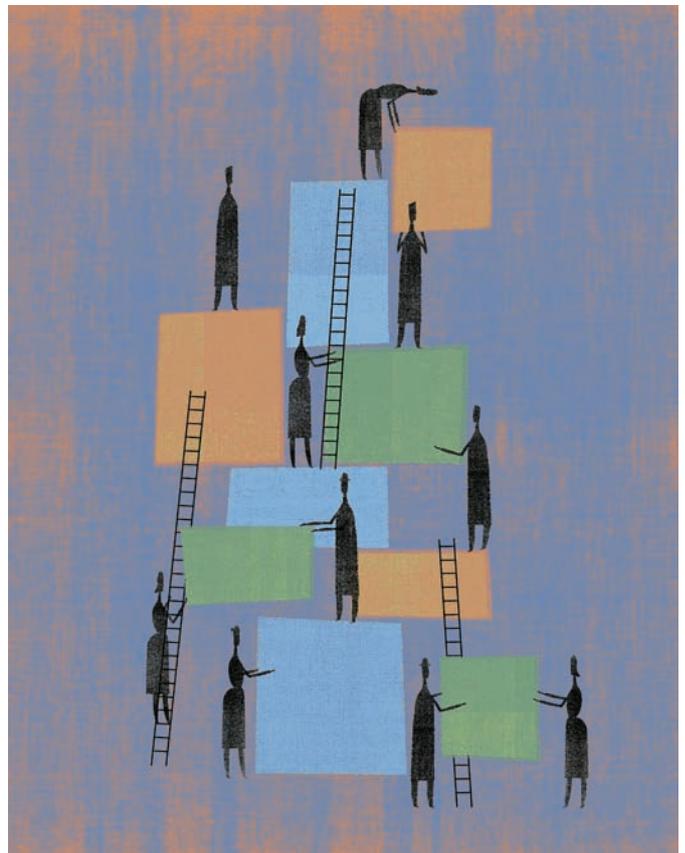
At the Society for Organizational Learning, we've always stressed that there are no quick fixes. This work is really about building a learning-oriented culture. That only happens when there are enough people who are genuinely committed to learning, accepting their own fallibility, being open, and seeing how they're part of the problem. This is

what it takes for people to become great leaders—and by leaders, I mean people who are helping create a different culture, regardless of their positions.

What are some examples of the best learning organizations today, which you think could best inform the business curriculum?

Actually, our work has been less focused on individual firms and more on value chains. We're looking at industries where there's a growing consensus that the basic business model is failing.

The most prominent example of this is the food industry, where there's a growing consensus that global agriculture is a disaster environmentally, socially, and economically. In the industrial age, the world has lost half its topsoil, and nature does not regenerate topsoil quickly. The global food system also is arguably the greatest cause of poverty in the world. Thirty million to 50 million people a year migrate from rural to urban environments to live in slums and shanty towns, as the globalization of commodity markets results in relent-



JIM FRAZIER/GETTY IMAGES

lessly falling prices, the collapse of farmers' incomes, and the destruction of rural economies. Enough companies in the food industry are looking at the entire value chain and realizing that if they can't create healthy farming communities, they won't have a business in 20 years.

Are other industries following suit?

The apparel industry is getting there, by eliminating sweatshops and placing more emphasis on labor rights and community investments. The coffee industry started the Fair Trade movement years ago, when the average price of coffee was well below the cost of growing the coffee. That's not a very good formula for coffee growers around the world. Companies like Starbucks, and even mainstream companies like Nestlé, have embraced principles of Fair Trade because they realize that if they force coffee growers out of business, they destroy their own businesses.

That said, there are only a few industries with that kind of critical mass; it's definitely not universal. The financial services industry is among the worst. But more and more, there are industries embracing extraordinary innovation in managing the entire value chain.



JIM FRAZIER/CORBIS

Do you think that business schools should orient their own operations around the idea of the “learning organization,” to model that approach for students?

Absolutely. But the problem is that business schools are still in a pre-professional stage. They're not yet professional schools, where the majority of faculty are advanced practitioners. In schools of architecture, the majority of faculty are accomplished architects; in schools of medicine, the majority of faculty are experienced physicians. But in business schools, the majority of faculty are experts in finance or operations or marketing, but they're not master practitioners of management. Most have never managed anything. They develop theories about business, but those theories are disconnected from practice.

The consequence of this situation is that most accomplished managers are successful because they had natural gifts and good mentoring. An MBA is rarely critical to helping someone become a master practitioner of management.

What do you think it will take for business schools to move from the pre-professional stage to the professional stage?

There's no substitute for time. We need time to develop something analogous to clinical research in management, where there is rigor in testing out ideas, tools, and methods in practice. It takes centuries to develop a profession that possesses a well-developed, integrated body of theory and practice.

But is anyone even working on it? I'm pretty critical of MBA programs, because I think they form an oligopolistic market that's contrary to innovation. Professors earn their tenure through processes that have little to do with their proficiency as managers, and no one thinks that's even an issue!

Very few business schools lose money on their MBA and executive programs, and the more prestigious these schools are, the greater lock they have on the market, and the less incentive they have to change. Right now, business schools have very little competition, but I think competition will come along.

In what form?

One great example of radical innovation in management education is Team Academy in Finland, where students learn business by forming teams that actually start and grow businesses. There's no faculty—instead, the school draws from a network of 1,000 practicing and retired businesspeople who mentor the students.

“Business is really an art form. At its best, it’s the artistry of how people create things together.”

Some of these businesses continue; some of them don’t. But that’s beside the point. Doctors, architects, and lawyers don’t learn medicine by sitting in lectures. They learn by progressing through practice-based experiential learning opportunities. For students to learn to become businesspeople, they have to run businesses.



Most schools involve at least some students in real-world corporate consulting projects. Is that a move in the right direction?

Perhaps, but consulting is different than managing. Case-based education is great for training consultants, but it doesn’t necessarily develop managers. As consultants, students learn how to diagnose problems from a distance, give people advice, and walk away. But they don’t necessarily learn how to get people working together to accomplish things.

Learning and continuous improvement are about trying out new ideas, repeating cycles of experimentation, and coping with less than successful results. That’s not a consulting process; it’s a living process.

You seem very passionate about business. Do you think many business students come to school with that kind of passion for the discipline?

No, and that’s a real problem. Many people go into business to make money. As business students, they’re taught that the purpose of the business is to maximize the return on invested capital, which I think is total nonsense. Even worse, this approach creates a vicious cycle: When the business curriculum communicates this idea, it creates a selection bias that attracts students who hold that vision of business in the first place.

Years ago, during the dot-com bubble, C.K. Prahalad moved from the University of Michigan to the West Coast because he wanted to be in the middle of the entrepreneurial environment. I asked him then whether he believed entrepreneurs there were motivated by the opportunity to make money. He responded, “Oh, I think that’s absolutely true—for all the mediocre entrepreneurs.”

Great entrepreneurs are motivated by a desire to change the world. If they’re good at what they do, they’ll make money. But it’s more important that they have something they’re pas-

sionate about. If business schools continue to reinforce the idea that the purpose of business is to make money, we doom ourselves to mediocre businesses.

What do you think is the best way to view business?

Business is really an art form. At its best, it’s the artistry of how people create things together. As a collective creative process, business is not that different from theater troupes or dance troupes or music ensembles or movie productions. Business leaders have to deal with so many people who all

have different egos and mental models. But when we create synergy among them all, we can accomplish something no one’s ever done before.

Years ago, Peter Drucker said that organizations exist so that people can do together what they can’t do by themselves. It’s so simple. Drucker also said that many businesses have no idea what they’re here to do; they have no idea of their larger purpose. In the end, business is about meeting social needs. Making money is the byproduct of that purpose.

Is it purpose enough for businesses simply to meet a market demand?

Some businesses operate with the idea that they’ll sell whatever people want to buy, but I think that approach is distorted. If your business is selling junk food or cigarettes, is it your business’s social purpose to cause people to be unhealthy or addicted? Business leaders really have to think more deeply about these types of questions.

There is a great book by Arie de Geus called *The Living Company*, which is a study of companies more than 200 years old. He found that all of them had the capacity to keep questioning whether they were really meeting social needs. Without that capacity, they lost their bearings.

What should business schools be doing to help businesses become true learning organizations?

Business schools should be asking themselves, “What’s our vision of the business of the future? How is our institution contributing to social needs?” The world cannot continue the way it is now, with so many problems related to food, water, energy, waste, toxicity, and the gap between rich and poor. Business schools need to develop a vision of an alternative type of business that can help solve those kinds of problems. 

The Connected Capitalists

by Tricia Bisoux

“The purpose of the corporation is to maximize shareholder value.”

“The purpose of the corporation is to serve society.”

Ask members of the business community which statement they believe to be most true, and they’re likely to fall solidly in one of the two camps. The profit maximizers think the society servers are unrealistic; the society servers think the profit maximizers are unsympathetic. Both sides argue fervently about business’s *raison d’être*; neither is likely to change its mind.

But what if their points of view aren’t mutually exclusive? What if today’s increasingly volatile and interconnected business environment requires that these views become one and the same?

That’s the basis of an emerging concept called “connected capitalism,” a departure from traditional views of business. Fervently promoted by E. Neville Isdell, former CEO of The Coca-Cola Company, connected capitalism does not view “doing good” and “maximizing profits” separately. Instead, it holds that businesses *must* do good *in order to* maximize shareholder value, operate successfully in global markets, and secure long-term business interests.

Increased government regulation, turbulent economic climates, and a greater emphasis on sustainability are compelling many business leaders to view capitalism in a different light.



“The statement ‘The purpose of business is to maximize profit’ is true, as long as we add to it, ‘over the long term,’” explains Isdell. “Once we add ‘over the long term,’ we must look more closely at the issues that society faces. We must start talking about business as a force for good.”

Last September, Isdell and 19 other executives attended the inaugural meeting of the Global Business Leaders Forum at Georgia State University in Atlanta to discuss the implications that connected capitalism will have on their organizations, which represent for-profit, nonprofit, and public sectors. Arranged by GSU’s Robinson College of Business, the forum’s mission is to shape this new form of capitalism to reflect the complex environment in which business now operates.

BizEd spoke with six leaders who are members of the forum. Here, they share concerns about the evolving economic and regulatory climate and the new demands it promises to place on business. They include **Isdell**; **David Abney**, COO of the **United Parcel Service**, based in Atlanta, Georgia; **Lee Thomas**, CEO of forestry products company **Rayonier**, based in Jacksonville, Florida; **Jeffrey Bowman**, CEO of claims management firm **Crawford & Company**, based in Atlanta; **Carter Roberts**, CEO of the nonprofit **World Wildlife Fund**, based in Washington, D.C.; and U.S. Senator **Johnny Isakson** of Georgia.

They emphasize that business needs to make stronger



“By devoting more time to multidisciplinary issues like the environment, business schools will improve what they teach about government and NGOs by necessity. The real breakthroughs will occur as partnerships between those sectors strengthen. Many business schools have expressed interest in moving in that direction, but we still have a way to go.”

—Carter Roberts, CEO of the World Wildlife Fund

connections to community, understand the needs of government, and adopt multidisciplinary approaches. By adding these competencies to the core business curriculum, they say, business schools will teach in ways that acknowledge the more nuanced, long-term, and wide-reaching factors that will create shareholder value in the 21st century.

Line-of-Sight Connectivity

For too long, businesses have worked to maximize shareholder profits using

only short-term strategies, says Isdell. These strategies may have worked in the past, when markets were more local and less affected by looming social issues. But today, he says, the same rules no longer apply.

He points to the speed of trading itself: Many investors own shares in a given company for only microseconds. Isdell wonders why companies should allow these “shareholders”—and the analysts who give them credence—to influence business decisions, when it’s clear they are not interested in the life of the corporation over the long term.

For instance, short-term shareholders may refuse to support the costs of investing in clean technologies, preferring the quick return on existing methods. But businesses that don’t invest in clean technologies will find themselves behind the curve when regulatory standards change, Isdell says.

However, a company is working in its shareholders’ best interests when it adopts clean technology *before* regulations force the issue. In general, when a company addresses the social problems that threaten its longevity the most, it adopts a strategy that Isdell calls “line-of-sight connectivity.”

Coca-Cola’s No. 1 priority, for example, is not funding the arts or supporting education—it’s preserving and creating access to clean water. “It’s quite nice if Coca-Cola funds museums, but that’s *philanthropy*, which doesn’t connect to the core impact of the business,” he says. “On the other hand, clean water is fundamental to Coca-Cola’s survival. If it doesn’t develop technologies to save water—if it’s not staying involved in that debate—then it’s not protecting its shareholders’ investment.”

Sustainability as Strategy

It has always been important for a business to be respected if it’s to be successful. But companies today operate at a time



“I would like to see business schools adopt a holistic approach to teaching. Yes, they absolutely need to teach the technical elements. But schools also have to look at business’s broader responsibilities, at the role business plays in society. It’s not about philanthropy; it’s about good business practices. Companies that are well-connected to and highly regarded within the community also tend to have high market share and highly motivated employees. It’s actually embarrassing because it’s such a simple equation—why haven’t we done it before?”

—E. Neville Isdell, former CEO of The Coca-Cola Company



ADAM NIKIEWICZ/CORBIS

when the public's trust in business is sinking. A look at *Barron's*'s 2010 ranking of the world's most respected companies tells the story. Banks have fallen from grace, and even a Wall Street favorite like GE has stumbled. Meanwhile, companies like Apple, Johnson & Johnson, and Berkshire Hathaway maintain high esteem among investors.

Abney of UPS cites the 2009 Edelman Trust Barometer, which surveyed more than 4,400 respondents from 20 different countries. Sixty percent said they trusted business less than they did in 2008. "Warren Buffet has said that leaders need three qualities: integrity, intelligence, and energy," says Abney. "But if you don't have the first, the other two can kill your business."

The way to restore the public's trust in business—and reinforce the integrity of business leaders—is for companies to adopt line-of-sight connectivity to their communities, Abney says. When companies use their particular expertise and tap the volunteerism of their employees to help solve problems, they simultaneously earn respect and strengthen their business models.

UPS, for example, has one of the largest fleets of aircraft in the world and one of the industry's largest fleets of

alternative-energy vehicles. For that reason, the company places special emphasis on decreasing its environmental footprint: It aims to reduce its airline's carbon emissions by 20 percent by 2020. Its engineers also have developed software that provides routes for its drivers that rely on right-hand turns whenever possible, to reduce the fuel consumed as drivers wait to make left turns into traffic.

By leveraging sustainability practices into sound business approaches, UPS supports its mission and serves its stakeholders, says Abney. Its service to society is an added benefit. "It's not just right for society," he says. "It's right for the business."

The Ramifications of Regulation

The world's governments are going to become much more involved in business activity in the coming years. All of these executives expect that their organizations will have to cope with tighter regulatory environments, which will affect everything from the way they report financials, to the amount of carbon emissions they produce, to the laws they must obey.

Abney is most concerned with an increase in protectionist policies proposed by many of the world's governments. He cites a World Bank study that reports that 78 protectionist trade measures have been proposed or implemented since the beginning of the financial crisis. Of those, 66 were trade restrictions. "The rise in protectionist policies is a very important issue," says Abney. "We must promote the message that global trade has the power to create economic benefits around the globe."

Senator Isakson agrees that business cannot be passive in the face of government policy—it must get involved. And to get involved, business leaders must understand the workings



"Connected capitalism is important to UPS because it's the right thing to do, and it's right for the business. We're reducing our environmental footprint—we have the industry's largest alternative vehicle fleet right now. We have an aggressive goal to reduce our airline carbon emissions 20 percent by 2020.

Business schools, too, will have to focus on sustainability, because students will be dealing with that issue throughout their careers."

—David Abney, COO of UPS

of government. For too long, business has reacted to government policy after the fact, but has not worked with government to help form it, says Isakson.

He points to the Sarbanes-Oxley Act of 2002. "In response to Enron and MCI Worldcom, the U.S. Congress passed Sarbanes-Oxley, which forced tremendous accountability and cost on the business community," he says. While the law was passed for justifiable reasons, Isakson believes that it may have placed *too* many restrictions and demands on companies. "The business community said nothing out of fear of being associated with the likes of Ken Lay and Jeffrey Skilling," he says. "When business is not engaged with the political body, there will be overreach."

It is unfortunate that business and government have long

acted as adversaries rather than allies, says Thomas of Rayonier. "People in business often have negative opinions of regulatory agencies, and people in regulatory agencies often have negative opinions about business. Neither side understands the other very well," he says.

Thomas knows how important it can be for business leaders to understand the needs of government—he was a public servant for 20 years before moving into the private sector. He started with county and state government in South Carolina. He then went to Washington, D.C., to work for eight years under the Reagan Administration, serving first as the executive deputy director of the Federal Emergency Management Agency and next as the head of the Environmental Protection Agency.

A Forum for Discussion

As part of its "second-century initiatives," which outline its objectives for its second 100 years in operation, Georgia State University's Robinson College of Business in Atlanta has established the Global Business Leaders Forum. The forum has one very ambitious purpose—to bring together leaders from the public and private sectors to discuss the potential for "connected capitalism," a model in which businesses each address the social causes that most directly affect their long-term profitability.

At the forum's initial meeting in September, participants engaged in frank discussion about the importance of connected capitalism in today's busi-



H. Fenwick Huss, dean of the Robinson School

ness environment, as well as ways that its concepts can be integrated into traditional business models, says H. Fenwick Huss, dean of the Robinson College. At its second meeting,

in April, the forum worked to establish steps that businesses can take individually and collectively to move this new model forward.

Robinson initially invited leaders from Atlanta and

the surrounding region to gauge the business community's interest in connected capitalism. So far, interest has been high, says Huss. As a result, the college plans to broaden its outreach, first to executives in the Southeastern United States, and then to those across the nation and around the world.

"These executives realize just how much the business environment has changed, not just because of the financial meltdown and recession, but because of the general expectations now placed on business," says Huss. "There is a growing realization that they must respond proactively, rather than reactively, to these changes. They have to get out in front of the



“We are seeing a different approach to capitalism in terms of developing strategy. As a result of the recession, we’re going to see government and business link up in ways we’ve never seen before. The resulting regulation is going to be tougher on everybody.

We must make more of a collaborative effort to create partnerships between government, business, and the public.”

—Jeff Bowman, CEO of Crawford & Company

broader range of issues that society is facing.”

The forum was formed as an intersection between for-profit, non-profit, and government sectors. This intersection also reflects a new role for business schools—to design curricula and develop best practices that link these sectors more directly, says Huss.

How business interacts with society is fundamentally changing, says Huss. He points out that, years ago, business textbooks once referred to the political, cultural, and social contexts in which business operated as the “remote environment.” Conventional wisdom held that while this remote environment

affected business decisions, business could not affect it in any significant way.

That mindset has changed dramatically. Participants at the forum’s September meeting agreed that business has the power—and even the obligation to its stakeholders—to shape its environment in very positive ways, Huss says.

“We must help students learn how to operate in this new reality, where connecting business to community is more important than it’s ever been,” he emphasizes. “We also must make sure that our programs not only reflect what’s happening in the business world, but also contribute to it.”

Now as the CEO of Rayonier—which owns, leases, or manages 2.6 million acres of timberland in the United States and New Zealand—Thomas must understand the regulatory environment and stay in close contact with those agencies that most affect his business.

“We somehow have this view that government experience does not equate to business experience. We do not have a revolving door between the two,” says Thomas. “More businesspeople need to work in government and more government people need to work in business. But that’s not a model we currently follow in this country.”

Bowman of Crawford & Company agrees. “As a result of the recession, we’re going to see government and business link up in ways we’ve never seen before. The resulting regulation is going to be tougher on everybody. We must make more of a collaborative effort to create partnerships between government, business, and the public.”

The Multigenerational Workplace

At Crawford & Company, the recession has had expected effects on its claims management business—Chapter 11 bankruptcies are up because of the increase in business failures, while traffic-related insurance claims are down because people aren’t driving as much. But the recession has caused a change in corporate climate that Bowman believes will have lasting implications after the recession has ended. With the value of retirement portfolios down, baby boomers aren’t retiring as expected. That means that boomers, Gen X, Gen Y, and the Millennials must learn to work together effectively.

More important, business leaders must learn to manage generations with drastically different expectations. The boomers may be satisfied with traditional corporate cultures, but the younger generation is looking for more excitement and fulfillment from their jobs, Bowman says. “This generation is used to playing war games in a technology cloud. And we’re going to put them in boring jobs? That’s not going to work in the future. We’ll have to make changes in how we employ people and how we get different generations to work with each other.”

Not only does Bowman foresee that businesses will create different work environments, he expects them to begin employing collaborative technologies, such as social networking, to facilitate interactions among disparate groups and generations. “The boundaries of what and how people think are drastically different than they were in the past,” he says. “In the future, corporations will have to be more connected to our employees, our clients, and the community.”

The Bigger Picture

The phrase “climate change” may be used to refer to global warming, but it has another association for these leaders. As the needs of the natural world and business become more interconnected, the social and political climate for business is changing as well. Companies are having to take bigger transactions into account on their balance sheets than just their quarterly numbers, says Roberts of the WWF.

The world is now facing what Roberts calls the “basic math of the planet.” The United Nations



“The role of business is to maximize shareholder return, but that shouldn’t be just for the next quarter. If a company doesn’t have satisfied employees, it won’t have a productive operation or quality products.

If it doesn’t have satisfied customers, it won’t be able to sell its product or service for a good price. If it doesn’t earn the support of its community, it won’t be able to operate for the long term. Business leaders must think about all four of those areas—shareholders, employees, customers, and community—and how they interact. If a company thinks only for the short term, shareholders might be satisfied for one, two, or even three quarters. But if it doesn’t take care of the other three types of stakeholders, eventually the value of the company will erode, and the shareholders will lose.”

—Lee Thomas, CEO of Rayonier

estimates that the world’s population will increase to 9 billion people by 2050—and most of those people will want to live and consume according to a Western lifestyle. Few businesses will survive by following the current status quo. Businesses may not think that “saving the world” is their responsibility, but it is becoming a business necessity, says Roberts. And 2050 isn’t as far in the future as it may sound.

“The planet’s resources will not be able to meet our needs unless we change the way we grow, source, and buy raw materials like timber, minerals, and other commodities,” he says. “It is imperative

The Connected Curriculum

If capitalism is changing to interact more with government and take a greater role in social challenges, what does it mean for the traditional business curriculum? The six executives interviewed here believe that changes may be warranted.

E. Neville Isdell has encouraged executives and academics alike to discuss the demands of today’s business climate in more detail and produce a meaningful and concrete model that businesses can use going forward. “Our discussion leads to other questions,” he says. “For instance, have business schools been teaching the right things? I think

the answer is that short-term metrics have been overemphasized in the curriculum.”

He and the other executives have outlined the skills they’ll value most from their workforce and six ways business schools might integrate them into their programs:

1. Go public. Ideally, business schools would work closely with schools of public policy to expose students to both sides of the public-private dichotomy. “It’s not our job to evade the laws,” says Lee Thomas of Rayonier. “It’s our job to develop a better understanding of the laws and work with

regulators to develop and apply those laws most efficiently to industry.”

2. Emphasize the environment. Business schools should integrate environmental challenges more liberally throughout their curricula, says Carter Roberts of the World Wildlife Fund. “By devoting more time to multidisciplinary issues like the environment, business schools will, by necessity, improve what they teach about government and NGOs,” says Roberts. “The real breakthroughs will occur as partnerships between those sectors strengthen.”

3. Leverage social networks. Jeff Bowman of Crawford & Company believes that social networking and similar technologies will be critical when it comes to creating more collaborative and cohesive workplace environments. Those are tools that he thinks business students should learn to use effectively to promote and support organizational strategy.

4. Redefine shareholder interests. Companies need the help of business schools to help them educate students—and the public—that a company’s

The purpose of business is to maximize shareholder value. But the definition of ‘shareholder value’ may now encompass a broader set of factors than traditional capitalist views take into account.

that businesses find ways to design and source products so that they use less land, energy, and water.”

For UPS, “climate change” isn’t just about carbon emissions. It’s also about realizing that issues in one part of the world can directly affect businesses in another. For business leaders, global understanding is more than cultural sensitivity—it also must take into account how the realities on the ground in markets around the globe must influence the decisions they make.

“People often come to us with the belief that, ‘If it works in New York, it will work in Mumbai.’ But that’s just not the case. They often lack understanding of what’s happening in the rest of the world,” says Abney. “One of the things that we think makes a difference, believe it or not, is whether graduates have passports when they enter the business world. When they’ve taken part in an exchange program and spent a quarter or a year abroad, they have experience that is incredibly valuable in the global economy.”

success depends on long-term strategy and foresight, not short-term movements in stock price, says Thomas. “If business schools develop that broader view of the dynamics of the global marketplace and how business must operate within it, they’ll be sending us much more well-rounded employees.”

5. Focus on global complexities. Business programs should make travel, language study, and cross-cultural networking top priorities, says David Abney of UPS. “Foreign language is an

advantage—I tell young people that Mandarin would be my first choice,” he adds. “Students really need to understand the differences they’ll face in different countries.”

6. Teach line-of-sight sustainability. Adopting sustainable business practices for their own sake is not good business strategy, says Isdell. However, he adds, sustainability strategies that connect directly to an organization’s long-term interests make solid business sense and should be an integral part of the business curriculum.



“It’s critical that the next generation of business leaders be trained to understand the effects that government policies, rules, and laws can have on business. I try to tell the business community that the consequences of legislation are more far-reaching than just taxes. They can affect the cost of doing business, the way of doing business. Business is better off helping to develop the law, rather than reacting to laws after they’re passed.”

—U.S. Senator Johnny Isakson, R-Georgia

What Defines ‘Shareholder Value’?

Although connected capitalism may mean different things to different companies, these executives believe they have settled the debate about whether business should maximize profit or serve society. They agree: The purpose of business is to maximize shareholder value. That concept has always been a fundamental tenet of capitalism. But they also agree that the definition of “shareholder value” may now encompass a much broader set of factors than traditional capitalist views take into account.

For Thomas of Rayonier, maximizing value for shareholders requires attending to the needs of three other stakeholders as well: employees, customers, and communities.

“Our customers deserve good service and quality products. Our employees deserve a gainful place to work and fair compensation. Our communities expect us to operate responsibly—my company uses the water, land, and air, but those don’t belong to us. The community permits us to use them,” Thomas says.

Is the traditional model of capitalism inherently flawed? No, say these leaders. But they stress that capitalism must grow and change with the business environment. Connected capitalism could be the next incarnation. It’s a model that they believe will help them keep their businesses relevant to society, protect their profits by preserving resources, and attract the best and brightest employees who want careers that coincide with their consciences. With that in mind, connected capitalists aren’t just maximizing shareholders’ long-term returns. They also might be saving the communities that make their businesses possible. **Z**

Transforming the Business School

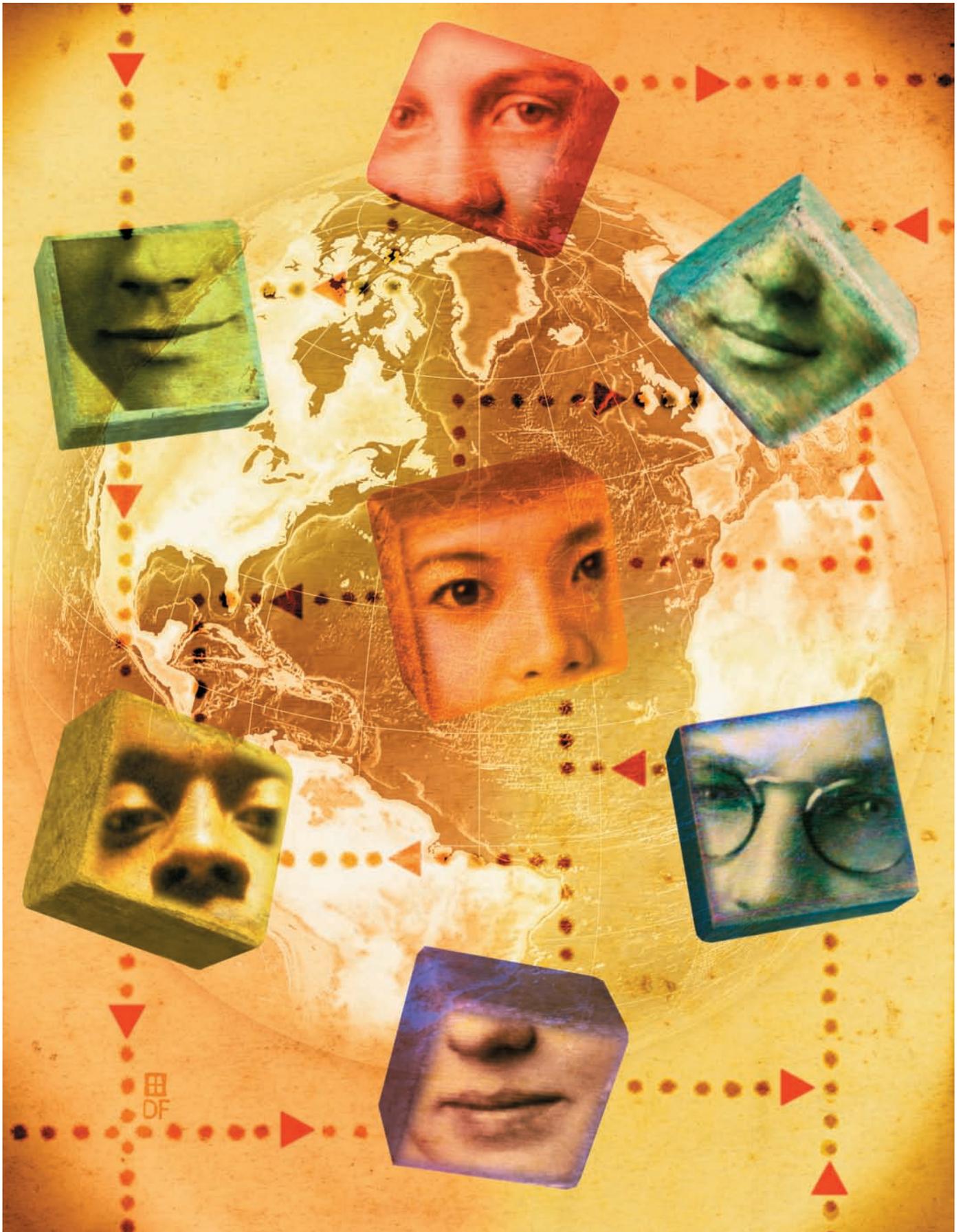
by Frank Horwitz

In the aftermath of the financial crisis and corporate scandals, business educators are asking some difficult questions: Do our curricula reinforce, or even encourage, models of organizational behavior that are actually inimical to business today? Do our programs fail to reflect how future managers lead people to achieve high performance and embrace ethical conduct? What skill sets should we emphasize to produce the next generation of business leaders?

To answer these questions, we must acknowledge the rise of the “next-generation enterprise,” a term coined by Tamara Erickson, an expert on changing trends in the workplace.

Successful next-generation firms will be collaborative and interconnected, forming partnerships and multiple-location virtual teams to stay informed. They’ll be responsive, strategic, opportunistic, and experimental to manage complex global markets. These agile, amoeba-like organizations will be flexible, enabling employees to work from any location at any time.

Seven key skill sets will equip future leaders to manage people and build value within next-generation enterprises.



If we teach our ‘hard’ subjects thoughtfully and contextually, we can infuse them with the soft-skill complexities involved in managing people effectively.

How should our teaching address the challenges of leading these next-generation organizations? Because these firms will emphasize organizational transformation over individual transformation, so, too, should the business curriculum. Within courses such as organizational behavior, leadership, human resource management (HRM), change management, and business strategy, we should focus on seven key issues that will be crucial for future executives, so they can better position themselves within the next-generation enterprise.

Seven ‘Soft’ Questions

Within this new organizational model, soft skills are critical—and they’re often the most difficult to teach. Most problems we present in “hard” quantitative subjects such as finance and accounting have clear solutions. But those in our “soft” subjects, such as ethics, present no formulaic answers—only multiple viewpoints, potential conflicts of interest, and sometimes even more questions.

But if we teach our “hard” subjects thoughtfully and contextually, we can infuse them with the soft-skill complexities involved in managing people effectively. If we change the type of questions we ask in the classroom, we can introduce students to seven challenges they’ll face in the next-generation enterprise:

1. Differentiation. How an organization attracts, motivates, and retains people is critical. In the classroom, we must discuss how a company creates a unique HR value proposition to make its employer brand more attractive and competitive than other firms in its sector.

Hard-skills question: How does a company promote its values within its culture?

Soft-skills question: How can a corporate culture help a company create sustainable value?

2. Strategic readiness. This is a feature of the new firm that I describe as “future agile.” It emphasizes long-term, ongoing review and realignment of strategy. Future-agile managers no longer rely on five-year strategic plans that are reviewed only intermittently—or, worse, only near the end

of the forecasted period. Instead, they must be prepared for the long term by learning new organizational designs and developing stronger links between employee engagement, customer satisfaction, and organizational performance.

Our courses in marketing and customer service, leadership and organizational behavior, business strategy, and HRM should include a prominent discussion of these links.

Hard-skills question: What procedures should managers use to maintain the corporation?

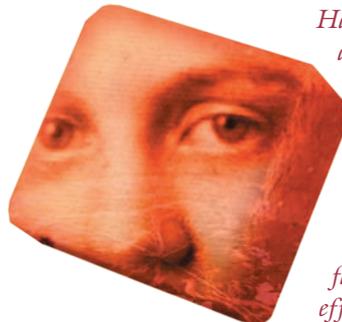
Soft-skills question: How can managers best align their people, processes, structure, and strategy to maintain and advance the corporation?

3. Entrepreneurship. To cultivate an engaged and productive workforce, next-generation firms will need to create sustainable, long-term employment—rather than succumb to short-term downsizing and cost cutting. That means they’ll also need to foster more flexible and entrepreneurial cultures, where managers can follow multiple career trajectories.

This reality demands that business schools create equally flexible learning environments, where students engage in multifunctional, cross-cultural collaboration and learn to use their talents more flexibly and informally. Such collaboration will help students develop different skill sets, so they’ll be prepared for multiple career trajectories, rather than a single career path.

Hard-skills question: How can an organization improve productivity?

Soft-skills question: How do organizations work across functions to tap diverse talent more flexibly, informally, and cost-effectively?



4. Diversity. Business schools are seeing increasingly diverse cohorts of students from different nationalities, cultures, and business sectors. But organizations still need to improve the diversity of their staffs at the senior executive level.

To help organizations harness the creativity of a multicultural workforce, business schools must train their students in the soft skills of engaging multicultural employees, fostering workplace cooperation, and managing transnational virtual teams.

Hard-skills question: How do managers work within a company's culture?

Soft-skills questions: How can managers transform a company's culture? How do they identify and remove barriers to diversity, while tapping the value diversity provides?

5. Market-driven HR. Companies have traditionally considered their human resources function as an internal, two-way relationship between management and employees. To adopt a more strategic view for employee relations, however, a company should focus employees on the external market—the customer.

Business schools must prepare the next generation of graduates to have a strong external focus so they stay connected to the marketplace. Students will need to know how to help their organizations align their actions with the following areas:

Customer service—how a company attracts, motivates, and retains employees to achieve distinctive service that keeps customers loyal.

Ethical leadership and talent management—how a company adopts innovative management practices during economic downturns to optimize performance and build higher employee commitment, so it is prepared to take advantage of post-recessionary opportunities.

Performance—how a company aligns its reward systems with its values and priorities, so employees remain motivated, flexible, and engaged.

Culture—how a company builds its brand as an “employer of choice” and makes its change management and leadership practices inclusive to encourage employees to embrace the organization’s priorities.

Hard-skills question: How can managers reduce employee turnover?

Soft-skills question: How can managers engage employees to care about the organization's purpose, so that customers will want to buy—and keep buying—the firm's products or services?



6. Knowledge management. This term encompasses more than the use of technology. It also involves how an organization attracts, deploys, and retains intellectual capital—how it taps into the collective memory of its workforce. This is especially important during economic downturns, when too many companies tend to downsize, sending their best talent to their competition.

Business schools must develop managers who know how to reward their employees and retain their common knowledge base.

Hard-skills question: How do managers find the best people?

Soft-skills question: How do managers keep and motivate the best people, even during tough times?



7. International HRM. Because next-generation managers will operate in the global market, they’ll need to consider a host of new issues related to recruiting and deploying expatriate talent. That means IHRM must be an intrinsic part of the international business management curriculum—particularly as emerging markets continue to grow in global importance.

To help managers enhance their IHRM skills, business schools should develop more emerging market case studies, especially those that focus on multinational corporations. Next-generation managers must know how to deal with the complexity, diversity, and transitional nature of these markets—whether they’re competing with emerging market firms or engaging with them in joint ventures.



Financial Times Global Alliance Partners

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

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

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

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IHRM courses should teach managers how to develop criteria for the recruitment, retention, and cultural integration of expatriate employees. For example, they'll need to consider factors such as the family situation of employees, including their spouses' careers, their children's ages, and the levels of cross-cultural adjustment and integration they'll require.



Hard-skills question: How can managers successfully integrate new talent into the organization?

Soft-skills question: How can managers successfully integrate new talent into the organization, as well as into a new country and culture?

New Kind of Value Creation

For the next-generation enterprise, these seven issues will lay the foundation for sustainable value creation. They also present the next-generation business school with several imperatives:

- To create MBA programs designed to help students ask the right questions, so they can better understand the strategic intent of their organizations and the contributions they need to make.

- To develop business leaders with expertise in “people management,” who understand the importance of professional integrity and purpose.

- To teach the “hard stuff”—it does matter—with the “soft stuff” in mind, so that students understand the metrics required to assess past performance, improve future performance, and build value.

- To ask the fundamental question: How will business educators contribute to enhancing the practice of management? Management is about more than implementing policies and systems—it's about contributing economic and social value. It's about creating value through an engaged workforce, long-term strategy, excellent service, and good governance.

The next-generation enterprise needs leaders who are passionate and purposeful—not just visionaries but missionaries. It will be the missionaries who make things happen. Can our business schools make a difference in addressing the imperatives of the next-generation enterprise? I believe we must. 

Frank Horwitz is the director of Cranfield School of Management at Cranfield University in the United Kingdom.

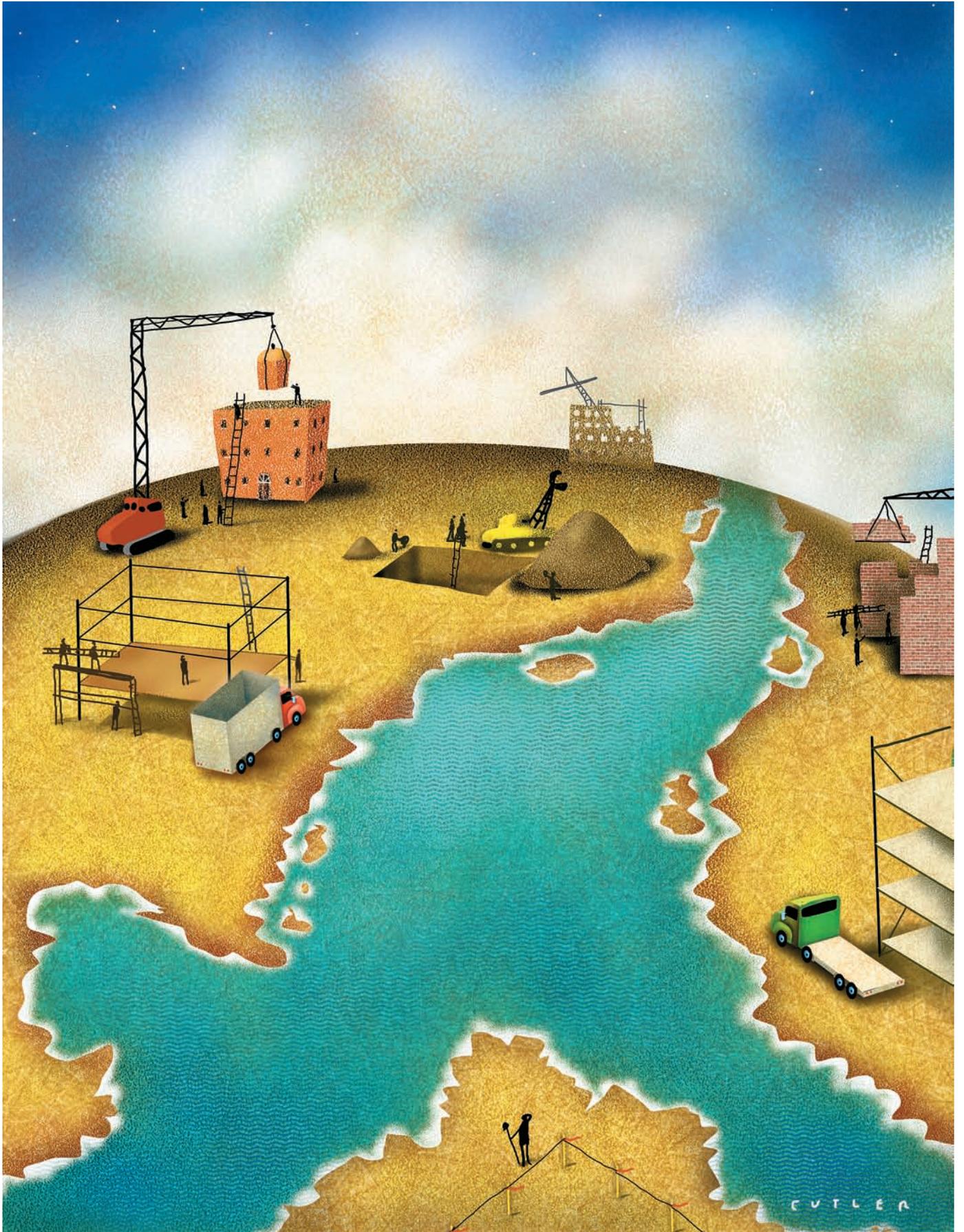
Going Global: What's Next?

by Sharon Shinn

Western business schools have been looking east for at least ten years as they sought ways to expose their students to business in China and other Asian countries. But as the world's economies grow more complicated and interconnected, business schools are searching for ways to give students and faculty more extensive and meaningful experiences overseas. The goal is to make sure tomorrow's business leaders develop a truly global awareness that will see them through careers likely to play out over multiple postings on multiple continents.

To discover how business schools are preparing their students for the next phase of international education, *BizEd* talked to institutions that have had a strong presence in Asia for a considerable period of time. Inevitably, they have changed their programs to meet the changing demands of business. But even more important, they have developed initiatives that will embed these programs more deeply in Asian culture, and they are planning expansions to other parts of the world. As business education becomes more global, representatives from these business schools emphasize that they too have added an element of “more” to everything they do. They're bringing more complexity, more investment, and more sophistication to their curricula—and expect even more to come.

Now that leading business schools have spent more than a decade running programs overseas—particularly in Asia—what knowledge have they gained that will help them fine-tune international education over the next decade?



CUTLER

“It’s critically important that program management itself be a role model of international management.”

—Patrick Moreton, Washington University



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Collaborations are more complex.

Many schools start their overseas ventures by partnering with an Asian university on student and faculty exchanges. Through a partnership, a school can test the waters—learning about the market, meeting potential partners, and introducing faculty to a different country—before putting more complicated plans in motion.

Duke University of Durham, North Carolina, has launched a multifaceted new partnership with Jiao Tong University in Shanghai in which the schools will hire joint faculty, run a joint PhD program, and manage several research centers. The alliance has mutual but very different benefits, says Blair Sheppard, dean of Duke’s Fuqua School of Business: “From Jiao Tong’s standpoint, it will help accelerate its development as a school. From Duke’s standpoint, it will help us understand China.” That knowledge will be exceedingly valuable as Duke constructs its own campus in a suburb outside Shanghai next year.

But Fuqua has decided to look for more than business expertise when it partners with universities overseas. It prefers alliances with schools—such as St. Petersburg’s State University in Russia—that can offer it relationships with colleges of arts and sciences in addition to schools of management. That’s because *intercollegiate* collaborations are proving as important to Duke as *international* ones.

In fact, Duke schools focusing on engineering, policy, law, medicine, and the environment eventually will have their own incubators at Fuqua’s new China campus. Sheppard sees these cross-disciplinary collaborations as essential because of

the growing influence of business on all aspects of society. To solve the world’s current crises such as energy and health, he says, “we will all have to work together.”

No matter what level of involvement two schools have, the partner universities must treat each other with patience, respect, and honesty, says Patrick Moreton of Washington University’s Olin Business School in St. Louis, Missouri. He is associate dean and managing director of the EMBA program the school has run since 2002 with Fudan University in Shanghai. The alliances can be delicate, he says, because cultural differences affect everything from who is admitted to the program to what kind of relationship exists between faculty and students.

“It’s critically important that program management itself be a role model of international management,” says Moreton, who points out that the Olin School essentially rebuilds an international organization every year with an entirely new student body. “If we can overcome challenges and take advantage of opportunities, we are better able to help our students and their companies develop their own solutions.”

More schools are building their own campuses.

Some institutions with a long-time presence in Asia find it’s no longer enough to partner with a local school. They’ve moved to building their own campuses and their own brands overseas.

Duke’s Fuqua School is setting up a permanent base in China, having just signed an agreement to open an ambitious campus in the Shanghai suburb of Kunshan. The 200 acres will include a business school building, an executive conference center, 20 faculty apartments, a 200-room student dorm, and a business incubator. The Kunshan facilities will run programs, such as a pre-experience master’s degree, aimed primarily at a local market. The facilities also will host U.S. students completing overseas modules of international Duke MBA programs.

INSEAD is another school that maintains alliances when they suit its needs, but builds its own campuses in parts of the world where it wants to be more firmly entrenched. Its original campus, located in Fontainebleau, France, was supplemented in 2000 with one in Singapore and in 2007 with one in Abu Dhabi, the United Arab Emirates. “INSEAD wasn’t founded as a French school, but as an international school based in France,” says its dean, J. Frank Brown. “Throughout our history we’ve focused on diversity as a source of learning and enrichment.”

Students who enroll in INSEAD’s ten-month MBA program must complete four months of core courses on one

campus, but after that, they may move freely between locations. Says Brown, “Students don’t enroll at a campus based on what’s convenient logistically. What drives their decisions is the answer to ‘What part of the world don’t I know and what part of the world do I want to get to know?’”

Having permanent campuses in two different corners of the world makes it easier for schools to introduce students to widely different cultures—and to each other, says Eric Morse, dean of programs at the University of Western Ontario’s Ivey School of Business in London and Toronto. Ivey established its own campus in Hong Kong 11 years ago.

“We bring students from Hong Kong to North America for a couple of weeks, and we take our North American EMBA students to China for a couple of weeks. We integrate

them whenever possible during those periods,” he says. Not only do students absorb firsthand information about doing business in each location, they form much bigger and more diverse network that will be more useful when they’re back in the working world.

More sophisticated technology keeps multiple programs connected.

As schools spread out over multiple continents, they must develop ways to stay connected and integrated. INSEAD’s three campuses are designed to function as one unit that happens to exist in three locations.

“Our view is, we don’t have satellite campuses. We have one school and we have one leadership team, so we have to make sure communication links are effective,” says Brown. “The dean of research and the dean of MBA programs are both based in Singapore, and they are responsible for global operations. So we must constantly be aware of what time it is in Abu Dhabi and Singapore in order to schedule meetings so everyone can attend.”

INSEAD relies heavily on video conferencing to accomplish everything from holding faculty meetings to running distributed classrooms. “We have PhD candidates on both our France and Singapore campuses, but we only run one set of classes,” Brown explains. “So, wherever the faculty members are, they use video to reach students on the other campus.”

Duke will also rely on a sophisticated telepresence when its China facilities are up and running in 2011. Certain Duke classrooms will be outfitted with 103-inch screens designed to unite three sites simultaneously—perhaps a speaker in one location and classrooms in two other locations. “The objective is to allow at least three classrooms from around the world to go to school together with phenomenal integrity,” says Sheppard.

Schools rely on technology to handle administrative challenges as well as classroom connections, according to Wash U’s Moreton. “Planning becomes much more important, because your ability to absorb or recover from an unpredicted event can be significantly more limited,” he says. That’s particularly true if the program administrator isn’t always on site. “Learning to get things done through e-mail and telephone calls requires new skills.”

More content is international.

Schools that want to strengthen their overseas presence have found that it’s critical to develop content suited to the classroom in the developing world.



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When Rolling Out an International Program...

1. Start modestly.

Says J. Frank Brown of INSEAD, "During our first years in Singapore, we operated out of a small rented facility, then we built our own campus in two phases. We did the same thing in Abu Dhabi, starting out in a villa that was about 500 square meters. In January, we opened our new facility, a 14-story, 6,000-square-meter building. It's very important to work sequentially and grow into a new program."

2. Foster connections. Says Patrick Moreton of Washington University, "What's most important for an overseas school in China is creating a Western-style network that allows you to call a classmate, former colleague, or corporate client and get help understanding a situation, vetting a supplier, or obtaining a reference on a potential hire. The deeper your expertise network in China is, the better your vision will be when you get started."

3. Establish relations with the local government. Says INSEAD's Brown, "You have to be able to build a relationship with the government so that you know your people will be treated well, the logistics will work, and you'll get the help you need."

Duke's Blair Shep-

pard knows that's true, particularly when it comes to funding an international expansion. Fuqua is absorbing the cost of developing its new programs in China, while the cities of Kunshan and Shanghai will provide the buildings and the land. The school is working with governments in other parts of the world to reach similar cooperative agreements.

4. Be adaptable.

Duke's initial plan was to partner with universities around the world, but in some markets that didn't prove feasible. "It's important to stay committed to the idea, but get creative," says Sheppard.

5. Enjoy the experience. "Developing expertise about doing business in Russia, China, and Europe can be *painful*, because you keep bumping up against doctrine," says Sheppard. "You could say the process is like going to the dentist. But if you keep your eye on how much you're learning, it's pretty cool."

6. Be open. Says Lydia Price of CEIBS, "Be willing to learn as much, or perhaps more, than you teach. Be patient and persistent and tolerant of differences. Give it enough time and, above all, give it your heart."

At Ivey, that task was started long before the opening of its campus in Hong Kong. The school formed an alliance with Beijing's Tsinghua University in the 1980s, and founded its Asian Management Institute in 1997, and both initiatives gave faculty opportunities to create hundreds of Chinese case studies before the school opened the doors at its new facility in Asia. Now, as UWO explores an expansion into India, it has established a joint agreement with the Indian School of Business, and Ivey faculty are beginning to look at case studies that speak to the local Indian market.

The knowledge professors acquire from international research benefits the entire school, Morse says. "We develop domestic faculty members that have a much broader and deeper understanding of the Chinese market, which helps us with our global perspective. Every time I go to Hong Kong to teach, I come back to Canada with something I've learned."

Courses designed for an international classroom can also enrich the curriculum back on the home campus. For instance, in preparation for opening its Kunshan facilities, Duke has been running two relatively new programs in Durham—the Cross Continent MBA and the Global MBA—which both require students to spend time in other parts of the world. Two courses piloted in the Cross Continent MBA prepare students for international immersions. One, a comparative markets and institutions course, examines the differences in regulatory regimes, infrastructures, and financial systems from country to country. The other, a civilizations and leadership course, looks at historical periods in certain countries that have led to the culture as it is today.

Says Sheppard, "We then pose the question, 'What residue do you see and what does that mean for doing business in this country?'" These two courses are having a domino effect on the rest of the curriculum, he says, "because students in other classes are now asking questions such as, 'How would that look in the Chinese banking system?'" The goal is to force us to use those lenses to look at everything we teach."

More classrooms focus on cultural awareness.

In many respects, the curricula taught in overseas classrooms mirror those taught on domestic soil. That's partly because degree programs must be sanctioned through governing bodies back home, partly because faculty teaching in Asia often teach on the home campus as well, and partly because delivery methods are often the same. But in many cases, course content definitely skews toward the specific needs of the Asian student body.

“What you taught on China last year—or even last month—may well not be relevant this year.

—Lydia Price, CEIBS”

An emphasis on Asian content has always been a central component of the programs at the China Europe International Business School (CEIBS), which was launched in Shanghai in 1994 as a joint venture between the European Commission and the Chinese government. CEIBS administrators consider it essential that students understand local knowledge and culture so they can identify topics that get priority among China’s leaders, says Lydia Price, academic director of the MBA program. A course on China HR practices is also crucial, “because employee development and retention are major concerns in our local economy,” she says.

Many schools running programs in Asia put an extra emphasis on teaching teamwork since they expect graduates to be working on diverse international teams. At CEIBS, students go through personality assessments to learn their levels of cultural openness, and then they’re assigned to cross-cultural teams. “They learn that they must get past cultural differences if they are to keep up with the curriculum,” says Price. “Our ultimate goal is to teach students to work together to tackle difficult assignments.”

In the Wash U-Fudan program, students are first put in

teams with other individuals of similar experience; halfway through the program, the teams are re-mixed after faculty survey students to find who wants to work with whom. “This helps students understand the way reputations and networks work. It also creates a feedback loop in which people are rewarded for teamwork through the reputation they build in the first half,” Moreton says.

The program is designed so that executives from leading international companies will learn to “develop talent in a way that allows them to incorporate it into their global businesses,” says Moreton. This means Chinese employees must be able to translate their business knowledge to non-Chinese peers, bosses, and subordinates, while Western executives must learn how to “sort through cultural differences across multiple settings so they can understand the opportunities and challenges that these differences present.”

Faculty are more culturally aware.

Business schools with ties to Asia have learned that any successful international program must feature faculty who have

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“When the Berlin Wall fell, a lot of people expected the world to converge on a single political economy. That didn’t happen.”

—Blair Sheppard, Duke University

developed an international perspective. Professors not only will develop the content to be taught in overseas classrooms, but also will carry that new knowledge back to the home campus, build networks with faculty in other schools, and embody the school’s culture in a new setting.

Moreover, faculty who have developed deep knowledge about another country can ease a school’s transition into a new campus or program, Morse points out. “Any time you want to expand to another part of the world, you need a handful of champions willing to stand up and say, ‘I will help lead this initiative,’” he says.

Consequently, schools have learned to be strategic about how they hire and deploy professors. At CEIBS, faculty maintain a long-term presence in the country, instead of visiting for short-term teaching appointments. This forces them to wrestle daily with differences in cultural communication styles and decision priorities—and then transmit that learning to the classroom.

Staying in-country for the long haul also helps faculty keep up with ever-changing political and economic climates, Price adds. “What you taught on China last year—or even

last month—may well not be relevant this year,” she says. “Faculty members not only must bring a wealth of global experience to the table, but also must be able to relate that to where China is today, and where China has come from.”

INSEAD follows a similar model, keeping faculty in place at its three main locations for long-term assignments. Currently, of its 140 resident faculty members, roughly 90 are in France, 45 are in Singapore, and five are at the new campus in Abu Dhabi. INSEAD offers faculty two-year mission contracts when they go to teach at a new location, says Brown, which helps create “the right opportunities and the right incentives.”

He adds, “It’s important to staff new campuses, at least temporarily, with faculty from existing campuses, because that really gets the culture going in a new location. For instance, the person who is heading the Abu Dhabi campus had significant experience in Singapore and France, which made him a great fit from the standpoint of understanding INSEAD culture.”

At Duke, faculty are encouraged to consider themselves citizens of the world, which might mean owning homes in both countries where they work and teach. For instance, says Sheppard, professors might spend nine months of the year in Shanghai and three months in Durham, “actually being comparative in the way they live their lives. Students in China can ask, ‘What’s really going on in the U.S.?’ If the faculty member spends three months in the U.S., he can answer that question.”

Plans for more expansion continue.

In the past, the very act of setting up a program in Asia marked a business school as international. But many educators believe that’s no longer enough. Even schools with strong presences in Asia believe they must expand to other parts of the world if they are going to prepare their students to operate in a truly global business environment. While CEIBS’ main campus is in Shanghai, it is opening a second campus in Beijing this year. It also operates an EMBA program in Accra, Ghana, offering courses to students from Ghana and Nigeria.

Duke plans to replicate its China template in places like India, the Middle East, Russia, Europe, Latin America, and sub-Saharan Africa. “If you’re located in a single place, it takes over intellectually,” says Sheppard. “The social psychology of a place is compelling.”

Therefore, he considers it nonnegotiable that Duke broaden its reach. “If our job is to represent the world with



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some veracity and to prepare people for that world, then we have to be highly embedded and connected in the places that will change the future,” says Sheppard.

Wash U’s Moreton believes that the CEOs of the future will be required to have a truly global perspective acquired by spending significant time overseas, not merely enduring a single international posting. “Given this trend,” he says, “the top business schools will have to be more global as well, with the ability to create a climate of international awareness in and out of the classroom.” He expects to see top business schools develop more programs that keep faculty and students away from the home campus for months, not weeks. He adds, “Ultimately, the top business schools will need to produce people for whom living abroad is completely natural rather than quirky, because increasingly the best opportunities will be found in global companies in emerging markets.”

As the economies of the world continue to evolve, says

Sheppard, business schools must evolve right alongside them. They must teach students to answer whatever new questions are raised—wherever those questions are raised. “Chinese academics are asking what it means to operate in a post-Maoist Confucian market economy,” says Sheppard. “If you’re going to engage that question, it’s not a bad idea to be in Shanghai.”

He adds, “When the Berlin Wall fell, a lot of people expected the world to converge on a single political economy. That didn’t happen. People discovered that you can have a market-based economy without becoming Anglo-American. Now we have a world that’s politically diverse but highly interdependent economically, and we must ask ourselves, What does a tapestrylike political economy really look like? What are the many forms a market economy can take? I believe you can’t answer those questions from Durham, North Carolina. You’ve got to be in the places that are experimenting with other models.” 



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Targeting the Market

Every business school must develop an identity that differentiates it from competitors, as well as formulate strategies to attract students to its programs. Often, these tasks require the school to run focus groups and administer surveys to discover how the program is perceived and who might be interested in attending it—and who might not—and why.

Two schools find fresh approaches for reaching the students they want.

Recently two very different schools set out to refine their own images and fine-tune their student bases. The College of Business Administration at Florida International University developed a promotion that capitalized on its reputation as a place for mavericks while targeting a young, professional demographic. The Sloan School of Management at Massachusetts Institute of Technology isolated the reasons that its female population was so low and embarked on a comprehensive campaign to sharply increase the numbers of women in its MBA program. Both initiatives succeeded at two levels: They not only drove up student interest, they helped the schools clarify how they wanted to present themselves to the world.





Uncommon Campaign

Florida International University launches a fun branding initiative to reach technologically literate young professionals considering MBAs.

by Luis Casas

Developing a recognizable brand in a crowded, competitive market is a key challenge for business schools everywhere. At the College of Business Administration at Florida International University in Miami, we faced that problem a few years ago as the school strove to differentiate itself from the ten other state universities in Florida, as well as educational institutions in the greater metropolitan area.

FIU has positioned itself as a young, diverse, and growing school that offers great value for the price. These qualities put us in direct contrast to our two key local competitors for MBA students, both private schools. Because we have more than 38,000 students, FIU is Miami's largest institution of higher education—and the College of Business Administration is FIU's largest professional college.

A few years ago, what we lacked was a strong, coherent, easily identifiable brand that would help make FIU's College of Business Administration the institution of choice among many of Miami's MBA hopefuls. The situation was complicated by the fact that we were associated with several names—including the Alvah H. Chapman Jr. Graduate School of Business, the R. Kirk Landon Undergraduate School of Business, Florida International University, and FIU. We needed to determine who we were, who we wanted to reach, and what kind of promotional campaign we could design that would help us attract our target market.

Crafting an Identity

To construct and promote a new identity for the school, we began working with advertising agency Alma DDB. The agency conducted interviews and focus groups with current and prospective MBA students, as well as those who had elected to go elsewhere, to discover their perceptions of our school and our competitors.

Among the questions posed to focus groups were: What schools did you consider, and how much research did you do when weighing your options? Which of these factors were important in helping you decide where to go: price, prestige, perceived quality, location, diversity of student body? How much was your decision influenced by others?

The agency discovered that our key identity was "FIU Business," which broadly identified both the university and the business school. They also found that our target market should be young professionals between the ages of 25 and 30 who had earned undergraduate degrees and now lived and worked in South Florida. We also learned that people saw FIU as a place for mavericks, a place for independent thinkers interested in rich discussions.

That revelation led us directly to the development of the Uncommon Thinkers campaign, which targeted people who make their own decisions, don't necessarily follow the crowd, and enjoy living in a diverse international city like Miami. The underlying message is that these kinds of people see the opportunities that lie beyond obstacles, challenge conventional wisdom to solve issues from a novel perspective, and put together apparently unrelated pieces of information to come up with creative solutions to business problems.

The campaign not only speaks to current and prospective students, but to alumni, faculty, staff, and administrators. And the very fact that we have identified ourselves as "uncommon thinkers" has raised the bar on everything else we want to do.

Getting the Word Out

Once we adopted the tagline of Uncommon Thinkers, we launched a two-pronged, 60-day branding campaign in spring 2007. The campaign was comprehensive, comprising public display ads, print ads, social networking messages, and local promotions.

Some of the efforts were directed generally at the population of South Florida. We purchased outdoor ads on buses and bus shelters, as well as a large billboard on a main highway. We also advertised in *The Miami Herald* through printed inserts and small sticky notes attached to the front page. These visual components featured blue-and-white graphics that incorporated the question "Are you an uncommon thinker?" and the attention-getting device of a block of upside-down text. They also included the silhouette of a person who was clearly pondering an idea.

We wanted it to be obvious that this was an *active* thinker, not someone who was just thinking philosophically. So we settled on having the character appear to be mulling over a thought while working at an open laptop.

Print ads were supplemented with radio commercials that sponsored traffic reports. These fairly straightforward spots asked the teaser question, “Are you an uncommon thinker? Find out at uncommonthinkers.com.”

A second part of the campaign specifically targeted young professionals. We advertised on Facebook and placed print ads in *The New Times*, a weekly local publication focused on concerts, movies, and restaurants. We also participated in happy hour promotions on Thursdays and Fridays at the establishments most likely to draw young professionals going out after work.

We debated what kind of giveaway people would actually keep and decided on a pen that featured a hidden interior banner that could be pulled out and retracted. One side of the banner was printed with the Uncommon Thinkers message; the other side was printed with a 50-year calendar—much more unusual than a regular 12-month calendar would have been. The giveaway thus underscored the campaign’s core message.

Home on the Web

No matter what the medium, the goal of the ads was to direct potential MBAs to the www.uncommonthinkers.com Web site. Since the notion of “uncommon thinkers” is somewhat elaborate and difficult to communicate in simple pieces, we created a site where visitors could explore the concept in an interactive environment.

The site offered puzzles, brain teasers, and a visual test that helped people determine what kind of uncommon thinkers they were. It also included stories about visionaries who have made a mark in the business world and invited visitors to join a group of likeminded people on Facebook. Naturally, it also provided information about FIU’s business school—including profiles of uncommon students, faculty, and alums—and invited visitors to sign up for an information session at the grad school.

We revamped these information sessions just as the Uncommon Thinkers campaign was under way. The goal was to attract more potential students by offering more information sessions—four per month, compared to two per term—and to have them at more convenient locations, including online. Interested candidates were directed to a specialized Web site, www.fiubusiness.com, that listed the location of upcoming events so they could choose the most convenient one.

While it’s difficult to measure the results of a branding campaign—particularly when it’s combined with a revamped recruiting strategy—our most important goal was certainly



Florida International University handed out pens like these at happy hour events where professionals were likely to congregate. The 50-year calendar on the reverse side of the retractable banner is unusual enough to fit the “uncommon thinkers” theme that drove the entire campaign.

met. We dramatically increased the attendance of prospective students at information sessions, from 184 in 2006 to 687 in 2008—and 2009’s numbers were comparable with 2008. We also saw a significant increase in the numbers of graduate students who applied to, were admitted to, and enrolled in our programs. For instance, new enrollment was 502 students in 2006 and 883 in 2008, a jump of 76 percent. GPAs and GMAT scores also were generally higher.

In addition, the campaign won attention from the National Association of Graduate Admissions Professionals, which awarded FIU’s College of Business Administration the 2009 Promotional Excellence Award for Branding a Graduate School or Program.

Ongoing Efforts

To build on our initial success, we have continued and modified the campaign over the last two years. In 2008, we tried a new tactic to take advantage of the “always-on” technology of cell phones.

We realized there’s a huge chasm between the offline and online worlds. If people see or hear about a Web site while they’re away from their computers, they have to remember it and type it in the next time they’re at a keyboard. We wanted to bridge the gap between the moment someone says, “This is cool,” and the moment they can take action.

We reasoned that more candidates would click through on the link to the Web site if that link appeared in their inboxes. Therefore, new radio spots and pre-show ads in movie theaters invited people to text message their email addresses to FIU so we could email them the link to the Uncommon Thinkers site. Unfortunately, the response was not nearly as good as we hoped.

So in 2009, we changed our approach again, tapping heavily into the world of social media. The entire Uncommon Thinkers site has migrated to a Facebook fan page, where users can take the Uncommon Thinkers test and add the results to their profiles. At the same time, both FIU administrators and fans can post articles, links, and comments.

As of January, 35,000 people had taken the test, and the site had attracted more than 3,000 fans, whose comments show that members truly understand our intended message. According to one: “I really like all that is happening with FIU’s business school. Things like this reinforce my choice of majoring in business and entrepreneurship.” A second member writes that the fan page really “captures the essence of people like me.”

Words of Advice

When a business school is contemplating a new ad campaign, its first crucial step should be to decide how it wants to position itself. Not only must it create a distinctive identity, but that identity also has to be accurate and credible. It’s a natural tendency for schools to say, “This is who we want to be.” But it’s essential for them to first understand how students and potential students actually perceive them.

The second step is to work with people who understand the market and the medium. For instance, one of my best decisions was creating a position for an e-marketing coordinator and hiring a 25-year-old with a master’s degree in management information systems who lived 24/7 on the Web. Employees like this will become even more invaluable as the “digital natives” of the Millennial Generation take over college campuses and MBA classes—and as technology becomes indispensable to almost everyone. Even the older students taking EMBA classes can’t live without their BlackBerries and their iPhones. It’s our responsibility to use the new social media to reach out to current students, potential students, and alumni.

Of course, the first responsibility of any school is to determine what it has to offer—and then make sure it presents itself to its target market in clear, precise, and engaging terms. At FIU, that process resulted in more than a successful ad campaign. It helped us determine who we are, so we could attract the kind of students who would flourish here.

Luis Casas is the director of marketing, communications, and recruiting for the College of Business Administration at Florida International University in Miami.



Winning Over the Women

MIT Sloan devises a broad outreach plan to attract more women to the MBA program.

by Julie Strong

In 2001, only one-quarter of the students pursuing MBAs at the Massachusetts Institute of Technology were women. That put the MIT Sloan School of Management in Cambridge way behind our peer groups such as Stanford, Harvard, and Wharton, all of whom could boast female populations of 34 percent or better.

Concerned by the statistic, we decided to do a quantitative and qualitative analysis of the reasons women were opting against an MIT Sloan MBA. We reviewed peer practices, combed through press statistics and articles, held discussions with female students and faculty, and surveyed alumnae. To discover how our school was perceived by outsiders, we also conducted a branding study and interviewed candidates who had accepted, rejected, or abandoned MIT Sloan.

These “abandoners”—women who had shown an interest in the program, but never finished an application—yielded surprising insights. Some thought that the MIT Sloan MBA might be too tech-oriented; others were concerned that the program might be too rigorous. But still others simply were not ready to make a decision about grad school.

In fact, one of the most important things we learned is that women are in the admissions pipeline for a long time. They’re often looking a year and a half ahead. Many of these “abandoners” didn’t finish applications because their intention was to apply the following year. Once we understood that their window is open a little longer, we realized that we had to keep them in the system and continue to cultivate relationships by sending them brochures and inviting them to events.

Additional research showed us that women make decisions about an MBA program based on its location, specific courses or curricula, the diversity of its faculty and students, and its costs. They weigh factors such as the school’s qual-

ity, media rankings, and career placement assistance less than male applicants do. Women also seek out a wide variety of sources when researching business schools, including Web sites, brochures, job fairs, admissions personnel, and alumni.

In the eyes of women, two things we had going for us at MIT Sloan were our East Coast location and our friendly staff in the MBA Admissions office. Women also appreciated the attitudes and input of the alumnae they met at recruiting events. Counterbalancing those positives were the negatives: Our admissions staff was not particularly proactive; our booth at MBA forums did not have much to entice women; and our school did not convey the idea we could provide the “soft” skills or general MBA education that someone already fluent in science and technology would want.

For MIT Sloan, the trick was figuring out how we could emphasize the positives, overcome the negatives, and show more women candidates that we could be the perfect school for them.

Focus on Females

In the following years, we used a “mosaic” of approaches to win over female candidates. These included:

- **Focusing on “high-touch” in a “high-tech” environment.** When a school has the word “Technology” in its name, people expect a “cooler, grayer” environment. One way we resisted this perception was by refusing to switch to the CD and online brochures that colleges favored in the early 2000s, preferring to stick with personal phone calls and printed brochures.

- **Creating promotional materials that would appeal to women.** We made sure all recruiting materials included images of women portrayed in positive ways. But one of our most effective tools was a nontraditional brochure produced primarily by students.

I had decided we could not just create the kind of standard brochure that all sorts of companies use when they are trying to interest women in their products. Instead, I went through our student facebook and identified women with writing and photography backgrounds, as well as women with interesting stories, and I invited them to help us. The students interviewed each other, photographed each other, and wrote up the profiles that turned into a brochure called “Six Stories from the Women of MIT Sloan.”

In addition to distributing it to prospective students, I had the brochure blown up into poster boards, set them up at the



MIT Sloan produces brochures specifically designed to show what life is like for a woman enrolled in the management program.



library, and invited students and staff in for an ice cream social. One senior lecturer pointed out that, even though it was a brochure for women, it never talked about being a woman at MIT Sloan. It just talked about being a student here. That was the voice I wanted to capture.

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- **Collaborating with other organizations.** We joined Forté Foundation, a group dedicated to increasing the numbers of women in business through business and educational initiatives. Each member school offers half-tuition scholarships to at least two women; these scholars get a chance to network with Forté company sponsors during the organization’s annual conference. Students also can seek grant money from Forté. One year the Sloan Women in Management Club was awarded \$5,000, which it used to fund a speaker series, a workshop on negotiating, and networking opportunities.

Additional scholarship money earmarked for women has also attracted more applicants from a broader pool. I think that is because many women are interested in working for nonprofits and socially responsible companies in less traditional industries, where their income possibilities might not be as great. Educational assistance upfront gives them more options when they are looking for jobs.

- **Planning events aimed specifically at women.** In particular, we hold one event every year in August, featuring recent and not-so-recent female alumni who talk about how their MBAs have affected their careers. August is a little early in the recruiting season, but it seems to be a good time for people to come to the Boston area for a long weekend, and we have had attendees from as far away as California.

The new focus has paid off. By 2006, MIT Sloan’s female population had climbed to 31 percent. In 2008, it was 35 percent, and the incoming class of 2009 was about 38 percent women.

I think business schools really got a wake-up call when law schools and medical schools began seeing parity in the numbers of men and women enrolled. We started saying, “We want some of these great women to come to our schools, too.” Sometimes it takes a change in mindset for business schools to attract women in high numbers, but the results can be phenomenal. 

Julie Strong is senior associate director of MBA admissions at the Massachusetts Institute of Technology Sloan School of Management in Cambridge.

The Holistic Leader

by Sharon Shinn

If Jaro Horvath has just gotten off the phone with an irate client and is about to step into an important meeting with the dean, he takes a moment to make sure he doesn't carry the stress of the first encounter into the second one. To improve his mindset, he pulls out a laminated card that poses a series of questions: *What is the dominant thought I'm struggling with? What is the benefit of keeping this thought? How could I reframe this thought and what would the benefits be?*

"If I take 30 seconds to think about these things so I can go into the meeting more focused on clear goals and strategies, there will be a much better outcome," says Horvath, director of corporate learning at Thunderbird School of Global Management in Glendale, Arizona.

These "reframing" exercises are only one part of a new initiative launched at Thunderbird last fall that stresses mental, emotional, and physical health as key components of a management education. "What's required of today's leaders—in addition to functional skills—is focus, clarity, creativity, and confidence," says Horvath. "But these all can be learned."

Three business programs teach students to integrate mind, body, and spirit to become more effective leaders.



We believe healthy and fit executives are more effective leaders, and so we look at the connections among physical, mental, and emotional capabilities.

—Jolene Bodily, University of Virginia

And they *need* to be learned so leaders can survive today's calamitous business environment. "We're living in unprecedented times," says Horvath. "The challenges faced by executives are much greater, because the business environment is complex and changing fast. Some people are energized and motivated by this, but others are overwhelmed. Only those who are prepared will be successful."

Thunderbird isn't the only business school emphasizing holistic approaches to improving executive performance. Several others—including the Darden School of Business at the University of Virginia in Charlottesville and Melbourne Business School at the University of Melbourne in Australia—offer programs that incorporate physical exercise and personal reflection into business and leadership curricula.

"We believe healthy and fit executives are more effective leaders, and so we offer a highly integrated program that looks at the connections among physical, mental, and emotional capabilities," says Jolene Bodily, director of Darden's executive education wellness program. "If leaders have these components in balance, they're likely to have more stamina, more depth, more resilience, and even increased cognitive abilities."

Both executives and academics might scoff at the notion that a Pilates class can improve performance, and program administrators acknowledge that some stakeholders are skeptical. But they cite measurable returns and tell stories about passionate converts as they make the case that a holistic approach to business education results in more effective leaders.

Pillars of Performance

At Thunderbird, the link between learning and well-being was cemented last fall when the school began a collaboration with Tignum's Institute for Sustainable High Performance. Tignum, which has offices in Phoenix, Europe, and Dubai, teaches people to build energy, resilience, and mental capacity by paying attention to the four pillars of holistic health: mindset, nutrition, movement, and recovery.

Last August, Thunderbird held a kickoff event to introduce faculty, staff, and students to Tignum's approach. The following week, during orientation, all incoming MBA, MA, and MS students went through sustainable high-performance sessions led by Tignum. Like sessions on negotiation and cross-cultural understanding, these events were mandatory. Students also received "high-performance kits," including tennis balls, sports cords, jump drives of content about the four pillars, and laminated cards filled with reminder information.

To help everyone on campus remember key strategies, the school has relied on follow-up campaigns that included intranet coaching, strategically posted signs in the cafeteria and student lounges, and reminder messages in the school newspaper and newsletter. A very focused follow-up campaign that unrolled in October during the career fair was designed to help students cope with the stresses of interviews and internships.

So far, says Horvath, response has been overwhelmingly positive. He hopes that enthusiasm stays high—and that results are long-term.

"All of us are products of habits we have developed over the years," he says. "Many of those habits, good or bad, are developed when we are young and think we are invincible. At Thunderbird, we feel we have a great opportunity to make a difference early in students' careers by helping them develop good habits that will pay off for years to come."

While the first phase of the sustainable high-performance program is aimed at existing students and faculty, Thunderbird plans to add segments to customized executive education programs for interested clients. The full Tignum program includes testing and assessment followed by a two-day program, which is then followed by six months of coaching. Scaled-down versions include two- or three-hour sessions that are supplemented with conference calls or SMS reminder messages about exercise and nutrition.

Horvath has participated in some of the briefer Tignum sessions and found the strategies to be "pragmatic, relatively simple, but profound—and life changing." For example, he's an athlete who regularly goes mountain biking and runs marathons. But he learned that the "movement" part of sustainable high-performance isn't just about exercise.

"There are so many opportunities in the day for less active people to fire up left- and right-brain functions so they're more alert in meetings," he says. "They can make a choice of walking up the stairs instead of taking the elevator. Because they move their feet, they focus their minds, and they perform better in that meeting."

But the real strength of the program, says Horvath, is that it makes participants more aware of how every aspect of their lives can affect their work performance. "What we eat affects the way we move, the way we move affects our mindset, and the way we sleep affects everything," he notes. "Integrating the four pillars makes the program successful."

The Healthy Executive

At the Darden School of Business, the integration of mind and body has become a key part of executive education. The focus is particularly strong in the Executive Program, a



TOBY BURROWS/GETTY IMAGES

yoga, strength training, flexibility classes, and cardio classes—with the hope that one will appeal to them so much they’ll continue it once the program is over. She also supplies resistance bands and instruction sheets so they can continue these brief workouts once they’re back at the home office.

And many do. Bodily says, “People think, ‘I used to do all this, but I haven’t lately, because my life is so hectic.’ It feels so good that they want to figure out how to incorporate exercise into their lives again. They feel that way even more once they measure how much they’ve improved.”

four-week open enrollment program held in the summer. As it begins, all participants receive personal health profiles and have their measurements taken; they attend classes on nutrition, sleep, and exercise, and learn how cognitive abilities are affected by physical, emotional, and mental health.

And then they get moving. Every weekday morning opens with a 6 a.m. exercise session run by wellness director Bodily. By the time they get to their 8 o’clock class, participants are fully engaged.

“The exercise teams become de facto learning teams as the participants talk to each other while they’re walking and running,” says David Newkirk, Darden’s CEO for Executive Education. “Once they’ve already been out and exercised, there’s no way they’re going to come to class and just sit back. They’re already in the game.”

The exercise doesn’t stop there. This year, Darden has added “no-sweat breaks,” or “sparks,” right after lunch. These exercises enhance strength or flexibility but don’t require a change into gym clothes. Newkirk notes that “1 to 1:30 has always been a real dead time in the classroom as people try to process all the refined starches and sugars. This break has really changed the afternoon.”

At the end of the four weeks, Bodily again assesses health and physical measurements for all participants. In most programs, she says, the groups show statistically significant improvements in six out of nine areas, and all areas “move in a positive direction.” She adds, “Total body weight drops, waist girth drops, total cholesterol and LDL drop, and blood pressure goes down.”

But Bodily doesn’t want executives to go back to work and go back to their bad habits. She wants them to change their mindsets for good. During the four-week program, she puts participants through a variety of exercises—including

While the four-week Executive Program is the one most focused on health and wellness, Darden also offers similar components in executive MBA programs, shorter open enrollment programs, and customized executive education packages. Many custom clients are interested “because they’re always looking for something that feels new and fresh,” says Newkirk.

It’s not surprising that the wellness components are particularly effective in the four-week program, he says, since psychologists estimate that it takes 28 days for people to change any habit. But even in shorter classes, wellness components can have a big impact, especially when Bodily follows up with reminder emails to keep executives focused on nutrition and exercise.

While Newkirk admits he thought it might be difficult to get hard-charging executives to talk about managing their health issues, that hasn’t been the case. He points out that executives must always be aware of how they must manage *themselves* in order to do their jobs.

“To have a class where they seriously talk about how they spend their time, how they manage their stress, and how they deal with their needs in the context of the office legitimizes discussions they need to have as leaders,” he says. “Our leadership faculty say that leadership is essentially about the conversations executives have with their organizations. These classes change those conversations.”

The Mindful Leader

At the Melbourne Business School, two professors are convinced that thoughtful, engaged leaders are far more effective than their more heroic, command-and-control counterparts. In 2007, Amanda Sinclair, Foundation Professor of Management in Diversity and Change, and Richard Searle, program director of executive education, debuted a Mindful

Leadership program through the university's executive education arm. The program draws on their mutual interest in meditation, neuroscience, and leadership to take a different approach to how adults can learn to lead more effectively in today's stressful environment.

Sinclair had been teaching a yoga class since 2005, so it was only natural for her to collaborate with Searle on a leadership course that combined yoga, reflection, and discussion. Today, the Mindful Leadership course draws a diverse mix of CEOs, government employees, consultants who teach leadership development themselves, and heads of nonprofits.

Those in the latter group are particularly interested, says Sinclair. "They're often on shoestring budgets, trying to mobilize volunteers and a staff that isn't highly paid. They want to know, 'How can I provide a model that's inspiring and helpful?'"

Participants enroll for a variety of reasons. "Sometimes they're desperate for something like a circuit breaker," Sinclair says. "Sometimes there's been a new event in their lives, such as the birth of a baby, a health scare, or a relationship issue, and this has guided them to explore the benefits of mindfulness. People often will discuss the issues they're struggling with if we make a space for them to come forward and talk."

The Mindful Leadership program consists of equal parts reflection, discussion, and content, says Sinclair. The class opens with a half hour of yoga to help people reconnect with their bodies. A morning meditation is supplemented throughout the day with shorter meditation sessions, and participants eat lunch in silence to spend that time in reflection.

The goal is for participants to "slow down, listen, and notice what's going on with themselves and others," says Sinclair. When they do, they listen more closely, respond more



MILENA BONIEK/PHOTOLIBRARY

Taking the First Steps

For schools that are interested in adding exercise, meditation, and other holistic elements to their business programs, here are some thoughts to consider:

■ **Start small.** Darden's Jolene Bodily encourages schools to look at the resources they already have. "Are there student fitness facilities they can use? Can they partner with other areas of the university?" she asks. But there's another critical component, she says. "Schools need to make it acceptable—and even desirable—for people in executive education and full-time MBA programs to take time for these activities."

■ **Provide some direction.** Post mileage charts for specific walking routes around campus, says Bodily—even routes through the interiors of buildings, so students and faculty can get their exercise on inclement days. Most people don't realize that a walk up stairs and through hallways can add up to significant exercise over the course of a day.

■ **Model desirable behavior.** Faculty trying to add a reflective component to their programs should practice mindfulness and meditation in their own lives, says Amanda Sinclair of the Melbourne Business School. "Be open and appreciative and trust people to respond," she says.

■ **Read up on the topic.** Sinclair recommends a handful of books about mindfulness, brain science, and transformative leadership: *Leadership for the Disillusioned* by Sinclair; *The Brain that Changes Itself* by Norman Doidge; *Quiet Leadership* by David Rock; *I.D.: The Quest for Identity in the 21st Century* by Susan Greenfield; *Coming to Our Senses* and other books by Jon Kabat-Zinn; and *Presence: An Exploration of Profound Change in People, Organizations, and Society*, by Peter Senge, C. Otto Scharmer, Joseph Jaworski, and Betty Sue Flowers.

■ **Reach out to like-minded stakeholders.** During the global financial

thoughtfully, and demonstrate authenticity. “Instead of shooting out comments on a topic, they hear each other. Someone might say, ‘What you just said on this topic connects to an experience I had that I’d like to share with the group.’ They can see leadership being played out right before their eyes.”

To help participants retain their lessons, Sinclair and Searle invite them to write letters to themselves about what they’ve learned and what their goals are. An email group helps participants stay in touch once they’re back at work, so they can discuss the impact of their new attitudes on their lives.



PANDO HALL/GETTY IMAGES

Sinclair and Searle also incorporate the topic of mindfulness into the mainstream leadership courses they teach in Melbourne’s executive education and MBA programs. For instance, in a five-day executive education program, they discuss more conventional leadership topics during the first half of the course, then introduce mindfulness and meditation on the third or fourth day.

Despite its yoga and meditation components, the Mindful Leadership program is not a course geared toward health and well-being, according to Sinclair. “It’s a leadership program, and mindfulness is at the heart of leadership,” she says. “Well-being is often one of the outcomes, but the outcome

we’re most interested in is improving effectiveness and changing organizational cultures so workplaces are better places for people to be.”

crisis, says Sinclair, she had some fear that the Mindful Leadership program would be cut from Melbourne’s executive education schedule. But alumni and people who had benefited from the program proved willing to support it through sponsorships and other aid.

■ **Consider your mission.** To attract the support of internal stakeholders, make sure that any new program aligns with the school mission and elicits heartfelt commitment, says Thunderbird’s Jaro Horvath. “Why would someone be interested in a project that the school isn’t committed to and doesn’t really believe in?” he says.

■ **Determine how bold you can be.**

“Evaluate the organization’s ability to undertake an initiative of this nature, because it might be outside the scope of a business school,” says Horvath. He quickly adds that schools need to re-evaluate what their scope *should* be. “We live in unprecedented times that put higher and higher demands on the leaders we’re educating,” he says. “We might be educating students today for jobs that don’t yet exist. So it is our responsibility to equip students with tools that will help them navigate uncharted waters.”

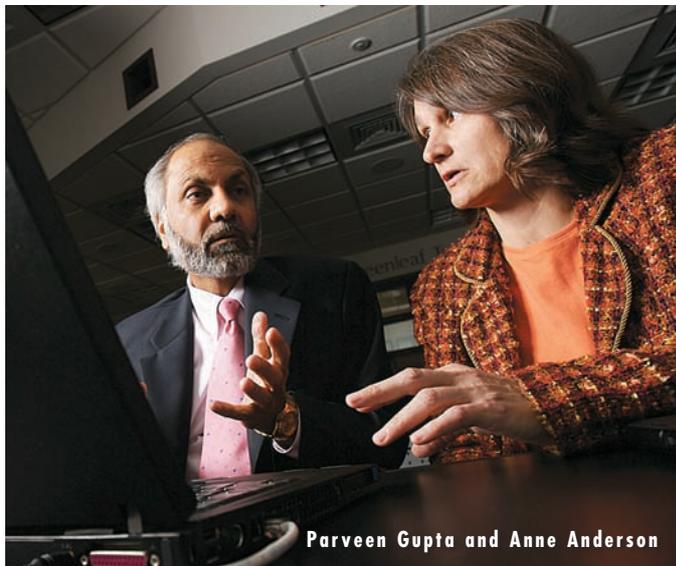
Invaluable Integration

Sinclair and her counterparts at Thunderbird and Darden know that CEOs with an interest in health or yoga could just as easily sign up for a high-end spa retreat at Canyon Ranch. So why do they choose to attend executive education courses instead? These administrators believe that the real draw is that element of *integration*—the physical and mental components combined with a focus on the functional disciplines.

“We show participants that exercise and nutrition can increase their stamina and their cognitive function,” says Bodily. “They realize that they need academic skills, and they also need physical, emotional, and mental skills for the complete leadership package.”

Newkirk adds that an executive education program is the perfect arena for participants to experiment with new outlooks on what they do. “It’s like a sign that one of our faculty has posted,” says Newkirk. “It says, ‘Pick a new place to sit, and see the world differently.’”

But in the end, they agree, it all comes down to creating better leaders. If performance is tied to a strong body and an open mind, schools like these three have figured out the keys to improving executive effectiveness. In troubled times, CEOs need clear heads, robust constitutions, *and* business acumen—and the programs that will help them sharpen all three. **Z**



Parveen Gupta and Anne Anderson

■ Get Specific With Corporate Governance

Researchers at Lehigh University's College of Business and Economics in Bethlehem, Pennsylvania, have found that most corporations don't take into account the financial and legal systems of the countries where they operate when it comes to corporate governance. That oversight can have a negative impact on performance.

Anne Anderson, an associate and chaired professor in finance, and Parveen Gupta, a professor and department chair in accounting, studied 1,732 firms in 22 countries. They created a two-by-two matrix that juxtaposed legal structures (civil law versus common law) and financial systems (market-based versus bank-based). Next, they reviewed 60 governance-related measures that fell into eight categories: boards, audits, charters, states of incorporations, compensation, qualitative reviews, ownership, and education.

They found that as many as 66 percent of the world's corporations invested either too much or too little in corporate governance, given the national financial and legal

systems in which they operate. That discrepancy had a negative effect on the value of these firms. On the other hand, firms that customized their governance practices according to their countries' systems had a better return on investment.

"We wanted to question the traditional thinking that

if you implement good governance, then you increase the value of the firm," says Gupta. "We found that this was not the case overall. Rather, only when you match the level of corporate governance with the financial and legal systems at hand did an increase in performance occur."

That means that overly aggressive or "one-size-fits-all" corporate governance policies don't necessarily lead to better results, the authors say. "When a significant problem arises, most companies begin imposing additional governance mechanisms without thinking," says Anderson. "The problem is, they enact the wrong measures, and that makes for very costly mistakes."

Anderson and Gupta won the Vernon Zimmerman Best Paper Award at the 20th Asian-Pacific Conference on International Accounting Issues last year in Dijon, France. "A Cross Country Comparison of Corporate Governance and Firm Performance: Do Financial Structure and the Legal System Matter?" was published in the January 2010 issue of *The Journal of Contemporary Accounting and Economics*.

■ Don't Always Follow The Popular Crowd

When trying to promote a product and brand, it might not always be best for marketers to seek out the "hip" crowd first. Popular people often are the biggest followers of all, according to a study from the University of Western Ontario's Ivey School of Business in Canada. The study was conducted by doctoral marketing student Seung-Hwan (Mark) Lee, associate marketing professor June Cotte, and doctoral marketing student Theodore Noseworthy.

The researchers focused on two social networks—a students' group and a seniors' club. Those most central to the network were well-positioned to connect individuals in the group and disseminate information to others. However, these centers, or "brokers," also were vulnerable to influence from others in the group as they worked to maintain their status. The researchers call this phenomenon "the opposing flow of influence."

Marketers often make the assumption that those central to a social network wield the most influence, but they should take other factors into account, says Cotte. "By understanding that the group influences the central actor, too, researchers and marketers can better predict behaviors of individuals in the network," she says.

"The Role of Network Centrality in the Flow of Consumer Influence" appears in the January 2010 *Journal of Consumer Psychology*.

■ The Power of Counterfactual Thinking

A recent study finds that those who think about "turning points" in their lives, and imagine what their lives

would be like had those moments not occurred, feel a greater sense of significance than those who don't—the researchers call this process “counterfactual thinking.” Their study finds that people who look back and ask “What if...?” are



less likely to view life's events as arbitrary. As a result, they are often more motivated and analytical in the workplace.

The study was conducted by Laura Kray, Philip Tetlock, and Linda George of the Haas School of Business at the University of California, Berkeley; Adam Galinsky and Neal Roese of the Kellogg School of Management at Northwestern University in Evanston, Illinois; and Katie Liljenquist of the Marriott School of Management in Provo, Utah.

The six researchers asked a group of student volunteers to relate a key life experience, in a way that prompted the subjects to use counterfactual thinking. They asked another group of students to tell their stories factually. The counterfactual thinkers viewed their experiences as “meant to be” and meaningful, while the factual group

did not see the same significance.

“Getting people to think counterfactually helps them see relations better and construct meaning in their lives,” says Kray. She points to subsequent research led by Hal Ersner-Hershfield, visiting assistant professor at Northwestern University, who found that those who see meaning in their experiences are more likely to feel a sense of commitment to their organizations. That suggests that analytical, counterfactual reflection could be a powerful tool in organizational settings.

Rather than inspire regret, counterfactual thinking actually helps people “define who they are on a professional level,” says Kray. “Counterfactual

reflection about pivotal moments in the past helps people to weave a coherent life story.”

The study, “From What Might Have Been to What Must Have Been: Counterfactual Thinking Creates Meaning,” appeared in the January 2010 *Journal of Personality and Social Psychology*.

Achieving Diversity In the NFL

Of 32 head coaches in the National Football League, only six are African American, despite the fact that the NFL is working to increase diversity. But a study from the University of Iowa's Tippie School of Business in Iowa City finds that discrimination is probably not the reason that so few minorities hold top coaching spots.

“Moving On Up: The Rooney Rule and Minority Hiring in the NFL” was authored by John Solow, professor of economics; his son



Benjamin Solow, an Iowa graduate who now attends the University of Bologna in Italy; and Todd Walker, economics professor at Indiana University's Kelley School of Business in Bloomington. Their study examines the impact of the NFL's Rooney Rule, a league requirement since 2002, which requires NFL teams with a head coaching vacancy to interview at least one minority candidate.

The authors looked at every promotion of a top-level assistant coach to a head coaching vacancy from 1970 to 2008. In those years, only 80 team seasons were led by African American coaches, compared to 2,058 team seasons led by white coaches.

The researchers found that offensive or defensive coordinators fill most of coaching vacancies in the NFL. And just as successful coordinators are often promoted to head coaching positions, successful lower-level position coaches are often promoted to coordinator positions.

Unfortunately, at the start of the 2009 season, only 12 minorities held one of the league's 67 coordinator positions—that represents only 18 percent of the pool where most head coaches get their starts.

The Rooney Rule is not an effective way for the NFL to achieve diversity, says John Solow. Instead, the league should encourage more minorities to consider



position coaching as their collegiate playing careers are ending. In that way, says Solow, they can obtain the experience and leadership recognized during the promotion process—and the NFL would eventually achieve better minority representation in its upper ranks.

Need a CEO? Hire from Within

When it comes to CEO searches, companies are better off looking within their own ranks, say researchers from Rice University's Jones Graduate School of Business in Houston, Texas, and the University of Southern California's Marshall School of Business in Los Angeles. It's among their own employees that they'll find individuals who are most likely to perform well for the long term.

Anthea Zhang of Rice and Nandini Rajagopalan of USC examined the tenure and performance histo-



ry of 193 CEOs who served in the industrial sector between 1993 and 1998. Zhang and Rajagopalan found that for the first few years of tenure, CEOs promoted from within and those hired from elsewhere performed at about the same level. After the three-year mark, however, the former group outperformed the latter.

The reason was simple: It takes time to see the results of changes CEOs make in their first few years of tenure. Boards need to take that into account when they're going through the hiring process, Zhang says.

“When it comes to strategic change, outsiders typically are good at doing the rapid cost cutting and divestment,” says Zhang. “As tenure increases, obvious opportunities for cost cutting and divestment dry up. Inside CEOs, because of their deep knowledge and roots in the firm, are more likely to initiate and implement strategic changes that can build the firm's long-term competitive advantage.”

“Once an Outsider, Always an Outsider? CEO Origin, Strategic Change and Firm Performance” has been accepted for publication by the *Strategic Management Journal*. It is available at www.rice.edu/nationalmedia/multimedia/ZhangCEO.

Pension Funds Should Decentralize

Decentralization of management is a plus for the British pension fund industry,

UPCOMING & ONGOING

■ DATABASE FOR RESEARCH INSTITUTIONS

Information service company Thomson Reuters has begun its ambitious Global Institutional Profiles Project, a resource that will provide data-driven portraits of the world's research institutions. The resulting database will include peer reviews, scholarly outputs, citation patterns, funding levels, and faculty characteristics. The database is not meant to be a ranking system, say company representatives, but is designed to provide users with transparent, verifiable, and customizable data sets on institutions' scholarly performance. The Global Institu-

tional Profiles Project has begun a worldwide survey of opinion leaders at key research institutions—the results of that survey were slated for publication in the first quarter of 2010. For more information, visit science.thomsonreuters.com/globalprofilesproject.

■ STUDY OF ENERGY INDUSTRY

Douglas Woodward, an economist and research director at the University of South Carolina's Darla Moore School of Business in Columbia, has received \$150,000 from the U.S. Department of Energy's Office of Nuclear Energy, through a grant from the South Carolina Universities



Research and Education Foundation. With these funds, Woodward will work with Joseph Von Nessen, assistant professor of economics, to conduct a national survey to assess

according to a study funded by the Rotman International Centre for Pension Management at the University of Toronto in Canada.

A team of British and American researchers looked at data from British pension funds generated between March 1984 and March 2004.

In that time period, most funds switched from centralized management, which assigns a single person to manage a range of asset classes, to decentralized management, which assigns several people to each asset class, as well as multiple specialists within each asset class.

Having multiple managers can complicate fund oversight, the researchers say. But they found that decentralization overcame that disadvantage through superior stock selection. “Pension Fund Performance and Risk-Taking Under Decentralized Management” is available at www.rotman.utoronto.ca/icpm under the “Academic Papers” link.

RESEARCH RECOGNITIONS

■ Last fall, the Operational Research Society (ORS) awarded its 2008 Goodeve Medal to **David Ronen**, professor of logistics and operations management at the University of Missouri-St. Louis. Ronen received the award in recognition of his application of quantitative tools and information technology to solving practical business logistics problems.

■ An article by **Robert Whaley**, finance professor at Vanderbilt University’s Owen Graduate School of Management in Nashville, Tennessee, has received the Best Article award as voted by subscribers of *The Journal of Portfolio Management*. In the article, “Understanding the VIX,” Whaley explained the Chicago Board Option Exchange’s volatility index in an attempt to calm the economic turbulence caused by references to

the VIX in financial news coverage. Whaley created the VIX, which provides a real-time measure of investor confidence, in 1993 while working as a consultant for the Exchange.

■ The Stanford Institute for Economic Policy Research (SIEPR) has instituted a new prize for individuals who make significant lifetime contributions to improving the design and conduct of economic policy. SIEPR has chosen former Federal Reserve Chairman **Paul A. Volcker** as the first recipient of the SIEPR Prize for Contributions to Economic Policy. Volcker was recognized for his decisions during the 1960s and 1970s that changed U.S. monetary policy and broke the inflationary spiral of that era. The SIEPR Prize, which includes an award of \$100,000, will be given out every other year. For more information, visit siepr.stanford.edu/siepr_prize_information.

the need for nuclear scientists and engineers over the next decade in the energy, environmental, medical, and defense sectors of the nuclear industry. Survey results will be released this spring.

■ ISLAMIC BANKING CENTERS

Two universities are creating centers dedicated to Islamic banking. American University of Sharjah in the United Arab Emirates will be home to a center for Islamic banking and finance. Created with the help of an endowment of AED 30 million (US \$8.1 million) provided by the Sharjah Islamic Bank, the center will support instruction,

research, and outreach activities in the field, regionally and internationally. The Aston Business School in Birmingham in the U.K. also is developing an Islamic financial center, with the help of a £1.5 million (US \$2.3 million) grant from Dubai-based Surgi-Tech. The largest financial gift to the university, it will be used to develop qualifications, advance research, and design educational programs in the field.

■ SOCIAL ENTREPRENEURSHIP IN THE GEM

This year, the Global Entrepreneurship Monitor (GEM), an annual international report on new global business development, includes its

first study of social entrepreneurship conducted by Siri Terjesen of Indiana University, Rachida Justo of the Instituto de Empresa in Spain, and Jan Lepoutre of Ghent University in Belgium. In 2009, 49 national teams collected data on community, for-profit, or non-profit work with a social purpose. The three authors found that the average rate of social entrepreneurship increases slightly with economic development. “The opportunity cost of social entrepreneurship may be higher in developing countries,” says Terjesen. The complete report is available at www.gemconsortium.org. 



Blair Sheppard, dean of Duke's Fuqua School, leads a recent CEO Master Class in Duke's new telepresence-equipped lecture hall. This meeting connected the Duke campus in Durham, North Carolina, with locations in San Jose, California, and New Delhi, India.

Tapping into Telepresence

Imagine a network of technologically interconnected classrooms at universities in dozens of countries. Within such a network, students and faculty could meet face-to-face, even though they are thousands of miles apart. Faculty could teach courses across multiple time zones in real time; students could choose from a nearly endless course catalog; and executives could guest lecture to not just one class, but several, without leaving their home cities.

Educators are trying to form just such a network using telepresence, a technology that facilitates face-to-face meetings via rooms equipped with high-definition television screens, distributed video cameras and microphones, and carefully

placed lighting. Cisco is the most prominent vendor of this technology, with its TelePresence product, but other companies like PolyCom and Tandberg are also in the market.

As of last fall, more than 35 higher education institutions had partnered with Cisco to adopt TelePresence. Among them were Duke University's Fuqua School of Business in Durham, North Carolina, and the University of South Carolina's Moore School of Business in Columbia.

Duke University's new lecture room was created with the help of IVCi, a New York-based company that specializes in telepresence room designs. The space includes 103-inch plasma displays and six

cameras that provide both panoramic and life-size video. The podium is equipped with two document cameras, three displays that allow instructors to view remote classrooms, and 66 push-to-talk microphones to allow interactive discussions.

The room was inaugurated in February with a CEO Master Class that linked the Durham campus with locations in San Jose, California, and New Delhi, India. Fuqua professor Tony O'Driscoll and four students connected from India; John Chambers, Cisco's Chairman and CEO, and John Doerr, a partner in the venture capital firm Kleiner Perkins Caufield & Byers, connected from California.

The telepresence lecture hall “eliminates barriers of distant collaboration,” says Tracy Futhey, Duke’s CIO and vice president of information technology. It takes blended learning a step further, he adds, by “allowing us to extend the educational experience around the globe while maintaining high levels of in-person classroom interaction.”

In February, the University of South Carolina’s Moore School began using the technology in its Professional MBA program. The school also will use the platform in its executive and graduate degree programs, including its master in international business and executive master in higher education management.

There is great potential for telepresence to transform the delivery of higher education, says Raymond Smith, associate dean of executive education at the Moore School. But the technology may require some adjustments to be ideal for the classroom.

For instance, telepresence technology was originally designed for business meetings including only a few individuals connecting remotely. To accommodate large numbers of students and faculty in geographically distributed locations, Cisco is working with educational partners like the Moore School to fine-tune the technology for education.

“We want to create an environment that accommodates at least 15 to 20 people remotely,” says Smith. “We also want professors to be free to move about the room as they would in a normal classroom.” He’d like to see screens positioned so that the professor can call on a student in Saudi Arabia or Germany as eas-

ily as he can someone at a desk in front of him.

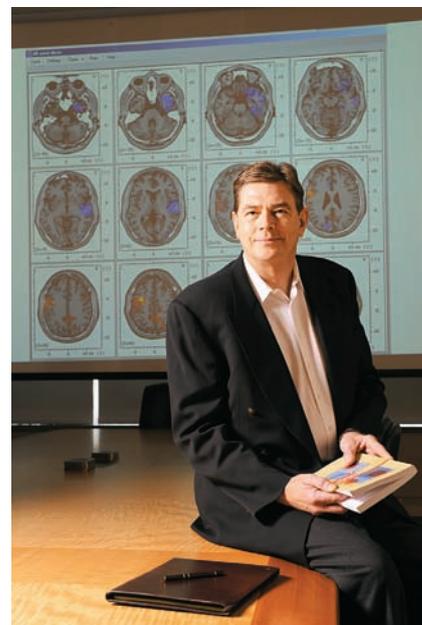
Finally, the technology ideally would be adaptable to existing traditional classrooms to encourage widespread adoption by a large number of schools. “Most universities cannot afford to build a new facility for this,” Smith says.

Smith has been visiting European schools to talk with their representatives about expanding the network of telepresence learning environments. He sees telepresence opening up new possibilities not only for learning, but also for collaborative research, corporate partnerships, and student recruitment.

The technology helps a school “put learning where the action is,” Smith says. “As a professor, I can ask a team of students in Germany to tackle a problem from a German perspective and a team of students in the U.S. to tackle it from an American perspective. Or, I can ask students from the U.S., China, and Germany to meet in a virtual room and tackle it from a global perspective. We can do all of this without anyone jumping on a plane or staying in a hotel.”

This technology comes at the right time for executive education, Smith emphasizes. Executives want to decrease travel costs and time spent in the classroom, while increasing the speed with which they can apply what they learn to their jobs. This is true whether a company is 300 or 3,000 miles from campus, Smith adds.

“Companies in South Carolina are telling us that they don’t want their people to drive two hours to go to class. They’re asking if there’s a way for us to connect multiple sites across the state,” he says. “Our answer, now, is ‘Yes.’”



■ Making (Brain) Waves In Marketing

The human brain holds a mine of information useful to marketers—and Terry Childers, a marketing professor at Iowa State University’s College of Business in Ames, wants to take a closer look. Childers is now seeking funding for a new lab on the ISU campus that’s designed to analyze consumers’ brain waves as they make purchasing decisions.

Childers specializes in research related to neuromarketing, which refers to the study of consumers’ level of consciousness when they decide to buy. The proposed lab, which Childers hopes will be operational by the fall semester, will use an electrophysiological process similar to the electroencephalogram, or EEG, that doctors use to record brain activity.

For this research, subjects wear a cap fitted with electrodes connected to a machine that captures their brain signals. “We then monitor what areas of the brain are firing to perform certain functions,” Childers explains.

To design the lab and train technicians, Childers is consulting

with ISU's facilities planning and management department, as well as Rob West, an associate professor of psychology and director of the school's cognitive psychology program to assist with the special considerations such a lab requires. For example, the walls of West's own cognitive psychology lab are lined with copper to prevent outside electrical signals from interfering with equipment.

Because these kinds of studies are time-intensive, requiring two to three hours per individual to conduct, both departments will benefit from having access to two facilities and two sets of expertise, says Childers.

In addition to studying purchasing decisions, Childers also plans to use the lab for research into emotional intelligence—particularly the ability to understand and manage emotions during decision making—as it relates to obesity.

Companies Need Help With Social Networks

While organizations realize the importance of social networking, most have little idea about how to use it effectively, according to a study conducted by IESE Business School in Spain; Rochester Institute of Technology's Saunders College of Business in the United States; and Henley Business School in the United Kingdom. The three institutions conducted this research—the first of two parts—on behalf of Cisco in San Jose, California.

Researchers surveyed 105 participants who represented 97 organizations in 20 countries. Seventy-five percent of respondents indicated that their firms use consumer-based social media such as Facebook, while about

50 percent also use microblogging sites such as Twitter.

However, only one in seven respondents said that their companies have instituted a formal process for using these tools for business purposes. Only one in five respondents said that their companies have policies in place regarding the use of social media. And only one in ten said that their IT departments have any direct involvement in external social networking initiatives.

Many respondents noted that their companies still overlook or misunderstand the risks involved with social networking, and they have not yet defined who owns the rights to materials generated through the practice.

The study highlighted just how much companies need to develop best practices for social network-

ing media, what initiatives are most effective, and how employee use of these technologies should be managed, says Evgeny Kaganer, a lead researcher in the study and assistant professor at IESE.

Organizations that ignore the increasing influence of social networking risk their employees' misuse of the technology, he says. That could potentially lead to the disclosure of unauthorized information or misrepresentation of the companies involved.

At the same time, the companies that master the art of social networking will reap the benefits of creating "meaningful connections" with their communities, says Neil Hair, a lead researcher and assistant professor of marketing at Saunders College. "Successful companies," he says, "are

NEWSBYTES

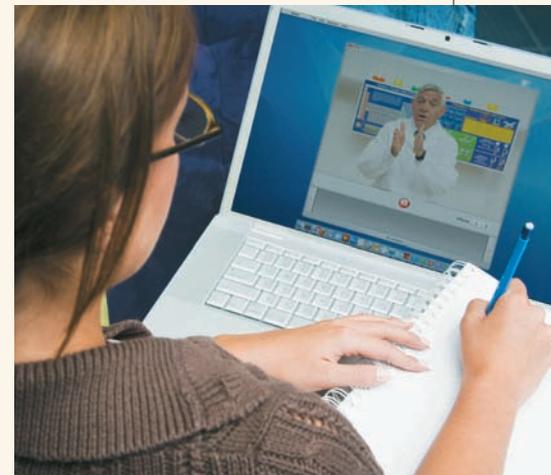
E-LEARNING CHALLENGE

AT&T recently announced its 2010 Big Mobile on Campus Challenge, a national contest that invites college students to design the next generation e-learning mobile application. The contest seeks entries that demonstrate usability, quality, innovation, utility, and marketability. AT&T will choose five finalists, whose schools will each receive complementary memberships to AT&T's Developer Program. The company will announce the winning entry during the EDUCAUSE Annual Conference in Anaheim, California, on October 12–15. The winning individual or team will receive a \$10,000 scholarship; two runners-up will each receive \$5,000 scholarships. The entry deadline is September 15.

For information, visit bigmobileoncampus.wireless.att.com.

THE VALUE OF ONLINE QUIZZES

Online quizzes do not improve student grades, according to a study by Harm-Jan Steenhuis and Brian



those that are tying tools together, managing scalability issues, anticipating the continued evolution of platforms, and using the preferred tools of their stakeholders.”



■ Tech's Effects on Text

This year, seniors at Suffolk University's Sawyer School of Management in Boston, Massachusetts, will be studying a phenomenon of great concern to many book publishers: How will digital technology change textbooks? As part of their capstone course, students will conduct research on the effects of this disruptive technology and then share their findings with textbook publishing companies.

The students have divided into teams, each representing different

stakeholders in the issue, including students, publishers, e-reader manufacturers such as Amazon and Sony, and entrepreneurs who may think of ideas that have not yet been realized.

Each team will conduct research and make strategic recommendations to help publishers succeed in the face of technology disruption. Students will draw on their accumulated knowledge of marketing, accounting, management, finance, personnel, and production, says Mitchell Weisberg, who designed and is teaching the course.

“For centuries we have seen technologies change industry, from the steam engine to Napster,” says

Weisberg. “These disruptions challenge existing strategies and create opportunities for established and emerging businesses to pursue new strategies.”

The teams will be equipped with different resources, including traditional printed textbooks; e-readers such as the digital Sony Reader Touch and Amazon's Kindle DX; and CourseSmart, which allows students to access textbooks online to read, download, or print.

Weisberg expects to publish the study upon completion, and he is incorporating a topical blog and a wiki into the project. Students are asked to contribute to the wiki, which also is open to Amazon, Sony, the publisher that owns the current textbook content, and other publishers.

Grinder of Eastern Washington University's College of Business and Public Administration in Spokane. The researchers compared the performance of students who used online quizzing to the performance of those who did not. While online quizzing allows professors to better manage large classes and evaluate student effort, the researchers found no significant difference between the two groups. Their study, “The use(lessness) of online quizzes for achieving student learning,” was published in the January 2010 issue of the *International Journal of Information and Operations Management Education*.

■ E-BOOK ON SUSTAINABILITY

Mark Esposito, management professor at Grenoble Ecole de Management in France, wanted to create a

book on sustainability that adopted the discipline's own practice, so he has published *Strategies in Sustainable Travel and Tourism* as an e-book. A review of the trends, opportunities, and responsibilities related to eco-tourism, the e-book is a way to disseminate knowledge in a more agile way, says Esposito. “It is environmentally friendly, has low production cost, and can be sold at a lower price,” he notes. The Kindle edition of the e-book can be purchased and downloaded for \$10 on Amazon.com. Proceeds will support the Slovenian Institute for the Development of Social Responsibility.

■ ONLINE EXEC ED CERTIFICATE

Thunderbird School of Global Management in Glendale, Arizona, will offer an Executive Certificate

in Global Negotiations, the first online instructor-facilitated certificate program in its executive certificate portfolio. The course has three eight-week modules, which include cross-cultural communication, essentials of global negotiations, and managing conflict with a global mindset.

■ BLOG ON PRICING

The University of Rochester's Simon Graduate School of Business in New York is adding a blog called “The Pricing Connection” to its online offerings. Located at www.pricingconnection.com, the blog is presented by the Simon School Center for Pricing and will be written by current Simon MBAs under the direction of Greg Shaffer, professor of economics and management, as well as marketing. 

Social Media and the B-School

Interactive digital and social media have become popular tools for business schools wanting to build their reputations, yet these tools are dual-edged swords. They can harm the school's reputation when individuals create personal sites full of information that doesn't fit the school's brand.

Sometimes these errant individuals are faculty and administrators. But most often they're students, who don't always understand that an item they post today—whether they think it's funny, helpful, or justified—might prove to be an embarrassment to their school as well as a liability to themselves down the road.

Without trampling on the tenets of free speech, schools need to help students think about the impact of their social media postings. But administrators also must protect the school's brand by managing uncontrolled social media sites. They should set clear expectations about social media, while also preparing plans of action should these expectations not be met.

Trouble Sites

Online communications most often go astray through two popular tools:

■ Social networking sites.

Plenty of disasters can happen when students use sites like Facebook and Twitter. While some schools set up their own social networking sites, particularly for students who have just been accepted, many independent Facebook and Google groups do not have any administrative oversight.

Recently, two second-year students

at one school used a social networking site to comment on the quality of reading assignments and textbooks for a particular class. One of the posters said a certain book should be read only if the incoming student was having trouble falling asleep. Another recommended that new students skip purchasing the book altogether, going straight to QuickMBA.com to get the basics. Later this student even posted notes from QuickMBA—which was most likely a legal violation of the site's ownership rights.

Perhaps these students believed they were mentors providing the kind of advice they would offer in face-to-face chats. What's problematic is that they used a public forum that was accessible by outsiders. The postings could have made incoming students, or their parents, doubt the teacher's ability and judgment. They could have made recruiters wonder about the usefulness of this course—or the program.

In short, these comments tainted the school's reputation. Even if these students weren't concerned about that outcome, they should be concerned about the extrapolation: If their school's reputation suffers, their MBA degree is devalued.

■ **Blogs.** Millions of people maintain blogs, and that includes CEOs, professors, and students, many of whom don't realize how much power their words have. For example, a business student at one school wrote an unflattering blog about a year-long required project that involved outreach to a large corporation. Although her negative comments were more about the project than the company, executives were not pleased

when they learned about her blog. The official company response was, "We are not sure we are prepared to risk that type of a disclosure with potentially disaffected students."

Unfortunately, the program director was developing a large-scale project with two key partners—a project that was stopped in its tracks after the blogging incident.

It turned out that this same student had written a previous blog post while she was actually sitting in the core finance class, despite rules against blogging in class. In another post, she noted that she comprehended very little in this finance class, but she still received a final grade of B+.

This student definitely had the right to post this message, just as she had the right to share this opinion in conversation with her friends. But in this new world of social networking, she also must be encouraged to consider the larger implications of her blog—that it may give an undeserved negative impression to employers about the level of her skills and the quality of her education.

Rules of Netiquette

While the laws surrounding social media sites are still being defined, business schools need to make it clear what they expect from students using social media. The situations above might have been prevented if the schools in question had expressed expectations like these:

Postings should not depict or describe potentially offensive conduct. It would seem obvious that no one should post photos of students or faculty in compromising situations, particularly at an event sponsored by the academic institution. Nor should anyone blog or tweet about bad student or faculty

It's a new world now. If business schools don't create and share expectations about social media usage, they risk being harmed by uncontrolled information.



behavior. But often students see no harm in posting about such “fun” events. Administrators must be sure students understand that such postings could harm the school’s brand and the students’ own professional images.

Students should consider the true implications of “freedom of speech.” Most students cherish their right to post what they like on their personal social networking pages. But schools should help students understand that their online postings are not the same as their face-to-face conversations. What they “say” online lasts indefinitely, so it’s important that they put their words to their own simple tests *before* they post. *Will the professor be unfairly portrayed by this comment? Is it an accurate representation of the course and my school? Will my classmates be offended? Would I want corporate recruiters to know this about me before they meet me?* By asking questions such as these, students can better predict the negative consequences of a comment or photo before they post it.

Postings should pass the “public versus anonymous” acid test. Social media potentially can be accessed by millions of readers, and Internet exchanges are never anonymous. ISPs can be tracked, company e-mail systems can be monitored, friends can reveal the identity of a blog’s author. Writers should always ask themselves

if they want their names attached to a posting for the entire world to see. If they don’t, they shouldn’t put the item online.

Personal social media comments should be posted only via private Internet service providers. Students should understand that anything posted via the university’s server may blur the line between a personal posting and university governance.

Spreading the Word

To convey their netiquette expectations, school might use a session at orientation to discuss with students both the positive and negative aspects of social media postings. Or perhaps the school could include social media expectations with acceptance packets, honor code information, or class syllabi. At the same time, administrators don’t want to come across as the social media police or the enemies of free speech.

No matter how clear a school is about its netiquette rules, it needs to have a plan in place for how it will handle situations in which embarrassing content appears on social media sites. The severity of the responses should be determined by how harmful a posting is to the school’s relationships with stakeholders. For instance, a student might simply be asked to “take down” the photos he posted of his professor’s cigar and Jägermeister party. More punitive measures might be called for when a student’s online rants about a class project lead to a corporation withdrawing its support.

And let’s be clear—students aren’t the only ones who post questionable items. Administrators need guidelines to tell them when a professor’s unfortunate blog post-

ing merits only a reprimand and when it might result in termination. Some people might wonder if harsh punitive measures violate freedom of speech laws, but there is a swelling rank of employees who have lost their jobs over personal posts. In any case, it’s important that the school have a plan in place for dealing with indiscreet postings.

New Digital World

Educators have long understood that there must be policies with respect to academic dishonesty. Recently, programs have focused on core values and asked students to acknowledge these values when they become members of the academic community. Yet few business schools include proper social media behaviors among their lists of core values.

But it’s a new world now. This technology is engrained in the lives of our students. If business schools don’t create and share expectations about social media usage, they risk being harmed by uncontrolled information. Schools should encourage students to take part in the exciting social networking culture that is emerging online. But schools need to help students and faculty understand the kind of impact that thoughtless social media postings can have—and they need to let the whole community know that when such indiscretions turn hateful or harmful, there will be repercussions. **Z**

Victoria L. Crittenden is an associate professor at the Carroll School of Management, Boston College, Chestnut Hill, Massachusetts. Kate Klepper is associate dean at Northeastern University’s College of Business Administration in Boston, Massachusetts.

Bookshelf

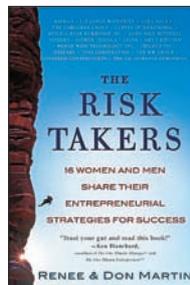
Most companies realize that different customers prize different attributes—colors, sizes, payment plans—so they offer options. “However, when it comes to pricing, most companies behave as though their customers are identical by setting just one price for each product,” says Rafi Mohammed in *The 1% Windfall*. The title comes from the notion that if companies raise prices

by just 1 percent, they can increase their operating profits by 11 percent, but Mohammed doesn’t advocate that readers merely jack up prices across the board. Instead, he meticulously explains a range of approaches to pricing.

For instance, in the value-based system, sellers consider what the competition charges for the “next best alternative” and set their own prices higher or lower, depending on how they compare. In versioning, sellers offer a core product at a basic price, then add or take away attributes and adjust prices accordingly. Other methods exist, but Mohammed’s point is clear: Setting prices simply by calculating costs and profit margins leaves money on the table. (Harper Business, \$27.99)

Budding entrepreneurs will find both inspiration and a set of practical strategies to help them realize their dreams in *The Risk Takers*. Renee and Don Martin tell the stories of 16 entrepreneurs who built flourishing businesses even though they started out with little cash and faced serious adversity along the way. Among those profiled are Kinko’s founder Paul Orfalen, Spanx inven-

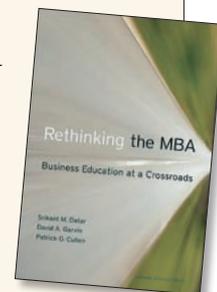
tor Sara Blakely, and Build-A-Bear CEO Maxine Clark—as well as Don Martin himself, who built a small insurance company into a thriving business that eventually sold for \$64.5 million. In the concluding chapter, the authors highlight the traits many of the entrepreneurs have in common: They trust their guts, buck conventional wisdom, target underserved niches, pounce on new trends, exploit competitors’ weaknesses, and so on. It’s a quick read, but offers plenty of motivation to the aspiring businessperson. (Vanguard Press, \$25.95)



If you’re in the marketing business, you have to know how to catch consumers’ attention and make them crave what you have to sell. That’s always been tricky, but it’s harder than ever in a shrill and hypercompetitive world where consumers are constantly bombarded by information. To make your message stand out, says Sally Hogshead, you must learn to *Fascinate*. “Companies that can help consumers feel more *fascinated* in their own lives, or more *fascinating* in their relationships, not only will win the sale but will earn consumers who actively seek out those products.” She describes the “seven triggers” of fascination—lust, mystique, alarm, prestige,



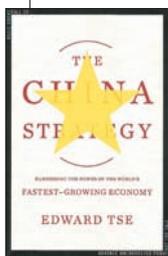
Many people offer theories about what’s wrong with the MBA, but few of them study the problem with as much depth and attention to detail as Srikant Datar, David Garvin, and Patrick Cullen in *Rethinking the MBA*. The three authors, all of Harvard, have compiled exhaustive data about the content and structure of MBA programs, the forces that have shaped the past 50 years of business education, and the trends and risks that will define its future. “The data show an industry facing important challenges and institutions wrestling with the basic questions of purpose, positioning, and program design,” they write. “They also show an industry that has already begun the slow, painful process of adopting new approaches to maintain its relevance in a rapidly changing environment.” They refute the common charge that schools run “cookie cutter” MBA programs, citing a high continuity in content but great diversity in structure. They also identify areas where schools need to introduce or beef up programs to serve a changing market, including leadership, globalization, innovative thinking, and integrated studies. Finally, they comprehensively analyze programs run by six leading institutions—the University of Chicago, INSEAD, the Center for Creative Leadership, Harvard, Yale, and Stanford—and discuss how these might serve as models for business education in the future. All the topics in the book are familiar, but the book does a terrific job of gathering in one place most of the relevant information needed for management education to face its future. (Harvard Business School Press, \$39.95)



power, vice, and trust—and how they can be embedded in a product or an advertising campaign. “Lust leads to behavior that’s irrational, unreasonable, and, in many cases, flat-out absurd,” she writes. “For many types of messages, that’s good news. Critical, actually.” This isn’t your typical business book; it takes irreverent and eye-opening detours through the evolutionary benefits of smiling and the psychology of sex. But it’s always intriguing and it’s certainly fun. (Harper Business, \$26.99)

In the coming decade, doing business

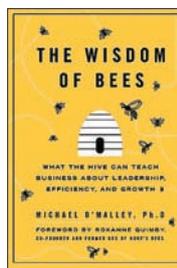
in China will be essential for any major business, says Edward Tse, but developing *The China Strategy* will not be a simple or static task. “The intensity and scale of change in China means that all businesses, even those that currently are successful, will find themselves inadequately prepared for the turmoil and dynamism to come,” he writes. “For in the world’s fastest-growing economy, the experience of the last ten years will not be the best guide to the next ten.” Tse examines four



key drivers that will shape China’s future: a new openness to outside cultures and goods that appeal to a growing consumer class; a highly competitive market that encourages foreign investment and domestic startups but makes it hard for any firm to dominate; a constantly changing level of economic involvement for the ruling Communist Party; and a growing global interconnectedness. Tse, senior partner and chairman for Greater China at Booz & Company, calls China an “irresistible marketplace,” and he

provides a roadmap for navigating its seductive but complicated terrain. (Basic Books, \$26.95)

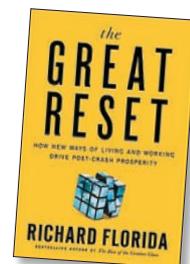
A business book titled *The Wisdom of Bees* might at first strike sophisticated readers as a little simplistic. But Michael O’Malley’s deft comparison of beehives to corporations is both charming and thought-provoking. O’Malley—an executive editor



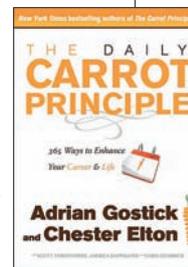
with Yale University Press and an adjunct professor at Columbia Business School—translates the communal, adaptive behavior patterns of bees into 25 lessons for the corporate world. Lesson one emphasizes that bees are not short-term maximizers, so they never focus exclusively on a single source of essential supplies. They know that “someday the nectar in that location will stop flowing and they will need to be prepared to rapidly reallocate resources to other productive sites. To do so, they must already know where those sites are and have established operations, however minimal, in those locales. Said succinctly, bees avoid all-or-nothing scenarios at all costs.” Other observations are equally apt in this honey of a book. (Portfolio, \$21.95)

Feeling panicked about the current economic situation? In *The Great Reset*, Richard Florida offers a thoughtful, generally hopeful assessment of where we are now, how we got here—and how we can rebuild in the future. A “reset” transforms more than economies, says Florida, part of the University of Toronto’s

Rotman School of Management. “As it takes shape around new infrastructure and systems of transportation, it shapes the rise of new housing patterns, realigning where and how we live and work. Eventually it gives rise to a whole new way of life—defined by new wants and needs and massive new models of consumption.” He examines the resets that occurred after the Long Depression of 1873 (“the crisis most like our own”) and the Great Depression of the 1930s, determining that intense periods of inventiveness followed these desperate times and fueled new prosperity. He acknowledges that resets involve real pain for cities, regions, and populations. But he also believes that growth is on the horizon if nations invest in new technologies, redeploy human capital—and realize that the reset will unfold over a long period of time. (Harper, \$26.99)



If part of your job entails motivating teams to perform, *The Daily Carrot Principle* by Adrian Gostick and Chester Elton offers useful advice. It’s a day-by-day manual for rewarding employees, showing them appreciation, and inspiring them to greater efforts. Many of the suggestions are simple common sense: Use vocabulary that is humanizing. Spend serious time on self-evaluation. Encourage humor in the office. A few are more subtle: Work to understand the different communication styles of your employees and co-workers. The various “carrots” work together to create a more civil—and productive—workplace. (Free Press, \$19.99) 



Reading Is Fundamental For Business

Book clubs have long promoted dialogue and learning on a wide range of topics. They're no less powerful a learning tool for business students, says Jim Bradford, dean of Vanderbilt University's Owen Graduate School of Management in Nashville, Tennessee.

For the second year, Bradford is leading "The Dean's Book Club," which meets several times each semester to read and discuss a variety of books. So far, the club has read books such as *Black Swan: The Impact of the Highly Improbable* by Nassim Taleb; *Factory Girls: From Village to City in Changing China* by Leslie T. Chang; *The Post-American World* by Fareed Zakaria; and *Hot, Flat, and Crowded: Why We Need A Green Revolution—and How It Can Renew America* by Thomas Friedman. This spring, they read *River Town* by Peter Hessler, which describes the struggles of a mining town in China's Sichuan province as it tries to adapt to the country's changing economic climate.

For many years, Bradford has assigned each entering MBA class a book to read the summer before the program begins to provide students with a common experience and viewpoint before they meet on campus for the first time. Bradford realized that a regular book club could extend and deepen that common conversation.

Students do not receive credit for attending book club meetings—they participate for their own enjoyment.



Dean Jim Bradford leads discussion at a meeting of the Dean's Book Club.

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—Dean Jim Bradford

Even so, each meeting attracts 20 to 40 students, as well as members of the faculty and library staff.

Bradford tries to schedule the 90-minute gatherings at the beginning of each academic quarter. That's after breaks when students have time for extracurricular reading, but before exams and job interviews monopolize their time.

The book, time, and location of each club gathering are posted on the school's intranet. Leading up to meetings, Bradford also sometimes challenges students with questions related to the book via Twitter tweets. He also gives them assignments to complete beforehand—to

choose a quotation or passage that resonated with them or identify an idea with which they agreed or disagreed, for example.

The club ties directly into Bradford's own love of reading. "Like travelling and working abroad, reading literature helps students see through someone else's experience and explore issues that will influence the way they work and live," he says. The books' themes also can carry over into the classroom, providing students added insights on subjects they're studying in their courses.

In the future, Bradford might add fictional titles to the book club's lineup—perhaps by favorite authors of his own, such as William Shakespeare or Wallace Stegner. But no matter what books are up for discussion, most participants—including Bradford himself—leave meetings with an expanded view of business.

"If I read a book, it's a nice experience. But if I *teach* it, it's a much deeper experience," he says. "It's also a way for me to get to know the students, who are all very smart, articulate people with different experiences than I've had. I gain a lot from them." 

