

Big Fed

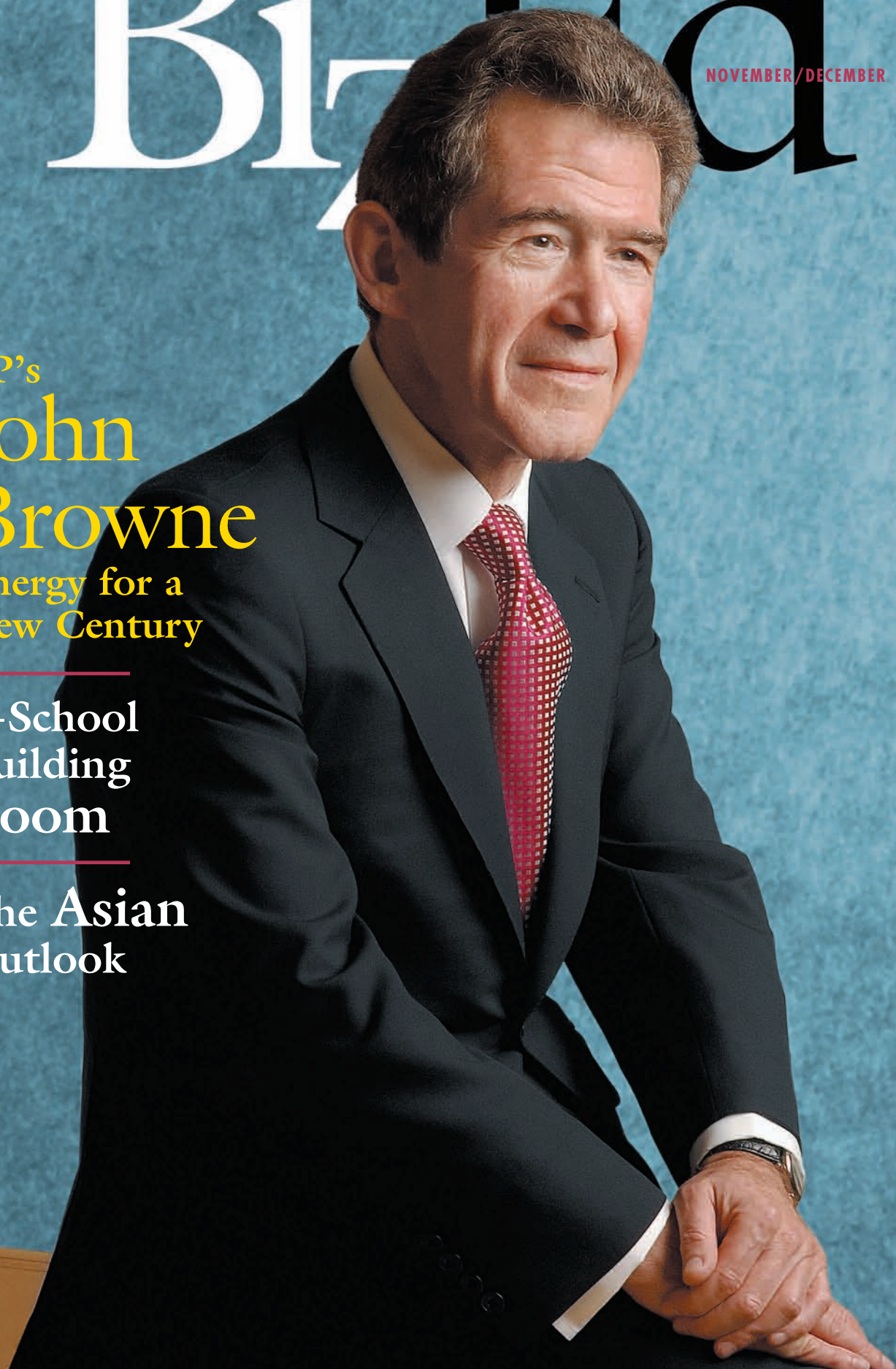
NOVEMBER/DECEMBER 2005

BP's
**John
Browne**

Energy for a
New Century

B-School
Building
Boom

The Asian
Outlook



BizEd Contents

NOVEMBER/DECEMBER 2005

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From the Editors

Reconnecting

We often take for granted the circumstantial and technological connections between and among us.

We assume the immovability of a physical academic campus and the technological inevitability of land-based phone lines and cell phone, Internet, and e-mail service. One may fail, but all? Unlikely. But as we learned in August, when Hurricane Katrina ravaged the schools and communities along the U.S. Gulf Coast, these connections are not unassailable. They can be frighteningly disrupted. In some cases, they can be destroyed.

In an article in this issue's Headlines department, Sharon Shinn asked deans at business schools at the University of New Orleans, Loyola University New Orleans, Tulane University, and University of Southern Mississippi how they've coped with the unexpected crash course in disaster management that was presented by Hurricane Katrina. They discussed the Herculean challenges of assessing the damage, resuming operations, and rebuilding their campuses. But the main challenge, they said, wasn't about fixing buildings or restarting classes. It was about contacting faculty, staff, students, and parents, now scattered across the globe, in Katrina's aftermath. It was about reestablishing those connections and reuniting their displaced and dispersed communities.

Such was the case for Harold Doty, dean of the College of Business at the University of Southern Mississippi. Although the university's Hattiesburg campus and college of business were largely spared, buildings on its Gulfport campus, located just across the street from the Mississippi Sound, sustained extensive damage. Some structures were completely demolished or beyond repair. "The entire first floors of some buildings are gone, ripped down to the studs," he says.

But those are just buildings, says Doty. For him, the communications blackout was his biggest source of fear and anxiety in the hours and days *after* Katrina had died away. "It took me a week to find our faculty who live on the coast. I didn't have emergency cell phone numbers for their families," he says. "The big lesson for me was how important it is, in a catastrophe like this, to make sure you can reach out and just make sure everybody's alive."

While effective risk management requires organizations to back up data and create redundant systems, Doty offers this crucial recommendation to business schools: "Think about your emergency communications procedures." It may be hard to conceive of a situation where technology fails and traditional connections are cut off, but Katrina proves it can happen. As Doty and other b-school administrators have found, access to satellite phones, lists of emergency contact information, and check-in protocols for faculty, staff, and students can prove invaluable in a worst-case scenario.

Buildings can be rebuilt, say Doty and his colleagues. What's important is that a school be able to find and help its faculty, staff, and students in a crisis. After all, it's one thing to set up video conferences, hold online class discussions, or send e-mails to colleagues on an ordinary day. It's quite another to be able to connect—and reconnect—when it really, truly counts. ■



BILL BASCOM

Letters

Sorting Through SOX

I found the article “The Sarbanes-Oxley Effect” in the July/August issue of *BizEd* very interesting. In fact, I had listened to the SEC’s Business Roundtable on SARBOX in mid-April. I was impressed with the few who noted that possibly better internal control would not have prevented the problems that have led to so many accounting scandals, especially those of the last five years.

I’ve been disappointed to see virtually no in-depth, serious diagnosis of the weaknesses of the contemporary situation and the contributing sources. Imagine where the field of medicine would be if judgments of treatment were as unstudied as those made by the Public Company Accounting Oversight Board. The PCAOB immediately, or so it seemed, determined that an audit of

for answers might provide amazing data! Possibly there are some thoughtful practitioners, as well as professors, who might provide some of the study and analysis required at this point.

*Mary Ellen Oliverio
Formerly of the Lubin School
of Business
Pace University
New York, New York*

because they are proud of their achievements and know that the media often pay no attention to “surveys.” Rather than creating a tiered system where lower tiers invariably look second best, we wanted to send the message that all of our Top 30 schools have achievements of which they can be proud, although everyone has room for improvement.

A Different Kind of Ranking

Andy Policano makes important points and valuable suggestions in “What Price Rankings?” from the September/October issue. Yet his analysis of ranking programs was incomplete.

As Andrew Horning noted in the Letters section

of the same issue, there are alternative efforts to look at MBA programs. Research here at the Aspen Institute tells us that students want to attend, and companies want to hire from, MBA programs that prepare graduates for the complex ethical, social, and environmental issues that face business today. Since 1998, the Beyond Grey Pinstripes program, which is conducted in partnership with the World

Resources Institute, has highlighted schools that do just that. Our goal has been to provide positive reinforcement to schools that get it right, while providing the field with detailed information on innovation and best practices.

This year, for the first time, we decided to publish our findings as an ordinal ranking. Many schools requested this change, particularly



Unlike other rankings providers, we make public the full data set upon which we make our decisions. Any student, administrator, or corporate recruiter can visit our Web site, www.beyondgreypinstripes.org, and review relevant research and coursework at more than 130 schools around the world. We hope that this makes our tool more useful.

We put effort into continuously improving our survey, precisely because we are aware that there are always unintended consequences. We look forward to engaging with Dean Policano and others as we consider how to highlight exemplary work in a way that is accurate, fair, and useful—and brings the front-runners the attention they deserve.

*Judith Samuelson
Executive Director
Business and Society Program
The Aspen Institute*

The Sarbanes-Oxley Effect



internal control was a key to the solution of perceived problems!

I have one overall question for the SEC. When the Foreign Corrupt Practices Act of 1977 was passed as a statutory amendment to the Securities and Exchange Act of 1934, it established a requirement for internal control. Why was there no good-faith implementation during the following decades? Probing

Headlines

After the Storm

When Hurricane Katrina hit the Gulf Coast of the United States in August, Angelo DeNisi had been dean of the A.B. Freeman School of Business at Tulane University in New Orleans for just under two months. But Katrina's arrival wasn't just an overwhelming test of leadership for one new dean. School administrators in Louisiana, Mississippi, and Alabama have had to cope with the devastation and flooding caused by Katrina and her aftermath. Some schools sustained minimal damage and soon reopened. Others, particularly those in New Orleans, were forced to shut down as they faced a city in tumult, a student body scattered, and a host of questions about what happens next.

These schools moved quickly to set up blogs, chat groups, and emergency Web sites to keep students, staff, and faculty informed and connected. "What everyone wanted most was to know whether everyone was safe," says J. Patrick O'Brien, dean of the College of Business Administration at Loyola University New Orleans. In fact, the near-miraculous power of the Internet has allowed these schools to regroup their administrative teams, working from multiple sites in far-flung cities to communicate, plan their next moves, and even hold a semblance of a fall semester online.

One of the first orders of business for these schools was to reassure students that they would not be forgotten and faculty that they were still employed. For instance, at the University of New Orleans, full-time faculty were told they would be paid at least through the end of the fiscal year. Adjunct faculty received salaries through September 30 and some



On September 7, the Tulane University campus in New Orleans is covered by floodwaters following Hurricane Katrina.

DAVID J. PHILLIP / AP WIDE WORLD PHOTOS

were rehired on a case-by-case basis, particularly those who could conduct classes online.

The University of Southern Mississippi in Hattiesburg not only guaranteed faculty a payroll, it worked with FEMA to help find housing and other necessities for staff members whose homes were destroyed. "We're trying to keep people engaged in their lives and moving forward," says Harold Doty, dean of the College of Business.

A major goal for all affected universities has been helping their students find places at other academic institutions. Many Loyola students were able to enroll as transient students at other Jesuit universities, and thousands enrolled in Louisiana's state university system. In fact, according to Paul Hensel, interim dean of the University of New Orleans' College of Business Administration, so many UNO students enrolled at Louisiana State University in Baton Rouge that some UNO faculty began teaching LSU classes to help with the overflow.

But schools across the country

and around the world have offered academic homes to the evacuated students, either waiving tuition altogether or charging only a minimal fee. "I want to thank sincerely all those universities that have opened their arms to our students," says Hensel. "We've got students at Brown, Oklahoma State, Southern Illinois University in Carbondale, and North Texas State. I have six French-speaking students here from Africa, and the University of Montreal wanted to take them in."

Southern Mississippi is one of the dozens of schools that have accepted displaced scholars as "visiting students." Although the Gulfport campus sustained enough damage to be closed at least for the semester, the Hattiesburg campus was up and running again in early September and poised to hold a full semester of classes.

According to Doty, "I've declared that any student who was enrolled in higher education at the start of the semester will be admitted. That's without benefit of transcripts. We're fudging on some rules, and we know

**"KATRINA WILL SURELY TEST OUR ABILITIES TO MANAGE CHANGE AND ADAPT TO A NEW, UNCERTAIN ENVIRONMENT.
IT IS OUR INTENTION TO RESURRECT WITH A STRONGER, MORE FOCUSED INSTITUTION."**

—J. Patrick O'Brien, Loyola University New Orleans

there's an accreditation issue. But for these visiting students, we're willing to stand up and look three other AACSB deans in the eye and explain our decision."

Educators realize it will be an administrative nightmare to determine which students have earned credit where. "We are committed to being as flexible as we can to make sure that any relevant course a student takes during this semester can be counted as credit toward the student's degree," says DeNisi. "It will be a *huge* task, but it's what we have to do."

In some cases, students didn't have to continue their education elsewhere: Some hurricane-ravaged universities were able to quickly start offering courses electronically. By mid-September, UNO as a whole had more than 50 classes online, and more were being readied every week. Says Hensel, "We have a Web site where students can sign up for online classes, and we'll have rolling enrollments. Classes have to be finished by December 31, but that's easier to do online where students are self-paced."

At Loyola, the majority of CBA classes were made available online, commencing in late September. Meanwhile, the school was dealing with its other challenges. "By one week after the hurricane hit, we had laid out action plans for all faculty and staff members—teaching of online courses, revision of five-year faculty development plans, continuation of the development of assessment programs for each of the majors, revisions of syllabi to reflect assessment plans, and individual research," says O'Brien. "We also announced to the faculty and staff that it was our full intention to

reopen for classes in January 2006."

That's the goal for administrators at all of the disrupted schools, but to some extent, the decision is out of their hands. Doty hopes to move back into the Gulfport campus for the spring semester—if the city is able to supply power, water, and other services. "Right now, we have not made a decision about the spring semester," he says. "We have to take care of our students and community first."



A New Orleans resident tries to drive his car through floodwaters past the University of New Orleans on Tuesday, August 30.

While Tulane University sustained minor damage, most can be repaired with relative ease. For the campus to open in January, DeNisi expects the university will have to provide some housing and other services on its own. "Right now, this is all under discussion," he says.

At UNO, the early focus was on a branch campus that survived the flood better than the main campus.

But even that building won't be holding classes unless the city of New Orleans is habitable again, and when that will happen is anybody's guess. "We've heard estimates of everywhere from two months to eight months to never," says Hensel.

Yet an even longer-term problem looms on the horizon: the fates of the affected universities in the coming years. Next year's classes may be considerably smaller as some temporarily displaced students choose to stay where they are, and other students under recruitment decide not to chance a Gulf Coast school.

"We are currently recruiting students at all levels for 2006," says DeNisi. "We realize this may be difficult. We realize some of our students won't return. But we believe that if we can deal with problems in a compassionate way, help students graduate on time, and actually get things running again soon, we will demonstrate that Tulane is a caring and capable organization. It may take a year or two, but if we can learn anything from dealing with this crisis, Tulane will come back a better university than it was."

O'Brien of Loyola echoes these sentiments. "Katrina will surely test our abilities to manage change and adapt to a new, uncertain environment. It is our intention to resurrect with a stronger, more focused institution."

Hensel not only expresses confidence that his school will recover, but he also predicts that the city will rebuild. "How can you not have New Orleans?" he asks. "We've got to focus on the positive. That's what we tell our students, that's what we tell our faculty, that's what we tell ourselves. We've got things to do. Let's get to work."

AACSB Tackles Critical Issues

As part of its expanded role as a thought leader for management education, AACSB International has issued two papers on critical topics. One articulates the value of management education today; the other addresses the problems posed by media rankings and how to solve them. Each report was issued by a task force of the Committee on Issues in Management Education (CIME).

In "The Business School Rankings Dilemma," the committee members acknowledge that media rankings have helped promote business schools in general and the MBA in particular. However, they say the ranking methods used by *Wall Street Journal*, *BusinessWeek*, *Financial Times*, *Forbes*, *U.S. News & World Report*, and other media outlets can have "serious negative impacts on business education."

According to the report, problems with the rankings include a reliance on inconsistent data and subjective opinions; too much emphasis on short-term performance; use of blanket criteria that do not differentiate among schools with varying missions or orientations; and emphasis on full-time rather than part-time programs.

The committee members offered four recommendations:

- That AACSB develop a global communications program to engage the media, educate the public about the limitations of the rankings, and assist business school leaders in dealing with issues related to rankings.

- That AACSB define and collect better indicators of program quality, such as academic qualifications of faculty and research. AACSB is already collaborating with the MBA Career

Services Council and the Graduate Management Admission Council to organize data for media surveys.

- That AACSB strengthen the external value of accreditation through a media campaign and a partnership with accredited institutions.

- That AACSB commission studies about the methods, validity, and impact of rankings, as well as the link between research, teaching, and practice.

The task force was chaired by Robert Duncan of Michigan State University. Other CIME members who participated were Sung Joo Park of KAIST, Andrew Policano of the University of California Irvine, Sharon Smoski of State Farm Insurance Companies, and Dan LeClair, vice president and chief knowledge officer of AACSB International. The report is available online at www.aacsb.edu.

In another report prepared by a second CIME task force, committee members outline the contributions management education has made to the world. The paper, "Why Management Education Matters," points out that business has transformed the world over the past century.

The report goes on to look at how management education offers

value to three distinct groups. Management education benefits *individuals* by giving them practical skill and offering them the means to create personal wealth. Management education benefits *organizations* by providing cutting-edge ideas that help improve efficiency and by offering a fertile environment for the development of new ideas. It benefits *society* because it facilitates economic development and provides opportunities to an increasingly diverse population.

The task force was co-chaired by Patrick Liverpool of Delaware State University and Patricia Meyers of the University of Dayton. Other CIME members who worked on the report include Ángel Cabrera of Thunderbird; Lee Caldwell of Dixie State College; Paul Danos of Dartmouth College; Fred Evans of California State University in Northridge; Stuart Greenbaum of Washington University; Andrew Policano; Stephen Watson, scholar in residence at AACSB; and Anne Graham, executive vice president and chief operating officer of AACSB. Information about obtaining the report is available from AACSB at 813-769-6500 or www.aacsb.edu.

Also from AACSB

As part of a campaign to promote the value of accreditation worldwide, AACSB International has produced a new set of materials designed to communicate with a range of management education stakeholders.

A brochure titled "Excellence. The Best Business Schools in the World" is targeted at members of the business community, including CEOs, human resources professionals, recruiters, and advisory boards. It is accompanied by a pamphlet titled "The Best Business Schools in the World," which is a compilation of all schools accredited by the association. For students, AACSB has produced a brochure called "Choosing the Right Business School," which emphasizes that AACSB accreditation should be among the most important criteria used in making this decision. For information about and copies of these accreditation materials, call AACSB at 813-769-6500.

While the authors found no evidence that a low score in the *U.S. News* rankings affected the likelihood of dean turnover, they found that a low ranking from *BusinessWeek* did.



Deans and Rankings

Does a bad ranking by a top publication cause a dean to leave a business school? Maybe, if that low ranking appears in *BusinessWeek*. Probably not, if the ranking appears in *U.S. News & World Report*—but if a school’s student placement score deteriorates in the eyes of *U.S. News*, a dean is more likely to depart.

Those are some of the overall findings in “Business School Rankings and Business School Deans: A Study of Nonprofit Governance” by C. Edward Fee, Charles J. Hadlock, and Joshua R. Pierce, which appeared in the spring 2005 issue of *Financial Management*.

The authors examined the careers of all the deans who served at the schools ranked by *BusinessWeek* or *U.S. News* from 1990 to 2002. While the authors found no evidence that a low score in the *U.S. News* rankings affected the likelihood of dean turnover, they found that a low ranking from *BusinessWeek* did. Their conclusion is that “schools behave as if they evaluate deans based on factors that are captured in the *BW* ranking measure.” Furthermore, they note that deans are more likely to be penalized for a drop in rankings than rewarded for upward movement.

But does it do a school any good to replace a dean who has presided over a change in rankings? The authors say no. “We find little evidence of large changes in rankings or program characteristics after a change in dean, indicating that new deans may be limited in their ability to change a school’s direction,” they write.

Reclaiming the Land

Heavily polluted land will be cleaned up and made productive again thanks to a new partnership between the nonprofit Cherokee Property Foundation and the University of North Carolina’s Kenan-Flagler Business School in Chapel Hill. The Cherokee Property Foundation accepts donations of environmentally damaged property, or “brownfields,” and turns them into tax-producing community assets. UNC students will help the foundation negotiate the donations, contract to clean up the land, and then resell it.

“The donated property might be an old gas station, an industrial site, or a former shopping center with a dry cleaner,” says Dave Hartzell, North Carolina Real Estate

donation of the land. Profits from land sales will support future deals, with excess proceeds donated to community human service and economic development efforts.

With the new partnership, up to six MBA students will work with the foundation annually. “Last year was our startup year,” Hartzell said. “We hope to close on several deals this year. Students get exposure to developers, different markets, and due diligence. They also get a good feel for how contaminated and fallow properties can be remediated and brought back into economic use.”

The PhD Project Turns Not-for-Profit

The KPMG Foundation has announced that The PhD Project has been established as a separate not-for-profit corporation known as The PhD Project Association. The organization has been instrumental in encouraging minorities to pursue doctoral degrees in business and take positions as faculty at business schools.

According to Bernie Milano, president of the KPMG Foundation and lead administrator of The PhD Project, “With over 1,200 universities issuing degrees in business, the need for a more diverse faculty is quite apparent.” The KPMG Foundation will continue to provide support to The PhD Project Association.

Since The PhD Project was founded in 1994, the number of minority professors at U.S. business schools has more than doubled, from 294 to 751. Further, 415 minorities are currently enrolled in doctoral programs and could take a place at the front of the classroom in the next five years.



Educational Foundation Professor and director of the Center for Real Estate Development at UNC Kenan-Flagler. Owners of such properties often don’t know how to clean them up, he explains, and they fear legal liabilities if they sell. The foundation, which is closely tied to the private equity fund Cherokee Investment partners, plans to indemnify owners against such liability in exchange for

SHORT TAKES

NEW APPOINTMENTS

■ **Judy Olian** has been named dean of the Anderson School of Management at the University of California in Los Angeles. She will take the position January 1. Currently she is dean of the Smeal College of Business Administration at Pennsylvania State University, where she has been dean and professor of management since 2000.

■ **Lewis R. Gale** has been selected as the new dean of the John B. Goddard School of Business and Economics at Weber State University in Ogden, Utah. Gale has spent the last two years as dean of the B.I. Moody III College of Business Administration at the University of Louisiana at Lafayette.

■ **Rajib Sanyal** has been named dean of the Walker L. Cisler College of Business at Northern Michigan University in Marquette. Previously, he was a professor of management at the College of New Jersey, formerly Trenton State College.

■ **Nancy Hayes** has been appointed dean of the College of Business at San Francisco State University in California. Hayes worked at IBM for 20 years, and more recently was president and CEO of WISE Senior Services in Southern California.

■ **David K. Graf** has been named the new dean of the College of Business and Economics at the United Arab Emirates University. He was formerly the dean at Northern Illinois



University.

■ **Stefanie Lenway** has been named dean and professor of managerial studies at the University of Illinois at Chicago College of Business Administration. She was previously associate dean of MBA programs at the University of Minnesota. She succeeds interim dean John McDonald, who will retire from UIC.

NEW PROGRAMS

■ This fall, the Owen Graduate School of Management at **Vanderbilt University** in Nashville, Tennessee, launched a health care MBA program in which students collaborate closely with professionals at Vanderbilt's Medical Center as well as some of the health care companies based in the city. Participating students will earn a traditional MBA with a concentration in a functional discipline while also completing courses specific to health care. Students will learn strategic, economic, ethical, and operational aspects of health care while pursuing specializations in the fields of health services, medical devices, biotech, consulting, pharmaceuticals, or managed care.

■ The **Yale School of Management** in New Haven, Connecticut, has launched its MBA for Executives: Leadership in Healthcare program this fall. It is the school's first degree tailored to the needs of working executives. Students currently enrolled in the program represent diverse sectors of health care, including pharmaceuticals, biotech, managed care, medical devices, non-profit and government health organizations, hospitals, private practice,

consulting, and insurance.

■ **Southern Methodist University's** Cox School of Business, Dallas, Texas, has developed cooperative programs with the Journalism Division of the Meadows School of the Arts at SMU. Funding was provided by William J. O'Neil, chairman and CEO of *Investor's Business Daily*. The Cox School will establish the William J. O'Neil Center for Business and Financial Reporting and the William J. O'Neil Chair in Business and Financial Reporting. The school also has developed a new BBA major in business and financial reporting.

■ The **University of North Carolina's** Kenan-Flagler Business School in Chapel Hill has launched the Leadership Initiative, an integrated, experience-based program that assesses and develops MBAs' leadership skills. The program is directed by Mindy Storrie. Students will develop individual self-assessment and goal-setting plans, receive feedback from leadership coaches, and consult with companies to solve real-world problems. Storrie, who was previously director of MBA Career Services, has been replaced in that position by Susan A. Amey.

GRANTS AND DONATIONS

■ An anonymous donor will provide \$25 million toward a new executive education building for the Haas School of Business at the **University of California in Berkeley**. It is the largest single gift in the school's history. The center will create space for classrooms and short-term housing for executives attending educational programs.

■ The Gordon and Betty Moore Foundation has awarded the Yale En-

vironment Management Center a \$1.5 million grant to support the joint masters degree program between the **Yale School of Management** and the Yale School of Forestry & Environmental Studies. Students enrolled in the three-year program at the New Haven, Connecticut, school earn both an MBA and a Masters in Environmental Management.

■ The Belk College of Business at the **University of North Carolina at Charlotte** has received a \$1 million contribution from the BB&T Charitable Foundation to create a program for the study of the moral foundations of capitalism. The donation was spearheaded by BB&T Chairman and CEO John A. Allison IV. It will be used to support the development of a course on ethics and morals in capitalism for advanced business undergraduates and MBA students. Additionally, the gift will fund faculty research on the philosophical underpinnings of capitalism, create a speakers series focusing on ethical and core values in business, support the Center for Applied Ethics at UNC Charlotte, and establish an Ayn Rand reading room on campus.



COLLABORATIONS

■ **Audencia Nantes School of Management** in France has doubled its number of academic partners in Asia with the creation of nine new agreements with foreign schools and universities. Seven of the new partners are Asian, including the Faculty of Business at the City University of Hong Kong, Korea University Business School in Seoul, the Royal

University of Law and Economic Sciences in Cambodia, the University of International Business & Economics in Beijing, the Welingkar Institute in Mumbai, the National Organization for the Study of Policy and Administration in Laos, and the Franco-Vietnamese Management Centre in Hanoi. The school has also signed partnerships with the European Business School in Germany and Izmir University of Economics in Turkey.

■ The **University of Newcastle upon Tyne** in the U.K. and **Grenoble Ecole de Management** in France have launched a joint Doctorate of Business Administration program. The DBA program, which accepted its first participants this fall, will specialize in the management of technology, innovation, and change. Students will be assigned supervisors from both schools and will attend seminars at both institutions.

■ Henry Lowenstein, dean of the School of Business and Public Administration at **California State University, Bakersfield**, recently met with representatives from four universities in Santiago Querétaro to establish academic ties and a formal sister city relationship with the city in Mexico. He also made a presentation on behalf of AACSB International.

OTHER NEWS

■ **Edward M. Mazze**, dean of the College of Business Administration at the University of Rhode Island in Kingston, has announced that he will retire as dean at the end of the 2005–2006 academic year. At that time, he will have the title Distinguished University Professor of Business Administration and will teach in

the areas of corporate governance, international business and marketing.

■ **Audencia Nantes School of Management** in France has been accredited by the Association of MBAs (AMBA). The school becomes the 23rd institution worldwide to receive triple accreditation: AMBA, EQUIS, and AACSB International.

■ The alumni association of **IESE** in Spain has organized the first MBA Alumni Olympics, which was held in September. It gave recent business school graduates a chance to network with each other, compete against each other, display school spirit—and raise money for good causes. Each competitor donated money for The Prince's Trust, a U.K. charity aimed at helping young adults realize their potential. The competition included football, tennis, croquet, and track-and-field events.



■ The **University of Chicago** Graduate School of Business has announced two new fellowship programs aimed at distinct groups. The Chicago Fellowships for Women program, which gives each recipient \$50,000 in scholarship money over two years of study, is designed to attract more women to the business school. It also pairs each woman with a sponsoring company that provides a mentor. The Dennis W. and Jane B. Carlton Israeli Fellows program is aimed at Israeli applicants who plan to return to Israel after they receive their MBA degrees. Those recipients will receive more than \$100,000 in tuition and living expenses, as well as mentoring by

Can an energy mogul talk like an environmentalist? BP's Lord John Browne believes passionately in oil and natural gas, but he is determined not to sully the water—or the land or the air—to make hydrocarbon-based fuels available to consumers.

Oil & Water

The world is brimming with people who need energy for lighting, climate control, and transportation; and Lord John Browne wants them to have it. He just doesn't want to destroy the earth while he figures out how to supply it. The group chief executive of London-based BP was the first major oil executive to speak out for cleaner and more efficient fuel while maintaining focus on growth and profits for the firm. Although he is committed to petroleum and natural gas, he is pouring millions of dollars into research on alternative fuel sources. He has set out to prove that oil and water really can mix, at least in the energy field.

A vocal and visible commitment to sustainable development is only one thing that has made Browne an executive to watch. Since being named to the top post of BP in 1995, he has led the company to its current ranking as the No. 3 oil company and eighth-largest business in the world. He has done that partly by guiding the company through a series of mergers and acquisitions, most notably the 1998 merger with Amoco. *Forbes* lists the company's sales at more than \$285 billion.

Browne himself has a global outlook, a wide range of interests, and a dedication to education. He holds a degree in physics from Cambridge University and an MS in Business from Stanford University—along with honorary doctorates from Cranfield University, Thunderbird, and a host of other schools from Europe to Russia. He also serves on the advisory boards of Stanford, Cambridge, and Tsinghua Universities. He is a trustee of the British Museum and honorary trustee of the Chicago Symphony Orchestra; he has served with various national and international business organizations. Knighted in 1998, he was appointed a life peer in 2001.

by Sharon Shinn

Perhaps all the honors and accolades simply reflect his enthusiasm and optimism about the world. In speeches and interviews, Browne constantly emphasizes one message: "Fatalism is the enemy of progress." While he doesn't underestimate the staggering troubles of the new century, he firmly believes they can be overcome.

"Business, because it's a great integrator, can solve some of the major problems of the world," he says. "Health. The environment. Provision of water. The increase in the fertility of crops and land. Reduction of hunger. This is, after all, the noble purpose of business—to participate in and often lead to the solutions to some of these world problems."

Browne recently spoke with *BizEd* about some of the solutions BP is seeking—and how to educate a new generation of managers to think about saving the world.



Now must be a fascinating time to be a CEO in the energy industry. Demand is growing, prices are skyrocketing, and much of the world's oil supply lies in a volatile region of the world. What do you see as your biggest challenge at this moment?

Our principal purpose as a firm always is to provide secure supplies of energy to give people light, heat, and mobility. So far we've been able to do that without interruption, at a scale and a growth rate that matches demand. To continue to meet demand, we will have to keep finding new reserves of oil and gas all over the world, and that's always the biggest challenge.

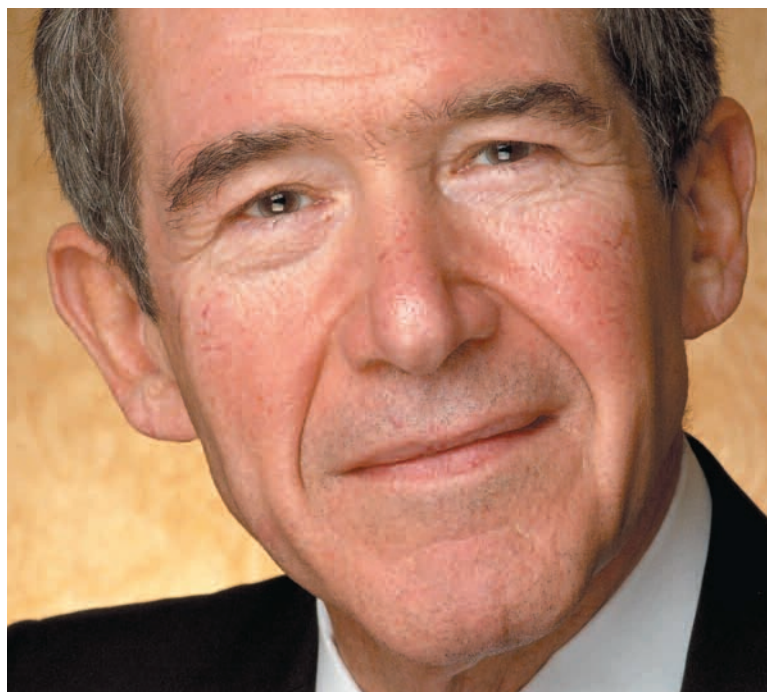
In 1997, you announced that BP would essentially go green. The company began working to reduce its CO₂ emissions, improve efficiency, and take other measures to protect the environment. What led you to become such a passionate supporter of sustainable development?

I think, in any business, you need to be mindful of your customer base. Ideally, you want as many people as possible to have choices; and you want to make sure you have the products, technology, and reputation for trust that will make people choose you over others. But in the energy field, the issue of sustainability says that we also have to think about the locations where we work and how good we are at helping people through the challenges of development.

We also have to be mindful of the environment. It's not a free good, whether you're talking about the earth, the water, or the upper atmosphere. That doesn't mean we can keep the environment pristine or roll back the problems of the past. But it does mean we can supply technology and behave in ways that allow us to reduce the harm that is potentially being done to the environment without reducing the rate of human progress.

That's why I'm passionate about reducing greenhouse gas emissions to the atmosphere. The scientific evidence and the forecasts made on simulation models of the future increasingly show that if something isn't done, there will be an impact on the earth's temperature through manmade emissions. That's not a dead certainty, but the probabilities can't be ignored. People often debate whether the science behind these predictions is absolutely solid. I give the answer that Karl Popper would give: "All science is provisional."

It's a bit like real life. You don't normally take out household insurance after the burglar has been there. You take it out because, on the balance of probabilities, something may happen and you need to do something about it.



A number of business schools are starting to focus on corporate social responsibility and sustainable development, but it's still a largely overlooked field of study. How do you think business schools should teach sustainable development?

I would first say it's very important to study it as part of business, not as separate from business. Students should not be taught a specialist subject on sustainable development that makes it feel like an elective. Because in life, it's not an elective. Sustainable development should be an integrated part of making business decisions.

Personally, I worry about the phrase "corporate social responsibility." While I completely agree with many of the themes behind it, the phrase sends the signal that corporations could be *irresponsible*.

In my view, to do business, corporations first have to understand their purpose, which is always about providing great goods and service so people will choose them over others. Second, they have to do business in a way that offers mutual advantage to the corporation and anyone it comes across. One way is to offer products with better features. At BP, we want to make gasoline go further and have less pollution. In our exploration and production business, we want to use less steel in the platform. When we produce oil and gas, we make sure none of it escapes or is burned up unnecessarily. All of these measures provide mutual advantage. It's very important that these are considered part of business rather than separate pursuits.

BP is investing R&D in solar energy and other alternative energy sources. Is one of your goals to make sure you're in the energy business even if the energy business changes? What are the other benefits?

Oil and gas themselves will last a tremendous amount of time, so we're also doing a lot of R&D on them. Can they be burned more cleanly? Can we recover them more effi-



Students should not be taught a specialist subject on sustainable development that makes it feel like an elective. **Because in life, it's not an elective.** Sustainable development should be an integrated part of making business decisions.

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ciently? Can we make gasolines that have even less carbon in them by using products that come from biological matter? We don't know the answers to these things yet.

It's certainly true that the mix of energy in the world keeps changing. If you go back 50 years, we were burning a tremendous amount of coal, the use of oil was growing very fast, and natural gas was an unusual fuel that only a few people used. Today, natural gas is growing much faster than crude oil. It's more benign to the environment, it's much better for making electricity, and it's much more efficient. Energy makes changes. And I believe it will continue to make changes for a very long time.

We're looking at all sorts of energies and saying, "It's too early to pick a winner, but there are some areas where we can apply our skills." We're considering a better oil product and better ways of recovering oil and gas. We're looking at what we can do with photovoltaic energy. We're looking at how we can use wind energy. What's the role of nuclear power? What's the role of hydroelectricity? What's the role of hydrogen? What's the role of coal? There are many, many questions that are being asked.

I believe the benefit is simply this: When we look at alternative energy, we remind people that the future is always different from the past. For the future, people want secure supplies of energy, and they absolutely do not wish to harm the environment. No tradeoff, in other words. I believe a company like BP should be able to contribute greatly to solving this problem.

BP does business in more than 100 countries, so you understand the need for a global outlook. Business schools today emphasize globalization, but are they successfully preparing their students for careers in an international market?

You can't prepare for a career in the global market without going to places and experiencing them. Because, however

global the world is, when something happens, it actually happens in a *place*, not a concept. So the first thing to remember is that students need to get the experience.

Second—it cannot be stated too often—every person is different, every place is different, every nation is different, every culture is different. In global business, it's very important to listen and learn. Nothing should be presumed. Presumption can destroy a relationship, and relationships are needed to understand how to do business.

To create the best business globally requires doing business that creates mutual advantage locally. That may be as simple as saying, "I need to change my supply chain to get more local products. To do that, I need to set up some microfinance activity to encourage enterprise; and to do that on a sustaining basis, I need to help people get educated in business principles." It may be as complicated as saying, "To do business here, I need to remediate past environmental problems." Every place is different. There is no recipe, which means students need to go out and get experience.

When I began my career, the place to start was America—so I went to America. If I was starting today, I might go to China or India. I would want to have an experience that would last me a very long time.

The British magazine *Management Today* has several times named you its Most Admired Leader. What traits do you think landed you on this list, and what traits do you admire most in other leaders?

I believe I'm a work in progress, and I'll always believe that, I hope. I prefer to talk about what I admire and emulate in other leaders.

First, I believe that change is a powerful thing in this world. To be effective, you have to keep changing yourself—not necessarily changing your deep values, but what you understand about the world.

Second, I think you need to be open. You need to have a touch of humanity.

Third, you have to be determined. You have to be very clear. If you have an objective, you should get there; but you should be mindful that perhaps the way from one part of the city to another is not a straight line but through some other roads.

I also admire in other people the ability to market great ideas, to communicate in a way that inspires, engages, and aligns people. That's very, very important.

Last year, Columbia Business School awarded you the Botwinick Prize in Business Ethics, which goes to an

A leader has to set the standard and require that people be transparent about what they do. That's easy when things are successful; but the real test is, **can you be transparent when things go wrong?**



IAN WALDIE/GETTY IMAGES

outstanding business leader who exhibits the highest standard of ethical conduct. Obviously, we've seen a lot of scandals in recent years and many examples of bad corporate behavior. How have you been able to maintain a sense of ethics?

I think first you have to commit to the values of the firm. I don't want to use the word "ethics"—I think it's too narrow. I'm going to redefine the question about how to maintain a sense of integrity.

Behavior is always enhanced by more transparency. That we know for sure. A leader has to set the standard and require that people be transparent about what they do. That's easy when things are successful; but the real test is, can you be transparent when things go wrong?

A leader must demonstrate that there is virtue in being balanced and truthful. I'm tempered, I believe, by the organization. Everyone else looks at what I do, and what my direct reports do, and how we set the tone. I believe there are very high standards I have to adhere to in terms of clarity of disclosure, behavior within the code of conduct, and certainty that there is no conflict of interest—or perceived conflict of interest—in the things I do. If you are a gatekeeper, you'd better make sure people understand how you are keeping the gate.

The other thing I recognize is that we're all frail, me included. This requires you to have a great team. I don't mean sycophants, I mean real people who help one another through difficult times. That's a very important way of making sure behavior is ethical and open, because, as they say, a problem shared is very often a problem solved.

Most business schools today are adding an ethical component to their courses of study. Do you think their efforts will truly lead to more ethical corporations?

An ethical purpose is very important in teaching—but, insofar as is possible, it has to be free of cultural bias. One person's values are not necessarily another person's values.

In a corporate sense, these values are written into a code of conduct which says, "On the basis of these values, we've written a code, an internal law, and we're going to abide by it." The real question then comes down to consequences. How do you judge the actions of a person, and how do you implement consequences if those actions are negative? It's very rare that this is cut-and-dried. It's very rare that people are caught red-handed. It's important to get the organization to understand this, and consequences must be applied in a way that is equitable and uniform. Otherwise, it will weaken the organization.

Again, the challenge is getting people to be open under *all* circumstances. I think these days we're better off in this regard because we have tools and techniques that allow people to speak up without fear of retaliation—hotlines, open talk lines, counselors, law firms. This is very important in terms of keeping people on point. Even if they just think something is wrong, in my view, people should speak up and find out what's going on.

Occasionally, you speak to management students at business schools. What is the message you most want to deliver to these future executives?

I always want to convey how important business is to society, how businesses do good, and how business leaders and executives are good, on balance. Business is behind the starting line in this regard. People don't instinctively trust business executives or business. I always tell students to be humble, but be confident. Out of humility can come strength. Always remember that business has a very noble role in society.

Is there any advice you would give specifically to business students considering careers in the energy field?

I would naturally say, come into the field! It's very exciting, because energy is one of the key fundamentals. Health, water, food, education, energy—these are the things you need. I would tell students to go into the field and see how many different careers they can have.

You've led BP in its quest to become a superpower in the oil industry. You've been the first CEO of a major energy company to publicly embrace sustainable development. What do you think your most enduring legacy will be?

It's too early to write my testimonial, I think. But I hope people will remember that I wanted to use energy in the right way. That I made it possible to supply energy without the tradeoff of damaging the environment. What a marvelous aspiration. **Z**

IN DEFENSE OF THE MBA

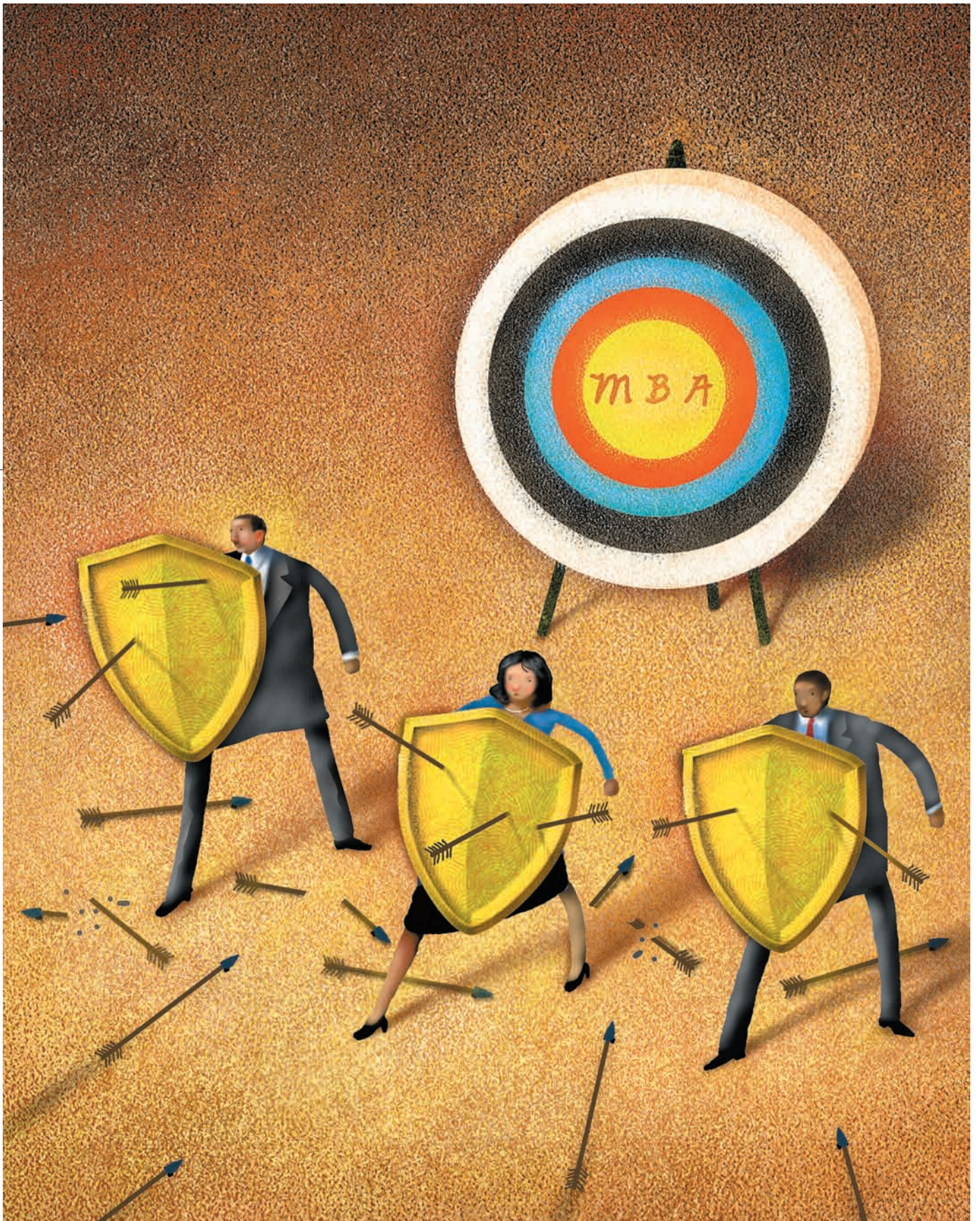
Recent critics of the MBA are quick to point out the MBA's shortcomings. Nonetheless, the real problem with business education may not be a lack of relevance, but a lack of recognition for what it's getting right.

Like most management educators, we're passionate about business school education. But lately we've been faced with one article after another by esteemed colleagues who question the relevance of the MBA. First, it was Henry Mintzberg. Then, it was Sumantra Ghoshal. Then, Jeffrey Pfeffer and Christina Fong. And now a new round of writers has published articles critical of the MBA. It's difficult to read these articles without suffering an overdose of academic and market idealism.

In "How Business Schools Lost Their Way," published in the May 2005 *Harvard Business Review*, Warren Bennis and James O'Toole of the University of Southern California's Marshall School of Business in Los Angeles criticize business schools for being too narrowly focused on scientific research. In "What's Really Wrong with U.S. Business Schools?," Harry and Linda DeAngelo of USC and Jerold Zimmerman of the University of Rochester's Simon Graduate School of Business Administration in New York fault business schools for allocating too many resources to improve their rankings. The authors argue for fundamental changes in the rankings process and an overhaul of faculty hiring and tenure systems. These articles are thoughtful, well-reasoned pieces—but some of the solutions they offer may be unrealistic.

These authors forget that the majority of management education is not occurring at schools that rank in *BusinessWeek's* top 30. The majority of management education does not occur at the MBA level. It occurs at the undergraduate level at a wide variety of institutions. In such a broad setting, we need to balance a range of conflicting interests. We need to bring about strategic change without committing political or financial suicide.

by James M. Danko and
Bethanie L. Anderson



Those of us who know the issues, and who live with them every day, understand the shortcomings of management education that these authors address. Still, as leaders who operate b-schools in the trenches, we know that many of their solutions are impractical. We also know that the MBA and business education have never been stronger or more innovative than they are now, due to curricular revisions at business schools around the world. The question is: How can we continue this trend? How can we make improvements and implement change most effectively as academic leaders—here, in the real world?

The Rankings Reality

Just as a CEO must create shareholder value, business school leaders are obligated to protect and enhance the quality and prestige of their schools to benefit their students, alumni, faculty, staff, corporate partners, and society at large. Performing this duty—and performing it well—requires genuine concern for the institution and its long-term well-being.

When the DeAngelos and Zimmerman characterize deans as driven by self-serving, short-sighted rankings myopia, they simply miss the mark. Like it or not, management education is a *business*, driven by market forces. Like it or not, we live in a world where consumers *want* and *purchase* school rankings, which is why the rankings have flourished. Like it or not, the rankings are a fundamental part of a school's reputation. They influence a school's capacity to attract top faculty, who in turn produce great research and provide excellent teaching.

Yes, we could lean on top officials at the publications that sponsor rankings to persuade them to reconsider their criteria and methodology. We could beseech one another and the public to realize the nonsensical nature of using the rankings to judge a school's true benefit to its students and to the world. We could do so, but the impact of our efforts would be minimal. As long as there is market demand and money to be made for publications in the rankings, it's a fight we cannot win.

The Truth About Research

Bennis and O'Toole assert that the true problem with business schools lies not in the rankings, but in the scientific model business schools have adopted for their research. By relying solely on this model, they argue, business schools cater to the egos and research interests of faculty. In the process, they fail to teach future business leaders how to make good management decisions.

All the authors, including the DeAngelos and Zimmerman, call for striking a balance between scientific and real-world



teaching and research. Bennis and O'Toole state that, "In practice, business schools need a diverse faculty populated with professors who collectively hold a variety of skills and interests that cover territory as broad and deep as business itself." The DeAngelos and Zimmerman believe that "schools must therefore strike a balance between excessive vocationalism, on the one extreme, and pure science on the other."

Their arguments are reasonable; but, at many schools, their proposed solutions are unnecessary. In fact, many business schools are doing exactly what these authors suggest and have been doing so for years. For example, in the 1990s, the University of Michigan Business School in Ann Arbor, now the Ross School of Business, implemented two curricular enhancements—the Executive Skills Program and the Multidisciplinary Action Program (MAP). Both programs provided students with an exceptional dose of hands-on, interactive learning and leadership skills development.

This approach complemented the conceptual frameworks provided by Michigan's research-oriented faculty in the classroom. To implement these programs, school leaders focused not on rankings, but on relevance and excellence in business education, and on the need to effectively blend theory and practice.

The Real Problem

The fact that Michigan jumped four places, to No. 2 from No. 6, in the 1996 *BusinessWeek* rankings should not be held up as evidence of a rankings obsession. Rather, the improvement was the result of the University of Michigan's curricular changes and its attention to relevant research and teaching.

There are certainly other examples of business schools that have made positive changes, not as a rankings ploy, but as a way to better serve students, faculty, and recruiters. Babson College in Wellesley, Massachusetts, for instance,

In the flurry of discussion about the problem with the MBA—or the problem with business schools in general—the current and widespread efforts of business schools to improve their programs often aren't recognized. Their remarkable **successes** in the field are somehow lost in the debate.

developed a paradigm-breaking MBA curriculum in the 1990s. It was one of the few schools that started with a blank sheet of paper and developed a modular curriculum that consisted of academic “streams” that emphasized integrative, cross-disciplinary learning. The intent of the new curriculum was to provide students with the perspective and cross-functional skills necessary for success as business leaders. More recently, the Tuck School of Business at Dartmouth College in Hanover, New Hampshire, implemented a major leadership initiative, as well as a series of ethical workshops that are a required part of the curriculum. At Villanova University's College of Commerce and Finance in Pennsylvania, a strong foundation of liberal arts, ethics, and international management is required within its undergraduate business program.

At these and many other schools, change is being implemented with the heavy involvement of leading research faculty. Among their ranks, we can find a breadth and depth of experience, valuable insights, corporate connections, and genuine concern for their students' education. The business school industry does tremendous disservice to itself when it focuses so heavily on the irrelevance of research-driven faculty or the myopic vision of deans.

The real problem we are facing is that too much of today's criticism of business education is narrowly focused and lacks a larger strategic view. In the flurry of discussion about the problem with the MBA—or the problem with business schools in general—the current and widespread efforts of business schools to improve their programs often aren't recognized. Their remarkable successes in the field are somehow lost in the debate.

While it's beneficial to bring ideas and criticisms to the fore, the hands-on business of running a school is a delicate balancing act carried out on politically treacherous terrain. School leaders are often women and men who don't have the protection of tenure and who operate at business schools that aren't ranked in the top 30. We need to focus on practical change from the b-school leadership perspective and on collaboration to refine and implement strategies for success.

Rolling Up Our Sleeves

If theoretical solutions won't help us improve and revise management education, what will? When it comes to implementing change, it's not “all about ideas.” It's about rolling up our sleeves and putting practical strategies in action.

Earlier this year, we published an article in *MBA Innovation*, “Practicing What They Preach: Business School Strategies for Success.” In researching this article, we interviewed six former deans to learn more about their approach-

es to business school leadership over decades of service. We spoke with Gil Whitaker, former dean of the Jones School at Rice University in Houston, Texas, and the University of Michigan Business School; B. Joseph White, former dean of the University of Michigan Business School; Thomas Keller and Rex Adams, former deans of the Fuqua School of Business at Duke University in Durham, North Carolina; Donald Jacobs, former dean of the Kellogg School of Management at Northwestern University in Evanston, Illinois; and Meyer Feldberg, former dean of the Columbia University Business School in New York City.

As we listened to their insights, several common elements emerged in the strategies they had employed to improve their schools' reputations. They emphasized faculty excellence, research quality, corporate connections, student selectivity and satisfaction, and fund raising and development. They all stayed focused, avoiding the temptation to take on superfluous initiatives or flashy projects that did not align with the school's strategy. They all generated support by building genuine, one-on-one relationships with stakeholders.

Such well-balanced strategies succeed in creating change that works in a real-world business school to enhance its programs. In addition, they generate positive changes to relevant and practical management education, in the areas that really matter:

Faculty appreciation. Deans must conduct one-on-one conversations with their faculty to understand each faculty member's goals. Through this attention, deans can nourish a collaborative environment where these goals are respected, met, and maximized to the school's benefit. Deans also must be tough enough to deal with faculty who bring negligible overall benefit to the school.

Many deans already understand this reality. They know that a well-balanced strategy highlights both teaching and research; it does not penalize faculty who are wellsprings for publishing applied research, but who do not generate articles for scholarly journals. They understand that faculty who work on extremely creative scholarly research that a number of practitioners may deem “useless” should not be criticized, but valued in their efforts to bring new knowledge to the practice. And they realize that faculty who are stars with students because of their outstanding communication, teaching, and advising are also a valuable part of the b-school equation. Not only do these faculty members serve student stakeholders well, but they ease the administrative burdens of those faculty who would rather do research than teach.

Student integrity. Much of the criticism directed at MBA education in recent years may be far more closely related to b-school admissions practices than to misguided approaches to

Our business programs aren't perfect, but we must strive to make improvements that work for our **real-world** situations, not a theoretical ideal.

research or rankings. It is our duty to corporations and society overall to recognize true talent, potential, and character in the students we admit. It is our duty to recruit them from every rung on the socioeconomic ladder. If students do not exhibit potential *and* integrity, we should not admit them in the first place. Recruiters want a diverse pool of talented graduates with character and integrity—it's our job to deliver.

Student satisfaction. Teaching quality, relevant coursework, and career development, of course, are crucial to student satisfaction. Even so, students base their satisfaction much more on their overall experience during their time in business school than they do on how well its research is received or how a certain practitioner taught a particular course. Customer service staff, facilities, food, and other comfort-related commodities are just as fundamental to the educational experience as our great ideas, creative curricula, and business knowledge.

To us, student services may seem far less important than high-level research—but they are very important to our customers. All business programs should have a centralized office dedicated to student services, one that enables students to have a “one-stop shopping” resource to meet their needs. In addition, deans should conduct annual surveys and longitudinal analyses to help to ensure the continued improvement and quality of their students' experiences.

Alumni, fund raising, development—and the rankings. Alumni represent the cornerstone of a business school. Their loyalty and support make or break its success. Yes, many of them want to see their school do well in the rankings; at the same time, they don't want a school to “sell out” on the qualities that make it unique. Striking that balance is a challenge. The bottom line: If a school's stakeholders believe that rankings performance is out of reach or unimportant to the school's mission, let it go. If stakeholders want the school to realize an improvement in its reputation, drive the school's rankings performance as aggressively as possible while maintaining the school's core character.

Once they know what their stakeholders want, schools can choose whether or not to make changes that will influence

their rankings. Then, they can decide whether these changes are ultimately beneficial or detrimental to stakeholders and their programs. If stakeholders want to pursue an improved rankings status, then business school deans and faculty need to learn to play ball.

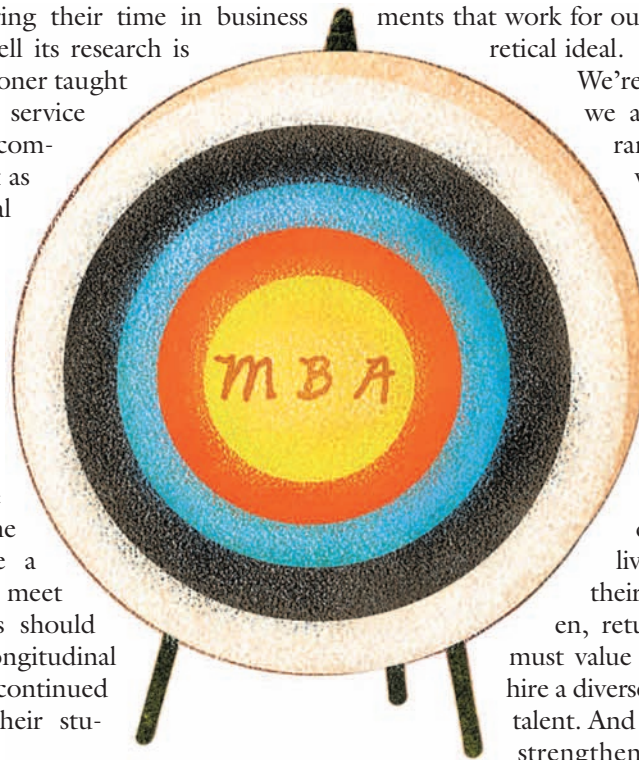
Moving Forward

So, what's wrong with the MBA? Not nearly so much as many in the industry would have us think. Our business programs aren't perfect, but we must strive to make improvements that work for our real-world situations, not a theoretical ideal.

We're in the business of academia, but we also must realistically consider the range of business schools in the world. Most of them are contributing to the practice of management by providing the best quality education they can to the markets they serve. We must value faculty members who have devoted their lives to research in a given area, those who have devoted their lives to classroom teaching, and those who have done both. We must value students who, for the most part, don't live in academe, but who care about their education from a consumer-driven, return-on-investment perspective. We must value corporate recruiters, who want to hire a diverse group of people with integrity and talent. And we must value alumni, who want to strengthen their school's programs and improve its reputation.

As we tackle the challenges that face our industry, we must remember that getting on any bandwagon—pro- or anti-research, or pro- or anti-rankings—is dangerous. We must be careful of how we react to the pressures generated by the media or the spate of recent articles lamenting the state of business education. As business school leaders, we have a responsibility to determine what changes are needed at each of our schools based on the needs of our stakeholders. Only then can we implement constructive changes that make sense. **Z**

James Danko is the dean of the College of Commerce and Finance at Villanova University in Villanova, Pennsylvania. Bethanie Anderson is the college's director of strategic initiatives.





The University of Chicago's new building for its Graduate School of Business cost \$125 million and opened in 2004.

B. FEINKNOFF

THE B-SCHOOLS

With their striking exteriors and state-of-the-art technology, today's new business school buildings

If you think of your educational programming as a product, then the building it's housed in becomes your packaging. Just like an item at the supermarket, your offering must vie with hundreds of others to catch the attention of shoppers. A package that's beautiful, functional, memorable, and true to the product inside can do much to sell your merchandise.

That's the metaphor the University of Oregon's Christopher Murray uses when he describes the impact of a well-designed building. He should know. Murray is the associate dean of external affairs for the Charles H. Lundquist College of Business, which in 2003 completed a \$41 million project, the Lillis Business Complex in Eugene, Oregon. Its environmentally friendly design solved a number of problems relating to space, traffic, and technology—and has given the school a brand-new identity to go along with a wholly redesigned curriculum.

Similarly, before the Georgia Institute of Technology built the new building for its College of Management, the business school was housed in a small, shared building equipped with

outdated technology. Not only did the school need the room to expand and upgrade, administrators felt that a new building would help it maintain its status among its main competitors. The new building offered intangible benefits as well. It is located in Technology Square, an Atlanta complex that houses a high-end hotel and several research and design centers. It also sits closer to downtown Atlanta than the rest of the university, helping the school meet its goal to develop stronger ties with the city.

Designing business schools that solve problems, make statements, exemplify the schools' missions, and resonate with their communities seems like a tall order. Yet today's new b-school buildings prove that administrators are up to the challenge.

Trends in Design

Two trends have dominated the construction boom among business schools: creating an exciting building and making that building suit the school's needs. "The need for functionality has become more acute because of the recent flurry of

by Sharon Shinn



Georgia Tech's College of Management is located in the heart of midtown Atlanta as part of the university's goal of reaching out to the community.

NEW HOME

may impress stakeholders. But students and faculty love them because they feel like home.

signature buildings where the architecture superseded the functional side,” says Joseph G. Tattoni, a principal with Ikon.5 Architects in Princeton, New Jersey. Today’s buildings must combine space for excellent education with space that is attractive to local businesses and corporate recruiters—everything from convenient parking to high-tech business centers to well-appointed interview rooms.

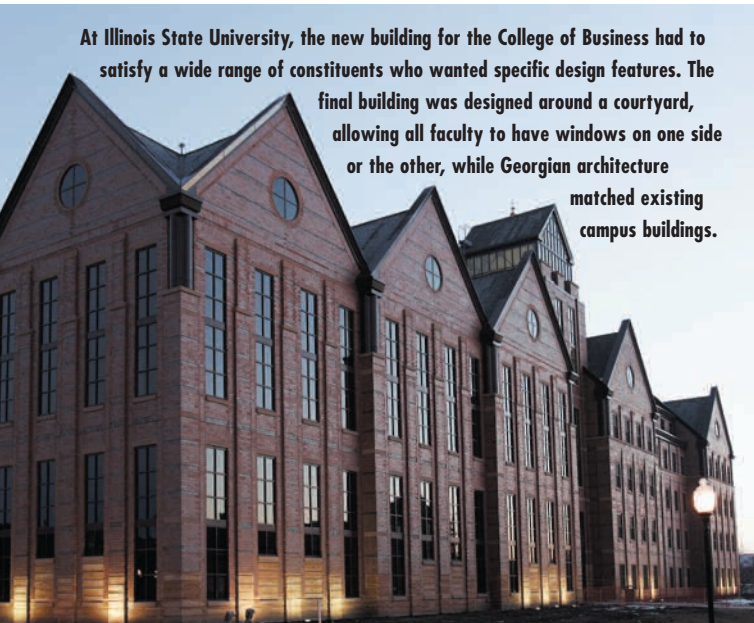
The school’s overall look should match its core essence, believes Jeff Ziebarth, a principal with the architectural firm Perkins + Will. Working out of the firm’s Minneapolis location, he specializes in higher education. “We talk about the ethical responsiveness of the architecture to support the program of the school,” he says. “If strong corporate ties are part of a school’s mission, the building should represent that. If the school doesn’t want to focus on corporate ties, the building shouldn’t look corporate and slick.”

In some cases, a business school dean might want a building with its own distinctive style and identity; in other cases, the parent university might press for a new building that matches the overall look of the campus architecture. “During

the past decade, Harvard Business School has chosen to re-adopt the red brick Georgian architecture of its 1920s campus and of Mother Harvard across the river,” says Graham Wyatt, a partner at Robert A.M. Stern Architects, New York City. “On the other hand, Frank Gehry’s Peter B. Lewis Building at Case Western stands in contrast to the surrounding campus.”

To determine which specific design features are important for a particular building, school administrators should hold a “charrette” with all constituents, from service workers to students to business partners, advises Scott Christner, assistant to the dean at Illinois State University’s College of Business in Normal. Christner also serves as the school’s facilities and technology planner. “In our case, the president of the university wanted a building that would fit in with the rest of the quad. The faculty all wanted windows. Students wanted more meeting space outside of class. We all wanted a building with a corporate high-tech feel.”

He continues, “We ended up with a building built around a central courtyard, so faculty either had a window on the



At Illinois State University, the new building for the College of Business had to satisfy a wide range of constituents who wanted specific design features. The final building was designed around a courtyard, allowing all faculty to have windows on one side or the other, while Georgian architecture matched existing campus buildings.

courtyard or on the exterior. We used beautiful Georgian architecture on the exterior, but inside we have a \$1.6 million AV system, 28 classrooms, ten meeting rooms, and the furnishings of a professional corporate facility.”

“The Living Room of the School”

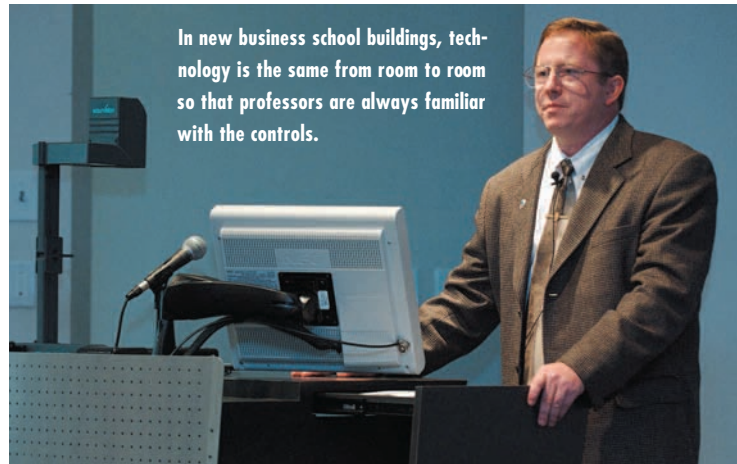
Another goal shared by many of today’s b-school administrators is to create a space where students will want to stay all day, whether they’re taking a class, studying, or just relaxing. That means constructing facilities that offer a range of necessities and creature comforts, from food to online connections.

At the University of Chicago, the Graduate School of Business opened a \$125 million new facility in 2004. The building offers a student lounge, pool tables, a television, group study rooms, and a student study with carrels, open tables, and a fireplace. All students are assigned lockers so they can drop off coats and backpacks before heading to class.

“We wanted this to feel like their destination for the day,” says Leann Paul, project consultant for the Chicago GSB. “We thought of a number of amenities that made living in the building all day comfortable for everyone, particularly students.”

The place students are most likely to feel at home is the central atrium, a nearly universal element of most new business schools. It has become not just a design element, says Tattoni, but “the living room of the school”—the place where students congregate, entertain, and relax. At the Chicago GSB, for instance, the atrium is a winter garden filled with space and light; it has become a magnet for students throughout the university.

“It becomes more important that we find these spaces to gather as our society becomes more wired and more hooked



In new business school buildings, technology is the same from room to room so that professors are always familiar with the controls.



Amenities such as student lounges, group study rooms, and student lockers are designed to make students want to linger at the Chicago GSB throughout the day. Even though the new building is 415,000 square feet, students say it feels like home.

up,” says Kent Duffy, a principal at Portland-based SRG Partnership Inc. and architect for the Lundquist School.

Nonetheless, architects know an atrium should be more than a meeting space for students; it should also be highly functional. “You don’t want a big 3,000-square-foot circulation hall that becomes kind of useless,” Tattoni says. “The outside should be the stakeholder identity for the school or campus, and the inside should be the ‘welcome-visitor’ punch.”

State-of-the-Art Technology

Another key reason to construct a new building is to be able to outfit it with the latest technology. At Georgia Tech, for

Continued on page 35

Green Mansions

The new b-school at Ithaca College in Ithaca, New York, will be a striking building with a curving glass wall, a three-story atrium, and carefully planned building heights that will allow for an unhampered view of Lake Cayuga. It will also incorporate radiant flooring heat, fritted glass to control daylight, natural ventilation, and a vegetated roof—in short, environmentally friendly features that will determine almost everything about the school's design. The goal for the building, which is scheduled to open in 2008, is to achieve platinum certification in the Leadership in Energy and Environmental Design program (LEED) run by the U.S. Green Building Council.

"The School of Business wants to emphasize the triple bottom line. What better way to do it than through the design and construction of a new building?" says Susan Engelkemeyer, the school's dean. "It's important for us to demonstrate to students how to juggle different perspectives among the environment, operating costs, and people."

Schools across the country are also commissioning buildings that incorporate elements of sustainable design because such elements reflect the schools' educational bias. Like Ithaca, many hope to attain some level of certification in the LEED program, which assesses how well buildings have achieved sustainability goals in areas such as site development, water savings, energy efficiency, materials selection, and indoor environmental quality. (See box on page 35.)

The University of Oregon in Eugene achieved a silver LEED designation for its Charles H. Lundquist College of Business building. The school had reinvented its curriculum to focus on leadership and experiential learning, with a strong dose of corporate social responsibility thrown in. The new building "is a huge billboard for our program," says Christopher Murray, the associate dean of external affairs.

California's Santa Clara University has established a policy of sustainability that affects the way the institution uses resources, spends money—and constructs new buildings. Steve Brodie, an architect with MPM in Sausalito, has been brought on board to manage all the green building projects at the university with an eye toward achieving LEED certification.

"We looked at sustainability as part of the mix," says Brodie. "We tried to integrate it into the process rather than to start out by saying, 'This is going to be a green building at all costs.' We wanted it to become part of the culture."

Because a green building requires extensive planning, school

officials need to know early on if they want an environmentally friendly design for their new building. This means focusing on a range of key elements: heating and ventilation systems, energy efficiency, water conservation, material choices, and recycling.

HVAC. There are several inventive ways to design heating/ventilation/air conditioning systems for green design. At Santa Clara, the new business school will be heated and cooled by displaced ventilation, which delivers air to the floor and returns it from the ceiling. Because the air is pulled upward by the system, the stale air stratifies at the ceiling, rather than a

few feet down where people are breathing. Chilled air for the building will be supplied by a big block of ice that is created when coils of coolant are run through large underground tanks of water.

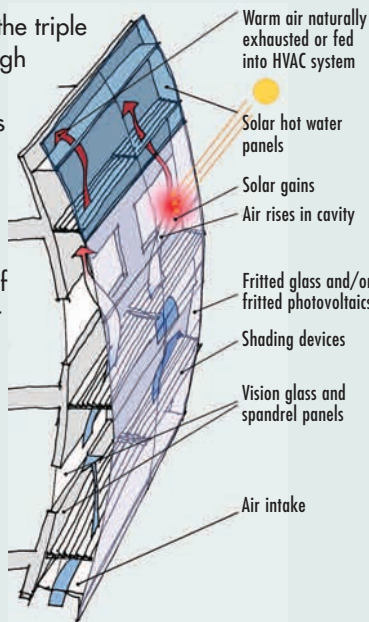
At the University of Oregon, the business school will be heated and cooled with the help of a large thermal mass—think of a large brick or concrete wall—that will store heat or cold and slowly radiate it back. According to architect Kent Duffy, a principal at Portland-based SRG Partnership Inc., air will be drawn through the building during chillier hours, allowing the building and the mass to cool off. Meanwhile, ceiling fans keep air moving throughout the building.

Energy efficiency. Well-planned HVAC systems naturally make a building more efficient, but many other techniques add to the overall savings. For instance, at Santa Clara, all buildings on campus are wired to a computer that manages temperature, changes it for night, day, and weekend use, and monitors all equipment to see if it's drawing more power than it needs. At the University of

Oregon, some of the power outlets are wired to the same occupancy sensor circuits that control the lights, meaning there will be no power to these outlets at all unless someone is in the room.

The University of Oregon's 65-foot south-facing glass wall is also more than an architectural element—it holds bands of photovoltaic cells that collect sunlight and convert it to energy, generating 40 percent of the building's energy. The school also incorporates a system of high clerestory windows that allow it to utilize natural daylight most of the day. Blinds that close from the bottom up allow light to come in through the top of the windows even when it's desirable to shade the rest of the room from the sun.

A specialized roof. Ithaca's new business school calls for at least one green roof, which insulates against both the heat of the sun



A sketch of the atrium wall at Ithaca College shows how solar panels, fritted glass, natural ventilation, and other features will work together to improve efficiency and sustainability.

At the University of Oregon, officials consider the new Lundquist College of Business building to be “a huge billboard” for the school’s programs that emphasize corporate social responsibility.



in summer and the cold in winter, says Graham Wyatt, partner at Robert A.M. Stern Architects, the New York City firm chosen to design the new building. “A green roof holds and filters rainwater, so the quantity of runoff is reduced, stormwater surges are reduced, and the quality of the runoff is improved.”

At the Georgia Institute of Technology in Atlanta, the new building for the College of Management is topped with a white roof instead of the traditional black bitumen roof. By reflecting back the light, the white roof will reduce the heat inside the building and reduce the need for cooling, says Kurt Paquette, chief administrative officer. The building earned a silver LEED rating in 2003.

Attention to recycling. Not only is construction waste recycled at environmentally friendly buildings, but some interior finishes are made from recycled products. In addition, green building designers try to use rapidly renewable materials, like bamboo, rather than precious woods. When they do buy wood, they look for the forest industry tag that specifies that the wood comes from forests specifically managed for sustainability.

Water conservation. Santa Clara has installed electronic faucets so water doesn’t run needlessly; waterless urinals save 40,000 gallons per year per urinal. Reclaimed waste water is used to water the lawn and operate the flush toilets.

Cost and Other Hurdles

While green buildings can come with a cost premium, careful planning can minimize the extra expense. Says Wyatt, “Studies from the U.S. Green Building Council show that green buildings are distributed across the spectrum. Many conventional buildings cost more than their green peers.”

Wyatt’s firm recently completed an energy audit of a green building designed a few years ago and determined that the incremental cost of the building’s sustainable design features had a demonstrated payback period of just over two-and-a-half years—“a compelling return on investment,” he says.

Others note that environmentally friendly systems can take years to pay for themselves. However, some products or systems won’t cost more than items that would have to be purchased anyway. Green carpet or recycled carpet doesn’t cost more than ordinary carpet, says Joe Sugg, Santa Clara’s assistant to the vice president for university operations. Paint without formaldehyde is only minimally more expensive.

“The things that are more expensive and don’t get any return are the administrative costs, the costs of doing paperwork to achieve LEED certification,” Sugg says.

Paquette estimates that Georgia Tech spent about \$650,000 on LEED-related systems and upgrades—although some of that money would have been spent on necessary features even if they

weren’t sustainable. Included in that premium was the cost of hiring a LEED-accredited professional who worked with the designers and engineers to make sure everything met LEED criteria.

While some sustainable elements may require more money to install, schools have found inventive ways to afford them. To offset the cost of installing solar panels, the University of Oregon pre-sold the energy it would generate to a local utility. The school earned tax credits from the state department of energy—but, as a public entity, it doesn’t pay taxes, so it transferred those credits to donors making gifts to the building.

Selling the Concept

Even if costs can be contained, the concept of a green building is sometimes a scary one for stakeholders and donors. Brodie notes that reluctant stakeholders can be sold on green buildings when they understand three things: how the savings can add up over time, how the quality of the environment will be improved, and how sustainability puts them on the cutting edge of design.

But Sugg believes stakeholders don’t need to be convinced of the advantages of green buildings—they just need to know they’re getting a better building. He says, “I compare it to the Americans with Disabilities Act. When it came out in 1990, people all over my profession said it would cost us a million dollars and we couldn’t afford to comply. It turns out that every time we change something on campus that upgrades a building for accessibility, everybody likes it. Everybody likes the ramp that gets you out of the building. Everybody likes the elevators and the automatic doors. Green buildings are like that from the users’ point of view. Everybody comes out ahead.”

Sustainable buildings do require ongoing attention. “We have to make sure the facilities workers don’t show up with Tru Value paint or whatever they had on the truck that day,” says Paquette. “They can’t use medium-density fiberboard or particle board with formaldehyde. Because we’re the one that’s different, we always have to watch what’s going on.” Over time, as Georgia Tech commissions more environmentally friendly buildings, he believes that need for hyperawareness will fade—and green design will become the standard.

It’s likely that schools and businesses with an emphasis on corporate social responsibility will be the first to embrace green design, but as systems become more widespread and products become more affordable, environmentally friendly design may percolate through to all levels of construction. And once it’s “easy to be green,” the trend may become standard practice—for corporations and universities alike.

instance, all the classrooms have built-in surround sound audiovisual technology with two projectors—and the capability of adding a third projector so the classroom can be used for distance learning. The rooms are all connected to the campus cable network as well.

It's become common for schools to standardize new technology so professors can move from room to room and still understand the controls. "That's important, because professors never know which classroom they'll be in," says Kurt Paquette, chief administrative officer of Georgia Tech. "And when you're dealing with touch screens and input devices, they're five times harder to deal with than figuring out how to get the 12:00 to stop flashing on your VCR."

The Chicago GSB is even trying to standardize technology on campuses outside the U.S. "Faculty members circulate



Georgia Tech's new building for its College of Management earned a silver LEED rating in 2003 for efficient and energy-conscious design.

from Chicago to London to Barcelona to Singapore, and we want them to be comfortable in all their classes," says Paul. "The audiovisual controls are the same, and all rooms feel and work the same way."

Today's classroom technology might include a document camera, a couple of projectors, a CD player, a DVD player, and the devices to control them all. Sometimes all the equipment is clustered in the podium at the front of the class—but some schools are starting to do away with the "big bunker in front," says Tattoni. "The new lecterns are very streamlined. They have nothing on them but a microphone, a place for a laptop, a place for the remote for the AV equipment, and a cupholder for the instructor's latte."

Costs and Funding

All these new technologies and design features come with hefty price tags. However, because costs vary by region and change with the economy, architects say that it's difficult to estimate how much a school should expect to pay per square foot. They do agree that costs are going up.

"In the past 18 months, there has been an enormous inflationary spike in construction materials," says Tattoni. "Budgets that were estimated two years ago when people were putting together fund raising and feasibility studies are not coming up to 2005–06 dollars." The inflation is driven partly by the cost of steel, he says, and partly by the cost of oil.

Deans and school building committees also must consider more than just the brick and mortar expenses. Soft costs—everything from architectural fees to technology to furniture finishes to equipment—can add 25 percent to 30 percent to the price of actual construction, says Ziebarth.

Once school leaders have a good idea of the estimated cost of the building, they face the challenging task of raising enough money to get it built. The dean and building committee usually will work with the architect to commission a concept study that details what the building could look like

LEED the Way

Clearly, schools can commission environmentally friendly buildings without incurring the expense of certification from the U.S. Green Building Council's Leadership in Energy and Environmental Design program (LEED). But, like any seal of approval, a LEED rating offers tangible proof that an institution has lived up to its claims of excellence.

At Santa Clara, where sustainable design measures were already in place, the LEED criteria gave the school a way to measure the greenness of new buildings, says Joe Sugg. At Georgia Tech, LEED certification was important in part because the university's engineering school incorporates an environmental focus. "Our president wanted us to pursue a LEED building because he wanted us to practice what we preach," says Kurt Paquette of Georgia Tech.

The LEED criteria were developed by a coalition of architects, contractors, utility companies, governmental agencies, product manufacturers, building owners, and insurance firms. For more information, visit the Web site of the U.S. Green Building Council (www.usgbc.org).

Similarly, in the U.K., an organization known as BRE (Building Research Establishment) offers research, consulting, and testing services for builders and products. Through its BRE Environmental Assessment Method program (BREEAM), it evaluates buildings on their energy use, land and water use, pollution levels, and other environmental factors. Buildings are rated and certified on a scale of pass, good, very good, or excellent. More information can be found at www.bre.co.uk and www.breem.org.

The new building for the University of Oregon's Lundquist College of Business provides a striking architectural element for the campus, a home for all classes and activities of the business school, and a place where all students on campus are welcome.



and what might be in it. With that and perhaps a professional rendering or model, the dean and development staff can begin to raise funds, says Tattoni.

At Illinois State, a lead gift from State Farm Insurance helped get the whole project going. After the design was in place, school officials approached other major benefactors to ask for help with specific parts of the project. For instance, Caterpillar Inc. was asked to donate money to upgrade the technology, says Christner. "With donors like Caterpillar, we said, 'Here's where the money could be applied. Here's where you could make a difference.'" He adds that those who donated significant amounts had auditoriums, suites, and other spaces named after them, which further strengthened the relationship between school and stakeholders.

The Bottom Line

All the effort and expense of constructing a new building have been worth it for these schools. For instance, everyone at Illinois State is delighted by the new environment, says Christner. "The faculty are thrilled with the technology. The students love the fact that they're treated like adults in a professional environment. We have fantastic spaces for students to sit and study—and they're full. The fact that students can stay in the building to study and work has created one of the biggest changes in culture."

Nonetheless, the process isn't easy, and those who have been through it offer key pieces of advice to other administrators considering a new facility:



The University of Chicago GSB's winter garden is both a beautiful architectural feature and one of many gathering places for students.

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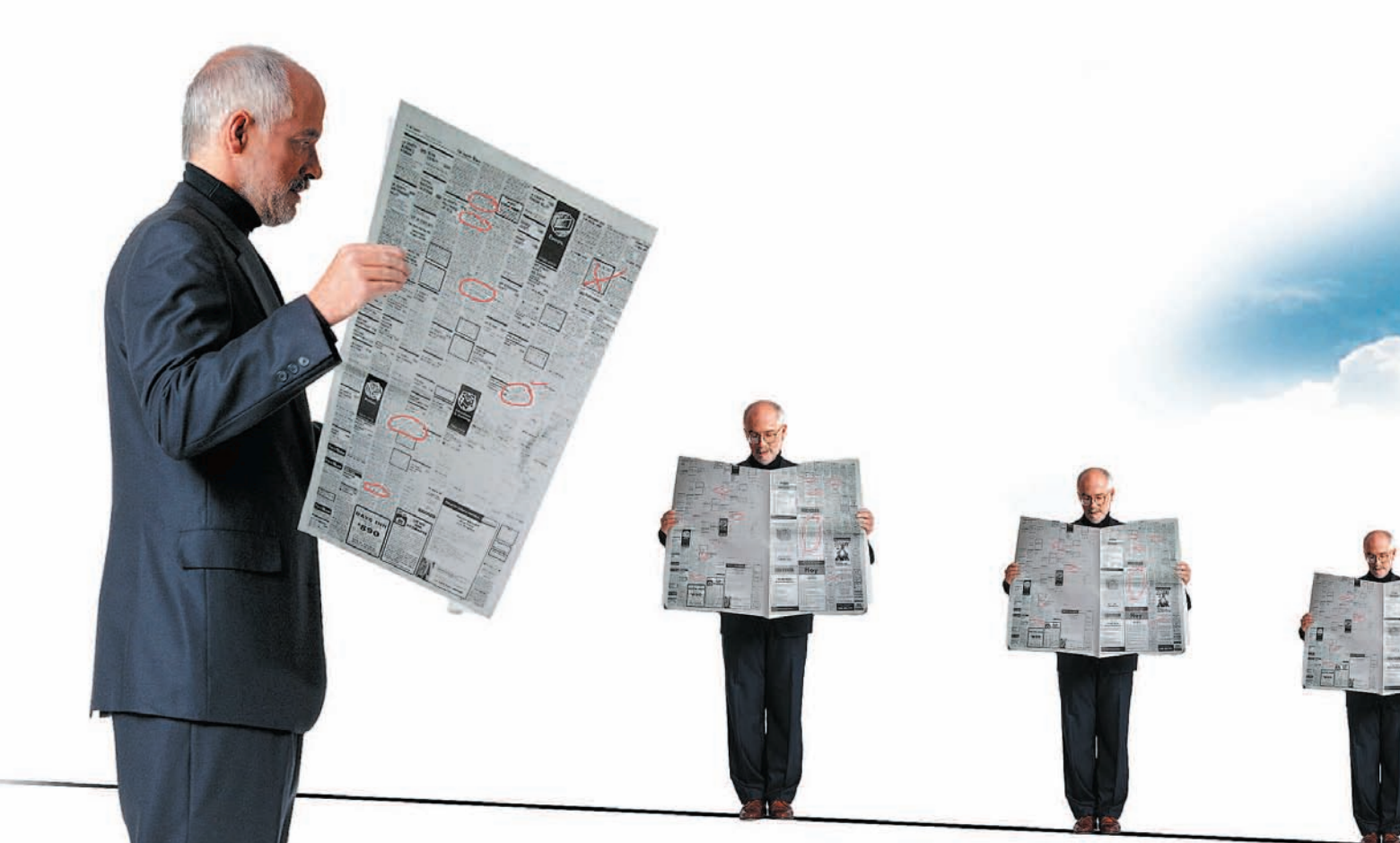
Involve everyone in the discussion. "Work with the staff, ask about their expectations for the new building, and understand their five-year plans, because it will take that long to get the building up," says Paul of the Chicago GSB. "The more people you can bring into the planning process and the more they have a vested interest, the more successful the project will be."

Nonetheless, be prepared to make some hard decisions. "I listen to all the opinions and ideas, but at some point I have to take a strong position and say what I think is right," says Wyatt of Robert A.M. Stern Architects.

Realize that not every square foot is "usable space." Says Ziebarth, "Architects talk about nonassignable space, which would include technical rooms, corridors, and walls. Business schools are about 60 percent to 65 percent usable space. The rest goes to support the building."

Design for the future. "Even if you don't have a strategy for growth right now, look at the long term," urges Christner. "Our graduate assistant lounge could, for minimal expense, become a department office. We played with the numbers of faculty offices we were allowed and built some for graduate assistants, knowing we could turn them into faculty offices in the future."

As always, the overarching lesson is: Think ahead. Know how much you can afford, what you want your building to say about your school, and what you want it to offer to stakeholders. A building completed in 2005 could still be in use in 2105—an enduring legacy to the partnership among education, architecture, and business. **Z**



How to

A business school is only as good as its faculty. But in today's competitive market, how do b-school deans attract top professors—who want to stay for the long term?

Looking to hire a few good faculty? You're not alone. Seven percent of the full-time faculty in U.S. business schools were new hires in the 2004–2005 academic year, according to the Knowledge Services department at AACSB International.

Not only are business schools racing to fill thousands of open or soon-to-be open positions for tenure-track faculty, but fewer Ph.D.s are being produced to fill such roles. In addition, the individuals on the market are asking for significant amounts of money—sometimes more than current faculty are making. Those factors add up to a mathematical problem of too much need, not enough product—and ongoing calculations about how to change the equation.



Hire

The faculty shortage and salary inversion are compounding the difficulties of a task that is, even at its easiest, a delicate and painstaking endeavor. Yet, most deans must hire faculty at various points, even if just to replace those who retire. To find the best new candidates while retaining the senior faculty they already have in place, deans must be creative, flexible, patient, and focused.

The Biggest Problem

One of the first dilemmas deans will face as recruiters is how to hire new faculty without exceeding the budget. It's clear to deans that if they're going to be serious players, they have

to be able to pay what the market demands. A few years ago, for example, Rice University's Jones Graduate School of Management began a campaign to expand and make over the school, hiring more than 20 new faculty in the process. Gilbert R. Whitaker, who retired in July as dean of the Houston-based school, says he was given the go-ahead to pay market salaries for new hires.

"That was very important, because business school salaries are extremely high," he says. "We don't have a law or medical school, so we're out front in terms of compensation on campus. But we've been given the authority, within our budget, to pay what's necessary to attract strong faculty."

When salaries for new professors threaten to rise higher than salaries for existing professors, it's time to be open and collaborative with the faculty. Senior faculty realize that the future of the school is at risk if it doesn't recruit well, says Richard Klimoski, dean of George Mason University's School of Management. The school, which is located near Washington, D.C., in Fairfax, Virginia, has been aggressively expanding its faculty roster.

"We don't want anyone at the senior level to leave because they feel frustrated or insulted, so we involve them in discussions," says Klimoski. "At what level should we recruit? What will we have to pay?" This helps smooth the way, he says, when high-priced new talent is recruited.

While it's essential to offer competitive salaries, deans say it's possible to focus on lifestyle factors instead of dollar signs when negotiating with potential hires. "You may find facets of the offer that mean more to them than \$10,000 in salary," says Susan Phillips, dean of the School of Business at George Washington University in Washington, D.C. The school has hired 11 new faculty in the past two years. "In some cases, you can be creative in putting together a competitive offer.

For instance, we offer free GW tuition to the children of faculty. That's a huge benefit to some people."

Schools can also offer other incentives. The Ph.D. shortage throughout Latin America makes it difficult for Mexican schools to compete for top talent, says

Carlos Alcérrec, dean of the Division of Administration and Accounting at the Instituto Tecnológico Autónomo de México (ITAM) in Mexico City. To make up for the shortfall, ITAM encourages its top students to study abroad, providing scholarships and loans—and forgives the loans if students return to teach at ITAM. "These students have ties to our city and will stay here over the long term," says Alcérrec.

by Sharon Shinn

illustrations by Lou Beach

Conducting the Search

Before beginning any search for a new faculty member, deans first examine their needs. Says Klimoski, “We look at the big picture. What’s our mission? We look at the curriculum. Where are the gaps? And we look ahead. Where do we want to go? Once we have a picture of the game plan, the real work begins.”

At George Mason, says Klimoski, the recent strategy has been to focus on hiring junior faculty. “We look at the current faculty and see we’re getting old, so we know we have to build the next generation,” he says. “We also want to stay on top of the latest research developments.”

Hiring junior faculty requires a huge investment of time as deans and administrators contact schools with Ph.D. departments, ask for a list of possibilities, sift through files, invite in potential candidates, listen to formal presentations, conduct interviews, and then internally debate who would be the best fit with the school. “It’s a very labor-intensive process,” says Peter Pauly, associate dean of the Rotman School of Management at the University of Toronto. “We’ve made between six and nine hires per year in the past few years. To do so, we had to bring in 100 people for visits; and to bring in 100 people for visits, we probably had to look at 500 files.”

The process isn’t much simpler when deans are looking for more experienced faculty to fill chairs and other key positions. In these instances, deans often rely on their senior faculty to know who the major players are in their fields and make the initial contacts at annual events that Whitaker says are “as much hiring halls as conferences.” In some disciplines, like finance, these events are very well-organized and heavily attended.

Senior faculty are also recruited through networking and relationship marketing, says Karen Newman, the new dean at the Daniels College of Business at the University of Denver. She was formerly dean at the Robins School of Business at the University of Richmond. Newman makes phone calls to friends and colleagues, joins computer listservs of people in specific fields, and stays in touch with individuals who interviewed in the past but took jobs elsewhere. Recently, Newman orchestrated the hiring of a professor she’d spoken to a few years ago about a position at Richmond. They stayed in touch, and when he learned she was moving to Denver, he inquired about a job at that school.

“One of the lessons I’ve learned is to interview good people and make friends,” she says. “A lot of candidates will choose to go elsewhere, but life is long and the world is small. These people will reappear later in life. When I’m recruiting, I’m expanding my network. Whether or not I hire them, I want everybody I interview to walk away saying, ‘Gosh, I’d



really like to work with her. Maybe not now, but later.”

Most schools also advertise for new faculty as a way to ensure that the search is broad and meets administrative requirements for posting open positions. Advertising can be more than a method of recruiting, says Klimoski—it can be a form of brand-building. “It’s always good news when schools are recruiting,” he says. “In some cases, the advertising is a bragging opportunity. It says, ‘We at George Mason are proud of the fact that we can recruit a few good men and women.’”

Sometimes, despite all the effort, the perfect candidate doesn’t appear—or doesn’t accept the job. “We’re quite willing to fail a search if we don’t find the right person,” Newman says. “Sometimes that means searches take two years instead of one.” Others agree, saying they will hire visiting faculty if they can’t find the perfect long-term hire.

Alternative Solutions

The doctoral shortage means there aren’t enough candidates available to fill all open positions—but there might be other ways for schools to groom potential new b-school faculty. AACSB International has convened a Ph.D. Bridge Program task force to look at two ways to expand the pool. One option is to recruit faculty with Ph.D.s in related fields and provide them with short but intensive training in b-school curricula. Another option is to train experienced practitioners so that they can become professionally qualified as teachers.

“It’s a very labor-intensive process. We’ve made between six and nine hires per year in the past few years. To do so, we had to bring in 100 people for visits; and to bring in 100 people for visits, we probably had to look at 500 files.”

—Peter Pauly, Rotman School of Management, University of Toronto

The task force is part of the association’s response to the doctoral crisis, but individual deans are also considering some of the same options. “We’ve hired people who have Ph.D.s in related areas and morphed into business teaching,” says Phillips. “Psychologists can teach in organizational behavior areas. Economists can focus on international trade. To find faculty, we need to look more broadly outside of our identified fields.”

For instance, GW’s accounting department was interested in a woman who was a nontraditional candidate. The candidate had a Ph.D. in marketing from a top school, a research history in a related field, and teaching experience. Once she took enough accounting classes at GW, the department felt “she was somebody we should stretch to hire,” says Phillips. She adds, “In AACSB’s study on the doctoral shortage, one of the recommendations was to retrain people from other fields to teach in business school, and she is a perfect example of that.”

Whitaker likes the idea of growing his own candidates—even though the Jones School doesn’t have a doctoral program. “We’re thinking about creating some post-doctoral programs for people who’ve gotten doctorates in related fields and are interested in the higher salaries of business and the research questions that business schools address,” he says. “We could hire them at a fairly moderate salary and have them teach one course. They could work on research with our faculty. In a couple of years, we might be able to transform a pure economist into a finance professor or a pure psychologist into a marketing or organizational behavior professor.”

Deans can also find new faculty simply by looking in other corners of the market. The Rotman School has targeted international scholars as it has expanded its roster by 45 faculty in the past eight years. According to Pauly, “Toronto is a multicultural city, so we’ve been able to attract people from all over the world. If you only want to hire from the top ten U.S.

The Adjunct Factor

If the Ph.D. shortage and rising salaries make it too difficult to find terminally qualified faculty, will b-schools begin to rely more heavily on contract and adjunct faculty? Their advantages are compelling.

“Adjunct faculty bring relevant business practices into the classroom,” says Tan Chin Tiong of Singapore Management University, where adjunct faculty make up 25 percent of the roster. “They provide a good balance between the academic rigor of our tenure-track faculty and practical relevance. Because Singapore is small and compact, adjunct faculty are readily accessible and available for consultation with students.”

“These people are more flexible, they’ll teach more, and they aren’t paid as much,” says Karen Newman of the University of Denver. “They tend to have practical experience, so students love them. Having full-time clinical faculty benefits the school—but if you have too many you lose the scholarly part of your climate.”

Other agree that adjunct professors have much to offer but shouldn’t be heavily relied on to fill gaps in the faculty. “You have to be careful,” says Peter Pauly of the University of Toronto. “Not everybody who has been successful in business is going to be successful in the classroom.” He believes it’s critical for researchers to be in the classroom, discussing

their work with students. Therefore, at the Rotman School of Management, all teachers in the first year of the MBA program are full-time faculty.

In Latin America, says Carlos Alcérreca of ITAM, the U.S. notion of tenure gives way to the concept of a stable “participating faculty.” At ITAM, participating faculty is responsible for teaching most of the student hours, and he wants to keep it that way. While the school’s location in Mexico City makes it easy to find qualified adjunct faculty, he says, “our goal is to maintain and even increase our percentage of participating faculty.”

Still, full-time lecturers can make up for some of the shortfall in new doctorates. That’s particularly true in classes like communications, where students need to acquire specific skills rather than substantive knowledge, says Gilbert Whitaker, former dean of Rice University.

The shortfall in Ph.D. faculty also may cause deans to start thinking how to realign the staff. For instance, some are looking into dividing faculty into teaching and research tracks. “It’s fairly painful,” admits Susan Phillips of George Washington University. While she believes some individuals are just as happy not having a research obligation, she thinks the challenge lies in keeping them current and engaged in their fields.

“Even if they’re not conducting cutting-edge research, they might work on cases,” she says. “Or they might make presentations to conferences or take students on residencies abroad. There are a lot of ways for them to be intellectually active even if they’re not writing for top-tier journals.”

Focus on Retention

schools, you're going to be in for a tough fight, so we are open to individuals from other countries."

Another alternative is to concentrate searches on seasoned professors—those with three to ten years' experience—who often value lifestyle and personal satisfaction more than a high paycheck. That's been Newman's strategy. She says, "In the market of more experienced faculty, the candidates know what they want and don't want. They've already embarked on their research agenda, and they're usually terrific teachers. I'd much rather hire people after they've been out of school a few years and I can see their track record. Why hire a brand-new Ph.D. when you don't know if you're going to get a diamond in the rough or a cubic zirconium?"

Selling the School

Once the ideal candidate is identified, schools work to craft the ideal offer. At George Mason, no matter what department is looking for faculty, the hiring is done through the centralized office of the senior associate dean, David Harr. While it can take weeks to hammer out the details, the school likes to have an oral commitment from the candidate before sending out a formal offer letter.

"We say to candidates, 'If we make this offer, will you accept it?' That's really the moment of truth," says Harr. "We want to send them the message that, if they commit to us verbally, we take that seriously."

When wooing candidates, deans are quick to point out the advantages of their schools over possible contenders. For instance, when she was hiring at Richmond, Newman would praise the school's competitive salaries, good clerical support, free parking, beautiful campus, and small classes. "I could say, 'You won't give more than 75 grades in any one semester,'" she reports.

Phillips likes to tell candidates that George Washington offers a diversified mix of students, a heavy emphasis on graduate education, recently upgraded facilities, a strong bias toward interdisciplinary activities—and a great location. Says Phillips, "For individuals doing research, Washington offers many data sources, as well as opportunities to work with people at the World Bank, the Federal Reserve, and the International Monetary Fund."

The opportunity to conduct research is also a selling point for international schools. At ITAM, says Alcérreca, "we emphasize the interesting nature of the economic transformation Mexico is experiencing, which provides unique research opportunities."

At Singapore Management University, provost Tan Chin Tiong points out that the school's location "provides faculty a

Once they've hired great professors, how do deans keep them from jumping ship when a better offer comes along? Every school can recite instances in which top faculty members are lured away—but often, they say, the lure isn't just money. Sometimes a change in venue gives a professor a chance to return to a city where family lives or to work with a respected colleague. The challenge for deans is to weight the other factors in favor of the school so that faculty won't want to leave for anything less than a perfect offer.

One of the keys to keeping junior faculty happy is to put some effort into making sure they succeed. Among other things, this means extensive mentoring by senior faculty and feedback as the newcomers hone their teaching methods. In fact, George Washington offers special teaching seminars and has brought in master teachers to help new faculty sharpen their skills. "You can't just plop them down," says Susan Phillips. "You can't just plant them and hope they sprout."

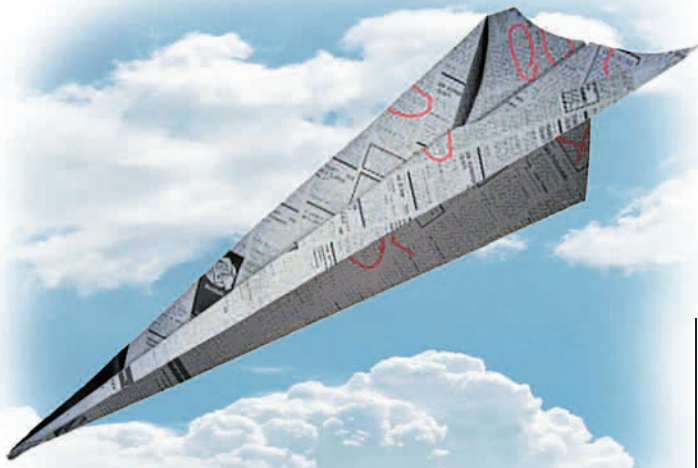
Many schools also give new hires a relatively light teaching load at first, so they can focus on developing their research identities and meeting scholarship demands. At Rice University, junior faculty on the tenure track are also offered a little breathing room. Appointments are made in two four-year stages, with the tenure decision made in the seventh year, as opposed to the sixth-year tenure decision in place at many schools. "This gives faculty more time to meet tenure standards," says Gilbert Whitaker.

At the same time, deans want to make sure new hires become invested in the school, the surrounding community, and even the country. At ITAM, says Carlos Alcérreca, "we recruit locals or foreigners who adapt to the lifestyle in Mexico, so that they will form roots here and stay."

At George Mason University, faculty are encouraged to get involved in school and community activities, such as a venture capital competition held in conjunction with a regional business association. "As we recruit, we tell candidates

strategic entry point in Asia for research opportunities." But he believes SMU has more to offer potential faculty, particularly those educated in the United States: It follows American-style management practices and it is working toward AACSB accreditation, so the administrative and educational practices are familiar to faculty recruited from the U.S.

"There is also an *esprit de corps* that exists among the faculty," says Tan. "Being part of a young, growing university means that faculty can make a significant impact on SMU's development." The five-year-old school has expanded rapidly from a full-time faculty of 35 in 2000 to 160 today.



that we're part of a vibrant economic region, and we want to make sure they experience that," says Richard Klimoski.

To underscore the relationship between the community and the faculty, George Mason recently featured its new hires on the cover of the school's magazine. The article inside explored their reasons for choosing the school—and also provided an excellent way for the school to communicate their strengths to stakeholders. "That article was one way we sent a strong message both to the new faculty and our community," says marketing communications director Dan Mackeben.

For the first year or two after an individual has been brought on board, both the new hires and the schools strive to make the fit a good one. "By and large they want to succeed and we want them to succeed," says Klimoski. "During the first two years, unless something extraordinary happens, it's rare for people to jump ship. The wanderlust starts after that. In a sense, you have a couple of years to solidify the relationship. After that, a lot of forces are in play."

One of those forces, of course, might be the desire for more money. That's particularly true as new faculty are brought on board at higher rates of income than senior professors—and deans have to figure out how to cope with that disparity or risk losing key people. "I'm now having to focus on ways to build some reserves so I can match salaries when one of my faculty comes in with an offer from another university," says Phillips.

Sometimes, of course, despite a dean's best efforts, faculty will decide to leave. That's when the whole hiring process starts over again.

Nonetheless, one of its biggest recruiting challenges lies simply in letting new Ph.D.s know that the school exists. Tan believes that most faculty are attracted to SMU because of the efforts and reputation of the university's various deans, who come from prestigious institutions such as Stanford, Wharton, and Carnegie Mellon. "We have had to work aggressively in our planning, organization, and networking," he says.

Singapore, like D.C., also lures potential faculty because it is a sophisticated metropolitan area. The University of Toronto enjoys the same attractiveness—but lifestyle issues

and urban amenities only get you so far, says Rotman's Pauly. "A school has to provide an environment that is stimulating," he says.

And, in many cases, schools have to accommodate individuals from dual-career families. "We have a universitywide spousal employment program which allows us to help people find something that is appropriate for them," Pauly says. "Within the university, we have incentive programs across departments. Therefore, if one department wants to hire or retain a faculty member, another department might find room for the spouse. We have to look at all those facets of our professors' lives and take care of them."

Indeed, at some point schools might not just be looking for where to place the spouse—they might be looking for where to place the family. Dan Mackeben, director of marketing communications for the School of Management at George Mason, says that in the future the school will consider developing town houses near the university where faculty can reside. This would provide a lower-cost alternative to high-priced housing in the D.C. metropolitan area. It would also be one more way to make the school attractive to candidates with multiple job offers.

Changes Ahead

Despite efforts to hire creatively and make their schools attractive to newcomers, deans know that finding enough faculty will be an ongoing challenge in the coming decade. Indeed, if the current shortfall continues, it could help reshape the way business schools deliver education.

Harr of George Mason predicts that more courses will be offered in lecture-hall style, followed up by labs where grad students interact with smaller groups of students. "That will allow us to leverage the expertise of our top faculty even when there are fewer of them around," says Harr. "We'll also work with other schools to develop best practices on how to make use of faculty time."

Pauly of the University of Toronto expects the future to hold a segmented landscape of management education, where only a few dozen schools actually generate knowledge, while the rest deliver "canned" programs devised by respected academics. "We certainly want to be in that first group," he says.

No matter how the business school market changes in the future, deans inevitably will have days where they will have to strategize about their next faculty hire. Like any good investment, the investment in human capital can be expensive but enormously rewarding. In any case, it's an essential one if administrators want their programs to keep paying dividends in the years to come. **Z**

The Asian Equation

The problem: Demand for quality business education in Asia vastly exceeds supply.

The solution: East and West must work together to foster more first-class business programs to serve the world's fastest growing economy.

Last year, I gave a presentation before members of the Association of Indian Management Schools (AIMS) in Goa, India. As I spoke to the group of Indian business school directors, I emphasized a troubling reality: Not a single Indian business school is represented on any of the world's rankings. No Indian business school has achieved AACSB accreditation. And few, if any, Indian business schools have truly pinpointed their unique missions in the global marketplace. Without a focus on research, without attention to developing more full-time doctorally qualified business faculty, and without a commitment to mission-based development, I told them, no Indian business school ever will.

Many directors came up to me after my presentation to say that they agreed with my argument and were very interested in creating world-class institutions. But, they added, a scarcity of qualified faculty, shortages of private funding, and a lack of world-class research orientation have made such objectives seem out of reach.

Their perspective is not uncommon at business schools throughout Asia. In fact, schools of global standing in Asia are the exception, not the rule. Outside a handful of schools in China, Hong Kong, Singapore, and South Korea, most Asian business programs have not gathered enough momentum to achieve international standing. Barriers to their growth are numerous:

- Business schools in Asia typically have a small number of full-time faculty, relying heavily on adjuncts.
- Adjunct faculty often teach at several schools using the same material, even when teaching different courses.
- Most faculty carry large teaching loads in programs with high student-to-faculty ratios.
- Schools encourage faculty research but often do not require it.
- Doctorally qualified business faculty are rare.
- Many top-tier Asian schools use tests other than the GMAT for admission, failing to leverage the cachet of the GMAT for their programs.
- Schools outside the top tier have scant resources. As a result, they often take a cookie-cutter approach to education.

■ Numerous for-profit business schools, established by private investors, place little emphasis on quality of education.

Despite these circumstances, the market for graduate business education in the region is on the rise. Top-tier schools have excellent facilities, the latest technologies, and high-quality teaching faculty. They admit the brightest and most motivated students, even as they struggle to earn international reputations and earn globally recognized accreditations.

Given this progress, no accreditation organization can afford to ignore the Asian continent or stand back while other organizations offer their own designations. Western-based accreditation organizations such as AACSB International need to set standards for accreditation that recognize and incorporate the Asian perspective. They need to offer face-to-face informational and advisory assistance to help Asian schools excel not only in their own regions, but in the global marketplace. Only then will the Asian business school market truly equal its population's rising demand for quality business education.

The Asian Context

It's no surprise that Asia's demand for business education is on the rise. Asia's economy is growing twice as fast as those of Europe and the United States. Asia accounts for 25 percent of the world's gross national product and is expected to account for 30 percent within a decade. Its traditional agrarian cultures are rapidly being transformed into societies based on industry and information technology. Since the economies of China and India have grown more liberal and their memberships to the World Trade Organization have been accepted, all eyes have been focused on Asia's ascension into a global economic power.

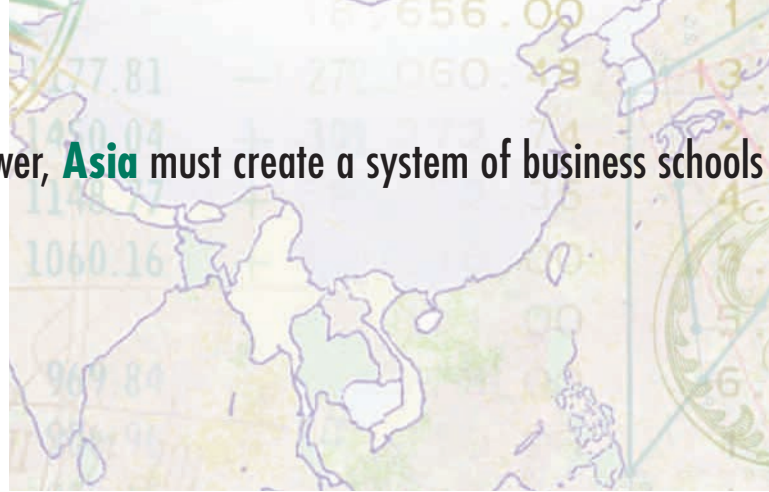
It's no surprise that China, India, and other Asian countries represent a huge market for business education. Asia boasts two-thirds of the world's population; and unlike the graying population in the West, half of Asia's residents are less than 25 years of age. Most important, Asia's cultures place a high premium on education. Most families will do everything they can to pay for their children's education.

Yet Asia's management education infrastructure lags far

by Arvind Phatak



To become a globally competitive economic power, **Asia** must create a system of business schools



behind that of the West, unable to satisfy the intense demand. For example, the prestigious Indian Institute of Management in Bangalore accepts only 60 to 100 students per year—from a pool of 50,000 applicants. That kind of discrepancy between supply and demand exists at most of the top programs in Asia, forcing hundreds of thousands of qualified students to settle for less desirable schools or leave the continent altogether for their business education.

Federal governments in China and India serve as one formidable obstacle to private organizations that want to create more top-tier programs. In the United States, many of the very best universities are private; but in China and India, private universities find themselves in a kind of educational no-man's land. In China, for instance, no international university can gain government consent to open its doors on the mainland; and no native school can teach anything but a government-mandated curriculum.

In India, the University Grants Commission (UGC), which was created by an act of India's Parliament, establishes and maintains higher educational standards throughout the country. However, an Indian school can receive "deemed university" designation only through the UGC. Only a deemed university can call its graduate business degree an "MBA." Under this system, very few private deemed universities exist. It is widely alleged that private universities in India achieve "deemed university" status not by virtue of their programs, but by the influence they can generate within the political system.

As a result, many high-quality private schools are unable to offer a legally recognized MBA degree. Instead, top-tier schools such as the Indian Institutes of Management (IIMs) offer Post Graduate Diplomas in Management (PGDM). Unfortunately, the PGDM is a degree that some accreditation organizations refuse to recognize.

Moreover, the tradition of Ph.D. programs in business administration does not exist in India. To meet the demand for doctorally qualified faculty, the IIMs, for example, have established the Fellow Program in Management (FPM). This program is recognized as the equivalent to Western Ph.D. programs by the Association for Indian Universities and the Indian government.

I do not know of any organization that has done a true audit of these alternate programs to determine whether the PGDM is truly equivalent to a Western MBA or whether the FPM is equivalent to a Western Ph.D. But it has become crucial for international accreditation organizations to look at such designations more closely and work with schools in Asia that are interested in continuous improvement. To follow a

truly global course for education and accreditation, Western organizations must do more to understand business education in the Asian context.

Collaborative Standards

Many directors of Asian business schools would welcome direct interaction with Western management education organizations, both to share their circumstances and learn strategies to set their missions, increase research output, and develop their faculty and curricula. These directors share a common objective—to raise the international profiles of their schools. The stakes, however, are much higher for the Asian business education market. To become a globally competitive economic power, Asia must create a system of business schools better equipped to serve its large population efficiently, effectively, and on par with educational systems elsewhere in the world.

In my interactions with Asian business school directors, I have learned that, given the market, many feel forced to curtail their international ambitions. Instead, they settle for cornering their local markets rather than establishing truly national and international status.

Western organizations, however, have an opportunity both to work with Asian business schools and to build their brands in the Asian market. By offering sustained guidance and mentorship, accreditation organizations such as AACSB International can work to develop a truly world-class system of education throughout the Asian continent. They could work within the region and culture to put mission-based continuous improvement into practice.

Such collaborative work could focus on three primary areas of improvement for schools: inputs, processes, and outputs. To improve inputs, for example, schools would work to strengthen their operational frameworks with several strategies:

- Monitoring the quality of students admitted into the programs.
- Requiring the GMAT for admission.
- Mandating learning outcomes in each course of study.
- Setting the standard for IT infrastructure.
- Evaluating classroom design and ambiance.

To ensure the quality of their processes, school administrators and faculty would develop systems such as the following:

- Evaluating teaching methods and pedagogy, while recognizing the need to rely on adjunct faculty in a market where

better equipped to serve its large population efficiently, effectively, and on par with educational systems elsewhere in the world.

doctorally qualified business faculty are nearly nonexistent.

- Monitoring teaching quality for consistency.
- Requiring and evaluating faculty development programs.
- Evaluating program content and alternate designations such as the FPM.

Finally, to guarantee the quality of their output—their graduates—schools would use best practices such as the following:

- Assessing the quality, breadth, and depth of student learning, partially by requiring an exit exam for all graduating seniors.
- Evaluating the quality of job placements.

All areas could be monitored and evaluated with the help of external reviewers from Western countries. Through collaboration, Asian and Western educators could develop a diverse and dynamic learning environment at Asian schools. As a group, these schools could better meet the needs of Asia's large population of students *and* its growing number of companies seeking highly qualified business graduates.

The Faculty Dilemma

The strategies mentioned above would not only improve each school's offering, but also put them in a better position to meet international accreditation standards. Even so, there is an area where Western accreditation organizations could be adjusted to suit the circumstances of Asian higher education: faculty requirements. With Asian schools relying so heavily on adjunct faculty, and with doctorally qualified faculty at such a premium in their markets, some international accreditation processes place accreditation out of reach for many schools where faculty are concerned.

For example, current AACSB accreditation standards require that at least 90 percent of faculty resources be either academically or professionally qualified, and that a minimum of 50 percent of faculty resources be academically qualified. Few schools in India and other parts of Asia would be able to reach that goal all at once. Again, this may be an area where international accrediting bodies could—and should—view accreditation with culture, as well as quality, in mind.

To take into account the challenge Asian schools face in hiring faculty, processes could be put in place that worked with schools to meet accreditation standards while also recognizing cultural circumstances. For instance, AACSB standards could set up faculty requirement on a graduated scale, allowing schools to meet a 60 percent mark at one level, for example, and work up to the current benchmark for full accreditation. AACSB could also provide more assistance to Asian business schools in finding and hiring qualified faculty.

No standard of accreditation should allow for ineffective

teaching or accept inconsistent learning outcomes; but neither can any accreditation organization afford to overlook Asia as a rapidly emerging market for management education. As it stands, certain elements of the Western accreditation formula have locked Asian business schools out of the accreditation process. To invite them into a community of continuous improvement, we must take into account the realities of their markets.

East + West = Excellence

Interest in business and business education in Asia should remain extremely buoyant, especially as new entrants into the workforce realize that climbing the corporate ladder requires a sound foundation in management theory and practice. As Asian business schools form alliances with other schools, both in Asia and elsewhere, they are furthering their goal to provide leadership in management education in South Asia and the Asia Pacific region.

Even so, it's telling that only eleven business schools in the Asia Pacific region, excluding those in Australia and New Zealand, have received AACSB accreditation. The reason, many Asian educators believe, is that some current international accreditation standards do not address the needs of Asian schools. Organizations such as AIMS and the Asian Association of Management Schools (AAMS) have emerged to fill that role, instituting an Asian-oriented evaluation system for management education, building an accreditation and ranking system for Asian management institutions, and promoting the development of original Asia-centric management concepts and methods. If Western accreditation organizations do not do the same, they may find that their brands take second place to other designations in an increasingly important Asian market.

As I learned at my presentation to AIMS and in my interactions with Asian colleagues, many of Asia's business degree-granting institutions feel forgotten by the West, even as the region becomes a growing force in global business education. It's time to open up lines of communication and create a system of improvement and a set of standards that benefit both East and West. In doing so, management education not only better serves Asia, but also strengthens business education in the global context. ■

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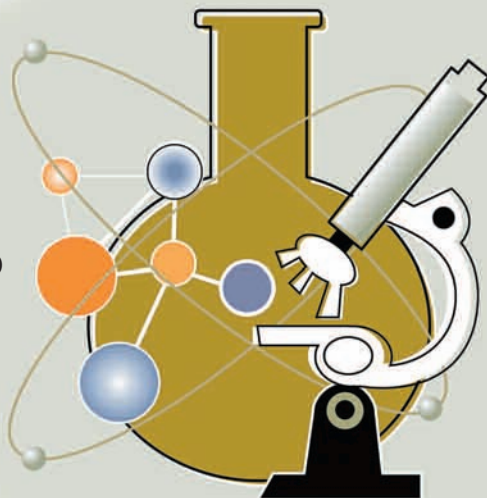
Technology

Nanotech—The Next 'Small' Thing

The next big thing in the tech sector isn't big at all. Nanotechnology, in fact, concerns manufacturing on the tiniest scale—on the scale of one to 100 nanometers—or less than 100 billionth of a meter—in size. Even so, say business tech experts, nano's importance to business promises to be enormous. Lux Research, a nanotechnology research and advisory firm based in New York City, predicts that, over the next ten years, nanotechnology will be found in 15 percent of the world's products and drive a \$2.6 trillion market.

What makes nanotechnology such a potential boon is its applicability to so many different products and processes. As a true platform technology, it could enhance the function of tech devices and provide stronger, more resilient building materials. Computer switches that are molecularly sized, for example, could eventually replace silicon in computers, for faster operation and significantly greater capacities.

Nanotechnology is drawing students with technical backgrounds in science and engineering to the business school, says Steve Currall, associate professor of management, psychology, and statistics and the William and Stephanie Sick Professor of Entrepreneurship at the Jones School of Management at Rice University in Houston, Texas. "They want to leverage their technical backgrounds in an emerging new industry like nano," he says. Currall also is the founding director of the Rice Alliance of Technology and Entrepreneurship, a key factor in *Small Times* magazine's naming Rice as the No. 1 university in the U.S. in the commer-



cialization of nanotechnology.

Founded in 1999, the Rice Alliance focuses on four areas of new technology development: energy, information technology, life sciences, and nanotechnology. However, nano is the area that has developed the most infrastructure, primarily through a \$12.8 million grant from the National Science Foundation in 2000. That grant helped the university develop its Center for Biological and Environmental Nanotechnology. Today, the school has already received 11 patents in nanotechnology and has spun off four startups in technology.

One of those four startups, Carbon Nanotechnologies Incorporated, specializes in single-walled carbon nano tubes. The tiny tubes look like spaghetti when viewed under an electron microscope, but are 100 times stronger than steel and one-sixth its weight. The tubes will have applications in everything from batteries to flat-panel displays to automobiles.

Nanotechnology's application in the business school is one of disciplinary integration, adds Currall. "Nano is another area

for true collaboration between business and engineering." As demand for people with expertise in business and nanotechnology grows, Currall says, more people with chemistry or engineering backgrounds will want to pursue an MBA to position themselves well in the marketplace. He says, "It's a marketing opportunity for business schools that want to be on the cutting edge of a new industry."

iBooks for MBAs

It's no news that executives pursuing their MBAs often have to rely on distance learning and online technologies to stay on top of their programs. This year, the Pamplin College of Business at Virginia Polytechnic Institute and State University in Falls Church has given its 25 EMBA students a technological head start. Each student has been equipped with an Apple iBook laptop, iPod, Griffittalk microphone, and iSight camera to allow students to meet online, record interactive lectures, and participate in class, even when out of the area.

Charles Jacobina, executive director of Pamplin's EMBA program, wanted to make sure that face-to-face interaction was not lost, even if student schedules conflict. This



year's incoming class, he adds, is one of the first EMBA programs in the country to use Mac-based tools for distance learning.

Traditionally, EMBA programs prefer Windows-based technology, since most programs are designed to teach future executives how to use the same systems used in most businesses, says Jacobina. "In our case, our students are already well-versed in those areas. Instead, we needed a strong communication vehicle to bridge the distance between team members," he says. "We feel that Apple's innovative approach to using multipoint video is a big advantage over the PC."

Pamplin's Mac-based EMBA program will serve as a long-term focus group for Apple. The company will determine how businesspeople accustomed to working in PC environments use Mac technology.

Interactive EMBA at LBS

To help 74 of its executive MBA students create a better work-life balance as they also pursue their educations, the London Business School has added a new tool in its distance learning arsenal. Its EMBA now will be powered by a collaborative learning platform, provided by the French company Genesys Conferencing. The new platform will allow the school's globally dispersed student cohort to hold virtual interactive study meetings from anywhere in the world.

The new service will reduce the need for students to travel to the school's Regent Park campus for group study sessions. Using the platform, students can see and hear the

DATABIT

A recent survey sponsored by America Online found that **41 percent** of Americans check their e-mail inboxes as soon as they get out of bed in the morning. **Forty-five percent** of respondents said they would like e-mail technology to allow them to retrieve sent messages before they've been read, and **43 percent** would like the ability to know to whom their messages are forwarded.

discussion leader and give presentations in real time. They also can develop course case studies and presentations collaboratively, seeing one another's comments and changes as they are made. The service is integrated with existing desktop functions, such as e-mail and calendars.

This new capability has become a near-necessity for global executives, especially as they face a host of obligations, including family and increasing work-related global travel, says Tony Kmetty, associate director of the EMBA program at LBS. Says Kmetty, "Multimedia conferencing will stimulate the students' study groups and allow them to become more efficient with their time."

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TOOLS OF THE TRADE

Clickers on Campus: Purdue Deploys Student Response System from eInstruction

Purdue University in West Lafayette, Indiana, has equipped computers in every classroom with an interactive student response system from eInstruction, a company based in Denton, Texas. The system uses a radio frequency receiver, handheld student response pads, and special software to facilitate quizzes, polls, and other activities that can be enhanced by immediate student input.

Purdue signed up for systemwide use on all its campuses last October and began installation in January. The use of radio frequency instead of infrared reduces the number of receivers needed and the amount of interference to their operation. In addition, new technology now allows students to carry a single \$12 "universal" clicker that works in every class, rather than separate clickers for each class, which lowers the cost of the system. As a result, Purdue has been able to deploy the system more quickly to more students. The number of Purdue students using clickers this semester will more than triple to almost 8,000.

So far, instructors credit the clickers with improving student attentiveness, participation, and attitudes. Professors use the system for everything from taking attendance, to playing educational games, to assessing student comprehension of lecture materials. "It increases the overall pass rate and narrows the gap between the most successful and least successful students," says Tolga Akcura, assistant professor of marketing at Purdue's Krannert School of Management.

Students like Brian Geddes also appreciate the new technology. "I quickly found out how well I was absorbing class material, and I saw where the rest of the class stood as well," says Geddes on using the response system. "My professor could identify which sections of the course material to cover in greater detail based on the results of quizzes we took using clickers."

In partnership with McGraw Hill, eInstruction has placed clickers at more than 600 institutions. For more information, visit www.einstruction.com.

NEWSBYTES

MARKETING GETS DIGITAL

The Manchester Metropolitan University Business School in the United Kingdom recently launched a degree in digital marketing and communications—the first in the country, according to school representatives. Based in the school’s Department of Business and Information Technology, the degree is designed for students interested in advertising, public relations, and direct marketing. Digital marketing promises to be “one of the new hot areas” in the industry, says Ruth Ashford, program coordinator. “We believe that demand for this program will be high.”

IMs GONE UNDER SOX

According to *Computerworld*, instant messaging (IM) control requirements under the Sarbanes-Oxley Act. Concerned that their controls weren’t robust enough to monitor, scan, and store employee IMs adequately, many companies are disabling the IM function in their networks altogether. Technological solutions that help make IM systems comply with SOX do exist, leading some analysts to posit that some companies simply may not want to deal with their employees’ on-the-job IMs.



AWARD FOR INNOVATION

The online simulation “Littlefield Technologies,” which allows students to operate a virtual factory, has won a Wickham Skinner Teaching Innovation Award from the Production, Operations, and Management Society. The simulation was created by Sunil Kumar, an associate professor of operations, information, and technology at Stanford Graduate Business School in California; and Sam Wood, president of Responsive Learning Technologies in Los Altos, California. The simulation, which aims to teach students the nuances of operations, production, and business analysis, was first used at Stanford in 1997.



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FinEdx Brings Finance Education to Asia Pacific

Asia’s increasing importance to the global economy has inspired a new campaign to boost financial literacy in the Asia Pacific region. As part of this campaign, INSEAD, which has campuses in Fontainebleau, France, and Singapore, recently launched FinEdx, an online information portal at www.finedx.org. Made possible through a grant from Citi-Group Foundation, the new portal provides downloadable teaching materials to finance educators in the Asia Pacific region. The portal is designed to increase the number, quality, and accessibility of teaching programs so that people are able to make sound financial decisions.

FinEdx offers research reports, case studies, and impact assessment tools for financial education providers. The site, which so far has about 140 registered users, also features online discussion boards that allow financial education providers to interact and share best practices. Access to FinEdx will be free to educators for the first year; user fees in the second year have yet to be determined. **Z**



Your Turn

by Al Page

Closing the Gap in Communications

An enormous gap exists between how much business managers and recruiters value communications training and what business schools are doing to provide students with communications skills. While managers and recruiters rate communications skills as some of the top attributes they look for in new hires, many business schools give only cursory attention to communications training.

The importance of communication skills to employers is clear. Surveys and studies on the topic have produced consistent and striking results:

■ In 1997, three management professors at the University of South Alabama surveyed 365 business managers on the top five skills they looked for in potential hires. Even then, communications skills made the top five.

■ More recently, the *Wall Street Journal* rankings of business schools asked recruiters to rank the attributes they were looking for in business school graduates. Out of more than 40 attributes, business communication skills made the top three.

■ In the fall of 2004, administrators at the University of Missouri-Kansas City's Bloch School of Business surveyed employers, including large corporations such as Sprint, Hallmark, and H&R Block. Those employers indicated that the lack of communication skills in business school graduates was becoming a source of growing concern and frustration.

■ *The Journal of Financial Engineering* conducted what may be the most telling study. It asked finan-

cial executives what their business school training had most lacked. At the top of the list? Communication skills. As one executive explained, "If you can't communicate your findings to upper management, all the technical skills in the world won't help you be effective."

Yet, in spite of such evidence, the vast majority of the 300-plus AACSB-accredited business schools have few, if any, professors of business communications on their staffs. The jobs advertised in publications such as *BizEd* or *The Chronicle of Higher Education* rarely, if ever, include positions for communications professors. At best, business schools are relying on service courses taught by uninterested professors from English or communications departments. The exceptions are the dozen or so top-tier MBA programs that hire non-tenure track professionals to staff a communications course or two.

What accounts for this wide gap between what employers want and what approximately 90 percent of accredited business schools supply? A clear lack of incentive. First, there are few jobs in the business communication industry—as opposed to, say, finance, accounting, or information technology. Thus, even large universities have little or no incentive to offer a major in business communications or hire a large group of Ph.D.s in that subject area. Second, communications professors do not conduct the type of research that garners attention—most research in business communications is looked down upon by other business professors.

Finally, business school accreditation standards provide few incentives for business schools to mount a strong business communications

WHILE MANAGERS AND RECRUITERS RATE COMMUNICATIONS SKILLS AS SOME OF THE TOP ATTRIBUTES THEY LOOK FOR IN NEW HIRES, MANY BUSINESS SCHOOLS GIVE ONLY CURSORY ATTENTION TO COMMUNICATIONS TRAINING.



effort, especially in MBA programs. For example, AACSB standards state that the management of curricula requirements should ensure “learning experiences in communication abilities” in undergraduate programs. It also states that MBA programs “presuppose the base of general knowledge and skills appropriate to an undergraduate program.” In other words, AACSB accreditation sets virtually no real standards for communication training in MBA programs and requires no true measurement of the communication skills of MBAs.

Is there any hope for this gap to be narrowed? One might assume that the overwhelming use of PowerPoint in the classroom might make the problem less noticeable. Unfortunately, PowerPoint seems to reinforce a decline in oral communication skills as cogent arguments are reduced to a few slides of brief bullet points. Furthermore, the rapid rise of e-mail messages has resulted in even more turgid and incomprehensible writing among business school students.

Business schools that wish to give communications skills the attention they deserve need to turn to several strategies to make the subject a truly integrated part of their programs:

- Don’t hire tenure-track faculty to teach business communications unless there also is an effort to help those individuals obtain tenure.

- If faculty are in tenure-track positions, recognize their research contributions. Realize that strong research in business communications is worthy of merit when it comes time for tenure consideration.

- Don’t use faculty from the English or communications departments to teach business communi-

cations courses, unless absolutely necessary for financial reasons. Hire adjunct or professional faculty instead, preferably in full-time positions.

- Create a clear strategy to help faculty and students realize the importance of business communication skills. Students should never hear professors in other courses implicitly or explicitly diminish the value of the “softer” business school courses. The few successful business communication programs also require students to do more than just write papers and give oral presentations for instructors—they require students to put those skills to work in consultations and competitions, as well as in the classroom.

For example, the School of Business at The College of William and Mary in Williamsburg, Virginia, replaced a tenure-track faculty member in communications with a full-time professional instructor and developed a required course in business communications for all of its MBA students. The school then set up a competition where the best teams from each MBA class made comprehensive presentations to the top executives on the school’s advisory board, thus insuring that students were motivated to pay attention in the classroom. The Kenan-Flagler Business School at the University of North Carolina at Chapel Hill has an eight-person communications team, including several assistant professors in communications, to send a strong message that the school believes this subject is important.

The Fuqua School of Business at Duke University in Durham, North Carolina, requires that all first-year

students take a communications course, which is creatively titled “Informing and Influencing Business Audiences” rather than simply “Business Communications.” The title alone helps students realize the subject is something they’ll need throughout their careers. Fuqua also utilizes its communications courses to support a strong student-run consulting program to area businesses. Finally, while the Wharton School at the University of Pennsylvania in Philadelphia only requires a mini-course in communications for first-year MBA students, students are not allowed to waive this course for any reason.

The moral of this story is that, while top-tier business schools may be giving communications training a more prominent place in their curricula, the vast majority of business schools do not. At the moment, most current business students and recent graduates are on their own. They must reach outside of business schools and seek out other resources, from Toastmasters to continuing education courses, if they wish to improve their verbal and written skills.

That alone should be the incentive business schools need to add more faculty positions in business communications. The time has surely come for all business schools to listen to what employers and recruiters have been requesting for so long. It’s time for business schools to fill the communications gap. **Z**

Al Page is a former dean of four schools, including the Bloch School of Business at the University of Missouri-Kansas City. He is currently a professor of management, finance, and communications at UMKC.

Bookshelf

It's no secret that corporate greed and mismanagement have had a profoundly negative impact on American finance, but Vanguard founder John C. Bogle thinks the whole system is in grave

danger. In his urgent and outspoken book, *The Battle for the Soul of Capitalism*, he argues that American business is being dangerously undermined by excessive executive compensation, the onset of quarterly earnings reports, the laxness of "gatekeepers"

like legislators and regulators, and the rise of the mutual fund. He examines each of these factors in close detail to show how they've contributed to today's sad financial state, and then lobbies for reforms that will put the financial system back on track. It's key, he believes, for citizens who own stocks to behave like owners. "Only investment America has the power to bend corporate America to its will," he writes. "But demanding that owners again act like owners—working through corporate directors to ensure that their ownership interests are honored—is a multilevel challenge that is not for the fainthearted." It's clear that "fainthearted" is never a word that would apply to Bogle himself. (Yale University Press, \$25)

Gary Sutton's grandfather was a coal miner who installed canaries in the shafts to detect poisonous gas before it became thick enough to kill a man. A century later, author Sutton has invented five *Corporate Canaries* that will alert business managers to the fact that their companies are about to sicken and die. The canaries are pretty

straightforward and summarized at the end: You can't outgrow losses. Debt's a killer. Fools fly blind. Any decision beats no decision. The text itself is colorful, blunt, and always entertaining. "If your executive team spends more time with bankers than with customers, your canary is wheezing," Sutton says in the chapter about debt. "Bankers loan money. That means they'll want it back, plus interest. Customers give you money to keep. So where should more time be spent?" His common-sense approach will bring a breath of fresh air to many managers watching their own canaries starting to topple from their perches. (Nelson Business, \$19.99)

It's notoriously difficult to predict the stock market, and Joseph H. Ellis thinks one reason is that all the experts are basing their predictions on the wrong elements. In *Ahead of the Curve*, he offers his opinion that consumer spending drives capital spending, which drives corporate profits, which drive the stock market. Analysts who want to predict the next downturn in the market need to pay attention to when consumer spending falters, causing a general slowdown in the economy. He

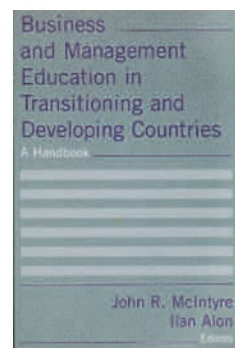
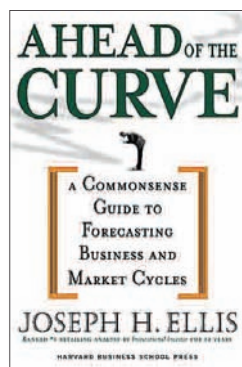
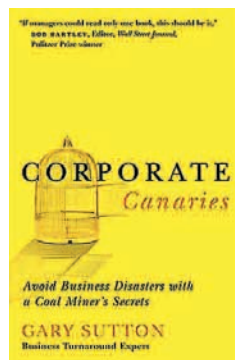
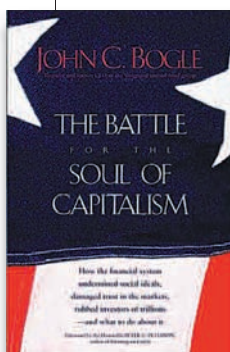
admits this is counterintuitive; often consumer spending slows when all other indicators show a robust market, and most people see no reason for

alarm. To support his thesis, he presents charts that cover 40 years of economic analysis. The charts are multilayered and complex, but his prose is straightforward and easy to absorb. And his overall arguments are persuasive. (Harvard Business School Press, \$29.95)

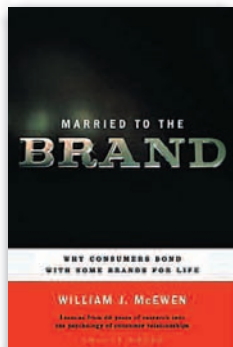
Business schools in India award approximately 75,000 MBA degrees annually—second only to schools in the U.S. The number is impressive, but the variations in quality between schools are troubling to experts who watch the field. Meanwhile, in Africa, studies show that entrepreneurship could be a key ingredient for lifting people out of poverty, but few people understand the basic business principles that

would enable them to be successful entrepreneurs. India and Africa are just two of the countries under examination in *Business and Management Education in Transitioning and Developing Countries*

, a handbook edited by John R. McIntyre and Ilan Alon. In 25 essays by dozens of contributors, the book examines the climate for management education in India, the Russian federation, Eastern Europe, Central Asia, Latin America, Africa and the Near East, and China. The editors draw one overarching conclusion: "In transitioning and developing countries, business education is expected to...contribute to the elusive goal of economic development." (M.E. Sharpe, \$35.95)



Some people love their brand-name products; they wouldn't buy anything else. Some people simply don't care. What accounts for the difference, and how can a company inspire brand loyalty that amounts to a lifelong commitment? Those eternal questions are examined in *Married to the Brand*, written by William J. McEwen and drawing on consumer research conducted by the Gallup Organization. "The brands that thrive offer a return

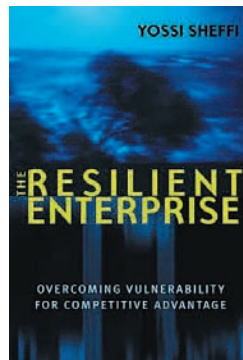


to the customer, whether it's tangible or intangible, rational or emotional," writes McEwen. While he admits the four classic P's

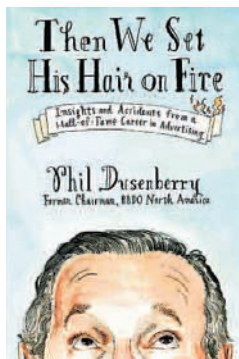
of marketing—product, place, price, and promotion—contribute to a brand's identity, he argues that a fifth P—people—is even more essential to helping consumers develop an emotional connection with a brand. Even so, he warns, it takes time to build brand affection into a brand marriage that will last for a customer's lifetime. (Gallup Press, \$24.95)

If a butterfly flaps its wings in Brazil, there might be a typhoon in Japan—and somewhere, an international company that must deal with the resulting chaos. The interconnectedness of global enterprise and its susceptibility to a whole host of potential disasters are made frighteningly clear in Yossi Sheffi's *The Resilient Enterprise*. He posits that the global supply chain almost ensures that every company will face major business disruptions on a more or less

continual basis and that the only way for a company to survive is to anticipate disasters and figure out ahead of time what it will do if one hits. This requires building redundancy into the supply chain, avoiding customization, and thinking about unpleasant events, he says: "1. What can go wrong? 2. What is the likelihood of that happening? 3. What are the consequences if it does happen?" The possibilities are truly alarming, but his recipes for recovery offer reassurance in a hazardous world. (The MIT Press, \$29.96)



A good advertising team will come up with an idea for a memorable ad, but a great team will come up with an insight that can serve as the basis of an ongoing campaign for years to come. In *Then We Set His Hair On Fire*, former ad executive Phil Dusenberry offers both ideas and insights in plentiful measure. Though written in a jaunty style, the book has a serious message about understanding the purpose of a business and learning how to convey that purpose to the general public. Dusenberry discusses the essentials of launching a business or creating consumer awareness and the magical moments that can cause everything to come together. Dusenberry is an entertaining storyteller, illustrating his points



through anecdotes that range from his golf game to classic moments in the lives of famous CEOs. And the title? It refers to a Pepsi commercial involving Michael Jackson; a late chapter in the book gives all the horrifying and spectacular details. Like the rest of the book, it makes a point about how to make an impact and how to profit it from it when you do. (Portfolio, \$24.95)

To survive, companies need to grow and change—and sometimes they need to design radical new products or processes that rely on wholly unfamiliar business models but offer the chance of tremendous new revenue. That type of thinking is known as strategic innovation, and Vijay Govindarajan and Chris Trimble dissect it in *10 Rules for Strategic Innovators*. An innovative offshoot division of a mature company must meet three challenges: It must forget some of the rules and structures that made the core company successful; it must borrow some of the parent company's assets; and it must learn how to succeed in an unfamiliar market. The execution of a great idea is even more difficult and more critical than formulating the idea in the first place, say the authors. The book showcases companies that have developed new products outside the scope of their normal operations—and become hugely successful. (Harvard Business Press, \$29.95)



Spotlight

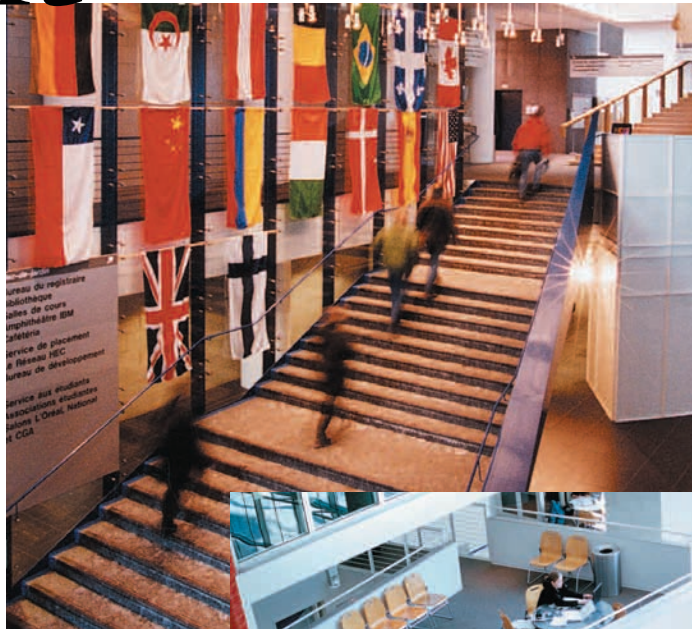
International Synergy

HEC Montréal,
Montréal, Quebec
Canada

The national flags that often deck the entrance to HEC Montréal's facility are more than decorations—they are emblems of the school's international mission. Nearly a quarter of its 12,000 students—and more than 55 percent of students pursuing its bilingual MBA—come from outside Canada to study in one of the school's 33 management study programs. In addition to its French curriculum, HEC Montréal has given its BBA students the option of taking business courses in English or Spanish since 1996. All undergraduate and graduate students must achieve a required level of proficiency in English and French to receive their degrees.

To further advance its international focus, this year HEC Montréal launched its new trilingual BBA program. Students who choose the optional stream must take five courses in French, five courses in English, and five courses in Spanish during the first three years of the program. In the fourth year, they will spend a semester abroad, where they will be immersed in the study of a language. To ensure students gain the greatest fluency possible in all three languages, they are required to study in a country where they are least familiar with the language.

The trilingual approach seemed perfect for the BBA program, rather than the MBA program, because the students are younger and have fewer



Left: Flags displayed for special events at HEC Montréal. Below: HEC's cafeteria and finance room.



Director Jean-Marie Toulouse



work and family obligations, explains Jean-Marie Toulouse, the school's director. "The trilingual program is really a project for a 20-year-old, who is in the mode to learn new languages and get international experience. It's not for those who are 35 or 38," he says.

The trilingual program has presented the school with two central challenges. First, the school must find more bilingual and trilingual faculty. "We already had professors who were bilingual in French and English, as well as some with a good knowledge of Spanish," says Toulouse. "In our recruiting this year, we hired faculty for whom Spanish was a second or even first language."

Second, the school must arrange

study-abroad opportunities for the 109 students currently participating, says Toulouse. The school is actively seeking at least 50 new study-abroad opportunities to accommodate the students in the trilingual stream.

With the trilingual BBA program, HEC Montréal is continuing to develop its "international synergy," says Toulouse. "A 'unilingual' background is simply not enough for today's business students," he adds. "Cultural differences run very deep. The best way students can understand those differences is to learn other languages."

HEC Montréal is accredited by AACSB International, the European Foundation for Management Development, and the Association of MBAs. **Z**