

# BizEd

SEPTEMBER/OCTOBER 2005

Entrepreneur

## Jon M. Huntsman

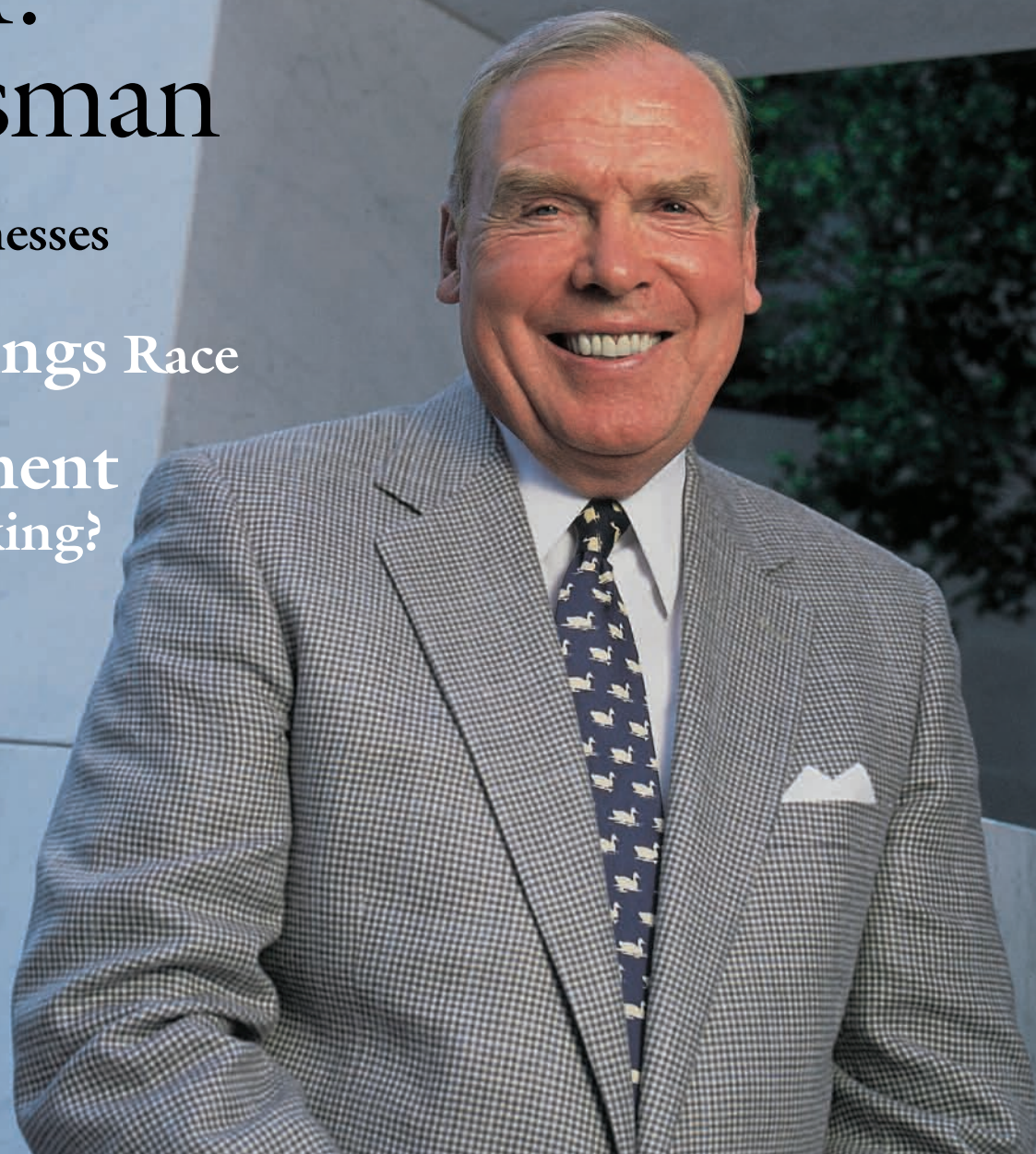
On Building  
Ethical Businesses

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The Rankings Race

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Is Assessment  
Really Working?



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SEPTEMBER/OCTOBER 2005

VOLUME IV, ISSUE 6



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Cover photo: Robert Severi



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# From the Editors

## We're No. 1!

I was an undergraduate at Northwestern University during the last half of the 1970s, a period when the Wildcats fielded one of the worst football teams in history. If memory serves, over the course of a couple of years, we lost 33 straight games, usually by horrifyingly large margins. I saw a cartoon one day featuring a scoreboard that said, "Interstate 294, Northwestern 0."

Undaunted, students and fans poured into the stadium to cheer on the team. We couldn't offer the usual taunts, promising to demolish our opponents with superior play, so this was our favorite chant: "We have higher SATs! We have higher SATs!" Even that probably wasn't true, but at the time it was desperately important to believe.

All of us want to believe that we are different from—better than—our competitors and our colleagues, even if only by the slimmest margin. We want something to cheer about. We want to be unique.

Trouble is, a tendency to benchmark against each other and a commitment to continuous improvement have leveled the playing field among modern business schools. That's particularly true for accredited schools with national or international reputations, which all offer an excellent education and marvelous opportunities. It has become more difficult for these schools, in particular, to stand out from their peers.

In recent years, business schools have tried to make themselves unique—and give themselves something to cheer about—by winning a high place in the media rankings. If they manage to move up by a point or two, they publicize their accomplishments with a blizzard of news releases. But it's unclear what they've bought with their time and money. In "What Price Rankings?" Andy Policano deconstructs the rankings race and the impact it has had on management education.

While he acknowledges that rankings have had some positive effects—such as giving schools an outsider's perspective on their strengths and weaknesses—he feels they have caused schools to divert too much attention to MBA programs at the expense of BBA programs. Worse, he argues, schools are focusing their resources on moving up in the rankings instead of improving their programs. Even so, he points out, the schools that consistently rank in the top tier are still in the top tier; those in the second and third tier shuffle their places but rarely gain or lose ground in any meaningful way.

Can the rankings system be fixed? Policano thinks so, and he predicts the changes that might—and should—occur within the decade to make the rankings race less frenzied. If administrators can spend less time chasing a number and more time on quality improvement, everybody will win. That really would be something to cheer about. ■



BILL BASCOM

Sharon Shum

# Letters

## The Sustainable B-School

I was pleased to read your article “Sustainability at the Core,” regarding the incorporation of sustainability within business school curricula, in the July/August issue of *BizEd*. However, I was discouraged to note that the article focused on a fairly narrow range of schools committed to this area.

Of the schools you mention, only one has been rated by the World Resources Institute and the Aspen Institute as being at the cutting edge of incorporating social and environmental stewardship into its MBA



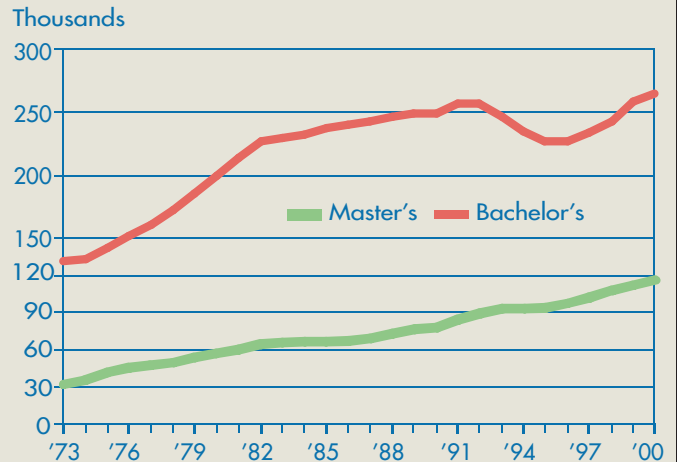
program. The biennial WRI/Aspen Beyond Grey Pinstripes report is the most comprehensive assessment tool on this subject. Your readers may want to visit the Beyond Grey Pinstripes Web site ([www.beyondgreypinstripes.org](http://www.beyondgreypinstripes.org)) to see which schools are leading the way when it comes to integrating sustainability into business school education. This site also contains an extensive database, which provides detailed information on what each school is doing in this area.

*Andrew J. Horning  
Managing Director  
Erb Institute for Global Sustainable  
Enterprise  
University of Michigan*

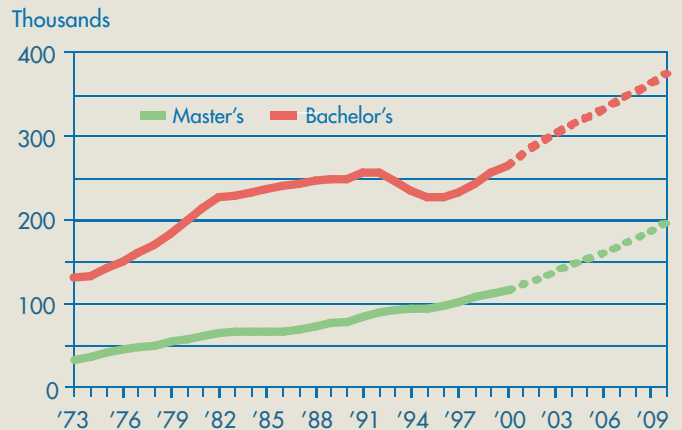
## Correction

In “Doing the Math on B-School Enrollments” in the July/August issue of *BizEd*, information in three charts is mislabeled. The correct charts, showing the trends in master’s and bachelor’s degrees awarded in the U.S., are presented here.

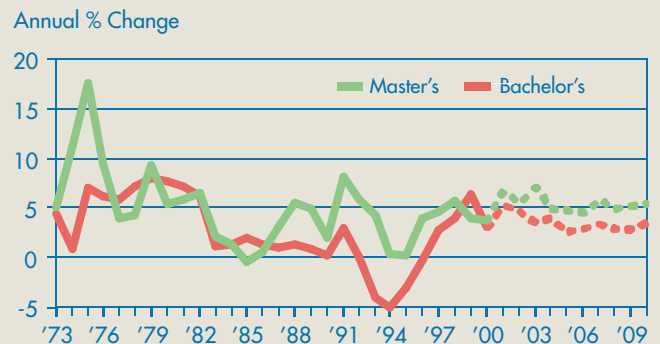
**U.S. Business Degrees Awarded**



**Projected Number of U.S. Business Degrees Awarded**



**Projected Changes in Business Degrees Awarded in the U.S.**

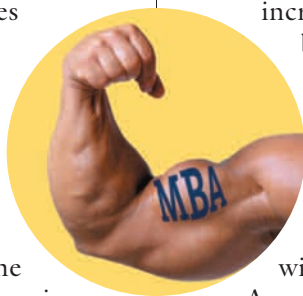


# Headlines

## Strong Market for MBAs

Job prospects for MBA graduates are the best since 2001, according to a new study of 68 U.S. business schools. The survey, developed by the MBA Career Services Council, indicates that companies have stepped up recruiting at business schools and signing bonuses are on the rise. Ninety-two percent of the schools who took the study reported an increase in recruiting activity from the fall/winter of 2004-05 compared with the previous year.

The survey was conducted by Randy Williams, the director of career services at the Paul Merage School of Business, University of



California Irvine. He noted other survey findings: Seventy percent of the schools predict an increase in average base pay for graduates this year compared with last year, while 51 percent predict an increase in average signing bonuses. Sixty-six percent reported an increase in the number of companies conducting on-campus interviews for the class of 2005 compared with 2004.

According to Mindy Storrie, president of the MBA Career Services Council and head of career services at the University of North Carolina's Kenan-Flagler Business School, "It's the best time since the spring of 2001 to be graduating with an MBA."

## African Americans Eye College Degrees

A new poll of more than 1,200 youths between the ages of 8 and 18 shows that black teens plan to go to college, but one key obstacle is having enough money. The survey was conducted by Harris Interactive for Junior Achievement Worldwide and the Diversity Pipeline Alliance.

According to the survey, 89 percent of African American youths plan to go to college—a number that's higher than that of young whites (79 percent) or Hispanics (77 percent). However, money is a bigger problem for African Americans than for other ethnic groups. Sixty-three percent of African American youths said "having enough money" was their greatest challenge; 55 percent of whites

## Global Forum in Santiago

The Council of Latin American Business Schools (CLADEA) will hold its Global Forum on Management Education at the Hyatt Regency in Santiago de Chile October 19 through 21. Prime focuses of the meeting will be the impact of technology and the redefinition of management worldwide. Latin America was chosen as a meeting site this year to help business educators from around the world understand the structure and educational offerings of institutions in that part of the world. Past Global Forums have been held in Canada, Spain, the U.S., and Thailand.

Presenters at the Global Forum include John Fernandes of AACSB International, Ángel Cabrera of Thunderbird, Doyle Williams of the



University of Arkansas, Steve Salbu of the University of Texas at Austin, Lorna Wright of the University of Cork, Roberto Artavia of INCAE, Tan Chin Tiong of Singapore Management University, Dharni Sinha

of AMDISA, Jean-Pierre Lehmann of IMD, Kai Peters of Ashridge, and N.J. Yasaswy of the Indian Chartered Financial Analysts Institute (ICFAI). For more information, visit the Web site [www.cladea.org](http://www.cladea.org).

ACCORDING TO THE SURVEY, **89 PERCENT OF AFRICAN AMERICAN YOUTHS PLAN TO GO TO COLLEGE**—A NUMBER THAT'S HIGHER THAN THAT OF YOUNG WHITES OR HISPANICS.



and 59 percent of Hispanics listed that as their biggest obstacle.

African Americans surveyed also indicated a higher interest in pursuing business-related degrees. Thirteen percent of the African Americans polled said business/management/accounting would be their first choice of a degree to pursue, while 11 percent of Hispanics and 5 percent of whites indicated that same choice. For more information, visit [www.diversitypipeline.org](http://www.diversitypipeline.org).

## An Auction to Support Good Works

Many business students would like to spend their summers in internships for nonprofit and public sector organizations, but such organizations often can't afford to pay more than a small stipend. At Dartmouth College's Tuck School of Business in Hanover, New Hampshire, an annual auction is designed to support students participating in such internships. Tuck GIVES (Grants to Interns and Volunteers for the Environment and Society) this year raised \$74,524

from the community, the highest total realized by the auction to date. The money will fund 13 Tuck students as they participate in organizations doing good around the world.

Among the items auctioned off were dinner with Tuck dean Paul Danos, a two-night stay on a New Zealand sheep farm, and martial arts and rock climbing lessons. This year, Tuck GIVES scholarships supported students in summer internships at Jumpstart, the Centre for Energy Enterprise Development in Trinidad and Tobago, the Vermont Department of Forest & Parks, AmeriCares, the Eesti-Eurasian Fellowship of the Republic of Georgia, the Women's Trust of Pokuase Village in Ghana, and other organizations.

Tuck GIVES was formed as an effort of the Tuck Nonprofit Club. Funds are raised from silent and live auctions, with additional support from Tuck's James M. Allwin Initiative for Corporate Citizenship, Career Development Office, MBA Program Office, and the dean's office.

## AACSB's New Business Manager

Annette Gonzalez DeLisle has been named manager of business development for AACSB International. She will oversee event sponsorship, product sponsorship, and advertising for BizEd.

DeLisle, who joined AACSB International in November 2004 as director of membership services and corporate relations, will work to build long-term relationships with advertisers, sponsors, and exhibitors. She also will develop new sources of revenue and assist with special projects.

## Wake-Up Call for Nonprofits

BoardSource, the national voice of nonprofit governance based in Washington, D.C., has issued a provocative statement challenging boards of nonprofits to do a better job. In today's climate of increased regulatory scrutiny, nonprofit boards tend to focus solely on compliance issues, according to BoardSource. They should, in addition, work to advance their organization's mission and achieve more active leadership.



BoardSource has issued a call to action for boards that want to make a discernible difference in their organizations. It has compiled a reference called "The Source: Twelve Principles of Governance That Power Exceptional Boards." Targeted to board members, CEOs, and professional staff of the more than 1.5 million nonprofit organizations in the U.S., "The Source" incorporates observations, academic knowledge, and the proven practice of exceptional boards into a comprehensive reference on governance.

An overview of the 12 principles is available at no cost at [www.boardsource.org](http://www.boardsource.org), along with the option to buy printed copies of the complete reference.



## Business and the Law

A new MBA course at the University of Toronto's Rotman School of Management aims to change the relationship between business and law. Integrative Legal Strategy advocates incorporating lawyers as integral parts of any corporate deal making and planning so they can help corporations take advantage of the law—rather than try to find ways around it later on. The course is the result of collaboration among three McMillan Binch LLP associates who all have MBAs and law degrees: Michael Friedman, Stephanie Robinson and Shahen Mirakian.

Says Friedman, "Corporate managers structure deals or transactions, then go to lawyers and say, 'Make it work.' Then lawyers have to focus on the ways a deal conflicts with the law rather than ways to use the law, something that could easily be done in the planning stages."

Mirakian points to U.S. studies that show how involving lawyers late in the process can negatively impact shareholder value. "Almost all contested mergers wound up losing value," he says. "The lawyers got the job done, but in the process, the value of the resulting transaction fell. It all could have been avoided if corporate managers had made lawyers part of the planning team."

## The Business of Real Estate

The thriving real estate market has prompted DePaul University in Chicago to offer a new master of science degree in the field. This is the third real estate-oriented degree developed by the school, which also offers an MBA concentration and bachelor's degree in real estate. The new degree is designed to appeal to real estate professionals who already have MBA degrees but want to advance their careers in real estate research, acquisitions analysis, portfolio management, and mortgage lending.

DePaul's real estate program already includes some unusual offerings, including a 2004 senior housing design and development class that brought together students and professors from three universities. In that class, DePaul MBA stu-

dents worked with graphic design students from Kent State University and architecture students from Illinois Institute of Technology to produce a professional-quality proposal for a senior housing development for a juried competition. A similar course on affordable housing development will be offered in the fall of 2005.

Since its launch in November 2002, The Real Estate Center at DePaul has attracted several million dollars in operational funding from 40 sponsoring real estate executives and institutions. The most recent donation was a \$2 million gift from Douglas Crocker II, retired president and CEO of Equity Residential Properties Trust, and his wife, Cynthia. The gift will fund the director's position, which will be held by Susanne Cannon.



## Resource for Business Ethics

Those looking for guidance on corporate accountability and ethics have a comprehensive resource in "Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies," a publication from the U.S. Department of Commerce. The guide is designed as a training tool and resource guide for enterprises operating in transitional market economy countries around the globe.

Printed copies are available for \$49 from the Superintendent of Documents. Call 866-512-1800 and ask for stock number 003-009-0073 1-3. The book also can be downloaded free of charge at [www.ita.doc.gov/goodgovernance](http://www.ita.doc.gov/goodgovernance). Good Governance Program inquiries can be directed to [paul.corson@mail.doc.gov](mailto:paul.corson@mail.doc.gov).



## SHORT TAKES

### NEW APPOINTMENTS

■ **William H. Glick** has been named dean of Rice University's Jesse H. Jones Graduate School of Management in Houston, Texas. Glick formerly led the department of management at the W. P. Carey School of Business at Arizona State University. He succeeds Gilbert R. Whitaker, who is retiring after eight years as dean.

■ **Ken Jones** has been appointed dean of the Faculty of Business at Toronto-based Ryerson University, Canada's largest undergraduate business school.



Previously, Jones was founder and director of The Centre for Study of Commercial Activity. While in his new position, he will remain involved with the Centre, which became part of the Faculty of Business in July.

■ **James M. Danko** has been named dean of the College of Commerce and Finance at Villanova University in Villanova, Pennsylvania. Previously, he was associate dean for strategy and operation and associate dean for executive education at the Tuck School of Business at Dartmouth College. He will succeed interim dean Edward J. Mathis.

■ **George G. Daly** has been named dean of the Robert Emmett McDonough School of Business at Georgetown University in Washington, D.C. Daly is currently the Albert Fingerhut Professor of Business Administration at the Leonard N. Stern School of Business at New York University, where he served as dean from 1993 to 2002.

■ **Richard M. Durand** has been named the new Robert and Arlene Kogod dean of the Kogod School of Business at the American University in Washington, D.C. He was formerly dean of Lehigh University's College of Business and Economics, where he also taught management and marketing.

■ **Eric Spangenberg**, professor of marketing, is the new dean of the Washington State University College of Business and Economics in Pullman. Spangenberg has held administrative positions in the college since June 2002, when he was appointed associate dean for faculty affairs and research. He succeeds **Len Jessup**, who this spring accepted the dual roles of VP of university development and president of the WSU Foundation.

■ **Alison Davis-Blake** has been named the new dean of the Carlson School of Management at the University of Minnesota in Minneapolis. Previously, she served as the senior associate dean for academic affairs at the University of Texas at Austin's McCombs School of Business.

■ **Ronald D. Johnson** has been named dean of the College of Business Administration at North Dakota State University in Fargo. Previously Johnson served eight years as dean and professor of management at the Arthur J. Kania School of Management at the University of Scranton in Pennsylvania.

■ **Christopher Earley** has been named the new dean of the National University of Singapore's Business School. He was formerly department chair of the organizational behavior group at London Business School.

■ **Lynda Y. de la Viña** has been named dean and Peter Flawn Professor of Economics at the College of Business of the University of Texas at San Antonio. She is the first woman and first Hispanic to serve as UTSA College of Business dean and the only female Hispanic business dean in the University of Texas system. She was named interim dean in September 2004. Since then, she has developed a strategic plan for the college, enhanced Latin American partnerships, raised funds for two endowed professorships, and developed alliances with other institutions.

■ **Philip McLaughlin** has been appointed dean of the Bordeaux Business School in France. He was previously vice dean at the Toulouse School of Management, where he headed international development, and director at the Reims School of Business.

■ Pace University in New York City has appointed **Joseph R. Baczko** dean of the Lubin School of Business. Baczko was formerly president of Blockbuster



Entertainment and Toys "R" Us International and chair of the Board of Visitors for the School of Foreign

Service at Georgetown University. He replaces Arthur L. Centonze. Centonze will step down as dean after 15 years in the position, take a sabbatical, and return to teach economics.

■ **Thomas Hydlak**, professor of economics and outgoing chair of the economics department, has been named interim dean of Lehigh University's College of Business and Economics in Bethlehem, Pennsylvania.



## SHORT TAKES

■ **William Reynolds** has been named interim dean of the Rutgers University School of Business at Camden in New Jersey. His appointment began August 1, when Milton Leontiades retired as dean of the Rutgers-Camden business school, a position he held since 1991.

■ **Ralph Walking** has been named the first holder of the Christopher and Mary Stratakis Endowed Chair in Corporate Governance and Accountability at the LeBow College of Business, Drexel University, Philadelphia, Pennsylvania.

■ The George Washington University School of Business in Washington, D.C., has named **Timothy L. Fort** its first Lindner-Gambal Professor of Business Ethics. Fort will lead the design of a strategy for incorporating ethics into the business school's academic programs and will teach business ethics courses. Additionally, Fort will work to organize ethics-oriented events for undergraduate and graduate students and will continue to conduct research about business ethics.

■ **Douglas T. Hall**, professor of organizational behavior, has been named the first designee of the newly established Morton H. and Charlotte Friedman Professorship of Management at the **Boston University** School of Management in Massachusetts.

■ **James Meadowcroft** has been chosen as the Canada Research Chair in Governance for Sustainable Development at Carleton University in Ottawa. The appointment was part of a

national announcement of 79 new research chairs made by the executive director of the Canada Research Chairs Program on behalf of the Minister of Industry.

■ The Securities and Exchange Commission has named **Andy McLelland** an Academic Accounting Fellow for a one-year term beginning August 2005. McLelland is an assistant professor of accounting in Auburn University's College of Business, Auburn, Alabama.

## NEW PROGRAMS

■ **Quinnipiac University's** College of Professional Studies, Hamden, Connecticut, will offer a new Master of Science in organizational leadership beginning this fall. Through classroom and online learning, the master's program will emphasize communication and leadership skills, strategic analysis and implementation, and business data to improve organizational performance. The school will also offer a new MBA in health care management this fall.

■ This August, the **University of Arizona's** Eller College of Management in Tucson launched a 14-month accelerated residential EMBA program, with participation reserved for senior-level managers and executive-sponsored fast-track professionals. During the program, participants will focus on a real challenge they currently face on the job.

■ The Darden Graduate School of Business Administration at the **University of Virginia** in Charlottesville will launch an MBA for Executives Program next June. The 21-month pro-

gram will blend weekend classes at Darden, extended residencies on-site and at an international location, and distance learning components.

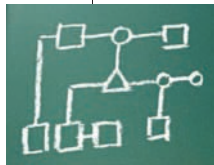
■ The **University of Florida's** Warrington College of Business is now providing a Bachelor of Science in Business Administration to residents of Florida through its Online Business Program. The program, which targets nontraditional students who have earned an associate's degree, puts the curriculum for the junior and senior years online and offers proctored exams at 26 different test sites across the state.

## HONORS AND AWARDS

■ **William B. Gartner** has accepted the FSF-NUTEK Award from the Swedish Foundation for Small Business Research. The \$50,000 award goes to an individual who has produced outstanding scientific work in the field of entrepreneurship and small business. Gartner is the Arthur M. Spiro Professor of Entrepreneurial Leadership at Clemson University in South Carolina.

■ Babson College Professor **Allan R. Cohen** has been named a Fellow of TIAA-CREF Institute. Cohen holds the Edward A. Madden Distinguished Professorship in Global Leadership at Babson.

■ The Sprott School of Business at **Carleton University** in Ottawa, Canada, has won the Institutional Best Overall Research Excellence Award from the Administrative Sciences Association of Canada (ASAC). The School has also won ASAC's Business School Overall Performance Award,



which recognizes per capita productivity within the association.

■ **Zvi Drezner** has received the Lifetime Achievement Award in Location Analysis from the Section of Location Analysis (SOLA) of INFORMS. Drezner is professor of information systems and decision sciences at California State University in Fullerton. The triennial award recognizes individuals for the sum of their achievements over their careers, as well as their impact on location analysis research.

■ The Louisiana Business & Technology Center at **Louisiana State University** in Baton Rouge has been named the 2005 Randall M. Whaley Incubator of the Year. The award, the highest honor of the National Business Incubation Association, recognizes overall incubator excellence. The center, part of the school's E.J. Ourso College of Business, was launched in 1988 as a partnership between LSU, the Chamber of Greater Baton Rouge, and the Louisiana Public Facilities Authority, with the goal of providing technology assistance to small businesses and entrepreneurs.

■ **Maria Minniti**, an economics and entrepreneurship professor at Babson College in Wellesley, Massachusetts, has received two recent outside appointments. She has been named an advisor for the United Nations' Development Program to work on the Poverty Reduction Project. This program aims to halve the

proportion of people living in extreme poverty by 2015. She also has been named a Distinguished Fellow of the National Science Foundation. That position is funded by a grant awarded to Case Western Reserve University, where Minniti's co-author, **Moren Levesque**, is on faculty.

■ Marketing professor **Dhruv Grewal** has been named winner of the 2005 Fordham University Life-Time Achievement Award in Pricing. The award recognizes scholars who have made significant contributions to the field of behavioral pricing. Grewal, who holds the Toyota Chair in Commerce and Electronic Business at Babson College in Wellesley, Massachusetts, is co-editor of the *Journal of Retailing*.

■ Co-winners have been announced for the 2005 Robert D. Buzzell Best Marketing Science Institute Working Papers Award, which recognizes papers that have made the most significant contribution to marketing practice and thought. Co-authors **Frederick E. Webster Jr.** of Dartmouth and **Alan J. Malter** and **Shankar Ganesan** of University of Arizona have been recognized for the paper "Can Marketing Regain Its Seat at the Table?" The paper "Branding Strategy and the Intangible Value of the Firm" has also won recognition for co-authors **Vithala R. Rao** of Cornell University, **Manoj K. Agarwal** of SUNY Binghamton, and **Denise Dahlhoff** of AC Nielsen.

■ **Thierry Foucault** has been awarded the prize for the best young French researcher in fi-

nance. Foucault is the associate dean for research at HEC School of Management in Paris; he is also an associate professor in the HEC Finance and Economics department.

#### FULBRIGHTS

■ A Fulbright Scholarship has been awarded to **Christopher Shook**, a professor of strategic management at the College of Business, Auburn University, Alabama. Shook will teach strategic management and conduct research on the development of entrepreneurial intent in transitional economies at the Academy of Economic Sciences in Bucharest, Romania.

■ Business professor **Chadwick Nehrt** of Quinnipiac University in Hamden, Connecticut, has been named a Fulbright scholar. He will use his international business expertise to teach at one of Morocco's public universities in Casablanca or Rabat. Nehrt will teach in French, which is recognized as the business language of Morocco.

■ **Julian C. Simcock**, a senior at Babson College in Wellesley, Massachusetts, has been awarded a Fulbright Scholarship that will allow him to travel to South Africa to study the business support services currently available to entrepreneurs.

#### DONATIONS AND GRANTS

■ The **University of Missouri-Kansas City** has received \$3 million from Henry Bloch, founder and honorary chairman of H&R Block Inc. The money will endow the Henry W. Bloch Chair in Financial Services and the Bloch Chair in Entrepreneurship and Innovation, both in the Henry W. Bloch School of Business and Public Administration.



## SHORT TAKES

■ **Butler University** in Indianapolis received a \$22 million grant from Lilly Endowment Inc. to support the creation of the Butler Business Accelerator. The gift is the largest gift ever received by the university. The Butler Business Accelerator will use mature businesses from central Indiana as both laboratories and classrooms, giving students a chance to develop business strategies while giving businesses access to the expertise of Butler students and faculty.

■ The **University of Toronto's** Joseph L. Rotman School of Management has received a \$10 million gift from the Canadian Credit Management Foundation (CCMF). Funds will go toward developing an integrative school curriculum. The school's Marcel Desautels Centre for Integrative Thinking was established in 2000 with an initial \$10 million gift from the foundation.

■ The Wharton School of the **University of Pennsylvania** announced that it has received \$1 million from current and former members of the Wharton Executive Board for Europe, Africa and the Middle East to fund the Wharton European Corporate Social Responsibility (CSR) Initiative. The CSR Initiative is designed to support research on corporate ethics and responsible investment with a focus on business in the U.S. and Europe.

■ Brian Lesk, president of Diversified Human Resources Inc., has committed \$1.5 million to the Eller College of Management at the **University of Arizona** in Tucson. The money will

endow the Arnold Lesk Chair in Leadership, named in honor of Lesk's father, as well as two professorships. The new Lesk Chair will focus on education for managing innovation and the merger of technological innovation and market opportunity. **Stephen W. Gilliland**, head of the management and policy department, has been named the first Lesk Chair.

### FACILITIES

■ EMBA classes began last August at the new London campus of the **Chicago Graduate School of Business**. The



building. The space, which is designed to duplicate the school's new building in Chicago, features a tiered classroom that seats 100, a function room that seats 200 in theater style, a student lounge, breakout rooms, and state-of-the-art technology. The 91 enrolled students come from 26 countries and will spend part of their time in the GSB's campuses in Singapore and Chicago.

### COLLABORATIONS

■ **Florida International University's** Chapman Graduate School of Business has partnered with Macy's to launch a Downtown Graduate Business School Center in Miami. The center, which launched in August, is located on the sixth floor of Macy's Florida corporate offices. It will be the site for a new 18-month MBA and executive master of science in taxation pro-

gram, both taught by Florida International University faculty.

■ **Audencia Nantes** School of Management and French supermarket chain Système U have signed an accord to create a company chair in marketing and distribution. The post will be held by marketing professor **Blandine Labbe-Pinlon**.

■ **ESCP-EAP European School of Management** has signed degree agreements with business schools in China, India, and Russia for the school's cross-border master's in management program. Students can opt for one of two tracks that result in a double or triple degree.

■ The **University of Maryland's** Robert H. Smith School of Business in College Park has partnered with the **South Mediterranean University's** Mediterranean School of Business in Tunisia to deliver a Masters of Science Degree in the Management of Information Systems and Technology. The program will be targeted to information systems and technology professionals in the Middle East, Southern Europe, and Northern Africa.

■ The Warrington College of Business at the **University of Florida** now has three study abroad partnerships in Europe with Antonio de Nebrija University in Madrid, Huron University in London, and Ecole Supérieure de Commerce in Rouen, France. Students will continue to take their Warrington classes via the Internet, while enrolling in live classes at the partner universities.



# Playing **BY THE**

I BELIEVE THAT SERVICE TO  
IS THE OBLIGATION OF MAN  
THAT EVERY RIGHT I CLAIM  
IMPOSES A RESPONSIBILITY  
AND EVERY POSSESSION  
IMPLIES A DUTY.

Over 35 years, **Jon M. Huntsman** has built a billion-dollar dynasty in the chemical industry. Now, he wants to share what he has learned about honesty, integrity, and fair dealing in business.

by Tricia Bisoux

# Rules



## When U.K.-based publisher Pearson Education approached Jon M.

Huntsman to write a book on ethics in business, he was hesitant. "I was taken aback by their request," Huntsman says. "I suggested that other CEOs could probably do a better job."

In the end, Pearson convinced Huntsman that, given his long history of philanthropy and fair dealing, he was the one to write *Winners Never Cheat: Everyday Values We Learned as Children (But May Have Forgotten)*. The book, which includes chapter titles such as "Lessons from the Sandbox," "Play by the Rules," and "Keep Your Word," provides an ethical outline that Huntsman believes is crucial to success.

"It's a book that's very basic and easy to read. It's easily understood and employed in all languages and cultures," Huntsman says. Its common sense principles, he explains, are meant to remind everyone to act according to his or her internal "moral compass." It's that compass that Huntsman believes will "keep us on the right track toward respect, dignity, and, at the end of the day, profitability in our businesses."

Huntsman earned his BBA from The Wharton School at the University of Pennsylvania in Philadelphia and his MBA from the Marshall School of Business at the University of Southern California in Los Angeles. A mainstay in the chemical industry since 1970, Huntsman is the founder and chairman of Huntsman Corp., a petrochemical company based in Salt Lake City, Utah. He served as its CEO until 2000, when he named his son Peter as successor. Until its \$1.3 billion initial public offering in February, his company was the largest family-owned business in the U.S., going from zero to \$13 billion in annual revenues in its 35-year history. Huntsman, the man, has prevailed over the financial fallout of 2001, which almost led to bankruptcy for the company, and two bouts with cancer.

In his career, Huntsman has given nearly \$500 million to charitable organizations, including millions to the country of Armenia to help it rebuild after a 1988 earthquake. He donated \$50 million to The Wharton School, where a building has been named in his honor, as well as \$225 million to the charity closest to his heart, the Huntsman Cancer Institute. He has been awarded Armenia's Medal of Honor; and, in 2005, he was named a "Giant in Our City" by the Salt Lake City Chamber of Commerce. He is ranked 26th on *BusinessWeek's* "50 Most Generous Philanthropists."

Huntsman and his wife, Karen, are parents of nine children, including Utah's newly elected governor, Jon M. Huntsman Jr., and grandparents of 52. Both define success as much by their family as by their philanthropic and business pursuits. However, Huntsman also implores every business school to teach students to safeguard their most precious asset and ultimate measure of success: their characters.

ROBERT SEVERI

A student shouldn't say, "Gosh, I think I'll take a class on ethics."

**In *Winners Never Cheat*, you outline a simple, yet comprehensive, set of ethical guidelines: Be fair, share, don't cheat, keep your word, tell the truth, treat others as you'd like to be treated. Why do you think so many in business seem to have forgotten these simple lessons of childhood?**

I think far more people than we realize live in harmony with the rules in the book. We hear about the exceptions—the Enrons, the Tycos, the WorldComs. We often don't hear about the hundreds of thousands of good firms and wonderful people playing by the rules every day of their lives.

**You write that we all possess a moral compass, whether or not we follow it. Many schools have added ethics to their programs to help students heed that compass. Do you think these schools' efforts can truly make students more ethical?**

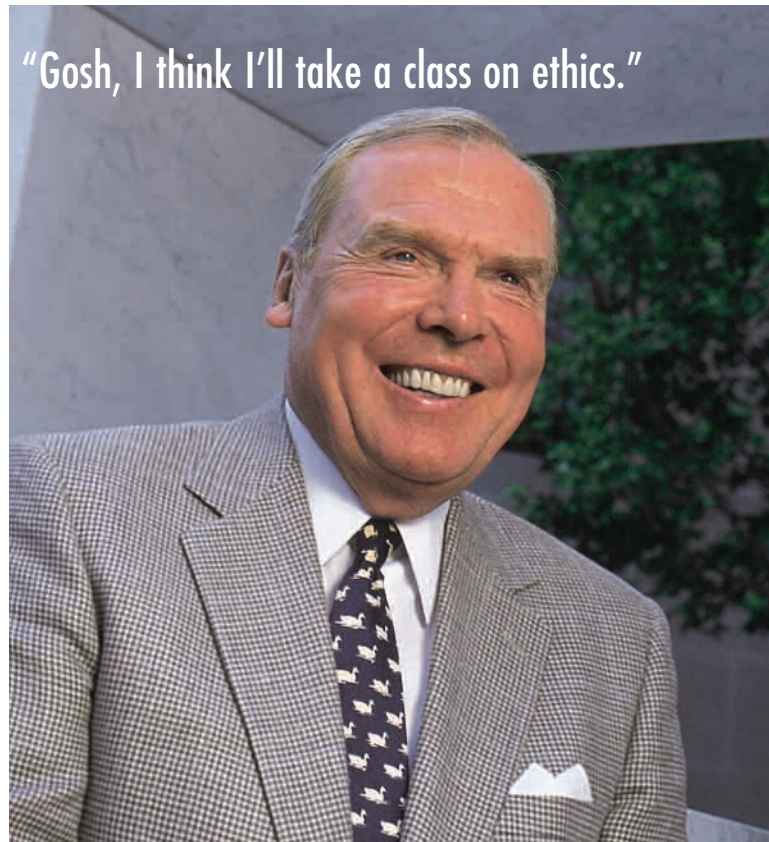
Business schools can be extremely helpful in pointing individuals in the correct direction and helping them understand that ethics and integrity are far more important than anything else they'll learn in the classroom. Because of that, ethics shouldn't be separated. A student shouldn't say, "Gosh, I think I'll take a class on ethics." It should be a part of every course, not only in business schools, but in medical schools, law schools, and every type of professional or liberal arts institution.

**This year, more than 200 business school applicants used a technological loophole to view their admissions status online before the information had been released. Some schools rejected those applicants outright; some rejected them after hearing their cases; one accepted a few, noting that while their actions were wrong, it would not deny otherwise worthy applicants admission. How would you have handled these applicants?**

You're asking me to be a judge!

**These schools did have to be judges, to some extent. Given the message of *Winners Never Cheat*, I wondered what you would have done.**

At our company, if people are in financial straits, we'll help them. If they have health concerns, we'll take care of them. But if they commit a serious ethical breach, they no longer have a job. It isn't that we're unforgiving, but at what point do those who committed this ethical breach and were admitted anyway say, "Well, I got away with this one. I wonder if I'll get away with the next one"? I would say to those individuals, "Part of our admission policy is based on your integri-



ty. If you participated in this, you have forfeited your right to gain admission. It's that simple."

**Is it always so simple? If the ethical breach is small, is there room for a second chance?**

The scandals at WorldCom, Tyco, and the rest of them were well-planned and well-executed by people who knew exactly what they were doing. These people probably started by cheating on their expense accounts 15 years ago. Over time, they built up little by little from very small infractions to those costing hundreds of millions of dollars. Some people continually test the system to see how much they can get away with.

**Could it often be a matter of courage? That is, how many people at Enron knew what was going on before Sherron Watkins finally blew the whistle, but were too scared to speak out? How can business schools instill in students the courage required to step forward?**

I don't believe it's a matter of courage. Throughout my career, I've lost millions of dollars playing by the rules. I think millions of people out there have done exactly the same thing. So, if people know something dishonest, illegal, or unethical is going on, but don't report it, I wouldn't want them working for me.

There's going to be a time in their lives when they say to themselves, "I knew what was happening and I could have stopped it, but I didn't." So what if they have to find another job; so what if they have to go out and restructure their lives again. Who wants to work for a company that's cheating? They only do themselves a favor by leaving an unethical organization.

It should be a part of every course, not only in business schools, but in medical schools, law schools, and every type of professional or liberal arts institution.

**Now that Huntsman Corp. has gone public, it is subject to Sarbanes-Oxley. Do you think Sarbanes-Oxley is an antidote to corporate wrongdoing or merely a kneejerk reaction?**

Sarbanes-Oxley is so new, we're still trying to understand it. I think it's a reasonable and probably healthy law, but it puts enormous pressure on the CEO to know everything about everything. At Huntsman, we're just passing the \$13 billion mark for annual revenues and have operations in 43 countries. Now that my son is the CEO, I just hope he can understand the thousands of issues he's signing off on.

I think Sarbanes-Oxley is on the right track, but the pendulum may have swung too far to one side. I don't know that one person can be mentally and physically able to sign off on every single thing that's gone on in a corporation operating in 30 or 40 countries with 16,000 to 20,000 employees and know that what he's saying is accurate. It may be more than the human mind can absorb.

I also think it derails a lot of potential CEOs from seeking that position. They know in the back of their minds that they can't possibly know every single thing in every single facility regarding every single individual. Because of that, they don't want to run the risk of going to jail.

**How is Huntsman Corp. dealing with Section 404 of Sarbanes-Oxley?**

Our board decided to draw a line where we said, "To be fair to our CEO, we're really talking about issues of a certain degree of magnitude." One individual can't possibly know the intimate details of everything, but perhaps he can know everything that involves more than, say, \$5 million or \$10 million. So, we're trying to enforce Sarbanes-Oxley with some sense of reason.

**As one of the country's top ten philanthropists, you and your company have given nearly a half-billion dollars to charities. Why do you think philanthropy should be a standard practice for all businesses?**

In America, the cost of doing business is A, paying taxes and B, contributing above and beyond taxes to charitable or humanitarian interests. I think between one and three percent of every corporation's annual budget should be directed toward philanthropy.

The companies people respect the most over time are those that continually give some part of their profits for the benefit

of those in need. These contributions allow not only the company but all its employees to feel that they're doing something for others. There's a broader, more meaningful basis for their existence when they do their part in helping others.

**During the economic downturn in 2001, you actually took out loans to fulfill your charitable obligations. Not many in business would go that far.**

My object was to give as much as I could, whether it came out of my pocket or the corporation's pocket. When the economy gets tough, that's when people need you most. And yet that's when most people renege on their charitable contributions because they have less money to give. It's a Catch-22 situation. But I feel that once you've made a commitment, you're honor-bound to complete those obligations even if you have to sell your house or assets, or whatever it is you have to do.

**Huntsman Corp.'s history seems to illustrate that "what comes around goes around." If you hadn't been so generous in the past, many companies might not have been willing to support the company financially during its own tough times.**



That's definitely true. In the 35 years I've owned the business, we only had these difficult years from 2001 to 2003 when the perfect storm hit: Energy prices were out of sync, there was a recession, and we had overcapacity. Everything that could go wrong did go wrong, and there wasn't a thing we could do about it. But we received tremendous support, with many suppliers giving us double and triple the credit they normally would have given us. That was their way of saying, "Thank you." Our charitable involvement over many years was critical in helping us stave off bankruptcy and move ahead in a profitable manner.

**What else do you think made the difference in Huntsman's turnaround?**

Well, 2001 to 2003 was a difficult period, particularly for a father and son. Peter and I had to check our egos at the door, and we had to be better listeners than talkers. Even so, I think

## True leaders are teachable. They practice what they preach, stand up for charity, treat employees with respect and dignity, and interact with employees constantly.

our biggest mistake would have been to listen to the consultants and lawyers who were telling us how to run our business. The worst advisors I've ever had were lawyers. If they're interpreting the law, that's one thing; but basic business decisions should be left to those who have been in the business all their lives.

When a company gets in trouble, people often lose self-confidence and think the consultants and lawyers can run the business for them. But if these folks were really experts at running a business, they'd all be multimillionaires and billionaires. They wouldn't be charging by the hour.

### **Huntsman Corp. has gone through many transitions, including its recent IPO. If students were studying Huntsman Corp.'s history, what would be the most important thing they'd learn?**

I think they'd learn that it takes a different type of individual to run a company at different stages. When we took the company from zero sales to \$100 million, we had one set of senior managers. As we approached the \$100 million mark, however, people began to fall out because the pressures were too great, the numbers were too high, and the workload was too heavy. We almost had to start over. As we went from

\$100 million to \$1 billion, I began to surround myself with different people with broader vision, more experience, more self-confidence, and the ability to deal with more diverse geographic areas.

When we surpassed \$1 billion, I noticed that we were wearing down some of these folks, stretching their limits. So I recruited people who were more experienced in billion-dollar companies and the global marketplace, with its heavy travel and more sophisticated financial variations of equity and debt. I'm now on my third set of managers, and I've been able to adjust myself reasonably well through it all. Some entrepreneurs can do this; others can't.

### **How did you prepare to pass the CEO position to your son Peter?**

I have always been fascinated by the questions surrounding family businesses: What are the ingredients for success? What are the ingredients for failure? When is the right time to pass

the baton? I've studied just about every major family business in America. I've seen very few successes, and I've seen hundreds that have languished in lawsuits and failure. You learn as much from the families that have been failures as you do from the successes. If you ever see their problems creeping into your own organization, you immediately eject those practices. Then you look at those who have been successful, whether it's the Marriotts or Charles Butt at HEB in Texas, and try to build on their platforms.

### **In *Winners Never Cheat*, you note that the marketplace has many leaders, but not enough leadership. Why do you think leadership is such a rare commodity in business today?**

There are very few true leaders at corporations today. I was in the Navy, and in the military, anybody who's an officer is considered a leader. Similarly, people consider anyone in a corporation who is a vice president or above to be, by definition, a leader. That doesn't mean that person provides great leadership skills.

Leadership is the capacity to ascertain all the facts, make timely decisions, and surround yourself with people who have different opinions, who will say, "No, I don't think that's a good idea." Leadership is the ability to hear the people around you and hear all sides of an issue. It's the ability to change your mind if you honestly feel that your original thoughts were inaccurate. True leaders are teachable. They practice what they preach, stand up for charity, treat employees with respect and dignity, and interact with employees constantly.

### **Very few entrepreneurs are going to reach your level of success, but what do you think entrepreneurs most need to do to make their businesses as successful as possible?**

I think it's so important that they first get some experience. I always wanted to go out on my own, but I also knew I needed to make my mistakes on somebody else's nickel. I worked for ten years for another firm and didn't enjoy it very much, but I rose from trainee to president of the company. By the time I went out on my own, the banks had confidence in me. Better yet, I was in my early thirties, still young enough to have a lifetime ahead of me to build my business.

Successful entrepreneurs I know start small, like we did. They don't establish five-year plans when they're just starting out. They establish one-month plans, three-month plans, or





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six-month plans at the most. They learn to adapt very quickly. And when entrepreneurs are starting from scratch, they've also got to understand that a certain amount of capital is required. Most companies fail because they're undercapitalized. It doesn't mean they need hundreds of millions of dollars, but they have to analyze their financial needs and make sure they have that money available in cash or credit. Finally, they have to be able to recognize their own weaknesses and surround themselves with people adept in areas where they have weaknesses.

Very few entrepreneurs allow themselves these luxuries. I've seen nine out of ten go broke—I can tell they're going to go broke before they even start. Over my lifetime, hundreds of them have talked to me about their ideas and programs, but they have no game plan. They've come up with a new mousetrap, but they're not financed. They have a convoluted new idea, but they have no experts who are going to help them. You know they're not going to last in business.

**You've built a powerful legacy inside and outside Huntsman Corp. As business students strive to build careers, how important is it that they focus also on building legacies they'll be proud of?**

A legacy is multifaceted—it's a process of one's life. It

includes not only business, but also family, charity, and outreach to employees, suppliers, and customers. A legacy centers around two areas. The first is character. A person's character—his ethics, integrity, sense of loyalty, sense of graciousness—is as much a factor in success as financial dividends. The second is philanthropy. We know how you made your money because you're a successful entrepreneur. But how did you spend it? How gracious were you in giving it away, how sensitive to the needs of others?

I'd say 90 percent of wealthy people in America are not respected because they would rather make money than give it away. They've spent their lives building great empires, but they don't have the joy of seeing the twinkle in somebody's eye when they give someone a scholarship or assist someone who's homeless. As a result, they lose 50 percent of the value of building a business. They're only half a person, only half a legacy.

Those people tend to be forgotten very quickly. But we don't forget, for example, Andrew Carnegie—people like him will be remembered for hundreds of years because they understand how important it is to give as well as receive. Carnegie once said that we're all temporary trustees of our wealth and that the greatest attribute we have is giving what we have to others. At the end of the day, that's what it's all about. **Z**

# What Price

Many business schools are upping the ante to compete in the rankings game. Ultimately, the costs to the learning environment may simply be too high.

Few people can remember what it was like before 1987—what I call the year before the storm. It was a time when business school deans could actually focus on improving the quality of their schools' educational offerings. Discussions about strategic marketing were confined mostly to the marketing curriculum. PR firms were hired by businesses, not business schools. Many business schools had sufficient facilities, but few buildings had marble floors, soaring atriums, or plush carpeting. Public university tuition was affordable for most students, and even top MBA programs were accessible to students with high potential but low GMAT scores.

All this began to change in 1988 when *BusinessWeek* published its first article that ranked full-time MBA programs. That article set in motion a rankings frenzy that has escalated every year. Today, few business school deans can ignore the impact that MBA rankings have had on their schools. The percentage of resources business schools now devote to engineering the ranking of their full-time MBA programs is up; the percentage of resources they devote to their undergraduate programs, curricular innovation, and research is down. And with students, alumni, and donors veritably rankings-obsessed, deans ignore the rankings at their own peril.

To manage the rankings and their impact, deans must understand three important factors: how the rankings work, what they measure, and what business schools can do to exert their own influence. To understand the first two factors, business school deans can speak to editors of the rankings, who freely share their methods. Here, however, I focus on the last issue: what each business school can do individually and what business schools can do as a group to change the way the rankings work. Only in this way can we calm the storm that the rankings have created.

by Andrew J. Policano

illustration by Robert Neubecker

## Positive Intentions

Many make the case that the rankings have had some positive influence on the business school market. After all, they do provide an external viewpoint that shows business school administrators and staff what students and recruiters think of their schools. Students and recruiters will often say to the media what they won't say directly to deans or faculty. As a result, the rankings provide the type of insight that business schools are unable to provide for themselves.

In an age of abundant, yet often scattered, information, the various rankings also give prospective students a place to start their research. They provide accessible information to students seeking MBA programs that best suit their talents, intentions, and budgets.

But what value do rankings add to information already available, and just how useful is this information? It may not be very useful at all. An examination of the data from the rankings of full-time MBA programs between 2002 and 2004—published in *BusinessWeek*, *Financial Times*, and *U.S. News & World Report*—reveals three telling similarities:

- All three rankings agree on 17 of the top 20 schools, the same 17 schools that most in the market would identify as top-tier. Flash back to before the rankings, to 1987, when a little-known publication called *MBA* placed the same 17 schools in its own top 20. This consistency suggests that these 17 schools have such strong reputations that their status in the marketplace is unlikely to change whether or not they are numbered in a published ranking.

- Between 2002 and 2004, eight schools vied for the other three spots in the top 20 in the rankings from all three publications.

- The quantitative differences among the 25 to 30 schools in the second tier are relatively slight. In fact, *BusinessWeek* lists the schools ranked 31 to 50 alphabetically, rather than

# Rankings?



## The MBA Rankings Breakdown

Publication ▶	<i>BusinessWeek</i>	<i>Financial Times</i>	<i>U.S. News &amp; World Report</i>	<i>The Wall Street Journal's College Journal</i>	<i>Forbes</i>	<i>Economist Intelligence Unit</i>
<b>How schools qualify to be ranked</b>	Must have offered a full-time MBA program for at least seven years and have reputations beyond their own regions. Factors such as accreditation and number of students also play roles.	Must hold international accreditation such as AACSB or EQUIS, and have a full-time MBA at least five years old with at least 30 graduates.	Must have full-time and part-time graduate business programs accredited by AACSB International.	Must be identified through information from AACSB International, with a full-time MBA program and at least 50 graduates.	Must have a two-year, full-time program with at least 50 graduates.	Must have a full-time MBA program and attain a minimum number of responses from students and graduates (approximately 25 percent of total student intake).
<b>Factors most weighted*</b>	Survey of students and recruiters regarding their satisfaction with the school (45 percent).	Average salary for alumni during the three years after graduation (20 percent) and percentage increase in salary from start of MBA to three years after graduation (20 percent). Research is weighted 10 percent.	Survey of other business school deans and directors (25 percent) and corporate recruiters (15 percent).	Corporate recruiter ratings. Ratings measure their reported perception of a school, the current-year mass appeal of the school, and the likelihood of recruiters returning to that school in the next two years. Each factor weighs one-third of total.	Return on investment—salary alumni earn over five years as compared to cost of MBA program (100 percent).	Survey of students regarding their educational experience and career opportunities during and after graduation (70 percent).
<b>Factors that contribute most to a rise or fall in rank</b>	"If there's a significant fall in the quality of the faculty, or if great professors aren't available to teach, student satisfaction tends to fall in other areas," says Jennifer Merritt, formerly of <i>BW</i> .	"If schools select the right students and teach them well, those students will go on to get good jobs" with good salaries, says <i>FT</i> 's Della Bradshaw. "If schools invest in research, they will do well in that section."	"The variable that is most volatile is how a school's placement office does one year versus the next," says Bob Morse of <i>U.S. News</i> .	"Communication skills are the most important attributes recruiters say they look for," says <i>WSJ</i> 's Ron Alsop. "Some schools have created more courses or hired coaches to help students improve in these areas."	"Schools that send their graduates into high-paying industries such as investment banking and consulting will probably do better in our ranking than those who send students into marketing or some other disciplines," says Kurt Badenhausen of <i>Forbes</i> .	"We don't measure a school's reputation," says Bill Ridgers of <i>EIU</i> . "What matters most is the enthusiasm students have for the school. That enthusiasm often stems from areas such as career services."
<b>Most recent change(s) to methodology</b>	<i>BW</i> has added more schools eligible to be ranked. "If a school shows up on a recruiter's write-in list, we pay extra attention to that school for possible inclusion," says Merritt.	The <i>FT</i> no longer asks schools how many language courses students take. Instead, it asks how much time students spend in exchange programs.	None.	<i>WSJ</i> has reduced its number of rated attributes from 24 to 20 and added an international mass appeal rating. Instead of an overall ranking, it now publishes three separate rankings that group together schools with common recruiting patterns.	<i>Forbes</i> has added a separate ranking of one-year MBA programs, which includes schools inside and outside the U.S. "We've also made minor changes in how we calculate tuition in terms of in-state and out-of-state tuition costs," says Badenhausen.	The <i>EIU</i> has dropped a question regarding the number of companies that recruited from a school's latest class. "In practice, it was too difficult to measure," says Ridgers.

\*These rankings weigh many factors—this chart indicates the factors that comprise the highest percentage weight in ranking calculation.



assigning them a number, most likely because there is so little difference among these schools.

Despite these facts, business schools still devote a disproportionate amount of time and money to improving their status in the rankings. Some schools even have multiple staff members whose jobs are devoted simply to manning “the rankings desk.” As the war of the rankings escalates, the balance of power is shifting from assessment of learning outcomes and academic scholarship to obsession with rankings status.

### Unintended Consequences

It’s likely that when *BusinessWeek*, *Financial Times*, and *U.S. News* published their first rankings, their intentions were to fill a niche and boost circulation, not to fundamentally alter the way business schools operated. But their rankings have dramatically changed business education in many significant and undesirable ways:

**Higher GMAT requirements.** The *U.S. News* ranking has probably had more impact on admissions policies than any other factor in the 120-year history of business schools, especially when it comes to average GMAT scores. To improve their rankings, many schools are admitting only students who fit the classic *U.S. News* profile—individuals with high GMAT scores, high GPAs, and extensive work experience. For the most part, only those students who fit this profile have access to full-time MBA programs at the top 50 schools. High-potential students with 550 GMATs, 2.5 GPAs, or fewer than five years of work experience are generally no longer accepted at second- and third-tier schools, even though many would add great value to the learning environment.

**Smaller cohorts.** Top-tier schools have brand recognition on their side, so they can easily attract top students. To compete in the rankings, second- and third-tier schools have decreased their class sizes to boost their selectivity factor. Their strategy is first to attract a smaller class filled with top students, in the hope of increasing their ranking and eventually making it easier to attract a larger class of top students.

This strategy often backfires, leaving schools in an unfortunate Catch-22 situation. To compete against the rankings, all second- and third-tier schools must decrease their class sizes. Since everyone is following the same strategy, no single school can increase its ranking solely by shrinking its class size. Yet any school that *doesn’t* follow this strategy will soon find

itself ejected from the top 50. So schools reduce class size not to improve their standing, but merely to sustain it.

**Overemphasis on paychecks.** In *U.S. News*’ 2004 rankings, graduates of the top ten schools earned the highest starting salaries, and those from eight of the next ten earned the next highest. It seems that for any business school to make the top 20, its students must be placed in high-salary jobs. But consider the message this sends to aspiring students: The quality of the program is directly related not to what you learn, the network you create, or what you accomplish, but to the salary you earn after you graduate.

**Shifts in spending.** As mentioned above, business schools have significantly increased the amount of time and financial resources they allot to their full-time MBA programs, both in absolute terms and as a percentage of their budgets. This allocation of resources could be positive if, in fact, most of the money went to improving the educational environment. Unfortunately, many schools aim much of this funding directly at improving their status in the rankings. And as a result, their diversion of funds to engineer their MBA rankings often weakens the quality of the learning environment in all programs.

**More frills, less substance.** All schools care about student satisfaction. But student satisfaction has become such a major factor in *BusinessWeek*’s ranking that schools have become too concerned with making students happy. Top schools are now providing amenities such as fitness centers, plush student lounges, and upscale dining—perks generally unrelated to providing a stimulating learning environment.

I recently visited a business school where I found the classrooms in disrepair. Paint peeled from their cinderblock walls and broken tiles littered the floor; the classrooms were equipped with hard plastic chairs and blackboards from a previous era. I passed through a hallway and suddenly found myself in a completely different environment: The halls were decked with marble and granite, the offices sported plush carpeting and high-end furniture. Recruiters met in a cyber-lounge, students had five-star meeting accommodations, and Starbucks coffee was dispensed from carts along the walls.

In passing through that hallway, I had walked from the facilities for the undergraduate program to those for the all-important MBA program. But have these increased expenditures on MBA programs resulted in a commensurate increase

## The Standardization of B-School Data

by Tricia Bisoux

The designers of Pathfinder, the database of b-school data maintained by the Graduate Management Admissions Council, aim to make the current system of rankings-based data gathering obsolete. Pathfinder's objective is to create a central, standardized database for the b-school market and rankings organizations to use to access audited information.

"Users can feel confident that the data in Pathfinder is consistent and comparable," explains Bob Ludwig, GMAC's director of external communications. Pathfinder will soon be adding salary information, he adds. In addition, GMAC recently announced its partnership with the MBA Career Services Council to enhance the database's employment data and improve its usefulness to the market.

All business schools can enter basic information—or Level I data—into Pathfinder. However, to include more comprehensive Level II data, including in-depth admissions and enrollment information, schools must adopt GMAC's Standards for Reporting Employment Data and submit to random audits by KPMG. Currently, 357 business schools have Level I profiles in Pathfinder. Of those, 171 also have adopted its reporting standards to include Level II data. Any data is released only with the school's permission. Schools also can choose whether to leave their data with GMAC, the MBACSC, or both.

Pathfinder has inspired both enthusiasm and caution—enthusiasm from business schools and caution from the media. Although rankings editors note its potential, many aren't sure Pathfinder will provide the data their particular rankings systems demand. In addition, journalists point out that, as yet, there aren't enough schools participating to offer a comprehensive picture of the b-school market.

For example, the *Financial Times'* four b-school rankings—which include MBA and EMBA programs, executive education, and European business schools—take an international perspective. Pathfinder doesn't yet include enough of the international information the *FT* requires, says Della Bradshaw, editor of the *FT's* business school rankings. "I really would like to see more data relevant to schools outside the U.S. I would like to look at faculty by nationality, for instance," says Bradshaw. She also points out that the way international students are categorized can be inconsistent—a student with dual U.S.-Israeli citizenship might be classified

as either U.S. or international. Bradshaw appreciates the database, but notes that such confusion still serves as a barrier for the *FT*.

Based in large part on student and recruiter satisfaction, *BusinessWeek's* rankings measure qualitative information that is different from the Pathfinder's quantitative capacity, says Jennifer Merritt, formerly of *BusinessWeek*. While Merritt agrees that Pathfinder is a valuable resource, she argues that it serves at cross-purposes to *BW's* rankings. "The information that GMAC collects is selective and voluntary. And GMAC, while a nonprofit, is a membership organization that supports business schools and is supported by business schools. As a result, their motivation is different from ours," she says. "We're serving the same audience, but we're on different sides of the equation."

For its part, *U.S. News* heavily weights the opinion of other business school deans in its rankings; but it still considers such quantitative factors as job placement rates, mean starting salaries, and mean GMATs and GPAs of new students. Therefore, of all publications with rankings, *U.S. News* arguably has the most to gain from Pathfinder's ultimate success.

KPMG's external audits of Pathfinder's information may add a transparency to the MBA that can only strengthen the market, says Bob Morse of *U.S. News & World Report*. "It's a move that will enhance not only the credibility of *U.S. News'* rankings with more consistent data, but also the credibility of the MBA degree," says Morse. Over time, he says, the public's growing confidence in the MBA may bolster the cachet of business schools across the board.

Although rankings editors may always need to send their own surveys, they say that Pathfinder may become their central resource for information once it includes more data from more schools. That means they might be able to write shorter questionnaires, requiring b-schools to devote fewer resources solely to the rankings.

"Many business schools struggle to supply the resources to respond to each ranking," says GMAC's Ludwig. "Most schools are excited about Pathfinder because it offers them the ability to enter their information only once, while still supplying objective and consistent data to rankings organizations."



in the quality of the learning experience? My guess is, probably not. Less marble might have meant that more resources would be devoted to faculty, curriculum, and other aspects directly related to learning.

**Marketing bonanzas.** A business school's reputation with other business school deans plays a major role in *U.S. News'* rankings. Just before *U.S. News* sends out its dean survey, deans' desks everywhere are overflowing with mail from other business schools: glossy brochures, fancy announcement cards, and sometimes even gifts. Schools are spending a great deal of money not to improve their infrastructures and curricula, but to curry favor with *other deans*.

Interested to see how far schools were going in their marketing effort, the AACSB affinity group for public university business schools recently conducted an informal survey. Of the seven schools that responded, six were undergoing major branding initiatives, driven by a staff of three to eight people. Five had placed external PR agencies under contract. Before 1988, such expenditures would have been viewed as extravagant and marginal to a school's mission.

Spending money to improve an MBA program is certainly reasonable, even if one desired result is improved standing in the rankings. But to what extent do the rankings measure program *quality*? Rather, when rankings measure "reputation" and "recruiter assessment," they are measuring program quality only indirectly. Moreover, when schools funnel money into improving these areas, they often divert funds from teaching, deflect focus from learning outcomes, and drain resources from the school's mission.

### Next-Step Strategies

The media rankings are a market reality. With the public's fascination with business school rankings growing unabated, the media have no reason to stop: Their rankings issues are perennially among the year's top sellers. Rankings, in some form, are here to stay.

Business schools, however, can take steps to exert influence over many aspects of the rankings, including the standards they measure, the data they use, and even the way they compute their results. In fact, with the outcry over rankings growing louder by the year, I predict that in the near future the business school market will see the following changes in the rankings system:

**Standardized collection of data.** Much of the criticism of rank-

ings derives from their methodologies. That is, their systems often depend on variables that have a questionable relationship to quality. Moreover, their data is often self-reported and unchecked for accuracy. In response to this aspect of the rankings, several groups have already begun identifying

measures of quality that, when combined with reasonable qualitative judgment, can be used to assess the overall quality of an academic unit. In 1998, the Graduate Management Admissions Council (GMAC) formed an Industry Standards Task Force that defined the standards for reporting application and admissions data. At the same time, the MBA Career Services Council (MBACSC) began defining standards for placement and other career services data. These two groups have now agreed on a plan to place this data on GMAC's Web site.

GMAC and MBACSC are working with the media in an attempt to convince them to use the data and standards developed through the Industry Standards Task Force. If agreement on measures were to be reached, a school could assess its strategy for improving quality based on academically driven standards, not by measures of quality the media has set. AACSB International, which houses the world's largest business school database, also plans to work with the media to improve criteria, conduct research on the impact of rankings, and help members provide information to publications.

Within a short time, GMAC and partner organizations may develop a Web site and database that major media outlets can access, for a fee, and link to their rankings templates. Any school would be able to request that its form be completed for and sent to a particular publication.

**Independent audits.** GMAC has commissioned KPMG Peat Marwick to conduct external audits of the data submitted by schools. More than 100 schools have volunteered to have their data audited. In fact, a good number of schools already have been through the audit process.

**Cooperation between media and academia.** A task force among GMAC, AACSB, and the media should be created to annually oversee modifications to the data collection and auditing process. In this way, they can work to agree on methodology and measurements.

Once this system is in place, I predict that the top MBA programs will band together and refuse to submit any information other than that available through the database or their

## Making the Most of the Rankings

If rankings of MBA programs were to disappear tomorrow, few business school deans would mourn their loss. However, given that rankings do play a role in a business school's reputation, administrators and faculty can use them to improve the caliber and quality of their programs.

**1. Get to know the rankings editors.** Editors of the rankings are generally open to the concerns and questions of business school deans and faculty. In fact, they often welcome the exchange of ideas. Although Jennifer Merritt has left *BusinessWeek* as its rankings editor, she notes that she was always ready to offer deans rankings information about their schools. "For anyone who asked, I put together an individual profile of that school, from the student and recruiter rankings, to a large sampling of student comments, to what type of companies ranked that school highly," says Merritt. "I think that kind of information is incredibly valuable and often tells business school administrators something they haven't heard directly from their own students and recruiters."

"Even if schools don't like how they do in our rankings, we've always kept the lines of communication open," says Ron Alsop of the *Wall Street Journal*. "We meet with any schools that want to meet with us. In fact, it was the feedback from schools that led us to create three rankings—national, regional, and international—instead of one."

**2. Understand the methodologies.** To fill a niche in the marketplace, each ranking takes a slightly different approach to its calculations and focuses on different aspects of business education. By knowing which rankings best suit its strengths and which do not, a business school can focus its efforts, conserve its resources, and make a case to stakeholders when it does better on one ranking than on another.

**3. Keep it in perspective.** Although the rankings exert significant influence over business schools, they also have boosted the public's overall interest in business education, some rankings editors argue. Whether an educator loves them or hates them, the rankings have certainly brought more attention to the MBA in general, says Kurt Badenhausen of *Forbes*. "We are telling readers that an MBA is a winning situation financially, that no matter where they get MBAs, they'll make back their investment," says Badenhausen. "That's a positive all schools can take away from the rankings."

own Web sites. With this system, schools would no longer need full-time staff to respond and react to the rankings. They would no longer be required to respond to multiple calls from multiple outlets requesting diverse data throughout the year.

### Ratings, Not Rankings

All deans breathe a sigh of relief when their schools' rankings improve, and they dread the reaction when their rankings fall. They also know that they often have very little control over which direction their rankings go. When rankings change, it's often a random or temporary event, based on nothing the school did or didn't accomplish. Now is the time to create a system in which schools do have some control over their own improvement and reputation in the marketplace.

To return to the time before the storm—a time when the quality of the learning environment and the process of discovery and research took precedence over where a full-time MBA program was ranked—we must move to a system of *ratings*, rather than *rankings*. Schools could be rated on a grading scale of "A," "B," or "C," or on a scale of one to five stars. Under a ratings system, no longer would schools worry about random movements in their numerical ranking each year. Fewer resources would be focused on trying to move a ranking up by one or two slots; more resources would be focused on increasing quality, which ultimately would lead to a highly rated school.

In addition, a system of ratings would remain stable over longer periods of time—there would be little news with each announcement of ratings from top media publications. Finally, a program would be able to earn a top rating by virtue of its quality alone, rather than by the few percentage points that separate the 30th-ranked school from the 50th.

It's true that without the rankings race, there wouldn't be as much drama in the media's treatment of business school programs. Without the highs and lows involved in schools' gain or loss of rankings status, stakeholders would attach much less importance to negligible differences among schools in the same tier.

What all stakeholders would gain, however, would be learning environments driven by a commitment to quality, not an obsession with a numerical standing. If we can accomplish that shift in focus, we will be offering business education in a much saner environment. More important, we can focus our attention and resources squarely where they matter most—on learning and discovery. **Z**

Andrew J. Policano is dean of the Paul Merage School of Business at the University of California, Irvine, and director of the California Institute for Management Leadership.





# *How Much Have We* **Learned?**

*Learning outcomes assessment has the potential to revamp entire curricula—but only if it's embraced across campuses and not forced to conform to a standardized testing mandate.*

In the 20 years I've been involved in learning outcomes assessment, I've seen institutions of higher education make great strides in measuring student learning. As far back as ten years ago, more than 95 percent of surveyed administrators said they had implemented assessment practices or were planning to do so soon. Clearly, even more faculty today understand what assessment is and how it can benefit both their students and themselves.

However, we still have a long way to go. Because there is no single definition of assessment, it often can mean something different from one campus to the next. At one university, every department might be assessing student learning; at another, perhaps only one unit out of 15 is doing so. While the numbers of colleges engaged in assessment are rising, we don't have good figures to show us how many educators are truly engaged in measuring student learning.

Although that's an important concern, I am even more focused on two other issues related to how assessment is being handled today. One is ongoing—the fact that many faculty members still resist student assessment because they don't understand its value or simply don't know how to devise effective tests. And one is relatively new and rather alarming—the push by some policy makers to require that faculty use standardized tests to assess student learning. The former threatens to undermine learning assessment before it has the chance to take root in many business schools, and the latter threatens to unravel the efforts of schools that already have successful assessment models in place.

**by Trudy W. Banta**

illustration by Marlena Zuber



## The Perils of Testing

Recently I was invited to speak at a meeting called by the Board of Trustees of the State University of New York (SUNY), where some stakeholders were pressing for use of a standardized test across all 57 of their campuses that serve undergraduates. The SUNY administration countered by bringing in experts, college presidents, and faculty leaders to discuss the ways in which assessment data are being used to *improve* individual programs and services rather than to *compare* programs through standardized tests.

Standardized testing is common at the K–12 educational level, where it might be more appropriate to test all students in the same state with an instrument that gauges minimum competence. But it's far less realistic to attempt to test students at research universities and compare them with students at community colleges and other four-year institutions. There are too many variations across campuses.

For instance, if a university includes an architecture school, and some of the questions on the standardized test require students to figure square footage for a room, the architecture students in all likelihood will be much better at answering those questions than students in humanities will be. Therefore, the campus scores for that university may well be higher simply because some of the students have an extraordinary advantage on a portion of the test. It would be unfair to compare these scores on a standardized test to scores at universities without an architecture school.

An expression I like is one used by Peter Ewell, a recognized assessment expert and senior vice president at the National Center for Higher Education Management Systems. He says, "You don't make a pig fatter by weighing it." And you don't make students smarter by testing them. It's tremendously difficult to motivate students to take a standardized test that is not connected with what they believe they've learned in class. In cases where statewide testing is required, some students who don't see the importance of the test won't do their best work. They will become malingerers. This will affect test scores and further obscure the potential benefits of learning outcomes assessment.

I'm afraid higher education may be facing more and more pressure to use standardized tests. Often that pressure comes from governors and legislators, who do represent the people and are truly well-meaning. We must convince them that standardized tests are not an appropriate way of assessing learning outcomes for college students. We must help

them understand that raising issues of comparability is chilling to educators in a country where the great advantage of the higher education system is the diversity of missions among its institutions.

## Assessment Defined

While stakeholders such as state legislators represent one group that could benefit from gaining a better understanding of assessment, faculty represent another extremely critical group. Some faculty resist the need for outcomes assessment for a variety of reasons: They don't see the need for it, because they believe their students are already being tested; they fear it will affect their jobs; they don't know how to do it properly; or they don't understand what it is.

Simply put, learning outcomes assessment requires a professor to define learning goals and objectives, and then devise a way to tell whether or not students have mastered those objectives. Perhaps students write papers or give oral presentations to show what they've learned. If they haven't achieved the explicit goals, the professor may make changes in the way the course is taught until tests and other measures show that students are learning.

Just by defining their learning objectives and deciding where and when these will be covered, faculty improve their curriculum because they will ensure that essential skills are introduced and practiced in a variety of settings. If faculty share their goals with students, students will understand why professors take certain approaches or cover specific issues. They'll understand they've been given a particular assignment because it will influence their learning of important concepts.

Goals and objectives can be confined to a single class or broadened to a curriculum or major. Tests, projects, and other assignments first are graded and the results shared with individual students to help them improve their own perform-

*If this second look at student work shows that a certain percentage of students is failing to grasp a particular concept, faculty can determine that they need to teach that concept in a different way.*

ances. In what I call “taking a second look,” faculty look again at student work—this time collectively, across students in a given course, across sections of the same course, or across courses in a curriculum.

To gather data in this “second look,” often at the end of a class or a program of study, faculty first ask students to demonstrate their learning. This might occur in a senior capstone course where students will be expected to show they have mastered the tools of research appropriate to their discipline. They might be asked to search for information on the Web, write a paper, and make an oral presentation. They should be able to do so successfully if the knowledge and skills they need have been embedded in various courses in the major. Students need multiple opportunities throughout the curriculum to practice the skills faculty consider most important.

If this second look at student work shows that a certain percentage of students is failing to grasp a particular concept, faculty can determine that they need to teach that concept in a different way or give students more practice with it. For instance, it might turn out that students in a senior capstone course aren’t very good at oral presentations. The department reviews the course structure and realizes that students haven’t

had any opportunity to practice their speaking skills since their freshman speech course. Professors may decide then to look for ways to provide additional opportunities throughout the curriculum for students to make oral presentations. This kind of assessment of student achievement at the senior level can improve the entire curriculum.

Schools shouldn’t just rely on testing to discover if students have acquired the proper knowledge and skills. They also should survey enrolled students with a variety of questions such as: Are you getting frequent feedback from your professors? Are you studying more than ten hours a week? Are you increasing your technology skills? Surveys of graduates also can yield helpful data. These indirect measures of student learning can help individual professors and whole departments improve their academic programs and student services such as advising.

### **Disquiet in the Department**

Even though learning assessment can have a positive effect on schools, it is still a process that, as I’ve mentioned, many faculty members resist implementing. There are three key reasons.

■ **Assessment takes time.** Some faculty believe it diverts precious time from what they see as their principal activities, which are teaching, research, and service. However, I firmly believe that, in the long run, assessment will save faculty time. If professors discover the best way to teach a concept, students will grasp what they’re teaching more quickly. Faculty won’t have to go over and over the same material, and they won’t keep using ineffective teaching methods to try to get their points across.

■ **Assessment could be used to punish them.** Some instructors fear that if assessment shows they aren’t preparing students to achieve at a certain level, they will lose their opportunity to teach or other privileges. Administrators must persuade these faculty that assessment is aimed at the common goal of improving the overall curriculum, not punishing individual instructors.

■ **Assessment is not something they know how to do.** This is the single most compelling reason faculty resist assessment. Evaluation is considered the most difficult form of learning, at least according to Bloom’s Taxonomy of the Cognitive Domain. By that model, human beings learn through a series of six progressively more complex steps: knowledge, comprehension, application, analysis, synthesis, and evaluation. Learning outcomes assessment is a very specific kind of evaluation, and it’s not easy to do. In fact, many faculty are not even trained as teachers and certainly are not trained as assessors. Because they’re not experts in the technology of measurement, they

## **Aids to Assessment**

A variety of books, newsletters, and Web sites can give faculty and administrators more insights into assessment practices that work.

■ Trudy W. Banta is the author of 13 books on the topic. Her best-selling *Assessment in Practice* contains 86 case studies from institutions throughout the United States. Chapters include discussions of assessment in general education and assessment in various majors. The format offers readers a quick read of specific tactics that have proven successful for a wide variety of institutions.

■ Jossey-Bass publishes a 16-page bimonthly newsletter called “Assessment Update.” The newsletter includes columns for institutions with specific parameters, such as community colleges, as well as contributed pieces from institutions that tell their own assessment stories. More information can be found at [www.josseybass.com/WileyCDA/WileyTitle/productCd-AU.html](http://www.josseybass.com/WileyCDA/WileyTitle/productCd-AU.html).

■ AACSB International’s Assessment Resource offers a comprehensive list of articles, journals, books, and online links at its Web site, [www.aacsb.edu/resource\\_centers/Assessment/default.asp](http://www.aacsb.edu/resource_centers/Assessment/default.asp).

*Once schools have begun to measure student learning, they should start using the data they collect. Outcomes assessment is simply not worth doing unless it is used to enhance the student learning experience.*

## Learning About Assessment

A number of organizations offer seminars and conferences that either focus exclusively on assessment or include assessment as one of their main topics. For more information, visit the Web sites of these organizations:

### AACSB International

Assessment seminars offered at regular intervals and various sites worldwide, including:

- November 16–17
- January 1–2
- May 1–2  
Tampa, Florida

- March 1–2  
New Orleans, Louisiana
- May 17–18  
Singapore  
[www.aacsb.edu/conferences/](http://www.aacsb.edu/conferences/)

### The Assessment Institute in Indianapolis

National Conference  
■ October 23–25  
University Conference Center and Hotel  
Indianapolis, Indiana  
[www.planning.iupui.edu/  
conferences/conferences.html](http://www.planning.iupui.edu/conferences/conferences.html)

### Middle States Association of Colleges and Schools

Annual Conference  
■ December 4–6  
Baltimore Marriott Waterfront Hotel  
Baltimore, Maryland  
[www.msache.org](http://www.msache.org)

### North Central Association Commission on Accreditation and School Improvement

Annual Meeting  
■ April 2–5, 2006  
Downtown Chicago Marriott  
Chicago, Illinois  
[www.ncacasi.org](http://www.ncacasi.org)

don't know all the fundamentals of building a reliable, valid exam or questionnaire or how to interpret its results.

It's therefore important that universities provide faculty development experiences to make sure faculty are comfortable performing assessments of student learning. Many already do: Today's campuses often include departments variously called "teaching centers" or "faculty development offices," and these usually house experts in assessment who are willing to share their knowledge. If there is no faculty development office, a professor in the psychology or education department may be willing to hold a workshop to discuss how to develop valid tests.

In addition, some organizations offer conferences and workshops on the topic of assessment. Administrators might consider sending a team of faculty to such conferences, and then encourage those who attended to share their newly developed knowledge with colleagues. Gradually, everyone on campus will become more comfortable with assessment tools.

### The Good News

Assessment may be easier for the next generation of professors. Many of today's graduate students take courses in pedagogy and measurement, and they have more opportunities to teach with supervision by a faculty mentor. As a generation of faculty leaves and is replaced by colleagues who have had more experience in teaching and assessment, attitudes will change.

Even as senior professors become more familiar with assess-

ment, much of their fear is dissipating. I believe more faculty are pursuing assessment with energy and purpose because they understand the process and have seen its benefits.

That's good news, because there is now more talk of assessment than ever before. All of the major accrediting bodies—from AACSB International to the regional agencies such as North Central Association, Middle States Association of Colleges and Schools, and New England Association of Colleges and Schools—are requiring their colleges to do some form of learning assessment. In several states, assessment is required in new higher education laws and policies. Assessment is here to stay.

Faculty and administrators should take the time to learn about assessment so that they can implement it in sensible ways. In many cases, it will be up to individual school administrators to put the mechanics in place to help faculty succeed at assessment. Once schools have begun to measure student learning, they should start using the data they collect. Outcomes assessment is simply not worth doing unless it is used to enhance the student learning experience—by improving instruction in a single class, the structure or sequencing of a curriculum, or the process of offering student services that complement coursework. **Z**

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# What Makes Leaders GREAT

Many educators are finding that developing great leaders isn't about teaching skill sets. It's about helping students adopt the essential behaviors that all great leaders share.

by **Tricia Bisoux** illustration by José Ortega

Those who study leadership have spent years asking the difficult questions: Can leadership be taught? Can it be learned? One look at the number of new leadership-based centers and programs cropping up at schools worldwide makes it seem as if they've found their answers. And yet, even as business educators design leadership courses, many seem uncomfortable with the idea of "teaching leadership." Teaching implies the delivery of knowledge from one person to another; where leadership is concerned, they say, students must often discover that knowledge for themselves.

According to business educators, the deeper they delve into what makes great leaders, the more they realize that true leadership cannot be transmitted to students as a neat bundle of skills or delivered via a series of guest lecturers and discussions. So says Terry Pearce, author of *Leading Out Loud* and instructor at the Haas School of Business at the University of California at Berkeley and the London School of Business. True leadership, he emphasizes, must be experienced, not taught.



“Leadership starts with self-confidence, courage, and perspective. You can’t teach those traits. Students must experience them,” says Pearce. “Business schools that look at leadership only as a set of academic skills will find themselves producing clones who don’t have it in them to lead.”

Paula Hill Strasser, director of the Business Leadership Center at Southern Methodist University in Dallas, Texas, points out that the job of a business school isn’t necessarily to teach leadership. “We don’t believe leaders are born, but that people are born with different potentials to lead,” she says. “Leadership can’t be taught, but it can be learned through facilitation, simulation, and one-on-one coaching. It’s a process of self-discovery.”

The goal for many schools, say Strasser and other leadership faculty, is to create highly personal experiences that help students discover who they are, what they believe, and how their actions affect others. Each experience is carefully designed to help students develop the behaviors required to discover how—and if—they can lead the way.

## LEADERSHIP’S “TOP 10”

As business schools parse the myriad elements of leadership, one thing has become clear: Leadership is an intensely personal business. Business schools have the difficult task of creating experiences and reflective journeys to leadership that often will differ from student to student. “For students, it’s like the old mythology of the search for the Holy Grail,” says Pearce. “If you’re in the forest and see footprints, you’re on the wrong path.”

Leaders often follow such incredibly different paths and take such drastically different approaches that it’s difficult to pinpoint the common traits that make them effective. Educators have found, however, that excellent leaders share a set of distinct behaviors and characteristics, which students must possess if they, too, wish to lead.



### 1 SELF-AWARENESS

First and foremost, great leaders must know who they are, says Peter Alduino, leadership development consultant and president of Bridge Group Communications in San Francisco, California. Alduino requires each of his students to ask themselves two impor-

tant questions: Who am I at this moment? What do I want? “Most people go through their whole lives without asking or answering either one of these questions,” says Alduino. “By the end of the course, I hope participants will hold these questions in the palms of their hands and re-examine them on a daily basis.”

Noted author Warren Bennis, professor of business administration and founding chairman of the Leadership Institute at the University of Southern California’s Marshall School of Business in Los Angeles, wants his students to ask two more pressing questions: Do I really want to lead? Am I willing to make the sacrifices leaders must make? To help them find the answers, the Marshall School not only brings in guest speakers, but also requires each student to shadow a leader over the entire semester. Students observe, measure, interview, and take pictures of that leader, while exploring the issues and challenges of leadership.

“We confront them and help them evaluate their own leadership and solve their own leadership problems in small groups. They engage in a great deal of self-reflection,” says Bennis. “We’ve found that there’s no difference between being a really effective leader and becoming a fully integrated person. Unless students know what their strengths and weaknesses are, and what their characters are like, I don’t think they can ever really deploy their full talents.”

### 2 PERSONAL CONVICTION

Self-awareness is key; but leadership stems not just from who people are, but from what they believe, says Kembrel Jones, who is associate dean of full-time MBA programs at Emory University’s Goizueta Business School in Atlanta.

With this in mind, Goizueta recently revamped its curriculum to create its MBA Leadership Program. The program’s mission is to develop principled leaders who know, and follow, their own convictions.

“We are focused on values-based leadership. The word ‘values’ may evoke ethics, but it’s more than that for us,” says Jones. Goizueta has based its new leadership program on a set of seven core values: courage, integrity, accountability, rigor, diversity, team, and community. “These are the values that our students and faculty live by,” explains Jones. “They permeate everything we do in the program.”





## Call for Research on Multicultural Leadership

Leadership consultant and author Terry Pearce and former Charles Schwab CEO David Pottruck would like to see more research on what it takes to lead people who live in different countries and follow different practices and beliefs. To that end, they have developed the Initiative for Multicultural Leadership, which is offering grants to academics around the world who are interested in this area of study.

Pearce is looking for elements of “common mythology”—the common myths, stories, and legends—that inspire people, regardless of their cultural backgrounds. “As we begin to adapt ourselves as leaders and develop others as leaders, we can help them understand the common threads that peo-

ple around the world share,” says Pearce. Once organizational leaders better understand the commonalities among ethnically diverse individuals, he adds, they can lead multicultural groups more effectively.

The research generated by the grant program will help the initiative achieve its main goal, which is “to create, within ten years, a core group of leaders in leveraged institutions who can inspire people from every culture and country by kindling common themes that create meaning for virtually everyone.”

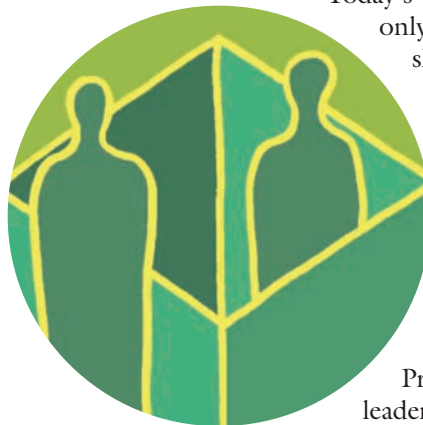
Academics interested in more information about the Initiative for Multicultural Leadership, as well as its grant program and its requirements, can visit [www.terrypearce.com](http://www.terrypearce.com) or contact Pearce at [terry@terrypearce.com](mailto:terry@terrypearce.com).



### 3 COURAGE

Because great leaders will always face resistance to change, they must have the courage to act on their beliefs no matter what the circumstance, says Alduino. “Students must ask, ‘Do I have the courage to lead this charge despite resistance?’ They must ask, ‘Do I have the courage to have my beliefs questioned?’”

### 4 CREATIVITY



Today’s business schools are selling not only their graduates’ functional skills, but also their creativity and ability to think on their feet, says Jones. Business schools must provide students with experiences that test their creative limits, whether in simulations or on military training courses. For example, second-year students in Goizueta’s MBA Leadership Program participate in a capstone leadership experience at the Marine Corps University in Quantico, Virginia.

During their experience, students are pushed to solve life-and-death problems that require split-second thinking and on-the-spot creativity.

Paddy Miller, professor of leadership at IESE in Barcelona, Spain, points to an example cited in “Battle Lessons,” an article by Dan Baum, which was published in the January 17, 2005, issue of *The New Yorker*. The article, which explores the lessons the military is learning about leadership, describes the actions taken by Lieutenant Colonel Chris Hughes during an incident in Iraq. To dispel an angry mob, the article notes, U.S. soldiers are trained to fire warning shots in the air.



Yet, when Hughes and his team were confronted by an enraged crowd of Iraqis in Baghdad, Hughes instead ordered his men to kneel down and point their rifles at the ground.

The once-angry crowd quieted immediately. Hughes had not learned that approach in his training; instead, he thought of a different, more effective way to solve a very immediate problem.

“Military leaders must be hands-on, and their decisions are often environmentally driven. They constantly have to ask, ‘Here I am. What do I do now?’” says Miller. Miller emphasizes that, like Hughes, students must be able to imagine more effective solutions than those they have already been taught to truly lead effectively.



## 7 ABILITY TO LISTEN

When people think of leaders, they may think of individuals who can talk a good game. In fact, communication and presentation skills have become a hot ticket at many business schools. But great leaders often do their best when they stop communicating and start listening. To that end, developing listening skills has also become a priority at Goizueta for both faculty and students.

“Faculty involved in our program are going through leadership coaching training,” says Jones. “We work on our listening skills so that we can hear what students are saying, know where they’re running into problems, and be able to talk them through it.” Improvisation exercises help participants—including Jones himself—hone their listening abilities.

“I teach the communications course; but in taking this training, I realized that I don’t listen that well!” says Jones. “By learning to listen, I’m becoming a better leader, a better problem solver. We discuss that with students. Many of the biggest problems they’ll face won’t be about a financial calculation. Their biggest problems will be about people.”



## 5 CURIOSITY

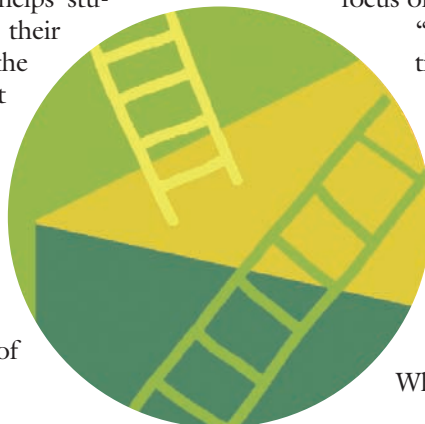
Great leaders have an inherent curiosity that drives them to ask questions and try new things, just to see what happens. “Leadership requires regularly thinking of the questions that affect the world we live in,” says Alduino. “Only by asking those questions can we have the opportunity to make a difference in the

world and create something that is fundamentally better than what is already there.”



## 6 ABILITY TO INSPIRE

On the first day of class, Pearce routinely asks students two questions: When were you last inspired? Why was it inspirational for you? Such discussion helps students find, explore, and activate their own abilities to inspire and earn the trust of others. “Students must get a sense of themselves as inspirers who can generate change and move others to act,” says Pearce. “When you look at leaders who have changed the world, they have some kind of internal spirit that has led them to do it. That capability resides in every one of us.”



## 8 ABILITY TO INNOVATE

It has been said that the difference between management and leadership is the difference between keeping the status quo and innovating to drive change. The business programs that fail to teach leadership are those that focus on managing skills, says Miller of IESE. Those who succeed, he believes, will focus on innovation.

“Students often don’t have sufficient innovative abilities,” says Miller. “They need to know not just how to lead, but how to drive change in an organization and convince an entire organization to do things differently. We’re often not good at teaching that particular skill.”

## 9 & 10 EAGERNESS TO EXPERIENCE AND WILLINGNESS TO REFLECT

When it comes to leadership, says Jones of Goizueta, stu-

## Pumping the Leadership Pipeline

Many companies have developed their own comprehensive, in-house, leadership training programs, which will ensure them a homegrown supply of leaders. As a result, some business schools are looking to corporate leadership programs as models for their own.

*BizEd* spoke to Dennis Donovan, executive vice president of human resources for Atlanta-based Home Depot. Donovan oversees the company's 325,000 employees and helped design the company's three formal leadership training programs. The company's two-year Store Leadership Program (SLP) trains store managers, and its 12-week Future Leaders Program (FLP) is aimed at college seniors and graduate students. Both were launched in 2002. The best and brightest students from the FLP are then invited to attend Home Depot's intense two-year Business Leadership Program (BLP), which has been in place since 1998. Together, these three programs train hundreds of individuals a year.

The key for Home Depot, Donovan explains, is not just to find the best talent. The company also wants to ensure, through these programs, that it develops and retains talent with exactly the leadership skills it requires.

### **Why did the Home Depot find it necessary to start the SLP, FLP, and BLP?**

To fill leadership positions, we first promote our best people; second, we look for experienced retailers. But we wanted to create a third option and create what we call "pipeline programs." That way, we know we have a continuous pipeline of the best talent.

### **What leadership skills are taught in these programs?**

We focus on three basic planning processes in the company:

strategic, operational, and HR. We then look at what we call the "leadership essentials." These refer to what we have identified as the behaviors of high-performing leaders: They drive and deliver results, excel in customer service, inspire achievement, build relationships, create inclusion, and live integrity. We also use 360-degree feedback with every officer of the company to ensure that leadership will be covered on all fronts.

### **Eighty percent of students in the BLP are at master's level, and most are mid-program MBAs. What is lacking in MBAs coming out of business school that your training program addresses?**

At one time, the BLP was actually a program for undergraduates, but we decided to weight it more toward those at the MBA or master's level. We wanted to stimulate their motivation and supplement their knowledge by giving them more exposure to our organization and building on the experience base they already have. The BLP, SLP, and FLP are pipelines that help us identify good people and accelerate their growth in the company.

### **What would you like to see more of from graduates of b-school based leadership programs?**

I'd like to see business schools focus more on helping students understand how to drive large-scale change in organizations. Too many people have the best strategic plan in the world, or have gone to the eighth layer of an operating plan, but can't bring about competitive advantage in their organizations. They can't drive systematic change on a sustained basis.

The best CEOs are those who bring about successful change. Business schools that focus on this aspect of leadership will help catapult their students into success in business. I think a number of schools seem to be onto this, but a number of

dents don't "learn by doing." They learn by doing and then reflecting on what they've done. In fact, the first year that Goizueta's new MBA Leadership Program was in place, faculty and students didn't take enough time to reflect, Jones says. As a result, the program suffered. Now, debriefing and reflection is an essential portion of the curriculum.

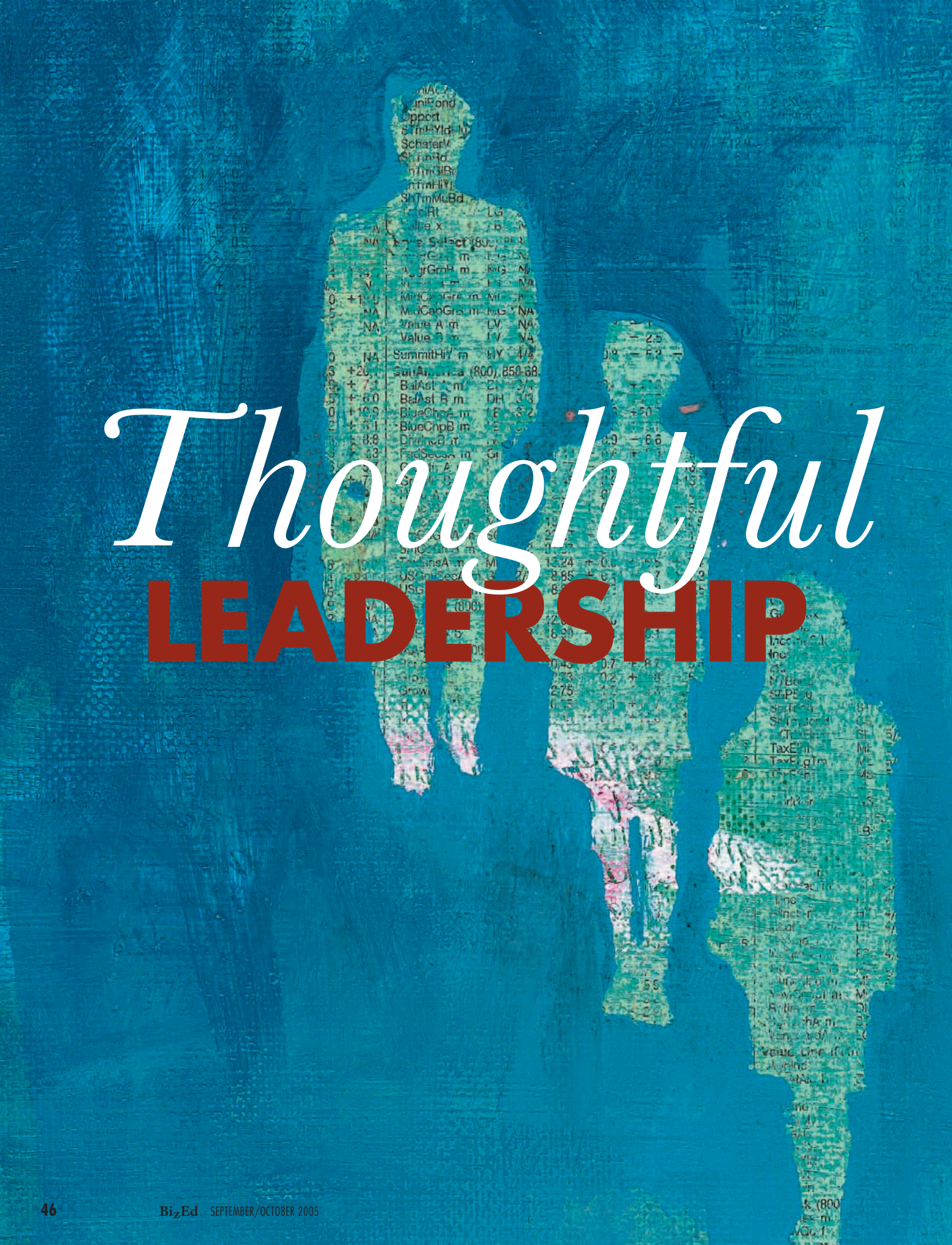
"Everyone must understand how important it is to take time to reflect on an experience," Jones comments. "People have their 'aha' moments during times of reflection, not when they're going 90 miles an hour."

Only by participating in a curriculum that relies on experience, discussion, and reflection can students develop their own leadership potential, agrees Martha Maznevski, professor and director for the Strategic Leadership for Women program at IMD in Lausanne, Switzerland. "We rely a great deal on struc-

tured discussion and reflection on experiences," says Maznevski. "We find that students must reflect on their experiences, develop generalizations from that experience, and move that forward into new experiences to truly develop as leaders."

### **The Hardest Soft Skill**

It may be a tough order for business schools to make the curricular changes necessary to help students develop these unique and often ineffable behaviors. In fact, leadership may be the hardest "soft" skill for business schools or students to tackle, says Jones. "We know leadership is difficult because of the leadership void we see in business right now," he says. "If the elements of leadership were easy—knowing yourself, understanding your values, identifying your leadership style—we wouldn't be seeing the problems we see today."



# *Thoughtful* **LEADERSHIP**

As tough challenges confront management educators, AACSB International takes up the responsibility of being a **thought leader** on critical issues.



by **Richard Sorensen**

It was fitting that the theme for AACSB International's 2005 International Conference and Annual Meeting was "the next horizon," since the organization is beginning an expansion into new territory. In the past five years, AACSB has undergone radical changes in its activities, its services to members, and its physical location. Although we remain focused on accreditation, we are now entering a new phase as we commit ourselves to thought leadership as well.

There has never been a more crucial time for organizations such as ours to step forward and propose strategies for improvement in our field. I believe that if AACSB takes a strong position on critical concerns, the association can help lead deans and school administrators through times of potential crisis and shape debate on key issues.

#### **Top Concerns**

We all know that management education is facing ongoing challenges posed by media rankings and the doctoral shortage. Additional topics that AACSB wants to

address are the value proposition of management education and the ways business schools can develop closer ties to the business community.

These areas of thought leadership were developed by the AACSB International board of directors during a comprehensive strategic planning process, drawing on extensive input from the membership. The board was building on the work of the Committee on Issues in Management Education, which I had the privilege of chairing during the past year.

We will provide thought leadership by conducting research on key management education issues and providing management educators with tools that will help them communicate with stakeholders. We've also created several new positions to help us build our thought leadership capabilities.

Neal Mero, our new Associate Vice President for Accreditation and Development, will support accreditation development and lead efforts to secure research funding. We're recruiting an Assistant Vice President for Knowledge Services to focus on research and mine the growing AACSB business school database. Stephen Watson, former principal of Henley Management College in the U.K., has become our first Scholar in Residence. He will complete projects related to thought leadership and also work with members around the world who are interested in seeking accreditation. In addition, the AACSB World Headquarters will host visiting faculty scholars beginning this fall.

## The Core Competency

While thought leadership will be a major emphasis while I am board chair, we will not lose sight of our core competency, which is business school accreditation. Founded in 1916, AACSB International adopted its first accreditation standards in 1919, and it has been the world's leader in the accreditation of undergraduate and graduate business programs.

With a continuing commitment to business accreditation, AACSB can become even better. During my term, I expect that the association will strengthen its international membership, improve worldwide awareness of accreditation, and make AACSB a global advocate for management education.

Our peer review teams have the major responsibility in our accreditation review process. As we continue to adjust to the five-year review cycle and add to the number of accredited schools, expanding the number of trained reviewers will be an important priority. One of our goals for the upcoming

year is to expand the orientation and training we offer potential peer review team members, both through adding more peer review training opportunities at selected AACSB events and by implementing an online version of the training program this summer.

## Expanding the Reach of Accreditation

While our members understand how important accreditation is, sometimes prospective students, parents, and other stakeholders do not. Therefore, one of our other goals for the coming year is to heavily promote the value of accreditation. Our approach will be multifaceted: We will publicize AACSB to the media, develop materials to explain its role to stakeholders, and clarify our advocacy role outside the U.S.

To achieve these objectives, we will seek national and international publicity. We're developing a PowerPoint resource packet about key management education issues that can be shown at advisory board meetings, community meetings, and other venues. We'll create talking points that deans can use

## Meet Rich Sorensen

After someone has served more than 20 years as dean at the same institution, how does he keep himself committed and engaged? For Rich Sorensen, who became dean of the Pamplin College of Business at Virginia Polytechnic Institute and State University in July 1982, one answer is to seek out new challenges—both within his home university and within organizations such as AACSB International. Another answer is to work tirelessly on continuing improvement.

"We are all faced with dynamically changing environments that require constantly changing answers," says Sorensen. "The Pamplin College's earlier focus was on helping students solve business problems by developing their technology skill sets. Now we have added a component that focuses on experiential leadership development in a global business environment."

During his time at Virginia Tech, Sorensen has directed a \$70 million fund-raising campaign and organized a comprehensive strategic planning initiative. He was no stranger to undertaking large and critical projects. Prior to joining Virginia Tech, he spent nine years as dean of the John A. Walker College of Business at Appalachian State University and helped the school achieve initial AACSB accreditation.

He has been deeply involved in organizations devoted to improving tourism in the state and the region, serving on the Commission on the Future of Southwest Virginia, the

Southwest Virginia Economic Development Commission, and Virginia's Southwest Blue Ridge Highlands. He also founded North Carolina High Country Hosts. Not surprisingly, he has worked with local and regional business associations, including the Small Business Advocacy Council and the North Carolina Region D Advisory Council on Government, Business, and Industry.

Sorensen has long been active in AACSB International, serving on the committees for Initial Accreditation, Business Accreditation, Continuing Accreditation, Governmental Relations, and Standards. He also has served as chair for the Accreditation Quality Committee and the Committee on Issues in Management Education. His one-year term as board chair began in July.

Sorensen holds a bachelor of science in electrical engineering from Brooklyn Polytechnic Institute and MBA and Ph.D. degrees in management from New York University's Stern School of Business. In recognition of his many contributions to the region, he has received the Greater Blacksburg Chamber of Commerce Eugene Jones Memorial Service Award, the Boone Jaycees Distinguished Service Award, and the Boone Area Chamber of Commerce Community Recognition award. He also received the Appalachian State University Trustee Award for Outstanding Teaching and holds membership in many honorary societies.

# What AACSB *should* do and *can* do is become a thought leader for business education worldwide.

## The View from Virginia Tech

Virginia Polytechnic Institute and State University—known as Virginia Tech—was founded as a land-grant institution in 1872. Located in Blacksburg, Virginia, it is now the state's largest university, with 25,600 students enrolled in programs through colleges and the graduate school.

While the school offered its first BBA in 1925, the school of business was not officially established until 1961. At that time, it boasted 28 faculty members and 823 students. In 1986, the college was named the Pamplin College of Business in recognition of a \$20 million gift to the college. The money was given by Robert B. Pamplin, a 1933 graduate who became chairman and chief executive officer of Georgia-Pacific Corporation, and his son, Robert B. Pamplin Jr., who also attended Virginia Tech and is president of the R.B. Pamplin Corporation.

Today, the Pamplin College of Business offers majors in accounting and information systems, business information technology, economics, finance, hospitality and tourism management, management, and marketing. Its on-campus enrollment is about 3,600 undergraduates and nearly 270 full-time graduate students in master's and Ph.D. programs. Additionally, the school serves part-time graduate students in Blacksburg, at Virginia Tech's Northern Virginia Center in metropolitan Washington, D.C., and via five distance learning sites across the state.

The school offers students a chance to earn a dual degree—an MBA from Pamplin and a master's degree from one of its partner schools: Thunderbird University in Glendale, Arizona, and Institut National des Telecommunications in Evry, France. In addition, students have the chance to study global business during annual study abroad programs in Africa, Asia, and Europe. The college also offers a global business minor and a fall semester program at Virginia Tech's Center for European Studies and Architecture in Riva San Vitale, Switzerland.

The college is ranked in the nation's top 50 undergraduate business schools by *U.S. News & World Report* and among the top 100 MBA programs worldwide by *Financial Times*. The school is accredited by AACSB International.

when working with the media. We're releasing reports that outline AACSB's positions on media rankings and the value proposition of management education.

At the same time, we're putting more emphasis on our ongoing value of accreditation campaign. This includes the creation of a new visual identity symbolized by an updated accreditation seal that reinforces our long heritage and high standards. The seal features the new tagline: "Earned Excellence. The Best Business Schools in the World." Schools with accounting accreditation also can use the tagline "The Best Accounting Programs in the World."

The Value of Accreditation campaign is being supported with both print and electronic materials; accredited schools can download the new seal from [www.aacsb.edu](http://www.aacsb.edu). As students, parents, and other stakeholders gain a deeper understanding of AACSB accreditation, we expect to reach more members and strengthen our own brand.

### Improvements in Service

In addition to promoting accreditation initiatives and assuming more thought leadership, the board and I will be devoting attention to providing better services for member schools. For instance, we want to streamline the planning process for conferences and seminars, develop strategies for corporate relationships, enhance our affinity group activities, and conduct regular needs assessment for members.

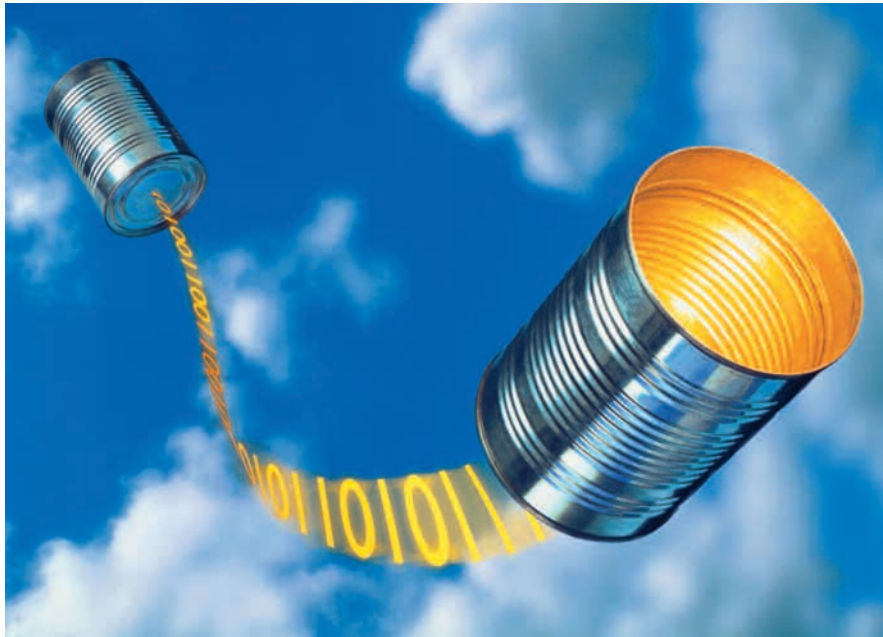
In another important move, we plan to enhance the value of the data system maintained by Knowledge Services. In the next year, members will be able to get the data they want on demand, identify and manage comparison groups more effectively online, and manage a wide array of their own data in a secure online environment. We also plan improvements to our accreditation reports, and we are designing the first module devoted to accounting accreditation.

### Looking Ahead

As the association prepares to celebrate its 90th anniversary in 2006, we need to assess what strengths brought us this far and what strengths will carry us into the next century. It seems obvious that we must focus on what could and should be done, rather than choosing priorities simply based on what resources we have available.

What AACSB *should* do and *can* do is become a thought leader for business education worldwide. What we *should* do and *can* do is improve our accreditation processes and promote the value of accreditation across the globe. Therefore, we will allocate resources accordingly as we focus on these critical tasks going into the next year. **Z**

# Technology



## Act Locally, Think Virtually

**Employees working on virtual teams at** Dow Chemical take courses in virtual team etiquette and online meeting management. GlaxoSmithKline uses cultural awareness exercises to improve virtual team communication. Dow Chemical and GSK are only two of a growing number of companies that are making virtual team training a priority, say researchers at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

Kenan-Flagler professors Ben Rosen and Dick Blackburn and former doctoral candidate Stacie Furst, now an assistant professor at Louisiana State University in Baton Rouge, recently conducted a study of virtual workgroups. In it, they explore just what today's HR professionals find most important when it comes to virtual team building.

Blackburn, Rosen, and Furst surveyed 440 HR professionals; most indicated that companies could be

doing more to prepare employees for virtual team projects. Seventy-two percent of respondents noted that employees needed skills in leading virtual team meetings; 70 percent emphasized the importance of virtual coaching and mentoring skills.

Respondents also identified the following skills as important in virtual team projects:

- Establishing trust and managing conflict among team members (61 percent).

- Maintaining cultural sensitivity and communications (58 percent).

- Teambuilding (57 percent).

- Using communications technology (65 percent).

It's human nature for workers to pay more attention to "co-located" team members than to those in remote locations, says Blackburn. However, virtual team leaders also need to know how to develop a

close working relationship with each team member. "They have to be much more proactive in the virtual environment," he says. "I was talking recently to a manager who leads several virtual teams. He makes semi-annual visits to each team member to learn about him or her and determine the best leadership style to use with each one."

Designing, delivering, scheduling, and evaluating virtual team training will be a major challenge on the corporate agenda, say these professors. They presented a paper based on their study, titled "Identifying Training Needs for Virtual Team Leaders and Members," at the Academy of Management's annual meeting in August.

## Time to Disconnect?

**Communications technologies such as e-mail,** cell phones, and pagers may make the world seem like a smaller place. But do we really want to use technology to defy distance? In a recent lecture at the New Jersey Institute of Technology's College of Computing Sciences in Newark, computer guru Darl Kolb argued that distance isn't always a bad thing. He questioned the world's growing use of communication and Web-based technologies and warned that "staying connected" could be a growing threat to our need for some time alone.

Kolb, a visiting professor at NJIT from the University of Auckland Business School in New Zealand, pointed out that technological connectivity "has rendered the perception that distance as a phenomenon is diminishing." Even so, he added that "improvements in com-

### DATABIT

Seattle recently topped Intel Corp.'s list of wireless U.S. cities. According to a map created by University of Washington students, Seattle's downtown boasts 5,225 public networks within a two-mile radius.



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munication technology cannot completely overcome human needs for personal space, privacy, and disconnection from others."

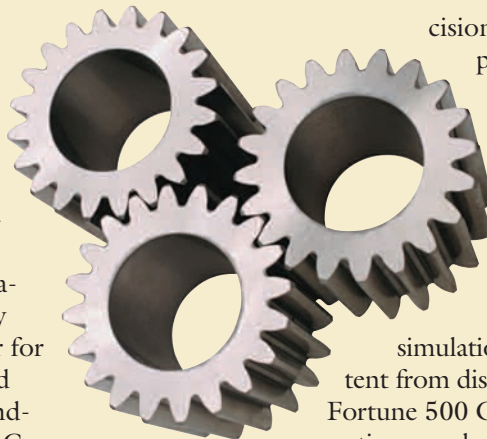
Soon, he warned, technology such as wearable computers and cell phones may allow users to stay connected at every moment, even as they move from one place to the next. Once such technology is in the mainstream, Kolb argued that the concept of distance among people still should be maintained. He suggested the need for "discontinuous connectivity," through technology similar to two-way radios. Such devices allow instant, long-distance communication, without subjecting users to an "always-on" link.

"Distance should not die," said Kolb. Rather it should be managed, both by individuals and by companies coping with a globally distributed workforce. Discontinuous connectivity, he emphasized, "allows us to deal with dynamic distance in a way that has meaning."

## **TOOLS OF THE TRADE**

### **Darden's Newest Ethics Simulation Hits the Web**

Darden Business Publishing recently announced the release of its newest Web-based ethics simulation, Turning Gears. The simulation, developed by the Olsson Center for Applied Ethics and the Business Roundtable Institute for Corporate Ethics, places business students in the role of a product manager at a competitive toy company. Each participant is required to make a series of decisions through five integrated case studies based on real-world scenarios. Throughout the simulation, students must make de-



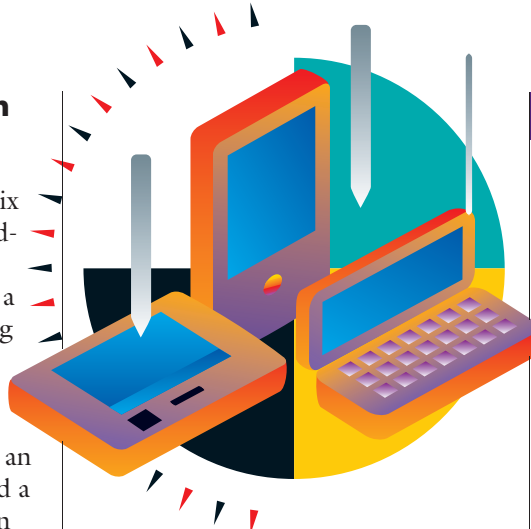
isions with incomplete information, while also considering the impact of their decisions on the company and its stakeholders. Features of the simulation include content from discussions with Fortune 500 CEOs, corporate executives, academics, and MBA students; and an interactive, Web-based Macromedia Flash platform. Students can complete the simulation, individually or as part of a small team, in less than 90 minutes.

To view a demo of Turning Gears, visit [it.darden.virginia.edu/preview/TurningGears/](http://it.darden.virginia.edu/preview/TurningGears/).

## A Boost for Wireless Tech

Students at the University of Arizona's Eller College of Management in Phoenix soon will be taking even greater advantage of wireless technologies. Eller was selected as a recipient of a 2005 HP Technology for Teaching grant, which is geared toward augmenting educators' use of wireless technology to enhance student learning. Eller will receive an award package of HP products and a faculty stipend valued at more than \$74,000.

Through the grant, more than 400 business undergraduates at Eller will use wireless tablet PCs and PDAs to collaborate on team projects via Web conferencing, work with simulations, and participate in blended online and face-to-face learning environments.



The 2005 HP Technology for Teaching grant program is awarding grants totaling \$8.5 million to 174 elementary and high school programs, as well as to 31 higher education institutions. The company will give a total of \$35 million over three years. So far, more than 400 schools have received grants worldwide.

## NEWSBYTES

### A MORE SECURE CANADA

Canadian leaders in industry, government, and academia have partnered to create a national security forum. The Forum for Information Security Innovation in Canada (FISIC) aims to become a focal point for research initiatives in information security. Its founding partners include Bell Security Solutions Inc.; the Canadian Advanced Technology Alliance; Communications and Information Technology Ontario; the Mathematics of Information Technology and Complex Systems; and Carleton University in Ottawa.

### NSF HONORS ZHU

Kevin Zhu, a professor at the Paul Merage School of Business at the University of California at Irvine, has received the National Science Foundation's Faculty Early Career Development award. Zhu will receive a \$377,000 grant, which he plans to use to support a five-year research project that will study how digital technologies are transforming companies.



### LEHIGH PLANS ONLINE MBA

Lehigh University's College of Business and Economics in Bethlehem, Pennsylvania, is in the planning stages of an online MBA. Its launch set for 2007, the program will deliver courses and content, which will mirror those in the school's traditional MBA program, via a Web site designed exclusively for the online cohort. Students will come to campus for face-to-face instruction three times during the program. **Z**

## WEBWATCH

### COLUMBIA LAUNCHES PORTAL

This spring, Columbia Business School launched "Columbia Ideas at Work," a new online knowledge portal designed to showcase the research of its faculty. The site includes research briefs that distill findings into practical applications, a searchable archive of faculty research and publications, and an online magazine. The site "captures the innovations and applications that play a significant role in the evolution of business practice," says Glenn Hubbard, dean of the business school.

The inaugural issue of the online magazine focuses on faculty research in entrepreneurship. Content includes a discussion with Dean Hubbard about progressive tax rates and their impact on entrepreneurs. The issue also includes feature articles on venture capital networks, pricing risk in venture capital, and the impact of founder succession.



# Your Turn

by Peter Lorenzi

## I Survival Guide for Aspiring Deans

Many readers of this publication fall into one of three groups: aspiring business school deans, current business school deans, or former business school deans. I speak to those in the first group. My aim is to encourage those of you with your eye on the dean's office to ask eight important questions that can make or break your career as a business school dean.

I've compiled these eight questions over the last 20 years. I started down the road to the dean's office in my 20s and accepted my first deanship at 40. I've served as assistant dean, associate dean, and dean at both public and private schools, at both urban colleges and rural universities. As a dean, I've found that other deans will drop their guards when speaking with one of their own. By the time I retired from the job at age 50, I had learned a lot just by listening.

I've found that deans fall into one of two categories: those who last two to four years in the job and those who last 12 years or more. Rarely is there middle ground. In which category will you fall? That depends on whether or not you ask the following questions before you take the job:

### 1. Is change on the agenda?

To answer this question, you must talk to the right people. Start with the president and provost, of course, but also hear out faculty, staff, and perhaps even the previous dean. Then, start asking questions. Was the previous dean fired; did he move on to a bigger, better deanship; or did he retire with full honors after years of service? Is a new dean being hired to "fix things" or to maintain

the status quo? Is the school preparing for accreditation or reaccreditation? Accreditation, in particular, can be a dream job or a nightmare left behind by the predecessor—it could even be why the predecessor no longer has a job. It's imperative to have this information before you step into the position.

### 2. How transparent and complete are the financials?

Many business schools are huge cash cows for universities—which means they often get milked. But just as good dairy farmers know they must keep the cow healthy to keep the milk flowing, deans know they must keep their business schools thriving financially. You should check the school's financial health before you become responsible for tending to it. Before accepting the position, obtain as much information as possible regarding the school's financial statements, budget, and cost-accounting information.

### 3. Are you a big chair or a small president?

One mistake new deans sometimes make is to assume they should act like minor university presidents and be external leaders for the university. The university president may in fact want you to be his prized "friend-raiser"—the voice and face of the university to the civic and business community. But fund raising for the larger university is the job of central administration. You should serve more as COO than CEO, more an internal manager than an external fund-raiser. While a COO's role may seem less romantic, it can be more rewarding—and result in more money for the school—than the pursuit of external prospects.

That said, there will always be times when a business school dean

needs to be out on the fund-raising trail. There will even be occasions when the university president and, yes, even the faculty will expect it. Your occasional absence will give the faculty some breathing room. To cite a faculty proverb adapted from "Fiddler on the Roof": "God bless and keep the dean, far away from us."

### 4. How well do the business school and the school of arts and sciences get along?

As the cash cow, a business school can be pretty unpopular on campus—and so can the business school dean. Sometimes even the university president might prefer or pretend that your school does not exist. Faculty in smaller academic units who receive lower salaries may think you are sucking dry the school's well of funds—and even its intellectual soul. They may not understand that being the cash cow reflects less on what you spend and more on what you generate.

This animosity between business schools and colleges of arts and sciences is seemingly eternal and universal. So how do you build bridges? You might plan to offer minors to liberal arts majors or outsource some curriculum to arts and sciences courses. You can become well-acquainted with the issues, priorities, and problems of the dean of the arts and sciences school—you might even offer to help. Such actions can make your school stronger and your deanship more likely to last.

### 5. Is your boss a leader cum manager or an administrative bureaucrat?

If business school deans have the best jobs on campus, university provosts may have the worst. While the dean's job may be laden with benefits, the provost's

job often is laced with frustration. The provost's efforts to reconcile the needs, wants, and values of theologians, engineers, sociologists, computer scientists, historians, chemists, philosophers, psychologists, mathematicians, anthropologists, and economists is much like someone trying to bring harmony to the Tower of Babel. It makes the dean's job of reconciling the differences between accounting and finance professors seem like a picnic.

If your provost views herself as a leader/manager, she will probably let you operate independently. If she's a bureaucrat, you and your school may be just another department, another source of irritation, another demand on her time and resources. It will be up to you to discover in which camp your provost resides and act accordingly. It helps to know what the provost goes through, so that you can make her job easier and create a useful rapport.

As a business school dean, you may pride yourself on running a "businesslike" operation, with financial analyses, marketing and business plans, cost-benefit ratios, and gross operating margin calculations. But all of this useful analysis can be anathema to a provost, arts and sciences dean, or even university president. Find out first what data your boss wants and needs; discover what "sells well" to other deans on campus. Then, keep it to that.

**6. What are the perks?** As you interview for potential positions, don't get so focused on the job's many responsibilities that you forget to ask about its perquisites. Will you get a car or an automobile allowance? Paid memberships to key social or country clubs? Expense accounts for meals

**ARE CONFIDENT ANSWERS TO THESE EIGHT QUESTIONS A GUARANTEE FOR SUCCESS? NO. BUT I CAN SAY THAT NOT ANSWERING THEM IS DEFINITELY THE FORMULA FOR FAILURE.**



Peter Lorenzi

and travel? Will you be expected to teach? Will you be prevented from teaching? What percent of time will be spent off campus? What is the job's weekly calendar, the schedule you'll be expected to keep? This will be your life. Get an idea of how you'll live it.

**7. Is this a place where you'd like to teach?** If you are from another school, be sure to look at the entire university community before you accept a dean's position. Is this a place

where you might want to teach and live after your days as dean come to an end?

**8. Do you have an exit strategy?** Before you accept the position, be sure to identify a clear path out of it. Do you have tenure? Do you know what your salary will be if you resign and return to teaching? Is there a sabbatical at the end of the tunnel? If you have dependent children, do you receive tuition or private school benefits? To think of leaving your position just as you're accepting it may sound defeatist. Years ago, however, I read research about how high performers always first consider worst-case scenarios of a course of action. If you can't live with the realities of what will happen after you are dean, you shouldn't take the job.

Are confident answers to these eight questions a guarantee for success? No. But I can say that not answering them is definitely the formula for failure.

Survival at your first dean's position can be tenuous. You must find the position that will truly suit you best for the long term. Good judgment comes with experience, but too many first-time deans earn their experience through bad judgment. How well you embrace the good and avoid the bad depends on whether you ask these questions—and how well you respond. **Z**

Peter Lorenzi is a professor of management at the Seller School of Business and Management at Loyola University in Baltimore, Maryland. He served as the Seller School's dean from 1995 to 2001, and as the dean of the College of Business Administration at the University of Central Arkansas in Conway from 1992 to 1995.

# Bookshelf

Over the centuries, the world has moved from the Agriculture Age to the Industrial Age to the Information Age; each transition has been helped along by upgrades in affluence, technology, and globalization.

No surprise, then, that the modern confluence of wealth, technology, and global connectedness is spurring us into a new era—the Conceptual Age. While knowledge workers such as computer programmers

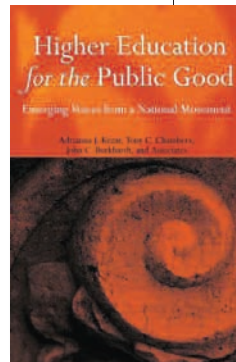
and accountants ruled in the Information Age, a whole new group of people will shape the world in coming decades: artists, inventors, designers, storytellers, and dreamers. So says Daniel H. Pink in *A Whole New Mind*, which investigates how right-brain skills such as emotion, synergy, and empathy will be in higher demand than left-brain skills of logic and sequence. Pink's informal and entertaining language is always a delight to read; his ideas are equally appealing. Pink believes the aptitudes that will carry workers triumphantly through the Conceptual Age are design, story, symphony, empathy, play, and meaning. These capabilities, once considered frivolous, "will determine who flourishes and who flounders." Let the new age begin. (Riverhead Books, \$24.95)

Chiropractor Jeff Greenfield wanted to attract patients to his new practice, but how could he draw attention in a crowded market? He decided to treat anyone—even those without insurance and those who couldn't pay—



with the stipulation that they had to tell everyone they knew what a great chiropractor he was and how he'd changed their lives. He eventually built a multimillion dollar business, mostly from word-of-mouth advertising that created "buzz" about his service. His tale is just one of the fascinating and thought-provoking case studies Mark Hughes offers in *Buzzmarketing*, which is accurately subtitled *How to Get People to Talk About Your Stuff*. Hughes' ideas are a little zany but most of them have been proven to work—for Miller Lite, for Half.com, for "American Idol." Hughes makes marketing seem both fun and successful. (Portfolio, \$23.95)

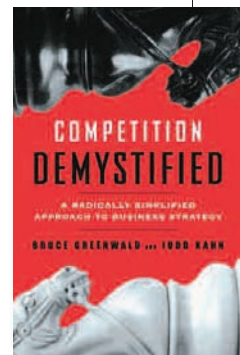
Is the covenant between society and institutions of higher education undergoing a worrisome transformation? Many believe it is. Some leaders are concerned that "higher education is forgoing its role as a social institution and public role in society and is functioning increasingly as an industry," writes Adrianna J. Kezar. She has joined with Tony C. Chambers, John C. Burkhardt, and others to write *Higher Education for the Public Good*, which



examines the changing role of universities in today's society. Their observations are bolstered by commentary of experts from the National Forum on Higher Education for the Public Good, formerly the Kellogg Forum. They acknowledge that education's "historic agreement

with the American people" constantly evolves to meet present times, but they also fear that higher education is in danger of losing its way. The book is a dense and detailed look at the compact between education and society. (Jossey-Bass, \$40)

While Michael Porter has identified five forces that govern competitive strategy, Bruce Greenwald and Judd Kahn believe one of them is far more significant than the others: barriers to entry.



"If there are barriers, then it is difficult for new firms to enter the market or for existing companies to expand," they write in *Competition Demystified*. "If there are no barriers to entry, then many strategic concerns can be ignored." The top three barriers—which also act as competitive advantages for existing companies—boil

down to supply, demand, and economies of scale. For instance, a company has a demand advantage when customers are "captive" to its products because the costs of switching to new products are so high; this creates a barrier to entry for a new company with similar products or services that are too expensive or time-consuming to implement. The authors also offer straightforward advice for both entrenched corporations and feisty newcomers: Think locally, expand strategically, and always defend your territory. Clear writing and plenty of real-life case studies make the book easy to read and the arguments persuasive. (Portfolio, \$26.95)

# Spotlight

## Mission Driven

E. J. Ourso College of Business  
Louisiana State University  
Baton Rouge, Louisiana

**Support economic development. Expand research.** Develop professional graduate programs. Increase rigor and relevance of the undergraduate program. These are the four strategic directions recently established for Louisiana State University's Ourso College of Business Administration. "We have just completed a major branding campaign that helped us gain a better understanding of who we are and where we want to go," says dean Robert Sumichrast.

The first goal, creating and sustaining local economic development, isn't just a goal—it's an obligation for a business school at a state university, says Sumichrast. "Louisiana has only one or two Fortune 500 companies headquartered in the state, depending on the market," he says. "For the last several years, we have made a very conscious effort to try to assemble good talent in the state and encourage entrepreneurship through outreach."

One very visible component to that outreach is the annual New Venture Business Plan Competition, an event sponsored by the college in partnership with the Baton Rouge Business Report. The competition is open to anyone over 18 in the ten-parish region who has an idea for a business that has not yet been launched. Unlike winners in other plan competitions, however, the winner of the New Venture competition must launch his or her business within six months of receiving the award. This requirement is in place to ensure that the winner has a direct impact on the local economy, says Sumichrast.



Ourso's Louisiana Business & Technology Center (LBTC) is also a primary conduit for local outreach. Through its business incubation, small business counseling, entrepreneurship training, and financial analysis services, it promotes business in the state of Louisiana by giving small businesses access to the resources they need to be successful. In 2005, the National Business Incubation Association named the LBTC the Incubator of the Year.

To support the school's three other strategic goals, which focus on the school's research activity, professional graduate program, and undergraduate program, Sumichrast created a dean's advisory council (DAC). The DAC replaces the previous administration's two, largely honorary advisory councils. "I told everyone who agreed to be part of

Left: The 175-foot LSU Memorial Tower and campus focal point, built in remembrance of 1,400 Louisianans who died in World War I. Below: Ourso MBAs working with a client of the LBTC, the school's small business incubator. Bottom: Jennifer Lo, president and CEO of biotech company L.A. & Company, which won Ourso's 2004 New Venture competition.



the new DAC that their posts weren't just ceremonial," he explains. "I really needed their advice and active involvement."

Members of the DAC have risen to that challenge, he says, working to develop business partnerships, suggest ways to improve the MBA curriculum, boost fund raising, survey recruiters and deans for the branding initiative, and even do some judging for the New Venture competition.

The result has been a comprehensive push to improve the school and fulfill its mission. "We now have a message that I think everyone approves," says Sumichrast. "We are focused on achieving national prominence, and we have four strategic directions to pursue to achieve that vision."

The Ourso College is accredited by AACSB International. **Z**