

# BizEd

MARCH/APRIL 2006

Korea's  
**Sung  
Joo Kim**  
Faith in Business



Best Bets for  
Marketing  
the B-School

The Economy  
of the Future

# BizEd Contents

MARCH/APRIL 2006

VOLUME V, ISSUE 3



DEPARTMENTS



FEATURES

- 6 From the Editors
- 8 Letters
- 10 Headlines
- 50 Technology
- 52 Research
- 54 Your Turn
- 56 Bookshelf
- 58 Calendar
- 60 Classifieds
- 64 Spotlight

- 16 **Refashioning the World**  
Korea's Sung Joo Kim understands the complex intersection of business, education, corporate responsibility, faith, and fashion.
- 22 **Attention Grabbers**  
Four business schools seize on controversial and original ideas to market their programs and increase their brand visibility.
- 30 **The Power of Virtual Marketing**  
Online technology is a portal for marketing and branding the business school.

- 36 **B-Schools and the Common Good**  
Business can change the world in profound ways—and Boston University's Louis Lataif argues that business schools need to drive home that critical message.
- 40 **The Next Economy**  
Joseph McCann believes business schools should prepare students for an economy that is yet to come.
- 46 **Tapping Into the Tipping Point**  
What key events spark moments of change? Stephen Stumpf describes a dramatic tipping point at Villanova.

Cover photo: Patrick Harbron

# From the Editors

## Big Moves, Big Rewards

I recently sold my house and moved to a new home. I was so busy envisioning a bright and beautiful new residence that the move itself seemed incidental. Five years had passed since my last relocation, and I'd long since forgotten just how challenging and overwhelming the process can be. It seemed that the more stuff I boxed and bagged, the more stuff I had to bag and box. By the end, I was left debating just how to lift and pack three 60-pound bags of cement from an earlier outdoor project (very carefully, one at a time); just what was the best way to secure three goldfish and a partially drained 26-gallon aquarium (with a seatbelt, in the front seat of the car); or just whether it was worth keeping those *Better Homes & Gardens* magazines I'd carefully collected since 2000 (it wasn't). Two sleep- and energy-deprived weeks later, I look back with disbelief that I was able to finish the move at all. And, surprisingly, I experienced a touch of sadness at leaving my old house, even if I was making a change for the better.

But I also realized that such transitions, although not without their pain and challenges, can be absolutely necessary. As creatures of habit, many of us would stay well within our comfort zones if we could. In doing so, we'd miss too many of the advantages that accompany the challenges of moving on: upgrades to better environments, chances for new experiences, changes in perspective. Big moves compel us to clear out the mish-mash and make a clean transition from one phase to the next.

These benefits can come from a move to a new location, as we describe in this month's Spotlight. In July 2005, Singapore Management University moved from its old suburban grounds to a new city campus. Or, the benefits can come from a transition to a new mindset, as Boston University's Louis Lataif calls for in his article "B-Schools and the Common Good." He argues that it's time for business schools to turn the public away from its tendency to link business with scandal, greed, and corruption. It's time, he says, to show society how the efforts and innovations of enterprise increase the quality of life for all the world's citizens. Neither type of move is easy, but both are certainly worthwhile.

One thing is clear: Big moves take time and effort at any level, whether it's to a new home or campus, or to a new way of perceiving business's impact on the world. But with planning, persistence, and patience, such shifts can have a tremendously positive impact for years to come. We just have to be willing to do what it takes to make the trip. **Z**



*Julia Bisson*

BILL BASCOM



## Re-Examining Intelligence

In the article “Examining Intelligence,” which appeared in the January issue of *BizEd*, Robert J. Sternberg discusses ways to improve standardized admissions tests. My colleagues and I at the Graduate Management Admission Council—which provides the GMAT exam—encourage such research and even help fund promising ideas.

Sternberg’s research contributes to our understanding of intelligence. But he simply does not yet have the evidence to demonstrate that the small-scale version of the business school assessment he pilot-



ed with the University of Michigan is up to the task of accurately, effectively, and repeatedly sizing up potential candidates.

On the other hand, the continuing success of the GMAT exam builds on more than 50 years of research and experience. We believe the GMAT is a powerful component of the admissions process because it provides an objective, bias-free way

to compare applicants whose academic and personal backgrounds may vary widely. It has been designed from the ground up to assess the critical thinking skills that business school faculty have identified as the skills they expect of incoming students.

We recently completed a summary of 273 program-level validity studies involving more than 40,000 students from around the world. This analysis underscores that the GMAT exam is an exceptionally good predictor of how well a student will perform academically in the core business school curriculum. Another prerequisite skills survey was launched last fall. Several large studies have repeatedly shown that the GMAT contains questions that are reliable, valid, and not readily coachable. Our rigorous test development process assures that each person’s score is comparable to every other person’s score, regardless of their backgrounds.


We heartily agree with Sternberg’s assertion that standardized tests should not be given more weight than they deserve. Admissions personnel do supplement the GMAT information with subjective measures, such as interviews, personal statements, and their professional judgment, to fully evaluate each applicant’s potential to succeed in their programs.

*Lawrence M. Rudner*  
*Vice President for Research and Development*  
*Graduate Management Admission Council*  
*McLean, Virginia*  
*Editor, Practical Assessment, Research, and Evaluation*

**Welcome to**  
**Fu Jen Catholic University**

AACSB International accredited ever since April 2005  
 The only Beta-Gamma-Sigma Chapter in Taiwan

- Exploring your Asia experience via the study on Fu Jen Catholic University, the pioneering AACSB accredited universities in Taiwan.
- Human-centric, resources integration, innovative knowledge, and global vision.
- Diversified pedagogies, caring humanity, ethical emphasis, and integrated research.
- Friendly campus for international students, well-equipped facilities, and abundant library resources.

 <http://www.management.fju.edu.tw/>

# Headlines



## ■ AACSB Promotes Peace Through Commerce

Can business schools help bring peace to the world? A growing number of thought leaders believe they can—and AACSB International is working on ways to identify and coordinate some of their efforts. To that end, AACSB has established the Peace Through Commerce Initiative to recognize the unique roles that management educators worldwide can play in helping business collaborate with international peace efforts.

“AACSB International believes that business and business schools can be catalysts of a new generation of peace,” says John Fernandes, president and CEO. “Through the work of the Peace Through Commerce Task Force, AACSB will design strategies to enhance the

role of business schools in advancing world peace.”

The task force will concentrate its initial efforts in several key areas. First, it is working to compile an inventory of member schools currently involved in initiatives with a “peace dimension.” A December survey asked schools to identify partnerships, exchange programs, faculty projects, student projects, curriculum-based initiatives, and any other activities that “contribute to peaceful co-existence on our planet.” A sampling of some of those projects will be featured in an upcoming issue of *BizEd*.

The task force also is considering ways to support scholarship that

shows a link between business and peace and to facilitate collaboration between schools. One possibility is a Peace Through Commerce

Web site that will include links to innovations, curriculum resources, and best practices in the field. Additionally, peace initiatives will be under discussion at future events such as AACSB’s International Conference and Annual Meeting, which will be held in conjunction with EFMD in Paris on April 23 through 25.

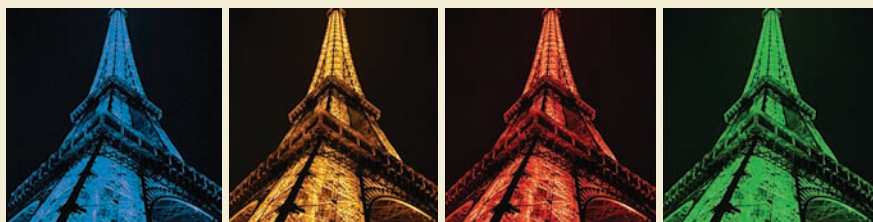
## ■ Fernandes Recognized for Leadership

**John J. Fernandes, president and chief executive officer of AACSB International,** has won the Corporate Entrepreneur of the Year Award presented by the United States Association for Small Business and Entrepreneurship (USASBE). This is only the fifth time in 15 years that the award has been presented.

The honor recognizes Fernandes’ leadership in transforming AACSB International by working with the board of directors to implement a new corporate governance structure, advance thought leadership, and expand services. Since Fernandes joined AACSB in 2000, the number of AACSB-accredited business schools outside the United States has increased fivefold, and total membership has increased by 30 percent.

“Many individuals have been the catalysts in AACSB’s transformation, so I feel that the award belongs to the past and current board members, staff, committees, and task forces,” said Fernandes. “I am very pleased to accept it on behalf of all of them.”

## April in Paris



**Management educators from around the world will gather in Paris April 23 to 25 as AACSB International holds its International Conference and Annual Meeting in conjunction with the annual meeting of the European Foundation for Management Development. The events will take place at the Palais des Congrès de Paris.**

Featured speakers will include Dominique de Villepin, the prime minister of France, and James Goodnight, CEO of SAS Institute. A wide range of international speakers will discuss topics such as AACSB accreditation, EFMD accreditation, the role of global consultancies in management education, ethics and social responsibility, international strategic alliances, the future of faculty and scholarship, the rankings dilemma, the best way to diversify funding sources, and the state of e-learning. Updated information will be posted on the organizations’ Web sites at [www.aacsb.edu](http://www.aacsb.edu) and [www.efmd.org](http://www.efmd.org).



## Green Investing

**Socially minded students at Lehigh University** in Bethlehem, Pennsylvania, are participating in a socially responsible investing contest as a way to learn business ethics and corporate social responsibility outside of the classroom setting. Winners will be announced on March 20—which is Earth Day 2006.

Students have been given a hypothetical \$500,000 to invest in a portfolio via the *IWF Advisor* software package. The software allows students to screen the S&P 500 for possible investment opportunities based on 49 factors, including environmental performance, human rights, labor relations, and diversity. Students participating in the contest are guided by the mantra, “Invest in what you believe, believe in what you invest.”

“We may not realize it, but Americans are involved in socially responsible decision making all the time. You buy from and invest in companies that share your core beliefs,” explains David Myers, director of Lehigh’s Financial Services Library. “This is the future of investing. In the broadest sense, our students are applying nonfinancial factors to a strictly financial process. They will also be exposed to the important causes and effects of business ethics, in the truest sense.”

## A Tale of Two Naming Gifts

**Two business schools have recently received** significant donations that have led them to name their schools after their benefactors. The Faculty of Management at McGill University in Montreal, Quebec, has received a \$22 million donation from the Canadian Credit Management Foundation, headed by Marcel Desautels. The gift is the largest single donation ever made to a Canadian business or management faculty. To honor the gift, the busi-

ness school has been renamed the Desautels Faculty of Management.

In San Antonio, Texas, St. Mary’s University has received \$25 million from Bill Greehey, chairman and CEO of Valero Energy Corporation. The endowment, the largest single gift in the university’s history, creates the Bill Greehey School of Business.

## Instant Activism

**Too busy to change the world? Not any** more. Students at Babson College in Wellesley, Massachusetts, have designed a Web page, [www.TheFiveMinuteActivist.com](http://www.TheFiveMinuteActivist.com), that allows people to hook up almost instantly with global human rights organizations.

“The Five Minute Activist allows even the busiest person to improve our world in just a couple of spare minutes,” says Babson professor Elizabeth Swanson Goldberg. Undergraduate students Eddie Drake, Kevin Guy, and Jay DeRienzo created the Web site as a project for Goldberg’s course, “In the Extreme: Interdisciplinary Approaches to Human Rights.”

The site offers links to Amnesty International, Human Rights Watch, Stop Violence Against Women, and other organizations. It also provides links to sample letters on topics such as opposing executions.

“The students initiated a deeply innovative approach to activism



## Rust Named Top Business Speaker

**Ed Rust Jr., chairman and CEO of State Farm Insurance Companies in Bloomington, Illinois, has been named 2005’s “best business speaker”** for a speech he delivered last year at AACSB International’s International Conference and Annual Meeting in San Francisco. The speech, titled “Whatever It Takes,” was a winner in the annual Patrick Henry Awards presented by *American Speaker* magazine.



According to **Aram Bakshian Jr., the magazine’s editor-in-chief, Rust’s speech was “a powerful pitch for stronger emphasis on ethics in American education and the private sector.”**

**Bakshian adds, “At a time when corporate scandals and white-collar crime loomed large in the headlines, Rust delivered a truly eloquent address...on the importance of integrity in the business community.”**

and became serious activists themselves in the process of creating and overseeing their Web site,” says Goldberg. “Their work went far beyond the scope of the course and models the powerful process of turning awareness into action. The Web site provides an impressive solution for so many who want to do something but haven’t found the tools.”

## Awards for Social Responsibility

**Students from two French schools—Audencia Nantes School of Management and engineering school Ecole des Mines de Nantes—will work together to decide which corporations deserve trophies for global corporate responsibility. Management and engineering students will audit the firms vying for the awards.**

The nomination process began in January with a series of debates backed by the regional and national department of industry, research, and environment. Debates will continue through November, with the goal of helping companies formulate corporate responsibility measures, but trophies will be given out in



May during the French sustainable development week.

The trophies initiative falls under the umbrella of Audencia Nantes’ Centre for Global Responsibility. In June 2004, the school became the first in France to sign up to the U.N.’s Global Compact, committing itself to making further ethical efforts across all activity.

## CEIBS Mourns Death of President

**Zhang Guohua, president of the China Europe International Business School in Shanghai, died of cancer in January. Zhang, 57, was a founder of CEIBS. A graduate of**

Jiao Tong University’s electronic engineering department, Zhang received his MBA from the University of Birmingham. He served as deputy dean of Jiao Tong University’s school of management and was vice president and co-dean of CEIBS before taking up the president’s position.

An official announcement on the school’s Web site proclaims, “He will not only be missed for his kindness and love for people and his country, but he will also be remembered for his foresight and entrepreneurial spirit in establishing a new international-practice model of management education in China.” The school has set up a condolence page at its Web site [www.ceibs.edu](http://www.ceibs.edu).

## SHORT TAKES

### NEW APPOINTMENTS

■ **R. Stephen Sears** has been named the Milan Puskar Dean of the West Virginia University College of Business and Economics in Morgantown. He replaces Jay H. Coats, who retired. Sears is the former senior executive associate dean of Rawls College of Business Administration at Texas Tech University.

■ **Marc D. Miller** has been named dean of the College of Business Administration at Augusta State University in Georgia. An associate professor of business administration, he previously served at the State University of West Georgia as chair of the Department of Management and Business Systems.

■ **J. Frank Brown** has been named the next dean of INSEAD in Fontainebleau, France, and Singapore.

## Accreditation Achieved



Nine schools from five countries recently have earned international accreditation from AACSB International. They are **Groupe ESC Clermont** in France; the **University of Waikato** in Hamilton, New Zealand; **Simon Fraser University** in Burnaby, British Columbia; the **University of Surrey** in the U. K.; the **University of Evansville** in Indiana; **Frostburg State University** in Maryland; **Pennsylvania State University Great Valley** in Malvern; **Roger Williams University** in Bristol, Rhode Island; and the **University of Texas of the Permian Basin** in Odessa. This raises to 515 the number of institutions around the world that have earned AACSB International accreditation for their business schools.

# Internationally Recognized. Again.

**1<sup>ST</sup>**  
1st in customized Executive Education programs worldwide  
*Economist Intelligent Unit, 2005*

**4<sup>TH</sup>**  
4th in Executive Education open enrollment worldwide  
*Economist Intelligent Unit, 2005*

**13<sup>TH</sup>**  
13th best Executive MBA program worldwide  
*BusinessWeek, 2005*



Enroll in our flexible, customized programs now:

#### **Business Education Series**

Choose a combination from 10 one-day sessions to address your specific needs and interests.

#### **MBA Survey of Topics**

Update your business acumen with our MBA topics certificate course during 13 evening sessions.

#### **Supply Chain Management**

Learn and apply strategies during our five-day session taught by faculty from the 3rd best supply chain program in the world.

#### **Web-Leveraged Six Sigma Black Belt**

Gain the complete Six Sigma Black Belt body of knowledge through online course work combined with a five-day classroom session.

Visit [fisher.osu.edu/programs/executive-education](http://fisher.osu.edu/programs/executive-education) or call (614) 292-9300.



## FISHER

COLLEGE OF BUSINESS

[fisher.osu.edu/programs/executive-education](http://fisher.osu.edu/programs/executive-education)

Brown, who begins his term in July, is currently the Global Leader of Advisory Services for PricewaterhouseCoopers. He is only the second American to be named dean of the 45-year-old institution. Brown succeeds Gabriel Hawawini, who has led the school since 2000.

■ **Cheryl Linthicum** was named an Academic Accounting Fellow in the U.S. Securities and Exchange Commission Office of the Chief Accountant. She is an associate professor of accounting at the College of Business at University of Texas in San Antonio.

■ Three new appointments have been announced at INT Management in Evry, France. **Denis Lapert** has been named the new director of the school; **Michel Berne** was appointed academic dean of the master's program; and **Chris Wert** has been named



director of strategic audits. The school has also created a new major in entrepreneurship and developing innovative projects.

■ San Diego State University's College of Business Administration in California has named **Peter Chinloy** as its new Endowed Chair of the Real Estate Program. Chinloy will assume the position in the fall semester 2006. The chair is the result of a \$1.5 million dollar gift by The Corky McMillin Companies, a real estate enterprise.

■ The Undergraduate Business Program at Cornell University in Ithaca, New York, has announced appointments to two new endowed professorships. **Brian Wansink** has been named the John S. Dyson Professor of Marketing, and **William Lesser** has been named the Susan Eckert Lynch Professor of Science and Business.

■ **Stephen B. Tallman** has been installed as the E. Claiborne Robins Distinguished Professor in Business at the University of Richmond's Robins School of Business in Virginia.

#### **HONORS AND AWARDS**

■ **Syed Saad Andaleeb** has received a third Fulbright grant to fund his teaching and research work in Bangladesh. He is professor of marketing in the Sam and Irene Black School of Business at Pennsylvania State University—The Behrend College, in Erie, Pennsylvania. Andaleeb will spend three weeks lecturing at BRAC University in Dhaka as a Fulbright Senior Specialist.




■ **Jack Mintz** has been named to the "Tax Business 50" list of the world's most influential tax experts by U.K.-based magazine *Tax Business*. He is the Deloitte & Touche Professor of



## SHORT TAKES

Taxation at the University of Toronto's Rotman School of Management and president and CEO of the C.D. Howe Institute.



■ Eight individuals have been named inaugural Filene Research Fellows for the Filene Research Institute, which created the program to broaden its ties with top researchers on subjects related to consumer finance and public policy issues. The new Fellows are: **J. Edward Russo** of Cornell University's Johnson Graduate School of Management; **Alec Horniman** of the Darden Graduate School of Business Administration at the University of Virginia; **Will Jackson** of The Federal Reserve Bank of Atlanta and University of North Carolina-Chapel Hill; **Jinkook Lee** of Ohio State University; **Barbara Robles** of the School of Social Work and National Center for Community Development & Civil Rights, Arizona State University; **Les Silverman** of McKinsey & Co.; **Peter Tufano** of Harvard Business School; and **Jim Wilcox** of the University of California at Berkeley.

■ **Dhruv Grewal** has been named winner of the 2005 Sherwin-Williams Distinguished Teaching Competition by the Society for Marketing Advances. Grewal holds the Toyota Chair in Commerce and Electronic Business at Babson College in Wellesley, Massachusetts and is co-editor of the *Journal of Retailing*. Earlier this

month, Grewal received the 2005 Fordham University Life-Time Achievement Award in Pricing.

■ **Gerald Hills**, professor of entrepreneurship and marketing at the University of Illinois at Chicago, has received the 2005 John E. Hughes/United States Association for Small Business and Entrepreneurship Award for Entrepreneurial Advocacy. He was recognized for his "exemplary leadership, selfless sacrifice and sustained contribution to the support and advocacy of small, entrepreneurial and family businesses." This is only the third time the award has been given. Hills holds the Coleman Foundation Chair in Entrepreneurship at UIC and is executive director of the school's Institute for Entrepreneurial Studies. He is co-founder and chair of CEO, the Collegiate Entrepreneurs' Organization, which has clubs on 128 university campuses.

## COLLABORATIONS

■ **Babson College** in Wellesley, Massachusetts, has announced two new collaborations. Along with **Nankai University Business School** in Tianjin, China, Babson will launch the first China-U.S. Symposium for Entrepreneurship Research and Education at Nankai University in April. The symposium will include a two-day international conference on entrepreneurship research and education, as well as a three-day session on entrepreneurship education for business faculty from China's major universities. Babson has also signed a strategic partnership with the Trinity School of Business at the **University of Dublin**. The arrangement will result in student exchange programs,

joint student projects, entrepreneurship initiatives, executive education programs, and faculty exchanges.

■ **Tsinghua School of Economics and Management** in Beijing, China, and **HEC-Paris** have signed an agreement to deliver a dual degree MBA program. After completing their first-year core courses, students in the Tsinghua MBA program will complete their second year at HEC.

■ The **Grenoble Graduate School of Business** in France has launched an MBA program in the republic of Georgia, in partnership with the **Caucasus School of Business** in Tbilisi. The new program, aimed at managers and entrepreneurs in Georgia, enrolled 20 students for its inaugural cohort. Participants will earn an MBA from Grenoble and an executive MBA from CSB.

■ The **Indian Institute of Management** of Ahmedabad (IIMA) and **ESSEC Business School** in Paris have strengthened their strategic partnership with a double-degree program to begin in September 2006. Students from IIMA's Post-Graduate Program and ESSEC's MBA program will receive full degrees from each institution, which will require long-term residencies at each school and professional experience of at least six months in the country that is not native to the student.

■ **ESSEC Business School** in Paris has launched the Financial Reporting Chair in partnership with **KPMG**. The chairholder will become a center of expertise for international



Arizona State University • AGSM • Babson College • Bentley College • Bocconi University • Boston College • Boston University • Brandeis University • Carnegie Mellon University  
 Case Weatherhead School of Management • CEIBS • Chinese University of Hong Kong • College of William and Mary • Columbia Business School • Copenhagen Business School  
 Cornell University • Cranfield University • Darden School of Business • Duke University • EGADE - Tecnológico de Monterrey • Emory University • ESADE • Fordham University  
 Georgetown University • Hawaii Pacific University • HEC • HKUST • Hult • Ibmec São Paulo (Instituto de Empresa) • IESE, University of Navarra • IMD • Indiana University  
 INSEAD • International University of Japan • ITAM - Mexico • Ivey School of Business • Judge Business School, Cambridge • KAIST • KDI School of Public Policy and Management  
 London Business School • Manchester Business School • McGill University • McMaster University • Melbourne Business School • Michigan State University • Michigan's Ross School of Business  
 MIT Sloan • Monterey Institute of Int'l Studies • Nanwang Technological University • National Cheng Kung University • National University of Singapore • Northeastern University • NYU Stern  
 Pontificia Universidad Católica De Chile • Portland State University • Purdue University • Universidade de Pernambuco • York University • RSM Erasmus University • St. John's University  
 Suffolk University • Sungkyunkwan University • Syracuse University • Temple University • Thunderbird School of Business • Tulane University • Universidad Adolfo Ibáñez • Universidad De Chile  
 Universidad De Los Andes • University of Arizona • University of British Columbia • University of California Berkeley • University of California Davis • University of California Los Angeles  
 University of California, San Diego • University of Chicago • University of Colorado at Boulder • University of Dallas • University of Denver • University of Hawaii at Manoa  
 University of Hong Kong • University of Illinois at Urbana-Champaign • University of Iowa • University of Maryland • University of Minnesota • University of North Carolina  
 University of Oxford • University of San Francisco • University of Southern California • University of Toronto • Vanderbilt University • Wake Forest University • Warwick Business School  
 Washington University in St. Louis • Wharton • Worcester Polytechnic Institute • Yale University • Yonsei University • York University • Schulich School of Business

# THE MBA TOUR

*Your future begins here*

**Great Clients. Great Results. Thanks for choosing us.**

**Strategic, Intelligent MBA Recruiting**

**Asia • India • North America • South America**

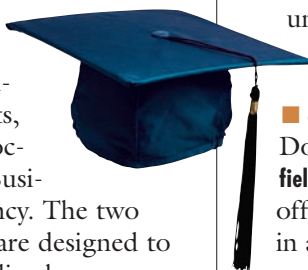
[www.TheMBATour.com](http://www.TheMBATour.com)

+ 1.781.756.0100

financial reporting standards, which have caused general restructuring of financial systems in European Union countries. Peter Walton and Wolfgang Dick have been named co-directors of this chair.

#### NEW PROGRAMS

■ This September, **Bentley College** in Waltham, Massachusetts, will offer its first doctoral programs in Business and Accountancy. The two doctoral programs are designed to be flexible, personalized programs that offer opportunities for cross-disciplinary research. Bentley's two new Ph.D. programs will focus on business, technology, and society in areas such as global commerce and cultures, ethics and social responsibility, business and information technology, and the intersections of the arts and the sciences with business.



■ **The University of Maryland's** Robert H. Smith School of Business in College Park has unveiled plans to offer an Executive Master of Science in Accounting program. The program will include a focus on internal auditing that will help participants understand the provisions of the Sarbanes Oxley Act.

■ Starting this summer, the Dolan School of Business at **Fairfield University** in Connecticut will offer a master of science degree in accounting. The full-time, one-year cohort program will fulfill the 150-credit hour requirement most states require before candidates can take the CPA examination.

#### OTHER NEWS

■ The Wharton School of the **University of Pennsylvania** in Philadelphia has announced the establishment of a Shanghai Representative Office to host a variety of China-related

programs. The office will be led by **Phillip Y. Wu**, who will serve as managing director. The Wharton Shanghai Representative Office will market and support short-term executive education programs in China, where discussions are already under way with major Chinese companies. The office will also support the publication of China Knowledge@Wharton, launched in March 2005. The new publication is designed to reach management leaders in the Chinese-reading population and develop special reports on China.

■ The LeBow College of Business at **Drexel University** in Philadelphia, Pennsylvania, has launched its Center for Corporate Governance. Serving as executive director is **Ralph Walking**, first chairholder of Drexel's Christopher and Mary Stratakis Chair in Corporate Governance and Accountability. **Z**

# Refashioning the World

**Korean retailer  
Sung Joo Kim uses  
her string of high-end  
boutiques to market  
designer labels — while  
opening doors for  
women and raising  
funds for good works.**

**by Sharon Shinn**

**Sung Joo Kim talks with equal ease on the topics of business, family, education, religion, social responsibility, and luxury goods.** For Kim, the founder of retail fashion chain Sungjoo International in Seoul, Korea, they're all inextricably linked. She is keenly aware that as one of the rarest creatures on earth—a Korean woman who runs an international business—she is in a position to support good works, inspire other women, and generally make the world a better place.

Adding charm to her business savvy, social conscience, and willpower, Kim comes across as an unstoppable force. That's particularly true when she describes how she convinced her father, a strict traditionalist who did not believe women should pursue careers, to allow her to attend Amherst College in Massachusetts in the late 1970s. First she staged a hunger strike. When that didn't work, she searched for prominent Amherst graduates in Korea—such as scholars and cabinet members—and invited them to her father's house for dinner.

"They said to him, 'We understand your daughter was accepted to Amherst. Would you allow her to go?'" she relates. "Ten pairs of eyes focused on his face. He couldn't say no!"

She had already earned a B.A. in theology and sociology from Yonsei University in Seoul. The B.A. in sociology from Amherst was quickly followed by two more degrees: a master's in international relations from the London School of Economics and a master's degree in theological studies in business ethics and economics from Harvard University. In 2000, she also was awarded an honorary doctorate of humane letters from Amherst.

Her desire for an education and a career led to a years-long estrangement with her family, but they eventually reconciled. In 1989, her father lent her the money to launch Sungjoo International, and Kim introduced Western-style retailing to Seoul. Today, the 85 retail stores carry designer brands like Gucci, Yves Saint Laurent, Lulu Guinness, Billy Bag, and Marks & Spencer. Under the umbrella of Sung Joo Group, Kim also runs Sungjoo Merchandising Inc. and Sungjoo Design Tech & Distribution Inc., and together the enterprises gross more than \$100 million.

Her success has led to a host of accolades. She was named one of the 1997 Global Leaders of Tomorrow by the World Economic Forum; one of the most powerful businesswomen in the 21st century by *Working Woman* magazine in 1999; and one of the seven most powerful women in Asia by *Asiaweek* in 2001. In 2004, the *Wall Street Journal* called her one of the Top 50 Women to Watch.

While Kim loves fashion retailing, she sees it as only part of a higher calling. She serves on the boards of Save the Children and several other foundations, and her business donates money to charitable organizations throughout Asia. She is passionate about bringing women into the Korean workforce and is deeply involved with two Web-based initiatives—HRKorea.co.kr and iwillb.com—that focus on helping women find jobs, get educated, and manage money. It seems fair to say that Kim is dedicated to saving the world with fashion and style.



## When I was at Amherst and Harvard in the '80s, I found it quite worrisome that students at leading schools in a mighty country like

### **Your education choices are fascinating. Did you have a career plan in mind when you began enrolling in programs for theology, sociology, and business ethics?**

I wasn't thinking about a career path; I just wanted to escape Korea. Girls brought up in traditional Asian families are not expected to pursue careers. They're expected to graduate from college, get married, and have big families.

I had three brothers and two sisters, and I watched them very carefully. I wondered why girls, even when they were as capable as boys, weren't allowed to choose the subjects to study in college. Instead, their choices were limited to literature, music, art, and home economics.

It's the other way around for men. The only way they can draw respect from society is to enter the top schools. My older brother died in a tragic way when he was 18 and was trying to gain admission to a top school. This made me question why human beings suddenly appear and disappear. It made me ask fundamental questions about my being and my life, which made me interested in theological studies.

### **Why did you move into the field of sociology?**

Sociology is the opposite of theology. Theology is top-down. You assume God is there. But in sociology, you assume that everything is based on statistics or scientific theories, so you don't really consider the presence of abstract beings. These two courses of study gave me a great sense of balance.

When I studied sociology at Amherst, it also helped me learn Western society, because it touches all the broad subjects, from economics to culture to art to women's studies to political science. At the same time, it provides a particular skill set, teaching students to read statistics and understand numbers.

### **Both theology and sociology seem far removed from business. How did you first develop an interest in business as a career?**

At Amherst I started to recognize my business blood. I had grown up in a house with maids and janitors and drivers. But at Amherst, I was washing my own clothes and making my own bed; and I took a job in the school cafeteria washing dishes. That gave me a lot of independence.

I was also a member of the choir, and we were selling T-shirts to raise funds to go on a European tour. I learned that selling is a function of how you promote yourself. Most people were selling T-shirts for \$10. I sold one T-shirt for \$100. I raised more than \$3,000 for the fund, and I thought, "Hmm, I have good sales skills."

### **During the time that you were estranged from your family, you began working at Bloomingdale's. How did that job come about?**

A friend introduced me to Marvin Traub, the chairman of Bloomingdale's. He was looking for someone to help him do a promotion with Korean goods. In the mid-'80s, Korean cars and electronics were showing up on the American market, and everyone was looking ahead to the 1988 Seoul Olympic Games. Korea was one of the major Far Eastern companies exporting to the U.S., because this was before China opened up.

Bloomingdale's was the best retail business school in the world, and I was paid to attend! I was there about two and a half years, working with top managers, and I could see how they planned events and coordinated merchandise. During this time, they launched a few well-known brands, like Armani, to American markets. I learned a great deal.

### **In 1989, you opened Sungjoo International. Why did you think the time was right for you—or anybody—to start a high-end retail fashion business in Korea?**

I wanted to start my own business, but I had no money. Around this time, the Korean government made luxury import business possible, so big brands were coming to Korea looking for partners. Everyone was interested in working with me because I was just back from New York, I had been trained at Bloomingdale's, I had a good education, and I was from a respected family.

I had helped my father with some business deals, so in 1989, he called me to his office for the first time in my life. He said, "I owe you something. What would you like?" He lent me \$300,000, and I started my company.

### **Running an international business requires you to maintain a global perspective. How can business schools give their students that global outlook?**

When I was at Amherst and Harvard in the '80s, I found it quite worrisome that students at leading schools in a mighty country like America could be so parochial. A lot of Americans have very inside-the-box thinking.

I compare the education I got there to the education I got in London. I think, because of historical events, Europe has been exposed to international cultures on a global scale, and Europeans have an enormous understanding of the world. Although it's hard to generalize, I don't think American education has really provided that. My American education has given me great leadership training and great fiscal training, but it still presents a very American view of the world.

## America could be so parochial. A lot of Americans have very inside-the-box thinking.



At the London School of Economics, what I noticed was that they didn't teach us to look for the correct answer. They taught us to look for the right answer for the right situation. The British education provided me with a multidimensional way of looking at the world and with enormous space to observe and understand different cultures. Maybe that was because of the department I was in, or the subject I studied; but a tremendous diversity of cultures was represented among the students. That's what American schools are lacking.

How can we educate American students who are going to excellent business schools, who are going to run multinational corporations on different continents? America is so big that it's a self-defined market—Americans don't think they have to go outside of the country. A well-known British director told me that when he worked in Hollywood in the 1980s, very few Americans had ever even applied for a passport.

### **And today that number is just over 20 percent.**

That still means the majority, 80 percent of Americans, never travel outside the country. They're only exposed to the world through the media. So that's how they look at American affairs. That's how they see the way America deals with Iraq and China and the European Union. From my point of view, that's a form of isolation. If the schools don't teach students about globalization and different cultures, those students will have very boxlike thinking.

**Many American business schools are forming partnerships with schools in Europe and Asia, so they might feel this has changed.**

The only reason they are forming these partnerships is for the sake of opening another door for themselves, not necessarily training their students on a global scale.

### **When American schools do partner with schools in Asia, what would you hope the students would learn there?**

Students should do what I did. I came to America from Korea without being able to speak proper English. I was eventually able to break my small mode of thinking as I was exposed to a great new space. Now I can possess both East and West, and I have a multidimensional view. In this new era, without globalization there is no way to survive.

### **Worldwide, in both business and business schools, women are still a distinct minority. How can business schools convince more women to enroll in their programs?**

They must bring in more female faculty. They must deal with more cases that show how women succeed. They must bring in more subject matter in which the curriculum relates to women. For the national economy, for national competitiveness, more women have to go into business, because women create more jobs.

Not only is fashion retailing great fun for me, but it is a great channel to access other women. Out of my company of 500 people, 85 percent to 90 percent are women.

### **You've said that, when you speak at Korean universities, you encourage students to consider your company as a case study for a management model where women take leadership roles. What do women bring to the business table that men don't?**

In front of us is a new paradigm, brought about by the Internet revolution and the light speed of globalization. We are moving from a manufacturing economy to a knowledge-based economy, and that's just provided a new playground for women. All that matters now is brainpower. With Web sites, with e-commerce, we don't see our customer any more. This gives us access to the whole global market in an indiscriminate way.

The Internet-based service sector is *the* industry now—and not just for software and computers, but also for content development, data warehousing, and customer relations. Already there are women who have achieved stardom in companies that are IT-based or Internet-related—such as Meg Whitman from eBay and Cynthia Harriss from The Gap.

Women can take their sensitivity and blend it with technical ability. This is the new equation: IQ plus EQ—which is emotional quotient—equals WQ, which is women's quality.

## Business schools must bring in more female faculty. They must deal with more cases that show how women succeed.

The new era, the new paradigm, the new century all require women's leadership.

### **This sounds great, but do you believe that women also have some weaknesses as top managers?**

We have to learn to think about succession planning. Men know how to bring subordinates along. Even though women are good at looking after people, we're not necessarily good at looking after our younger women and bringing along the next generation.

### **Since you've started your retail operation, how has the business climate for women changed in Korea?**

Among women of working age—those between 20 and 50—about 65 percent are working, which is decent. However, among college-educated women, only about 30 percent are working. If you look at middle management, you see that less than 3 percent or 4 percent of women get promoted to

that level. And if you look at the biggest corporations, you see that there are no women vice presidents.

So who are the working women in Korea? Some are cleaning ladies. Many are teachers. Some are working in the factory. That's it. We are completely undermining half of the population.

During the Asian financial crisis, it was very interesting. Some Asian countries utilize women—like Hong Kong, Singapore, and China. Korea and Japan do not. The countries that do not utilize women are the ones that really went into crisis.

After the Korean financial crisis of 1997–98, I wondered why one of the healthiest economies in Asia went through such chaos. I thought one of the ways to cure this problem would be to work through the women, because there are three fundamental causes of problems in our society.

The first one is education. When women don't work and have babies, they want their kids to succeed. Frankly speaking, women are the ones who create some of the overcompetition in education. The second problem in our society is corruption. A lot of times, bribery and tax cheating are caused by wives who are overconsuming. The third problem is that half the brains are not exploited at all. When we lose the brainpower of our women, we lose half of our competitiveness.

So I don't believe the financial crisis is just a man's problem. Women in Korea used to be victims of tradition, but we're not victims any more. Now we're helping to cause all of these problems. I want to tell the women in Korea to wake up. Don't sit around and complain to men. Unless we wake up, society will not change.

### **What can you do to wake up Korean society?**

After the financial crisis, I invited Dominic Barton, the chairman of McKinsey's Asia Region, to write a report about how women can contribute to the knowledge economy in Korea. McKinsey did a pro bono project for me, researching other countries to see how they utilize women's capacities. They wrote a paper, made a booklet, and handed it to the Korean government, which eventually created a new ministry of women's affairs.

I also wrote a book titled *Wake-Up Call*, although in Korea the title was *I Want to Be a Beautiful Outcast*. I described my experiences in business, how I fought against corruption and male chauvinism. I talked about how women can really maximize their strengths. I also described how, in my business, we adopted the IT system early enough to make all our transactions transparent.

## Consultant

**Milton Blood**  
Serving Higher Education  
and Not-for-Profit Organizations

- Strategic Management
- Performance Assessment
- Retreat Facilitation
- Leadership Team Building
- Accreditation Preparation

Milton Blood, Ph.D., is a former faculty member and administrator at Georgia Tech and UC, Berkeley. For more than 22 years he served as director of accreditation at AACSB International.

**For more information:**  
636-579-1596  
miltonblood@charter.net  
www.miltonblood.com



They must bring in more subject matter in which the curriculum relates to women.

**Transparency, ethical governance, and social responsibility have been critical to your business from the beginning. How have these enabled you to be successful?**

In cultures where corruption is rampant, to go forward you have to bribe someone at every step. But I said, "I would rather stop doing business."


So how was I going to succeed? I realized I knew my customers better than other companies, so I would look after my customers. I also realized if I looked after my employees' welfare, I would get more loyalty from them. So I provide all the scholarship funding for every single employee who has children. I offer health aid assistance any time they have health problems.

Whatever money my company earns, 10 percent of the profit goes back to society. We've helped fund a North Korean medical mission, a hospital in Madagascar, habitats for homeless women with children, and the Red Cross. For me, social enterprise is a great motivation. By helping

other people, we're earning more than just money. We're earning trust and loyalty from society. Customers know that whatever they pay for an item, 10 percent will go back to society. That's the most powerful marketing tool we've ever had.

**You've accomplished so much in your life already. What else is left that you'd like to do?**

A lot of people think I will go into politics, but I don't think so. I'm too straight. Being in politics in Korea is dog-fighting in a mud patch, and I don't want to do that.

I believe that in five or ten years, North Korea will open up, and I really want to devote myself to helping North Korea. I've been sponsoring medical missions there. A lot of work already is being done through church groups—it's more like missionary work. Now I'm a luxurious, chic lady from the fashion field, but when I retire, I really want to devote myself to that. 



**The MBA That Delivers**

*The part-time MBA landscape is fundamentally changing—location and duration, cost and content.*

**BABSON**  
MBA

**BABSON LEADS THE FIELD**  
*in creating innovative solutions for part-time students:*

- ▶ **Fast Track MBA**
  - Nationally ranked MBA taught in 24 months
  - Collaborative, team-based learning environment
  - Unique combination of Web-based and classroom learning
- ▶ **Evening MBA**
  - Nationally ranked MBA taught in 36 months
  - Team-taught "cluster courses" encourage learning from multiple perspectives
  - Career Contexts help students design their electives with a career focus

The MBA That Delivers  
[www.babson.edu/mba](http://www.babson.edu/mba)

**THE BABSON MBA FOR WORKING PROFESSIONALS**  
The #1-ranked MBA in entrepreneurship by U.S. News & World Report for the 12th straight year.



# Attention Grabbers

**In a crowded market where all competitors are offering similar products, it's difficult for** any one organization to break through the clutter and grab the attention of its target market. This is particularly true for business schools, which face local and global competition from other institutions all striving to offer excellence in management education. To engage the interest of potential candidates, business schools must craft ad campaigns and branding promotions that are unique and memorable.

Easier said than done, of course, but a handful of schools have managed to make a remarkable impact with creative, sometimes controversial, approaches to marketing their programs. Utilizing every medium from billboards to the Internet, the four schools profiled here have found ways to make students and stakeholders stop in their tracks and think hard about the advantages of a business education.

Four very different marketing and branding ideas focus a spotlight on management education.

by Sharon Shinn

## **Making It Real**

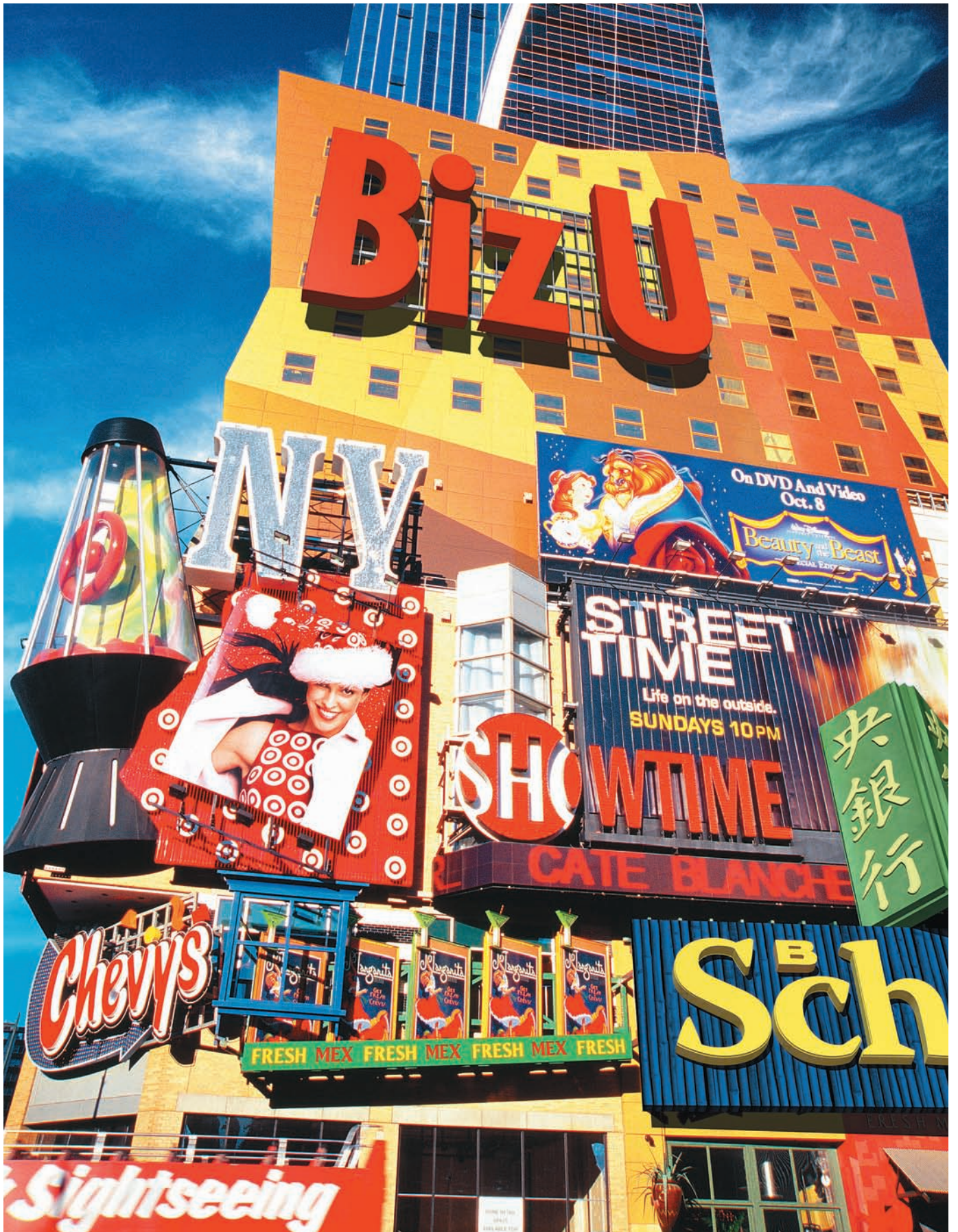
It's not often that business school ads rile the media and whip up controversy. But that's what happened when Arizona State University's W.P. Carey School of Business launched its "Get a real MBA!" campaign last year.

The goal was to let local MBA candidates know that the Carey School was "the only comprehensive accredited business school in the metropolitan Phoenix area," says Craig Smith, director of marketing and communications. Thunderbird, which is also located near Phoenix, focuses on international programs, so it was not considered a true competitor; University of Southern California and University of Los Angeles were considered too far away to appeal to candidates who didn't want to leave the city.

Of course, the University of Phoenix is right in town—and virtually across the street from one of the billboards purchased for the "Get a Real MBA!" campaign. It was quickly clear that many Phoenix residents viewed the new slogan as a direct assault on the for-profit school.

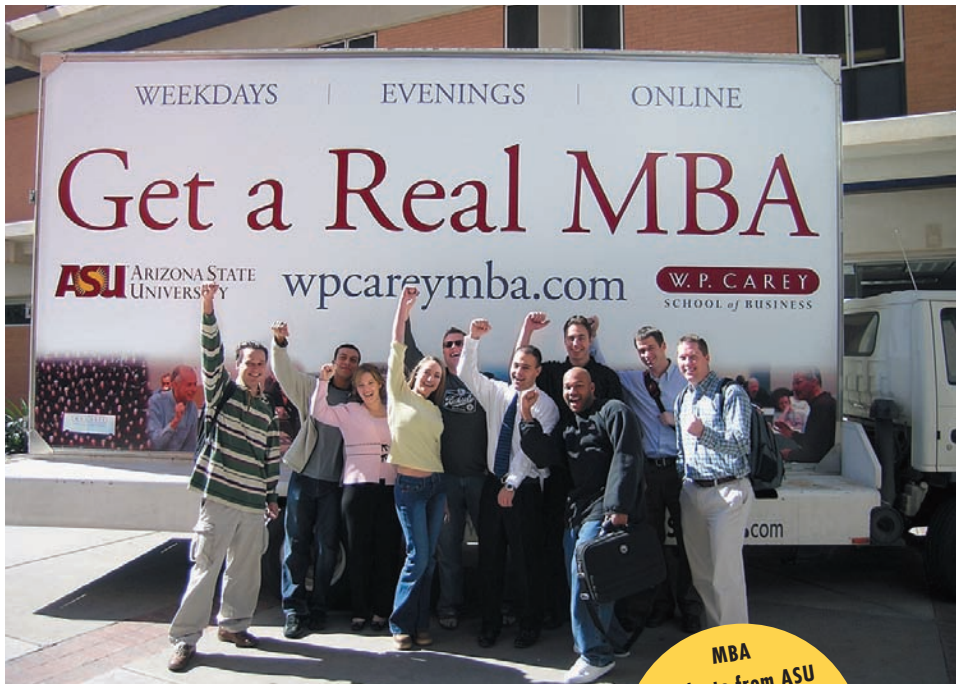
"It created quite a stir," says Smith. "I was interviewed on television. There were editorials in the paper. So temporarily the campaign became about 'us versus them,' which wasn't where we wanted to go. Eventually we relocated the billboard to avoid that one-on-one comparison."

According to Smith, the basic message of the whole campaign was to encourage prospective students to consider what defines a "real" MBA, whether it's delivered online or in a classroom. That required first defining the term internally. ASU administrators hammered out a three-part answer: thought leadership, as demonstrated by Ph.D. professors and ongoing research; alumni networking, as represented by the Carey School's more than 50,000 alums; and career advancement, as exemplified by the school's nationally ranked career placement center.



**“We have major signage at the airport over the escalators leading to baggage claim in that terminal. That space has been a primary driver for this campaign, because everyone coming in and out of Phoenix sees it.”**

—Craig Smith, W.P. Carey School of Business director of marketing and communications



Ads in the “real MBA” campaign were placed on billboards, mobile billboards, radio stations, and airport signs. Because the school was recruiting grad students, it looked at the behavior patterns of 25-to-44-year-olds in the Phoenix area. Since the majority of them work full-time and have a substantial commute, the school purchased billboard ads on major traffic routes. Many of them also travel frequently through Sky Harbor International Airport—usually through the Southwest/America West terminal.

“We have major signage at the airport over the escalators leading to baggage claim in that terminal,” says Smith. “That space has been a primary driver for this campaign, because everyone coming in and out of Phoenix sees it.”

While the school hasn’t specifically tracked how the ad campaign has translated into new students, Smith says the Carey School’s MBA programs were up both in applications and enrollments for 2005. However, he is quick to point out that the increase was driven by many factors, including a new dean, a new director of admissions, 12 new faculty, and new features on the school’s Web site. Smith believes that enrollments in the Ph.D. program were also helped by the fact that Edward Prescott, W.P. Carey Chair of Economics at the school, won a Nobel Prize in economics in 2004. “We had a good year, but a lot goes into it,” Smith says.

Nonetheless, the “real MBA” campaign was successful enough that school officials decided to continue using it,

with some modifications. The first wave of the campaign had raised awareness of ASU and its MBA programs. In the next phase, new ads asked and answered a key question. “What makes a real MBA? Knowledge”—such as that provided by faculty research and the Knowledge@WPCarey Web site. The ads also explained that the “real” in “real MBA” was an acronym for *rigorous, effective, applied, and lifelong*.

Smith expects a third stage of the campaign to unroll later. “That one will probably remind people about our strengths in career advancement and networking,” he says.

Previous ad campaigns rarely lasted longer than one recruiting cycle, but Smith expects the “real MBA” slogan to be around for the

foreseeable future. “The feeling is that this one has been really effective, as far as awareness, so we’re not rushing to change it,” he says. “It’s so hard for a business school to create a campaign that gets noticed. If people are

sick of this, which I don’t think they are, that means they’re aware of it, and that’s a major step forward for a school within a university.”

Schools considering marketing ideas that might be similarly controversial first should make sure they have top-down support, says Smith. Dean Robert E. Mittelstaedt Jr. “stood by this campaign when people were starting to complain, and that held everything together,” Smith says. “I think, to do a campaign like this, we had to have a dean who was aggressive in his approach and his understanding of what marketing could do.”

Second, to make such a campaign successful, b-schools need original ideas. “If you don’t have the ideas internally, invite agencies in to pitch them,” Smith recommends. “Your ad doesn’t have to be malicious or really aggressive to get noticed. It can be creative. It can play off something different about your school.

“Then, once you get something good, tweak it. Don’t change it just for the sake of changing,” he adds. “If you’ve got something that works, go with it. Those ideas are few and far between.”

MBA students from ASU pose before one of the mobile billboards advertising the school's programs.

# “Hits to our Web site shoot up when these commercials are on the air.”

—David Lane, London Business School communication director

## Broadcasting the Brand

TV viewers in Europe and Asia who watch business programs on CNN have had ample opportunity to view London Business School in the light of a global thought leader. For the past two-and-a-half years, the school has partnered with the network to air a series of 45-second commercials featuring faculty members discussing critical business issues. The commercials don't sell the school's programs or degrees, but rather brand it as a repository of knowledge, insight, and global perspective.

Both organizations have benefited greatly from the partnership. London Business School gets high visibility on prime-time business-oriented programs with commercials that CNN has produced; the spots are shown on CNN feeds in the U.K., Europe, the Middle East, and North Africa. In return, CNN is retained as the sponsor for key events at London Business School, and CNN-sponsored plasma television screens show the network's programs all around campus.

The key objective for the ad campaign is promoting brand awareness, not marketing to potential students, says David Lane, communication director for the school. “Obviously there's a very fine line between the two,” he says. “If some parties say, ‘I applied to London Business School because I saw your ad,’ so much the better. But the pieces are really about positioning.”

After deciding to do the campaign, school administrators debated what to promote in the thirty seconds that would be available by the time the logo and the tagline were added to open and close each commercial. “We could have showcased

our MBA program, but we decided to focus on our faculty and our thought leadership,” says Lane. “The challenge then became, how can faculty members distill their work into 30 seconds in a compelling, memorable, and intelligible way?”

Since the campaign began, the school has produced five commercials with five professors. The goal was to provide a mix of male and female faculty from diverse parts of the world, some offering more general business advice and others speaking on much more specific topics. For instance, the newest commercial, which was added to the rotation last fall, features organizational behavior professor Rob Goffee talking on the topic of leadership. “Why should anybody be led by you?” is his opening question.

“That's a really good hook for a 30-second ad,” says Lane. “It's totally comprehensible to any CNN viewer. Goffee spends the next 20 seconds answering the question.”

Finance professor Elroy Dimson offers a much more targeted ad that looks at how the stock market compares to other investments over the long haul. His segment is a reminder to the viewing public that London Business School has a strong financial program.

Going by informal input, says Lane, response to the commercials has been highly positive. “We're not able to see a direct causal link between these ads and how applications have been affected,” he says. “However, hits to our Web site shoot up when these commercials are on the air. The anecdotal evidence from the media, faculty, and prospective students is very rich. Our current students are very positive because they feel the campaign will increase their own brand worth.”

Television is an incredible medium for conveying the notion that a product or an institution is a major player, Lane says. “If you're earnest enough and ambitious enough—if you want to do something on an inter-

national basis—then people are comforted and affirmed by the fact that they see you on TV,” he believes. “They say, ‘This must be a serious school, a serious brand.’”

Lane expects that the school will continue running the current ads and creating new ones over time. All the previous ads are

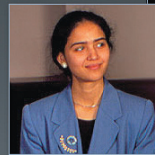
CNN runs commercials for the London Business School in the U.K., Europe, the Middle East, and North Africa.



The Simon School **IMPACTS**  
How The World Does Business.

The University  
of Rochester  
delivered a minimovie  
about the school  
straight to the inboxes  
of alumni.

13 Are **CIOs**.



105 Are **CFOs**.



356 Graduates Are  
**PRESIDENTS** Of  
Leading Companies.



146 Are **CEOs**.



still relevant, he notes, and can be viewed at [www.London.edu/CNNads.html](http://www.London.edu/CNNads.html). “And there’s always new faculty queuing up to say, ‘Oh, yes, I’d be happy to be a media star.’”

Schools that might want to adopt similar campaigns should pick media outlets with which they can build a sense of trust—and that can offer a mutually advantageous relationship, says Lane. “Clearly, for CNN it’s fantastic to be associated with a brand like London Business School, and for London Business School it’s fantastic to be associated with a brand like CNN,” he says.

Administrators also should keep in mind that “the key to brand promotion is differentiation,” says Lane. “In general, business schools need to work harder at answering the question, ‘How are *we* different?’” London Business School has answered that question on international television—and plans to continue answering it in just that fashion for the foreseeable future.

## Playing on a Screen Near You

In June 2004, alumni of the Simon Graduate School of Business Administration at the University of Rochester in New York received e-mails from their alma mater that invited them to view a “Web-mercial” about the school. The smartly produced two-minute movie showed how the Simon School prepares its students for leadership positions through small classes, personal attention, and nationally ranked programs. The video offered a collage of portraits of some of the school’s most prominent graduates, including 146 CEOs, 105 CFOs, 41 COOs, 66 professors, and five deans.

The minimovie ended by offering alums a chance to click on an online “donate now” button. By the end of the fund-

ing cycle 30 days later, money had poured into the school as a response to the e-mail ad.

“As a professional school, we find that one of our biggest development challenges is that students aren’t here long enough to develop the same connection with the school they might if they were undergrads,” says Dawn McWilliams, executive director of marketing and communications. “This is a wonderful way to show people what’s happening here and ask for money so we can continue these great programs and they can continue to have pride in the school.”

The company that produced the video was one McWilliams had worked with on other projects, so she was confident the staff knew the school and could produce the video in a relatively short timeframe. Because the video actually calculates numbers and names names, McWilliams was thorough about making sure it was accurate.

“We physically ran our alumni database to search for job titles, and I counted them so I could defend the numbers if I had to,” she says. “The pictures we show are really those people, and we contacted them to get their permission. We have so many more alumni with top titles now, so when we update the video, the numbers will go up.”

And the process of updating the video began almost as soon as the first one was e-mailed. Keeping most of the commercial the same and merely retooling the opening and closing segments, the school was able to create two new versions of the video. One was aimed at students who were considering applying to Rochester. The tagline was “How can you be one of these leaders?” and the click-now button took them to the school’s admissions page. The other one was designed for corporate recruiters.



## “No actual administrators were harmed in the making of this video.”

—Maria Graham O'Brien, Columbia Business School director of public affairs

Revamping was important, says McWilliams, “because we didn’t want to waste the energy, money, time, and coolness of the original video.” A variation of the same message was also planned for the school’s 2005 Christmas card. She expects to edit and re-use the video at least one more time.

For a project like this to be successful for other schools, she says, it first must have a compelling message. The Simon School focused on its ability to turn out leaders. Second, she cautions, the video must be relatively brief.

“We had a tendency to keep wanting to add on,” she says. “Our vendor told us, ‘No more than two minutes, or you’ll lose your viewers.’ The key was that I could watch it over and over and not get bored.”

Three variations of the Web-mercial can be seen online. The fund-raising version can be found online at [www.simon.rochester.edu/webmercial/default.htm](http://www.simon.rochester.edu/webmercial/default.htm), the one for corporate recruiters at [www.simon.rochester.edu/webmercial/cmc](http://www.simon.rochester.edu/webmercial/cmc), and the one for admissions at [www.simon.rochester.edu/webmercial/adm](http://www.simon.rochester.edu/webmercial/adm).

### Stealth Marketing

Columbia Business School dean Glenn Hubbard never made a rap video about the financial world, but if you follow certain links to the school’s Web site, you’ll come across footage that might make you think he did. The hilarious performance, presented like an MTV video under Hubbard’s name, was actually a student skit offered up last April at the business school’s spring Follies event. It has quickly gained notoriety throughout the business school community—and added a little mischief to Columbia’s reputation.


While the school has not attempted to capitalize on the video in any marketing effort, administrators have no objection to the message it sends out, says Maria Graham

O'Brien, director of public affairs for the New York City-based school. “Clearly, you only produce that kind of video if you feel really comfortable with the administration. We think it shows that our students are witty, they’re having a good time, and they have strong relationships with the staff. We haven’t tried to promote it, but we’re happy for it to be an ambassador for the school,” she says.

The student Follies are held every semester right before finals and frequently include skits featuring parodies of faculty and staff. Occasionally faculty members participate in the “Saturday Night Live”-style skits, says O'Brien—for instance, one professor plays with the band offering music at the revue. But while the rap performance included mock appearances by Hubbard and a few other staff members, she says, “No actual administrators were harmed in the making of this video.”

The video can be viewed online at [www0.gsb.columbia.edu/students/organizations/follies/index\\_files/Dean%20Dean%20Baby.wmv](http://www0.gsb.columbia.edu/students/organizations/follies/index_files/Dean%20Dean%20Baby.wmv). Columbia officials haven’t tracked whether it has had any impact on the school’s image or its student recruitment, but O'Brien acknowledges that as a “guerrilla” marketing tool, it might have had some effect. Certainly it presents the school as a place where it might be a lot of fun to learn about business.

### Medium and Message

Every business school wants to get noticed. The trick is for schools to identify their target markets, find the best medium for reaching that audience, boil down the message they want to send, and craft an ad that resonates. It’s certainly not an easy task but, as these schools have proved, it can be accomplished when schools draw on their creativity and insight to grab attention. 



# The Power of Virtual Marketing

To convert their Web site users from casual visitors to active stakeholders, business schools must take advantage of all that today's online technology has to offer.

by Paul Magnani

**E**ven though it may not have a postal code, a Web site may be a business school's most important piece of real estate when it comes to sheer marketing power. Much more than an online brochure, a Web site is the virtual mirror of a physical academic campus, complete with its mission, personality, and voice. And as a primary point of contact for hundreds of thousands of potential students, alumni, and executives around the world, a b-school's Web site is quickly becoming the main conveyor of its marketing message.

But while Web sites are among the most powerful marketing tools for higher education institutions, some schools may not use their sites to the fullest to convey their branding messages. This may be, in part, because of their belief that a majority of users are still limited by the slow pace of dial-up connections. While dial-up connections are still common, schools currently planning Web site redesigns should consider how quickly slower connections are being replaced with more efficient broadband lines.

Broadband is now mainstream, with more than 50 percent of the U.S. market using broadband. That trend holds true globally as well, according to "World Broadband Statistics," a quarterly report from U.K.-based research firm Point Topic. The report found that the number of broadband subscriptions worldwide has increased 25 percent, to 190.3 million in September 2005 from 152.4 million in December 2004, with the Middle East and Africa showing the sharpest rise in broadband services.

With global broadband use on such a precipitous rise—and Internet users growing more savvy by the day—it's more important than ever for a Web site to capture each visitor's imagination. Features such as virtual campus tours, student video diaries, podcasts, and other brands of multimedia can provide users with a rich, interactive campus experience, even if they are thousands of miles away. Schools are continually experimenting with different mixes of these online elements to ensure their Web sites suit their marketing message perfectly.

## Web Site Essentials

There has been a substantial shift in Web development over the last two years. Not too long ago, schools would launch a new Web site design and consider it finished. They might not consider a redesign until one or two years later. Now, however, schools are establishing long-term plans to create banners, develop rich e-mails, refine search functions, and experiment with new features. Most business schools now view their sites as works in progress and continue to seek out new ways to get the most marketing power, the broadest reach, and the greatest impact from their virtual homes.

Now that technology and Internet usage has caught up to the online aspirations of many organizations, Web designers are able to go all out in building virtual marketing powerhouses. Web sites can incorporate everything from streaming video to audio files to Macromedia Flash presentations and other high-quality graphics. Such features hold the attention of visitors, most of whom now have the capacity to download them easily. The key is to discover

Our flexible MBA provides all the acad... should  
 from a top-tier programme. In addition, ... entiat  
 unparalleled location and true classroom a...  
 The MBA provides a uniquely exciting peer environment base...  
 a global powerhouse of financ... business.

Seminar  
in Managing  
for Creativity

Using  
Financial  
Statements

Corporate  
Financial  
Reporting  
& Analysis

Business  
Analysis  
& Valuation

Entrepreneurial  
Finance



...ws integrated steps toward  
 their education in conce...  
 from every discipline to...  
 of programs, including...  
 further this integration.





## Nothing reaches farther than word-of-mouth recommendations and peer-to-peer descriptions. To achieve that online, schools are just beginning to integrate student and faculty Web logs and podcasts into their online presentations.

which methods will work best to communicate a school's individual marketing message.

To that end, it is important for business school administrators and Webmasters to consider eight central elements to make their virtual homes as vibrant, active, and appealing to prospective students and donors as their physical campuses:

**Use multimedia.** Today's users want to see and hear a school's campus, perhaps even more than they want to read about it. While it's still important to design content that dial-up users can download easily, high bandwidth features such as video interviews, online campus tours, and high-end photography are now accessible to a significant number of users. Moreover, such interactive features are the best ways to place site visitors at the center of what a school has to offer.

**Leverage "social media."** Four-color brochures and direct e-mails may be effective ways to market a school's offerings, but nothing reaches farther than word-of-mouth recommendations and peer-to-peer descriptions of what it's like to experience an educational environment on a day-to-day basis. To achieve that online, schools are just beginning to integrate student and faculty Web logs and podcasts into their online presentations.

Even so, blogs and podcasts have been somewhat slow to catch on in higher education. PR-sensitive administrators are understandably reluctant to allow students and faculty to post spontaneous content for fear of losing control of their branding messages or risking the fallout from negative messages. Still, students and faculty can be a school's most convincing messengers of its brand. Schools can ease their concerns by

choosing the right students to post blog and podcast files and creating clear guidelines for the process. Once that is done, they should let their chosen advocates have their say. Administrators should resist the temptation to go in and delete content that could be seen as negative. Otherwise, these voices won't seem authentic.

**Don't neglect analytics.** Today's effective Web sites are definitely not "design-it-and-forget-it" propositions. Once its site is up and running, a business school must monitor user habits and feedback constantly to ensure that the Web site has its intended impact, and that what works today still works a month or a year from today.

Even today, some schools design sites they believe their audience wants, even when analysis would show that their efforts are not having the intended effect. For example, a school administration that believes its research and ranking are its most important selling points may focus its Web site content on those elements. In reality, users may be more interested in its new programs or its campus life. In fact, while academics are crucial, most prospective students actually want to hear about the lifestyle the school has to offer, including the diversity of its student body, the amenities of its campus, and its connection to its city and region.

Business schools should build their sites around the interests of their users, not around their internal operations. At first, it may be easier to build a site around a school's internal structures, but that often will make little or no sense to prospective students.

**Follow the matriculation cycle.** While it's important that a b-school Web site encourage prospective students to apply, efforts to engage them shouldn't stop once they've been accepted. Schools can use their Web sites to communicate with students at every phase, from their first visits to the site, through their application process, to their acceptance and enrollment, until long after graduation.

**Focus on alumni.** A school's lifeblood is its fund raising. But fund raising doesn't begin with the "ask"; it begins with the relationship an alumnus has with the school. An online alumni community that facilitates networking, job searches, continuing education, and ongoing relationships with the school can convert many on-the-fence alums into lifetime donors. When a school builds elements into its Web site such as opt-in alumni directories, password-protected chats, bulletin boards, and continuing education, it keeps alumni in the mix and increases the opportunity for fund raising down the road.

**Personalize, personalize.** Technology that allows Internet users to customize Web sites to suit their needs is now available. When users can tailor a page or portal in a



# Is Your Site Google-Friendly?

It's wonderful when users view a business school's Web site as a "destination location." That is, they purposefully type the school's address into their browsers and press "Enter" for a direct connection. But what about those users who don't have a specific school in mind when they sit down to their computers? If they typed simply "MBA programs in the Midwest" or "international business" into a search engine, which schools would be among the first returned responses?

"Search engine optimization," or SEO, was an important factor in the recent Web site redesign for Pace University's Lubin School of Business in New York City, says Barbara Rose Aglietti, assistant dean and director of communications and external relations. "Pace University's Webmaster suggested ways to add words to our pages so that they would 'Google' better," says Aglietti. That means that if someone searched for "entrepreneurship programs in New York City," the Lubin School will be near the top of a search engine's list.

Rachel Klingberg, Lubin's Webmaster, agrees that for a school to optimize how it fares in user Internet searches, it needs to pay close attention to the wording of its Web site. Everything from headings to captions to body copy should be written with search engines in mind. Klingberg offers the following recommendations:

- **Pay attention to page titles.** The information pages on many school Web sites read only "News and Events." However, such general language will rarely, if ever, register in a user's Google search, Klingberg explains. "Instead of 'Events,' write 'Events at the Lubin School of Business,'" she says.

- **Include captions with images.** It is a good search engine optimization technique to embed descriptive captions that appear when users mouse over images and disappear when the mouse is moved away. These captions are searchable, which also makes the images good targets for search engines.

- **Mind your key words.** Try to anticipate the most likely words and phrases that students interested in your particular program would type into Google. Make sure those words and phrases appear liberally throughout your Web pages.

- **Link more descriptively.** Most Web site text includes hyperlinks students can click on to visit other relevant pages within the school's site. Many times Webmasters use the term "Click here" in the link, says Klingberg. Google, however pays special attention to these links when it ranks pages. Therefore, she recommends using more descriptive text to direct students to other pages—"Click here for more information on Lubin's MBA program," for example.

Many SEO firms now offer their services to organizations that want to improve their search engine ranking, although Webmasters warn that it's important to choose the firm wisely. No firm can guarantee a No. 1 search engine ranking and those that do probably cannot deliver. Google now offers its advice on choosing a reputable SEO firm at [www.google.com/webmasters/SEO.html](http://www.google.com/webmasters/SEO.html). Sites such as Search EngineWatch.com also can offer a wealth of materials to help b-school Webmasters stay on top of search engine trends. After all, the best-designed Web site is of little value if its best potential users never make it to its home page.

b-school Web to their particular interests, schools can create more targeted marketing messages and stronger bonds with each individual.

- **Use RSS.** Most Web sites are designed to "push" information to the user—that is, users come to a Web site to find posted information. RSS, or "real simple syndication," allows users to set up parameters to use e-mail to "pull" just the information streams that most interest them. Users interested only in news, blogs, and podcasts about the MBA program, for instance, can arrange for just that news to be e-mailed to them as it is generated. Once a Webmaster has the software for RSS, it requires little or no effort to implement. RSS also allows an admissions office to spend less time sending personalized e-mails to prospective students

- **Keep it simple.** One of the biggest downfalls to any Web site is "content creep," which occurs when a school allows its site to grow and grow as it adds new information. A few years ago, many Web sites were ridiculously out of date. Today, the opposite is occurring: Some schools add so much new information, they make the site more difficult to navigate. Therefore, it is important to reserve complex information for an intranet environment. A site's top-level pages must maintain a sense of structure, simplicity, and streamlined navigation to get a marketing or branding message across cleanly and concisely.

## It's All About the Web

When it comes to marketing a business school, it really is becoming all about the Web. Users already are making Web sites their points of first contact with businesses of all types. And as technology advances, printed materials will become less and less important to conveying a school's marketing message. Web sites are cheaper, easier, and, most of all, more effective when it comes to reaching a business school's most important audiences.

As business schools put more time and effort into their sites, many are relying on their virtual campuses to convey their marketing messages and brands to the world at large. Schools are experimenting with the higher-end technologies, such as blogs, podcasting, and video content. In the next few years, those areas will be the next frontier of online marketers, serving as the tools to create targeted, sophisticated marketing messages that, in retail lingo, successfully convert browsers to buyers. **Z**

Paul Magnani is president of the Web marketing and development firm Ripple Effects Interactive, which has offices in Pittsburgh and Philadelphia, Pennsylvania.

# B-Schools and the Common Good

When many people think “business,” the word “benefactor” may be the last to come to their minds. Some may first think of Gordon Gekko, the unsavory character from the 1987 American film “Wall Street,” whose proclamation “Greed is good!” perverted Adam Smith’s “invisible hand” of the free market. Many may think of the historic collapses of Parmalat, Enron, and WorldCom; the stock market scandals; and what appear to be endless stories of corporate malfeasance. Their perceptions are reinforced by the media, which often portrays business more for its travails than its abundant successes; and by Hollywood, which often casts business as the villain, from the pharmaceutical industry in “The Constant Gardener” to the oil companies in “Syriana.”

Obviously, that’s *not* what business administrators and educators think. Hundreds of thousands of us devote our professional lives to leading, working, and teaching at one of the world’s many business schools. Even so, we must consider the *perception* that young people in primary and secondary schools have of business. What do they really know about capitalism or the workings of a free market economy? And to what degree do business school students themselves understand how business truly functions in society?

Given the messages it receives from popular culture, the world may underestimate the power business has to change society for the better. But despite the din of criticism, the fact remains that most of humankind’s hopes for its future are made attainable by enterprise. Free market capitalism, in terms of its benefit to humankind, has outperformed every economic system ever created. U.N. Secretary General Kofi Annan has it right when he characterizes poor countries as being poor of business.

Three trends in particular—outsourcing, technological advancement, and globalization—promise to make an incredibly positive impact on the lives of those who live in underdeveloped economies. These trends, however, are often *blamed* for the world’s problems, rather than viewed as solutions.

I believe that business schools must help students understand the value of these trends and develop more positive perceptions of business. Business students must understand how the condition of the global population can be improved by an expansion of healthy, effective businesses throughout the world, and why commercial trends such as outsourcing, technology, and globalization have roles to play in developing a strong, interdependent global economy. Students need to know how they benefit, both professionally and personally, from the proliferation of free markets. As business educators, we must make them aware of the link between their business careers and the betterment of the human condition.

## Outsourcing as Opportunity

Of all the trends to give business a bad name, “outsourcing” is the most notorious in many industrialized nations. Critics of outsourcing bemoan its localized, short-term effects on job growth; but in reality, the long-term effects promise to improve the prospects of all countries.

Two dramatic examples of the positive effects of outsourcing by companies in the Western world are Hong Kong and Singapore. Today, both are thriving economies

Business schools have a vital responsibility: They must teach their students—and the world—that capitalism and commerce are essential forces in changing lives for the better.

by Louis E. Lataif



cutler

## Despite the din of criticism, the fact remains that most of humankind's hopes for its future are made attainable by enterprise.

that rival the world's most developed. In 2003, exports to Hong Kong and Singapore from the U.S. amounted to more than \$35 billion; exports from the European Union amounted to nearly \$38 billion! But just 25 years ago, American and European companies were criticized when they exported jobs to Hong Kong and Singapore, where the industrious populations were then paid Third World labor rates. We see that same phenomenon today as Western companies look to India and China as sources for low-cost, high-quality work.

As Western companies become more cost-competitive through outsourcing, their financial health strengthens. That produces increased stock values, which drive improved performance for pension funds and mutual funds. In turn, that increases the net worth and retirement security for millions of people.

An example of a Western business "villain" that deserves a second look for its impact on the global human condition is Wal-Mart. Wal-Mart saves U.S. consumers an estimated \$20 billion to \$30 billion a year and has grown to be one of the world's largest companies. And with its rigorous attention to cost and price, Wal-Mart has been instrumental in keeping inflation rates at historically low levels. It's said that half of all container cargo on the world's seas is destined for Wal-Mart shelves! Hundreds of thousands of jobs have been created in countries which supply Wal-Mart with its inventory.

Business students must understand how important it is that responsible outsourcing be allowed and encouraged. As global companies outsource, bringing new employment and new opportunities to the world's less developed regions, citizens of those countries begin to acquire the means to improve their quality of life. In the near term, one consequence of outsourcing may be a painful loss of some jobs in Western countries. In the longer term, however, it creates millions of new consumers of the world's goods and services. Industrialized nations are among the prime beneficiaries of that increased global wealth.

### Technology as Catalyst

Then there are those who argue that business's continual ingenuity and adoption of new technologies, not outsourcing, are the trends to fear. They say that technology, which has brought the world into the digital age, plays a larger role in decreasing labor content than outsourcing ever will. In fact, in a recent *Wall Street Journal* survey of economists, 84 percent of those responding thought outsourcing had minimal or no impact on job growth. Technology-driven productivity increases were noted to be a much more significant factor in limiting job growth.

In the U.S., for instance, improvement in productivity rates is running at all-time highs. For the 20-year period ending in 1990, U.S. worker productivity grew at less than 1.7 percent annually. From 2001 to 2005, however, it grew 3.6 percent annually. In recent years, productivity around the world has similarly increased—by nearly 6 percent in Taiwan, for example, and by nearly 10 percent in South Korea. Better productivity means that more work can be done by fewer people. Machines, not people, are now building machines.

To some extent, the technological naysayers have a point. With technological advances, it simply takes fewer people to produce the goods the world consumes. New technology has reduced manufacturing employment worldwide. From 1970 to 2003, manufacturing employment in ten countries tracked by the U.S. Bureau of Labor Statistics fell 30 percent. So we may applaud increased productivity and low inflation rates that come with greater technological prowess, and we may welcome the lower prices on goods and services and cheer increased stock values. But we dread the job loss that accompanies these benefits. As a result, many view business's adoption of technology as an act that robs people of their jobs, rather than as a catalyst for competition, progress, and innovation.

The advantages of business's adoption of technology far outweigh the drawbacks, however. Technological advancement does not necessarily lead to a world where employment prospects steadily decline. It should, in fact, emphasize the need to create new markets and expand the number of global consumers. An increased market size requires increased production to meet expanding demand. That can only happen if businesses and jobs are brought to the developing world. If the number of able consumers around the globe increases from 2 billion to 5 billion, Western countries simply cannot lose.

### History as Teacher

Outsourcing and technological advances work together to push business into global markets. Just as many businesses inevitably sought out lower cost sources within their nations' borders, they now look to other countries to seek economic advantage. Digital technology and the speed of travel have accelerated this process, lowering barriers everywhere. Globalization has become a force, much like gravity. It can be resisted, but it cannot be stopped.

Many view globalization as a new threat to national welfare. In fact, the recent rejections of the new EU constitution by France and Holland reflect, in part, their citizens' anxiety about what outsourcing and globalization may mean

for them. For many people, phenomena such as globalization and outsourcing constitute a dilemma—and great fodder for political debate.

What they may not understand is that we've seen shifts like this before, albeit on a smaller scale. In the end, they have historically worked to improve industry, not impair it. In 1860, for example, 58 percent of Americans worked in agriculture. Then came the Industrial Revolution, which relocated those workers. Today, only about 2 percent of Americans work in agriculture; but thanks to modern technology, they are feeding a U.S. population ten times larger than it was in 1860. Moreover, they do so as they export 18 percent of their production!

In Ireland, the digital age did not destroy its citizens' employment prospects and quality of life. In fact, the digital age transformed that country's agrarian economy into a fast-growing technology-based economy. America's New England states, too, faced the loss of millions of textile jobs in the 1950s, when that industry moved south to be closer to the source of cotton and to take advantage of the South's lower wage rates. Yet today, residents of the affected New England towns live much better than did the generation before them—as does the country as a whole. Dynamic economies adjust in a capitalistic environment.

Although globalization has slowed job growth rates in some countries, we must examine those numbers in the context of the overall employment situation. In the U.S., for instance, the current workforce participation rate—the percentage of adults who classify themselves as available to work—is 66 percent, up from 61.2 percent in the period from 1960 to 1985. In that time period, economists considered a 6 percent unemployment rate normal. In fact, from 1960 to 1985 the unemployment rate averaged 6.1 percent. Today, the unemployment rate in the U.S. is only 4.9 percent.

In other words, the U.S. employment-population ratio is at an all-time high of 62.8 percent, up from 57.5 percent, a rate that was considered “normal” for decades. All this has happened despite—or perhaps because of—increasing globalization. In fact, virtually every developed country in the world has enjoyed increased job creation over the past decade.

Such statistics can be persuasive. After all, reasonable people around the world want to see the human condition improved. We all wish that those facing dire circumstances could enjoy better health care, reduced infant mortality, greater life expectancy, cleaner environments, better working conditions, decreased unemployment, better educational opportunities, and better access to goods and services that



would improve their quality of life. The engine that drives these benefits is *business*.

### **Business as Benefactor**

Outsourcing, technology, globalization. Too many view these forces as negative; in reality, these forces have had a decidedly positive impact on the world's nations. Ultimately, they serve as strong forces for peace. Countries and individuals alike would rather not injure their suppliers or their customers, and business interdependency has a strong stabilizing effect on the relations

between nations. From my perspective, continuing improvements in the human condition depend directly, if not exclusively, on effective business leaders.

Author and clinical psychologist Nathaniel Branden has made this point: “We do not hear the term ‘compassionate’ applied to business executives or entrepreneurs. ... Yet, in terms of results in the measurable form of jobs created, lives enriched, communities built, living standards raised, and poverty healed, a handful of capitalists has done infinitely more for mankind than all the self-serving politicians, academics, social workers, and religionists who march under the banner of ‘compassion.’”

In other words, business leaders, when they compete effectively, ethically, and lawfully—as most of them do—are performing a vital societal service. There is much to be said in defense of well-run businesses and the free market systems in which they thrive, but students must understand that business can function well over the long term only if supported by a social environment that is committed to basic education for its youth. Education, invention, and innovation are the sustaining lifeblood of any vibrant economy.

To help instill that understanding, business schools can introduce more courses in economic history, business law and ethics, and global corporate strategies; but more needs to be done. We must develop outspoken business school leaders who can provide the proper context for business's impact on students—and the world.

We have not chosen to become business educators to produce more Gordon Gekkos, more Parmalats, more Enrons. We must set about the noble work of training the next generation of builders and leaders. Without them, the human condition will surely stagnate, no matter how ardently social champions may try to make it thrive. **Z**

Louis E. Lataif is dean of Boston University's School of Management in Boston, Massachusetts.

# The Next Economy

What are business schools doing to prepare students for the economy to come? Not nearly enough.

by Joseph E. McCann

**D**eans lose sleep about many things, but one question keeps me awake at night: Are we preparing students for the right economy? I suspect that 90 percent of the graduates we now produce are being educated for either the past economy, which was driven primarily by manufacturing, or the present economy, which is driven by services. At best, we are preparing only 10 percent of graduates for what we might call the Next Economy, which many believe will be driven by five central forces: in-depth knowledge and converging science, a resource-constrained environment, interdependence through globalization, cultural and demographic diversity, and survival only through continuous creativity and innovation.

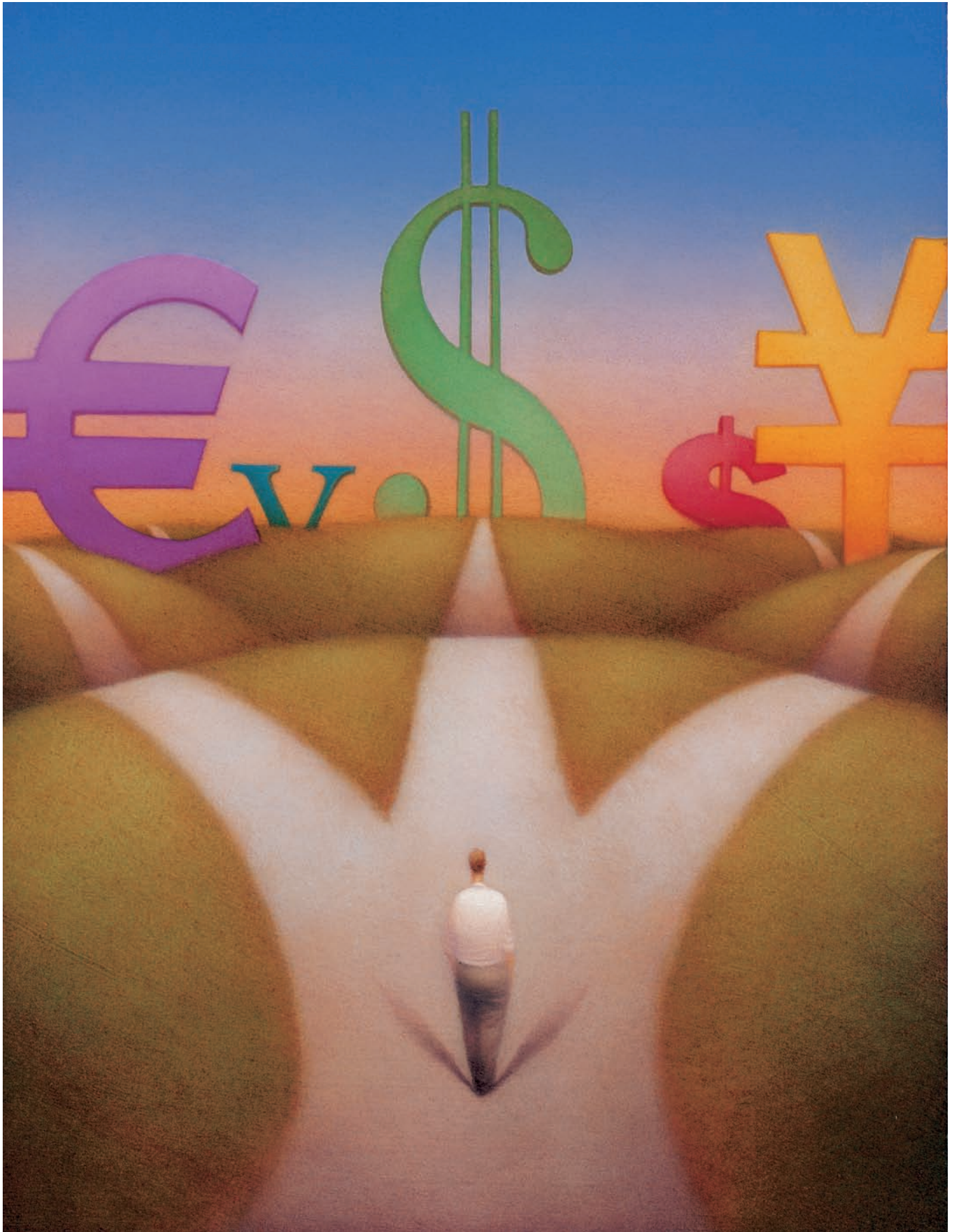
Thomas Friedman's best-selling book, *The World Is Flat: A Brief History of the Twenty-first Century*, is a reminder that something big—really big—is under way. He writes of “world flatteners” such as the five themes above, which will dictate how the Next Economy evolves. How many of his “world flatteners” are factored into our programs? Not enough. I'm not sure we have the institutional courage to alter our prevailing model of business education to prepare graduates for what's coming next.

Transformative change has never been the forte of U.S. business schools because they are driven by near-term needs. These needs are determined by corporate recruiters, donors, and our own institutional legacies, including impermeable functional silos protected by tenured faculty. Even so, we are getting better at critiquing our programs, as we've seen in articles by Henry Mintzberg in the *Academy of Management Executive*, by Warren Bennis and James O'Toole in the *Harvard Business Review*, and by Jeffrey Garten in *CEO Magazine*.

Moreover, we do manage to serve our past- and present-economy customers reasonably well. But with Ford and GM debt now earning “junk” status from credit agencies and with service jobs now following manufacturing jobs offshore, we should not be content when our graduates simply find jobs. We must make sure they have a future and remain relevant in the economy to come.

## **The Next Economy is a science and knowledge economy.**

Today, as we straddle the line between the present economy and the Next Economy, entirely new industries are being built. These industries revolve around the convergence of technologies such as computing, communications, and engineering, and the growing importance of life sciences such as





physics, biology, and chemistry. In the Next Economy, we'll see the design and manufacture of microsensors that are introduced into the bloodstream; we'll use robots that utilize neural computing hardware and intelligent software. There are an infinite number of innovations ahead that require a sophisticated appreciation of their nature, as well as of their economic, social, and ethical consequences.

All this is happening at a time when many b-schools are shying away from adding courses that emphasize analytical skills and advanced content, in an effort to maintain the size of their programs. It's happening at a time when our universities are admitting "science illiterate" freshmen, as U.S. high school graduates fall even farther behind their international counterparts in science and math. Soon, 80 percent of all scientists and engineers will be created outside the U.S.—most in Asia. The potential consequence of this trend is clear. In his May 2, 2005, editorial in the *New York Times*, Thomas Friedman paraphrased a statement made by Bill Gates: "If we don't fix American education, I will not be able to hire your kids."

To make our graduates employable, it's not enough to have "smart" classrooms. We also need "smart" students and faculty who are scientifically and technologically literate. They must develop deeper appreciations of converging technologies and sciences and bring a deeper understanding of them into the classroom. The entire undergraduate and graduate cores in the b-school curriculum must be examined to assure a multidisciplinary understanding of these new challenges and opportunities. Freshmen and sophomores should be given a solid grounding in math and science. Popular 3/2 BS/MBA programs should be co-produced with an even broader array of departments, particularly biology and chemistry. Topics that have traditionally been the domain of specialized technology management programs, designed for relatively small numbers of students, should be brought directly into the MBA core for all students.

What also will characterize the Next Economy is the intensely intimate relationship between individuals and technology. As Friedman and Daniel Pink acknowledge, the Web-enabled PDA, not the iPod, makes the individual the primary actor in the Next Economy—it taps the energy of the so-called "power of one." While most students know how to use personal technologies, many still don't know how to use them to enhance their competitive advantage and performance in the workplace. Whether through brown-bagged "power user" seminars sponsored by vendors and consultants we invite to campus or through sessions run by students and



faculty, we need to master a growing array of personal performance technologies. To help students gain personal competitive advantage in an increasingly science- and technology-driven economy,

we need to expand our definition of technology proficiency beyond Microsoft suite software.

### **The Next Economy is a resource-challenged economy.**

We have been producing graduates who take for granted cheap, limitless, and benign resources. That mindset is no longer valid. There is a growing acceptance among scientists that global warming is a shared experience. Increasingly volatile raw material and energy prices are reminders that the world is indeed small. Are we heading for a "carbon-constrained global economy" next year? No, but the day when oil costs \$100 per barrel is not far off.

The Next Economy will be about industries, governments, and societies that are environmentally challenged and that must compete globally for contested resources. Some predict that the Next Economy will compel countries and companies to collaborate and make the transition into corporate responsibility and sustainable enterprise. However, a number of think tanks and policy centers, such as the World Bank and Council for Strategic and International Studies, note that we could be facing a period, not of collaboration, but of wrenching change and cutthroat competition.

Companies like BP and GE have come to understand that creating sustainable businesses—and profitably helping others do so—is not just smart, but essential. So, too, must business schools come to that realization. When the CEOs of GE, Ford, or Exxon-Mobil look for the management talent that can help guide their companies' transformations, how many of our b-school graduates will be true candidates? How many of our graduates will be trained in sustainable economics? How many will have the transformational leadership skills and abilities to think critically, systemically, and fluently about the complex problems that the Next Economy presents?

Teaching and preaching sustainable business practices must become part of the core b-school program. AACSB's budding task-force initiative regarding "peace through commerce" is just one important step in linking business educators with organizations increasingly concerned about how a sustainable, low-conflict transition to the Next Economy can occur. Other programs and initiatives that emphasize and teach sustainable business concepts and practices will not only encourage corporate social responsibility, but also help us make the transition to a new era that's closer than we think.

The implications of such pervasive changes are daunting, but these changes are coming. The only question is **how**, and **if**, business schools will respond.

### **The Next Economy is a globally interdependent economy.**

Few places in this world are untouched by escalating global economic interdependence. As a result of globalization, economic power is shifting away from the U.S. This shift has benefited millions of people and jump-started many developing economies. Yet, as powerful regional trading blocs emerge, many, especially in the U.S., view this new world order as a threat. Nonetheless, global competence is a core competence; knowing how to confidently and competently work across cultures is essential in a global economy.

The response of business schools to this development has been tepid at best. While notable exceptions exist, attempts at infusing international content and cross-cultural studies across the b-school curriculum generally fall short. The number of business schools with international business majors requiring two years of language study and study abroad experience is shockingly low. At least in the U.S., the post-9/11 drop in international students has further limited opportunities for domestic students to gain cross-cultural competence.

It's time for business schools around the world to examine core programs for their international content and aggressively build faculty and student cross-cultural competence. International business concentrations linked only by functionally separate courses, without meaningful integration, don't suffice. We need to devise courses that focus on a broad array of topics such as cross-cultural negotiations and global project management. Deans also must work with other university administrators to build cross-cultural competence into the entire baccalaureate experience and create more international opportunities at the graduate level. They must select global partners to guarantee that their students and faculty have access to high-quality, joint-program opportunities.

### **The Next Economy is a demographically diverse economy.**

Next Economy graduates are likely to manage four generations of workers, a significant percentage of whom will be minorities. As the "boomer" generation exits, countries like the U.S., Germany, France, and Japan will struggle to attract and accommodate the numbers of minorities necessary even to maintain the *status quo* in their workforces.

Members of the youngest generation now coming into college—the so-called "Digital Millennials"—are also very different in how they learn and what they expect from their schools. Those who aren't familiar with vlogs, blogs, thinkstaps, and learning spaces on wheels also don't understand where their major student base is heading. How do we train them? Do we simply do our best and pass them on to our corporate customers to train? The answer is no. A num-

ber of senior HR executives have told me that they do not want to hire graduates who need further preparation—they expect us to do it.

Corporations have additional expectations of business schools due to the unprecedented talent shortages that will intensify with the exiting boomers. It will be a time of limitless opportunity for talented individuals, but they will be brought into leadership roles much faster and with less traditional company acculturation and inside experience than has been the case in the past. Companies expect business schools to equip graduates with agile and resilient leadership qualities earlier than ever. Yet few business schools have made truly significant commitments to leadership development, an area that requires serious, sustained investment in assessment, programs, and services inside and outside the classroom.

Developing true leaders means that we must embrace leadership development as the core business of the business school. In a workplace that will become increasingly talent-short and incredibly diverse in age, gender, and ethnicity, business schools should do no less.

### **The Next Economy is an innovation-driven economy.**

The unifying theme across all of these drivers is the need for business schools to become obsessive about creativity and innovation. The distinguishing feature of a Next Economy business school is its ability to change programs and retool faculty to meet rapidly emerging program opportunities, while also preserving the core competencies that gave it distinction. The differences between the business school and the companies its students and faculty study disappear. Both must compete for—and through—good ideas.

Functionally driven stock solutions that worked in the last decade—or even in the last year—cannot sustain us in the face of such change. We must commit to a pace of innovation that our corporate customers have had to embrace for some time. We need to infuse our programs with courses and experiences that encourage creativity and innovation. These programs must serve as learning laboratories to help us and our students take advantage of the rapidly unfolding new era of business.

The implications of such pervasive changes are daunting, but these changes are here. The only question is how, and if, business schools will respond. It's time for a serious dialogue among business school faculty and administrators about what the Next Economy means for b-schools—and how their curricula must change to meet it head-on. **Z**

Joseph E. McCann is the dean of the Sykes College of Business at the University of Tampa in Florida.

# Tapping into the Tipping Point

Any great idea or venture reaches a moment when it achieves critical mass. It goes from being an interesting thought to an actionable plan. It becomes a goal—even a vision—that people share, desire, and discuss. At this dramatic moment, ideas and behaviors become contagious, little changes have big effects, and progress is rapid. This moment has been described as *The Tipping Point* in the 2000 book by Malcolm Gladwell.

Tipping points usher in times of change—change that is critical to the success of business and academia. But few deans are adept at finding the tipping points that will make change happen quickly. While identifying these moments is hard work, learning from them is essential.

Recently, the academic leadership at the College of Commerce and Finance at Villanova University had a chance to identify and act upon a tipping point as they considered overhauling their finance curriculum and building an on-campus trading room. Many factors—from student enthusiasm to alumni support—had to come together to create enough momentum to move the idea from concept into reality.

## Focusing on Finance

Developing a strong curriculum in finance was not an obvious or effortless move for Villanova. For years, the school had had a strong accounting program, and the deans with the longest tenures during the last 30 years had all been accountants. Yet we were observing subtle shifts in the marketplace that let us know we needed to strengthen the finance curriculum. Recruiters had become more interested in students with a finance background, and those students were earning higher starting salaries. The general buzz among students also pointed to a need for a greater emphasis on finance.

Several finance faculty members were actively lobbying for a significantly expanded undergraduate finance curriculum, an MS in finance, and a trading room—also known as an Applied Finance Lab. Students were lobbying for a chance to learn about trading stocks and bonds by managing real cash in a real fund. Students were quite willing to manage part of the university's endowment, but the university was opposed to the idea. To gain some experience, students created a new organization called the Equity Society, which would manage funds contributed by students. Still, without financial backing, it was difficult for this organization to gain momentum, and the fund never exceeded four figures.

How Villanova University  
identified “the tipping  
point” that led to dramatic  
change in the business  
school curriculum.

by Stephen A. Stumpf



Once we had the verbal commitment of good will by faculty, students, and alumni, our project went from an expensive, seemingly insurmountable challenge to a realistic possibility. We knew that we were very close.

While all this was going on, we were hearing that our students needed to be more street smart and professional. This evaluation was coming from our alumni, including corporate recruiters and employers of our finance and accounting graduates. According to them, our students were well-educated but some required more ramp-up time compared with new hires from schools with a trading room or a more extensive finance curriculum.

We debated ways to enhance the finance curriculum. Could we use play money and what-if scenarios when teaching finance? This idea did not seem to satisfy anyone, and no one seemed ready to take such learning seriously. Could we really afford to add a trading room and upgrade the curriculum? An Applied Finance Lab could cost \$500,000, whereas an enhanced curriculum would cost money for new faculty positions and time for course development. If we also added an MS in finance, we would have all the expenses of conceptualizing, selling, and staffing a new program. A student-managed fund (SMF) would come with its own challenges and costs.

There were many reasons not to proceed with the suggested changes. We were not sure how committed faculty would be to an expanded finance curriculum and a new MS in finance. An even bigger issue was that we didn't have enough money to build and staff an Applied Finance Lab. Some argued that if we planned the lab, we would attract donors—the “if we build it, they will come” philosophy—but the university administration was not convinced. We knew that alumni and employers were generous with their advice, but they had not yet been generous enough with their charitable contributions to allow us to cover the incremental and ongoing costs of a lab. Students, who had both the time and passion for trading, could not be expected to contribute additional funds.

It was clear what had to happen before we could consider any major changes. Faculty members would need to complete course development work quickly without requesting reduced teaching time. Department chairs and other college leaders would need to support an MS in finance without asking for an MS in every functional area. University leadership not only would have to buy in to

the idea of students managing endowment funds, but also would have to approve the creation and staffing of a lab. Students would need to join the Equity Society and take the idea of financial transactions very seriously—and realize they would be graded on such knowledge within their courses. Alumni and employers would need to help fund these endeavors and support them with their expertise.

We knew we had to create synergy among the many constituencies and build their hopes and passions into a critical mass. We needed the desired behaviors to become contagious, so that little changes would have big effects, and everything would happen in a hurry.

### Doing the Research

We began by having several faculty members and students visit the trading rooms at other universities. They also visited the live trading rooms of the investment banks and brokerage houses that employed some of our alumni. These firsthand experiences created a sense of how a lab might be built, what it might cost, and, most important, what it might look like. The vision was becoming tangible.

Along with our “field trips” in 2003, we held group discussions with representatives of each constituency. We began to see how everything might well hinge on the creation of a student-managed fund—not the trading room. If an SMF existed, students could use it to make investments. Faculty could design a new finance curriculum around the fund, teaching students how to make stock selections and manage their portfolios. Because the SMF would give students real funds to manage, alumni would be more interested in helping the college build an Applied Finance Lab. The finance lab would connect both students and faculty to the practical side of the financial markets. Students with a better understanding of the financial markets would be drawn to an MS in finance, and that new degree would bring a higher level of academic rigor to the overall program.

We had a very short window of opportunity. It was important to have changes in place for the spring semester, so that the seniors who had been asking for an SMF for three years would have a chance to work with it.

### Six Steps to the Tipping Point

1. Identify a passionate want that excites people.
2. Find out what each stakeholder group wants. Use that to gain and sustain their involvement.
3. Generate excitement and enthusiasm among the stakeholders.
4. Let those who show their passion persuade the cynics.
5. Identify a timeline that demands quick action—a burning platform.
6. Set things in motion, empower others, and get out of the way.



How could we not seek to reward such dedication and persistence? To accomplish our goals by the spring semester, we would need to reach our tipping point by December 15. After that we would have the winter break for the finance faculty to design new undergraduate and MBA courses that could be delivered in the spring semester. We would have just enough time to recruit students to register for those new classes during the drop-add period in January 2004.

Meanwhile, we calculated that we had four months to make the Applied Finance Lab a reality. That is, we had the spring semester to get it designed, funded, and fully approved so that it could be constructed during the summer term. If we missed that window, we would have to wait a year before the lab could be operational. We needed to move fast.

### Reaching the Tipping Point

During group meetings with stakeholders, we held frank discussions and asked for active involvement. The finance department chair quickly stepped up to gain the commitment of several of her faculty members, including one who was willing to take on full leadership responsibility. Other faculty members agreed to support the new educational agenda, revise the coursework, and take on the design of new courses. The students—thrilled to see something happening after three years of their efforts—began to drum up interest in the new courses that might be offered in the spring term.

At the same time, the college and university leadership identified viable locations for the finance lab, agreed to start discussions with designers, and supported an initial construction design. The alumni, through the Villanova Finance Club located in Manhattan, presented ideas at their monthly meeting, fully involving the dean and the development officer. Other alumni were also engaged. One donor said that if we created a student-managed fund, his securities firm would handle all the trades for free. Other alumni were willing to help us design a trading room so students could run the fund with the same tools used by their stock and bond traders.

Once we had the verbal commitment of good will by faculty, students, and alumni, our project went from an expensive, seemingly insurmountable challenge to a realistic possibility. We knew that we were very close.


The tipping point arrived when we received a \$100,000 donation to create the Arnone-Lerer Socially Responsible Investment SMF. The amount was large enough to make the fund a separate endowment account; it would not create any liability for the university, and it was set up to be strictly overseen by faculty and a board. The donors were two individuals relatively new to the university, both of whom had a passion for experiential learning. They fully approved the creation of the SMF, knowing that the entire corpus could be lost over time. Because the fund was limited to socially responsible investments, it was consistent with the values of the university and its Center for Responsible Leadership and Governance.

The donation was made on December 3, 2003. Within a few months, the SRI SMF was set up, a new curriculum was launched, and the new master's degree was being designed. We had arrived at the tipping point, and we had successfully overhauled the program.

### Weathering Change

Like Villanova, business schools everywhere are undergoing change. The ongoing challenge for deans is to find the tipping points at their own institutions that will make these changes beneficial to all their stakeholders, both internal and external. They need to identify the endeavors that will lead to contagious behavior and yield grand results—quickly.

Tipping point possibilities abound within our industry, and one or two tipping points wait to be discovered at any time within most colleges. Academic leaders tend to focus on making decisions that will satisfy diverse constituencies for the betterment of the college, such as increasing revenues, enhancing reputation, selecting high-quality students, and hiring the right faculty. What many do not fully realize is that some choices can be combined so that the various constituencies will work together to satisfy one another's needs.

Deans and school administrators don't have to do all the work. But they do need to set events in motion so that what is in the best interests of one stakeholder is also in the best interests of other stakeholders—whether they're students, families, alumni, or corporate recruiters. If deans can identify ideas that will generate their own momentum for successful change, they can lead the way for their faculty, their students, and the business school industry. 

Stephen A. Stumpf is the Fred J. Springer Chair in Business Leadership at the College of Commerce & Finance at Villanova University in Pennsylvania. He also serves on the faculty of the Graduate School of Business Administration—Zurich.

# Technology

## ■ Building Better IT Budgets

A recent white paper published by Northwestern University's Kellogg School of Management in Evanston, Illinois, and Sapient, based in Cambridge, Massachusetts, aims to discover just where the money goes when it comes to corporate spending on IT. The paper, "Missing Millions: Unlocking Strategic IT Value," finds that most companies miss opportunities for savings in their IT budgets.

In a survey of 179 Fortune 1000 companies, 44 percent did not have applications and infrastructure well documented, says Mark Jeffery, associate professor of technology at the Kellogg School of Management. "There is a tremendous opportunity



to unlock business value from the IT application portfolio."

In conjunction with the paper, the Kellogg School and Sapient presented the Application Investment Management (AIM) framework as a tool to help businesses measure the value of their existing IT portfolios and identify new areas for value cre-

ation. Kellogg and Sapient tested the AIM framework through interviews with leaders from the energy, telecommunications, and financial service industries, including BP, British Telecom, and Harrah's Entertainment. According to the paper, the AIM framework helps organizations take actions such as the following to maximize their IT budgets:

- Identify areas of over- or under-investment.
- Reallocate nonessential operational spending to new development.
- Evaluate enterprise technology for regulatory compliance.
- Reduce the risk of outsourcing and offshoring decisions.

While technology bestows many benefits, it can also encourage companies to keep what seems to be working, rather than adapt their

systems to suit current conditions, says Sheldon Monteiro, Sapient vice president. "As companies build IT capabilities, their infrastructures can become overwhelming," Monteiro says. "Without a clear understanding of their operational technology spending, decision makers often favor a 'do no harm' policy, maintaining and extending applications regardless of the value they produce."

To read the "Missing Millions" white paper in full, visit [www.kellogg.northwestern.edu/faculty/jeffery/htm/publication/MissingMillions.pdf](http://www.kellogg.northwestern.edu/faculty/jeffery/htm/publication/MissingMillions.pdf).

## NEWSBYTES

### ■ NEW NEWS CENTER AT BLOCH

The University of Missouri-Kansas City's Bloch School of Business and Public Administration in Missouri recently opened its State Street News Center. The State Street News Center, funded by a \$50,000 gift from the investment firm State Street Corporation and \$8,000 from the Bloch School Student Association, includes a data wall with two 40-inch LCD-screen televisions and provides visitors with real-time market data, a news network, and information on upcoming campus events and activities. The location of the center, the Bloch School's student lounge, was carefully chosen, says Dean O. Homer Erekson, to "enable students and all Bloch School constituents to gain instant access to news and information in a central location."

### ■ INDIA@WHARTON

The Wharton School at the University of Pennsylvania in Philadelphia recently launched India Knowledge@Wharton, a new addition to its group of online research journals. Focused on India-related business analysis and research, India Knowledge@Wharton will be



published in English and will focus on topics such as outsourcing,

family businesses, and research and development in India, one of the world's fastest growing economies. India Knowledge@Wharton joins China Knowledge@Wharton, published in Mandarin; Universia Knowledge@Wharton, published in Spanish and Portuguese; and Knowledge@Wharton, the original English language version.

## DATABIT

In a survey of 363 corporate e-mail users, California-based technology market research firm Radicati Group found that nearly 25 percent of all corporate e-mail is personal in nature. E-mail users are equally indiscriminate with their offwork Internet time—more than 62 percent of workers send business e-mail from personal accounts.

# Positioning Women for Corporate Boards

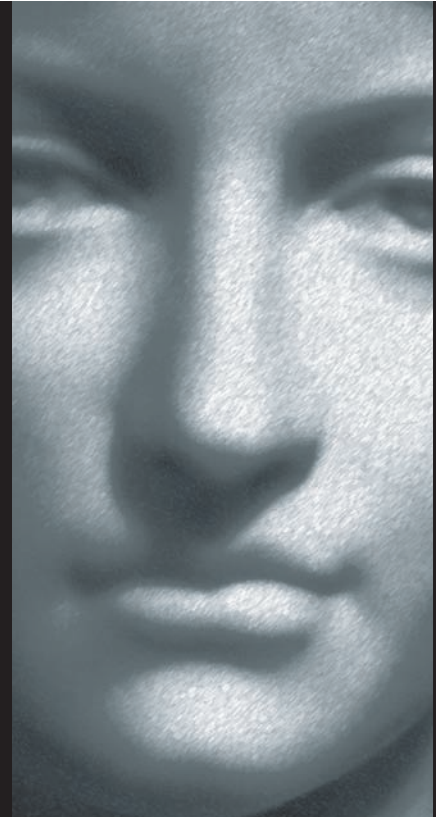
May 1 - 3, 2006

This three-day residential program is designed for women in senior leadership roles who strive to become qualified, successful candidates for positions on corporate boards of directors.

Featuring: Speakers, panelists, experts on board selection, world-class faculty

For information and registration form visit:  
<http://som.utdallas.edu/pwcb>

In partnership with Leadership America, Inc. and Leadership Texas Alumnae Association



## TOOLS OF THE TRADE

### Putting Pen to Screen with DyKnow Vision Software


DyKnow Vision software started as a research project by a computer science professor who wanted to devise a better way for students to take notes in the classroom. The software now has evolved into an interactive system that allows professors to import or develop course content in class and then transmit that content directly to student computers. For example, an economics professor can send a problem directly to students' screens; in turn, students

can send their solutions to everyone in class to be discussed and annotated by all. Dynamic sessions of sketches and annotation can then be replayed and reviewed at a later time.

Software creator David Berque, a professor at DePauw University in Greencastle, Indiana, says that he designed it out of necessity. "In my classes, it seemed as if some of my students had become human copy machines," says Berque. "They were so busy writing down everything I said, they couldn't pay attention to what was happening in class."

To use DyKnow Vision, classrooms require either wired or wireless network connectivity. Students and faculty must be equipped with DyKnow monitors, Tablet PCs, or desktops or laptops with special monitors that allow users to input information with a stylus pen. Graphics tablets, which cost about \$80 each and look like small mouse pads, can also be used, explains Berque. Although no marks are left on a graphics tablet, impressions on its surface can be transmitted to other computers. Students without tablets or specialized monitors can type notes into the system using traditional keyboards.

The cost of the software varies, depending on a school's needs, explains Laura Small, president of DyKnow. "Schools can choose a perpetual license or purchase on a subscription basis. They can purchase the product by named user or by machine," she says.

For more information about DyKnow products, visit [www.dyknow.com](http://www.dyknow.com). 





## ■ The Growing Pains of Globalization

**Just what does globalization mean for the global economy? Where are jobs lost or gained? How are wages affected? And, most important, how must companies structure themselves to survive?** Andrew Bernard, a professor at Dartmouth College's Tuck School of Business in Hanover, New Hampshire, has focused his research on demystifying globalization and quantifying its effects on individual companies and workers.

"Competition from low-wage countries will induce a long-run reallocation of economic activity, away from low-wage, low-skill industries and toward high-wage, high-skill industries. Over time, the benefits of this competition include more efficient production, a wider variety of products, lower prices, and an improved standard of living," says Bernard. These benefits, he warns, will not reach all workers. "Our forecasting highlights that these net gains will not be shared equally by all workers," he says. "Although some displaced workers will be absorbed quickly by expanding industries, others will face prolonged bouts of unemployment or underemployment."

Bernard's latest research explores how firms can survive the wave of imported goods that comes part and parcel with globalization. A fall 2005 paper, "Firm Structure, Multinationals, and Manufacturing Plant Deaths," which Bernard wrote with J. Bradford Jensen, deputy director of the Institute of International Eco-

nomics, outlines the factors that are most important to a U.S. company's survival in a global economy:

- Enterprises that are part of a multiplant firm are more likely to survive than single-plant firms. About 40 percent of surviving enterprises belonged to multiplant firms;



H/O PHOTOGRAPHERS INC.

**"Competition from low-wage countries will induce a long-run reallocation of economic activity, away from low-wage, low-skill industries and toward high-wage, high-skill industries."**

—Andrew Bernard

of those that failed, only about 36 percent were multiplant firms. However, there is one exception: Multinational firms are actually *more* likely to close a plant if its production

mix is different from those of other plants in the firm.

- Enterprises that are owned by multinationals or that are part of a larger firm are more likely to survive the tides of globalization than those that must go it alone. This may be, in part, because multinational companies are usually larger, older, and more productive than nonmultinational companies, Bernard explains. Again, there are exceptions: Multinational ownership makes a shut-down of a domestically based plant or a recent acquisition *more* likely.

- Finally, companies that export products or manufacture multiple products are more likely to survive than those that rely on domestic markets or single product lines.

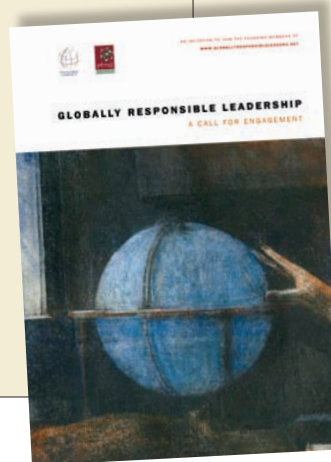
"Our research shows that companies must take advantage of opportunities to work with firms in other growing markets, such as China," says Bernard. "Firms that stop making low-end products, partner with

## UPCOMING & ONGOING

### ■ CR in the Spotlight

London Business School has launched initiatives to emphasize the importance of corporate responsibility to business success in the global market. It recently released a report, "Globally Responsible Leadership," a collaboration of academics and businesspeople worldwide, which was published by the European Foundation for Management Development. LBS

will host an international corporate responsibility conference July 13 to 14 to encourage further discussion and research regarding the development of strategy for corporate responsibility. LBS also was chosen by the European Academy of Business in Society to conduct a three-year project that will explore curriculum development in corporate responsibility. For information about the upcoming conference, visit [www.london.edu/marketing.html](http://www.london.edu/marketing.html). To read the report, visit [www.globallyresponsibleleaders.net](http://www.globallyresponsibleleaders.net).



## creating value

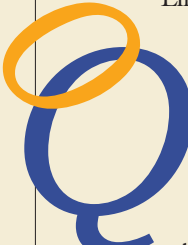

low-end suppliers overseas, and focus their energies on manufacturing high-end products tend to do well. Those that think outside their own box and move beyond manufacturing only one good also seem to be thriving.”

Bernard’s latest paper released this year, “Trade Costs, Firms and Productivity,” takes this research a step further. Written with Jensen and Yale management professor Peter Schott, this study finds that in an economy where trade costs are decreasing, high productivity firms and exporters will be the winners. “There will be big winners in industries where trade costs fall,” says Bernard. “But a lot of low productivity firms will die.”

To read more of Bernard’s research on the effects of globalization on companies and workers, visit his home page at [mba.tuck.dartmouth.edu/pages/faculty/Andrew.Bernard](http://mba.tuck.dartmouth.edu/pages/faculty/Andrew.Bernard).

### ■ Teaching Ethics

The School of Management at Audencia in Nantes, France, has begun a study to measure the impact of teaching ethics to MBA students. Headed by ethics specialist Jean-Luc Castro and nonprofit expert Graeme

Lindsay, a research team will measure participants’ notion of ethics at the start of the program and at its completion. The statistical approach used will rely on a technique known as “Q-Methodology,” employed in social sciences and psychology to measure views on abstract concepts.  



*“The analytical investment skills gained in the College of Business gave me the flexibility to transition from investment management to a unique sector of international development. Microfinance supports economic growth in developing countries by providing small loans to poor entrepreneurs, with nearly 100 million borrowers across the globe. I am proud to be using my financial education to make a difference in an amazing industry.”*

Brooke Randall ('02 Finance)  
Analyst, MFI Services, Unitus Global  
Microfinance Accelerator

**CB VISION:** *Transforming the lives of students while positively impacting the business and academic communities of Washington state, the region, and the world.*

- The College of Business is ranked among the **top 10** business programs at public universities in the western United States (*US News and World Report* 2005).
- The College of Business is one of **10 percent** of business schools in the country to achieve AACSB accreditation at the bachelor, master, and doctorate levels.
- *US News and World Report* ranked the International Business major among the **top 25** specialty business programs (2003–2005).
- *Entrepreneur* magazine rated the Entrepreneurship major as the **top entrepreneurship emphasis program** in Washington (2005).

WASHINGTON STATE  
 UNIVERSITY  
COLLEGE OF BUSINESS

Developing **Leaders.**  
**Driving** Innovation.

[business@wsu.edu](mailto:business@wsu.edu)  
509-335-8150

## Get Down to Earth to Teach Strategy

Professors who teach strategy often face two major problems in the classroom. First, strategy, as a concept, often appears vague and fuzzy to students. Students know it's important; but they often see it as too broad and variable. Second, and perhaps most troubling, educators often start at the wrong point when teaching strategy. It doesn't help matters at all when they start in the air, so to speak, introducing students to concepts such as "mission" and "objectives."

What business educators really need in the classroom is a down-to-earth approach, using methods that complement the importance of the strategic concepts with practical applications. Educators need to start not with vagaries, but by having students look at a company's basics: where the company is, what it sells, who it invoices, which market segments pay the bills, and which segments don't.

For instance, students may be lost in the haze if professors begin a strategy course defining amorphous or theoretical terms. But they'll latch on to concepts quickly when presented with, say, a brewery looking to increase its share in the marketplace. Ask students the real-world questions: Does the company sell red, lager, or stout? Nonalcoholic, light, or standard? To a young or mature market? To men or women? Before the end of the course, students have learned the foundations

of creating a strategic map in terms they can understand.

Having defined a strategic map of the market's terrain, students are now ready to answer another down-to-earth question: How can a company defend its market segments and attack competitors?

Once again, I find that theory still often rules the day, especially when it comes to the *initial* lessons in strategy. Professors may want to present a neat list of bullet points before the class outlining the eight defense moves a company can make (such as signaling defense, creating



Jorge A. Vasconcellos e Sá

**THEORY HAS ITS PLACE, BUT WHEN IT COMES TO TEACHING STRATEGY, IT'S BETTER TO GET DOWN TO EARTH IN THE PROCESS EARLY, QUICKLY, AND THOROUGHLY.**

barriers to entry, or counterattack) and the six attack moves (such as guerrilla warfare, bypass, or flanking). I argue, however, that it's more important to show these moves *in action*, not *in theory*, from the first moment of instruction.

Rather than bullet points, first introduce students to a business—say, a pizza parlor. Invite them to consider opening a new pizza parlor in their neighborhood. They first can note what firms already are doing business—maybe a Pizza Hut, a Domino's, and an independent pizza parlor. Then, they learn to first con-

centrate on the industry leader. In this case, perhaps it's Pizza Hut—the company with the most financial resources trying to block their restaurant's entry by cutting prices and increasing advertising. Students can choose to open a sit-in restaurant with low prices and fast service as a direct frontal attack on Pizza Hut, which already leads in that segment. They might choose to open a gourmet pizza restaurant as a bypass attack on Pizza Hut, which isn't in that segment and may lose customers to a new option. Or they can operate from a home kitchen and specialize in home deliveries as a guerrilla attack on Pizza Hut, which doesn't have clientele in that segment at all.

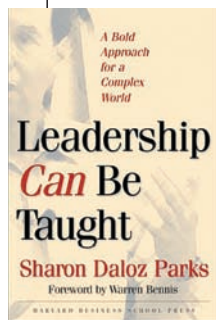
As students decide which segment—and how many segments—they should target, and what attack moves they should utilize, they're simultaneously learning the concepts. It isn't essential for them to be immersed in theory before getting their hands dirty creating a strategic plan.

Theory has its place, but when it comes to teaching strategy, it's better to get down to earth in the process early, quickly, and thoroughly. Students emerge from these early strategic exercises knowing what the available strategic moves are, when to follow them, and how to implement them. In other words, they spend less time being confused and more time knowing the rules of strategy and how to follow them, minimizing their mistakes. And as any strategic planner knows, those who make fewer mistakes are those who win. **Z**

Jorge A. Vasconcellos e Sá is the Jean Monnet Professor at the University of Lisbon in Portugal.

# Bookshelf

**Ronald Heifetz not only believes leadership can be taught, he believes a course can be structured so that the classroom itself becomes the learning laboratory—and the experiences**



of students within the classroom help define the very concept they're studying. In *Leadership Can Be Taught*, Sharon Daloz Parks follows Heifetz as he teaches a leadership course at the Kennedy School of

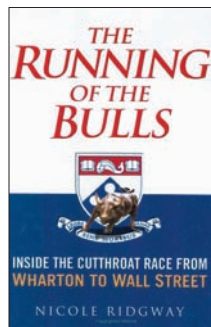
Government at Harvard University. She virtually transcribes the first day of class, in which Heifetz, instead of explaining how he will conduct the course, moderates a discussion in which puzzled students are forced to examine what they expect of him—or of any authority figure. Heifetz's overall premise is that, in a complex global environment, a leader must be much more than a charismatic authoritarian individual, an idea that rewrites the very definition of power. "On the one hand, you are less in charge," notes the author. "Yet, within a radically interdependent world, every action has some effect, so one's actions (even when modest) may have more effect than was previously supposed. Thus one's sphere of responsibility is enlarged." Parks offers the whole structure of Heifetz's class as it unfolds, pauses to explain his ideas and methodology, and interviews students as they struggle to grasp and apply new ways of thinking. The book succeeds so well that the reader, like the student, goes through a "crucible" of learning and comes out thinking differently. (Harvard Business School Press, \$29.95)

**Anyone curious about an insider's**

look at a legendary business school might pick up a copy of *The Running of the Bulls*, Nicole Ridgway's sharp and detailed account of life inside The Wharton School. Ridgway, who writes for *Forbes* magazine, builds the book around the experiences of a handful of students from the class of 2004. She follows them from their first competitive days as freshmen through the stressful summer internship programs, graduation, and early days on the job. Some students are super-overachievers who thrive on 140-hour weeks as Wall Street interns; others find themselves questioning their career choices and the sacrifices they might be compelled to make. To contrast with their personal stories, Ridgway paints broad pictures of Wharton, the University of Pennsylvania, Wall Street, and the world of investment banking. Overall, it's a fascinating look at a rarified world. (Gotham Books, \$25)

**Here's a statement that will make a reader**

stop and think: "If the entire world were as material-intensive as North America, it would take more than three planet Earths to support the material requirements of the current world population." *Capitalism at the Crossroads* offers many such hard-hitting insights as it builds the case for global sustainable development across all industries. Author Stuart L. Hart—a longtime sustainable development advocate now at Cornell's Johnson Graduate School of Management—argues that companies must move beyond incremental "greening"

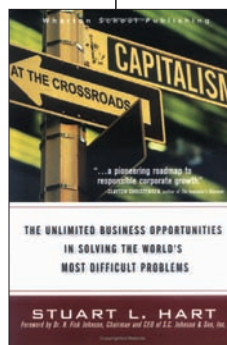
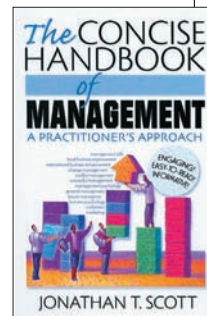


strategies to wholesale revamping of their processes and their technologies. He offers case studies that show how sustainable

development not only has an environmental impact but essentially has saved floundering companies and has led to increased profitability for others. He's both passionate and meticulous, and his book sends a powerful message. (Wharton School Publishing, \$27.95)

**The study of management should be fascinating,** writes Jonathan T. Scott

in *The Concise Handbook of Management*. "Who among us isn't intrigued by money, influence, passion, achievement, success, failure, greed, good deeds, and similar emotions, attributes, and weaknesses? ... What else besides romance, sport, and warfare constantly tries and tests an individual both personally and physically against others?" He admits up front that his book offers no new theories, just a common-sense and easy-to-understand approach to management. One of his key points is that management must serve both internal and external customers—employees as well as consumers—if a company is to succeed. In simple, straightforward prose, Scott gives a brief history of management theory, discusses the basics of customer service, touches on employee empowerment, and covers topics such as ethics and leader-

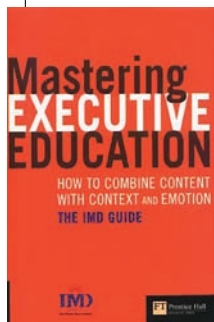


ship. The title is apt: It *is* a concise book, and it isn't buttressed with in-depth case studies and detailed references to recent research. But it does present a practical and thoughtful look at how to manage a business today. (Best Business Books, \$49.94 hardcover, \$29.95 softcover)

**Executive education has become a money-making mainstay** at most business schools, which makes it even more critical that schools deliver the best programs possible. Administrators who want to fine-tune their offerings might consult *Mastering Executive Education*. Edited by Paul Strebel and Tracey Keys, the book gathers essays by a host of IMD professors who discuss high-impact learning strategies for senior managers. While the book emphasizes relevance and real-world scenarios, the authors stress keys to learning that might seem unexpected: stirring up emotion, creating energy, employing the senses, and putting everything in context. Throughout the book, the authors explain how learning is achieved through four stages when participants challenge,

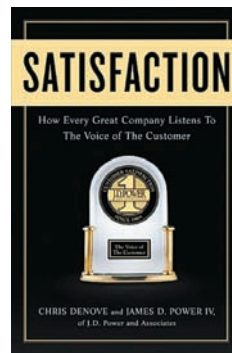
investigate, construct, and change their working models. Educators are encouraged to script a classroom session as if it were a play, with scenes and acts that bring drama and closure to specific lecture

points. As the editors say, "A much broader, holistic approach to developing the whole person is required to drive effective learning." (Prentice-Hall, \$99.50; £27.99 at Amazon.co.uk)



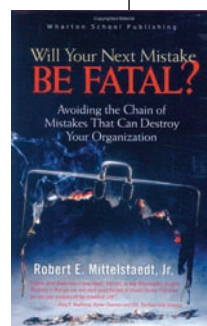
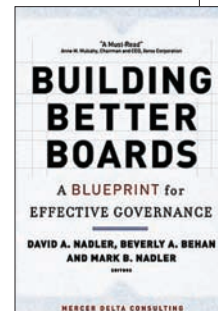
**Customer satisfaction isn't just a good idea; it can determine** whether a company thrives or fails. "There is an intractable connection between high levels of customer satisfaction and shareholder value," say Chris Denove and James D. Power IV in *Satisfaction*. Using all the knowledge gained over the years by consumer feedback company J.D. Power and Associates, the authors build a strong case for determining what is important to the consumer and ensuring the company meets those needs. They discuss how customers become "advocates, apathetics, or assassins" and how, in the Internet age, these customers can express their opinions to a global audience. Graphic examples from companies who have—and haven't—figured out how to achieve customer satisfaction convincingly underscore the basic premise and should make all business owners keen to improve their own relations with customers. (Portfolio, \$25.95)

**The fallout from every great disaster, be it a hurricane or a business bankruptcy,** is made worse because of human errors. In fact, in most of these catastrophes, a series of mistakes combine to make the disaster even worse. Learning the M3 process of "Managing Multiple Mistakes" can avert or at least minimize the worst damage, according to Robert E. Mittelstaedt Jr. in *Will Your Next Mistake Be Fatal?* Mittelstaedt, the dean of Arizona State University's Carey School of Business, chronicles "mistake chains" that have led to airline crashes, company failures, and nuclear meltdowns. Along



the way, he provides clear insights into what went wrong (unclear division of responsibilities, insufficient training, poor communications) and what warning signs CEOs can look for in their own companies. His examples are diverse but impressive; he notes, "The patterns of mistakes are similar and know no boundaries." His clean prose and well-charted examples, however, provide a clear direction for walking a different path. (Wharton School Publishing, \$25.95)

**Even before messy scandals started** reshaping corporate governance worldwide, business leaders were starting to rethink the roles of their boards of directors. But it's no easy task to transform boards from passive groups that rubber stamp the CEO's initiatives to engaged teams committed to improving the company's shareholder value. In *Building Better Boards*, David A. Nadler, Beverly A. Behan, and Mark B. Nadler lay out a blueprint for how to assemble and empower a working team of high-powered individuals who "actually contribute substantial value to the organizations they serve and the shareholders they represent." Covering everything from how to interview potential board members to how to choose a new CEO, the book is detailed, thoughtful, and comprehensive. And, like the new boards it describes, it doesn't shy away from hard topics. (Jossey-Bass, \$39.95) **Z**



# Spotlight



## In the Heart of the City

Singapore Management U's new campus balances academics with community.

**Imagine that a business school wanted** to establish a new campus on the grounds of an urban park—perhaps Central Park in New York City or Hyde Park in London. It would be an undeniable challenge to convince local government, businesses, and residents of the project's merit—and design a campus that preserved precious public green space for all to enjoy.

On July 31, 2005, Singapore Management University celebrated just such an accomplishment. To mark the occasion, a parade of students, faculty, and staff marched from SMU's old Bukit Timah campus, its temporary home since 2001, to a new \$426 million, 11-acre campus in the heart of Singapore's Bras Basah city district. Built with the help of government funding, the new campus was the culmination of five years of planning, which began at SMU's inception as a university in 2000. The campus comprises six buildings, including SMU's Lee Kong Chian School of

Business, School of Accountancy, School of Economics and Social Sciences, School of Information Systems, Li Ka Shing Library, and administrative offices.

SMU's new site was built on the grounds of the city's Bras Basah Park, a landmark now reflected in the design of the new campus. "The school wanted to return the public space to public use," says SMU president Howard Hunter. As a result, many of the buildings are built off the ground, with free-flowing walkways, courtyards, and green spaces underneath that are open to the public. Large Angsana trees, hallmarks of Bras Basah Park, were dug up and kept in a nursery for four years while construction was completed. The trees were then replanted so that the old-growth vegetation of the original landscape was not lost.

In the 19th and early 20th cen-

turies, Singapore's urban center was home to several educational institutions, but all had left the city for suburban campuses, Hunter explains. SMU and the Singaporean government were eager to bring education back to the city's cultural and urban life. The goal was to create an educational center similar to those in New York City, London, and Paris, while continuing to be an open and accessible public destination.

"Many universities have activities going on in their urban centers, but they are in spaces that are forbidding and uninviting," says Hunter. "To be a part of the city, the space must be accessible and open, in feeling as well as fact."

The school's new identity as both an academic center and city hub is definitely by design, says Hunter. Students are now minutes away from internships, by subway or on foot. The campus includes retail shops and cafes at ground level; in addition, the school hosts performances, exhibitions, lecture series, and seminars that attract large public attendance.

That school-city interaction is as much a part of SMU's mission and identity as its classrooms, research centers, and computer labs, says Hunter. Students are more aware

**SMU and the Singaporean government were eager to bring education back to the city's cultural and urban life.**

of how their education meshes with the business and public activities occurring around them; at the same time, the public is reminded that a tax-supported institution like SMU belongs to them. "SMU belongs to all of Singapore," he says. "It's a way of integrating academics and research with the realities and functioning of the real world." ■