

A New Model for Management Education

by Peter Lorange

Several prominent voices have criticized business schools and the traditional full-time MBA. They argue that the classical business curriculum helped develop business leaders who contributed to today's global economic crisis. Quite frankly, I believe there are several good reasons that their criticism, at least in part, is valid.

First, most business schools teach *linear* thinking—too often, students learn to make decisions in an “either/or” or “positive/negative” fashion. They often don't work actively with the constant up-down, in-out, long-short movements of business cycles. They don't learn to recognize critical turning points or understand the factors that make the difference between success and failure. Those students then become real-world leaders, whose lack of understanding can lead to decisions and strategies that make the peaks and valleys of business cycles much more severe.

Second, business schools often teach students to focus on short-term bottom-line results, even though long-term growth is equally important. They often fail to remind students that a company's customers are just as important to its financial success as its shareholders.

Business schools need to rethink many concepts they hold dear—including academic departments, tenure, and the full-time MBA.



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Third, while business schools have made changes to their curricula to eliminate “silos” and teach across disciplines, they still are hampered by outdated approaches that keep the silo mentality firmly entrenched.

Finally, in general, today’s business schools seem to be heavily committed to full-time education—particularly the full-time MBA. But that does not reflect the rapid pace of business, where leaders need lessons they can use in the workplace *today*, not one or two years from now. I believe that part-time educational formats are more important than ever, because they allow students to continue to work during their courses and offer them opportunities to apply what they learn immediately. Equally important, part-time programs allow students to bring to the classroom the practical insights they gain on the job.

I believe that executive education deserves a more prominent role in a business school’s mission statement. To unlingo from marketing, many business schools might need to change “the mix” of their offerings to better reflect the needs of 21st-century business.

Moving from “Me” to “We”

Many business schools have recognized that teaching in silos is a dysfunctional way to teach management—and that’s a good thing. These schools have devised new, more integrative curricula. They are assigning more project work and encouraging faculty from different disciplines to work as teams to teach the same courses. These efforts are all admirable—however, they might not be enough.

Why? Because while business schools might be changing how they *teach*, they aren’t necessarily changing how their faculty *think*. Even with business schools’ efforts to integrate curricula, too many faculty members still work in disciplinary isolation. They still work in separate departments, garner titles based on academic speciality, and seek tenure in their disciplines. They pursue axiomatic research and publish predominantly in axiomatic journals. The business curriculum might be integrated, but business faculty, most often, are not.

That reality encourages a “me, me, me,” attitude among faculty members, which keeps them separate from their colleagues in other disciplines. As long as this is the case, the silo mentality will stay strong.

But eliminating departments might not necessarily eliminate disciplinary silos. For example, at IMD in Lausanne, Switzerland, where I was president for 15 years, we had no titles, no departments, and no tenure. Still, the bulk of IMD’s professors stayed with the school for a long time, set-

ting into their specialties. As a result, even at IMD, we had silo elements! Even we could not break free into a truly integrated way of thinking.

However, academics must work across boundaries to create learning, teaching, and research environments that embrace a “we, we, we” spirit. We need an environment with no silos, where business is seen as a whole, not as a series of parts.

The Right Direction

I have not seen a business school today that completely fits my vision of what management education should be. But several schools seem to be heading in the right direction.

IMD heavily emphasizes executive education and the executive MBA, which allows participants to transfer knowledge into their companies and encourages them to consider how what they learn in class will work in practice. The Scandinavian International Management Institute in Copenhagen, Denmark, relies on part-time faculty, which leads to fewer silos by design.

Duke Corporate Education—the customized executive education arm of Duke University’s Fuqua School of Business in Durham, North Carolina—has done a particularly good job in dissolving silos. With its partners, the London School of Economics and Political Science in the United Kingdom and the Indian Institute of Management Ahmedabad, Duke CE uses almost exclusively part-time faculty and allows clients to have a say in the design of their programs and the choice of faculty. Still, the faculty who teach this program have completed their research at their primary academic institutions, where they have been largely isolated by discipline.

A New Paradigm

How can we develop a new paradigm of management education? One that links the classroom, the real world, and the business disciplines in a fluid fashion, without the distraction of silo-based thinking? I think we must create an environment that is completely dedicated to a new, more modern view of management education. For that reason, I recently purchased the Graduate School of Business Administration Zurich—which will now be called the Lorange Institute of Management Zurich—where we can put this model into practice.

I chose GSBA Zurich for several reasons. With its network of 40 part-time professors and a student body of approximately 900 students, GSBA is a relatively small school, one that I could better “get my hands around” to create a new environment for students and faculty. In addition, its



infrastructure isn't as driven by bureaucracy as other larger schools. Finally, the 40-year-old institution offers the advantages of an established network of students and alumni and a location near Zurich, a business center.

My aim with the Lorange Institute is to develop an alternative “blueprint” for how a top business school will look in the future. Within this blueprint, the program is completely part-time, there are *no* permanent faculty, and there are always fresh perspectives coming through the doors. Because our students continue to work and our faculty come from a variety of institutional and research backgrounds, we will maintain a continuous connection to the changing business world.

Making It Work

This model presents significant challenges. We know we must attract strong first-tier research faculty, because research is key for cutting-edge teaching. Faculty, in effect, will be “moonlighting” at the Lorange Institute from other institutions to work with us on a part-time basis.

However, we realize that other institutions have cultivated the talents and research skills of these faculty. We do not want to be accused of cherry picking the best talent from other schools, so we will ensure that their commitment to their home institutions is fully recognized. We will not only support our part-time faculty members, but also compensate their parent institutions for their contributions.

In addition, we will embrace a “flat hierarchy,” where all faculty are involved with the governance of the school, so

that we can eliminate bureaucracy. We will form a Faculty Senate, who will be in continuous contact with school leadership regarding curricular design and development. Faculty also will reside on campus, to encourage informal, daily interaction with students and other stakeholders.

Our students will be older executives—typically 35 to 45 years old—with different professional, educational, cultural, and national backgrounds. They will bring their real-world experiences into each course and be able to put what they learn to the test almost immediately. We will teach through “living” case studies, which will be assigned to students as consulting projects or presented by guest speakers who have lived them. Our EMBA students will complete “living research projects” that will demonstrate positive impact on our students and the companies where they work.

In all respects, we view this new school as a meeting place for ideas. It will be a place where students and faculty share their immediate experiences. We are committed to the Socratic method, where all participants engage in debate about what really works in practice, rather than in one-way communication from professor to student.

“Constructive” Innovation

Clayton Christensen talks of “disruptive innovation.” I do not see my purchase of GSBA as disruptive in the way Christensen describes. Still, what we are doing is different. We aim to make the customer—the student—the complete focus of our attention. We might do this, to some extent, at the expense of the professor.

Many might view this approach as controversial. But I view it as constructive, rather than disruptive, innovation. I argue that we shouldn't be criticizing what business schools do or don't do, or what they have or have not accomplished. Instead, we should be acting on what our customers need from us—fully integrated education that, at all times, links the curriculum to the workplace. I want to create an alternative to the status quo of management education and push it in a new direction.

I think that we're missing the most critical factor in effective business education: guarded optimism! We must be optimistic that we can change the way we teach business, that we can create new business opportunities for our students and faculty. To do that, we must change our model so that focus is squarely on our students—rather than on our faculty. **Z**

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