

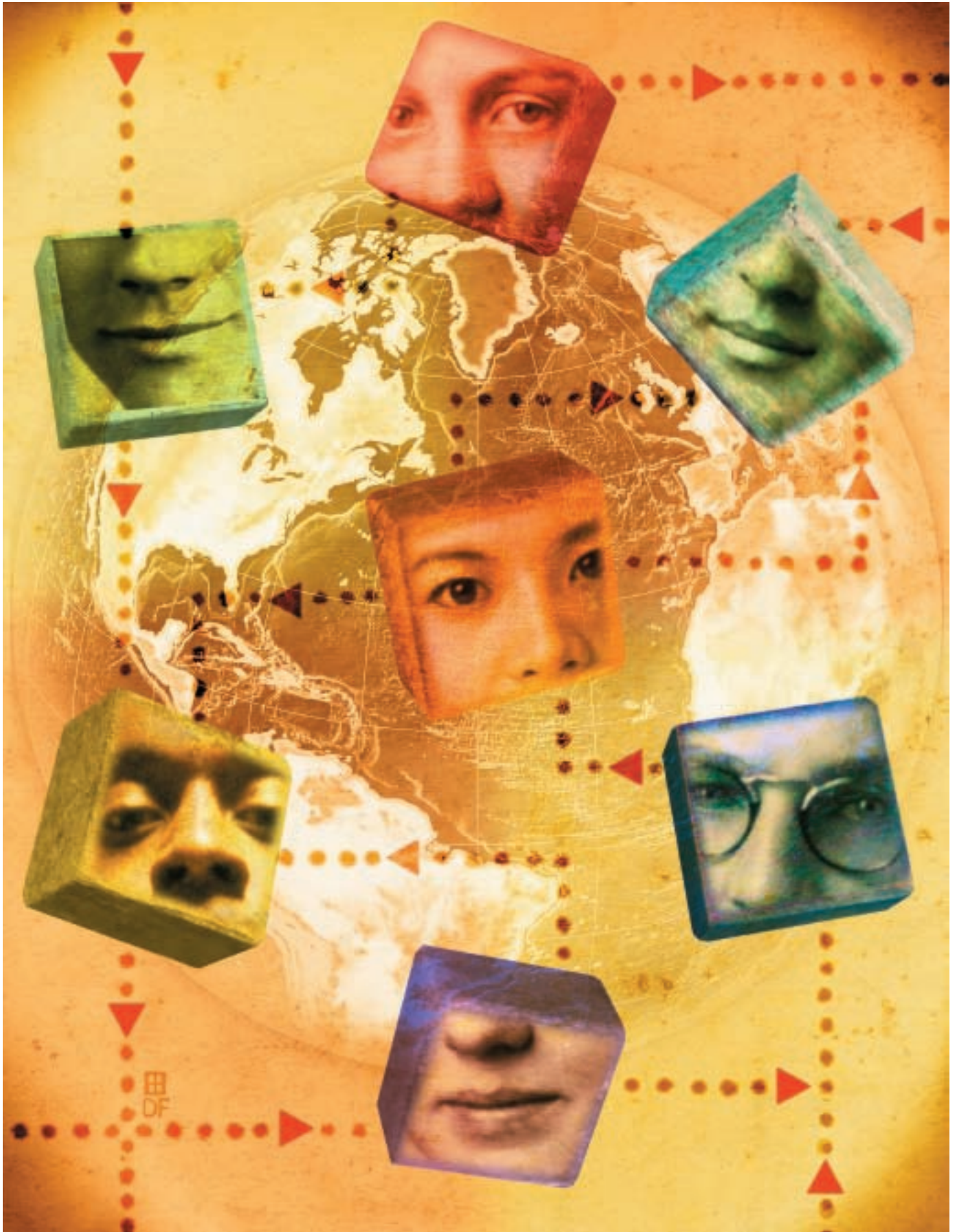
Transforming the Business School

by Frank Horwitz

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

To answer these questions, we must acknowledge the rise of the “next-generation enterprise,” a term coined by Tamara Erickson, an expert on changing trends in the workplace. Successful next-generation firms will be collaborative and interconnected, forming partnerships and multiple-location virtual teams to stay informed. They’ll be responsive, strategic, opportunistic, and experimental to manage complex global markets. These agile, amoeba-like organizations will be flexible, enabling employees to work from any location at any time.

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



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

Seven ‘Soft’ Questions

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

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

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



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

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

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

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

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



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

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

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

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



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

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



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

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



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

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

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

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

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

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

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

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

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

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



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

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



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

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

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

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



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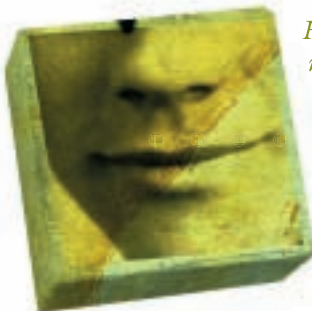
We would like to acknowledge the global perspective that the schools listed below have given to their students for the coming academic year.

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

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- Villanova University
- Babson College
- Drexel University
- Thunderbird School of Global Management
- United States Naval War College
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IHRM courses should teach managers how to develop criteria for the recruitment, retention, and cultural integration of expatriate employees. For example, they'll need to consider factors such as the family situation of employees, including their spouses' careers, their children's ages, and the levels of cross-cultural adjustment and integration they'll require.



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

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

New Kind of Value Creation

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

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

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

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

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

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

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