

# Your Turn

by Yash Gupta

## Business School Is Not the “Real World”

Many industry executives, corporate recruiters, consulting firms, and even business academics have asserted that business schools are “behind the curve” when it comes to management training and practice. They see business schools as ineffective, at best—and, at worst, irrelevant. In response, business schools have attempted to provide more “real-world” business training to students, to prove their relevance to business. But in attempting to recreate real-world business, business schools are undermining their true core competency. Their purpose is not to offer real-world business experience; their purpose is *to educate*.

There’s no question that “learning by doing” works. Practical experience has been the primary source of management education for centuries, and it will forever be an important complement to academic study. But higher education was not built to emulate the real world. The best business schools in the world cannot match a true on-the-job experience. Anything we can do lacks the urgency, context, financial peril, and financial rewards of actual employment.

Bartlett Giamatti, in the book *A Free and Ordered Space*, eloquently formulated the difference between “for-profit” businesses and institutions of higher education. “A college or university,” he writes, “is an institution where financial incentives to excellence are absent; where the

product line is not a unit or an object but rather a value-laden and lifelong process; where the goal of the enterprise is not growth or market share but intellectual excellence; not profit or proprietary rights, but the free good of knowledge; not efficiency of operation but equity of treatment; not increased productivity in economic terms, but increased intensity of thinking about who we are and how we live and about the world around us.”



As academics, we sometimes forget that the atmosphere of higher education is, by design, inherently different from corporate environments. Its purpose is to offer an alternative to experience. It’s an alternative that has long been viewed as more effective and efficient than “learning by doing.” Rather than attempting to deliver quasi-real world experiences or trying to put a “corporate shell” over an institution-

al model far removed in structure, style, motivation, and culture from a for-profit corporation, we should emphasize how business schools *differ* from the real world. We should focus on our core competencies—on doing what higher education can do much better than industry.

First, we offer students and faculty the freedom to experiment via case studies, simulations, and other projects. Case-study experimentation exposes students to alternative solutions and to a level of feedback and *post mortem* analysis rarely available in real business situations. Students can see how others solved the same situation, compare their performances, and learn from that knowledge without the impingement of real-world pressures.

In addition, new technologies give us the ability to bring cases into the classroom in ways that greatly enhance the power of these proven learning tools. Via computer simulations, we can create scenarios that test a student’s mental agility and develop leadership and crisis management skills far beyond the real-world challenges our students are likely to face in the workplace. By facing the challenges of these “hyper-realities,” students learn not only how to manage “what is,” but how to manage “what might be.”

Even so, many business schools are still reluctant to integrate simulations into their classrooms. In the 1988 article accompanying *BusinessWeek*’s very first ranking of MBA programs, Andy Grove, former president of Intel, described how a business school dean rebuffed his suggestion of teaching leadership

using simulation. Sixteen years later, many business schools eschew simulations in favor of throwing students directly into so-called “real-world” experiences.

Just as the learning power of simulations is often overshadowed by this real-world emphasis, so is the insight provided by our research. Even as our faculty are creating knowledge and finding new solutions, our students often pass through our programs with little exposure to professors’ best work. Giving students more access to current research would give them insights and tools for the future that may be unknown and unavailable in any company or industry training program. Furthermore, exposure to faculty research opens students’ eyes to the research process itself and demonstrates how they can find new solutions and develop new analytical tools—a valuable skill for managing in an always uncertain future.

Unlike for-profit business, a university is built to provide an open exchange of ideas. We can present speakers with conflicting views of the future, sharp criticisms of business, wild proposals, and alternative solutions. In this rich environment of competing views, which might present a public relations nightmare for a private firm, students learn to develop and defend their own values and solutions to challenges they may face as future managers. In this regard, our “ivory towers” are actually far less insular than many corporate headquarters and provide a great learning benefit to our students.

Rather than trying to advance ourselves by following existing business models, we should be trying out our own new models and new ideas. Rather than recreating the

real world as it now is, business schools should provide platforms for experimentation and creative exploration of new management approaches. What better place to put new theories of management into play than in an institution unconstrained by the need to show quarterly earnings? What better place than business school to give free rein to the ideas of young future managers who will be asked to develop innovations in industry?

**Let business deliver real-world experience. We must teach students to evaluate what works and what doesn’t, absent real-world consequences. We must give them freedom to experiment and open up the field to innovative new approaches. Many students may even prefer to wait to get their on-the-job training on the job, where they’ll actually get paid for it.**

Finally, as business educators, we should tout our hidden gem. Some critics warn of the proliferation of corporate universities and expanded company training programs. But despite the rising cost of higher education, we have a clear cost advantage in training managers for the vast majority of businesses in the world. Only a few employers can justify committing the immense resources required to develop an internal struc-

ture that can deliver the depth and breadth of business knowledge needed to educate top managers. Business schools, on the other hand, already have an education infrastructure in place—portions of which may come at virtually no cost—and can add further value by offering programs tailored to the unique needs of a company. Most companies are better served by “outsourcing” management education to us.

Business educators can best serve the business community when we focus on the essence of who we are as educators and what we do better than anyone else. Let business deliver real-world experience. We must teach students to evaluate what works and what doesn’t, absent real-world consequences. We must give them freedom to experiment and open up the field to innovative new approaches. Many students may even prefer to wait to get their on-the-job training *on the job*, where they’ll actually get paid for it.

As educators, our primary mission should be to broaden the vision of our students, so that they analyze situations and problems more efficiently than any untrained observer. We should help them to see opportunities others do not see; to hear, understand, and effectively address all types of criticism and input; to solve problems not yet encountered; and to know how to experiment with new solutions. We must teach them to work with tools that haven’t yet been tested. More important, we must prepare them to test tools they’ll need to invent for themselves. **Z**

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