

# Three-Year





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effectively with institutional offices. In fact, to overcome such considerable external influences, many deans are putting their focus primarily within the confines of their institutions, to improve, enhance, and overhaul their schools altogether.

### Revamping the Curriculum

The No. 1 area that will see revisions in the years ahead is the curriculum itself. Most deans plan to make changes by expanding the number of programs they offer, rather than developing centers of excellence in a specialized area. Several trends emerge: a rising emphasis on nontraditional MBA programs, a waning emphasis on undergraduate and doctoral programs, the development of more partnerships between business schools and other academic units, and general improvements in existing programs.

■ **Flexibility reigns.** MBA programs will undergo the most changes in coming years as schools focus on flexible, part-time delivery formats instead of full-time residential programs. Even though full-time MBA programs remain important to many schools—partly because of the attention they receive from media rankings—these traditional versions will continue to shrink. Part-time and executive programs have become increasingly attractive, mainly because of their potential for generating revenue. Part-time programs also help schools achieve cost efficiency and prevent competitors from stealing market share.

Many new part-time programs will be delivered off-site or on satellite campuses that are closer to the business communities they serve. At least 15 respondents listed significant plans for more online education, mostly in the MBA area. Few of these schools are starting from scratch. They already are using technology extensively and plan to

combine existing online coursework into degree programs. Business schools also are adding certificate and executive non-degree programs to enhance revenue and increase involvement with the business community.

■ **BBA and Ph.D. programs will stay unchanged.** As deans put more effort into master's level degree programs and nondegree courses, little attention is left for doctoral and undergraduate programs. Some deans, particularly those in the Sunbelt states of the U.S., are planning to revise their undergraduate curricula as they confront rapidly expanding enrollments. But few expect to introduce significant new undergraduate programs or majors as part of this change.

Doctoral programs will receive attention from a limited number of the surveyed schools. Of the 300 respondents, 15 mentioned changes they're planning to make to doctoral programs. Twelve are planning to create new doctoral programs;

## Major Business School Issues

### Planned Changes

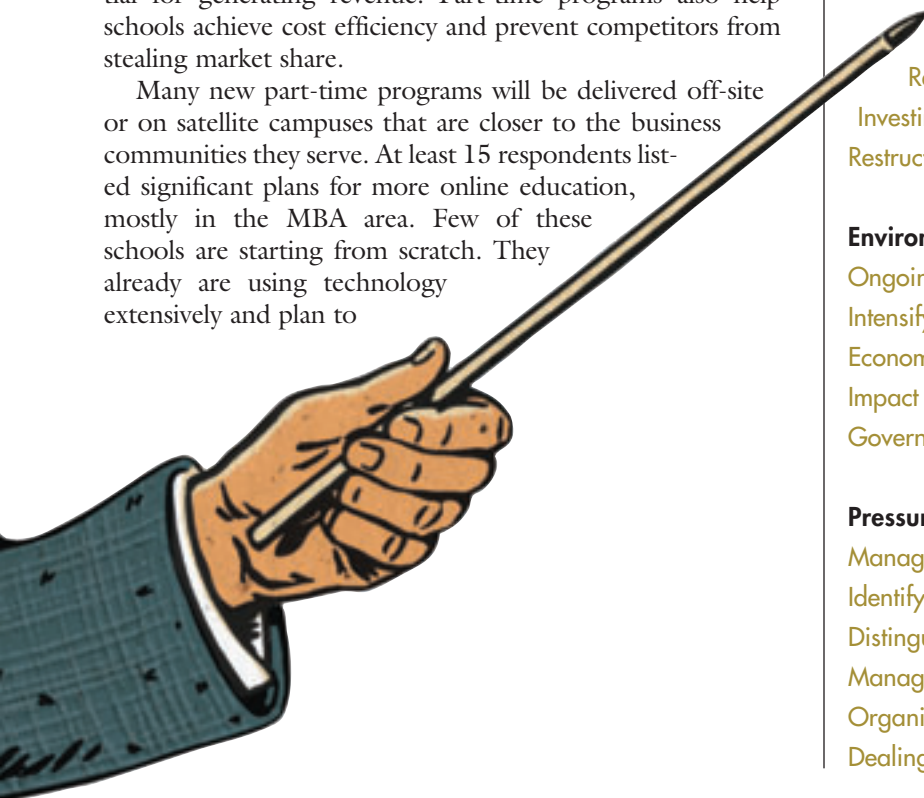
Developing new programs and curricula	.41%
Building up the brand	.26%
Focusing on funding	.24%
Recruiting and retaining faculty	.18%
Investing in the community	.13%
Restructuring the school	.13%

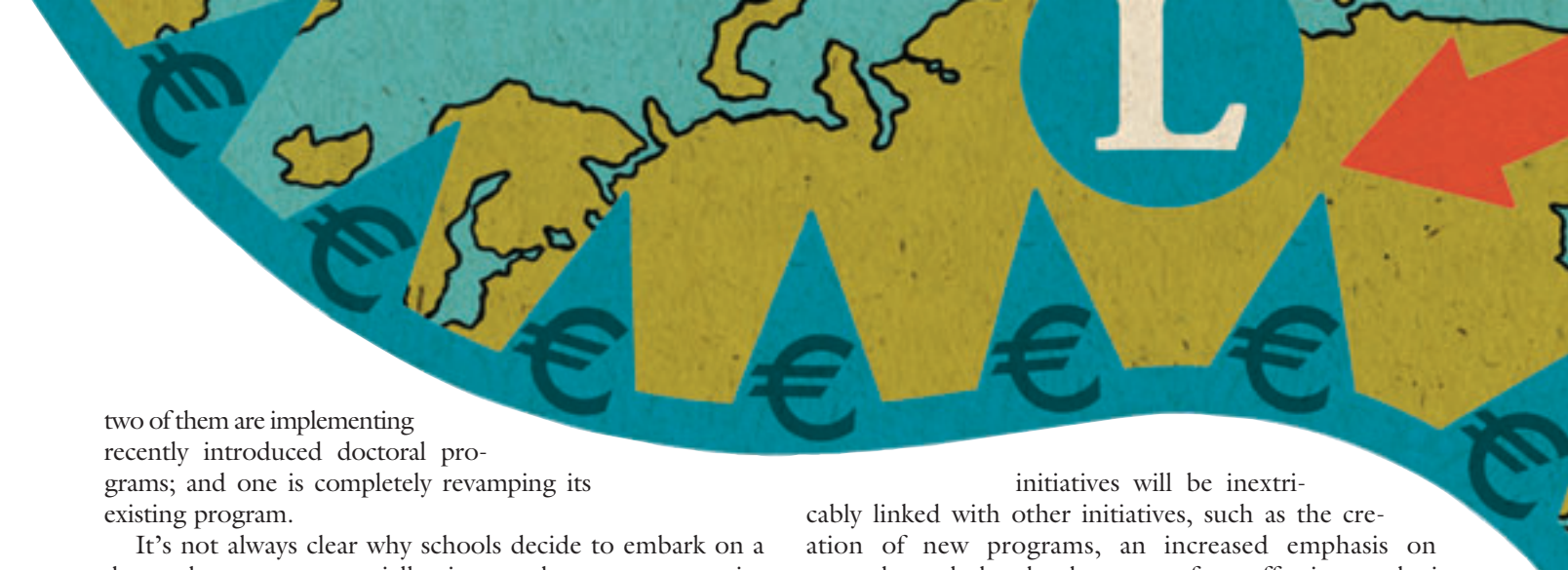
### Environmental Forces

Ongoing budget cuts or freezes	.46%
Intensifying competition	.42%
Economic uncertainty	.32%
Impact of changing demographics	.19%
Government policies and accreditation issues	.11%

### Pressures on the Dean

Managing faculty issues	.74%
Identifying and pursuing new funding sources	.45%
Distinguishing the business school from competitors	.24%
Managing university/business school relations	.22%
Organizing enrollments and program emphases	.21%
Dealing with accreditation issues	.12%





two of them are implementing recently introduced doctoral programs; and one is completely revamping its existing program.

It's not always clear why schools decide to embark on a doctoral program, especially since such programs require huge commitments of time and resources. Some schools might be looking for greater academic prestige; others might be stepping up to accommodate the rising demand for Ph.D.s. For a few schools, the motivation clearly is to develop an area of expertise or solidify an existing strength, such as international business or entrepreneurship. Other schools, including some in Kuwait, Canada, China, and Mexico, seem to be developing new doctoral programs with the goal of supporting overall growth in their graduate business programs.

■ **Interdisciplinary programs are gaining popularity.** Yet another major shift in graduate programming is toward interdisciplinary degrees that combine management with fields such as engineering or health care. A number of respondents say they are planning to partner with other campus units in scientific or professional fields such as law, biosciences, medicine, petrochemicals, journalism, and nursing. For most schools, the main objective is to take advantage of existing strengths or create clusters of excellence within the institution.

At other schools, the new interdisciplinary degrees will coincide with structural changes, ranging from joint ventures to complete integration. For example, one business school plans a joint venture with the journalism school as they work together to introduce new programs. At another university, the engineering and business schools are not just going to create joint programs, they're going to occupy the same new building.

■ **Present curricula will be re-examined.** Even as deans launch new degrees, they aren't ignoring the programs they already have in place. Almost one in four respondents mentioned plans to revise existing curricula. Some schools are planning to strengthen the curriculum in specific topical areas, such as globalization, entrepreneurship, and ethics. For others, especially those seeking initial accreditation from AACSB, curriculum changes are motivated by recent changes in the standards to emphasize assurance of learning. Assessment is required to ensure that program learning goals are being met and to facilitate improvement of the program.

### **Building up the Brand**

Establishing the b-school brand is the second most urgent challenge deans will face in the next three years. Branding

initiatives will be inextricably linked with other initiatives, such as the creation of new programs, an increased emphasis on research, and the development of an effective marketing plan. Deans believe that building an excellent brand will help them attract more professors, students, and donors.

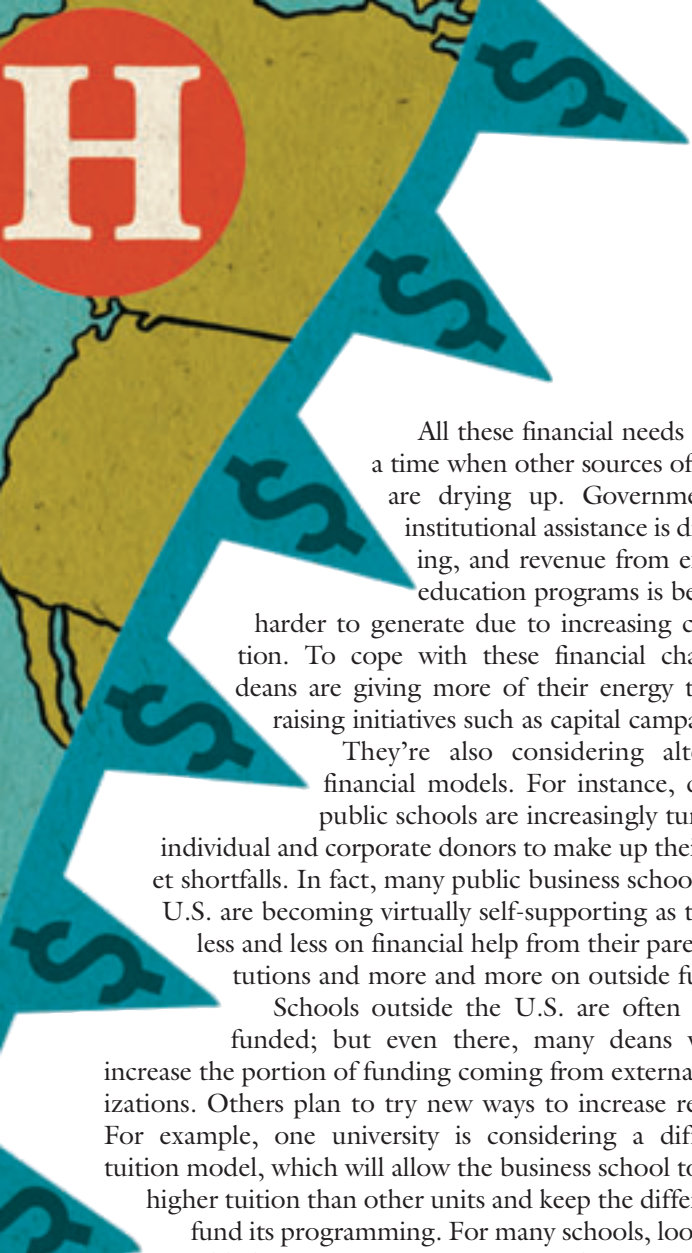
Two types of schools are likeliest to undertake branding initiatives in the near future: schools based outside the U.S., especially those founded recently, and schools in the U.S. that have a regional or local community frame of reference. While the two kinds of schools are equally likely to promote their brands, their reasons are different. New schools outside the U.S. are seeking greater visibility at the international level and want to be compared to other well-known brands. Regional schools in the U.S. are hoping to distinguish themselves from competitors at the local level.

While they're in the process of establishing their own brands, deans also plan to leverage other brands, such as their AACSB accreditation. For example, some AACSB-accredited schools in major markets are considering placing joint advertisements as a way to distinguish themselves from nonaccredited schools. New schools outside the U.S. are particularly interested in achieving AACSB accreditation as a way of proving they have achieved world-class status.

### **Focusing on Funding**

Finding funding is the third key challenge deans will face from now through 2008. That's no surprise—it's expensive to compete in today's environment. While doctoral programs and faculty research are highly important to many schools, they cost dearly and must be subsidized. Fierce competition for students means schools must offer services students appreciate, including career placement and convenient hours. Competition for business faculty is also intense, so professors' salaries continue to rise.

At the same time, deans are trying to secure funding for a number of special projects, such as new facilities, building renovations, and technological upgrades. Their hope is that dazzling new b-school buildings will help attract students and faculty, putting them among the top competitors in their areas. Of course, they must raise this funding while also supporting fixed costs for aspects of their programs that are equally important: faculty research, endowed chairs and professorships, faculty development, scholarships, student services, and professional staffing. To keep up with their competition, they can let nothing slide.



All these financial needs come at a time when other sources of income are drying up. Government and institutional assistance is diminishing, and revenue from executive education programs is becoming harder to generate due to increasing competition. To cope with these financial challenges, deans are giving more of their energy to fundraising initiatives such as capital campaigns.

They're also considering alternative financial models. For instance, deans at public schools are increasingly turning to individual and corporate donors to make up their budget shortfalls. In fact, many public business schools in the U.S. are becoming virtually self-supporting as they rely less and less on financial help from their parent institutions and more and more on outside funding.

Schools outside the U.S. are often publicly funded; but even there, many deans want to increase the portion of funding coming from external organizations. Others plan to try new ways to increase revenues. For example, one university is considering a differential tuition model, which will allow the business school to charge higher tuition than other units and keep the difference to fund its programming. For many schools, looking for added revenue opportunities within existing programs has become a paramount concern.

### **Recruiting and Retaining Faculty**

Managing faculty is an ongoing challenge deans expect will intensify in the near future. For some respondents—including almost 100 percent of the Texas public school deans—adding or replacing faculty ranks among the most significant changes they will make in the next three years.

Why has faculty recruitment become such a major concern? A key reason is scale—some schools anticipate increasing their faculty by as much as 33 percent. A second reason is that some schools are facing large numbers of retirements in the near future. One dean noted that the average age of the faculty at his school is now 60 years, so hiring new professors is imperative.

The trouble begins because most schools want to hire professors with Ph.D.s and a research orientation—and there simply aren't enough of them to go around. According to a survey on faculty demand recently conducted by AACSB, 400 schools are currently recruiting for nearly 1,150 doctorates. However, only slightly more than

1,000 business doctorates are produced each year. These same 400 schools expect more than 3,100 new doctoral degree positions to open up in the next five years due to retirements and additions to existing staff.

The doctoral shortage will make it even harder for schools to make research a top priority. Nonetheless, 13 percent of deans plan to increase their schools' emphasis on research by improving their research infrastructures, supporting more interdisciplinary research, and funding more endowed professorships. Such a shift may be partly in response to respondents' growing concern about competing with for-profit universities and developing world-class reputations for their institutions.

Some conflicts clearly lie ahead, however. Doctoral faculty members who are conducting research generally want reduced teaching loads, which makes it difficult for schools to expand program offerings and accommodate more undergraduates. Therefore, it's no surprise that some deans plan to reformulate the roles and responsibilities of the faculty they have. Some respondents want faculty to become more involved in recruiting and advising students, working with the business community, and generating grant money. Others are designing separate career tracks for teaching faculty and research faculty.

Business professors are often pulled in many different directions as they are asked to teach more classes, conduct more research, and become more involved with students and business communities. In the long run, it's likely that the resulting stress on professors will force deans to consider radically different faculty models.

### **Investing in the Community**

Not all upcoming changes will take place inside the business school. In the next three years, a greater number of deans plan to invest in their communities to develop stronger ties with local businesses. Those ties, in turn, will enhance fundraising initiatives and increase the school's overall competitiveness. Deans have a variety of plans to improve outreach:

- **Offering continuing education and certificate programs.** These programs not only will allow schools to increase revenues, but will help business schools align themselves with the needs of businesses in their communities. This, in turn, will help deans revise programs and curricula to suit the expectations of local employers. In addition, faculty who are in tune with the local and global business communities can plan their research more effectively.

- **Recruiting business leaders to the school's advisory council.** Again, such a strategy helps schools understand the needs of the

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local business community. Many deans have plans to reinvigorate their advisory boards over the next few years and involve the members more significantly in the school's strategic planning activities.

■ **Involving student and faculty in regional economic development.** Many schools are operating in areas that have experienced declining employment in the past decades. As schools and communities work together to achieve specific goals, the local economic outlook could improve greatly—and schools might see enhanced business enrollments.

## Restructuring the School

To support all the upcoming changes they foresee, many deans are anticipating widespread structural overhauls. About 13 percent are planning mergers, governance changes, staff reorganizations, and redefinitions of institutional relationships.

As mentioned previously, a few business schools are planning to merge with other professional schools on campus to create new programs and strengths. Others are detaching themselves from previous partners. For instance, two deans plan to separate the information technology program from the business school, while another plans to absorb the IT faculty. A number of respondents are beginning extensive collaborations with engineering schools on campus.

Restructuring will take place at other levels as well. For instance, deans plan to revamp governance policies and revitalize their business advisory councils. They also will make administrative changes to expand staff support in development and career services.


In a move that could have sweeping consequences, many respondents will be seeking greater autonomy from their parent universities in the years ahead. Twenty-two percent of respondents indicated that some of their greatest job pressures arise out of their relationships with their central institutions. Issues include political concerns over paying market rates for business school faculty, tensions over fund raising, conflicts over missions and objectives, and uncertainties about new presidents and provosts.

In terms of mission conflicts, some deans are fighting to retain enough of the funds generated by their programs to reinvest in the school. Others find themselves trying to focus on accreditation and overall quality, while central administration either doesn't care about professional education or wants only to increase the school's MBA ranking. Many deans believe that achieving more autonomy would enable them to pour more energy and resources into programs and concerns that they consider critical for the long-term success of the school.

## One Step at a Time

While business school deans are facing a great deal of change in the coming years, most of them expect those changes to be incremental. Still, if enough incremental changes accumulate, the result could be a business school landscape that, by 2008, is completely transformed.

Some of the changes in the offing may well have far-reaching effects. The shifting emphasis from full-time MBAs to other forms of graduate and executive education appears to be part of a long-term trend. So does the drop in state funding levels for higher education, which means the need for private funding will only increase. The growing number of business schools around the world will continue to make the market competitive for both faculty and students. Thus, some of today's toughest challenges are likely to remain their most difficult challenges in the years to come.

What's even more certain is that the rate of change will continue to accelerate. New choices will present themselves to business school deans, and new strategies will need to be devised. Alfred North Whitehead once said, "The art of progress is to preserve order amid change and to preserve change amid order." That sounds like a perfect description of the role of a business school dean in the next three years—and most likely for decades to come. 

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