BizEd

MAY/JUNE 2005

Ariel Capital's
Mellody Hobson
The Power of Money

Business Education Forecast

The MBA Makeover

BizEd

Contents

MAY/JUNE 2005 VOLUME IV, ISSUE 4

DEPARTMENTS

6 From the Editors

8 Headlines

52 Technology

56 Your Turn

58 Bookshelf

60 Calendar

62 Classifieds

64 Spotlight

Cover photo: Matthew Gilson

FEATURES

18 **Speaking of Money**
Mellody Hobson of Ariel Capital Management believes money management should be a topic that's discussed in the classroom and at the dinner table.

26 **The Extreme MBA Makeover**
Business schools redesign their old MBA programs, complete with new schedules, new structures, and new approaches to education.

34 **Angling for Applicants**
B-schools worldwide are seeing a dip in applications. How can they lure the best and brightest?

40 **Competing for Attention**
Corporations design student competitions to recruit and help train top students.

46 **Three-Year Forecast**
Deans predict the changes they'll make and the challenges they'll face in the next three years.

From the Editors

Bracing for Change

I've heard that people who are dissatisfied with the big things in their lives—such as their jobs and their houses—first start making changes in the small things. A woman who wants to switch careers might start by getting a drastically different hairstyle. A couple who want to buy a new home first trade in their current car. People know when they're unhappy with the status quo, but sometimes they don't recognize exactly what it is that's frustrating them. They reconfigure a small piece of their lives first, hoping that's where the problem lies. But most of the time, what most people need is a complete overhaul.

Television shows in the U.S. and the U.K. have had fun helping average people with those overhauls. Programs like "The Swan," "What Not to Wear" and "10 Years Younger" offer makeovers of individuals. Other shows—such as "Extreme Makeover: Home Edition," "Changing Rooms" and "Trading Spaces"—focus on redesigning a house. "Town Hall" is a show that, over the course of several episodes, even rebuilds an entire village.

Such radical makeovers are becoming the norm at business schools, too, where many deans and administrators have become convinced that it's not enough just to tweak their programs; they have to go for all-out transformation. In "The Extreme MBA Makeover," *BizEd* looks at a handful of schools that have radically redesigned their core curricula to encourage specialization and integration. Program administrators admit that one of the most significant features of these revised programs is that they're not finished yet; modifications will be ongoing. Change becomes the constant.

Change is also the topic of "Three-Year Forecast," in which b-school deans predict where they'll see most restructuring in the upcoming years. It's no surprise that most of them plan to revamp MBA programs, revise faculty hiring and retention strategies, and rethink fund-raising initiatives. A constantly fluctuating economy and new attitudes about post-graduate business education are external change factors that also will affect the choices deans will have to make.

None of these changes are of the new-car-and-new-hairdo variety. They'll take more than a visit to the beauty salon or the car dealership to implement. But their effects will be longer lasting and more profound than many of television's best makeovers—and by the time they're done, the whole world of business school could be utterly changed.

BILL BASCOM

Sharon Shinn

Headlines

B-Schools Adopt "The Apprentice"

Since its debut, the NBC TV show "The Apprentice" has intrigued business schools. Some are offering "Apprentice"-style classes; others are actually hoping to get some of their students on the show.

In February, more than 50 students, alumni, and staff of Temple University's Fox School of Business in Philadelphia, Pennsylvania, got a chance to audition for the next two versions of "The Apprentice." Contestants were vying for a chance to land a job as a highly paid apprentice to either Donald Trump or Martha Stewart. Casting crews for the shows interviewed about 200,000 hopefuls in 29 cities in 28 days. Each of the two new shows will ultimately feature only 16 to 18 contestants.

At Fox—as at other business schools nationwide where auditions were held—applicants got about five minutes to showcase their personalities and business savvy; at press time, the show personnel were still determining who would be finalists.

Fox School vice dean Raj Chandran believes many of the lessons taught by "The Apprentice" match the values offered in business school: teamwork, negotiation, communication, leadership, entrepreneurial spirit, and a desire to provide the best quality product on time, on budget, and in an ethical manner. "'The Apprentice' seeks what all employers look for in the candidates they hire," Chandran says. "To that extent—minus the glitz, glamour and the hoopla—the show is very realistic."

At the University of Buffalo School of Management in New York, "The Apprentice" served as the inspiration for a new three-credit course

JOE LABOLITO

Nikkia (Kia) Allen, an MBA student at the Fox School, auditions for the next incarnation of "The Apprentice."

called "The Marketers." Thirty-six students form three teams who compete against each other in marketing-related projects that test their business skills, initiative, problem-solving abilities, and teamwork. No one is fired—or hired—at the end, but students get a chance to complete three projects for real-life clients. Clients consult with students during each project and help instructor Marc A. Adler select a winning team.

For their first project, students were given complimentary tickets to a UB women's basketball game and asked to boost game attendance. In all, the teams recruited more than 400 spectators, with the winning team attracting 233 fans. For their second project, the students designed supermarket promotional displays to support a new Diet Pepsi sales campaign, working with the regional Pepsi distributor and Tops Friendly Markets. They also raised campus awareness of the product by taking photos of students, faculty, and administrators holding up a bottle of the product.

"The idea is to give students hands-on, practical experience in marketing that they wouldn't get from classroom lectures," explains Adler, who also serves as vice president of client services at Flynn and Friends, a Buffalo-based advertising firm. "I want the students to get a real appreciation for how difficult it is to market products, and learn how it's really done."

Marketing Makeover

Is the discipline of marketing on the verge of being redefined? A new book and an award-winning article on the topic indicate the answer is yes.

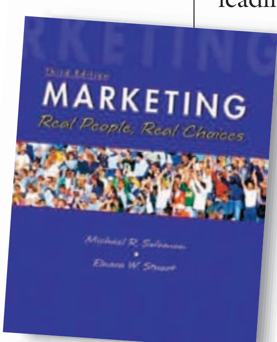
Two business professors—Robert F. Lusch of the University of Arizona and Stephen Vargo of the University of Maryland—authored "Evolving to a New Dominant Logic for Marketing" in the January 2004 *Journal of Marketing*. The piece has won the American Marketing Association's Harold H. Maynard Award for Most Significant Theoretical Contribution in Marketing during 2004. In it,

THE "FOUR P'S" OF MARKETING—PLACE, PRODUCT, PRICE, AND PROMOTION—WILL SOON BE ECLIPSED BY EIGHT NEW FUNDAMENTAL PRINCIPLES.

they suggest that businesses must stop thinking in terms of "things" and recognize that every transaction is a service transaction.

The authors argue that the "four P's" of marketing—place, product, price, and promotion—will soon be eclipsed by eight new fundamental principles. Among these principles are four key ideas: goods are actually distribution mechanisms for service; applied knowledge is the fundamental unit of exchange; the customer is always a co-producer; and a company can't set the value of a service, only make a value proposition. This new way of thinking means that knowledge becomes a business's chief asset. It also promotes the idea that a sale doesn't end a transaction, it begins one.

Lusch and Vargo aren't the only business professors attempting to redefine the principles of marketing. The AMA itself recently revised its official definition to read: "Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders."



Exploring that shift in the focus of marketing—from a tactical issue to a strategic driver—is a new book called *Marketing: Real People, Real Choices*. It was written by Greg W. Marshall, a professor of marketing at Rollins College. The book explores marketing through the experiences of executives at firms such as NIKE, Monster.com, Universal Theme Parks, and IBM.

Kenan Institute Helps China Prepare For 2008 Olympics

Handling logistics will be a key task at the 2008 Olympics in Beijing—and right there to assist Chinese officials will be representatives from the Kenan Institute of Private Enterprise, part of the Kenan-Flagler Business School at the University of North Carolina in

Chapel Hill. With an estimated 200,000 athletes, journalists, and officials from more than 200 countries on hand—as well as 75,000 tons of equipment requiring 2,000 transport vehicles—officials project that logistics services could cost $5 billion.

Recently, the Kenan Institute teamed with Tsinghua University, a leading technology university in China, to co-host a symposium to help officials and vendors prepare for the surge of people, products, and materials that will move through the city during the Olympics. One session covered advanced digital technologies such as radio frequency ID tags; another focused on China's plans for a $12 billion airport city that will help support the Olympics and position Beijing for 21st-century global commerce.

In addition to sponsoring the symposium, the Kenan Institute is working to establish a joint research program in logistics with Tsinghua University. The proposed program will focus on logistics and global supply-chain management research that enhances trade between the United States and China, supports economic development, and addresses issues such as offshore outsourcing. The partners are planning a fall 2005 conference to respond to issues that arise out of the February 2005 Olympics symposium.

The Benefits of Minority Professors

Minority professors have a great beneficial effect on the career decisions of minority and nonminority students, according to a new survey of undergraduates, graduates, and business school deans in the U.S. Eighty-five percent of minority student respondents and 77 percent of b-school deans said minority professors had a positive impact on the students' career decisions. The survey also showed that 77 percent of all respondents believe students will be better prepared to work in a business environment as a result of having taken classes with minority professors.

The survey was conducted by the Bernard Hodes Group on behalf of The PhD Project, a multimillion dollar effort to increase minority representation among business professors. Since The PhD Project was founded in 1994, the number of minority professors at U.S. business schools has more than doubled, from 294 to 746. Further, 417 minority students are currently enrolled in doctoral programs, and most will take a place at the front of the classroom in the next five years. For a copy of the full survey report, visit: www.phdproject.com.

Headlines

Business Students Practice Philanthropy

Eight students at West Virginia University in Morgantown learned how to think like corporate philanthropists during the Corporate Citizen Project Class taught by Gerald Blakely. They also donated money to programs that fulfilled children's wishes, helped needy families with utility bills, bought food for emergency pantries, and provided funds to install children's art in a Morgantown park.

This year, the program's fourth, the class handed out $25,000 in grants to 11 of 33 organizations that applied. In total, students have given away $100,000, money that's donated by WVU alumni who recognize the importance of businesses contributing to the community.

Blakely designed the class to teach future business leaders the value of contributing to society and the community. "By the end of this class, students have learned how corporate philanthropists decide which charitable nonprofit organizations are good candidates for donations and how to distribute thousands of real dollars," Blakely says. "Future business leaders need to know the role of private, nonprofit organizations in meeting community needs, especially in times of a tight economy and receding government funds."

The class solicited proposals for projects that would benefit the greater Morgantown community and developed criteria for judging them, including each program's track record and the impact a grant would have. During the final days of the semesters, they chose the winners.

This year, as in past years, students also traveled to Cleveland, Ohio, to meet Robert Reitman, a 1955 graduate who provided funds to start the project in 2001. They heard from community philanthropists and fund raisers, including the president of the Cleveland United Way.

Blakely believes the hardest part of the class is deciding who will receive funding. "Since we began this class in 2001, I haven't seen a project that wasn't worthy of funding," he says. "Students try to stretch the money as far as possible, but they must have enough to make an impact and not spread it too thin."

Student Consultants Help Businesses

Students at Ashland University's Dauch College of Business and Economics in Ohio are gaining practical business experience as they serve as consultants to area businesses. Led by instructor Thomas Harvey, students in the Eagle Consulting Group have worked with a local charity, a restaurant, a manufacturing concern, and a campus organization.

After working with representatives from the four organizations to determine their needs, they created a feasibility study for each one, developing business plans and re-examining cost structures. Daniel Fox, director of the Burton D. Morgan Center for Entrepreneurial Studies, says the students' efforts could result in as much as $500,000 from grants currently being written.

SHORT TAKES

NEW APPOINTMENTS

■ **Jack W. Trifts** has been named dean of the college of business at Bryant University in Smithfield, Rhode Island. The new position is the result of Bryant's academic expansion and its new university structure that includes a College of Business and a College of Arts and Sciences.

■ **Faye S. McIntyre**, Sewell Chair of Private Enterprise, has been named dean of the Richards College of Business at the University of West Georgia in Carrollton. She previously served as interim dean.

■ **Mohsen Anvari** has been named dean of the School of Business Administration at the University of San Diego in California. He takes his new position January 2, 2006. Anvari succeeds Curtis Cook, who moves into a faculty position.

■ **James W. Bradford** has been named dean of the Owen Graduate School of Management at Vanderbilt University in Nashville, Tennessee. He is also the Ralph Owen Professor for the Practice of Management. Bradford had served as acting dean of the Owen School since last June.

HONORS AND AWARDS

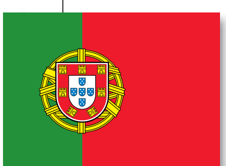
■ **Robert A. Clark**, dean of the School of Business Administration and professor of finance at the University of Evansville in Indiana, has been invested as the first holder of the Schroeder Family Endowed Deanship at the University of Evansville.

Headlines

SHORT TAKES

■ **Lynne Pierson Doti** has been named the inaugural holder of the newly established David and Sandra Stone Professorship in Economics at the Argyros School of Business and Economics, Chapman University, Orange, California.

■ **France Belanger**, associate professor of accounting and information systems at Virginia Tech's Pamplin College of Business in Blacksburg, has been awarded a Fulbright Distinguished Chair. She will spend the summer of 2006 in Portugal, where she will teach a master's level class on strategic information systems and conduct doctoral seminars at the Technical University of Lisbon's School of Business and Economics.



■ The Ohio State University's Fisher College of Business in Columbus has established the David A. Rismiller Professorship in Finance. The first chair holder will be **Anil Makhija**, chair of the department of finance.

■ The Sam M. Walton College of Business at the University of Arkansas in Fayetteville has established a chair in accounting in honor of **Doyle Z. Williams**, who has been dean of the school for almost 12 years. Williams will be the first holder of the Doyle Z. Williams Chair in Professional Accounting, beginning July 1, when he retires as dean of the Walton College.

■ The Master of Entrepreneurship Program at **Western Carolina University** in Cullowhee claimed first place in a recent nationwide competition sponsored by the United States Association for Small Business and Entrepreneurship. Representing Western at the competition were Jim and JoAnn Carland, who envisioned and developed Western's undergraduate and graduate degree programs in entrepreneurship.

FACILITIES

■ The **University of Chicago** Graduate School of Business will relocate its European campus from Barcelona to London, effective this summer. The EMBA program will be moving to take advantage of London's corporate and financial power, according to dean Edward A. Snyder, as well as the city's connections to market-oriented economies worldwide.

■ **Georgia Institute of Technology's** College of Management has achieved its $45 million fund-raising goal to cover the cost of its new home without requiring state support. The 189,000-square-foot management building, part of the eight-acre Technology Square complex in midtown Atlanta, is one of the few Georgia Tech facilities to be fully funded privately. More than 250 donors participated. The facility is only one of three buildings in Atlanta certified by the U.S. Green Building Council for environmentally friendly design.

NEW PROGRAMS

■ **Carleton University** and the **University of Ottawa**, both in Ottawa, Ontario, have created a Leadership Development Program for business, computer science, and engineering students interested in the practical aspects of managerial leadership. The program is sponsored by the two universities and Mindtrust, a professional association of CEOs from Ottawa technology companies.

■ **HEC Montréal** has announced a trilingual BBA to begin this fall. In the first three terms, students will take five courses each in French, English, and Spanish. In the fourth term, they will be completely immersed in one of their second languages during a study term abroad.

■ **Stanford University** will offer an executive program in philanthropy this summer, aimed at helping leaders of grant-making institutions improve their vision, execution, governance, and collaboration. Participants will engage in reflective discussion of contemporary philanthropic issues such as managing alliances, building productive relationships, and enhancing the organizational effectiveness of nonprofits.

■ A new program from the **University of Texas** at Austin aims to expand and diversify the pool of students who consider an MBA degree by providing undergraduate seniors with the job experience required by most MBA programs. UT's Jump Start works with a handful of corporations that agree to hire academically qualified seniors for three years. The McCombs School then offers candidates deferred admission to the MBA program based on the completion of their job commitment. The hope is that Jump Start will attract more minority students to business school,

Headlines

SHORT TAKES

instead of law or medical school, where there is no work experience requirement.

■ **Vanderbilt University's** Owen Graduate School of Management in Nashville, Tennessee, is adding a master's degree in quantitative financial analysis this fall. The nine-month program is intended for young professionals already working in the finance sector or for recent graduates of an accredited undergraduate program in a technical or analytical field.

■ **Warwick Business School** at the University of Warwick in Coventry, England, is launching three new Specialist Masters of Science (MSc) programs this fall. Each of the three full-time programs—in finance, information systems and management, and marketing and strategy—will last 12 months.

■ A Global Executive MBA program specifically for the automobile industry will be launched July 2006 by **Artem**, an alliance of three schools in France. ICN Graduate Business School, Ecole des Mines de Nancy, and Ecole Nationale Supérieure d'Art de Nancy have created the new program in close partnership with Dassault Systèmes, IBM France, and PSA Peugeot Citroën. Program participants will study in countries on four different continents: South America, Asia, the U.S., and France's eastern Lorraine region.

■ **IESE Business School** in Barcelona, Spain, has developed the Program for Management Development for its Madrid campus. The flexible four-month program is designed for professionals who have mastered specific functional areas and are ready to move up to a position of greater responsibility within their organizations. Participants will meet four times for one-week residential modules and keep in touch online between residencies. The program will be the first international program to be run from the Madrid campus.

■ The College of Commerce and Finance at **Villanova University** in Pennsylvania has launched a full-time graduate program to begin in May 2005. The one-year Master of Science in Finance (MSF) will cover topics such as financial decision making during uncertainty, applied corporate finance, and derivatives markets. In conjunction with the college's new Applied Finance Lab, the program incorporates experiential and applied components.

■ Babson Executive Education of **Babson College** in Wellesley, Massachusetts, has announced the creation of a new Innovation & Corporate Entrepreneurship Research Center (ICE). The center is designed to help businesses adopt an entrepreneurial culture.

■ The Fisher College of Business at **The Ohio State University** in Columbus is collaborating with the College of Engineering on a master of business logistics engineering degree to debut this fall. The degree is jointly operated by the Fisher College's department of marketing and logistics and the College of Engineering's department of industrial, welding and systems engineering.

GIFTS AND DONATIONS

■ The **University of Maryland** in College Park has received gifts totaling $60 million, including $30 million from real estate developer Robert H. Smith, an alumnus and benefactor of the Robert H. Smith School of Business. Smith's gift will go to support students, faculty, and academic programs in the Smith School, as well as the university's Clarice Smith Performing Arts Center.

■ The College of Management at **North Carolina State University** in Raleigh has received a $1 million grant from the Bank of America Charitable Foundation to be used for the college's Enterprise Risk Management (ERM) Initiative. The grant will help develop academic coursework in ERM, recruit faculty members, fund additional research in the topic, and support ERM roundtables and conferences, as well as undergraduate and graduate academic programs.

■ The Tuck School of Business at **Dartmouth College** in Hanover, New Hampshire, has received a $1 million gift from UBS Investment Bank. In recognition, the admissions office at the school will be named the UBS MBA Admissions Suite.

COLLABORATIONS

■ This fall, full-time MBA students at the **Audencia Nantes School of Management** in France will have the option of spending six months studying in China at the Tongji University's School of Economics and Management in Shanghai. Chinese MBA students also will have a chance to spend a semester in Nantes. The five-year

SHORT TAKES

rolling partnership signed between schools last December will also allow for development of executive education programs and faculty exchanges.

■ **Babson College** in Wellesley, Massachusetts, and **Instituto de Empresa** in Madrid, Spain, have signed a strategic alliance to develop teaching, research, and training programs in the fields of entrepreneurship and family enterprise.

■ The **Indian Institute of Management Bangalore** (IIMB) is opening a branch in Singapore at Bhavan's Indian International School. The school will be designated as IIMB's Research & Management Education Centre. Faculty will be drawn from the Bangalore institution and partner schools; the majority of students are expected to be Indian expatriates living in the area.

■ **Grenoble Ecole de Management** in France and **The European Institute of Purchasing Management**, located at Archamps near Geneva, Switzerland, have signed a strategic partnership agreement to develop academic initiatives in purchasing and supply management.

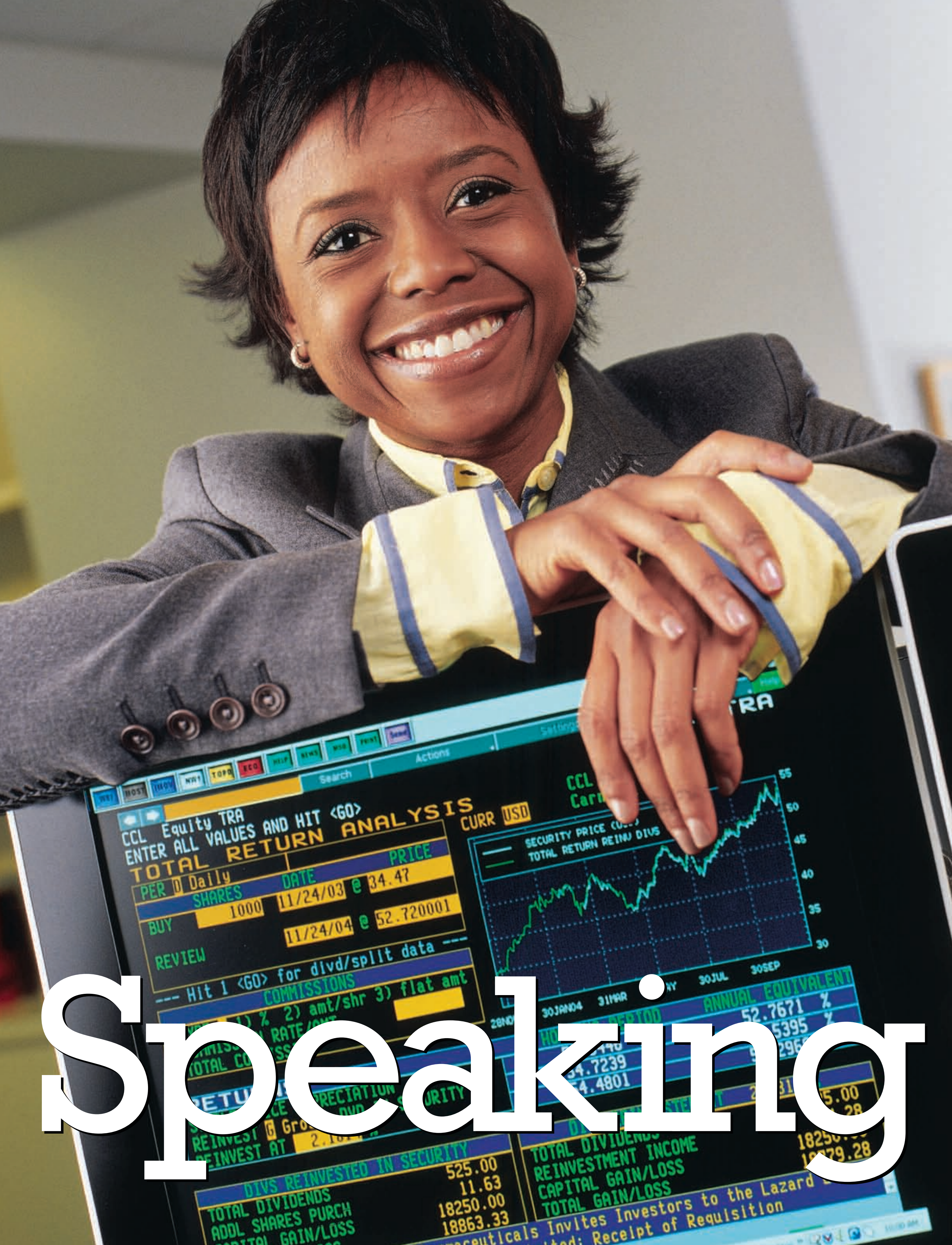
■ **City University** in Bellevue, Washington, has entered into an agreement with Mexico's **CETYS Universidad** that will enable business students along the U.S.-Mexico border to obtain dual U.S. and Mexican degrees at both the undergraduate and graduate levels. Courses will be delivered through a combination of online and face-to-face methods, including a summer session in the Seattle area.

OTHER NEWS

■ Investors have placed more than $2.2 million into the hands of students at **Pennsylvania State University's** Smeal College of Business in University Park. The Nittany Lion Fund, an investment portfolio designed to achieve long-term capital growth for investors, is structured as a limited liability company with investor dollars. The investment strategy is focused on undervalued companies with a minimum market capitalization of $800 million.

■ **Bryant University** in Smithfield, Rhode Island, has established the U.S.-China Institute to enhance the school's academic and business programs with Chinese academic institutions and foster trade between the two countries. Bryant professor Hong Yang has been tapped to lead the institute as its executive director. The U.S.-China Institute is located within The John H. Chafee Center for International Business at Bryant University.

■ **Nyenrode Business Universiteit** is the new name for Nyenrode, a school located in Breukelen, the Netherlands. The university has also introduced a supervisory board to be chaired by Hans Blankert, formerly chairman of employers' federation VNO-NCW and the umbrella sports organization NOC*NSF.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SECURITY PRICE
TOTAL RETURN REINV DIVS
55
50
45
40
35
30
30JAN04
31MAR
30JUL
30SEP
ANNUAL EQUIVALENT
52.7671
DIVS REINVESTED IN SECURITY
TOTAL DIVIDENDS
ADDL SHARES PURCH
525.00
11.63
18250.00
18863.33
TOTAL DIVIDENDS
REINVESTMENT INCOME
CAPITAL GAIN/LOSS
TOTAL GAIN/LOSS
Invites Investors to the Lazard
Receipt of Requisition

Speaking

Too many people are afraid to talk about money, says Ariel Capital Management's **Mellody Hobson.** She thinks it's time for business to bring the "M" word into dinner-table conversations—and teach everyone how to make it, save it, and invest it for the future.

by Tricia Bisoux

photo by Matthew Gilson

Money. It's not a dirty word, but far too many people think it is, says Mellody Hobson. "Capitalism is too often equated with being evil," says the 36-year-old president of Ariel Capital Management, a Chicago-based investment firm. "People often look at what we do and think of the line from the movie 'Wall Street,' when Michael Douglas says, 'Greed is good.' But that's not what money's about."

Helping people understand and manage their money has become Hobson's passion, albeit an unexpected one. She graduated in 1991 with a degree in international relations from Princeton University's Woodrow Wilson School of International Relations. It was only after a sophomore-year internship at Ariel that Hobson fell in love with investment. She found a close mentor and friend in Ariel's CEO and founder, John Rogers, and realized that Ariel was where she wanted to work for the rest of her career. After she graduated, she worked with Ariel as a marketing representative before moving up the ranks first to vice president, then to senior vice president. In 2000, she assumed the role of president before she was 31 years old. Today, Ariel's "slow and steady wins the race" motto—symbolized by the tortoise it uses as its mascot—has helped it grow its clients' assets to more than $18 billion and become one of the largest minority-owned investment firms in the U.S.

As a successful, young African American woman working as a senior executive in the finance industry, Hobson has not gone unnoticed. She has been featured in *Vogue* and *Working Woman* and, in 2001, was named a Global Leader of Tomorrow by the World Economic Forum. She has been singled out as one of "America's Best and Brightest" new leaders by *Esquire* magazine and as one of *Fortune*'s 25 under-40 "Next-Generation Global Leaders." Last year, she was among *The Wall Street Journal*'s "Top 50 Women to Watch." But Hobson quickly credits her success to a simple recipe that any business school graduate can follow: Work for people you respect, in a business you love, with a commitment to helping others.

Hobson would like to put an end to deeply rooted negative perceptions surrounding money, which she sees reinforced by the media, corporate and Wall Street scandals, and the conspicuous consumption often equated with wealth. To counter these perceptions, Hobson works to spread the message that investing is for everyone, at all socioeconomic levels. As a regular financial contributor to the morning television program "Good Morning America," for instance, she educates millions about their finances. At Ariel, she supports and develops the company's strong commitment to community service programs, including the Ariel Community Academy, which teaches inner city children about money and investing when they are young, so that they can grow up to be financially savvy and secure adults.

"I think money itself is generally not fully understood," Hobson says. "Money isn't more valuable than life or happiness, but it gives people freedom. And if you're free, you have choices. That's the best thing in the world." Hobson hopes to see more efforts by the business community to educate the public and open up a national discussion about investing. Only then, she says, will people at all economic levels understand—and benefit from—the power of money.

You studied international relations and public policy at Princeton, but soon realized that investment was your true calling. What most attracted you to this career?

I liked the idea that the business day in this industry isn't static—I deal with so many different constituents and situations. And I liked the fact that I'm helping to make people's lives better. The one great thing about our work is that we're helping people grow their money, which for them ultimately means a better retirement, a better house, a better inheritance to leave their children. I think that really is a noble calling.

How do you think having an education in international relations, rather than business, influenced your career?

My work at the Woodrow Wilson School was all about solving problems on a large scale—world problems. Some of

# of Money

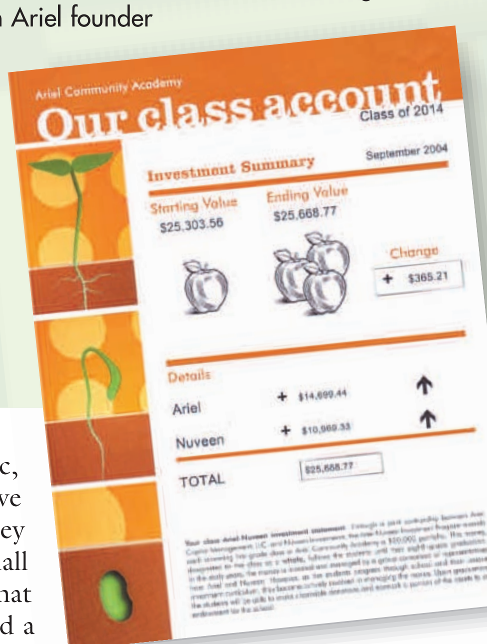
The Littlest Investors

If business schools want to encourage more minorities to enter business careers, they might take note of the Ariel Community Academy, a unique program designed by Ariel Capital Management. Through a partnership between Ariel and the Chicago-based investment firm John Nuveen & Company, the Academy grants each incoming first-grade class at the William Shakespeare Elementary School an investment portfolio of $20,000. The two companies then help the children follow that money in the stock market through their eighth-grade graduation.

This imaginative program began when Ariel founder John Rogers started the Ariel Foundation in 1989. At the time, the foundation's main goal was to provide the means for sixth-graders in the inner city to pay for college, as well as mentoring, family support, leadership development, and community service opportunities. What foundation staff soon learned, however, was that sixth grade was too late to teach students about financial skills—certain habits had already formed. Therefore, they launched the Ariel Community Academy to teach kindergarteners and first-graders vital financial skills that they would be able to use for life.

After first-graders at William Shakespeare Elementary receive their $20,000 grant, the Academy works with their teachers and parents to help them follow that investment. Students even receive quarterly statements in the mail, written in an age-appropriate format (pictured below). Parents, too, learn financial skills—they receive newsletters and are invited to seminars where speakers lead discussions on the basics of investing, from saving money to opening an IRA. The Academy also sponsors a "Family Math Night," which brings children and families together at school to help them become more comfortable with mathematical concepts.

Now eight years old, the program involves all of the school's 400 children, and it soon will graduate its first eighth-grade class. From the initial $20,000 investment, the class now has more than $30,000. This year, for the first time, the Academy's Junior Board, comprising seventh- and eighth-graders, actively began to select stocks for their portfolio. Matthew Yale, Ariel's director of public affairs,


Ariel Community Academy

Our class account

Class of 2014

Investment Summary

September 2004

Starting Value	Ending Value	Change
$25,303.56	$25,668.77	+ $365.21

Details

Ariel	+ $14,699.44	↑
Nuveen	+ $10,969.33	↑
TOTAL	$25,668.77	

the issues we looked at were so gigantic, they were almost overwhelming; yet we were not let off the hook just because they were big. We learned to take them in small bites and slowly chip away at them. That exercise made me mentally pragmatic and a quick thinker. Once you know how to solve the big problems, you can apply those skills to everything and anything.

Do you believe that the business school graduates who apply to work at Ariel have been adequately prepared to solve large-scale problems?

We hire many business school students who are terrific and hard-working—they do a great job. That said, though, some also rely too often on formulaic approaches instead of independent thought. They lean on conventional methods they've used before or read about in a case study and then try to replicate them in situations where originality is required. But even though case studies may apply to certain situations that follow the same scenario, they can't become the bible of how people think and work.

I've also found that some business students I've interviewed make a correlation between judgment and education. They often presume they have great judgment because they have so much education. But I've found no such correlation. In fact, you can't evaluate your own judgment until you're totally in the thick of it, until you're in a situation where all the case studies and hypotheticals simply don't work.

By most anyone's measure, you've reached a high degree of success at a very young age. How would you advise business students who want to follow in your footsteps?

I would tell business students that success depends on how hard they're willing to work. I didn't have any other demands on myself; I didn't have any children or a spouse to worry about, so I had the freedom to pursue my career at Ariel in a very aggressive way. I made myself available, volunteering to take the assignments that no one else wanted. My mother always told me that the most successful people always make themselves indispensable, so people don't know how they'd live without you.

explains that as the curriculum progresses, the students ultimately make more portfolio management decisions.

Upon graduation, the eighth-grade class will donate $20,000 to the incoming first-grade class, making the grant self-perpetuating. Of the remaining funds, half will be donated to the community and half will be split among the students in the class. The 44 students in this year's class each will receive around $100, but they can choose what to do with the money: either receive a check for $100 at graduation to spend as they please *or* invest that money in a mutual fund with a 100 percent match from Ariel and Nuveen.

Even though students will be attending different high schools, the Academy will follow them, providing them with access to financial counseling. The program also plans to set up an investment club where they can continue their learning process. "We hope that we've given the students a good basis in and knowledge of investment," says Yale. "We want to create next-generation savers."

Program organizers at Ariel hope that investing eventually will become a common topic of conversation around dinner tables in every black household. "We wanted to do something unique and different that hadn't been done before," says Ariel's president Mellody Hobson. "We hope other organizations will be able to replicate this program at schools across the nation."

You've described a classic dilemma of many women in business who believe they must choose between career and family. If you had had a family, do you think you would have been less aggressive in your career?

I think in life you always have to make choices. Even so, there are smart ways to run your life and get things done, with or without children. I work with women who are mothers, who are also top performers and incredibly successful here at Ariel. These women are very organized and they work hard. They haven't, from my perspective, sacrificed their careers. They've been able to achieve the best of both worlds. I'm sure it wasn't easy and I'm sure there were times certain things had to give, but they show it can be done. I don't see having a family as a reason for not achieving professional success.

Women are still underrepresented in the upper echelons of business. The statistics show that women are entrepreneurs in great numbers, but many don't pursue corporate careers. Do you think there's a barrier, or is it a matter of choice?

Women want to see role models in business to show us what is possible. If traditional corporate environments can't show us that, because they lack diversity or lack women in their senior ranks, we don't want to be there. We vote with our feet. I think one reason so many women become entrepreneurs is that we see greater opportunity doing it ourselves.

In the finance and investment industries specifically, women still have these issues with numbers and money. At Ariel, we work with women all the time who are extraordinarily successful and wealthy. Yet when we sit down with them, they tell us how uncomfortable they are with money. That's something that must change over time. I compare it to Title IX, which encouraged girls in the U.S. to participate in sports. I went to school before Title IX, when girls' sports weren't a big deal. Today, when I see girls participating in soccer and hockey and basketball, I think of how much I wish I'd had that experience. I'm confident that something similar will happen with women in the financial arena. These things happen gradually over time, until the barriers break down because someone kicked down the door.

You noted you wanted to spend the rest of your career at Ariel. That kind of commitment is unusual in this era when most people job-hop to get a larger paycheck or a better title. Were you just lucky to find the right place? Can business students expect to find such a perfect fit?

I don't think it's about *expecting* anything. Students have to *search* for the perfect fit and not compromise on it. It's mind-boggling to me what people will do for money. Life is too short to work for people you don't like just because they pay you a lot of money. It all comes down to what you demand of your life, and what you demand from the people you surround yourself with.

I once read a survey that asked people why they shopped at particular grocery stores. Price was actually not the No. 1 reason. Location was No. 1, cleanliness of the store was No. 2, produce was No. 3—price was No. 5. That's how I feel about my work. When I look at why I like my job at Ariel, the quality of the people is No. 1 on my list; the meaningfulness of the work is No. 2; personal satisfaction and fulfillment, No. 3. What you pay me is way down the list. When students interview with Ariel, they should ask me about those aspects of the job, not split hairs with me over a few thousand dollars in salary.

Many women don't have mentors in business, but you were able to find a very close mentor in John Rogers. What's the best advice you've ever gotten from him?

On my first day at work at Ariel, John took me to lunch and he told me two things. First, he said, "Write the check." He meant that if someone asks for your help, give it even if it

We need to work to get investing into the national discussion in a much more meaningful way—it needs to be discussed around every dinner table. If we don't, we're going to have serious issues down the road.

hurts. Always be generous. And, second, he said, "Don't rely on titles as a way of assessing skill, intelligence, or judgment." He told me that there would always be people with very big titles who aren't very good at what they do. I was only 22 years old, but he was telling me that I shouldn't assume just because I was the new kid, that I might not have a better idea. He wanted me to assess talent based on what really matters, not on what someone's business card says.

Ariel focuses on a small number of small- and mid-cap stocks—only 71 stocks in four mutual funds—which illustrates the company's "slow and steady wins the race" motto. When you bring on new hires, fresh out of business school, are they easy to win over to that mindset?

We look for people who will fit in Ariel's culture, not people who just give us the answers we want to hear. Applicants go through an extensive interview process, and those we hire then go through a very extensive orientation process that we call the "first 100 days." During that time, we train them in our way of thinking and unteach some things they have learned that do not line up with our strategy. We have to push them to reject conventional thinking and conventional wisdom.

What happens in those first 100 days?

There's full immersion. New hires are basically on a listening tour, learning how things work. During those first 100 days, we ask new employees to "learn where to go when they don't know." We don't care if they have the right answers—we want to know they know where to go to get them. For example, we have an Internet-based orientation program that ends with a scavenger hunt, instead of a test. We decided that we didn't want to give employees a test filled with questions where the answer was right or wrong, pass or fail. We wanted each new employee to learn that the most important thing is to know where to go for information.

That's somewhat different from business school, where students are often taught to find the "right answer." Sometimes there is a right answer, but they should also know there are right people to question. That's one of the best ways they can get the information they need to make the most informed decisions.

Ariel received the Mutual Fund Education Alliance's Community Investment Award in 2004 and focuses a great deal on improving Chicago neighborhoods through active community involvement. Why does Ariel place such a high emphasis on local community service?

Because John Rogers has created a legacy that life is bigger than the individual—it's more than just a bigger paycheck, or more square footage, or another designer suit. If we work to make society a better place, it's so much more fulfilling. We want to have people working here who also believe in that goal.

For instance, at Ariel we include community service as a factor in our employees' performance reviews. I remember one review when the employee said to me, "I don't understand why I'm reviewed on community service. All that should matter is that I do my job well. You have to explain this to me." And I said, "If I have to explain this to you, we have a problem." At that point, I knew it wasn't going to work.

Business schools often reach out to high schools as a way to get more young people interested in business. But you've noted that might be too late. What do you think needs to be done to reach children early enough to make a difference when they're adults?

I still can't believe that children don't learn about investing in school in America. Schools have wood shop class and home economics class, but no investment class! Yet these same students graduate from high school and college and get a job, where they're handed the keys to their financial futures when they select their 401(k) plan options. If they didn't grow up in a home where the stock market was discussed—and many minority students haven't—they're in trouble.

We need to teach investing in all schools. Parents and teachers have to learn these issues as well. This is why we started the Ariel Community Academy and why we send a newsletter to the parents twice a year. And next week I'm doing an investment seminar for the parents of our school kids. I've been toying with writing a book about children and money. It's one of the most uncomfortable areas for parents to deal with—it has been documented that parents dread conversations with their kids about money more than they dread conversations about sex or drugs.

Also, I don't know if you've noticed, but on television shows and in movies, you don't see any kind of reference to investing. Think of how often sports are discussed or portrayed on sitcoms, but there's nothing about investing. When you think about basic product placements or conversations on television, there might be a random acknowledgement of the stock market, but nothing really meaningful. We need to work to get investing into the national discussion in a much more meaningful way—it needs to be discussed around every dinner table. If we don't, we're going to have serious issues down the road as companies get rid of

their pension plans and as more people job-hop. This idea of being able to retire with a pension is gone, so people have to know how to make financial decisions.

In 2004, Ariel and Charles Schwab released a survey that found 68 percent of blacks invest money in the stock market, compared to 80 percent of whites. Why is the black community generally reluctant to invest?

Our research shows that there are five reasons African Americans do not invest on par with our white counterparts. The first reason is knowledge—two-thirds say they don't invest because they don't know enough about it. The second reason is trust—many say they're skeptical about the stock market and about people in the industry. The third reason is misinformation—many believe they won't have access to their money or that there will be penalties if they withdraw it. The fourth reason is basic cultural differences—we tend to be more conservative than our white counterparts, so we favor purchasing real estate and insurance, rather than investing in the stock market.

Finally, we have an exposure issue. Many of us did not grow up in homes where the stock market was discussed. We don't know people who work in the financial sector because of the lack of diversity in our industry, and we often don't inherit money.

How is Ariel trying to change that?

Every year, Ariel and Charles Schwab conduct a survey of the black community and heavily publicize the results. We want it to be a wakeup call, not just for black America but for all America. We want everyone to realize that if this issue isn't addressed, it won't just be a "black problem"—it will be everyone's problem. After having worked to break into the middle and upper classes, we won't be able to retire comfortably, because we didn't adequately prepare. We'll find ourselves stepping back into poverty, becoming a burden on society. We do this survey as one way to effect change.

Beyond that, we speak extensively around the country on the topic of saving and investing, often directly to minority audiences. Our Academy school is probably 100 percent African American. We've also been very active on Capitol Hill, talking about this issue with our representatives in Congress to let them know that the discussions around privatization of Social Security and saving for retirement have to be considered through the minority lens. It shouldn't be viewed through just a national lens, which is more likely to be a white perspective.

Business schools are trying to attract more African Americans and other minorities. What do you think would be their best strategy?

If business schools want to increase minority participation, they have to do more to reach kids earlier. Go to any American suburb and ask any 12-year-old, he'll tell you that his parents have been talking to him about going to college from a young age. Not many black inner-city kids have that. They need to have those conversations earlier, so that by the high school level, they'll expect to go to college.

If you were designing a syllabus for a business course, what would you most want to cover?

I would place a heavy emphasis on oral discussions, on making people think on their feet. I'd also include mandatory writing courses. I've just been amazed at how students at that level lack basic writing skills and the ability to communicate. People come to meet with us and they don't stop for a breath or ask our opinion. I become so lost in the first five minutes of their presentations that I don't hear what they say in the last 35. They need to know how to get to the essence of the issue with brevity.

I've also been amazed by how many people lack an attention to detail—business students need to develop that. I see so many sloppy resumes, sloppy follow-up, or lack of follow-up altogether. For example, we just interviewed three people for a job at Ariel. Within 24 hours, one person hand-delivered a hand-written note explaining why he should get the job. The second person sent an e-mail. The third person sent nothing. The first person knows that people will open the hand-written letter or card in their mail before they look at anything else. I'm not sure why more people don't understand that.

You were recently named one of *Wall Street Journal*'s "Top 50 Women to Watch." What do you think we should watch for in the coming years?

I don't really make five-year plans. I'm just always trying to be stronger, better, and faster, and to do things more precisely, more efficiently, and in a more excellent way. So, what can you expect? I hope that I'm doing this job better, that I've learned a lot, and that I still have good people in my life who are telling me the truth, not just what I want to hear. Z

THE EXTREME MBA MAKEOVER

As one of the first students to enroll in the redesigned MBA program at the University of Wisconsin-Madison's School of Business, Elizabeth Knox describes an educational experience that's quite different from that of most MBA students before her. Rather than take required courses in a general core curriculum, Knox chose a specialization before she took her first class. Rather than work primarily on her own, Knox will work with a team of students—each with a different specialization—for the duration of the program. And rather than wait until the end of her program to plan her career, she consults regularly with two industry mentors who will guide her professional development concurrently with her studies.

Many business schools are taking a new look at the old MBA. Their verdict? The conventional MBA curriculum may need to be reconsidered and revamped to supply 21st-century business with graduates trained to solve its 21st-century problems.

BY TRICIA BISOUX

This new approach has "opened countless doors," says Knox. "Students immediately adapted to the challenging coursework and competitive atmosphere, and focused on their specializations from the first day of class." The specializations also encouraged more immediate, goal-oriented job searching, she adds. In fact, some students had summer internship offers before the first semester finished. Knox herself had already fielded interviews from nine different companies in her chosen specialization—market research—before December.

Welcome to the new and improved MBA—and, its corollary, the new and improved MBA student. Business schools are betting that companies will clamor to hire students like Knox, who are the product of more specialized, integrated, experiential, and sequenced curricula. In the face of some criticism of more generalized MBA educational offerings, many business educators have reached a consensus: The core MBA curriculum, while still very valuable, is no longer enough to suit the needs of today's employers. The degree needs a comprehensive makeover, they argue, to transform the way business schools teach business.

In With the New

The wave of recent MBA redesigns may have been inevitable, given mounting external pressures business schools are facing. Few deny that the heart of the MBA curriculum—with its focus on building skills in finance, marketing, and other core business disciplines—remains vital to teaching business. Even so, recruiters are demanding MBAs who are better communicators, team builders, and creative thinkers. Moreover, a competitive market has compelled business schools to move in completely new directions.

The ever-growing importance of technology is also behind the MBA's transformation. Technology has led to globalization, long-distance collaboration, and dilemmas of ethics and security that did not exist before the Internet, e-mail, databases, and virtual workgroups. In an integrated world, say educators, a compartmentalized MBA program simply no longer does the job.

"The MBA market is maturing, competition is increasing, and market demands are changing more often," says Stephen Foerster, director of the MBA program at the Ivey School of Business at the University of

"We brought in the same sort of executive training experts that businesses use to teach good business writing and presentation skills. The classroom becomes a laboratory for students to practice these skills and receive feedback in a safe environment."

—Mel Crask, University of Georgia

Western Ontario in Canada. "People are asking serious questions, such as 'Why should I pursue an MBA? Why should I pursue it at your school? And what's in it for me?'"

The modern-day MBA makeover is the result of years of soul-searching at a number of schools, as they attempt to respond to these questions. Ivey, for instance, recently launched its latest revamped curriculum, which now consists of eight seven-week terms, sequenced to emulate the business decision-making process. Some other schools that launched redesigned MBA programs in the fall of 2004 include the Tepper School of Business at Carnegie Mellon University in Pittsburgh, Pennsylvania; the Terry College of Business at the University of Georgia in Atlanta; the University of Washington Business School in Seattle; LeBow College of Business at Drexel University and the Fox School of Business at Temple University, both in Philadelphia; and the Lally School of Management and Technology at Rensselaer Polytechnic Institute in Troy, New York.

Early specialization is an especially prominent feature of some of today's redesigned MBA programs. MBA students at the University of Wisconsin-Madison, for example, choose to specialize in one of 13 areas, including corporate finance, security analysis, arts administration, brand and product management, entrepeneurial management, real estate, information systems, and market research, among others.

"Some students are interested in a general management curriculum, and there are many programs out there for them," says Michael Knetter, dean of the university's business school. "We wanted to focus on students who know they want a career in a particular functional area."

In addition to specializing, redesigned MBA programs are paying greater attention to helping students become better problem-solvers and decision makers, says Dan Poston, executive director of MBA programs at the University of Washington. "MBA recruiters have told us they have been dismayed, at times, by outstanding MBA students from top schools who, when faced with actual business problems, either freeze or forget what they've learned and revert to 'seat-of-the-pants' decisions," says Poston. "So, we now require students to complete at least two company projects beyond internships. We also provide faculty coaches to help them if they freeze or disregard something they've learned. In this way, we build a stronger bridge between theory and practice."

As business schools place new emphases on specialization, presentation, and career management in their revamped curricula, students learn more than general business skills, say educators. With every course they take, students develop career-specific skills and knowledge that make them immediately valuable to employers in their chosen fields.

No Longer Going It Alone

To equip a student with all the skills employers desire—proficiency in team-building, communication, and leadership, as well as a solid grasp of general business knowledge—many business schools have realized that they can't do it all. Business has become too complex and too interlaced with other disciplines; it's not feasible to expect business faculty to teach their core subjects thoroughly and address all the soft skills a business student must also develop.

In response, many MBA programs are more frequently calling on the talents of individuals and organizations outside the business school building. That means business schools are hiring outside experts in communication, culture, and professional development to compensate for areas where their own faculty lack expertise.

The answer for the University of Washington Business School was to allow business professors to teach their courses in tandem with Judith Kalitzki, formerly a member of the undergraduate communications faculty. Now the director of management communications at UW, Kalitzki works with individual faculty members to bring communications-based projects, such as take-home essays, in-class presentations, or corporate reports, into their core courses.

"In the past, communications was limited to one MBA elective that students could choose to take in their second year. That course had to cover everything related to communications—written, oral, strategic, interpersonal—the whole gamut," says Kalitzki. "The course was limited, in both the information and the feedback students got." Today, UW's new program incorporates communication as a foundation of its redesign. Kalitzki works with students individually to complete assessments of their communication skills, noting strengths and weaknesses that need to be addressed. Students for whom English is a second language also receive help in improving their English proficiency.

Now that the program has almost one full year under its belt, Kalitzki already plans to recruit this year's first-year students who excelled in areas of communication, leadership, and teamwork. As second-year students, they can apply to become "coaches" who will teach these skills to the incoming class. The learning experience will then come full circle, says Kalitzki. First-year students will benefit from the knowledge and experience of the second-year students; and second-year students will benefit from putting into practice the skills they've already learned.

Administrators at the Terry College at the University of Georgia hired ten executive coaches to teach students communication and professional development skills. "We didn't want to put that burden on our faculty—they're business faculty, not speech or writing instructors," says Mel Crask, director of Terry's full-time MBA program. "We didn't want to put them in the position of saying, 'This is good writing' or 'This is bad writing.' So, we brought in the same sort of executive training experts that businesses use to teach good business writing and presentation skills. The classroom becomes a laboratory for students to practice these skills and receive feedback in a safe environment where they don't have to fear making mistakes."

Carnegie Mellon's Tepper School expanded its MBA program into other areas of the university for its new "MBA Tracks" program. The program allows students to choose a particular track, or specialization, from ten options, which include biotechnology, computational marketing, e-business,

The MBA, Then and Now

Different business schools have adopted different approaches to developing their newly minted MBA programs. In large part, however, they are responding to the same market trends. As a result, they are making similar choices in their redesigns, which show just how much the MBA is changing:

THE OLD MBA...	THE NEW MBA...
Focuses on required courses aimed at the core business disciplines, often offered in no specific order	Focuses on core and industry-specific courses and activities, offered in a sequence designed to build skills over time
Offers a general business education that covers the core disciplines of business	Often requires students to choose a specialization in their first year of study
Allows students to take electives based on a variety of interests, often at any time during their programs	Allows students to take electives at predetermined times in their programs, based on their chosen specializations
Includes developing communications and career management skills as a separate course or activity	Integrates development of communication and career management skills throughout all courses
Encourages students to work alone, except for time-limited projects or class discussion	Requires students to work in teams for a semester or even for the entire program
Encourages faculty to work alone to teach their chosen disciplines	Often requires faculty to work in teams to integrate several disciplines in a single course or project
Includes staff-provided career counseling to students in the second year of the program	Brings in mentors, executive coaches, and leaders from industry to give students advice and feedback from the start of their programs

"We're always being asked, 'When was your last curriculum revision?' We now must mirror the industries we serve, where product life cycles are very short and must be constantly adapted to meet new needs."

—Dan Poston, University of Washington

entrepreneurship, integrated product development, international management, operations management, operations research, wealth and asset management, or general management. Tepper tapped faculty in engineering, computer science, public affairs, and other Carnegie Mellon departments to take an active role in developing industry- and skill-specific courses that dovetail directly into the MBA. A professor in the German department may teach a language course for students on the international management track, for example. Or an engineering professor may teach a course on manufacturing design to students on the integrated product development track.

The program is the result of many hours of meetings between John Mather, the executive director of Tepper's master's programs, and the deans and faculty from colleges across the campus. Now that the MBA Tracks program has been launched, says Mather, outside faculty are growing more enthusiastic about developing their own courses for the MBA program. In addition, business school faculty are finding new opportunities to engage in collaborative research with faculty from other colleges on campus. Colleges are also collaborating to include Tepper MBAs in their own job fairs and corporate recruitment.

"In our Wealth and Asset Management Track, there's a behavioral view of investment, so our psychology department is considering creating a course on investment behavior," says Mather. "We're also working on a track with the fine arts department, which will focus on the merging of fine arts, business, and technology. We are sitting on a microcosm here at Carnegie Mellon, and we wanted to see what we could do with that opportunity. It's so exciting to see this new program develop a life of its own and to watch the impact it's having on the entire campus."

'Stay Out of the Way'

Perhaps one of the most challenging aspects of a curriculum redesign is keeping its momentum going from year to year. At first, faculty and staff may express seemingly inexhaustible enthusiasm for a curricular overhaul, but the project's future still can be tenuous. If the person championing the redesign changes jobs, or leaves the school, momentum can stall and a new program can regress into its old format in no time.

Poston, who was a major driver of the redesigned curriculum at the University of Washington, has seen this regression happen before. "People central to the redesign move on and do other things; new people come in who are less enthralled with the project," says Poston. "It's hard to keep that enthusiasm going."

In the end, redesigning an MBA curriculum is a community effort. No matter how passionately a dean feels about the new program, it's better to allow the entire faculty to contribute to a collaboratively designed program, says Knetter of the University of Wisconsin-Madison. "Every dean will have a strong view of what should happen in a curriculum redesign. It's better, however, to provide the information and resources faculty need to make good decisions and then just stand back," he says.

Knetter admits that the final version of Wisconsin's new MBA program doesn't have exactly the elements he would have chosen. Even so, it represents the faculty's best collaborative efforts. "What's important is that the majority of people are happy with what we decided to do, and they're the ones who have to deliver it," says Knetter. "In any curriculum redesign, deans should pick the few spots where they really think there's something important to advocate. Otherwise, they should just stay out of the way."

The 'One-Course' MBA

In perhaps the biggest shift, business schools seem to be moving away from self-directed course selection. In the past, MBA students only had to complete the required courses—the order in which they took those courses was largely left up to them. That system, however, has one significant disadvantage: It does not ensure that students build and develop a specific set of skills from one course to the next.

As a result, many business schools have made the switch to a carefully sequenced curriculum designed to help students accumulate knowledge and skills throughout their programs. Course content is planned so that the work stu-

Anatomy of a Redesign

A New Undergraduate Curriculum at Curtin University of Technology

By Nimal Jayaratna

MBAs aren't the only programs undergoing redesigns. Undergraduate business programs, too, are evolving. In my tenure as head of the School of Information Systems (SIS) at Curtin University of Technology in Perth, Australia, I worked with faculty and staff to tackle a complete redesign of our undergraduate curriculum. Our old curriculum treated the areas of teaching, research, and industry involvement too separately. Our goal in creating our new curriculum was to integrate these areas into a single, interconnected "system" of learning.

In the redesign process, we temporarily ignored the considerations that traditionally dominate a school's attention, such as accreditation requirements, university regulations, and resource limitations. Instead, we wanted to aim for our ideal, integrated curriculum, one that allowed students to deepen their understanding, accumulate knowledge, and build on their skills over the course of the program.

A New Philosophy

As educators, we often associate what we do in terms of "delivery," as if education were a commodity that can be delivered to a consumer in a neat package. That terminology may be convenient, but it can undermine our ultimate goal—to improve student learning. When education is "delivered," students often expect a physical entity, confusing their textbooks and notes with an understanding of the material.

In the past, business programs also have "modularized" their educational offerings, presenting each course separately. This approach may provide excellent choices for students, but it also inadvertently encourages them to learn material in portions. They discard material once they've completed the class, accumulating credits rather than developing knowledge.

We set out to change that mindset. We knew that we had to move away from modularization and embrace integration. Our graduates would have to know more about "how to integrate" than about "how to construct." Rote knowledge and memorization would not be as useful as the ability to examine and integrate new information.

Design, Plan, Execute

We based our curriculum redesign on the "systems" work of the late West Churchman of the University of California, Berkeley, campus and Peter Checkland of the Lancaster University Management School in the United Kingdom. We proceeded through the following stages:

Constructing Our Model. Our first task in the redesign process was to construct a new model for education, in which we viewed learning as a series of "transformations" in our students' education. The primary transformation in the new program would be the development of students' problem-solving abilities—their ability to think, perform, and evaluate their actions.

Linking Teaching with Research. For our new curriculum development model, we wanted our teaching and research to be inextricably linked, and our faculty's research used as a learning tool. In addition, we linked our teaching and research to resources off campus—including industry, publishers, professional institutes, and employers.

Identifying Knowledge Areas. Our new curriculum is organized into five themes: analysis (problem solving), system design (databases and Web sites), development (computer programming), technical infrastructure (business technology), and integration (case study and capstone project). Each theme is led by a thematic subject leader, whose role is to work with faculty members to coordinate the 12-week courses, or units, within each theme.

The first unit in each theme starts with simple generic concepts. For instance, the first unit in systems design aims to pique students' curiosity as to why they should study that theme. Instructors encourage students to understand what is meant by "design," what skills are involved, how one designs, and the role of structure in design. The next units add increasing levels of complexity and challenge.

This approach has three primary advantages. First, students start with generic concepts, so they do not lose sight of the subject's contextual issues. Second, units within a theme "build" on one another, so students won't forget what they've learned in the previous unit. Finally, the units are carefully planned to eliminate redundancy in the information students receive, increasing each theme's consistency and coherence.

Emphasizing Faculty Involvement. We wanted to ensure that our entire faculty had access to the latest ideas from industry. So, we recruited eight "industry champions" from the corporate community to work with the thematic subject leaders.

Setting Unit Objectives. We developed a common template for the organization of each unit. Each unit is organized around a set of objectives linked directly to the school's mission and targeted to a set of learning outcomes. In our new program, a

“If change in business is more widespread and more rapid, then MBA programs must be designed in a more responsive mode.” —John Mather, Tepper School

MBA

unit is effective only if it answers two questions to the faculty’s satisfaction: “Why are we teaching this content?” and “Why should students study this content?”

Planning Content. We then considered the most appropriate mix of units for a particular market segment. We appointed a course program leader to head each program and work with an industry champion who provided the market perspective.

Bringing It All Together. Because each industry requires different knowledge requirements, we introduced a unit in the second year as a capstone project to integrate industry-specific knowledge and skills. After the final unit, students should be prepared to be immediately productive in their careers.

Lessons Learned

Only *after* we designed our ideal curriculum did we turn our attention to the more political and procedural concerns of the university. With our new curriculum structure in hand, we retroactively mapped it to university regulations, adjusting its timing, format, and presentation as needed. But because we were not blinded by such concerns from the beginning, we were truly able to design a curriculum that was ideal for learning.

Throughout the redesign process, we gleaned several valuable lessons:

- The dean or head must lead—or at least oversee—the redesign process to give it direction and maintain its momentum.
- Faculty involvement is *critical* for the subsequent success of the new curriculum.
- Faculty involvement does not guarantee success. Consensus helps achieve “what is feasible,” but not necessarily “what is desirable.” All involved must often subordinate individual concerns to the good of the project as a whole.
- A process must be established to ensure that the project continues, even if those responsible for creating it move on.

For a curricular redesign to be successful, administrators must commit to the philosophical aspects of curricular change and resist being waylaid by apparent obstacles to change. After all, such a constructive shift in educational philosophy is one that may be crucial to a business school’s survival in an increasingly competitive, adaptive, and demanding market.

Nimal Jayaratna is former head of Curtin University’s School of Information Systems in Perth, Australia. He is now the executive head of the School of Business Information Technology at Manchester Metropolitan University in the United Kingdom.

dents do in one class builds directly on the skills they learned in the previous class. Some programs consist, not of distinct courses, but of interconnected courses, in which the lessons learned in one are applied and expanded in another—sometimes consecutively, but often simultaneously. In a sense, this “new MBA” may be slowly evolving into a single MBA course that happens to last two years.

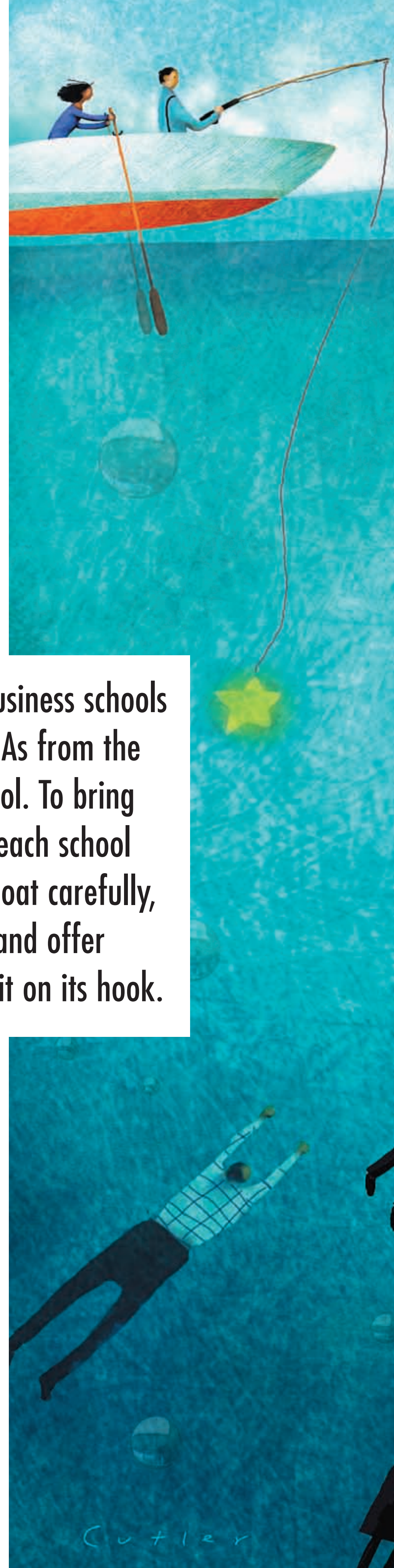
Perhaps the most significant characteristic of this new breed of MBA is the perpetual state of its redesign. The educators involved in the redesign projects mentioned here emphasize that their work will not end with this year’s class or next year’s class. Their MBAs will never be “done.” Rather, they’ll remain works in progress, changing in response to new research, new development, and new demands in the marketplace.

“There’s now a lot of pressure on business schools to keep their programs changing,” says Poston of the University of Washington. “We’re always being asked, ‘When was your last curriculum revision?’ We now must mirror the industries we serve, where product life cycles are very short and must be constantly adapted to meet new needs.”

“As we continue, we’ll fine-tune the program, but we’re trying to make the program much more responsive to change,” says Mather of the Tepper School. “If change in business is more widespread and more rapid, then MBA programs must be designed in a more responsive mode.” Many educators have adopted a completely new view of their business programs. Instead of saying, “Our new MBA will take us into the next two decades,” they are saying, “Our new MBA will have the flexibility to change, grow with, and adapt to business indefinitely.”

In large part, the traditional MBA, in its familiar form, may be singing its swan song. Years of sustained discussion about its value, its ability to innovate, and its relevance to the modern business world have pushed the MBA into a rapid evolution—into a perpetual makeover. But such constant evolution isn’t necessarily a burden. It can help business schools stay adaptive to the new business context of each academic year. It will create an environment where educators feel freer to innovate and recreate their educational delivery. And many hope that continued redesign and improvement of the curriculum will keep the MBA nimble enough to meet—and even surpass—the ongoing demands of business.

Angling for Applicants



More and more business schools are fishing for MBAs from the same applicant pool. To bring in the best catch, each school must position its boat carefully, cast a broad net, and offer more tempting bait on its hook.

by Mark Zupan

illustration by Dave Cutler

A marked decline in application volume to full-time U.S. MBA programs has caused consternation among many management educators. Our concerns are evidenced by a survey of 352 graduate business programs conducted in June 2004 by the Graduate Management Admissions Council (GMAC) and the Executive MBA Council. It found that 78 percent of full-time, two-year MBA programs reported a decline in application volume between the 2002–2003 and 2003–2004 academic years.

Moreover, the number of GMAT test takers fell from a peak of 228,500 in 1997 to just under 182,000 in 2004—a 20 percent decline in the number of potential MBA students. GMAT test-taking volume is down 18 percent just since 2002, indicating that most of this decline has happened in the last two years. The MBA Roundtable also estimates the decline in applications to be about 15 to 25 percent for the 2003–2004 admissions cycle.

These statistics point to a decline that compounds what has generally been a softening market for full-time MBA applications since the late 1990s. If only a few schools were seeing this decline, we might be able to localize the cause to individual campuses or regions. But the trend seems to affect business schools across the board. For instance, Kenneth Dunn, dean of Carnegie Mellon's Tepper School of Business in Pittsburgh, Pennsylvania, noted that the school's full-time applications were running 30 percent lower in 2003–2004 than in 2002–2003. The reported decline in applications in 2003–2004

ranged from 15 percent to 30 percent at prestigious institutions such as the Graduate School of Business at the University of Chicago, Darden Graduate School of Business Administration at the University of Virginia in Charlottesville, the Stern School of Business at New York University, the Olin School of Business at Washington University in St. Louis, the Kellogg Graduate School of Management at Northwestern University in Evanston, Illinois, The Wharton School at the University of Pennsylvania in Philadelphia, and the Anderson School at the University of California, Los Angeles.

In trying to explain this downward trend, many market watchers cite demand-side factors, such as changes in demographics and a decline in job placement for MBA graduates. But we must also examine supply-side factors, such as increased competition and a changing marketplace. It may be that there aren't fewer potential students; they just have more programs from which to choose. In both cases, business schools need to approach the marketplace differently and compete more effectively to make sure their most prominent program also remains their most profitable.

The Difficulty of Demand-Side Economics

For a moment, let's examine those demand-side factors, which rest largely outside of a business school's control. For example, at least part of the decrease in applications appears to stem from demographics. According to the survey conducted earlier this year by GMAC, the number of people of business school age (25 to 29 years) has declined in the United States, Asia, and Western Europe. The population of this age group declined 3 percent in Asia, from 300 million in 2000 to 291 million in 2004; 2 percent in the United States, from 19.4 to 19.1 million; and 7 percent in Western Europe, from 28 to 26 million. These declines are still fairly small, however, and they cannot account for the overall dedine in demand for MBA education.

More stringent entry visa requirements, limits on H-1 B visas that allow international students to work in the United States following their MBA studies, and rising anti-American sentiment in the post-9/11 era also have contributed to declining graduate applications to U.S. schools from students in other countries. In parts of India, for example, students report having to wait 12 weeks for visa interviews, which also has contributed to the decrease. The Council of Graduate Schools reported a 28 percent decline in international applications for graduate study in the United States for this academic year. Actual international enrollments fell by 6 percent, the first decline in three decades. The most significant application decreases occurred among students from China and India, followed by students from the Mideast, Korea, and Western Europe.

The decline in international applications, despite the falling value of the dollar relative to most other currencies, may end up putting a significant dent in the $13 billion that higher education exports contribute annually to the U.S. economy. For example, the National Academy of Sciences reports that the number of people who have taken the GRE test in India and China has declined 50 percent relative to last year. Historically, this statistic has been a good predictor of international applications in U.S. graduate schools, indicating this trend may continue for the next academic year.

The economic slowdown in many other parts of the world post-9/11 has adversely affected average household wealth, and, as a consequence, applications from overseas. The William E. Simon Graduate School of Business Administration at the University of Rochester in New York, for example, has historically drawn six to 15 full-time MBA students per year from Brazil. Such enrollments have been crimped since 2000, when the Brazilian *real* lost roughly two-thirds of its value relative to the dollar.

Finally, diminished post-graduation career prospects have raised more questions about the value of investing in an MBA degree and thereby lessened prospective student interest. Between 2001 and 2004, for instance, the average starting salary and compensation for students graduating from the top 50 U.S. business schools declined by 8 percent, from $90,743 to $83,591, according to *U.S. News & World Report*. Over the same time period, the average placement rate three months after graduation fell from 96.6 to 81.4 percent at the top 50 business schools.

Supply Side: The Rest of the Story

Yes, demand-side factors have played an undeniably significant role in declining applications to full-time MBA programs. But those factors alone don't absolve business schools completely for their role in this decline. Several marked trends on the supply side have also had a hand:

A b-school boom. One of the most significant supply-side factors has been the boom in the number of new business schools entering the market to meet what was, until recently, a rise in demand for MBA education. The number of AACSB-accredited business schools has more than doubled over the

It stands to reason that when the number of fishing boats in the water increases, and the number of fish stays relatively constant, the average haul per boat decreases.

last 35 years. Furthermore, domestic competition has grown through not-for-profit as well as for-profit suppliers. The Apollo Group, parent company of the University of Phoenix, began operations in 1976. The stock price of University of Phoenix Online has skyrocketed, as its annual revenue gains have exceeded 65 percent in each of the last three years. It now enrolls more than 200,000 students, most pursing degrees in business. This number dwarfs the enrollments of the largest not-for-profit business schools.

It stands to reason that when the number of fishing boats in the water increases, and the number of fish stays relatively constant, the average haul per boat decreases. In other words, the more business schools in the market, the more finely the customer base is divided.

Greater international competition. The overall pool of full-time MBA applications also has become more crowded because of heightened competition from schools overseas. Many overseas suppliers of full-time MBA degrees have earned AACSB accreditation over the last few decades, including the Hong Kong University of Science and Technology, the United Arab Emirates University, INCAE in Costa Rica, and the Cranfield School of Management in the United Kingdom.

Competing programs. In fact, business schools compete not only with other business schools, but also with themselves. They have added many more dimensions to management education, including EMBA, part-time, online, and accelerated one-year full-time programs, which serve as alternatives to the traditional, full-time, two-year MBA. Many schools even offer nondegree executive education.

GMAC's recent survey of graduate business schools also demonstrates that some of the decline in full-time applications may be attributable to the growth of alternative MBA program offerings. Whereas the overwhelming majority of business schools reported a sharp decline in full-time, two-year MBA applications, applications to EMBA and accelerated one-year programs appeared to be up; part-time MBA applications remained flat.

In addition, more than 500,000 Americans currently earn a degree online each year—again, many of those degrees are in business. This only further underscores the fact that we are operating in a segmented market. To continue the analogy above, the ever-growing number of fishing boats in the water is using a greater variety of nets. As a result, the average haul of fish in each of their nets is also diminished.

The rankings. One can't ignore the effects the rankings have had on business school programs. The advent of media rankings two decades ago has placed business schools under a very large lens—with full-time MBA programs receiving the most thorough attention. Under such scrutiny, business schools have had a clear incentive to raise the standards employed for full-time program admission. Their aim in doing so was to enhance their reputations. However, the more rigorous admissions standards are, the lower the number of potential full-time applicants becomes.

The rising cost of the MBA. The real price of full-time MBA education, at least at leading private schools, has roughly quadrupled over the last 35 years. This increase reflects, at least in part, the need to support the cost of research centers and rising faculty salaries. The increase also stems from greater investment in staff, technology, and bricks and mortar, fueled by the media rankings "arms race." And as the real price of full-time MBA education rises, there is a further incentive for prospective students to remain in their existing jobs, favoring enrollment in alternative degree programs instead of the full-time MBA. In many alternative programs, students not only keep earning salaries, but they also might benefit from greater tuition support. Employers are often willing to subsidize continuing education when it does not require employees to leave their jobs.

Some of the effects of these factors have been subtle. For instance, business schools have increased the average number of years of work experience required for admission to full-time programs. The norm used to be close to zero years before the arrival of rankings; the average now runs from four to seven years at leading schools. But in their efforts to show higher post-MBA starting salaries, schools have effectively pushed many potential applicants into part-time options.

In addition, as schools require more years of work experience, they inadvertently deter women from applying to full-time MBA programs, since women, especially those 25 to 40 years old, are more likely than men to juggle the conflicting demands of family and education/career. As a result, women account for less than 30 percent of the student body at leading business programs. At the same time, women represent more than 50 percent of the student body at law schools, which typically admit students straight out of undergraduate programs.

What's an Administrator to Do?

Such supply-side factors go a long way toward putting the future of full-time MBA programs in jeopardy. With competition among MBA programs reaching a fever pitch, the market may soon approximate the economist's model of perfect competition, in which the returns that can be earned in the market by a representative firm, such as a business school, are zero in the long run. Indeed, a number of deans of leading U.S. business schools have observed that their full-time MBA

programs are actually running at a deficit. They must pour resources earned by other programs into their more highly visible MBA programs, just to remain competitive.

For business school administrators, what are the implications? First, they must realize that assumptions that have carried them successfully to this point most likely will *not* carry them any farther. For instance, historically, business school administrators could safely assume greater monopoly and pricing power in their local markets for part-time and EMBA offerings. This assumption has gone by the wayside in recent years, as competition has become almost as heated locally as it is internationally.

The same is true for fund raising. At one time, a business school's fund-raising committee could assume some monopoly over its rivals, given the greater ties alumni have to their schools. That assumption is no longer safe. After all, it's unlikely that an alum, no matter what his affiliation, will want to give money to support an undifferentiated MBA program that promises zero return.

Business school administrators are likely to consider several strategies as they decide how to compete in a crowded market. Some strategies are better than others, however. There are two strategies in particular that may be the *least* fruitful for business schools to follow:

Waiting it out. Although waiting out the present decline may be the most commonly adopted strategy, it's also least likely to be effective. Demographic projections predict a healthy increase in the number of people of business school age worldwide over the next five to 10 years. For example, schools that take a "wait-and-see, do-nothing" strategy will not be competitively prepared to take advantage of any rebound in demand. More proactive suppliers in the market will already have attracted the best and brightest.

Counting on others to fail. In a crowded market, it may seem likely that other, less established schools will go under. After all, in other competitive settings, economists predict that companies that do not make a profit will fail. But counting on the failure of other providers is also not an attractive near-term strategy. First, a for-profit competitor such as the University of Phoenix has already established itself as a fixture in the market. It's not going anywhere. And second, not-for-profit business schools at most universities have historically been the cash cows providing the financial surpluses needed to underwrite the remainder of the enterprise. These surpluses are realized through overhead taxes assessed by central administrators. Therefore, as full-time MBA programs start bringing in lower or no profits, they are unlikely to be shut down. Instead, business schools will negotiate a different arrangement with their universities.

The best strategies are perhaps summarized by the title of a well-known marketing book by Steve Rivkin and Jack Trout: *Differentiate or Die*. Differentiation will be essential for full-time, two-year MBA offerings as well as for other ancillary products, such as part-time, online, EMBA, and nondegree executive education. Schools can pursue several strategies to set themselves apart quickly and definitively:

Create other sources of income. Many opportunities exist for a business school to financially support itself through its ancillary product lines. Witness what Northwestern University's Kellogg Graduate School of Management has done so effectively over the years. It has established a solid offering of nondegree executive education, including partnering with the Young Presidents Organization to develop continuing education to the membership of this well-known business group.

More recent examples include a program at Case Western Reserve University's Weatherhead School of Management in Cleveland, Ohio. It runs a program targeted to transforming successful business leaders into doctoral graduates. Other examples are EMBA programs at Duke University's Fuqua School of Business in Durham, North Carolina, and Yale University's School of Management in New Haven Connecticut. Both schools are creating specialties in the healthcare management area. Still other schools have created specialized one-year masters programs.

At Simon, we are planning to launch masters of accounting and masters of medical management programs. The former is designed to address the growing need for accounting training in the wake of Sarbanes-Oxley. The latter is intended to complement our other healthcare management offerings and appeal to the sizable population at our university's prominent medical center.

Partner up. In the coming decade, business schools will often derive advantages by creating complementary partnerships with other schools. Those schools that continue to operate solely on a stand-alone basis will most likely see their programs suffer.

For example, Columbia University's Graduate School of Business in New York has teamed with the Haas School at the University of California in Berkeley to develop nondegree offerings. Columbia also has created an international EMBA in partnership with the London Business School. A number of American business schools have found it advantageous to

It's imperative for schools to examine what they have to offer. Then they must isolate—and effectively communicate—what makes them special in the marketplace.

partner with institutions in emerging markets such as China, taking advantage of both growing demand and less intense supply-side competition. This was our experience at the Simon School in the late 1980s and early 1990s when we partnered with programs in Switzerland and Holland to offer an American-style MBA program to the European market.

It must be said, however, that successful partnerships take considerable time and effort. Moreover, if successful, partnerships invite competitors over time—a result that further heightens the need to differentiate one's offerings.

Develop a true identity. It's imperative for schools to examine what they have to offer. Then they must isolate—and effectively communicate—what makes them special in the marketplace. In our marketing and culture at the Simon School, we highlight several characteristics of our full-time MBA program that we feel make us different. We promote its basis in economics and analysis, its position as one of the smallest and most personalized programs in the top tier, its high percentage of students from abroad, and its specializations in technology and healthcare.

Increased competition will be a tremendous challenge to all business schools, but it's also a unique and rich opportunity. In the next decade and beyond, business schools have the chance to create new markets through differentiation and to expand the overall market for full-time MBA education. After all, a fundamental tenet of economics is that, in a dynamic setting, competition best serves the interests of consumers. Therefore, students will be better served as business schools better define their markets. In the process, the MBA will see more programmatic innovations than ever before, which will both benefit consumers of business education and reward those schools creative and disciplined enough to bring those innovations successfully to market. Z

Mark Zupan is the dean of the William E. Simon Graduate School of Business Administration at the University of Rochester in Rochester, New York.

Competing for ATTENTION

The synergy between business schools and major corporations operates on many levels, and one of the most intriguing is the company-backed student competition.

by Sharon Shinn

illustration by David Lesh

Like business schools, corporations have a real stake in making sure that b-school graduates are prepared to work in the commercial world. Businesses have many ways of participating in the educational process, from funding internships to providing guest lecturers to serving on advisory boards. A few corporations take a more active role by sponsoring and running their own student competitions.

Hosting a competition not only allows corporations to offer training opportunities to students, it also gives them a chance to increase their name recognition on campus. In fact, the branding opportunity is one of the key benefits corporations reap when they organize competitive events. Students who participate in a sponsored competition meet with the company's recruiters, use the company's products, play business games based on the company's numbers, and generally become more familiar with what the company has to offer—which can come in handy when the corporation is looking to hire top graduates.

Yet there's an altruistic side to such competitions as well, and companies that sponsor these events emphasize that their primary goal is to give students a trial run in the real world before they're actually out wrestling with it. For instance, *BusinessWeek*'s case writing competition, launched last year by the New York City-based magazine, was founded partially so that students could use real-world resources when solving a business dilemma.

"Most case competitions are organized so that students read a case and respond to the questions," says Deborah Parker, *BusinessWeek*'s director of education and corporate marketing. "In the real world, an employee would do the research, ask the questions, and facilitate the discussion." Thus, the *BusinessWeek* game requires students to find and construct their own cases.

Trust by Danone, an interactive business strategy game offered by Paris-based food producer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“This is not a classic job interview. This is seeing people in **ACTION**,

Groupe Danone, is also designed to help students deal with real-world issues. In this case, it forces them to make complex business decisions while factoring in issues of corporate social responsibility and sustainable development.

Meanwhile, students also develop critical job skills when they play two business games sponsored by cosmetics firm L’Oréal, headquartered in Paris. The newest game, the e-strat Challenge, “not only requires analytical thinking and number crunching, but it also covers communications skills, written expression, forecasting, and branding and positioning,” says Celica Thellier, L’Oréal’s vice president of corporate strategic recruiting. “As it finishes up, the game becomes very sales-oriented because of the presentation students give to a very senior audience. Even if they don’t win the game, students leave saying, ‘I grew. I learned something. I’ve had an experience I can take with me wherever I go.’”

Obviously, companies that sponsor business student competitions also improve their visibility on campus, and Parker notes that the magazine’s case competition has increased the number of schools participating in *BusinessWeek*’s college program. But she stresses how closely the competition fits with the corporate mission, which states: “We provide essential information and insight that helps individuals, markets, and societies perform to their potential.”

Parker adds that the competition has been “a tangible way of helping universities connect the methodology in the classroom to the real world.” At a time when business schools are seeking ways to align the classroom with the boardroom, three corporate representatives explain how their competitions help schools and business students make that connection. They also point out that students who are well-groomed for a corporate competition may be lucky enough to capture the attention of a corporate sponsor—and land a job in the process.

The Case of the Critical Incident

For *BusinessWeek*’s Student Case Writing Competition, students can choose any incident that was the catalyst for change at any existing business. They then write a “critical incident report,” or what *BusinessWeek* calls a mini case, says Parker. “The incident has to be a real one, though names can be changed,” she adds. “Accuracy is paramount. Incidents can range from tactical events where the manager needs to refine a process to strategic planning that makes the manager say, ‘Now is the time to rethink my business.’”

Each case must include an ethics component, a set of teaching notes, and at least one reference to information published in *BusinessWeek* or its online counterpart within the last year. The Society for Case Research helped the magazine develop the standards used to assess the submissions.

Because students can choose to write up any incident that appeals to them, they can work in very familiar territory. “A student can go back to his part-time job and ask his boss, ‘What made you decide to open a kiosk in a mall?’” says Parker. “As he models the incident from there, he comes to understand it on many levels—on the financial level, on the ethical level, and in terms of the marketplace.”

The rules are few but firm: Participants must consist of teams of two to five students. The university is responsible for making sure those who submit cases are students in good standing; each university may submit only three entries. The competition is structured this way so that all kinds of business students can participate—undergraduates, graduates, students at four-year universities, and students at community colleges.

This flexibility has allowed school administrators to be as involved or as uninvolved as they like. Students can form teams on their own and do all the work themselves, as long as a faculty member signs off on the submission. Alternatively, professors can choose to conduct classwide competitions to determine which students will compete at the national level. Parker says that one school is holding a preliminary competition between MBA and executive education students, while another is bringing in local business leaders to judge submissions.

“Teachers at community colleges have told me, ‘Most of my students work in the real world and take courses on the side, so we think they’re going to have a richer source of incidents to draw on than students totally immersed in academia,’” says Parker. On the other hand, she points out, full-time students might be better at conducting research. Ultimately, she expects the playing field to be leveled by the combination of skills required to present a good case. “I tell people, there’s one bar but it’s a fairly high one,” she says.

Entries will be judged by executives within *BusinessWeek*, business school faculty, and business leaders. “We want a range of visible people who are both practitioners and academics,” says Parker. The top three teams will be announced at the Midwest Business Administration Association conference in Chicago in March.

Prizes include cash, complimentary *BusinessWeek* subscriptions, and letters of commendation that students can use when job hunting. Parker is hoping to line up a sponsor to fly the top teams to Chicago, where students can present their cases to faculty. “They’ll be able to have the same kind of conversation around the case that faculty have when they’re reviewing each other’s cases,” Parker says. “The seeing how they perform and what they learn." —Celica Thellier, L'Oréal

Dai Tsuruki, Mikio Kawahara, and Kent Nakagawa, members of the Chabozu team from Northwestern University's Kellogg Graduate School of Management, competed in L'Oréal's e-Strat Challenge last year. Chabozu tied for first place with INSEAD of Singapore in the graduate division.

involvement of so many people in the questioning process will help them make sure they've thought of all the details." In addition, *BusinessWeek* plans to publish the winning cases, giving students additional exposure.

If all goes well with the first competition, the plan is to hold additional and expanded competitions in the future. While the first was open only to U.S. schools, Parker expects Canada to be included soon and is considering the best way to reach out to schools in Asia and Europe.

Outwit, Outlast, Outplay

Recruiting students is one of the top goals for L'Oréal's two student-oriented competitions, particularly its newest one. While the interactive Marketing Award game had its debut in 1993, the e-strat Challenge, an online strategy competition, launched in 2000. The e-strat Challenge has been wildly successful, attracting 31,000 registered students in 2004 alone. Three-person student teams register to compete, taking an online pre-selection quiz and handling a mini case. A set number of teams—this year, there will be about 1,500—are selected to compete in eight global playing zones during the seven weeks of the competition. Finalists meet in Paris, where they get a chance to sell their fictional companies to senior L'Oréal executives.

For L'Oréal, one of the benefits of the e-strat Challenge is meeting business students who might not otherwise have considered going to work at a cosmetics company, including men or those with a manufacturing or technological bias. "We've been very successful in terms of the diversity of students who have gotten interested in L'Oréal through the game," says Thellier.

Nonetheless, those aren't the only students the company is targeting through the competition. "E-strat first and foremost is about putting us in touch with the best and brightest students around the world in the most original manner possible," says Thellier. "It's also about taking recruitment to a new level. This is not a classic job interview. This is seeing people in action, seeing how they perform and what they learn."

The students—even those who aren't among the winning teams—also get exceptional access to L'Oréal representatives. "Recruiters invite students to apply. They attend kick-off events, and they coach students through the game," says Thellier. "Recruiters get to see students work, which is an incredible way to get to know them." That chance for recruiters and students to interact has led L'Oréal to hire about 100 game participants worldwide—and that's in addition to another 70 or more people who have been recruited through the Marketing Award game.

Students win relatively small prizes at the early competition levels, but those who make it to the final round have something to be excited about: a trip to Paris, where they make a presentation to the board. "They sell their company to a jury, which is made up of everyone from executive vice presidents of L'Oréal to general managers of our subsidiaries," says Thellier. Consulting partners from companies such as McKinsey also are present for this final round. Students have 15 minutes to pitch their ideas and then five minutes to answer questions.

"TRUST BY DANONE is an effective tool for spotting talents who are likely to understand and share our culture." —Franck Mougin, Groupe Danone

The top teams win a one-week trip to the destination of their choice. Says Thellier, "We give travel because we want to prolong their sense of discovery and adventure. That's what the whole game is about."

The game is also about education, and L'Oréal constantly works to upgrade the parameters so students who played as undergraduates can compete again as grad students and still be challenged. Other changes are incorporated every year because the game is based on real numbers from L'Oréal, and the market is always progressing, says Thellier. "There are different distribution factors, and costs for advertising and research and development evolve in a worldwide market. So we update all the numbers in the simulation. We give students new decisions to make. This year there were more parameters in terms of product development and packaging."

In countries around the world, students compete in Danone's "Trust Day," participating in a variety of activities and meeting with Danone managers and directors in a relaxed setting. The winners at individual universities move on to country competitions; the top winners eventually face off during the finals in Paris.

L'Oréal often relies on business school professors for advice on other alterations. "For example, we're going to introduce an element of corporate social responsibility," says Thellier. "When students play the e-strat Challenge they have to create a strategy for a certain market situation. They allocate their budgets into different buckets, such as advertising, production, research, and personnel. This year, they will be given an option to change primary materials, decentralize production, or choose whether or not to invest in environmental protection. If they make the wrong decision, it will hurt them on the bottom line."

Doing Well by Doing Good

Corporate social responsibility is already a key part of Trust by Danone. The business competition is sponsored by Groupe Danone, which sells products such as Dannon yogurt and Evian water. During the interactive strategy game, students have to balance issues of sustainable development with the need to keep their business profitable, all the while maintaining the confidence of consumers and other stakeholders. Faced with contradictory imperatives, says Franck Mougin, general manager of human resources at Groupe Danone, "students have to come up with suitable answers, while taking business requirements into account and observing certain management principles set out by Danone."

Like students competing in the L'Oréal games, students participating in Trust also stand a good chance of being recruited, since the game gives them a chance to show off a wide range of skills. To be eligible to play, students must be fluent in English, part of a team from a participating school, and registered through the Trust Web site. Five-member student teams band together to develop a business strategy for a new subsidiary to be launched by Danone. The first stage takes place in a single day on the campuses of participating universities. During "Trust Day," as it is called, students have an opportunity to lunch with Danone managers and directors while they're competing, interacting with Danone management in a unique setting.

One or two teams from each participating university become finalists and compete with other universities within their countries; one finalist team per country attends an international event in Paris. There, students take part in workshops revolving around analytical skills, creativity, rapidity, and team spirit. They also present their work to Danone's Management Committee and get a chance to meet Groupe Danone CEO Franck Riboud.

During the first year of the Trust competition, participants included more than 500 business and engineering students from universities in six countries—China, Spain, France, Italy, Mexico, and the Czech Republic. The second year, 11 countries were involved, with new additions including Belgium, Germany, Indonesia, Russia, Turkey, and the U.K. Countries were chosen based on areas where Danone had recently expanded and wanted to recruit heavily.

"Trust helps us reach students who might not always think of Danone as a starting point, like those from engineering schools," explains Mougin. "Trust by Danone is an effective tool for spotting talents who are likely to understand and share our culture."

Among the traits Danone recruiters watch for is empathy, as they look for students who pay attention to other individuals. Says Mougin, "Whether those individuals are consumers, colleagues, or fellow citizens, we want them to have a greater understanding of others. We also want them to have a pragmatic hands-on approach."

But the game wasn't organized merely to give Danone a new pool of potential hires; it was also designed to give students a more complete picture of the company itself. "We want them to realize that we're not just a company with efficient marketing and good products, but also a company that is responsible toward its stakeholders," says Mougin. The goal was reached: Of 300 students interviewed after the game, 97 percent said they viewed Groupe Danone as a company that both offered good products and was a socially responsible firm.

Thus, for Danone, as for these other companies, the competition is serving a key role in familiarizing students with the corporate culture. All three competitions are also proving successful in helping students see that every decision they make can have a far-reaching impact. While choices made in business games don't carry the same repercussions as real-world business decisions, competitions are high-pressure situations that force participants to examine every decision, research every action, and pay for every mistake. Such scenarios, say competition organizers, aren't bad substitutes for real life—or real business.

Three-Year

Forecast

Deans consider their strategic plans for the future as they predict what lies ahead for management education.

by James F. Fairbank, Giuseppe (Joe) Labianca, and Dan LeClair

illustration by John Kachik

The world of management education is reinventing itself at such a rapid rate that it's impossible to predict what business schools will look like a decade or two from now. Still, it's crucial for deans and administrators to understand the forces that are shaping the field so they can continuously revamp their programs according to market demands. One way deans can prepare for the long term is to take a close look at the trends that they expect to see in the very near future.

In the fall of 2004, AACSB International's Knowledge Services sent a Strategic Management Survey to deans at member schools, asking them to describe the most significant changes they expect to make in the next three years. That period of time was chosen because it seemed long enough to allow deans to complete meaningful changes, but short enough to remain on their planning horizons. More than 300 deans from 25 countries responded to the survey.

Respondents placed six broad areas at the top of their three-year agendas for change: programs, branding, funding, faculty, outreach, and structure. They also identified a separate list of environmental factors that will affect the strategic management choices they make. Whether they hail from Western Europe, Southern Asia, or the U.S. Midwest, these deans know they must pinpoint the challenges that will devour the lion's share of their time in the next few years—and they must carefully devise plans to manage these challenges effectively.

Assessing Environmental Impact

Deans first looked at the external factors that will affect them most between now and 2008. Topping the list are budget cuts and freezes, which have an impact at several levels. Traditional sources of funding are shrinking, requiring deans to spend more energy considering how to raise capital. At the same time, competition for faculty and students is intensifying, leading to higher salaries and more money invested in recruitment. The fluctuations of an uncertain economy also will continue to have a variable influence on schools and their budgets.

The decline in applications for full-time graduate programs is another concern among these deans. Respondents attribute the drop to many factors, such as an increase in global competition, an uncertain economy, and U.S. restrictions on visas for overseas students. Some blame the ongoing portrayal of business education in the media, such as articles that question the value of business education, especially the MBA.

These external factors are putting mounting pressure on deans to secure resources, attract talented students and faculty, and work more

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.

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

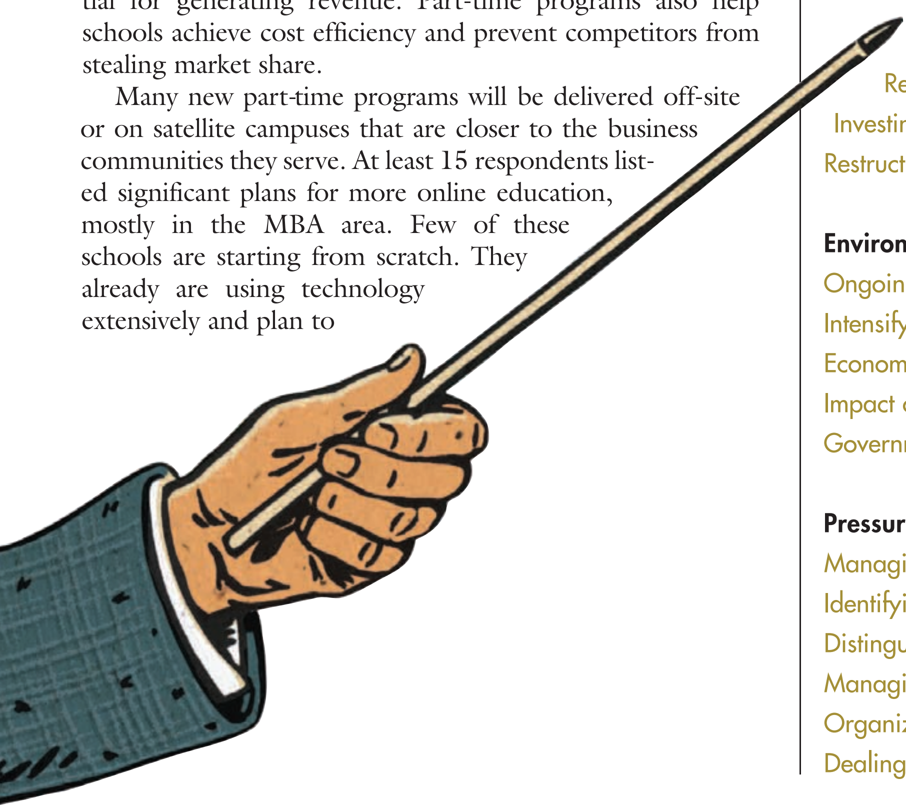
The No. 1 area that will see revisions in the years ahead is the curriculum itself. Most deans plan to make changes by expanding the number of programs they offer, rather than developing centers of excellence in a specialized area. Several trends emerge: a rising emphasis on nontraditional MBA programs, 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 nondegree 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

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.

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.

Jim Fairbank is assistant professor of management at Penn State Erie, The Behrend College. Joe Labianca is assistant professor of organization and management at Emory University's Goizueta Business School in Atlanta, Georgia. Dan LeClair is vice president and chief knowledge officer at AACSB International. Kim Rahn and Kristina Jones also contributed to data analysis.

Technology

The 210-foot-wide Jumbotron outside UConn's financial accelerator in Hartford.

Signs of the Times

Wireless networks, top-shelf software, and real-time data feeds are essential to the technological initiatives of many business schools. But while a strong IT infrastructure is crucial, it's largely invisible to campus visitors. To get more bang for their technological buck, some schools are turning to electronic signage. As learning tools, news sources, and brand communicators, electronic displays make the visual impact that wireless networks can't.


The view of the 45′ x 17′ electronic board and trading room floor from the observation deck in UConn's financial accelerator.

This was the case at the University of Connecticut's School of Business in Storrs, Connecticut. The school wanted its new Hartford-based $20 million financial accelerator to be equivalent to any Wall Street financial center, explains Richard Dino, associate dean for graduate programs. That meant that the accelerator not only had to function at a high level to give students true-to-life learning experiences—it also had to look the part. Consequently, the school partnered with TransLux (www.trans-lux.com), a provider of electronic information display systems based in Norwalk, Connecticut, to equip the accelerator from the inside out.

Inside the accelerator, its 30-foot-high wall is decked with a 45-foot-wide, 17-foot-tall display board, positioned ten feet off the ground. There also are four 8′ x 7′ chart walls displaying the activities of stocks that students are monitoring. Outside, a 210-foot-long, two-foot-high ticker stretches around the building displaying financial news and stock market information; two 16′ x 12′ rainbow walls present national and international news, as well as information about what's going on at the school and in downtown Hartford. The goal, says Dino, is to make a statement to the 50,000 people who pass through Hartford's financial district each day.

"We used Wall Street as our example," says Dino. "The outdoor signage is a way of indicating to everyone the experiential learning environment that we have inside."

As business schools strive to extend their reach off campus, it will become imperative that they make their offerings as visible as possible, says Dino. As the University of Connecticut has found, signage can play a large role in communicating a school's ideological and technological brand to the marketplace.

The McCallum Graduate School of Business at Bentley College in Waltham, Massachusetts, also is working with TransLux to bring electronic signage to its campus. Their partnership began when TransLux contacted professor Perry Lowe to design a two-phase student research project that looked into the market for electronic displays in higher education. TransLux already had penetrated the higher education market when it came to trading room and student center signage. However, the company wanted to know more about best practices in on-campus sign placement and content.

In phase one of the project, students took a semester to conduct their research. At the end, the class presented its idea for "The Model Campus," offering their recommendations for the best use of campus displays. "Students recommended not only locations, types, and content of signage, but also a plan the company could use to market the product to all colleges and universities," explains Lowe.

Phase two, in which Bentley College will itself become a "Model Campus," is now in progress. TransLux will provide the real-time electronic displays, aiming to make them an integral part of the school's administrative function and brand identity. Once the project is complete, administrators from other schools can visit Bentley to see how the signs work on a campus. For those who cannot visit, TransLux and the students worked with a Boston-based design firm, Neoscape, to develop a CD-ROM that will serve as a marketing tool to show The Model Campus in a virtual environment.

"We want to enhance signage at our campus entrance, in our student centers, and in our public areas to make our school more visible," says Sandra King, vice president of marketing, communications, and public affairs. The boards, she adds, will display information from external sources such as Bloomberg News and CNN, as well as internal information on speakers, events, and school promotions. "Such signage is less interactive than the Web," says King, "but will afford us the opportunity to reach people who are not sitting in front of their computers."

Higher Ed Increases Wireless Reach

The EDUCAUSE Center for Applied Research (ECAR) recently released its survey, "Information Technology Networking in Higher Education: Campus Commodity and Competitive Differentiator." Written by Judith Pirani, Gail Salaway, Richard Katz, and John Voloudakis, the study found college and university campuses have gone beyond equipping themselves with the basic technological requirements. They are now looking at technology as a way to

TOOLS OF THE TRADE

WebSurveyor Helps Students Learn Market Research

Customer attitudes and behaviors change quickly in today's marketplace, which makes online market research an increasingly important tool for companies. Online surveys are easier to conduct than printed or face-to-face surveys and can be completed and tabulated in a matter of hours, not weeks.

With more companies turning to online market research, it's also important that business students know the ins and outs of conducting and interpreting surveys effectively. As a result, WebSurveyor, a provider of online survey software and hosting services based in Herndon, Virginia, has invited business school programs to apply to its 2005 academic grant program. Through the grant program, schools receive a free, two-year license to use WebSurveyor to teach business students the art of online market research. To be eligible, schools must have a faculty member who will conduct surveys and use WebSurveyor in the classroom.

So far, 68 schools are taking part in the program. Although now used primarily in the corporate sector, the software also can be used as a teaching tool designed to help students learn about the surveying process and increase response rates over and above what traditionally mailed print surveys produce.

Angela Stanton, assistant professor of marketing at Radford University in Radford, Virginia, has been using WebSurveyor in her classes for the last five years. Her students have created surveys measuring customer satisfaction, behavior, and product usage for a number of organizations and even for the university itself. Using the survey software helps students learn all the methodologies for collecting data online, from selecting a target sample to knowing the right questions to ask, she says.

"Companies are really using online market surveying, so students should be armed with that knowledge," says Stanton. "Even students who are not going into marketing would be lacking something in their skill sets if they were not exposed to this kind of market research."

The license allows unlimited users to conduct an unlimited number of customized surveys during the grant period. To guide survey novices, the software comes loaded with survey templates and sample questions geared to a variety of purposes. In addition, it includes features such as conditional branching, data piping, response randomization, and quota controls. Schools host the software on their own servers, so students and faculty can access the software and conduct surveys through intranet environments.

After the two-year grant period, schools can renew their licenses to WebSurveyor free of charge. For information about applying to the WebSurveyor Academic Grant program for a free two-year license, visit www.websurveyor.com/grant.asp.

position themselves in the market.

The survey is based on responses from 517 CIOs and network directors in higher education, as well as qualitative telephone interviews with 19 higher education IT managers and 12 higher education leaders. When asked about the extent to which their campus networks met the needs of their communities, 91 percent of respondents noted that their network met their staff's needs. However, only 78 percent agreed that their current networks met faculty needs; and only 67 percent said that their current and networks met student needs.

One trend highlighted by the survey is that campuses are beginning to expand their networks. Ten percent noted that they provided at least some outdoor access points to their wireless networks. In addition, 20 percent plan to expand their wireless networks. Student mobility, respondents said, has become an essential part of the academic experience.

Some respondents said they also were joining education networks that cover state, regional, and national areas. Two-fifths of responding institutions connect to a universitywide network. Forty-three percent connect to a state educational and research network, while 25 percent connect to a regional network. The survey also found that doctoral institutions are more likely to connect to all types of higher education networks. Institutions granting master's, bachelor's, and associate's degrees, on the other hand, are more likely to join state research and educational networks. In addition, 34 research and educational networks are now in place or in progress, as the market begins to adopt a model of regional facility-based networking, or regional optical networks (RONs). Their goal, according to the survey, is to provide their regions with access to the larger higher education community.

The survey also covered such topics as technological infrastructure, adoption of emerging technologies, and network management. To read a summary of the study's findings, visit www.educause.edu/ers0502. The full study is free to ECAR subscribers and available for purchase for nonsubscribers at the same Web address.

DATABIT

According to a survey conducted by the Pew Internet and American Life Project, 53 million people, or 44 percent of Internet users, now use online banking. This represents a 47 percent increase since late 2002. The survey cites increased use of broadband Internet service as one possible catalyst for the trend.

Partnership Targets Intellectual Property

With technology comes innovation, with in-novation comes invention—and with invention comes the need for business students to understand intellectual property. To that end, the Entrepreneurial Management Center at San Diego State University's College of Business Administration has partnered with the University of California-San Diego's Technology Transfer & Intellectual Property Services (TechTIPS) office. The partnership allows SDSU's MBA students to intern at TechTIPS and work with licensing officers on strategic analysis projects.

In return, TechTIPS—which is responsible for all new inventions, tangible research materials, and selected copyrightable materials developed at UCSD—will receive feedback on business development activities associated with its patented and patent-pending technologies. TechTIPS will also work with UCSD's Rady School of Management to establish a similar internship program in 2005-2006 for its first full-time MBA class.

The program increases awareness of TechTIPS technologies and could increase regional investment in related licensing deals. Another primary beneficiary of the partnership will be the San Diego region, says Alan Paau, director of TechTIPS. "This partnership serves a common goal of promoting San Diego's technology-based economy," he says.

In its inaugural semester, participating students have worked in biotechnology and wireless technologies, performing target market analyses and evaluating potential licensees. Eventually, program organizers expect to incorporate TechTIPS projects into the SDSU MBA curriculum, giving its entrepreneurship students the chance to evaluate UCSD technology for commercial viability.

SMU Wins $200K HP Grant

Singapore Management University recently won a Hewlett-Packard Mobile Technology for Teaching grant of almost $200,000, which it has used to launch a tablet PC initiative on its campus. The pilot program known as "Virtual Canvas," in which tablet PCs were distributed to SMU's second-year accountancy students, began in October 2003.

The grant includes $10,000 in cash; the rest comes in the form of equipment, such as tablet PCs and a wireless Internet projector. The pilot program will continue to be assessed for a year, before being considered for campuswide deployment next year.

Your Turn

by Bob Emiliani

Getting Lean

Business schools are perpetually looking for ways to improve their programs. Yet business school administrators and faculty often overlook one of the most effective: lean management. While it originated in manufacturing years ago, lean management is now part of many other industries, including nonprofit and government organizations. In these competitive times, business schools can implement lean principles and practices to reduce costs, improve quality, simplify processes, gain market share, stabilize or grow employment, create better curricula, and better satisfy customers.

Lean management is not a new concept to business school professors. They've been studying its practice for years. They've taught its methods to students preparing for careers in operations, and they've written dozens of scholarly papers illustrating how lean principles and practices can be applied within a school's operations and degree programs.

So, if business schools know so much about the benefits of lean management, why have they been so slow to adopt it?

One reason is that many people in service organizations such as higher education embrace a common bias that lean management is a "manufacturing thing." They don't always see that the manufacturing and service industries share more similarities than differences and that lean principles apply as much to higher education as to any other industry. In fact, lean management can help them improve individual courses and degree programs, enhance student services, and differentiate their programs from others in the marketplace. It's not enough to teach lean principles and practices in the classroom. Business schools must also lead by example, applying lean management to their operations.

LEAN MANAGEMENT SUCCEEDS NOT ONLY IN CREATING A STRONGER CURRICULUM AND BETTER PREPARED GRADUATES—IT ALSO HELPS A BUSINESS SCHOOL CREATE A MORE FOCUSED, LONG-TERM STRATEGIC PLAN.


Bob Emiliani

I have studied and practiced lean management for more than decade, and I have seen it work in many different settings. With the help of extensive training by Shingijutsu consultants in the mid-1990s, my colleagues and I learned to apply lean management principles and practices first in manufacturing shops, then in supply chains. In 1999, I became a university professor in the Lally School of Management and Technology at Rensselaer Polytechnic Institute's Hartford, Connecticut, campus. It was then that I realized there was an enormous amount of waste in all facets of higher education—the admissions process, advising, curriculum, degree programs, and student services.

We decided to put lean management to work at Lally. We worked to simplify our programs and requirements so that students' learning objectives were more clearly defined. I conducted seminars for faculty on lean management, teaching them important lean tools such as root cause analysis. We discussed a key process for achieving continuous improvement and innovation known as *kaizen*, literally translated from Japanese as "change for the better." Faculty, staff, alumni, and senior administrators participated in kaizen to improve our executive master's of science in management degree program. We learned firsthand that lean principles and practices can be successfully applied to higher education.

For example, because academics

often equate length with quality and thoroughness, a typical course syllabus can be incredibly detailed and many pages in length. A long syllabus, however, can be a sign that a professor hasn't sufficiently focused the course. It may include too much material, an excess that can interfere with student learning. In addition, some professors have elaborate systems of grading, which can confuse students even further. Lean management helps professors consolidate, simplify, and clarify, which usually results in more positive learning outcomes for students.

As educators, we should teach lean management principles and practices in *all* courses, not just in courses on operations management. Students must know how to continuously improve any business process and utilize human resources in ways that demonstrate respect for people. Students educated in lean management—who understand waste reduction, value stream mapping, respect for people, and balance—will be highly valued by corporate managers. They will be prepared to contribute to their companies' productivity through fundamental process improvement and create innovative products and services that lead to growth.

Lean management succeeds not only in creating a stronger curriculum and better prepared graduates—it also helps a business school create a more focused, long-term strategic plan. In the current competitive climate, I believe that one consistent systematic approach to improvement is much more desirable than several ad-hoc "flavor-of-the-month" programs or initiatives. Moreover, lean management could be vital to a business school's long-term survival.

For instance, in the coming years administrators at U.S. and non-U.S. business schools alike will face new challenges—challenges many are not yet prepared to address:

- An oversupply of capable business education institutions.
- Degree programs that are not differentiated among competitors.
- Growth of for-profit educational service providers.
- Growth of the Internet-based distance education market.
- Price-based competition.
- Homogenization of business education around the globe.

Conditions are forming that could drastically alter the business of higher education as we know it today. One way for business schools to compete successfully is to improve the value of their services in ways that students and bill-payers can easily recognize. The question is, will higher education administrators, faculty, and staff wait until this crisis lands upon them to react? Or will they act now to improve their programs and strengthen their position in the market?

Business school administrators and educators have reason to worry. If their competitors adopt lean management first, while their own institutions lag behind, they will be at a competitive disadvantage. The message for business school administrators, staff, and faculty, then, is this: Learn more about lean management. If correctly applied, it can help a school and its stakeholders prosper. Z

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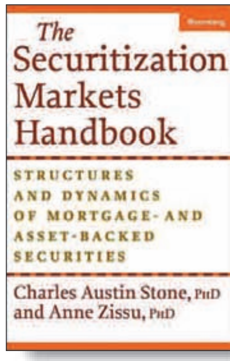
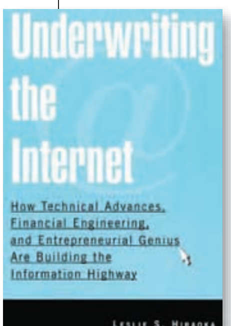
Bookshelf



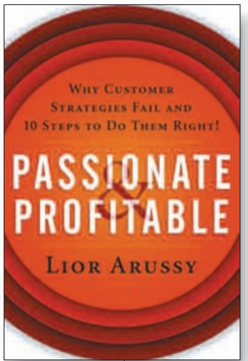
You know you're in for a fun ride when a book opens by saying, "The Internet Age, like most industrial epochs, was belatedly discovered by the hoi polloi because ... it revolved around not only arcane technology but atypical, almost maniacal financing." In *Underwriting the Internet*, Kean University professor Leslie S. Hiraoka offers many such acid and entertaining observations. Oracle, Sun, and AOL form the "cabal of Microsoft opponents," while the slow-moving IBM is referred to as the "*ancien régime*." The perfectly pitched humor is only one of the joys of this book, which gives a thorough, detailed history of the Internet—and who funded it—and how that has translated into the rise and fall of tech stocks. Hiraoka covers the origins, setbacks, and growth of pivotal companies such as Microsoft, Sun, Amazon.com, eBay, and Netscape, while firmly placing the Internet evolution within historical, political, and technological contexts. The good news is, despite all the ravages done to technology by the dot-com crash, Hiraoka sees much to inspire marvel. He writes, "In retrospect, the greed and hubris of entrepreneurs, venture capitalists, Wall Street stock analysts, and investment bankers should not overshadow the accomplishments of the Internet Age that saw the massive development of the new medium's infrastructure." (M.E. Sharpe, $27.95)



It takes a certain baseline understanding of finance to comprehend *The Securitization Markets Handbook* by Anne Zissu, a professor at Temple University, and Charles A. Stone. But for those fascinated by mortgage- and asset-backed securities, this is the book to pick up. In thorough detail, the authors discuss both the supply and the demand sides of the market—starting with how mortgage-backed securities evolved, going on to analyze valuations of interest-only and principal-only securities, presenting case studies of companies such as Ford Motor Company's use of securitization, looking at credit card plans, and touching on investment and speculation in the field. In the U.S. in 2002, the authors note, "total household mortgage debt was $605 trillion." That's a vast amount; Zissu and Stone help readers understand how it can be harnessed. (Bloomberg Press, $75)

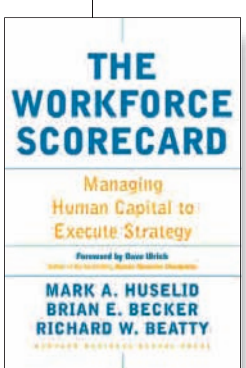
Most businesses operate in "red oceans," crowded seas bloodied by competition. To be really successful, companies need to find or create "uncontested market space that makes the competition irrelevant." So say W. Chan Kim and Renée Mauborgne in *Blue Ocean Strategy*, which not only explains how companies can find those untroubled waters but how they can keep the business afloat once they've arrived. Among the analytic tools the authors offer is the "four actions framework." This prods business leaders into considering how to challenge the existing market for a product or service by determining which current factors should be eliminated, reduced below standard, raised above standard, and created anew. Companies can use a "strategy canvas" to determine the factors that currently define their markets—and which ones they can profitably change. Examples of successful blue ocean companies, from Cirque du Soleil to Australian winery Casella Wines, help make it very clear how well these techniques work and how they can be implemented in almost any industry. (Harvard Business School Press, $27.95)

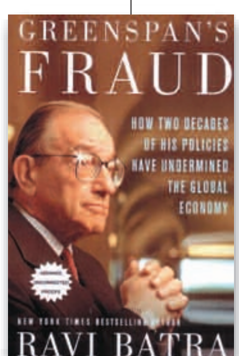
There are many different gauges for measuring company performance, but consistent growth is a pretty good one. Jason Jennings identified nine companies that increased revenues and profits by 10 percent or more each year for ten years or longer, then interviewed the leaders to find out the secrets to their success. The true key is revealed in the book's title, *Think Big, Act Small*, but Jennings offers a deeper look into the heart of each company. He finds that all the CEOs are down-to-earth individuals with no pretentious egos; they all stay involved with day-to-day work at the company; they don't focus so much on the future that they forget to pay attention to the present needs of the company; they know how to let go of unprofitable lines; and they create a culture that turns all employees into entrepreneurs. There are more nuggets on every page, of course, but the overwhelming message is clear: Think like a small-business owner who is fighting every day to make your enterprise successful, and you will slowly but surely see a big return. (Portfolio, $24.95)



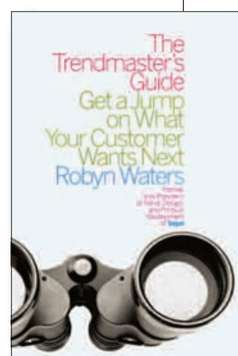
Corporations can be compared to bad boyfriends. “Like self-centered bachelors, they want to believe that a few superficial acts will substitute for what is required to form a true, lasting relationship.” That’s one of the analogies Lior Arussy uses in *Passionate & Profitable* to describe all the ways companies don’t provide good customer service. While almost every company will *say* that it wants to put customers at the heart of its services, virtually no company does so, says Arussy. Instead, a corporation puts a great deal of effort into wooing buyers—and then fails to listen to what they want, or institutes cost-saving measures that chip away at the very features customers liked about its products in the first place. For the business that truly wants to serve customers, Arussy has a number of hard-hitting suggestions, such as redefining the organizational chart in a customer-centric way. Customers don’t care about the CEO and CFO; they deal with the low-level clerks and order-takers, and so those are the ones who need to be valued in the corporate chain. It’s a fascinating look at a subject that affects everyone in business. (Wiley, $27.95)

Your employees just might be your greatest overlooked asset. But it’s not enough to understand that your workers have knowledge and skills that feed your competitive advantage. You must understand exactly how each employee helps the company achieve its objectives, which ones have more strategic value than others, and how to measure the performance of each. So say Mark A. Huselid, Brian E. Becker, and Richard W. Beatty in *The Workforce Scorecard*, a sequel of sorts to their book *The HR Scorecard*. The authors don’t believe that a company can have a single overarching strategy that guides all workers, such as “We provide the quickest delivery service!” Companies need to differentiate strategies for each type of job being performed and then determine how well employee performance meets strategic objectives. Companies face three challenges in this task, in terms of perspective (convincing managers to undergo a shift in thinking), metrics (devising ways to measure results), and execution (implementing a new system). The effort is worth it, they believe, because “having a workforce with the right skills, with the right people in the right jobs, focused on executing the firm’s strategy” can contribute significantly to a company’s sales growth. (Harvard Business School Press, $29.95)





Not a fan of Alan Greenspan? Neither is Ravi Batra. The economics professor from Southern Methodist University offers a scathing indictment of Greenspan’s policies and personal actions in *Greenspan’s Fraud.* Arguing that Greenspan has an even greater impact on American and global economies than the U.S. president, Batra says, “Whether it is Social Security, taxes, industrial deregulation, or financial markets, Greenspan sways it all.” In an early chapter, Batra dissects the state of U.S. Social Security and shows how the chairman of the Federal Reserve contributed to its current woes through amendments he shepherded through in 1983. Other chapters consider Greenspan’s changing political views and how they have helped shape the stock market, the trade deficit, and world economics. Batra is earnest, passionate, and furious—and he provides a lot of numbers to back up his claims. Whether or not you agree with him, the book is an unsettling read. (Palgrave MacMillan, $24.95)



Any business that markets to consumers wants to forecast the next hot trend, and Robyn Waters explains exactly how to do that in *The Trendmaster’s Guide.* The book offers 26 jaunty, alphabetized tips on how to spot the next big thing. For instance, J stands for “just for me” and explores the current craze for customization, which has been capitalized on so well by companies selling iPods and Mini Coopers. Waters firmly believes that anyone can learn to pay attention to market clues and predict what will shape the next major fad. “Take it from a girl from rural Minnesota: you don’t need an Ivy League diploma, an MBA, or an all-black wardrobe to become a Trendmaster,” she writes. The book is short but fun. (Portfolio, $12.95)

Spotlight


The Daniels College of Business

Up to the Challenge

Daniels College of Business
University of Denver
Denver, Colorado


Dean Karen Newman


A business student competing in Daniels' annual Race & Case, a business ethics case competition and skiing race.

On its 125-acre campus just 15 minutes from downtown Denver, the Daniels College of Business has evolved to create a business curriculum heavily rooted in ethics- and values-based leadership and corporate social responsibility. Established in 1908 as the School of Commerce, Accounts, and Finance, and accredited by AACSB in 1923, the school was renamed in 1994 after Denver cable television pioneer Bill Daniels. Today, it serves a student body of 243 full-time and 124 part-time students.

Its curriculum includes not only ethics-based courses, but also leadership retreats, workshops, and community service and community-building activities through G.I.V.E. (Graduates Involved in Volunteer Efforts). For example, Daniels graduate students participate in the school's Outdoor Leadership Experience, a three-day mountain retreat that immerses students in activities such as orienteering, rope courses, outdoor sports, and team-building meetings. In addition, students from business schools across the U.S. come to Daniels to participate in the schools's annual "Race & Case," where students prepare solutions to an ethical business dilemma and then compete in a skiing race.

Students also can study in one of Daniels' four schools, including its School of Accountancy; its School of Hotel, Restaurant, and Tourism Management; the Reiman School of Finance; and the Franklin L. Burns School of Real Estate and Construction Management. The school offers students ten business degree options and more than 25 specializations, which range from data warehousing and business intelligence, to international policy analysis, to values-based leadership, to innovation and entrepreneurship.

The school is currently undergoing a leadership transition. James Griesemer, who served as its dean from 1994 to 2004, recently stepped down to assume a faculty position, handing the reins to interim dean Glyn Hanbery. Its permanent dean, Karen Newman, formerly dean of University of Richmond's Robins School of Business in Virginia, takes over in May.

Newman sees hiring top faculty as one of her most important priorities. Newman recognizes that finding quality faculty is a special challenge facing many business school deans, especially in the midst of a doctoral shortage. Her strategy, she says, involves searching out established faculty rather than attempting to hire new doctoral graduates, who are often a hot commodity on the faculty job market.

"What Daniels is facing is true for many schools—when hiring new Ph.D.s, we're at a disadvantage relative to Research I schools. Therefore, we're better served by hiring people who may have worked at a Research I school and decided that's not what they want," says Newman. "We plan to search primarily among faculty who have been working for three to ten years, who know what they want and don't want, and who have demonstrated proficiency in teaching and research."

In the last five years, the school has undergone a transformation, which involved a new \$24 million facility that opened in 1999. Newman wants to continue the school's current trajectory, expanding its status as a nationally recognized institution. "Daniels College has been around a long time, but only recently has its reputation come onto the national scene," says Newman. "We must keep accelerating that momentum through high-quality hires, students, and programming."