

BizFed

MAY / JUNE 2008

Coca-Cola's
**E. Neville
Isdell**
On Doing Good

Four Experts Forecast
**The Future of
Management Education**

**China and Africa
Look for Alliances**



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MAY/JUNE 2008

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From the Editors

A Ruby Anniversary

Two of my friends celebrated their 50th birthdays by hiking to the top of Mount Kilimanjaro. I observed the same milestone by renting a beach house with three of my sisters. A former co-worker surprised her husband on their 30th anniversary by renting out a wedding-reception-style hall and throwing a party, complete with friends and family dressed in retro '70s garb.

The milestones that end in zero are the ones that really make us stop and think about what the occasions mean. Perhaps the fact that we're so used to counting by tens lends each new zero a special significance. Perhaps the presence of that big round 0—simultaneously so empty and so fraught with potential—simply makes us want to color it in with something fun, frenetic, or meaningful.

So it is with pride that I note that the May/June 2008 issue of *BizEd* is the 40th issue of the magazine. I feel a certain nostalgia as I flip through those early issues (Quick! Can anyone name our first cover interview?) and remember how hard we worked to find our voice. I remember attending my first AACSB Annual Meeting in New York City in 2001 and explaining to attendees that there would soon be a magazine written just for them. I remember how triumphant we felt when that first issue was in print—and the second issue was already in the works.

But, on the whole, a milestone anniversary is more about looking forward than looking back. What's on the horizon for management education? What essential topics will *BizEd* be covering when the next big zero rolls around?

We take a peek at the near future with a special section in this issue. We've asked four well-known management educators to take a look at their own fields and offer their opinions on what's changing—and what *should be* changing—in their areas of expertise. Barry Posner examines the practice of leadership, N. Craig Smith discusses ethics and corporate responsibility, Denise Rousseau extols evidenced-based management theory, and Clayton Christensen predicts a whole new model for the business school. Their essays begin on page 24.

Another glimpse of the future comes from the perspective of E. Neville Isdell, the CEO of Coca-Cola. Isdell is passionate about the role of business in society and believes that corporations and business schools can become "agents of transformation" in a complex world. Specifically, he discusses how Coca-Cola and other organizations can work with communities to create a better future for everyone. The interview starts on page 16.

In magazine publishing, the future is always knocking at the door, because the next deadline is never far away. While I'm proud of the breadth of content in our 40th issue, I'm already deep into writing copy for the 41st edition—and looking ahead at the 42nd

and 43rd. By my calculations, the 50th issue of *BizEd* will be published in January 2010. That gives us quite a few fresh zeroes to color in! Time to start thinking about what the diamond issue might hold. **Z**



BILL BASCOM

Sharon Shinn

Headlines

■ A Global View of Management Education

Most research that studies management education takes a local or regional perspective, which has made it difficult to draw broad conclusions about key issues in the field. Creating a global worldview of management education was the primary objective in *The Global Management Education Landscape: Shaping the Future of Business Schools*, the newest report from the Global Foundation for Management Education. The foundation is a joint venture of AACSB International and the European Foundation for Management Development.

In the report, GFME considers how management education will be affected by accelerating global economic integration, expected demographic trends, advances in information and communication technology, growth in global sourcing of services, and emerging priorities related to social responsibility, governance, and sustainability. It also examines recent developments in areas such as degree structures, size and growth in the industry, student mobility, diversification of providers, funding and autonomy, and business school faculty.

The GFME report identifies five pressing challenges for business schools:

■ *Meeting demand for management education, which continues to increase.* This becomes particularly urgent in areas of the world that are already struggling to support man-

agement education, such as India, China, and Africa.

■ *Balancing the tensions between global aspirations—of countries, schools, faculties, and students—and pressing local needs.* The GFME report argues that schools need to strengthen their curricular emphasis on global perspectives while still taking unique histories, politics, and cultures into account. The report



also cautions that, even as elite schools and accrediting bodies focus on high standards and global reputations, no one should overlook the value of the institutions outside the top tier, which contribute to economic and social progress by offering management education opportunities to a wide range of students.

■ *Maintaining high quality standards even as management edu-*

cation rapidly expands. It's important to nurture the great diversity schools display in their governance structures, faculty characteristics, financial models, and cultural connections. But, the report points out, as management education grows more competitive—and as students, graduates, and faculties become more mobile—it's equally important to assure quality standards are maintained among business schools across the globe.

■ *Recruiting and retaining qualified faculty.* Clearly, the global demand for doctoral faculty has been outpacing production, leading to concerns about the ability of some schools to sustain an emphasis on scholarship. The problem is twofold, according to the GFME report. In mature research-oriented environments, systemic problems revolve around funding models and perceptions about academic careers. In less mature environments, the lack of doctoral programs has rendered it impossible to produce enough qualified faculty. Even when there are enough teachers with doctorates, concerns remain about their depth of knowledge, their ability to teach and conduct research, and the extent of their relevant experience.

■ *The accelerating pace of change in the business world.* How can business schools learn about, predict, and react quickly to emerging trends? According to the GFME report, this challenge is particularly difficult because there are so few industry-level collaborations between businesses and business schools, and because the decision-

THE GLOBAL FOUNDATION FOR MANAGEMENT EDUCATION CALLS ON ALL SCHOOLS, MANAGEMENT EDUCATION ASSOCIATIONS, BUSINESSES, AND GOVERNMENTS AROUND THE WORLD TO PARTICIPATE IN GLOBAL EFFORTS TO SHAPE THE FUTURE OF MANAGEMENT EDUCATION.

making autonomy of many schools is limited by institutional or governmental control. In addition, other factors—such as set funding formulas and a preoccupation with media rankings—give business schools little incentive to change in response to the evolving needs of business.

While these five challenges are converging in a way that requires urgent attention, GFME doesn't believe management education is facing a "perfect storm"—or that the challenges are insurmountable. If business schools are going to navigate the difficult terrain ahead successfully, GFME recommends that they:

- advocate for quality assurance both globally and locally.
- engage business leaders in envi-

sioning future needs for business and society.

- invest in doctoral degree education and other infrastructure.
- create an international clearinghouse of data related to management education.
- facilitate multilateral collaboration among business schools.

Ultimately, GFME calls on all schools, management education associations, businesses, and governments around the world to participate in global efforts to shape the future of management education.

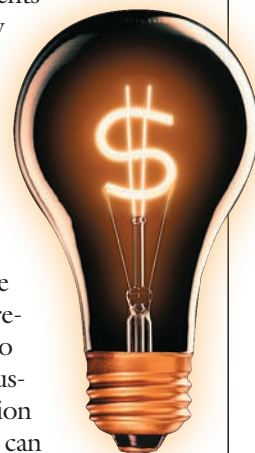
After all, they argue, an investment in management education is an investment in the future of business.

The complete report is available for download at www.gfme.org.

Entrepreneurial Professors Honored

Twenty-seven professors from across the U.S. have been named 2008 Excellence in Entrepreneurship Education Award Honorees by the nonprofit Acton Foundation for Entrepreneurial Excellence. Honorees are initially nominated by students and then judged by a panel of master entrepreneurship teachers at the Acton School of Business in Austin, Texas. Award recipients were invited to bring one of their top entrepreneurship students to the ceremony in Austin. More information about the program can be found at ActonMBA.org

Winners of the 2008 Acton awards are Mark Abramovic, Saint Vincent College; Raman Chadha, DePaul University; Hugh Garnett, Austin College; Pamela Winer Goldberg, Tufts University; Bill Grant, University of California Santa Barbara; Elissa Grossman, Baruch College; Brad Hancock, Texas Christian University; Keith Hmieleski, Texas Christian University; Bradley K. Hobbs, Florida Gulf Coast University; D. Holmes, University of Oklahoma; Jamaluddin Husain, Purdue University Calumet; Steven A. Ives, University of Oklahoma; Peter Iver Kaufman, the University of North Carolina at Chapel Hill; W. Fred Kiesner, Loyola Marymount University; Anita Leffel, University of Texas at San Antonio; Leslie Lee Manzer, Oklahoma State University; Paul Marsnik, College of St. Benedict/



South Carolina Deans Form Alliance



The business deans representing South Carolina's 11 public university baccalaureate and graduate business degree programs have founded the South Carolina Business Deans Group. Their goal is to foster cooperation among members to improve scholarship, education quality, and student access; they also will

focus on issues arising out of AACSB accreditation.

The newly elected chairperson is Henry Lowenstein, dean of the Wall College of Business Administration at Coastal Carolina University. Vice chair is Robert Pitts, dean of the School of Business and Economics at the College of Charleston, and the new vice president/secretary is Robert Barrett, dean of the College of Business and Applied Professional Sciences at South Carolina State University.

Other founding members are Ron Green of the School of Business Administration at The Citadel; Claude Lilly of the College of Business and Behavioral Science at Clemson University; Barry O'Brian of the School of Business at Francis Marion University; Royce Caines of the College of Business and Public Affairs at Lander University; Hildy Teegan of the Moore School of Business at the University of South Carolina-Columbia; Ralph Byington of the School of Business Administration at the University of South Carolina-Aiken; Darrell Parker of the School of Business Administration and Economics at the University of South Carolina-Upstate; and Roger Weikle of the College of Business Administration at Winthrop University.

St. Johns University; Charles H. Matthews, the University of Cincinnati; David Minor, Texas Christian University; Al Napier, Rice University; Jim Nolen, the University of Texas at Austin; Mark Nygren, Brigham Young University in Idaho; Gary Palin, North Carolina State University; Bill Petty, Baylor University; Ken Schoolland, Hawaii Pacific University; P.K. Shukla, Chapman University; Cynthia Skaar, Wake Forest University; George Solomon, George Washington University; Jeff Stamp, University of North Dakota; J. Bren Varner, Wake Forest University; and Jonathan York, The Ohio State University.

and an implementation task force. Among the report's seven recommendations, the one that generated the most feedback called for AACSB to place more emphasis on evaluating the impact of intellectual contributions in its accreditation process. The final report acknowledges that this goal will be challenging and includes several revisions to ensure that the views of the Task Force are clearly interpreted.

The Board will ask the new imple-

mentation task force to develop pilot programs that explore the feasibility of certain recommendations. Any recommendations from the implementation task force affecting the AACSB accreditation standards will be vetted through an approval process that culminates with a vote by all AACSB accredited schools.

The Impact of Research Report and accompanying resources are available for free download at www.aacsb.edu/research.

Greenwatch

These events and activities were among the recent "green" initiatives at business schools:

- In January, students from the MBA Net Impact Chapter at Kenan-Flagler Business School, University of North Carolina at Chapel Hill, launched a campaign to encourage students, faculty, and staff to talk about what they do to help the environment. Participants were photographed holding up a small whiteboard upon which they'd written their ideas of sustainable behavior. Photos were broadcast immediately on flat panel televisions around the school and were posted on the blog www.yourtriplebottomline.blogspot.com. More than 100 people shared their ideas. For example, Dean Steve Jones cancels his junk mail. Dave Hofmann, associate dean for the MBA Program, always takes the stairs. According to Courtney Phillips, the student coordinator of the effort, the general objective of the campaign was to encourage people to change their behaviors.

- Meanwhile, student and professional chapters of Net Impact worldwide are participating in the organization's 2008 "Green Challenge," a competition designed to accelerate the greening of campuses and businesses. A panel of "Green Challenge" judges will evaluate all projects based on four criteria: measurable difference in a key green area, such as waste reduction, energy efficiency, green purchasing, design for environment, and culture change; strategic planning and long-term sustainability of actions; creativity of approach; and stakeholder engagement process. Entries were accepted until April 1.

- Babson College in Wellesley, Massachusetts, joined more than a thousand other colleges and universities across the U.S. that participated in Focus the Nation, a January teach-in emphasizing global warming solutions. Among the events at Babson were presentations by alumni working in "green" businesses, as well as a keynote speech by Steven Strong, an authority on renewable energy integration in buildings. Other events included discussions about reducing the carbon footprint of the school, a "green" dinner, and displays of books and DVDs on global climate change.

Focus the Nation was created by Eban Goodstein, author and professor of economics at Lewis & Clark College in Portland, Oregon. Other schools that participated in Focus the Nation included the University of Michigan, the University of California in Berkeley, Columbia University, George Washington University, Illinois State, Penn State, New York University, Stanford University, the University of Oregon, and hundreds more. For additional information and clips of media coverage, see www.focusthenation.org.

Impact of Research Report Finalized

In late February, AACSB International released the final report of the Impact of Research Task Force, which examined ways to increase the value and visibility of business school research to students, practicing managers, and society. The final version of the report follows the August 2007 release of the Draft for Comments, which invited feedback.

The AACSB International Board of Directors has accepted the report and intends to prioritize and address its recommendations, with the guidance of an appointed champion



■ AACSB Elects New Board Members

Members of AACSB International have elected new members to the association's Board of Directors. Howard Thomas of the University of Warwick is the new vice chair-elect and will serve the board from July

2008 through June 2011.

Representatives chosen from U.S. accredited schools were Caryn L. Beck-Dudley of Florida State University in Tallahassee and Gail K. Naughton of San Diego State University in California. Members elected from accredited schools outside the U.S. were Xavier Mendoza

of ESADE in Barcelona, Spain, and Peter Wolnizer of the University of Sydney in Australia. Representing nonaccredited schools from the U.S. will be Yash P. Gupta of Johns Hopkins University in Baltimore, Maryland. Stuart I. Feldman of Google has been elected as a representative from a noneducational institution.

SHORT TAKES

NEW APPOINTMENTS



■ **Paul Lerman** has been named interim dean of the University of Bridgeport's Business School in Connecticut. He succeeds Merrill J. Forgotson, who became a member of the school's board of trustees.

■ **Danny P. Hollingsworth** has been named dean of business and the Ted Russell Distinguished Professor of Business at Carson-Newman College, Jefferson City, Tennessee.

■ **Jess S. Boronico** has joined New York Institute of Technology in Old Westbury as dean of the School of Management.



■ **Elizabeth Thornton** has been named the first Chief Diversity Officer for Babson College in Wellesley, Massachusetts. Thornton is an adjunct professor of entrepreneurship.

■ **Simon Pickard** has been named acting executive director of the European Academy of Business in Society (EABIS), headquartered in Brussels, Belgium. He replaces **Peter Lacy**, who has joined the Accenture

Strategy division. Lacy will remain involved with EABIS as a non-executive director.



■ **Louis E. Buck Jr.**, a former chief financial officer for Consolidated Edison in New York, has been named the Wesley R. Elingburg Distinguished Professor in Business Innovation at Western Carolina University's College of Business in Cullowhee.

GIFTS AND DONATIONS

■ The Farmer School of Business at **Miami University** in Oxford, Ohio, has received an \$8.5 million gift from Robert and Mary Kay Taylor. The gift will support a two-story auditorium that holds more than 500 seats. The auditorium will be named in memory of Robert Taylor's son.

NEW PROGRAMS

■ **Pepperdine University's** Graziadio School of Business and Management in Los Angeles, California, has announced several new programs: a full-time master's degree in applied finance and a global business degree, both designed for nonbusiness undergraduate majors; a part-time MS degree in management and leadership designed for experienced business professionals; and a five-year BS/MBA program that will allow

select undergraduates to earn a bachelor's and MBA degree in five years.

■ This fall, **Webster University** School of Business and Technology in St. Louis, Missouri, will introduce its Global MBA, which allows full-time students to study at Webster campuses in Geneva, Switzerland; Vienna, Austria; Leiden, the Netherlands; London; and Shanghai.

■ **Warwick Business School** in the U.K. is launching a 12-month MSc in business analytics and consulting. The new degree program will share some modules with an existing MSc program in management science and operational research.

■ This fall, **Arizona State University** in Tempe will launch a new bachelor of arts in business, which will combine core business classes with a concentration outside of the W.P. Carey School. Students in the program will select one of four concentrations: communication, sustainability, tourism, and urban policy.

■ The Cox School of Business at **Southern Methodist University** in Dallas, Texas, has created a tax concentration for its Master of Science in Accounting. A \$500,000 gift from the Ernst & Young Foundation will support the new tax courses.



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■ The **Yale School of Management** in New Haven, Connecticut, has announced a new international exchange program that will allow second-year students to study abroad at one of four partner schools: the London School of Economics and Political Science in the U.K.; IESE Business School in Barcelona, Spain; the Indian Institute of Management in Bangalore; and Tsinghua University School of Economics and Management in Beijing, China.

HONORS AND AWARDS

■ **Dan Murphy** has received the 2008 Distinguished Achievement in Accounting Education Award from the Tennessee Society of Certified Public Accountants. Murphy is the Deloitte & Touche Accounting Professor in the College of Business Administration at the University of Tennessee in Knoxville.

■ **Ronald Oaxaca** has been awarded the inaugural Academic Achievement

Award from the American Society of Hispanic Economists for his work examining issues related to under-represented groups in the American labor market. Oaxaca is McClelland Professor of Economics at the University of Arizona's Eller College of Management in Tucson.



■ The State Council of Higher Education for Virginia has given **KimMarie McGoldrick** a 2008 Virginia Outstanding Faculty Award. McGoldrick is a

professor of economics at the University of Richmond's Robins School of Business. The award, sponsored by Dominion, is the commonwealth's highest honor for Virginia faculty from all disciplines.

■ The Council for Higher Education Accreditation (CHEA) has honored three institutions with its 2008 Awards for Institutional Progress in Student Learning Outcomes. The

Stillman School of Business at **Seton Hall University** in South Orange, New Jersey, was recognized for its undergraduate assessment process with three distinct elements: pre-assessment, sophomore and senior assessment panels, and post-assessment. Other 2008 CHEA winners were the Academic Affairs Department of Hocking College in Nelsonville, Ohio, and the Center for Excellence in Teaching and Learning at Kennesaw State University in Georgia.

■ **George Kohlrieser's** book *Négociations sensibles* has won the Best Business Book Award 2007 from the French Association of Business Leaders (DCF). This is a French-language adaptation of Kohlrieser's *Hostage at the Table*, published in 2006 by Wiley. The French version was published by Village Mondial.



SHORT TAKES

FACILITIES



■ The **University of Chicago** Graduate School of Business has announced plans to replace its existing facility in Singapore with a larger campus that will allow the school to expand its executive MBA program there. The larger campus, consisting of three buildings, also will allow Chicago GSB to offer nondegree executive education programs, as well as programs through its Polsky Center for Entrepreneurship.

■ **California State University Channel Islands** has broken ground on the Martin V. Smith Center for Integrative Decision-Making, a 4,148-square-foot building that will provide CSUCI business students with real-life business learning opportunities. Students will use the latest technologies to engage in computer simulations of running a business and gain hands-on experiences in making business decisions with local, national, or global implications.

■ **Samford University** in Birmingham, Alabama, has announced the creation of the Frances Marlin Mann Center for Ethics and Leadership. The center will be housed in Samford's Brock School of Business. John C. Knapp will be appointed as the Mann Family Professor of Ethics and Leadership and the first director of the Mann Center.

COLLABORATIONS

■ The **Thunderbird School of Global Management** in Glendale, Arizona, has partnered with **Vermont Law School** in South Royalton to offer students a chance to earn a master's degree from Thunderbird and a law degree from VLS. Students will be able to select from Thunderbird's MBA in Global Management, the Master of Arts in Global Affairs and Management, or the Master of Science in

Global Management and combine that with VLS's *juris doctor* or Master of Studies in Environmental Law.

■ The Sam M. Walton College of Business at the **University of Arkansas** in Fayetteville has joined with **Tong Ji University** in Shanghai, China, to launch a 17-month EMBA program for Chinese and U.S. nationals working for American companies in China. The EMBA, which focuses on the retail industry, will allow students to meet nine times in Shanghai and twice at the University of Arkansas; the rest of the courses will be delivered online.

■ **Fairfield University** in Connecticut has added the **ESC-Rouen School of Management** in Rouen, France, to its roster of study abroad programs.

■ **Grenoble Ecole de Management** in France has signed a partnership with **Sun Yat Sen University** in Guangzhou. This collaboration, the seventh with a Chinese school for the Grenoble Ecole de Management, will involve joint programs as well as student and faculty exchanges.

OTHER NEWS

■ **North Carolina State University's** College of Management in Raleigh has created its first Diversity Advisory Board. It brings three College of Management faculty members together with managers and directors from 14 companies with strong diversity initiatives.

■ The Peter F. Drucker and Masatoshi Ito Graduate School of Management at **Claremont Graduate University** in California has launched a new women's scholarship program

Rich Wines Says Goodbye

Rich Wines has retired from AACSB International after more than 30 years. As one of the longest-serving staff members of the association, he became a familiar face to AACSB members, always serving in some accreditation-related role: Associate



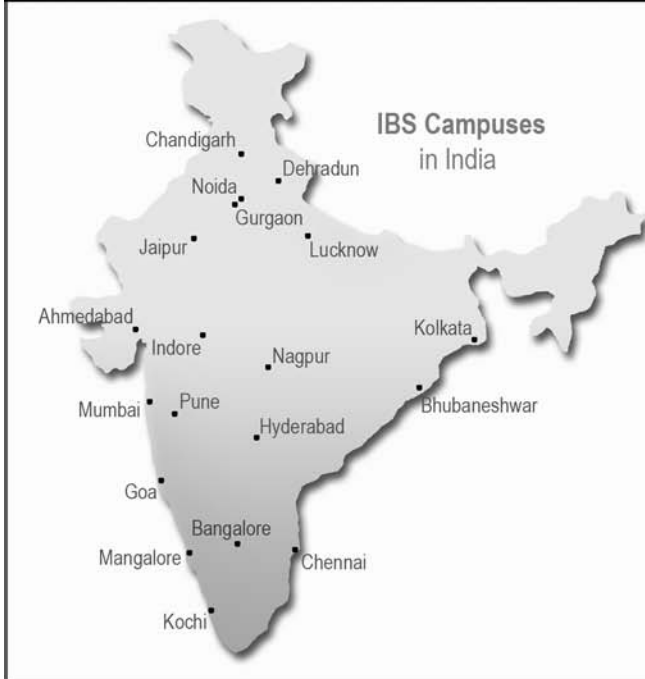
Director of Accreditation Affairs, Associate Director of Accreditation Candidacy, Director of Initial Accreditation and Candidacy, and Special Assistant to the Executive Vice President and Chief Accreditation Officer.

Before coming to AACSB, Wines served in the Army, held a post as a junior engineer, was an assistant dean at St. John's University, and performed a variety of other jobs. He maintained close ties with St. John's, where he earned his MBA. He also received the Dwight David Eisenhower Award for outstanding contribution toward the enhancement of St. John's Reserve Officers' Corps. He retired from AACSB in January 2008.

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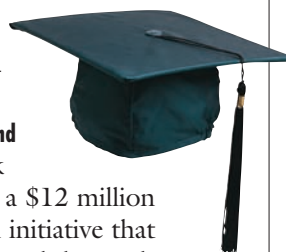
to honor Doris Drucker, widow of Peter Drucker. A \$1 million contribution by Masatoshi Ito will fund the new Doris Drucker Fellowship for Women Leaders; a fund-raising campaign has been launched to enable the school to expand the number of Doris Drucker Fellows in future years.

■ A new initiative that will help women advance their business careers has been launched by the **University of Toronto's** Rotman School of Management. The Rotman Initiative for Women in Business will develop a portfolio of executive programs for professional women, create tools and networks that will help women advance, and collaborate with research and advisory organizations on businesswomen's issues. As part of the initiative, three new executive education programs have been created to complement The Judy Project, which aims to advance more women into CEO positions. These include

a business leadership program for women lawyers, an emerging leaders program aimed at high-performing managers, and a program for businesswomen who received their training outside of Canada.

■ **City University of Seattle** in Bellevue has formed an International Division and named Fernando Leon Garcia its chancellor. Garcia will oversee the university's global operations and lead the development of CityU's international partnerships and global network.

■ The Robert H. Smith School of Business at the **University of Maryland** in College Park has announced a \$12 million Ph.D. program initiative that will increase annual doctoral stipends by 45 percent to \$32,500 and also will provide research and



travel support. Philanthropist Robert H. Smith contributed \$6 million toward the program, matched with funds from the University of Maryland and the business school. The goal is to attract more top students to the school's Ph.D. program and ultimately help offset the shortage of academically qualified business faculty. In addition to higher stipends, the Smith School is offering its Ph.D. candidates a dissertation support office staffed with a professional editor and English-language training resources; research support; an increased travel budget; and state-of-the-art facilities in a new wing of the school's Van Munching Hall.

CORRECTION

In "Brand Evangelist," which appeared in the March/April issue, reference is made to a Chinese company that is a client of Ogilvy & Mather. The company is identified as Winovo; it should have been Lenovo. [Z](#)

Good Works

For Coca-Cola's
E. Neville Isdell,
corporate social
responsibility isn't
just about good
deeds—it's about
good business.

by **Tricia Bisoux**

A lifetime of global experience has given E. Neville Isdell a unique perspective on the global economy. A native of Ireland, Isdell attended the University of Cape Town in South Africa during the 1960s at the height of apartheid. As a student of the social sciences, Isdell was deeply concerned with the inequalities he saw there.

At the time, he envisioned a future career in social work, but he soon realized that he could effect greater positive change through enterprise than he ever could as a social worker. Little did he imagine that he would tackle social issues as the CEO of Coca-Cola, one of the most recognized brands in the world.

Isdell came to Coca-Cola in 1966 to work for its bottling plant in Zambia. Over the next 30 years, he rose through the ranks, becoming general manager of Coca-Cola Bottling of Johannesburg, regional manager for Australia, and then president of Coca-Cola's Central European Division in Germany. In 1989, he became a senior vice president and spearheaded the company's entry into markets in India, the Middle East, and Eastern Europe. In 1995, he was named president of the Greater Europe Group, and from July 1998 to September 2000, he served as chairman and CEO of Coca-Cola Beverages in Great Britain, overseeing its merger with Coca-Cola Hellenic Bottling Company. He retired as vice chairman of Coca-Cola HBC at the end of 2001. Even then, he continued with the company as a consultant.

It's no wonder that the company, headquartered in Atlanta, Georgia, called Isdell out of retirement in 2004 to lead it through one of the most important turnarounds of its history. At the time, the company faced stiff competition from PepsiCo and a growing market preference for more healthful drinks such as teas and bottled water. Its global sales of soda had slowed and the dominance of its brand seemed to be faltering.

Isdell helped the company rejuvenate its brand and reconnect with the changing preferences of customers. Under his leadership, Coca-Cola has acquired new product lines that tap into health and fitness trends, such as Glaceau's VitaminWater and Fuze juices and teas. Most recently, Coca-Cola bought a 40 percent stake in organic tea maker Honest Tea.

Isdell is now helping the company transition to new leadership. He has chosen Muhtar Kent, currently the company's chief operating officer, as his successor. "Succession planning is not something you do near the end of your tenure. It's something you should do right from the very start," he says. "Even as I returned to the company, I discussed with the board who would succeed me."

As Isdell oversees Coca-Cola's evolution, he is acutely aware of the company's responsibility to society. He has championed social responsibility in the pages of *The Wall Street Journal* and at the World Economic Forum in Davos, Switzerland. In 2006, Coca-Cola announced its support of the United Nations Global Compact, which outlines ten principles of corporate involvement in areas such as human rights, environmental protection, ethical labor practices, and anti-corruption. Issues such as water recycling, water conservation, and community building also are top priorities for the company. Businesses must "be a force for positive global change—one community at a time," Isdell wrote in Coca-Cola's 2006 Corporate Responsibility Review.

No company can sustain growth if it does not also contribute to the health and prosperity of its customer base, says Isdell. Business students, too, must be prepared to be active global citizens, he emphasizes, if they aspire to become successful global leaders.



When I went back and told my old sociology professor that I was with Coca-Cola, he asked me, “Why?” I told him that I believed I could **add value** to people’s lives to a far greater degree working for The Coca-Cola Company than I could working as a social worker.

Before you came to the company in 1966, you had earned a degree in social sciences. What inspired you to transition from social work to business?

At university, I met people whose parents were involved with business, and I had friends who were pursuing commerce degrees. I looked at that with interest, and I tried to connect my new interest with my passion for helping people in difficult situations. I was on the student council, and I was involved in the anti-apartheid movement at our university as a student leader. It was a confluence of all these pieces—I suddenly realized that business added value.

In fact, when I went back and told my old sociology professor that I was with Coca-Cola, he asked me, “Why?” I told him that I believed I could add value to people’s lives to a far greater degree working for The Coca-Cola Company than I could working as a social worker. Of course, I never expected to end up as Chairman and CEO!

It seems that you made the right choice when you decided to work for Coca-Cola. Few other companies have its reach and social influence.

That’s absolutely true. I think people in business often miss the fact that we shouldn’t detach what we do in our private lives from what we do in our business lives. In our private lives, we help our churches, our local football teams, our favorite charities. If we do not connect what employees do privately to what they do for the business, we’re missing an opportunity to add tremendous value to society, to the business, and to the shareholders.

As Coca-Cola has become more involved in connecting with society, we’ve seen these actions resonate with our employees to a high degree. We’ve done research that shows us that our people feel much more committed to the company; more people are sending in their CVs to join us. They’re telling us that Coca-Cola wasn’t on their lists before, but it is now because of things we’re doing.

In a speech at the Global Compact Leaders Summit in Geneva, Switzerland, you noted that it was in the best interest of businesses to become “agents of transformation.” What role do you think business schools should play in this process?

I believe that some business schools have good global views—Thunderbird is one example. But, frankly, I don’t think business schools are dealing with this to the degree they need to be. They’re not dealing with issues like the economic and social interconnectivity of the world, the blurring of boundaries, the determination of what needs to be done to solve global problems.

Data show the benefits of trade. They show that, in the aggregate, the movement of jobs to cheaper venues is better for society. Business schools need to teach leaders at all levels—their students, NGOs, politicians—how these trends accelerate global growth and benefit all of us. If businesses don’t help people out of poverty, they won’t get the level of growth they want. This is a virtuous circle that people tend to miss.

Do you see a link between Coca-Cola’s socially responsible practices and its financial success?

I believe that committed employees who believe in the company they work for perform much better. We’ve seen improvement in morale and in the reputation of our brand. If you ask me how to measure these benefits in dollars and cents, I don’t know how

to do that. They’re not quantifiable. But I believe that they add to the value of the company.

If you were to come into a business classroom for a day, what would you want to say to business students?

I would want to teach students to understand different backgrounds, cultures, religions, and perspectives, even if those perspectives are antithetical to their own. If students don’t listen to and understand other people’s points of view,



Philanthropy is important, but responsibility, accountability, and community partnerships move beyond that to find viable solutions for the business that also have a multiplier effect in helping society as a whole.

it creates misinterpretation and confrontation. It certainly will cause them to lose business opportunities. They should never give up their own principles, but they need to be able to find common ground. It's what all good business leaders do to move business forward. It's what all good negotiators do to come to solutions.

Coca-Cola has committed itself to promoting global job creation and education, recyclable and reusable packaging, water recycling and conservation, carbon footprint reduction, and health and nutrition concerns. Among these, what is Coca-Cola's top priority?

There are two priorities, actually. One is water. The other is global education.

What does Coca-Cola plan to do in global education?

The need to spread the world's intellectual capital more broadly and more widely is one of our biggest challenges. We have a scholars program in the United States that awards scholarships to bright students who are often the first in their families to go to college. We support educational programs in Africa and in other parts of the world. We have our own training programs, some of which start by filling holes in basic education that haven't been filled by formal governmental educational processes.

How do you plan to manage Coca-Cola's use of water?

Water is an issue that's very important to us as a company—it's an area where we've got specific knowledge, expertise, and interest. We've been reducing our overall water usage by 3 percent to 4 percent a year for the last five years, because it makes good business sense. Water is a major resource, and we're working with NGOs to accentuate our water recycling and conservation programs. In Africa, we're identifying communities that have no easy access to water and working to put in systems to help them obtain water.

What can the business community learn from the way you've identified priorities?

If a company's social activities don't have this kind of "line of sight" connection with its business, then they're really philanthropy. That's different from responsibility. Philanthropy is important, but responsibility, accountability, and community partnerships move beyond that to find viable solutions for the business that also have a multiplier effect in helping society as a whole.

When Coca-Cola hires business school graduates, what qualities do you look for? How important is it that candidates show a commitment to social responsibility?

To be hired for leadership positions, they must of course have good business skills, but that's not enough. The differentiator is whether they are able to lead and manage people, whether they have genuine spark, drive, and enthusiasm. They must want to join our industry and have a real affinity with our business.

Most important, they also must have a sense of curiosity. They must want to travel and discover new societies and see the world. Curious people are engaged. They'll be the ones who'll challenge the status quo, come up with ideas, and make a difference.

They'll be among a new cadre of managers who will take the business forward. Those are the people we want.

To maintain its visibility in the market, it seems that Coca-Cola must constantly reinvent its brand, while staying true to its traditional iconic status. How difficult is it to strike that balance?

That's something that we've always done, but we've stumbled when we haven't understood the cultural transformations happening in different parts of the world. For example, the aspirations of the Chinese today are different from the aspirations of the average American. There is a technological competence among middle-class teenagers in both China and the U.S., but the Chinese are more driven by achievement and by money than their American counterparts. We've learned that we must understand those trends.



We're all responding to a changing world, changing our ways and our views.

We have to take **risks** to learn what our consumers are doing and thinking.

I'm not the same person I was 30 years ago, and that's true for anyone, no matter what the demographic. As a company, we're all responding to a changing world, changing our ways and our views. We have to take risks to learn what our consumers are doing and thinking.

How is Coca-Cola doing that?

Our management team put in place a ten-year plan that we called the "Manifesto for Growth." Now that we're in the implementation phase, we call it the "Manifesto in Action." It lays down a clear path to what we want to achieve and where we want to go. In the first stage of this plan, we were stabilizing the business. We had negative momentum, and we had to reverse that. Now that the turnaround has gained traction, you'll see an overall acceleration of innovation as we bring new and more innovative brands to market more quickly. We'll build up our portfolio of nonalcoholic, ready-to-drink products.

For example, we're the No. 1 juice company in the world with brands like MinuteMaid, which I think surprises people. We'll do more with teas and value-added drinks like Diet Coke Plus, which adds vitamins and minerals to Diet Coke. We believe that non-alcoholic beverages like tea, juice, and water will help the company strengthen its health and wellness positioning.

You've noted that you'd like China to become Coca-Cola's No. 1 market. What are the main challenges your company faces as you pursue that goal?

We're very bullish about China. We have 37 manufacturing facilities there, together with our bottlers. We see strong double-digit growth in China going forward. It's our fourth largest business right now.

How important will the 2008 Summer Olympic Games in Beijing be to your objectives in China?

The Olympics will be China's "coming out" parade. It's diffi-

cult for me to articulate the immense pride in China as it prepares to host the Olympics. You have to go there to see it and feel it. This is going to be a defining moment for China.

It seems like it's also a chance for China to build good will, given the recent recalls of Chinese products.

My view is that some of the recent product recall issues have actually come about because of greater openness in China. I believe they've happened because China is engaging more with the world. And we've got to remember that


the American democracy, for example, evolved over a couple hundred years. It did not come in an instant; we didn't have immediate freedoms of association. As I told you, I went to university during apartheid in South Africa in the 1960s. At the time, even the United States wasn't the United States that it is today. That's the perspective you have to remember.

As you said, even if their perspectives differ, businesses still need to find common ground.

Yes, although it doesn't mean that we in any way compromise our principles. I don't want to sound like an apologist, because I'm not. We still have to encourage people to do the right things. But we need to understand the evolutionary nature of these things. The only way we can work together is to

develop that level of engagement and cultural understanding. That's how we can move people forward.

What do you hope your legacy will be with Coca-Cola?

My legacy will be dictated by whether my successor is successful. If the strategies that we've put in place don't work and if my chosen successor is not the right individual—and I believe passionately that he is—then I will have failed. I take that very, very seriously. I'm working closely with Muhtar to help him take the company forward and make it a successful 21st-century company. 



The **Future** Is **Now**

What lies ahead for business schools? Four experts pinpoint trends that they think will demand attention and reshape the future of management education.

The business school of the near future might look very different from the business school of today. As global commerce demands new types of leaders who can succeed in increasingly more complex, connected, and competitive environments, management educators might need to explore new approaches. In fact, they might have to completely rethink what they're teaching and how they're teaching it.

That's why, for this issue of *BizEd*, we have invited prominent voices in the field to share their thoughts on what's about to change in the world of management education. Specifically, we asked them to explore the potential changes to the management curriculum and the evolution of the business school itself.

In the business school of the future, *Barry Posner* foresees a fundamental shift in how faculty teach leadership and how students learn to lead. Schools will have to teach students to "do leadership," he says—to actually practice being leaders—before sending graduates out into the world.

N. Craig Smith expects an interconnected marketplace to force businesses around the globe to become more honest and transparent. Therefore, he says, business schools will need to put a greater focus on ethics and corporate social responsibility so graduates understand how their own actions can impact their companies—and the world.

Denise Rousseau wants schools to back away from teaching popular current theories and commit instead to an evidence-based management curriculum. Students who are grounded in basic principles of organizational behavior, she argues, will be better prepared to function in any workplace and solve any problem.

And how will tomorrow's business school deliver the curriculum that these experts describe? Maybe not the way you expect. *Clayton M. Christensen* identifies a panoply of potential disruptors to traditional management education. So many, in fact, that he thinks that schools will survive these influences only if they implement completely new models of doing business.

In short, successful business schools of the future will focus on fundamental principles while reinventing themselves in a competitive market. They will stay ahead of international trends, promote stronger ethical frameworks, and embrace 21st-century models of leadership. These are no easy tasks, but they are certainly achievable, say these four educators—particularly for those business schools of today that are already preparing themselves for tomorrow.



ON Leadership



by **Barry Z. Posner** • Dean and Professor of Leadership • Leavey School of Business • Santa Clara University • Santa Clara, California

Too much of the time, business schools teach students *about* leadership, *about* leadership theories and concepts, *about* social psychological concepts as “applied” to leadership. Learning about leadership is not the same as learning to *be* a leader. We should be teaching our students to *be* leaders.

This “blinding flash of the obvious” comes to me after more than 30 years as a leadership scholar and as a business school dean. In that time, I’ve discovered that business students often learn what it takes to be a great leader, but they don’t learn to *be* leaders nearly often enough. Just as medical students can’t become surgeons until they operate on live patients, business students cannot become leaders until they experience what it’s like to lead.

Leadership Is an Inside Job

Of course, that leads to the basic problem with the way business schools teach leadership. We need to do things differently because the development of leadership is fundamentally the development of the inner self; it’s driven more by internal forces than by external forces. But few business schools address the internal development of our students. After all, it’s difficult to translate inner self development to GMAT scores or the percentage of graduates hired. Organizations can only pay people to manage—there’s no pay scale for leadership. In this light, there are no extrinsic reasons for us to teach leadership—or, for that matter, for our students to learn it.

What motivates anyone to lead is, by nature, intrinsic. It’s hard to imagine people getting up day after day to put in countless hours to get extraordinary things accomplished unless they have their hearts in it. Leadership is about doing the things that go beyond a job description, like caring, like making personal sacrifice. Our students must learn that they’ll have to give up something—whether it be a meal, a night of sleep, or even possibly their last breath—if they want to make a difference. Do professors tell their students that they can expect to get ahead in their careers or lives by working regular 9-to-5 hours? Leadership is hard work, work that isn’t always reflected in our graduates’ starting salaries.



Organizations may pay our students to manage, but they will succeed through our students’ leadership. In this regard, talent is overrated. Organizations will prosper more by gaining a 1 percent improvement in 100 people than they will by getting the most talented individual to do 100 percent better. The question for business schools isn’t how they can identify so-called “natural-born leaders.” The question for business schools is, How can we help all of our students improve and develop the leadership potential they already have?

Leaders Learn Through Practice: They “Do”

My co-author Jim Kouzes and I talk about leadership *practices*, because we know that it is only through disciplined practice that students can gain mastery. In every leadership seminar I teach, students rarely realize that, one, I really don’t have anything to teach them that they don’t already know; and, two, becoming a better leader only happens when they “do leadership.” We must assign students projects that require them to go out and lead and then come back and reflect on that experience. Only then will they learn to be better leaders.

Of course, I give them ideas, concepts, techniques, strategies, and all the other tools in leadership development in an effort to make this seminar successful. But they soon realize that the value of this class can’t be measured by the “grade” they receive. Its value lies in the insights they glean as they

Students rarely realize that, one, I really don't have anything to teach them that they don't already know; and, two, becoming a better leader only happens when they "do leadership."

reflect on their experiences, whether or not their outcomes were successful. It lies in their realization of what they would do differently given another opportunity.

Indeed, the most successful assignment I give to students is a simple one. I ask them to determine an area of leadership that they need to improve—and then take action. My students have addressed their leadership roles in projects related to study groups, workplace teams, community service activities, startups, and even child rearing.

For example, one student recently had assumed responsibility for his company's relationships with Wall Street brokerage analysts who published recommendations of the company's stock. Normally, he would wait for his boss to devise responses to articles that created the perception that a competing company was gaining momentum in the market. As an assignment for my leadership seminar, he realized that this new responsibility was an opportunity to be a better leader. He developed an engagement plan, set up meetings with analysts, and shared with them how the company planned to compete to recover lost ground. He noted that "identifying my values and finding my voice gave me the confidence to take such a risk in my first weeks in a very visible new job."

When students and practitioners "do" leadership, we see yet another tangible benefit. They often record a number of remarkable accomplishments, many of which they would not have achieved if they had not been *required to do something different*. This leads to another keen insight into leadership—there is no shortage of opportunities to lead and make a difference.

Leaders Make Great Teachers

The lessons of my seminar seem equally applicable to higher education administration. We often don't ask department chairs to be "leaders." We politely call them department chairs, but they are less like leaders and more like bureaucrats or, to use business jargon, managers. When do we use the term "department *leaders*?" Isn't it true that few of our faculty volunteer to become department chairs, let alone deans?

The plain truth is that, in most institutions, department chairs are kept so busy that they don't have time to lead. They are kept so busy putting out fires that their efforts are confined to responding to what's happening now, right in front of them. They have no time to consider larger questions.

And yet, figuring out what is important *inside* applies to our faculty as much as it applies to our students. Without

reflecting on what they want to accomplish, our faculty will not—and cannot—develop leadership. They too often ask "What should I be doing?" rather than "Why should I be doing this—or anything?" The present moment is the domain of managers. The future is the domain of leaders. Faculty leaders look ahead to ask: "What should I be doing today that will get us to where we want to be in the future?"

Perhaps most important, by becoming leaders themselves, our faculty can better guide our students in their own practice of leadership; in turn, their students' questions and experiences can deepen our faculty's understanding of the skill. After all, as many point out, if you really want to know a subject, teach it to others.

Leaders Ask the Right Questions

This brings us full circle to the idea that leadership begins inside of us—it's something to foster in our students, in our faculty, in ourselves. It begins as we try to figure out questions such as, who am I? Why do I do what I do? What's really most important to me?

At the heart of leadership, the language of the questions we ask influences our thinking and behavior. At Santa Clara, we scrapped our traditional undergraduate and graduate policy committees, in favor of leadership teams—our undergraduate committee, for instance, became our "Undergraduate Leadership Team." It involves the same faculty members as before, but their responsibility is now different. Instead of only making decisions around new courses, reviewing prerequisites, and setting admission standards, they now also set an annual agenda around a question: "What will make our program better?"

It's a shift in language that helps us reduce the *administrivia* connected with department chair responsibilities. It has given our faculty leaders two primary leadership tasks: curriculum innovation and faculty development. And it has altered their perspective away from holding onto the status quo (managing) and toward figuring out what needs to be changed (leading).

I often point out that it is so much easier to write about leadership than it is to do leadership. But I am confident that the questions we ask ourselves have a great impact on both our desire and ability to lead. Most important, we learn to lead when we practice leadership ourselves. With that realization, I believe that in the future we should move beyond talking to students about leadership. We must create opportunities for them to be leaders—to do leadership. When we do this right, we can liberate the leader within everyone.

Mounting evidence suggests that good corporate citizenship can pay handsome dividends both in terms of profitability and global reputation.

ON Ethics and Social Responsibility



by **N. Craig Smith** • INSEAD Chair in Ethics and Social Responsibility • INSEAD • Fontainebleau, France

Today, because of globalization and the Internet, we live in a smaller, more interconnected world where businesses are constantly exposed to scrutiny and their lapses are quickly made public. This reality means that, whether they like it or not, corporations must behave more transparently, be more ethical, and show more sensitivity to social and environmental concerns. This also means that business schools must move topics of ethics and corporate responsibility further up their agendas. But, as of yet, neither businesses nor business schools have succeeded particularly well at these challenges.

From the business perspective, corporate responsibility efforts are often little more than window dressing, good works performed in a corporate ghetto. But some companies—particularly those in highly exposed sectors like energy, mining, and pharmaceuticals—are truly attempting to reform. For instance, London-based Rio Tinto mining company, once targeted for environmental and human rights abuses, has cleaned up its act and even won an award for sustainable development. The interdependent global marketplace puts even low-profile industries at risk of public outcry if they make errors or behave too cavalierly.

At the same time, mounting evidence suggests that good corporate citizenship can pay handsome dividends both in terms of profitability and global reputation. As a specific example, GE has poured vast resources into its “ecomagination” initiative—developing energy-efficient and environmentally friendly products and services—and the push has paid off with revenues of more than \$17 billion. More broadly speaking, companies such as Unilever are offering base-of-the-pyramid initiatives that will give the world’s poorest people a chance to become both consumers and producers.

As many companies strive to be more transparent, more ethical, and more engaged corporate citizens, business schools are trying to keep up. But in my opinion, the way most business schools are teaching ethics and corporate responsibility (ECR) is inadequate to the task.

ECR in the B-School

One impediment is the existing business school structure. ECR topics don’t readily fit within the established functional

areas that schools typically address, so it’s hard to find a place for them. That’s particularly true in research-based schools, where the mandate is “publish or perish.” Faculty may face substantial risks and find few incentives if they try to break outside of the established box and focus on something different.

Even so, there are pockets of excellence at schools that focus on ECR. These include the Haas School of Business at the University of California, Berkeley; the Schulich School of Business at York University in Toronto, Canada; and the University of Nottingham in the U.K. These programs represent bright spots, but most schools need to do more to incorporate these critical topics into their curricula.

First, let’s look at the teaching of ECR in the MBA. I believe programs should have three pieces firmly in place: one or two standalone courses that are devoted to ECR; core courses that embed ECR considerations in their content; and electives that address a wide array of ECR topics.

The first piece of this puzzle, ideally consisting of two standalone courses, is critical. One standalone course would come at the beginning of the MBA program and stress good conduct by business professionals. This course would not only signal the importance of ethical issues right from the start, but also provide students with frameworks to use in other classes and in the workplace. Another standalone course would be required later in the program to act as an ethics booster shot and to address corporate responsibility in more depth.

The next piece of the puzzle is to embed ECR issues in other core courses, which can be done in a variety of ways. Marketing classes could discuss how environmental concerns influence purchasing behavior, which in turn influences marketing decisions. An accounting course could look at social and environmental reporting. An operations course could examine the challenges associated with labor rights in the supply chain. I’m currently working with the European Academy of Business in Society (EABIS) to develop 12 case studies on corporate social responsibility designed to be used in core MBA courses, such as strategy and marketing, rather than an ECR course. The cases—on companies such as Microsoft, Unilever, IBM, Iberdrola, and Novo Nordisk—will be available from EABIS and the European Case Clearing House by mid-2008.

The third piece of the puzzle is a comprehensive slate of electives that offer students a closer look at specific topics, such as social entrepreneurship, environmentally friendly business practices, or socially responsible leadership.



Other Approaches

Undergraduate programs would rely on the same three pieces of ECR education, but take a different approach to teaching. Since undergraduates typically don't have business experience, schools need to address ECR in ways students can relate to easily. For instance, a professor might cover plagiarism to encourage students to think about their own conduct—not just today, but during their future business careers.

Another approach that works well in both graduate and undergraduate programs is to discuss ethics through nontraditional methods such as film and literature. The University of Nottingham runs a four-week film festival that involves screenings and discussions of films such as “The Corporation” or “The Great Gatsby.” I've had students read Kazuo Ishiguro's novel *The Remains of the Day*, and then asked them to consider what they hope to have achieved when they reach the same point as the novel's protagonist. What sort of lives will they have lived? What contribution will they have made? These questions help students perceive how their actions today can influence not just their careers, but their whole lives.

Role playing and simulations can also be powerful. For example, when I teach stakeholder engagement, I have students use my case study on Wal-Mart to role play in a multi-stakeholder forum. Students in management roles typically have a tough time until, as the forum moderator, I encourage all the groups to focus on win-win strategies. The experience can be especially effective for those in the NGO or employee groups who see the issues from different perspectives.

Corporate Responsibility and Innovation

It's easy to focus only on the constraints that ethics and corporate responsibility place on business, or cast them as risk management propositions. However, when it comes to corporate responsibility, innovation is key for companies that want to improve effectiveness *and* become better corporate citizens. Therefore, management educators must incorporate

innovation into their own business programs. At INSEAD, the Social Innovation Centre helps students learn about the business opportunities social innovation can bring.

My research on positive ethical consumerism reveals additional upsides to corporate responsibility initiatives. For instance, consumers exhibit a preference for Fair Trade products. They have positive feelings about companies that do good works, such as Dutch transport company TNT, which became involved in humanitarian relief.

I believe schools need to support faculty who act as champions of ethics and corporate responsibility. Individual faculty who are passionately interested in this subject, or see it as relevant to their work, make it fit their disciplines in creative ways and create pockets of impact all over the world.

Hopeful for the Future

I hope that ethics and corporate responsibility eventually will become established subjects in the business school, in much the same way that entrepreneurship has been established as an important area of study. What I do not want to see is the subject of ethics being quietly absorbed into the larger curriculum. Standalone courses about the ethical consequences of business decisions are important to help students build a foundation of understanding in these complex areas. Once that foundation is in place, along with the associated concepts and frameworks, students can apply what they've learned to other courses in the curriculum.

I *am* optimistic that business schools will do a better job of teaching ECR in the future, partially because they want to and partially because they *have* to. The drivers aren't going away.

Let me speak to just one driver by giving a simple example of the greater transparency of today's business environment. In August of 2006, the Reuters news agency published a photo showing massive billows of smoke over the city of Beirut after a strike by the Israeli Air Force. Within hours, online bloggers began to question the picture's authenticity, suggesting the photographer had electronically added more smoke to the image to make the attack look worse than it was. Reuters—a company with integrity at the heart of its reputation—quickly responded by pulling the photo, confirming that it had been altered, and ending its relationship with the freelance photographer who had taken the image.

Globalization and instant communication are here to stay, and businesses must learn to deal with this new reality where any news and any actions can be made public within a matter of minutes. That means business schools must work within that same reality—and prepare their students to do so as well.

If business schools are going to be successful at educating leaders for the 21st century, they must close the gap between learning and doing.

ON Organizational Behavior



by Denise M. Rousseau • H.J. Heinz II
Professor of Organizational Behavior and Public Policy • Director of the Project on Evidence-Based Organizational Practices • Tepper School of Business and Heinz School of Public Policy • Carnegie Mellon University • Pittsburgh, Pennsylvania

Long ago, Peter Drucker asserted that most business issues are generic, whether the challenge is improving morale or implementing strategy. But if most problems are only superficially different, why can't we teach students to solve them effectively? One reason is that generic doesn't mean easy! Another reason is that business schools typically don't teach students first to understand common management problems and then to solve them using known principles of behavioral science.

If business schools are going to be successful at educating leaders for the 21st century, they must close the gap between learning and doing. An emerging movement called evidence-based management (EBM) aims to do just that. Using organizational science, EBM develops principles that managers can rely on to guide their decisions and develop organizational practices, no matter what business problem they encounter. I believe EBM could have a profound effect on how business management is taught in the future.

Some business educators would argue that they're already relying on relevant scientific evidence to teach effective management practice, because their schools are filled with professors publishing research about organizational behavior. But this research often fails to make it into the classroom. Most classes rely on a hodgepodge of textbooks and materials instructors like to teach, even though these materials don't necessarily conform to what organizational science supports. Today's students learn the business practices *du jour* and the latest pop business ideas—what Jeffrey Pfeffer and Robert Sutton have called “dangerous half truths and total nonsense.”

The result is that, when b-school students graduate, they can do a financial analysis, but they can't diagnose an organizing problem or motivate a team. They know the basics of capital structure and the time-value of money, but they don't understand the behavioral principles that let them solve common organizational problems well.

By contrast, EBM follows a handful of robust principles that are based on decades of social science research. For instance, one established principle is that if an employer sets

a challenging goal, and the employee accepts it, higher performance will result. How many b-school behavioral courses emphasize this principle? And even if they teach it, do they also explain how to apply it effectively—that is, do they stress that managers must pay attention to how well their employees *accept* the demanding goal?

Many managers would say, “We set goals!” But whether they do so well is another matter. If students master the principle of goal setting and how it can be applied in the workplace, they will become skilled managers who can adapt effective motivational techniques throughout their careers. But first they need to gain experience using those techniques. Unless this experience *starts* in b-school, how can we expect would-be managers to use their b-school training well on the job?

EBM in the Classroom

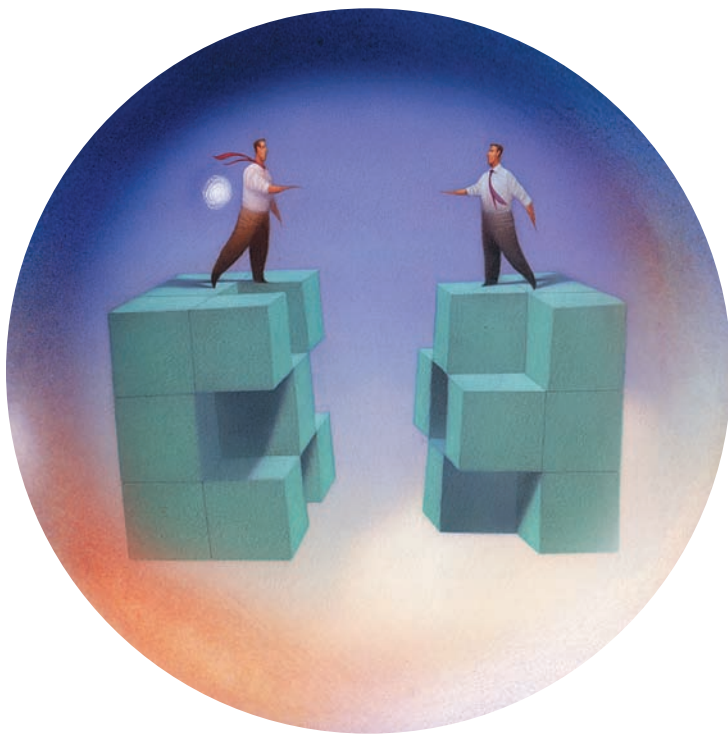
Evidence-based management education revolves around three central tenets: principles, or *knowing what*; procedures, or *knowing how*; and continuous improvement, or *learning to learn*. Students learn a principle, practice it, reflect on how well it worked, and then try to implement it more effectively.

For instance, if students are learning the goal-setting principle, the instructor first explains the key ideas, provides examples, and relates them to the students' experiences. Students reflect on how the principle might apply in their own situations, and, when they're back at work or doing class projects, they practice goal-setting techniques. After watching to see how effective the principle is in action, students return to the class to share feedback.

Through this cycle of instruction, reflection, application, and analysis, students develop a deep understanding of fundamental principles. These principles provide the basis of real expertise; they're not fad or fluff. If a business school uses this approach, students will gain more knowledge about how to behave at work on a day-to-day basis than they will ever learn from any survey or case study course.

Evidence-based management also helps students develop their critical thinking skills. EBM focuses on three areas—decision awareness, problem diagnosis, and use of organizational tools—to help students become critical thinkers.

Decision awareness is the recognition that any action or non-action is itself a decision that can lead to an outcome. On the job, managers engage in a host of discretionary behaviors, some habitual, some more deliberate. A manager may not real-



ize that a casual remark to an employee has had a great impact on that person's subsequent performance—that through this remark, a decision has been made *and* expressed.

Using EBM, students learn to identify the many decisions they make every day. They practice reflecting on their interpersonal behavior to heighten their awareness of how their interactions impact people on the job. They hone their interpersonal and reflective skills by sharing insights with classmates, peers, mentors, and faculty. When they share actual experiences with others in an educational environment, they are learning to learn.

Diagnosis is a skill that experienced executives use as they assess the big picture and identify underlying—often generic—problems in the company. Students typically have little experience being big picture thinkers; they are more used to responding to isolated facts. With EBM training, they learn to diagnose problems by asking appropriate questions, such as “What causes X?” I have my students answer this question at least five times, to make them aware that a cause isn’t always obvious, and it’s rarely the first thing that comes to mind.

They follow up that question with other queries about when, why, where, and how X occurs. Feedback on false assumptions and overlooked facts helps students appreciate why the roots of organizational problems may involve several factors at once. A thoughtful diagnosis often wastes less time than misdiagnosis and “shooting from the hip.”

Finally, EBM also helps students learn to use *decision tools*, such as checklists and frameworks, to develop effective procedures that will guide their actions. If students understand how to design their own decision frameworks and routines, they will find it easier to incorporate these practices into their daily decisions—and update them as they learn over time. Of course, managers can’t use decision tools effectively unless they understand the underlying principles behind them.

One principle asserts that unstructured job interviews are unlikely to yield the person who is best qualified for a position.

A manager who knows this might create an interview tool before talking to the first applicant. The tool might consist of job-related questions and problem scenarios that help identify which applicants possess the most critical competencies. Such tools help managers make best use of their knowledge.

A Competitive Advantage

Schools that adopt an evidence-based approach to student learning will gain an advantage in the marketplace. They will turn out well-informed managers who will continue to develop substantive expertise throughout their careers, instead of being swayed by the faddish and unsystematic beliefs adopted and abandoned by many of today’s executives.

Unfortunately, most business schools are far behind the fields of medicine and primary education, both of which increasingly rely on evidence-based approaches to learning. Yet, incorporating EBM principles into current b-school curricula isn’t complicated. It merely requires a change in emphasis toward building core knowledge and skills.

For instance, in a typical classroom, students read a case study, debate it, and come to conclusions based on anecdotes and Monday morning quarterbacking. This approach breeds confident amateurs who believe that all they need to do is emulate the behavior of successful managers—and avoid the behavior of unsuccessful managers—if they encounter similar situations in their own careers.

By contrast, students in an EBM-based classroom can use the same cases, but they learn from the subject’s experience in wholly different ways. They practice decision awareness, diagnosis, and tool design to determine how and why certain outcomes were achieved. They analyze the subject’s actions by applying behavioral science principles. They take advantage of class discussions to sharpen their reflective skills through practice, practice, practice.

The EBM approach is most effective if a school incorporates it throughout the curriculum. A school also can provide an invaluable service to students by creating EBM resources for students to draw on after they’ve graduated, including online access to the latest research, alumni communities of practice, and executive education courses built around EBM. These resources will help graduates continually hone their skills and seek evidence as they encounter new situations.

The journey from novice manager to expert executive can take an entire career, and it is the job of business schools to help students take what are often their first steps on the path. Evidence-based management helps students develop the skills that will serve them well no matter how far they go on that path or what course their careers follow.

ON Innovation



by **Clayton M. Christensen** • Robert and Jane Cizik Professor of Business Administration • Harvard Business School • Cambridge, Massachusetts • and **Michael B. Horn** • Executive Director, Education • Innosight Institute • Watertown, Massachusetts

Not too long ago, business schools were at the top of the mountain. Applications were at all-time highs, and an MBA degree enjoyed enviable prestige. But the story has begun to flip. Even when adjusted for upturns and downturns in the market, applications for two-year MBA programs are in decline, more firms are questioning the value of business school training, and many would-be students are wondering whether the degree is worth the cost.

This shift in the management education market began even while things were brightest for business schools, and it is producing an inevitable result: Established business schools are being disrupted. More students are learning management skills on corporate, not academic, campuses. And one day people will ask the same question about MBA programs that their professors taught them to ask about successful companies that ultimately failed: Why didn't they see the wave coming?

What Is Disruption?

It helps to understand what disruption is. In every market, there are two trajectories—the pace at which products and services improve and the pace at which customers can utilize the improvements. Customers' needs tend to be relatively stable over time, while the offerings improve at a much faster rate. Therefore, over time, products and services that once were not good enough for the typical customer ultimately pack in more features and functions than the customer can use.

These are *sustaining innovations*. Whether they are simple or breakthrough improvements, they help industry leaders make better products that they can sell for higher profits to their best customers. In our study of innovations, industry leaders—or incumbents—almost always win battles of sustaining innovations, regardless of how technologically challenging they are.

Industry leaders stumble, however, when they face *disruptive innovations*. A disruptive product or service is not a breakthrough improvement—in fact, it's actually not as good



as the item the industry leaders are selling. Because of this, existing customers won't use it, and the leaders ignore it.

But these disruptive innovations are more threatening than industry leaders realize. They transform complicated and expensive products into simpler and more affordable ones, so they appeal to consumers who previously lacked the money and skill to own and use the leaders' products. And little by little, the disruption predictably improves, until the disruptive products serve a much wider audience better and more affordably.

As a result, everyone is better off—except for the disrupted companies, as noted in *The Innovator's Solution*, Christensen's book with Michael E. Raynor. Consumers abandon more expensive and less accessible old-line products, and the incumbent companies that produced these go out of business.

A Case Study for Disruption

The dynamics of disruption play out in virtually every industry, from electronics to transportation. The personal computer disrupted mainframes and minicomputers. Southwest disrupted the major airlines. Toyota disrupted the Detroit car companies, and now Hyundai is playing the same game. What should concern management educators is that business education is facing serious disruptions as well.

Consider the disruption of newspapers as an analog to what is happening in business education. Historically, newspapers allowed people not only to become well-informed,

One day people will ask the same question about MBA programs that their professors taught them to ask about successful companies that ultimately failed: Why didn't they see the wave coming?

but also to use commuting time productively. Newspapers helped people buy cars, sell homes, find new jobs, and attract new employees.

Products and services have emerged, however, that are disrupting newspapers. While they don't offer the breadth and depth of service that newspapers do, each one of these emerging players can do its individual job more efficiently and for less cost than a newspaper can.

Craigslist.org allows people to unload or buy possessions far more easily than they can through a newspaper. AutoTrader.com handles the buying and selling of cars more efficiently. Realtor.com does the same for homes. Monster.com creates better matches of employees and employers. News sites like CNN.com keep people informed throughout the day in a much timelier fashion. Blackberries kill commuting time more productively because they are smaller and easier to handle than newspapers. Newspapers, with their one-size-fits-all model, cannot easily respond to the disruptors that focus on a single job. As a consequence, one by one, the disruptors are eating into newspapers' revenues.

The Disruption of Business Schools

Something very similar is happening to the leading business schools. Consider the jobs for which people might "hire" business education. Some need help with a relatively specific business problem or question; others want to learn to be great general managers; many need credentials to obtain their next promotions; others want help switching careers. And still more people "hire" a business program because they want to be associated with its brand and they want to acquire a prestigious alumni network.

The fundamental shift in the business education market began with that first job. Many business executives had specific problems for which they needed a three-day course, not a two-year MBA, but no suitable products existed. As a result, corporations created their own universities, and now we have Motorola University, General Motors University, and General Electric's Crotonville. While corporate universities do not provide the comprehensive learning experience that leading business schools do, they can deliver their training on a customized, just-in-time basis—which is far more targeted to what these employees actually want and need.

And, as disruptors do, corporate universities are improving. Business schools may not feel it yet, but corporate universities are beginning to take on the second and third jobs for which people hire business education. They are teaching students to be great general managers and helping them attain the credentials necessary for a promotion.

These improved corporate universities are expanding as well. Roughly 400 existed in 1990; today there are a few thousand—and they're reaching new customers. Motorola University, for example, not only trains in-house employees, but also offers courses to the public.

Business schools have historically drawn the majority of their executive education students from these very corporations that are launching their own universities. With an education option now readily available right where they work, however, many potential executive education students are opting out of traditional business school. Already, many business schools are seeing declining enrollments in their executive education programs.

At the same time, new disruptors are nibbling away at other traditional business school offerings. As the total cost of earning an MBA has soared—both in terms of actual and opportunity cost—many would-be students are finding other means of pursuing a master's in business. Part-time MBA programs have been low-end disruptors for some time now, but online programs—sometimes looked down upon by the leading business schools—are growing better and more numerous. They offer a much cheaper option that people can utilize while they continue to work. While online programs don't deliver the same prestigious alumni network, students still form useful connections with other participants, and the networking benefits are only going to improve.

Embracing the Disruption

So what should business schools do now to ensure they are still educating business leaders in the future? One possibility is illustrated by the anecdote of a business professor who visited Perdue University, the corporate university of Perdue Farms, the chicken company in Salisbury, Maryland.

The professor asked the university president, "What's life like?" The president responded, "I got a call yesterday from the general manager of an operating division who wanted a weeklong course on strategy. That's actually very hard to design. Business schools have elegant, integrated strategy courses, but they last a full semester and can't be shortened easily. Strategy gurus can't give us a week of their time, and they're too expensive to hire for a day. I attend strategy conferences and read relevant books, but none of the material is practical enough and compact enough to use. I'll slap something together with the aid of trainers and independent curriculum developers, but this is a difficult assignment."

continued on next page

This anecdote illustrates the opportunity for business schools. New players disrupting an established industry never succeed by replicating the incumbents' cost structure. Instead, they commoditize the part of the product or service that had been valued in the past and shift the value to another stage. In the case of business education, historically the professor has been the key to the teaching quality; going forward, to survive the disruption, business schools must commoditize the professor.

If a school like Harvard understood the problem faced by Perdue University's president, HBS could answer Perdue's need and provide a weeklong strategy course relevant to the chicken industry. Imagine if the Perdue University president logged on to the HBS Press site to piece together a course and received the following prompts: "What course do you need to teach? How long do you have to teach it? What industry are you in? Are you a skilled case method teacher, or are you the type that just presses 'play' and 'pause'?"

Imagine if, after receiving answers to the prompts, Harvard's software could identify modules of content—DVDs, workbooks, cases, exercises, and PowerPoint presentations—that could be mixed and matched to form the weeklong course. At the end of the simple exercise, the Perdue University president, or any corporate trainer, could teach strategy better than Michael Porter and innovation better than Clayton Christensen.

Whoever figures out how to do this best will remain relevant in management education. Business schools that disdain this opportunity do so at their own peril. More people are taking advantage of business education in alternative ways, and fewer are seeing the value of the MBA; these trends are unlikely to reverse. While emerging business education programs do not appear to be threats at the moment, they cannot be ignored. Many successful companies in other industries have closed their eyes to seemingly harmless companies, only to wake up one day to see the disruptive threat fully materialized—and the game largely over. **Z**

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The Challenge

To thrive in China, business schools must weigh the risks, define their strategies, and heed the forces behind China's cultural and economic evolution.

**by Ilan Alon and
John D. Van Fleet**

China has become one of the most intriguing markets in the world, and one of its most dramatic growth stories is the education sector. This growth is driven by demand—according to “China’s Looming Talent Shortage,” the now-famous 2005 report from McKinsey & Company by Diane Farrell and Andrew Grant, China will need 75,000 internationally capable managers by 2010. The system, however, can currently supply only 10 percent of that demand. This gap attracts attention from business educators both in China and around the world.

By the end of 2007, almost 300 MBA programs were operating in the People’s Republic of China (PRC), all established in 16 years, first by Chinese institutions and, more recently, by joint partnerships between Chinese and non-native schools. But while there has been an explosion in educational initiatives in China, some programs provide better educational value than others.

While the Chinese market presents formidable challenges to business schools, its potential is just as promising. The demand for quality initiatives is on the rise. Many programs with local and international affiliations compete mightily for potential MBA students, but far fewer meet globally recognized standards for excellence. This is true, in part, because achieving success proves difficult for most cross-national initiatives, whether in the education sector or any other.

Therefore, business schools cannot underestimate what it takes to succeed in China’s dynamic market. Once schools choose strategies that make sense for them, they must commit the time and money to make those strategies work—and weigh carefully the potential for risk and reward.





China is looming ever larger on the global

Small B-School in Big China

Tennessee State University navigates its first Chinese partnership—and learns from obstacles along the way.

by Galen Hull

The College of Business at Tennessee State University (TSU), a historically black university in Nashville, has been working to diversify its student body and programs. As part of this process, we have partnered with Tianjin Polytechnic University (TJPU) in Tianjin, China, a city near Beijing. Historically renowned for its textiles program, TJPU has diversified its offerings to become a comprehensive urban university.

Our introduction to TJPU as a potential academic partner began in traditional Chinese fashion—with *guanxi*, a term that refers to the interconnections between people. The concept goes beyond the idea of relationships—it encompasses the ideas of reciprocity and mutual cooperation that are basic tenets of Chinese culture.

One of our professors is a neighbor of a Chinese businessman who frequently travels to Tianjin on business. In the spirit of *guanxi*, the Chinese neighbor asked our faculty member if TSU would be interested in developing a partnership with TJPU's economics department.

The relationship between our two programs has flourished. Two TJPU economists have come to our campus in Nashville as visiting scholars, and eight TSU faculty and administrators have visited Tianjin. Twenty TSU students have attended TJPU for six-week study abroad visits, and four TJPU students have completed or are enrolled in TSU's MBA program. Nine of our students are learning Mandarin Chinese to prepare to study at TJPU this summer.

From the outset of our partnership, TJPU has been interested in having TSU offer its MBA program in Tianjin. As a next step, we are developing a plan that we hope will benefit both schools and satisfy the academic authorities of our respective institutions. Most important, we have been doing our research to determine what it will take for our regional program to go global in the Chinese market.

Learning the Landscape

As part of our faculty and student exchanges with TJPU, I have traveled twice to China with TSU students. While there, I've conducted research to write case studies and keep an eye on China's growing MBA market.

Five Levels of Commitment

Schools may choose one or more of five primary strategies for entering China: student recruitment, student exchanges, faculty exchanges, study abroad programs, and joint degree programs. Each strategy requires an increased level of commitment and brings an increased exposure to risk. At the same time, each step up the scale deepens the school's connection to and presence in China's educational market.

STRATEGY NO. 1—Recruiting for Domestic Programs. Recruiting Chinese students is the oldest and simplest way for international business schools to enter a new market. Such recruiting improves student diversity and populates the classroom with students who can provide valuable insight on Chinese business and culture. However, of all the strategies available, recruiting alone offers business schools the least exposure to the Chinese market. In addition, schools face growing competition to attract students, now that Chinese students can choose among a growing number of business schools around the world.

Schools that rely on recruitment should aim to maximize its potential. Because China's urban areas alone represent 5 percent of the world's population, a school might plausibly aim to enroll approximately 5 percent of its students from China. In addition, schools should create initiatives that ensure that they'll capture the educational potential of that diversity.

STRATEGY NO. 2—Student Exchanges. Like student recruitment, student exchanges are relatively simple to manage. Moreover, they offer two advantages: They foster long-term collaborations between schools and provide students with international experience. Still, schools face three significant obstacles. First, school schedules can vary widely, making it difficult to synchronize programs. Second, tuition imbalances can be difficult to reconcile, because tuition at Western institutions can be much higher than tuition at Chinese institutions. Finally, visa problems may hinder students' enrollment, although the shorter the visit, the less likely it is that visa issues will arise.

STRATEGY NO. 3—Faculty Exchanges. Faculty exchanges can encourage profound relationships with PRC institutions and lay the groundwork for case writing, research development,

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stage, and its citizens are proving that they can accomplish whatever they put their minds to.

During my last visit, I met with Jiang Fuyang, the vice dean of Tianjin University's School of Business. Tianjin University was founded in 1895, but its business school—one of the first in China—was established in 1991. Today, it serves about 300 students in each two-year MBA cohort. It very well might be a competitor with our proposed MBA program with TJPU.

As I walked to Fuyang's office, I noticed a sign that said "Case Study Room." Just two years ago, Fuyang explained, the school wasn't using case studies. Today, cases are an integral part of the curriculum—a testament to how quickly management education is evolving in China and how much its business schools are adopting Western methods in their curricula.

While in China, I also visited several Chinese companies that have established their own universities. For example, the Geely Corporation, an automotive manufacturer, has built an \$800 million corporate university campus near Beijing, complete with sports facility, cafeterias, and dormitories. Open to all students, Beijing Geely University offers a full range of courses to prepare graduates to enter the corporate world.

The Haier Group, the world's third largest manufacturer of household appliances, has a corporate university adjacent to its production plant in Qingdao. Unlike Beijing Geely University, Haier University is open only to its own employees, using the case study method to teach its middle- and upper-level managers.

After my visits to Geely and Haier, it was clear to me that providers of business education in China compete for students, not only with other universities, but also with strong corporate players. As TSU sets out to offer its own MBA with TJPU, we must keep these market forces in mind.

Negotiating the Terms

In May 2007, a four-person delegation from TJPU visited our campus for a full day of discussion. Our goal was to outline clearly how the proposed TSU MBA in China would be structured and managed.

Since that meeting, we've been drafting the terms of the proposed TSU MBA with TJPU to address several important issues. We have decided that the degree is to be a TSU MBA, not a joint degree. Admission to the program will be based on TSU academic criteria, and all faculty involved must meet AACSB standards. Courses must be scheduled to fit our academic calendar, and most of the program will be offered on the TJPU campus on an intensive three-week basis. The remainder of the program will be delivered

online. We've also agreed that the program will require a cohort of 22 to 30 students to be cost-effective.

One of TSU's primary concerns is the need to maintain AACSB standards for teaching faculty. We hope that the Bologna Accord, used to qualify faculty in Europe, may act as common benchmark. If TJPU can show that its faculty follow the Accord's guidelines, some may teach in the TSU MBA program.

Another key issue has been the tuition rate. What is the value of a TSU MBA degree in the Tianjin marketplace? How does TSU cover costs and still provide a quality program? We've now entered a lengthy process of bargaining, with the two sides proposing widely varying individual tuition rates.

Finally, the Tennessee Board of Regents, the governing body for 18 higher education institutions in the state, must approve any agreement we establish with TJPU. The Board has given us the green light to submit the proposal to offer an MBA degree in China. However, before we can obtain the Board's final approval, we must secure the agreement of TSU's academic authorities.

Looking Ahead

To ensure quality of teaching, China's Ministry of Education is tightening its supervision of education programs jointly operated by Chinese and non-Chinese colleges and universities. Applications for new joint postgraduate programs will be more closely scrutinized, and the Ministry has indicated that it may not approve new programs until 2009.

We know we'll face other challenges. For instance, last fall we invited four TJPU students to TSU for short-term visits—they were to stay with our faculty, observe our business program, and visit local businesses. However, they were denied visas and were not able to make the trip.

Even so, we're hopeful that we can make our degree program in China a reality. China is looming ever larger on the global stage, and its citizens are proving that they can accomplish whatever they put their minds to. It may be that in the not-too-distant future American students will need to learn to speak Chinese to succeed in global business.

Given that, we know that it will benefit TSU to build an equitable and effective partnership with our Chinese counterparts in Tianjin. A strong partnership won't just enhance TSU's international presence—it will broaden the academic horizons of our faculty and our students.

Galen Hull is director of the Office of International Business Programs in the College of Business at Tennessee State University in Nashville.

teaching opportunities, and full-fledged joint programs. Even so, faculty exchanges can become political battlegrounds. Some faculty won't be interested; others may not share the institution's vision; others may view travel to China as an "add-on" to their already heavy research and teaching loads. Schools also may face an imbalance of experience: Because most Chinese faculty aren't familiar with Western academic practices, they may not be fully prepared to teach in a Western classroom.

When negotiating faculty exchanges with Chinese institutions, schools must clearly define the deliverables to be expected of all faculty, including the level of teaching, research, and case study experience required. Agreements also should outline the methods by which faculty will be evaluated.



Cautionary Tales

Schools just establishing partnerships and programs in China have an advantage over those that have come before. They can learn from others' mistakes—and adopt the following strategies that have brought other programs success:

CONDUCT A "CHINA-READINESS ASSESSMENT." Like a business plan, a China-readiness assessment entails comprehensive market research in the Chinese private sector. This assessment determines whether a program fits a demand in the market, confirms that sufficient financial resources are available, and indicates the level of buy-in among faculty and administration.

CHOOSE PARTNERS WISELY. Because of government mandates, schools from outside China must partner with Chinese institutions to launch new programs. Therefore, any business school must do its due diligence to verify that its chosen partner shares its vision, timetable, and standards of quality. Another factor: Chinese universities know that they're in a seller's market and bargain accordingly.

DETERMINE THE VALUE TO THE MARKET. Schools must show how their programs add value to an already crowded market. For example, one U.S.-based business school went to Beijing in 2004 to launch an EMBA program focused on agribusiness. The school attempted to launch a second EMBA program in Shanghai in 2005, but after an expensive marketing campaign, it was forced to aban-

don its plans, in part because its second program did not possess the same distinction in the market as the first.

PLAN STRONG MARKETING AND RECRUITMENT CAMPAIGNS.

Schools must create marketing strategies based on a sound, research-driven understanding of the marketplace. Another Western school, which has been in China for several years, provides a quality program for lesser cost. Still, until recently, its recruitment efforts were suffering. After investigation, the school pinpointed the problem to poorly executed marketing and overall management. With virtually no increase in the marketing budget, but with a better marketing strategy and management, it was better able to prove the program's value. As a result, the 2007 cohort increased by 40 percent, and the 2008 enrollment is set to increase again.

DEFINE FACULTY REQUIREMENTS CLEARLY. In 2003, a North American-based school partnered with a Chinese university to launch an EMBA program. The agreement called for faculty exchanges, but did not specify criteria for Chinese faculty selection or performance. Both schools ultimately recognized that, without such metric-based assessment, the faculty exchange would not benefit either school. Eventually, the faculty exchange was abandoned. The EMBA program is a success, but the lack of faculty exchanges is a loss for both schools.

China is not a “promised land” for all business programs. Only new programs that take a measured approach and offer a demonstrable ROI will succeed.

STRATEGY NO. 4—Study Abroad. Schools that want to offer study abroad opportunities face a choice: either offer short-term programs that are less expensive, easier to run, and less likely to present scheduling conflicts, or offer longer-term programs that provide students with more sustained exposure to Chinese businesses. In addition, some schools design their own study abroad opportunities, while others use outsourced programs that take less time but may conflict with their own offerings.

In many cases, it may be wise for schools to take an incremental approach. They can start with short-term and/or outsourced options, and gradually lengthen program duration and increase their oversight over time, as they gain experience.

Western business schools with satellite programs in China face the additional challenge of balancing their own faculty with local academics. If they place too many Chinese faculty in the classroom, the program may be seen by the market as homegrown and not worth a global price tag. If they place too few, the program may be seen as irrelevant to the fast-changing Chinese environment.

CHOOSE LEADERS WISELY. In the second year of its program in China, a Western school placed an unqualified faculty member in a supervisory role. It already faced problems because it had not sufficiently mapped out resources and processes. The faculty member’s lack of experience only exacerbated that institutional weakness. The program lost ten qualified candidates and more than \$200,000 in tuition. It spent two years recovering its reputation.

EMPHASIZE CONSISTENCY AND QUALITY OVER COHORT SIZE. Another program has completely abandoned cohorts. Instead, it allows students to matriculate at any point during the year, in an attempt to compensate for low enrollment. This program is likely to suffer in the long term, as candidates and the market realize that the non-cohort model offers substantially less educational value.

Demand for management education may be high in China. But that supply-demand ratio, which looks so promising to wide-eyed multinationals, is not a “promised land” for all business programs. Only new programs that take a measured approach and offer a demonstrable ROI will succeed in China.

STRATEGY NO. 5—Joint Programs. Approximately 50 non-Chinese institutions already offer MBAs in China, in conjunction with local universities. Schools that would like to introduce new MBA programs to the market face four primary risks. First, Chinese law requires incoming institutions to partner with local universities to launch new MBA programs. The risks of such joint partnerships go beyond the financial and legal—they can possibly affect a school’s reputation and brand.

Second, unless programs have clear value propositions that distinguish them from the crowd, schools could invest massive resources to attract very few students. Third, it is more difficult to maintain a program of high quality, worthy of a school’s brand, from a distance. In all cases, schools should allocate more time, money, and faculty than they think they will need. Finally, it is difficult to set tuition rates that fit the market and support the school’s efforts. Most institutions that launch programs in China don’t aim to make substantial profits, but most must at least cover their costs. Otherwise, they tax their home programs too greatly.

To minimize the risk, schools must create a plan that encourages minimal faculty turnover while increasing enrollments over time. Once a program is established, a school can increase its staying power by establishing follow-up initiatives that include publishing new cases, conducting China-based research, and establishing nondegree programs.

A Market to Watch

Whether a business school chooses to adopt one or more of the five strategies above or opts to stay out of the fray, there’s no doubt that China is a market to watch closely. It’s a region with incredible ramifications for global business—and for business education.

Perhaps the most important thing for business administrators and faculty to remember: The best way to engage with China’s exciting market is to plan well and build steadily. For most schools, the greatest chance for success comes with incremental development, rather than big-plunge initiatives. Schools that take the time to cement their relationships with institutional and industry partners place themselves in a much stronger position to grow right along with China’s burgeoning economy. [Z](#)

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All Eyes on Africa

Management
education promises to
play a crucial role in
transforming Africa's
economic future.

by **Tricia Bisoux**

Foreign investment may not be the only—or even the best—solution to the seemingly intractable problems that African countries face. The widespread availability of quality management education could be the key to ending years of political instability, poverty, and pandemics.

That's the belief and mission of a growing number of business educators around the world who have made Africa a central part of their teaching and scholarship. When schools on the international stage engage in active partnerships and academic exchanges with African institutions, they argue, both sides come out ahead. They not only develop their faculty's scholarship and enrich their students' educations, but also significantly contribute to strengthening the African economy, says Guy Pfefferman, director of the Global Business School Network. GBSN was formed by the International Finance Corporation to enhance the quality of business education in emerging markets.

"Business schools preach corporate social responsibility, but they do precious little of it themselves," says Pfefferman. "If they have any social conscience on an international scale, educators who study entrepreneurship, CSR, or global business need to include Africa as part of their international activities."

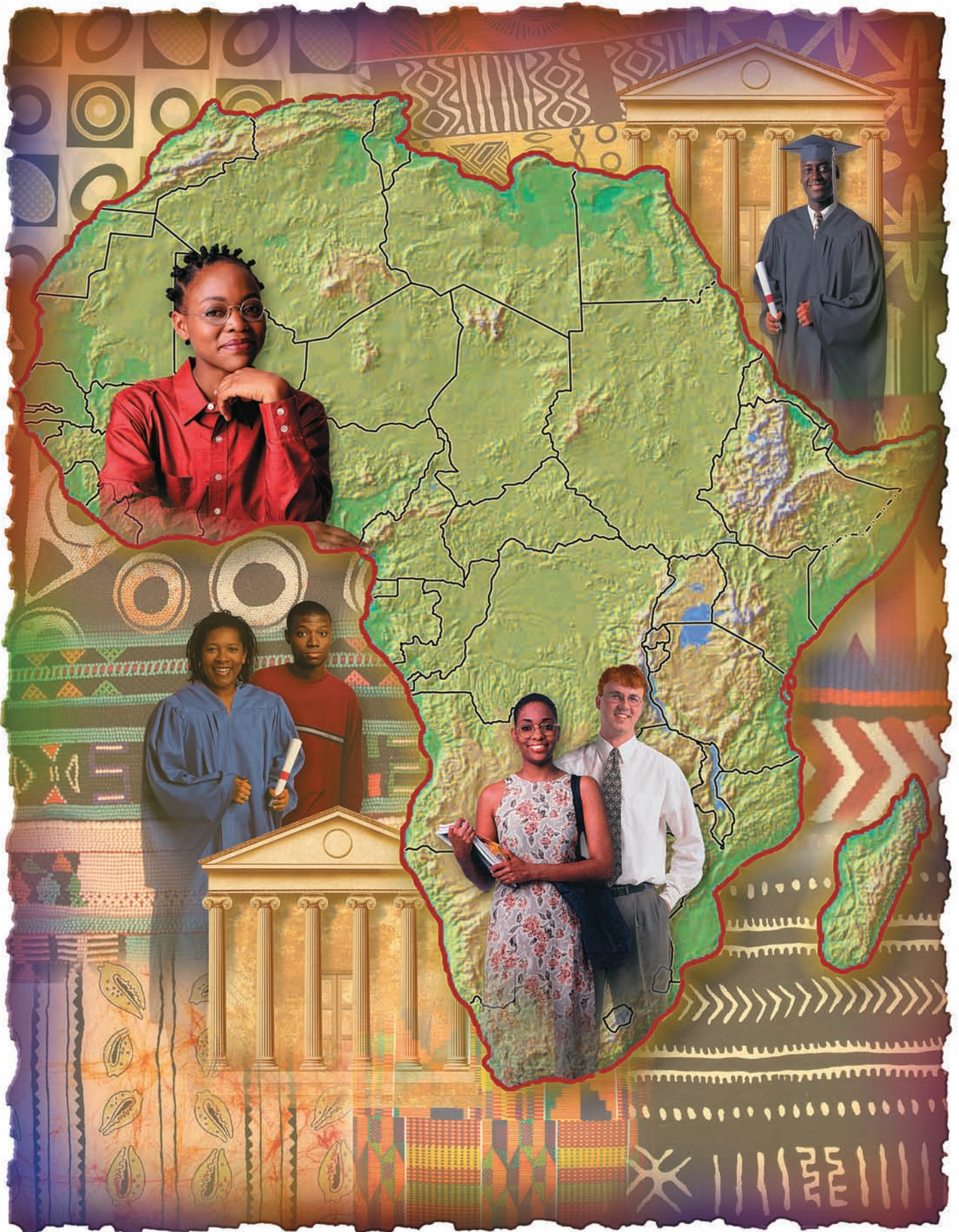
Pfefferman and others are making a strong case to the world's business schools, urging them to make Africa a central priority. Through partnerships and exchanges of best practices, they argue, African business schools can continue to build their capacity to educate qualified managers—and become crucial catalysts for a stronger African economy.

Management—the Missing Piece

A large piece missing from the African puzzle is management education, says Pfefferman. He notes that in Nigeria alone there are close to 500 nongovernmental organizations (NGOs) dedicated to addressing the spread of AIDS, malaria, and tuberculosis; yet only one meets the management standards required to receive money from the Global Fund.

"That's an absolute calamity," says Pfefferman. "If those 500 NGOs could send their people for basic business training—in areas such as management, bookkeeping, inventory control, and human resources—they could also become eligible for these funds. That would dramatically increase the number of people who could be treated for these diseases."

Management skills are also in painfully short supply in other sectors, he adds. "Managers of even large companies keep books because they have to keep books, but they don't relate those numbers to their management decisions," says Pfefferman. "Business schools need to teach these firms to focus on quantifiable issues."



“Business schools on the African continent are still trying to adjust to and address the impact of years of bureaucracy.”

—Brent Chrite, Arizona State University

Unfortunately, most African business schools aren't yet up to the challenge of providing that much-needed training. Because many are government-sponsored, they are hindered by political instability and a lack of public funding. Many professors have had little exposure to modern business education; as a result, they still teach via the traditional lecture format rather than via case studies and hands-on projects.

Given these limitations, economic development has been slow, says Brent Chrite, associate dean and director of the MBA program at the Eller School of Management at Arizona State University in Tucson. He also is the former director of the South Africa Initiatives Office at the Center for Afro-American and African Studies at the University of Michigan in Ann Arbor.

“Students and faculty have grown up in an environment

where equity is more important than equality, where universal access is more important than impact, and where maintaining societal norms is more important than transforming the economy,” says Chrite. “Business schools on the African continent are still trying to adjust to and address the impact of years of bureaucracy.”

Moreover, when local business schools are weak, a region's best and brightest often choose to travel abroad for their educations, says Michael Graglia, projects officer with GBSN. What's worse, once they graduate, these newly trained individuals often do not return to their native countries. Stronger African business schools will translate into more talent staying at home—where it's needed most.

“It seems wrong to me that so many African citizens are writing huge checks to the Harvards and Columbias of the world,” says Graglia. “Many of those people would stay in

Africa—With Their Own Eyes

A business professor takes students to his native Uganda to learn life-changing lessons in business.

Jimmy Senteza knows that life isn't easy for most of the citizens of Uganda. Like other African countries, Uganda is coping with a panoply of problems, including poverty, political conflict, governmental corruption, and the AIDS crisis. As a native of that country, Senteza also knows that Africa is an economy undergoing an exciting transition—and as a business professor, he sees in that transition a rich learning opportunity for his students.

“When business students contemplate study abroad opportunities, they often think of Europe or Asia,” says Senteza, an assistant professor at Drake University's College of Business and Public Administration in Des Moines, Iowa. “I'm sure they'd have good experiences there, but those environments are similar to what they already know. There's more potential for students to learn in Africa, where they are pushed outside their comfort zones. They can learn more about how the majority of people in the world live.”

Senteza spent two years designing the course “Sustainable Development in Africa” with fellow Drake professors Debra Bishop, Glenn McKnight, and Tom Root. First offered in spring 2006, the semesterlong course culminated in May with the four professors taking 20 undergraduate business students to Uganda for a two-week

visit. Senteza took advantage of his contacts in the country and at the University of Makerere Business School in Kampala to arrange classes and field trips with MBS students and faculty. He also worked with government officials to gain entry into national parks.

The educational benefits to students far outweighed the effort involved in arranging the course and trip, says Senteza. “Students returned with a new appreciation for the multitude of problems these countries face,” he says. “They began to think of solutions. What should these countries do? Where should they start? They found that the answers aren't as straightforward as they may once have thought.”

During their trip, the Drake students visited central marketplaces and rural farms; they toured historical sites that dated back to kingdoms and colonialism. They saw wildlife preserves and bought plantains from roadside vendors. They went to AIDS clinics, where they talked to medical workers and victims of the disease; and they ate dinner with local families, learning firsthand what it's like to live in Uganda. They also spent time with the students and faculty of the University of Makerere Business School, with whom they exchanged information and ideas.

Among the students who traveled to Uganda for the course were Mary Schwab, an undergraduate at Drake



Students from Drake University and Makerere Business School on the MBS campus in Kampala, Uganda.

University who will graduate with her BBA in marketing and entrepreneurial management in May, and Dan Kessler, a 2006 graduate. Both say that the trip helped them develop a new appreciation for Africa's place in the global economy—and added a not-to-be-missed dimension to their business educations.

Schwab notes that she learned more in the field than she did in the classroom. She visited a Ugandan marketplace, where people bought and sold their secondhand clothing and items—the primary source of goods for most citizens. Schwab also met a Muslim farmer who grew coffee, bananas, and cocoa; from him, she learned how little he makes from a day's hard labor—just enough to send his children to school.

"Now, when I read about the Global Fund and the G8, I understand more about what's happening in Africa," says Schwab. She says that her visit to Uganda has led her to ask a range of questions about economic progress in developing countries—and helped her realize that she'd like to one day work for an NGO. "I find myself searching for more information to continue to educate myself. I feel like I have more knowledge than the average 21-year-old."

Kessler, now a client advisor for a Des Moines automotive dealership, was struck by the entrepreneurial nature of

their home countries if they could get a great education at a tenth of the price. By strengthening the local educational offerings, we train more people locally and keep that money and talent in the country."

Building a Network

So far, GBSN has offered a variety of opportunities for faculty among its member schools to participate in exchanges with African institutions. Through three GBSN pilot projects, professors have traveled to Kenya, Ghana, and Nigeria to mentor faculty and write case studies. In GBSN's

Africa's citizens and by their desire to participate in the global economy. "We saw their efforts to start

their own stock exchange, done with dry-erase markers and whiteboards. It's nothing like we're used to, because it's on such a small scale. But they're trying—not to be more Western, but to be more global," he says. "That showed me that there's much we can help them with, but that they're also helping themselves."

Senteza and his colleagues are offering "Sustainable Development in Africa" again this spring. Senteza plans to offer students more time outside the classroom to gain exposure to the African market—and more time to reflect on what they've seen. In the process, he believes that such interactions between students and faculty in the U.S. and those in Africa can have a dual benefit. Drake students and faculty gain a greater understanding of global business and culture, while students and faculty at the University of Makerere learn about best practices in the U.S.

"When we visited Uganda, our students constantly interacted with students there. As faculty, we taught classes, helped students with their work, and discussed their progress," says Senteza. "Many African business schools lack the qualified staff of some higher level accredited programs. This is an area where we really want to help."

“We look to the strongest African business schools and then raise the bar on what they are doing to improve their regional market.”

—Michael Graglia, Global Business School Network

Pan-African workshop, visiting faculty helped more than 60 African faculty learn new teaching techniques based on case study and experiential learning.

In addition, Pfefferman recently founded the Management Education Resource Consortium (MERC) to create alliances between schools and facilitate the sharing of best practices in business education. MERC has worked with business schools to strengthen micro, small, and medium enterprises in Kenya and Senegal.

A View from Nigeria

John M. Elegido
Dean, Lagos Business School
Lagos, Nigeria

After a long period of stagnation, a number of African economies have been making significant progress, which has increased the demand for quality business education across the continent. In Nigeria, we’ve seen tremendous growth in the demand for our EMBA program. The number of people who are ready to face the effort entailed in pursuing their executive credentials—in terms of time and money—has grown substantially over the last ten years.

However, in sub-Saharan Africa, the supply of business education has been much less dynamic than the demand. The main reason for this discrepancy is that, until recently, almost all universities were state-owned. With very few exceptions, these universities are finding it difficult to set up business schools that meet international standards. Currently, only a handful of business schools on the continent, except for those in South Africa, have attained or offer a clear promise of attaining international standards.

Currently, there are three important agents for change. The first is the newly formed Global Business School Network. Its promotion of the “Teaching the Practice of Management” program has provided a resource for many African business professors to update their approaches to teaching. The second is the Association for African Business Schools, a rallying point for schools that want to move to the next level.

The third is the willingness of business schools outside Africa to become involved in significant ways. For example, IESE Business School in Barcelona, Spain, has had much experience helping to launch quality business



schools across South America; it is now doing the same in Africa. IESE gave Lagos Business School a great deal of help when we were getting started, and it has sustained that help to our institution over the years. It’s now helping other schools, including one in Kenya and another on the Ivory Coast.

I think that kind of sustained commitment—which includes advice, faculty exchanges, and help in training faculty and staff—is the most effective approach to building educational capacity among business schools on the African continent. It’s an expensive investment for any business school, but that investment is likely to have an incredible impact on the economic development in Africa.

I am no prophet, but if the political and economic environment in Africa continues to progress as it has over the last few years, there soon will be a phenomenal increase in its demand for first-class business education; eventually, the institutions able to satisfy this demand will emerge. Their models will not be carbon copies of foreign models but will be finely attuned to the peculiar characteristics of their own environment.

But in this process of development, I hope that the purely academic model of business education will not prevail in Africa. We instead need to maintain a focus on practical experience in, contacts with, and relevance to the local business community. We need to stay connected to the progress of the economy and to the developing business community. The issues at stake here are too important to allow business schools to retreat into a comfortable ivory tower.

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Eventually, the organization plans to enhance the practice of management in sectors such as healthcare, media, natural resources, and NGOs.

Most recently, MERC became the administrator of two fellowships sponsored by Johnson & Johnson. Through the fellowships, two African management professors will spend two months studying the health sector at Duke University's Fuqua School of Business in Durham, North Carolina. The Johnson & Johnson fellows also will spend one week at the Anderson School of Management at the University of California, Los Angeles.

Graglia believes that such a system of scholarly exchange between public and private business schools can go a long way to help Africa's institutions improve their capacity to teach management. "At GBSN, we look to the strongest African business schools and then raise the bar on what they are doing to improve their regional markets," says Graglia. "We do interventions on their curricula and encourage case writing."

That network of exchange is building. In October 2005, 20 institutions came together to form the African Association of Business Schools, with the help of GBSN. The AABS set an important precedent for global management education. For the first time, African business schools banded together to exchange ideas, improve curricula, and discuss the future of management education. Before, for all of its size, Africa

and its business schools had been largely invisible; now, as part of an established association, they can speak with one voice and purpose.

Just before the inaugural meeting of AABS, Lagos Business School in Nigeria and the Gordon Institute of Business Science (GIBS) in Cape Town, South Africa, jointly hosted a workshop at Pan-African University in Lekki, Nigeria, to discuss ways to improve the teaching and curricula at business schools across the continent.

Nick Binedell, acting chairman of AABS and founding director of GIBS, notes that these exchanges of best practices don't just benefit African institutions. They also offer global business schools opportunities to participate in one of the world's most fascinating markets.

"Africa is home to one in eight people in the world. Its economy is small, but it's a place where multinationals earn the highest return on investment. Africa has lessons to teach that business schools on other continents should find incredibly interesting," says Binedell. "We want to foster more collaboration with African institutions. We want to partner with other schools, not just receive support."

'From Dust to Diamonds'

While Africa's problems are far from solved, the continent offers a rich array of opportunities for faculty and students to learn about entrepreneurship, venture capitalism,

**“The issues businesses deal with here are extraordinary.
Until people spend time in Africa, they don’t understand what poverty really is.”**

—Nick Binedell, acting chairman of AABS and founding director of GIBS

sustainable development, developing economies, and other essential subjects in the global business curriculum, says Binedell.

“People who visit are enriched by exposure to the cultural diversity, the challenges of a developing economy, and political dynamics that are completely different from what they’re used to,” says Binedell. “They leave with the idea that much more is possible here than they ever believed.”

Binedell emphasizes Africa’s importance to the global business curriculum. “When business schools in the West are improving their MBA programs, they’re trying to polish diamonds. Here, we’re trying to go from dust to diamonds,” he says. “The issues businesses deal with here are extraordinary. Until people spend time in Africa, they don’t understand what poverty really is.”

These educators have one message for the global business school community: In the excitement about markets in Europe, China, and India, don’t forget about Africa. When students and faculty immerse themselves in the continent’s compelling and rapidly evolving markets, they may find that

they must shed their long-held misconceptions. In the process, they can build a more comprehensive worldview and develop a clearer understanding of what Africa has to offer.

For more information about the Global Business School Network, the Management Education Resource Consortium, or the Association of African Business Schools, visit their Web sites at www.ifc.org/gbsn, www.mercnetwork.org, and www.aabschools.com, respectively.

Taking Nothing for Granted

Murray Low
Associate Professor of Management
Director, Entrepreneurship Program
Columbia Business School
New York, New York

If I had a theory of gravity that predicted how quickly a brick would fall ten feet in the U.S., there would be a problem if that theory didn’t also work in Africa. It’s no different with the teaching of business. It’s a very healthy intellectual exercise to discover whether what you know and how you teach in the West remains relevant in a completely different business context. Teaching in Africa can help business educators develop a more thorough understanding of business. It forces them to check many things that they thought they knew, rules that they had taken for granted.

That exercise began for me in 1988 with my first trip to Africa. I went to Burkina Faso, a country in West Africa, to visit my cousin. Ten years before, he had taken over a game range with very little game; the animals that had lived there had been killed by poachers. However, with assistance from various economic and environmental



nongovernmental organizations, religious groups, and the Burkina Faso government, he was able to stop poachers from hunting on the land. By the time I visited in 1988, the range was home to herds of elephant, buffalo, and antelope. It was a remarkable undertaking that brought together local citizens, NGOs, and government to address a fundamental problem.

That synergy fascinated me. It sparked my interest in learning more about what African entrepreneurs do and how they do it. Through my work, and visits to Africa, I’ve had to check some of my own assumptions about what leads to successful entrepreneurship. I’ve also learned that Africa is an inherently entrepreneurial place, where people must be creative by necessity. In Africa, entrepreneurs

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rarely have the backing of venture capitalists; they often start with nothing, and they improvise their approaches as they go along. They build very small businesses, leverage those into something else, and then leverage those into something greater.

I now teach a course at Columbia called "Entrepreneurship in Africa." For half the course, my students and I explore the effects of increasing investment in African business by venture capitalists and private equity funds; for the other half, we study successful entrepreneurs who need more access to these kinds of funds. Last summer, I traveled to Ghana, Nigeria, and Tanzania to interview 15 entrepreneurs, all of whom started with nothing. Over ten to 15 years, each of these individuals built enterprises with revenues in the tens of millions of dollars. My students are writing case studies about seven of these individuals to gain a greater understanding of what makes entrepreneurship in Africa work.

In speaking with these entrepreneurs, I found one thing to be clear: They have a huge interest in management education. They and others like them will drive demand for management training in Africa. For their enterprises to grow and develop, they need to go beyond the single entrepreneur who has his hands in everything; they need to adopt more delegated management structures. But until the region's management talent catches up with demand, find-

ing people with the management skills to carry out those delegated responsibilities will be very difficult.

That's why I became involved with the International Finance Corporation (IFC) and its case study project. The project had a twofold purpose. First, the organization wanted to make more locally relevant, high-quality teaching materials available to improve the teaching of management in Africa. Second, it wanted to help faculty become better educators, to teach them to turn from a traditional lecture style to a participant-centered style of education that incorporates more discussion, debate, and hands-on experience.

As business educators, we can contribute to Africa's development of its management education institutions. In return, we can develop and broaden our own understanding of our disciplines. So many African businesspeople have become masters at coping with uncertainty. They keep their options open and adjust to changes in circumstances. That's a fundamental trait of successful entrepreneurs everywhere. It's also not a bad skill for business professors. By studying African business and learning what it takes to succeed in that context, professors can keep their teaching skills flexible and relevant to the uncertain and rapid development of global business. [Z](#)

Remembering Anne Graham

Friends and
staffers say
goodbye to
a well-loved
colleague.

If there's an association magazine in the afterlife, Anne Graham will surely be on the editorial board. Anne, former executive vice president and chief operating officer of AACSB International, passed away January 20 after a long fight with cancer. She was 69.

Magazine publishing was her greatest professional passion. Anne was the driving force behind the founding of AACSB's *BizEd*, which had its debut in 2001. Her vision defined the magazine's mission, to be "the world's leading source for authoritative information, ideas, and insights related to international management education."

Before joining AACSB in 2000, Anne spent 12 years at the Institute of Internal Auditors, first as director and editor-in-chief of *Internal Auditor* magazine and then as periodicals consultant. During the 1990s, she also served as president of the Florida Magazine Association and as a columnist for *Folio* magazine. She was a presenter on management topics for organizations such as the American Advertising Association, the American Marketing Association, the Society of National Association Publications, the American Society of Association Executives, and the American Accounting Association. During this time, she won several state and national awards for editorial writing.

But magazine publishing was only one part of her life. She was a fierce chess player; when she died, she was writing a novel about that game. A Ph.D. in art attested to her love of painting, and a Ph.D. in education showed her ongoing capacity to learn. She also was a concert pianist, a theatergoer, a world traveler, a mother, a sister, and a friend.

Fond Remembrances

Paul Danos, dean of the Tuck School of Business at Dartmouth in Hanover, New Hampshire, first met Anne when he joined AACSB's Board of Directors. "I can't imagine having a better business colleague to help forge strategy, give advice, and get the message out," he says. "Hers was the best kind of feedback—to the point, sympathetic, with a clear guide for improvement, and from a person of impeccable judgment."

David K. Long, retired dean of the College of Business at Bloomsburg University in Pennsylvania, also met Anne when he was a member of the board. He says, "I always sought Anne out to find out what new creative challenge she was undertaking or to discover what book she could recommend. I was always the better for my time with her."

The decision to launch *BizEd*, one of Anne's biggest projects, was questioned by more than one board member. Carolyn Woo, dean of the Mendoza College of Business at the University of Notre Dame in Indiana, remembers being skeptical about the need for the magazine. "Anne made her points without rancor but with confidence and passion. By the end, I knew I was listening to a pro," she says. "The quality and energy of *BizEd* were birthed from the eye, mind, and heart of a gifted and gracious editor."



Woo adds, “On my desk is a little 2" by 2" hand-crank music box mechanism from Anne. It plays ‘happy birthday.’ Every time I call friends to play this greeting on their birthdays, I will celebrate Anne’s spirit of grace and generosity.”

Says Judy Olian, dean of UCLA Anderson School of Management and chair of AACSB’s board of directors, “Anne was the heart and soul of the AACSB team, the glue that brought everyone together. She set the tone for excellence and inspired her colleagues to take risks, stretch further, and achieve what might seem unattainable.”

In her personal life, Olian says, “Anne had style, always a special piece of jewelry or unique piece of clothing. Her true passion was to be an artist full of creative flair.” Olian adds, “Anne was a beautiful, gentle person, remarkably talented in

A consummate and talented editor, Anne was the one who oversaw some of the association’s most important new initiatives. She envisioned *BizEd* magazine and brought it to fruition.

Farewell to a Colleague

by John Fernandes

I met Anne Graham in 1993 when I moved to Florida to take a position with the Institute of Internal Auditors. I was impressed by the way she had transformed *Internal Auditor* magazine from an incidental publication to one that could stand with any professional magazine in the world.

She brought those same transformational skills to AACSB, when she joined me here after I became CEO. We worked together through this association’s revitalization. A consummate and talented editor, Anne was the one who oversaw some of the association’s most important new initiatives. She envisioned *BizEd* magazine and brought it to fruition. She was instrumental in writing the reports for several major association initiatives—the Ethics Education Task Force, the Value of Management Education, and Peace Through Commerce. Most recently, when we worked with the United Nations on guidelines for the Principles for Responsible Management Education, Anne rewrote those guidelines into a document we could support.

Anne was also a tremendous mentor to the staff, helping them increase their abilities and confidence. At the same time, she had a fierce sense of accountability. She would not tolerate a failed ability, a failed sense of vision. She was soft-spoken, but she could be tough as nails.

Her professional abilities, however, were only one part of Anne’s rich life. An avid chess player, Anne often told the story of her match with a brilliant but fidgety eight-year-old Chinese prodigy. She had once beat a chess grand master, but this boy played her to a draw. She was never able to get over that.

Anne played the piano well enough to honor any orchestra; her walls were covered with her own artwork, much of it filled with yellow, her favorite color. She was a very good tennis player, and she had an excellent free-throw shot in basketball.

What bothers me most is that she didn’t have time to do everything she still planned to do. She was going to continue to paint, she was going to finish a novel, she was going to travel the world.

Anne didn’t want a memorial service. She chose to be cremated and have her ashes scattered on the Atlantic Ocean. Still, her love of life remains with us. When her daughter, Holly, asked her how she would like her friends to mark her passing, Anne said, “Gather everybody together for drinks. The first drink is on me.”

so many ways, generous without bounds. I'll always remember her broad smile and her big heart."

Co-Workers Remember

Those who worked closely with Anne at IIA and AACSB also were touched deeply by Anne's presence. Gretchen Gorfine, IIA's production manager and circulation coordinator, remembers Anne's writing skill. "Every time I would read her 'Editor's Note,' I would learn something new, something that made me think," says Gorfine. "Anne was a true mentor."


Jerry Trapnell, AACSB's executive vice president and Chief Accreditation Officer, first met Anne when he was a dean and a board member. "She quickly grasped the issues of AACSB and helped push the board beyond its comfort zone to begin to take AACSB into the global arena," he says. "She leaves a lasting impression on the organization."

Trapnell continues, "Anne truly cared for her colleagues and was a source of advice and counsel, no matter how com-

plex the issue. AACSB and I have been blessed to have Anne as a friend and colleague."

Dan LeClair, AACSB's vice president and Chief Knowledge Officer, remembers how Anne always wanted to be "delighted and surprised" by her life and work. "She was a wonderfully quirky aficionado of art and ideas," he says. "She was a lover of life who savored every experience and saw beauty in everything from basketball to chess."

He adds, "The most important gifts we leave behind are intangible, embedded in our relationships and reflected in the changes we have brought about in our colleagues, friends, and family. Anne touched many people in meaningful ways. My time with Anne was too short, but it was profound and unforgettable. Dearest Anne, you have done more than surprise and delight. Your gifts to us will last forever."

Friends can make donations in Anne's memory to "Chess in the Schools," an organization dedicated to teaching chess to New York City's inner-city public school children. For information, visit www.chessintheschools.org. 



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CMR's 50th Anniversary Issue Focuses on Innovation

The *California Management Review*, published by the University of California Berkeley's Haas School of Business, recently published its 50th anniversary issue. Dedicated to the topic "Leading Through Innovation," the issue included 15 articles on areas ranging from branding innovation to open innovation strategies to innovation in the services industry.

In one article, "Innovation: Brand It or Lose It," Haas marketing professor David Aaker looks closely at the fact that while companies talk a great deal about promoting innovation, few make efforts to craft strategies to brand their innovations. Without successful branding, writes Aaker, even the best innovations "can be short-lived...or become another forgotten internal initiative." To protect its innovation, he argues, a company first must realize when it has an innovation that is progressive, newsworthy, and meaningful—and then it must build a brand around it to



sustain it. For example, once Apple established iPod as a brand, says Aakers, Microsoft's Zune player was at a severe disadvantage—many customers wouldn't even consider the Zune an option.

Another article, "Open Innovation and Strategy," was written by Henry W. Chesbrough, director of Haas's Center for Open Innovation, and Melissa Appleyard, associate professor of business administration at Portland State University. Open innovation, they write, often does not reconcile with traditional business strategies that emphasize protection of proprietary knowl-

edge and defense against competition. They describe the benefits and challenges of four types of open business models, noting that such models "can produce superior products and services relative to those produced by a smaller number of minds huddled together in a single company." Companies ignore open innovation at their peril, say these writers.

Innovation in service-based industries is the topic of "Innovation in Services: Corporate Culture and Investment Banking," by Jennifer Chatman, a professor of management at Haas; Richard Lyons, chief learning officer at Goldman Sachs and former professor of finance; and Caneel Joyce, a doctoral student. Most research into innovation focuses on products, not services, the researchers argue. With this in mind, the trio focused on the investment banking industry, identifying four drivers of service innovation: services that span boundaries, client relationships, integration of service design and execution, and a CEO's vision for innovation. "Innovation in investment banking has been breathtaking," says Lyons, "not because of radical innovation, but because of an accumulation of hundreds and even thousands of small innovations."

Other topics in the issue include the difficulty of innovating while also satisfying current market demand, the value of design thinking in organizations, and the patterns of innovation in startups and established companies. To purchase the "Leading Through Innovation" issue of *CMR*, visit its Web site at cmr.berkeley.edu.



Henry Chesbrough (at left) and Richard Lyons and David Aaker (center and at right) at the Haas School's Inside Innovation 2007 conference, where all three spoke on topics covered in the *California Management Review's* "Leading Through Innovation" 50th-anniversary issue.

IF BUSINESS SCHOOLS TREAT GLOBALIZATION AS A DRAMATIC PHENOMENON RATHER THAN AS PERVASIVE REALITY, PORKOVICH ARGUES, THEY WILL BE ILL PREPARED TO TEACH THEIR STUDENTS TO LEAD AND INNOVATE IN THE 21ST CENTURY.

Preventing a Financial Crisis—Before It Happens

To manage financial crises, governments often turn to bailouts to provide financial help to suffering industries. But bailouts only exacerbate the problem by giving banks incentives to concentrate their lending to specific sectors, according to a new study. That concentration of financing can place already fragile economies on even shakier ground.

That's according to a study by Amar Gande, assistant professor of finance at Southern Methodist University's Cox School of Business in Dallas, Texas; Kose John, professor of finance at New York University's Stern School of Business; and Lemma Senbet, professor of finance at the University of Maryland's Smith School of Business in College Park. In their paper, the three researchers examine how banks, bailouts, and economic specialization can lead to financial crises in emerging markets.

The researchers find that the state of a country's economy relies on two primary issues: the economic specialization and banks' lending practices. When banks finance a wide range of businesses, they help the economy stay diversified and healthy. However, if an economy relies too heavily on a single industry, even the slightest bump in the road can have devastating effects.

When the economy goes into freefall, banks tighten the purse strings and concentrate their lending in very specific sectors. This cycle, called the bank debt concen-

tration effect, leads to more specialization, which only intensifies an economic spiral.

The answer? The authors propose the implementation of two tax structures—one for the banking sector and one for the corporate sector. A tax on banks, say these researchers,



Amar Gande, who worked with researchers Kose John and Lemma Senbet (not pictured).

would apply to loans paid in full, decreasing banks' incentive to play it too safe. A tax on corporations would act as an insurance premium "to defray the cost of a bailout scheme" at times of financial crisis.

Prior research in this area has focused too heavily on reactions to financial crises after they occur. Tax structures that change banks' incentives and reduce economic specialization would prevent such crises by "fixing the roof while the sun shines," the authors write.

The study, "Bank Incentives, Economic Specialization, and Financial Crises in Emerging Economies," is forthcoming in the *Journal of International Money and Finance*.

The Death of Globalization

Business schools may need to re-evaluate the way they teach, promote, and in many ways reverse the concept of globalization. In a paper published in the March Italian edition of the *Harvard Business Review*, Boris Porkovich, associate dean of graduate programs at the International University of Monaco, argues that globalization is no longer a special phenomenon—and, therefore, should no longer define business schools' perception of the world.



Boris Porkovich

In "The End of Globalism and the Rise of Innovation: A New Challenge for Business Education," Porkovich describes how concepts such as overcoming borders, responding to cross-cultural challenges, and addressing differences in culture and communication are no longer concepts unique to the academic mindset. Rather, they now form the foundation of the lives of a new wave of leaders, whom Porkovich calls the "global generation." For these leaders, a borderless business environment, driven by improving technology and accelerated business cycles, is not a special force to be considered. It's simply a given.

The challenge for business schools is to create programs that reflect the global generation's mindset and integrate globalization into their thought processes. If business schools treat globalization as a dramatic phenomenon rather than as pervasive reality, Porkovich argues, they will be ill prepared to teach their students to lead and innovate in the 21st century.



■ Balancing Theory and Practice

What is the optimum balance of academic theory and business practice in the classroom? Three professors examine how that balance has changed in the past 30 years and where it stands in today's business classroom.

Daniel Wren and M. Ronald Buckley of the University of Oklahoma in Norman and Jonathon Halbesleben of the University of Wisconsin-Eau Claire examined data from surveys of business educators in 1977 and 1989. In 2005, they conducted a new survey of 525 members of the Academy of

Management. They found that respondents to the 1989 survey indicated an increased emphasis on application over theory. In their own 2005 survey, however, the trend reversed—respondents reported an increased emphasis on theory over application.

"In many instances," the authors write, "the 2005 respondents indicated that theory was even more pervasive in our pedagogy than was reported in the 1977 data."

However, they explain that while respondents to their 2005 survey noted an increased emphasis on theory in their classrooms, they also reported an increased use of

application-based activities outside their own instruction. This finding, say the authors, suggests that business schools are striking "a healthy balance" of theoretical classroom instruction and application-based assignments designed to demonstrate each theory's real-world usefulness.

In other words, say the researchers, it's possible that many instructors "are 'outsourcing' their teaching of practical application to other techniques that are more well-suited" to the task.

The paper, "The Theory-Application Balance in Management Pedagogy: A Longitudinal Update," was published in the December 2007 issue of *Academy of Management Learning & Education*.

UPCOMING & ONGOING

■ STUDY OF DISPUTE SETTLEMENT

In February, the University of Stellenbosch Business School opened the Africa Centre for Dispute Settlement to provide an African hub for academic research on and teaching of dispute settlement theory and practice. Formed in partnership with Equillore Ltd. (formerly known as The Arbitration Forum), the center also ensures that "African heritage and values are incorporated into developing solutions that suit African conditions," says Barney Jordaan, director of the center.

■ GIFT FOR PROSPERITY

The University of Toronto's Rotman School of Management in Canada has received CAN\$1 million from the financial institution RBC Foundation. It is the first donation to the Founders Group Research Fund at the Lloyd & Delphine Mar-

tin Prosperity Institute, which itself was established with a \$50 million grant last year by the Province of Ontario. The \$1 million donation will fund research that promotes greater understanding of prosperity and how it is created. The institute is particularly dedicated to the study of how jurisdictions, including provinces, become magnets for successful companies and talented employees.

■ ENTREPRENEURS & ENTERPRISE

New York University's Stern School of Business recently received \$6.5 million in gifts from two donors to support its entrepreneurship programs and research into enterprise development. A \$3.5 million gift from Ira Leon Rennert, CEO of the private investment firm The Renco Group, and a \$3 million gift from Beny Alagem, founder of Packard Bell Electronics and owner of the Beverly

Hilton Hotel in Beverly Hills, California, will support its Berkley Center for Entrepreneurial Studies.

■ DEFINING THE SPORTS INDUSTRY

Penn State's Smeal College of Business in University Park has established its new Center for Sports Business Research to focus on the development of academic and applied empirical research in the sports industry. The center will work closely with Penn



State's centers for communications and law to explore topics such as alternative strategies for drafting in professional sports, optimal ticket pricing, the behavioral underpinnings of fan loyalty, the dynamics of win-loss performance on ticket demand, and financial methods to evaluate the worth of a player or team.

Gender in the Boardroom

Men still outnumber women in corporate boardrooms, a reality that may be fueled by the assumption that women don't possess the experience necessary for board participation. Challenging that assumption is a recent study by Siri Terjesen of Texas Christian University's Neeley School of Business in Fort Worth, and Susan Vinnicombe and Val Singh of the Cranfield School of Management in the United Kingdom.

The researchers examined data that tracked new appointees to the boards of the Financial Times Stock Exchange's 100 most highly capital-



Siri Terjesen



Susan Vinnicombe



Val Singh

ized blue-chip firms in the United Kingdom, which represent 81 percent of that market. The research included all 72 women appointed to FTSE 100 boards from 2001 to 2004, and 72 men randomly selected from the 470 appointed during that time frame. For all 144 directors studied, the researchers took into account demographics, educational background, business reputation, international experience, and previous board experience.

The study found several distinctions between the men and women in this group.

While their education levels were similar, women directors were more likely than men to have MBA degrees—and they were twice as likely to have earned their degrees from elite institutions.

Male directors had more experience on FTSE 100 boards, but female directors had somewhat more experience on international boards and on boards for companies on the FTSE 101-350 list. In addition, 62.5 percent of the women directors had experience on other types of boards, compared to 38.9 percent of the men.

Even so, the incidence of women executive directors increased only marginally to 3.8 percent in 2006 from 2.0 percent in 2001. Terjesen expects these numbers to improve as more qualified women seek to participate on boards and as more companies realize the value they bring.

"Newly Appointed Directors in the Boardroom: How Do Men and Women Differ?" will be published in an upcoming issue of the *European Management Journal*.

CORRECTION

In "Building Trust in the Virtual World," which appeared in Research in the March/April issue, the name of Naveen Donthu of Georgia State University was misspelled. Also, in "Greater Health Literacy Reduces Hospital Visits," the article implies that the study from UCLA projected a savings of \$5.1 million annually if 1 million Head Start families were offered basic health care training. The \$5.1 million savings, however, refers to training only the 9,240 families involved in the study. **Z**

RESEARCH & RECOGNITION

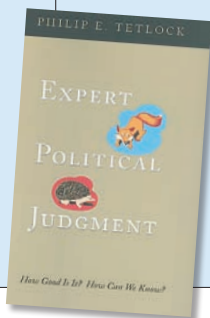
■ **Dilip Madan** has been named "Quant of the Year" by *Risk*, a financial risk management magazine. Madan is a professor of finance at the University of Maryland's Robert H. Smith School of Business in College Park. Madan was selected for his overall contributions to modern quantitative finance and a technical paper published in *Risk* in September 2007, "Calibrating and Pricing With Embedded Local Volatility Models." The paper was co-authored with Yong Ren and Michael Qian. The research established a model that is now implemented among Morgan Stanley's trading desks.

■ The Association for Information Systems has awarded the "IS Publication of the Year" to **Nelson Granados**, assistant professor of information systems at Pepperdine University's Graziadio School of Business and Management in Los Angeles, Cali-

fornia; and **Alok Gupta**, professor of information and decision sciences, and **Robert Kauffman**, director of the MIS Research Center, both of the University of Minnesota's Carlson School of Management in Minneapolis. The trio won for the paper "The Impact of IT on Market Information and Transparency: A Unified Theoretical Framework."

■ **Philip Tetlock**, professor of leadership at the University of California Berkeley's Haas School of Business, won the 2008 University of Louisville Grawemeyer Award for Ideas Improving World Order. Tetlock won the award for the ideas in his

book *Expert Political Judgment: How Good Is It? How Can We Know?* The work was selected from among 50 entries. Tetlock will receive \$200,000 as part of the award.



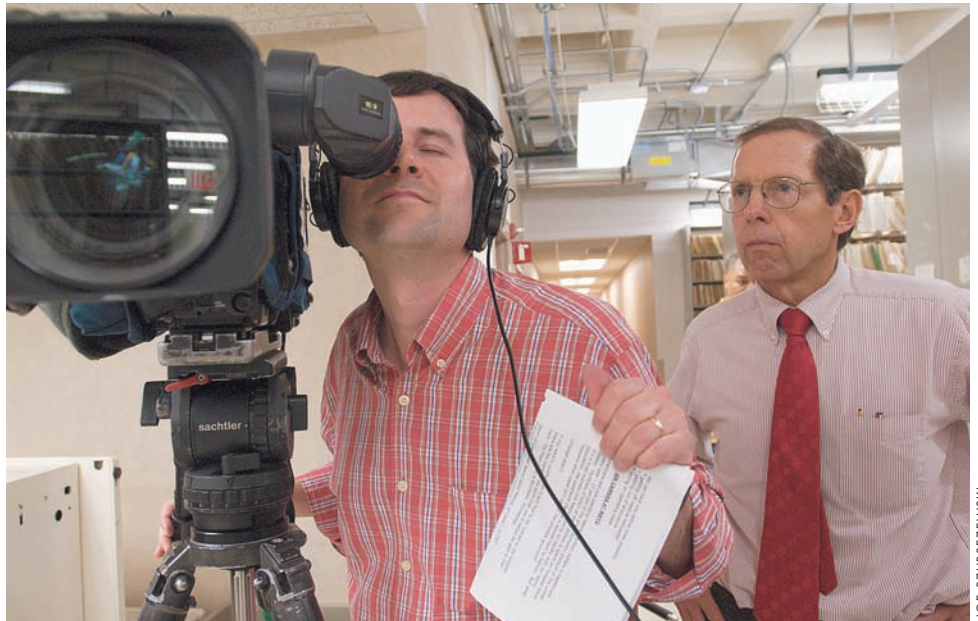
Technology

Talking Tech on TV

Business schools have experimented with a variety of media, from podcasts to the printed page, to reach the public. The University of Maryland's Robert H. Smith School of Business in College Park is experimenting with yet another medium—a public television documentary. Hank Lucas, professor of information systems, spent months working with Maryland Public Television to develop the 56-minute documentary, “The Transformation Age,” which began airing on national public television stations on April 18.

Focusing on the acceleration of technological change, the documentary is designed to help people explore the impact of technology on how they live and work. “The documentary’s message is about surviving and flourishing in this new age,” says Lucas. “People need to understand how to take advantage of technology and make decisions with current trends in mind—for instance, they probably don’t want to advise their children to open a video store.”

The documentary includes interviews with 25 executives, editors, and others touched by technological change. Carly Fiorina, former CEO of HP, and David Berlind, executive editor of ZDNet and CNET, are among those who offer commentary. Jim Buckmaster, the CEO of the online classified ad site Craigslist, discusses how that site has changed the way people exchange goods, while Russell Wilcox, CEO of electronic paper company E-Ink, explores how e-paper technology



JOE SZURSEZEWSKI

Hank Lucas, professor of information systems at the Smith School, stands at right, as Maryland Public Television producer Frank Batavick checks the camera angle for the documentary “The Transformation Age,” a project of the Smith School and Maryland Public Television.

promises to change how people read books and newspapers.

The documentary also explores how college students are using social networking sites such as Facebook, how new medical records systems are improving healthcare at the Mayo Clinic, and how an online inventory tracking system has changed operations at truck stops and convenience stores.

By gathering all of this information together in this documentary, Lucas wants to convince people that they are in the middle of a revolution. “Everyone’s a participant in this revolution,” he says, “whether they want to be or not.”

For information about the documentary and its scheduled airings, go online to transformationage.org.

SPECIAL SECTION: SOCIAL NETWORKING

Reaching Students Where They Live

“Social networking” has become a widespread catchphrase for businesses and business schools these days, as both try to tap into the buzz building on social networking sites. In fact, business schools like the Southern Illinois University College of Business in Carbondale see sites such as Facebook as crucial tools for their future communication and marketing strategies.

Last fall, SIU created the “SIU College of Business Group” on Facebook. It first created the group for its students; then, it invited its alumni to join. At 400 members and growing, the group allows its members to receive school news and communicate easily with students, faculty, alumni, and others in the school community.

David Campbell, assistant profes-

Wharton Research Data Services, or WRDS, is an Internet-based business data research service from The Wharton School at the University of Pennsylvania. The service has evolved to become a common research tool for over 220 institutions around the world.

WRDS carries a broad set of historical data from the world's leading providers of research-quality databases such as the Center for Research in Security Prices (CRSP), Standard & Poor's Compustat, Thomson Financial's Institutional Brokers Estimates System (IBES), the New York Stock Exchange's Trade and Quote database (TAQ), and other important business research databases in a manner that gives universities several key benefits:

Outsourced Data Management. The WRDS staff receives the data directly from providers and posts the data to our system in SAS data sets. The data is warehoused at Wharton and access is provided to subscribers over the Internet.

Simultaneous Access to Multiple Data Sources. WRDS provides a common interface to a variety of databases, simplifying extraction and increasing productivity. You no longer have to spend countless hours programming and decoding tapes or writing Fortran access programs. The information is easily retrievable over the Internet—anytime, anywhere—via point-and-click web query pages, SAS/PC Connect, or a secure shell (SSH) login session.

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We welcome your feedback and questions at wrds@wharton.upenn.edu

“WRDS offers a ‘complete package’: Financial and markets data from the most reliable third-party sources; a convenient data access interface tailored to research applications; a PC-SAS link with sample programs that allows you to access and manipulate data directly from your personal computer; and a responsive technical support staff. Put simply, WRDS is the only single source solution for your business research needs.”

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sor of marketing, has been involved with the project since its launch. For SIU, he says, joining Facebook was really a necessary step to keep the school in touch with students. In fact, in a poll of the 80 students in his class, he found that nearly 100 percent of them use the site on a regular basis, while only four students still use MySpace. Moreover, the majority of them use Facebook on a daily basis.

“For many of our students, Facebook has replaced traditional e-mail—in fact, many rarely even check their e-mail anymore,” Campbell says. “It’s not that e-mail is becoming an obsolete tool for communicating with students, but it’s definitely becoming less effective.”

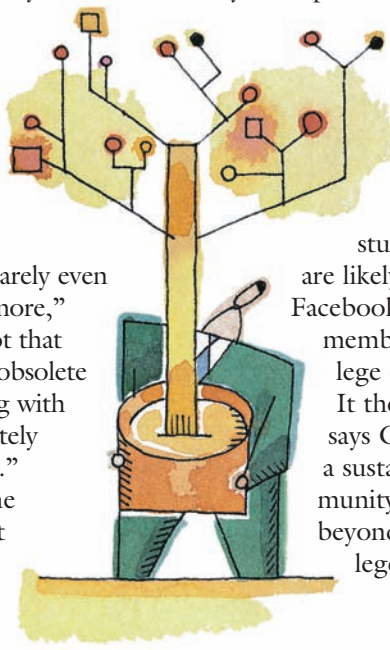
The group offers the school an easy, no-cost way to post school

announcements, recruit for student organizations, and upload photos. In the future, the school may use Facebook to survey students on different topics.

Facebook also makes faculty seem more approachable and opens up new avenues of communication, says Campbell. “On Facebook, I

get messages from students who probably wouldn’t ask a question in class or stop by my office.”

Moreover, once students graduate, they are likely to continue using Facebook—and remain members of the SIU College of Business Group. It then becomes a tool, says Campbell, “to build a sustainable virtual community that stretches beyond the four-year college experience.”



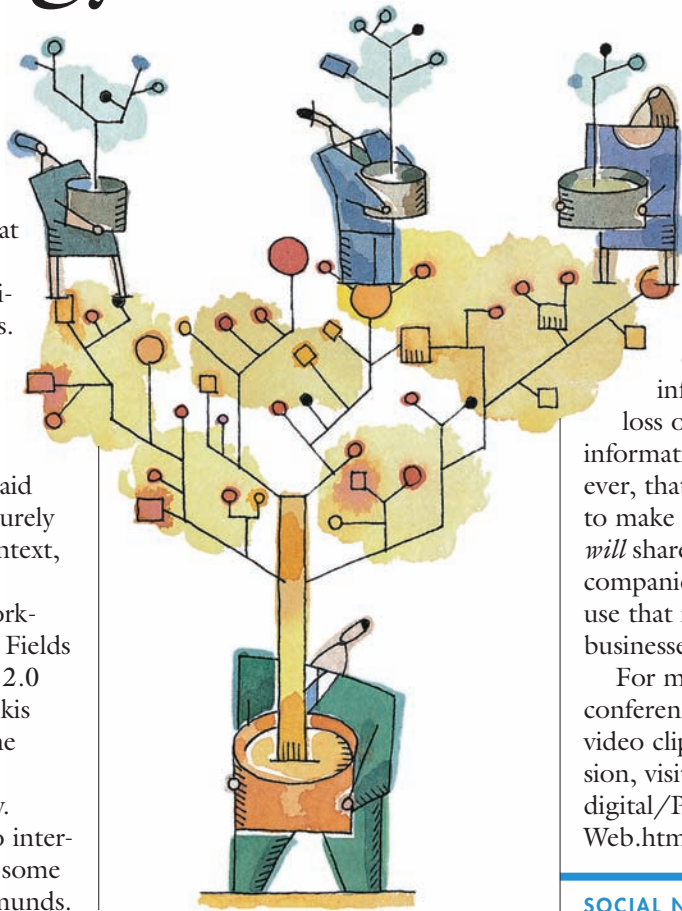
SOCIAL NETWORKING

Tech@Tuck Takes On Web 2.0

A recent event hosted at the Tuck School of Business at Dartmouth in Hanover, New Hampshire, highlighted how Web 2.0 technologies promise to transform business-to-customer relationships, influence marketing and brand management, and challenge product development.

The event, “Web 2.0: Shifting Business Boundaries,” included a panel discussion that explored further the online trends that continue to blur the lines between companies and consumers. Panelists included J.P. Rangaswami, managing director, BT Design, for BT Group; Sylvia Marino, executive director of community operations for Edmunds.com; Pete Fields, e-business director for Wachovia; Chris Kelly, chief privacy officer for Facebook; and John Lester, Boston operations director for Second Life.

Technology



Kelly of Facebook noted that the value of Web 2.0 lies in its ability to turn social opportunities into business opportunities. As more people interact on sites like Facebook, “friends become business partners and social conversations turn into business conversations,” said Kelly. “It carries over from a purely social context to a business context, I think, very well.”

Noting the aging of the workforce in the U.S. and Europe, Fields of Wachovia argued that Web 2.0 technologies like blogs and wikis can help companies capture the knowledge of their employees before they leave the company.

Still, so much free access to interaction and information scares some managers, said Marino of Edmunds.

com. She has found that while some business leaders are excited about the use of blogs and online reviews to gather information, others fear the loss of control over that flow of information. She suggested, however, that Web 2.0 trends are likely to make their fears moot. People *will* share information—it’s up to companies to decide how they will use that information to help their businesses.

For more information about the conference, links to interviews, and video clips from the panel discussion, visit mba.tuck.dartmouth.edu/digital/Programs/TechAtTuck/Web.html.

TOOLS OF THE TRADE: SOCIAL NETWORKING

New Online Forum Encourages Entrepreneurs

Ideablob University links budding entrepreneurs with a community ready to help them refine their ideas.

In January, Advanta, a company that issues credit to small businesses, launched Ideablob University, an online social networking portal geared to established and would-be entrepreneurs. The site allows professors, students, small business owners, and entrepreneurs to share their ideas in exchange for feedback, advice, and votes of confidence from the online community.

Each month, Advanta, which is headquartered in Spring House, Pennsylvania, awards \$10,000 to the user with the best idea, as determined by voting. Already a software developer in Chicago and a nonprofit in Philadelphia have won prize money.

Entrepreneurship professors also can create virtual classrooms on Ideablob to help students link with other entrepreneurs and hone their ideas. Jeffrey Cornwall, director of the Center for Entrepreneurship at Belmont University in Nashville, Tennessee, notes that the site represents another way that social networking can accelerate students’ learning processes.

Students can “explore opportunity recognition, creativity, and networking,” says Cornwall. “It’s an experiential tool that links students with aspiring entrepreneurs and entrepreneurship experts.”

For more information, visit www.ideablob.com/university.

SOCIAL NETWORKING

Social Networking Meets Investing

A social networking site claims to be to Wall Street what fantasy football is to the NFL. Launched last September, UpDown.com offers would-be investors a risk-free arena to improve their stock trading skills through collaboration and competition.

UpDown.com gives users \$1 million in virtual money to pick the best stocks and try to outearn their competitors. Users register on the site and create profiles, just as they would on other social networking sites like Facebook. Users can trade individually or create investment groups that collaborate to manage a collective portfolio.

Although users play with virtual money and pay virtual commission fees, those whose portfolios outperform the S&P 500 can actually earn real monetary rewards. So far, the site boasts 20,000 members, includ-

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For the latest information, including registration details, please visit www.aacsb.edu/conferences.



ing undergraduate and graduate business students, finance professors, and student investment clubs.

Last fall, UpDown.com hosted a competition that involved 1,600 participants from 390 colleges who vied for a \$10,000 cash prize. From October 1 to December 14, participants tried to build the most lucrative stock portfolio. The winner earned a virtual return of 97.64 percent. Participants from the University of Wyoming posted the highest aggregate return of any other school, 26.27 percent. Registration for the site's latest portfolio contest, open to undergraduate students at colleges and universities in the U.S. and Canada, closes on May 31.

UpDown.com was founded by three Harvard students, Michael Reich, Georg Ludviksson, and Phuc Truong. In the next year, they plan to launch a hedge fund or mutual fund based on the investing strategies of the site's top performers.


NEWSBYTES

■ TURBINE AT BABSON

The Babson Energy and Environmental Club (BEEC), a student-led organization at the Olin Graduate School of Business at Babson College in Wellesley, Massachusetts, has spearheaded a project to install a wind turbine on the school's campus. The project will be partially funded by \$5,000 raised by the BEEC through its e-waste recycling campaign and solicited contributions. The residential-scale turbine, the Skystream 3.7 from Southwest Windpower, is expected to be operational by the end of the spring semester. It will supply 60 percent of the energy needed to power the school's entrepreneurship gallery.



■ BOOSTING FINANCIAL LITERACY

The Marriott School of Management at Brigham Young University in Provo, Utah, has developed a personal finance Web site to help individuals and families boost their financial knowledge. The site, found at personalfinance.byu.edu, is divided into three parts: a beginning course for high school students and college freshmen; an intermediate course for college students and married couples; and a final course that covers retirement planning and investing. At the end of each course, users compile their assignments into a financial plan. People participating in an advanced course also may download the college manual used by MBA students in Marriott's personal financial planning course. 

Your Turn

By Len Jessup

Lessons in Fund Raising

During my first week as dean of the business school at Washington State University, I had coffee with one of WSU's most illustrious alums. This serial entrepreneur—the founder of a high-tech firm with a market cap of about \$48 billion—wanted me to totally reinvent the way we taught entrepreneurship and promised millions of dollars to help me do it. I was either the luckiest dean in the world, or I was about to learn a lot about fund raising.

As it turned out, I learned a lot about fund raising—and not just from this potential donor. In my seven years at WSU, I've held a variety of positions that required some fund-raising skill. I've been head of the business school's information systems program, dean, vice president for university development, and president of the WSU Foundation. I really began to understand fund raising once I got out of the business school and could look back at it as one of many hungry mouths to feed on campus. I learned a great deal that I wish I'd known when I was dean—and that I'd like to share.

Be quiet and listen. Both as a department chair and as a dean, I was so passionate about what we were trying to accomplish that I couldn't wait to tell people our story. When I worked at the Foundation, I learned that it is much more effective to listen to donors than it is to talk to them. You can still sell your school and describe your needs, but you should spend less time talking. Spend more time asking questions and listening to the answers so you can learn what donors find important.

I've become a better fund-raiser by asking a variety of questions: *When did you attend our program? Why did you choose our program? What did you enjoy about the program? If you make a gift to our program, what kind of impact would you like to have?* Soon you'll be engaged in a productive conversation about what the donors want to help you with, for how much, and when. You'll also learn what barriers need to be removed or managed before they can make a gift.

Realize that you don't own the donors. As a department chair, and to some extent as a dean, I assumed that we "owned" the alums from our program and that no one else on campus should consider them prospective donors. Not until I arrived at the Foundation and talked with a wide variety of donors—some alumni and some not—did I realize that donors have their own varied interests, passions, and relationships with all parts of the university. More to the point, they can decide what they want to do with their money. Once you, too, reach this conclusion, you'll be significantly less stressed when business alums decided to put their money elsewhere—for instance, in a new campus sports arena.

In fact, **you should be glad when they invest in that stadium.** As you think about the downstream implications of the stadium project, you soon realize that it ultimately benefits you. The new sports complex provides an excellent venue for you to engage prospective donors. If the team is doing well, alums will come to campus to see the games, and while they are there, they can get a close look at your program.

Similarly, you benefit from every



Len Jessup

gift any other alumnus makes to the university. That endowed chair in liberal arts might attract a top scholar who will teach business students their general education courses

and who might want to collaborate on research with your faculty. Donors often make more than one gift, so if you keep up your relationship with them through a series of gifts to the university, some of that money is likely to come your way.

Align your interests with the donors' interests. I once saw Bruce Flessner of the consulting firm Benz Whaley Flessner use an excellent prop to demonstrate the concept of intersecting interests. Imagine two circles that slightly overlap, like a Venn diagram or the MasterCard logo. Your program needs are in the circle on the left, while the donor's interests fill the circle on the right. In the left-hand circle there will be plenty of program goals that this particular donor will have no interest in funding; the right-hand circle will contain projects that a specific donor would like to fund but that you feel are wrong for your program. Somewhere in the middle should be projects that appeal to both you *and* the donor. The Venn diagram will look different for every benefactor.

Find out what motivates donors and play to that. Your benefactors have varied interests, values, purposes, agendas, and levels of vanity. Some want to give small gifts annually; some want to make a major one-time contribution; and some will leave money to your school in their wills and estates. Some donors want to see their names on scholarships, endowed chairs, classrooms, buildings, and programs, while others want to

ALL FORMS OF FUND RAISING INTERRELATE AND ONE CONVERSATION OR GIFT CAN LEAD TO ANOTHER.

remain anonymous. Some donors like tangible brick-and-mortar projects; others want to upgrade program operations. All of them want to have an impact on your students—either directly, through scholarships, or indirectly, by providing salaries that pay for great teachers.

Another thing they all have in common is the desire to know that their gifts are continuing to provide value. You can bet that nearly all of them will want periodic updates from the dean, the professors holding the endowed chairs, or the students attending school on their scholarships. If you show good stewardship of their gifts, donors will be pleased with their contributions and start thinking about their next donation. The best sources of future gifts are happy prior donors.

Understand that relationships are key—and so is asking. Fund raising is definitely about building productive, long-lasting relationships. Some people would say that actually asking for money harms the relationship; others would argue that if you build the relationship right, you never have to ask for money.

I disagree with both positions. I believe that if you can build a true partnership with donors, they will understand that their giving is a critical part of the partnership. But they're unlikely to be able to read your mind and know exactly when to give you precisely the funding you need. Don't be afraid to ask for the gift. Perhaps you feel some donors have become close friends, and that asking and giving should not be the basis of that friendship. In that case, you should be visiting with them on your own dime, not taking them out to dinner at the university's expense.

Remember the “E” in fund raising.

Successful entrepreneurs give more money than executives, professionals like CPAs, or even corporations. This is true among WSU's donors and is consistent with national and global reports about philanthropy.


Even donors who are not entrepreneurs themselves tend to like giving to entrepreneurship programs. Entrepreneurship resonates with these individuals because it is applied and tangible, and it has value to the economy as well as the university. It's also a “hot” topic on college campuses. For instance, the fall 2007 meeting of the National Consortium of Entrepreneurship Centers had 215 participants and dozens more who were turned away. As a result of heightened interest, the officers of the organization plan to morph it into the Global Consortium of Entrepreneurship Centers and expand membership. All of this bodes well for program growth—and for more giving centered around entrepreneurship.

But be careful what you wish for. Be aware that entrepreneurs are likely to be high-maintenance donors. They are skeptical of academe and often feel they were successful despite what they learned in business courses. When they give money, they often want to be deeply involved in helping you figure out how to use it. They also expect to see transformational impact, and they are likely to demand both accountability and return on investment. Expect them to require more donor stewardship than you would ordinarily provide.

Finally, analyze your value chain. To make sure that your fund-raising efforts support your vision for the school, apply value chain analysis to your program. Your vision should

drive the actions you take to meet program goals, set objectives, and allocate resources; these actions in turn should drive fund-raising priorities, affect the makeup and focus of the advisory board, and set the tone of external relations. When your vision guides your actions, you can implement a focused fund-raising strategy that fuels program change.

Once I completed my assignment on the WSU Foundation, I returned to the College of Business. Because of everything I have learned about fund raising, I believe I'll be able to secure substantial gifts for our school in the future.

As for that serial entrepreneur I met more than five years ago, he never donated the big gift we were discussing that day. However, I learned a great deal from him about how an outsider thought our program could be improved, and I used that knowledge to rethink the way we teach entrepreneurship at WSU. Our reengineered program attracted a \$3 million donation from another alum, and that gift launched an interdisciplinary and tremendously successful entrepreneurship effort between the business school and the engineering program. This experience showed me firsthand that all forms of fund raising interrelate and that one conversation or gift can lead to another. Fund raising is a process of building—relationships, endowments, programs, and dreams. I look forward to whatever I can help the school build next. 

Len Jessup is the Markin Endowed Chair in Business Leadership and director of the Center for Entrepreneurial Studies at the Washington State University's College of Business in Pullman.

Bookshelf

■ **When the federal government grounded all planes on 9/11, many airline passengers and staff were stranded far from home. One Southwest Airlines crew, which had landed at an airport where the company normally didn't fly, wanted to do something special for the customers marooned with them—so the flight crew took all the customers bowling. That's the kind of anecdote people have come to expect about Southwest, but it still holds a lot of power. It also illustrates one of the basic tenets that has made the airline so successful: its commitment to its people. "The truth is that employees who love their jobs will cause customers to love their company," says former Southwest CEO James F. Parker in *Do the Right Thing*. "People who enjoy their work do a better job than people who don't."**

Parker quickly points out that he has not written a nuts-and-bolts case study of the airline. Instead, he's put together a warm, inspirational story about how Southwest was built on key interrelated principles: delivering excellent customer service, operating at high efficiency, and following the golden rule in dealing with customers and employees. It's almost guaranteed to make you wish that your company—or your business school—shared the same outlook. (Wharton School Publishing, \$22.99)

■ **In 2006, women held just 15.6 percent of the corporate officer positions in Fortune 500 companies. Yet women still managed to have a significant impact on the economy because women-owned firms employed 12.8**

million people and generated \$1.9 billion in sales. So what does it take for a woman to succeed in business, and what kind of leadership style does she exhibit when she does? Those are the questions tackled in *Women in Business*, written by Patricia Werhane, Margaret Posig, Lisa Gundry, and Laurel Ofstein of DePaul University and Elizabeth Powell of the University of Virginia. The authors interview 22 women who own, run, or hold high positions in a wide range of companies and describe their distinctive and personal journeys to the top. While every

woman's story is different, the authors find these women have certain traits in common: a focus on collaborative and interactive leadership styles; an emphasis on communication and inclusiveness; and a determination to make their work lives mirror the values they hold in their personal lives. The women profiled also mostly fall within the category the authors call "new age managers," who are committed to hard work and high ideals but are willing to move on to new careers when opportunities arise. "This breed of executive is well prepared for the 21st century, where job security and lifetime employment are no longer viable options, if they ever were," write the authors. That's a nice optimistic note on which to end a book that never

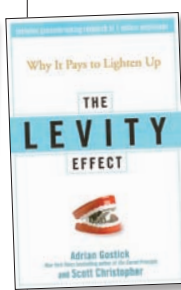
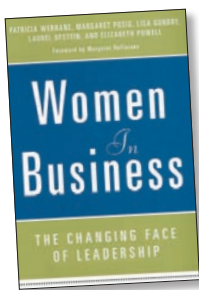
wavers from the notion that hard work and determination can pay off with great rewards. (Praeger Publishers, \$39.95)

■ **Whether you want to preserve the spotted owl or drill for oil in Alaska, you have to face the reality that environmental issues are poised to have a massive impact on business. "Don't think of climate change as an environmental issue; think of it as a market issue," urge Andrew J. Hoffman and John G. Woody in *Climate Change: What's Your Business Strategy?* The slim little book is**

part of a new Harvard Business School Press series called "Memo to the CEO," in which current business topics are briskly discussed in short, pointed, easily digestible formats. Hoffman and Woody argue that, since

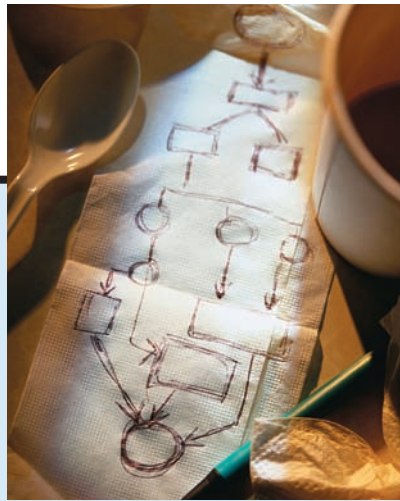
international controls on greenhouse gas emissions are going to affect so many parts of the supply chain, climate change is nothing less than a market transition and must be dealt with as such. To compete in the new reality, they say, CEOs must measure their companies' carbon footprints, take steps to reduce them, and determine how much they want to be involved in future policy decisions. Acting quickly might give them competitive advantage, the authors point out—while failing to act at all might destroy the business, not to mention the world. (Harvard Business School Press, \$18)

■ **As Tolstoy might say, happy workers are all alike. Adrian Gostick and Scott Christopher spell it out further in *The Levity Effect*. "If people are hav-**

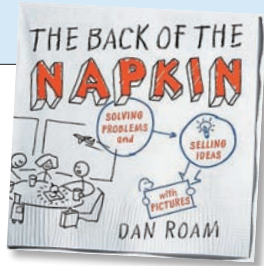


"WE CAN USE THE SIMPLICITY AND IMMEDIACY OF PICTURES TO DISCOVER AND CLARIFY OUR OWN IDEAS."

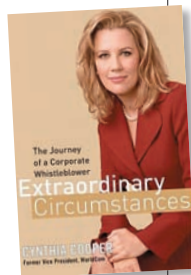
—*The Back of the Napkin*



At some point, virtually everyone has grabbed a piece of scrap paper, sketched out an idea or a problem, and showed it to someone else. Dan Roam thinks this simple exercise is a way to solve even complex business problems. In *The Back of the Napkin*, he argues that the benefits of "visual thinking" are clear. He writes, "We can use the simplicity and immediacy of pictures to discover and clarify our own ideas, and use those same pictures to clarify our ideas for other people." Roam believes that even the most vexing problems can be broken down into easily graphed questions of who, what, when, where, why, how, and how much. He walks readers through the mechanics of vision, shows them how to illustrate simple or elaborate concepts, and solves a sample case study with the aid of graphics. Can't draw a recognizable image to save your life? You don't need to. Roam even includes a cheat sheet of symbols, boxes, and arrows that—rudimentary as they are—can represent the most complicated scenario. They're easy to absorb, just like the concepts of this book. (Portfolio, \$24.95)



ing fun, they're going to work harder, stay longer, maintain their composure in a crisis, and take better care of the organization." While "fun" isn't usually a word applied to the workplace, Gostick and Christopher offer not only anecdotal evidence, but an array of studies and surveys to prove that the light-hearted office is the productive office. For instance, they quote one piece of research that finds a "statistically significant correlation between your manager's sense of humor and your willingness to remain with an organization." Of course, not all managers are funny, but they don't have to be, the authors insist. All that's required is for the boss to accept and encour-



ing the tone of the typical corporate memo, even when the topic is serious. The point is that funny business is good business—and that's no laughing matter. (Wiley; \$22.95)

Whistleblower Cynthia Cooper offers a detailed, intimate, and fascinating account of the WorldCom debacle in *Extraordinary Circumstances*. Year by year, sometimes day by day, she takes the reader through Bernie Ebbers' accelerating journey from savvy small-business owner to one of the most reviled CEOs in the country. The fall of a business powerhouse is made all the more poi-



age laughter in the workplace. This might mean tying performance goals to enjoyable rewards. It might merely mean lighten-

nant as it is juxtaposed against the personal lives of Cooper and many of the other top players. Through it all, Cooper comes across as a hard-working, ambitious MBA trying to balance her job and her family while remaining true to her values. The role of whistleblower took its toll on her. "The day before the fraud was announced, I was a private citizen. The day after, I became a public figure." While most readers already know the outcome of the story, Cooper's book is an absorbing and even suspenseful read. (Wiley, \$27.95)

Ryan Allis's goal was to build a company to \$1 million in sales before he turned 21 in 2005. When he was 12, he began hiring himself out to help senior citizens set up their computer systems, and he continued to run various tech-oriented companies over the next nine years. Eighteen days after his milestone birthday, he and a business partner hit the million-dollar goal. But Allis's quick rise to fortune forms only the first two chapters of *Zero to One Million*, a fast-paced, high-spirited, and inspiring treatise on how to become a successful entrepreneur. Allis combines the lessons he's learned in every venue—running his earliest small companies, studying at the University of North Carolina in Chapel Hill, and teaming up with like-minded souls to launch software company iContact—to offer what is practically a step-by-step guide to launching a profitable business. Older readers might find it a little disconcerting to take advice from someone so young, but college-age entrepreneurs itching to incorporate their first company will take Allis's recommendations to heart—and to the bank. (McGraw Hill, \$16.95)

Crisis Managers

MBA students test their ability to stay cool in a crisis in a realistic role-playing competition at the University of Michigan.

If MBA students must learn to handle crises with grace, it makes sense to give them a true-to-life crisis to handle. That was the reasoning behind the Leadership Crisis Challenge at the Ross School of Business at the University of Michigan in Ann Arbor. The first of its kind at the Ross School, the challenge was conducted in January by the Ross Leadership Initiative (RLI), a two-year series of activities that supplement the school's MBA curriculum.

In the challenge, students assumed roles at Pharmtek, a fictional pharmaceutical company in the midst of a public relations meltdown. Gentab, one of Pharmtek's subcontractors in Hyderabad, India, has been charged with contaminating the local water supply with mercury, causing illnesses and three deaths. Although no evidence has linked the spill to Gentab, the Indian government has shut the facility down for investigation, halting production of Maladone, Pharmtek's widely used anti-malaria drug.

Students were placed in 12 teams of four; on each team, students assumed the roles of the company's general counsel, regional VP of operations, regional VP of sales, or environmental health and safety officer. At 10 p.m., the teams held emergency meetings to study the data and plan their responses, while RLI staff bombarded them

MBA student Brent Morgan fields tough questions at a mock news conference as part of the Ross School's Leadership Crisis Challenge.



"THE CRISIS CHALLENGE IS A CHANCE FOR OUR MBAS TO EXERCISE BOTH JUDGMENT AND LEADERSHIP IN A 'SAFE' ENVIRONMENT."

—Sue Ashford, associate dean

with memos, updates, and financial alerts.

At 8 the next morning, each team attended a mock press conference where its members fended off a volley of daunting questions—from "Does Pharmtek take responsibility for the mercury spill?" to "Why were you outsourcing Maladone production to India in the first place?" Ross professors, executives, and real-life professional journalists wielding microphones and cameras played the roles of persistent reporters, angry NGO representatives, and agitated stockholders.

Ralph Bahna, a UM alum and chairman of Priceline.com, played one of the questioners. He notes that authentically presented experiences such as the Crisis Challenge teach students to communicate the facts, uphold their company's reputations, and shape their messages carefully under pressure. "The mes-

sage should be 'We are the cure for malaria globally,' not 'We are the killer of people locally,'" says Bahna. "In most crisis situations, it is critical that you take the offensive. You cannot move from fear."

After their conferences, teams met with a communications expert to review their presentations and performances, right down to their clothes, speech patterns, and body language. Students learned to eliminate unnecessary gestures and verbal stuttering, speak with confidence, maintain eye contact, and never, ever lie. Students David Cieminis, Anurag Gupta, Shally Madan, and Brent Morgan won the competition—and the \$2,000 team prize.

The Crisis Challenge reflects the type of experiences MBAs need to prepare for the fast pace of real-world problems, says Sue Ashford, associate dean for leadership programming and director of RLI. "Judgment and leadership are qualities best learned by experience. But experience can be costly and quite painful," she says. "The Crisis Challenge is a chance for our MBAs to exercise both judgment and leadership in a 'safe' environment." 