

# BizEd

JANUARY/FEBRUARY 2010

Bearing Straight  
with Build-A-Bear's

## Maxine Clark

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Is It Time to Redefine  
The B-School Mission?

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Embracing  
Scholarly Diversity



# BizEd Contents

JANUARY/FEBRUARY 2010

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Cover photo courtesy of Build-A-Bear Workshop

# From the Editors

## Stairway to Reinvention

**Suppose you've taken the subway home after a long day at work, and when you exit the train, you can take either the escalator or the stairway up to the ground level. Which do you choose? Most people pick the escalator. But suppose the stairway has been magically made over to resemble a giant ascending piano keyboard, and each separate black or white key makes a different musical sound? Which option would you choose then?**

If you were in the subway in Stockholm, Sweden, late last year, you'd probably pick the stairs. That's where the folks at Volkswagen and their advertising agency, DDB Stockholm, constructed a melodious staircase, and droves of commuters skipped up the steps just to

hear the music. The piano staircase was built as part of an experiment called "The Fun Theory," which aims to see if making certain actions fun will encourage people to engage in "good" behaviors, such as taking the stairs, throwing away trash, or buying environmentally friendly cars. You can see a video of the piano staircase on YouTube and read more about the initiative at [thefuntheory.com](http://thefuntheory.com).

While the Volkswagen and PR teams are talking about the musical stairs in terms of entertainment, what they're really doing is redefining the game. They're analyzing their audience, determining its needs, and supplying those needs in new formats. They're certainly redefining what it means to advertise. Links to the piano staircase flew around the Internet last October, and every single time someone viewed the video or clicked on the Web site, the name *Volkswagen* was

imprinted on another pair of eyes. How much more effective were those exposures than a 30-second spot during the Super Bowl?

In this issue of *BizEd*, we take a cue from Volkswagen and consider what happens when business schools—and businesses—redefine what they offer and how they provide it.

We open by interviewing Build-A-Bear Workshop's Maxine Clark, who has changed the way people buy a certain kind of stuffed toy. In "Build-A-Business Basics," she discusses how she has made the shopping experience an entertaining and participatory outing that gives buyers personal connections to the items they design and purchase in her stores.

We then visit with a handful of business schools that are redefining the way they deliver management education. One is transitioning to a model of all part-time faculty, as detailed in "A New Model for Management Education." Six are revamping programs in response to the changing business environment, as described in "Management on a Mission." Another, profiled in this issue's Your Turn column, is refining its mission statement to present a more accurate picture of its approach to education. All of them are analyzing what they offer, comparing it to what their audience needs, and making the proper adjustments.

In Stockholm, once those piano keys were layered over the subway steps, 66 percent more people took the stairs than climbed them on a normal day. In management education, how much more successful will business schools be if they recalibrate their curricula or redefine their missions to better meet the needs of their customers? There's only one way to find out. **Z**



SHARON SHINN

Sharon Shinn



PHOTO COURTESY OF THE FUN THEORY

## Two Professors Win Nobel in Economics

A business professor and a political science professor have received the ultimate recognition for their analyses of economic governance—the 2009 Nobel Prize in Economic Sciences. Oliver Williamson is the Edgar F. Kaiser Professor Emeritus of Business Administration and a professor emeritus of business and law at the Haas School of Business at the University of California in Berkeley. He is also a professor of economics in UC Berkeley's College of Letters and Science. He shares the prize with Elinor Ostrom, Arthur F. Bentley professor of political science and professor of public and environmental affairs at Indiana University in Bloomington. Ostrom is the first woman to receive a Nobel Prize in economics.

The prize committee cited Ostrom “for her analysis of economic governance, especially the commons” and Williamson “for his analysis of economic governance, especially the boundaries of the firm.”

In his research, Williamson has studied the problem of regulating transactions that are not covered by detailed contracts or legal rules. He has shown that markets and institutions have differing organizational structures and that these structures affect the ways firms and institutions engage in economic activity and resolve conflicts. His work in transaction theory also shows how the behavior of opportunistic individuals can influence relations between firms, particularly if these individuals renege on contracts and exploit economic weaknesses.

*BizEd* posed five questions to Williamson shortly after he was awarded

the Nobel Prize. He discusses the allure of economics, the opportunities the field has to offer, and the research that won him the world's highest academic prize.

### Can you briefly describe some of the key theories you worked on during your career?

A question that had been posed by Ronald Coase in 1937 but was still unanswered 30 years later was: “When does a firm produce to its own needs and when should it outsource instead?” One reason this went unanswered for so long is that textbook economic theory viewed the firm as a “black box” for transforming inputs into outputs according to the laws of technology. Organization theory never entered into the calculus because it had no place in the black box tradition.

I knew from my interdisciplinary training at Carnegie that economics and organization theory were both relevant to an understanding of the

business firm—and of complex economic organization more generally. Organization theory would become important to economists, however, only if and as it could be made susceptible to economic analysis.

That was the challenge. I undertook a four-part response. First, I described the firm not in technological terms, but in contractual terms. I regarded markets and hierarchies as alternative modes of contracting. Second, I made express provision for the cognitive and integrity limits of human actors. Third, I stressed that all complex contracts are incomplete, and many are subject to breakdown. Finally, I advanced the hypothesis that transactions, which differ in their attributes, are aligned with modes of governance, which differ in their adaptive strengths and weaknesses. Thus, each transaction achieves an outcome that economizes costs.

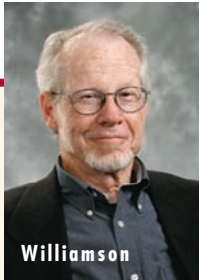
The upshot was that a new explanation for the make-or-buy decision took shape—and the data were corroborative.

Although transaction cost reasoning initially was focused narrowly on the puzzle of what causes firms to decide whether to make or buy, it turned out to have wide application to a vast variety of contractual phenomena—and, again, the theories were largely corroborated by the data. In the process, public policy toward business was reshaped. From a small acorn, the oak tree of transaction cost economics gradually took shape.

**Your theories have been credited with influencing fields as different as energy deregulation and human resource management. Can you give a concrete example of how your**







**work has been used in the real world to bring about change or a deeper understanding of how organizations work?**

In 1966–67, when I was serving as Special Economic Assistant to the Head of the Antitrust Division of the U.S. Department of Justice, the Antitrust Division and the Solicitor General’s Office were preparing a brief for the case of *United States vs. Arnold, Schwinn & Co.* Schwinn, the bicycle manufacturer, was accused of price fixing and other antitrust behaviors. When asked to comment on the brief, I decided it was seriously defective. It relied exclusively on neoclassical and standard industrial organization reasoning, neglecting considerations of organizational and contractual efficiency. However, my arguments were regarded as alien and set aside, and the case was, in my opinion, incorrectly decided. Ten years later, types of contractual reasoning that previously were considered alien were introduced into a similar Supreme Court case—and this time led to a better result.

Another example is the introduction of transaction cost reasoning into the regulation of natural monopolies, which has had lasting results. Transaction cost reasoning also can be applied to corporate governance and to the use of debt and equity. More generally, any issue that can be viewed as a contracting problem can be examined in terms of transaction cost economizing. “Career marriages” is an entertaining example.

**You’ve described your work as a blend of social science and abstract economic theory, and it’s certainly multidisciplinary. How can schools make sure students understand how to cross disciplines to expand their ideas and their knowledge?**

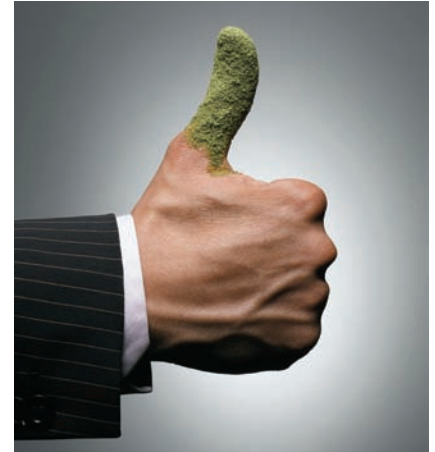
It is one thing to talk about the merits of interdisciplinary training. It is another to do interdisciplinary work. A useful way to investigate any puzzling issue is to start from a monodisciplinary perspective. If you reach a good understanding with the use of a single discipline, all well and good. If, however, you conclude that some of the core issues are being scanted, then you should consider viewing the problem through a lens that combines disciplines.

**For students about to graduate with degrees in economics, what areas of the field do you think they would find most interesting or significant today?**

There are many good fields in economics. Some are flourishing, and it is satisfying to get on those bandwagons. Some are faltering, but present an opportunity to revitalize a field by bringing a new and potentially more productive approach to bear. The applications of transaction cost economics are by no means played out!

**For what do you most want to be remembered?**

I would like to be remembered for the fact that, when confronted with a puzzle or anomaly, I didn’t appeal to orthodox economic theory by pronouncing, “This is the law here.” Instead, I asked, “What is going on here?” and I appealed to both economics and organization theory to help fashion an answer.



## Aspen Recognizes Schools, Professors

**The Aspen Institute’s Center for Business**

Education has released the results of its 2009–2010 Beyond Grey Pinstripes survey, which ranks business schools by how well they integrate social and environmental issues into their MBA programs. The top ten schools in this edition of the biennial survey are the business programs at York University in Toronto, Ontario; the University of Michigan in Ann Arbor; Yale University in New Haven, Connecticut; Stanford University in Palo Alto, California; Notre Dame in South Bend, Indiana; the University of California in Berkeley; Erasmus University in Rotterdam, the Netherlands; New York University; Instituto de Empresa in Madrid, Spain; and Columbia Business School in New York City.

Programs were assessed in four areas: availability of relevant courses, student exposure to these courses, relevant courses on for-profit impact, and faculty research. A complete listing of ranked schools can be found online at [www.beyondgreypinstripes.org/](http://www.beyondgreypinstripes.org/).

The Center for Business Education also has given out U.S. and European Faculty Pioneers Awards, honoring faculty who are “leaders in integrating social and environmental issues into their research and teaching, both on as well as off campus.”

Winning the award for Lifetime Achievement in the U.S. was Thomas Donaldson of the Wharton School, University of Pennsylvania in Philadelphia. The U.S. Faculty Pioneers were Gregory Fairchild and Michael Lenox, both from the University of Virginia’s Darden School of Business in Charlottesville. The Rising Star was Jay Golden of Arizona State University in Tempe.

Winners of the 2009 Faculty Pioneer European Awards were handed out in partnership with the European Academy of Business in Society (EABIS). The Rising Star was Daniel Arenas of ESADE in Barcelona, Spain. One Lifetime Achievement Award was given to Ans Kolk of the University of Amsterdam Business School in the Netherlands, and a second Lifetime Achievement Award went to Luc Van Wassenhove of INSEAD in Fontainebleau, France.

More information about all the winners can be found at [www.aspenbe.org/awards/pioneers/index.html](http://www.aspenbe.org/awards/pioneers/index.html).



## How Students Choose Colleges

A majority of top high school students are choosing their colleges based on whether or not the schools’ values match their individual identities. That’s one of the findings in a study released last fall by Lipman Hearne, a marketing and communications firm serving the nonprofit sector.

Of the 29 factors that typically play a role in the final enrollment decision, the single most important was “a good fit at the college,” according to the report, “High-Achieving Seniors and the College Decision.” Also extremely important were factors such as variety and depth of academic program options, reputation, faculty mentorship, residential life, student life, and facilities. And while students are less concerned about tuition prices than they were in 2006, they’re more concerned about financial aid.

The survey also asked students to rate 30 sources of information and indicate which ones they used to make their final decisions about enrolling in a school and which ones were most influential. Surprisingly, four of the top ten most-used sources

## Leadership and Prizes

**Should there be a Nobel Prize for CEOs? That was a question recently asked of experts** convened for a *Washington Post* panel called “On Leadership.” In favor of the proposition is one of the panel’s new members, Ángel Cabrera, president of Thunderbird School of Global Management in Glendale, Arizona.

“The global financial crisis has provided painful evidence of the enormous responsibility business leaders hold, not only within their companies, but in society at large. Managers have incredible power to create or destroy value, and in so doing, affect the lives of millions of people,” he says. “A Nobel Prize for Global Leadership could help celebrate extraordinary individuals from large-scale business or social organizations who serve as role models and inspire millions of future executives and entrepreneurs to contribute to the greater good.”

Cabrera will be a regular contributor to the panel. Along with other members, he will answer questions posed on the latest topics and analyze trends related to leadership. The *Post* established “On Leadership” as a multidisciplinary response

to the economic crisis. Its mission is to break down the walls between silos by getting experts and readers with varying backgrounds and perspectives to address the same topics at the same time and at the same place. Recent discussions can be found online at [views.washingtonpost.com/leadership/](http://views.washingtonpost.com/leadership/).



of information were also the least influential: letters and e-mails from colleges, conversations with high school teachers and counselors, college department brochures, and college search sites. Lipman Hearne analysts suggest that these gaps represent key areas where colleges and universities can more effectively customize and target their communications.

The most influential source of information for students was the campus tour, which 85 percent of respondents undertook before applying. More than 40 percent of respondents used an institution's Facebook or MySpace page as a source of information, but only 10 percent found these sources to be influential in the decision-making process. Twenty-six percent of high-achieving students used paid consultants to help them navigate the college application process, though the majority did not rely heavily on consultants when making their final decisions. More information can be found at [www.lipmanhearne.com](http://www.lipmanhearne.com).

## ■ The Future of IFRS

### Accounting faculty at universities

throughout the United States believe their students and the U.S. economy will be at a disadvantage if U.S. regulators do not adopt globally accepted accounting standards and if universities do not incorporate International Financial Reporting Standards (IFRS) into accounting curricula. This is according to a survey conducted last year by the American Accounting Association (AAA) and KPMG LLP.

The second annual KPMG-AAA Faculty Survey showed that nearly half of the

500 professors who responded believe the United States should transition to IFRS to remain competitive, and three-quarters think IFRS needs to be immediately incorporated into their schools' curricula.

Seventy-four percent of respondents expect U.S. adoption of IFRS to occur through convergence of U.S. GAAP with IFRS by 2015 or later. Meanwhile, 17 percent think U.S. public companies will be required to adopt IFRS outright by 2015 or earlier. Nine percent think IFRS will not be adopted by U.S. companies.

The survey found that seven in ten professors said their most significant challenge when it comes to teaching IFRS is making room for it in the curriculum. Even so, 70 percent have taken significant steps to incorporate IFRS into the curriculum, and 83 percent believe IFRS needs to be incorporated into their curricula by 2011. Only 8 percent said that at least half of their schools' accounting faculty were qualified to teach it. Slightly more than half (55 percent) were also concerned that administrators do not understand the magnitude of the curriculum change required to respond to IFRS adoption in the United States.

For a summary of the entire survey, visit [www.kpmgfacultyportal.com](http://www.kpmgfacultyportal.com).



Consumers try products before they buy at Alliant University's Sample U.

## ■ Advertising and "Tryvertising"

### Alliant International University in San

Diego, California, recently opened Sample U, a try-before-you-buy product testing center. In "tryvertising" promotions, consumers are exposed to new product packages, services, brands, and ad campaigns so companies can receive consumer feedback on new product introductions before market release.

"Placing your product at Sample U eliminates the need for other more costly product testing methods such as focus groups or sampling," explains Linda Neumann, creator of Sample U.

"Trysumers"—consumers willing to sample new products—fill out profiles and allow their demographic and psychographic needs to be matched to specific products or brands. At its launch, Sample U allowed trysumers to test business software, food and nutritional pharmaceutical products, and a diet book.

The center, says Neumann, is a rich learning lab for students in business, psychology, and other disciplines. She plans to meet with faculty at the university's Goldsmith School of Management to discuss ways Sample U's activities might be used in the marketing curriculum.



# The GMAT® Report

## SHORT TAKES

### NEW APPOINTMENTS

■ **Neal H. Hooker** is the new C.J. McNutt Chair at Saint Joseph's University in Philadelphia, Pennsylvania. The endowed chair is within the Department of Marketing at the Erivan K. Haub School of Business.

■ **Alexander Dyck** will be the inaugural holder of the ICPM Professorship in Pension Management at the Rotman International Centre for Pension Management, part of the Rotman School of Management at the University of Toronto in Canada. The professorship was established with the support of the Canada Pension Plan Investment Board, Hospitals of Ontario Pension Plan, Ontario Teachers' Pension Plan, and Ontario Municipal Employees' Retirement System.

■ **Miquel Espinosa Saenz** has been named the new General Director of EADA in Barcelona, Spain. He most recently was in charge of administration in the Universidad de Barcelona; before that, he was general director of the Fundación Politècnica de Catalunya of the Universitat Politècnica de Catalunya.



■ **Donnie Horner** is the new director of the Davis Leadership Center and professor of management in the Davis College of Business at Jacksonville

University in Florida. Horner is the Davis Professor of Management at the college.

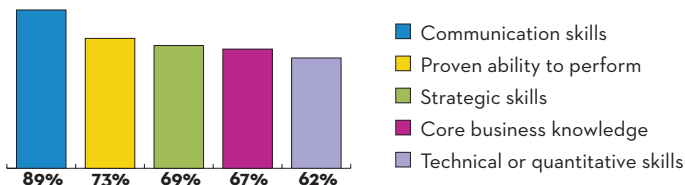
■ **Joseph Carcello** has been named to the inaugural Investor Advisory

## Mission control

The Graduate Management Admission Council® offers a wealth of survey data to help inform b-schools' strategic vision.

### Employers

Most important skills employers look for in hiring graduate business students:



Read more of the GMAC 2009 Corporate Recruiters Survey Reports series online at [gmac.com/corporaterecruiters](http://gmac.com/corporaterecruiters)

### Alumni

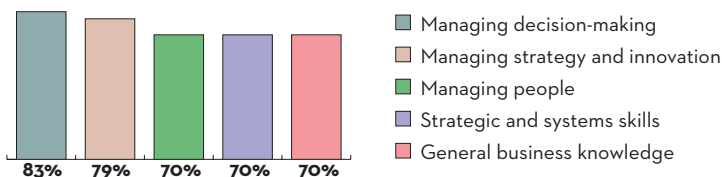
The top five b-school skills alumni use in their careers varies somewhat by their job level:

Mid-Level	Executive Level
Interpersonal Skills	Interpersonal Skills
Managing Decision Making	Managing Decision Making
Innovative Thinking	Managing Strategy and Innovation
Managing Strategy and Innovation	Managing People
Foundation Skills	Innovative Thinking

Data from the GMAC 2009 Alumni Perspectives Survey of more than 3,000 alumni; read more at [gmac.com/alumniperspective](http://gmac.com/alumniperspective)

### Prospective Students

Most-hoped-for skills and the percentage of students who want them:



Data from GMAC 2009 (Q1-Q3) mba.com Registrants Survey of nearly 8,000 prospective students; read more at [gmac.com/registrantsurvey](http://gmac.com/registrantsurvey)

Participate in the 2010 Global Management Education Graduate and Corporate Recruiters Surveys and receive free custom benchmark reports. Visit [gmac.com/surveys](http://gmac.com/surveys) before January 15.

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## SHORT TAKES



Group of the Public Company Accounting Oversight Board (PCAOB). Carcello is the Ernst & Young Professor in the department of accounting and information management in the College of Business Administration at the University of Tennessee, Knoxville.

■ **Luis Cabral** has joined the economics department of IESE Business School of the University of Navarra in Barcelona, Spain. In January, he will become academic director of IESE's recently created New York Center in New York City. Previously, Cabral held positions at NYU Stern and the London Business School.

■ **Denis Arnold** has been named an associate editor for *Business Ethics Quarterly*. Arnold is the Surtman Distinguished Scholar in Business Ethics at the Belk College of Business at the University of North Carolina in Charlotte.

### HONORS AND AWARDS

■ **Vijay Govindarajan** has been elected a Fellow of the Strategic Management Society. Govindarajan is the Earl C. Daum 1924 Professor of International Business at Tuck School of Business at Dartmouth in Hanover, New Hampshire, and the director of the school's Center for Global Leadership.

■ Two Canadian business school academics are among the winners of the 2009 World of Difference Awards handed out by The International Alliance for Women (TIAW).

**Carol Stephenson** is dean of the Ivey School of Business at the University of Western Ontario in Toronto. **Geeta Sheker** is director of the Initiative for Women in Business at the Rotman School of Management at the University of Toronto. TIAW is an international umbrella organization of women's networks representing more than 50,000 women worldwide.



■ The Wharton School of the University of Pennsylvania in Philadelphia has awarded its highest tribute, the Dean's Medal, to **William L. Mack**. Mack is founder and chairman of AREA Property Partners, a worldwide real estate investment group that has invested in 25 countries.

■ Top university entrepreneurship centers were recognized for their contributions to teaching and outreach in October at the annual Global Consortium of Entrepreneurship Centers awards banquet held at Rice University in Houston, Texas. Winners were announced in several categories: **Rice University** and **MIT** for Excellence in Specialty Entrepreneurship Education; **Rice University** for Outstanding Centers of Entrepreneurship leadership; **UC Berkeley**, **Temple University**, and **University of Texas at Dallas** for Outstanding Contributions to the Advance of the Discipline of Entrepreneurship; **Georgia Tech** and **University of North Carolina at Chapel Hill** for Exceptional Activities in Entrepreneurship Across Disciplines; and **Indiana University** in Bloomington for Exceptional Contributions

to Entrepreneurship Research. The **University of Southern California** won the NASDAQ Center of Entrepreneurial Excellence award, while the Entrepreneurial Support Award went to **Maggie Ailes** of Ball State University and **Travis J. Brown** of Indiana University.

### COLLABORATIONS

■ **Columbia Business School** in New York City has partnered with Point Carbon to deliver "Carbon Finance Strategies," an executive education program tailored for senior executives dealing with the "carbon-constrained" economy. Point Carbon is a provider of market analysis for the energy and environmental markets. The program allows executives to explore the impact and business opportunities created by cap-and-trade legislation.

■ The **University of Miami School** of Business Administration in Coral Gables, Florida, has announced agreements with seven international business schools and universities to explore faculty and student exchanges, joint executive education offerings, and other initiatives. The new collaborations are with the University of São Paulo in Brazil; the Pontificia Universidad Católica Business School in Peru (CENTRUM); the University of San Andrés School of Business in Argentina; the Fudan University School of Management in China; the Autonomous University of Madrid (UAM); the Instituto de Empresa (IE) Business School; and Pompeu Fabra University in Spain.

■ Administrators from the **University of Tampa** in Florida have signed agreements with three universities in China that will lead to structured

## SHORT TAKES

student and faculty exchanges, study abroad trips, and faculty research. The three Chinese schools are the University of International Business and Economics in Beijing; Sias International University in Xinzheng; and Shandong University of Finance in Jinan. Among the UT departments that will collaborate in the exchanges will be the Sykes College of Business.

■ The **Massachusetts Institute of Technology** in Cambridge, Massachusetts, has collaborated with the Portland Cement Association and Ready Mixed Concrete Research & Education Foundation to establish the Concrete Sustainability Hub. The research center will address

the sustainability and environmental implications of the use of concrete in constructing buildings and laying infra-

structure. Researchers from MIT's School of Engineering, School of Architecture and Planning, and Sloan School of Management are expected to participate in the center's research activities.

■ The Global Association of Risk Professionals (GARP) is collaborating with **Tulane University's** Freeman School of Business in New Orleans, Louisiana, to launch a master's degree program in financial risk management that simultaneously prepares students to take the Financial Risk Manager examinations for

FRM certification. Tulane will also establish a GARP university chapter and become a testing site for the FRM exam.

■ The **Institute of International Education** (IIE) and **Freie Universität Berlin** have published a book offering practical recommendations for delivering collaborative joint degree programs from U.S. and European universities. The publication, *Joint and Double Degree Programs: An Emerging Model for Transatlantic Exchange*, features articles and insights from higher education administrators and practitioners on both sides of the Atlantic. The book and a survey about international joint degree programs were sponsored by the European Union-United States Atlantis Program, which is jointly administered by the U.S. Department of Education's Fund for the Improvement of Postsecondary Education and the European Commission's Directorate General for Education and Culture.

■ The Owen Graduate School of Management at **Vanderbilt University** in Nashville, Tennessee, has partnered with talent-management firm Korn/Ferry International to provide MBA students access to leadership assessment and professional development training. The partnership is designed to help students build competency in 15 areas that fall into strategic, operating, or personal/interpersonal categories.

### NEW COURSES AND PROGRAMS

■ The **University of Stellenbosch** Business School in South Africa has launched a master's degree in management coaching. The two-year work-based

program offers executives a variety of approaches to coaching styles as they learn to facilitate learning among their own clients. The degree will deal with the specific challenges facing South African executives, such as managing a diverse workforce and using African storytelling in approaches to coaching.

■ At the **University of Iowa's** Tippie College of Business in Iowa City, a new group will showcase sports-related careers for business students who are managers, not athletes. The Hawkeye Sports Business Organization will utilize guest speakers, field trips, and campus activities to connect UI students with sports management professionals in Iowa and around the country.

■ The **University of Denver** in Colorado has established an MBA in School Leadership to give participants the business skills to open and lead autonomous charter schools. The new program is an interdisciplinary collaboration between DU's Daniels School of Business, the Morgridge College of Education, and Get Smart Schools, a nonprofit organization designed to increase the number of schools serving low-income students in Colorado's Front Range.

■ Last fall, **Grenoble Ecole de Management** in France launched a PhD in business administration, after having delivered a DBA program for more than 15 years. The first intake is built around three concentrations: marketing, organizational theory and human resources management, and strategy and management of innovation. Other concentrations



# Headlines

## SHORT TAKES

will be added in the future. The program is taught entirely in English.

■ The School of Business at **Quinnipiac University** in Hamden, Connecticut, has added a specialty track in supply chain management to its MBA program. The new track offers classes in supply management and transportation management, as well as courses in marketing, information systems, and international business.

■ **Columbia Business School** in New York City has unveiled new curriculum offerings generated by a blue-ribbon faculty committee last summer. The goal is to prepare MBA graduates to succeed in any economic climate. The committee first identified factors crucial to understanding a crisis, including incentives, compensation, and governance; leverage and risk; bubbles, overconfidence, and behavioral biases; regulation and the changing role of government in business; and the impact of global markets. Final curriculum recommendations included an integrative course on the future of finance; a multidisciplinary case study on the future of the auto industry; and mechanisms for encouraging integration across disciplines.

## GRANTS AND DONATIONS

■ The College of Management at the **Georgia Institute of Technology** in Atlanta has received an anonymous commitment of \$25 million. Of that, \$20 million is a challenge grant designed to inspire charitable

gifts and commitments from other donors to the College's endowment. The remaining \$5 million will provide funds expendable at the discretion of the College of Management's dean, Steve Salbu.

■ The Ewing Marion Kauffman Foundation in Kansas City, Missouri, has awarded a grant to the **University of Miami** in Florida to help sustain The Launch Pad, a career center program that helps students explore and launch new firms while they are still in school. The Kauffman Foundation grant also will fund the development of a plan for how other universities can start career center entrepreneurship programs.

■ **Northwestern University's** Kellogg School of Management in Evanston, Illinois, and School of Law in Chicago received a \$3 million gift from General Dynamics Corporation. The money will support the Nicholas D. Chabraja Professorship, named after the company's retired CEO and Northwestern alumnus. The inaugural chairholder will be Bernard Black, an expert in corporate law, as well as finance and health care regulation.

■ The Neeley School of Business at **Texas Christian University** in Fort Worth has received a \$300,000 gift from TCU alumni Marilyn and Mike Berry to establish Neeley Premium Credentials. The leadership program will be open to all undergraduate TCU business students.

■ The Simon School of Business at the **University of Rochester** in New York has received two gifts from international donors to establish endowed professorships. The \$1.5 million

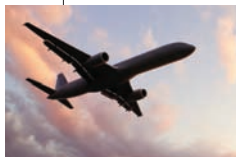
Rajesh Wadhawan Professorship Fund, established by the Wadhawan family, will support a full-time faculty member, preferably one making an impact in India. The \$1.5 million Susanna and Evans Y. Lam Professorship, established by an alum and his wife, will be used to attract global business scholars.

## OTHER NEWS

■ The School of Management at **George Mason University** in Fairfax, Virginia, is using a Department of Education grant to develop two short-term study tours in China for selected undergraduate business students.

The three-credit undergraduate tours will include lectures at the Beijing Language and Cultural University, visits to businesses in both Beijing and Hong Kong, and follow-up seminars upon returning. The School of Management also is partnering with the Confucius Institute to provide pre-study tour workshops on language and culture.

■ The Tuck School of Business at **Dartmouth College** in Hanover, New Hampshire, has created a new Center for Leadership. The center will expand the activities currently offered by the Cohen Leadership Development Program, which will now be integrated into the new center. Activities at the center will include a conference, working papers, and lectures by business leaders. Richard McNulty joins the center as executive





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director while maintaining his role as executive director of the career development office.

■ **Northern Illinois University's** College of Business in DeKalb has announced the creation of the KPMG Endowed Professorship in Accountancy. The first chairholder is Pam Smith, who teaches advanced financial accounting at both the graduate and undergraduate levels. The professorship was created by NIU alumni who have all become partners in KPMG. They are Steve Hajdukovic, John Kemnitz, Mike Dimitriou, Don Coglianese, Dean Stieber, Harry Argires, Tom Merrit, and Perry Plescia.

■ Last fall, the Graduate School of Management at the **University of California, Davis**, celebrated the opening of its new home, Maurice J. Gallagher Jr. Hall. Alum Maurice Gallagher contributed \$10 million toward the building and an endowment for the school. The

40,000-square-foot hall is an environmentally friendly structure that is expected to earn gold standard certification from the U.S. Green Building Council's Leadership in Environmental and Energy Design (LEED) program.

■ The Haas School of Business at the **University of California, Berkeley**, is launching the Energy Institute at Haas to address both the rising need for research and the growing student interest in the markets, policy, and technology for sustainable energy. The new institute is the result of a merger of the UC Energy Institute's Center for the Study of Energy Markets and the Haas School's Center for Energy and Environmental Innovation. The institute's faculty directors will be Severin Borenstein, the E.T. Grether Chair in Business Administration and Public Policy, and Catherine Wolfram, a Barbara & Gerson Bakar Faculty Fellow. Among the institute's activities are

Cleantech to Market, a partnership between graduate students and scientists; the Renewable Energy Speaker Series; conferences that bring together researchers and industry representatives; a newsletter to disseminate research findings; a working paper series; and several energy-related courses.



■ The Franklin P. Perdue School of Business at **Salisbury University** in Maryland has broken ground this fall on its new business building. The 112,800-square-foot building will house an auditorium, 20 classrooms, four specialized labs, team study rooms, and business outreach facilities. ■

# Build-A-Business Basics

by Sharon Shinn

**M**axine Clark sells teddy bears for a living. Her formal title is Chief Executive Bear. One of the items on her desk is a small stuffed bear dressed in pink pajamas. But despite her whimsy, she is every inch a businesswoman, closely focused on what sells in the market she has helped define.

Before her 1997 launch of Build-A-Bear Workshop in St. Louis, Missouri, Clark spent 19 years with The May Department Stores in a variety of roles. She became president of its Payless ShoeSource division in 1992, and after four years she left to look for a new challenge. A shopping expedition with a ten-year-old friend led her to envision the make-your-own-stuffed animal factory that became Build-A-Bear Workshop.

*At Build-A-Bear Workshop, Maxine Clark combined her business savvy and her sense of play to manufacture a unique retail experience.*

The company has grown rapidly since opening its first store. Today, there are more than 400 Build-A-Bear Workshop stores in the U.S., Canada, the U.K., Europe, Australia, Asia, and Africa—some owned by the company, some run as franchisees. Build-A-Bear Workshop also has expanded its reach through innovative partnerships with organizations like Major League Baseball, where fans can buy team-branded merchandise at stadiums across the U.S. and build their own mascots at selected ballparks.





“Whenever we added the element of fun, any product became much more successful. It would appeal to working adults who might feel jaded.”

A big part of the store’s success comes from Clark’s creation of a retail experience that’s interactive and fun. “I often say, Build-A-Bear Workshop didn’t invent teddy bears or the factories that make them,” says Clark. “We just invented a unique experience around them.”

That unique retail experience has earned her a series of accolades. In 2008, Clark was named to the list of The 25 Most Influential People in Retailing by *Chain Store Age*; in 2005, she was named a Customer-Centered Leader by *Fast Company*. Last year, Build-A-Bear Workshop was on *Fortune* magazine’s list of Best Companies to Work For, and the online Buildabearville.com received a Best of the Web

award from *WiredSafety*. Clark makes sure she gives back to the community by serving on boards, including the local PBS station and the local and national branches of Teach for America. Her company supports causes devoted to literacy, children’s health, and animal welfare through its nonprofit Build-A-Bear Workshop Bear Hugs Foundation.

Clark graduated from the University of Georgia with a bachelor’s degree in journalism and originally intended to pursue a career in law. But her years in retailing have given her a thorough on-the-job training in business, and she freely shares her insights.

“Business students have to come to the table saying, ‘How can I make my skills useful? How can I make a difference?’” Clark believes. They must have drive, passion, and commitment, she says—and it also helps if they have a single great idea.

**Business students are taught that if they’re going to launch a new product, it has to fill an unmet need or serve a neglected niche. When you launched Build-A-Bear Workshop, there were plenty of competing products and retail outlets for stuffed animals. What made you think your company could be different enough to succeed?**

When I came up with the idea for Build-A-Bear Workshop, I’d been in retail for 20 years, mostly selling clothes and accessories to adults. I realized that whenever we added the element of fun—perhaps a “Star Wars” theme—any product became much more successful. It would appeal to working adults who might feel jaded or who sometimes wished they were still children.

At the time I was looking for a challenge, and I was looking for a way to use my creative talents. I knew that if I opened a business aimed at children, I would use those talents. I also knew I would be challenged every day, because kids need newness all the time.

Also, back in 1997, the economy was becoming very high-tech. I believe that when life has hard edges, you need something soft in your life—literally and figuratively—and I thought stuffed animals could provide that.

**What kind of market conditions existed for stuffed animals when you were creating Build-A-Bear Workshop?**

At the time, Beanie Babies were really popular, and they launched stuffed animals into the mainstream. They made it acceptable even for boys to collect stuffed animals. They opened a whole new market.



Back in the '90s, retailers like Wal-Mart and Target sold stuffed animals, but didn't do much to promote them. There were a few well-known names, but it was rare for someone to specifically ask for a teddy bear made by Dakin or Gund. There was room for someone to come in and create a brand in this category.

I also constructed our niche around the notion of field trips, which all kids love. My favorite memories from school involve going to the bakery or the dairy. I wanted kids to feel that going to the Build-A-Bear Workshop was like going on a field trip.

**What personal strengths or business experiences could you draw on to get you through the early days of running a startup operation?**

I think my biggest strength was that I didn't know what I was getting into. Even at 48, I was somewhat naïve, and that naïveté played to my advantage. I'd written business plans as part of someone else's company. But it was very different when I had to come up with all the funding and worry about whether or not I would make payroll if X or Y didn't happen.

If people knew all the things they had to worry about when they started their own businesses, they wouldn't do it. The bravest of people would be petrified. So, while it's good to have a certain amount of knowledge, it's also good to have a certain amount of naïveté. Entrepreneurs will go nowhere if they don't have a conviction that they can do something, no matter who tells them otherwise. They have to be able to say, "I know what you're telling me. I know there's risk. But I can do this."

**What would you tell entrepreneurship students who want to start their own businesses?**

They have to make a clear assessment of what they're really good at and what they're not. If they think they have to know everything, they'll soon be out of business. Young business students, especially, don't have enough experience to know everything. But they do need to know where to get the information they don't have.

They also have to love what they do. I frequently ask college students, "What's your idea? Why do you want to go into business for yourself?" Often they reply, "I just don't want to work for anybody else." And I say, "Then why would anybody want to work for you? What's so magical about *you*?"

Working for yourself is much harder than working for someone else. You're the one people call when the place

is burning down. You have so much responsibility for so many other people—for their jobs, their families, their health insurance. Students tell me they want to run their own businesses so they can control their own lives, but a successful business will control *them* in a lot of ways, particularly in the time they must devote to it. They need to be prepared for that commitment.

**In your book, *The Bear Necessities of Business*, you say that you're primarily marketing to ten-year-old girls, but I often see teenagers and adults in your stores, too. How did you implement a marketing strategy that would focus on one demographic but also draw in a cross-section of consumers?**

The majority of our customers are children under 14, and they're predominantly girls. But those children bring with them parents, grandparents, aunts, uncles, older sisters, and younger brothers. Making the bears becomes a pastime for all of them.

**At Build-A-Bear Workshop, kids and adults can personalize their stuffed animals with clothing and accessory choices—and this kind of customization is a key trend in retail today. People can choose the engraving on their iPods and the detailing on their Nikes. How do you think customization will affect the future of retail?**

I think it's the biggest, most pervasive trend going. These days, people want everything customized. If I buy an iPod, I can put a hard case or a silicon case on it, and either one can be pink. I can pick my screen saver, I can add the apps I want. I can make it *my* iPod.

When people can customize their products, obsolescence isn't built in. They can add on new features instead. They can update their iPhones with a new app or a new ringtone or a new picture on the desktop.

What people want is control, because in our current crazy environment, they have so little control over anything.

**What do you predict for product customization in the future?**

It will be more important for the person at the store to recognize *you* and know how you want your personalized products. This is already happening when you make purchases over the Internet. I have a Kindle, which is the coolest thing in the world. When I download a book, it can tell me what other products are available that I might like. I love that.

On the other hand, at the book superstores, not a single

book seller knows what I like to read. Even if someone has waited on me multiple times, no employee has ever said, “Oh, I noticed you like business books. Did you see the new one that just came in?”

I think Barnes & Noble, Borders, and Books-A-Million should use technology to personalize sales. A store could turn membership cards into smart cards that recognize members as they walk in the door. It could send a message to each customer’s iPhone, saying, “Next week, this book comes out. Reserve your copy—here’s a coupon.” Or maybe customers bring their iPhones to a station at the bookstore, and there they download personalized messages. “The newest Nora Roberts book is in Aisle 3” or “You bought the last book by Jack Welch, and now the new one is on the shelves.”

These interactions make customers feel warm and fuzzy, even though they’re talking to computers.

**Your company’s computerized interactions with customers also aim to capture that “warm and fuzzy” feeling. You have a blog, which allows you to “speak” directly to customers; you also have a Facebook page, where you can connect with fans and customers. In addition, you’ve created the virtual world of Buildabearville.com. How do these high-tech tools enhance the Build-A-Bear Workshop experience, which is very high-touch?**

Technology has enabled us to build on the friendship and fun kids find at the stores. Kids can’t come to the Build-A-Bear Workshop every day, but they can play online all the time at Buildabearville.com.

The site is like a cartoon show that’s on 24/7, and the kids are the stars. They choose their avatars, they create their looks, they can build a fantasy that they can star in. They can decorate their online houses any way they want. If in real life they’re sharing their rooms with 45 brothers, they can go to Buildabearville.com and have their own rooms. They pick decorations from the items we offer in the furniture store and hardware store, and they put the items together any way they like.

By now, we have more than 11 million customers who have avatars on Buildabearville.com. While it’s supposed to be a fun place, we do build in a lot of educational activities.

Kids can work in the café, waiting on other customers, and earn points that they can spend elsewhere on the site.

We also have Build-A-Bear University online, where children can be students or teachers. This spring we’ll have a graduation ceremony that’s really a game. We cover all kinds of subjects—social studies, ecology, geography, math—at different competency levels. Some of the things on the site are silly, but we also want them to have value.

**It’s no secret that the economic downturn has had a huge negative effect on retail sales. Do you think your online presence helped you through the crisis?**

I do believe our online presence has helped us stay in touch with our customers when they couldn’t come to the mall. It also has enabled us to give customers more for their money.

Whenever anyone buys a stuffed animal at our stores, included in the price is the ability to play online. Although we launched Buildabearville.com in 2007, we didn’t make parents go back and buy all new animals. We let them know that, if they’d come to the store, we’d give them a welcome pass for the animals they’d made before. Of course, we hoped they would buy more—if they came to the store to pick up a pass, we figured they would have a 50 percent chance of making another purchase, such as new clothes or new shoes. Some did, some didn’t.

**A familiarity with online interactions is something today’s business students bring with them into the working world.**

Yes, they have a great deal of knowledge about social networking. They’re digital natives, and we need that perspective in business.

**What else are you looking for when you interview students with business degrees?**

Of course I have to ask them technical questions, but mostly I want to know if they’re interested in consumers and marketing. Did they ever have summer jobs that were in the retail industry? Have they been to one of our stores? You’d be surprised at how many people I interview who have never been to a Build-A-Bear Workshop.

But mostly I want to find out what they’re curious about, what kinds of questions they’ll ask. Do they look around my office to see what’s







going on? I'm nosy, so I think that's a good trait! Do they have skills they could apply from another field? Do they think about how unrelated things might relate?

For instance, I might talk to someone who travels on business and stays at a lot of hotels. Even if she doesn't know much about toys, she knows what a good hotel experience is. How can she apply that to a retail situation?

**Your original plan was to become a lawyer, but once you started a career in retail, you never looked back. What were the most important lessons you learned from your on-the-job training—lessons you don't think you could have gotten in business school?**

I did take a lot of marketing and consumer behavior courses, so I knew a fair amount about business, but I'm still a customer at heart. I know how customers want to be treated. That's not something you learn by going to business school. That's something you learn by being human.

“I'm still a customer at heart. I know how customers want to be treated. That's not something you learn by going to business school. That's something you learn by being human.”

**Women often find it difficult to break into the upper echelons of the corporate world; some find entrepreneurship more accessible. You've been successful in both arenas. Do you have advice for women about the different challenges they might face whether they go into corporate business or decide to start their own enterprises?**

When I was younger, I always had a lot of male friends who never treated me differently because I was a girl, so I never thought too much about whether it was a male world or a female world. Once I was in college, I learned that it was more of a male world. For instance, I was working on a group project with Coca-Cola, and the account executive always assumed that a certain guy was the leader, because he was the tallest person in our group. But I was the leader, even though I was only 4'11" and a female.

I knew right away I didn't want to be in a career where that sort of thing mattered. I wanted to be in a career where I could work hard and prove myself. That's what I tell young men and women who ask for my advice. Get a job where you can prove yourself.

**As it stands now, Build-A-Bear Workshop is a pretty impressive success story. What do you hope to achieve for the company over the next ten years?**

Times are challenging right now, but when the economy opens up, we're well-positioned to grow our business. We expect that more countries will be ready for our stores as well. We don't have any stores on the South American continent, so that's a place I consider our greatest opportunity. My ultimate goal is to see this company in more countries, reaching children of all nationalities and backgrounds. **Z**

# Management on a Mission

**T**he last 15 months have been anything but dull for business educators. The failure of so many MBA-educated business leaders sparked a flood of questions about the content and consequence of management education. Business administrators and faculty have weathered another round of scrutiny and debate about the value of business education. They've reconsidered what they teach and how their programs influence students' choices after graduation.

But the financial collapse has had another effect—it has inspired renewed excitement about the business school mission. In many ways, current events have underscored what most business educators knew all along—that what they teach and what their students learn will be of exceptional importance to business and society in the years to come.

Here, six deans share ways that their schools have redefined, redesigned, and realigned their programs in response to the continuing evolution of business. They emphasize that the flood of change in the global business community over the last decade hasn't just sparked a re-evaluation of the business school mission—it has intensified the world's focus on the true purpose of a business education.

*It's an important time in history for business schools, as they re-examine, refine, and redefine their curricula, their mindsets, and their missions.*









## Embracing New Mindsets

Peter Todd  
Dean  
Desautels Faculty of Management  
McGill University  
Montreal, Canada

Our recent economic turmoil has sparked widespread soul-searching about the approach of business schools in educating managers. How is it that so many smart people made poor decisions? In the words of Henry Mintzberg, “The economic crisis is not a financial one. It is one of management, and management education has been a significant part of the problem.”

It is true that many business schools have relied on an excessively analytical, detached style of management and graduated overconfident MBAs with too little contextual experience. For many years, the business school curriculum viewed management primarily as a science and generally emphasized mastery of techniques to provide solutions.

Because we believe it’s so important to teach business in a broad economic and social context, the Desautels Faculty of Management last year launched new master’s and executive programs. Constructed around the concept of “integrated management,” these programs are inspired by Mintzberg’s holistic learning philosophy, outlined in his book *Managers, Not MBAs*.

From the start, we want students to understand how all parts of an organization work, fit together, and connect to the economy and society. Gone from our core curriculum are purely functional courses in finance, accounting, marketing, organizational behavior, and strategy. These topics are still covered rigorously, but they now are interwoven throughout our courses to show how they relate to each other and to the organization as a whole.

Students begin the program in August with the course “Business Analytics,” which develops their statistical, accounting, and math skills before the start of the fall semester. Next, they take “Global Strategy and Leadership,” which requires them to reflect weekly on what success means for them, as well as what personal, organizational, and societal responsibilities will come with that success.

Within this personal context, students complete the next three courses of the integrated core. “Managing Resources” is team-taught by professors in organizational behavior, finance, and information technology. This course is coupled with “Value Creation,” which integrates marketing, economics, and operations management. In these two modules, students study the same company through multiple lenses, analyzing the human, financial, and technological resources managers use to create value.

These courses are followed by “Markets and Globalization,” where strategy, marketing, international business, and economics are brought together. It teaches a combination of hard and soft skills and encourages students to examine how business decisions cross functional silos. Finally, each student completes a real-world internship, international experience, or field practicum.

After the core curriculum, students can specialize in one of four concentrations: global strategy and leadership, technology and innovation management, finance, and marketing.

A panel of executives supports each concentration, providing live case studies from their businesses and sharing their insights in class.

Most recently, the division president of a Middle Eastern engineering and construction firm talked with students about the macro- and microeconomic difficulties of doing business in the Gulf region. He challenged them to devise strategies for sustainable business development that would work within the region’s complex sociopolitical context.

In a recent speech at McGill, former President Bill Clinton talked about a new kind of leader, one he called a *communitarian*. These are leaders who recognize how the big picture relates to the details and how their decisions can have long-term consequences on the community around them. Mintzberg, too, challenges business to build a sense of “communityship,” by encouraging individual initiative, collaboration, and a focus on long-term value.

But will changes in our programs alone make our students the next generation of great leaders? No. Students can develop leadership skills through an MBA, but no MBA program can guarantee to produce great leadership. What an MBA *can* do is give individuals the tools to become better, more responsible managers who think about the big picture and the long term.



By providing students with a broader base of knowledge in science and government, we prepare them to align an enterprise's technical operations with its commercial functions.

## Leading the Way

David A. Gautschi

Dean

Lally School of Management & Technology

Rensselaer Polytechnic Institute

Troy, New York

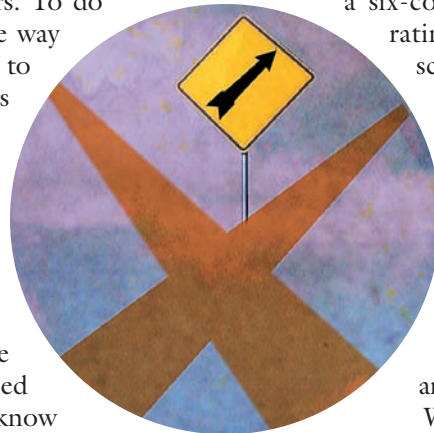
This moment in history has inspired an important question for business schools: How can we evolve with business to assure that we continue to deliver value to society?

I believe that the answer lies in presenting business to our students in the larger context of scientific, technological, governmental, social, and psychological factors. To do so effectively, business schools should lead the way on the university campus, taking the initiative to establish coalitions with their academic partners in engineering, math, science, political science, history, philosophy, and psychology. To refine our missions, we must redefine the boundaries of business.

According to the U.S. Council on Competitiveness, fewer Americans are pursuing education in science, technology, engineering, and math (STEM). More troubling, there is a technological divide between STEM-trained specialists and business leaders who do not know how to take advantage of, or communicate with, the scientists in their organizations. This divide results in a wealth of untapped human potential in our businesses—and a considerable cost to society.

Likewise, few if any businesses operate without the influence of government policymakers. The government provides incentives and subsidies to encourage business activity that builds society, and it levies disincentives and penalties for activities it deems harmful to the common good.

Even though two of the most prevalent influences on business are technology and government, many business students graduate with little to no understanding of scientific or governmental processes. But to navigate the business context successfully, business students must know how to communicate effectively with scientists and government representatives. They should understand history, political science, and comparative systems.



To impart this knowledge, business schools must work with their academic counterparts across the university campus. These often are not easy partnerships; disciplinary biases can hamper planning, and suspicions can stall dialogue. But the business school could lead the way, initiating an intellectual *rapprochement* with its prospective partners.

For example, at the Lally School of Management & Technology at Rensselaer Polytechnic Institute in Troy, New York, we are piloting our technology commercialization and entrepreneurship (TC&E) program. TC&E is the result of collaboration with 11 other academic units across campus. Students can earn one of two degrees: a bachelor's in business and management with a six-course minor in one of the collaborating departments, or a bachelor's in a science or engineering discipline with a six-course minor in business and management.

After they complete this honors program, students can move on to a one-year master's program. There, they complete advanced coursework in business and management, their chosen technical disciplines, and the law of business formation, contracts, and intellectual property.

We view TC&E as a modern alternative to the traditional MBA. By providing students with a broader base of knowledge in science and government, we prepare them to align an enterprise's technical operations with its commercial functions.

According to a recent survey conducted by the U.K.'s Ashridge Business School, fewer than 8 percent of the CEO and executive respondents "believe business schools have very effective responses in place" to prepare students for 21st-century challenges such as climate change, resource conservation, or poverty. We can counter that perception by acknowledging, in our programs, the intersection between business, technology, and the social sciences.

In that way, all business schools can become stronger leaders in their universities, and enhance the social value of the university itself, by collaborating with their academic partners across the campus. Through these collaborations, we can prepare the next generation of business leaders to understand the scientific and political drivers that will shape business innovation.

Margaret Zokowski also contributed to this article.

## Building on Our Strengths

Thomas Gilligan

Dean

McCombs School of Business

The University of Texas at Austin

To prepare the most successful business leaders, business schools must actively seek solutions to the challenges the world is facing. That means that each school must look for capabilities within its own community to have a direct and positive impact on business.

At McCombs, our leadership team identified our two central areas of strength. The first involves energy and sustainability. Almost 1,500 energy company headquarters are located near our classroom sites in Austin, Dallas, Houston, and Mexico City, making these topics a natural emphasis in our curriculum. To build on this strength, we recently established our Energy Management and Innovation Center to identify technologies and innovations coming out of the university and translate them to the marketplace. We are creating focused studies on energy in our MBA programs, as well as developing joint or dual degrees with colleges such as the Cockrell School of Engineering and the Jackson School of Geosciences, institutions that specialize in energy study.

Our second strength involves innovation and new business creation. The Moot Corp business plan competition originated on our campus in the 1980s, and we plan to expand on that history. We soon will announce an initiative that will move beyond the context of the Moot Corp competition to emphasize business creation for real-life entrepreneurs. Our restructured approach in this area will reach across the university to tap entrepreneurial talent wherever it resides.

There is much to do, but to succeed, we know that business schools must bring their missions in line with their strengths. By mining our strongest assets at McCombs, we can broaden our impact, not just in education, but in a global community that is demanding the best we have to offer.



## Emphasizing Responsibility

Eon Smit

Dean

The University of Stellenbosch

Business School

Bellville, South Africa

The University of Stellenbosch Business School has revised its MBA degree to be more functionally integrated and linked to business applications. We are placing a stronger emphasis on core competencies in leadership, personal reflection, and social responsibility—not just for our students, but for our entire business school community.

Our MBA students participate in leadership councils where they receive peer-based feedback and discuss their progress. Resident psychologists work with our students on a one-to-one basis to further their personal development.

In addition, students compile journals throughout the year, in which they focus on critical incidents that influenced their own development. And we now ask our students to delve more deeply into issues such as governance and ethics, spiritual leadership, conflict resolution and negotiation, and NGO management. They study business at the base of the pyramid, environmental finance, and sustainable development.

Finally, we make business school involvement in community projects a top priority. Like our larger university, USB supports a “pedagogy of hope” for South Africa and Africa as a whole. To further the development of African economies, we have established research centers for leadership, sustainability, governance and ethics, entrepreneurship and negotiation, and arbitration. We also have designed two new master’s degrees, one in coaching and the other in development finance, to educate professionals who can advise and support Africa’s promising entrepreneurs.

Recent events also have underscored the unpredictability of business systems, the ramifications of the increasing entropy in these systems, and risk in the global context. For that reason, we offer our students a thorough schooling in chaos theory, systems theory, and systems thinking at the onset of the MBA program. As educators, we believe our mission is to help students better understand their role within the world—and to take a greater role ourselves.





“In many ways, business education is behind business practice when it comes to sustainable enterprise and development.”

## Filling the Void

Hildy Teegen

Dean

The Darla Moore School of Business

University of South Carolina

Columbia, South Carolina

The Darla Moore School of Business has specialized in teaching international business for 40 years. But today, there isn't a business school that doesn't promote its programs in international business. Because of that reality, building upon our greatest strength has become even more critical. That's why we recently decided to extend our focus into the area of sustainable enterprise and development.

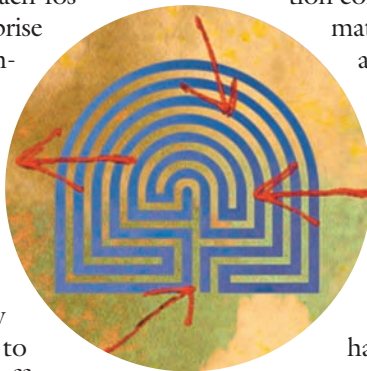
So much work is being done in our region, and at our own university, in alternative fuels, nanotechnology, and biotechnology. We know that the University of South Carolina will expect us to play an important role in commercializing these sustainable technologies.

But many schools define sustainability too narrowly, solely in terms of “green” strategies that conserve natural resources. This definition is certainly important, but we believe it does not go far enough. Instead, our approach fosters understanding of the sustainable enterprise across three dimensions: the natural environment, good governance and ethics, and the value exchange between firms and their counterparts in governments and civil society. We believe this broader definition is more consistent with the challenges firms face today.

Within that multidimensional framework, our students are trained not only how to use resources wisely, but also how to employ nonmarket strategies and engage effectively with regulators. They learn how to partner with and work alongside NGOs to gain reputation, build operational expertise, and adopt innovative problem-solving strategies. Most important, they come to realize how critical it is to align their business practices with cultural and societal values throughout the world. We recognize that it is the value creation of sustainable enterprises that gives rise to economic and social development here



Graduate students from the Darla Moore School of Business participate in a sustainability-oriented community project during TeamIMBA week.



in South Carolina and beyond.

We've also launched the Dr. Alfred N. and Lynn Manos Page Prize for Sustainability Issues in Business Curricula. The prize identifies and rewards those in the management education community who have created innovative teaching materials and designed curricula related to sustainability in business. We have partnered with the Aspen Institute's CasePlace.org to post Page Prize submissions online, so that educators can get a firsthand look at best practices in this area.

In many ways, business education is behind business practice when it comes to sustainable enterprise and development. Business leaders often tell us that they don't yet have good guidance about the business case for sustainable practices. As one executive of a multinational firm recently put it, “We're just throwing spaghetti against the wall to see what sticks.” His organization and so many others like it are facing a critical knowledge void.

Business schools are in a unique position to fill that void through their dedication to the objective and analytical generation and dissemination of knowledge. We aggregate experiences from multiple organizations through our research, executive education programs, and specialized advisory boards. By synthesizing and presenting those experiences in meaningful ways, we can significantly shorten the learning curve not only for our students, but also for the businesses we serve.



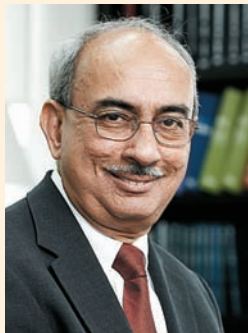
Our mentors make clear to students that academic knowledge is not the only factor that affects their leadership paths.

## Creating Labs for Learning

*K. Ravi Kumar*

*Dean*

*Korean Advanced Institute of Science  
and Technology Business School  
Seoul, South Korea*



KAIST originally started as a graduate institute of science, engineering, and technology. Every science and engineering faculty member had a lab where they worked with students on various experiments and projects. We have brought that lab-oriented academic environment into our business program, giving each of our approximately 700 MS, MBA, and PhD students his or her

own 50-square-foot lab space.

In their lab spaces, students are surrounded by research-active faculty and their fellow students, which provides ample opportunities for interactive and collaborative learning. They also can participate in weekly lab seminars or work on industry-commissioned research projects with their advisors and other students. Because our lab functions as a close-knit community, students in a lab develop very strong collegiality with each other and learn from each other's diverse industry experiences and academic research activities.

We extend lab and classroom work into the real world by collaborating with companies to provide research and consulting experiences. For example, our students currently are working with Nokia to research customers' experiences with and relationships to the functional design of cell phones and PDAs.

To deepen our students' learning experiences, we recently have made mentoring an



**KAIST students work in their personal lab spaces.**

even more integral part of our educational strategy. We tap our alumni base to provide students with CXO-level mentors, who share their life experiences. They make clear to students that academic knowledge is not the only factor that affects their leadership paths.



KAIST's foundation in the scientific method works particularly well for today's business students, who must have the same spirit of experimentation, innovation, and problem-solving as their counterparts in the sciences. When business schools provide a learning laboratory, they give students the freedom to work and collaborate to solve problems. Such an environment helps students develop a stronger understanding of how globalization impacts business.

### **A Moment for Reflection—and Action**

Many educators view today as an ideal time to reflect on the purpose of business schools. The economic crisis, says Gautschi of the Lally School, “has given business educators an exceptional opportunity to witness the mounting influence that business has on society.” The realization of just how much business schools can affect the world has galvanized institutions like these to make changes—whether it's reaching out to other disciplines, embracing integrated approaches, or redoubling their focus on strengths that are increasingly relevant to today's organizations.

For educators like Todd of Desautels, it comes down to providing students with a big-picture understanding of business. The narrow, silo-based view of management that business schools embraced for so long develops strong analysts, he emphasizes, but it “does not lay the foundation for great leaders.”

Teegen of the Moore School puts it even more succinctly: “The story of business is changing,” she says. And as that story evolves, she says, so too should the business school mission. **Z**

# A New Model for Management Education

by Peter Lorange

Several prominent voices have criticized business schools and the traditional full-time MBA. They argue that the classical business curriculum helped develop business leaders who contributed to today's global economic crisis. Quite frankly, I believe there are several good reasons that their criticism, at least in part, is valid.

First, most business schools teach *linear* thinking—too often, students learn to make decisions in an “either/or” or “positive/negative” fashion. They often don't work actively with the constant up-down, in-out, long-short movements of business cycles. They don't learn to recognize critical turning points or understand the factors that make the difference between success and failure. Those students then become real-world leaders, whose lack of understanding can lead to decisions and strategies that make the peaks and valleys of business cycles much more severe.

Second, business schools often teach students to focus on short-term bottom-line results, even though long-term growth is equally important. They often fail to remind students that a company's customers are just as important to its financial success as its shareholders.

Business schools need to rethink many concepts they hold dear—including academic departments, tenure, and the full-time MBA.





# “Academics must work across boundaries to create learning, teaching, and research environments that embrace a ‘we, we, we’ spirit.”

Third, while business schools have made changes to their curricula to eliminate “silos” and teach across disciplines, they still are hampered by outdated approaches that keep the silo mentality firmly entrenched.

Finally, in general, today’s business schools seem to be heavily committed to full-time education—particularly the full-time MBA. But that does not reflect the rapid pace of business, where leaders need lessons they can use in the workplace *today*, not one or two years from now. I believe that part-time educational formats are more important than ever, because they allow students to continue to work during their courses and offer them opportunities to apply what they learn immediately. Equally important, part-time programs allow students to bring to the classroom the practical insights they gain on the job.

I believe that executive education deserves a more prominent role in a business school’s mission statement. To use lingo from marketing, many business schools might need to change “the mix” of their offerings to better reflect the needs of 21st-century business.

## Moving from “Me” to “We”

Many business schools have recognized that teaching in silos is a dysfunctional way to teach management—and that’s a good thing. These schools have devised new, more integrative curricula. They are assigning more project work and encouraging faculty from different disciplines to work as teams to teach the same courses. These efforts are all admirable—however, they might not be enough.

Why? Because while business schools might be changing how they *teach*, they aren’t necessarily changing how their faculty *think*. Even with business schools’ efforts to integrate curricula, too many faculty members still work in disciplinary isolation. They still work in separate departments, garner titles based on academic speciality, and seek tenure in their disciplines. They pursue axiomatic research and publish predominantly in axiomatic journals. The business curriculum might be integrated, but business faculty, most often, are not.

That reality encourages a “me, me, me,” attitude among faculty members, which keeps them separate from their colleagues in other disciplines. As long as this is the case, the silo mentality will stay strong.

But eliminating departments might not necessarily eliminate disciplinary silos. For example, at IMD in Lausanne, Switzerland, where I was president for 15 years, we had no titles, no departments, and no tenure. Still, the bulk of IMD’s professors stayed with the school for a long time, set-

ting into their specialties. As a result, even at IMD, we had silo elements! Even we could not break free into a truly integrated way of thinking.

However, academics must work across boundaries to create learning, teaching, and research environments that embrace a “we, we, we” spirit. We need an environment with no silos, where business is seen as a whole, not as a series of parts.

## The Right Direction

I have not seen a business school today that completely fits my vision of what management education should be. But several schools seem to be heading in the right direction.

IMD heavily emphasizes executive education and the executive MBA, which allows participants to transfer knowledge into their companies and encourages them to consider how what they learn in class will work in practice. The Scandinavian International Management Institute in Copenhagen, Denmark, relies on part-time faculty, which leads to fewer silos by design.

Duke Corporate Education—the customized executive education arm of Duke University’s Fuqua School of Business in Durham, North Carolina—has done a particularly good job in dissolving silos. With its partners, the London School of Economics and Political Science in the United Kingdom and the Indian Institute of Management Ahmedabad, Duke CE uses almost exclusively part-time faculty and allows clients to have a say in the design of their programs and the choice of faculty. Still, the faculty who teach this program have completed their research at their primary academic institutions, where they have been largely isolated by discipline.

## A New Paradigm

How can we develop a new paradigm of management education? One that links the classroom, the real world, and the business disciplines in a fluid fashion, without the distraction of silo-based thinking? I think we must create an environment that is completely dedicated to a new, more modern view of management education. For that reason, I recently purchased the Graduate School of Business Administration Zurich—which will now be called the Lorange Institute of Management Zurich—where we can put this model into practice.

I chose GSBA Zurich for several reasons. With its network of 40 part-time professors and a student body of approximately 900 students, GSBA is a relatively small school, one that I could better “get my hands around” to create a new environment for students and faculty. In addition, its





infrastructure isn't as driven by bureaucracy as other larger schools. Finally, the 40-year-old institution offers the advantages of an established network of students and alumni and a location near Zurich, a business center.

My aim with the Lorange Institute is to develop an alternative “blueprint” for how a top business school will look in the future. Within this blueprint, the program is completely part-time, there are *no* permanent faculty, and there are always fresh perspectives coming through the doors. Because our students continue to work and our faculty come from a variety of institutional and research backgrounds, we will maintain a continuous connection to the changing business world.

### **Making It Work**

This model presents significant challenges. We know we must attract strong first-tier research faculty, because research is key for cutting-edge teaching. Faculty, in effect, will be “moonlighting” at the Lorange Institute from other institutions to work with us on a part-time basis.

However, we realize that other institutions have cultivated the talents and research skills of these faculty. We do not want to be accused of cherry picking the best talent from other schools, so we will ensure that their commitment to their home institutions is fully recognized. We will not only support our part-time faculty members, but also compensate their parent institutions for their contributions.

In addition, we will embrace a “flat hierarchy,” where all faculty are involved with the governance of the school, so

that we can eliminate bureaucracy. We will form a Faculty Senate, who will be in continuous contact with school leadership regarding curricular design and development. Faculty also will reside on campus, to encourage informal, daily interaction with students and other stakeholders.

Our students will be older executives—typically 35 to 45 years old—with different professional, educational, cultural, and national backgrounds. They will bring their real-world experiences into each course and be able to put what they learn to the test almost immediately. We will teach through “living” case studies, which will be assigned to students as consulting projects or presented by guest speakers who have lived them. Our EMBA students will complete “living research projects” that will demonstrate positive impact on our students and the companies where they work.

In all respects, we view this new school as a meeting place for ideas. It will be a place where students and faculty share their immediate experiences. We are committed to the Socratic method, where all participants engage in debate about what really works in practice, rather than in one-way communication from professor to student.

### **“Constructive” Innovation**

Clayton Christensen talks of “disruptive innovation.” I do not see my purchase of GSBA as disruptive in the way Christensen describes. Still, what we are doing is different. We aim to make the customer—the student—the complete focus of our attention. We might do this, to some extent, at the expense of the professor.

Many might view this approach as controversial. But I view it as constructive, rather than disruptive, innovation. I argue that we shouldn't be criticizing what business schools do or don't do, or what they have or have not accomplished. Instead, we should be acting on what our customers need from us—fully integrated education that, at all times, links the curriculum to the workplace. I want to create an alternative to the status quo of management education and push it in a new direction.

I think that we're missing the most critical factor in effective business education: guarded optimism! We must be optimistic that we can change the way we teach business, that we can create new business opportunities for our students and faculty. To do that, we must change our model so that focus is squarely on our students—rather than on our faculty. **Z**

Peter Lorange is president of the Lorange Institute of Management Zurich in Switzerland and the author of the book *Thought Leadership Meets Business*.



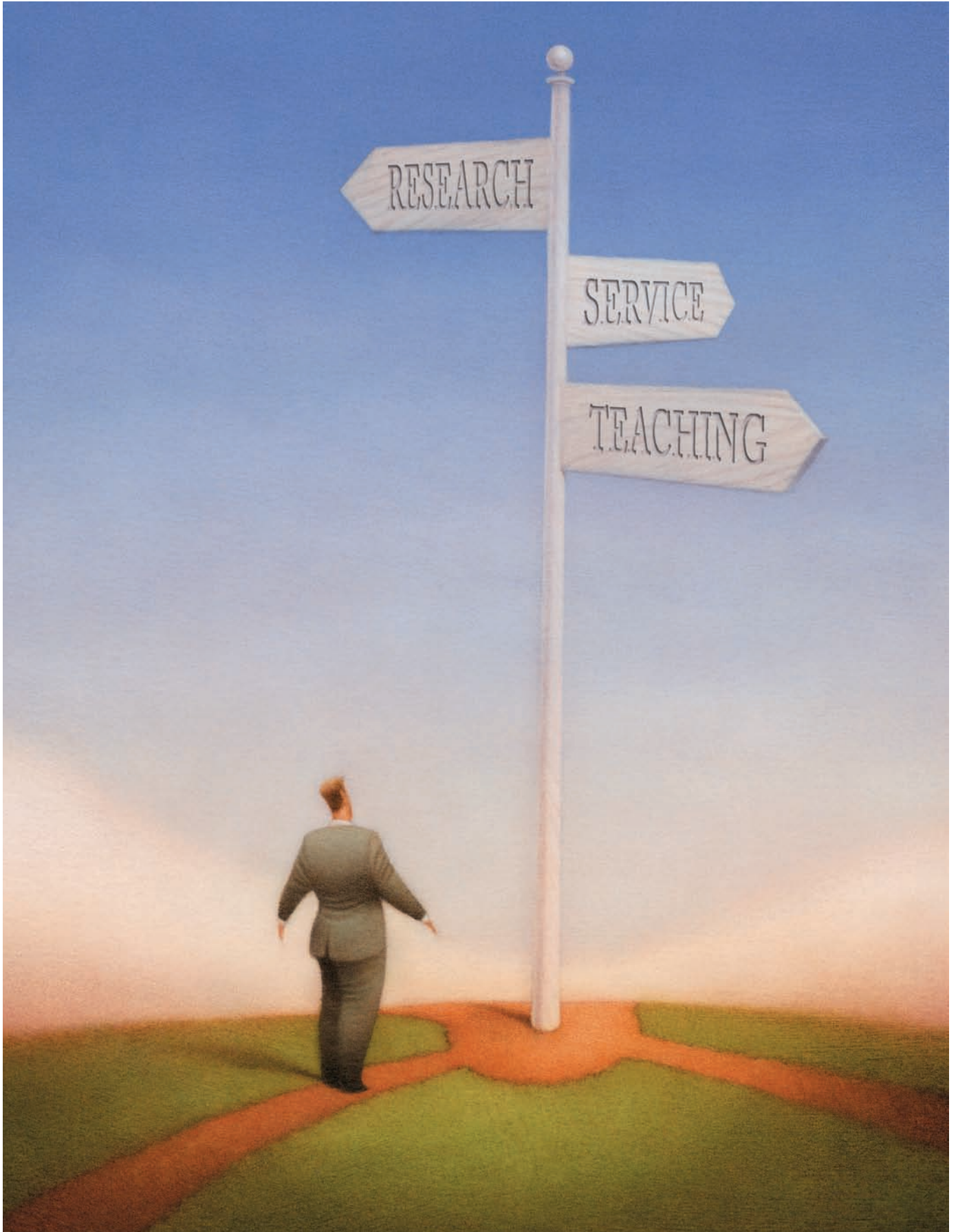
# Paths to Performance

by Gordon McCray, Charles Iacovou, Michelle Roehm, Matthew Phillips, and Steve Reinemund

**A**s business schools cope with tighter budgets and restricted resources, it's more important than ever that they design the best models for teaching and scholarship. Recently, we rethought our entire approach to faculty development when we merged what had been two schools—the Calloway School of Business and Accounting and the Babcock Graduate School of Management—into the Wake Forest University Schools of Business in Winston-Salem, North Carolina.

The result is a multilayered approach that we call the Faculty Path Model, which gives our faculty more opportunities to tap their greatest talents and perform to their fullest potential. It also provides our leadership with efficient, transparent, and holistic methods to maintain academic quality, manage school operations, and use school resources more effectively.

Wake Forest replaces a “one-size-fits-all” approach to faculty evaluation with a six-path model, which allows faculty to pursue the path that best suits their passions and strengths.



## Different Passions, Different Paths

The Wake Forest Schools of Business, like most business schools, had long subscribed to a narrow idea of what a faculty member must do to become academically qualified (AQ) or professionally qualified (PQ). It was a “one-size-fits-all” approach that did not allow us to capitalize on faculty interests and strengths.

Our Faculty Path Model recognizes a diversity of passions and skill sets among faculty. It doesn’t assume that all faculty must pursue tenure through scholarly research alone—or even that all faculty want to pursue tenure at all. In this way, it’s not only more realistic but also fulfills AQ/PQ standards.

This model sets out six possible paths—four for tenured faculty, one for tenure-track faculty, and one for non-tenure-track professors of practice. Each path places lighter or heavier emphasis on teaching, research, or service, depending on the faculty member’s individual interests and objectives, as outlined in the chart below.

Too often, administrators view professors as a homogeneous population and respond to a professor’s perceived shortcomings with programmatic solutions. This approach can be detrimental to faculty members and students alike. For example, a professor with lagging research performance might be given a heavier teaching load, regardless of her teaching ability. Alternatively, a weak teacher might be assigned lighter teaching loads and heavier research responsibilities, regardless of his scholarly prowess.

By providing six paths to success, we avoid such undesirable scenarios. In our redesigned model, teaching-

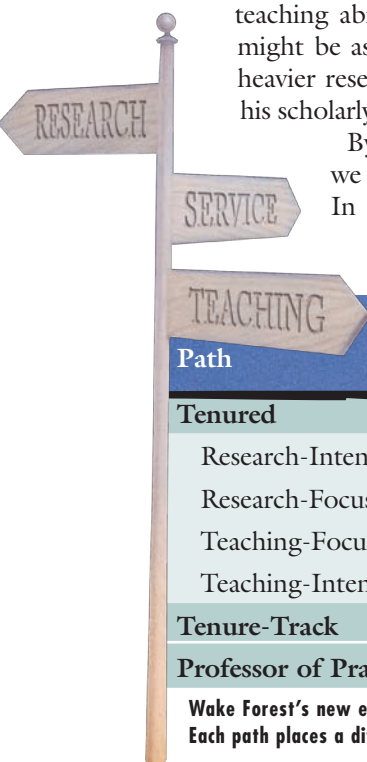
oriented paths *must* be populated with faculty members who have demonstrated excellence in the classroom.

Moreover, shortcomings in research productivity do not lead to punitive action or reassignment to a more teaching-oriented path. Instead, they trigger either a remediation and mentoring effort or a strategic consideration of path reassignment. Similarly, if professors are underperforming in the classroom, we don’t steer them toward more scholarship; we work together with them to improve their teaching skills.

For this model to work, however, we know we have to keep it simple. Although the system treats each faculty member as an individual, acknowledging his or her individual goals and talents, we also want it to be easy, time-efficient, and cost-effective for administrators to manage. With that in mind, we have created clearly articulated performance criteria to assess the performance of faculty members in each path.

To evaluate teaching, for instance, we use course evaluations and benchmark comparisons across programs. To evaluate research, we recognize three broad categories of scholarship: academic, practitioner, and pedagogical. Within those categories, we recognize three tiers of publications, including premier, highly selective, and quality. Finally, to evaluate service, we assign points for each type of service commitment our faculty members make, based on the time involved, the challenge of the activity, and overall performance.

These measurements are transparent, geared toward not only evaluation, but also individual improvement. Our goal is to insure that all of our faculty members perform exceptionally well either as teachers or researchers, if not both.



Path	Teaching Load (3-credit courses)	Annual Evaluation Components (%)		
		Research	Teaching	Service
<b>Tenured</b>				
Research-Intensive	3	50	30	20
Research-Focused	4	40	40	20
Teaching-Focused	5	25	55	20
Teaching-Intensive	6	10	70	20
<b>Tenure-Track</b>	3	45	45	10
<b>Professor of Practice</b>	6	-	80	20

Wake Forest’s new evaluation process allows faculty to pursue six possible professional paths, depending on their career interests and passions. Each path places a different level of emphasis on teaching, research, and service.



“The goal was to create a performance-driven culture that recognizes superior contributions, encourages continuous improvement, and affords no safe harbor for marginal faculty performance.”

### Guiding Principles

During the restructuring process, we assembled faculty teams and asked them to study best practices and formulate proposals for various aspects of the Faculty Path Model. The new model and its associated policies were then adopted by faculty vote.

The model includes five core principles that now guide us in our approach to faculty performance:

*Faculty members are a school's most important resource.*

To enhance faculty satisfaction and commitment, we wanted to create consistent policies and practices within our new model. The goal was to create a performance-driven culture that recognizes superior contributions, encourages continuous improvement, and affords no safe harbor for marginal faculty performance.

*Faculty members have different strengths, goals, and passions.* Moreover, their diverse passions can, and often do, change over time. For this reason, our new model provides explicit policies for faculty regarding the entry, maintenance, and exit criteria for individual paths. Each of our path assignments lasts for three years, so we do not anticipate requests from faculty to change directions for some time. When faculty do want to change paths, approval for the change will depend in part on their recent performance records and the strength of their articulated plans.

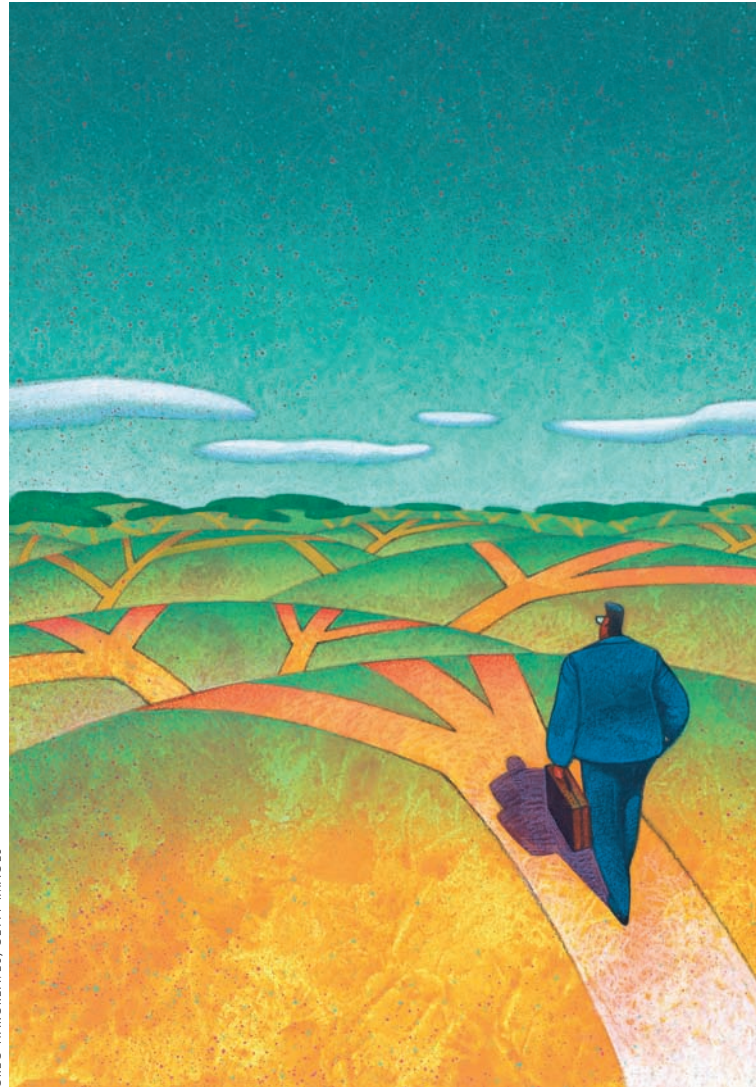
*Transparency is necessary to achieve faculty buy-in.* It was essential that we make explicit all elements of the model, such as acceptable levels of output for each dimension of faculty productivity. Such transparency also mitigates misgivings about the fairness of the model.

*Faculty performance models should link to school operations.* To have maximum impact, the faculty model must align with other key aspects of school operations, particularly those associated with AACSB accreditation.

For us, it has been very important to create a model that supports our teaching mission. After all, we cannot afford to have a preponderance of research-intensive faculty who teach only three courses per year. Our portfolio model allows us to continue to maintain the quality of our courses and programs and deliver them more cost effectively.

### Additional Benefits

Already our faculty members are coming to appreciate the freedom the Faculty Path Model allows. One professor who was recently granted tenure chose to embark on a research-focused path so he could continue his scholarly activity. Under the old model, he most likely would have been forced into taking on a higher teaching load. Another member of



GREG HARGREAVES/GETTY IMAGES

our faculty who recently won a teaching award opted into a teaching-intensive path, which would not have been available to him before.

Two others are now collaborating to work on a research project focused on pedagogy. They have noted that before we adopted this model, they would not have begun this particular study, even though they are very passionate about their topic, because pedagogical research had not been considered a “high-value” activity.

We expect that this newfound freedom to follow their true passions will lead our faculty members to greater innovation in teaching and research. We also expect to see benefits in other areas:

We have created an environment where excellence is expected and rewarded on all three dimensions of faculty activity—teaching, research and service—regardless of path.

**Career growth.** The model provides a useful framework for faculty members' professional development, especially as they chart future career paths. They now can be more deliberate in path switching, because they know that this model not only rewards their performance in research *and* teaching, but also addresses inadequate performance.

The model is developmental rather than punitive, self-directed by the individuals themselves. Faculty members know that if they do not meet expectations on one or more of their paths' stated performance dimensions, they will be expected to produce and implement a remediation plan with the help of the senior associate dean of faculty.

**Recruitment.** The Faculty Path Model also allows us to show potential new hires the variety of career paths available to them in our organization. We can explain how their work will be evaluated, depending on the paths they choose post-tenure, and how excellent performance will be rewarded. We can demonstrate how we recognize tenure-track and tenured professors, as well as non-tenured professors of practice. This enables us to attract both AQ and PQ faculty at a time when there is a critical shortage of qualified talent.

**Flexibility.** Path assignments last for renewable three-year terms. At the end of each term, faculty members have the option to switch paths, perhaps to take on a new research project or to develop a new curricular offering. Through discus-

sion and planning, we make sure that such shifts do not hinder the courses we teach or create other operational problems. This flexibility helps us motivate and reward high-performing faculty members, even as their interests evolve.

### A Different Dynamic

Even as we offer faculty different options, we know that we have to remain mindful of faculty sufficiency standards and targeted learning outcomes, especially in light of maintenance of accreditation standards. But, in many ways, we find that the Faculty Path Model enhances our accreditation efforts. It sets up expectations for each path that are consistent with AACSB's Assurance of Learning standards. We will not accept inferior teaching from even our most productive scholars.

The model also intensifies our focus on setting goals, allocating resources effectively, and measuring and monitoring our continuous improvement—all key elements to a successful Assurance of Learning strategy.

Likewise, we expect our teaching-intensive faculty to be more innovative in their instruction; and even though we allow pedagogical research to count toward their expected research contributions, such research must be of high quality. That is, we have created an environment where excellence is expected and rewarded on all three dimensions of faculty activity—teaching, research and service—regardless of path.

We have found that in any performance-driven organizational culture, one-size-fits-all incentives can be ineffective for all but the very best performers. In a business school, they create a dynamic that penalizes faculty members for subpar performance in areas where they lack passion, skills, or both. Just as demoralizing are incentives that fail to embrace individual areas of excellence, simply because those areas are not adequately valued.

In a portfolio of faculty, individual differences are strengths, not liabilities. Such a portfolio creates a more effective approach to faculty productivity and business school management by allowing administrators to write policies and practices that work together to support a single vision of academic excellence. **■**

Gordon McCray is the senior associate dean of undergraduate and auxiliary programs, Charles Iacovou is senior associate dean of graduate programs, Michelle Roehm is senior associate dean of faculty, Matthew Phillips is executive director of advancement strategy, and Steve Reinemund is dean at the Wake Forest University Schools of Business in Winston-Salem, North Carolina.



ART VALERO/CORBIS

# Cases Aren't Just for Students

by Ken White

**T**he case method is the primary way many business students learn about business. After all, cases help bring to life many of the problems that business face every day. But why should a business school limit the use of cases to its students only? Why shouldn't a school also use cases to engage its board of trustees?

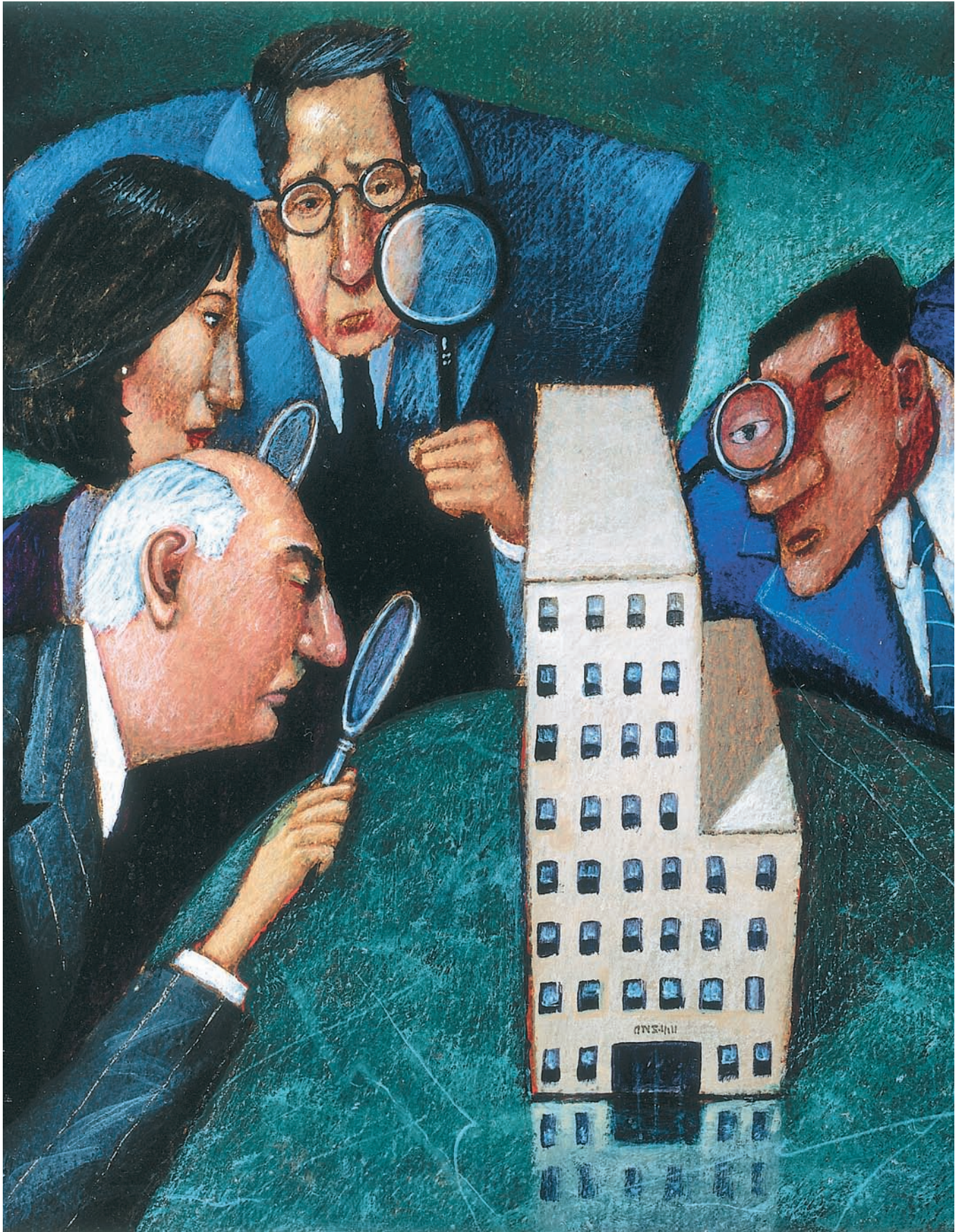
For many business schools, the drill leading up to a board meeting is the same. After reviewing binders filled with documents, reports, and metrics, the trustees travel to campus to hear the school's leadership deliver one presentation after another that showcase what has happened at the school since the group last convened.

The problem? This approach doesn't truly immerse the board in the day-to-day challenges of the school. It also does little to encourage board members to brainstorm solutions or share their insights, nor does it allow school administrators to fully tap each member's expertise and experience.

The University of Virginia's Darden School of Business in Charlottesville has transformed its interaction with board members by using an approach long proven in the classroom—the case method. By introducing a written case at each trustee meeting, Dean Robert Bruner more vividly conveys the complexity of strategic challenges the school faces. Moreover, he turns what could be a one-sided presentation into a lively exchange of ideas that reveals a wider range of solutions.

The University of Virginia's Darden School of Business uses the case method to inspire spirited discussions with its board of trustees.







## The Case Basics

Each case, which is sent to board members a few days prior to the meeting, is created specifically for the trustees by a member of the dean's staff who is familiar with Darden's strategic initiatives. It is written in a straightforward format: It presents an issue that the school currently faces, outlines the historical and contemporary contexts in play, and offers the perspectives of the dean and faculty on the issue.

For example, a case study asked trustees to consider whether a recent donation should be used to increase Darden's emphasis on research—and, if so, how? In seven pages, the case's narrative first outlined the school's placement in the rankings and described the current state of its faculty. It presented to trustees the rate of growth in tenure-track faculty since 2005, the addition of faculty in new areas of study, and the emergence of several rising stars.

Once it offered relevant historical information, the case presented four ways Darden could support its faculty's research efforts: paying for research leaves; increasing salary and research support to reward and recruit faculty; adding research assistants and case writers; and expanding the doctoral program.

It also introduced examples of specific faculty whom such changes could affect and presented problems that could arise: How, for example, would the school compensate for the absence of a valuable faculty member during a paid leave? How could it attract new faculty with generous salaries and benefits, while staying fair to existing faculty? How much extra research support could the school realistically provide? Would an expansion of its doctoral program help the school achieve its goals?

Finally, it explained the criteria Dean Bruner and his associate deans would use to evaluate these options, as well as

## To Engage Your Board With Cases....

**Capture the "story" of the case.** A business school should not be held back by a lack of case writing experience among its faculty and staff. Anyone with experience in journalism can write a compelling case with the help of someone who understands the nuances of the issue, says Maureen Wellen, Darden's director of strategic initiatives.

"Case writing requires someone with the skills to capture the 'story' of the case," says Wellen, who has written two cases for Darden's board meetings. The trick is to leave off the ending, Wellen notes. "That part gets done 'live' in the discussion," she says.

**Follow a straightforward format.** Each case should offer the board a clear view of the issue at hand. The format should include the problem facing the school; the historical, current, and competitive factors that come into play; examples that illustrate and clarify these factors; and the central questions school leaders are considering before they choose a strategic direction.

**Guide—don't lead—the discussion.** Even though this is a board meeting, this is no time for Robert's Rules of Order. The dean or another school leader should guide the meeting much as he

would a class, by writing the group's thoughts on a whiteboard, calling on those with raised hands, returning to the issue if the group digresses, and stepping back once discussion begins in earnest.

**Invite others to sit in.** Depending on the subject of the case, faculty, staff, and even students who do not ordinarily attend board meetings may have something to offer the discussion. Having a professor or department head in the room can be useful when specific questions arise.

For example, at a recent Darden board meeting that included

a case about faculty research, a group of faculty was asked to participate. The professors were able to answer trustees' questions about research, teaching loads, salaries, retirement, and executive education.

**Use cases to connect to other stakeholders.** Board members aren't the only group that will respond favorably to a school-centered case study. Darden has used one of the cases that it originally wrote for its board as the centerpiece of a Darden Reunion Weekend activity where faculty led alumni in a case-based discussion.



Trustees Doug Lebda (left) and Wal Skill discuss the case during a break.



Darden trustees begin their discussion of the case.



Dean Bob Bruner (standing) calls on trustee members as they raise their hands to offer their perspectives.

the questions they have to consider. The remaining 17 pages included supplementary materials.

While MBA cases are designed to teach students a particular business skill or principle, cases written for trustees are designed to draw out the board's best ideas. Each case systematically provides the relevant facts, presents the dilemmas, and asks the questions that most vex school leadership.

### Return to the Classroom

Perhaps the most unusual aspect of this activity is not the case itself, but where the board members meet to discuss it: in a classroom with tiered seating, rather than in a conference room with a standard U-shaped table. Bruner made this change in an effort to increase interaction.

Once the board reviews the facts of the case, discussion begins in earnest. Bruner facilitates the exchange by writing comments on the board, organizing the group's thoughts into categories, calling on trustees when they raise their hands, soliciting input from the quieter members, and stepping back from the conversation as it unfolds. He begins the conversation with a "cold call"—randomly choosing a trustee to review the case or answer a question about the material.

Many board members still remember how nerve-wracking cold calls were when they were students. Now that they're trustees, however, they find that this process becomes a way to reconnect with the school and with the conversation.

"One of the reasons cases work is because our trustees fall right back into the pedagogical process they experienced while learning with cases," says Ted Forbes, CEO of the Darden School Foundation.

This format also allows members of Darden's leadership team to play a larger role during meetings. In more traditional meetings, they were mainly observers, sitting in an

outer circle surrounding the trustees. During case discussions, however, they sit among the board members to share facts, expertise, or opinions.

The familiar and comfortable classroom environment invites participation from all comers, says Bruner. "We are an institution of higher learning," he says. "Holding the meetings in a classroom is a constant reminder of that."

### Bring out a Board's Best

Besides offering school administrators a wider range of ideas, using cases in a board setting offers a second bonus, says John Macfarlane, chairman of Darden's board and chief operating officer of Tudor Investment Corporation. Cases streamline discussion and eliminate the "turf wars" that can often arise among trustees. "Utilizing cases makes for a more open and frank discussion," he says. "It can be an excellent team-building exercise that leads to understanding, cooperation, and a unified agenda."

Designed to encourage conversation and interaction, these cases have inspired spirited, thoughtful, and civil discussions that are no longer confined to the board meetings. The trustees often talk about the case at dinner the night before the meeting, as well as at lunch and during breaks the next day.

That capacity to provoke spontaneous discussion and interest is exactly why case studies are as useful in the boardroom as in an MBA classroom. A well-written case narrative not only engages and informs board members better than any static presentation, but also provides a school with the very best ideas, opinions, and advice their experience has to offer. **Z**

Ken White is vice president of communication and marketing at the University of Virginia's Darden School of Business in Charlottesville.





## Valuing Assets When the Bottom Drops Out

In their paper “Liquidity and Valuation in an Uncertain World,” Maureen O’Hara and David Easley look closely at the financial crisis—and more specifically, at how to value assets accurately when a market essentially stops in its tracks.

O’Hara, professor of management at Cornell University’s Johnson Graduate School of Management in Ithaca, New York, worked with Easley, professor of economics in Cornell’s department of economics, to develop a model that tracks and explains the behaviors and decision making of individuals during a financial meltdown. When market turmoil goes beyond the norm, rules of prob-

ability no longer apply. And when market participants can no longer predict likely scenarios or calculate risk, they stop buying and selling assets regardless of bid or ask prices.

But even in such an economic environment, regulatory bodies still require firms to price their assets. So, the question remains: How is asset value calculated in a market where no one’s buying? The typical approach of using ask or bid prices to set values is faulty, say O’Hara and Easley. In uncertain markets, these prices are often in freefall because markets are frozen, not because the actual value of the company has changed.

Instead, the researchers recommend averaging the bid and ask prices—essentially looking at the best- and worst-case scenarios and

meeting in the middle. While this approach might not be perfect, it offers a best estimate until markets stabilize, says O’Hara.

Ironically, the two researchers were working on this approach long before the banking collapse of September 2008. They point out that their new model recognizes that firms still need a way to calculate value logically, even when economic forces stop making sense.

Their study recently received the Western Finance Association’s award for best paper in asset pricing. It is available as abstract No. 1282106 on [www.ssrn.com](http://www.ssrn.com).

## White-Collar Crime: A Slippery Slope

White-collar crime might begin with a single malefactor, but it is enabled by many otherwise good individuals, say three Canadian researchers. These people are simply caught up in a corporate culture governed by power plays and bad behavior.

For example, the collapse of 233-year-old Barings Bank in the United Kingdom might have seemed to be caused by a single person. After all, the bad trades of chief trader Nick Leeson cost the bank \$1.4 billion—and its very existence. But for years, Barings Bank executives allowed Leeson to both trade and settle deals, actions usually completed by two people to avoid conflicts of interest and corruption.

Likewise, three executives might share the brunt of the blame for Enron’s collapse, but their actions were enabled by a pervasive culture of misrepresentation and secrecy.

Ruth McKay, an associate professor at Carleton University’s Sproul School of Business in Ontario, Cana-

da, worked with psychologists Carey Stevens and Jae Fratzi to examine the making of a white-collar criminal. They identified a 12-step process that can lead an individual, a team, or an entire organization from legal to illegal activity.

Four initial steps set the stage to create the likes of Enron and Barings Bank. First, someone of questionable morals must be hired into a position of power. Next, this individual must be driven more by achievement and self-advancement than by the needs of others. Third, those in power must be willing to turn a blind eye to his questionable behavior. Fourth, he must hire people under him who are passive and “too new to raise questions.” These staff members will likely suffer from “low self-esteem, or circumstances that lead them to be more vulnerable,” the researchers write.

Illegal activity begins only once these first four factors are in place. In the next six steps, staff members begin to question their leader’s behavior, only to be reassured that all is well. If that doesn’t work, the leader begins to bully and threaten them. Soon, they’ve silently witnessed or even contributed to so many misdeeds that they feel trapped and fear discovery.

Then, for some, the cognitive dissonance between their values and their behavior is too much to bear. They become whistleblowers. In the final step, the truth is revealed, and the perpetrator either denies any

wrongdoing or portrays himself as simply misunderstood.

McKay, Stevens, and Fratzi plan a follow-up study that will explore the aftermath of white-collar crime to determine how an organization can best react and survive if unethical behavior is discovered among its ranks. “It’s a unique crisis situation,” says McKay.

It’s important for all companies to understand that white-collar crime is the result of a network of interpersonal relationships—of a culture that condones bullying and misuse of power, says McKay. Only then can they take steps to change before a crisis occurs.

Their paper, “A 12-step process of white collar crime,” is forthcoming in the *International Journal of Business Governance and Ethics*.

## ■ Making Economic Stimulus Work

**After a three-month study, researchers** from two Colorado business schools are recommending a plan to make sure the U.S. stimulus package results in economic growth.

The research was conducted by Ron Rizzuto, professor of finance at the Daniels College of Business at the University of Denver; Brian Lewandowski, research analyst with the Business Research Division (BRD) at the Leeds School of Business at the University of Colorado-Boulder; and Gary Horvath, managing director of BRD. The trio focused on a proposal made by John Sie, founder and former CEO of cable movie channel Starz, in a commentary in the *Denver Post*. Calling his proposal the “Incentivize Success Plan,” or IS!, Sie recommended that stimulus money

be used to offer low-interest, government-guaranteed loans; a tax credit for retraining U.S. workers; and a 1 percent rate discount on borrowing rates.

Sie’s proposal, now called the “Incentivize Successful Small Businesses” (ISSB) Plan, is part of a bill being drafted in the U.S. Congress.

Horvath, Lewandowski, and Rizzuto studied whether such a plan would make sense at a time when nearly every economic indicator has declined and small businesses find it increasingly difficult to obtain loans. ISSB would increase lending and help businesses grow capital.

Their financial models showed that ISSB would be profitable in its second year, because of the increased tax revenue generated by economic growth. If the plan were supported by \$15 billion in funding, the researchers posit, it would result in 978,196 jobs, a \$595.4 billion increase in GDP over five years, and a positive ROI for taxpayers.

There are three keys to making ISSB a success, says Horvath. First, it must be easy to understand and implement. Second, it must find a home within a current government agency, such as the Small Business Administration. Finally, it must have a high level of participation among successful companies that have been unable to secure loans. If too many



high-risk companies were to be accepted, he says, the plan would be hindered by a higher-than-anticipated default rate.

In the second phase of their research, Lewandowski, Horvath, and Rizzuto will focus on determining the optimal size, design, and administration of such a program. Their goal is to provide policymakers with a plan for economic growth that's both effective and ready to implement.

The "IS! Phase I Final Report" is available under the "Research" link at [leeds.colorado.edu/BRD](http://leeds.colorado.edu/BRD). The authors also welcome comments on Lewandowski's blog entry on the plan at [www.cuboulderblogs.com/brd/](http://www.cuboulderblogs.com/brd/).

## ■ Don't Be Too Certain

**Two scholars in the Stanford Graduate School of Business in California** have come to a surprising conclusion: Experts might lose credibility when they express *too much* certainty in their own points of view.

Zakary Tormala, associate professor of marketing, and doctoral candidate Uma Karmarkar presented consumers with two favorable reviews of a fictitious restaurant. One review gave the restaurant four out of five stars unequivocally. The other offered the same rating, but offered its endorsement more tentatively, noting that the reviewer had visited the restaurant only once.

In one experiment, study participants were told that the high-certainty reviewer was a prominent food critic and the low-certainty reviewer was a local community college administrator who wrote a food-related blog. In another, they were told the opposite.

## STUDY BRIEFS

### ■ BENEFITS OF DIGITAL RECORDS

A study from the University of Rochester's Simon Graduate School of Business in New York supports the use of medical information tracking technologies. Abraham Seidmann, a professor of computer and information systems and operations management, completed the study with doctoral student Atanu Lahiri. They found that when hospitals use radiology information systems, they improve clinical information gathering, speed up interpretation times, increase physicians' productivity, and enhance patient service. The study was published in the October *Journal of the American College of Radiology*.

### ■ "SIN" STOCKS PAY OFF

Virtue may be its own reward, but vice wins out when it comes to stocks. Marcin Kacperczyk, assistant professor of finance at New York University's Stern School of Business, and Harrison Hong, an economics professor from Princeton University in New Jersey, examined stock performance from 1926 to 2006. They discovered that those who invest in companies in the alcohol, tobacco, and gaming industries gain 2.5 percent higher returns, on a risk-adjusted basis,

than those who invest in comparable, more family-friendly industries such as beverage, food, and entertainment. "The Price of Sin: The Effects of Social Norms on Markets" has been accepted for publication with the *Journal of Financial Economics*. It is available online at [pages.stern.nyu.edu/~sternfin/mkacperc/public\\_html/sin.pdf](http://pages.stern.nyu.edu/~sternfin/mkacperc/public_html/sin.pdf).

### ■ ENFORCE OR DESIST

Badly enforced laws for insider trading are worse than no laws at all, according to Utpal Bhattacharya, an associate professor of finance at Indiana University's Kelley School of Business in Bloomington, and Hazem Daouk, an economics professor at Cornell University in Ithaca, New York. The two analyzed monthly stock indices from 22 developed markets and 33 emerging markets through Morgan Stanley Capital Market International. When laws aren't well-enforced, firms find capital more expensive to obtain, honest investors are at a disadvantage, and national economies suffer. The researchers' message to policymakers: Either enforce the laws or don't pass them at all to keep everyone on equal footing. The study, "When No Law is Better Than a Good Law," was published online on November 1 by the *Review of Finance*.

Tormala and Karmarkar found that the consumers took the reviews in the second scenario—from the high-certainty novice and the low-certainty expert—more seriously than they took those in the first. "We find that when the regular, everyday person is extremely certain, that's surprising to readers,"

Tormala says in a report in *Stanford-Knowledgebase*. "Conversely, when the expert is not so certain, that's surprising. In both cases, surprise increases readers' interest in and involvement with the review."

Tormala adds that no opinion will have much impact if it is not strongly presented. But well-crafted





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expert opinions that are qualified by a dose of doubt could be the most persuasive of all.

Tormala and Karmarkar's study, "Believe Me, I Have No Idea What I'm Talking About: The Effects of Source Certainty on Consumer Involvement and Persuasion," is forthcoming in the *Journal of Consumer Research*.

### ■ Nonprofits, Partner Carefully

**Now that many corporations want to** boost their corporate social responsibility initiatives, nonprofits are themselves seeking more support from public-sector firms. But nonprofits should be cautious when they create these alliances, say Stacy Landreth Grau, associate professor of marketing at the Neeley School of Business at Texas Christian University in Fort Worth, and Amanda Bower, marketing professor at Washington and Lee University's Williams School of Commerce, Economics, and Politics in Lexington, Virginia. If a cause pairs its name with the wrong firm,

it could send the wrong message and possibly damage its brand.

For their study, Grau and Bower created a fictional childhood learning company. They then developed various print ads for that company that indicated several levels of connection to two fictional nonprofits. Some ads included only the nonprofits' logos (a licensing agreement); others linked a consumer purchase to a donation to the nonprofits (cause-related marketing); and others featured the nonprofits' stated endorsement of the company.

When the researchers surveyed participant reaction to the ads, they found that most participants paid no attention to the level of nonprofit engagement in the ads—in many cases, consumers assumed the logo alone represented a seal of approval. For that reason, the licensing agreement, with only the logo appearing in the ad, could be the riskiest type of partnership for a nonprofit.

"Our results suggest that some

## RESEARCH RECOGNITIONS

■ The National Association of Economic Educators has awarded its 2009 Henry H. Villard Research Award to **KimMarie McGoldrick**, a professor of economics at the University of Richmond's Robins School of Business in Virginia. The award recognizes McGoldrick's research on economics education.

■ Two educators from the University of Guam have received the Allied Academies Distinguished Research Award. **Anita Borja-Enriquez**, dean of the UOG School of Business and Public Administration, and economics professor **Claret Ruane** received the award for their paper, "The Making of the Pacific Tiger: Lessons from the Celtic Tiger," which will be published in the *Journal of Economics and Economic Education Research*.

■ Three California researchers have received the 2009 Moskowitz Prize for Socially Responsible Investing from the Haas School of Business' Center for Responsible Business at the University of California, Berkeley. **David Baron** of the Stanford Graduate School of Business, **Maretno Harjoto** of Pepperdine University's Graziadio School of Business and Management in Los Angeles, and **Hoje Jo** of Santa Clara University's Leavey School of Business won for their paper, "The Economics and Politics of Corporate Social Performance." The three analyzed 3,000 firms during the last four years of the Clinton Administration. One of their findings is that companies that face pressure from activists also tend to suffer from lackluster financial performance.

CSR initiatives may produce consumer inferences that are wrong but desirable for the company," says Grau. "These inferences can have potentially negative consequences for the nonprofit."

"Explicit Donations and Inferred Endorsements: Do Corporate Social Responsibility Initiatives Suggest a Nonprofit Organization Endorsement?" appeared in the Fall 2009 *Journal of Advertising*.

## ■ Diversity and Foreign Investment

**When an emerging market attracts foreign direct investment (FDI) from firms representing diverse national origins, its own economy is more likely to flourish, according to a new study. The research was conducted by professors Yan Anthea Zhang and Haiyang Li of Rice University's Jones Graduate School of Business in Houston, Texas; Yu Li of the University of International Business and Economics in Beijing, China; and Li-An Zhou of Peking University's Guanghua School of Management in Beijing.**

The researchers focused their study on China, examining data on Chinese firms across 509 manufacturing industries, from 1998 to 2003. They found that diverse FDI has helped Chinese companies grow tremendously. Some firms—such as Lenovo and Haier—have become multinational corporations themselves. Much of that growth, say the researchers, can be attributed to the broad base of technological knowledge and management skills that foreign firms brought with them. Exposure to that knowledge helped Chinese managers learn more and learn it faster, says Li.



Moreover, as more foreign firms enter a market, they must compete with each other more aggressively, says Zhang. That competition places Chinese firms on even stronger footing.

The researchers stress that these findings can apply to any nation, including the U.S. "Firms from emerging markets have not been widely viewed as knowledge sources from which American firms can learn," says Zhang. She adds that strategically encouraging more FDI from a variety of countries can be a "win-win" situation.

The study, "FDI Spillovers in an Emerging Market: The Role of Foreign Firms' Country of Origin Diversity and Domestic Firms' Absorptive Capacity," is forthcoming in the *Strategic Management Journal*.

## Wales on Wikis

Wikipedia co-founder Jimmy Wales discusses the potential of wikis to build communities.

by Tricia Bisoux

**Wikis—online, open-source documents that anyone can review or revise—have become go-to tools for collaboration.** Wikipedia, the online user-generated encyclopedia run by nonprofit Wikimedia Foundation, is the force that put wikis on the map.

Jimmy Wales created the first wiki with Larry Sanger in 2001. They founded a peer-reviewed online encyclopedia called Nupedia in 2002, a venture that evolved into Wikipedia. Wales' work on the project would prompt *Time* magazine to include him on its list of the “world’s most influential people” in 2006.

Today, Wikipedia includes 13 million articles written in more than 30 languages. Its open-source nature has spurred some critics to question the accuracy of Wikipedia. However, Wales points to the collective oversight of its legion of user-editors, who spot and correct wrong or malicious insertions. That process, he notes, makes Wikipedia a self-correcting “living document.” In many ways, he adds, its ongoing revision may make it more up-to-date and accurate than many printed resources.

In a conversation with *BizEd*, Wales discusses his plans to bring Wikipedia into the world’s emergent markets, and his belief in the potential of wikis to educate, inform, connect, and inspire.

**Does the openness of wikis concern you, in terms of the accuracy—or inaccuracy—of user-generated content?**

Not really. The point is having a

strong and healthy community. Wikis are far better than other Internet media in terms of protecting people’s privacy and generating good, quality work. When there are errors in a wiki, people find and correct them over time.

**Is it difficult to convince people of the value of wikis as a resource—in the way they value more traditional sources of information?**

That’s a good question. But I would suggest that if people think that the *Encyclopedia Britannica* is fact, they actually misunderstand traditional media. I think it’s important to recognize that we now have new tools available that are generating higher quality information than we’ve ever had before. It’s completely false to say that this new medium isn’t as good as the old medium. It’s much better. I think that many people just fail to grasp how bad things were before.

**How bad were things before wikis?**

When you take a look at a good book, it’s been written by one person and checked by one or two editors. But when you look at a good wiki entry, it’s been carefully crafted by dozens of people. It always

remains open to revision if an error is found. That’s a completely new process that I think is vastly superior to the old process.

**Do you think wikis have the potential to change how people think and work?**

In the languages of many parts of the developing world, a new information source is often the first information source. For example, last September we launched Swahili



ALEX MCKNIGHT



Wikipedia. It was the first encyclopedia to exist in Swahili. That lack of a cultural resource is true for many languages around the world. It's pretty remarkable to think about the change and transformation that's going on as knowledge becomes accessible to more people.

#### **What do you think business students should know about wikis?**

They should view them as practical and valuable tools for rapid collaboration and knowledge sharing. In addition, they should realize that social information technology is flattening the hierarchy in companies. For people just entering the workforce, this trend provides huge opportunities much earlier. But it also presents risks—they must use the information carefully.

#### **What is your message for business leaders?**

Most of the hierarchical communication in a company is outdated, slow, and inefficient. Business leaders can't expect that when a plant in Idaho produces a report, it will just naturally bubble up through the management hierarchy and trickle back down to another plant in Minnesota.

Peer-to-peer communication is much faster. A system of open communication helps employees share knowledge across the entire enterprise. It's important to empower frontline workers, no matter what their field, to share knowledge with each other.

One of the biggest things business leaders need to recognize is that within any business, good ideas can come from anywhere. They can come from inside or outside the company. Wikis provide a way for the best ideas to be circulated around the world.



#### **Are Virtual Worlds Good for Business?**

**A multidisciplinary team of researchers** from Indiana University in Bloomington and North Carolina State University in Raleigh has begun a study to determine whether online virtual worlds aid business collaboration and increase corporate productivity.

The researchers include Anne Massey, Dean's Research Professor and professor of information systems at IU's Kelley School of Business; Jeanne Johnston, assistant professor of kinesiology in IU's School of Health, Physical Education and Recreation; Mitzi Montoya, Zelnak Professor of Marketing Innovation at NCSU's College of Management; and Michael Devetsikiotis, professor of electrical and computer engineering at NCSU's College of Engineering. They will conduct the study with the help of a \$203,549 grant from the United States' National Science Foundation.

The quality of a virtual world is measured by the degree to which users feel a part of that world and by the richness of their interactions with others, a quality the researchers call Collaborative Virtual Presence (CVP). They plan to conduct a series

of experiments that will help them develop a scale to measure CVP in a variety of circumstances and assess its relationship to performance.

In addition, Johnston will measure users' physiological responses as they experience virtual world environments. "In the real world, people can have physiological reactions, such as increased heart rate, to events," says Johnston. She wants to discover whether experiences in a virtual world produce similar responses.

More businesses are logging on to worlds like Sun's Wonderland or Linden Lab's Second Life to connect geographically distributed employees and experiment with marketing, product development, and group collaboration. Business schools are setting up virtual courses, campuses, and alumni events. It's important to know whether these efforts are worthwhile, says Massey.

"Many unanswered questions remain, including whether virtual worlds improve the performance or the experiences of remote collaborators," Massey says. "Being able to measure and understand the role of virtual presence in collaborative processes is an important foundational step to assessing real business impact."

## ■ UWA Builds Virtual Campus

Last fall, the University of Western Australia in Perth began its own educational experiment within a virtual world—it recreated elements of its real-life university campus in Second Life. Launched in October, the SL campus incorporates versions of UWA’s most prominent buildings and landmarks—including its clock tower, art gallery, and Sunken Gardens—and supports a variety of curricular, collaborative, and social activities.

The launch marked the culmination of two years of work on the UWA Second Life Project, led by Jay Jay Jegathesan, manager of UWA’s School of Physics, and Chris Thorne, an honorary physics research fellow.

Jegathesan acknowledges that UWA will face the same challenge that all organizations face when trying to create a collaborative online environment—how to make a virtual world a true community, one conducive to learning, research, and interaction between wide-ranging groups of people.

“We know we need to be comprehensive in our offerings. We need to engage not just with our own university community, but with the Second Life community,” he says. “We want to strike a good balance between real-life and fantasy elements to appeal to our various audiences—alumni, prospective and current students, educators, researchers, and international visitors.”



**A course in electronic communications strategy meets in the Sky Theater on the UWA’s Second Life campus.**

Several UWA professors are using the SL campus to teach courses. Wade Halvorson, assistant professor of marketing in the UWA Business School, holds his second-year undergraduate course in electronic communications strategy in

## NEWSBYTES

### ■ PODCAST SERIES

MBA Podcaster has launched a series of videos aimed at MBA applicants. The video series, called MBA PodTV, features one-on-one interviews with admissions directors, MBA students, and alumni. A series of “Day in the Life” videos focuses on the life of MBA students at business schools worldwide. Viewers are encouraged to submit questions for upcoming segments on MBA Podcaster’s Facebook page. The videos are available at [www.mbapodcaster.com](http://www.mbapodcaster.com).

### ■ BLACKBERRY AT LAURIER

The Laurier School of Business and Economics at Wilfred Laurier University in Ontario, Canada, has teamed with wireless service providers Research In Motion and Rogers Wireless to equip more than 100 of its full-time MBA students with BlackBerry

handheld devices. The pilot project has two goals, say school officials: to familiarize students with mobile learning and working environments and to simplify collaboration for class projects. Students and faculty communicate on the devices via Mobile Chalkboard, a messaging platform owned by Research In Motion. Eventually, administrators hope that students will embrace the new technology to develop their own educational applications.

### ■ AWARDS FOR TECH

Two business educators have received a lifetime achievement award and an academic achievement award from the International Association for Management of Technology (IAMOT). Michael Badawy, professor of management of technology and strategic management at Virginia Tech University in Blacksburg, received a lifetime achievement award for his significant contribution in academia. Thierry

Grange, dean of the Grenoble Ecole de Management in France, received the Academic Achievement Award for his achievements in the field of management of technology.

### ■ ACCOUNTING ONLINE

The American Institute of Certified Public Accountants is tapping into growing interest in accounting with a complete redesign of its Web site, “Start Here, Go Places,” at [www.startheregoplaces.com](http://www.startheregoplaces.com). Geared to both students and educators, the site now includes a feature called “Future Me,” which asks potential students a series of questions to help them customize their potential career paths. Users also can hear CPAs talk about the field, access job shadowing opportunities, and search for scholarships by state. Educators can interact in an online forum, find testimonials from practicing CPAs, and link to accounting resources.

the fantastical “Sky Theater,” a virtual outdoor auditorium that floats on water. Halvorson also uses the SL environment to meet and collaborate with faculty from universities overseas.

In addition, the virtual campus will be a place for research into the function and impact of virtual worlds. A large section of the space will be devoted to collaborative visualization research led by Paul Bourke, a senior research fellow in the West Australian Supercomputer Programme.

The school also has invited artists and architects worldwide to enter a yearlong competition to create three-dimensional art and buildings for the campus.

Jegathesan is working to establish memorandums of understanding with different educational institutions, to encourage other schools to send their students and faculty to UWA’s SL campus.

“The education sector within Second Life is growing rapidly. We feel that we are at a stage where this is akin to the early days of television,” says Jegathesan. “I am convinced that within 15 years 3D virtual environments will become an integral part of our lives.”

## ■ Texting Still Rules

**A survey jointly conducted by the Participatory Marketing Network (PMN) and the Lubin School of Business at Pace University, both in New York City, has found that while members of Generation Y enjoy social networking, most will give up their Facebook pages before abandoning e-mail and texting.**

PMN worked with the Lubin School’s student-run Interactive & Direct Marketing Lab to survey 203

young adults between the ages of 18 and 24. These Gen Y-ers were asked which they would be least likely to give up for a week—social networking, e-mail, or texting. Only 9 percent most wanted to keep social networking, while 26 percent wanted to keep e-mail. Similarly, 26 percent wanted to keep their texting.

The survey also showed that Gen Y still has little interest in mobile marketing—only 20 percent are currently receiving targeted promotional messages.

PMN is particularly interested in Gen Y’s communications because its business is to help organizations make the transition from “push” and “permission” marketing to “participatory” marketing, which actively involves customers in a company’s marketing and brand-building efforts.

Says Michael Della Penna, co-founder and executive chairman of PMN, “As long as e-mail remains the collection point for social networking updates, it will remain a powerful force in marketing.”

## TOOLS OF THE TRADE

### ■ Two Professors Work to Build a Better Textbook

Traditional printed textbooks may be the most common tool for learning on the university campus, but they simply do not offer students the most up-to-date picture of their subjects, argues Vince Mitchell, professor of consumer marketing at City University’s Cass Business School in London, England. That’s why he teamed with Bradley Barnes, professor of international management at the U.K.’s University of Kent, to create the first European edition of the textbook *Marketing: Real People, Real Decisions* in an interactive digital format.


Published by Pearson Education Europe, Middle East and Africa, the book is designed to pull students into real-life marketing scenarios taken straight from European companies, explains Mitchell.



Each chapter also features a section called “discuss, debate, disagree,” which includes ethical “pop-ups.” As students read about certain cases, they are presented with pop-up boxes that detail ethical marketing dilemmas designed to provoke discussion.

A distinctive feature of the book is “My Marketing Lab Online,” where students can access additional interactive chapters, pop-up videos, and study materials. The book’s Web site also includes a collection of marketing-related YouTube videos

for lecturers and students to use, as well as a frequently updated list of the top 20 marketing and advertising viral videos. Lecturers have access to slides, seminar materials, multiple-choice questions, and essay questions with model answers.

For more information, visit [www.cass.city.ac.uk/research/newsletter/videos/Marketing\\_RealPeopleRealDecisions.html](http://www.cass.city.ac.uk/research/newsletter/videos/Marketing_RealPeopleRealDecisions.html). 



## Crafting a Statement of Intent

**In times like these, when both businesses and business schools are being closely watched, it's good for all of us to embark on a little soul searching. Self-analysis allows an organization to take the first giant step toward setting out common goals and developing a clear sense of direction. Once a school or business distills its identity down to its essence, what is left is a mission statement.**

Most multinationals and many smaller firms already have mission statements, but not as many business schools have been as quick to follow suit. But I believe every business school benefits from writing a brief, clear statement of its values and purpose.

### Who Are We?

On a simple philosophical level, a mission statement answers the question, "Why are we here?" As such, it should be a succinct text that acts as a guideline for a school's directors, faculty, staff, students, and alumni. If anyone in the school's community is uncertain about which of two choices to select, the one that best reflects the mission statement should be the one that wins out. For that reason, a school's mission should be concise and easy to consult.

What a mission statement should *not* be is an excuse for more marketing. Some schools use mission statements as additional opportunities to trot out impressive figures and brag about their achievements. But these details have no place in a true mission statement.

I believe there are two reasons a school should develop a mission statement. First, it signals to the

outside world that the organization is clear on its identity and objectives. Such clarity is reassuring to business and academic partners; it allows them to understand instantly what kind of institution they are dealing with and what its values are.

Second, it helps administrators, faculty, and staff understand why they do what they do. As a result, those who contribute to the day-to-day activity of the institution benefit from a strong sense of belonging. Such a unifying message is particularly important during a period of crisis.

Yet some schools still have not formulated their own mission statement. Perhaps some administrators see these statements merely as gimmicks. Others believe that they and their colleagues don't need to formally state their common values because everyone implicitly understands them already. The worst-case scenario is that a school cannot define a set of common goals because it has not yet established its true identity.

However, I would argue that defining a mission is always a rewarding process. As business schools, we rarely take the time to analyze who we are and how we work. When this analysis is done within the framework of a formal, institutional exercise, the benefits can be huge.

### Audencia's Journey

The writing of the mission cannot be undertaken lightly. It requires the input and approval of many stakeholders, usually over a period of time.

At Audencia Nantes, we first defined our mission in 1998. Ten years later, we began an 18-month process of revision. Though our final

statement was succinct—102 words—its very conciseness meant every word had to be pondered and debated.

To begin the process, an external consultancy quizzed a cross section of the school's students, staff, and partners to find out what Audencia meant to them. Questions asked were varied and sometimes metaphorical. For instance: If the school were an animal, what would it be and why?

Answers were sometimes surprising, but always interesting and useful. Some respondents compared Audencia to a beaver, because of its constructive nature, or to a seagull, because it resides in an oceanside habitat and has the ability to cross the sea. One constituent likened the school to a show horse, because the school is in international competition, does things with elegance, and earns respect.

We found one animal that really represented Audencia—a chimp. Our close cousin is intelligent, communicates well, and uses tools. He is also non-predatory. Therefore, despite the fact that the school is in a competitive environment, it isn't viewed as an institution that guns its way to the top by eliminating others.

We used our annual staff seminar to share initial results with all personnel. Working together, we created another interim mission statement that added subjects and key words.

Next, a faculty member who specializes in ethics spent months interviewing 90 people affiliated with the school. The aim was to fine-tune the Audencia values that had already been identified, while taking into account the missions of other business schools. While we consider Audencia—and its mission—unique, we know that any serious provider of business education will share some



“On a simple philosophical level, a mission statement answers the question, ‘Why are we here?’”

of our traits. It is a fine balancing act to make the mission statement reflect one organization’s particular identity while also embracing the values promoted by its respected competitors.

Then, to make the mission statement more effective, we streamlined it. The old version was too dense to read easily. The new version used fewer words and reorganized the main ideas to make the whole statement clearer and more forceful.

Once all this work was done, we submitted proposed text to the school’s directors. This version went through much tweaking until a final statement was approved. The process was even more delicate given that the message had to be presented in both English and French.

### **The Old and the New**

About 90 percent of the rewritten mission was inspired by its predecessor, which allowed us to stress continuity. However, the altered 10 percent enabled us to reflect significantly changing times.

For instance, the original mission almost exclusively spoke of students as if they had no prior professional experience. Ten years ago, students with this profile were by far the most important to the school. Since then, executive education programs have expanded, and the average age of Audencia’s MBA students has increased. The phrasing of the new mission makes sure no particular student profile takes center stage.

Another key change highlights the school’s relationship to business. The old version assumes that Audencia’s graduates will “add value” to companies; the new version speaks of students “accompanying” firms on their journeys.


Where the school once considered itself to be supplying a service to business, and described that service in financial terms, it now emphasizes long-term partnerships with companies.

The former version also spoke of Audencia’s relationship with both companies and organizations. Significantly, the new text just cites firms. This reflects our belief that Audencia’s most important role is to work hand-in-hand with business.

### **Spreading the Word**

Once a school completes its mission statement, it must transmit its message. At Audencia, we made a presentation to all personnel, created

a dedicated page on our Web site, and inscribed the statement on a glass plaque in our main entrance hall. We made sure the mission takes its rightful place at the heart of the school’s activity.

So, was all the effort worth it? The new mission statement—and the process of creating it—has caused the whole community to focus on what it means to be part of our school. We have aligned ourselves with contemporary realities and made doubly sure we know where we’re going. Those rewards are worth a year and a half of soul searching. 

Jean-Pierre Helfer is dean of the Audencia Nantes School of Management in France.

## **Audencia’s Original Mission**

Faithful to its history and to its territorial identity, open onto the world and other cultures, Audencia Nantes Ecole de Management is a School within society with the mission to educate women and men chosen for their high potential regardless of background or origin.

These students rely upon theory and fundamental knowledge in management in preparation for positions as entrepreneurs and managers endowed with human qualities and high-level technical and scientific competence capable of making decisions throughout their life.

Within their scope of action and decision-making, they have the capacity for vision, conviction, and innovation firmly anchored in humanism and a comprehensive general knowledge to enhance the added value of organizations as well as national and international firms.

## **Audencia’s New Mission**

Audencia Nantes provides education and personal development guidance to students who will assert themselves as responsible, highly skilled managers and entrepreneurs having a global awareness and a broad culture who are attentive to giving meaning to their decisions and actions. To do so, Audencia produces and diffuses management knowledge useful for academic disciplines, firms, and the classroom.

By recruiting men and women from around the world, chosen for their diversity and potential, and by making a commitment to educating leaders sharing its values, Audencia accompanies firms in their development.

Thus, Audencia contributes to expanding the influence of the territory that fosters its identity.

# Bookshelf

## ■ If the future of marketing truly lies

with social media, many old-style advertising professionals will need a guidebook to make it through the new terrain. Fortunately, in *Inbound Marketing*, Brian Halligan and Dharmesh Shah have set out to provide just that. They've assembled a practical and easy-to-understand book that explains how online media work and how to best exploit them. It's not enough to produce an attractive Web

site; you must constantly update it with new, intriguing content that people not only read but forward on to friends. It's not enough to write a blog; you must fill it with keywords that will trip the attention of anyone making a Google search. And don't think you're going to use that blog as an electronic sales pitch. "The most frequent reason blogs fail is because the author or company writing the blog oversells their product," write Halligan and Shah. "You want your blog to turn your web site into a hub for your industry, not just be an advertisement for your product." This book is a great start for anyone cautiously eyeing the online waters, wondering if it's time to swim. (Wiley, \$29.95)

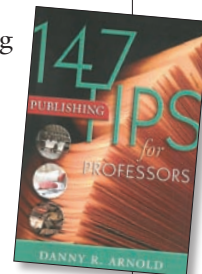
## ■ How will the evolving political and

economic climate in China *really* shape the country's future and influence the rest of the world? More than 20 scholars from around the world debate these points in *China Rules*, a collection of essays drawn from the "China Goes Global" project hosted in late 2008 by Harvard University. The first essays present overviews of China's economy and governance; the next set examines

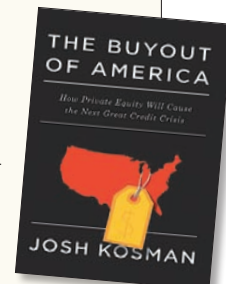
international trade and investment patterns; and the final essays take closer looks at particular industries. One overarching theme is that popular misconceptions of China's culture hamper the ability of the developed world to understand the country and collaborate with its growing roster of multinationals. Other interesting contributions examine China's changing relationships with Europe and Africa. For instance, authors Amir Shoham and Mosi Rosenboim argue that Chinese foreign direct investment, which is government-funded and directed, is mainly driven by the need to secure the future supply of resources for the growing Chinese economy. The book is edited by Ilan Alon and Marc Fetscherin of Rollins College, Julian Chang of Harvard, Christoph Lattemann of Potsdam University, and John R. McIntyre of Georgia Tech. (Palgrave MacMillan, \$94.95)



■ "Publishing does not occur just because you are an intelligent and knowledgeable scholar," says Missouri State University dean Danny R. Arnold in his friendly and useful little book, *147 Publishing Tips for Professors*. "You absolutely must have a plan." First he encourages scholars to analyze what kinds of publishing their institutions reward, as well as what kind of writing skills they possess. Then he walks them through choosing a publication vehicle, generating article ideas, managing their time, and partnering with co-authors. While some of the tips might be obvious to someone with a long resume, they're all insightful and to the point. For instance, in Tip 26 Arnold recommends that management scholars expand their knowledge into other fields such as psychology and sociology. He adds, "The Product Life Cycle concept is a venerable element in marketing—where did it originate?"



■ Think the recession is coming to an end? Maybe, but an even worse downturn might be just around the corner. In *The Buyout of America*, journalist Josh Kosman takes a hard look at private equity firms, which acquire businesses through leveraged buyouts, get the businesses to assume the debt, and insist on cost-cutting measures that often cripple the firms. Then they sell off their own stake long before those companies go bankrupt, as they often do. PE firms make millions; the ones who suffer are employees and stakeholders, which include underfunded pension funds eager for high-yield investments. Kosman compares the post-2000 private equity frenzy to the junk bond craze of the 1980s and the subprime mortgage escalation—and expects similar results. "The coming buyout crash, like the mortgage meltdown, will have global dimensions," Kosman predicts. "Many overburdened PE-owned companies will go under when their balloon debt payments come due, which in most cases will not happen until 2012." Kosman provides thumbnail profiles of the key players, from private equity superstars to the politicians who've cozied up to them, and most of them end up looking like Gordon Gekko of "Wall Street." It's a scary book—and it's meant to be. (Portfolio, \$26.95)





Biology!” It’s a helpful resource for professors who aren’t sure how to increase their publishing output. (Atwood Publishing, \$12.50)

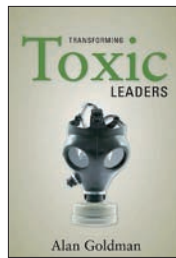
**In troubled times, it’s often comforting to** look back at turning points in history and see how our predecessors survived. That’s exactly the perspective Nancy F. Koehn brings to *The Story of American Business*, derived from 150 years of business reporting in *The New York Times*. Koehn, a professor at Harvard Business School, provides an overview of the country’s massive shift, first from an agricultural economy, then to an industrial economy, and finally to a service-oriented economy; she describes the rise of big business and tracks the changes wrought by advancements in transportation and technology. And then she provides a fascinating selection of real-time newspaper clippings—an



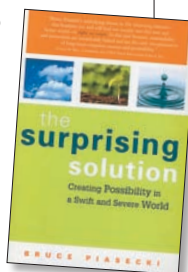
October 29, 1929, report on the stock market crash; a July 9, 1955, description of the opening of Disneyland; a September 21, 2000, essay that opens with the line, “You know they’ve gotten a Black-Berry when they stop calling.” These freeze-frame glimpses of great and small moments of American business don’t just illuminate the past, but also help us understand our messy and unsettled present. (Harvard Business Press, \$29.95)

**It’s fashionable to blame bad leaders for** dysfunctional workplaces, but sometimes that answer is too simplistic, warns Alan Goldman in *Transforming Toxic Leaders*. Sometimes the entire ecosystem of a corporation—from the executive board through the junior management—helps cre-

ate a dysfunctional environment where a toxic leader rages unchecked. “Destructive leaders require investors, followers, and a supportive and sustainable network of true believers and toxic cohorts seeded throughout the organization,” he points out. While it requires skill and patience—and sometimes the input of trained psychologists or outside experts—poisonous workplaces frequently can be analyzed, cleaned up, and made functional again. Goldman, a management professor at Arizona State, emphasizes that dangerous CEOs are dangerous problems: “As a toxic leader goes, so may the company go.” (Stanford Business Books, \$24.95)

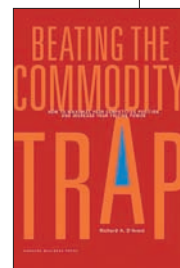


**Today, 51 of the 100 largest economies are** corporations, which means that the world’s biggest firms have about as much social leverage as most heads of state. Therefore, says Bruce Piasecki in *The Surprising Solution*, they’re the ones with the power to create the products and implement the social changes that make the world a better place. “Most of your water, air, housing, and food has been processed by corporations before you use it,” he writes. “We should expect, then, more from the corporations who are in charge of so many aspects of our lives.” In fact, increased transparency and rising consumer demand have forced these companies to compete not just on price and quality, but also on “social brand,” or how their products improve the world. “This differentiator now applies to how the coffee beans used to



make your cup of java were grown or how you do your laundry at home,” Piasecki notes. He calls this new imperative Social Response Capitalism. He also calls social history the “grand hand larger than the invisible hand of markets”—and his case is so persuasive that readers can only hope he’s right. (SourceBooks, \$15.99)

**Spanish clothing manufacturer Zara has** redefined the fashion industry, bringing low-priced, well-made knockoffs to the masses almost as fast as haute couture shops can turn out designs. How to compete? Some high-end rivals, like Hermès, focus only on their elite brands; others, like Armani, move into wholly new industries, such as designer hotels and cars. With these tactics, says Richard A. D’Aveni, they are *Beating the Commodity Trap* sprung when new competitors enter a market and change the game. Actually, the Tuck professor describes three different traps: deterioration, caused by a surge in low-priced, low-quality options; proliferation, caused by too many options and price points; and escalation, created when new products are cheaper and offer more benefits. D’Aveni warns that companies in any industry can fall victim to one of these commodity traps, but he also offers concrete responses, from moving upscale, as Hermès did, or moving on, like Armani. “Most commoditization results when managers fail to innovate, issue bad products, or deny trends already in motion,” he writes. He shows readers how to recognize threats in their infancy—and how to fight back. (Harvard Business Press, \$29.95) **Z**



# Spotlight

## For the Sport of It

Sports is a business that's increasingly crossing borders. That phenomenon has become a focus of a sports marketing and management course taught by Richard Honack, senior lecturer of marketing at Northwestern University's Kellogg School of Management in Evanston, Illinois.

In the course, offered for the first time last year, Honack's students discuss the movement of different nation-based leagues into foreign markets. For instance, they explored how the U.S. National Basketball Association is building 800,000 basketball courts throughout China and how the U.S. National Football League is moving into the United Kingdom.

After delving into these expansions, Honack's students looked specifically at how fan loyalty can affect the globalization of sports. They developed a case that compared fan affinity across three sports—college football, cricket, and minor league

baseball. They found that fans remain loyal to their favorite sports and teams, no matter where they are in the world. That means that as more people cross borders to work and study, they'll bring their sports with them.



Second-year MBA student and cricket player Usman Shuja on the field of play.



Members of the Kellogg Cricket Club practice on campus.

**If sports leagues are to become multi-billion-dollar businesses, they'll need well-trained managers.**

—Richard Honack

Students also specifically studied cricket, the latest sport to be exported from its active fan bases in England and South Asia to elsewhere in the world. "It's the newest U.S. 'import,'" says Honack. As more people from cricket-loyal regions come to the U.S. to work and study, more Americans are participating in the sport.

In fact, three years ago, the diverse international student body at Kellogg inspired the school to form the Kellogg Cricket Club. The student-run organization holds matches within the business school, sponsors events focused on the business of international sport, and educates a new market about cricket.

Second-year MBA student Usman Shuja is an active member of the Kel-

logg Cricket Club. He began playing cricket as a child in his native Pakistan and is now a member of the U.S. National Cricket team. He recently worked with Honack on a special research project that examined how well a professional cricket league might sell in the United States.

"Outside the U.S., cricket is very commercialized—the league in India is worth almost \$1 billion," says Shuja. "It has great potential to make money in the U.S., from sponsorships, retail sales of merchandise, and ticket sales at semi-professional league matches."

The more global sports become, the more important it will be to include sports-based cases in the classroom. They offer a true reflection of the force of globalization, says Honack.

And, of course, the global expansion of leagues is good news for students interested in sports-related careers. "In the past, sports leagues didn't hire MBAs," says Honack. "Now their representatives are telling us that if these organizations are to become multibillion-dollar global businesses, they'll need well-trained managers." **Z**