

BizEd

MAY/JUNE 2003

Scott Livengood

And the Tasty Tale
Of Krispy Kreme

Teaching Ethics
In B-School

Management Education
Evolves in Africa



BizEd Contents

MAY/JUNE 2003

VOLUME II, ISSUE 4



38



52

DEPARTMENTS

- 4 From the Editors
- 6 Letters
- 8 Headlines
- 52 Technology
- 54 Your Turn
- 56 Bookshelf
- 58 Calendar
- 60 Classifieds
- 64 Spotlight

Cover photo by Will McIntyre,
courtesy Krispy Kreme



FEATURES

22

- **16 The Sweet Taste of Success**
Krispy Kreme's Scott Livengood connects with customers by building on nostalgia and brand mythology.
- **22 Personally Responsible**
Notre Dame's Carolyn Woo believes that giving students an ethical framework helps them confront dilemmas at work.
- **28 Advancing Africa**
Improved management education could have a drastic impact on Africa's critical issues.
- **34 The Greening of China's B-Schools**
Chinese business schools focus on sustainable enterprise.
- **38 Trials and Trends**
Ángel Cabrera of Instituto de Empresa predicts that the future of management education will revolve around key issues of internationalization and integration.
- **42 A Certain Degree of Hospitality**
As international tourism becomes one of the biggest industries in the world, business schools train the next generation of managers for hotels and restaurants.
- **48 Junior Executives**
Students at the University of Oklahoma form small businesses, bring products to market, and earn profits—in one semester.

From the Editors

Hot Issues Now

If you're lucky enough to live in a city with a Krispy Kreme outlet, you know the joy of driving by a retail site when the "Hot Doughnuts Now" sign is illuminated. Perhaps you often take advantage of this invitation to enjoy a confectionary treat straight from the oven. Some days, however, you might find yourself longing for a different kind of fare designed to satisfy your intellectual hunger. At those times, you might look around for a venue carrying a sign that says, "Hot Issues Now."

Some of the hottest issues in management education today revolve around areas of personal responsibility: ethical behavior, environmental stewardship, and corporate social responsibility. While there might be little overlap in the material taught in these classes, at the heart of each course is the idea that top businesspeople have the power to make decisions with far-reaching consequences—and that they'd better think about those consequences before they move ahead with any plan.

In this issue of *BizEd*, several contributors examine the responsibilities business students will assume as they enter the working world. Krispy Kreme's Scott Livengood discusses how important it is for a CEO to be forthright about company policies—or risk a backlash from concerned consumers. Rick Bunch of the World Resources Institute relates how a handful of Chinese business schools is inculcating values of sustainable enterprise into core business courses so that newly minted managers enter the workforce committed to the idea of environmental stewardship. Carolyn Woo of the University of Notre Dame focuses on the ways business schools can teach students a sense of personal responsibility right along with finance and accounting.

It turns out that many students are already focused on some of those issues. Years ago, Humboldt State University in Arcata, California, initiated the Graduation Pledge of Social and Environmental Responsibility. It states, "I pledge to explore and take into account the social and environmental consequences of any job I consider and will try to improve these aspects of any organizations for which I work." Students who have taken the pledge have turned down job offers that might have compromised their moral integrity; others have instituted programs within their own companies to improve environmental stewardship and corporate responsibility.

Since 1996, Manchester College in North Manchester, Indiana, has coordinated campaign efforts for the pledge, which is now taken by students at hundreds of universities. More information can be found on the Web at www.manchester.edu/academic/programs/departments/peace_studies/files/gpa.html.

Students who take such a pledge of responsibility might be better prepared than most to handle the tricky situations that crop up in any work situation. But sometimes moral crises are hard to anticipate or even recognize immediately. As Woo notes, "Ethical dilemmas don't come bathed in red lights." But wouldn't it be great if they did—if we were all privy to an electric red sign that occasionally flashed the words "Ethical Dilemma Now"? Since no such sign exists, educators must teach students how to activate their own inner neon and greet the challenges of the corporate world with their integrity glowing at full wattage. ■



BILL BASCOM

Sharon Shinn



Letters

Foreign Passport

I read with interest Viktoria Kish's article "Passports to Education" in your January issue. It details differing approaches to internationalizing curriculum through overseas experiences. One option presented was matching students with international companies so they can work on a business consulting project with that firm.

I would like to note that developing a relationship with a university outside the U.S. can help American schools develop such consulting projects. At Ohio University, we are currently working with universities or business schools in Brazil, China,



France, Germany, Greece, Hungary, Italy, South Africa, and Spain for this coming summer. A total of 130 undergraduate students and 90 graduate students from our school will work in consulting teams with students from these partnering institutions as they do projects for firms in these countries.

Involving strong local partners in the educational process benefits our College of Business in two ways. First, the learning process for our own students is enhanced as they work with international students to

get a task done. Second, our host institutions connect us with a network of global companies in a very cost-effective way. For both our school and our host institutions, such partnerships are win/win situations.

We strongly believe in the benefits of in-context learning opportunities for our students, and it's heartening to learn that we are not alone.

John L. Keifer, JD, MBA
Director

*Center for International Business
Education and Development
College of Business
Ohio University
Athens, Ohio*

JOHN H. SYKES
COLLEGE
OF
BUSINESS
THE UNIVERSITY OF TAMPA

Building Business
Leaders
Since 1931



- ▶ 1,200 undergraduate business majors and 445 MBA and MS-TIM students
- ▶ All undergraduate and MBA students participate in a capstone team experience to perform actual company strategic assessments
- ▶ MBA integrated core built around the theme "Creating Value Through Strategic Leadership"
- ▶ All MBA students develop a "personal commitment plan" that targets areas for leadership improvement
- ▶ All MBA students may be individually coached by Tampa Bay business leaders
- ▶ State-of-the-art building including a financial trading center with Bloomberg Professional™ real-time data services

The University of Tampa
John H. Sykes College of Business
401 W. Kennedy Blvd., Tampa, FL 33606
(813) 258-7388 ▶ Web site: www.ut.edu



Headlines

Job Market Good for MBAs

MBA graduates looking for employment in today's market will find jobs most plentiful in the fields of energy, utilities, accounting, and finance—and they'll discover that they're more likely to be hired if they recently interned at a company that is looking to add employees. While the down economy is still causing some corporations to freeze hiring, those who are bringing in new employees are favoring MBAs. Corporate recruiters predict that new MBAs will form a bigger part of the overall hiring mix in 2003 and that they'll still be earning significantly higher salaries than other graduates. These are among the conclusions offered by the 2003 Corporate Recruiters Survey just released by the Graduate Management Admission Council (GMAC), McLean, Virginia.

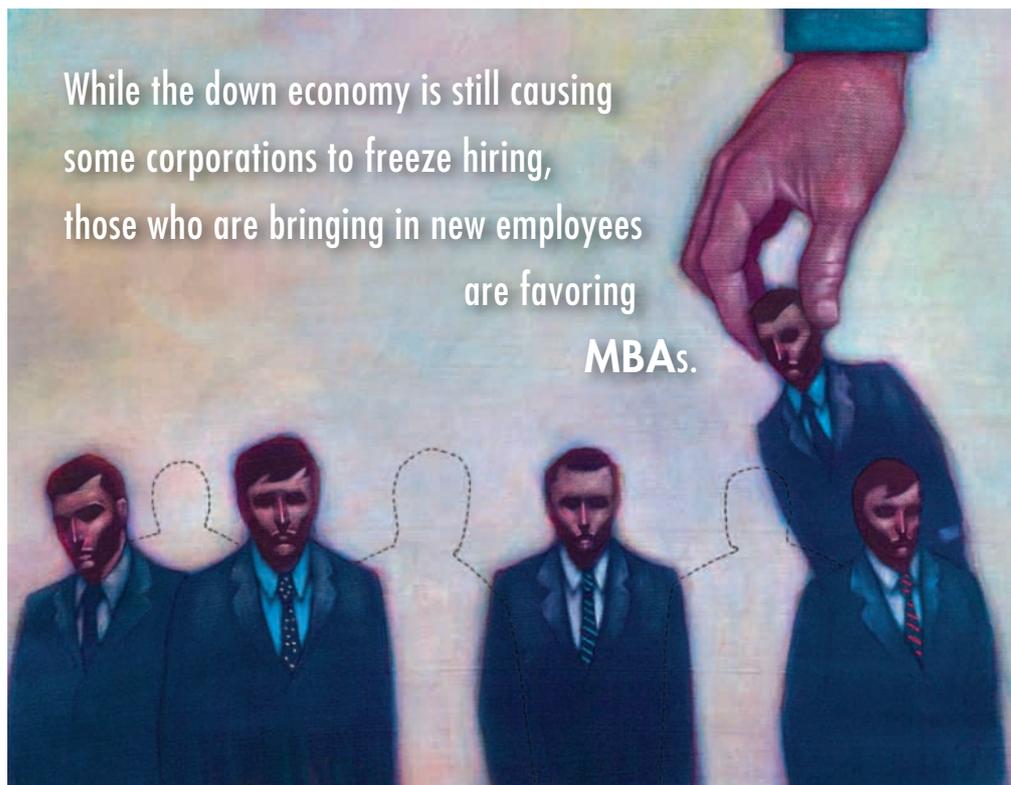
One key finding is that employers are much more inclined to make job offers to MBAs who performed internships in their own companies. "MBA students today must be much more strategic in planning their internships—and even more conscientious in performing them—because employers increasingly view internships as trial runs," says Dave Wilson, CEO of GMAC. Seventy-five percent of survey respondents reported making job offers to their companies' own interns before even interviewing other candidates, and 50 percent of new hires in 2002 ultimately came from recruiters' own in-

tern pools. "For now, students shouldn't wait until the second year of their program to decide on an area of specialization," Wilson said.

Survey respondents also indicated that the energy and utilities industry will hire more new MBAs in 2003 than any other sector. However, the largest corporations in high tech, finance, and accounting will hire the most cohorts of MBAs. In addition,

intellectual capital," Wilson says.

Although the economy appears to be putting less of a damper on recruiting than it did last year—55 percent of the survey's 940 respondents reported being constrained in their hiring plans, down from 69 percent in 2002—recruiters are being conservative in several ways. They're cutting in-house training costs by favoring candidates with previous in-



salaries continue to go up: New MBAs can expect an average starting salary of \$80,000 in 2003—34 percent more than new holders of other advanced degrees—compared with \$75,000 last year. Forty-seven percent of respondents reported offering new MBAs signing bonuses averaging \$10,000. Starting salaries in Europe match those in the U.S. "The MBA remains the global currency of

industry experience, and they're saving money on moving and related expenses by leaning toward candidates who are already located within their regions. U.S. companies, for instance, show an increasing tendency to hire U.S. citizens for domestic assignments. Sixty-eight percent of new hires for stateside jobs this year are Americans, up from 60 percent in 2002.

**NUMBERS ARE REMARKABLY SIMILAR, WITH ONE DISCREPANCY:
PROFESSORS GIVE MUCH HIGHER MARKS THAN STUDENTS DO TO THE VALUE OF
STUDENTS' CLASSROOM PRESENTATIONS.**

**New Deans:
The First Hundred Days**

Deans who have just stepped up to their new roles are confronted with a host of challenges that can seem overwhelming at first. It might make their lives easier to know they can focus on these five top priorities, as identified by 33 deans surveyed at AACSB's New Deans Seminar last fall:

- Understanding the school and its culture.
- Building faculty/staff relationships and morale.
- Organizing the business unit.
- Developing relationships with external stakeholders.
- Developing strategic planning and setting goals.



The results of the survey were presented at the annual meeting of the American Society of Business and Behavioral Sciences by Al Spritzer, holder of the Allen and Ruth Harris Chair of Excellence in Business and former business dean at East Tennessee State University in Johnson City, and Ron Green, new dean of the School of Business at Indiana State University, Terre Haute.

Spritzer notes that, at the beginning of their terms, the majority of new deans surveyed do not give much weight to challenges such as developing the school's mission/vision, addressing budgetary issues, recruiting faculty and staff, and gaining support for accreditation. He says, "This may suggest that new deans recognize the importance of dealing with the basics of their new positions before attacking certain specific issues."

How Students Learn

As evaluating teaching effectiveness becomes more and more important to business school administrators, deans and professors are looking for ways to determine which teaching methods yield the best results. Carl A. Rodrigues, professor of management at the School of Business at Montclair State University, Upper Montclair, New Jersey, recently conducted a survey of students and professors at his school in search of answers. Over four years, more than 600 students answered the survey; more than half of the school's 98 business school faculty participated.

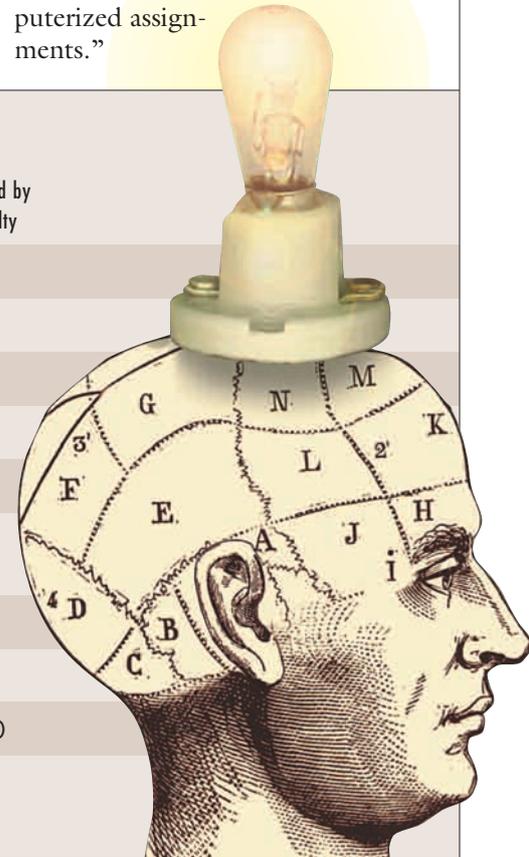
While the sample was small and could not allow for variances such as individual teaching performances and discrepancies in class sizes, Rodrigues derived a ranking system for

the top ten teaching methods as viewed through the eyes of faculty and students. Numbers are remarkably similar, with one discrepancy: Professors give much higher marks than students do to the value of students' classroom presentations.

Rodrigues notes that the study confirms that different students learn better through different teaching techniques. "For example, students enrolled in behavioral courses, such as marketing, may learn better through active techniques such as case studies, individual and group projects, and class discussions. Students enrolled in more quantitative courses, such as accounting, may learn better through passive techniques such as lectures, textbooks, and computerized assignments."

Top Ten Teaching Techniques

	Ranked by Students	Ranked by Faculty
Lectures by Instructor	1	1
Classroom Discussions	2	2
Reading Textbooks	3	3
Case Studies	4	5
Individual Research Projects	5	6
Computerized Learning Assignments	6	7
Group Projects	7	8
Guest Speakers	8	9
Videos Shown in Class	9	10
Classroom Presentations by Students	10	4





EFMD Teams with AUI

The European Foundation for Management Development (efmd) has joined forces with the Al Akhawayn University in Ifrane (AUI), Morocco, to promote management development in the Mediterranean region. Eric Cornuel, efmd director general, and AUI President Rachid Benmokhtar Benabdellah, signed a Memorandum of Understanding for future cooperation.

In particular, efmd will share with AUI its experience of working with a network of major academic and corporate institutions, the lessons it has absorbed from establishing the China European Business School, and the accreditation philosophy contained in its European Quality Improvement System (EQUIS).

According to Cornuel, “With a strong political commitment to creating an EU free-trade zone by 2010, closer regional integration of the south Mediterranean countries is a must. The availability of business managers trained to the highest international standard is one of the key success factors in that process.”

Law and MBA Students Collaborate at Pace

At Pace University in White Plains, New York, MBA students from the Lubin School of Business are acting as finance consultants to the university’s law school students. Law students, supervised by faculty members, are working at the Securities Arbitration Clinic (SAC) of John Jay Legal Services at Pace Law School, providing assistance to small investors who are unable to obtain legal representation because of the small amount of their claims. The MBA students are providing the law students with their own financial opinions on the client brokerage transactions.

The collaboration will give law students a better understanding of financial analysis strategies when dealing with issues of wrongdoing by brokers and also will expose them to the demands of working with consultants and experts. MBA students will learn to decipher actual investors’ account statements, understand brokerage firm conduct and trading, and work with lawyers on substantive cases.

“We expect this interdisciplinary curriculum approach to be a tremendous benefit to our students,” says Ronald Filante, associate professor and director of the Student Managed Investment Portfolio at the Lubin School. “The experience gained by the students in our clinic will be extremely valuable for those pursuing careers in both law and finance. Furthermore, the interaction between faculty from the business and law schools of Pace fosters a community of spirit and purpose.”



Business in the Baltics

The Baltic Management Development Association (BMDA) will hold its first International Scientific Conference, “Management Development: Partnership Between Business and Science,” May 15 and 16. It will be hosted by the International School of Management in Kaunas, Lithuania. The goal of the conference is to identify potential areas of partnership between business and science in the Baltic Region.

The BMDA is a consortium of universities and business schools in the Baltic region, joined by individual management professors and business professionals. For more information about the conference, contact the coordinator, Rita Bendaraviciene, at rita@ism.lt.

Assessing Professional Service

When determining whether professors should be awarded promotions or tenure, deans and administrators weigh a number of factors—including the service activities professors have performed. Administrators tend to give the most weight to department service, college service, and committee leadership or chair activities. That’s the major conclusion of a survey conducted by Lawrence P. Shao, division head of economics and finance at

THE SINGLE MOST IMPORTANT SERVICE CONTRIBUTION A FACULTY MEMBER CAN MAKE IS SERVICE TO THE DEPARTMENT OR DIVISION.

Marshall University in Huntington, West Virginia, and Lorraine P. Anderson, associate dean of Marshall's Lewis College of Business. In this third part of a multipart survey on faculty evaluations, the researchers surveyed 501 AACSB members about how they weigh service activities when assessing faculty.

They found that the single most important service contribution a faculty member can make is service to the department or division. On a scale of one to five, with one being most important, department service received a 1.57 in terms of importance. The next closest factor used in judging service was collegewide service, which received a 1.62. "Surprisingly, service to the community was not given very much importance when evaluating faculty performance," Shao and Anderson say in their report.

Top-Rated Service Activities

Department service	1.57
College service	1.62
Committee leadership (chair)	1.65
University service	1.89
Academic service	2.00
Student organization advisor	2.14
Academic organization activity	2.14
Administrative appointment	2.16
Student recruitment	2.38
Supervision of graduate assistants	2.55
University workshops	2.57
Community service	2.62
Consulting activity	3.06

Of those answering the survey, half were deans and 29 percent were chairs of their departments. Thirteen percent were associate or assistant deans, five percent were division heads, two percent were faculty, and one percent fell into the category of "other."

AACSB Elects New Board Members

Members of AACSB International have

elected representatives to the organization's 2003–04 Board of Directors. New members will officially assume their positions July 1. Carolyn Y. Woo, dean of the Mendoza College of Business at the University of Notre Dame, South Bend, Indiana, has been elected chair. Doyle Z. Williams, dean of the Sam M. Walton School of Business at the University of Arkansas in Fayetteville, has been elected vice chair-chair elect. Secretary-treasurer will be Paul Danos, dean of the Tuck School of Business at Dartmouth College, Hanover, New Hampshire.

Elected to three-year terms as accreditation council members were Arthur Kraft, dean of the College of Commerce and the Kellstadt Graduate School of Business at DePaul University in Chicago, and Helen F. Peters, dean of the Wallace E. Carroll School of Management at Boston College in Massachusetts. Elected to a three-year term as a representative from a nonaccredited member school was Rex D. Fuller, dean of the Hasan School of Business at the University of Southern Colorado in Pueblo.

Sharon J. Smoski of the State Farm Insurance Companies, Bloomington, Illinois, will serve a two-year term as a noneducational member representative. Ángel Cabrera, dean of Instituto de Empresa graduate business school in Madrid, will serve a two-year term as a representative of an educational institution outside the U.S.

Current board members whose

terms will continue next year are Richard E. Flaherty, dean of the College of Business at University of Nevada, Las Vegas; Sidney E. Harris, dean of the J. Mack Robinson College of Business at Georgia State University in Atlanta; Patrick R. Liverpool, dean of the School of Management at Delaware State University in Dover; Patricia W. Meyers, dean of the School of Business at the University of Redlands in California; Frank J. Navratil, dean of the Boler School of Business at John Carroll University, University Heights,

Ohio; Judy D. Olian, dean of the Smeal College of Business Administration at The Pennsylvania State University in University Park; Andrew J. Policano of the School of Business at the University of Wisconsin-

Madison; Richard E. Sorensen, dean of the Pamplin College of Business at Virginia Polytechnic Institute and State University in Blacksburg; Howard Thomas, dean of the Warwick Business School at the University of Warwick in the U.K.; Dennis J. Weidenaar, Beta Gamma Sigma president; and Jean C. Wyer, PricewaterhouseCoopers, New York, New York. In addition, Adelaide Griffin, Chair of the School of Management at Texas Women's University in Denton, will fulfill a one-year term, replacing Jim Clapper of Belmont University, who has resigned from the board.

Jerry E. Trapnell, dean of the College of Business and Behavioral Science at Clemson University in South Carolina, remains on the Board as Immediate Past Chair. AACSB International President and CEO is John J. Fernandes.



Headlines



Students Walk on Wall Street

As part of the new Distinguished MBA

Scholars Program at SMU's Cox School of Business, Dallas, Texas, ten business students recently immersed themselves in the hubbub of Wall Street. The "Week on Wall Street" program, implemented at SMU this year, allowed students in the program to gain firsthand knowledge of investment banking and capital markets.

The students spent time at Goldman Sachs, Morgan Stanley, Salomon Smith Barney, Moody's, and the New York Stock Exchange. According to program directors, the experience is designed not only to give top students direct exposure to the Wall Street scene, but to initiate networking and long-term relationships that will be of great value in the down economy.

The Week on Wall Street is the first of two travel experiences for the Cox Distinguished Scholars as they pursue their MBAs. In their second year, these students will travel to Washington, D.C., to participate in a Public Policy Forum, visiting Congress, the Supreme Court, and the White House. The experience will expose students to the political process and develop their awareness of the connections and relationships between government and business.

SHORT TAKES

■ **Sandra N. Hurd** has been named interim dean of the School of Management at Syracuse University in Syracuse, New York. Hurd is currently chair and professor of law and public policy at the school, as well as faculty coordinator for learning communities. She will take the position July 1, leading the school until the appointment of a successor to George R. Burman, who will resign as of June 30.

■ In other news from Syracuse, the school has announced that **Nola N. Miyasaki** has joined the Program in Entrepreneurship and Emerging Enterprises (EEE) as Executive Director of the Michael J. Falcone Center for Entrepreneurship. She will lead all EEE outreach activities and develop commercial opportunities for technologies developed at Syracuse.

■ This fall, the **University of California, Davis**, will introduce an undergraduate minor in technology management, designed to give engineering and science graduates an edge in the high-tech business arena. It will be taught by faculty at the Graduate School of Management and will combine business and management skills with the students' knowledge of engineering and science.

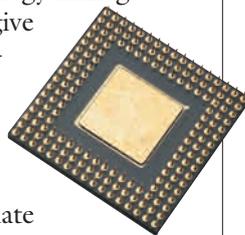
■ Two recent gifts to the **University of Rochester** in New York will benefit the Simon Graduate School of Business. A \$1 million gift from alumni Joseph T. and Janice M. Willett will enable the school to establish a Faculty Support Fund to provide junior profes-

sors with support for performing cutting-edge research. In addition, the School of Business will be one of the beneficiaries of a multimillion dollar gift bestowed on the university by Brian Prince, school alumnus and corporate executive officer for Shinsei Bank Ltd. in Tokyo. His gift is designed to start a university fund that promotes democratic principles and open markets.

■ The Oprah Winfrey Foundation has announced that Winfrey will donate \$5 million to **Morehouse College's** development initiative known as "The Campaign for a New Century." Since 1989, the actress and talk show host has donated \$7 million to the Atlanta-based college. The campaign, which has a goal of raising \$150 million, has collected \$70 million so far.

■ MBA students from the **University of Michigan** Business School in Ann Arbor were overall winners of the first invitational Marshall MBA Global Consulting Challenge held at the University of Southern California Marshall School of Business in Los Angeles. They formed one of eight teams from several business schools who delivered hypothetical two-year strategic plans for increasing profitability and reducing customer turnover at Cingular, a nationwide wireless carrier. The Michigan students walked away with the top prize of \$3,000.

■ The College of Business Administration at **Florida International University** in Miami was recently selected as a recipient of a 2003 Kauffman Collegiate Entrepreneurship Network



Krispy Kreme CEO Scott Livengood discusses the allure of hot doughnuts, the

► Don't tell

Scott Livengood that what his company sells are "just doughnuts." As the CEO of Krispy Kreme Doughnuts in Winston-Salem, North Carolina, Livengood (pronounced "lye-ven-good") knows better. From its 1937 roots as a small wholesale operation, the company has become a fixture in the family rituals and childhood memories of millions of customers. Some customers even travel hundreds of miles to attend Krispy Kreme grand openings and wait hours in line—all for a warm dozen of the company's signature Original Glazed.

The company has become such a part of American culture that last year the Smithsonian Museum in Washington, D.C., held an exhibit titled "Krispy Kreme: Taking a Bite out of History." That means much more than "just doughnuts" to Livengood, whose own 16th birthday included candles on 16 Krispy Kremes instead of birthday cake. That link to history and nostalgia—not to mention the promise of hot, fresh doughnuts—is something Livengood strives to maintain.

Livengood speaks of his role with Krispy Kreme with an almost devotional enthusiasm. He describes the dynamic among his company, its staff, and its customers as "fascinating," and he sees that dynamic as the most important measure of the company's failure or success. It was his interest in human interaction, in fact, that led him to earn a degree in industrial relations with a minor in psychology from the University of North Carolina, Chapel Hill, in 1974. In 1977, he came to Krispy Kreme as a human resources trainee. He became president in 1992, just as the company began its plan for growth; he moved to the CEO's position in 1998 and became chairman of the board in 1999.

Livengood's vision for the now-renowned purveyor of doughnuts has earned him industry kudos, including the 2001 Executive of the Year award from *Restaurants & Institutions* magazine. Under Livengood's leadership, the company has eschewed traditional advertising in lieu of enhancing its customers' in-store experiences, promoting charitable efforts, and, above all, maintaining the strength of Krispy Kreme's existing brand identity.

Since 1999, Krispy

Kreme has expanded from 140 to 270 locations in 37 U.S. states, Canada, and Australia. Locations in the United Kingdom, New Zealand, Spain, Japan, and South Korea are in the works.

Livengood's tenure has not been without some criticism: After Krispy Kreme's outstanding initial public offering on the New York Stock Exchange in 2000, the value of its stock soared, leading many stock analysts to deem it "overvalued." And recently, when Livengood announced plans to use synthetic leases among franchisees (a legal off-balance-sheet arrangement that reports leases as expenses rather than liabilities), he was met with an uproar of protest. Understanding the new order of a post-Enron world, Livengood cancelled the company's plans and addressed the issue head-on by making the subject of ethics the centerpiece of the company's next corporate report.

That kind of openness is at the heart of Krispy Kreme's success, says Livengood. Even individual Krispy Kreme franchises integrate a sense of transparency. Rather than relegating doughnut-making to a back room, most locations feature a "doughnut theater" showing the operation at work. When the company's trademark neon sign, reading "Hot Doughnuts Now," is lit in the window, people outside know that the doughnut machine is up and running—it's time for what Livengood calls "the Krispy Kreme experience." Visitors gaze through a large pane of glass at the center of each store to see hundreds of raw doughnuts travel up and down through a rising station. Rows of doughnuts then float through a river of hot oil, cooking to a golden brown. They then glide via conveyor belt through a curtain of sweet powder-sugar glaze, to be boxed hot and fresh for the next customer in line.

Hungry for a hot doughnut now?

Livengood certainly hopes so, as he discusses the building of a powerhouse brand.

photos by Will McIntyre, courtesy Krispy Kreme

consequences of ethical awareness, and the vision essential to leading an American tradition.

by **Tricia Bisoux**

You've referred to the "Krispy Kreme experience," in which customers can view the making of the doughnuts, as the "defining element of the brand." How difficult is it to sell an experience, not just a product?

One of our critical strategic goals is to continually elevate customers' experiences in the store, to make their experiences the fullest and most authentic expression of the brand that we possibly can. Customers have been able to view the making of the doughnuts for a decade, but in the '90s we made it much more prominent. Now, customers don't just see the end of the process or obliquely know that doughnuts are being made in the back corner. We put it right in the middle of the store. That's a great example of trying to listen to the customers and saying, "This is what they like. How can we do it better?"

Krispy Kreme's example makes an excellent case study for business educators to teach students about the

Can such a simple change in vocabulary have such a profound effect?

A simple change in vocabulary certainly doesn't change how people think. However, we've made a fundamental shift in the way we look at the execution of our wholesale and retail operations. Using the terms "on-premises" and "off-premises" reinforces that fundamental shift. The way I look at it, everything we do is retail. Using these new terms further validates the fact that it's all retail.

You're now expanding Krispy Kreme's brand identity to include its own line of gourmet coffees. You've compared your company to Starbucks—do you now see Starbucks as a competitor?

We don't offer products just because we see other businesses being successful with them. But we are looking at ways to elevate the cus-

The Sweet Taste of Success



nature of branding. What lessons have you learned in your rebranding efforts over the last few years?

It has been a very organic process. In fact, we even changed our vernacular. Instead of using the terms "wholesale" and "retail" to describe our operations, for example, we now say "off-premises" and "on-premises." It changes the way we think about the company. Sometimes you just have to change your vocabulary.

Instead of viewing ourselves as a wholesale business that did some retail business inside our stores, we found we had to change the lens through which we viewed our business. We began to see ourselves as a specialty retail business set up for off-premises sales opportunities. By looking at it through that lens, we knew the brand experience was the most critical aspect. It opened the door to thinking about the business in a new way.

tomers experience by providing what is within our dominion to offer.

Coffee with doughnuts is a natural expression of the customer experience, something we've done as long as Krispy Kreme has been in the retail business. However, preferences and tastes have grown, and the demand for coffee has increased. We felt that any coffee we offer in our stores should be something proprietary. We see it as another way to fulfill our responsibilities to our customers.

What if Starbucks decides to sell doughnuts?

They might! But if that's what their customers want, then that's what they ought to do.

You've opened your first locations in Australia and you're planning to go into markets such as the U.K.,

One of our critical strategic goals is to continually **elevate customers' experiences** in the store, to make their experiences the fullest and most authentic expression

New Zealand, Spain, Japan, and South Korea. What can business students learn from your efforts to translate the American doughnut to global markets?

Well, you know there's already a version of the American doughnut in most of those markets—it's not an unknown product. Many people from other countries come through our stores, and we've found that our customers do not skew demographically. Our experience has been that this is a universal product that will translate well.

As a result, our efforts have been less on marketing and more on making sure our stores will function in a comparable way. Most of our work has been on the front end: How do we translate our business model and local infrastructure into a different market? We have to look at basic aspects—equipment, for example. We manufacture our own doughnut-making electrical services and meet local codes. We also have to look at our beverage offerings to make sure we're providing what people want locally. In Australia, for example, we'll have to tweak our beverage offerings, because people there are more oriented to espresso-based drinks, like cappuccino and lattes. But in terms of the doughnuts, we're going with what has gotten us to this point. If we need to add a few varieties to reflect local tastes, we're certainly open to it.

Krispy Kreme has created a strong, almost visceral connection to its customers. What are the challenges of managing and growing a company like yours without losing that historic connection that your customers find important?

Our history is something that has really become the centerpiece of our strategic thinking and how we present the brand. For many companies—some older companies, but particularly newer companies—the brand challenge typically lies in having to create an image and think of their brands in a more sophisticated or meaningful way. They tend to think about creating a brand mythology by asking, “What do we think? How do we think this product can connect with customers?”

Our situation is different. Because of our own personal experiences, we know our brand already has a special connection to the hearts of our customers. So, we've tried to understand what that connection is, what the mythology is that surrounds our brand. We've called this “brand exploration,” and it describes our efforts to understand the hierarchy of how our brand is experienced, to put it into words. As we start thinking about what we do and how we do it, we measure ourselves against what have already become stan-

dards for us. Our challenge has been more in discerning our brand mythology than in fabricating it.

“Brand mythology” is a term that's often used to describe the power of a brand. Why do you think we have started speaking of brands in terms of “myths” or even “legends”?

If people thought of our brand as legendary, we certainly would be flattered! But that's not what I intend. When I think of a brand mythology, I think of our brand as a story or a promise. In many ways, it's an unwritten contract between our company and our customers, between our product and the experience our customers expect. Our brand's mythology has to do with trying to create a different way of thinking about our brand, of thinking of it as having a personality and a life. Our brand's mythology is a story—what we do has implications for how that story is interpreted. We become the authors of the story of the product.

Even with its historic roots, Krispy Kreme is no stranger to technology. In fact, your company already broadcasts its corporate meetings over the Web so that anyone interested can listen in. Why is that important to you?

We do anything that gets us closer to people, whether it's our customers, our employees, or our investors. We must connect with people in ways that resonate as authentic. It's our belief that we shouldn't limit company information to analysts and shareholders alone; it should be available to everyone. That's why we Webcast our corporate meetings. We put our presentations together in ways that don't just reach the analysts but that speak to any interested person who would want to listen.

It comes back to the fact that we don't view ourselves as a company. We view ourselves as the stewards of a product and of a business enterprise. It's all about identifying with people in an authentic way.

You've used the term “authentic” several times. Many people might see that as a reference to ethics, but you seemed to mean it differently. How would you define the term?

Well, if you're a crook, then I guess it does have to do with ethics! But if you're truly ethical, it doesn't. For us, authenticity is what we express as our company's values. It's simply a true expression of who we really are. We talk about authenticity in terms of how it relates to our brand and how we relate to each other.

If we're good brand stewards and we're translating the

of the brand that we possibly can.



brand appropriately, then authenticity will emanate from the words and phrases we use to describe the brand. It's not something our customers could necessarily articulate. But it's something they feel when they're in the store or when they're trying a new product. Whether it's a new coffee or a featured doughnut, it should resonate as a natural extension of Krispy Kreme, as something that we would do.

I'll give you a good example: We hired a researcher a few years ago and assigned him to develop a new featured doughnut program where every couple months we would come up with a new doughnut variety. The program had two objectives—to create something exciting to showcase and to provide us a way to test market new products.

We told him that we wanted offerings that were really outstanding. So he came up with new flavors—one was sold as a Black Forest cream-filled doughnut and another was sold as a tiramisu. They were just marginal in terms of new sales, so we looked at them more closely in relation to the brand personality profile that we created. We realized that a tiramisu doughnut was not authentic—it didn't resonate with the company. So, we came up with new doughnut varieties such as New York cheesecake, s'mores, triple chocolate, caramel apple, and key lime pie. Sales of those flavors have been off the charts because they are consistent with our brand personality. That's one of the ways that authenticity applies to us.

Krispy Kreme recently made the news for its consideration of "synthetic leases," a legal off-balance-sheet accounting method for lease arrangements with its franchisees. Many criticized the company for that—do you think that criticism was deserved?

I think it was totally undeserved and unfair. I typically try not to editorialize, but in this case I've been pretty up front about it. We have always been visible, which I celebrate. We try not to represent ourselves as any kind of an example, but we consistently try to act in ways that are appropriate. We knew that synthetic leases were a common practice—we also knew that, as a relatively new financial device, they could be misunderstood. So we disclosed our intentions to do it a year earlier in a Webcast conference call. Then, we put the entire lease in our second quarter SEC filings. To have it interpreted as some-

thing secretive or inappropriate seemed very unfair to me.

You decided not to pursue the synthetic lease program, but you told *Fortune* magazine that "there has been a tremendous amount of damage done to honest people." Ethics are obviously important, but do you think some are taking the emphasis on ethics too far in the other direction?

Well, you have to react to the circumstances that you're dealt. The last thing I wanted was to do anything that lessened our credibility. Our credibility means everything to us, so we had to deal with it, even if that meant terminating the program.

I think there's always a pendulum swinging to one extreme or the other. Over the past year, there have been some horrific disclosures and revelations that have done tremendous damage. It has become a rain falling on the good and the evil alike. But all business leaders should have an understanding and respect for the concern that exists because of those revelations. We went through a period where it was "shoot first and ask questions later," but I think that's understandable and expectable. It has led us to raise the bar internally and be aware of the environment we're in.

Business schools have been faced with the challenge of teaching ethics. From your experience, it seems as if students not only need to learn about ethics, but also need the skills to cope when innocent actions are viewed as suspect. Being right isn't always enough, is it?

I think students have to be sensitive and empathetic to what's being said, what's real, how it's being interpreted. They need to know that their own actions can be symbolic. They must look not only at how what they say can be interpreted, but also at how it can be *misinterpreted*. Maybe that can be taught, maybe not. But it has a lot to do with just being aware of the circumstances and conditions in which they'll find themselves.

You earned your industrial relations degree from Chapel Hill. What attracted you to that aspect of business?

My degree was based in human resources and I minored in psychology, which really prepared me for working in the HR field. In fact, my first role at Krispy Kreme was as a trainee in

Students must have an environment where they are challenged, where they are **encouraged to have ideas**, and where they feel free to fail.

the human resources department. I've just always been fascinated with the dynamic of people in the organizational setting, in how people make the business succeed or not.

It sounds as if HR is a topic all business graduates should know, even if they're not planning on going into human resources specifically.

Human resources is the reality of any business. It's all about people—the people who create the Krispy Kreme experience, our customers, our shareholders. It's not just what we do, but how we communicate and present it as something authentic that people can relate to. If students don't understand that it begins and ends with people, then they'll be at a real disadvantage. They should not just understand it, but be excited about it and celebrate it.

You've made almost your entire career at Krispy Kreme—you've been there since 1977. Did you go in thinking you were going to run this place someday?

I was just happy to have a job! Being CEO was probably the last thing on my mind.

What did it take for you to work your way up to the CEO's position?

I think everybody enjoys learning more about their environment, and I think everybody wants to make a contribution and feel as if they are valued members of the team. When I came to Krispy Kreme, the company was small enough and the task was large enough that we could really see the impact we were making. That meant a lot to me; it really made me feel as if I was a part of the team and a contributor. It was motivating to know that you could do something that affected so many people, and you could try things that sometimes worked and sometimes didn't.

What important management lessons have you learned along the way?

One of the lessons we've taken to heart is to plant our seeds before we need to harvest, before we need to eat. We went out to meet with some of the industry leaders to learn their best practices before we began growing. We talked about the things that were critical to success—how to go through due diligence, how to train.

For example, I spent three days in Oakbrook, Illinois, at McDonald's home office and talked with 20 of its department heads. They were willing to share their best practices with me at a time when they were riding a lot higher than they are now. I've personally met with every CEO of every major food concept chain to learn from the things they were doing well.

You're on the Board of Visitors of Wake Forest University's Babcock Graduate School of Management. From that perspective, do you think business schools are truly preparing students for rapidly growing companies such as yours? Or are there areas where they miss the mark?

Well, I think the challenge is enormous. When you talk about business, it's so multifaceted and multidimensional that I don't know how you prepare anybody. I've been encouraged to see that there is so much interest in just teaching students to think. Of equal importance is setting up the right preconditions that foster thinking and creativity. That is, students must have an environment where they are challenged, where they are encouraged to have ideas, and where they feel free to fail.

I also like the new emphasis on ethics, but I hope schools will go beyond just teaching "ethics," which often can be seen in terms of black and white. In the real world, that generally isn't the reality. It's important also to teach students to understand their own intentions so that they can articulate what they're trying to accomplish and why. It's about creating awareness, and it's about teaching students to think.

What do you think fresh business school graduates must know to be able to contribute to your company right off the bat?

They need to know that their learning process has just begun. They need to look at what they've learned as a starting point, as a platform. Rather than try to make our company fit their vision, they need to understand how they're going to apply what they've learned and know how it translates into this environment. They should come in with a desire to learn and a desire to think. **Z**



Personally RESPONSIBLE

The basis of an ethics education revolves around teaching business students a sense of individual responsibility.



Two years ago, one of our top students renege on a job offer she had accepted. She explained that she had initially accepted the position because she was a foreign student and felt the need to take a job to obtain a visa; she also felt pressured by the employer to say yes. Neither of these reasons made her actions right. I think she knew it, too.

It's easy to say that renege on a job offer is wrong. It's more difficult to know what we might do under similar circumstances. Every day, all of us face situations that cause us to rationalize our actions or incrementally blur the line between right and wrong. Such rationalizations create a slippery slope that, in extreme cases, can lead to the kinds of corporate misconduct we have seen in recent years.

This is not the first time corporate ethics have been at the center of news stories and academic debate. However, this most recent round indicates that the problems are not isolated to just a handful of individuals but may involve layers of management operating in a culture that encourages success by any means. Such a culture is enabled by corporate governance that fails to provide checks and balances and by directors who themselves breach codes of conduct. As a result of these scandals, investors and shareholders are developing almost unprecedented levels of skepticism. Many people have referred to the current abuses as "systemic." They have noted that wrongdoing is actually embedded in the system.

While it's sobering to contemplate the actions of the big offenders, I am even more troubled by all the smaller instances of moral conflict, like my student's decision to renege on her job. It is within these smaller arenas that most of us operate every day. As educators, one of our primary goals should be to help students understand how they might react when presented with an ethical conflict, no matter how big or how small.

Holding the Line

When investment genius Warren Buffett spoke to our students last spring, he commented that most people want to toe the line, but that the line has been drifting. Collectively, did we let the line drift? In this case, "we" are not those who aim to break the law, formulate schemes to defraud investors, or provide accounting disclosures to mislead the public. "We" are the majority of managers and professionals who want to do our jobs, give our best, and abide by principles we hold dear. But "we" are often faced with small-scale ethical dilemmas that we may not handle as well as we'd like.

Did we acquiesce before we got an answer that resolved

our problem? Did we look the other way because everything seemed to be going so well and everyone seemed to benefit? Did we push for more efficient and expedient policies that consequently weakened the system of checks and balances? Did we promise that we would police ourselves—and then follow up half-heartedly? Did we cultivate loyalty through cronyism and trading favors, and did this breed out independent thinking? Did we participate in questionable practices because everyone else did?

In so many situations, it is much easier to acquiesce than to take a stand. As I was writing this essay, I thought of the TV game show called "The Price Is Right." Does everyone have a "right" price? We might be convinced that we don't, but what do our students believe?

Even individuals who never sell out are required to do more than simply stand firm. To exercise moral agency, a person must first abstain from wrongdoing. But he also must *act* by raising questions or taking a stand. Do we have the will to act? Will our students have the will to act once they're in the corporate setting?

Some students think they won't. A recent study by the Aspen Institute Initiative for Social Innovation through Business tracked the development of MBA students over their two years of study. The poll examined students' sensitivity to ethical issues and asked how they would resolve ethical dilemmas. The results showed that most students believe they will encounter conflicts of values in the workplace and that they expect to be highly troubled when these situations arise. When asked what they would do in such situations, the majority responded that they would leave their jobs rather than try to change the corporate culture. A much smaller percentage would take action, advocate changes, or organize other people to take up the cause.

The Benefits of an Ethics Education

In response to corporate scandals and the realization of what is at stake, many schools of business have begun to review the role of ethics in their curricula. Many have initiated new business ethics courses, developed cases, conducted workshops, and held seminars to put the spotlight on the need for principled leadership. These efforts have also invited honest questioning regarding the effectiveness of ethics courses. After all, can business schools teach MBA students right from wrong when the average student is between 26 and 28 years old? Besides, is it our right to define these boundaries for others when we live in a highly pluralistic society where individuals are entitled to their own opinions?

by Carolyn Y. Woo

illustrations by Jim Frazier

I find such questions to be legitimate, but they mischaracterize what we can achieve in business ethics education. I think most people—and students are no different—know right from wrong. I believe they care about doing right. But even those of us with a rudimentary moral sensibility aren't always able to evoke those basic principles when dealing with fairly routine business decisions. For instance, we may do an enthusiastic sales pitch and promise things our company isn't quite ready to deliver, or we might highlight the positive aspects of our products and downplay the negative ones. We might formulate financial projections to favor the outcome we advocate. We might overstep the boundaries when advertising to children or go overboard when we use personal data to target customers.

Ethical dilemmas do not arrive bathed in red lights. There is no sign that says, "You're about to enter an ethical zone." Therefore, ethics education is not about defining for students what is right and what is wrong. Ethics education should aim to raise our students' antennae for recognizing ethical implications, conflicts of interest, and exercises of asymmetric power when such dilemmas pop up without warning.

Language and Ethics

Research has also shown us that *knowing* what is right does not necessarily lead to *doing* what is right. Moral consciousness does not necessarily lead to moral action. Writing in *Personality and Social Psychology Review*, Albert Bandura at Stanford University indicates that "self-regulatory mechanisms do not come into play unless they are activated, and there are many social and psychological maneuvers by which moral self-sanctions can be disengaged from inhumane conduct." What are some of these maneuvers? While there is extensive literature on this question, I would like to highlight the importance of language and mental frames.

We know the power of language: The "half-full, half-empty" colloquialism can lead us to think in positive or negative terms. The way we use language can lead us to accept or reject certain courses of action. Often in corporate settings, "synergy" is the code word for "reduction in force," which in turn is a less emotionally wrenching phrase for "employee termination." Language sanitizes; it can make us feel good about what we are doing. We see this in Scott Adams' daily "Dilbert" cartoons, where Adams expresses rancor for the silly, dishonest, and destructive actions that are thinly cloaked by various euphemisms.

I am concerned also by the language and conceptual frames that have come to dominate business education and research. The basic language of business is populated by ref-

erences to *value maximization, efficiency, gaming behavior, information asymmetry, contracts, networks, and resource optimization*. These concepts offer the theoretical foundation for hypotheses development and testing that allow good science to take place. On the other hand, the human element is somewhat lost in this lexicon. The danger of this language is that it encourages a certain degree of detachment, disengagement, and callousness.

Sanitizing language is injurious because it masks the potential consequences of difficult decisions and replaces self-censure with self-approval. The term "right-sizing" is an example of the latter. I can imagine few managers who will not have to reduce employment levels sometime in their careers. Such decisions have their place. However, the impact of such terminations on people and communities deserves careful consideration—which is more likely to happen with language that gives proper due to its seriousness.

A Worthwhile Challenge

Providing a strong ethics education is clearly a challenge for today's business schools. It is not sufficient for business ethics education to develop awareness, sensitivity, and analytical capabilities in students. In fact, the use of cases can create a sense of self-satisfaction and glibness when students master the

Deans Consider CSR

Because the topics of ethics and corporate social responsibility (CSR) are key issues for today's business schools, deans and other b-school leaders are wrestling with the question of how best to cover them in business classes. Almost 90 percent of business schools integrate CSR and ethics into the core curriculum of their MBA programs—a number that includes the 30 percent who combine a stand-alone course with core curriculum integration. Fewer than ten percent rely exclusively on a standalone course.

These are among the figures produced by an informal survey of the 239 deans registered to attend the 2003 Deans Conference sponsored by AACSB International. Nearly half the deans contacted replied to the survey. More than 90 percent were from the U.S. and came from an academic background. The survey was conducted by AACSB Knowledge Services and Aspen Institute Initiative for Social Innovation through Business (Aspen ISIB).

Asked which courses should include education on social



Whatever knowledge and analytical abilities students attain, they first must learn that the strength of our system depends on trustworthiness—their trustworthiness.

responsibilities, respondents indicated that these issues should be addressed in MBA courses—as many as applicable. Ninety-five percent of respondents noted that a course focusing on business ethics was the proper place to include such education. Other courses deemed proper for ethics and CSR topics were strategy (named by 89 percent of respondents), accounting/auditing (88 percent), general management (83 percent), business law (83 percent), marketing (82 percent), human resource management (82 percent), business/government relations (82 percent), international business (81 percent), and organizational behavior (80 percent). Other course categories were also named, but by a significantly fewer number of respondents.

Sixty-four percent of deans said they consider case studies and modules within courses as the best ways to teach social responsibility. Other approaches considered effective, in descending order, were core courses, guest speakers, and external/community projects. Deemed less helpful were consulting projects, topics for research papers, orientation, electives, recruiting sessions, and student clubs.

Deans also were asked to describe what one change they

would recommend to improve social responsibilities education at their schools. Almost 28 percent indicated that integration of these topics into core courses would have the most effect, and 22 percent would opt for a required course on the subject. Other suggestions, in descending order, were bringing in guest speakers, sponsoring student projects, conducting case studies, building an intellectual framework, increasing faculty interest, and encouraging student selection.

While 68 percent of survey participants *strongly agreed* with the statement “my business school is the kind of place where students feel free to raise issues related to the social responsibility of companies,” only 31 percent *strongly agreed* with the statement that “the faculty at my business school are interested in discussing the social impacts of business decision making.” Also, only 13 percent *strongly agreed* with the statement that “recruiters value noncorporate experience (e.g., volunteer work, government work) on a resume.” It seems clear, therefore, that while many communities on business school campuses are in favor of promoting the theories of corporate social responsibility, more work needs to be done to make sure they are fully accepted by everyone.

ability to point out where others have gone wrong and what the better courses of action might have been. As I mentioned, there are extensive obstacles between knowing and doing.

One of the most significant questions posed to me by a student was this: “Dean Woo, do you think that principled leadership is espoused by people who have made their way to the top of the pyramid? Will this work for people at the bottom fighting for recognition amidst many? Don’t the good guys end up paying?” The question was significant because it was honest and reflected deep and genuine fears.

At the time I was asked the question, I answered it. In the future, I will not. There can be no easy assurances, and the answer is meaningless coming from someone else. It is a question that deserves continuous reflection and observations of

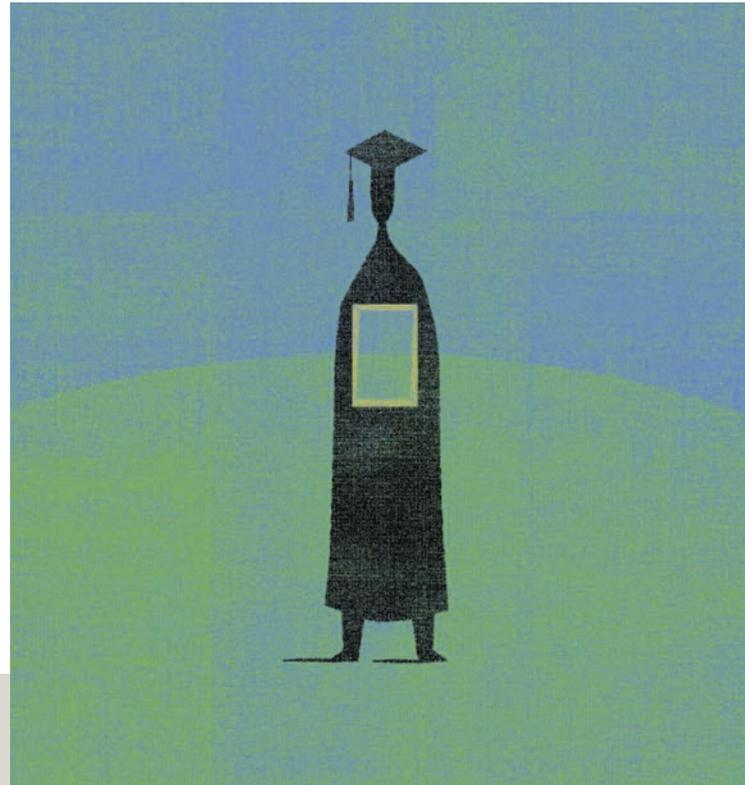
Ethics Education at Mendoza

Every business school will take a different approach to integrating ethics education into its curriculum. At the Mendoza College of the University of Notre Dame, ethics is integral to our mission. The founding dean of the Mendoza College, John Cardinal O’Hara, stated in the 1930s that “the College should send men into business with a sound knowledge of business theory ... with lofty ideals of citizenship, with sound conceptions of business morality ... and with a character that will put those principles into practice under whatever temptations the world may offer.”

At Notre Dame, the issues of compassion, community, stewardship, and virtues are very much a part of the outcomes we hope to achieve in our engagement of students at all levels. Though we have taught business ethics education for decades, I am often humbled by the need to do a better job and go deeper into the challenge of moral agency.

Our objectives for business ethics education include four components: sensitizing students to the ethical dimensions of professional situations; equipping them with various ethical frameworks to identify and appraise options; cultivating an appreciation for different cultural practices and country norms to determine when to apply or bend U.S.-based guidelines; and engaging students to reflect on their own personal values and boundaries and the scope of their personal and professional responsibilities.

The ethics initiatives at the Mendoza College vary across our programs and are made up of curricular and extracur-



ricular efforts, theory and service learning courses, and organizational and personal assessments. For example:

- The MBA program requires three credit hours of ethics. One-and-a-half credit hours are obtained in a foundation course; the other one-and-a-half hours can be selected from a portfolio of applied offerings. Our most recent efforts include an international ethics seminar and a series of discipline-based ethics courses. For the latter, an ethics professor collaborates with five faculty in each of four departments (finance, accounting, marketing, and management) to discuss emerging ethical issues in their respective areas of focus.

- The undergraduate program calls for a one-credit-hour, five-week business ethics course complemented by applied ethics and service learning electives. This is in addition to the university core requirements for 12 hours of philosophy and theology.

- The Executive MBA program offers a module on integral leadership that examines personal strengths and deficits along six dimensions of development: cognitive, emotional, interpersonal, moral, spiritual, and physical. We also offer an online enrichment experience for alumni on Work and Spirituality. In addition, our Gigot Center for Entrepreneurship calls for the development of infrastructure, training, and development to support startups in disadvantaged populations. The program now operates in our local neighborhoods in South Bend, Indiana, as well as in South Africa and Jamaica. It will add new initiatives in Chicago and Atlanta in the coming year.

Research has also shown us that *knowing* what is right does not necessarily lead to *doing* what is right.

both inspiring and disappointing behavior. Such a question leads those who ask it on a journey of self-determination as they discover who they want to be and what they are willing to sacrifice to become the best versions of themselves.

I do believe that the faculty and adult communities on campus play very important roles as students make this journey. Our students will observe us; they will learn, not by what we tell them, but by how we act. For people to believe in goodness, they must see it in action; they must have experienced its benefits. When our students see decency, courage, integrity, generosity, and grace, they can believe in these attributes. Such observations are important antidotes to casual cynicism, and they build hope and idealism.

Sharon Daloz Parks deals with some of these issues in her book *Big Questions, Worthy Dreams*. She refers to faith—specifically in relation to the development of undergraduate students—as one’s view of how the world works. She writes, “To become a young adult in faith is to discover in a critically aware, self-conscious manner the limits of inherited or otherwise socially received assumptions about how life works—what is ultimately true and trustworthy, and what counts—and to recompose meaning and faith on the other side of that discovery. The quality of this recomposition and its adequacy to ground a worthy adulthood depends in significant measure on the hospitality, commitment, and courage of adult culture, as mediated through both individuals and institutions ...”

In education, we owe it to our students to engage them fully as people with talents, ambition, and the desire to do good. We cannot legitimize the abdication of personal responsibility through language and frameworks that foster a sense of detachment, indifference, and callousness. Whatever knowledge and analytical abilities students attain, they first must learn that the strength of our system depends on trustworthiness—their trustworthiness.

Most important, we cannot let students forget their own impact—their potential for both good and harm. We must teach them that the use of the power they will gain must be accompanied by a deep sense of care and that leadership cannot be sustained without competence, character, and courage. 

Carolyn Y. Woo is dean of the Mendoza College of Business at the University of Notre Dame in South Bend, Indiana. She is also chair-elect of the AACSB International Board of Directors and will become chair in July of this year.

*Prentice Hall
cordially invites
you to visit
our booth
to learn more
about our*

- Exciting *new* business and computing titles
- Revisions of market leading texts across the curriculum
- Innovative technology solutions including *activebooks*, *Research Navigator*, *custom CaseBook* and *CoursePack* options.

Come by to learn more about how Prentice Hall can meet your course needs. For a complete list of Prentice Hall Business products, browse our online catalog at

www.prenhall.com

contact your local Prentice Hall representative, or call Faculty Services at

1.800.526.0485



ADVANCING AFRICA

Of Africa's 60 MBA programs, most are struggling and few are accredited. Making Africa's business schools strong and competitive, however, may be one key to unlocking the continent's rich economic and academic potential.

The United Nations held its World Summit on Sustainable Development in Johannesburg, South Africa, last August and September. More than 8,000 delegates from 925 international organizations debated a number of factors that affected Africa's development: globalization, poverty, HIV/AIDS, health care, debt relief, deforestation, technological access, municipal infrastructures, corruption, war, and women's rights. The delegates discussed the policies of the International Monetary Fund and the World Bank, the legacy of colonialism, slavery in Sudan, and land redistribution in Zimbabwe. In all their discussions, however, very little attention was paid to the issue that may be most important to the development of African nations—modern advanced management education.

by **Richard America**

illustration by Chris McAllister

Why should Africa's management education network take precedence over other such forces as globalization, technology, and health care? Simply put, because, in many ways, it affects and encompasses them all. African development has been slowed by gaps in management training. As a result, the public sector is often mismanaged, while private enterprise is stymied by a lack of well-trained modern senior and middle managers.

Many scholars agree that the development of Africa's economy relies on the strength of its private and public sectors. Management education may be the key to accelerating the development of Africa's competitive small- and medium-sized enterprises and enhancing its entrepreneurial culture. With the right partners and support structures, some scholars say, many of Africa's 60 full- and part-time MBA and executive MBA programs can improve their teaching, research, community service, and consulting. As a result, their programs will become more competitive and their graduates more prepared to tackle local and global economic realities.



A Vast Landscape

Eon Smit, director of the University of Stellenbosch in the Republic of South Africa, is very aware of the problems Africa faces, but he recognizes that no one country faces exactly the same set of circumstances. “It’s difficult to generalize about Africa,” he says. “It’s a large and heterogeneous continent consisting of countries with divergent histories, resources, degrees of political stability, and opportunities.”

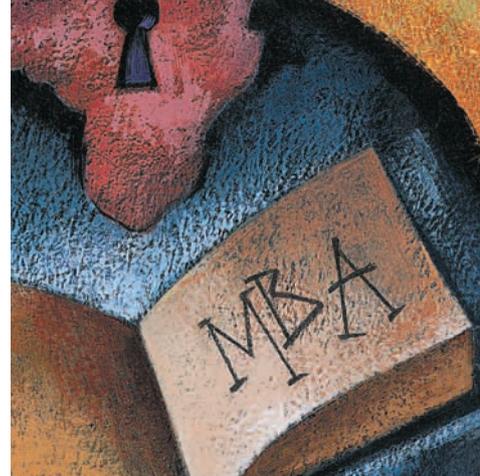
Even so, most African countries do share one circumstance in common. They have a wealth of natural resources. However, their most valuable commodities—their people—are severely hindered by poverty, governmental restrictions, technological isolation, and—in recent years—AIDS.

“AIDS is completely undermining the local economies,”

says Debora Spar, a professor at Harvard Business School in Cambridge, Massachusetts.

Spar, who studies the effect of political environments on international commerce, has done research on the African AIDS crisis, the democratization of South Africa after apartheid, and the resurgence of the economy in Botswana. “AIDS is killing a third of these countries’ most productive people, it’s creating millions of orphans, and it’s scaring off foreign investors,” she says.

Attracting investors, agrees Smit, is one of Africa’s most important challenges. “Although rich in natural resources, Africa is severely constrained by the lack of economic devel-



A Ten-Year Commitment

Over the past two summers, I have visited a number of MBA programs in Africa including those at the University of Ghana and the Ghana Institute of Management; the University of Nairobi and United States International University in Kenya; the University of Namibia and the Polytechnic in Namibia; and Makerere University in Kampala, Uganda. I’ve exchanged extensive e-mail correspondence with the deans and faculty at Nigeria’s Lagos Business School, Tanzania’s University of Dar es Salaam, South Africa’s University of Cape Town, and others. With each visit and each conversation, I have become more certain that the development of graduate business education may be one of the most important factors in the development of African countries. Graduate business education can prepare generations of modern managers and problem solvers to bring all of Africa into the first-world economy.

Advanced management training and graduate business education in Africa are ready for at least ten years of concentrated, dedicated assistance from the international business and business school communities. African business schools need support especially in these areas:

Finding resources. The economic picture for these schools is clouded by the fact that too many national governments are still limiting the autonomy of these schools. Tradition and politics have compelled many schools to retain policies of free university education, even though they need to be able to charge tuition and fees. Such revenues would help schools to advance. Even so, they also would need an influx of outside resources not simply to survive, but to thrive. Major perma-

nent endowments are needed from foundations, corporations, organizations, and individuals concerned about the success of long-term development. On average, the schools need about \$10 million each in private permanent funds to allow them to go forward with plans and free them from political interference. This additional funding also would encourage competition and cooperation by allowing schools to reward faculty for performance, not entitlement.

Building an association. Several attempts have been made to create an African Business Schools Association. So far, these attempts have failed, but a new initiative is now in the planning stages. Once it’s up and running, I believe it will spark continental change. In addition, it will facilitate participation in international accreditation and continuous improvement. It also will accelerate the capacity of schools to offer top-quality teaching, ongoing research and consulting, executive education, and other short-term, custom courses for the business community.

Creating partnerships. My discussions with leaders in African business education have underscored their concerns about business ethics and their eagerness to participate in international management education activities, conferences, and seminars. They also want to host an annual specialized conference in Africa to stimulate continuous improvement. And they intend to conduct a rigorous survey to evaluate the state of graduate management education and build a useful database. They want to evaluate their thesis policies. In these areas, they want partners to help them achieve their goals.

A professor at the University of Nairobi told me that the school already has made great strides in securing its own financial future by shifting from a free education system to a tuition-driven system. “We have fooled the skeptics who did not

“There are a few MBA programs here, but most are mediocre. The teaching is still too theoretical and relies too heavily on textbooks and lectures. Pedagogy needs to move more toward hands-on consulting experiences and cases. We need more faculty with real-world experience.”

—George Harlley

opment. Inadequate access to the capital markets of the world places real restrictions on development,” he says. “This will not change until the continent becomes much more investor-friendly. Political instability, corruption, and inadequate infrastructure need to be addressed before substantial investment will flow toward the continent.”

MBA programs operating in Africa also face myriad problems but share one common hardship—a lack of economic and academic investment. In fact, the tension between economic and academic concerns often leaves academia on the periphery, says Brent Chrite, the managing director of the William Davidson Institute at the University of Michigan Business School in Ann Arbor.

Each African country is faced “with the challenge of

preparing people for the ability to earn a living versus contributing to the overall intellectual vitality of the nation,” says Chrite. “Half the citizens are living on half a dollar a day. Add to that the burden of AIDS, the need to intervene on local violence, and the need for people to really achieve a basic standard of living, and higher education is certainly not a huge priority in the grand scheme of things.”

Some, however, maintain that it is short-sighted to believe Africa’s other pressing issues overshadow the importance of management education. In fact, management education is one other true constant among the diverse African nations. Business schools are in the position to create a workforce not only trained to jump-start the private sector and emphasize corporate governance, but also to streamline health care and create more effective governments.

believe students would want to pay personally for education that had previously been free from the state. Paying students have given this school a facelift. That kind of private initiative of private universities has to happen all over Africa,” he said, “but we still need more outside resources to upgrade—to wire the campus and dormitories, for example. We also have a new Ph.D. program and a journal of management, but these need resources to reach their potential. The government is interested but has not come forward with the necessary funding.” The school cannot achieve its goals on tuition and fees alone, he added.

The international community may be able to help these educational institutions fulfill their potential. The United States, Europe, Asia, and the rest of the global community can help African economies move smoothly toward fully functioning free markets with transparent business practices, clean and effective corporate governance, democratic and rational regulations, and reduced conflict. To achieve these goals, however, requires a substantial commitment from international organizations such as the World Bank, major foundations, major corporations, and business schools.

A ten-year commitment of time, money, and scholarship to African markets could have a huge impact on the development of Africa and would engage us in partnerships to build stronger graduate business schools on both sides of the ocean. These ten years represent a fabulous challenge and opportunity to those interested in Africa, its development, and its management education potential. The benefits such scholarship offers—from fresh research, to ongoing community service, to a truly global economy—are immeasurable.

—by Richard America

Educational Support

Just as foreign investors may shun Africa because of its instability, so do many business schools in the broader international community. The expense involved in setting up programs, partnerships, and educational exchanges can often be a deterrent, says Spar. “The level of expertise on Africa is very low. This is especially true among business schools, at least those in the U.S.,” she says. “It’s simply an area that has not been targeted. Doing that kind of research is expensive and doesn’t have an obvious, immediate payoff. It’s much more difficult and much more expensive to fly to Nigeria than to London.”

Investment of intellectual capital is sorely needed, adds Spar. Although a few business schools in Africa are private or quasi-public, most are state-supported. These schools all show the wear and tear that accompany years of under-funding. Their facilities need upgrading, their computers and other equipment require repair and maintenance, and their faculty, not surprisingly, are underpaid. As a result, most faculty members must moonlight to augment their incomes.

These conditions make academic advancement extraordinarily difficult. Between their teaching loads and their second jobs, faculty members in many African business schools don’t have the time to do significant research. In addition, the turnover rate is high, as many leave for jobs in the corporate sector, says one dean. “Because the skills of business school faculty are in high demand in the private sector, too many of the best faculty are lured away to better paying corporate jobs,” he says. “Guest lecturers are popular, but we use them too much.”

Newer MBA programs do stress excellence and are less hindered by external, politically motivated interference, says

“If you want a laboratory to study why development works in some countries and not others, if you want to look at issues of transition from one ideology to another, just look at Africa.”

—Debra Spar, Harvard Business School

George Harley, a former minister of transport in Ghana, a Harvard Business School graduate, and a former faculty member at the University of Ghana’s business school. While many programs have compelling concepts and newer approaches, he says, they often lack resources to put these concepts into practice.

“In Africa, we have a great need for ethics and transparency in business, for accountability training and continuous retraining,” says Harley. “There are a few MBA programs here, but most are mediocre. The teaching is still too theoretical and relies too heavily on textbooks and lectures. Pedagogy needs to move more toward hands-on consulting experiences and cases. We need more faculty with real-world experience.”

Faculty and student exchanges are only a partial answer to this dilemma, says Spar. She points to a need to develop modern educational programs and long-term, committed partnerships. For example, Harvard Business School plans to launch an executive education program in partnership with a number of African universities, she explains.

“It will follow a curriculum devoted to the idea of defining the roles of the civic, public, and private sectors; they’ll explore how to make sustainable markets that work,” she says. “A program such as this is much more cost-effective than to fly Harvard faculty over there consistently, but still develops greater capacity in African universities, which have been suffering from ‘brain drain’ for quite a while.”

The University of Michigan Business School is also ramping up the involvement of its students and faculty, especially at the level of small- and medium-sized enterprises. It deploys MBA student teams to corporate partners operating in Africa. The students stay for four to five weeks at time, working with student teams from African business schools, explains Chrite. “We have an eclectic mix of projects. Most recently, we did a national-level cluster analysis for Namibia’s ministry of trade and industry,” he says. “The purpose of the analysis was to define strategic business clusters that were consistent with the country’s assets that would help enhance its international competitiveness. We found that tourism and small-scale mining were two areas where Namibia could really thrive.”

Students who participated in this learning opportunity also accepted an extra challenge that other international programs might not present. Not only did they do research, analyze data, and propose viable business models, says Chrite, but they often acted as mentors, teachers, and project man-



agers to bring the other students on board. Making that extra effort “is part of the deal,” says Chrite, “but it’s also part of the fun.”

Georgetown University in Washington, D.C., is working to create an African Business School Association as well as networks of faculty by specialty. The school is also working with the World Bank/International Finance Corporation and the U.S. government

to direct additional funds to African business schools to help them become fully effective and internationally recognized.

Such commitments of time, resources, and expertise benefit not only African economies, but also the global intellectual community, emphasizes Spar. “If you want a laboratory to study why development works in some countries and not others, if you want to look at issues of transition from one ideology to another, just look at Africa,” she says. “Just look at South Africa’s survival of the transition from pre-apartheid to post-apartheid rule—the lessons you can take away from that are incredible. Just look at the great leaders of Africa, such as Nelson Mandela; Abdoulaye Wade, the president of Senegal; or Paul Kagame, the president of Rwanda. We don’t know enough about these incredible leaders.”

More Success Stories

A few business programs in Africa are already on their way to reaching competitive stature in the global business education community. A very few schools have earned accreditation—the University of Stellenbosch’s Graduate School of Business, for example, has received accreditation from both EQUIS and AMBA. Others, like the Ghana Institute of Management and Public Administration (GIMPA), are well-funded, have modern facilities, offer effective programs, and have a bright future. The dean of GIMPA, Stephen Adei, is proud of the school’s accomplishments. “I want visitors to look at this operation and say, ‘Is this really Africa?’” he says, adding that the school is not yet ready to pursue accreditation. “But we will be soon,” he says. “And when we start the process, I expect we will succeed.”

GIMPA’s success story, though, is more the exception than the rule. It will require not just a few, but many business schools to provide a foundation of management skills for this vast continent—and to start a true continental transformation. That transformation will most likely begin with the stronger business schools of South Africa, says Smit of the University of Stellenbosch. “South Africa is a fairly well-developed country

with an excellent infrastructure, a first-world financial sector, and some great tertiary institutions with long traditions of excellent scholarship. However, apartheid opened up a void between South Africa and the rest of Africa," he says. "Our efforts today are aimed at closing these gaps and playing our rightful role amongst the people of Africa."

The University of Stellenbosch is taking this role seriously, says Smit. This year, it will take its MBA degree first to Nairobi, and then to other West African countries. The school also plans to hold shorter business programs in Namibia, Botswana, and Tanzania. Its African Centre for Investment Analysis focuses on African capital markets and organizes an annual African Investment Conference attended by business leaders and politicians from across the continent.

The challenge of strengthening the network of management education institutions in Africa is formidable, says Spar. "We can look at the task and say it's too daunting, or we can accept that it's daunting and start chipping away at it bit by bit. Clearly, that's the right road to go."

Spar would like to see the same interest in Africa's markets that China inspired a few years ago. "There was a rash of case writing on China, which was terrific," she says. "It would be wonderful if we saw the same thing for Africa. African economies may not represent the same kinds of immediate business opportunities as China did, but the learning opportunities it presents are tremendous."

The learning opportunities Africa offers may very well be its greatest gift to the global business education community. Africa's history is rich, although its pressing problems have kept it somewhat disconnected from the global marketplace. Africa's progress in solving those problems, and more, depends on building institutions that will produce cadres of effective, ethical, entrepreneurial managers. Strong management education institutions can enrich their local business environments by emphasizing good corporate governance, high business ethics, anti-corruption practices, conflict resolution, negotiation skills, and creative entrepreneurial management for small- and medium-sized enterprise development.

The administrators, faculty, and staff of African business schools say they are committed to working toward a new vision to better educate the African business community. And if they are given the right local and international support, leadership, policies, and resources, a strong, globally integrated Africa may be well within their reach. **Z**

Richard America is an executive professorial lecturer at Georgetown University's McDonough School of Business in Washington, D.C.

“The Financial Times gives my students a global perspective that no other journal can.”

— Rufus Waters, Professor of Finance & International Business
California State University, Fresno



The new Education Program from the Financial Times

A powerful combination of print and online news resources—at huge discounts.

Students at more than 500 colleges across North America subscribe to the Financial Times. Professors teaching all levels—from undergraduates, to MBAs and executives—tell us how much they value the FT's unmatched global business coverage and thought-provoking analysis. They use it in class to:

- Promote global awareness and perspectives
- Relate class concepts to the real world
- Keep students engaged and up-to-date

Now including FT.com In-Depth (Level 1).

New for 2003, each subscription now includes access to valuable online content and tools, including searchable archives, breaking news, special reports, and more.

Available at substantial student discounts and at no additional cost for professors!

Discover how the Financial Times can enhance your students' learning experience—at 75% discounts for students and educational institutions (just 32¢ per issue). Please visit www.ftsubs.com/professor.

Professors: get a one-year print and online subscription when seven students sign up!

Call (800) 628-0007 to get started today.

For customized programs, please contact our Education Sales Director: Theresa.Bowerman@ft.com, tel (415) 445-5650.

FT FINANCIAL TIMES
World business newspaper

THE GREENING OF CHINA'S B-SCHOOLS

As China races to economic prosperity, the nation is threatened by pollution and environmental degradation. The good news is that a coalition of its new business schools is working to make principles of sustainable enterprise a key part of the education of every new MBA.

A quarter-century of robust economic growth, coupled with accession to the World Trade Organization, has ensured that China will be one of the world's most prominent arenas for business expansion well into the 21st century. However, industrialization brings with it the potential for environmental degradation and depletion of valuable natural resources, which entails economic costs of its own. In an effort to reconcile economic development with clean production, China's business leaders and business school community are working together to train the next generation to seize competitive advantage through sustainable management.

**by Rick Bunch
and Nick Powers**

illustration by Chris McAllister

China's business schools have a tremendous opportunity to influence the course of China's business sector because growth in the economy has caused demand for trained managers to skyrocket. MBA education didn't arrive in mainland China until 1990; there are now 63 business schools in China accredited by its National MBA Education Supervisory Committee. Inducing change in the still nascent business education system will have a huge effect on the way managers are trained—and, in turn, on the way Chinese businesses are run in the future.

One avenue they're using is a collaboration with the Business-Education-Leadership-Learning (BELL) program run by the World Resources Institute (WRI). BELL, which has operated successfully in North America for ten years, held its inaugural China BELL Conference in 2000. Since then, it has continued working with China's business professors and senior government officials to help business schools infuse concepts of sustainability and environmental stewardship into their core curricula.



The Road to Change

Until recently, few Chinese business schools offered electives on sustainability or environmental topics, and no case studies existed that focused on sustainability issues. Because the Chinese educational system is strongly centralized, and strict accreditation processes leave individual schools little room for independent change, introducing concepts of sustainable enterprise across the educational system has proved to be an ongoing challenge. This structure has also acted as a disincentive for the development of new material, which has stifled innovation from individual faculty in China.

Slowly, however, progress is being made. Professors from the leading Chinese schools have published course modules in seven management disciplines, and experienced case writers have led case development workshops that will result in publication of several Chinese environmental management cases. The course modules also serve as the basis for China's first environmental management textbook, which will be published in the fall and distributed to every business professor in China.

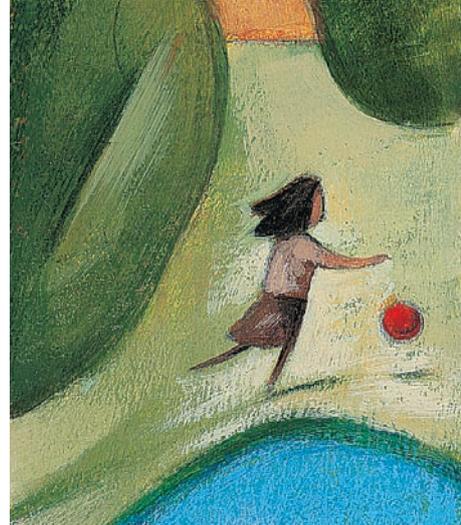
Innovative programs in sustainable enterprise also have been launched at a few Chinese business schools. Peking University's Guanghua School of Management is one of the only schools on mainland China that offers an elective course in environmental management, which is team-taught by professors in economics and accounting. Although enrollment is not always high, the leadership of three of the university's

professors—Wang Liyan, Zhang Zheng, and Yang Dongning—has propelled a small but motivated group to start promoting sustainability at the business school. In addition, last November Peking University launched the College of Environmental Sciences, the first of its kind on the mainland. It takes an interdisciplinary approach that also will involve professors at the business school.

The School of Management at the Dalian University of Technology offers courses in environmental management that are very well-attended by both undergraduates and graduate business students, as well as students in other disciplines. With guidance and support from the Canadian International Development Agency, Dalian has developed a long-term agenda on sustainability. As more and more professors are trained in sustainability workshops, and as a nationally recognized environmental curriculum becomes available, more ground-breaking business education initiatives surely will follow.

Engaging All Schools

Because a culture of emulation prevails in China, and because curriculum standards are centralized and prescriptive, it's been essential that the top-tier, trendsetting schools be the



The World of WRI

The World Resources Institute is an environmental think tank in Washington, D.C., that looks for practical ways to protect the earth and improve people's lives. WRI brings together corporations, entrepreneurs, investors, and business schools to accelerate change in business practice. For more than a decade, WRI's Sustainable Enterprise Program has harnessed the power of business to create profitable solutions to environmental and developmental challenges. In addition to China BELL, WRI is concentrating on several other projects:

- With the **BELL** network, first established in North America in 1994, WRI works to provide curriculum resources and technical assistance to educators. The BELL Conferences, workshops, and materials exchange organized by WRI also allow faculty to share teaching innovations and resources.

- **LA-BELL** was created in 1994 as the Latin American extension of the BELL network. Since then, LA-BELL has been communicating to the business and business education com-

munities in Latin America that the success of the region relies heavily upon the ability to compete in new, rapidly growing markets. WRI strives to help Latin American business schools understand the competitive advantage attained by establishing practices of sustainable management.

- **Environmental Enterprise Corps** pairs MBA students with entrepreneurs who are establishing or expanding environmental companies in Latin America and China. In addition to providing pro bono advisory services to entrepreneurs, EEC educates MBA students and the next generation of business leaders, making them aware of the business opportunities available in fast-growing environmental sectors.

- **Beyond Grey Pinstripes** is a biennial report published jointly by WRI and the Aspen Institute Initiative for Social Innovation through Business. Full-time MBA programs in the U.S. and abroad are surveyed and then assessed as to how well they are integrating social impact and environmental management issues into their management curricula. The report not only highlights the most innovative MBA programs, but also recognizes faculty who have been trailblazers in the field.

For too long, it has been assumed that environmental stewardship was a first-world luxury that could only be addressed once a certain level of economic prosperity had been reached.

first to champion principles of sustainable enterprise. Once professors from prestigious Chinese business schools became “track leaders” for China BELL programs and other sustainable enterprise classes, they helped create a buzz in the Chinese business education community about principles of environmental management. When top schools embrace these concepts, the smaller schools are likely to follow.

In North America and Europe, the market for education at business schools is largely driven by demand, which sends a steady stream of students and revenues through their programs. In addition, because Western education systems have freedom to innovate, even a single professor can bring about significant institutional change that ripples to faculty and administrators at other schools.

In China, on the other hand, it’s quite different. The Chinese educational system is driven by supply, which places limits on its capacity for innovation. Furthermore, a centralized bureaucracy is still evident, even in China’s relatively new business education system. For any change to occur in programs, the resources must be approved, and usually made available, through various bureaucratic units. For the most part, individual professors and institutions are effectively discouraged from promoting innovation, since innovators not only have to develop a new curriculum, but persuade an entire educational system to approve it before it can be put into practice.

For now, the demand-driven nature of American education has proved to be more conducive to institutionalizing change. But in the long run, we may find that the bureaucratic nature of Chinese education will bring about curricular change on a large scale in a relatively short span of time, because once the bureaucracy approves new programming, virtually all schools will adopt it.

First Lessons

More than two years after business schools and China BELL began working together, two points have become clear:

Sustainability matters. Concepts of environmental management and sustainable development are extremely important to the developing world. For too long, it has been assumed that environmental stewardship was a first-world luxury that could only be addressed once a certain level of economic prosperity had been reached. It was also assumed that developing countries would fail to make a concentrated effort to balance economic growth with sustainability.

Yet government leaders and business faculty have shown great enthusiasm for the integration of sustainability into business education, proving that developing countries place value on the environment. Their commitment shows that sustainable enterprise is not only possible, but necessary, in

these parts of the world. This has implications for the members of the global business community, who will see that understanding the complex interaction between business and the environment is necessary for tomorrow’s business leaders—not only in China, but worldwide.

Collaboration is key. Several of the innovative programs that have surfaced in Chinese business schools have come as a direct result of collaboration with Western counterparts. For example, Betty Diener of the University of Massachusetts in Boston spent a semester as a Fulbright visiting professor at Tsinghua University. Her work there with marketing professor Song Xuebao proved to be of great assistance in furthering the infusion of sustainability and environmental modules into Song’s core marketing course. Eric Orts of the Wharton School at the University of Pennsylvania in Philadelphia also spent several months at Tsinghua as a Freeman visiting professor. His presence added environmental subjects to an already extensive collaboration between the two schools.

Much of the resource development that can be initiated by groups such as the BELL team also relies heavily on international collaboration. Course modules, which have been the first step in developing China’s first environmental management textbook, are the products of collaborative workshops between Chinese track leaders and their American counterparts—business school faculty who have themselves successfully integrated environmental topics into mainstream management curriculum. For example, the business cases that are currently in development as the result of BELL collaborations have benefited from similar trans-Pacific working relationships.

Of course, these collaborations are often fruitful for American professors as well, whether they are working in China or hosting Chinese professors at American schools. These exchanges provide outstanding opportunities for Westerners to gain insights into a developing country’s perspectives on the ways business and environmental stewardship can drive each other.

It’s an exciting time to be involved in business education in China. As the country itself grows into a powerful industrialized nation, business schools will be providing managers to lead the new corporations to wealth and stability. The better the schools, the more prepared managers will be to meet the challenges of the 21st century. **Z**

Rick Bunch is director of business education for the Sustainable Enterprise Program of the World Resources Institute located in Washington, D.C. Nick Powers is an assistant in the Sustainable Enterprise Program.

Trials & Trends

While recent report cards for business schools may be disappointing to some observers, a thoughtful evaluation points to steady progress and advancement.

by Ángel Cabrera

Despite radical upheavals in the world's corporate environment, many would charge that executive training and development models have changed very little in recent decades. To quote Henry Mintzberg, the Cleghorn Professor of Management Studies at McGill University in Montreal, Canada, for example, we're educating executives with a product from 1908 and a strategy from the 1950s. The first date refers to the year when the first Harvard MBA graduated; and the second marks the publication date of *Higher Education for Business*, an assessment of American business schools written by Robert Aaron Gordon and James Edwin Howell.

Other indictments have been raised by professors, administrators, and others on both sides of the Atlantic and elsewhere. In my opinion, however, those of us in management education don't always give ourselves enough credit for the strides we've made or for the things we're doing well. Admittedly, we face challenges; but our progress and sense of purpose have never seemed steadier or stronger.

Limitations in Our Models

At the time when the Gordon and Howell report was published, U.S. business schools were producing 3,200 MBA graduates per year. The study drew attention to the lack of rigor and academic legitimacy of the schools of that time, and it eventually generated a transformation that spanned several decades. During that period, economists, sociologists, and psychologists helped build the scientific basis of current management education.

For better or worse, today's business schools produce hundreds of thousands of graduates across the world, evidencing the enormous impact that current business training models have on our societies. Notwithstanding the size and status of these models, limitations and flaws in our practices unquestionably exist. We regularly hear criticisms about the broad tenets of management education, as well as rebukes that stem from current research.

Mintzberg, for example, asserts that today's MBA programs produce functional specialists—experts in finance, marketing or accounting, for example—instead of true, professional managers. Yet we all know that real management consists of much more than solving well-defined technical problems.

Real managers usually have to identify the problems themselves; and, more often than not, these problems are ill-defined and transdisciplinary in nature. Real managers must be able to look for collaborative solutions and then implement them in socially complex environments.

MBA programs have also come under fire as a result of recent research by Jeffrey Pfeffer, Thomas D. Dee II Professor of Organizational Behavior at the Stanford University Graduate School of Business, and Christina T. Fong, a Stanford Ph.D. candidate. Pfeffer/Fong argue that, with a few possible exceptions, master's degrees in business administration teach little of real use in the business world. Their study also questions the relevance of current research for management practice, suggesting that the disproportionate influence of basic research has made us lose sight of what companies really need. Pfeffer/Fong maintain that companies typically evolve far more quickly than academics in terms of innovation in management techniques.

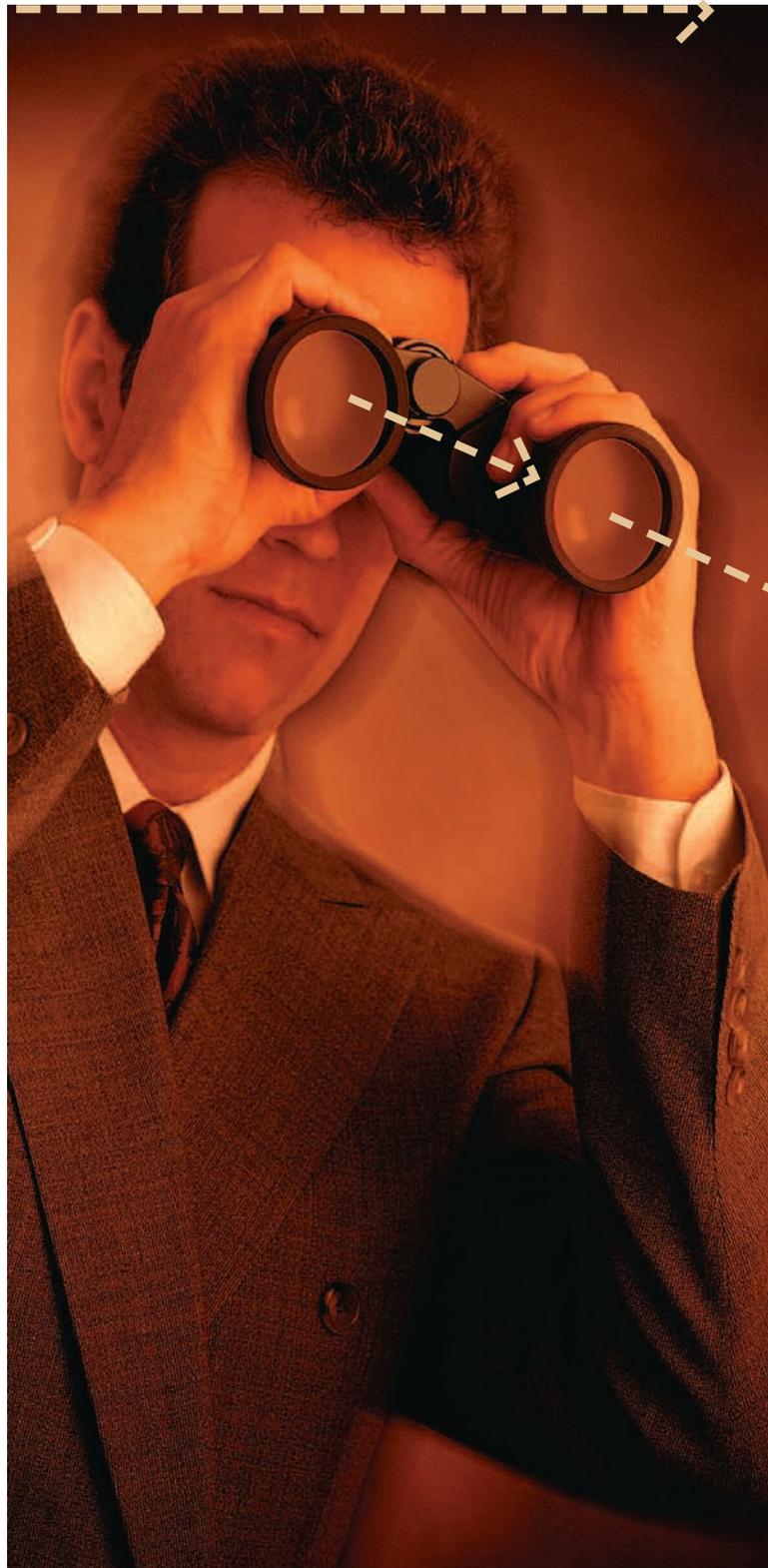
Another chronic complaint in some management education circles is related to rankings by the media. Many professors and deans rail against the potentially harmful effects of rankings. They insist that schools may be diverting their resources away from fundamentals like generating knowledge or improving training methods and channeling them toward cosmetic strategies that might improve their position in rankings.

These criticisms have been made by solid professionals, and they raise points that merit the engagement of all management educators. Nonetheless, I would say that the state of management education is healthier than it might appear.

It is true, for example, that management training emphasizes functional technical knowledge; but we must also point out that our programs now attach greater importance than ever to the development of broad management skills through strategies such as workshops, outdoor training, coaching, and assessment programs. And while some lines of research might seem irrelevant to the practicing manager or the consultant, basic research enables qualitative advances in resolving problems of a more applied nature.

In response to the rankings issue, it seems to me that, in fact, rankings have indeed affected the way many business schools operate. It seems important to acknowledge, however, that competition related to rankings has also produced innovations and improvements that have had a positive effect on the quality of management training. The outcomes have had both positive and negative elements.

These are real and continuing issues, of course; but I believe we're doing a good job in terms of identifying, confronting, resolving, and coming to terms with many of these kinds of problems. And while many of them haven't been settled to the satisfaction of all parties, other sets of trends and opportunities now may loom even larger.



Moving Forward

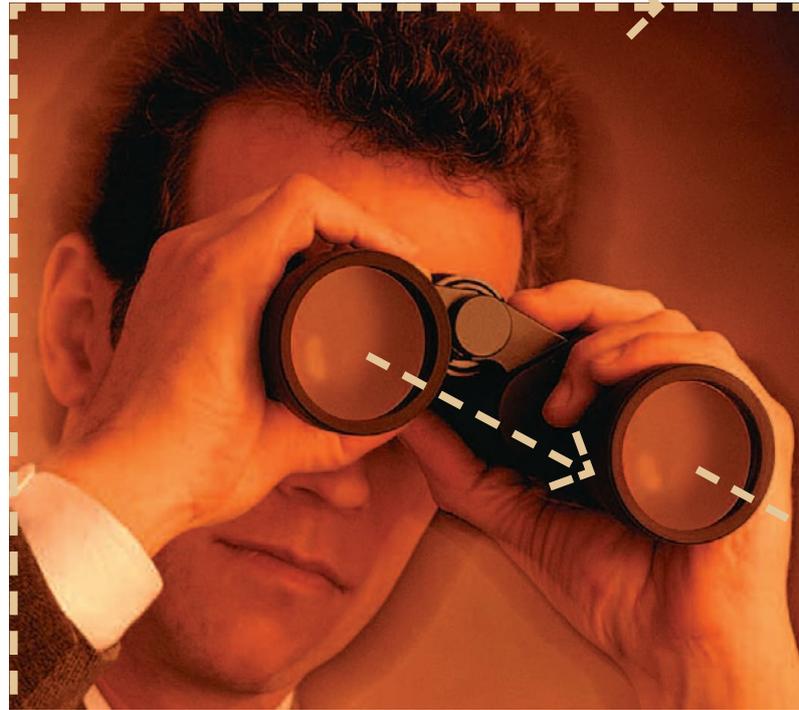
In many ways, change has become as much a given in business schools as it is in business. Understanding and acting on the forces and factors that are likely to have greatest impact on business schools can help us move ahead at full speed. I submit that our most critical, current issues lie in the areas of internationalization, integration of disciplines, learning and practice, and societal responsibilities.

Internationalization. Not so long ago, only large organizations were international. That scenario has changed. Every day, a growing number of small- and mid-sized firms are becoming more globalized so that they can create and maintain competitive advantages.

In the international arena, companies may find themselves in confusing, self-governing environments where regulations may be vague or nonexistent. None of the legal or cultural guarantees to which the managers are accustomed may be in place. To operate in such an environment, exceptional managers are needed. They must be capable of interpreting highly complex political, cultural, and economic variables; and they must be capable of holding their own in the face of ambiguity. They must be sensitive to differences and know how to adapt themselves to different environments.

This kind of mind-set can only be developed in educational environments with a markedly international slant in terms of participants, faculty, vision, and content. These environments must be truly multicultural and diverse, where participants can immerse themselves, question and be questioned, and give and receive, all at the same time. Only in such settings is it possible to develop the skills required to handle complex intercultural situations. Creating these kinds of managers and environments is a critical challenge for business schools.

Integration of Disciplines. I agree with Mintzberg when he says that management is a transdisciplinary and integrative profession. In practice, however, we continue to divide our curricula into watertight disciplinary compartments. The professor of finance may translate one business case into discounted cash flows; the strategy professor may see it relating to the development of core competencies. The marketing professor may see it as a question of brand building, and the human resource professor as a process of cultural transformation. The reduction of problems into disciplines obviously makes them more manageable, but at the



Simulators, interactive cases, collaborative and constructionist learning methods, and mixed teaching models will replace many of our current methodologies.

cost of dangerously restricting the space where we look for possible solutions.

Management training should help participants explore the limits of their particular specialties, find and define problems, and understand the spaces where available solutions lie by looking at them from the perspective of other disciplines. Some schools, including our own, are experimenting with different models of multidisciplinary integration; but this kind of exploration—which I consider to be essential—still has a long way to go.

Learning and Practice. The classroom has proven to be a good place for reflection, for getting away from the pressures of the moment and for learning. Sometimes, however, the result of this learning process is too far removed from the realm of professional practice; and that distance can limit the real value obtained from investment in training. The distance could be physical, temporal, or, in the worst of cases, cultural.

To close distances, programs must incorporate new ways of integrating the learning experience and professional practice. Achieving this closure is sure to require closer collaboration between organizations and business schools, so that professional performance objectives would be linked with those of professional development, weaving together training, consulting, and research. In the future I predict that we will see the line between degree programs such as the MBA and executive training become increasingly blurred, because programs that provide an intelligent combination of the best of both worlds are already under way.

Placing the learning process in context is also going to require enlightened use of the Internet and other technologies. In Instituto de Empresa's International Executive MBA, for example, a community of students and teachers from different countries spend the year "together" by interacting from their places of work and residence. A training environment of this nature connects training content with localized professional development more closely than we were ever able to do before. The most important role of technology, we have found, is not to cut costs but to increase the effectiveness of the learning process. The opportunities here are enormous, and they are going to require a clear investment in resources and an innovative and flexible approach.

Societal Responsibilities. Regardless of the level of attention we have given in the past to corporate ethics, schools must assume their share of responsibility for the current, widespread lack of confidence in business organizations and their leaders. In a recent international poll by the World Economic Forum in Rio de Janeiro, which was based on 34,000 interviews with respondents in 46 countries, corporations emerged as the least trusted institutions worldwide, topped only by congresses and national parliaments. The untrustworthiness of corporations should be of great concern to those of us dedicated to the training of new business leaders.

Many of the business leaders involved in recent scandals, and many others involved in the perpetuation of corruption in societies around the world, have been trained in some of the world's most prestigious schools. This does not mean that the training they received destroyed their values, or that without that training these directors would have acted differently. It does mean, however, that the schools did not equip these managers with the tools they needed to tackle some of the most complex decisions that their organizations face.

In one way or another, our schools must face up to the problem of how we teach ethics. I'm convinced that the most effective solution does not lie in multiplying corporate ethics courses. It is important to know and foresee the most common ethical dilemmas, but it would be naïve to think that a business school can alter a person's scale of deeper values.

Nonetheless, training can help participants understand the long-term consequences associated with situations such as the lack of transparency, weak governance structures, or the lack of responsibility toward the environment. Training can also help develop a true professional attitude among students, a form of professionalism with strong moral and deontological foundations. Most important, we must be capable of incorporating these subjects into the core of our programs, and not treat them as isolated issues.

Toward Transformation

While we all share universal concerns regarding the advancement of management education, growing competition among schools is another driver that obliges us to seek innovative ways for confronting these and other issues. To rise to the challenges posed by globalization, schools may open more remote bases, form cross-border alliances, or merge with partners overseas. Alliances will give rise to business school clusters, following the pattern that has emerged in other sectors, such as commercial aviation.

This trend will also spark investment in the learning technologies needed to enhance contextualization and integration in our curricula. The cost of these investments will surely

give rise to both large- and small-scale collaborations that can extend to related sectors such as consulting.

In the next few decades we may see the end of the dominance of the case method as we now know it. Simulators, interactive cases, collaborative and constructionist learning methods, and mixed teaching models will replace many of our current methodologies. Some of these methods will require professors to be more involved with firms, or they might combine learning with specific research projects that maximize content relevance.

Perhaps it is true that we have evolved slowly over the past five decades, but I maintain that dramatic change is under way. I'm predicting that the next decade will mark an unprecedented transformation in management education. **Z**

Ángel Cabrera Izquierdo is dean of Instituto de Empresa graduate business school in Madrid.

Certain Degree



9th Hospitality

Big fun becomes big business as tourist destinations worldwide grow more sophisticated and international in nature.

by Sharon Shinn " illustrations by Elwood H. Smith

Tourism is one of the fastest-growing and most important economic sectors in the world. According to the World Tourism Organization, more than 700 million tourists chose to travel in 2002; in 2001, international tourism accounted for \$463 billion worldwide. It seems logical, therefore, that travel and hospitality organizations worldwide should be looking to business schools to train new managers for their hotels, restaurants, resorts, and airlines. In fact, a number of business schools and freestanding hotel schools around the world have dedicated themselves to just that cause.

While many hospitality programs were born in human development and food and nutrition programs, today many more are located within schools of business or in entirely self-contained colleges. What they provide—even when

they carry a name such as the William F. Harrah College of Hotel Administration at the University of Nevada Las Vegas—is far more than a grounding in hotel basics, says Stuart H. Mann, dean of that school. “The name ‘college of hotel administration’ is really a misnomer,” he says.

“We offer management in the fields of lodging, restaurants, conventions and meetings, recreation, entertainment, and tourism retailing.”

The growth in hospitality degree programs has directly paralleled the growth in the tourism industry, according to Jeroen Oskam of the Maastricht Hotel Management School in the Netherlands. When a region sees an upsurge in tourism and competition increases, he says, “the quality of the tourist product becomes a decisive factor. At that point, hotels and other companies realize that having a well-prepared staff will be the key to success.”

Similarly, the changes in hospitality programs mirror the changes in the industry itself, Oskam notes. He expects the future of tourism to be affected by demographic factors such as aging populations, and economic growth in emerging countries that will lead them to welcome tourists. It’s

inevitable that as hotels and restaurants are transformed from family-owned enterprises to multinational companies with thousands of employees, hospitality management programs will become more international in nature and focus on the challenges of running global corporations.

Accent on Flavor

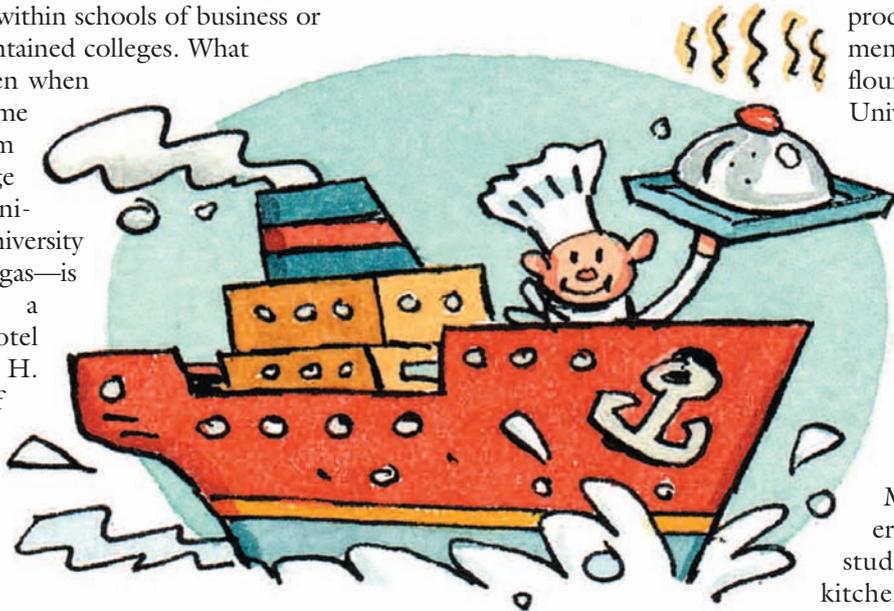
While students in hospitality classes learn the basic functional disciplines of finance, marketing, and OB, specialty courses often define the programs. For instance, at the Maastricht Hotel Management School, students take courses on the sustainable development of tourist areas. At UNLV, specialty areas cover gaming management, wines and spirits, and food

production. Diversity management and gastronomy courses flourish at the Oxford Brookes University in Oxford, England.

Many hospitality schools also feature facilities rarely found in the general run of b-schools: in-house restaurants and hotels. The Brookes restaurant in Oxford is a commercial restaurant open to the public and staffed by a full-time team of chefs. Much of the labor, however, is provided by first-year students who work in the kitchen for one day a week.

“Before they go into industry, we want them to work in a realistic environment,” says Donald Sloan, head of Oxford Brooke’s Department of Hospitality, Leisure and Tourism Management.

Cornell University’s School of Hotel Administration also boasts a restaurant, as well as a hotel, at its campus in Ithaca, New York. While breakfast and lunch at Rhapsody are served by a professional staff, dinners are run entirely by students four nights a week. Students rotate between serving as staff and acting as managers who assign cooking and serving tasks to their classmates. “There’s a static menu that’s regularly offered, but the managers must come up with the specials that are offered that week,” says Brad Walp, director of graduate enrollment and student services. The night’s work also usually includes a research component. “For example, one team might decide to measure some facet of customer satisfaction,



so we might put together a survey for the people coming to the restaurant that night,” he says.

More than 300 undergraduates also spend some time working at the Statler, the 150-room business-class hotel directly connected to Cornell. “There are a lot of opportunities for students to learn from the experience, whether it’s working as a clerk at the front desk or as a manager in the banqueting department,” says Walp. Students also conduct research projects through the hotel, collecting marketing data or watching how a public relations firm promotes the Statler. “Right now we’re refurbishing many of our hotel rooms, so the general manager invites students interested in design to sit in on meetings with vendors. In various dimensions, we can use the hotel as a learning facility.”

Other schools have opted not to take on the responsibility of an in-house restaurant or hotel. At the new hospitality and tourism management program at San Diego State University in California, for instance, the school decided to

use the whole city as its living laboratory. “Within half an hour of campus, we have 500 hotels that range from the Four Seasons to high-end resorts to convention hotels to urban motels,” says Carl Winston, director of the program. “We have thousands of eating establishments nearby, from the international restaurant to the roadside diner. We have nine casinos and an international border within half an hour of the campus. Last year, 150 cruise ships docked here. We’ve got four major amusement parks, an international airport, and more than 100 country clubs.”

Instead of launching its own enterprises to teach students the basics, SDSU made a conscious effort to work with local industries. “At the very beginning of the class, we partnered with several restaurants in town, including fast-food, casual dining, fine dining, and hotel establishments,” says Winston. “We’d much rather have the ratio of experts to students be 20 to one in a commercial restaurant than have 30 students working in a campus restaurant.”

Studying Safety

Like any other industry, hospitality is at the mercy of prevailing market forces—and the two biggest forces to hit in recent years were terrorism and the surrounding recession. “The travel tourism industry was probably affected more than any other sector by the events of September 11, 2001, and we still haven’t recovered from that,” says Stuart Mann of UNLV. “The combination of terrorism and the recession has had a significant impact on airline travel, hotel occupancies, and business at resort destinations.”

It’s also redefined the concept of safety in the eyes of hotel owners and their customers. “The key issue is foreseeability,” says SDSU’s Carl Winston, who recently conducted a seminar on safety for hotel operators. “Two years ago, no one thought there was a chance someone would walk into a hotel and blow it up. Today, if I had to testify whether or not I could foresee that some terrorist would enter a hotel and shoot somebody, I’d have to say yes. That’s raised the bar considerably.”

As the world changes, Winston notes, safety precautions get more sophisticated. Hotel upgrades that have occurred in the past generations are sprinklers, hard-wired smoke detectors, peepholes, and electronic keys. Now that terrorist organizations might be targeting unarmed citizens, hotels must upgrade safety precautions again—not just to protect

their customers from harm, but to protect themselves from negative public reaction. “Let’s say a terrorist goes in and blows up a hotel,” says Winston. “People will say, ‘That hotel should have done more to protect its customers! It should have foreseen this could happen! It’s one of those terrible big companies.’ I think the big chains are very vulnerable to a terrorist event from many perspectives, including publicity.”

The corporate emphasis on safety is translated into classroom projects as students learn to test how security might be compromised. Winston took a team of students to five hotels and had them try to breach security in various areas. “Four out of five got into the kitchen. Four out of five got drinks with no ID check. One got into a room with no key,” he says.

SDSU students also study safety issues such as how to prevent employee violence, guard against identity theft, and choose security officers. They’re also taught to drill employees on safety measures. “Walk up to the front desk and ask the staff, ‘What are you going to do if a fire breaks out? If someone walks in with a gun?’ Don’t just put these things in the manual—train on them,” says Winston.

Finally, says Winston, SDSU teaches students to stay current on local laws and regulations—as well as general practices in their regions. “For instance, there’s going to be a higher degree of security in Las Vegas than there is in St. Louis because of all the casino cash. You need more security in a resort market because guests will be bringing valuables to the pool.”

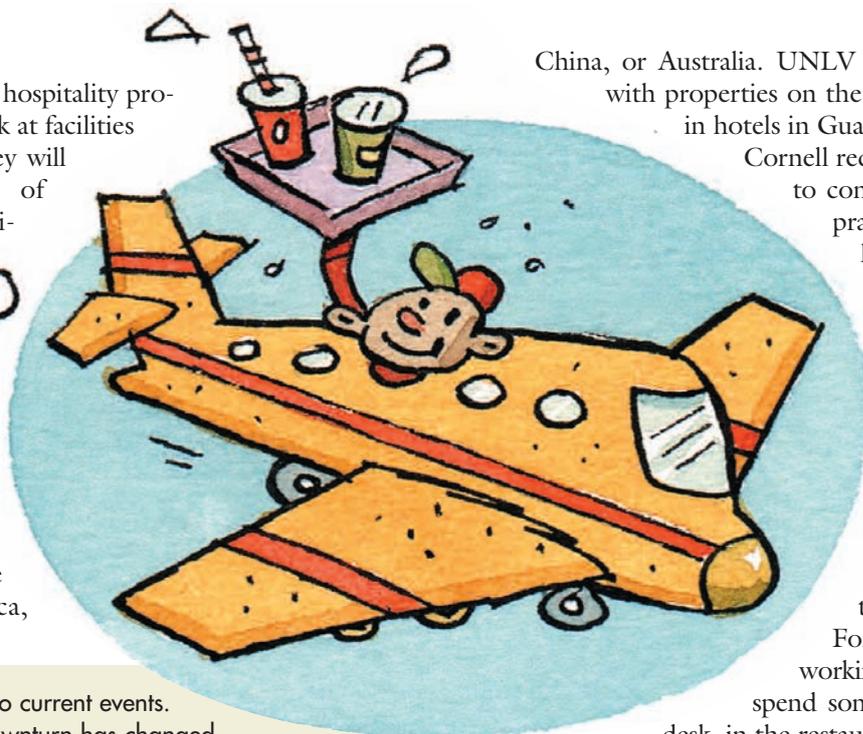
Safety issues are not the only ones that have been incorporat-

a clerk at the front desk or as a manager in the banqueting department.

In various dimensions, we can use the hotel as a learning facility.”

Learning to Work

Whether or not students in hospitality programs have a chance to work at facilities on the school property, they will certainly get some kind of hands-on industry experience through external internships—and the standard internship projects often sound glamorous. For instance, Maastricht undergrads are required to take two five-month internships, one of which must be to a location in Europe, the U.S., the Caribbean, South Africa,



ed into curricula in response to current events.

For instance, the economic downturn has changed the way students learn to evaluate business expenses. “Many students are experiencing a recession for the first time in their lives, and we’re able to talk about the importance of costs as well as the importance of revenue,” says Mann.

The downturn also has given students an incentive to look at hotels and restaurants in the lower range of luxury. “Instead of staying in first-class hotels and flying first class, many people are shifting down in terms of how they’re traveling and where they’re choosing to stay,” says Brad Walp of Cornell University. “Therefore, some strata of the market have done better during the recession. This has brought about some changes in the demographic of what students are going out to do.”

The recession also has affected students entering and leaving hospitality programs in other ways, as schools experienced a dropoff in applications right after 9/11—and students experienced a dropoff in certain kinds of job opportunities. Nonetheless, these programs have all continued to thrive, even during the downturn. Jeroen Oskam of the Maastricht Hotel Management School attributes that partly to the fact that programs like his focus strongly on business hotels, which have been largely unaffected by the recession—and partly to the fact that a bad economy is almost always good for business schools.

“To put it simply,” he says, “in hard times employees will seek to secure their positions by improving their qualifications.”

China, or Australia. UNLV students can intern with properties on the Las Vegas strip—or in hotels in Guam and China. While Cornell requires all undergrads to complete 800 hours of practical training in a hospitality environment, a few take an extended six-month internship in a location like London.

Many internships require students to rotate through the various departments in their host companies. For instance, a student working at a hotel would spend some time at the front desk, in the restaurant, in the sales and catering department, in the sales force, in the accounting department, and so on. “It’s a way for students to find out what they like and what likes them,” says Winston. At SDSU, the internship is accompanied by a CD-ROM that includes nearly 100 assignments, from tasks the student must accomplish to data he must discover. “One item on the checklist might be, ‘Make an appointment with the director of sales and find out this answer,’” says Winston. “Or it might be, ‘Discover the cost of the utility bill.’ We’re just trying to expose students to the real aspects of the operation.”

At Oxford Brookes, students spend their second year working in the field at major hotel chains, resorts, tourism organizations, cruise liners, and tourist attractions. Because the students—and the program—are very international, many of the assignments are in foreign countries. Students start at a relatively low “operational” level. “We’re very aware that sometimes management students feel they should be running the operation straight off, and that’s why we made a conscious decision to send them out in their second year,” says Sloan. “We just want them to get a feel for how the organization operates. If they display ability, a year is long enough for them to be given more responsibility.”

Whether a student acquires work experience through an internship or as part of the school program, such experience is essential, Sloan believes. “Hospitality employers favor students who are mature, worldly wise, and have a good

Graduates from Maastricht have taken such jobs as general manager or sales director of a major international hotel, marketing manager of a catering service, guest relations manager on a cruise line, and managing director of a resort.

background of work experience with reputable companies. At our school, the year in industry also provides a context for students when they return to more advanced studies in their third and fourth years.”

The Student Body

Not only are hospitality students mature and experienced, for the most part they’re fun to be around. At Maastricht, typical students must have practical experience and be able to speak three languages—but generally they also have “independent, innovative, ambitious, and extroverted personalities,” notes Oskam. Mann says that students in the UNLV program tend to be “outgoing, gregarious, people-oriented, and engaging.”

Even so, says Sloan, the “typical” student varies from country to country. “A lot of it relates to the attitude that a particular society has about working in hospitality and tourism,” says Sloan. “In many countries, it’s an extremely well respected profession, a worthy career. In other countries with a strong class system—and the U.K. falls into this bracket—the hospitality industry has unpleasant associations with servitude and servility, which discourages some people from entering the field. But what we often get are students who are very interested in travel and who want hands-on jobs instead of desk-based employment.”

At the graduate level, many are a bit older than other business students. They’ve come to the program having already worked in the industry for a while and are looking for a degree that will help them climb the hospitality ladder. “If I were to stereotype a graduate student, it would be someone who already has a lot of hands-on operational experience and who is currently a department head or a general manager at a smaller hotel,” says Walp. “We also get students who have worked in banking, real estate, and related fields, but who have somehow been exposed to hospitality projects.”

Once these outgoing students earn their degrees, they have a certain cachet. “They have a special awareness of the practical implications of management decisions,” says Oskam. “They will have acquired insight into intercultural communication, not just based on theory, but based on the experience of being part of an international student team.”

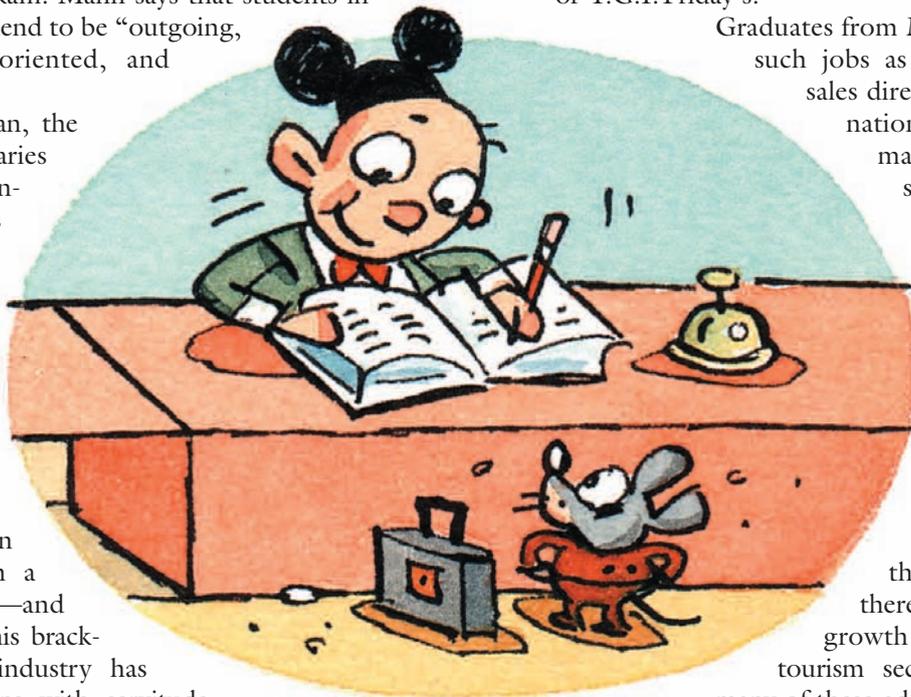
They also have a chance to go on to a wide variety of careers. “Entry-level positions would have titles that start ‘assistant manager of,’” says Mann. “In a hotel, they’d be assistant managers of front desk operations or housekeeping. They might be assistant restaurant managers at Chili’s or T.G.I. Friday’s.”

Graduates from Maastricht have taken such jobs as general manager or sales director of a major international hotel, marketing manager of a catering service, guest relations manager on a cruise line, and managing director of a resort.

Room for More

While there has been a boom in the number of hospitality programs offered in the past ten years, there’s been tremendous growth in the travel and tourism sector as well, leading many of these administrators to believe the market for such programs is not yet saturated. “For a long time, we couldn’t graduate enough entry-level people for the industry,” says Mann. “Right now, because of the recession and 9/11, jobs are not as easy to come by in areas such as conventions and lodgings, but there’s always room for good people.”

“It’s such a big industry that I think there are many roles for academia,” says Walp. “There are travel and tourism applications. There are international and government applications, as some graduates work in ministries of travel and tourism. There are opportunities in the airline industry. Any number of other service-focused industries, whether they’re involved in banking or real estate, can use graduates who understand the service industry in a broad context.”



Existing schools are considering partnerships with other organizations—sometimes with the specific goal of increasing hospitality programs in developing countries. For instance, says Oskam, ten years ago, the Maastricht Hotel Management School helped create the International Maastricht College, a Dutch-Bulgarian School for Hospitality in Albena, Bulgaria. “Furthermore, the school cooperates with the hotel school system in Cuba and is looking into the possibility of establishing similar links with South Africa, China, and Thailand,” he says.

Even though these administrators feel there is room for new programs, they warn that such programs can be difficult and expensive to set up. “You can’t really graduate a student in hospitality management without giving that student experience in managing the food and beverage function, and you need laboratory facilities for that function,” notes Mann of UNLV. “Food and beverage classes require hands-on training, which means small class sizes, which means many sections and many instructors. Therefore, it’s a costly program.”

It can also be a costly program because it absolutely has to be international to have any value, notes Sloan. In addition, he says, a hospitality program requires close ties with industry. “If you don’t understand the changing nature of the industry, you’re going to lose relevance very, very quickly, and then your students won’t be in demand upon graduation,” he says. “At the same time, you have to maintain academic credibility. There is a perception sometimes that vocational qualifications are not as academic as other areas of study within universities. So you must maintain academic rigor, which requires you to have an understanding of the broader higher educational environment.”

That academic rigor must focus on management basics to be successful. “If there’s a new player in the market, it would serve all of us better if that school gives students a solid, well-rounded business background and builds the hospitality focus on top of that,” says Walp. “All the students who then go into the industry would have a baseline knowledge—they would be thinkers and decision-makers—and the specific knowledge they would bring about the industry would just be icing on the cake.”

That specific knowledge about the hospitality industry undoubtedly will become even more important as the tourism sector continues to flourish worldwide. Even if war in the Middle East disrupts travel and tourism for a while, the hospitality industry has shown it can quickly rebound. Schools looking to find a niche program that will separate them from their peers may very well find that a tourism program is just their ticket to the global market. **Z**

NOTRE DAME FACULTY

Question Conventional Wisdom

Research by Management Professor

Glen Dowell and two colleagues

showed that multinational firms that use stringent environmental standards have higher stock market valuations. Their finding refutes the idea that adopting global environmental standards by multinational enterprises constitutes a liability that depresses market value. Dowell's study received the Moskowitz Prize for outstanding research on socially responsible investing.

For more information,
www.nd.edu/~ndbizmag



UNIVERSITY OF
NOTRE DAME

Mendoza College of Business



LEMONADE

\$2

COME ON DOWN

Junior EXECUTIVES

Business students found their own companies, get funding, sell products, and pay back their loans, all within the confines of a one-semester class.

If experience is the best teacher, undergraduates at the University of Oklahoma's Price School of Business have a terrific instructor. Since 1995, the school has offered juniors a chance to enroll in the Integrated Business Core, a multicourse one-semester program in which students not only learn key business concepts, but start and run their own businesses. To date, these student companies have earned nearly \$1 million in revenue, a little more than half of that in profit.

The major advantage of the IBC program is that it gives students a chance to actually run a small business, with all the demands and difficulties that implies. According to program director Larry K. Michaelsen, David Ross Boyd Professor of Management at the school in Norman, Oklahoma, "They have to write a business plan, get the bankers to look at it, determine what product they're going to sell, and decide how they're going to market it. If their idea works, great. If it doesn't, they have to say, 'Where is our thinking wrong, and how can we fix it?' That's where the learning comes in."

Students also participate in a community service project by donating both their time and the proceeds of their businesses. Through these projects, they learn not only applied business theory but the importance of developing interpersonal and group-interaction skills.

Business Basics

Oklahoma's IBC was based partially on a program at Bucknell University in Lewisburg, Pennsylvania. Michaelsen joined with two other faculty members to create OU's integrated curriculum, which consists of the three core courses of management, marketing, and legal studies. It also requires a practicum course that counts as an upper-division business elective. The professors work together to sequence the topics in their own classes to correlate to the information students need to learn at specific times to set up their businesses. Nonetheless, the courses remain segre-

gated, and each teacher continues to grade independently.

Every semester, the IBC format accommodates 140 students, who attend joint three-hour lectures and then split into four groups to form their companies. Each company is aided by a student advisor who is a former IBC student. Because students only have a semester to learn business basics, devise a start-up company, get it running, and make a profit, the class moves along at a pretty good clip. By the third week, each individual team must come up with a potential business for its company to consider. Each team does a SWOT analysis on its proposed business, analyzing "strengths, weaknesses, opportunities, and threats."

"One week they read about SWOT analysis, and the next week they have to do one," says Michaelsen. "They get the conceptual material, apply the conceptual material, and then use what they've learned to make decisions about their companies."

By mid-semester, each company has narrowed its choices down to one, and the students have devised a solid business plan to support the venture. The next step is to pitch their ideas to local bankers and ask for a loan of up to \$5,000. Says Michaelsen, "To make a case to the bankers that they have put together a viable business opportunity, the students have had to locate suppliers, do pricing, develop a marketing plan, and analyze the break-even point."

Not all the student companies receive a loan on the first try. "Historically speaking, about 40 percent get what they ask for," says Michaelson. The rest must scale back their requests or do some remedial work on their projects before the bankers will approve the loan.

"The program has been a tremendous source of publicity for the banks that have funded it from the beginning," says Michaelsen. Because every student company has earned enough money to pay back its loan, the banks have not lost a dime. "In terms of small business loans, this is the best they can hope for. There is almost zero risk."

by Sharon Shinn



illustration by Adam McCauley



Below left: Students in the company called OU Traditions took 1,600 photos and arranged them into a mosaic image that was both patriotic and dedicated to the Sooners. A \$5,000 loan helped them produce the poster, which made a net profit of more than \$53,000. **Below right:** An OU student sells Boomer Stix before an Oklahoma football game.



PHOTOS COURTESY OF SOONER MAGAZINE

Down to Business

By the time funding is secured, only six or seven weeks are left in the semester—and during that time, students have to produce and sell their products. “They have to react very quickly to changes in the market, and often those changes are really significant,” says Michaelsen. “But of course, that’s the kind of world we live in.”

Because of the tight time frame, many student companies choose to sell items that have an inherent appeal to their most likely demographic—students. Many have marketed inexpensive items that feature the University of Oklahoma logo, including beach towels, posters, calendars, and articles of clothing. Sales are often made at football games and well-traveled areas of campus. Other entrepreneurs have developed less OU-centric products, such as discount cards that can be used at local retailers, which are sold to community residents as well as students.

Since the program started in 1995, no student company has failed to make a profit of at least \$800. One of the most successful companies achieved a net profit of \$53,000 through sales of a mosaic poster of hundreds of snapshots arranged into an image of an American flag behind an OU football helmet. More commonly, student companies have a net profit of \$10,000 to \$20,000.

Not surprisingly, the course of a startup business is often far from smooth. For instance, setting up a table to sell goods in a high-traffic location doesn’t always guarantee swift sales. One company found the greater masses of people were not interested in the running shorts it had for sale. “People walked by their table by the thousands,” says Michaelsen.

The students rethought their market and decided that they

might do more business with fewer customers if they set up shop at the university’s recreation center. “Their sales tripled with 10 percent of the traffic,” says Michaelsen. “They learned you have to think carefully about who wants to buy your product. Is it the students? Well, maybe not every student. So you go to the subset of students who are really interested in your product.”

Market downturns are also caused by outside factors, as student entrepreneurs have discovered. For instance, when companies sell OU posters and other products at football games, sales tend to drop off dramatically if the team loses. Students have scrambled to make up for lost sales by slashing prices or repackaging items as Christmas gifts.

Other students have had to compensate for missed delivery dates by suppliers, unexpected licensing snafus, merchandise that wasn’t up to specifications, the arrival of new competitors, and flirtations with bankruptcy.

The Service Component

Running a startup business is only part of the challenge of the IBC. To fulfill the community service requirement, students donate both their time and the profit from their businesses to a local nonprofit organization that they choose. They may also choose to donate profits to one organization and time to another.

While the dollar amount raised is impressive—Michaelsen estimates it at \$212,000 in 2001, or roughly 12.5 percent of what the Norman community raised for its United Way campaign in the same time period—money isn’t all that makes the service projects worthwhile. The ventures give the students another chance to organize themselves as a group to complete

an enterprise. Even more important, they strengthen relationships within the student companies.

“Working on Habitat for Humanity accomplishes many of the same things as sending a group off to Outward Bound, and yet the Outward Bound experience doesn’t produce anything for anyone. If you go down to work on a Habitat for Humanity home with a group of people from work, you build interpersonal relationships and contribute to the community at the same time,” Michaelson says. “At times, the service project is the glue that holds some companies together during business-related problems.”

He illustrates the point with the tale of students who elected to sell beach towels that featured the Oklahoma logo and a reference to OU’s recent national sports title. Although they tried to work within university licensing rules, the students were told that the towels violated certain licensing requirements. They were given a choice of selling their inventory to a company the licensing office had located, or selling the towels in nonpublic places. The students opted for the “black market” approach, but by this time they’d missed their prime chance to sell towels to Sooners heading off to spring break. “Their business was sputtering,” Michaelsen says.

While they were still figuring out what to do, the students took part in their service project, which involved local high school students, OU athletes, and Special Olympics children playing in a softball game. The game took place near fields where the OU men’s baseball team and women’s softball team also were playing. Crowds were good, and several news organizations covered the event.

“Even though these students had been so angry with each other, they had such a good experience doing this service project that they rebuilt the community spirit within the team,” says Michaelsen. “They were able to face up to the problems on the business, and they ended up doing pretty well.”

They sold out of their nonlicensed towels, reordered more legitimate ones, and opened a snow cone division of their company. Ultimately, both divisions were quite profitable. “That company would not have been nearly so successful if those students hadn’t done that service project together,” Michaelsen says.

Proven Success

Like any passionate program director, Michaelsen is convinced the IBC has a remarkable impact on student lives—but unlike most, he has hard data to back him up. In 2000 he conducted a survey of graduating seniors to evaluate core undergraduate programs. Eighteen to 24 months after participating in the IBC, more than half of the respondents identi-

fied it as the single most positive aspect of their undergraduate business education. Of the seniors who did not participate in IBC, less than one percent mentioned anything relating to their junior-level courses when asked about their best undergraduate experiences.

Asked what made IBC valuable to them, respondents identified three main benefits. First, it improved their learning and helped them apply concepts to later classes. Second, it improved their ability to develop people skills. Third, it created a profound sense of community among the IBC participants, which remained strong through the remainder of their time at OU.

“When asked about how things are going in their courses, IBC students invariably speak in terms of ‘we’—they and one or more IBC peers with whom they have voluntarily chosen to work and study,” Michaelsen says in a report about the survey. “In fact, many instructors in higher-level courses are finding that they cannot allow self-formed project groups because other students are simply unable to compete with groups composed of former IBC students.”

The IBC has been so successful at OU that Michaelsen happily shares its stories with other school administrators who want to set up similar programs. He knows of at least one school—Brigham Young University-Idaho in Rexburg—that has copied some aspects of Oklahoma’s IBC program.

“It’s a private school on a smaller campus in a very small community, so it’s a very different situation,” he notes. The faculty had decided to try the program for a semester and see how it went. Before the semester was over, they were committed to the program for good. By the second semester, one of BYU’s student companies had earned a \$10,000 profit—a level it took the OU students two years to achieve.

If other schools are interested in setting up their own integrated curricula, Michaelsen advises them to include the business community from the very beginning—particularly the bankers who might be interested in approving the loans. He also recommends that schools start with 70 students in two companies and increase class sizes over time. Schools also should have seed money to cover the loans to the student companies.

Then, they’re ready to launch—and students will have the learning experience of a lifetime. No lecture or textbook can quite prepare students for the decisions they’ll have to make if inventory is ruined in a rainstorm, for instance, or a supplier turns out to be a competitor. IBC students who overcome such problems are likely to be better prepared to take on the larger obstacles that will threaten their companies when they’re facing higher stakes in the corporate world. **Z**

Technology

■ The Softer Side of Tech

The new technology-infused classroom at Washington State University's College of Business and Economics in Pullman, Washington, isn't quite what most people expect when they think of "state-of-the-art." Instead of a room filled with glowing computer monitors and desks with data ports, visitors to WSU's "Boeing Wireless Classroom of the Future" are met with bean bag chairs, comfortable red and black sofas, and a generally relaxed atmosphere.

"Many students think it's a faculty lounge or a coffee lounge when they first walk in," jokes Craig Cumberland, a Ph.D. student and one of the first to teach a class in this environment. "They are stunned to learn that it's a classroom. But students in the current classes rave about the room, not only because it's different, but also because it takes them and their instructors out of their traditional roles. Rather than the 'sage on the stage,' the instructor is more of a 'guide on the side.'"

The classroom's design is meant to create an environment where the technology remains accessible, yet inconspicuous. Moreover, students can move freely in the room to form groups and work in teams; in addition, they assume a more active—and interactive—learning style, explains Cumberland. "The point of wireless technology is to free the user to be mobile, yet still remain connected," he says. "With fixed desks and tables set up in the traditional 'horseshoe' design, students often feel restricted by the space. So, we chose to build an environment that encourages mobility and redefinition right from the beginning."

The classroom is equipped with



WSU's new wireless classroom requires faculty to take a different approach to teaching. Here, WSU professor Joan Giese teaches students not from behind a podium, but from the arm of a comfortable couch.

two computers, one that controls the projector system and one that controls other media technology such as DVD and CD players. The "dual projector system" can send information to a 20' x 10' screen along the rear wall of the classroom. The room is also enabled with Bluetooth technology—a new wireless protocol—to allow users to connect to their computer environment via laptop or PDA. Students can upload information wirelessly from their own devices to project on the large screen.

"The facility is also a symbol of our focus on entrepreneurship and innovation throughout the College," says Len Jessup, the school's dean. Jessup co-teaches a course on strategic information technology with Cumberland. "The classroom has become a showcase for the university. In just a few short months we've brought into the classroom literally dozens of leading executives from around the country either in-person or via video conference."

For Cumberland, an ideal class in the wireless Boeing room is no longer one in which he is able to deliver a lecture point-for-point in the time allotted. He now views an ideal class as one where he doesn't make it through the first bullet point of his first slide before he's facilitating a raging debate on the previous

week's assigned reading. "It's very active and very different from the traditional lecture-and-note-taking activities many faculty are accustomed to," says Cumberland. "Faculty have to be prepared to manage the class, not deliver it."

■ AthenaOnline.com Introduces Online Collaboration Tool

AthenaOnline.com, a Reno, Nevada, publisher of multimedia training, education, and career development products, recently announced the launch of a new service for real-time knowledge delivery and learning. The Athena KnowledgeShare Server can be applied to distance learning, classroom follow-up, panel discussions, and other collaborative events, say company representatives. In addition, any event conducted on the KnowledgeShare server can be recorded so that its information can be searched and retrieved for later viewing.

The system accommodates video, audio, slides, and the use of white board technology for online presentations. These presentations can be viewed by two to several hundred users simultaneously.

The server, which requires the current Macromedia Flash plug-in, is

now available to subscribers of the Athena Knowledge Network, which offers short video lessons from business faculty and authors. To obtain additional information, e-mail sales@athenaonline.com or visit www.athenaonline.com.

Personal Surfing Is Good for Business

Companies that restrict their employees' personal use of the Internet during company time may have to rethink that decision. The University of Maryland Robert H. Smith School of Business in College Park, Maryland, and Rockbridge Associates, a marketing company in Great Falls, Virginia, recently conducted a "National

Technology Readiness Survey."

The survey found that workers in the U.S. spend less time at work using the Internet for personal use (3.7 hours per week) than they spent at home using the Internet for work (5.9 hours per week). These numbers suggest that employers may be better off with lenient policies governing how their employees use the 'Net on the job.

The division between work and personal life has become increasingly blurred, Ronald Rust, director of the Smith School's Center for e-Service, told *Computerworld*. Companies that crack down on personal Web surfing may inadvertently cause workers' productivity and morale to decrease, he said.

TOOLS OF THE TRADE

Jones School Faculty Report Direct-to-the-Web

The Jesse H. Jones Graduate School of Management at Rice University in Houston, Texas, has implemented a system to automate and simplify the process its faculty use to enter data into the school's computer database and Web pages. The Jones School recently added a Faculty Reporting System module to its xCatalyst software platform. The software and module were developed by Houston's ESX Engineering (www.esxengineering.com).

The Jones School has been using xCatalyst for more than a year to manage its Web site. Since the new faculty reporting module was added to the platform, the school has been able to replace its existing electronic faculty reporting system, which required redundant data entry. Now, professors can enter their annual reports into the system; those reports are then immediately accessible by the provost and deans. Professors no longer rely on a Webmaster to update their Web pages—the new module allows them to input their own updated information, which is automatically published to their Web pages.

The features of the faculty reporting module "reduce the amount of staff time needed to keep the Web pages up-to-date," says Debra Thomas, director of public relations for the Jones School. She adds that the software also has helped the school streamline its operations both internally and externally. "The platform has really helped us with our Web initiatives, allowing us to be more efficient in getting our information to the public."

Features of the Faculty Reporting System module include three levels of security access to the system; data entry and user action forms, which allow faculty to input defined information on demand; and specified sections of data output, where certain collected data can be published on the public Web site.

The screenshot shows the Rice University website. At the top, there are navigation links: RECRUITED, NEWS, FOCUS, CALENDAR, ABOUT US, CAMPUS, and HOME. Below this is a section for Richard P. Bagozzi, J. Hugh Liedtke Professor of Management, Marketing, Behavioral Science and Psychology. There is a photo of Dr. Bagozzi and a 'Research Statement' section. The page also includes a 'Request Information' and 'Apply Online' button.

NEWSBYTES

IUSB LAUNCHES MIS

This fall, Indiana University, South Bend, will add a business major with a concentration in management information systems to its undergraduate program. IUSB's School of Business and Economics is adding the program in response to positive feedback to its master of science in management information technologies, which it launched in 2000. Undergraduates pursuing the new major will take classes in subjects such as database management systems, Web page design, e-commerce, and computer programming.

TWO COUNTRIES TOP TECH LISTS

Finland recently ranked No. 1 in its use of information and communication technologies (ICT) in a recent report on global information technology. The report, published by the World Economic Forum with the World Bank and INSEAD business school, ranked 82 countries in their readiness to use and deploy network technologies. Finland edged out the U.S. for first place. Meanwhile, a report from Cap Gemini Ernst & Young found that Sweden outpaces its European counterparts in the accessibility and sophistication of its online services for public and corporate consumption. **Z**

DATABIT

The National Technology Readiness Survey from the University of Maryland's Smith School of Business found that of those who use their work computers for personal Internet surfing, **22 percent** checked account information from a utility company (up from 13 percent in 2001) and **20 percent** paid a credit card bill online (up from 15 percent in 2001).

Is E-Commerce Essential?

Is e-commerce a fad that will soon disappear from the b-school curriculum? Or is it an integral part of the business world that must be addressed in our classrooms? Business school professors are sharply divided on the topic, making it difficult for schools to plan how—or whether—they'll teach e-commerce to the next generation of business students.

As a professor of e-commerce, I wanted to get a better idea of how management educators feel about teaching the subject—and what better way to satisfy my curiosity than to ask the educators themselves. I recently sent an informal e-mail survey to a number of business school professors in the U.S., asking them to respond to four open-ended questions.

I was pleasantly surprised when 64 faculty members responded quickly to my query, convincing me that interest in this topic has become increasingly substantial. Furthermore, I think their replies to the following four questions offer all business educators insights into the value of e-commerce and ideas about the best ways to teach it.

1. Why is e-commerce not a fad? Only two respondents disagreed with this question's assumption, claiming that e-commerce *is* a fad. This minority felt that e-commerce should be taught alongside other forms of commerce or under the umbrella of "marketing." One professor bluntly stated, "I view e-commerce as closely analogous to air conditioning—critically fundamental to modern business but not, in and of itself, very interesting."

The majority of professors who

responded to the survey, however, believe that e-commerce is both vitally important and here to stay as an essential classroom topic. "A fad is something that is easily replaced by the next 'big' thing," said one respondent. "I find it a challenge to think what could replace e-commerce. It's not a new style or fashion; it's a way of conducting business."

Other respondents stressed the importance of e-commerce by citing figures. For instance, more than one billion people have used the Internet, while Internet retailing has racked up more than \$30 billion in sales. Those numbers suggest that e-business is anything but a fad and that, as a staple of business, its place in the classroom is assured.

Several professors were quick to offer up reasons why any predictions of the death of e-commerce have been greatly exaggerated. For instance, one professor praised e-commerce for offering convenience to customers and consistency to sellers. "A sales force is made up of multiple personalities who may present different and even incompatible images for a company, as well as inconsistent responses to consumer questions. E-commerce allows consumers similar interaction on the Internet with far more consistent presentation in both image and information. And, obviously, e-commerce *can* be more cost-efficient than a sales force, while offering the same benefits."

E-commerce has become a service many consumers demand, another respondent commented. "They expect to find basic product information, service information, contact numbers, and investor information on the company Web site 24/7. Many consumers use the Web to

supplement their search process and then make their final purchase at a traditional retail store. But without the initial data posted online, a company is at a disadvantage."

2. Why should MBA students study e-commerce? For most professors, the answer to this question was simple: Because it's something they should learn. The majority felt that because e-commerce is so prevalent in business today, graduates without an e-background would be working under a handicap.

"MBA students should study e-business because it *is* business," one professor wrote. "There is virtually no part of the organization that is not affected by changes in communications and networking technologies. This situation is not likely to change. Employers expect MBAs to have studied e-business and to be familiar with its impact on the firm." An e-business concentration, others noted, also helps working professionals interact with employees in corporate IT/IS areas.

Nonetheless, students themselves are not always convinced of the value of e-commerce. One professor asked a class of undergraduate business majors if the Internet had had a positive or negative effect on business. "I was surprised at how many students in the class felt its effects have been negative," the professor commented. "Students, especially non-MIS majors, need to be exposed to the value of e-commerce as it relates to the various functional areas of a business."

3. What went wrong before? Teachers who understand the errors that were made in the past can help students avoid them in the future. With that in mind, the survey asked respondents to discuss what mistakes com-

BECAUSE E-COMMERCE IS SO PREVALENT IN BUSINESS, GRADUATES WITHOUT AN E-BACKGROUND WOULD BE WORKING UNDER A HANDICAP.



panies made during the first wave of e-commerce. These professors pinpointed four major problems:

- Many dot-coms ignored basic business principles and, for that matter, plain common sense.

- Many dot-coms failed due to poor management.

- Some dot-coms focused on technology alone, not on running a business.

- Most dot-coms bought into the hype and were unduly optimistic about the future.

While most respondents believe that e-commerce is an essential part of a business curriculum, they also believe that it cannot be successful unless it is combined with generally accepted business practices. Furthermore, they feel that students need to learn both technological and management skills to be effective managers.

4. What are the challenges in teaching e-commerce? The respondents who teach e-commerce noted that they are overwhelmed by the challenges it presents. Many said it was difficult to find up-to-date cases and most resort to using trade books in their classes. In addition, they must absorb a constant flow of new knowledge and technology, all while trying to stay current with new trends in business at large. Said one, “I know there are useful cases, examples, trends, and resources out there, but I do not have time to keep up. I deal with this by checking many sources and working long hours.”

Other professors find their greatest challenge lies in changing their students’ attitudes toward technolo-

gy. “Some students are still stuck in the technology trap; they resist coming to grips with real business issues,” one professor said.

These students must be taught to understand that “e-commerce is a vast area

that requires examination of people, systems, and technology—and the dynamic between them.”

For some instructors, the biggest challenge they face is dealing with the wide variety of students who are attracted to an e-commerce course. Students might range from an individual “who’s suspicious of the Internet and its role in commerce, to someone who works with IT every day,” said one respondent. “If you’re creative and use a problem-solving approach, the needs of both groups can be met.”

Another respondent identified two distinctly different and incompatible groups who fill the b-school classroom: IS/IT majors who want to learn the technology without all the “management junk,” and majors from other disciplines who want to learn management theories unencumbered by “the reality of technology limitations.” This respondent has found a way to bring these two disparate groups together: “My solution is to make them work together to produce a Web-based business.”

Other students want to dive straight into designing a Web site, said one professor, who described their initial process as, “Fire, aim, ready!” This professor has to bring them back to the realities of business. “I spend a lot of the first week discussing project structure and management. Concept analysis,

planning, a budget schedule, and a staffing model come first but are foreign to many of them.”

Although I may explore this topic with a larger, more formal survey in the future, the qualitative feedback I received from this small sampling was compelling. I was surprised to see just how heterogeneous opinions were among these 64 respondents, who showed considerable diversity in their approaches to teaching e-commerce. Even so, the majority agreed that even with its challenges, e-business is an essential part of business today and cannot be ignored in the business school classroom.

I believe it is incredibly important that business schools integrate e-commerce into their teaching of other disciplines, such as marketing, strategy, and IS. They must use—and create—up-to-date and balanced cases that present e-commerce histories in business. And most important, they must challenge their students’ archaic and often simplistic views of how e-commerce *really* works within a business structure.

Ultimately, we should move beyond debating whether or not e-commerce is a fad to accepting its continued importance to business. Whether they teach e-commerce across the curriculum or as a discipline in itself, business schools need to examine the best way to fit e-commerce models into their classrooms. Only then will graduating MBA students be armed with the crucial technological knowledge they’ll need in their professional careers. **Z**

Sandeep Krishnamurthy is associate professor of e-commerce and marketing at the University of Washington, Bothell. His survey data can be found at faculty.washington.edu/sandeep/survey.

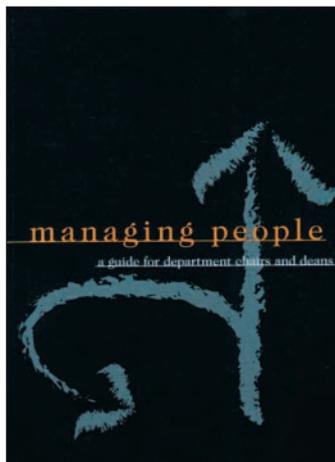
Bookshelf

■ All About the People

Business school deans have an overwhelming assortment of daily tasks to perform, from setting budgets to acting as the public face of the business school. But many of them find that they spend more time than they expected on an activity that might not have been specified in the job description: helping faculty and staff with problems. In *Managing People*, editor Deryl R. Leaming has gathered ten authors—all chairs, deans, and vice presidents of universities—to discuss how best to deal with the human side of management.

Leaming takes the first essay, aimed at helping deans and department heads understand themselves before they undertake the effort of understanding their staff. A “behavior audit” self-test gives readers a chance to assess their recent actions, their levels of honesty and fairness, and their interpersonal skills. “Let’s assume you have a confrontation with a colleague. Afterwards, you should ask yourself how well you handled your differences. Were you honest? Did you become defensive? Did you keep your dispute on a professional level?” When the answers are “no,” self-improvement becomes the obvious goal.

Other authors contribute chapters such as “Winning Over Your Detractors,” “Handling Conflict with Difficult Faculty,” “Dealing with Troubled Faculty,” and “Improving the Odds of Hiring the Right Person.” The contributors all draw from their own experiences when discussing how to learn to lis-



ten, how to run the most effective staff meeting, and how to combat boredom and disillusionment. Deans and department heads will find themselves nodding their heads at the familiarity of the descriptions—and

walking away with helpful advice about how to deal with difficult situations. (Anker Publishing, \$39.95)

■ The Entrepreneur’s Tale

So you want to be an entrepreneur. So did John Lusk and Kyle

Harrison, two Wharton graduates who in 1999 decided to forgo the lucrative jobs their schoolmates were pursuing in investment banking and consulting work in favor of setting up their own small business. Their goal was to manufacture and market a computer mouse shaped like a golf club. *The MouseDriver Chronicles* is their story.

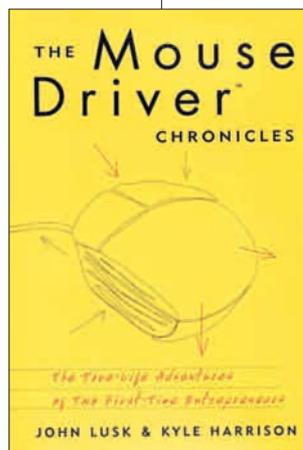
And what a story it is! Intimate, engaging, and fascinating, the book takes a look at the most minute details of their struggle to get their innovative product to market. It details how they work their Wharton connections, call on friends and family members for advice and fresh cash, max out their credit cards, deal with their overseas supplier, grow depressed with each unexpected setback, and feel elation

with each small victory. They find themselves obsessed with details of marketing and packaging that it had never occurred to them to wonder about before. “Before we’d started, we’d directed most of our admiration toward entrepreneurs,” they write. “Now we were catching ourselves marveling at the design of half the products we ran across, all the way down to the padding and wrapping materials from the boxes they came in.”

Their plan was to be millionaires within two years. It won’t surprise any reader who gets through the chapter titled “Darkness, Darkness, Darkness, Darkness” that their plan fails. Yet by the time those two years have passed, they have developed a

unique product that has started to pull in solid sales and pay them reasonable salaries—and they’ve learned everything about running a small manufacturing business. They’ve had “an experience that exposed our strengths and weaknesses faster than any traditional jobs we might have taken.” In short, they’ve had an

extraordinary education—and the reader has had a marvelous ride along with them. (Perseus Publishing, \$15)



■ Quick Looks

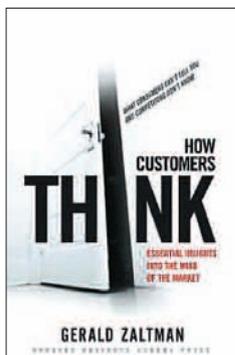
Marketers spend a great deal of time and money running focus groups, conducting surveys, and trying to determine what makes customers buy a certain product. Much of the data they gather is wrong, because marketers don’t ask the right ques-

"WE DESPERATELY NEED IMAGINATION TO TRANSFORM HOW WE DO BUSINESS."

—Gerald Zaltman, *How Customers Think*

tions or because they phrase those questions in a way that guarantees they'll elicit the responses they desire. So says Gerald Zaltman in *How Customers Think*, a book that examines the mind of the customer and how it is affected by emotions, myths, moods, memories, and metaphors. "We desperately need imagination to transform how we do business," Zaltman writes, and his book provides a stepping-off point for that commodity. (Harvard Business School Press, \$29.95)

Most investment books focus on explaining ways to get rich quick. In *Thou Shalt Not Invest Foolishly*, subtitled *Confessions of a Business Professor*, University of Notre Dame professor Khalil F. Matta takes an



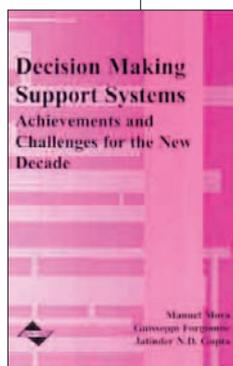
entirely different approach. In it, he details all the mistakes he has made and what he has learned from his flawed approach to investing. Chapter Five leads off with the commandment "Thou Shalt Not Fall in Love" and contains this helpful observation: "It is only natural for investors to invest in companies they like. ... However, problems arrive when they get infatuated by what the company has to offer and ignore other equally important criteria for making the investment decision." Matta carefully details his own experiences with

technology stocks, biotech stocks, foreign markets, and leveraged investments. It's the rare cautionary tale that is actually enjoyable to read. (1st Books Library, \$13.95)

If you're like most people, at some point in your life you will stop and ask yourself: Is this the right job for me? Is this really what I want to be doing for the rest of my life? Changing jobs—even more agonizingly, changing careers—comes with such risk and upheaval that many people are paralyzed by the number of decisions they will have to make.

Herminia Ibarra investigates ways to make the change a little less painful in *Working Identity: Unconventional Strategies for Reinventing Your Career*. She tells stories of people who radically alter their lives—the Spanish literature professor who becomes a stockbroker, the psychiatrist who becomes a Buddhist monk—and describes the small steps they take and the experiments they make before they find themselves firmly on the right paths in their new careers. Anyone who reads it will begin to wonder how he might incorporate new directions into his own life. (Harvard Business School Press, \$26.95)

An international assemblage of experts has contributed essays to the book *Decision Making Support*

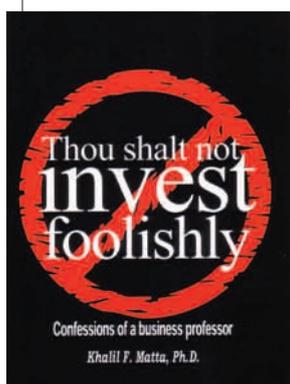


Systems: Achievements and Challenges for the New Decade. Lead authors Manuel Mora, Guiseppe Forgiorno, and Jatinder N.D. Gupta hope to dissipate some of the confusion "about the theoretical basis, architectural form, support mechanisms, design and development strategies, evaluation approaches, and

managerial and organizational aspects of decision making support systems." The detailed and complex essays are not for beginners in the field, but the breadth of information offered is impressive. (Idea Group Publishing, \$79.95)

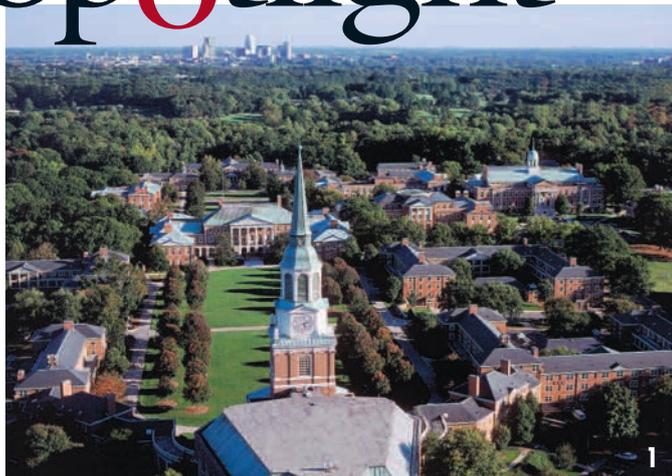
Book News

Harvard Business School Press and The Conference Board have announced that they will publish a co-branded series of professional handbooks for senior executives. The series is tentatively titled Benchmark Books. Titles will be based on research and analysis conducted by The Conference Board, a New York-based not-for-profit organization that focuses on business and economic research. The series will launch in early 2004 with two titles: *The New Consumer Guidebook* by Gail Fosler, Chief Economist of The Conference Board; and *The Business Ethics Guidebook* by Ronald E. Berenbeim, Director of The Conference Board's Working Group on Global Business Ethics. Other subjects in the series may include corporate governance, managing customer relationships, and executive compensation. **Z**



Chapter Five leads off with the commandment "Thou Shalt Not Fall in Love" and contains this helpful observation: "It is only natural for investors to invest in companies they like. ... However, problems arrive when they get infatuated by what the company has to offer and ignore other equally important criteria for making the investment decision." Matta carefully details his own experiences with

Spotlight



1



2



3

Unique Opportunities

Wake Forest University
The Wayne Calloway School of Business
& Accountancy
Babcock Graduate School of
Management
Winston-Salem, North Carolina

Both undergraduates and MBA students get special attention at Wake Forest University, one of only a few U.S. universities with separate business schools for undergraduate and graduate programs. Founded in 1949, Wake Forest's Calloway School serves 407 undergraduates and 63 masters-level accounting students. The Babcock Graduate School of Management, founded in 1969, is devoted to its MBA program serving 675 students.

"We have our own dean and faculty who serve the Calloway School exclusively and are not involved with the MBA program," says Kline Harrison, associate dean and professor at Calloway. "Our undergraduate students are not vying with MBA and doctoral students for the time and attention of our faculty."

Calloway undergraduates have unique opportunities, including the chance to do collaborative research with business faculty—work usually reserved for graduate students. Some even become co-authors of works

1, Wake Forest University's campus. 2, Wait Chapel, the university's signature building, named after its founder and first president Samuel Wait, also the site for a 2000 presidential debate between George Bush and Al Gore. 3, Professor Kline Harrison in class. 4, Professor Gordon McCray with a student in the Calloway School. 5, Worrell Professional Center, housing the Babcock school and Wake Forest's School of Law.



5

published in academic journals. Calloway students also are encouraged to pursue minors in the arts and sciences to gain a strong foundation in the liberal arts.

Calloway offers degrees in business, analytical finance, informational systems, mathematical business, and accounting. The school also offers BS/MS degrees in accounting. In fact, its accounting students recently achieved the nation's highest first-time pass on the CPA exam. In addition to its strong accounting program, Calloway recently opened its new Center for Undergraduate Entrepreneurship and plans to develop an incubator where teams of business and liberal arts majors can develop new business ventures.

For its part, Babcock offers four different MBA programs, including full-time and "fast-track" executive



4

programs on its Winston-Salem campus, as well as evening and Saturday programs on its campus in Charlotte, North Carolina. Its

joint degree programs include a four-year JD/MBA with Wake Forest's School of Law, a five-year MD/MBA with the School of Medicine, a five-year PhD/MBA with the School of Arts & Sciences, and a six-year MSA/MBA with Calloway's accounting program.

Each summer, Calloway offers European study tours in business and accounting and a five-week management program to liberal arts majors. A similar program in sports management will be launched this summer. Also this summer, Calloway and Babcock will offer their first management institute for minority students from across the country.

The Calloway School is accredited by AACSB International. Babcock Graduate School of Management is accredited by AACSB International and EQUIS. **Z**

PHOTOS BY KEN BENNETT, COURTESY OF WAKE FOREST UNIVERSITY