

# BizEd



MAY/JUNE 2004

Siemens'  
**Heinrich  
von Pierer**  
Leading a Global  
Powerhouse

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Down to Business  
at **Corporate U**

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Balancing the  
**Budget—Without  
Breaking It**

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MAY/JUNE 2004

VOLUME III, ISSUE 4



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# From the Editors

## Groomed for Improvement

A woman I know recently attended a self-improvement seminar designed to stimulate extraordinary achievement. In the first class exercise, the teacher asked students to approach the chalkboard, stretch to their limit, and make the highest mark they could. Once they returned to their seats, the teacher commented that most people only *thought* they were doing their best at any moment. If they really concentrated, they could better their best performance every time. So challenged, each student returned to the blackboard, and each made a second mark. In every case, the second mark was higher.

The moral of this story, it seems to me, is that all of us can improve, even when we think we're performing at a high level—but we have to be focused on improving. We have to shake free of our ordinary, everyday distractions. We have to say, "This time, I'm giving this particular job everything I've got."

It's easier for all of us to make that stretch when we've received the training that will help us uncover our greatest potential. The mission of business schools, of course, is to groom future business leaders to perform at their very highest levels. But these days, many corporations are also taking it upon themselves to train employees and executives in new skills and techniques.

Heinrich von Pierer, CEO of global giant Siemens, is a staunch advocate of developing companywide programs that enhance employee excellence and lead to increased competitiveness for the parent corporation. In "One Man, One Business," von Pierer discusses Siemens' *top+* program, which allows managers to set personal goals for improving their performance and measure whether or not they've succeeded. Since bonuses and stock options are tied to improved performance, top executives have even more of an incentive.

Worldwide, as we examine in "The B-School at Company X," more businesses are investing in onsite education through corporate universities. Like Siemens, these companies are looking for a measurable return on their educational investment. They want employees to obtain new knowledge or upgraded skills that will enable them to achieve an even higher mark when they stretch to do their best.

With so much emphasis on learning in the workplace, what's changed for business schools? In terms of their missions, nothing. Their goal is still to give students a top-notch education that covers all the fundamentals. In terms of their approaches, potentially plenty. More than ever, they need to offer real-world relevance in the classroom so that students are equipped for the problems they'll face in the boardroom. Business schools also must be prepared to work in concert with corporations to offer lifelong learning options to top managers, whether through their own executive education programs or through corporate university classrooms.

Obviously, business schools are already performing at a very high level. But if all deans were to approach the blackboard, one by one, would all be able to leave behind an even higher mark? **Z**



Sharon Shinn

BILL BASCOM

# Headlines

## Trapnell Named Chief Accreditation Officer

Jerry Trapnell, dean of the College of Business and Behavioral Science at Clemson University in South Carolina, has been named the first Chief Accreditation Officer for AACSB International—The Association to Advance Collegiate Schools of Business. He will retire from the college in July and assume his new role August 1.

Trapnell became dean at Clemson in 1993. During his tenure, he guided the school through the reaccreditation process, oversaw a \$6.9 million gift for the John E. Walker Department of Economics, added

an academic advising center, and encouraged the formation of a new management information systems program.

Trapnell also has extensive service with AACSB and other organizations. He currently serves on

AACSB's board of directors and was the 2002–03 board chair. He has also served on numerous AACSB International peer review teams and committees.

"We are very fortunate to have Jerry with us full time," says AACSB president and chief executive officer John Fernandes. "Our growth in accreditation and expansion of member services worldwide has caused the need for a chief accreditation officer. When I made this decision, with the board's support, it was with the intent of recruiting one of the best deans in the industry and one with extensive accreditation experience. Getting Jerry to come to AACSB has exceeded my own lofty expectations."



## Economy Expansion Forecast for 2004

The U.S. economy has entered a period of sustained growth that should take it through 2005. Individuals will never have greater incentives to take ownership of their health, wealth, and education, says David Littman, senior vice president and chief economist for Comerica Bank and winner of the 2003 Lawrence R. Klein Award for Blue Chip Forecast Accuracy. The award, determined by the W.P. Carey School of Arizona State University in Tempe, is given to a member of the Blue Chip Economic Indicators panel with the best accuracy record for the preceding year. Littman gave these opinions in a speech on "Re-Establishing Economic Pre-Eminence" at the New York luncheon honoring his achievement.

According to Littman, two years of real GDP expansion are behind the U.S. and another year of superior growth lies ahead. Business spending on capital equipment and employment growth both have picked up, largely due to tax cuts.

"In my forecasting career, I have never seen such a confluence of stimulative monetary and fiscal policies. Tax cuts and refunds, federal spending growth averaging between eight and

ten percent for more than two consecutive years, the lowest financing rates in 45 years all superimposed on a world economy gaining ground, in greater unison, and capitalizing on state-of-the-art technologies have accelerated productivity gains to record proportions. 2004 is destined to be the year of maximum dynamic expansion in this business cycle," he says.

While he predicts robust housing starts and bolstered automotive sales, he believes employment growth would be considerably faster without the "daunting impediments" faced by U.S. firms forced to consider benefit costs, health care, pensions, insurance, and requirements put in place by OSHA and the Environmental Protective Agency. Even so, he feels that "unbridled spending by Washington" is the real long-term threat to economic expansion.

"By saddling our growth engine with tax and regulatory burdens ... we hand major markets to our foreign competitors, nations whose people seek to get where we were 50 years ago," Littman



**“THIS GIFT WILL SUPPORT OUR ABILITY TO CONTINUOUSLY  
IMPROVE OPERATIONS ON FOUR CONTINENTS WHILE FURTHERING  
OUR INVESTMENTS IN FACULTY.”**

—Roy A. Herberger Jr., Thunderbird

says. An economy with “fantastically mature and promising technology” governed by a political group that pursues “anti-growth, anti-profit policies” produce a model that is “not very ripe for any investment,” he warns.

**Two Schools Receive Substantial Donations**

Thunderbird, The American Graduate School of International Business, in Glendale, Arizona, has been given a \$60 million gift by alumnus Samuel S. Garvin and his wife, Rita. In honor of the gift, the school will be renamed Thunderbird, The Garvin School of International Management. Thunderbird officials believe this is the largest naming gift ever received by a business school. Garvin is founder, chairman, and CEO of

Continental Promotion Group Inc., a global commercial fulfillment business with clients in 26 countries.

According to Thunderbird President Roy A. Herberger Jr., “This gift will support our ability to continuously improve operations on four continents while furthering our investments in faculty. The Garvins’ gift also focuses on the importance of attracting outstanding students through scholarships and a curriculum designed to consis-

tently meet the demands of a global economy.”

The School of Business at **Carnegie Mellon University**, Pittsburgh, Pennsylvania, has received a \$55 million donation from Wall Street investor David A. Tepper and his wife, Marlene. The gift is the largest donation to Carnegie Mellon in its 104-year history. In recognition of this transformational gift, the school will become the David A. Tepper School of Business at Carnegie Mellon. Tepper is president and founder of Appaloosa Management, a \$3 billion hedge fund investment firm based in Chatham, N.J.

The school will use \$5 million of the gift to attract faculty, enhance the student experience, develop learning opportunities for alumni, and advance the school’s visibility. The remaining \$50 million will be added to the business school’s endowment, increasing it to \$137 million.

**Salary Adjustment**

A chart in the article “The Professor’s Paycheck” was mislabeled in the March/April 2004 issue of *BizEd*. For mean salaries by field and discipline, in thousands of dollars, the correct salary levels are shown below. For the full text of the completed article, go to [www.aacsb.edu](http://www.aacsb.edu).

Mean Salaries by Field/Discipline\*

Field/Discipline	Professor	Associate Professor	Assistant Professor	Instructor	New Doctorate
Accounting/Taxation	\$109.0	\$89.7	\$89.4	\$51.8	\$100.7
CIS/MIS	\$105.9	\$87.4	\$85.5	\$50.0	\$91.2
Economics/Managerial Economics	\$100.3	\$72.9	\$68.5	\$48.2	\$69.5
Finance/Banking/Real Estate/Insurance	\$124.3	\$97.3	\$101.1	\$55.7	\$104.4
Management/Behavioral Science/ International Business/ Strategic Management	\$108.1	\$84.8	\$81.6	\$52.5	\$87.8
Marketing	\$109.9	\$86.6	\$84.7	\$50.0	\$91.9
Production/Operations Management	\$112.0	\$87.9	\$88.5	\$54.7	\$90.8
Quantitative Methods/ Operations Research/Statistics	\$107.5	\$84.8	\$76.0	\$47.8	\$78.7
All fields combined	\$108.9	\$86.2	\$84.4	\$51.0	\$89.7

\*Figures are in thousands of dollars.

# Headlines

## Wharton Forms Publishing Company

The Wharton School of the University of Pennsylvania in Philadelphia has joined with Pearson Education to launch Wharton School Publishing, which will publish a select group of business thinkers in print, audio, and interactive formats. Among the authors who have already signed on with Wharton School Publishing are C.K. Prahalad, co-author of *Competing for the Future*; management guru Kenichi Ohmae; former Citigroup Chief Technical Officer Colin Crook; and Wharton School faculty and other academics.

Wharton School Publishing will publish 12 to 15 books per year beginning in July 2004. The first two titles will be *The Power of Impossible Thinking: How to Transform the Business of Your Life and the Life of Your Business*, by Crook and Wharton marketing professor Jerry Wind, and Prahalad's *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*. Book content and other materials will be showcased online at [www.whartonsp.com](http://www.whartonsp.com).

### Photo Note

The photo of Earl G. Graves Sr. that appeared on the cover of the March issue of *BizEd* was taken by Bachrach Portrait Photographers in New York.



## SHORT TAKES

### COLLABORATIONS

■ **Escuela de Alta Dirección y Administración (EADA)** of Barcelona has joined with twelve business schools from eight countries to create the CAR-NET alliance, an international career networking service for MBAs. The network of recruiting companies from each school is now available to career service departments of CAR-NET partners, primarily through online career fairs and other technological services. More information is available at [www.carnet-alliance.org](http://www.carnet-alliance.org).

■ **Carnegie Mellon University** in Pittsburgh, Pennsylvania, has entered into an agreement with the Qatar Foundation to offer its undergraduate programs in computer science and business at a branch campus in the Qatar Foundation's Education City. The new campus in Doha, the nation's capital, will be called Carnegie Mellon University in Qatar. It will offer programs leading to Carnegie Mellon degrees based on the same admission standards and curricula as its main campus.

■ The Centre for Advanced Studies of the **University of Economics** in Bratislava, Slovakia, has formed a partnership with the William Davidson Institute of the **University of Michigan** Business School in Ann Arbor to offer executive education programs in the Slovak capital. The ten-day general management program will be open to mid-to-senior level executives from throughout the Slovak Republic. The program will be taught in English by professors from the University of Michigan Business School, IMD-Lausanne, and the University of Economics.



■ The **Cranfield School of Management** in the U.K. has joined forces with RBS Aviation Capital to offer two scholarships per year in the RBS Cranfield MBA Scholarships program. The scholarships will be open to managers worldwide already working in the airline field. The scholarships are supported by *AirFinance Journal*.

■ The Omnium Global Executive MBA Program has been launched between the **University of Toronto's** Rotman School of Management, the **University of St. Gallen** in Switzerland, and **Business School São Paulo** in Brazil. The 16-month program brings participants together in cross-cultural study teams with managers from around the world. The teams are strategically immersed in the world's four main economic regions including North and South America, Europe, and Asia, through three-week study modules.

■ The Eli Broad College of Business at **Michigan State University** in East Lansing has joined with IBM to establish a center for joint research and study of advanced supply chain practices. Through a Shared University Research award from IBM—consisting of IBM software, eServer, and storage technologies—the Broad School and IBM are creating a laboratory called The Center for On Demand Supply Chain Research, which will be based at MSU. Broad School graduate students and faculty will use the laboratory to study the key relationships in an end-to-end supply chain, focusing on the flow of information and the interdependencies among partners.

# Headlines

## SHORT TAKES

### NEW APPOINTMENTS

■ **Jeffrey von Arx** has been named the eighth president of Fairfield University in Fairfield, Connecticut. Von Arx, currently dean of Fordham College at Rose Hill of Fordham University, and a current member of the Fairfield Board of Trustees, succeeds Aloysius P. Kelley, who will retire at the end of the 2003-04 academic year.

■ Canadian businessman **Michael Grandin** has been named dean of the Haskayne School of Business at the University of Calgary for a five-year term beginning April 1. Grandin brings significant business experience in investment banking, financial management, and the oil and gas industry, having held key positions with Canadian Pacific Ltd., PanCanadian Energy, and Fording Canadian Coal Trust.

■ **Dan R. Dalton** has announced that he will step down from his position as dean of Indiana University's Kelley School of Business in Bloomington at the end of the 2003-04 academic year. He plans to return to teaching and will continue to hold the title Harold A. Poling Chair of Strategic Management.

■ **William R. Baber** has been named the new associate dean for research and director of doctoral programs at The George Washington University School of Business in Washington, D.C. As associate dean, Baber will coordinate and advance the research efforts of the school's individual faculty and its research centers and institutes.

■ **Rueben Mayes**, former running back for the New Orleans Saints and Seattle Seahawks, is the new assistant dean of external relations for the University of Washington Business School in Seattle. Mayes, who has seven years of development experience, was most recently executive director of the President's Associates Program at Washington State University, where he oversaw fund raising and communications with alumni and donors. Mayes was the 1986 National Football League Rookie of the Year.

■ **Robert E. Mittelstaedt Jr.** has been named the new dean of the W.P. Carey School of Business at Arizona State University, effective June 30. Currently vice dean of the Wharton School and director of the Aresty Institute of Executive Education, Mittelstaedt is responsible for Wharton's \$43 million executive education business and has significant experience in fund raising. He was also instrumental in developing a number of programs for specific audiences, including one for corporate directors that has run since 1993 in the United States and the United Kingdom.

■ **John R. Birge**, dean of Northwestern University's Robert R. McCormick School of Engineering and Applied Science, is resigning from that position to become professor of operations management at the University of Chicago Graduate School of Business.

■ The Robins School of Business at the University of Richmond in Virginia has installed **Thomas J. Cossé**, professor of marketing and associate



dean for international business programs, as CSX Chair in Management and Accounting. CSX Corporation established the chair with a gift to the university in 1983. Cossé, the fifth professor to hold the faculty position, specializes in applying marketing concepts to public policy issues, such as human organ donation.

■ The Robinson College of Business at Georgia State University in Atlanta has named **David Forquer** assistant dean for executive programs, effective immediately. He will lead the college's executive MBA program.

■ **Raymond "Pat" FISHE**, professor of finance, has been named to the Distinguished Chair in Finance of the Robins School of Business at the University of Richmond in Virginia.

■ Four new appointments have been made at the Crummer Graduate School of Business at Rollins College in Winter Park, Florida. **Stephen Gauthier** has been named associate dean, **Jennifer Devitt** director of Executive MBA (EMBA) programs, **Alice Argeros** director of Professional MBA (PMBA) programs, and **Jamie Silver** academic counselor.

### EXTERNAL APPOINTMENTS

■ **Gary Selden**, associate professor of marketing and professional sales at Kennesaw State University in Georgia, has been named faculty advisor for the Executive MBA Council's Certification for Executive MBA Administrators (CEMA) Strategic Leadership Program. The CEMA Strategic Leadership program is a new Executive MBA Council initiative dedicated to advancing the careers of executive MBA administrators.

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- *Fortune Small Business* magazine's first Business Plan Competition
- 2003 D.A. Davidson & Co. Student Investment Program
- 2003 Thunderbird Innovation Challenge
- AITP 8th National Collegiate Conference Competition
- 2003 Deloitte Tax Challenge



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**FACILITIES**

■ The Cecil B. Day School of Hospitality—part of **Georgia State University's** Robinson College of Business—will team with the Georgia World Congress Center Authority to create a Hospitality Learning Center.



Located in the Georgia World Congress Center in Atlanta, the Hospitality Learning Center will be home to a high-tech teaching and research site for graduate and undergraduate studies. Proposed programs include event/venue management for undergraduate and graduate students; in-house professional development for GWCC clients and employees; and educational programs for the hospitality and tourism industries.

■ **Iowa State University** in Ames recently opened a 111-square-foot facility dedicated to serving the 4,000 undergraduate and graduate students

of the university's College of Business. The state-of-the-art Gerdin Business Building offers wireless Internet access as well as high-tech laboratories that replicate real-world environments students will encounter in the fields of transportation, logistics, telecommunications, and marketing. Sixty percent of the cost of the building was covered by private donations, including \$10 million from Russ and Ann Gerdin, for whom the building is named.

**PROGRAMS**

■ The **University of Arizona's** Eller College of Business and Public Administration in Tucson has designed a new concentration for students seeking a master's degree in MIS. The concentration, called Strategic IT Entrepreneurship (SITE), combines MIS and entrepreneurship studies to produce entrepreneurial individuals who can develop IT solu-

tions and strategies while utilizing project management skills.

■ **IMD** in Lausanne, Switzerland, has announced the complete overhaul of its portfolio of open enrollment executive development programs. IMD's open program, which includes two degree programs and three joint programs with MIT's Sloan School of Business, is now built around three streams: individual leadership, general management, and execution capability.

■ The College of Business and Technology at **Western Illinois University** in McComb has launched a 16-month MBA program focusing on international trade within the New North America. Working with students at partner universities located in Moncton, Canada, and Quéretaro, Mex-



# Headlines

## SHORT TAKES

ico, students will gain international business competencies as they spend one semester in each country. The program will culminate with students spending a one-semester internship as part of a three-person, tri-country team in a business or organization committed to international trade and economic development.

■ **Columbia Business School** Executive Education in New York City has designed a course specifically for board directors of publicly listed companies who want to improve financial integrity. The goal of the course is to



strengthen directors' ability to evaluate financial information and assess the decisions and representations made by management. The course, first held in April, is supported by The New York Stock Exchange Foundation Inc.

■ A revamped curriculum at the **University of Washington** Business School in Seattle combines classroom learning with real-world experience. During the first-year core courses, students will focus on traditional elements in the context of a specific industry or country. The themes are expected to

create continuity from classroom to classroom and give students a sense of the complex web within which business decisions are made. In upcoming semesters, students will focus on China, Hong Kong, and Singapore when looking at countries and biotechnology, financial services, and 21st century retail when they examine industries. More emphasis will also be placed on issues of ethics, sustainability, global human resources, and other relevant business challenges.

■ The **Grenoble Graduate School of Business** in France is expanding its international reach by launching a master's in international business program

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A Dynamic Technology-based Management School



THINK STRATEGICALLY.

with Megatrend University in Belgrade. The program trains intercultural managers for an international environment.

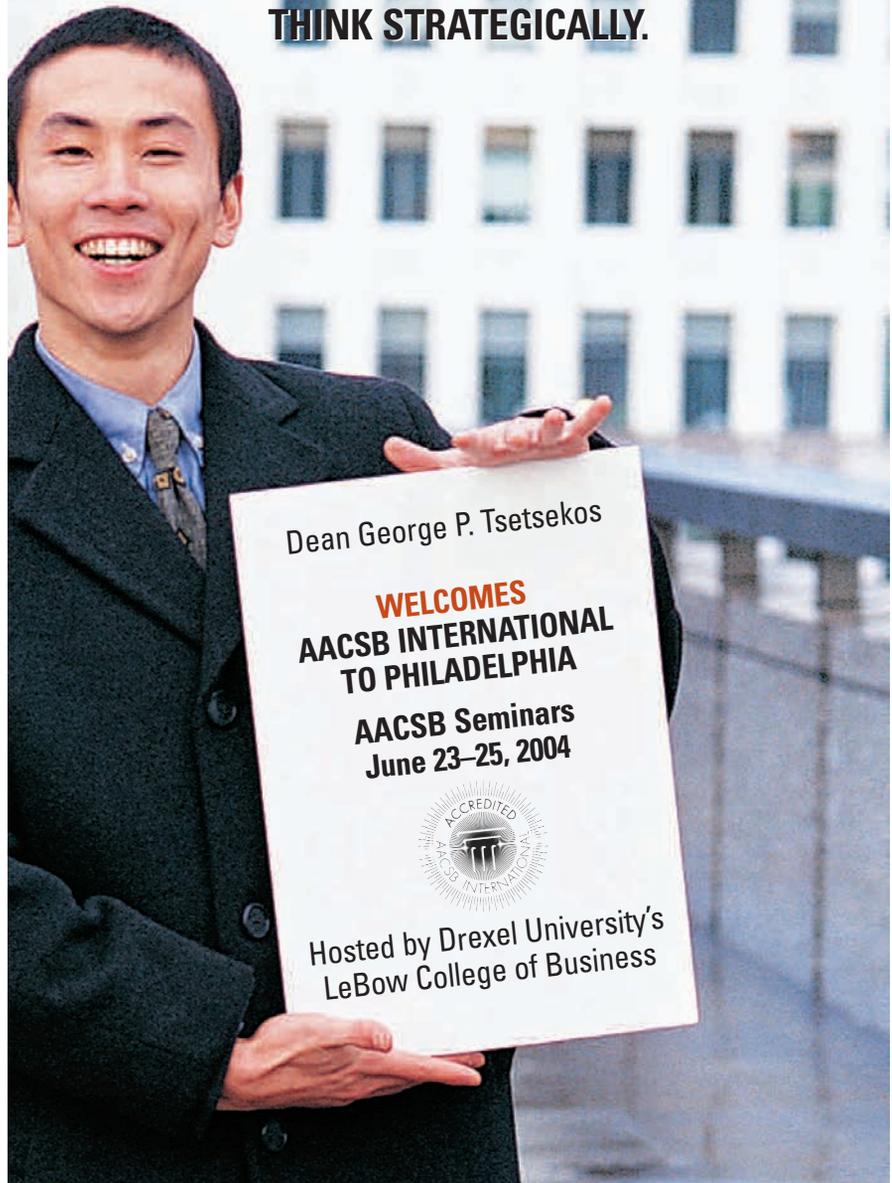
#### DONATIONS AND GRANTS

■ Roger L. Fitzsimonds has made a \$1.5 million gift to the **University of Wisconsin-Milwaukee** Foundation to establish the Roger L. Fitzsimonds Scholarly Achievement Fund within the School of Business Administration. The gift will fund the Roger L. Fitzsimonds Scholar Program, directed at attracting outstanding faculty; a doctoral scholarship program; and a lecture series on management excellence. Fitzsimonds is the retired chairman and CEO of Firststar Corporation, now U.S. Bank.

■ **Concordia University's** John Molson School of Business in Montreal has announced a new Ph.D. fellowship program that will be financed by the National Bank. Over the next ten years, the \$1 million gift will support the work of 50 doctoral candidates in the field of finance.



■ A \$10 million contribution from donor Michael Lee-Chin has enabled the **University of Toronto** to reach a campaign goal of \$1 billion a year ahead of schedule. Lee-Chin's \$10 million commitment will establish the AIC Institute for Leadership at the Joseph L. Rotman School of Management, as well as a chair to be held by the dean of the Rotman School. The inaugural holder will be Roger Martin, Rotman's current dean. Lee-Chin is chairman and CEO of AIC Limited.



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# LeBow



# Headlines

## SHORT TAKES

■ Allied Insurance has committed \$1.5 million to support a faculty position in the **University of Iowa's** new Institute of Risk and Insurance in the Henry B. Tippie College of Business in Iowa City. Allied Insurance, based in Des Moines, is a member of the Nationwide network of multi-insurers. The gift commitment, made through the UI Foundation, will eventually endow the Allied Insurance Chair in Risk and Insurance.

## HONORS

■ The Swedish Foundation for Small



Business Research (FSF) and the Swedish Board of Industrial and Technical Development (NUTEK) has given the 2004 FSF-NUTEK Award to **Paul D. Reynolds**, Paul T. Babson Chair in Entrepreneurial Studies at Babson College in Wellesley, Massachusetts, and Professor of Entrepreneurship at the London Business School. He is being recognized for his research on entrepreneurship and small enterprises.

■ The Martin J. Whitman School of Management at **Syracuse University** in

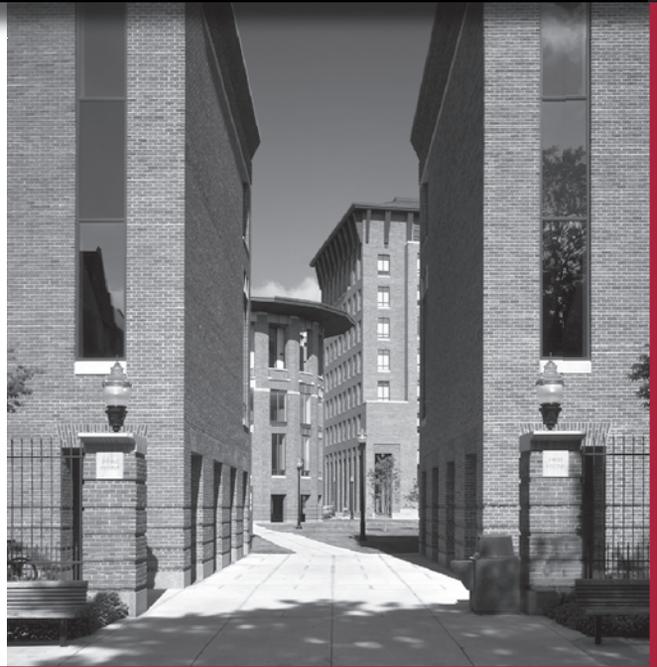
New York has presented its 2004 Salzberg Medallions to two recipients. Dell Inc. received a Concept Award for its mass customization model; consultant **Robert G. Brown** received a Practitioner Award for his creation of statistical tools related to forecasting and inventory control. In addition, **Fernando Diz** has been named the Martin J. Whitman Associate Professor of Finance. The professorship was established as part of the naming gift made to the school from Martin and Lois Whitman in June. Diz is faculty director of Syracuse University's Division of International Programs Abroad management in-

# Reputation Matters.

**Respect. Prestige. Recognition.** At Ohio State's Fisher College of Business, we believe that when it comes to higher education, reputation is everything. We've earned our high praise by creating selective, rigorous, team oriented programs taught by top faculty on our state-of-the-art learning campus. Maybe that's why *The Economist* places us among the top 25 business schools globally and *The Financial Times* lists Fisher faculty 21st in the world for groundbreaking research. It's achievements like these that keep Fisher College of Business ranked

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among the top public business schools in the country. To learn more visit [fisher.osu.edu](http://fisher.osu.edu).



ternship program in Madrid and director of the Whitman School's Balentine Investment Institute.

■ The Dingman Center for Entrepreneurship at the Robert H. Smith School of Business, **University of Maryland** in College Park, has won the 2003 national outstanding entrepreneurship course of the year award from the United States Association for Small Business and Entrepreneurship.

#### OTHER NEWS

■ **George Washington University** in Washington, D.C., has changed the name of its School of Business and Public Management to the School of Business in an effort to focus more closely on the school's vision and mission.

■ **Pepperdine University** has opened The West Los Angeles Graduate Campus, its seventh graduate campus in southern California. It houses the Graziadio School of Business and Management as well as the Graduate School of Education and Psychology. Pepperdine inhabits the first five floors of the new facility, totaling 112,466 square feet, and has filled them with an academic computing facility, bookstore, classrooms, Community Counseling Center, faculty and staff offices, library, multimedia center, and a student lounge.

■ **ESCP-EAP European School of Management** will open its fifth European campus this fall. Located in Turin, Italy, the new campus is being established in alliance with the Faculty of Economics, University of Turin. The University of Turin will provide facilities and equipment; ESCP-EAP will provide program development and delivery assistance. 



The person  
chosen to  
create America's first  
public auditing standards  
comes from a place  
that's been setting  
standards for years.

**Baruch.**

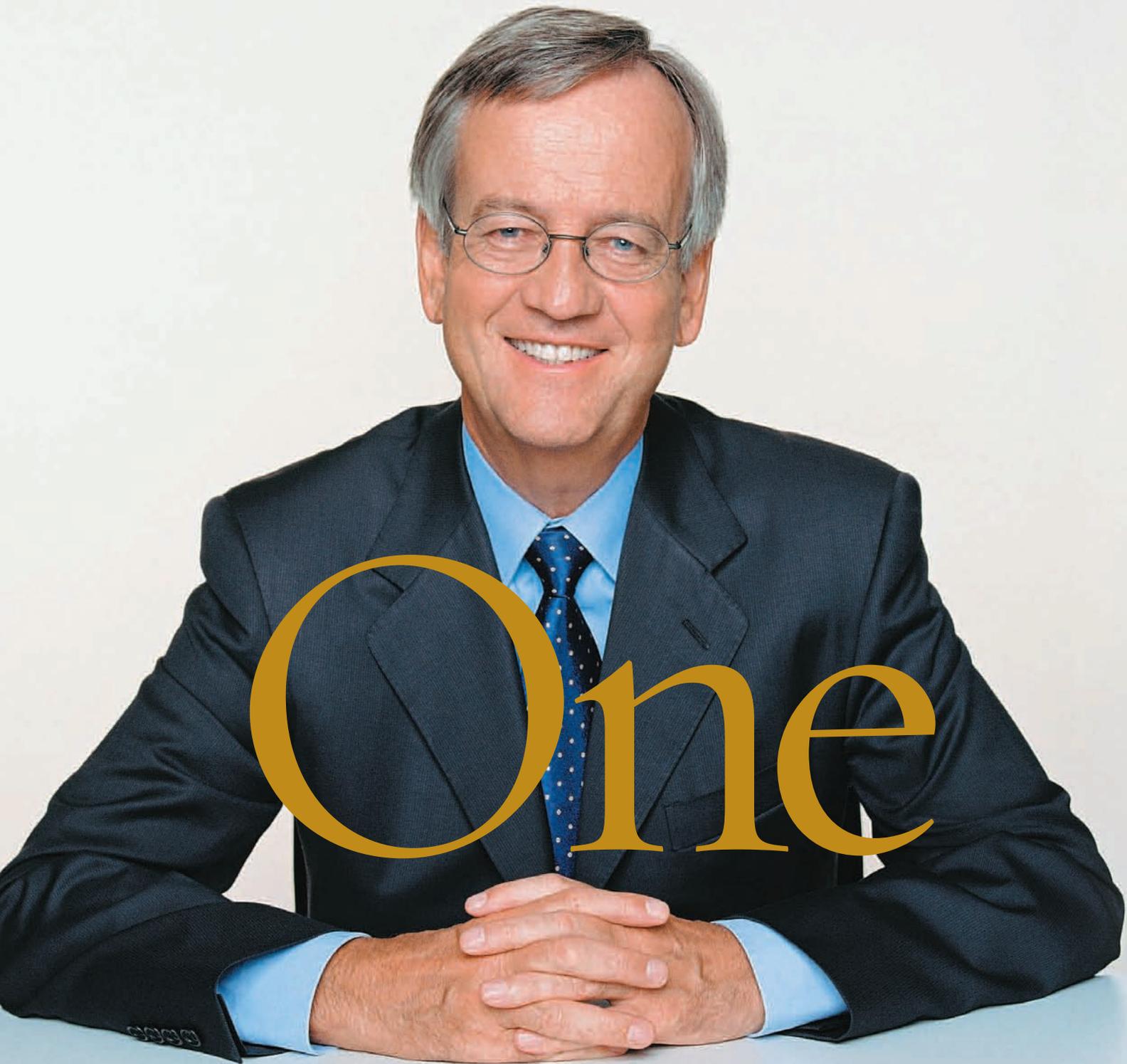
It was no surprise to us that Douglas Carmichael was chosen to be chief auditor of the Public Company Accounting Oversight Board. We chose him first. This award-winning author had been a professor at Baruch for over twenty years, the kind of world-class professor we actively seek. Because, at Baruch, we believe a great education begins with great faculty.

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**THE AMERICAN DREAM STILL WORKS.**



**F**or those who consider corporate globalization to be a relatively recent phenomenon, Siemens CEO Heinrich von Pierer would politely beg to differ. Headquartered in Munich, Germany, Siemens AG has been a global company from its inception in 1847, when Werner von Siemens invented the pointer telegraph, says von Pierer. The invention—which enabled Samuel Morse’s 1844 original electromagnetic telegraph to transmit actual letters rather than Morse code—led von Siemens to launch the Siemens & Halske Telegraph Construction Company.

In fact, Siemens laid much of the vital infrastructure for today’s expansion. In 1848, the company constructed Europe’s first electrical long-distance telegraph line, from Berlin to Frankfurt. In 1855, Siemens & Halske opened its Russian office. In 1870, the company constructed the first telegraph line between London and Calcutta; and in 1874, it did the same between Ireland and the U.S.

In 2004, Siemens continues the company’s original mission, providing mobile phones, computer networks, and wireless technology that drive modern business. In addition

to its information and communications group, the company now comprises six other business groups that handle automation and control, power, transportation, medical technologies, lighting, and financing and real estate. It has evolved from von Siemens’ original entrepreneurial vision to its present-day dominance, employing 400,000 people and operating in 190 countries.

Siemens, in short, is a force of globalization in and unto itself. Fortunately, so is von Pierer, who holds doctorate degrees in law and economics. He joined the company’s legal department in 1969. He subsequently worked in its sales force, headed its power group, and sat on its board before he became president and CEO in 1992. Undoubtedly one of the most well-traveled CEOs in the world, von Pierer spends much of his time in the air, on his way to meet with key customers, employees, government leaders, investors, and journalists in all of Siemens’ global markets. It’s a function that’s “highly interesting and fun,” he says, not to mention absolutely critical to keeping the company, its vast workforce, and its varied markets connected.

It couldn’t be more fitting that Siemens’ origins are inextricably linked with the invention of a machine that made possible real-time, long-distance communication. Open communication and innovation aren’t merely a part of Siemens’ history, says von Pierer. They’re the foundation for its formula for managing change and ensuring its future success.

by **Tricia Bisoux**

# Man, One Business

Whether a company measures its workforce in hundreds or hundreds of thousands, its success relies solely on individual performance, says Siemens CEO Heinrich von Pierer. Failing to demand each individual’s best, he warns, will inevitably lead to the worst.

**You started with Siemens in 1969 as part of its legal department. Why did you move into management?**

I got a degree in economics as well as my law degree, a combination that opened up many possibilities for a career in management. Once at Siemens, I quickly realized that my interests lay less in doing staff work than in getting out on the “front line” of business.

**What was your management training like?**

In my case, I worked on power plant projects largely outside Germany. I also participated in a wide range of management seminars, but I believe on-the-job training was by far the most valuable preparation.

**What early experiences do you believe were most essential in preparing you for your current role as CEO of such a multinational company?**

I think experiences that allowed me to take personal initiative have been critically important in my current role, experiences that taught me always to look for new challenges and new solutions and always be open to learning. For example, I worked as a newspaper writer and editor for years to finance my studies. Later, I served on the city council of Erlangen, Germany, to develop a better perspective on community needs and the political process. That broad spectrum of experience, which allowed me to work with people on every level, was very valuable.

**Business schools are trying to teach students to operate and perform in the real world of business. Yet, you point to experiences *outside* business, such as journalism and civil service, as essential to your management training. Do you think that employees who have considerable real-world work experiences outside business are better managers than those who have been trained only within business environments?**

I wouldn't say so categorically. I do think it's important that business schools provide hands-on experiences to create well-rounded individuals. However, people who enter the business world with other real-world experiences already under their belts have tremendous advantages, too. They often bring fresh, new perspectives and creativity—something highly critical as business becomes more global and complex.

Today, for example, we must compete in more countries and deal with more diverse groups than ever before. This includes governments, customers, regulators, analysts, non-governmental organizations, and other entities. This new



complexity means the managers of tomorrow must be multi-faceted and able to deal with almost constant change. Broad experience *outside* the business world often provides critical skills for life *inside* the business world.

**When you look back at those early experiences in your career, is there anything you wish you had learned before moving into a management role?**

In my early days at Siemens, one learned more by doing than by being taught. But today, in our age of globalization, managers must have comprehensive skills in areas like change management. This wasn't taught back then. I later discovered that change is far more difficult to manage and takes far more time to accomplish than I ever expected.

**How do you ensure that Siemens managers develop skills in change management today?**

Like many companies, Siemens has dealt with its share of tremendous change during the past decade. In particular, our businesses were impacted by the deregulation and liberalization of markets, globalization, and the rising significance of international capital markets, to name a few. Each presented unique business challenges, and we responded with programs for enhancing business excellence and changing our business culture. Both are successful, although the first

**“We believe the best benefits come from within our own management, so we place a GREAT DEAL OF EMPHASIS ON INTERNAL TRAINERS, especially since they have broad and deep company knowledge.”**

program was implemented in a relatively short time and the second was a longer term task.

In terms of management training, we developed *top+*, a companywide program to strengthen our competitiveness. *top+* offers managers a tool box for improving business excellence and is based on three basic principles: setting clear and measurable goals, implementing concrete actions, and imposing rigorous consequences. Our *top+* program has been highly successful and has provided managers with a clear road map for achieving business excellence. It has also changed the management mindset at Siemens where we are now truly performance-oriented and have a clear portfolio strategy that guides our entire business. Every manager knows *top+* is our guiding philosophy, and it's communicated in various ways throughout the company.

**With *top+*, Siemens managers earn their bonuses and stock options only as a result of improved performance; and, as you mention, they face consequences for poor performance. With this system of rewards and consequences, do you fear an Enron-like environment where managers may be afraid to report bad results or financial failures, for fear of losing their bonuses or even their jobs?**

To fit the ever tougher competitive environment, we had to develop a true performance culture. In positive cases, this means that managers receive incentives like bonuses and stock options. And in negative cases, it means that we look for someone else who can deliver. Thousands of our managers now have up to two-thirds of their salaries directly pegged to performance. This has changed our culture dramatically and fueled growth across all our businesses.

We are worlds apart from the example you cited. Siemens has long been conservative when it comes to such financial matters. This dates back to our founding more than 150 years ago and is one of the reasons we have been in business so long. We issue quarterly reports on business segment results to a degree not found at many other companies.

We also have long adhered to a practice known as “dual control,” in which major company decisions from the top on down must be taken with the consent of another designated company officer. This has helped curtail the possibility of rogue employees operating against the company's interest. Plus, at the company's highest level, in addition to the managing board, we have another body called the supervisory board. This body—which has no real equivalent in the U.S.—consists of shareholder and employee representatives. It is charged with overseeing and advising the manag-

ing board and can provide a system of checks and balances.

In addition, because Siemens is listed on the New York Stock Exchange, we are bound by U.S. generally accepted accounting principles, which promote even more financial transparency. Yes, we unquestionably hold managers accountable for performance. But, we also combine a number of safeguards in our corporate governance and in our day-to-day management that help ensure against the kind of scenario you mentioned.

**In addition to *top+*, Siemens also invests more than €500 million in training each year. How much emphasis does Siemens place on management training, and to what extent do you partner with business schools to acquire that training?**

We take management training at Siemens seriously—and we put our money where our mouth is. For example, at our Siemens Learning Campus in Germany, we have six facilities that offer everything we need in areas such as strategy, finance, sales, marketing, management, IT, business applications, and intercultural cooperation. We believe the best benefits come from within our own management, so we place a great deal of emphasis on internal trainers, especially since they have broad and deep company knowledge. Their know-how leads to a significant multiplier effect within the company.

We're well aware of the concept that “A company that keeps learning, keeps growing.” And wherever it promises value-added benefits, we combine our internal trainers, who work throughout Siemens, with external trainers who bring experience and learning from top business schools and universities.

**If you were designing a business school curriculum for your managers, what would you most want it to include?**

In recent years, we've seen that management training must be ever closer to business realities. In a global company like ours, management training must be adapted to the specific needs of our businesses in different countries. Germany, the U.S., and China all have different cultures, and traditional methods of training may or may not be suitable. Siemens Management Institute in Beijing, for example, not only gives our managers there the general business skills they need worldwide, but also prepares them for the unique circumstances of the Chinese market.

If I were designing a business school curriculum, I would focus on five main areas. First of all, the curriculum should be adapted to the specific needs of each region. In Europe, for example, we need to focus on European issues, such as the

**"In the past, if we were frustrated by problems in our internal communication channels, we would say, 'IF ONLY SIEMENS KNEW WHAT SIEMENS KNOWS!'"**



concerns of Western companies looking east and of Eastern companies looking west. Second, the curriculum should include a special focus on the relationships between technology and its management. Third, it would be ideal if the business school curriculum also focused on private sector and public sector management education under a single roof. Fourth, it should particularly focus on leadership at the mid-level of organizations, an area that is often neglected.

Finally, business schools need to develop new leaders who can lead beyond the bottom line. That is, leaders who deal with broader issues like ethics, a sustainable economic and ecological environment, and employment. These are just some of the issues a good business school curriculum should address.

**Siemens comprises seven separate business areas and operates in 190 countries. Does the extensive international nature of your company pose a specific challenge to its managers, and how do you make sure they're prepared?**

Our management training program stresses the common and enduring values behind our corporate culture—values that can really be called universal to all companies, such as integrity, trust, quality, and dependability. In addition, we rely on intensive intercultural training so our people understand and respect cultural differences and can effectively work outside their own countries. Siemens is, in itself, a multicultural society. We deeply value that diversity.

**It's interesting to hear you describe Siemens as a "multicultural society." I know Siemens works to cultivate that society—the company even circulates a document called "Guiding Principles for Promoting and Managing Diversity." What does it mean to "manage diversity"?**

We have various projects throughout the world to promote diversity in our workforce. In the U.S., for example, our five-year Diversity Strategic Initiative is tapping new potential by focusing on the areas of recruiting, filling key jobs, mentoring, and communicating. Nationwide, our employees are put through training so they better understand the strategic significance of diversity.

In Germany, our Promoting Diversity project concentrates on improving women's work situations and opportunities. In South Africa, our Empowerment Policy moves beyond the company to help former Siemens employees from previously disadvantaged groups set up their own businesses. So, for us, "managing diversity" has a number of different meanings and approaches throughout the world.

**What is the strategic importance of diversity for modern businesses?**

I can't speak on behalf of other companies, but I can assure you diversity is of strategic importance to Siemens. Our company today has more than 400,000 employees, with some two-thirds of that number working outside Germany. Siemens must compete not only in its respective business marketplaces, but for the best and brightest minds in diverse, multicultural settings around the world.

It ties in with what I said before, about bringing new perspectives to the workplace. Diversity gives us the flexibility to be global and local at the same time, think out of the box, and drive the company's innovative spirit.

**With so many employees operating in different business areas and in so many different regions of the world, is there a danger of individual business units—and employees—becoming isolated within the larger company?**

In the past, if we were frustrated by problems in our internal communication channels, we would say, "If only Siemens knew what Siemens knows!" But in today's age of the Internet and global knowledge networking, we have solved that problem permanently. For us, knowledge management is a crucial success factor.

We have roughly 100 business units that are vertically organized worldwide and run on the principle, "one man, one business." At the same time, we are strengthening our horizontal networking between these units by exploiting all available synergies. This means, for example, best-practice sharing among our groups and regions—the efficient management of our worldwide knowledge pool.

ShareNet, our knowledge management system and network, allows managers to access and benefit from the company's large stock of knowledge. It's just one tool in our system. It allows our people to draw on the experiences and know-how of others to avoid wasteful duplication. I personally like to use business examples from ShareNet to demon-

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### What exactly does the principle “one man, one business” mean for Siemens and its employees?

All of our 14 groups are treated as global entrepreneurs. That means they have their own executive management that is responsible for running their businesses according to the policies set by Siemens AG’s managing board. Plus, they own all the resources they need to be successful. It also means they develop their own strategies, manage assets, and generate earnings in their respective markets. In essence, our groups and regions are given the independence needed to successfully run their businesses, but they do so with strategic oversight from the managing board.

The more interesting development, though, is our current effort to combine best practice sharing horizontally from all regions and groups. For example, with the Siemens One initiative in the U.S., we are presenting one face to the customer while pooling the capabilities of various groups. We combined technologies from our medical, logistics, and security capabilities to develop explosives detection equipment that we and Boeing installed at more than 400 airports across America. We’ll pursue more joint efforts like this in the future.

### You have said that one of Siemens’ primary strengths is its ability to innovate. As innovation cycles become shorter and advancements must be made with increasing speed, how do you think Siemens will stay at the forefront of innovation?

Innovation is our lifeblood and has been for well over 150 years. Today, speed is critically important, and success or failure depends on the time to market for both our long-cycle and short-cycle businesses. Therefore, our managers fully integrate our customers into the development cycle. That constant and close contact allows us to respond quickly and flexibly to emerging market needs.

In fact, we find innovation so important that every year we honor the top company innovations worldwide with the Siemens Innovation Awards. For our part, we invest heavily in R&D—more than €5 billion last year—to ensure our pipeline is kept full. Just as important, we sustain this level of investment even in difficult times, because the pace of innovation will keep increasing no matter what the economic environment.

Eventually, I think all future managers will take this incredible pressure for granted. Even now, we are beginning to see it as a normal part of business.

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**Business schools have become very interested in questions of ethics, governance, and sustainable development. For its part, Siemens promotes corporate citizenship and sustainable development, follows its own corporate governance model, and has adopted the German Corporate Governance Code. At the same time, you've said that Siemens operates by the principle "Cash is king," something many businesses may be afraid to say so bluntly, for fear the public might confuse that sentiment with greed! How do you show the public that corporate citizenship and profit-making aren't mutually exclusive?**

Well, I believe this supposed conflict is quite artificial. We know that only a profitable company has the financial clout to successfully shape its destiny by investing in the future—in areas like R&D, vocational training, and continuing education. Profitability is critical for offering employees secure jobs over the long term. And we know that only people who don't have to worry about their jobs will be contented, motivated, and creative. Without such people, we can't be successful.

Profitability and citizenship, then, are not a contradiction, but two sides of the same coin. Cash is the key. But one must guarantee that every principle of good corporate governance is rigorously followed. Absolute integrity will assure the public that greed plays no role at all.

**You have been at Siemens for more than 30 years. What do you most hope to accomplish as its leader in upcoming years?**

Most of all, I hope that Siemens employees throughout the world will have learned how to master their respective businesses and ensure that those businesses can sustain leading positions. I hope that our people will have identified and fully exploited every possible synergy within our company. And I hope that every business will stand firmly on its own, since cross subsidies cannot be tolerated over the long run. If these three basic conditions are met, I'm confident that Siemens will prevail as the industry benchmark.

**What trends and issues should business schools prepare themselves and their students for in the next decade? What do you foresee as management's greatest challenge?**

The greatest challenge we all face, today and in the future, is the ability to change and adapt successfully to new conditions, whether brought about by a recession, a new technology, or the opening of new markets. The ability to learn, accept, and apply new ideas must be so ingrained in the management mindset that speed and flexibility are guaranteed. At the same time, we must continue to hold to the highest standards of integrity and transparency. But the future will see an ever faster pace of development: The slow will be punished. 

# Balancing the B

► Higher education institutions the world over are facing an escalating fiscal crisis. In Europe, for instance, governments are buckling to cover the mounting costs of socially guaranteed higher education. Meanwhile, in the U.S., schools are facing mounting criticism over skyrocketing tuition fees while coping with dwindling government subsidies.

Business schools aren't immune to this global budget crunch. And, yet, even as their budgets tighten, b-schools face one of the most competitive markets for management education in years. The price to compete is substantial and includes the cost of new buildings, technology, curricula, and faculty. This spending spree has left many business school deans asking the same question: Where will we get the money?

James Johnson, management analyst in the Economic Model Office for Indiana University-Purdue University Indianapolis (IUPUI), notes that fiscal pressures on business schools are growing more intense. "Business schools don't get as much subsidy support as, say, a school of nursing," he says. "Yet business schools are also growing, going online, and expanding globally. That requires some dollars, so most business schools are bumping up against their capacity to fit these projects within their budgets."

Under these circumstances, an academic CFO's first impulse may be to slash student enrollment, downsize faculty, or even raise tuition. A close look at a budget's structure, objectives, and limitations may, however, help schools avoid these cutbacks of last resort. Innovative budgeting is more than balancing income with expenses, say experts. In many cases, it's not a matter of spending less in a budget—it's a matter of spending *differently*.

## Comprehensive Accounting

Even with the best of budgeting intentions, a business school is often burdened by "fund accounting," in which individual resources must be allocated directly to particular projects. A donor might require, for example, that her contribution be spent only on entrepreneurship or a new trading room. When a school must account for multiple funding sources, it often views them as separate entities. It then becomes easy to lose track of the whole picture, says Gary Matkin, dean of continuing education at the University of California Irvine (UCI) Extension and author of *Using Financial Information in Continuing Education*.



Business schools that take creative, comprehensive approaches to budget



# -School Budget

“Business schools get so many different kinds of funds—funds from the state, funds from donations, funds from tuition—we often lose track of the whole,” says Matkin. “Most institutional accounting systems try to account for those funds separately, which can make it difficult for a business school dean to put all that money together in a clearly drawn budget.”

Matkin recommends that schools set up what he calls “comprehensive budgets,” which outline all aspects of a school’s fiscal operations. A comprehensive budget shows all sources of income and denotes what sources fund what part of the operations, from one-time expenditures for special projects, to variable expenses such as scholarships and maintenance, to fixed expenses such as faculty salaries.

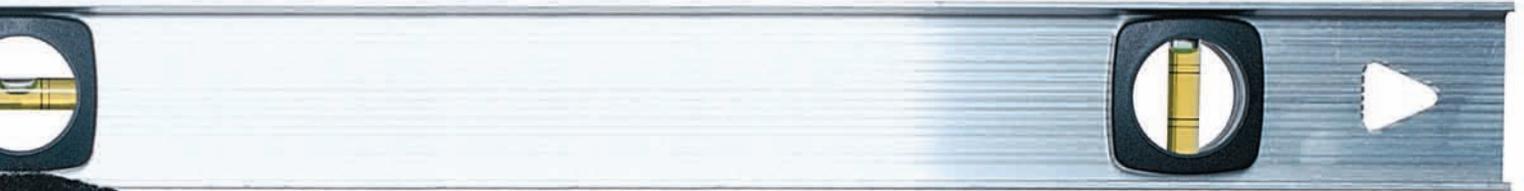
“A dean’s salary, for example, is a single amount, but it may be funded in part by state subsidies and in part by tuition,” Matkin explains. Different functions are performed with combinations of funds. Creating a comprehensive budget and reporting system puts it all together to show a school’s true financial situation.

Such holistic budgeting may not prevent the inevitable problems of restricted funding—a school may have a plethora of funds for entrepreneurship, while it struggles to find the money to hire a star to its faculty. But a comprehensive budget makes it clear where money is available and where fund-raising efforts may need to be redoubled.

## **Balancing Aspirations with Reality**

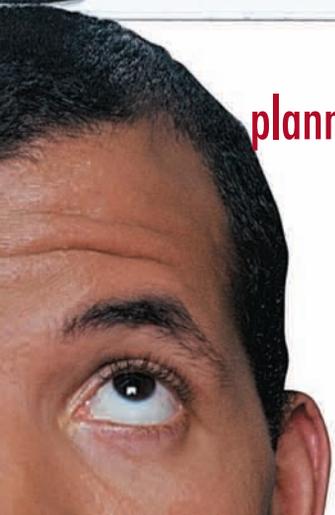
A central question revolves around how a school estimates its budget requirements for the coming one, two, even five years in a volatile market. Should an administration estimate according to its goals, which may be too optimistic? Or should it estimate conservatively, according to past failures, which may be too pessimistic? “If you’re aggressive and don’t make it, you have to spend your year cutting back,” says Lucie Lapovsky, president of Mercy College in Dobbs Ferry, New York, and a consultant in financing for higher education. “If you budget conservatively, you may miss important initiatives and sources of revenue.”

The more a school understands the true costs of its programs, from staples to salaries to scholarships, the better it can balance its aspirations with its capabilities. In the end, those numbers hold the answers to what a school can and cannot do. “Hammering out a viable



planning can make the scarcest resources fulfill even the loftiest missions.

by **Tricia Bisoux**





budget plan with aspirations, rather than numbers, is like pounding a nail with a marshmallow,” says Edward Whalen, retired vice chancellor of finance for the University of Houston and financial consultant for higher education. “Until the reality of limited resources is brought to bear on limitless aspirations, very little hammering is likely to take place.”

A school does not need to limit its number crunching to its own budgeting data. Lapovsky emphasizes that benchmarking against other institutions’ budget objectives is also an important step in effective budget planning, showing how a school is doing, both over time and relative to peers with similar goals. While some external information is inaccessible, most schools have access to an array of comparative data. Resources such as AACSB International’s Knowledge Services, for instance, offer data in areas ranging from budget-faculty ratios and average faculty salaries, to endowments and tuition, to sources and uses of operating funds by category. Such comparative information can highlight the strengths and weaknesses of a school’s existing budget; in addition, when used over time, benchmarking data also provide administrators a long-term idea of the effectiveness of specific budgeting decisions.

Even so, no fiscal plan should be an “either-or” proposition—that is, a school does not have to budget according to its aspirations *or* its budget constraints. Ideally, it should budget for both, with time being the only limiting factor. After all, an institution’s aspirations almost always should exceed its budget for it to remain competitive. Industry observers maintain that a school whose leadership keeps the status quo, just because budgets are tight, will soon be in decline.

“The aspirations of a school should never be in line with its budget. In fact, a dynamic institution’s aspirations will always exceed budget capacity,” Whalen emphasizes. “A school’s budget capacity simply sets a limit on how fast progress can be made toward those aspirations. It’s up to a business school dean to set priorities and decide what gets funded immediately and what must wait.”

In addition, a b-school budget often has to take into account investments that are difficult to justify in financial terms alone, say these experts. The calculation of return on investment on building reputation, for example, is more complicated for higher education than for business, because ROI isn’t always measured in dollars and cents. “If you’re trying to improve a school’s reputation, it means that the way some

## Decentralizing the Budget

A primary question in budgeting for higher education revolves around who really controls the bottom line. That is, should higher ed budgets be centralized or decentralized? In a centralized budget system, the larger university pays the bills, collects revenues, and apportions resources to individual schools and departments as needed. In a decentralized system, each school or department pays for its own expenses, while keeping most of the revenues it generates. A centralized budget ensures everyone gets an equal portion of revenues, while a decentralized budget does not. And under centralized budgeting, risks are minimized, but so is the potential for reward. Decentralization increases risk, but also the potential for growth.

Most academic disciplines benefit from a centralized budget system, but that may not be the case for all disciplines. Or so says Edward Whalen, retired vice chancellor of finance for the University of Houston. A consultant and the author of

*Responsibility Center Budgeting: An Approach to Decentralized Management for Institutions of Higher Education*, Whalen is positioned solidly in the camp for decentralization, especially where business schools are concerned.

In a centralized system, Whalen argues, the fortunes of everyone rise and fall with the economic tide. While this may defer risk, it dampens the entrepreneurial spirit of individual departments. Responsibility center management offers a profit incentive for growth.

Critics of RCM fear that such a capitalist structure will allow more fortunate departments to prosper while other, less profitable departments must fend for themselves. Whalen argues that while the inherent nature of a decentralized budget system motivates all departments to generate other sources of revenue, it also addresses financial imbalances among academic units. “A school operating under RCM does not get to keep all its funding. Some specified portion is taxed, if you will, by the central administration. Those funds are not used to support central administrative operations but are returned in different

**“The aspirations of a school should never be in line with its budget. In fact, a dynamic institution’s aspirations will always exceed budget capacity.”**

—Edward Whalen

resources are allocated must be distorted,” says Matkin of UCI. “It takes someone with strength and determination to make those difficult resource allocation decisions.”

Successful budgets often create short-term plans that work to fulfill large objectives through incremental steps rather than large leaps of faith, agrees Thierry Grange, dean of the Grenoble Graduate School of Management in France. Such an approach allows a school to remain responsive to changing market conditions. And when plans fail, it allows them to reverse course altogether without catastrophic results.

“If you want to start a campus in Vladivostok, you must ask, how big a leap can you make? Perhaps you could go step by step, from close countries to far countries, taking two jumps instead of one,” Grange says. “In this way, you limit the risk and the strain on your budget.”

### **Planning an Exit Strategy**

Even under the best circumstances, there are areas of budgeting that must be based on assumptions and speculations: For example, how can you estimate the levels of demand for a new program? It’s that prediction that causes the most difficulty for higher education, says Johnson. It’s easy to dream big, he warns. It’s more difficult to plan for failure.

“Sometimes people’s expectations for success are much rosier than what a project can realistically deliver. Sometimes they just say, ‘Let’s go for it, hold our breath, and see what

proportions to different schools in accordance with the institution’s overall objectives.”

Even centralized budgeting doesn’t prevent in-fighting over limited funding, Whalen continues. “Over a period of 40 years, I have observed that an ‘every unit for itself’ mentality exists under any budgeting arrangement,” he says. “Outstanding performance by a faculty member, department, school, or university is often watched with green eyes and met with muted applause by their respective peers.”

Nonetheless, he argues that RCM serves to reward those centers that compete constructively in an incentive-based environment and deters destructive competition among internal departments for limited funds. “When schools find that their revenues are connected to good teaching and student satisfaction, any neglected constituency receives the attention it deserves. Good teachers become appreciated not only for their contributions to the discipline, but also for their contributions to the financial well-being of the school,” says Whalen.

For many universities, especially public universities, adopt-

happens.’ People are hesitant to put in place an exit strategy in the event the project doesn’t work,” Johnson says.

Exit strategies are crucial, not just for large-scale projects, but also for smaller objectives. After all, fiscal drains don’t always come in the form of multimillion-dollar new buildings, says Johnson. “Business schools often continue to add new programs without dismantling the old,” he argues. According to Johnson, it takes approximately five years for a school to phase out a program, but rather than phasing it out completely, many schools hedge their bets and keep the program on life support “just in case” more students are in the pipeline or a change occurs in the market.

When schools don’t create and follow exit strategies, says Johnson, it puts an unnecessary drain on resources and takes money away from new, more effective initiatives. “It creates an overload on everybody,” he says. “The school is under ever-increasing pressure to deliver more programs from the same resources.”

### **B-Schools as Entrepreneurs**

Unlike other disciplines, business schools are torn between two market realities: They must provide academic value to their campus communities *and* meet the demands of business for more immediate corporate training. In addition, they must compete with online for-profit providers, which are changing the marketplace. These new providers are offering

ing a budget based on RCM may be unrealistic or unwarranted given political realities. Even so, says Whalen, the income-generating capacity of many business schools sets them apart from other departments in a university.

Whalen raises a series of questions for b-school deans to consider. “What schools have faculty who are relatively well-paid among the disciplines? What schools have ample opportunities to generate consulting income? What schools have the biggest growth in enrollment and the best opportunities to offer income-earning professional conferences? Business schools,” Whalen says. “When all that income gets poured into a central pot, as usually happens in the so-called benign traditional budgeting systems, how much of that income percolates back to the business school?”

Not a great deal, he believes. Supporting the larger university may be one responsibility of the public business school, but even so, Whalen argues, today’s growing budget concerns should make even publicly funded b-schools ardent proponents of RCM.



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**“The real threat for business schools is low-cost schools competing with full-service schools.”**

—Thierry Grange

lower-cost educational services, often in areas of the world that may be too cost-prohibitive for brick-and-mortar business schools. As a result, business schools are striving to compete with lower-cost rivals, via expanded e-learning programs and global partnerships.

“Five years ago, in all the deans and directors meetings, everyone thought that the main competition for business schools would come from consulting companies or corporate universities that would offer Web-based MBAs,” says Grange of Grenoble. “But it hasn’t happened that way. What has happened is comparable to what you see in the airline industry: Low-cost airlines are competing with full-service airlines. The real threat for business schools is low-cost schools competing with full-service schools.”

Still, say experts, it’s that free-market reality that constitutes business schools’ greatest advantage over other academic disciplines. Business schools have the ability to sell their instruction, information, and consulting to external markets. Rather than rely fully on state or university support, they have the unique opportunity to address budget shortfalls with entrepreneurial, potentially revenue-generating ventures.

This advantage is not lost on Grange, who is looking at Grenoble’s financial future with concern, given current demographic trends in France. The population of young people is decreasing, and with it, the school’s pool of applicants. Therefore, although Grenoble Graduate School of Management is one of only a few European institutions to charge private tuition, Grange believes that the school cannot rely on tuition income for its financial security. He sees another possibility for Grenoble—he hopes to build its revenues by selling more of its services to corporate customers.

“Currently, about 63 percent of our resources comes from students, 30 percent from companies, and 7 percent from supernational organizations such as the EU or World Bank,” Grange explains. “We would like to reverse those numbers by reducing student contributions to 35 percent and increasing corporate contributions for the rest.”

Such an entrepreneurial model for raising revenue, which sells services to corporations to subsidize individual tuitions, is one that business schools might more readily exploit, says Johnson of IUPUI. “Business schools are more sensitive to

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the market and can charge higher rates for their services than other academic disciplines,” he says. “They have the ability to generate revenues and surpluses.”

### A Budget That Makes Sense

In the end, budgets must do five things to be effective, Whalen asserts. They must be based on short-term and long-term plans; they must be flexible, able to increase or decrease in response to changing opportunities and priorities; they must be based on realistic estimates of available funds; they must be supervised throughout the year and adjusted in response to changing circumstances; and, finally, they must balance income and expenditure.

Johnson of IUPUI agrees that such a short-term and long-term approach to budgeting helps a business school weather nearly any storm. “There’s always the potential for crisis in higher education. In fact, it’s always in some sort of crisis,” says Johnson. “For business schools, most of these crises have been opportunities—corporate scandals and the call for transparency and ethics, for example. Crisis simply means that business schools have to be very nimble in adjusting their offerings, such as marrying full-time faculty with part-time faculty who are already working in the world.”

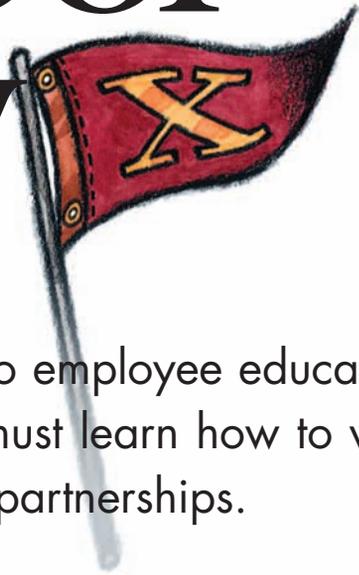
Furthermore, says Laposvky of Mercy College, the best time to make budgets more efficient isn’t necessarily during an economic crisis. Administrators should view their budgets

critically even when revenues are flowing to prepare for less prosperous times. “In good times, schools often spend their increased revenues, rather than build these funds into their base,” Lapovsky notes. “These are the times, however, when they should look for special programs that can be discontinued or areas that could be outsourced, for example.”

Ultimately, balancing a school’s resources with its mission begins with looking outward to the market, not inward to internal demands. “In France,” says Grange of Grenoble, “we refer to the two e’s, *les etudiantes* and *l’enterprise*, and the two i’s, the internal and the individual.” When a business school’s budget is based on internal politics and individual objectives, it isn’t in line with what its students, donors, and corporate stakeholders value. As a result, its failure is all but assured, Grange argues. A school that bases its fiscal decisions on the needs of its students and community, however, will be much more likely to meet its objectives, avoiding catastrophe along the way.

There’s no question that business schools are under great pressure to expand their markets, upgrade their facilities, hire the best faculty, and add new programs to keep up with the pace of their peers. Still, it’s important to remember that the winners of this race won’t necessarily be those who spend the most. The business schools that eventually survive and thrive, even during times of economic uncertainty, will undoubtedly be those that spend *best*. ■

# The B-School at Company



Corporate universities are focused, committed to employee education, and here to stay. Traditional business schools must learn how to work with them in creative and productive partnerships.

**A**bout ten years ago, when corporate universities were exploding onto the scene, sentiment was deeply divided between fear that such institutions would rob business schools of all their students and conviction that corporate universities would be a brief and passing phase. It turns out that neither expectation was true. Today's corporate university is an entrenched part of the business landscape, working hard to satisfy both its students and the CEOs of its parent organizations by providing targeted education that can demonstrably improve performance in the workplace. Today's corporate university also draws heavily on the expertise of traditional four-year universities—and some people believe that broader and stronger partnerships between schools and businesses will shape the future of company-based education.

While the phrase “corporate university” has been used to mean everything from a revamped training department to a degree-granting branch of a major corporation, it's possible to come up with a more exact description. One good definition comes courtesy of Mark Allen, director of executive education at the Graziadio School of Business and Management at Pepperdine University, Culver City, California, and co-author of *The Corporate University Handbook*. He believes a corporate university must be a strategic tool that helps the parent organization achieve its mission through educational activities. What's key, he stresses, is that whatever training or learning is involved be tied directly to the strategic mission of the company.

In other words, nobody goes to Corporate U just to kill a few hours. Such a school offers learning with a purpose—improving a specific employee's performance in a specific area of the job in a way that's measurable.

## The Corporate Goals

Corporate universities exist to fulfill four main goals: to teach topics like leadership and communication to executives; to standardize skills and knowledge for certain jobs within the company; to help the company as a whole develop a unified culture; and to develop strong networks among employees.

Developing “soft skills” is something corporate universities do very well, says Mike Morrison, dean of associate education and development at University of Toyota in Torrance, California. “Part of it is, we have to,” he says. “Once people are in the work environment, they see that the work world is very relational. Problem-solving skills, creativity and innovation are in much higher demand, and the ability to self-design work is critical.”

Also critical is the ability to provide mission-specific education with instant relevance. Tom Doyle, director of Menlo Worldwide's Menlo

University in Dayton, Ohio, says, “Each of our courses is aligned with the strategic products, services, or value propositions that we take to the marketplace. There are no electives. You don't have to have a physical education unit to get through.”

Just as important to many corporations is that their universities help them create a single image of the company or a standardized protocol. Sometimes, as with Menlo University, the school is a consolidation of a disparate collection of training programs that used to be centered in different departments or physical locations.

“It was costing the company tremendous time in development and poor purchasing strategies, and obviously the messages we were communicating weren't always the same,” says Doyle. “So we created the corporate university, which now is the sole source for training in leadership, sales and sales man-

by Sharon Shinn

illustrations by Sean Kelly



“Research shows that companies that **invest in education** for their employees have a much higher retention rate than companies that don’t. It’s almost counter-intuitive. People who don’t invest in education say, ‘What if I pay to educate employees and they leave?’ I answer, ‘You’re asking **the wrong question**. What if you *don’t* educate them, and they *stay*?’”

—Mark Allen, Pepperdine University

agement, logistics and supply chain management, and the technical training associated with any of those disciplines.”

Other companies have turned to corporate universities to help create a unified culture within a diverse organization. “Ours is a company that grew through acquisition,” says Beth Sexton, senior vice president of human resources at IKON Office Solutions, with headquarters in Malvern, Pennsylvania. “Over time, we made over 450 acquisitions of copier and technology services companies. While starting IKON University was clearly an opportunity to leverage cost, it was also an incredible opportunity to build one culture.”

A corporate university also can build alliances among its employees—which pay off handsomely for the parent organization. “We help foster a community of business friends that continues to function on a much larger scale than within the learning program,” says Steven Smith, director of Cap Gemini Ernst & Young University, situated near Paris. Employees who form friendships during the coursework have a network of people to call on when they need advice or assistance in future projects. Says Smith, “One way we measure success in our university is by looking at the concrete business deliverables that have come out of our programs.”

### **Return on the Educational Investment**

In fact, the need to trace concrete deliverables back to the classroom is one of the biggest differences between a corporate university and a traditional one. In very simple terms, corporate universities are required to justify their existence.

“With almost everything we do from a human capital perspective, we’re looking for a return on investment,” says Sexton of IKON. “Traditionally, when offering training, a lot of organizations only go so far as looking at satisfaction in the classroom. We’re looking for sales productivity and behavioral change. We’re also looking for our target in terms of business strategy.”

Menlo’s Doyle agrees. “We are required to try to document that there is, in fact, a return on the dollars spent in the classroom,” he says. “If we can teach a manager how to lower absence or tardiness, we can assign an economic value to that. Maybe we can teach salespeople some negotiation skills; and as a direct result of applying those skills, they open a line of business they haven’t handled before.

“That warm fuzzy feeling people got from training is coming to an end, at least at my company,” Doyle continues. “We’re placing a high level of importance on business value. I’m not going to spend \$7,000 of the company’s money to bring in a consultant to hold a workshop for one department if the supervisor can’t tie it to a business objective or some

sort of expectation of behavioral change. My whole goal for Menlo University is that if they were to sever me and my entire department so that we became an outsourced company, we would be able to demonstrate some economic value back to them.”

A number of companies have developed sophisticated ways to measure whether they’re receiving a return on their educational investment. Pepperdine’s Allen explains that the traditional tool for evaluation training, the Kirkpatrick model, has four levels: reaction, learning, behavior change, and organizational impact.

“Traditionally, higher education evaluates at levels one and two,” Allen continues. “We ask people whether they liked a course and we measure whether they’ve learned anything. But business universities don’t just look at learning. They look at whether that learning results in behavior changes that have positive results for the organization.”

Allen continues, “I know one corporate university in an industry with high turnover whose primary mission was to ensure that employees stayed. This organization has low turnover and high retention. That corporate university has a very easy metric for measuring itself. If they’re doing a good job with retention, then the corporate university is doing a good job.”

In fact, across the board, corporate education can be a powerful tool for creating employee loyalty. “The war for talent is all about finding the most learning-agile people,” says Sexton. “People are going to be looking for companies that make an investment in their education.” This is particularly true as other benefits, such as health care, get cut back, she notes.

Says Allen, “Research shows that companies that invest in education for their employees have a much higher retention rate than companies that don’t. It’s almost counter-intuitive. People who don’t invest in education say, ‘What if I pay to educate employees and they leave?’ When somebody says that to me, I answer, ‘You’re asking the wrong question. What if you *don’t* educate them, and they *stay*?’”

### **Structuring the Corporate Classroom**

Corporations that have committed themselves to education generally have committed themselves to technology as well, using virtual classrooms and Webcasts far more than traditional four-year schools do. But experts are adamant that face-to-face learning is an essential part of the corporate university experience.

“Five years ago people were talking about turning the whole corporate university virtual,” says Allen. “Five years later, the buzzwords are *hybrid programs* or *blended learning*.”



Many corporate universities are turning to hybrid programs where they can have some live interaction, then some distant mediated interaction, followed by more live interaction.”

That’s the plan at CGE&Y, where learning is delivered by a combination of virtual and physical classrooms. Says Smith, “We view the learning moment as a very privileged time when people are physically present to create networks and share their experiences. But that all needs to be maintained, and we use virtual technologies like Webcast chat rooms to keep people connected.”

Smith believes strongly that employees who stay networked will continue to learn from each other. “Once someone gets an MBA, he’s never going to go back and get another one,” says Smith. “How do you make sure those people continue to learn? By keeping them linked to communities. As new ideas and new approaches come out, they can continuously update their skill set and ask the questions they need to ask.”

CGE&Y has developed a whole set of “master classes” deliberately structured both to capitalize on the knowledge executives already have and to disperse it throughout the organization. “In our approach to learning, we look at four steps—awareness, understanding, demonstration, and recombination. In virtual classrooms, we help create awareness and understanding. In the physical classrooms, we focus on demonstration and recombination. During Master Classes, experts come in and work with executives, but they also review the knowledge they’ve already tested in the marketplace and the other learning they’ve absorbed.

“The members of the class generate a hypothesis about a

new way of doing business, and then they go back to their jobs and test these ideas,” Smith continues. “When they come back to class, they evaluate how the ideas worked in the market. When the answer is positive, they move to the next level, formalize the methodology, and create a new level of learning that will then be re-injected into the entire program. This cycle is key for adult learning. Adults walk into the classroom with a great deal of experience, and that experience has to be leveraged.”

It’s not just the heavy reliance on technology and networking that makes corporate universities excellent places to learn, believes Morrison of Toyota—it’s the very structure of the classes, which focus on practical, usable knowledge absorbed through active learning. “We’re trying to move more of the learning from knowledge to know-how,” says Morrison. “Know-how connotes a different message than knowledge. Not only does that employee know something, he knows how to put it in place.”

It’s not possible to gain such know-how through the lecture mode found in many school settings, says Morrison. At Toyota, employees engage in team learning events built around actual work projects. “In our Lean Thinking program, we got rid of all the PowerPoint slides, and there’s no speaker at the front of the room. You walk in with your team and start working on a problem within your group. Maybe you want to accelerate one part of your process by 100 percent or you want to cut costs by 50 percent. We build the knowledge while they’re doing their actual work,” he says.

### **Student/Faculty Ratio**

Not only is it important for corporate universities to get students engaged in the learning process, for many it’s important to turn every employee into a student. Says Allen, “I find that most corporate universities have a goal of touching everyone in the organization. Some companies require all employees to have a certain number of hours of training every year. Other companies aim to make learning available to everyone.”

At CGE&Y University, the decision was made in 1997 to open programs to employees at all levels, although previously the university had been dedicated to executives and high-potential employees. Even so, programs are designed to appeal to people at key points in their career tracks. They’re also built around specific disciplines that reflect the mission of CGE&Y: consulting, technology, outsourcing, business development, and leadership development.

A number of the courses at Menlo University are required for individuals in certain job positions, such as sales or supply chain management. “This way we know that people in posi-

“Corporate universities need to deliver educational experiences that will help our businesses achieve our objectives, so we have to be **nimble and flexible**. We started the university last year, and I’m already offering courses I did not offer then.”

—Tom Doyle, Menlo University

tions of responsibility have certain baseline competencies that have been identified as critical to their jobs,” says Doyle.

Most often, corporate university classes are taught by a mix of external faculty and internal experts—which sometimes include top executives. “Our CEO spends at least one day a month at IKON University,” says Sexton. “Sometimes he’s a learner. As the top sales leader of the company, he believes that he has to know our processes, our tools, and our lingo. At other times, he is in front of the sales trainees, motivating them. It gives entry-level people a thrill to meet our CEO. We’re a \$4.7 billion company with more than 30,000 employees, so meeting the CEO is pretty motivational.”

Other times, corporate universities hire outsiders as faculty, including business professors, technology vendors, and industry gurus. When they turn to professors, they’re generally looking for a structured course on a specific business topic. When they partner more extensively with a business school, they often want help setting up classes and devising an infrastructure. Other times their goal is grander: to work with a university to deliver an entire program or a set of accredited classes that employees can take with them to four-year universities if they decide to pursue a degree.

### A Degree of Partnership

In fact, these days a number of corporate universities are working closely with traditional universities to design degree programs—everything from one accredited course to a program that culminates in an MBA. For instance, Menlo has a proposal before The Ohio State University to develop its own abbreviated MBA program. The Menlo mini-MBA will be open to any employee with five or more years of experience with the company. The courses will be culled from the same disciplines covered in an accredited degree program, though they won’t cover material in as much depth.

“When employees finish their mini-MBA, they’ll have the equivalent of four elective courses accredited by Ohio State that will be transferable as credits if they want to pursue a real MBA,” says Doyle. In addition, some of the project management courses students can take at Menlo University have been accredited by George Washington University and can be used in combination with other university courses toward a degree.

Similarly, Pepperdine University has designed a number of degree, nondegree, and open enrollment programs to deliver a variety of education options to employees at the Boeing Company. One program was an in-depth nine-month nondegree program about change management. An ongoing program is an on-site MBA program which will graduate its second class this December.

Pepperdine faculty debated whether an MBA class made up of individuals from one corporation could offer the same benefits of an open enrollment program, admits Linda A. Livingstone, dean of the Graziadio School. “Degree programs that draw people from multiple organizations in unrelated industries and backgrounds offer a rich learning experience, and sometimes you do not get this from an in-house program,” she says. However, she found that a corporation like Boeing was large enough to draw participants from radically different departments within the organization, so that a diverse group of strangers ended up in the same classroom.

Partnerships like the one between Pepperdine and Boeing provide benefits to both the school and the corporation, and ought to ease whatever fears business schools still harbor about corporate universities luring away all their students. “I think corporate and traditional universities are hugely complementary,” says Smith. “Traditional universities possess an academic rigor and a research background that corporate universities are never going to be able to replicate. We depend on

## Corporation + University = Partnership

Some corporations and business schools have developed true partnerships that result in hybrid universities with immense benefits to all players. One such partnership exists between Gallup University, part of the Gallup Organization of Washington, D.C., and the College of Business Administration at the University of Nebraska in Lincoln.

The two organizations have worked together to establish an 18-month program, open to all of Gallup’s clients and partners as well as Gallup employees, that leads to an MBA or MA in executive leadership. Cohorts of students begin with an advisement period during which they are assigned a personal coach, who over time becomes a performance coach and remains connected to the participant for three years after graduation. Once past the advisement period, the students meet in several venues in the U.S. and abroad, alternating two-week onsite classes with Web-X sessions and virtual courses. All students enter the program with specific projects they need to complete, and these projects help the professors design the course. In many cases, that project has been specified by the CEO or a senior-level manager, and it will always have some impact on the organization.

“For example, one student from Toyota is the CEO of Toyota Financial Services, and he’s building a bank,” says Bruce Avolio, Donald O. and Shirley Clifton Chair in



each other, and I think in the future we're going to depend on each other even more."

While four-year universities can bring structure, experience, cutting-edge research, and degree-granting programs to such partnerships, corporate universities can offer traditional universities another revenue stream—and a chance to hone their theories in a real-world environment.

In addition, long-term educational partnerships can lead to opportunities in other areas, Livingstone says. "A company that is working with a university on educational programs might also have a research project for which it needs an academic perspective, so these partnerships can lead to other opportunities. We've got to be open to those new avenues for delivering our services."

Four-year universities that don't want to be left out of the corporate loop might need to invest more energy in marketing their programs and their capabilities to big businesses, these representatives believe. Schools also must show how they can add practical value in the corporate setting.

"Many individuals at our schools are out in the corporate

Leadership at the University of Nebraska and director of the Gallup Leadership Institute. He co-directs the partnership program with Connie Rath, Dean of Gallup University. "We have many students working on breakthrough projects for their organizations, and we advocate that they tie them to the educational experiences throughout the program."

The legal partnership contract spells out the roles of both parties, and Gallup manages accounts, hires the faculty, and signs the paychecks. Gallup's role makes it easy to bring in professors from other schools to participate, Avolio notes. Institutions like University of Toyota also collaborate with the partnership, allowing Gallup and UNL to use their facilities and faculty for some parts of the program. "Toyota delivers great information on lean thinking and production," says Avolio. Other universities may soon also come on board with their own specializations.

Avolio expects to see more degree-level partnerships like his develop between private companies and public universities. However, he thinks universities would need to select carefully the right business entity with which to develop a strong partnership. "There are so many points you have to work through. Gallup does advising differently than we do at the university, so how do we merge each of our best practices? You have to understand that you both have different models and language, but you come to a point of integration that can benefit students."

community, recruiting students or talking about our executive education," says Livingstone. "We're trying to integrate those areas so that if we go to a corporation, we're talking about the whole package of what we can do."

### Changes Ahead

While corporate universities are here to stay, they are still in a process of evolution. Forecasting what lies ahead for them is tricky. "To tell you where we're going to be five years from now is predicting where our business is going to be five years from now," says Doyle of Menlo. "Corporate universities need to deliver educational experiences that will help our businesses achieve our objectives, so we have to be nimble and flexible. We started the university last year, and I'm already offering courses I did not offer then."

Nonetheless, he sees some internal changes that will affect what the university offers. For instance, he expects more managers to get involved in employees' training experiences. This might mean the manager and employee complete a pre-course assignment together, or it might mean the manager becomes a part of the employee's action plan. "Say an employee leaves the leadership program with three professional goals he wants to achieve," says Doyle. "The manager is now going to get a copy of this action plan, and the manager and the employee will work on it jointly and report back to us. It requires them to show some accountability for what they've learned."

Because all corporations are sensitive to the fluctuations of the market, Livingstone fears that if the economy continues to be poor, less money will be poured into corporate universities in the near future. "Training and development are essential to the health of an organization, but those are often areas that are cut when the economy is slow," she notes.

Allen is more optimistic. He notes that the growth rate of corporate universities has been consistent over the past ten years, especially as more corporations develop *real* corporate universities, not just glorified training departments. "Moreover, what I'm seeing worldwide is a global expansion, where corporate universities are huge in Europe and South America. This year I'll be going to Africa to talk to some companies there about corporate universities."

A boom in the corporate university field could mean a boom for traditional universities as well, if business schools market their particular strengths and skills to this defined market. Today, when many business schools regard their students as consumers, corporations can be seen as the ultimate consumer: demanding, focused, and hungry for knowledge. When business schools can provide exactly what corporations need, everybody wins. ■

# Small Schools,



# Big Payoffs

**S**mall schools, like small towns, have a very specific appeal. While they don't operate at the same pace or intensity as big schools—or big cities—they offer a distinct experience, defined by exceptional quality of life, a deep sense of community, and a chance to develop close personal and professional relationships. Most important, small schools present an opportunity for deans and professors to make a real difference in a defined world.

“If you want to have a major influence on the entire organization, be a dean at a small school,” says Danny Arnold, dean of the College of Business, Frostburg State University in Maryland.

The precise definition of a “small school” is difficult to pin down, for there are small universities that boast significant business schools and

large universities with tiny business colleges. According to the Small School Network Affinity Group associated with AACSB International, a small school is one with 35 or fewer full-time faculty, though schools with up to 45 full-time faculty members are allowed to join the group. “The number of full-time faculty basically sets the parameters for everything else you have to work with,” says Doug Grider, co-chair of the group, and dean and professor at the School of Business Administration, Lander University, Greenwood, South Carolina. “That defines the resource base, operations budgets, and the funds for research.”

While they have fewer faculty and, often, more limited resources than their larger counterparts, deans and administrators at small schools have learned how to recruit and deploy faculty, work within their regions to attract students—and mobilize their resources to achieve big goals like accreditation. In essence, they've learned to exploit all their advantages.

## Sources of Strength

Most small-school deans consider their greatest strength the close relationship that often develops between faculty and students. Because many small schools don't employ teaching assistants or large numbers of adjunct faculty, students have constant interaction with their principal instructors and feel comfortable addressing them inside and outside the classroom.

“It's much easier for faculty at a small school to imprint a program and have an impact on student performance,” says Grider. “Individual

*Small schools offer warm, close-knit communities that appeal to local students—and give professors a chance to shine.*

**by Sharon Shinn**

illustration by John Patrick

faculty members have a far more specific effect on students—not only on their current performance, but on their future careers—and they take that very personally.”

The close relationships also extend among the faculty. “Staff members operate very closely, almost as a family,” says Eon Smit, director of the University of Stellenbosch Business School in the Republic of South Africa. “It’s not difficult to obtain a clear focus on strategic issues. The sense of belonging to a family is frequently shared by our students, and mutual relationships tend to be strong and long-lasting.”

That’s much the opinion held by GERALYN McCLURE Franklin, dean of the School of Business at the University of Texas of the Permian Basin and co-chair of the Small School Network Affinity Group. “In some places I’ve been, I felt as if I were in a silo. We were on separate floors, and sometimes even the disciplines didn’t get along,” she says. “A small school environment is more collegial because it has to be. The smaller number of faculty compels them to work together more closely.”

Small schools often focus more on teaching than research, say these deans. While this can be a drawback if a school is seeking accreditation, it can seem like a benefit to a student who wants to be in a very student-centric environment—and it can be a lure to professors who feel their own strengths are in teaching, particularly recent doctorates. However, says Franklin, not all recent Ph.D.s have gotten the message.

“I don’t think small schools have done a good job of publicizing what they have to offer in terms of quality of life,” she says. “I think there are a lot of pluses to being in a small school, but I don’t think we articulate that very well.”

### Student Appeal

While some doctoral candidates might not have received the message about the appeal of small schools, students clearly have. Small schools tend to draw local students who don’t want to travel far from home, working professionals who live nearby, and students who simply appreciate the advantages of a safe, comfortable environment where the staff is eager to pay them close attention.

Small schools also offer an option for students who want a good education even if they weren’t the best performers in their high schools. “While we do get some top students here, our bread-and-butter students are in the middle range—the top third or half in their classes,” says Grider. “About 60 percent are first-generation college students.”

Many small-school students are also older, working students who are earning their degrees at night. “Sixty-five per-

cent of our classes are offered in the evening because our students work full-time,” says Franklin. At UTPB, many are also transient, oil company workers who have been transferred to the region from somewhere else, and who may have taken classes already at some other university.

Even small schools that cater primarily to traditional-aged, first-time students often make efforts to reach out to working professionals. For instance, West Liberty State College in West Virginia offers an accelerated business program on Saturdays at two off-campus locations. The degree can be earned in two years if students have some general college background, says Elizabeth A. Robinson, interim dean of the School of Business Administration.

The School of Business at Indiana University in Kokomo also courts working professionals by offering flexibility in coursework. Dean Niranjana Pati believes some students choose to attend Kokomo instead of nearby universities

## Accent on Accreditation

For many small schools, one of the biggest challenges is attaining accreditation, which can be a labor-intensive undertaking even for larger institutions. At small schools, faculty members might find themselves stretched very thin as they serve on accreditation committees while handling their teaching and advising loads and fulfilling their obligations on university committees.

At the University of Texas of the Permian Basin, whose business school is now through its first two years of candidacy for AACSB accreditation, the first part of the process has been exhausting. “We front-loaded our accreditation plan so that we had much more to do in the first two years,” GERALYN Franklin admits. “We believed that if the faculty could see the end result, they might stay more motivated.”

Pursuing accreditation doesn’t just mean that faculty members have more work to do; it also means they have to do work that might be unfamiliar. For instance, at some small schools faculty members don’t publish on a regular basis. Not only are these faculty members unaccustomed to researching for publication, they often don’t have the funding—or the time—to get research projects done and to sustain academic qualifications while they’re doing it.

“For faculty to publish, some resources need to be available,” says Danny Arnold of Frostburg State. Faculty at larger schools might only have a six-hour teaching load, so they



because Kokomo's program, which is offered primarily in the evening, is not lockstep. Kokomo also will accommodate students who want to finish their degrees in a year. Pati believes this ability to tailor the course to the student is another advantage that small schools can offer over larger institutions.

### Finding a Niche

The makeup of the student body, as well as the resources available, dictate what kinds of programs these schools can offer. Some small schools focus on perfecting a single program, while others seek out partnerships within their larger school systems or with other schools that allow them to offer multiple degree programs to their students. Lander, for instance, offers only undergraduate programs, which Grider considers a real boon. "Because we only have to focus on one degree program, we can concentrate on doing that and doing it well," he says.

have time to write and do research, whereas faculty at smaller schools more typically carry a 12-hour teaching load. In addition, larger schools have money allocated to support faculty conducting research; many small schools don't have such funds in the budget.

Some small-school deans also see challenges posed by the standards themselves, particularly the ones recently passed by AACSB members. "Assurance of learning is going to be difficult for small schools," says Lander University's Doug Grider. "Some outcomes can be accomplished with faculty and with course-embedded goals. Others must be measured with objective performance tools, and those either must be developed or purchased—and that's another expense for small schools to bear."

Grider also feels that maintaining the "academically qualified/professionally qualified" requirements under the new standards will be more difficult for small schools than meeting the previous calculations for minimum full-time equivalents. "There is less flexibility under the new standards formula, even though the intent may have been to improve opportunities for small schools by providing options for 'participating' and 'supporting' faculty," he believes.

In fact, for some small schools, AACSB accreditation seems out of reach. "I don't think we could meet some of the criteria, including the required number of Ph.D.s on the faculty," says Elizabeth Robinson of West Liberty State College.

Administrators who have chosen to pursue international accreditation are committed to the process and the rewards. Eon Smit believes the University of Stellenbosch Business

*"Staff members operate very closely, almost as a family. The sense of belonging to a family is frequently shared by our students, and mutual relationships tend to be strong and long-lasting."*

—Eon Smit, University of Stellenbosch Business School,  
Republic of South Africa

West Liberty State College also offers only an undergraduate degree, with 11 specializations. However, in the future the school may collaborate with another institution to offer master's degrees, as other schools within the college have done. UTPB also knows the benefits of collaboration, though mainly within the University of Texas system. While UTPB offers a

School has set itself apart, in some measure, because it has achieved AMBA accreditation from the UK's Association of MBAs and EQUIS accreditation from the European Foundation for Management Development. "The MBA market in South Africa, like in the rest of the world, is saturated with poor offerings. Unsophisticated clients and students find it difficult to distinguish the better schools from the bad ones," he says. "International accreditation is the best way we know of guaranteeing a high-quality MBA degree."

"It's an external validation of quality," Arnold agrees—but that's not the only benefit. "From a more mercenary perspective, if a school is accredited, there will be a long-term nudge upward on salaries," he says. "That's because, to stay accredited, you have to hire the faculty off the market in order to compete with other accredited schools. I also believe that the process of going from being unaccredited to accredited makes you better. Any time you have a period of self-reflection and you have to look at all these issues—how can we improve this, what can we do about that?—you will be better."

Deans of small schools that have achieved accreditation—or that are in the candidacy process—stress that they could not have done so without the wholehearted support of the faculty. "The faculty have made the commitment to meeting accreditation standards and were willing to put forth the effort to make it happen," says Grider. "I can tell you, without faculty commitment and dedication, it would not happen, I don't care who the dean is."

range of its own degrees—a BBA with four majors, one MBA, and a master’s of professional accountancy—it also participates in the statewide MBA Online program. For that, eight schools in the UT system contribute two courses each to a 48-hour online MBA. “Students have to apply to a specific campus and they get a degree from that campus,” says Franklin.

The picture is considerably different at the University of Stellenbosch, where 50 percent of the full-time student body is international, coming mostly from Europe and Africa. Evening programs are attractive to local attendees, but a variety of other program structures, some offered in English and some in Afrikaans, ensure that the school has something to offer all potential students. About 700 postgrad students can enroll in four different MBA programs, and approximately 3,000 students participate annually in executive development programs.

## Big Challenges for Small Schools

While small schools offer numerous advantages to both faculty and students, they face real obstacles as well. In most cases, these can be traced to more limited resources than their larger sister schools enjoy—which can affect the ease with which they recruit faculty and the upgrades they can install in their facilities.

Says Doug Grider of Lander University, “It’s difficult to recruit and *retain* academically qualified individuals in an increasingly competitive market. Larger, resource-rich schools can offer incentives to induce faculty members to leave small schools where they might otherwise be content to stay.”

Less money for salaries also often means less money for faculty development. At some schools—like West Liberty State College—it means concentrating on faculty members who do not have doctorates. There, two Ph.D. holders were recently hired—but, says Elizabeth A. Robinson, “we made a special effort to attract them.”

In addition, small schools that aren’t accredited sometimes can’t tempt individuals who want the prestige of teaching at an accredited school. Small schools also sometimes find it harder to recruit new faculty because potential job candidates might not be as familiar with them as they are with big-name schools.

The answer in many cases is for deans and faculty to work to make their schools more visible. For instance,

Stellenbosch has been able to position itself as an international player, but most small schools content themselves with taking on a local role. Even so, small school administrators realize that they may need to rely on an identity other than “regional school” to continue to draw applicants in the future, so many of them are developing additional niches.

For instance, UTPB is expanding its entrepreneurship offerings, a plan that resonates well with Texans. “Most of the businesses in our area are entrepreneurial small businesses, so throughout the curriculum we’re trying to show that self-venturing is an opportunity,” says Franklin. “While we touch on major corporate company issues in our curriculum, we mostly use cases that deal with medium and small firms. We know that a high percentage of our students will probably stay in this area, and we want to try to add value to the community.”

Frostburg is also strengthening its entrepreneurship pro-

Geralyn McClure Franklin of the School of Business at the University of Texas of the Permian Basin has encouraged her faculty members to be very active in professional organizations, particularly at the regional level. Franklin herself stays active, both to gain attention for her school and to inspire her own staff. She thinks the strategy has paid off: A recent opening for a finance professor attracted more than double the applicants than did an opening the year before.

Deans also emphasize the benefits of their small schools when talking to potential candidates. Sometimes they point to location and quality of life—they may be situated in an unspoiled countryside or in a picturesque small town within driving distance of a major metropolitan area. Sometimes they note that their schools are part of a larger system, as is the case with Indiana University in Kokomo, which has access to IU’s libraries, IT facilities, and other resources.

For other schools, it’s precisely the lack of those resources, particularly inadequate facilities, that can be the biggest headache. Small business schools often do not have their own buildings, and many do not have the resources to modernize their classrooms. In some cases, straitened resources mean an inability to invest in new technology.

“Many small schools are trying to play catchup in a game that is accelerating,” says Grider. “Although technology is getting cheaper, its pervasiveness and application across the academic program increases the demand and need for the integration of IT throughout the business program. Thus, you have a constant financial demand placed on limited operating budgets. Grants and outside funding provide some relief, but



*“It’s difficult to recruit and retain academically qualified individuals in an increasingly competitive market. Larger, resource-rich schools can offer incentives to induce faculty members to leave small schools where they might otherwise be content to stay.”*

—Doug Grider, Lander University,  
Greenwood, South Carolina

gram, but Arnold believes it will find its true niche by fulfilling the promise implicit in its new slogan of “Applied Business.” The b-school has just codified a plan that bases as many class assignments as possible on real-world projects for

external supporters fully expect a school to cover its basic ‘utility’ bills, and that’s how IT is perceived by many donors.” He doesn’t face such restrictions at Lander, where the modern building is equipped with smart classrooms and portable technology.

Even in cases when the facilities are not ideal, however, deans work to improve conditions or find innovative solutions. For instance, at UT Permian Basin, the entire university is housed in one large building, and the school of business takes up space on the second floor. When Franklin first arrived, faculty members were located on several different floors, and junior faculty had limited exposure to senior professors. Now, all the business school offices are clustered on one floor, and all the classrooms are contained on two upper floors.

At IU Kokomo, the business school does not have its own building, but certain classrooms have been identified primarily for business education use. Furthermore, these classrooms have been designed to best suit the needs of business students, with tables that can be reconfigured for lectures and small-group discussions. One of the rooms also features a financial ticker so students can engage in investment simulations.

“We feel very good about the facilities we have,” says Niranjana Pati. However, he notes that additional facilities could be rented any time the school would not be able to provide a specific environment to fill a need—yet one more example of small-school deans finding creative ways to solve difficult dilemmas.

real clients. To facilitate that goal, Arnold recently organized a forum in which about a dozen local businesspeople made presentations to faculty members, outlining project ideas that might be suited for student teams. He hopes every student will have completed ten real-world projects by graduation—and he wants his faculty to attempt something similar.

“I’ve told the faculty, ‘I want to look at your curriculum vitae over a five-year period and see three or four interactions between you and the real world,’” he says. “This means they should be working with local businesses on contract research, training, or consulting. ‘Economic development’ is in our university mission. To me, that means going out to the businesses here and making them better.”

### **Small Is Big**

Small schools not only fill an educational niche; many of them fill a business niche within their own communities and forge close ties with local business leaders. In some cases, that means the dean must be very visible. For instance, Grider gets involved in civic organizations, particularly the Rotary Club, and serves on development boards, bank committees, and the advisory board of a local technical school. In other cases, the students and faculty must be visible.

At IU Kokomo, Pati encourages his faculty to make presentations to community organizations, participate in corporate open houses, and write articles for local newspapers. IUK students participate with the Small Business Development Center to promote downtown revitalization. It’s crucial for small business schools to publicize their efforts and successes, says Pati, to make sure the public knows the educational advantages they present to the community.

While small schools have much to offer their students and their communities, Pati believes that one of their greatest advantages is hard to quantify—a “value-added” metric that is not judged in any current ranking system. “We add value to the learning experience,” he says. “Students are at certain levels when they come to our schools, and we need to look at how much we have added by the time they get out. We can use inputs like the quality of the student when he enters and the cost of his tuition. On the output end, we can look at the learning experience he has had over time at the institution. What is the rate of return on such an investment? That doesn’t appear in any rankings.”

In the same way that not everyone is cut out for life in a small town, not every student or faculty member is suited for existence at a small school. But for those looking for close relationships and the chance to make a true impact in a community, small schools offer a big opportunity. **Z**

# THE NEXT BEST THING

by Christopher Puto

All business schools strive to duplicate real-world challenges in the classroom. At the University of St. Thomas, a new full-time MBA program uses **business simulations** as the backbone of the entire curriculum to immerse students in an intense world that mimics the actual business environment.

**When Lou Gerstner was named to lead IBM, many industry experts were skeptical about his prospects for success.** Although he was bright and accomplished, his background included handling consumer packaged goods at RJR Nabisco, finance at American Express, and consulting at McKinsey. How could he step in and turn around the world's largest technology company—when he knew nothing about technology *or* IBM?

Gerstner proved he did not have to understand technology to succeed. Instead, he had to understand the company's current and potential value to customers, and he had to figure out how IBM could best deliver that value. Today, IBM's e-business service approach to customers is one of America's great corporate success stories.

Like Gerstner, today's business school graduates can achieve success no matter where they go in the workplace if they have the right skills. Business schools can help them hone those skills by creating intense learning situations that replicate real-world environments. One excellent way to expose students to the challenges of corporate life is through computerized business simulation technology.

For the last few years, I have been deeply involved in developing business school curricula that revolve around computerized simulations. As dean of the University of St. Thomas in Minnesota, I have supervised the launch of a new full-time MBA program using the business simulation as the backbone of the curriculum. I also spent five years working with a similar program when I was director of MBA programs at the University of Arizona's Eller College of Business and Public Administration.

Simulations take the business case study and go one better. Most schools have not yet begun to take full advantage of the possibilities offered by business simulation technology. They can do this by integrating simulations throughout the whole curriculum.

## **A Brief Background**

Computerized business simulations help students master the skills known as "critical incident learning"—skills that are not automatically learned in today's generally accepted business curricula. Many schools use consulting projects to augment the case method, but these only give students a glimpse of the total picture. Furthermore, even the most realistically based projects typically have a fail-safe mechanism in the watchful eye of the supervising professor. Therefore, even with consulting projects, students often do not develop the essential ability to identify and assess true risk.

Nonbusiness fields use technology-aided simulations to

give students “near experiences” with real risk. For instance, student pilots have long used complex computer-driven flight simulators that replicate actual flying conditions in extremely realistic ways. In one simulated flight, a student pilot could experience violent weather, navigational malfunctions, and electrical, hydraulic, and propulsion malfunctions that could take a lifetime to experience in the air. It’s important to note that even the most experienced pilots report that the environments achieved through simulation produce realistic emotional and physiological responses.



**Student teams from the University of St. Thomas College of Business struggle to adjust their business plan as their computerized business simulation throws them several curves.**

Anesthesiologists are also being educated through simulated conditions—in their case, computer-controlled dummies that can be programmed to imitate the physiological responses of human beings undergoing anesthesia. The University of Arizona School of Medicine introduced this technique in the mid-1990s. Instructors can program the dummy to react with many bodily systems all converging in one experience. The fact that a crisis is happening to a dummy makes it no less real, and the student knows that he must be prepared to react to any symptom in order to save the “patient.”

Computerized business simulations can be used in the same way to expose business students to a compressed range of real-world problems. Business simulations such as Pharmsim, Autosim, Stratsim, Markstrat, Brandmaps, Links, and countless others are regularly used in undergraduate and graduate classrooms to help teach topics like marketing, strat-

egy, international business, and supply chain management. Michigan, Kellogg, Darden, and Columbia are a few of the business schools using simulations within their curricula, either in courses or in one-week “simulation intensive” experiences. Business simulations can be found outside the university system as well. For instance, the cosmetics company L’Oréal has designed an online business simulation as part of its business competitions.

Computerized business simulations immerse students in the inner workings of an existing organization almost as if they were aliens from outer space come to visit planet Earth. They must summon survivorlike skills that force them to call on their core business knowledge, then assess challenges, solve problems, and implement plans of action. The more closely these simulations are tied to the ongoing curriculum, the more quickly students will learn key business concepts.

### **Full-Time Simulation**

At the University of St. Thomas, students are involved in a business simulation exercise that spans the entire MBA program. Teams of students use the Brandmaps simulation as they work in a computer-mediated environment to compete against each other interactively. Four to seven five-member teams all form companies to manufacture an imaginary product called “vaporware,”

and meet weekly to discuss marketing, product development, and strategic positioning. Two days after making each decision, the groups get reports that analyze their decisions within the context of decisions the competing teams have made, and they all must live with the consequences as they move forward in the simulation.

Students spend about ten hours a week on the business simulation, which occurs outside their regular course load, although everything they learn in their core courses is relevant to the simulation. For instance, in a marketing class they will learn how to identify consumer needs and target likely consumers; they will use this knowledge as they carve out a market niche for their vaporware products. If one of the competing teams has targeted the same consumer group and has a better product or a better price, the first team will have to decide how to respond. Similar correlations between con-

tent and the business simulation occur with organizational behavior, finance, and other core courses. All of a sudden, what would normally be an abstract term that a professor uses in class hits home because students are applying that theory in the simulation.

The first year of the program can be stressful and confusing for students, because the simulation is introduced in the second week of the first semester. At that point, before they've had time to assess any business principles through their other classes, they're making decisions on strategy and pricing. They have to decide where they're going to build their manufacturing plant and how big it will be. If they have a large plant and it doesn't produce much, they'll be eaten up by overhead. It takes multiple periods to build a plant, so they have to predict its size two periods in advance and begin the construction process, or the plant won't be ready when demand is high. Similar challenges can make the first stage of the business simulation seem overwhelming at first, but students learn at a rapid pace.

At the end of the first semester, students write a paper that describes their firm's performance; they also prepare a presentation. Both are graded by the communications faculty on

**What I have witnessed in simulation-based MBA curricula reinforces my belief that such programs can replicate for business students the intense, realistic training that pilots and anesthesiologists receive with their flight simulators and automated dummies.**

how well the project is presented and by the content faculty on how well students demonstrate what they've learned. Only a very small part of the grade this first year is based on the performance of the company.

### **Year Two**

After a break for summer internships, students return to classes—and the simulation. Classwide elections are held to determine CEOs of each of the companies that were created the previous year. The top vote-getters recruit team members, and former teammates often end up in competing companies. The new teammates work together to determine the organizational structure of their companies, and they all sign a set of operating rules.

## **After the Simulation**

For Julie Klewer, who graduated from University of Arizona's Eller College of Business and Public Administration in 1999, the MBA simulation program signaled a shift in her entire career. She had worked for ten years as a CPA before returning for her MBA, and she had a basic sense of how the decisions of one department could affect the entire organization. But she had no experience with areas like marketing, for instance, until the business simulation helped her learn to read marketing reports and understand the process of developing a marketing strategy.

Not only did she end up minor in marketing, she spent a few years teaching an undergraduate marketing course and working for a marketing research company. She eventually decided to work as a CPA again, but believes her strong marketing background enables her to discuss strategy and market development with the CFO and CEO at the CPA firm in Tucson, Arizona, where she is a partner.

"For me, the whole business simulation experience was key in my being able to set this firm apart from other players in the area," she says. She thinks business simulations can have similar profound effects on students who come to busi-

ness school with experience only in limited areas such as sales and marketing or shipping and receiving. "I don't think they have had an opportunity to see that if, as a team, we make this collective decision, five other variables in the mix get affected. So from the standpoint of just learning how to be more of a global thinker, I think a business simulation is really important," she says.

The team she joined during the business simulation had intense problems that gave her a chance to make hard decisions. "The team was really dysfunctional, and our CEO was horrible," she says. He was not just horrible, he was unethical, sharing marketing research on the sly with other teams in the simulation. After meeting with the administrator, the team members decided to confront and oust their top man. "We told him he was not an effective CEO and he had to step down. He did."

While the ordeal with the CEO was extremely stressful, says Klewer, "we salvaged it all in the end. We gave a really good presentation and ended up doing very well." And they gained invaluable insights into the tense and exhilarating world of real business.



will avail themselves of that information. Competing teams are not supposed to collaborate by illegally dividing the market between them. If they do, and they're caught, we hold a tribunal where the affected firms lay out their cases. The other CEOs and the administrator, acting as SEC commissioner, listen to the evidence and hold a secret ballot to determine what the penalty or sanctions should be. These vary according to the severity of the infraction—as is the case in the real world.



**The business simulation program forces students to fine-tune skills such as decision making and communication, while exposing them to a wide range of business disciplines in an integrated environment.**

Then the teams “borrow” money—anywhere from \$1 million to \$200 million on paper—from the class administrator, who acts as a bank. They use these funds to “buy” one of the existing companies. They can bid to take over the finest or the worst of these companies, keeping in mind that their performance will be judged by how well the company functions. The administrators will look at where they started out, how much they borrowed, and where they end up. Overall grades are based on a formula devised by the financial accounting faculty to measure the net change in wealth during the new management’s tenure.

At this point, most of the students are starting to feel they understand the simulation and the world of vaporware. This is when we start to throw a few curveballs, forcing them into critical learning incidents. For instance, new products come onto the market and new markets open. Students learn that one of the components they use in manufacturing is carcinogenic—but an expensive synthetic has just entered the market. Do they reformulate their product? If so, how do they handle the resulting price increases? How is the market structure affected by this new variable? The product and the market they thought they understood now seems to have gone haywire.

The introduction of the noncarcinogenic ingredient adds an ethical component to the simulation, and we also seek to integrate ethical considerations to the whole exercise. Rumors and competitive data are always floating about, and the students have to decide whether or not they

In addition, any student who violates the rules of operation can be fired from a team. Any student who tries to be a “free rider”—who doesn’t do his share of the work—can be fired from a team. If that happens, he has two weeks to convince another team to take him on as a member. If this fails, he has to write a 25-page paper on the value of effective teamwork, and the best grade he can get is a C. In all the time I’ve administered MBA simulation programs, I’ve only had one student get fired and not be rehired.

### **The Case for Simulations**

What I have witnessed in simulation-based MBA curricula reinforces my belief that such programs can replicate for business students the intense, realistic training that pilots and anesthesiologists receive with their flight simulators and automated dummies. A cross-functional simulated business curriculum teaches MBA students all the fundamental business skills at once: teamwork, analytical skills, communication skills, core disciplinary knowledge, strategic thinking, and effective decision making. Conducted within a controlled environment that spawns ample opportunities for coaching and critical incident learning, simulations instill in students the confidence in their decision making that only comes from experience.

A curriculum built around business simulation helps students become exponentially better at identifying where the

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# BizEd

I believe this form of business education provides the potential for dramatically increasing the readiness of today's MBA graduates to accept and perform work assignments with greater responsibility and impact.

payoff resides in a compendium of choices and at vetting those choices through determining ROI of time and resources. This is exactly what will be asked of them in the intense competition that is business today. The business simulation works equally well for students interested in entrepreneurship, corporate life, and international business.

The most profound effect of all is that the curriculum we have built around business simulations has proven to be a great equalizer between liberal arts MBA students and those who come from more traditional business academic backgrounds. The program tends to accelerate learning for *all* students. Because of the simulated business environment, students who have not had an undergraduate business back-

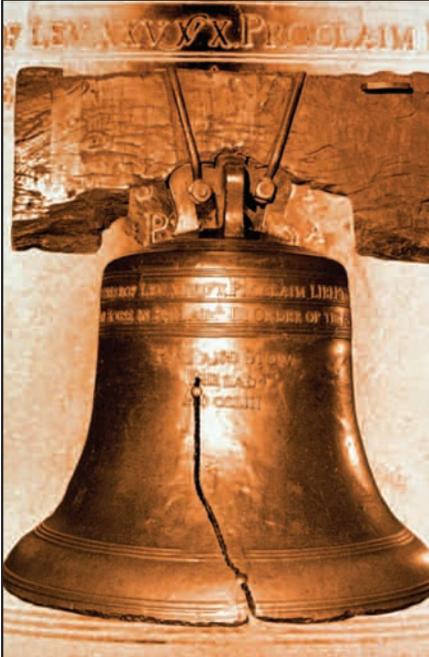
## Program Highlights

The new business simulation curriculum of the full-time MBA program at The University of St. Thomas differs from a traditional MBA program in these key ways:

- The business simulation is cross-functional; it doesn't focus only on marketing, as is the case with some programs.
- It spans the entire two-year MBA program, with a break during the second semester of the first year.
- The business simulation teams act as the executive team of a simulated company. Teams are composed of students with an array of skills across business disciplines.
- Grades are based in part on success indicators, such as the company's market share, its quarterly net income, and how it compares to the competition financially.
- “Free-riding” students can be fired from their teams. They then must negotiate to be hired by another team or receive a C grade.
- In year two, CEOs of the simulated companies are elected by students, in a process that often pits old teammates against each other.
- In year two, teams may choose to grow a lagging company or to build the profits of the industry leader.
- Curveballs are thrown into the mix, so that students have to rethink their strategies to meet new market conditions.

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ground now have a better chance of learning the basics of finance, accounting, and marketing while rapidly becoming equal partners with their classmates. The simulated environment provides a context and framework within which volumes of information can be structured and better internalized. By the second year, the difference between equally bright students from different backgrounds is nearly indistinguishable.

As a result, I believe this form of business education provides the potential for dramatically increasing the readiness of today's MBA graduates to accept and perform work assignments with greater responsibility and impact.

### The Challenge

Why don't more schools create a "primordial soup" for their curricula, combining exciting simulated experiences with traditional academic learning? Randall Chapman, creator of the Brandmaps and Links simulations, says that such a program requires a great deal of "heavy lifting." He explains, "It requires a big investment of time setting up the course and integrating what is learned in the simulation with what is taking place in the classroom. Such a program also needs someone familiar enough with it at a high level to truly lead the charge—which is tough to find."

Chapman identified the final and perhaps most vexing problem as the protective instinct most academics feel for their courses. Many of them want to insulate the case-based

approach from being, as they see it, "diluted" by something like a computer simulation.

I would take it one step further and say that some academics have a bias against anything that may smack of training or skill-building, despite its strategic underpinnings. Instead, they default to the academic credentialing deemed necessary to excel in the business world. I've certainly wrestled with the training paradigm myself, as I am a great proponent of holding extremely high academic standards for our colleagues and students. Yet my students have conclusively proved to me that we cannot rely on case studies alone to create a sense of savvy, hone decision-making qualities, and build a strong emphasis on delivering superior customer value. At the very least, by relying solely on case studies, we're leaving many talented people behind.

The case method, established at Harvard 90 years ago, has been the mainstay for conveying business knowledge and managerial skills to generations of business students. I believe this venerable educational method can be effectively enhanced when schools use advanced business simulations to create a truly integrated approach for MBA education so that students are better prepared to lead tomorrow's ever more complex and competitive businesses. 

Christopher Puto is dean of the University of St. Thomas College of Business in Minneapolis and holds the university's Opus Distinguished Chair for the Dean of the College of Business.

# Technology

## Are U.S. Enrollments in IT Shrinking?

The technology sector has taken a beating in the last decade, from the dot-com bust to the more recent stock market tumble. As a result, students may view information technology as an industry on the decline. This may be discouraging students from pursuing IT degrees, reasons Robert Baskerville, professor and chair of computer information systems at the Robinson College of Business at Georgia State University in Atlanta.

Baskerville points to decreasing enrollments in many university information systems programs—some have plummeted by as much as 50 percent over the past three years. He predicts students' wariness of the slumping IT market, combined with recent offshore outsourcing of IT jobs, may result in a worker shortage in IT as early as this fall. "The decrease in enrollments in the late 1980s was one of the reasons we saw a nationwide shortage of IT workers by the mid-1990s," says Baskerville. "Today's decreasing enrollments could have a similar effect."

Recent data from the U.S. Bureau of Labor Statistics tell the story. Even accounting for an increase in overseas outsourcing of IT jobs, the Bureau predicts that, by 2012, 1.1 million jobs will be added in the computer field, a 35 percent increase; and more than 330,000 jobs will be created in systems design, a 50 percent increase. Plus, with the economy currently on the rebound, specific tech companies are currently hiring: IBM recently announced that it would be hiring 4,500 workers in the U.S.

Even with these growth predictions, the Computer Research Asso-

ciation measured a 23 percent drop in new undergraduate computer science majors at universities nationwide in 2003. Even Robinson College, says Baskerville, has seen its undergraduate enrollments decline 26 percent over the same period, with its graduate enrollments also down significantly.

"I worry this may be a cyclical process in the information systems job market," Baskerville says. "As the economy comes back and demand for IT workers

resumes, businesses will find a significant shortfall in skilled workers. This could ultimately impact our country's ability to compete globally."

Baskerville fears that this may be a global trend, as business schools worldwide have not worked quickly enough to prevent students from making long-term career decisions based on short-term realities. A change in business schools' career

## TOOLS OF THE TRADE The Wharton Research Data Service Signs Its 100th Subscriber

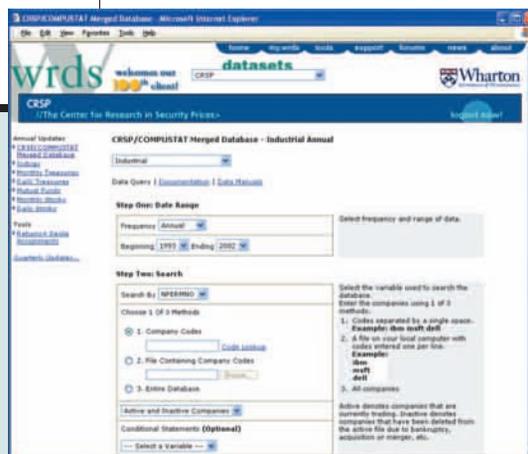
This spring, the Wharton Research Data Service (WRDS), a product of The Wharton School in Philadelphia, Pennsylvania, obtained its 100th institutional subscriber—Vanderbilt University in Nashville, Tennessee.

WRDS is a Web-based data management system that delivers approximately 1.5 terabytes of data from 19 vendor partners, including Compustat, comScore, and Thomson Financial Services. It provides a resource to faculty, students, and researchers for financial, economic, and marketing information.

WRDS was originally developed in 1993 as an internal resource for Wharton faculty but has been available to other schools and nonprofit research organizations since 1997. The school began offering its database to institutional subscribers as a way to provide a centralized source of business information to the larger research community. In addition, the school is able to recover some of its technological costs. Current subscribers include, among others, Stanford University, University of Chicago, MIT, Northwestern University, Harvard University, London Business School, the Federal Reserve Bank of New York, and the U.S. Securities and Exchange Commission.

In 2001, WRDS received a patent on technology for its method of managing user accounts and data access privileges. In 2003, WRDS received the Enterprise Value Award from *CIO* magazine and the *Computerworld* Honors Laureate Award for its use of information technology. Eventually, the school hopes to expand WRDS' database to new disciplines, including corporate governance, mutual funds, and corporate social awareness, says its director Michael Boldin. The service provides "quick, comprehensive access to economic, financial, and marketing data," says Boldin. Because of the breadth of data available, such access would be difficult for researchers to replicate, he adds.

WRDS is one of many informational resources that Wharton offers to the larger research community, including its biweekly e-zine, *Knowledge@Wharton*, and its Online Trading and Investment Simulator (OTIS) offered through Pearson Addison-Wesley, which allows students to buy and sell equities using real-world market data.



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counseling methods is needed quickly, he emphasizes. “We should be doing better in career counseling for our students,” he says. “Students aren’t getting the message.”

In addition, the media may play a large role in getting the message to students about the growing number of jobs in IT. “It appears that the enrollment trends are driven by popular press reports and not by long-term analysis,” Baskerville remarks. “The correction will probably have to wait for the press to discover the building shortage of workforce IT business skills.”

## New Tech Blocks Cyberattacks

There is another line of defense between computers and malicious viruses, thanks to Yuliang Zheng, a professor of information technology, and Lawrence Teo, an IT doctoral student, at the Belk College of Busi-



ness Administration at the University of North Carolina at Charlotte. Zheng and Teo have written a computer program, the “Access Enforcer,” designed to stop both known and unknown cyberattacks by viruses, worms, and hackers. Zheng is a cybersecurity expert with experience in efficient cryptographic techniques and applications, intrusion prevention and detection, privacy enhancing technology, message encryption, authentication technology, and wireless security.

The new technology is housed in a small plug-and-play appliance that plugs into an existing computer network through an Ethernet cable. No special download or installation is required. To explain how the device works, Zheng compares it to watching a highway with different vans, cars, and trucks passing by. There’s

no way to distinguish a pattern of behavior by watching just one vehicle. But after watching many vehicles—or, in this case, data—the device learns which don’t belong by their appearance, behavior, and content.

Unlike current security products like firewalls and intrusion detection systems, the Access Enforcer uses a simple set of rules to apply to the patterns of data traffic it monitors. Those rules might differ from user to user—a Web service company would require different tracking rules than a bank, for instance. After its program has been exposed to a company’s network traffic in real time, the device can detect abnormal data and shut it down while allowing

### DATABIT

A new study from comScore Networks of Reston, Virginia, notes that the number of Internet users is now more than **150 million**, seven times the number the company found in its 1996 study. In 2004, the study predicts online spending will surpass **\$100 billion**.

# Technology

legitimate traffic to go through.

“Firewalls are basically static. They can detect only what they have been programmed to detect beforehand. If anything new comes up, which happens every week or month or so, they have difficulty. Sometimes they catch one, but that’s pure accident,” says Zheng. “Our device doesn’t have a database—we don’t tell it specific data to block. Instead, we provide it with

a number of rules to apply to data traffic.” Using those rules, Access Enforcer “learns” to distinguish the good traffic from the bad.

Zheng and Teo plan to release the beta version of the software this spring and are working to prepare the product for sale by mid-year through their company Calyptix Security ([www.calyptix.com](http://www.calyptix.com)), a winner of UNC Charlotte’s Five Ventures Business Competition last year.

## E-Cases for Sustainable Development

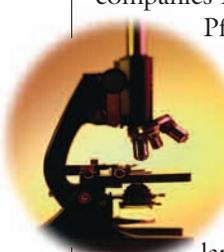
**The sustainable energy biz just got a new online training boost.** This spring, Chronos, a new e-learning tutorial of business cases for sustainable development, was launched by the World Business Council for Sustainable Development (WBCSD) and the University of Cambridge Programme for Industry (CPI).

Chronos is designed to make sustainable development real and relevant to all employees involved in corporate decision making, says Björn Stigson, president of WBCSD. “Chronos provides companies with a unique opportunity to make sustainable development relevant to individual employees and close the gap between policy and practice.”

With case studies accessible through its Web site at [www.sdchronos.org](http://www.sdchronos.org), Chronos already is finding a home in b-school courses that emphasize sustainable development, including a

## NEWSBYTES

### ■ BIG STEP FOR BIOTECHNOLOGY



San Diego State University (SDSU) has partnered with biotechnology companies Invitrogen Corporation, Pfizer, and CardioDynamics to establish the first degree program in the nation that combines an MBA with a biotechnology focus and a Ph.D. in molecular and cell biology. SDSU offers the program in conjunction with the University of California in San Diego. SDSU started a pilot program for two students last September and plans to expand the program this year. Participating biotechnology companies hope that the Ph.D.-MBA program will produce “home-grown” leaders for the industry—who know biotechnology *and* have the specialized training in the research, product development, promotion, and financing involved in getting new drugs and biodevices successfully to the market.

### ■ NEW GROUP FOR IT

A new Technology Leaders Affinity Group has formed through AACSB International. The group was con-

ceived by Don Krueger, the technology program director at the Labovitz School of Business and Economics at the University of Minnesota in Duluth, and Maggie Jesse, Director of the Stead Technology Services Group at the Tippie College of Business at the University of Iowa in Iowa City. Charter members include IT directors from nearly 120 business schools. In addition to creating a forum to discuss the role of IT on business school campuses, the group also hopes to extend its membership to schools outside the U.S. For more information, contact Don Krueger at 218-726-7319 or [dkrueger@d.umn.edu](mailto:dkrueger@d.umn.edu).

### ■ NETPLUS! AT UMICH

The School of Management at University of Michigan, Flint, launched its flagship online MBA program, NetPlus!, this spring. The two-year program comprises eight three-month terms, each beginning with one day in the classroom followed by six weeks of work and collaboration online.

### DATA BIT

According to the UN Conference on Trade Development’s annual “E-Commerce and Development Report,” **592 million** people worldwide had Internet access in 2002, a 20 percent increase from 2001. In developed countries, **401.7 million** people can access the ‘Net, up 12 percent from 2001. In developing countries, **189.9 million** people have access, a 40 percent increase. Still, just under 10 percent of the world’s total population currently has Internet access.

new course at the Jones Graduate School of Management at Rice University in Houston, Texas. Students enrolled in “Sustainable Development in the Energy Business,” a one-day course conducted as part of the Jones School’s Certificate of Management in Energy program, used the tutorial to learn how sustainable development can improve the financial, social, and environmental performance of their corporations. **Z**

# Your Turn

by Albert W. Niemi Jr.

## Finding the Leaders

**Can leadership be taught? My experience** suggests that the answer is equivocal. Yes, leadership can be taught—but, no, it can't be taught to everybody or *by* everybody. I've found that not every student can learn to be a leader because not every student possesses the characteristics essential to good leadership.

The fact we, as educators, often forget is that most people in life are followers. True leadership is a relatively rare commodity. Few people ascend to the top and chart their own way. Only a small percentage of students enrolled in top-flight MBA programs will demonstrate strong leadership potential. Those destined to go all the way to the CEO's office are rarer still.

I don't deny that most students benefit from exposure to some leadership training. Even students who never assume upper-level leadership roles may develop more initiative simply by learning more about how true leaders think. But after teaching more than 15,000 students, I have found students without the character traits of leaders don't usually make their way to the top.

With this in mind, we then should ask a different question: If leadership skills can be taught to, and best learned by, those who possess the inherent attributes and characteristics of great leaders, how do we recognize those students? Once we learn to recognize those individ-

uals who demonstrate the ability to separate themselves from the pack early on, we then can offer them selective, advanced programs in leadership to help them hone and strengthen their leadership skills.

Identifying those who will become the leaders of tomorrow isn't that difficult. First and fore-



most, they are the optimists. The people who make it to the top in business are those who always see the good news in their companies; they are the purveyors of hope. If students can't sell hope and optimism to a group, it's going to be difficult, if not impossible, for them to get that group to follow them. I tell our students, "If you're not optimistic, if you can't see the silver lining in the darkest clouds, if your

cup is not at least half-full on the worst day, you're simply not going to make it. No one wants to follow a whiner."

Second, leaders are also workaholics. They give their hearts and souls to their companies. Third, they always are two steps ahead of their colleagues. By staying ahead of the pack, leaders command the respect of their colleagues. Would you want to follow someone who was easy to catch? And finally, great leaders are compassionate and know how to treat people with respect.

In early leadership training courses, we must begin to detect these leadership "vibrations" from our students. In this way, we can identify the positive people from the naysayers. We can see those who are driven to succeed and who command the respect of their peers.

As educators we must reconcile ourselves to the fact that, when it comes to learning to become a good leader, not everyone is going to make it. We can design our programs in leadership so that all students start on a level playing field, learning the nuts and bolts

during the MBA program, including courses in finance, economics, accounting, and statistics. This kit of tools is fundamental to success. But eventually, a leadership program must begin to separate the leaders from the followers. More important, a leadership program must be taught by proven leaders, who are best suited to recognize leadership potential and teach those who possess it.

For example, this past semester at

Cox School of Business, we offered an eight-week “Seminar for Emerging Leaders,” taught by Roger Enrico, former CEO and chairman of PepsiCo. The seminar was adapted for MBA students from his “change leadership” seminars used to train select, senior managers at PepsiCo.

During his time with the company, Enrico learned that whenever PepsiCo experienced difficulty moving to a new growth platform, it was often not because there weren’t good strategies in place to implement change. The problem was that the strategies never got adequate traction or implementation—and the more difficult the change, the more difficult it was to get traction.

He began analyzing the process of change leadership. He learned how to generate enthusiasm and passion about a new course of action for an enterprise or a new organization. At the end of the day, leadership is about the ability to create change—to make people see things in a different light. From this, he developed the process for leading change he now teaches in his seminars.

But could Enrico create change if he could not first inspire confidence and respect among his employees? Probably not. Enrico himself didn’t begin teaching leadership techniques until the twilight of his career, after he not only had established himself as a proven leader, but also had discovered the character traits a leader requires. When Enrico came to Cox, he wanted to handpick a select group of students and teach them advanced leadership principles through in-depth, one-on-one sessions. With the help of our faculty and staff, he identified nine outstanding Cox students with high leadership potential.

If he had aimed his seminars at all students, many of them might have been overwhelmed, frustrated, or even bored as they tried to learn skills for which they weren’t suited. However, because Enrico targeted students who possessed leadership traits, the course was a success and one our students will never forget.

It takes work and diligence to invest in leadership training. Unfortunately, too many business schools provide students with only the basic tool kit and basic leadership courses. Others teach leadership skills but do so indiscriminately,

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without differentiating between those students with leadership potential and those without. In either case, business schools often aren’t training leaders. Rather, the schools are merely teaching followers skills they’ll never use.

At Cox, we take pains to pinpoint the leaders in our ranks. We require *all* of our students to complete 30 hours of training in our Business Leadership Center. After that, we offer specialized courses in leadership training—and it’s in these courses that the natural leaders emerge. We don’t use our traditional faculty when teaching leadership,

because so few professors have led companies—most have only studied them. Instead, we utilize more than 40 executives like Roger Enrico who have significant corporate leadership experience. As a result, they are first-class role models for our students to emulate and are eminently qualified to know true leadership skills when they see them.

While there are certain innate characteristics that must be present for a great leader to emerge, those characteristics alone cannot sustain a leader. Effective leaders must continue to learn. I am in my 22nd year as a dean of a business school, and I’ve been at SMU Cox a little more than six years. Yet, I’ve learned more in the last six years about leadership by watching great people and establishing mentors than in the rest of my career. My advice to anyone, even if they are in the twilight of their careers, is that it is never too late to learn.

Even when we identify students with the optimism, drive, and presence to be leaders, we must send the message that potential alone does not make a leader. Students must understand that, despite their talents, they will fail as leaders if they do not continue to seek opportunities to learn and improve their skills. They must know that they can always get better, at any stage of their careers, by learning skills from the leaders around them, those people everyone wants to follow. They must then examine leadership another way—by looking at those no one wants to follow and understanding why they don’t. **Z**

Al Niemi Jr. is dean of Southern Methodist University’s Cox School of Business in Dallas, Texas.

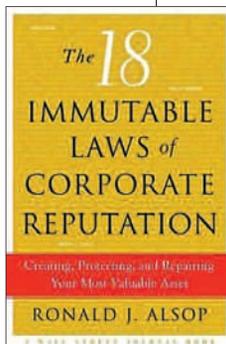
# Bookshelf

## ■ A Book of Good Repute

Almost nothing is harder to earn and easier to lose than a good reputation. CEOs desperate to figure out how to craft and protect their reputations could hardly do better than to read Ronald J. Alsop's *The 18 Immutable Laws of Corporate Reputation*. Crammed with facts, anecdotes, surveys, and interviews with executives and "reputation managers," Alsop's book is practically a handbook for a company looking to create—and keep—a good name for itself.

In easy, engaging prose, Alsop takes a step-by-step approach to establishing and keeping a reputation, or repairing it once it's been damaged. He efficiently covers topics such as developing a code of ethics, getting known for supporting a particular charitable cause, and conducting research to understand how one's company is viewed by the public. While companies must always please their key stakeholders, Alsop warns CEOs not to forget entities that can be hugely important in the realm of reputation—not just customers and employees, but retirees, suppliers, investors, competitors, government officials, regulatory agencies, the media, and social activists.

Every chapter incorporates intimate stories of corporations that faced crises and fought to bring themselves back from the brink of disaster. Companies like FedEx, Johnson & Johnson, Timberland, and Avon are examined for their ethical positions, commitment to corporate social responsibility, and quick thinking

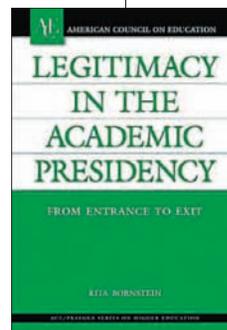


when under siege. Alsop, a longtime writer for the *Wall Street Journal*, knows how to tell a story that grabs the attention of the reader and teaches a valuable lesson that any CEO can incorporate into daily life. (Wall Street Journal Books, \$26)

## ■ Quick Looks

"Never mind the cheese—who moved my weekend?" The opening line of Ricardo Semler's *Seven-Day Weekend*, now available in the U.S. after European publication, immediately conveys the author's appealing, iconoclastic style. His premise is that, since technology and complex work environments make it impossible for anyone ever truly to escape the office, corporations need to re-examine the very structure of the workweek. If an employee works all day Sunday, he should take Monday off to see a movie. If he wants to take mini-sabbaticals during his most productive work years, he should be able to do that, too, coming back to the corporate headquarters when he's older, refreshed and ready to focus again. Semler encourages employees to sample other jobs, to tap their unused reservoirs of skills, and to make work an enjoyable part of their lives—which also include time for home, family, and outside interests. Semler writes with such charm that even his most radical ideas sound appealing, and when he lays out how well those ideas have worked at the Brazilian company Semco, they start to sound reasonable instead. (Portfolio, \$22.95)

One of the more challenging jobs of the past 20 years has been that of a university president. The position is "at once a calling, a chief executive role, and a tough job," says Rita Bornstein in *Legitimacy in the Academic Presidency*. Recent budget



constraints and roller-coaster economies have made it crucial for a president to have technical skills in finance and fund raising, but stakeholders still want to see a strong and visionary leader. Bornstein analyzes what factors will influence a new president's tenure,

from the institution's prevailing culture to external economic forces to the candidate's own personality. She also looks at how presidents can guide their institutions through change—and into the next presidency. While much of the book is drawn from interviews with university presidents, Bornstein offers many personal details of her own struggle for legitimacy at Rollins College in Winter Park, Florida. It's a compelling read for anyone considering this big step up in the academic hierarchy. (Praeger Publishers, \$42.95)

When so much news about business is bad, it's encouraging to turn to news that's good. In the wholly revised third edition of *Companies With a Conscience*, Howard Rothman and Mary Scott profile twelve companies dedicated to improving the world in addition to making a profit. Examples are diverse—including carpet-maker Interface, employment agency America Works, and ice cream purveyors Ben & Jerry's. All of them show a commitment to car-

# Coming Soon!



Created especially for b-school faculty, AACSB International will introduce a brand-new electronic newsletter in May. **Faculty eNews** will follow the latest trends impacting faculty and provide commentary from the leaders within disciplines.

**Faculty eNews** will bring you the names and faces of the movers and shakers among b-school faculty and give valuable insights into AACSB International standards and programs.

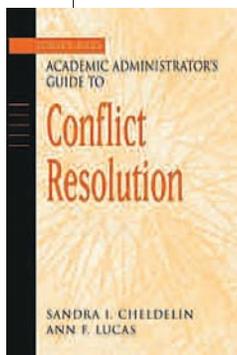
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ing for employees, the community, and the environment. "Do we feel companies with a conscience offer a socio-economic cure-all for these confusing and turbulent times? Certainly not," the authors write. "But do we believe that they provide a viable alternative for an Enron- and World Com-weary world? Absolutely." (The Publishing Cooperative, \$15.95)

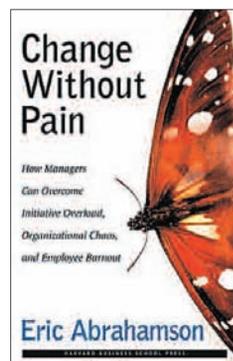
People argue; institutions fight over scarce resources; countries make war. Conflict is all around us, on both the grand and personal scale. Because it is such a powerful force, "conflict must be managed, although it cannot always be resolved," say Sandra I. Cheldelin and Ann F. Lucas in *Academic Administrator's Guide to Conflict Resolution*. They discuss the types and sources of conflict and how it is influenced by personal, cultural, and social contexts. While they note that much conflict

occurs between two parties, some of their more intriguing chapters deal with the internal conflict individuals might experience when trying to balance contradictory roles in their lives. Not only do they identify sources of conflict on the university campus, they offer practical guides for how to defuse it, and how to make a school stronger for having survived it. (Jossey-Bass, \$20)



The very title of Eric Abrahamson's book is intriguing and curiously hopeful: *Change Without Pain*. Decrying the recent

theory of "creative destruction" as the best way to effect organizational change, he instead proposes "creative recombination." This model uses the systems, employees, networks, and strengths that a corporation already possesses and redirects them toward



new goals, while causing a minimum of disruption in the workplace. Abrahamson compares the process of creative recombination to what

goes on in an inventor's basement workshop as he takes existing parts designed for other uses and reworks them into an exciting new product. More practically, he walks the reader through various "creative recombinations" successfully implemented at companies like Westland Helicopters and Continental White Cap. He also cites statistics about how destructive "creative destruction" really can be, numbers that should make savvy managers seriously consider the principles in his book. (Harvard Business School Press, \$26.95)

# Bookshelf

Do you spend more of your time planning for the future, working in the present, or analyzing the past? Your answer will help determine your temporal alignment, which in turn predicts how you will function as a leader. So says Peg Thoms in *Driven by Time*, in which she examines the strengths and weaknesses of each type of time orientation. "Highly future-oriented leaders are more likely to transform organizations and more likely to alienate followers," she writes. Present-oriented leaders are excellent for making sure specific tasks get accomplished, but not so good at leading a company through change. Past-oriented lead-

ers tend to ignore the threats of the future, but are extremely capable at running stable organizations. Thoms offers exercises to help readers gauge their temporal alignment and find compatible positions and companies. She also presents chapters designed to help even past-oriented leaders develop an outlook toward the future. (Praeger Publishers, \$54.95)

*Living the Dream* is a warm and personal look at almost 40 minority professors who have successfully pursued doctorates in business. Published by the PhD

Project, which encourages minority candidates to enroll in business school, *Living the Dream* presents

simple but moving tales of widely diverse individuals who followed a calling or sacrificed much to achieve their degrees. An excellent read for Hispanic, African American, or Native American business students who wonder if a career in academia is right for them. (PhD Project, \$8) 



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# Spotlight

## Research Takes the Lead

Aston Business School  
Birmingham, United Kingdom

The war between research and teaching has long been waged in higher education. At Aston Business School, however, there has been not only a truce but a genuine alliance between the two. Quality research and pedagogy are given “symmetrical treatment” and are rewarded equally, says John Saunders, head of the school.

“This leads to an honest belief in research-led teaching,” Saunders notes. Students interested in research careers can pursue three research-oriented degrees, including a master, master of philosophy, or doctoral degree in management research.

The Aston Academy for Research in Management, headed by Professor Michael West, encompasses seven research groups: technology and operations management, marketing, management science, strategic management and innovation, work and organizational psychology, financial performance and accountability, and public management and sociology. The Academy also includes five research centers for Asian business and management, innovation, e-business, voluntary action, and effective organizations.

“In a research environment where ‘top’ research is often esoteric, Aston wants to combine academic rigor and policy relevance,” says Saunders. For example, professors Mike West and Carol Borrill have looked at the health care system, finding a link between the processes of health care teams and patient survival rate. Likewise, professors Felix Brodbeck



and Nick Lee have studied multicultural team performance. They found that multicultural team performance often isn't as good initially as that of unicultural teams; however, as team members learn to work together, multicultural teams soon outperform their unicultural counterparts.

Aston's research-based mission has contributed to its increased visibility worldwide. Previously ranked 45th in the world by *The Economist*, Aston Business School has moved to 26th. The prominent chancellor of Aston University, Sir Adrian Cadbury, also contributes to the school's knowledge base. He recently was awarded the International Academy of Management's Distinguished Award.

Aston, which just celebrated its 50th anniversary, serves a community of 2,000 undergraduates and 500 postgraduates. Its location in the center of Birmingham puts it close to industry and culture, providing students access to a vibrant city and a wide range of job opportunities, says Saunders.

Birmingham no longer is the “dowdy industrial town” some people may remember, says Saunders. Known as a center for automobile manufacturing, Birmingham also



Top, left: Aston University campus. Above: Victoria Square, a central meeting place for students and residents near campus. Left: Sir Adrian Cadbury, chancellor of Aston University, and his wife, Lady Susan Cadbury, at an unconventional black-tie event.

now has a strong base for science and technology. All Aston students spend time working locally with companies such as Mobil, Ford, and IBM. Even undergraduates spend a year in industry, says Saunders. Birmingham also is undergoing an extensive renaissance. It's now home to one of Europe's largest retail centers in the heart of the city, as well as entertainment and restaurant districts.

Saunders believes Aston Business School is well-positioned to meet the growing demand for graduates already equipped with exposure to and experience in business. He hopes that as the school works to expand and enhance its research base, it will form what he calls a “cycle of virtue” that will keep Aston on an upward path. “Excellent research attracts excellent students,” says Saunders. “And if you attract excellent students, they expect to be taught excellently.”

Aston Business School is accredited by AACSB International and EQUIS. 