

# BizEd

A man in a dark suit and red tie stands against a mosaic background. The mosaic consists of small, colorful squares in shades of brown, gold, and blue, creating a textured, grid-like pattern. The man is positioned in the center-right of the frame, looking slightly to the left of the camera with a neutral expression. He is wearing a dark suit jacket, a white shirt, and a red tie with thin white stripes. The overall lighting is soft, highlighting the texture of the mosaic and the man's features.

JULY/AUGUST 2005

L'Oréal's  
**Jean-Paul  
Agon**

Beauty and  
The Brand

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**Sustainability  
At the B-School**

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**The Age of  
Sarbanes-Oxley**

# BizEd Contents

JULY/AUGUST 2005

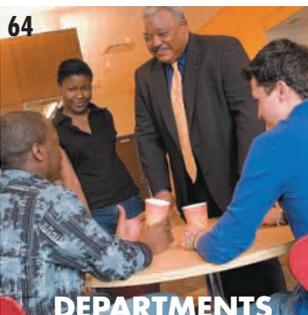
VOLUME IV, ISSUE 5



10



52



64

## DEPARTMENTS

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

Cover photo: Chiun Kai Shih



## FEATURES

- 20 **Beauty King**  
Jean-Paul Agon brings a multicultural perspective to L'Oréal USA.
- 24 **The Sarbanes-Oxley Effect**  
SOX signals a dramatic shift in business thinking—and teaching.
- 30 **Sustainability at the Core**  
Mainstream business schools put corporate social responsibility at the heart of their programs.
- 40 **The Green Team**  
Three small, niche business schools make social responsibility and sustainable development their passions.
- 46 **Doing the Math on MBA Enrollments**  
Recent research explores how—and whether—a bad economy boosts applications to business school programs.

# From the Editors

## All Good Deeds

A friend once told me an intriguing theory. Everyone, he said, should perform a “daily tithe”—the one small thing he or she does each day to make the world a better place. Great deeds are indeed great, he admitted; but it’s the daily small deeds, the ones people do without recognition or obligation, that really keep things humming.

His own daily tithe focuses on a peculiar, yet widespread, annoyance: the missing toilet paper roll. No matter where he is—gas station bathroom, airport restroom, restaurant lavatory, guest powder room—if he sees an empty toilet paper dispenser, he’ll put a new roll on it. It’s his way of making everyone’s day a little less irritating. Another friend, he explains, ties up anything untied: flapping ropes on flagpoles, open bread bags, wayward cables, children’s shoes. These are small acts aimed at the greater good.

At first, I laughed. How could replacing rolls of toilet paper possibly stack up against teaching underprivileged children, fighting global poverty, or curing cancer, for heaven’s sake? But after some thought, I realized, this small stuff does have an effect. What if no one paid attention to the small deeds? What if no one tied children’s shoes or replaced toilet rolls or turned off lights or filled empty ice cube trays? What if no one held doors open or put money in soon-to-expire parking meters or put neighbors’ newspapers on their front porches or allowed people to merge onto the highway? Just imagine the chaos.

I even realized that I perform my own “daily tithe”—I pick up trash. Wherever I see a can, bottle, or bag carelessly tossed to the ground, I pick it up and throw it away. I’ve even taken trash home to recycle or throw away, if there’s no trash can in the vicinity. I always viewed this as an act of defiance against those who won’t take the extra 30 seconds required to put their debris in the proper receptacle. But I now realize it’s also a contribution. It’s my daily good deed, my attempt to keep the world tidy and beautiful.

These days, good deeds may seem few and far between, but they’re really everyday phenomena among individuals, and, more and more often, among businesses. In fact, the daily tithe—the good deed one does, even when no one else is looking—has become an important subject at business schools that have focused their attention on corporate social responsibility and sustainable enterprise. Two articles in this issue, “Sustainability at the Core” and “The Green Team,” explore CSR’s growing importance, as business schools teach students that green is more than the color of money. Students are learning that sustainable and responsible business practices can lead to cleaner environments, less consumption, more vibrant communities, more productive and contented employees—and more profit in the long run.

Most of us know the saying, “no good deed goes unpunished”—a frightening thought. Fortunately, many business schools are rewriting that script. They’re teaching that all good deeds, in life and business, have their rewards, especially when managers balance best business practices with concern for environmental consequences. And especially when they realize that every day they have an opportunity to make money *and* a difference, no matter how big or how small. **Z**



BILL BASCOM

Lucia Bisson

# Letters

## Marvelous Makeovers

We're evaluating our MBA curriculum at Western Michigan University, and your May/June 2005 article on "The Extreme MBA Makeover" was discussed at a recent MBA curriculum meeting. Were all the programs mentioned in your article full-time? We currently offer only a part-time evening MBA program. Do you know of any best practice research on part-time MBA programs?

*Thomas V. Scannell*

*Director, HCoB Graduate Programs  
Associate Professor of Management  
Western Michigan University  
Kalamazoo, Michigan*

annual Part-Time MBA Programs Conference. He noted that this year's conference, where directors of part-time MBA programs will gather to exchange best practices, will be held at Southern Methodist University's Cox School of Business in Dallas, Texas. Dates for the conference will be announced later this year.

## More Makeovers

"The Extreme MBA Makeover" was well-received here at Portland State University's School of Business in Oregon. It confirmed for us that the development of our new MBA+ curriculum, designed over a year

International (OSI), a provider of management and organizational development services to business clients worldwide. OSI is best known for its competency modeling, assessment, and leadership development of employees.

In its first foray into working with business educators, OSI helped Portland State University integrate industry-level leadership competencies into and throughout our curriculum—not as optional electives. Our MBA+ students are exposed to competency development in every class and must be proficient in a dozen key competencies before graduation. These competencies are

integrity, initiative, learning agility, diplomacy and conflict management, the ability to work on teams, writing skills, presentation skills, listening skills, strategic thinking, risk taking, creativity, and problem solving/decision making.

We believe that through our

collaboration with OSI, we are developing student talents that line up with what businesses will expect. We also believe that realigning business school curricula is more than necessary to meet the needs of today's businesses. It is good to see that, through a variety of strategies, others are doing the same.

*Scott Dawson  
Dean, School of Business  
Portland State University  
Portland, Oregon* 



**THE EXTREME  
MBA  
MAKEOVER**

**A**s one of the first students to enroll in the redesigned MBA program at the University of Tennessee Knoxville's School of Business, Elizabeth Kaine describes an educational experience that's quite different from that of some MBA students before her. Rather than take required courses in a general core curriculum, Kaine chose a specialization before she took her first class. Rather than work primarily on her own, Kaine will work with a team of students each with a different specialization—the duration of the program. And rather than wait until the

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

**BY TRISHA BRANSON**

end of her program to plan her career, she connects regularly with two industry mentors who will guide her professional development throughout with her studies. This new approach has "opened another door," says Kaine. "Students immediately adapted to the old-fashioned coursework and competitive atmosphere, and focused on their specializations from the first day of class." The specializations also encouraged more teamwork, and provided job shadowing, site visits. In fact, some students had summer internship offers before the first semester finished. Kaine herself had already secured interviews from nine different companies to her chosen specialization—marketing research—before December.

Welcome to the new and improved MBA—and, in conducting this new and improved MBA review, business schools are hearing the companies will clamor to hire students like Kaine, who are the product of more specialized, integrated, experiential, and supported curriculum—with its focus on building skills in finance, marketing, and other core business disciplines—contains and its teaching. Business. From so, numerous are demanding MBAs who are better communicators, team builders, and strategic thinkers. Moreover, a competitive market has compelled business schools to move to completely new disciplines.

The ever-growing importance of technology is also behind the MBA's transformation. Technology has led to globalization, long distance collaboration, and distances of cities and across the globe are now before the Internet, e-mail, cell phones, and video conferencing. In an integrated world, as educators, a comprehensive and MBA program simply no longer does the job.

"The MBA market is changing, companies are increasing, and market demands are changing more often," says Stephen Branson, director of the MBA program at the Jay School of Business at the University of

REALIGNING BUSINESS SCHOOL CURRICULA IS MORE THAN NECESSARY TO MEET THE NEEDS OF TODAY'S BUSINESSES. IT IS GOOD TO SEE THAT, THROUGH A VARIETY OF STRATEGIES, OTHERS ARE DOING THE SAME.

**Editor's Note:** Most of the business schools mentioned in the article focused their redesign efforts on their full-time MBA programs. However, most schools indicated that the makeover process was a shift in their overall approach to teaching and learning, one that would eventually permeate through all their programs. In reference to best practices for part-time programs, we spoke to Dean H. Fenwick Huss of Georgia State University, an organizer of the

ago and launched last fall, was indeed worth the effort. We are pleased to see that curriculum revisions are being replicated in schools throughout the country.

We are proud of our new curriculum core of leadership and innovation and our unique approach to incorporating personal and professional leadership in our MBA+ students. The new curriculum is supported by an unusual partnership with Organization Systems

# Headlines



## Leadership in Tough Times

During these daunting days of war, terrorism, corporate scandal, and economic uncertainty, the world needs strong leadership more than ever. That was the message of James H. Blanchard, CEO of Synovus Financial Corporation, Beta Gamma Sigma's 2005 International Honoree. He spoke at AACSB International's International Conference and Annual Meeting in April.

Blanchard said to the audience of educators, "If you think that you're uncertain, think about the people who work in your university. Think about the people who are a part of our organizations. They are literally just begging for somebody to stand up and show that there is some order to this chaos."

He told a story about the time two grieving parents visited Charles Elliott, then president of Harvard University, offering to pay for a new building as a memorial for their son. Unimpressed by their appearance,

Elliott sent them away—so they took their \$26 million and founded Stanford University instead.

Corporations too often demonstrate behavior like Elliott's, and so they miss out on great opportunities, Blanchard noted. By contrast, the most robust operations seem to have discovered the secret to success: treating their employees, customers, and communities well.

He added, "Many organizations don't have as a basic fundamental underpinning and principle that, 'We're going to treat folks right. ... We're going to give people the courtesy and the respect and the admiration and the appreciation they deserve—no matter who they are, where they came from, what side of the tracks they were born on, what the color of their skin is, where they go to church, or what they wear.'"

Blanchard said that the simple virtues of willingness, readiness, alertness, and courtesy "will carry young people much farther than

their education." He added, "Their education is critical and important, but how they treat their fellow man is the dividing line between average or mediocre and continual success."

In closing, he noted that there are too many "leaners" and not enough "lifters" in the world. "There is tremendous demand and need for an example; for a role model; for somebody who brings order to the chaos; and for somebody who is predictable and consistent and displays those simple virtues that are fundamental strengths of mankind."

## Women and Power

Contrary to the conventional belief that women often are ambivalent about power, a newly released survey finds that the vast majority of businesswomen like power and actively pursue it. In a survey of businesswomen conducted by HP and the Simmons School of Management, Boston, Massachusetts, 80 percent of respondents say they are comfortable with power and like what they can accomplish with it. Sixty-two percent say they enjoy the visibility that comes with power.

But women are redefining power, the survey showed: Rather than measuring it in terms of how many people report to them or how well they compete successfully for plum assignments, they say power means harnessing the support of co-workers and subordinates, empowering teams, and building networks of allies to change their organizations.

"This survey is a call to action for senior executives," says Deborah Merrill-Sands, dean of the Simmons School of Management. "Smart organizations should look with fresh eyes at their female managers. Many

## Award for BizEd

An editorial appearing in *BizEd* won a silver award in the 2005 SNAP EXCEL competition, which honors exemplary work of association publishers. Sponsored annually by the Society of National Association Publications (SNAP), the competition judges approximately 1,000 publications and electronic media for editorial content, design, and general excellence.

The award was given for "The Honesty Quotient," an editorial by co-editor Tricia Bisoux that appeared in the July/August 2004 issue. Awards were presented in June during a ceremony in Washington, D.C.

**“SMART ORGANIZATIONS SHOULD LOOK WITH FRESH EYES AT THEIR FEMALE MANAGERS. MANY WOMEN ARE EXERCISING POWER THAT RESULTS IN SIGNIFICANT BENEFITS TO THEIR ORGANIZATION, BUT OFTEN IT’S IN LESS VISIBLE WAYS—THROUGH AND WITH OTHERS, RATHER THAN OVER OTHERS.”** —Deborah Merrill-Sands, Simmons School of Management

women are exercising power that results in significant benefits to their organization, but often it’s in less visible ways—through and with others, rather than over others.”

The findings are drawn from a computer survey of 421 middle- and senior-level U.S. businesswomen with extensive work experience who attended the 2004 Simmons School of Management Leadership Conference in Boston. Other key findings:

■ **Women want to use power to do good.**

Seventy percent of respondents want power to make positive changes to their organizations; 84 percent want power to ensure business operations are socially responsible. Only 45 percent say they want power to move up the organizational ladder. Of the respondents who are under 35, 92 percent want to use their power for socially minded organizational change. Eighty-eight percent of women of color are determined to use power for social improvement, versus 80 percent of white women.

■ **Women acquire power collaboratively.**

Ninety-five percent of respondents pursue power through producing results; 92 percent by forming critical relationships with teams and co-workers; and 90 percent by building networks of allies. Women also acquire power by taking risks others would not (according to 88 percent) and making innovations in incremental ways (85 percent).

■ **Women aren’t “opting out.”**

The survey also showed that, counter to recent media reports claiming that more women are leaving high-powered careers because of children, women with children and women without children show no statistical differences in their attitudes toward achieving or utilizing power.

## ■ **New Accreditation Seal**



Schools that have earned accreditation from AACSB International can now display the new accreditation seal, unveiled this spring at the association’s International Conference and

Annual Meeting. The seal includes the date that AACSB was established—1916—reflecting its long history as the premier accrediting agency for business schools around the world.

## ■ **Anchors Aweigh for the MBA**

Perhaps it’s just the competitive nature of business leaders, but they seem to love sports almost as much as they love their jobs. At any rate, business students seem eager to compete, particularly when the events take place on water.

This fall, SDA Bocconi will draw business students to Genoa, Italy, for the school’s second MBA’s Cup Mediterranean Regatta & Conference. The event, to be held September 23 through 25, is organized by the SDA Bocconi Sailing Club and Yacht

Italiano. The yacht race will be held in conjunction with a business conference on “A Challenge for Innovation and Design,” featuring speakers from the economic, academic, and financial worlds.

Last year, 250 people from ten European and American schools participated in SDA Bocconi’s first regatta, with crews made up of students and alumni. Students from

IESE won the race. This year, organizers hope to draw participants from 20 international schools for the competitive regatta. In addition, all SDA Bocconi Business School students and alumni will be invited to participate in a “cruise class” regatta. The fee for regatta, conference, and dinners is €2,500 per team.

SDA Bocconi’s newly minted regatta joins a prestigious group of European sporting events designed to bring business students together to compete, network, learn, and have fun. In July, Cranfield University will hold its 14th International Business Schools’ Regatta off the Isle of Wight. Back in May, about 2,000 business students gathered at HEC in Paris to compete in the MBA Tournament, also referred to as the MBA Olympics. The event featured competitions in sailing and swimming as well as lighter sports

such as arm wrestling and Frisbee.

Why the marriage of MBAs and sporting events—particularly regattas? Says Andrea Gasparri, managing director of the SDA Bocconi School of Management, “We believe that the sailing boat is a perfect metaphor

for management. Sailing is a competitive situation in which it’s indispensable to work together if you want to win, but the parallels don’t stop there. Like firms, sailing teams occupy their own separate, limited physical spaces. Regattas, like the market, are the same for everyone, but have to be interpreted and tackled in different ways according to one’s position.”



## ■ Corporations and Values

While business leaders understand that their corporate values directly affect their reputations and their relationships with stakeholders, they don't always see how those values directly relate to growth. Nonetheless, most companies have a written corporate values statement that specifically endorses ethical conduct, and more than 80 percent of them believe that management practices encourage ethical behavior among the staff.

These are among the findings presented in "Deriving Value from Corporate Values," a global survey conducted by Booz Allen Hamilton and The Aspen Institute. Participating were senior executives at 365 companies in 30 countries in five different regions.

The survey further found that most companies do not measure their "return on values," even though they are starting to take a more comprehensive approach toward values. "Companies that report superior financial results emphasize values such as commitment to employees, drive to succeed, and adaptability far more than their peers," according to the report. "They are also more successful in linking values to the way they run their companies."

Respondents also overwhelmingly agree that corporate values are set by the CEO. "Eighty-five percent of the respondents say their companies rely on explicit CEO support to reinforce values, and 77 percent say it is one of the 'most effective' practices for reinforcing the company's ability to act on its values," according to the report. The top five values rated by corporate respondents

are ethical behavior, commitment to customers, commitment to employees, teamwork and trust, and commitment to shareholders.

The entire report can be downloaded from [www.boozallen.com](http://www.boozallen.com).

## ■ Smoothing the Way for Foreign Grads

In an effort to make the transition from classroom to corporation as seamless as possible for non-U.S. students, the Robert H. Smith School of Business at the University of Maryland in College Park has collab-



orated with Reed Smith LLP, a U.S. law firm specializing in immigration practice. Under their new agreement, employers will have free access to Reed's immigration lawyers for legal advice and consulting services. The new program, part of the Smith School's dedication to employer-focused customer service, should make it easier for companies to recruit and hire foreign graduates.

According to Howard Frank, dean of the Smith School, 39 percent of the school's graduate population comes from outside the U.S. Any employer interested in recruiting a Smith School student can consult with Reed Smith about the sponsorship process, receive advice and materials on immigration issues, and pay pre-negotiated legal fees for H1-B visa processing.

## ■ Name-Calling

As more and more U.S. schools set up campuses and develop partnerships in Asia, it becomes critical that they establish not only their identities, but their names. Vanderbilt University of Nashville, Tennessee, has recently set about standardizing its name in mainland China, Hong Kong, Singapore, and Taiwan, where at least a dozen variants of "Vanderbilt" were in use.

The effort to settle on a single name was spearheaded by Shih-Ping (Nancy) Wang, a second-year business student at the Vanderbilt Owen Graduate School of Management.

A native of Taiwan, Wang holds a master's degree in public relations. After researching the variants, she presented the options to a group of university administrators, faculty, and students. "Fandebao" prevailed.

The Mandarin word not only is a close phonetic match to Vanderbilt, but it carries a "rich text" meaning. That is, each of the three characters, or syllables, making up the name has a discrete association, which makes the word easier to remember. "Fandebao" translates to "the virtuous palace of Fan," "the academic center of virtue," or "place of academic excellence."

## SHORT TAKES

### NEW APPOINTMENTS

■ **Anthony F. Chelte** has been named dean of the College of Business Administration at Midwestern State University in Wichita Falls, Texas. He also has been named the first Louis J. and Ramona Rodriguez Professor of Management. For the past 23 years, he was professor and chair of management in the School of Business at Western New England College.

■ **Jorge Haddock** has been named the new dean of the Robins School of Business at the University of Richmond in Virginia. The appointment is effective July 1. Haddock currently serves as associate dean and professor of management science and information technology at the Lally School of Management and Technology at Rensselaer Polytechnic Institute.

■ **James Jiambalvo** has been selected as the new dean of the University of Washington Business School in Seattle. Jiambalvo is a UW professor of accounting whose research topics include audit decision making and earnings management.

■ **Mahendra R. Gupta** has been named dean of the Olin School of Business at Washington University in St. Louis. He is currently senior associate dean of the Olin School and the Geraldine J. and Robert L. Virgil Professor of Accounting and Management. Gupta will succeed Stuart Greenbaum, who is retiring from the position after ten years of service.

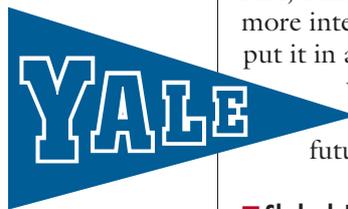


■ **Richard K. Lyons** has been named acting dean of the Haas School of Business at the University of California in Berkeley. He holds the Sylvan Coleman Chair in Finance and most recently served as associate dean for academic affairs.

■ **Gregory P. Hickman** has been named the director of the Rodell Community Scholars program at the W.P. Carey School of Arizona State University in Phoenix. Previously he was director at ASU's Arizona Dropout Initiative at the Center for the Future of Arizona, where he has been working on statewide efforts to reduce the dropout rate and increase the high school graduation rate in Arizona.

■ **Hervé Crès** has been named associate dean of the Ph.D. program at HEC Paris. Crès has been professor of economics at the school since 1997.

■ **Joel M. Podolny** has been appointed dean of the Yale School of Management, New Haven, Connecticut. Most recently, Podolny was Novartis Professor of Leadership and Management and director of research at the Harvard Business School, and professor of sociology in the Harvard Faculty of Arts and Sciences. He begins his five-year deanship at Yale July 1. He succeeds Jeffrey Garten, who has held the post for the past ten years. After a one-year sabbatical, Garten will return to Yale in 2006 as the Juan Trippe Professor in the Practice of International Trade, Finance and Business.



### HONORS AND AWARDS

■ **Jean-Pierre Helfer**, dean of the Audencia Nantes School of Management in France, has been named Chevalier of the Legion of Honor. He received his official insignia from former French Minister of Industry Roger Fauroux during a ceremony held at the school's campus.

■ **Susan M. Phillips**, dean of The George Washington University School of Business in Washington, D.C., has been inducted into the new Hall of Fame created by the Futures Industry Association. Phillips was recognized for her time at the Commodity Futures Trading Commission, where she served as a commissioner from 1981 to 1983 and then as chairman from 1983 through 1987. According to the FIA, Phillips "gave the agency a more international orientation and put it in a better position to deal with the great expansion of European and Asian futures trading in the 1990s."

■ **Shohreh Kaynama**, dean of the College of Business and Economics at Towson University in Maryland, has been named to the 2005 list of Maryland's Top 100 Women by *The Daily Record*, a statewide business and legal daily newspaper.

■ **Alan Greenspan**, chairman of the Board of Governors of the Federal Reserve System, has received the Dean's Medal from Patrick Harker, dean of the Wharton School of the University of Pennsylvania in Philadelphia. The Dean's Medal rec-

## SHORT TAKES

ognizes outstanding leaders of private enterprise, public service, and academia who have helped create wealth and value and have promoted a peaceful and prosperous world.

■ Two faculty members from the Pamplin College of Business at Virginia Tech have received Fulbright Scholar Awards to teach and conduct research abroad during the summer of 2006. **Larry French** and **Mahmood A. Khan** both teach in the MBA program at the university's Northern Virginia Center in metropolitan Washington, D.C. French, an associate professor of management, will teach MBA courses in small business management and entrepreneurship in Lisbon, Portugal, at Instituto Superior de Ciências do Trabalho e da Empresa, University Institute for Labor and Business Studies. Khan, a professor of hospitality and tourism management, will teach MBA courses at the Indian Institute of Technology in Chennai, India. He will also travel to other Indian cities to lecture on franchising, marketing, and international service management.



## DONATIONS AND GIFTS

■ Robert and Jan Weissman have given **Babson College** in Wellesley, Massachusetts, a \$20 million gift, the largest from an individual or a family in the history of the college. Robert Weissman is chairman of the private investment company Shelburne Investments. An alumnus of the school, he has also served it in various corporate governance roles.

■ The Graduate School of Management at the **University of California in Irvine** has received a \$30 million gift from philanthropist and entrepreneur Paul Merage. The gift, the largest single one ever received by the university, will support the creation of endowed chairs, provide fellowships for graduate students, and support research. In recognition of the gift, the Graduate School of Management will be renamed The Paul Merage School of Business. Merage was the principal founder of Chef America, which was responsible for introducing Belgian Chef brand waffles to restaurants and Hot Pockets brand sandwiches to convenience and grocery stores.

■ **Oklahoma State University** in Stillwater has received the largest academic gift in its history from alumnus and entrepreneur William S. Spears of Dallas and Wichita Falls, Texas. The College of Business Administration at Oklahoma State University will be renamed the William S. Spears School of Business, pending a presentation to the board of regents in December. Spears is founder and CEO of Energy Education Inc.

■ The Stephen M. Ross School of Business at the **University of Michigan** in Ann Arbor has received a \$10 million gift from Thomas C. Jones, an alum and retired president of CIGNA Retirement & Investment Services. The gift, which establishes the Thomas C. Jones Center for BBA Education, will make it possible for undergraduates to experience



many of the programs usually provided only to MBAs.

■ The **Seattle Pacific University** in Washington state has received several large donations as part of its recent capital campaign, the largest in the school's history. Oregon businesswoman Adeline Mills donated almost \$4 million. Gary Ames, retired CEO of US West Communications, and his wife, Barbara, gave \$1 million.

■ The Business School of the **College of William and Mary** in Williamsburg, Virginia, has received substantial gifts as part of its capital campaign. A \$4 million gift comes from Raymond E. "Chip" Mason, who is chairman, president, and CEO of Legg Mason Inc. Joseph J. Plumeri II, CEO of The Willis Group, has given \$2.5 million. Plumeri is a trustee of the William and Mary Business School Foundation and has served on the Board of Visitors of the College of William and Mary.

■ **Miami University** in Oxford, Ohio, has received a \$30 million gift from Richard and Joyce Farmer and the Farmer Family Foundation.



The gift includes \$20 million plus an additional \$5 million accelerated payment of an earlier pledge, all to be used for a new building that will house the Richard T. Farmer School of Business. In addition, the gift includes a \$5 million challenge grant whereby the Farmer Family Foundation will match \$1 for every \$2 raised for an endowment to recruit top faculty. The gift, the largest in the history of the university, was announced

## SHORT TAKES

prior to the public kickoff of a \$350 million fund-raising campaign.

### NEW PROGRAMS

■ The **University of Maryland's** Robert H. Smith School of Business in College Park has partnered with the Graduate School of Business Administration (GSBA) Zürich in Switzerland to deliver the Smith-GSBA Dual-Degree Global Executive MBA. The program, which will be open to international business executives, will combine the Smith School's integration of business and technology with GSBA Zürich's living case approach that favors hands-on learning. Students will work directly with businesses in three continents: Europe, Asia, and North America.

■ This fall, the William E. Simon Graduate School of Business Administration at the **University of Rochester** in New York will offer two new MS degrees, one with a concentration in marketing, one with a concentration in accounting. For either concentration, full-time students can achieve their master's degree in one year.

■ **Butler University's** College of Business Administration has developed a new master of professional accounting (MPAcc) degree. It is part of a re-engineered accounting curriculum that includes a five-year track for students who want to sit for the CPA examination and a four-year track for those who do not. Most states require all CPA candidates to complete 150 hours of college credit before

sitting for the Uniform CPA Examination, and the five-year track provides them with the necessary hours. Ernst & Young has shown its support for the new program by endowing the Ernst & Young Master of Accounting Endowed Scholarship.

■ **Texas Wesleyan University's** Armstrong-Mabee School of Business Administration in Fort Worth, Texas, is adding a BBA in Fire Management this fall. This four-year degree program is targeted at fire-fighting professionals who desire to develop their management and leadership skills and advance within the hierarchy of a fire department. Among the classes offered in the concentration will be advanced fire administration, personnel management for the fire service, political and legal foundations for the fire service, and negotiation and conflict resolution. All fire-related classes will be taught by fully degreed fire professionals and will be offered online.



■ **Audencia Nantes School of Management** in France has announced the launch of a new multisite European degree, the International Master in Management (IMM). The program, which will begin in September 2005, is the product of the Alliance for Business Education, a partnership between Audencia and three other European schools: EADA (Escuela de Alta Dirección y Administración) in Barcelona; University of Bradford School of Management in the United Kingdom; and Leon Kozminski Academy of Entrepreneurship and Management in Warsaw. Taught entirely in English at the four sites, the 12-month program is

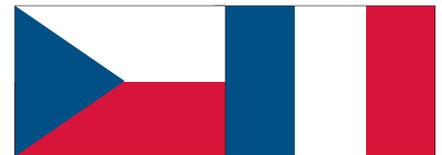
designed for university degree holders with no prior professional experience.

### FACILITIES

■ The College of Business at **Illinois State University** in Normal has opened its new building, a four-story facility that blends a small college environment with state-of-the-art technology. The 118,000-square-foot building wraps around an open-air courtyard designed as a 21st-century version of the Oxford College model. The building's amenities include an atrium, team rooms, interview rooms, conference rooms, and a financial markets lab that houses the student-managed Educational Investment Fund. The building was completed with funding from State Farm Insurance Companies Foundation, the State of Illinois, and private and corporate donors.

### COLLABORATIONS

■ **Grenoble Ecole de Management** has signed an agreement with HP's European supply chain headquarters in Grenoble, France. HP plans to open a regional supply chain relay in Prague



and will recruit Czech graduates to staff it. Students who show potential and aptitude will have the opportunity to study for a semester in Grenoble and participate in a training program at HP's Grenoble headquarters.

■ The Fox School of Business at **Temple University**, Philadelphia, Pennsylvania, and **Ecole nationale des ponts et chaussées** (ENPC) School of Interna-



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# Headlines

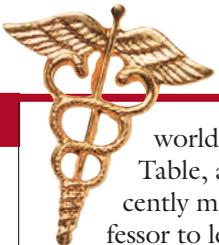
## SHORT TAKES

tional Management in Paris have announced a strategic alliance for graduate business programs. The alliance launches with a dual-degree, tri-continent, international MBA (IMBA) program. Student cohorts migrate through a one-year study sequence from Paris to Philadelphia to Tokyo, ending with an optional study tour in Shanghai. In all locations, through co-curricular meetings with company leaders, students experience the management practices and local business culture of each region. The IMBA Program has been delivered in a tri-continent format by The Fox School for more than a decade; the alliance allows the schools to leverage a combined network of partners in France, the U.S., China, Japan, India, Ireland, Israel, Morocco, Italy, and the U.K.

## OTHER NEWS

**Gary Fethke**, dean of the Henry B. Tippie College of Business at the University of Iowa, has announced he will step down as dean at the end of the 2005–2006 academic year. He will continue to hold the Leonard A. Hadley Professorship in Leadership and will teach as a faculty member in the departments of economics and management sciences.

For the past three years, health care management students at the College of Business and Public Affairs, **Lander University**, Greenwood, South Carolina, have been teaching senior citizens at a local continuing care community to use computers. The class helps students learn about the aging process as it equips seniors to function better in a high-tech



world. The Oxford Round Table, a British group, recently met with a Lander professor to learn more about the program. The Oxford Round Table is a select group of educational leaders from public and private sectors whose goal is to promote human advancement and understanding by improving education.

**ESCP-EAP European School of Management** has announced the creation of a chair in health management in collaboration with Janssen-Cilag (Johnson & Johnson). The Chair is held by ESCP-EAP Professor Alain Olivier, who has extensive experience in health management and the pharmaceutical industry. The main focus of the chair, which comes with an endowment of €300,000, is the new role of the patient in health care management systems in 2010. ESCP-EAP European School of Management has locations in Paris, London, Madrid, Berlin, and Turin.

**Educators and entrepreneurs** met to develop new methods of entrepreneurship scholarship at the 2005 Babson Symposium for Entrepreneurship Educators (BabsonSEE), which was held in Costa Rica at **INCAE**. A key goal was to strengthen the field of entrepreneurship by developing new teaching methodologies that integrate research and teaching with the real world of leadership and decision making. BabsonSEE provided an introduction to case method teaching and live, venture-based systems. Other topics presented by **Babson College** and **INCAE**



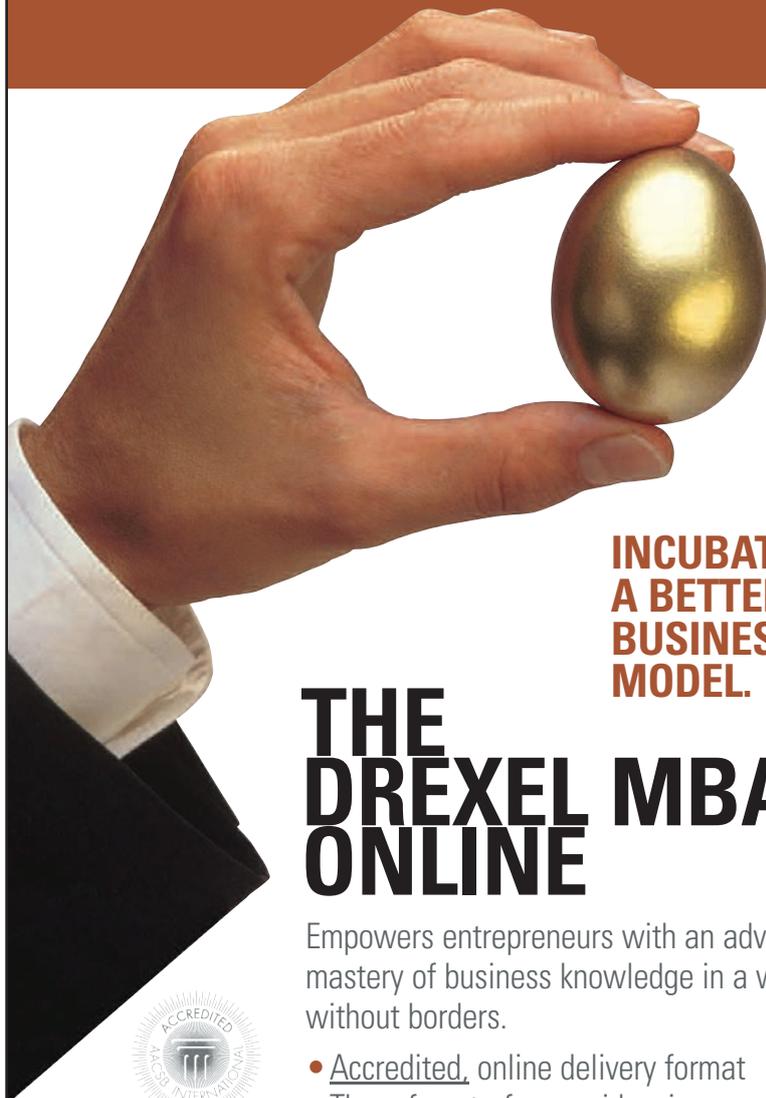
## LEADERSHIP LESSON #14:

participants included sustainable development, family enterprising, and corporate entrepreneurship.

■ The Tepper School of Business at **Carnegie Mellon University** in Pittsburgh, Pennsylvania, has launched a student chapter of Net Impact, a worldwide network of MBA students and professionals committed to solving social and environmental problems. Tepper's chapter has instituted a monthly faculty lunch discussion series that examines issues of corporate social responsibility. It has also taken steps to create an internship fund for students who take positions in the nonprofit sector.

■ Paris-based **EDC**, Ecole des Dirigeants et Créateurs d'entreprises, is launching EDC Capital, whose primary aim is to finance projects launched by EDC students or graduates. EDC is owned by 270 EDC alumni, 40 of whom will contribute to the financing of EDC Capital. This initiative will help finance five or ten projects each year and will provide a comprehensive system of support and coaching. Currently, approximately ten second- and third-year EDC students develop their own projects each year, while 20 percent of young EDC graduates are already managing their own business. At the outset, the fund will amount to 1 million euros.

■ The Coles College of Business at **Kennesaw State University** in Georgia has launched a formal partnership with Bielefeld University of Applied Sciences, located in the East Westphalia area of Germany. The agreement is expected to involve a series of student and faculty exchanges beginning this fall. **Z**



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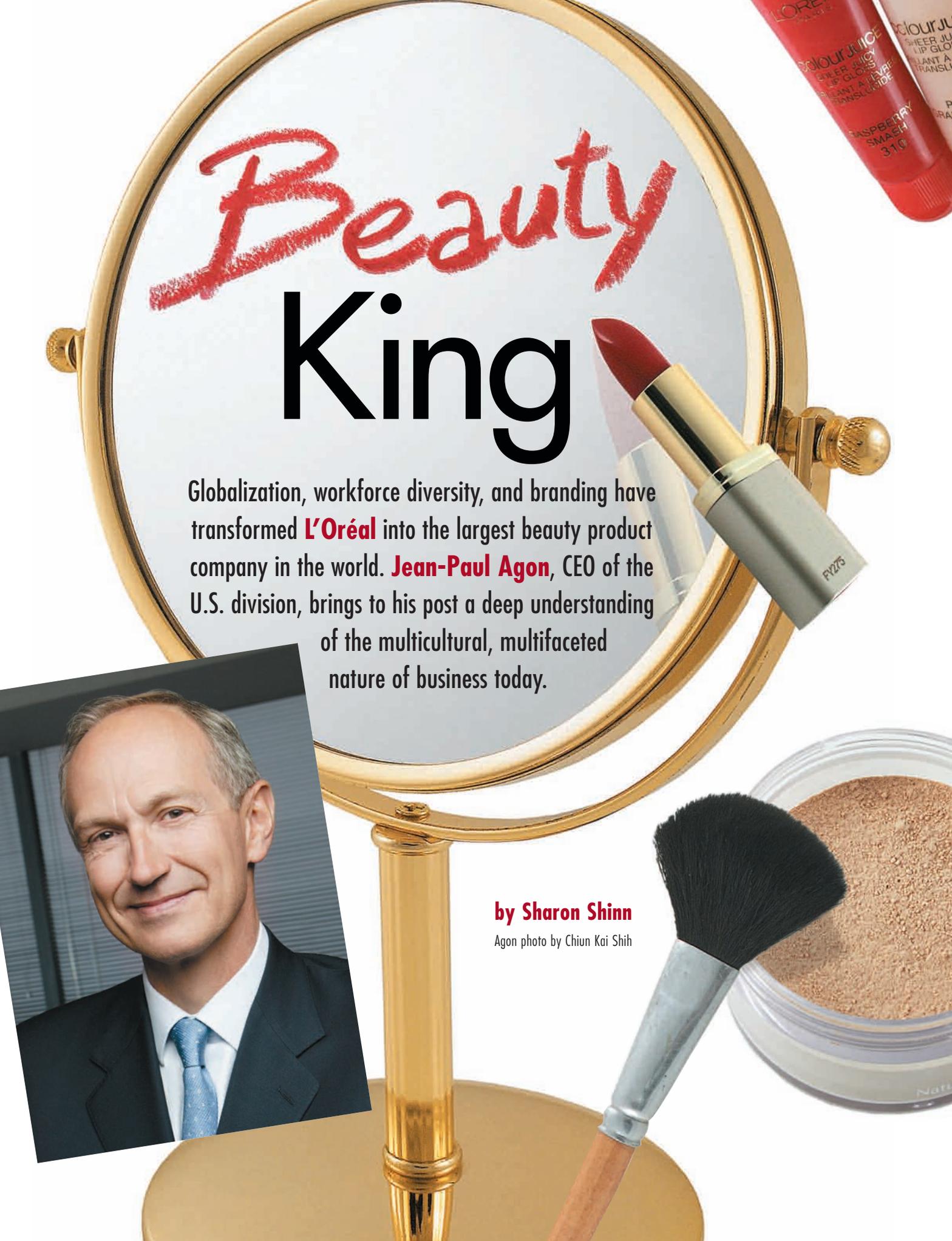


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# Beauty King

Globalization, workforce diversity, and branding have transformed **L'Oréal** into the largest beauty product company in the world. **Jean-Paul Agon**, CEO of the U.S. division, brings to his post a deep understanding of the multicultural, multifaceted nature of business today.



by **Sharon Shinn**

Agon photo by Chiun Kai Shih



## Jean-Paul Agon fell in love

with the world of cosmetics when he joined the L'Oréal Group at age 22. A quarter-century later, he's still infatuated. He has spent his entire career moving up through the ranks of L'Oréal, the Paris-based cosmetics company that's the largest in the world. In 2001, he was named president and CEO of L'Oréal USA, located in New York City. With 7,600 employees and \$4 billion in annual sales, the U.S. division is L'Oréal's largest affiliate.

That's a big step up from one of Agon's first assignments, when he served as a general manager in Greece, overseeing a small division and a staff of about 30. Later assignments brought increasing responsibility and took him to wildly different locales. During his career, he has served in France as Biotherm's International Director and later as general manager of L'Oréal in Germany. In 1997, he was named managing director of the Asia Zone.

It's clear he has enjoyed every minute. In an era when corporate loyalty is almost unheard-of, he never flirted with the idea of leaving L'Oréal. "I stayed because every job I had was exciting—a new adventure, a new challenge," he says. "I had a new mission every few years, and I loved each one. I never even thought about going anywhere else because I had passion for every new assignment."

The international posts have turned him into a citizen of the world, curious about every new country he has a chance to call home. That attitude is a match for L'Oréal's own strategy, which has driven the company to offer beauty brands for all skin types in every part of the globe.

For instance, L'Oréal recently opened the Chicago-based Institute for Ethnic Hair and Skin Research to determine the products that work best for people of African descent. L'Oréal also has a partnership with Shu Uemura, a well-known beauty brand in Japan, and is about to launch a skin and hair research facility in China. These complement European brands such as L'Oréal, Lancôme, and Giorgio Armani, and American brands such as Maybelline, Matrix, Redken, Soft Sheen/Carson, and Kiehl's Since 1851.

Agon's exposure to all of L'Oréal's products and his extensive experience with the company have made him a master of key business principles such as marketing, branding, and globalization—topics of great interest at business schools worldwide. Recently, he shared his insights on learning new cultures, nurturing new products, and turning a business education into a successful career.

**You once said that every job you've had at L'Oréal was basically the same. It just differed in size and scope. What were some of the biggest mental adjustments you had to make each time you stepped into a more demanding role?**

What I meant to say was that whether you're managing a small business unit or a very large business unit, you require the same management skills. You learn a lot from managing a small business unit early in your career. That's why, at L'Oréal, we try to give young people the chance to run a small business unit somewhere in the world. It gives them an opportunity to learn about managing a company and gives us a great way to see what skills they have.



**Before taking the job in the U.S., you worked with L'Oréal divisions in Greece, France, Germany, and Asia. How did you prepare yourself for each move?**

I'm really passionate about discovering new countries, new people, and new cultures. Every time I went to a new country, I tried to understand it. I read a lot about its history, and I traveled a great deal. When I came to the U.S., I spent the first three months visiting stores. I spent more than 12 weeks traveling to 500 stores from Florida to Chicago, and from California to the Northeast.

I did the same thing when I went to Greece, to Germany, and to Asia. I always try to understand—as much as I can, of course—the tastes of the people, what they like, what they don't like, what they're looking for. Every country is a new experience.

**Many of today's business students can also expect to have careers that take them all over the world. Do you think business schools can truly prepare students for working in the global business community?**

I think they can, and I think they do. Many schools today offer their students the opportunity to spend six months or one year abroad. They realize it's important for someone to be very open-minded and have the experience of adjusting to another country.



For us to develop brands and products for the world, we believe we have to be **“global from within.”**

We believe that diverse teams are more **clever and more creative.**

**Hand-in-hand with globalization is the notion of diversity in the workplace. L’Oréal CEO Lindsay Owen-Jones has talked about creating the “United Nations of beauty.”**

**Can you explain what that means?**

For us to develop brands and products for the world, we believe we have to be “global from within.” We believe that diverse teams are more clever and more creative. L’Oréal is a fantastic combination of people and talent from different countries, origins, backgrounds, and religions, and they all work together. We are absolutely convinced that the more diverse we are, the better we are.

**How can you ensure that these diverse employees work together in harmony, communicating and sharing information effectively?**

We have a strong culture, which includes strong values, a clear strategy, and clear objectives. We make it easy for people from different origins and different countries to understand our values.

To reinforce our culture and our fundamental respect for differences, we require mandatory diversity and inclusion training for all managers, and that training soon will be rolled out to all of our employees. More than 1,000 L’Oréal managers and 800 employees already have received diversity awareness training as a part of their employee orientation and leadership development.

**How do you communicate your vision and culture, especially to new employees?**

We have many training opportunities for new employees. The first training session, which is called “Discovery,” lasts a full week. During that time, all the key executives from L’Oréal talk to the employees and explain what they do. Executives come from every department—marketing, sales, manufacturing, finance, human resources, and R&D.

It also helps that we are an oral company. We don’t write too much. Instead, we discuss a lot; we have many meetings. And so, people share. People discuss. This allows new employees to understand quite quickly the way we work.

**Your products are as diverse as your employee base. It seems that you want to be the beauty supplier of choice for people of all races, all nationalities, all over the globe. Why is that better than focusing on a particular line or a particular range of products?**

From the very beginning, we decided we didn’t want to

export the same vision of beauty around the world. We didn’t want to export only the European vision of beauty or even the French vision. We wanted to offer consumers the choice between very different options.

**L’Oréal’s products range from older, established brands to newer lines aimed at specific markets. What can business students learn about managing and branding so**

**many separate lines?**

It’s extremely important to keep them all separated and make sure each one has its own identity. We are organized by brand and division. Each brand is managed independently from the others and is based in its country of origin. For instance, the French brands are located in Paris, the American brands in New York, the Japanese brands in Tokyo. Each brand is completely independent. L’Oréal is not like a big machine or a big company. It’s a combination of many independent business units. That’s what makes each brand unique. That’s also what gives the employees in each division a strong sense of ownership.

**If business students were looking at L’Oréal as a case study, what would they learn about the best way to market an individual product line?**

We always try to find the right balance between good immediate results and long-term vision. We have only 17 worldwide brands, and for each one, we have a clear vision with a clear strategy. We know that each brand can be globalized, and so we start with a long-term objective. Year after year, we do our best to extend the brand into different markets around the world. Sometimes it goes fast, sometimes it goes more slowly, but we keep to our vision. Because we have so few brands, we know that each one can be successful. It’s a question of how to achieve that over how much time.

**Marketing is a key part of the job for a general brand manager at L’Oréal. Do you think that today’s business students are learning what they need to know about marketing?**

From what I know about the students we see now, what they learn in school is really useful. They might not be learning exactly what we do every day, but what they learn is complementary. Of course, once they join a company, they will learn





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details that are specific to the industry. I think a business school education is a good preparation for a career, but I definitely think graduates must have a good attitude, keep their minds open, and remember that they can learn every day.

That's especially true in marketing, which is not an exact science. Every day we make decisions about the brands. Some of them are right, some are not so right. We try to learn from the successes as well as the mistakes.

**L'Oréal is interested in recruiting top business students, and one way the company finds them is through its e-Strat Challenge and Marketing Award business games. What other benefits have accrued to L'Oréal as a result of these competitions?**

The games have reinforced our diversity. They're played all over the world, so they bring us young candidates from America, Europe, Asia—everywhere. The games have also allowed us to identify, at the very beginning, some of the best talents coming out of business schools. I don't necessarily mean the most clever people, but those who have an affinity with our industry. Some of them discover they are really made for the beauty industry, and some of them discover they are not.

In addition, playing one of the games gives students a chance to exercise their talents and gain some experience in how a real business works. That ends up being a win-win strategy. It's good for us, good for students, and good for the schools.

**L'Oréal has been actively involved with higher education in other ways. For instance, in 2003, L'Oréal USA launched a fellowship program to encourage young women to pursue scientific research. Does this fellowship program offer a direct benefit to your company?**

It's more a philanthropic gesture. It's a way to give back, a way to promote women in science. At L'Oréal, we have almost 3,000 scientists, and more than 50 percent of them are women. So we know very well that women can operate in science—we prove it every day in our company.

**If you were giving a commencement address at a graduation of a business school class, what would be the primary points you would want to emphasize?**

I would tell students to choose a job that is really exciting, a job that makes them want to get up from their beds every morning and feel happy about going to work. I am extremely lucky because I always had this passion for my job. When you find exactly what you are made for, it makes your life absolutely fantastic.

**As you look back on your career, is there one moment or experience that you remember as being crucial to your development as a business leader?**

Not one, but many. A career is made of great moments, difficult moments, successes, challenges, joys, everything. I think each moment, good or bad, is a step in the journey. There are many, many steps, and they are all important. **Z**

# The Sarbanes-Oxley

The Sarbanes-Oxley Act of 2002 has heralded a new era of transparency and accountability for corporate financial reporting. With it come new costs, concerns, and confusion for corporate America—and uncharted territory for the b-school curriculum.

by **Tricia Bisoux**

Talk to any accountant, auditor, or CEO of a publicly traded company in the U.S and he or she will likely have two words at top of mind: Sarbanes-Oxley. Since Congress passed it in July 2002, the 66-page Sarbanes-Oxley Act, or SOX as many call it, has set in motion a whirlwind of activity, as public companies ramp up efforts to meet its new financial reporting standards and pinpoint weaknesses in their internal controls.

# Effect

With so much at stake—financially, legally, and ethically—it’s no surprise that Sarbanes-Oxley has unleashed a thunderstorm of anxieties among corporate executives. Of special concern is Section 404 under the act, which involves “management assessment of internal controls.” Under Section 404, upper management must not only certify its company’s financial reports, but also take responsibility for any erroneous or misleading statements within them. In the pre-SOX era, for instance, Enron CEO Jeffrey Skilling could make a potentially plausible defense of ignorance of his company’s financial shenanigans. Ousted HealthSouth CEO Richard Scrushy, on the other hand, has a tougher time convincing a jury of his innocence—he personally certified the statements in his company’s misleading financial reports under SOX regulations.

As a result, SOX means more to business than simple legislation, say many analysts. It’s symbolic of what many see as a necessary and difficult shift in how businesses operate—a shift from a “what-you-don’t-know-can’t-hurt-you” attitude at management level to an “honesty-is-the-best-policy” imperative. Moreover, it’s providing a classroom-ready, real-time case study for business schools on what may be a revolutionary moment in business history.

## The Costs of Compliance

Section 404 is a mere two paragraphs on page 45 of the Sarbanes-Oxley Act; and yet it’s causing most of the brouhaha in business boardrooms across the U.S. and, in some cases, around the world. It comprises three central issues. First, it requires that management create reliable internal financial controls; second, it requires that management attest to the reliability of those controls and the accuracy of financial statements that result from those controls; third, it requires an independent auditor to further attest to the statements made by management. At all stages, companies are trying to suss out “material weaknesses,” as defined elsewhere in the act. These are deficiencies that could potentially, although not necessarily, result in a misstatement of financial reports.

Complying with those three new standards is easier said than done. Industry estimates put the national cost of compliance—relating most specifically to Section 404—at \$35 billion. Most of the money will go to pay for the new IT systems and extra employee time required to put new internal control systems into effect. A survey conducted by Revenue Recognition.com, an online educational resource for financial executives hosted by CFO.com, further breaks down the costs. Respondents from large companies generating more than \$1 billion in revenue estimated that their employees

would expend more than 12 person-years in labor to comply with the new rules. Those from mid-sized companies generating \$200 million to \$1 billion in revenue estimated it would require more than 6.5 person-years. In the same survey, large companies estimated their external auditing costs would increase an average 52 percent, while mid-sized companies reported an average 81 percent increase.

The Business Roundtable of Washington, D.C., recently released its third annual survey of its 160 members regarding their corporate governance practices. Forty-seven percent of 106 respondents estimate they will pay more than \$10 million to implement SOX standards in 2005. Also, nearly one-third of respondents estimated SOX-related costs of \$6 million to \$10 million.

Already the fallout has begun. Companies such as Eastman Kodak and Toys “R” Us have recently reported “material weaknesses” in their 2004 internal financial controls. And because the cost of compliance is so high, especially for smaller companies with fewer resources, some publicly traded companies are even considering delisting themselves from the U.S. Stock Exchange. So far, several small companies have announced that they have filed Form 15 with the U.S. Securities and Exchange Commission (SEC), which allows any company with 300 or fewer stockholders to take itself off the ticker.

Companies based outside the U.S. also have been weighing the costs of compliance versus the savings of deregistration. The 113 UK-based businesses listed on the New York Stock Exchange and NASDAQ, for example, might pay at least £122 million for SOX compliance, according to a survey by Financial Executives International. As a result, some companies are finding it more affordable to pull out of the U.S. market. Sweden-based Electrolux was among the first to delist from NASDAQ post-SOX. Company representatives said the move made sense because most of its stock trades take place in Stockholm. Still, many analysts believe SOX had much to do with the decision.

In addition, new non-U.S. companies are avoiding the U.S. market altogether. New listings with the SEC from companies outside the U.S. have dropped precipitously—to nearly none—since the act passed in 2002.

“When people say ‘Sarbanes-Oxley will cost a lot,’ they’re really referring to Section 404,” says John Bostelman, a New York attorney and expert on Sarbanes-Oxley. “Section 404 requires companies to document both the results of financial transactions and the processes they’ve used to generate them. A company may have thousands of processes that may work just fine, but up to this point, no one has written them down.

## SOX Hits the B-School Classroom

With the inaugural season of Section 404 reporting in progress, b-school faculty are still evaluating the act's implications for the future. Just how and to what extent Sarbanes-Oxley should be integrated into the business school curriculum remains a question mark at many institutions.

Their uncertainty revolves around the business school's role under Sarbanes-Oxley, says Michele Henney, an accounting instructor at the University of Oregon's Lundquist College of Business in Eugene. "What is our responsibility as a business school to the public at large, with respect to guidance on SOX?" she asks. "What do employers want our students to know?"

*BizEd* recently conducted an informal survey of accounting department chairs and faculty, asking how they've incorporated Sarbanes-Oxley into their curricula so far. Judging by their responses, the answer is clear: very carefully. Many are wrestling with the same issues, such as whether to integrate material into existing courses, start a new certificate program, or devote an entire course to SOX content.

Every school that responded has incorporated at least some SOX material in its courses, although to varying degrees. Sixteen of 36 schools reported that they've changed their curriculum "a little" to accommodate new SOX requirements, including integrating the topic into their existing courses. Twelve reported they've changed their curriculum "a good deal," redesigning courses and adding SOX-related events to their programs. However, only one respondent school has changed its curriculum "a lot," defined by adding a new course or program on SOX specifically.

That school, Oregon State University's College of Business

Large companies may have to put together enough documentation to fill 20 three-ring binder notebooks."

Even so, Bostelman believes that the instances of companies deregistering from the SEC should be limited, especially once this fiscal reporting season passes. The SEC, too, is trying to ease the transition. In March, it granted small and non-U.S. companies a one-year extension for filing the appropriate reports, acknowledging that those groups may need extra time and assistance to comply. In the long run, Bostelman predicts most companies will weather the current storm and stay in the market.

### Accounting for Education

Not surprisingly, a flood of new informational sources—including books, Web sites, and courses—has entered the market. A number of industry and government organizations have set up online informational sites on Sarbanes-Oxley, including the SEC, the American Institute of Certified

in Corvallis, has integrated the new standards into its auditing and accounting information systems courses and introduced a new standalone, SOX-specific course. "A CFO from Intel and a partner from KPMG will present a six-week course on SOX," explains accounting department chair Roger Graham. "The content follows a trail from historical influences on regulating reporting through the origins of SOX—Enron—to applications of SOX in firms."

The University of Chicago's Graduate School of Business in Illinois has partnered with The University of Pennsylvania's Wharton School in Philadelphia, Pennsylvania, and Stanford Law School in California to launch a three-day course on regulatory changes for executives ([www.directorsconsortium.net](http://www.directorsconsortium.net)). The challenge, says Roman Weil, the V. Duane Rath Professor of Accounting at the University of Chicago, is "to make our graduates more financially literate so they can be effective members of boards and auditing committees."

Many faculty are compensating for the lack of dedicated material on Sarbanes-Oxley by continuing to search for new content, in print and on the Web. They're gathering articles and information from a variety of resources, including those provided by the Big Four accounting firms, the Public Companies Accounting Oversight Board, and the Institute of Internal Auditors. "The textbooks I use do not yet integrate SOX," says Cindy Seipel, associate professor of accounting at New Mexico State University in Las Cruces. Until more material is available, Seipel shows her graduate and undergraduate auditing students the "Frontline" documentary "Bigger Than Enron." To spur discussion, she also has them read articles on SOX as they're published.

Dave Sinason, associate professor in Northern Illinois University's Department of Accountancy in DeKalb, has gone one step further. He and colleagues Timothy Louwers, Robert Ramsey, and Jerry Strawser wrote their own auditing textbook, *Auditing and Assurance Services*, published by McGraw-Hill.

Public Accountants, and the Institute of Internal Auditors. With formal educational materials on Sarbanes-Oxley a rarity at the moment, such resources have become vital learning tools for business faculty and students.

For example, after Bostelman wrote the 2,000-page, two-volume *Sarbanes-Oxley Deskbook* designed for the legal community, he realized that the business community also needed a resource, preferably one less technically presented. He then wrote a new reference guide designed specifically for business managers, *PLI's Guide to the Sarbanes-Oxley Act for Business Professionals*, offered through the Practising Law Institute in New York City.

In addition, the Big Four firms—PricewaterhouseCoopers, KPMG, Ernst & Young, and Deloitte & Touche—have collaborated to set up an informational Web site on 404 at [www.s-oxinternalcontrolinfo.com](http://www.s-oxinternalcontrolinfo.com). The site includes a Webcast of a media briefing the four organizations held in January, as well as two documents addressing the public's

The textbook includes material on Sarbanes-Oxley and the creation of the Public Company Accounting Oversight Board.

Marc Rubin, chair of the accounting department at Miami University in Oxford, Ohio, notes that while his school's faculty have worked to integrate information on SOX into courses, they are far from finished. "We have faculty who received a grant from PricewaterhouseCoopers to incorporate a case on internal control assessment and documentation that relates to SOX requirements," says Rubin. "We are currently going through a curriculum assessment and strategic planning process to determine the knowledge and skills needed for the next generation of professional accountants. This will include further changes to the curriculum and courses to accommodate SOX issues."

Accounting faculty at Suffolk University's Sawyer School of Management in Boston, Massachusetts, have taken a unique approach to teaching SOX regulations. In an effort to show how important it is to discover any material weaknesses in a company's processes, students test systems reliability and the strength of control procedures by looking for methods someone might employ to get around internal controls. "We use a gaming approach, asking, 'How would we circumvent these procedures?'" explains Morris McInnes, professor and director of the school's graduate accounting program.

With Sarbanes-Oxley now in full effect, educators agree that the post-SOX business landscape is largely unmapped terrain. But it's a terrain that's becoming more defined by the minute, producing a significant shift in business and business education. Across the board, these accounting faculty emphasize that their students' understanding of internal controls, as well as issues of ethics and governance, is now mission critical. All students must realize, they say, that ignorance of a company's internal system of controls will no longer protect anyone from the fallout of corporate financial fraud.

404-related questions.

Ray Beier, a partner at PwC, led the company's National Technical Services Group that was convened to identify and address emerging business, regulatory, and reporting issues. The information on the new collaborative Web site, he says, is part of an effort to make investors comfortable with SOX's implications. "Section 404 is based on the notion of restoring investor confidence, yet we feared that investors would not be able to understand the reporting that would arise from this model," says Beier. "It made sense for the four firms to come together to provide information to help investors digest the 404 reporting model."

### **A New Corporate Order**

Perhaps the most far-reaching effect of Sarbanes-Oxley may be how it transforms the role of the CEO. Over the past few years, industry has moved away from the notion of the CEO as the unilateral decision maker and leader of a company. Instead,

CEOs are now accountable to a number of constituents for each decision and each move their companies make.

"These new rules have essentially ended the days of the imperial CEO," says Bostelman. "The CEO now has a boss, and that boss is the board." Moreover, the board also has a boss—the audit committee. And the audit committee's boss? The newly formed Public Company Accounting Oversight Board (PCAOB), established by the SEC to make sure the auditors, too, are completely accountable. The PCAOB began this year to evaluate and review the work of internal control auditors, to ensure everything's on the up-and-up. As a result, auditors must be especially vigilant to comply simultaneously with management directives, stakeholder expectations, and the PCAOB's watchful eye.

The roles of other employees further down the ladder also will change as a matter of course. With the necessity of financial reporting flowing throughout organizations—often from the bottom up, rather than from the top down—most of a company's employees will have at least some responsibility in making the internal controls process as efficient and effective as possible.

"Business managers will need more background in accounting than they needed before," says Bostelman. "Sarbanes-Oxley has made business much more accountable—and life much riskier—for all managers."

### **Long-Term Advantages**

Just how Sarbanes-Oxley will affect business in the long term is still uncertain. Some in the business community believe the act forces companies to spend exorbitant time and resources on the minutiae of their operations—resources that might be better spent on innovation and strategy. Others, however, believe that while SOX presents its challenges, it may prove to have long-term benefits for publicly traded companies. Once companies have survived this first year under the new regulations, say SOX optimists, many will uncover material weaknesses that otherwise would have gone undetected. They will document their processes and perfect their internal controls. Over time, managers, accountants, and auditors will address any weaknesses, streamline their business processes, and develop a clearer understanding of all aspects of their companies' operations.

"Top management has traditionally had a low appreciation for internal controls," says Beier of PwC. "Instead, they've encouraged a culture where driving toward the bottom line was paramount. Companies have essentially had a policy of deferred maintenance on their business processes, cobbling together their operations. Those kinds of environ-



“From the corporate scandals, we now realize that accounting was too

### Big-Picture Understanding

This new order means that all business students—not just accounting majors—will need some knowledge of Section 404-based internal controls and financial reporting.

Sarbanes-Oxley may gradually require students to expand their learning to include fields they once might have considered on the periphery of their education. Accounting students, for example, may need to know more about finance, business processes, and management; management students may need to know more about IT; and students in IT and other disciplines may need to know more about accounting.

Beier emphasizes that it has become more important than ever for business schools to cross boundaries between disci-

ments have been historically at high risk for a train wreck.”

While the initial costs of Sarbanes-Oxley are high, Beier predicts that its long-term benefits of improved operating efficiency for companies will translate into substantial cost savings down the road. “Administrative systems were generally an afterthought; 404 is making them a priority,” says Beier. “Companies are realizing that their controls were not as strong as they thought, and they’re doing a better job setting them up. They understand the importance of having well-controlled businesses.”

## SOX and Consequences

With Sarbanes-Oxley now in full force, some in the business community are expressing their doubts about its effectiveness. Some believe its detailed requirements for internal controls and mounting costs threaten to squelch growth, hamper innovation, discourage risk-taking within corporations, and even push businesses and workers into the private sector. Such concerns inspired the U.S. Securities and Exchange Commission to hold a roundtable in April, where corporate executives and accounting professionals aired their misgivings and discussed their experiences with SOX. The transcript of this roundtable discussion is available at [www.sec.gov/spotlight/soxcomp/soxcomp-trans.txt](http://www.sec.gov/spotlight/soxcomp/soxcomp-trans.txt).

Many CEOs are speaking out. For instance, at *Chief Executive* magazine’s 2004 CEO Leadership Summit in Palm Beach, Florida, business leaders discussed SOX in detail. During a roundtable discussion, John Thain, CEO of the New York Stock Exchange, said, “There’s no question that the accounting firms are making this more difficult and more expensive than they need to.” Walter LeCroy, CEO of manufacturer LeCroy Corp., used even stronger words about SOX when he spoke to *CE* magazine executive editor C.J. Prince: “I think we need to find some way to push back and convey the message that this is not fair; it’s not good for the country.”

*BizEd* asked three leaders in business and business education to weigh in on SOX. Will it lead to stronger businesses? Or will its costs outweigh its benefits? They agree that it’s still too early to tell. Even so, they say, SOX may spell trouble for the future of business.

## ‘The Pendulum Has Swung Too Far’

*William O’Neill is dean of Suffolk University’s Frank Sawyer School of Management in Boston, Massachusetts, and former CEO of Polaroid.*

With Sarbanes-Oxley, we’ve created a whole system of good intentions, but the pendulum has swung too far. Its requirements put small and even some mid-sized companies into a difficult economic situation. Owners of small companies are being forced to ask, “Can I afford to be a public company?” For instance, a company may have to devote one percent of its resources to compliance. A multibillion-dollar company can afford that. But what if it’s a \$20 million startup that has to spend \$200,000? Some companies won’t be able to do it.

Small startups are the backbone of our economy. I don’t believe that the people who created Sarbanes-Oxley took into consideration this key element. They were addressing the issue, not solving the problem. What was the failure of Enron? The people at the top were crooks, and the board wasn’t doing what it was supposed to do. Could the same thing happen under Sarbanes-Oxley? Yes, it could.

I believe the true issue behind Sarbanes-Oxley is an ethical issue. We need to embed ethics in every business case, so that students know they’ll face ethical questions in a variety of situations. They need to know that someday, someone will ask them to do something that is unethical. At that moment in time, they will have to decide what kind of people they want to be. They need to think of the consequences. This is something Sarbanes-Oxley doesn’t address.

## rules-based, where it needs to be more principles- or objectives-based.”

—Ray Beier, PricewaterhouseCoopers

plines, to give students a full picture of corporate operations. Business schools need to teach future accountants more than just how to interpret a company’s financial results, he says. They need to teach students to understand the economic costs and benefits of making business decisions. “From the corporate scandals, we now realize that accounting was too rules-based, where it needs to be more principles- or objectives-based,” says Beier. “Business schools have generally done a poor job of ensuring that accounting students understand finance.”

Sarbanes-Oxley has also taught everyone—from CEOs to accountants to business faculty and students—the importance of knowing how the entire company works, Beier adds. “We’ve learned that everyone needs a broad understanding of business processes,” he says. “Business schools have

always addressed this issue, but now the need is intensified. Business schools must ensure that students have a deeper appreciation of the details of business processes than they may have had before.”

Such an overarching appreciation will undeniably become crucial as companies move into an age of greater transparency. And despite their current confusion about the new legislation, most business leaders see the most prevalent effect of Sarbanes-Oxley with acute clarity: Whether they’re CEOs or CFOs, IT specialists or department managers, accountants or auditors or board directors, workers in the post-SOX world must make diligent surveillance, operational awareness, and understanding of internal controls absolute priorities. Sarbanes-Oxley and Section 404 have made that a new fact of business. **Z**

### Difficult Choices Ahead

*Thomas Lehner is director of public policy in civil justice reform and corporate governance for the Business Roundtable, an association of CEOs, based in Washington, D.C.*

After the corporate scandals, our members supported Sarbanes-Oxley because they felt it was important to take whatever steps were necessary to restore investor confidence. Now that the act is being implemented, some groups are talking about returning to Capitol Hill to try to reopen Sarbanes-Oxley and repeal some of its positions. The CEOs of the Business Roundtable do not share that view. Our members continue to believe that Sarbanes-Oxley’s reforms were necessary, a vital part of restoring accountability and credibility.

That said, we are starting to hear from some companies that the costs of compliance are significant. Our members have unanswered questions about how much time and resources they need to dedicate to this legislation. They want to make sure that the process doesn’t become so burdensome that it detracts from their economic growth. Therefore, we’re going to be part of the SEC roundtable to investigate ways that some compliance components could be made more effective and cost-efficient without changing the spirit and letter of the law.

We want to make sure that Sarbanes-Oxley doesn’t cast such a chilling effect that it detracts from a company’s core business. CEOs are concerned that Sarbanes-Oxley may stifle their companies’ growth and their willingness to take risks. CEOs may be forced to make choices that both comply with the law and promote economic growth.

### A Costly Diversion

*Louis Lataif is dean of Boston University’s School of Management in Massachusetts and former president of Ford Europe.*

Organizations have been consumed with Section 404 of Sarbanes-Oxley for many months. When business leaders have to pay that much attention to mere scorekeeping, their attention is diverted from running the company. They have to take their eyes off the ball, which can affect profits. In addition, as a result of Sarbanes-Oxley, the audit fees for some companies have tripled; for others, they’ve quadrupled. The costs of implementing these new regulations can result in a lower stock value for a company.

Whether or not Sarbanes-Oxley will give shareholders a better reading of a company’s financial health is yet to be seen. Five years from now, we might see benefits in the form of more tightly managed, more profitable companies. We might see fewer bankruptcies, fewer scandals, and fewer people hurt. But today, we know that even if Sarbanes-Oxley’s intentions are good, its costs are bad. Its diversion of attention from the business is bad.

The most that business schools can do is to make students aware that society is more concerned about corporate behavior. We can’t turn out “experts” in the complexities of Sarbanes-Oxley—it would be naïve of us to think we could. But students need to examine the ethical behaviors now expected of everyone, particularly for those in positions of leadership. We must add Sarbanes-Oxley to the equation of what society’s demands are on business today.

# Sustainability

## AT THE CORE

Corporate social responsibility isn't just for tree-huggers anymore. Mainstream business schools are integrating issues of sustainability throughout their programs and teaching the concepts as part of a basic business education.

**B**usiness students at the University of Calgary in Alberta can sign up for a weeklong leadership course that puts them in a rustic dorm in the heart of the Canadian Rockies. While they learn about organizational leadership and sustainable development, they also participate in fire rituals and council ceremonies led by a native elder from a local tribe. The goal is to help students understand the consequences of business development in untouched wilderness areas—for corporations, for the environment, and for the indigenous people who live there.

Not your typical b-school course, perhaps, but someday soon it might not be so unusual. The Haskayne School of Business at Calgary is just one of many mainstream business schools determined to make environmental and sustainable issues key parts of the curriculum. Corporate social responsibility (CSR) might still be a fringe discipline at the majority of business schools worldwide, but it is slowly, surely gaining ground.

At some, it's already front and center. Since the mid-1990s, Haskayne—located deep in the heart of Canada's natural resource country—has offered MBA and Ph.D. programs focusing on the environmental effects of business. More recently, the emphasis has shifted to international and societal interactions, a change reflected in the 2002 launch of the Global Energy Management and Sustainable Development (GEMS) specialization. Haskayne has developed similar programs in Quito, Ecuador; Beijing, China; and Tehran, Iran.

Because sustainable development has become one of the pillars of learning at the University of Calgary, the topic has

truly become incorporated into Haskayne's curriculum. "Even if a course doesn't have 'sustainability' as part of its title, it's become so infused in the program that sustainability is in everything," says Harrie Vredenburg, professor of strategic management and holder of the Suncor Energy Chair in Competitive Strategy and Sustainable Development.

Another Canadian school, York University in Toronto, has a similar goal of making CSR a key part of the regular curriculum. All of York's MBA and EMBA students are exposed to corporate responsibility issues in their earliest courses, which introduce them to sustainability, ethics, stakeholder concerns, and not-for-profit issues.

"We seek to explain that the world is changing," says David Wheeler, Erivan K. Haub Professor of Business and Sustainability at York's Schulich School of Business. "Graduates will need to take a broader view, build relationships, acquire new skills—not because of some ideological stand, but because that is what successful businesses do. All businesses are going to have to take a sustainability perspective, whether or not they call it that. All of them will have to respond to questions of social and environmental change. They're going to have to go to market in parts of the world that aren't very stable. Our approach is very much to appeal to everybody, as we teach them what it means to be a businessperson in a complex world."

Wheeler isn't aiming to reach the zealots. Using "normal business language" and targeting the program at "ordinary business students," Wheeler wants to put sustainability into

**by Sharon Shinn**

illustration by Chris McAllister



the mainstream. He says, “We want to appeal to people who go into jobs in marketing, finance, accounting, and human resources, but who are very interested in how these ideas contribute to a successful business.”

Welcome to the new attitude among mainstream schools: CSR issues are here to stay. They’re part of the curriculum. And they’re simply some of the many factors corporate leaders need to consider when they’re doing business. While there is still a small, passionate group of students who are going to seek positions that revolve entirely around sustainable development issues, the majority of business graduates will take more traditional jobs. Some educators feel that those students are the ones who need to understand why sustainability is important—and how to integrate it into everyday corporate life.

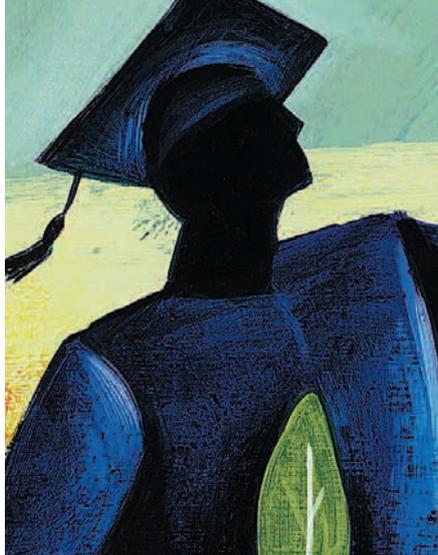
### Into the Mainstream

Ordinary business students are exactly those targeted by Kellie McElhaney, executive director and adjunct assistant professor at the Center for Responsible Business at the University of California, Berkeley. Her goal is for all Haas School of Business graduates to integrate CSR principles into their daily jobs. McElhaney notes that a recent survey of applicants found that 25 percent were arriving at Berkeley with an interest in corporate social responsibility. “I want to figure out how to reach the other 75 percent,” she says.

Admittedly, some schools are going to be more predisposed toward CSR than others. McElhaney points out that social responsibility is “in the DNA” at Haas. “My first month here a finance professor suggested we do some joint research on whether a company that engages in socially responsible business behavior actually adds points to its share price,” she says. “At other schools, I’d gotten the feeling from finance professors that corporate social responsibility doesn’t belong in the business school.”

But it does belong at schools like Haas—and schools like the University of Calgary, whose stakeholders are mostly drawn from the oil, gas, mining, and forestry industries. Those companies have been “practically brought to their knees by environmentalists,” says Vredenburg. “They know that if they are going to maintain a social license to operate, they are going to have to do business in a very responsible manner.” Schools that cater to these businesses must produce graduates who understand both sustainability issues and basic business principles.

Schools with a commitment to international business also find themselves focusing on CSR concepts, especially if their



graduates are going to become executives at companies expanding into Third World countries. “Some companies might say, ‘Our business isn’t community development,’” says Vredenburg. “But when you operate in a place like Nigeria or Ecuador, where the government doesn’t supply services and local people are upset because you have wealth and they have nothing, it’s in your own self-interest to get involved.”

### Making the Business Case for CSR

In fact, it’s possible that every kind of business—and every kind of business school—eventually could find reasons to incorporate CSR concepts into its core strategies. “This will happen particularly as the business case for corporate responsibility is developing. It almost becomes a no-brainer,” says Peter Lacy, executive director of the European Academy of Business in Society (EABIS), located in Brussels, Belgium.

Some educators, like Vredenburg, already teach sustainable development in terms of competitive advantage. He says, “It’s complex to figure out what all the stakeholders want—the communities, the native people, the environmental groups, the governments in developing countries. But if you get these things right, you get an inimitable advantage over competitors who are *not* doing these things. It takes a lot for a competitor to copy you.”

Business leaders who consider CSR to be a “fluffy” concept rethink that idea pretty quickly when sustainability issues are reframed in terms of risk management, Vredenburg adds. “That’s really what we’re talking about. Risk of climate change, risk of your business being shut down. If you don’t learn how to manage the various stakeholders representing societal views, you could well be out of business.”

And it’s not just oil and mining companies who are now being forced to confront social and environmental dilemmas. These days, a whole host of other industries are starting to consider CSR when they map out their business strategies. In the finance sector, banks are starting to realize that their lending policies could have “social and environmental implications,” says Wheeler. In the information and communications technology field, says Lacy, major players are trying to close the digital divide between people with and without technology.

Kai Hockerts, program manager of the Centre for the Management of Environmental and Social Responsibility (CMER) at INSEAD in Fontainebleau, France, sees environmental progress being made in industries such as waste management and pollution prevention. At the same time, social

“When you operate in a place like Nigeria or Ecuador, where the government doesn’t supply services and local people are upset because you have wealth and they have nothing, it’s in your own **self-interest** to get involved.”

—Harrie Vredenburg, University of Calgary

progress—in terms of rights for children and other workers—is occurring in the textile sector. He adds, “Sustainable development is still very much a moving target, and most firms are still too reactive. Instead of taking public concern seriously early on, they often wait too long. This results eventually in higher costs when they get forced to act.”

Hockerts is also a little uneasy because he thinks topics of sustainable development, CSR, and ethics are garnering too *much* attention at the moment, and interest might soon die down. He says, “As with all sudden waves, there is the risk of waning interest once the peak has been reached. Actually, I would argue that we have already passed that peak.” Similar waves of interest and uninterest broke in the early ’80s and early ’90s, he says. “The bigger the bubble, the bigger the disillusion. At this point, our focus needs to be on how firms can integrate sustainable development into their management systems in a way that guarantees they continue the initiatives even when public attention wanes.”

## The European Investment

In Europe, the synergy between schools and corporations devoted to improving sustainable business has resulted in the creation of The European Academy of Business in Society. EABIS is an alliance of business schools and corporations that, with the support of the European Union, are looking for ways to integrate corporate responsibility into research, education, and training. This group has determined that the only way to do so is to “change the way business leaders today and in the future are educated,” says executive director Peter Lacy.

Many of Europe’s leading business schools—including INSEAD, IMD, Copenhagen Business School, Cranfield University, and London Business School—have joined the association. But, says Lacy, they’ve also raised concerns: There isn’t a sound body of research on the subject; there’s no template for how to integrate it into the curriculum; there are limited resources to do so; and the work can’t possibly be done without the input of industry. “What we focus on now is tangible projects to help develop research, education, and training,” says Lacy.

Two types of projects are currently under way: one to develop content and one to coordinate research. Both are funded in part by millions of euros from the European Union. On the content front, key schools are investigating how companies in Europe, Asia, and the U.S. are integrat-

### Educating Executives

Even with all the attention currently on social responsibility, not all businesses are taking up the cause—or investing much in it when they do. Lacy of EABIS believes that school administrators need to start pushing for more of a commitment from the companies that do espouse sustainable business.

“If the educational community prods business leaders to think this through all the way to their human resources policies, this could have a significant effect on the supply side of the market,” says Lacy. “Schools need to say, ‘If you are serious about corporate responsibility, then be serious about it in your human resource policies at a couple of levels, one of which is executive education. To what extent are you integrating this into your executive education?’ The answer, at least in Europe is, ‘Not very much.’”

Some schools are making it easy for companies to train executives in CSR. For instance, York University runs the Sustainable Enterprise Academy specifically to imbue execu-

ing corporate responsibility into strategy. In terms of research coordination—which means convening groups of scholars who work together—participants are looking at how corporate responsibility impacts each of the major disciplines.

Other EABIS plans in the works are collaborative research efforts between academics and corporate professionals who define mutually interesting projects that have both academic rigor and business relevance. The range of topics is broad, from “base of the pyramid” work in developing countries to the best ways of infusing CSR into the MBA curriculum so that what’s being taught is really what businesses need.

Most members of the association are truly committed to the concept of change, Lacy believes. “These companies are seriously thinking about two things: How do you integrate sustainability across the business, and how do you get the concepts into the mindset and skill sets of everyone working at the company? These companies are working with business educators, trying to go backward down the pipeline.”

Nonetheless, such systemic changes in approach will take a long time to implement, Lacy realizes. “Most of the projects we’re engaged in at the moment have a three-year life cycle. From a business perspective, that’s quite long, and from a business school perspective, that’s very short.” He hopes that once the consortium members implement changes in their own programs, there will be a trickle-down effect on other European universities that also start integrating more corporate responsibility concepts into their curricula. From the classroom, it’s a short step to the boardroom—and the world.

“The questions remain: Will this activity and engagement lead to performance? Will we see the reduction in greenhouse gases, toxic waste, and social deprivation? Frankly, **the jury’s out on that.**”

—David Wheeler, York University, Toronto

tives with notions of corporate social responsibility. York also has worked with Northwestern University’s Kellogg School at the EMBA level to offer classes in sustainability.

“Not only can schools make money on executive education, but if they cover sustainability topics in executive education, they can really reach business leaders who are not currently pursuing their MBAs,” says Wheeler. “If a school offers executive education programs or weeklong seminars to executives, it can pique their interest and help them understand about sustainability as a way to think about business.”

### Subtle Shifts in Attitude

Sustainability isn’t just a way to think about business—it’s a way to think about *society*, and proponents of corporate responsibility have begun to put more and more emphasis on that word. While environmental issues are still important, what matters now is the societal impact.

For instance, INSEAD launched CMER in 1992 to conduct research and develop curriculum materials in the area of sustainability. While originally developed as a center promoting stewardship of the environment, the center more recently began focusing on sustainability—particularly on how the social environment relates to the physical environment. CMER director H. Landis Gabel expects the future agenda to focus even more on globalization and how it affects labor, the environment, governance, and management integrity—a broad spectrum of issues that will also require a great deal of interdisciplinary research.

York University launched its Business and Environment program in the early ’90s, but retitled the program a few years later. The new Business and Sustainability program “reflects broader economic, social, and environmental issues,” says Wheeler. Not only did the rebranding help keep the school contemporary with changing attitudes, but it took some of the focus off all the things that go wrong in business. “Sustainability is a very success-based paradigm,” says Wheeler. “We want to explore what works, especially when that gives a competitive advantage to business.”

Another change is that more schools are creating centers devoted to CSR issues as a way to give them more weight and impact. For instance, Haas’s Center for Responsible Business, launched two years ago, brought many existing but disparate CSR programs together under one umbrella. The center now focuses on four functional areas: teaching, research, experiential learning, and outreach. Most visibly, the center has added 11 new courses to the curriculum, on topics ranging

from emerging markets to human rights and business.

In addition, the center provides a focal point for the school’s research initiatives, which include a working paper series on social responsibility and a social performance metrics conference. The center also sponsors a speaker series and lectures that are open to the public. “Our mission statement is to expose every Haas constituent to the complexities of corporate responsibility,” says McElhaney. “I think in terms of three concentric circles. The inner circle is students, the second is the corporate world, and the third is the academic community.”

INSEAD’s CMER also organizes academic seminars and large conferences, conducts research on sustainability, and works with INSEAD faculty to generate books and cases on topics such as corporate social responsibility, ethics, and governance. In addition, INSEAD’s partnerships with industry leaders have led to joint research projects with companies such as Unilever, Shell, IBM, and Microsoft.

“We also have a roundtable for INSEAD alumni, so four times a year that brings together senior executives on topics relating to CMER,” says Hockerts. “So far we have had seven roundtables on topics such as carbon trading, green venture capital, corporate philanthropy, and interacting with NGOs.”

### The Student Factor

It might take some time before graduates move into corporate positions that enable them to speak forcefully on CSR topics, Hockerts points out, but students remain a powerful force behind CSR initiatives in many schools. At INSEAD, master’s and doctoral candidates can join the student group INDEVOR, which seeks to create awareness of international development needs within the INSEAD community, create work opportunities, and influence the school’s curriculum. Hockerts estimates that ten to 20 percent of INSEAD students join the organization.

Lacy also believes students can generate enormous energy in support of CSR, and he cites an International Faculty Development Program in corporate responsibility developed by IESE Business School in Barcelona, Spain. “Not only does it look at how faculty can develop other faculty on this issue, but how students can develop faculty and how faculty can develop students,” he says. Because many of the students have five to ten years’ working experience, they can bring some of their real-world knowledge into the classrooms, he adds.

Students at Haas get a chance to step outside of the classroom and apply some of their new knowledge in real-world





situations. As part of a capstone strategy course, students run projects for companies trying to implement their own CSR strategies. The projects are wide-ranging and have the potential to make a real impact in their markets.

Says McElhane, “For instance, we’re running a project with The Gap. It’s focused on developing a coherent social responsibility strategy that’s linked both with their core competency, which is apparel, and their core business objective, which is to sell more apparel. That’s a rare project, because it’s dead-on with what I teach.”

In another project, students worked with the Detroit Lions to develop a strategy for their community development and philanthropy. “We helped the Lions think more like a business,” she says. “We said, ‘What are your core competencies and what is your target audience?’ We decided to focus on youth and the inner city issues that Detroit is facing and lopped off almost everything else.”

Such projects, essentially cost-benefit analyses, can be really uncomfortable for the parties being analyzed, she says. “The prevailing thought around philanthropy is that you shouldn’t get good at it in a business sense. But you should, because if you’re not getting a return from your philanthropic ventures, they’re going to be discontinued when the economy goes down. Instead, you need to attach philanthropy to your business goals. HP wants to begin selling products in Uganda. So by going in and doing responsible programs in Uganda, it’s opening up a new market for itself.”

It doesn’t matter whether companies work in computers, retail, or sports, says McElhane. By creating responsible programs, they not only strengthen their ties to the community, they also create a new customer service base for their products.

### Eye on the Future

Programs that focus on sustainability, centers that are devoted to corporate responsibility, and students working on philanthropic projects—all represent encouraging signs about the great strides that businesses and business schools are making on the issue of sustainability. But there is still worry in the ranks.

Says Wheeler, “The questions remain: Will this activity and engagement lead to performance? Will we see the reduction in greenhouse gases, toxic waste, and social deprivation? Frankly, the jury’s out on that. I believe most of the engagement is genuine, but there are still a lot of messes being created, socially and environmentally. Therefore, there’s still everything left to play for.”

As Wheeler contemplates the future for York’s program,

he’s looking outside the campus borders. The Schulich School is in the process of developing a strategic alliance with the business school at the University of Dar es Salaam in Tanzania, planning to create a center of excellence while engaging in student and academic exchanges. “We would hope

to learn as much from our counterparts in Africa as they learn from us,” says Wheeler. Schulich is also creating partnerships with schools in India and researching the role of the private sector in developing worlds.

Vredenburg thinks that, in upcoming years, interest in CSR will filter through all the functional disciplines. Although these days it is often a “subcommunity of strategy,” he says, “more and more people are coming from traditional disciplines who have sustainability as their research and teaching interest.”

This will make it easier to find faculty to teach CSR classes in the future—as will the rising number of Ph.D.s graduating from programs such as Haskayne’s. “Ten years ago, there were very few people in this field, and I could name them all,” Vredenburg says. Now Haskayne alone has two, soon to be three, endowed chairs who focus on sustainable or environmental business. “You can’t just go on the market and hire for these spots as you would for a finance or marketing professor, but there are increasing numbers of people who are specializing in this area,” he says.

When McElhane looks to the future, she sees more interaction with corporate partners. She already has a small but committed advisory board, and she’s preparing to launch a Corporate Partners program from the center. Twenty companies will pay a membership fee, have a chance to work with a student intern or student analyst, and get an early look at working papers. She also will use funds from The Gap to launch the Gap Fellows program for students who commit to focusing at least part of their MBAs on corporate social responsibility.

Eventually, she hopes that CSR becomes recognized as a legitimate discipline of its own. “We now teach marketing as if finance exists, and we teach finance as if accounting exists,” she says. “My goal is for marketing, finance, and accounting to simply teach their respective disciplines as if corporate responsibility exists.”

That goal looks more attainable as increasing numbers of business schools develop concentrations, programs, and centers devoted to sustainable business. If corporations and universities agree that sustainability is a crucial component in the complex business equation, corporate social responsibility someday could become just another core course in management education. **Z**

# The Green TEAM

What's small and committed and green all over?

Three niche MBAs that focus their whole programs on sustainable business.

While mainstream business schools are beginning to bring more issues of corporate social responsibility (CSR) into the classroom, some educators think their efforts are insufficient. What's needed, they believe, are business curricula that are built entirely around the concept of sustainable development—that still teach the basic disciplines, but color them all with a shade of green.

Three small, niche schools have done just that, developing MBA programs built entirely around sustainability. All three are on the West Coast of the U.S., a region often at the forefront of liberal and environmental movements. All three are run by organizers who passionately believe that the traditional methods of teaching business are simply not good enough.

“With all the scandals in big business—with the environmental problems surrounding fresh water supplies, forest cover, and global warming—and with social issues such as the widening spread between rich and poor, it's pretty clear that we need a new model for business,” says Susan Briski, operations coordinator for the Green MBA at the New College of California in Santa Rosa, California. “Students are still learning the same skills we've been teaching since the Industrial Revolution, which caused some of these social inequities and polluted our environment in the first place.”

Briski and her colleagues believe it's time for a fundamental change.

## Class Concept

Like the Green MBA, the MBA programs at Bainbridge Graduate Institute on Bainbridge Island, Washington, and Presidio World College in San Francisco integrate issues of sustainability into every single course—and they draw par-

ticipants who share that vision of developing socially responsible businesses. According to Allison Weeks, dean of students at Presidio, faculty and students “look at business from an integrated bottom line that includes a return to the community, a return to the environment, and a return to investors.”

This means even traditional MBA material is viewed through a green-tinged lens. Says Briski, “In financial accounting, students learn how to read financial reports *and* how to understand what companies are doing socially and environmentally. So we study the Global Reporting Initiative, which is an international effort to get organizations to report on their financial, environmental, and social performance.”

Other classes focus solely on sustainability. “In our class on ecological commerce, we study the latest business models coming out of sustainability think tanks,” says Briski. “We study natural capitalism, the environmental and social solutions that exist if we had the political will to use them. We study the CERES Principles from the Coalition for Environmentally Responsible Economies. This is another international effort to take companies in the direction of social and environmental responsibility. In addition, students go out and audit a business, then give the owners advice on how they can be more environmentally friendly.”

At Bainbridge Graduate Institute, executive director Rick Bunch believes that “many social and environmental issues simply provide an engaging way to teach what MBA students should learn anyway. For instance, you can teach all kinds of accounting with social and environmental issues, along with net present value and debits and credits. You have to find the right material and the right professors.”

by Sharon Shinn

illustration by Chris McAllister



## Taut Teaching

In fact, those two tasks—finding the right material and the right faculty—are among the most challenging faced by these program directors. Says Weeks, “We need faculty who really know the core courses of a business curriculum, such as accounting faculty who can teach accounting but also understand social audits and environmental accounting. We’re an accredited school, so we need to find people who have Ph.D.s in the disciplines who also, either through their own research interests or life experiences, understand issues of sustainability.”

At New College, the emphasis is less on the doctorate and more on real-world experience, combined with some previous teaching experience. “Our green and social marketing instructors run a firm that’s been successful in marketing green companies,” says Briski. “Our economics professor taught at another university and worked in the forestry service for a while.”

Bainbridge Graduate Institute combines a small group of core faculty with a wide variety of outside experts who come in to teach for a semester or even a session. The school’s once-a-month format allows working professors from other schools—the University of Washington, Stanford University, the University of Michigan, MIT, and others—to present a module for BGI while retaining their full-time positions.

“It’s like a little curriculum incubator,” says Bunch. “They get to try out teaching ideas with a great deal of freedom and a supportive, engaged student body, while working with our core faculty who really understand how to integrate sustainability issues into the class. We’ve found faculty who have pushed the boundaries at their home schools, brought them here, and challenged them to go farther. We also bring in guest speakers with particular expertise in some subset of the course’s content, and they come in for a day or two. We have a lot of people cycling through.”

Even when schools find enthusiastic, qualified faculty, they’re facing something of a dearth in textbooks and teaching materials. Weeks notes that relevant material can be found at World Resources Institute and CasePlace.org, and she expects more schools to develop them in the future.

Currently, however, the paucity of material in sustainability leads program managers to creative solutions, many of them experiential. Students are frequently sent out in the community to work with existing businesses or encouraged to design business plans along environmentally responsible lines.

In fact, course assignments at BGI are often ad hoc, Bunch



says. “It’s a rule at the school that students can always propose an alternative assignment to an abstract on the syllabus, something that applies to their work or personal life,” he says. “The more we can tie school and work together, the easier students’ lives will be and the more we’ll retain them in the program.”

Because BGI’s curriculum is oriented both toward entrepreneurship and intrapreneurship, students graduate having learned how to be effective change agents. Says Bunch, “Not only do we emphasize sustainability throughout the curriculum, but we teach students how to get an organization mobilized around these ideas. Knowing what sustainability is but not knowing how to use it would be really frustrating.”

## Atypical Applicants

For all three of these niche schools, programs are small but remarkably diverse. Classes are either evenly split between genders or weighted toward women. Applicants tend to be drawn from, and interested in working at, smaller companies as opposed to big corporations; many want to be entrepreneurs. The age range is broader than that for the typical MBA—anywhere from 22 to 55, though the average age at Presidio is 35.

The fact that most of her students are older and have significant work experience is very telling to Weeks. “There’s an element of maturity,” she says. “They’re old enough to realize they want to work in a world that understands their values. By the time they’re 35, they’re finding it hard to work in an area where they’re not deeply committed to the business.”

Bunch agrees. “What holds them together is the idea that they want to bring their values to work rather than leave them on the parking lot. For so many of them, finding a program like this is an epiphany.”

All three of the programs rely heavily on their Web sites as marketing tools, since many students interested in sustainable business conduct Internet searches to see what might be available. These program directors also find students by showing up at venues where likely candidates are plentiful: the U.S. Green Building Council’s conference; conferences on solar energy and green business; events held by Bioneers, an international organization dedicated to conservation, the environment, and sustainability; and the Green Festival, a party-cum-sustainability expo held annually in San Francisco and Washington, D.C.

Students who enroll might share social and ethical values,

“They’re old enough to realize they want to work in a world that understands their **values**. By the time they’re 35, they’re finding it hard to work in an area where they’re not deeply committed to the business.”

—Allison Weeks, Presidio World College, San Francisco

but their reasons for pursuing a green-themed MBA show some variation. A poll of BGI’s entering students reveals that one-third have business backgrounds but want to learn more about social and environmental topics. One-third already have a background in corporate social responsibility and want to become more sophisticated about business. Another one-third have a background that combines environmental awareness with technical expertise or NGO experience, and they too want to learn how to marry that with business knowledge.

### Schedules and Venues

Because so many students in the three programs are working adults, the formats tend to mimic EMBA schedules, offering great flexibility in hours or residencies. For instance, BGI students meet for a long weekend once a month, staying in touch via distance learning and conference calls. At New College, students attend school two weekends and one Wednesday a month. While courses follow a natural sequence, each one is taught every semester, so students find it easy to switch between part-time and full-time enrollment.

Most of New College’s students are from the San Francisco Bay area and drive some distance to make it to the facilities in Santa Rosa. While the school doesn’t own a residence hall, it has rented a house where students can spend the night during weekend sessions. Students who elect to stay overnight can also order dinner from an organic local food delivery service.

Such amenities help the students and the school build a small community of like-minded people. “So many students who come here say, ‘Before I found this program, I thought I was the only one in the world who cared,’” says Briski.

These schools also underscore their message by operating in venues compatible with the program principles. The offices of Presidio World College are located on a 1,480-acre national park, but classes are held in outlying locations, such as the Institute for Noetic Sciences Retreat center. The 200-acre setting offers woodlands, vistas, and hiking trails through northern California countryside.

Similarly, BGI’s campuses are idylls in the woods, designed to appeal to individuals passionate about environmentalism. One, a rustic, solar-powered eco retreat, is on Cortes Island off the Pacific Coast, and students gather there each year for a weeklong residency. Another, a ferry ride across the Puget Sound from Seattle, is nestled in a 255-acre forest and features the highest LEED environmental building rating handed out by Leadership in Energy and Environmental Design.

“It’s a mix of environmentalism and high-tech, and it really crystallizes for students the values of the program,” says Bunch. “It shows you can make a comfortable, highly functional environment that respects environmental values.”

### The Job’s the Thing

No matter how beautiful the campus or how intriguing the coursework, no niche program will continue to attract students unless it can point to a reliable record of finding jobs for its graduates. These three schools have only had a few graduating classes between them and are still tracking their success at placement.

“Most of our students keep the jobs they’re in, and they do feel they’re able to apply much of what they’re learning on the job right away,” says Bunch. “Others feel their old company is a lost cause, and they want to move on. The most important thing we do is bring in all kinds of participants and

advisors who have made careers in this area. We arrange for high-profile public speakers each month, from alternate energy guru Amory Lovins to Christine Ervin of the U.S. Green Building Council. They help students figure out where they want to go.”

New College also uses a stream of guest lecturers as a way to help students design post-graduation career paths. Guests include founders of green businesses and nonprofits who present lectures, attend student dinners, build relationships, and often offer opportunities for internships,

school projects, and permanent work positions.

The school also improves students’ networking chances by sending them to the Bioneers conference, which features about 100 presenters who run green and social businesses. Field trips to environmentally responsible companies like Clif Bar and Traditional Medicinals also help students form contacts that will help them when they begin looking for jobs.

Weeks admits that it’s too early to assess how well Presidio will be able to place graduates; but, based on some remarkable internships students have enjoyed, she thinks the situation is promising. One student spent his summer helping a major corporation develop its first CSR report on its environmental impact; another interned at HP, working with a team that developed a suppliers’ code of ethics.

“We think most jobs will be driven by student interest,” Weeks says. “Many of our students are deeply committed to their current enterprises and don’t really plan to get a corporate job. They’re already running a going concern; they just wanted to know how to grow their own businesses.”





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Briski agrees that most of New College's graduates will be steering clear of big corporations, but she's already seen a handful of them succeed in their own small- or medium-sized companies. One student is running a Web site hosting business that harnesses wind power. Another is designing a first-aid kit made with environmentally friendly products. Another student has started a firm that prepares recycling guides that are distributed by government agencies. Briski herself—a graduate of New College—is a part-time business consultant who helps companies implement sustainable management systems.

### Face Toward the Future

For now, these niche program directors feel they're leading the way in sustainability-related business education; but they don't know how long they'll have the advantage. "My gut says that this is territory that the big business schools will increasingly invade," says Bunch.

Bunch also expects the landscape to change as traditional business schools receive multimillion dollar endowments for chairs or centers that focus on corporate social responsibility, social justice, and sustainable business. "I think BGI is on the leading edge now, but we can't sit still. The big business schools are coming," he says.

To keep the specialty school ahead of the mainstream, he says, BGI must implement new courses like its class on radical sustainability. Its message? "Everything students are learning today will not bring nearly enough improvement for the

world to be sustainable," he says. "We need a quantum shift in our thinking."

Briski believes that traditional business schools will be forced to focus more on environmentally responsible business partly because corporations are starting to demand more students who understand those issues. As major corporations like Home Depot and Nike get attacked for practices that harm the environment or workers in developing countries, says Briski, all businesses will start to reconsider their CSR imperatives. "Some mainstream schools are really lagging behind the trends happening in business right now. If nothing else, businesses is going to drag them along and say, 'We need graduates who understand sustainability. This is important to our business.'"

Like Bunch, Weeks believes traditional business schools will slowly begin moving onto the green turf, but she thinks the transition will take some time. "Higher education, like the church, changes very slowly," she says. "Will all business in the future be sustainable business? Well, that's the hope. Somebody said to me, 'What will happen to you if all the other business schools get on board with sustainability?' I said, 'Great! We'll figure something out.'"

There are indications that at least some major, mainstream business schools are bringing a sustainability focus to their MBA curricula, but it could be years before the concepts become accepted throughout the management education community. Until then, niche schools like these three will be leading the green revolution. **Z**

# Doing the

**Is a good economy bad for business school enrollments? Two educators aim to settle the question once and for all—and offer their predictions about future enrollment trends.**

**A** good economy may be good for business, but many in management education believe it's bad for business schools. Conventional wisdom holds that when times are good and jobs are plentiful, employees don't see the need to pursue additional business education. Conversely, when times are bad and unemployment is high, it makes sense that newly laid-off workers would flock to business schools to strengthen their skills, add new credentials to their resumes, and sharpen their competitive edge.

But do they, really? Probably not, according to research we recently conducted at the Center for Economic Research at Chapman University's Argyros School of Business and Economics in Orange, California. In the study, we examined data on business school degrees awarded in the United States over the last 30 years. We wanted to determine just how—and whether—economic factors affect business school applications.

We found that the data flatly challenge conventional wisdom. While anecdotal evidence may suggest that economic booms equate to enrollment busts, the numbers show that a good economy does more to spur enrollment than to squelch it. As a result, business educators may need to adjust their long-held beliefs about the cause-and-effect relationship between the economy and business school enrollments.

## **Defying Expectations**

Our analyses of business school enrollments focus solely on the United States and its economy. Recent trends in Europe and Asia indicate an unrelenting boom in business school enrollments, especially at the MBA level. Even so, in these cases, this situation seems to be due primarily to pent-up

**by James L. Doti and Francis D. Tuggle**

demand for trained capitalists, reinforced by historically low levels of supply of management education and a desire to emulate the success of U.S. commerce. In these regions, it is likely to be some time before local economic conditions have an effect on business school enrollments.

The U.S. economy, however, does seem to influence enrollments, although perhaps not in the way one might expect. In our study, we examined data and trends in U.S. business degrees over the last three decades, especially in relation to prevalent economic conditions. We looked, for instance, at 1975, when the U.S. economy was experiencing one of the worst recessions in recent history. The gross national product had hit bottom and the unemployment rate was at 8.5 percent, according to the U.S. Bureau of Labor Statistics. If conventional wisdom was correct, we would expect the data to show a spike in the number of business degrees awarded in 1977 and 1978, the direct result of a greater number of unemployed and underemployed executives enrolling in business programs two years earlier.

We found something quite different. There was a substantial spike in the annual percentage increase in the number of master's degrees awarded in 1975. But those degrees went to students who had enrolled in 1973, when unemployment was a relatively reasonable 5 percent. Furthermore, the rate of increase in the number of degrees conferred in business at the master's level actually slowed from 1975 to 1977. For instance, business schools awarded 17 percent more degrees in 1975 than in the previous year. That increase slowed to 4 percent in 1977 and 1978.

We then looked at the data 20 years later, in 1998, when

# MATCH

## on B-School Enrollments

unemployment hit a record low of 4.5. In such a robust economy, we'd expect a dramatic plunge in applications, which would, of course, result in a drop in degrees conferred two years later. But the plunge never happened. The number of master's degrees awarded in 2000 actually continued to increase by about 5 percent.

Of course, the data fluctuate from year to year. Nonetheless, when we look at the "big picture," we see not a pattern of spikes and drops, but a slow, steady, and predictable growth in the number of master's degrees in business. The number of business degrees grew from approximately 30,000 in 1973 to approximately 120,000 in 2000.

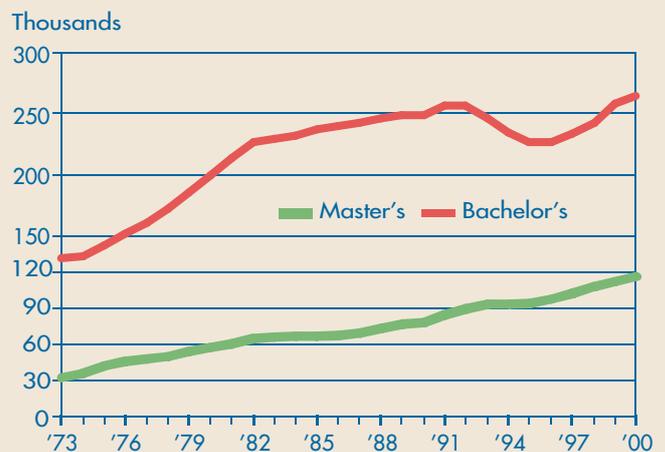
Such growth is *not* the result of a dipping economy, but of more reliable and quantifiable factors. High school graduation rates, for example, play a significant role in the number of students enrolling in business school programs in subsequent years. Likewise, the number of students entering general undergraduate programs directly affects the number of degrees business schools can plan to award down the road. In our study, we discovered that business schools can use these two data points to predict just how many students will be walking down the aisle come graduation day.

### A Look at the Data

To discover the factors that contribute to burgeoning enrollments, we first looked at the numbers of business master's degrees conferred between 1973 and 2000. These numbers, shown in Figure 1, include MBAs as well as MS degrees in tax, accounting, human resource management, finance, and other business disciplines.

The long-term data show year-to-year fluctuations in the number of master's degrees awarded, but the business school market has seen steady, consistent growth in this

**Figure 1 U.S. Business Degrees Awarded**

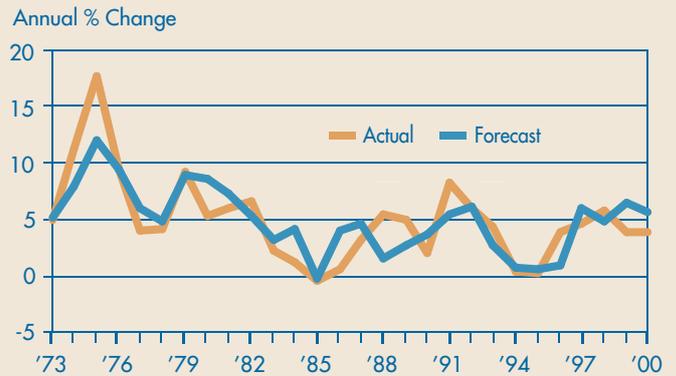


Although the numbers of bachelor's and master's degrees in business conferred each year naturally fluctuate, they have steadily increased since the early 1970s. The number of undergraduate business students in the pipeline is an especially important indicator for business schools, since it serves as one predictor of the number of applications to their master's programs.

area. This finding implies continuing growth in enrollments in master's programs overall. In addition, the data also show the following:

- Overall, a 1 percent increase in the U.S. gross national product (GNP) yields a 0.6 percent increase in the number of master's degrees in business awarded three years later. This indicates not only that good economic times spur growth in enrollment, but also that it may take at least one year of prosperity to compel people to enroll in a two-year MBA program.

**Figure 2 Annual Change in Master's Business Degrees in the U.S.**



The red line, showing the actual number of master's degrees conferred, shows that business school enrollments increased dramatically in some years—1975, 1979, 1991, and 1998, for example. But the students receiving these degrees generally enrolled two years earlier, which coincided with relatively good economic times. The blue line represents our predictive model, which uses indicators such as change in the gross national product and the number of students receiving bachelor's degrees. Our forecast predicts the number of master's degrees in business to be awarded with reasonable accuracy. The model here is based on data that includes degrees awarded in all master's disciplines. Data based on individual disciplines alone should produce even greater accuracy.

■ A 1 percent increase in the number of undergraduate degrees awarded generally yields a 0.9 percent increase in the number of master's degrees in business awarded two years later. We can infer from this that the more students already in the undergraduate pipeline, the more applications business schools are likely to receive.

■ A 1 percent increase in the ratio of bachelor's degrees in business to general undergraduate degrees leads to a 0.7 percent increase in the total number of master's degrees in business awarded.

Using these three data points, we created our own “forecast” of the number of master's degrees in business over the past 30 years. When charted, our predictions followed, with reasonable accuracy, the trajectory of those degrees actually conferred, as seen in Figure 2.

We also charted the annual percentage change in the number of undergraduate business degrees awarded. Our tests of different macroeconomic variables, as they relate to the number of bachelor's degrees awarded, highlighted three general trends behind the variations:

■ A 1 percent increase in the number of high school graduates leads to a 0.6 percent increase in the number of business bachelor's degrees awarded four years later.

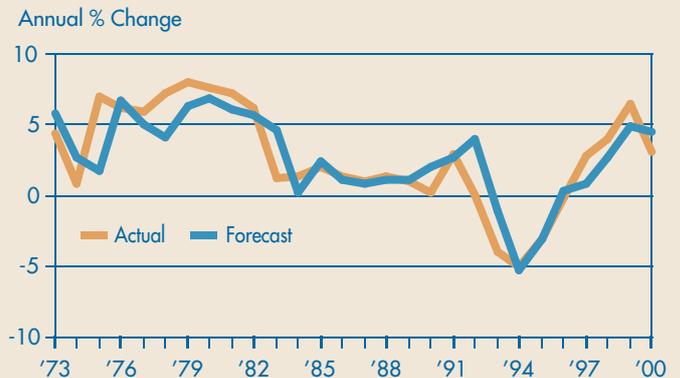
■ A 1 percent increase in the number of students entering undergraduate programs produces a 0.7 percent increase in the number of business bachelor's degrees awarded four years later.

■ A 1 percent increase in the unemployment rate results in a 0.2 percent *decrease* in the number of business bachelor's degrees awarded four years later.

These three findings also allow us to forecast the annual percentage change in how many bachelor's degrees in business will be awarded from year to year. We again created a forecast of the number of BBA degrees that should have been awarded, using these three data points. As depicted in Figure 3, our forecast follows the actual number of BBA degrees conferred almost exactly.

It's true that no one can predict when an economic downturn will occur. Our study found, however, that business schools *can* use past economic trends and graduation rates to predict, with some degree of accuracy, how many business students they can expect to graduate in a given year. One important predictor is the number of people already in the pipeline, via high school and undergraduate programs. In addition, as these data show, a rising GNP, an indication of a good economy, results in an increase in enrollments, while a high unemployment rate, an indication of a bad economy, results in a decrease. This indicates that students are more

**Figure 3 Annual Changes in BBAs in the U.S.**



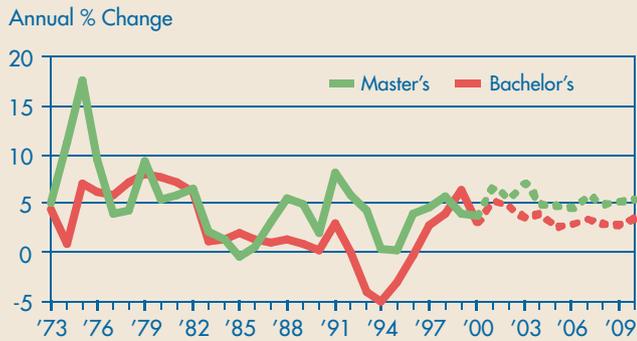
Using indicators such as the number of high school graduates, the number of students entering bachelor's programs, and unemployment rates, we can predict the number of bachelor's degrees in business that will be awarded. Because data on undergraduate degrees are relatively homogeneous, the forecast of the number of BBAs conferred is very close to actual numbers.

likely to enroll in business school, not to escape a bad economic outlook, but to take advantage of a good one.

### The Future of B-School Enrollments

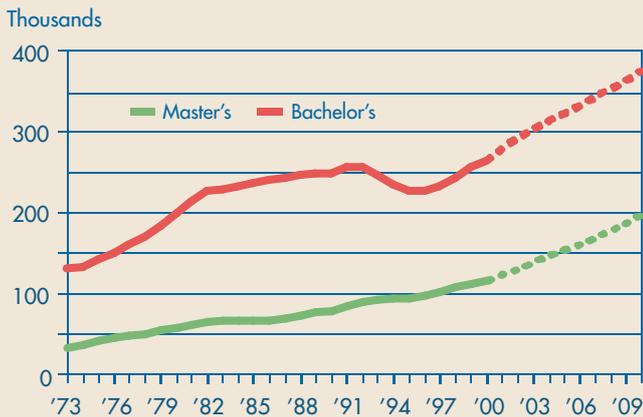
The findings of this study can be useful predictive tools for U.S. business school administrators. Using the data, we can project three interconnected inferences when we look at the number of bachelor's degrees in business each year. First, the ratio of undergraduate business degrees to the total number of undergraduate degrees will continue to rise. Second, the year-to-year percentage change in the number of undergraduate business degrees will fluctuate, dipping only slightly in

**Figure 4 Projected Changes in Business Degrees Awarded in the U.S.**



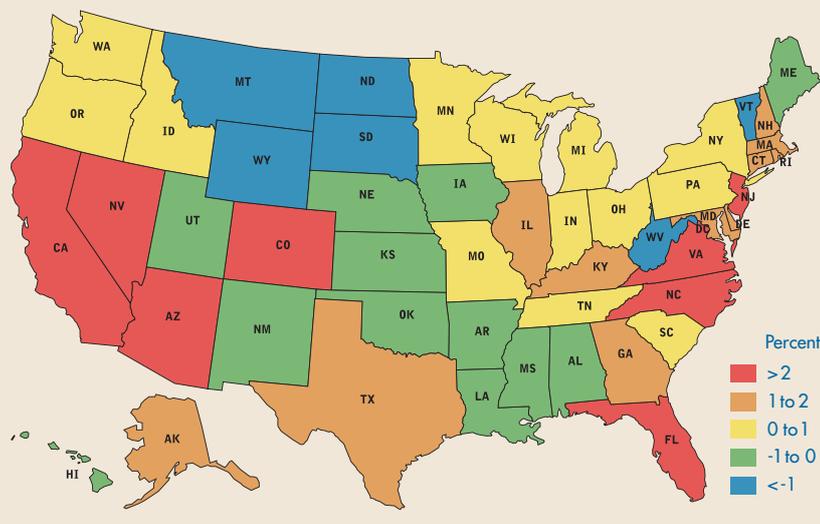
Relying on past trends as a guide, the annual percentage change in the numbers of bachelor's and master's degrees in business can be predicted to hold fairly steady through 2009.

**Figure 5 Projected Number of U.S. Business Degrees Awarded**



Past indicators show that the total number of degrees conferred in bachelor's and master's business programs will rise steadily through 2009, independent of economic factors.

**Figure 6 Future Numbers for U.S. High School Graduates**



The number of high school graduates in a given state is a helpful indicator of how many BBAs will be awarded four years later. Business schools located in high-growth states such as Virginia, North Carolina, and Florida are likely to see increases in the number of BBAs they produce by 2010. Those located in states with declining numbers of high school graduates, such as North Dakota and Montana, may see the number of BBAs they graduate decline.

2005 and 2009, as shown in Figure 4. Finally, the total number of undergraduate business degrees will steadily rise, reaching approximately 380,000 by 2010, up from approximately 270,000 in 2000, as shown in Figure 5.

Similarly, we can also apply our findings to business master's degrees, including degrees from all disciplines. We found that the number of people earning bachelor's degrees in business in the U.S. should increase by about 5 percent annually from 2005 to 2009; and that the total number of business master's degrees awarded in the U.S. should reach 200,000 by 2010. And when we compare growth rates for master's and bachelor's degrees in business, we see that, while the number of master's degrees conferred should grow at 5 percent annually for the first decade of the 21st century, the number of bachelor's degrees should grow at about a 3 percent rate over the same period.

Our forecasted numbers are projected nationally. There will be important regional differences that business school administrators should consider, especially in the number of high school graduates. The rate of change in the number of high school graduates—one primary indicator of changes in business school enrollments—will be different from state to state.

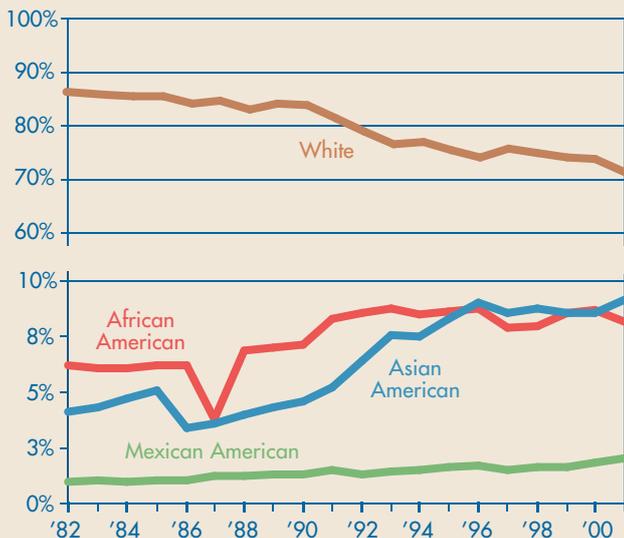
We found, for instance, that the U.S. government expects the number of high school graduates to fluctuate over the first decade of the 21st century. If a business school is located in one of the high-growth states such as Florida or Arizona, the projections should be adjusted upward.

However, if a business school is located in a state where the number of high school graduates is forecasted to decline, such as North Dakota or West Virginia, the projections should be adjusted downward.

It's interesting to note that the U.S. Department of Education recently produced its own projections for the number of undergraduates and master's students in business. Starting from roughly the same levels of enrollments in 2000 as our

forecasts, the Department of Education estimates that by 2010, there will be 280,000 undergraduates, well below our forecast of 380,000, and 120,000 master's students—again, well below our forecast of 200,000. However, using past economic data as a guide, our own forecasts followed actual enrollments for the last 30 years; therefore, we believe our forecasts should also hold for the next decade. The trends in upcoming years will be the test of both forecasting methodologies.

**Figure 7 Ethnic Diversity and the GMAT**



Incoming cohorts to business programs continue to become more diverse. Since 1982, the percentage of minorities taking the GMAT has increased, and the total percentage of test takers who are Caucasians has been less and less of a majority.

**Figure 8 Age of GMAT Takers**

Age Group	'82-83	'01-02	Change
22-23	24.5%	12.6%	- 11.5%
24-25	21.5%	16.6%	- 4.9%
26-27	15.0%	18.0%	+ 3.0%
28-30	14.5%	20.7%	+ 6.2%
31-34	10.9%	14.7%	+ 3.8%

The average age of those sitting for the GMAT has been on the rise since the 1980s. With people aged 28 to 30 now comprising the majority of test takers, business schools can expect an older, more experienced group of students entering their graduate programs.

## Who Are the Future MBAs?

So far, we have been reporting on the number of business master's degrees *awarded*. Business school administrators are likely to be more interested in the number of students *applying*. Therefore, institutions in the business school community could address this interest by collecting long-term data on MBA degrees alone, as well as on the number of business school applications schools receive over many years. Even so, we can shed light on future business school applications.

For instance, business schools still have work to do in encouraging more women to apply. The percentage of female candidates taking the GMAT is not keeping up with the increase of test takers overall. The percentage of women sitting for the exam has been declining, from a high of nearly 40 percent in 1996 to just under 37 percent in 2001.

Otherwise, however, diversity among business school applicants seems to be improving. The percentage of Caucasians taking the test has declined from a high of about 87 percent in 1982 to just over 70 percent in 2001. The percentage of African Americans and Asian Americans taking the test has held fairly steady at 8 percent to 9 percent from 1995 to 2001.

The average age of students enrolling in graduate business programs is also on the rise. There has been a significant drop in the number of candidates sitting for the GMAT who are 22 to 25 years old and an increase among those 26 to 34 years old. The largest increase has been among those aged 28 to 30.

## Much Room for Growth

Using econometric research techniques, we predict that, although there will be some year-to-year fluctuations, enrollments in U.S. undergraduate and graduate business programs will continue to grow for the rest of the decade. That trend is likely also to hold for business programs overseas. Business programs in many parts of the world are still in a "take-off" phase, taking advantage of a burgeoning interest in national and international business within their populations.

In the end, U.S. business schools may want to plan to serve a larger, more diverse, more veteran population than ever before. The econometrics applied in this study illustrate upcoming patterns of growth for the business school market—patterns that administrators can anticipate and leverage in the decade to come. **Z**

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# Technology

## Putting Finance into Practice

Villanova University's School of Commerce and Finance in Pennsylvania is the latest business school to add a state-of-the-art trading room to its technological arsenal. Built as part of the renovation of Villanova's Bartley Hall, the Villanova Applied Finance Lab (AFL) is equipped with 16 Dell workstations, three plasma televisions, ticker displays, and continuous data streams from Reuters and Bloomberg, as well as broadcasts from CNBC and CNN.

The \$450,000 trading room was funded by the university and will cost approximately \$45,000 per year to maintain. The university will work to raise an endowment to cover the room's annual costs, says David Nawrocki, AFL's director. In return, the room offers students an environment where students can "put classroom theory into practice," Nawrocki adds.

As a result of the new facility, Villanova has created a master of science degree in finance that is directly tied to the room's capabilities. The one-year program requires students to apply financial theory directly to real-world circumstances. In addition, the new lab has allowed the school to revive the Villanova Student-Managed Fund, which has been suspended for the last five years. The lab now provides the resources for undergraduates and MBA students to resume the active management of a student mutual fund.

## The '411' on RSS

A new trend is building on the Web—RSS. Depending on which technophile you ask, the acronym can stand for anything from Real Simple Syndication to Rich Site Summary. But no matter what you call it, its function as a veritable online hunter-gatherer of news, data, and information just may be one of the biggest boons to infor-

mation-beleaguered Web surfers since—well, since the Web itself.

RSS is an inexpensive, easy-to-use application that allows users to have headlines and other information from their favorite online sources gathered and fed directly into prepared displays on their own computer devices. Rather than having to "pull" information from the Web—that is, visit sites to search for news—users can have it "pushed" to them instead, delivered organized and customized to their interests. Users can update the display to download new stories and informational feeds as they are offered.

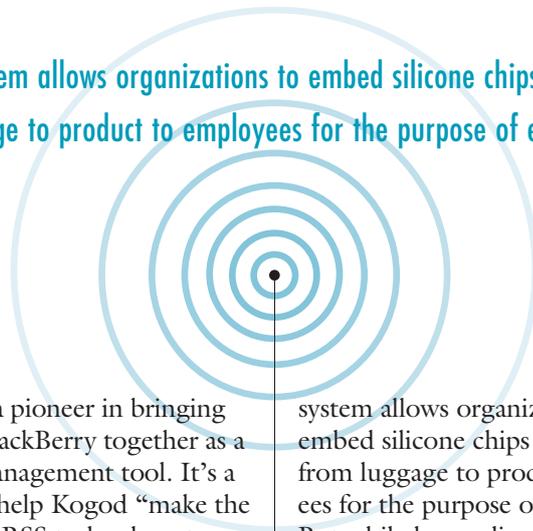
Available since 2000, RSS has only recently made its way to the business school campus. It promises to provide an efficient way for a b-school community to filter and assimilate the massive amounts of information that the Web generates.

American University's Kogod School of Business in Washington, D.C., is one of the first schools to adopt the RSS platform, defining the acronym as "Real Simple Streaming." To allow students to take full advantage of the information reader, the school has provided 300 graduate students with BlackBerry 7100t phones from T-Mobile USA. The phones use the RSS reader to access streams of content, including coursework, admissions information, job listings, and Kogod news. The BlackBerry phones and Web streaming will be fully integrated into the business school's program and infrastructure this year.

RSS has emerged as the "next big thing" in Web content publishing, says Robert Ranson, Kogod's director of marketing and communications. "We made the decision to build our new technology platform on RSS because we believe that



The RFID coding system allows organizations to embed silicone chips in everything from luggage to product to employees for the purpose of easy tracking.



streaming is going to shift the way people use the Web,” he says. Web users are switching from the “surf and search” model that requires readers to visit their favorite sites individually, to a more active media engine that alerts subscribers when new information hits the Web, he adds.

Students have access to 18 streams of Web content that are “actively pushed” to them through the RSS platform, including eight streams of Kogod news and information, two streams of admissions information, four streams of career services information, and four streams of academic information. New streams of information are also planned.

“Armed with RSS, we are going to bring business information to students in real-time,” says William DeLone, acting dean of Kogod. DeLone

sees Kogod as a pioneer in bringing RSS and the BlackBerry together as a information management tool. It’s a move that will help Kogod “make the leap into using RSS technology to advance the academic and operational processes within a business school.”

### IU Tackles RFID

**Radio frequency identification, or RFID, is** the latest technology to hit supply chain management and one that promises to become increasingly important to the discipline. Indiana University’s Kelley School of Business will introduce RFID content to its graduate and undergraduate curricula this fall, funded by a \$150,000 grant from Procter & Gamble Co.

A likely successor to the current bar code system, the RFID coding

system allows organizations to embed silicone chips in everything from luggage to product to employees for the purpose of easy tracking. But while bar coding must be read manually, RFID works automatically, from a distance via a wireless connection. With retailers like Target and Wal-Mart requiring their vendors to adopt RFID systems, it’s a technology that’s quickly becoming a priority for any business with a supply chain. And although privacy issues have been raised, hospitals are looking into RFID systems to track staff, patients and medications, while schools are investigating the technology to track students.

Last spring, the Kelley School built what its representatives call the first working RFID model at a U.S.-based business school. Designed pri-

## TOOLS OF THE TRADE

### Illuminate Live! Adds Interaction to Distance Learning

**With Web collaboration and online learning** becoming more prevalent in business programs, e-learning software provider Illuminate Live! Academic Version is designed to facilitate real-time interaction in virtual environments. Illuminate Live! simulates the face-to-face experience of the traditional classroom by adding live interaction to distance education programs and blended online/onsite course offerings.

Pennsylvania State University’s Smeal College of Business Administration in University Park has been using Illuminate Live! to support its online iMBA program since 2002. In addition, faculty can hold virtual office hours, interact in real-time with students on assignments, and present

just-in-time course material to groups of students located throughout the world. Students also can use its virtual group spaces for online collaboration or its record-and-playback feature to watch a previously recorded class asynchronously.

The program’s voice-over IP (VOIP) component, in particular, drew the school to the product, explains Rick Shearer, assistant director for instructional design and development for Penn State’s World Campus. “The product had to have integrated, high-quality VOIP technology, so our students wouldn’t need two phone lines or a high-speed connection,” Shearer says. In addition, the product works with PC and Mac platforms and is hosted

by Illuminate Live!, which frees the university from maintenance responsibilities.

Babson College also recently chose Illuminate Live! Academic Version for its Fast Track MBA program, which combines in-person and Web-based training. The program already used the Blackboard course management system for its online component. Using Illuminate Live!, Babson plans to expand its Fast Track MBA to include synchronous online interaction, says Tova Garcia DUBY, operations and e-platform manager for Babson’s Curriculum and Technology Group. “We are now using the program to make courses available to students who might otherwise not have access,” she adds.

For more information, visit [www.illuminate.com](http://www.illuminate.com).



marily for students in its MBA Supply Chain Academy, the model incorporates several types of systems, including antennas, electronic product code tags, and reading devices hooked to computers that store item information. Kelley has since launched courses in which students have experimented further with the systems—studying, for example, how products are moved from warehouse to retailer to shopping cart.

The new content is partly a response to a growing demand for RFID-savvy workers, says Ash Soni, chair of the department of operations and decision technologies at the Kelley School. “All indications are that RFID technologies will have revolutionary applications not only in supply chain management, but also in operations and management well beyond the obvious benefits we can identify today.”

#### DATA BIT

The U.S. Congress put the CAN-SPAM Act into effect in January of 2004, with the intent of reducing the amount of unwanted junk e-mails. Since then, however, spam has increased, comprising 80 percent of all e-mails sent, up from 50 percent to 60 percent before the law was enacted.

## ‘Academici’ Connects Academics

Academics worldwide now have a new tool to find like-minded scholars. Faculty at the University of Birmingham in the United Kingdom have created a global academic networking platform. The virtual network, Academici ([www.academici.com](http://www.academici.com)), is designed to be a networking tool for faculty to use to connect with their global colleagues.

Markus Vinzent, the H.G. Wood

Professor of Theology at the University of Birmingham and a founder of the project, explains that Academici is meant to address a central problem in academia—finding colleagues for collaborations. “It is always hard to find colleagues either on campus or internationally to develop joint projects or find conference speakers,” says Vinzent. The Web, he adds, is not set up to facilitate direct

personal contact.

Academici allows faculty to locate and contact their peers

by name, university, or academic area of study. “Faculty can use the virtual academy to find colleagues working in similar academic areas or to develop cooperative partnerships with universities, scholarly societies, and industries worldwide,” Vinzent says. “In this way, Academici offers the unprecedented opportunity for cross-fertilization between and across academic disciplines. It is a tool designed by academics for academics.”

Content on [www.academici.com](http://www.academici.com) is available in English, German, Spanish, and French. Basic membership to Academici is free. Premium membership—which includes features such as advanced searching functions and private messaging on the network—is available for free for a one-month trial period. After the trial, users can purchase a premium membership for a monthly fee of €5.95.

## NEWSBYTES

### ■ BARGAIN MAC

In a move to break into the low-end computing market, Apple recently introduced its “Mac Mini,” a no-peripherals-added computer for \$499. The new product is aimed primarily at home users, who must add their own keyboards, mice, and monitors. Analysts believe Apple’s mini Mac—along with its eMac, which costs around \$800—will help keep Apple from losing any more market share to the 100-pound gorilla in the industry, Microsoft. However, business users may still be tethered to their PCs until compatibility issues

between Macs and PCs are addressed, which will hinder Apple from making large inroads into Microsoft’s customer base.

### ■ NO PHISHING

A new plan is in place to thwart “phishers”—spammers who attempt to trick people into giving personal information by sending fake e-mails that seem to come from reputable companies. Microsoft, eBay, and Visa have joined forces to launch the Phish Report Network, whose purpose will be to gather all phishing reports and issue immediate

alerts of phishing scams to Network subscribers.

### ■ IN FOR AN UPGRADE

Carleton University in Ottawa has selected HP to design, implement, and manage its \$10 million campuswide upgrade of its network infrastructure. The enhanced network will deliver ten gigabit-per-second Ethernet performance and bandwidth, include 14,000 ports in 20 buildings, and provide 100 megabit-per-second desktop access. The project is expected to be completed by 2008.

## 'Pharming': A New Cyberthreat

Just when e-mail users are savvy enough to put metaphorical "no phishing" signs up on their computers, cyberthieves have devised yet another new scheme. Called "pharming," the new threat is even more menacing than phishing because it can dupe even the most vigilant computer users. Phishing requires users to click on a link in a fake e-mail and actively divulge information. Pharming, however, takes advantage of the Web's own address system to trick users.

Every Web site has a unique internet protocol (IP) address that is conveyed numerically—the IP address for [www.msn.com](http://www.msn.com), for example, is 207.68.173.254. Because numerical IP addresses are difficult for users to remember, the Web utilizes a domain name system (DNS), which automatically translates simpler word-based addresses into IP addresses for users.

Pharmers hijack this system by rerouting DNS information to fake Web pages. They do so either by infecting a user's computer with spyware (sent via an e-mailed virus) or through a technique called DNS cache poisoning, in which they break into DNS servers to reroute domain names. Unaware of the switch, users may believe they are visiting a familiar Web site when actually they've been diverted to a duplicate. Users may input their passwords, credit card numbers, and other sensitive information without realizing they are giving their information to sophisticated thieves.

So far, these attacks have been on lesser known Internet service providers, but



## WEBWATCH

### ■ CALLING ALL BLOGGERS

Young student entrepreneurs have another online resource to use to learn what it takes to start a business. AllBusiness.com, an online media and e-commerce company, has launched its AllBusiness Blog Center at [www.allbusiness.com/blog/](http://www.allbusiness.com/blog/). Billed as a "one-stop-shop" for entrepreneurs and small business owners, the Blog Center offers articles, forms, and tools that address real-world business questions. One Blog Center feature, called "Blogging My Business," allows entrepreneurs to share their day-to-day experiences in starting and managing a business. The site also



includes blogs on sales, marketing, management, and business law.

### ■ SOUTH AFRICA MBA

SURREAL, a South Africa-based online publisher, recently launched a web portal for the South African

MBA market. Located at [www.MBA.co.za](http://www.MBA.co.za), the Web site aims to educate prospective MBA students about MBA programs and business education. In

addition, the site's creators felt there was a dearth of information regarding programs in this part of the world. An objective for [MBA.co.za](http://MBA.co.za), they say, is to promote the South African MBA on a global scale.

security experts still recommend that users stay alert. They advise users to look for any variations in otherwise familiar Web sites, such as misspellings or misplaced graphics. In addition, users should make sure the domain name of any page that asks for personal information is preceded by "https://," which indicates it is secure; they should also look to the bottom of their browsers for a lock or key symbol and click on it to check who owns the security certificate. Users also can install a spyware detection program such as Spyware Doctor, in addition to antispam, antivirus, and firewall protection, to keep their computers secure.

Finally, those who are especially diligent may want

to stop using the domain names of their favorite banks and online retailers altogether. Simply visit [www.networksolutions.com](http://www.networksolutions.com) and click on the "Whois" link at the top of the page. This resource allows users to type in a specific domain name, hit search, and receive its registration information, including its numerical IP address near the bottom of the page. Those who type in [www.nytimes.com](http://www.nytimes.com), for instance, can locate its IP address, 199.239.137.245. Then, they can type the IP address into their browsers, rather than the domain name, to ensure the site they are visiting is genuine.

For more information about phishing and pharming, visit the Anti-Phishing Working Group at [www.antiphishing.org](http://www.antiphishing.org)—or the more wary can also reach its site at 208.254.36.106. **Z**

# Your Turn

by Chris Tilghman

## When I'm a Business School Dean....

As a student in the joint-MBA/Master's in Education program at Stanford, I received a wonderful education. Even so, as a recent graduate, I'm concerned about what happens next. Although most business schools do a great job of serving their students, they often falter when it comes to supporting their graduates for the long term. There often aren't enough programs aimed at the continuous learning of graduates throughout their careers.

If I ever become a business school dean, however, that will change.

When I am a business school dean, there will no longer be "alumni"—only lifelong students. My business school will support individuals *throughout* their business careers, from their first post-MBA job, through middle and senior management, into retirement, and beyond. Students will be engaged with the school as active learners and teachers during their 30s, 40s, and 50s, not just their 20s.

Whenever lifelong students face a moment of transition in their careers, the business school will be ready with a course, seminar, online resource, support group, club, and even a mentor to help them succeed. In return, students will support the school by participating in faculty research; advising faculty, students, and staff; and, of course, giving generous donations to support the career-focused mission of the school.

At some business schools, inklings of this lifelong orientation are already in place. Still, their focus

often remains on traditional two-year, one-year, and executive programs, with no holistic vision for lifelong service to their students' management *careers*.

Such graduate-oriented programs are becoming more critical to meet the needs of today's managers. After graduation, these managers must evolve to reflect the changes in the American and global economy. In the U.S., jobs are moving offshore. In the future, American white-collar workers will assume positions in multiple organizations, not just one or two. America's wealth and prestige—indeed, its economic leadership in the world—is based on brainpower, not economic brawn.

Brainpower is something that business students have in spades. But to be useful to society, brainpower must be paired with goodness. It must have time to form *judgment*. And good judgment can only be built over time, on a foundation of ethical reflection and ever-evolving knowledge. To believe that an institution can execute this task effectively in a two-year, one-year, or one-week moment in an individual's career is fallacy.

Let's take an imaginary business student—we'll call him Andy—and consider how he might interact with a business school. Let's say he finished his MBA program in 1984 and lives in the San Francisco Bay area. After the program, he took a job as a product manager for a medium-sized personal software company and rose to the position of director of marketing in four years.

In the early '90s, Andy left his first company to found a software venture with another MBA classmate. The pair sold the company after seven years of modest success. For the past

five years, Andy and his wife have worked at a nonprofit organization they founded to provide experiential learning environments in underperforming elementary schools. This project has been a great thrill for Andy, but now they've hired a new executive director. Andy is at a loss, wondering what his next step will be.

This is a transitional moment in Andy's career when he needs his business school the most. But since Andy completed his MBA program, his business school has been only a marginal part of his life. Yes, he loved his experience. He learned the basic functions of business and made some great friends. He had fabulous times attending his one-year, five-year, and ten-year reunions. Each year, Andy's school solicits him for a gift, and he dutifully writes the check. In fact, a few years ago, when the school had a major capital campaign, Andy dug deep and made a special gift that still gives him pride. And the school was exceedingly grateful. In fact, once a month, Andy receives an e-mail from school telling him about a faculty seminar or breakfast briefing happening on campus. The programs seem interesting, but forgettable, and he has yet to sign up for one. Andy has heard from other alumni that the career center has a counselor who deals with alumni transitions. Maybe he'll set up a meeting and get some coaching to plan his "next step."

Imagine, instead, this scenario: After Andy graduated from his MBA program, he spent a year traveling and then returned to the business school in the early fall for a one-day seminar on working in teams and transitioning into the workplace. In fact, that same seminar was available online. At his one-year reunion, he signed up for a software industry

networking group that students from the Class of 1981 had recently founded. In 1987, Andy participated in a six-week alumni study group on “data-driven branding analysis” sponsored by his school’s marketing faculty.

Then, when Andy made the transition from product manager to director of marketing, he took an intensive four-day seminar at his business school called “Making the Transition: From Small Groups to Large Ones.” In that seminar, he learned about leadership and the challenges of managing organizations of 50 people or more. When Andy made the leap into entrepreneurship to found his own company, he learned about a “new entrepreneurs” support group from the school’s entrepreneurship center—he stayed in that group for two years and continued to mentor a budding entrepreneur ten years his junior.

When Andy and his wife started their nonprofit, they attended a two-day program called “Establishing a Social Venture.” Afterwards, they kept in contact with the network of people they met there. Andy’s wife joined a monthly school-sponsored book club that reads titles about social change. Of course, Andy cheerfully writes his Annual Fund check each year, and thanks to some successful investments, is considering sponsoring a partial MBA student fellowship in the near future. As the new executive director took over his nonprofit, Andy already had found and signed up for a course on the business school’s alumni Web site called “The Next Step: When It’s Time for a Change.” He’s excited



**SOON, BUSINESS SCHOOLS WILL HAVE NO CHOICE—THE DEMANDS OF TODAY’S PROFESSIONALS WILL FORCE THEM TO HAVE AN ORIENTATION TOWARD LIFELONG LEARNING.**

—Chris Tilghman

about the future, ready for the next stage of his career.

When I become a business school dean, the experiences of my school’s graduates will be more like the second scenario than the first. Alumni will rely on the school as much as it relies on them. They’ll have access to courses and course materials online. They’ll belong to “alumni” clubs—clubs of lifelong learners—that host study groups, mentoring programs, and courses. In a best-case scenario, a system of reciprocity would be in place among many business schools, so that their mutual doors would be open to each others’ students for local learning opportunities throughout a lifetime.

In my business school, graduates will still be *students*. They will have opportunities for learning, with programs and resources geared to their specific needs and interests in early-, mid-, and late-career. Most important, older graduates will be not only lifelong students, but also guides and mentors for younger managers with their long journeys still ahead.

All of this sounds great in theory, of course, but how do we actually get there? When I am a business school dean, I first will propose a department-by-department review of current activities with the goal of

reallocating some resources to lifelong learning programs. I will encourage all departments to direct their missions outward, as well as inward, to develop ways to extend their programs to students and graduates of all ages. I will seek challenge grants from major philanthropic organizations like the Kresge and Ford Foundations, as well as from some of the business school’s forward-thinking graduates.

Finally, I will consider scaling back the MBA program’s offerings. I think many MBA students would agree that their educational experiences are almost too rich in their current incarnations. MBAs simply cannot do all of the things that they would like—or even need—to do in only two years. They can’t even come close. In fact, MBA students probably would not suffer from a reduction in offerings. Instead, they would probably be grateful to know that they don’t have to compress everything into two years, and that their academic relationships with their schools will continue throughout their careers.

I realize that I’m not a dean. I’m an outsider when it comes to administrative matters. But as a student, I could observe the mismatch between many business schools’ time-limited approach to education and the lifelong learning needs of their students.

Soon, business schools will have no choice—the demands of today’s professionals will force them to have an orientation toward lifelong learning. When I’m a business school dean, my school will be ahead of the curve. **Z**

Chris Tilghman recently graduated from Stanford Graduate School of Business and Stanford School of Education in California with an MBA and master’s of education.

# Bookshelf

There are five ways to fuel strategic growth in your business, say Rita Gunther McGrath and Ian C. MacMillan in *MarketBusters*. You can transform customers' experience; transform your offerings; redefine profit drivers; exploit industry shifts; or enter new markets. The authors

offer step-by-step advice about how to succeed at each of these levels so that, by the end of the book, they've accumulated 40 strategic moves that business owners can follow to drive growth. Their advice is common-

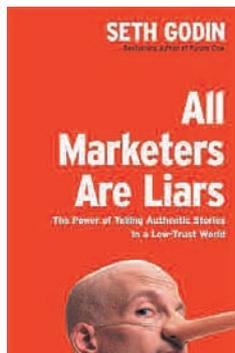
sense, eminently understandable, and shored up with plenty of recognizable—and sometimes fun—examples. For instance, in the chapter on transforming your attributes, they suggest breaking up traditional market segments to appeal to a particular group heretofore unidentified—such as teens and young adults who are obsessed with music. “We guess that most readers of this book will not be up on the latest in such products as navel rings styled to resemble those of the wearer's favorite singer, but you heard it from us: The segment is large and willing to spend money,” they write. The book's format makes it easy for readers to gauge where they could make changes in their own businesses—and how likely they are to succeed. (Harvard Business School Press, \$26.95)

“Thanks to outsourcing and computers and increasing manufacturing quality, it's easier than it's ever been to get something made, shipped and stocked,” writes Seth Godin in *All*

*Marketers Are Liars*. “What's difficult—really difficult—is figuring out what's worth making and then telling a story about it.” According

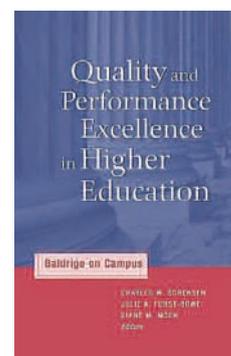
to Godin, people buy products, join churches, and vote for candidates because they accept the “stories” presented by these entities and because these stories match biases and opinions the consumers already hold. The marketer's task is to determine how to tell his story so it appeals to a group that's ready to hear it. But unless his story is true, the marketer will ultimately fail, and Godin provides a number of grim examples of companies whose lies to the public brought their stories, and their products, crashing down. Godin is always both thoughtful and engaging, and his chatty book is full of useful nuggets of information. (Portfolio, \$23.95)

What do students really want? And are today's universities providing it? Those questions are addressed in *Promoting Reasonable Expectations* by Thomas E. Miller, Barbara E. Bender, John H. Schuh, and associates. When undergraduates' expectations of college life most closely match their actual experiences, they're more likely to be satisfied—but their expecta-



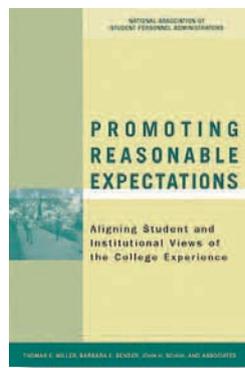
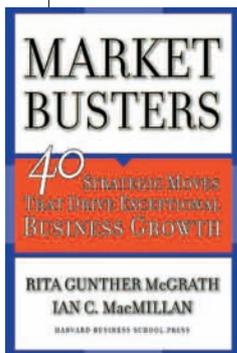
tions are based on a complex melding of socioeconomic background, educational aspirations, motivation, and ability. A decade's worth of research from the College Student Expectations Questionnaire and the College Student Experiences Questionnaire, along with other research tools, has helped the authors draw some key conclusions. Today's students are technologically savvy, are still deeply connected to and dependent on their parents, and have plenty of discretionary income. They want to be in environments that allow them to use computers and cell phones, communicate with their families, and shop. Schools not only must work to form students' expectations so they are realistic, but also must understand what students consider essential—and provide it. (Jossey Bass, \$36)

School administrators interested in how to implement Malcolm Baldrige National Quality Award criteria will find case studies collected in *Quality and Performance Excellence in*



*Higher Education*, edited by Charles W. Sorensen, Julie A. Furst-Bowe, and Diane M. Moen. The categories in which quality is judged are

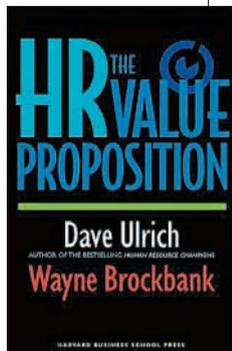
leadership; strategic planning; student, stakeholder, and market focus; measurement, analysis, and knowledge management; faculty and staff focus; process management; and organizational performance results. The book reviews six colleges and



## “This is a complex book. It could be subtitled *HR NOT FOR DUMMIES.*”

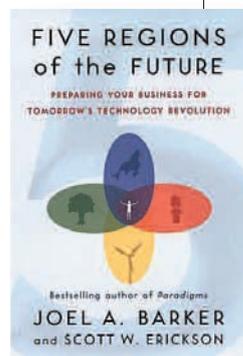
universities that are “pioneers in the effort to adopt a new dynamic approach to academic and administrative excellence.” Profiled are the University of Wisconsin-Stout, Monfort College of Business at the University of Northern Colorado, New Mexico State University-Carlsbad, National University in California, Northwest Missouri State University, and Western Wisconsin Technical College. Both the University of Wisconsin-Stout and the Monfort College have won Baldrige Awards, and all the schools have important stories to share. (Anker Publishing Company, \$39.95)

As the population ages, more older individuals stay in the workforce. On the plus side, these workers are highly experienced and generally flexible in scheduling; on the minus side, they’re often less technologically savvy than younger workers and more stubborn in thought and behavior patterns. To harness the immense potential of older workers, HR professionals must understand demographic trends and how to exploit them. It’s only part of the complex puzzle facing HR professionals who want to be a key part of the strategic planning at their corporations and essential members of the management team. In *The HR Value Proposition*, Dave Ulrich and Wayne Brockbank lay out the criteria HR professionals must meet if they are to create value for their companies and prove how critical they are to their companies’ survival. HR pro-



professionals must understand what the various stakeholders want, how their own services can contribute to the bottom line, how to align themselves with the marketplace, and what forces are shaping the business world today. “This is a complex book,” the authors admit. “It could be subtitled *HR Not for Dummies.*” Yet it offers a wealth of information as well as concrete ideas for putting HR at the heart of the organization. (Harvard Business School Press, \$35)

It’s hardly a secret that technology is reshaping the world, but how it’s doing so and what the effects will be are given a fascinating new slant in *Five Regions of the Future* by Joel A. Barker and Scott W. Erickson. The authors believe that technology constantly evolves and adapts, much like natural ecosystems—but at a much faster pace. Thus, they’ve divided technology into five “ecology” categories, each of which is mutating rapidly in response to human manipulation. The Super TechnEcology, the Limits TechnEcology, the Local TechnEcology, and the Nature TechnEcology all intersect to create the Human TechnEcology region at the core. The authors provide a barrage of details about the advocates, the products, and the applications of each kind of technological region—and how they might influence the sectors of transportation, medicine, housing, and communications.



While the authors offer whimsical looks at the possible future from each of these geographical regions, their real purpose is not to forecast, but to make readers more thoughtful. “As citizens of this new world, we all need to begin to think more systemically,” they write. “Our technologies are bigger than our nations. We need to understand the consequences of that.” (Portfolio, \$24.95)

While writing *The Book on Management* might seem to be fairly ambitious, University of West Florida professor Bob Kimball puts together a highly readable discussion of the topic from many angles. He points out that many people in managerial positions really don’t know how to do the job. “Inexplicably, most organizations appear to assume that individuals promoted to management already know everything they need to know,” he writes. “They don’t.” He offers a primer of business basics, from a review of false business assumptions through tips on effective time management through best practices in hiring and firing. A string of intriguing chapters dissect great business books of the past—William H. Whyte’s *The Organization Man*, Laurence J. Peter’s *The Peter Principle*, Michael Maccoby’s *The Gamesman*, and Mark McCormack’s *What They Don’t Teach You at Harvard Business School*—using them to show how attitudes toward the workplace have gradually but comprehensively altered in the past 50 years. Kimball is a bit of a maverick, and he quotes rock groups and movie scripts as well as business gurus, but he’s informative as well as entertaining. (Best Business Books, \$22.95) **Z**

# Spotlight

## A Learning Community

Martin J. Whitman School of Management  
Syracuse University  
Syracuse, New York

**The Whitman School of Management at Syracuse University** celebrated two new additions this year. In January, it welcomed its new dean, Syracuse and Whitman alumnus Melvin Stith. In April, it dedicated its new 160,000-square-foot facility that houses 22 classrooms, 74 faculty offices, 40 meeting rooms, a 200-seat auditorium, and a video-conferencing and distance-learning studio. This building also holds the Cole Accounting Lab, Ballentine Investment Institute, and Couri Hatchery for entrepreneurial startups.

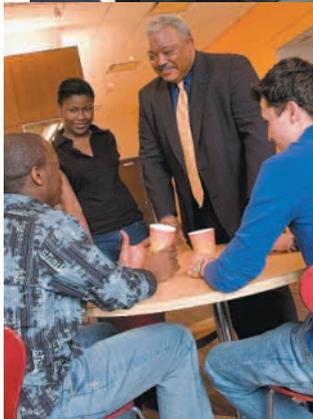
Whitman offers undergraduate, masters, and doctoral degrees in business. Each program is designed to give students flexibility in their education. For example, students in Whitman's full-time, part-time, and online MBA (iMBA) programs not only can choose the track that best suits their needs, but they can change from one to another if their needs change mid-program. "We didn't want to erect artificial barriers," says Stith. "If a full-time student has a family emergency and needs to switch to part-time, or if an iMBA student wants to move to full-time, he or she can transition seamlessly."

Entrepreneurship is also a cornerstone of Whitman's mission. Through its Department of Entrepreneurship and Emerging Enterprises (EEE) and Falcone Center for Entrepreneurship, Whitman offers an undergraduate major and minor, an MBA concentration, and a Ph.D. program in the

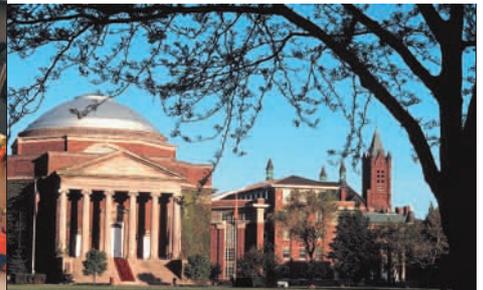
discipline. The school also publishes two entrepreneurially focused journals, the *Journal of Developmental Entrepreneurship* and the *Journal of Entrepreneurial Finance and Business Ventures*.

"Entrepreneurship is one of our core strategic objectives," says Stith. "We try to weave entrepreneurial thinking throughout our courses." For example, all freshmen at Whitman take a course that teaches entrepreneurial thinking. They continue their entrepreneurial studies through their senior years, when they form teams to create an original idea for a business and present that idea to a panel of judges.

In January 2003, the school launched its Creativity, Innovation, and Entrepreneurship (CIE) Learning Community to infuse entrepreneurship throughout the school's culture. CIE includes a themed dormitory that accommodates 72 students; their living experience includes guest speakers, innovation contests, monthly recognition



**Above:** Undergraduates in one of Whitman's residential learning communities. **Left:** Whitman dean Melvin Stith with undergraduate students at the Olsten Cafe, a gathering place in the school's new facility.



Syracuse University's main campus

for creativity and innovation—even movie nights featuring films with entrepreneurial themes.

That entrepreneurial spirit may begin at home, but the school also works to share that spirit with its local and global community. The Falcone Center, for example, started its Syracuse Entrepreneurs Bootcamp and Women Igniting the Spirit of Entrepreneurship (W.I.S.E.) to help prospective entrepreneurs in Central New York. Likewise, EEE has started two new programs. Its South Side Entrepreneurial Connect project works to support small businesses on Syracuse's South Side. EEE also will conduct its six-week Entrepreneurship and Empowerment program in South Africa this summer, in conjunction with the University of Cape Town. In the program, Whitman students will spend six weeks advising South African entrepreneurs.

Michael Morris, the Witting Chair in Entrepreneurship and chairman of EEE, explains that the purpose of CIE is to create a learning environment that instills an entrepreneurial spirit throughout the university. "We want to create a highly entrepreneurial living and learning environment for students from the moment they arrive as freshmen," says Morris. "We want it to be about breaking with tradition, exploding the box, and discovering how creativity, innovation, and entrepreneurship can be critical vehicles for individual self-empowerment and growth." **Z**