

BizEd

FOCUS ON FACULTY

JULY/AUGUST 2007

The Exciting Journey
of Travelocity's
**Michelle
Peluso**

**Innovative
Business
Educators**

**Redesigning
the MBA**



BizEd Contents

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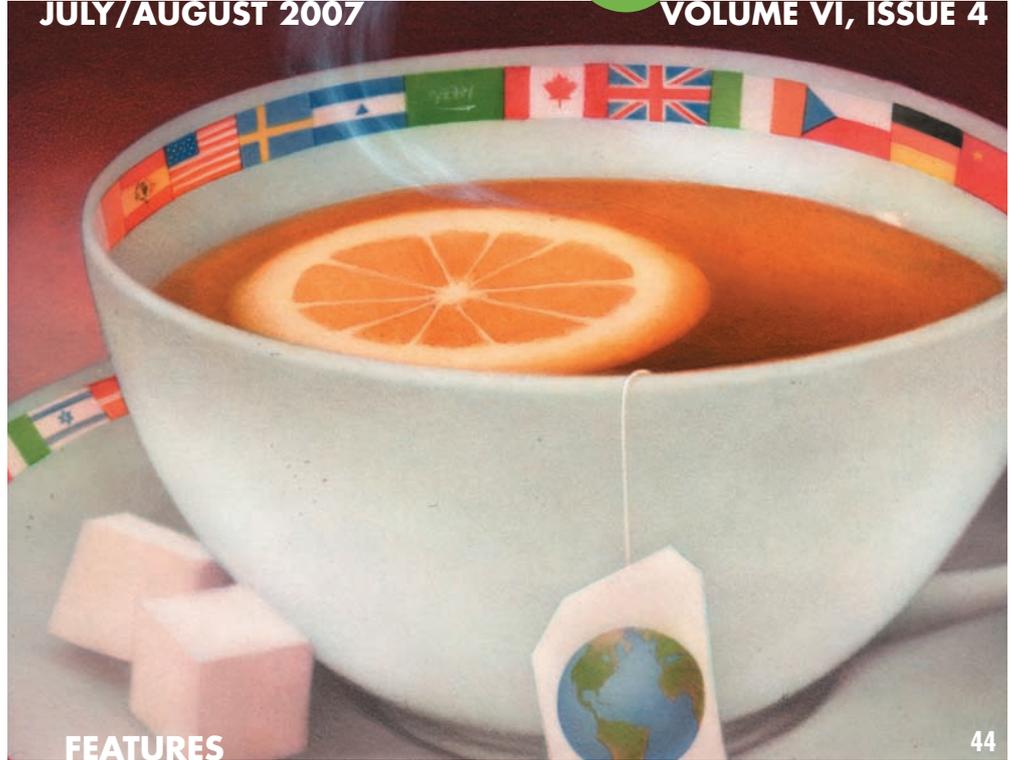


22



64

DEPARTMENTS



FEATURES

44

- 6 From the Editors
- 8 Headlines
- 58 Research
- 64 Technology
- 68 Your Turn
- 70 Bookshelf
- 72 Calendar
- 74 Classifieds
- 80 Spotlight

- 16 **Destination: CEO**
Travelocity's Michelle Peluso infuses the travel business with an entrepreneurial spirit.
- FOCUS ON FACULTY:**
- 22 **Teaching Outside the Box**
Four business professors find new ways to engage students and innovate in the classroom.
- 32 **The Scientist and the Sage**
by James Bailey and Roy Lewicki
It's time for business schools to realize that superb teaching is as important as top-notch research.
- 38 **A Dean's Life**
by Richard Klimoski
What can professors expect if they become deans? Lives of commitments, sacrifices, and rewards.

- 44 **Global Immersion**
Educators examine the ways that globalization will affect the scale and scope of business education in emerging and established markets.
- 50 **Repositioning Your MBA**
by Thomas Moore
Northeastern University rebuilds its business curriculum around the needs of its clients—the corporations that partner with the school and hire its students.
- 52 **The Immersive MBA**
by D. Sudharshan and Paul Jarley
At the University of Kentucky, a streamlined program revitalizes the business curriculum and delivers a degree in 11 months.

Cover photo:
Patrick Harbron

From the Editors

Cutting Classes

When a friend asked if I wanted to sign up for a “knife skills” class at a local culinary institute, I hesitated. I’ve been using knives for years, and I still have all my fingers. As far as I was concerned, I was a pro. Still, I eventually found myself at a table with 15 other knife skills aspirants. We looked expectantly at the instructor, a knife salesman with wisdom to impart and horror stories to tell.

Before the class ended, the instructor had us cutting like chefs. He taught us the proper three-point chopping technique and how to cut a loaf of bread without smashing it. We learned how to carve a turkey into symmetrical slices, create tomato rosettes, and cut basil into decorative spirals (roll the leaves into tubes first, *then* chop). I hadn’t known there were so many ways to improve upon my slicing and dicing skills. In the days following the class, I began to think of new ways to cut other foods. My epiphany occurred with a red bell pepper. Instead of cutting it into my usual awkward chunks, I realized I could cut the top off cleanly, remove the innards in one swoop, and cut the pepper into elegant rings. Better yet, it took me half the time.

That’s when teachers can know their lessons have long-term impact—when their students not only learn a new skill, but take what they’ve learned and use it in new ways.

Business faculty, too, are developing more effective and engaging ways to teach long-lasting lessons on a larger scale. In this issue’s article “Teaching Outside the Box,” we’ve spoken to four professors who are finding new ways to spark learning, using everything

from technology to philanthropy to community outreach. For Deborah Streeter, the Bruce F. Failing Senior Professor of Personal Enterprise at Cornell University, the best business classes are filled with “teachable moments”—moments that open students’ minds to new modes of thinking.

When I say a teacher taught me “cutting-edge skills,” I mean it quite literally. Professors like Streeter, however, want to teach their students cutting-edge skills of a different sort. These professors, like so many others, measure their success not just by what students learn today, but by how well students use these lessons to adapt to what business throws at them tomorrow. 



BILL BASCOM

Lucia Bisson

Headlines

After the Tragedy

Following the April tragedy on the Virginia Tech campus in Blacksburg, an outpouring of sympathy and grief has eased staff and students back into academic life. Richard E. Sorensen,

On a more personal level, he notes, "I think I received e-mail from everyone I served with on an accreditation committee for the past five years. I was overwhelmed by the generosity."

In the April massacre, thirty-two students and faculty lost their lives to a gunman who then killed himself. While no business school students were killed in the shootings, one was injured; and accounting professor C. Bryan Cloyd lost his daughter, Austin, an international studies student.

The Hokie Spirit Memorial Fund has been established to help pay for victims' assistance, grief counseling, memorials, and other expenses. Donors may also contribute to the Hokie Spirit Scholarship Fund or to funds in the name of each of the victims. The board of AACSB International has voted to donate \$10,000 to the Spirit Fund and an additional \$10,000 to the College

of Engineering Scholarship Fund. Information about the victims, the funds, and the responses of other schools can be found at www.vt.edu/remember.

In the wake of the shootings, says Sorensen, the business school is considering ways to make its own building more secure. At the university level, the school is investigating ways to improve physical security as well as ways to send text messages

directly to students' cell phones to make communication instantaneous.

Sorensen believes that, to weather any kind of crisis, a school needs a strong management team in place to help the community handle the media, deal with grief, and maintain a sense of purpose. "The most important part is developing an administrative team that works together and has confidence in each other, so that when things like this happen you can gear up to do things that you would never have imagined you would do," he says. Sorensen, a 25-year veteran of Virginia Tech, says other key administrators at the school have worked together long enough to "develop collaborative and close interpersonal relationships that allowed us to work together when the unthinkable was happening."

Choosing an EMBA Program

When working adults are selecting an executive MBA program to attend, the top five factors they consider are quality of the faculty, reputation of the school, program format, quality of classmates, and location, accord-

Resources Students Consult

Admissions process	8.00
Information session	7.97
Campus visit	6.30
Alumni	7.37
Program Web site	7.07
Current student	7.02
Program brochure	6.30
Virtual information session	5.25
Program CD-ROM	3.89

All factors rated on a ten-point scale.



Virginia Tech students mourn at a makeshift memorial on the Blacksburg, Virginia, campus.

dean of the Pamplin College of Business, has expressed his gratitude to schools from all over the world that have shown solidarity with Virginia Tech. Some schools held services; some invited their own students to sign petitions and banners; some collected money to donate to special funds and scholarships.

THE STUDY ALSO SHOWED THAT EMBA STUDENTS HAVE HIGH EXPECTATIONS FOR THEIR CAREERS. STUDENTS EXPECT THAT THEIR SALARIES AT THE END OF THE PROGRAM WILL BE 23 PERCENT HIGHER THAN WHEN THEY STARTED.

How Students Select an EMBA Program

Quality of faculty	9.11
School reputation	8.88
Program format	8.65
Quality of classmates	8.61
Location/geographic setting of campus	8.45
Curriculum/class offerings	8.31
Rankings	8.07
Global content	7.58
Strength of alumni network	7.12
Integration of technology	7.02
Strength in a particular functional area	6.61
Class size	6.48
Total cost (tuition and fees)	6.39
Admissions process	6.26
Strength of elective offerings	6.09
Career services	5.87

All factors rated on a ten-point scale.

ing to the results of the first Executive MBA Council Student Entry Benchmarking Survey. The council launched the survey in late 2006 to discover what students consider when looking at programs, their expectations of programs, their information-gathering processes and their perceptions of the admissions process. Approximately 1,379 new students from 36 member programs responded to the survey.

Results showed that 35 percent of students in EMBA programs considered applying one to six months before they wanted to start classes. The top six factors students weighed when considering a program were the same top factors that influenced their decision to apply: colleague/friend; alumni/current

student; school Web site; school information session; rankings; and employer. The influence of both rankings and the school Web site decreased by 8 percent as students moved from considering a program to applying.

The study also showed that EMBA students have high expectations for their careers. Seventy-five percent expect to take on new responsibilities at their offices while enrolled in an EMBA program. Forty percent expect to be promoted while enrolled, and 59 percent expect to be promoted after they complete the program. Students expect that their salaries at the end of the program will be 23 percent higher than when they started.

These figures can be compared to those derived from the 2006 Executive MBA Council Student Exit Benchmarking Survey. In that survey, about 43 percent of students were promoted, and salaries increased by 20 percent.

While EMBA programs can be expensive, 66 percent of students entering programs expect to be partially or fully reimbursed or sponsored by their employers. Students predict that it will take 52 months to recoup their personal investments, while employers sponsoring students expect payback to take 28 months. By comparison, participants in the Student Exit Benchmarking Survey reported that the average payback period was 47 months for students and 23 months for employers.

Competing for Sustainability

Business plan competitions that focus on everything from technology to entrepreneurship are common on campuses around the world. A new theme, sustainable international business, has recently emerged and was the focus of three competitions held in the U.S. in the spring. Two were won by international competitors.

A team from Peking University in China took home the inaugural Sustainable Technology Award at the international McGinnis Venture Competition. The event was hosted by the Donald H. Jones Center for Entrepreneurship at Carnegie Mellon's Tepper School of Business in Pittsburgh, Pennsylvania. The team's business, Dr. Seed LLC, aims to help impoverished farmers in China with a technology that improves seeds by increasing crop yield, improving the crop's resistance to drought, and reducing the incidence of seed-borne diseases. Other awards



Students from Instituto de Empresa show off the crowns that proclaim them 2007 Global Champions of Sustainable Innovation.

Headlines

THE SOCIETAL LEADERSHIP PROGRAM IS DESIGNED TO GIVE STUDENTS A HANDS-ON OPPORTUNITY TO DEVELOP LEADERSHIP SKILLS BY TACKLING COMPLEX SOCIAL ISSUES FROM A BUSINESS PERSPECTIVE.

at the McGinnis competition recognized students for innovation in technology and life sciences.

A team of MBA students from Instituto de Empresa in Madrid, Spain, took the top prize of \$20,000 and earned the title “2007 Global Champions of Sustainable Innovation” during the Sustainable Innovation Summit held by the Thunderbird School of Global Management in Glendale, Arizona. Ten teams competed to develop innovative and sustainable business concept plans that addressed real-life challenges faced by Johnson & Johnson and Merck & Co. Inc. Merck asked students to develop opportunities for the company to shape the healthcare landscape in China and India, and Johnson & Johnson asked students how the company could provide its high-tech healthcare solutions in emerging and developed economies at an affordable price.

At the Kenan-Flagler Business School of the University of North Carolina at Chapel Hill, the sec-

ond annual Sustainable Venture Capital Investment Competition required students to apply venture capital skills to assess business for the “triple bottom line”—financial profitability, environmental integrity, and social equity. Playing the role of venture capitalists, MBA students from eight schools interacted with real entrepreneurs and developed investment strategies they pitched to real venture capitalists. A team from Northwestern University won the competition, while students from the University of Michigan won the “Entrepreneurs’ Choice” award as the team that most impressed the entrepreneurs.

■ Tuck Program for Societal Leadership

Next year the Tuck School of Business at Dartmouth in Hanover, New Hampshire, will introduce a new societal leadership program designed to give second-year MBA students a hands-on opportunity to



develop leadership skills by tackling complex social issues from a business perspective. The program will include a yearlong elective course dedicated to a critical societal issue. It also will establish a collaboration between Tuck students and Dartmouth undergraduates performing research and analysis through the new Paganucci Fellows Program.

Students will spend the fall and early winter studying an issue in the classroom and the late winter and spring involved in experiential project-based learning. Subject matter will include input from the incoming first-year class and will culminate with second-year coursework and projects. Dartmouth students who are awarded Paganucci Fellowships will dedicate a summer to researching and synthesizing information about the issue in question, with the option of continued work at Tuck throughout the following academic year.

The inaugural course, debuting this fall, will focus on microfinance as a vehicle for alleviating global poverty. For more information, visit mba.tuck.dartmouth.edu/paganucci.

Nine Schools Achieve Accreditation



Tsinghua University in Beijing has become the first Chinese business school on the Chinese mainland to earn accreditation from AACSB International. It's one of nine schools from four countries that earned initial accreditation in business from AACSB this spring, which raises to 549 the number of institutions that have earned AACSB accreditation.

In addition to Tsinghua, the newly accredited schools in business are Helsinki School of Economics in Finland; the University of Illinois at Springfield; North Georgia College and State University in Dahlonega; Queens University of Charlotte in North Carolina; Sejong University in South Korea; Shenandoah University in Winchester, Virginia; Sonoma State University in Rohnert Park, California; and the University of Wisconsin-River Falls. Nicholls State University in Thibodaux, Louisiana, which previously achieved business accreditation, has earned accreditation in accounting.

SHORT TAKES

NEW APPOINTMENTS

■ The Ohio State University in Columbus has named **Joseph A. Alutto** interim executive vice president and provost. Alutto is dean of the university's Max M. Fisher College of Business. Alutto assumed his new role in July when the current provost, Barbara R. Snyder, left to become president of Case Western Reserve University. **Steve Mangum**, senior associate dean for academic programs of the Fisher College, has been named acting dean of the business school.

■ **Dennis W. Draper** has been named the new dean of Loyola Marymount University's College of Business Administration in Los Angeles. The appointment is effective August 1. Draper is currently the director of the Center for Investment Studies and associate professor of finance at the Marshall School of Business, University of Southern California. He succeeds John Wholihan at Loyola, who is retiring after serving as dean since 1984.

■ The Monfort College of Business at the University of Northern Colorado in Greeley has appointed **Timothy Jares** to a one-year term as interim dean. The previous dean, **Joe Alexander**, has accepted a position as associate dean and senior professor of performance excellence at the Jack C. Massey Graduate School of Business at Belmont University in Nashville, Tennessee.

■ **Ronald A. Johnson** has been named the next dean of the College of Business at Western Carolina Uni-

versity in Cullowhee. Johnson most recently held the JP Morgan Chase Chair in Finance in the Jesse H. Jones School of Business at Texas Southern University. Johnson will replace Leroy Kauffman, dean of the WCU College of Business since 2003, who will return to the faculty.

■ **Albert N. Link** has been selected to serve on the United Nations' Economic Commission for Europe. Link is a professor of economics at the Bryan School of Business and Economics at The University of North Carolina at Greensboro.

■ **Anthony B. Sanders** has joined the W.P. Carey School of Business at Arizona State University in Tempe as the Bob Herberger Arizona Heritage Chair and professor of finance.

■ **Louis E. Lataif**, dean of Boston University's School of Management in Massachusetts, has been named the first Allen Questrom Professor and Dean of Management. The deanship has been permanently endowed by a \$4 million gift from Questrom, former chairman of the board and CEO of J.C. Penney Company Inc., Neiman Marcus, and Federated Department Stores Inc.

■ The University of Maryland's Robert H. Smith School of Business in College Park has appointed **Hugh G. Courtney** to Management and Organization Professor of the Practice. The title is reserved for faculty demonstrating excellence in the practice of specific fields, as well as leadership in those fields.

■ The United States Association for Small Business and Entrepreneurship has elected **Heidi Neck** to its Board of Directors for 2007–2009. Neck is assistant professor of entrepreneurship at Babson College in Wellesley, Massachusetts.

■ **Mansour Javidan** has been elected to the board of Business for Diplomatic Action, a nonprofit group whose mission is to improve the standing of America in the world. Javidan is a professor and director of the Garvin Center for the Cultures and Languages of International Management at Thunderbird School of Global Management in Glendale, Arizona.

■ Cranfield School of Management in England has appointed **David Grayson** director of the newly established Doughty Centre for Corporate Responsibility. The center was made possible by a major donation from Nigel Doughty, Cranfield alum and co-founder of the private equity firm Doughty Hanson & Co. Doughty has made a £3 million commitment to fully fund the center for the next five years and to set up a trust fund to provide funding for subsequent years.

■ **Bruce White** has been appointed to the board of directors of the Institute for Certification of Computing Professional Education Foundation. He is chairman of the information systems management department in the School of Business at Quinnipiac University in Hamden, Connecticut.





WHERE BUSINESS & TECHNOLOGY INTERSECT

CASE STUDY 3: BETHLEHEM, PENNSYLVANIA

Great minds think alike ... except when they don't. That's the challenge facing leaders in both industry and academia as they look to innovate supply chains and stake their claim in the global marketplace.

By bringing together leading minds in business and engineering, Lehigh's Center for Value Chain Research is forging the next generation of industry / university alliances to tackle supply chain challenges. Learn more at www.lehigh.edu/integration.



■ **Barbara Flynn** has been named the new director of Indiana University's Center for International Business Education and Research (CIBER). Flynn is a professor of operations management at the Kelley School of Business's Indianapolis campus.

■ The MBA Roundtable has appointed **Carleen Kerttula** as its full-time executive director. Kerttula most recently served as assistant dean for the full-time MBA program at the University of Minnesota.

HONORS AND AWARDS

■ An international case writing competition has been won by **Mike Russo**, the Charles H. Lundquist Professor of Sustainable Management at the University of Oregon's Lundquist College of Business, and **Dan Goldstein**, a former graduate business student at the school in Eugene. They collaborated on researching and writing "Seventh Generation: Balancing Customer Expectations with Supply

Chain Realities," which won the international 2007 oikos Sustainability Case Writing Competition sponsored by the oikos Foundation at the University of St. Gallen, Switzerland.

■ **Patric Hendershott** has received the David Ricardo Medal from the American Real Estate Society (ARES). Hendershott is visiting chair in the real estate program of San Diego State



University's College of Business Administration in California.

■ **Peter Lorange** has received the International Academy of Management's award for his outstanding academic career and his contribution to teaching and research. Lorange is president of IMD in Lausanne, Switzerland. He plans to step down in 2008 after more than 13 years in the position.

■ **Roland Rust** has received the 2007 Cutco/Vector Distinguished Marketing Educator Award from the Academy of Marketing Science. Rust is chair of the marketing department and David Bruce Smith Chair in Marketing at the University of Maryland's Robert H. Smith School of Business in College Park.

■ **Oliver E. Williamson** has been named a 2007 Distinguished Fellow of the American Economic Association. Williamson is the Edgar F. Kaiser Professor of Business Administration and a professor emeritus of business, economics, and law at Haas School of Business at the University of California, Berkeley.

COLLABORATIONS

■ The **University of Maryland's** Robert H. Smith School of Business in College Park has entered into a strategic partnership with the Management Development Institute in India and the University of International

SHORT TAKES

Business and Economics in China to jointly deliver a Global Consortium MBA program. The two-year, full-time program, which launches in 2008, will simultaneously draw students from the United States, China, and India.

■ **Thunderbird School of Global Management** of Glendale, Arizona, has announced several new partnerships and programs in Asia. The school is teaming with Soochow University in Taipei, Taiwan, to offer a dual degree program that

will allow students to earn an MBA from Soochow and a Master of Global Management from Thunderbird.

Thunderbird also is launching a program that allows its MBA candidates to study for a trimester at Tsinghua University in Beijing, China.

■ Beginning this fall, graduate students from China and Europe will be able to earn MBAs from the **University of North Carolina** at Greensboro. The Bryan School of Business and Economics has signed new agreements with the European Business School in Paris and the Shanghai Shenwei Management Consulting Company China in collaboration with the Management and Economy Center at Shanghai University.

GIFTS AND DONATIONS

■ The Farmer School of Business at **Miami University** in Oxford, Ohio, has been the beneficiary of two recent gifts. PricewaterhouseCoopers LLP

has announced its continued support of the university's Campaign For Love and Honor with a \$1.1 million commitment that will establish a new endowed chair position for a faculty member in accountancy. The commitment will be matched by \$400,000 from a leadership gift pledged in 2005 by Richard T. and Joyce B. Farmer and the Farmer Family Foundation. A \$2 million gift from Jim and Amy Miller Chapman will provide new capital funds for a new building for the Farmer School. The new 200,000-square-foot building is currently under construction and scheduled for occupancy in 2009.

■ The **University of Toronto's** Rotman School of Management has received \$50 million from the Province of Ontario as part of the province's 2007 budget. The funding will

enable the school to construct a building that will host its newly established Centre for Jurisdictional Advantage and Prosperity and provide space to expand the school's graduate programs by half. An additional \$10 million in government funding has also been allocated to the project, while a further \$60 million will be raised from private donations to match the total government funding. The Centre for Jurisdictional Advantage and Prosperity will study how jurisdictions become magnets for companies to start up and grow and for individuals to live and work.

■ Charles M. Harper, retired chairman and chief executive of ConAgra Foods, has given the **University of**

Chicago Graduate School of Business one of the largest cash gifts in its history. In recognition of the gift, the business school building on the university's Hyde Park campus has been named the Charles M. Harper Center. Harper has requested that the amount of his gift not be disclosed.



■ The College of Business at **Northern Arizona University** in Flagstaff has received a \$25 million "transformational" gift from William A. Franke. Franke is managing partner of Indigo Partners and former CEO of

America West Airlines and other Arizona-based companies. The gift, the largest in the university's history, will be used for scholarships, faculty development, and program development in what will become known as the W.A. Franke College of Business. Franke is especially interested in recruiting and retaining underrepresented and first-generation students in the business college.

■ The **University of Ottawa's** School of Management in Ontario has received a pledge of \$25 million from Ian Telfer, alumnus of the school and chairman of Goldcorp Inc. The gift is the largest in the history of the university. In his honor, the school will be renamed the Telfer School of Management. Most of the money will be invested in endowments that support programs, students, faculty, and other school priorities. Later this year, the Telfer School of Management will move into the new state-of-the-art Desmarais Building, named for the generosity of the Desmarais family.



■ BB&T Corporation has made a gift of more than \$1 million to the **University of North Carolina in Wilmington** to establish the Moral Foundations of Capitalism program within the Cameron School of Business. The gift will establish the BB&T Student Managed Investment Fund, which will provide annual proceeds to fund the BB&T Global Capitalism Lecture Series, the BB&T Institute for Global Capitalism and Ethics, and several additions to the curriculum focused on teaching the moral underpinnings of capitalism.

■ The J. Mack Robinson College of Business at **Georgia State University** in Atlanta has received a \$5 million pledge from entrepreneur and alum Carl R. Zwerner. The money will be used to construct an auditorium that will be part of the proposed Georgia State University Business and Law Professional Center.

OTHER NEWS

■ The **Lille School of Management** in France has announced plans to open a new campus in the Gulf Region.

The school is currently considering The United Arab Emirates, Bahrain, or Qatar as possible

locations for the campus, which it hopes to launch within the next two years.

■ **Groupe Sup de Co La Rochelle** in France has just launched the La Rochelle Business School of Tourism in partnership with the University of Angers and the University of Côte d'Opale in France and the University of Quebec in Montreal, Canada.



Executive Decision

“At CCA we look for the kind of leadership qualities that are the foundation of a Massey graduate education. We value the ability of those with a Massey MBA or MACC to weave analytical thinking with ethical decision making.”

John D. Ferguson,
President & Chief Executive
Officer, Corrections Corporation
of America



■ The Wharton School of the **University of Pennsylvania** in Philadelphia has announced the establishment of the Lewis Platt Doctoral Fellowship in Business Ethics. The fellowship was created in memory of alumnus Lewis Platt, former CEO of the Hewlett-Packard Company and chairman of the Boeing Company. It was made possible by support from Platt's widow, Joan Platt, and the Hewlett-Packard Company Foundation, as well as a gift from the Boeing Company and individual gifts from fellow alumni and friends.

■ The **James S. Kemper Foundation** is seeking nominations for its 2007 Ethics Award, which will be given to an undergraduate ethics program related to business and organizational leadership. Programs at all not-for-profit colleges and universities must be nominated by September 15. More details are available under “See What’s New” at www.jskemper.org.

■ **Reims Management School** in France has launched a campaign to raise €3 million (a little over \$4 million in U.S. dollars) over the next three years. The funds will go toward establishing more than 200 new scholarships, creating new chairs, and enhancing diversity.

■ **Brian M. Barefoot**, president of Babson College in Wellesley, Massachusetts, has announced his intention to step down from the presidency on June 30, 2008.



■ **City University** in Seattle, Washington, has changed its name to City University of Seattle as part of a comprehensive rebranding initiative that began

15 months ago. In addition to the new name, the university has rearticulated its mission and vision, and it is launching a new advertising campaign and Web site. **Z**

Destination: CEO

**Travelocity's
Michelle Peluso
relies on an
entrepreneur's
enthusiasm
to run one of
the Internet's
most successful
commerce sites.**

by Sharon Shinn



Although *Travel Agent Magazine* once named her “Technology Person of the Year,” Michelle Peluso doesn’t consider herself an IT guru. “Everyone knows my technology team should have won that award,” says Peluso, the president and CEO of Travelocity, which is based in Southlake, Texas.

Nonetheless, the 35-year-old entrepreneur has certainly proved she knows how to use technology to transform the travel industry. In 2000, Peluso launched Site59, a Web site for last-minute travel deals, an enterprise that allowed her to combine her love of travel with her desire to run her own business. When Site59 was acquired by Travelocity two years later, Peluso was brought on board as senior vice president and later made COO. In 2003, she was named CEO. Since then she has masterminded Travelocity’s expansion into Europe and become a vigorous champion of customers’ rights.

The work has paid off. Before Peluso was named to the top spot, Travelocity had lost its position as the third-largest Internet commerce site behind Amazon and eBay. Under her leadership, the company has seen steady growth, including a recent gain of 31 percent over the previous year. In 2006, Travelocity generated total global revenue of \$1.1 billion by booking \$10.1 billion in gross travel. Peluso utilizes technological advances to offer customers better, more personal service that keeps them loyal to the Travelocity brand—and keeps Travelocity profitable. No wonder the company’s “roaming gnome” mascot looks so happy.

Given her background, it’s no surprise that Peluso thrives in the fast-paced, high-pressure world of online travel. Her father and grandparents were entrepreneurs, and she made her first trip to Russia at the age of 15. After earning an undergraduate degree at the Wharton School, Peluso deferred her business career to obtain a master’s degree at Oxford University in economics, philosophy, and politics. Still seeking varied experiences, she spent time as a consultant and a White House Fellow before launching Site59.

Her travels and curiosity about the world have also driven her commitment to various charities and nonprofits. While at Wharton, she ran BRIDGES, a mentoring program that paired Wharton undergrads with West Philadelphia schoolchildren. More recently, she has joined the boards of directors for TechnoServe, which helps entrepreneurial people in poor rural areas of the developing world, and Christa House, a Long Island home for people with AIDS. Peluso also manages to find time to speak at business schools, sharing insights into management and her delight in mastering its challenges.



Technology tools are constantly changing, and they're being applied in different ways by different companies. To teach in that context, schools might have to get closer to the **real world**, with businesspeople leading case study discussions.

When Travelocity first began in 1996, was it risky to think people would turn to the Internet to book travel?

It was. The category of travel has a lot of meaning in people's lives, and it's also a very high-ticket item. In 1996, those brave few souls who came to Travelocity—who were not Travelocity employees and relatives!—were cutting-edge. But they benefited by putting control of the travel experience back in their own hands. Instead of trusting an agent to show them options, they could see all of the available flights, all of the hotels, all of the prices. Now hundreds of millions of customers from around the globe have followed those first consumers.

What emerging technologies are likely to affect the way you run the business?

First, we'll provide richer information. When consumers come to a site like ours, they want to scroll through photos and videos and put themselves right in their destinations. Flash content and integrated tools are part of the next generation of technology.

Second, we have to pay attention to how relationships on the Internet are changing. Up until now, most relationships have been hierarchical, meaning one person has been transacting with one company. New technology is enabling what are almost horizontal relationships. For instance, a customer can read what other consumers are saying about a destination or a hotel. They can post their own feedback and reviews for others to scroll through. This whole notion of user-generated content is very powerful, whether that content is created by blogs, community sites, or user reviews.

We're building our third prong of technology improvements around relevance and personalization. If we have consumers who travel to Orlando several times a year, we have to make sure that, when they come to our home page, they're seeing relevant ads. If they've bought an air ticket to Orlando, we have to make sure we're not showing an ad about a hotel in Vegas. If we have customers who like to take ski trips, we need to offer them subscriptions to newsletters about ski deals and other ski-related information.



What can business schools do to make sure they and their students can keep up with the rapid pace of technological change?

Technology isn't like an accounting class where the core concepts are going to stay the same. Technology tools are constantly changing, and they're being applied in

different ways by different companies. To teach in that context, schools might have to get closer to the real world, with businesspeople leading case study discussions.

These days, a variety of factors have combined to make air travel a somewhat unpleasant experience. Planes are crowded, security checks are intrusive, ticket prices are climbing. What do you see as the future of travel, and how will Travelocity's strategy align with or drive that future?

I foresee a number of changes. First, we have to give consumers more and better information as they're making their travel purchases. We're testing the market for ways to show on-time percentages and lost baggage percentages by carrier. Right now, we can tell customers when there are only three seats left in a certain fare class, so they know to buy their tickets immediately if they see a good deal. We can tell customers where there are certain amenities or services available to help them make their buying decisions.

Second, through our Customer Championship philosophy, we've taken greater accountability for the travel experience itself. If we find out a flight's delayed, we send customers an alert to their mobile phones or Blackberries. We let them know if there's a gate change so they don't go to the airport and park at the wrong terminal. We let them know if severe weather is affecting their destination or if the pool is closed at their hotel. We'll send them proactive alerts before they travel so we can adjust their plans if any of these issues are important to them.

Through Customer Championship, we are saying Travelocity's role doesn't end at the time of booking; it ends when the trip is over. Part of our mission is to use our technology to make sure that the travel portion of people's experience goes well.

A new trend in travel is an awareness of the environmental impact of a trip. Travelocity now advertises "environmentally friendly" airplane tickets. What do these entail and why are they important to you?

We're all passionate about travel here, and we think travel makes the world better, but we also want to make travel sustainable. If consumers want to offset the carbon from their flights, we offer them the chance to make a donation to a nonprofit that plants trees. We're also funding grants for people who are traveling to do good in the world, like helping with cleanup after Hurricane Katrina or going to work in an orphanage in Cambodia. We fund a couple of those grants every quarter. It's our way of saying, "Travel has given us a

lot, and we want to give back to honor the magic and power of travel.”

You’re a third-generation entrepreneur, and you probably knew a great deal about entrepreneurship before you even thought about business school. What were some of the key lessons you learned from your family about running your own business?

You really have to be passionate about it, because entrepreneurship is all-consuming. You wake up in the middle of the night thinking about whether you can pay your bills the next week. It’s also important that you do it for the right reasons. I learned that you become an entrepreneur because you want to build a great business over the long term, not because you think you can get rich quick.

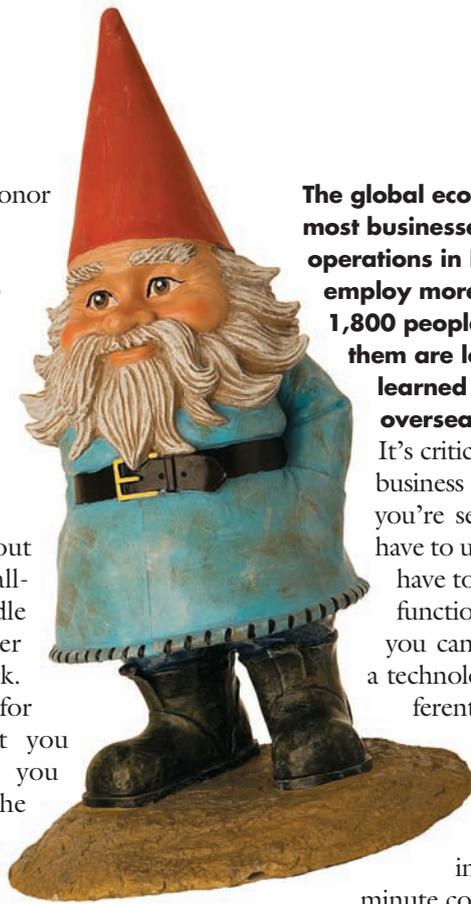
I also learned that you have to put your employees first. Any time you’re asking someone to start a company with you, you’re asking for a Herculean effort. You’re asking the new employees to take a risk. You’ve got to make sure you’re focused on their career paths, and you have to get obstacles out of their way. Having a strong sense of your employees pays really good dividends.

What did business school teach you about entrepreneurship that you never could have learned at home?

It showed me how to work in teams of people with different skills. And of course, it taught me the business basics—financial modeling, accounting, marketing, statistical analysis, strategy—the core principles of being a good business leader.

What can business schools do to help students think like entrepreneurs?

I work frequently with Wharton, and I’ve always been impressed by what the school does in terms of competitions. They give students a real-world perspective on what it takes to write good business plans, how to develop an elevator pitch, and what kinds of questions they might get from venture capitalists or bank managers. I think any real-world experience is exciting for students and has true applicability for their careers.



The global economy has had a profound impact on most businesses, including Travelocity, which has begun operations in Europe and Asia-Pacific. In addition, you employ more than 5,000 employees and utilize about 1,800 people in call centers, and more than half of them are located outside the U.S. What have you learned about doing business as you expanded overseas?

It’s critical to have a sense of what it takes to operate a business or motivate a team country by country. When you’re setting up a business in another country, you have to understand the local market dynamics. You also have to have a good sense of what should be a global function versus what should be a local function. If you can realize a significant cost benefit by building a technology launch globally as opposed to having different technology in every region, that’s great. But you have to be very clear about what parts of the launch can be tailored to local needs and what can’t.

Across the countries where we operate in Europe, we have the same brand, called last-minute.com. The identity and the framework are similar from country to country. But we always include some local adaptation for specific promotions and specific markets.

How can business schools make sure students are prepared to be international executives?

Some business schools now mandate that students get at least some study abroad experience, and I’m a huge fan of that. I think it’s a rare business that, going forward, will be U.S.-only. It’s critical for business leaders to have a better sense of the global economy, because they will probably need to source from other countries or hire talent from other countries or develop operations abroad. At the same time, the markets are so connected. What happens in the Japanese stock market affects the U.S. stock market, and they’re both affected by what goes on in China.

Schools need to offer case studies of companies that have been successful in Europe and Asia and Latin America. They need to help students recognize that being an effective leader requires understanding the global context.

Your master’s degree from Oxford is in economics, philosophy, and politics. How did such a degree, one that isn’t strictly business-related, change the way you think and the way you view the world?

What philosophy and politics teach is the notion of historical

Business schools are structured to make you think through an equation. "If X and Y, then C." A philosophy education teaches you to ask, "Well, why X in the first place?"

precedents and how important they can be when you're making decisions. Philosophy also is very good at making you challenge the inputs of any situation. Business schools are structured to make you think through an equation. "If X and Y, then C." A philosophy education teaches you to ask, "Well, why X in the first place?"

It was helpful for me to acquire this background that encouraged me to be a deeper thinker. I gained tremendous experience and enjoyed living in a different country. Attending Oxford certainly made me a much more well-rounded international businessperson.

You've said you enjoy being a female entrepreneur who acts as a mentor to other women. What kinds of lessons do you try to impart to those you mentor?

I make sure the people I mentor, men *and* women, are very thoughtful about their careers and willing to take risks. If I'm mentoring someone who's been a marketing executive for a long time and her ultimate aspiration is to run a company, I will push her really hard. If she's faced with different opportunities, I'll say, "Turn down that marketing promotion and go for the operations role. If you really want to be a general manager, broaden your experience, even if it means less money or a lesser title." I push people to take risks and accept critical jobs that no one else wants.

When I meet with the people I mentor, I ask them to bring case studies from their lives, examples of times they either witnessed a situation or were in charge of a situation that didn't go very well. We'll dissect it together. I'll ask, "What else could you have done? What could your boss have done?" I try to arm them with different approaches to problems.

Also, when I mentor people, I work hard to broaden their stylistic range. All of us have a natural style. Maybe you're someone who's very agreeable and reliable. That's great—you don't want to lose the fact that people can count on you. But when you're a business leader, you may have to lay somebody off or give someone a bad performance review. If you're going to evolve, you need to learn how to speak up, how to be tough, how to slam your hand down on the table and shock everybody when you're in the middle of a difficult negotiation.



CHRISTINA HEJNERMUND

Peluso meets with business students at the Tandy Executive Speaker Series sponsored by the Neeley School of Business at Texas Christian University in Fort Worth.

You've also mentioned that you like to fill your organization with people who are smarter than you are. How do you find those people?

To begin with, you have to be ruthlessly honest with yourself about what you are and are not good at. I'm not a native technologist, so it's critical to the organization that I have people on staff who are much more capable in technology than I am. Our COO, Tracey Weber, is extremely smart operationally. She can take almost any complex problem and break it down into

how to solve it and how to execute the solution. I look for smart people when I'm hiring for any position.

What skills and characteristics do you look for when you're interviewing new MBAs?

I want people who demonstrate a passion for the industry, who seem really motivated, and who can demonstrate that they've successfully managed their way through tough challenges. I look for people who are emotionally steady, because we work in a dynamic environment with constant change. I also want people with integrity.

Finally, I look for people who I think will be great managers of other people. Even when I'm considering them for entry-level jobs, I ask myself, "Is this the kind of person I can see managing a team?" If the answer is "no," I probably wouldn't hire the candidate, even if I thought he'd be good at this particular job.

Three years ago, *Wall Street Journal* ranked you No. 4 on its "Women to Watch" list. If people are watching you in the next three years, what will they see?

I hope they'll see that, with my leadership, Travelocity has become the best place for people to work. I hope it will be staffed by a team of passionate superstars who love to come to work every day. I also hope Travelocity will be powering the world's best travel experiences.

I define my success in part by my professional goals, but I hope I also have success in my personal goals. I'm very involved in a couple of nonprofits, and I'd like to continue to make meaningful contributions to them outside of the day job. That's what I hope people will see. **Z**

Teaching the Box **Outside**

Four professors share their thoughts on **transforming** the business classroom — and how they hope business schools will support their efforts.

by **Tricia Bisoux**

Business professors don't need to be told that their classrooms are changing. In most cases, they're the ones making the changes. Whether they're creating multimedia supplements, designing memorable lesson plans, or leading global excursions, business faculty have seen their traditional teaching roles expand to include mentoring students, facilitating consulting projects, and inventing completely new approaches to education.

Four such professors have spent years cultivating their philosophies and strategies for the business school classroom. They're more than willing to share their favorite lessons, and their students are eager to describe the impact these lessons have had on their educations. From their descriptions, it's clear that all four view their classrooms as environments for interaction, creativity, exploration, and reflection. More important, they view themselves as innovators, with their schools as their biggest supporters and their students as their greatest motivation.

“I brought in guest speakers, but that wasn’t enough. I wanted to have on tap a virtual panel of experts that I could call on at a moment’s notice, even if it was only to speak for a few minutes on a boring topic, like interpreting financial statements.” —Deborah Streeter

‘Wake Up Your Students!’

Deborah Streeter

Bruce F. Failing Senior Professor of Personal Enterprise
Department of Applied Economics and Management
College of Agriculture and Life Sciences
Cornell University
Ithaca, New York

Scott Belsky says that his undergraduate entrepreneurship class with Deborah Streeter was an eye-opener—literally. “Professor Streeter teaches self-awareness in entrepreneurship, as well as the instinct to know the questions you need to ask yourself,” says Belsky. “We learned that entrepreneurship is as much about leadership and self-awareness as it is about business.” Belsky, who graduated from Cornell in 2002 with a bachelor’s degree focused on economics and entrepreneurship, is now fittingly the CEO of his own New York-based consulting company, Behance, which helps professionals spur their own creative ideas.

Just how does a professor teach self-awareness? It’s not easy, but Streeter gave herself an advantage. She conceived and designed eClips, a searchable online database of more than 6,000 digital video clips, which feature in-depth interviews with entrepreneurs, venture capitalists, and employees of startup companies. She uses those interviews to weave professionals’ personal insights throughout the course and help students develop their own.



Streeter got the idea for the database 20 years ago, when she wanted to create a stronger link between her classroom and real-world business. “I brought in guest speakers, but that wasn’t enough,” Streeter explains. “I wanted to have on tap a virtual panel of experts that I could call on at a moment’s notice, even if it was only to speak for a few minutes on a boring topic, like interpreting financial statements.”

Streeter integrates eClips video into her class discussion via PowerPoint slides and assignments. She also creates eClips “listening lists” for students on particular topics and invites them to create lists of their own. The large database allows her to choose just the right speaker to address particularly challenging topics.

In fact, students found eClips so useful, they suggested that Streeter make it accessible to everyone. In response, last year she created a public Web site, eclips.cornell.edu, which urges professors to use the video clips to “Wake up your students!” Students and faculty from 70 countries and 800 universities now take advantage of the massive database and Streeter’s own suggestions for ways to use the videos effectively in business courses.

In many traditional business courses, students too often complete coursework and *then* speak to executives, participate in internships, or complete a project. Spontaneous interaction between the classroom and the business world is often missing, Streeter believes. Through eClips, Streeter works to integrate the two areas into “a common space. I wanted to create some chemistry to make those two worlds collide.”

In March, Streeter won a 2007 Olympus Innovation Award for eClips, an award bestowed by the tech company Olympus and the National Collegiate Inventors and Innovators Alliance (NCIIA). Streeter is proud of the recognition, but acknowledges that the creation and maintenance of eClips requires work. She estimates that the project takes as much as 40 percent of her time outside the classroom. However, the university views her database as her scholarly contribution because of its educational value. “I made a tradeoff between my research life and eClips, but I’ve been able to do that because of my university’s support,” Streeter says.

For Belsky, Streeter’s efforts have been well worth it. “I thought eClips added a strong dose of reality to the class and allowed Professor Streeter to integrate a ‘protagonist’ into any class discussion,” he says. “Real-life video clips add context and examples to business courses. I think knowledge really takes hold when students are engaged and can see for themselves the relevance of what they’re learning.”

Stay in Touch With Industry

Yew Kee Ho
Associate Professor of Accounting
National University of Singapore
Business School
Singapore



Yew Kee Ho

Yew Kee Ho of the National University of Singapore admits that accounting isn't the most exciting topic, but he believes its implications on business are profound. Ho's primary challenge, he says, is to find ways to breathe life into the topic, making it immediately applicable to what students are learning.

"Accounting has to be taught from a student-centric perspective," says Ho. "I need to help them visualize the role accounting will play in their future careers."

In his corporate finance course, for example, Ho asks students to view all their decision making in terms of "options," much as they would view a financial option regarding any contract or investment. To illustrate his point, he walks students through a decision between taking an additional honors year in school and entering the job market, using a simple tree diagram. The exercise shows that while an additional academic year presents a short-term cost in terms of lost salary, it promises a greater long-term return in knowledge, skills, and career choices.

Lin Weiling, one of Ho's students, counts this lesson among the most valuable of her undergraduate business education. "Professor Ho taught us that decisions should not simply be made at face value for the short term," says Weiling. She now uses Ho's decision-making process in her work as a management consultant at Shell Eastern Petroleum. "When oil prices are volatile and events in one country have ramifications in another, investment decisions have to be considered very carefully. I've appreciated the ability to identify and propose key recommendations that allow the company to buy an 'option' to best position the business."

Ho wants to accelerate his students' learning process through such "live case studies" with which students can immediately identify. Whether it's a topical case he has written or examples he brings from his experiences in corporate consulting and executive training, Ho does all he can to "inject realism into the class," he says. "Such practical cases get the students' attention."

One of Ho's favorite assignments stems from a court case for which he was an expert witness. "I give them the series

of questions I was expected to answer in the case. The students then produce a consultant report to represent the client in court," says Ho. "It's fun, but students struggle to deal with complex issues and present them in an understandable manner in a court of law."

Lin Weiling, BBA '06, management consultant for Shell Eastern Petroleum in Singapore



of questions I was expected to answer in the case. The students then produce a consultant report to represent the client in court," says Ho. "It's fun, but students struggle to deal with complex issues and present them in an understandable manner in a court of law."

Ho also works extensively with local charities, serving as the chairman of the audit committee of a local hospital; as a member of the investment committee for the Singapore Anti-Tuberculosis Association; and as the treasurer of Singapore's Boys Brigade, an organization that provides educational opportunities to young boys. For Ho, charitable work isn't just philanthropic; it's also vital to his teaching. He writes new cases based on his experiences, on everything from one charity's "hand-to-mouth" approach to cash flow management, to another's lack of good financial reporting, to yet another's efforts to keep its stakeholders satisfied. Through his cases, he wants students to see more than one side of moneymaking.

Not to mention, he adds, that students respond well to cases that have a charitable bent. A dry topic like project evaluation, for example, is normally about numbers and calculations; when students see this topic at work in a charity-based case, they can appreciate its social and nonquantitative dimension. They realize that "simply making a profit isn't everything. It's making *sustainable* profit that's important," says Ho. "I want them to know it's possible to achieve objectives with a certain degree of social consciousness."

Weiling emphasizes that Ho's own real-world experiences were essential to her engagement in his course. "Most business schools are well-equipped to impart theoretical models to students. However, many lack the industrial connection," she says, emphasizing that Ho's use of live cases and industry-related projects enhanced her own understanding of industry. "It would be helpful if, like Professor Ho, more professors sought out the practical training that we lack," Weiling adds.

Ho, of course, is a champion of faculty involvement in real-world business. "Business professors must have credibility. They cannot teach the students how to do business if they haven't done it themselves," he says. "The danger in today's business school is that professors might end up being 'armchair generals' who haven't done what they are trying to teach."



Michael Imanuel Scheelhardt,
student in Copenhagen Business
School's masters in management
of innovation and business
development program

Make Room for Inspiration

Francisco "Jay" Bernardo
Professor of Entrepreneurship
Asian Institute of Management
Makati City, Philippines

"Inspiration walks" aren't standard educational fare in business school, but they are in Jay Bernardo's course. Bernardo, a professor at the Asian Institute of Management, asks his students simply to go outside, take a walk, and think, just to see what ideas come to them. "Teaching entrepreneurship forces the professor to become as much a facilitator of knowledge as a source of knowledge," says Bernardo.

For Michael Imanuel Scheelhardt, who attended AIM as an exchange student last year, the inspiration walk was a revelation. "Professor Bernardo wanted to inspire students to think of a new business concept that potentially could be applied to the market," says Scheelhardt. "To me, the notion of wandering around to be inspired, to come up with a commercial idea, was a great way to train us to be creative." Not only that, says Scheelhardt, but Bernardo also emphasized that inspiration comes as much from failure as from success. "He taught us that a crisis or fearful experience can be a source of opportunity," says Scheelhardt.

In his classroom, Bernardo relies a great deal on what he calls "live case methodology." In addition to walking for inspiration, he asks students to think about something as common as a cell phone in different ways. "Imagine this cell phone is a mall," he asks his students. "What possibilities do you see?" That kind of approach gave Scheelhardt what he calls his "Eureka moment," when he learned to take an established product and reassemble it in a new context. "It was innovation in practice," he says.

Bernardo sees the tools for classroom innovation all around him. They may be cell phones, field trips to Asian companies, or projects of his own nonprofit foundation, LET'S GO (Leading Entrepreneurs Toward Sensing Global Opportunities), which he created to help lift Filipino youth out of poverty.

His work with LET'S GO often serves as a perfect educational backdrop, as his MBA students participate in the foundation's projects. In EntrepAsia, AIM students and faculty travel to several locations throughout Asia to learn the realities of business. AIM's finance faculty, alumni, and students also work with LET'S GO director Mau Bolanteo in the "Fun-ance" project to develop games that teach finance to would-be entrepreneurs in ways that make the topic fun and fresh.



Francisco "Jay" Bernardo

"My students really get into the spirit of these projects, wanting to discover, learn, and experience the outside world," says Bernardo. "They want courses that will show them something new."

Through his travels with EntrepAsia, exchange student Carlo Calimon says he was made acutely aware that he needed to think globally. "In EntrepAsia, I learned that we should not be limited by the boundaries of our country. I learned to think bigger," says Calimon. "Students don't want to be limited to learning from books and cases. We want to learn more from the experience of our professors, or through multimedia. We want to experience theory and put it into action."

Bernardo's innovative drive comes in part from his own experience as an entrepreneur—he started a successful manufacturing business before entering academia—and in part from his own sense of responsibility as a teacher. His greatest satisfaction comes when the students he has mentored launch their own successful businesses, he says.

He also sees his role as a teacher as one that touches not just his school, but the nation and world, particularly through his involvement in LET'S GO. His foundation is now working on a three-year project with the World Bank, the National Labor Organization, and the Department of Education in the Philippines to create a new high school curriculum in entrepreneurship to provide alternative career paths for the 70 percent of high school students in the Philippines who don't go to college.

"I'm prepared to bring this project into Africa or other parts of the world where an education in entrepreneurship can do so much to help," says Bernardo. "Academics automatically command a level of respect and authority. We can use that authority to create opportunities to bring about big change. I think one professor can reach out to a much larger community than his school alone."

"I really take to heart the idea of building a bridge between business and academia." —Eli Jones

Build Bridges to Business

Eli Jones
Professor of Marketing
Associate Dean for Executive Education
C.T. Bauer College of Business
University of Houston
Houston, Texas

For Eli Jones, selling isn't about "closing the deal." It's about building relationships with the customer. Likewise, teaching a sales course isn't just about teaching students the basics of selling; it's about immersing students in the skills and responsibilities of salesmanship. He does this by placing them face-to-face with corporate clients throughout their coursework at the University of Houston's Sales Excellence Institute (SEI), which he helped launch and directed for the last ten years. Jones was just promoted to full professor and an associate dean's position in May, and so now passes along the direction of SEI to a successor.

"I really take to heart the idea of building a bridge between business and academia," says Jones, who worked with several faculty and staff to create SEI's programs. Of the nearly 1,000 students taking sales classes at Bauer, about 100 apply to SEI each semester; no more than 60 are accepted. Once they're in the program, however, they'll be presented with multiple opportunities to sell before they ever accept their first sales position.

"The first thing the students must do is sell themselves," Jones explains. One of the students' first assignments is to identify a company where they'd like to work. Then, they locate internal contacts and call to convince those contacts to become their mentors.



Eli Jones

Jana Marshman,
BBA '02,
financial advisor
for Ameriprise,
Houston, Texas



Once students find mentors, they receive blue blazers that signify that a company will sponsor them throughout the curriculum. To land that first sale, "students must be able to show the value proposition of their request," says Jones.

Students continue to sell for each subsequent course. In their customer relationship management course, for example, students work in SEI's call center, where they make calls inviting companies to participate in the Institute's annual golf tournament and fund raiser. They make sales calls to vice presidents and CEOs to sell spots at the school's career fair, learning how to speak effectively to senior executives along the way. In their last course on key accounts selling, students meet with senior-level executives to convince them to become partners of the University of Houston and SEI. Jones and other faculty accompany students as they make this final sales pitch.

As a professor of marketing, Jones believes he must make sure his students have every opportunity to sell—and he integrates those opportunities throughout every aspect of SEI's program. "I want to keep the program experiential," says Jones. "At SEI, we not only teach courses and bring in speakers, but we also spend a great deal of time driving students around Houston to meet and engage in conversation with executives."

Jana Marshman, who graduated with her BBA and an advanced certificate in sales in 2002, now works as a financial advisor for Ameriprise Financial Services in Houston. She says she didn't truly understand the impact that SEI's program had on her until she began working. "In the program, we were working for ourselves to surpass our own personal quotas. We were working not just to finish a project and make a grade, but to build a reputation that would land us a job," says Marshman.

Through all those sales calls, she experienced "the rejection, nervous tension, and success that come with persistence," she says. "After graduation, I felt more comfortable and confident in front of clients because it was nothing new to me." Because of that confidence, she says, she was asked to teach new advisors within months of becoming an advisor herself.

Those real-life experiences, says Jones, are designed to dispel misconceptions about what it takes to sell. "Too many people who haven't had formal sales training believe they're good at sales because they have the gift of gab. We convince students to take a hard look at sales as a profession, to show them that sales isn't about being pushy or manipulative," says Jones. Through "live selling" experiences, he adds, "students learn the art and science of sales."

Encouraging Innovation

As students grow more sophisticated, they'll undoubtedly demand more multifaceted learning experiences. But how well business schools meet students' demand for fresh approaches often comes down to two factors: the faculty's time and the school's money.

Professors who believe they don't have time to integrate innovative concepts into their courses should look at innovation in a different way, says Deborah Streeter of Cornell University. "I challenge any teachers to tell me they don't have time to innovate," she says. "Even if they can't innovate on a large scale, they can take small steps. They can find something great that other people have done and bring it into their own classrooms."

As to money, that's an issue for the business schools themselves. When asked what institutions can do to encourage new approaches in their classrooms, these educators offered the following suggestions:

Put innovation in the budget. "The difficulty with innovation in business schools is that there's always a point where faculty must be approved to proceed, based on whether there's money for it in the budget," says Jay Bernardo of the Asian Institute of Management. "Business schools that reserve funding for innovation, add divisions for new development, and set targets for their faculty for innovation will see their faculty push their curricula forward the most."

Reward innovation. Business schools are in growing competition for faculty expertise. On top of that, it's no secret that good business professors with practical experience are often highly sought after by industry, which can offer them higher salaries. To keep their best and most passionate professors on board, business schools must keep

them interested, engaged, and rewarded, says Yew Kee Ho of the National University of Singapore Business School.

"What keeps many professors in the business school is their passion for education," Ho says. A school that doesn't reward innovative faculty—with competitive salaries or other benefits—"will lose some of its best professors to industry."

Be multidimensional. Many schools value only two forms of faculty output—teaching and research. Eli Jones of the University of Houston suggests a third area is equally valuable to a school's reputation and bottom line: community service.

"Business schools need to have multidimensional faculty who can teach, research, and engage in community outreach," says Jones. "Deans of the future will have to think about their business schools and their faculty in multidimensional ways and allocate resources to faculty for community outreach. A business school can't survive if it's not serving its community."

Tolerate—and even embrace—failure. "Schools that really want their teachers to become well-known for innovation will have to allow faculty to fail sometimes. Many institutions don't do that so well," says Streeter. "If people aren't in environments that tolerate some level of failure, if they're not encouraged to innovate, they're simply not going to do it."

The payoff to business schools comes in "reputational capital," say these professors. The more the public perceives a school to have innovative faculty, the more students will be attracted to its programs. And the more visible a business school's faculty are in the community, the stronger its reputation will become. That alone, they argue, makes these efforts worth paying for.

Big Risks, Big Rewards

Streeter, Ho, Bernardo, and Jones enjoy their roles as innovative professors, which hinge on their willingness to take risks. However, they realize that, for some faculty, risk taking isn't exactly the norm. Streeter finds that young faculty, especially, are often afraid to follow "the road less taken" in the classroom, as she did with eClips. They fear that lower evaluation scores, time constraints, and decreased research production may hurt their prospects of advancement.

To allay their fears, she often mentors younger faculty to guide them as they try new approaches—and help them recover if those approaches don't go as planned. "If their reviews come up and their evaluations are a little lower, they need to let the administration know they've tried something different," says Streeter. "I've never gotten perfect scores on my teaching evaluations, because I'm always willing to push

students beyond their comfort zones. When I do, they're often quite ticked off at me at the end!"

But when she surveys her students some time after they complete her course, they often think differently. "A year later, my students will tell me that their experience in the course was amazing," she says. "They've been able to put what they learned to work."

No innovation comes without someone stepping beyond the status quo—that holds particularly true in the business classroom. But when that innovation adds spark and relevance to a student's learning experience, it only helps solidify a school's reputation for excellent education, say these educators. More important, it helps students to adopt a more innovative, creative, and "beyond-the-box" mindset—which, as it happens, is just what many of today's employers are looking for. 

The **Scientist** and the **Sage**

Two educators propose a new portfolio model of business faculty for business schools, designed to give **great researchers** and **great teachers** equal recognition and equal reward.

by **James Bailey**
and **Roy Lewicki**

Despite popular notions to the contrary, we business professors are human. And, like all humans, our aptitudes and interests vary; we have different skills and fill different, though equally important, roles at our institutions. Even so, many business schools expect a uniformity among business faculty that focuses on research, regardless of how effectively they engage students in the classroom.

Business professors themselves often believe, *prima facie*, that professors must be quality scholars to be quality teachers—that they must embody, in equal parts, the skills of the scientist and the sage. This conventional wisdom is about as close to an “article of faith” as one can find among a group of otherwise diverse and reliably contrary professors.

With that belief in mind, we wanted to examine the simple, but profound, question: Do good researchers necessarily make good teachers, and vice versa? Recent studies, as well as our own experience as business faculty, suggest that the answer to that question is a resounding “No.”

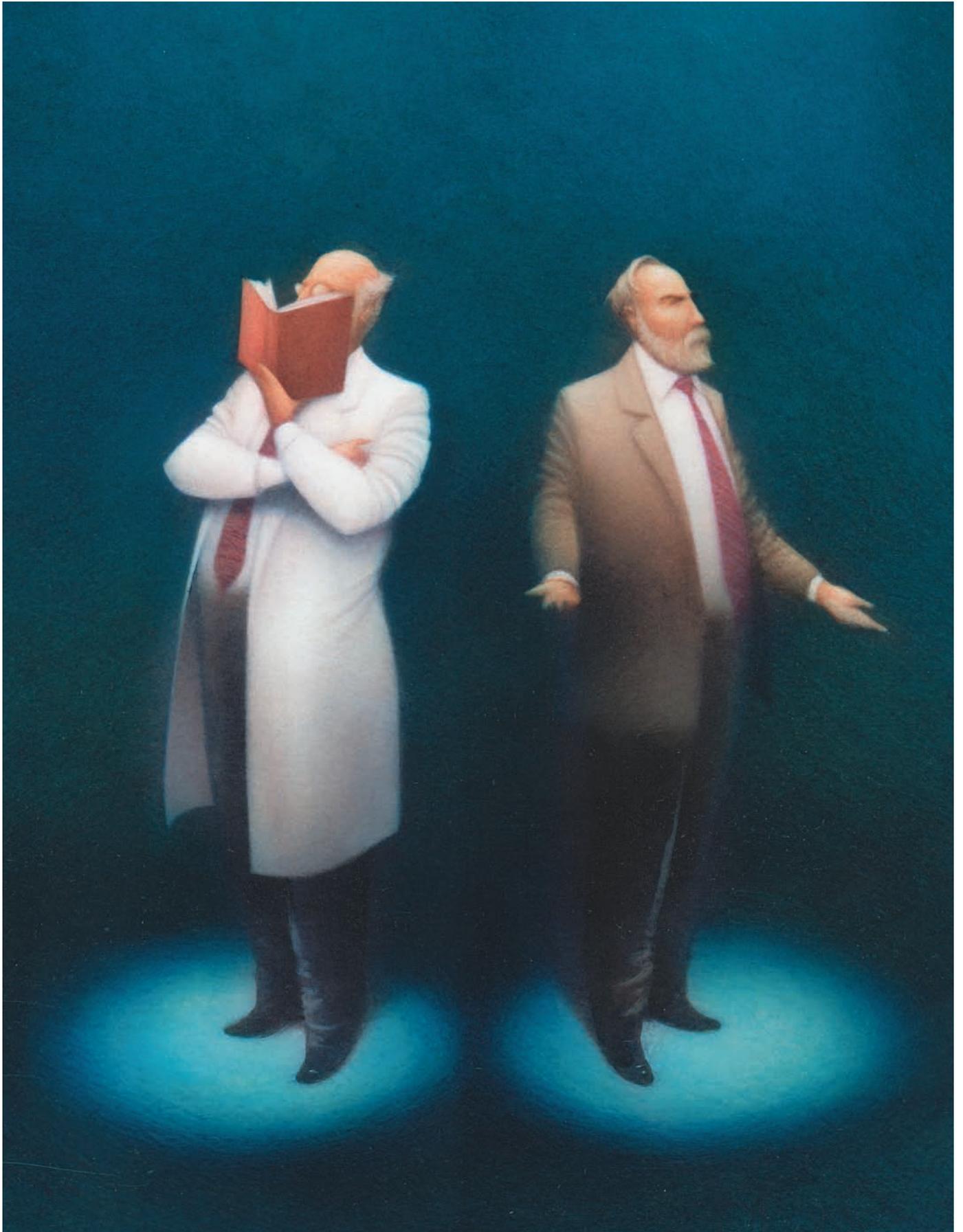
Business schools’ overarching mission is to promote excellence in research *and* in teaching. Moreover, the excellent scholar and the excellent educator are often *not* the same person. Business school administrators need to re-examine their widely held bias toward research; they must realize that communicating knowledge is as important to their missions as creating knowledge. Only then can they fashion a system that offers equal status and rewards to teaching *and* research—and creates a more balanced portfolio of faculty talent.

The Compatibility Myth

A chorus of prominent voices has emerged to debunk the myth of the inseparability of the scientist and sage in academia. Many argue that research-oriented schools are designing curricula to further their research missions, while neglecting their educational missions. Jeffrey Pfeffer and Christina Fong, for example, contend that business research has become so divorced from practical application that it adds little value to students’ professional development. And Warren Bennis and James O’Toole have gone so far as to say that many business schools have relinquished their teaching responsibilities to clinical instructors who are worked harder, paid less, and given less job stability than tenured faculty.

Perhaps the most serious allegation was made by the late Sumantra Ghoshal. He charged that business theory acolytes have so doggedly pursued rigor in research, at the expense of real-world relevance, they actually have laid a foundation in the classroom for unethical corporate behaviors.

These are disturbing claims; but they also have inspired business schools to re-examine the way they conceive and conduct research and teaching activities. In fact, three compelling arguments make the case that research and teaching aren’t as interconnected as many have for so long believed.



In 1990, Ernest Boyer, president of the Carnegie Foundation for the Advancement of Teaching, lamented that many elite academic institutions had shifted their focus from teaching to research—a trend that seems to have continued unabated over the last 15 years. Boyer wanted universities to broaden their definition of scholarship to include four different forms that contribute equally to the academy:

- **Discovery.** This form of scholarship refers to traditional research, in which academicians think about problems from unrestricted new perspectives and pursue knowledge for its own sake.
- **Integration.** This form emphasizes the need to make connections and extend discoveries across disciplines.
- **Application.** This form refers to the investigation into how knowledge derived from discovery and integration can be applied to important practical or social problems.
- **Teaching.** The final form involves the dissemination of knowledge to students in the classroom and the public at large.

Many business schools extend the highest privileges—in terms of senior professorships, endowed chairs, tenure, funding, and other perquisites—to those who excel in the scholarship of discovery. They do so even though those who excel in other forms of scholarship may be better teachers. However, Boyer's framework offers all schools an opportunity to recognize different forms of inquiry and different paths to academic excellence.

Since the revision, very few attempts have been made to gain tenure or promotion based on knowledge dissemination, administrators say. One explanation is that tenure-track faculty are still primarily recruited and selected from research institutions that are more skilled in knowledge creation.

Attention to Audiences

Harvard Business School

The tenure and promotion system at Harvard Business School in Cambridge, Massachusetts, is designed around the idea of three audiences: scholars, educators, and practitioners. For faculty to earn promotions, they must demonstrate that they have made a meaningful impact on one audience and have clear potential to impact a second.

To demonstrate an impact on scholars, for example, faculty prove themselves via traditional research vehicles, such as the publication of articles in peer-reviewed academic journals, the publication of books and book chapters. The quality of the outlet and the rate of citation are standard metrics.

To demonstrate an impact on educators, faculty write case studies, create plans for classroom design and delivery, and develop modules. The modules they create must offer broader treatments of methods for interconnecting various material around core themes, among other classroom-related work.

Finally, to demonstrate an impact on practitioners, faculty

No. 1: Research and teaching are fundamentally incompatible. We can make a strong case that research and teaching compete, often in a zero-sum way, for a professor's time, energy, and commitment. As researchers progressively focus on their investigations, their teaching often suffers—they lack the time required to place their discoveries into a context conducive to instruction and learning, or to thoroughly prepare teaching materials that may not be directly relevant to their research.

In addition, personality differences come into play. Researchers are often “lone wolves,” introverts driven by contemplative reflection, while teachers tend to be “clan creatures,” extroverts who thrive on lively dialogue with students and colleagues.

New Models at Work

The importance of great research to management education is indisputable. Still, several business schools are developing new systems of recognition and reward to make sure excellence in the classroom gets its due.

Tenure Tracks

The Ohio State University, Fisher College of Business

A recently revised promotion and tenure system at the Fisher College of Business at The Ohio State University in Columbus rewards faculty performance in two areas: knowledge creation and knowledge dissemination. Knowledge creation is defined by the college as “any activity that leads to the production of new knowledge, new insights, creative synthesis of existing knowledge, and new methods.” Knowledge dissemination is defined as “any activity that leads to the application of knowledge to practical problems, education of students, and the development of instructional materials or methodologies.”

To be granted tenure, faculty at Fisher College must demonstrate *acceptable performance* in one category and *potential for excellence* in the other. For teachers, “acceptable performance” involves receiving “good” or better teaching evaluations, among other criteria. To demonstrate “potential for excellence,” they must consistently receive “good” to “excellent” teaching evaluations and demonstrate a national reputation for leadership in developing teaching modules, cases, and other materials.

Great **teachers** often find it impossible to reap the rewards of their **research** counterparts. The value of teaching awards is often deemed trivial — even suspect — by the larger business school community.

Rewards for both functions differ as well: While research is rewarded globally, teaching is rewarded locally. That is, faculty may be rewarded by their schools for research productivity; but they strengthen their reputations only through recognition by their national and international peers. On the other hand, professors may be recognized by a handful of national or discipline-based teaching awards; but their teaching prowess is recognized primarily by their students and supervisors.

Finally, great teachers often find it impossible to reap the rewards of their research counterparts. The value of teaching awards is often deemed trivial—even suspect—by the larger business school community. In addition, as professors Luis Gomez-Mejia and David Balkin reported in their

1992 study, “The Determinants of Faculty Pay: An Agency Theory Perspective,” faculty salaries are often determined by their scholarly achievements, not their instructional skill.

No. 2: Research and teaching are unrelated functions. We might also argue that research and teaching neither promote nor distract from one another. Does one need to produce knowledge to help others understand it? After all, business leaders need not be involved in the formulation of strategy to execute that strategy effectively. Likewise, teachers need not be involved in a research study to teach it to their students effectively.

No. 3: Research and teaching are separate, but symbiotic, functions. While the first two arguments are compelling and substantial, we believe that to develop a truly accurate view of the

must write books, articles, and other materials that target practicing managers and address genuine business challenges. They are also evaluated based on their active involvement with business organizations.

In theory, this diverse approach to tenure and promotion decisions advances a portfolio model that rewards different faculty for different types of expertise. However, administrators note that, like Fisher College, HBS has seen very few cases made for tenure based on service to educators or practitioners.

The Boyer Model

University of Denver, Daniels College of Business

The Daniels College of Business at the University of Denver in Colorado employs a unique system for developing and maintaining a balanced faculty portfolio. In 1997, its faculty formally adopted the model outlined in 1990 by Ernest Boyer of the Carnegie Foundation for the Advancement of Teaching (see “Four Forms of Scholarship,” above left). Under the Boyer model, faculty are judged according to their work in discovery, integration, application, and teaching. At the Daniels College, faculty members must demonstrate excellence in one of the four areas and acceptable performance in the other three to be granted merit raises, promotions, or tenure.

To support this system, Daniels College created a Scholarship Steering Committee, which awards seed grants in the four areas of scholarship, presents awards for excellence in each of the four areas, and stages faculty development events. Faculty receive the same merit salary increases whether their publications and contributions fall into the discovery, integration, application, or teaching areas. This approach no

longer forces faculty into research over other areas; it also eliminates the tensions between faculty who choose to take different approaches to scholarship.

Recognizing Teaching Excellence

Promoting and managing a portfolio model requires a shift in mindset to develop more sophisticated ways to evaluate teaching capability and reward teaching excellence. For example, in addition to quantitative student evaluations, some schools are beginning to take into account qualitative comments from students and focus groups, faculty observations, and teaching portfolios. In addition, they are considering faculty's development of new textbooks, instructional materials and approaches, simulations, authorship of articles on teaching, and knowledge of innovation in their fields.

Efforts such as these are first steps toward redefining scholarship and recognizing the valuable contributions business faculty make in areas outside the research arena. Even so, old habits and attitudes die hard. Because the traditional, research-oriented mindset is so entrenched in academia, schools are still recruiting faculty with a heavy research bias, leaving few to take advantage of the more comprehensive reward systems that schools like Ohio State, Harvard, and the University of Denver have to offer.

The longer such new reward systems are in place and the more business schools adopt them, however, the more faculty will be willing to branch out in new directions and the more the academic community will show mutual respect for excellence in research and teaching. Once that happens, many are likely to reap the benefits—including business schools, business faculty, and especially business students.

Quality scholarship is a critical and necessary partner to quality education, but the two functions need not be inevitably intertwined.

relationship between research and teaching, we must look at them in a broader context. Yes, research and teaching can be incompatible when a single academic is forced to do both; and, yes, they can be unrelated if faculty who conduct research and faculty who teach do not work together. But when these two areas are equally nurtured, respected, and rewarded, one area can work to enhance the other.

At its very best, the relationship between research and teaching is intimate and symbiotic. Researchers conduct studies to generate knowledge and make new discoveries for their fields. Teachers share that knowledge with students, instruct them to apply that knowledge effectively, and maintain a dialogue that then sows the seeds for future research. It's a virtuous cycle that cements the missions of professional schools worldwide and accounts for innumerable contributions to society—achievements of which we academicians should be justly proud.

To create such symbiosis that enhances both functions to the fullest, business schools should encourage faculty members to focus on becoming great researchers *or* great teachers. Then, they can use their expertise in one function to help those in the other excel. We argue that, while quality education is inextricably linked to quality research, researchers do not enjoy sole custody of knowledge, nor do they alone possess the skills necessary to deliver that knowledge to business students. A single person does not have to be a prolific researcher and a great teacher to serve an institution effectively.

By placing undue emphasis on research, many business schools often distract from, rather than encourage, great teaching. By treating and rewarding the two separately, business schools may find that they would encourage much more depth and precision in the work of their research faculty, as well as more breadth and connection in the work of their teaching faculty. Doing so would create a portfolio of faculty talent that is suited to advance all of the institution's missions.

Challenging the Status Quo

Remarkably, no one has addressed the empirical link, or lack thereof, between research and teaching, at least in the business school environment. However, several excellent studies have examined the question across university disciplines.

The most exhaustive and authoritative of these studies was published by John Hattie and H.W. Marsh in 1996 in the *Review of Educational Research*.

Hattie and Marsh combined the results of 58 independent studies to detect general trends. To gauge research productivity, they examined not only the number of researchers' published articles, but also the quality of the journals and the number of citations and grants received. To gauge teaching quality, Hattie and Marsh examined student and peer evaluations. The two found that the overall correlation between good research and good teaching was a mere .06—that is, close to none.

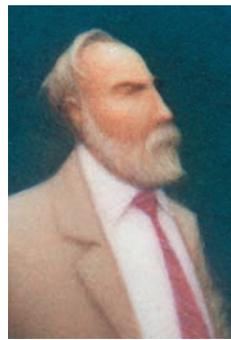
Like any research, Hattie and Marsh's analysis is open to legitimate challenge. But their findings suggest that research and teaching are autonomous activities, thus refuting the notion that knowledge creation should be the primary criterion for hiring and rewarding faculty.

A Broader Perspective

Given the available data, we believe that good researchers are *not* necessarily good teachers—or vice versa. Quality scholarship is a critical and necessary partner to quality education, but the two functions need not be inevitably intertwined.

If both skills are instrumental to the success of a business school, then both should be equally rewarded and nurtured. AACSB member institutions—as well as AACSB International itself—should broaden their recognition of excellence in ways that validate both aspects of their educational missions. The result will be a community of business schools with more diverse missions; a community of teachers and researchers with more innovative approaches and ideas; and a richer, more comprehensive definition of excellence in modern management education. By definition, a portfolio's balance—be it of one's finances or of a university's business faculty—must be dutifully managed. **Z**

James R. Bailey is the Tucker Professor of Leadership at George Washington University's School of Business in Washington, D.C., and editor of the *Academy of Management Learning & Education*. Roy J. Lewicki is the Dean's Distinguished Professor at The Ohio State University's Fisher College of Business in Columbus and former editor of the *Academy of Management Learning & Education*.



A Dean's Life

The role is people-intensive, fraught with great responsibility, and rich with possibilities for success and failure. One dean shares his personal story—and explains why he loves his job.

by Richard Klimoski

The business school dean was meeting with his faculty when an angel appeared in a haze of golden light. The angel offered the dean the choice of great wisdom or great wealth. Without hesitation, the dean chose wisdom. “It is done,” the angel pronounced, touching his hand to the dean’s head before disappearing. The professors all crowded around the dean, eager to know what great knowledge he had suddenly acquired. The dean thought a moment and then said sadly, “I should have chosen great wealth.”

Many faculty members may already believe that if they become deans and are given this magical choice, the money would be a better bet, because they will be bringing with them years of wisdom accumulated during their professorships. The truth is, however, that even very effective faculty members might not be effective deans. They can build on their experience, but it’s no guarantee.

I was a faculty member for more than 30 years before I became a dean in 2002, and I confess I didn’t have a clear idea of what the new job would entail. Most faculty don’t. And while I believe most deans can empathize with what it’s like to be a faculty member, it’s amazing how easy it is to forget. The dean’s job really does change a person—and it should.

Managing the Job

The first thing professors might notice when they become deans is that they’ll feel as if they’re suddenly starting over. As senior faculty, they have reputations, even personas. As deans, they’re completely green. They need to reestablish their credibility—and if they’re taking the job at certain stages of their lives, that can be tough. When I became dean at George Mason, for instance, I had to build a reputation among my ten fellow deans, most of whom had been in their leadership roles for years. This took time.

I also quickly discovered that it’s surprisingly difficult for deans to manage their time and schedules. Most academics stay busy; but when they take on extra work it’s at their discretion; and, in general, their schedules follow a predictable rhythm. Deans have less control over their time and must learn to change direction on short notice. While professors often put in extra hours, deans multiply those demands on their time. I attend many 6 a.m. breakfasts, and sometimes I attend more than one breakfast in a day. The scheduling difficulties bleed into family life, so my wife and I have had to readjust our expectations of the time we can spend together.

It becomes critical for a dean to invest in a new time-management system, usually an electronic one. I also have an assistant who helps arrange my calendar and lets senior staff know when I’m available so that they can plan their days accordingly.

Doing the Work

I find that one of the biggest changes between being a faculty member and being a dean lies in how the work gets done. A professor’s hands touch the work; if he makes commitments, he feels obliged to honor them personally. A dean must accomplish most initiatives through the talent and effort of other people. If I promise alumni or stakeholders that they will be invited in as class speakers, I have to rely on other



**Dean Richard Klimoski on May 18,
2007, Commencement Day
at George Mason University
in Fairfax, Virginia**

If the associate dean for undergraduates says, “Our students are learning a great deal,” I don’t say, “Thanks!” and then go for a cup of coffee. I say, “Show me the numbers.”

people to deliver on my word. As the point of contact for many in the community, I am in this position fairly often.

Once deans realize how much they rely on others, they generally make two new discoveries. First, they learn how important it is to hire good people. It’s critical to fill faculty and staff positions with individuals who will lead to a “virtuous cycle” of hiring. Strong faculty members serve as powerful recruiting tools, because they are deeply interested in working with high-quality peers—and because top candidates look for schools where their potential colleagues share a keen appreciation for excellence.

Second, new deans often discover that they feel a strong temptation to micromanage. Deans typically ask their faculty to undertake the kind of work they used to do—and do well—such as designing new courses or managing student concerns. At some point a dean might think, “I’d rather do it myself.” In academic jargon, this is a form of the “agency” problem brought about when one person is hired to do someone else’s work. But most deans have important tasks associated with the external life of the school. As tempting as it is to be at the school all day to keep the trains running, they must resist the urge.

Once I became dean, I tried to monitor how I was spending my time. I decided that if I was spending more than 50 percent of my day in my academic building addressing operational issues, I wasn’t doing my job. But deans can be seduced into spending too much time on business school processes—such as budgeting, recruiting, and course staffing—if they don’t have good people in place or if their processes are broken. This leaves them too little time to carry out their more important duties, such as meeting with donors, partnering with companies, or strengthening relationships with parents or alumni.

Working Through Others

Because I work with and through others, I am sometimes discouraged by how long it takes to make something happen. I never realized how ponderous a process it is to revise the curriculum or get a course on the books or design a new degree program. I never realized how long it takes to recruit an academic colleague or a state employee. A dean who wants to bring about change might get edgy and impatient at the time constraints. Deans must learn both to balance the needs of diverse stakeholders and to instill a sense of urgency about any project.

Because deans work through others, they face a question that troubles all executives. How do they gather valid information? I’m sympathetic to CEOs who are concerned



with new Sarbanes-Oxley provisions that require them to sign off on accounting reports. Is it really possible for deans to know all the financial details at their schools? A dean must find ways of defining what data are needed and create a system that produces accurate and timely financial information.

In fact, one of my challenges has been to develop an information and reporting system for the whole business school, which helps us manage the school and feeds our accreditation maintenance needs. Now, if the associate dean for undergraduates says, “Our students are learning a great deal,” I don’t say, “Thanks!” and then go for a cup of coffee. I say, “Show me the numbers.” If one of my professors asserts, “I’m famous. Give me a raise,” we go over the record that is part of our performance management system. It becomes obvious that a dean must manage indirectly, not just through the efforts of good people, but through the availability and use of good data.

Dealing with People

Another thing a new dean learns is that the business model of the job is people-intensive. As a faculty member, I knew that my department’s budget was mostly tied to personnel, but I wasn’t prepared for the fact that, as a dean, 99 percent of my challenges would be people-related.

Yes, at the professor level, relationships matter. But the typical faculty member doesn’t have to manage so many relationships at the same time. As a professor, I was always interested in my colleagues and my students. As a dean, not only must I be interested in *their* lives, but I must care about the needs and aspirations of the provost and the president. I must be interested in the needs of the other deans. The number and nature of the people-oriented problems coming my way have expanded exponentially.

Deans quickly learn how personal matters can become personnel matters. On the positive side, we can take pleasure in the achievements of our faculty and staff. As a new



dean, I created a monthly “Dean’s Tea” event so we could celebrate professional awards, major publications, the births of children, or significant family events. But deans have to be prepared for unhappy events as well, including deaths, illnesses, or incapacitating personal problems.

The degree of intimacy inherent in some relationships creates additional ethical, moral, and discretionary challenges. It’s absolutely necessary to be discreet and to keep confidences, yet it’s also important to solve a problem in a way that serves the party involved while preserving the integrity of the school.

Another way of saying this is that it’s critical for deans to operate in a principled manner, as opposed to a more ad hoc, case-by-case, or post facto way. If deans want a humane and just workplace for everybody, they must *create* such an environment. They must understand that their behaviors, decisions, and choices help define the climate, whatever it might be—a climate of excellence, of fear, of integrity. What deans do and don’t do, what they say and don’t say, when they intervene and don’t intervene, all turn out to be extremely important.

Wielding Power

That brings me to the issue of power. I remember reading a 1978 paper by Tom Peters in which he makes two key points. First, he observes that leaders often think they have more power than they really do—a notion I quickly discarded after I became dean. Second, he notes that leaders often fail to realize that the tools they have at their disposal are the mundane ones. They can influence events by deciding what meetings to call, whom to invite to sessions, what issues to place on the agenda, or how to frame an issue so that it remains manageable. To use Peters’ terminology, these tools reflect the dean’s use of symbols, settings, or patterns of behavior. If they’re all aligned and consistently implement-

ed, these indirect tools have a cumulative effect. I have taken these ideas to heart.

As a new dean, I discovered that the acquisition and use of power is an art. Professors amass power in their own ways, often relying on relationships or on their expertise, but they rarely have much control over resources. Deans do have access to resources, and at issue is how they use these and other sources of power. How much do they achieve through peer influence, how much through logic, how much through expertise? Professors who want to become deans will have to figure out their own relationships to power.

As dean, I’ve also learned how to structure situations to gain “ecological” power. By that, I mean I look for ways to manage the environment that sustains the decision-making processes of the business school. Most deans learn to structure situations so good outcomes are more likely to occur. For example, deans who want to hire high-quality professors invite high-quality faculty to do the recruiting.

Deans also exert influence by how they organize meetings. They can influence not only the agenda, but the form of the meeting. For example, at George Mason, our charter and our traditions demand that we have a formal monthly meeting for business school faculty and staff. But I soon learned it was not the best place for certain kinds of important conversations to take place. So I created an alternative venue called an open forum where faculty and staff can better address key—and often emotional—challenges. Here, participants can discuss issues such as how well we are meeting our teaching mission or how we might define faculty performance standards. Anyone can show up and contribute to the discussion and thus help set the school’s future agenda.

Accepting Responsibility

Something else I’ve learned as a dean is how it feels to be responsible for the lives of others. Traditionally, professors are lone wolves who thrive on autonomy and independence.

Even though a “promotion” to dean put me in a much more visible academic position, my scholarly reputation was quickly at risk.

A dean, on the other hand, always has to be thinking about the welfare of others.

This came home to me a few years ago when some of our graduate students were preparing to go to Latin America as part of their required foreign tour. There had been serious disturbances in Argentina, and people were rioting in the streets. The MBA director asked me, “What do we do?” As a professor, I might have said, “It’s important to me, and I still want to go!” But as the dean, I could not be so self-focused. This was, in effect, a risk management situation. I realized, “I have to think this through and consider the welfare of all those involved.” Ultimately, we decided to change the itinerary and avoid that country. To me, making that decision was a challenge involving ethical leadership.

Related to this sense of responsibility for others is the issue of accountability. In my view, accountability and responsibility are two different things. Responsible individuals are self-monitoring; they behave according to personal values and accept any consequences for actions and outcomes. On the other hand, individuals who must explain their actions to someone else are being held accountable. Naturally, as a professor, I was both responsible and accountable, but I had a fairly limited set of constituents.

As dean, I represent everyone at the school. I’m in the middle of a set of relationships that both demand responsibility and create accountability. I have to face my faculty when the provost doesn’t give us any money for raises or when I fail to secure a big endowment. I have to explain to the provost why my faculty aren’t publishing more or why faculty teaching evaluations are low. And yet, it’s not my day job to publish or teach; once again I must influence others if I’m to be successful in my job. I’m accountable, not just for my own behavior, but for the behavior of others.

I’m also accountable to a great variety of stakeholders—students, parents, alumni, and donors, as well as the school’s faculty and staff and the university administration. This means that anything I do not only reflects on me but on my school, and anything my staff does reflects on me. The pressure can be awesome.

Acting as Figurehead

An area where both responsibility and accountability obligations come together is in the dean’s role as figurehead, or symbolic leader of the business school. At times, as dean, I have participated in legal activities, such as signing a memorandum of understanding. At other times, I have carried out more social duties, such as hosting a major guest of the university.



The figurehead role is most visible at ceremonies. Some are traditional and involve great ritual. For example, every semester I welcome each cohort of graduate students. Every spring, I preside over a convocation for graduating students and their families. Last year, I shook hands with no fewer than 865 individuals as they walked across the stage. It was a very joyful event.

At times, being a figurehead requires managing far less pleasant ceremonies. That was the case when I hosted the service commemorating the untimely death of a faculty member. Most recently, this kind of responsibility fell to me as George Mason tried to do its part to deal with the great tragedy that took place at Virginia Tech, our neighboring state university in Blacksburg. Even as I was trying to work out for myself the meaning of what had happened on that campus, I was expected to speak publicly to and on behalf of my business school constituents. Certainly, such somber occasions arise for all of us, whether we are professors, family members, or friends. But it seems they occur with greater frequency and carry more gravitas for deans.

Keeping Connections

Not only does the role of dean come with great responsibility, it also potentially entails some sacrifices. The first thing former professors might find themselves giving up when they become deans is their connection to their disciplines and their students.

As a faculty member coming up through the ranks, I had an identity that was firmly rooted in my field. Over the years, I had enjoyed some acclaim for my scholarly contributions. But a dean typically has much less time to devote to research and writing. Even though a “promotion” to dean put me in a much more visible academic position, my scholarly reputation was quickly at risk.



For those deans who plan to hold the position for a fixed period of time and then go back to the ranks of the professoriate, it's terribly important not to lose momentum. Those deans must try to stay intellectually active and involved in professional societies, though it is a challenge to keep up with major developments in their fields. If at all possible, they must continue to write and publish.

Those who see the appointment to dean as a career shift might not work as hard to keep up with their fields, but most of them find it difficult to give up their professional identities entirely. They often try to find ways to stay tied to their disciplines even as they move into new careers in academic leadership. Anyone who chooses to become a dean has to decide how much effort to put into nurturing connections with the past.

Deans also find it harder to keep a direct connection with students. Anyone who has been a successful faculty member for a long time must care about students. Deans care about students, too, but in a much more abstract way. Deans who want to maintain the personal connection might consider mentoring doctoral students or teaching an honors course. I have a colleague who is a dean in the arts and sciences school, and he tutors high-risk students in mathematics. He has found an important way to maintain his connection.

I have continued to be active in research, although I am doing fewer laboratory bench studies and more review papers and book chapters. I serve on several editorial boards, and I'm an associate editor for the *Academy of Management Learning & Education* journal. I'm on the foundation for one of my professional societies, and I continue to present at national scientific societies. It's clearly important to me to stay connected to my discipline.

I've done less on the student side, although when I became dean, I did retain a doctoral student whom I saw through graduation. But I miss the interaction with students. I'm thinking about teaching a new undergraduate introduction course aimed at freshmen who are considering

becoming business majors, even though I worry about the unpredictability of my schedule and how often I might be forced to miss a class.

Creating a Legacy

Those who are thinking about becoming deans might also consider what kind of legacy they want to leave behind when their careers are done. A professor's legacy is sometimes manifested in the protégés who have gone on to be successful in life, and sometimes in the books published or the scientific contributions made to a particular field.

I feel that a dean has the potential for leaving behind something bigger and longer-lived than a publication. Deans might spearhead major curriculum changes that have the potential to affect thousands of lives. They might commission and oversee the building of new facilities so that their legacies become part of the environment. Or they might secure major revenue-producing endowments that will increase the potential success of their schools and their graduates well into the future. The chance to leave such a legacy might be the greatest difference between being a faculty member and being a dean, and in my position I give a great deal of thought to that opportunity.

Of course, a legacy also can take the form of a strong and enduring school culture. With this in mind, I constantly reflect on the principles and processes that I hope will be seen as valuable enough to continue once I'm gone. I routinely try to depersonalize many of the things I do. I think about what's good—not just for me and not just for right now. In part, the propagation of culture means having a wonderful team of faculty and administrators in place so that if I disappeared, the school would continue to prosper. It also means thinking about what I can do to leave my mark over and above a legacy of a strong and functional business school culture.

A Fascinating Mix

I love being an academic dean, and I hope to continue to have responsible senior academic leadership positions well into the future. I like the tempo and excitement involved. I like the mixture of responsibilities and duties and, yes, even the challenges that I must face on a regular basis. I like to effect change. But most important, I like the idea of leaving behind something that endures long after I have moved on. 

Richard Klimoski is dean of the School of Management at George Mason University in Fairfax, Virginia. He also holds a dual appointment as professor of psychology and professor of management at the university.

Global Immersion

**Globalization
already has pushed
many business schools
well beyond their
national borders.
Now educators work
to anticipate where
global forces will take
them next.**

by Tricia Bisoux

When business educators think of global hotbeds for management education, Kigali, Rwanda, may not be the first place that comes to mind. But what's happening in Kigali mirrors what's happening in markets the world over, says Robert E. Kennedy, executive director of the University of Michigan's William Davidson Institute (WDI) in Ann Arbor. In the past two years, Kennedy has visited Kigali's School of Finance and Banking (SFB) five times as part of a multiyear, supportive partnership that the WDI has established with the school.

During his visits, Kennedy has seen a school preparing to compete on the world stage. "The School of Finance and Banking is only three years old, but it's already hosting faculty from abroad, moving into executive education, and thinking about international accreditation," says Kennedy. Thirteen years after the 1994 genocide in Rwanda, the now-peaceful country is "really pulling itself up by its bootstraps," Kennedy adds. "We see the potential to build a regionally strong, internationally accredited institution that will be a catalyst for private sector reform in the country and region."

It's that "potential to build"—new global partnerships, curricula, and even campuses—that has become a hallmark of globalization for business schools, in both emerging and established markets. With that potential, however, also comes some uncertainty about the next steps for global business education.

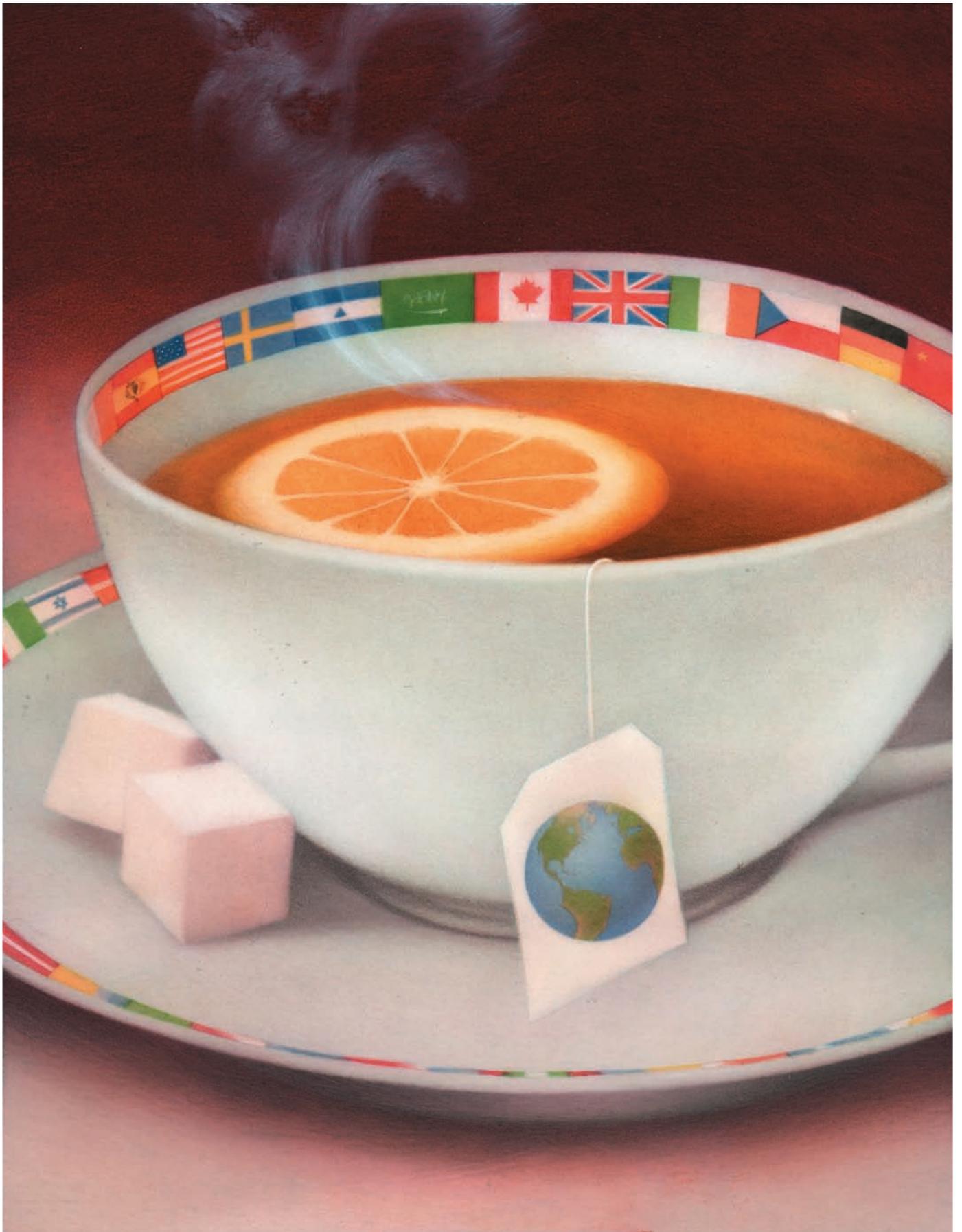
Forward-looking business educators are anticipating significant changes to the ways business schools teach, which will affect everything from study tours to joint programs to ethics education. The following trends, say educators, offer a more complete picture of how business schools will drive—and be driven by—the forces of globalization.

"Interconnected" Education

What do sociology, philosophy, politics, law, medicine, and business have in common? Everything, when studied under the aegis of business. Business schools have long sought to break down disciplinary silos and highlight the interactions between the different areas of business. But globalization has upped the interdisciplinary ante. Communications technology and the Internet are inevitably making the world much smaller, creating a system where different industries, countries, and professions are interconnected and interdependent. To help students better understand these interconnections, business schools are creating joint programs that mesh business with other professional areas.

The TRIUM International Executive MBA program—a collaboration among New York University's Stern School of Business in New York City, HEC School of Management in Paris, and the London School of Economics and Political Science—is designed to acknowledge the geopolitical component that has become a big part of global business, says Erin O'Brien, TRIUM's executive director.

"In TRIUM, you can't separate politics from business. The business climate will change depending on whether senior positions are elected or government-appointed," O'Brien says. As an example, she refers to a corporate governance roundtable that TRIUM recently held, which brought together representatives from governmental bodies in China and Hong Kong. "The politics there were palpable," she says. "The concept



“Global executives have told us that it takes at least three months to become immersed in a geographical location and appreciate how the culture, politics, and history of a region affect business there.”

—Gail Naughton, San Diego State University, College of Business

of transparency is not the same in China as it is in Hong Kong. As the conversation progressed, you could feel the tension growing over these cultural differences.”

Daniel Bradlow, director of international legal studies at American University’s Washington College of Law in Washington, D.C., agrees that multinational transactions increase the complexity of legal, political, and economic issues. Bradlow recently initiated a joint effort between the law school and AU’s Kogod School of Business. The result is a two-year LLM/MBA program designed to produce graduates with specialized skills in law and business, which will begin in the fall.

“There is only so much a law school or business school can teach on its own,” says Bradlow. “If we want skilled international business lawyers, we must give them access to both legal and business training.” He adds that, because law and business students view global problems differently, they’ll be able to engage in richer discussions and devise more nuanced solutions.

As globalization complicates business transactions, business schools will need to offer more programs “at the intersection of disciplines,” says Dick Duran, dean of the Kogod School. “We take a strong business curriculum and add it to a law, foreign language, public affairs, or international service curriculum,” he says. “At American, ‘and’ has become our favorite conjunction.”

Around-the-World Study Tours

Many prospective business students, too, are getting the message that exposure to global business experiences will be essential preparation for their careers. The most recent application trends survey conducted by the Graduate Management Admission Council indicates that nearly two-thirds of full-time and part-time MBA programs around the world reported a sharp increase in the number of applications. More schools reported that the number of international applications has increased, indicating that more students are actively seeking global educational experiences outside their home countries.

Not just that, they want global study tours that run longer and offer more comprehensive understanding of global business practices. Traditional two- to six-week visits to international venues have long been a mainstay of global

business education. But those may no longer be enough to give students the global knowledge they’ll need to satisfy employers. Instead, some business schools are establishing extended multidestination study tours designed to give students a larger view of global business.

For instance, the Global MBA, an online program at the Instituto de Empresa Business School in Madrid, Spain, emphasizes diversity, of both its students and its study destinations. The program is offered in either English or Spanish; the English course serves 63 students from 32 countries, while the Spanish course serves 64 students from 14 countries. IE’s Global MBA includes “integration days” in 15 cities around the world. Students travel to these destinations for two days to meet face-to-face, attend seminars about the region, and visit local businesses. “Students have found the integration days to be the strongest point of the program,” says Stephen Adamson, associate director of admissions.

In the fall of 2006, the Thunderbird School of Global Management in Glendale, Arizona, began requiring that students in all its programs complete what it calls the Thunderbird Global Experience. Students can choose among intensive courses and internships held in the U.S., South Africa, Europe, Asia, or Latin America. By graduation, a student may have spent six weeks in Czechoslovakia, six weeks in Mexico, three weeks in the Middle East, and another three weeks in China, says Ángel Cabrera, dean of Thunderbird.

San Diego State University’s College of Business Administration in California also will soon launch its Global Entrepreneurship MBA, which emphasizes long-term study in several global regions. The program, which accepts its first cohort of students this September, will require each participant to spend 12 weeks in each of four different regions: China, India, the Middle East, and the U.S. The program was created through a multilateral partnership that includes SDSU; Indian Institute of Management in Lucknow; University of Hyderabad, India; American University of Beirut in Lebanon; and the United Arab Emirates Higher Colleges of Technology, which has 14 campuses throughout the UAE. SDSU is currently negotiating partnerships with universities in China.

“Global executives have told us that it takes at least three



Designing the Global Curriculum

Robert E. Kennedy, executive director of the University of Michigan's William Davidson Institute (WDI) in Ann Arbor, has traveled to business schools in all corners of the world. The need for business training in the world's developing markets will only intensify, says Kennedy—as will the opportunities for business schools to broaden their educational reach beyond the borders of their home countries.

As part of WDI's efforts to build and improve business programs in the world's developing markets, Kennedy has gained several insights for business schools with global aspirations:

1. Establish a global presence. To build a global brand, business schools must recruit global faculty, offer globally focused programs, create and actively leverage partnerships with schools in other countries, and pay attention to geographically distributed alumni. Such actions are all part and parcel of becoming a business school of the world, as well as of a nation or local community, says Kennedy.

2. Embrace global issues inside and outside the classroom. Kennedy argues that too many schools haven't done a good job of integrating global issues into their courses. Using internationally focused business cases in all courses is a way to start, he says. Schools also need to place greater emphasis on experiences outside the classroom, including travel opportunities, international internships, and visits to multinational firms.

3. Write more global cases. Globalization is a hot topic at business schools, and the case study method is a tried-and-true educational tool. Given these two realities, it's ironic that case studies focused on businesses in China, Africa, Latin America, and the Middle East are in short supply, says

Kennedy. To address this deficit, for example, WDI recently established a case writing competition focused specifically on emerging markets.

4. Power up those passports. Faculty with reputations for global expertise are often rewarded with great student evaluations and high course enrollment. Still, many business faculty aren't getting their passports stamped as often as they should, Kennedy argues. Although WDI has little difficulty finding professors willing to make short visits to schools in developing markets, longer visits are another story. "Quite a few people will go for a few weeks, if you have the right support structures in place. But there aren't many top-quality faculty who will go to a school in an emerging market for a full semester or year," he says.

Not all business faculty need to travel, but every business school needs a few "road warriors who can bridge the gap between theory and practice," Kennedy says. "Many faculty have published articles with 'international' in the abstract, but not nearly enough spend time abroad. More faculty need to get off campus, get on a plane, and experience business in foreign markets."

5. Emphasize faculty development. Business schools must make the investment—in terms of money, time, and faculty—to address global issues in a comprehensive way, Kennedy argues. Doing so takes more than "simply hiring faculty with international passports," he says. "International research is tough and expensive. To stay ahead, schools have to make these investments and create internal organizational incentives that reward this type of work."

months to become immersed in a geographical location and appreciate how the culture, politics, and history of a region affect business there," says Gail Naughton, dean of SDSU's College of Business. Those conversations inspired the 12-week duration of students' visits in each country.

The Omnium Global Executive MBA also sends its students to multiple destinations. Students in the program attend four three-week residencies in South America, China, Europe, and North America, respectively. In addition to the program's two founding schools, the University of St. Gallen in Switzerland and the University of Toronto's Rotman School of Management in Canada, OMNIUM has several partner schools, including Business School São Paulo in Brazil; Torcuato Di Tella University in Buenos Aires, Argentina; Fudan University in Shanghai, China; and the City University of Hong Kong.

In their three-week residencies, students see regional economies, in both established and emerging markets, through the eyes of local citizens and business owners, says Wolfgang Jenewein, the director of EMBA studies at the

University of St. Gallen. The goal is to give them a larger perspective than a single-destination study tour can provide. "The challenge is to cover the whole world," he says.

A Push for Multilingualism

For efficiency's sake, the world has chosen English as the standard language of business. While that fact is in no danger of changing, businesses that hire employees who understand a country's native tongue may have a competitive global advantage.

A recent study, commissioned by the European Commission and conducted by the U.K. National Centre for Languages, indicated 11 percent of the 2,000 companies surveyed reported losing a contract because of language barriers. These companies estimated their average loss of revenue over three years at £325,000. Not surprisingly, 73 percent of the companies surveyed now actively recruit employees with language skills. Many companies anticipated an increase in their need for employees fluent in German, French, and Spanish. They also reported an increasing need for employees

"Is it right to use child labor or take bribes or engage in corruption, just because it's permitted in that part of the world? The idea of cultural relativism can be extremely harmful."

—Ángel Cabrera, Thunderbird School of Global Management, Glendale, Arizona

who could speak languages such as Mandarin, Arabic, and Russian.

In response to this call, some business schools have begun to add language study to their curricula. Moreover, schools like Thunderbird have now made language study mandatory.

"Our students must learn a second language, if they don't already speak a second language. Some learn a third or fourth language," says Cabrera of Thunderbird. He adds that, like any communication skill, foreign language proficiency is becoming an increasingly "soft skill" that can put business students ahead in the global business game.

An Ethical Worldview

Teaching ethics is difficult enough in a closed business system; in the global context, ethical complexities multiply. Business schools are now faced with the challenge of providing students a sense of direction through incredibly complex global ethical dilemmas. Different countries have different boundaries, and students will need to know the ethical score in a culture before they can work there effectively.

As an example, Thunderbird's Cabrera points to the use of child labor in some regions. In Western countries, child labor is not just wrong—it's illegal. But a Western company may find that it wants to operate in a country where the use of child labor is commonplace. Business leaders, Cabrera argues, must be as creative in coping with such practices as they would be in managing their strategy or supply chain.

"When people deal with ethical issues on an international scale, they often fall back on the idea of 'cultural relativism.' That is, they say, 'Well, things are different in this country. We can't impose our own values,'" Cabrera says. "But we can take that to the extreme. Is it right to use child labor or take bribes or engage in corruption, just because it's permitted in that part of the world? The idea of cultural relativism can be extremely harmful."

However, the world is beginning to develop a shared sense of fair trade. For example, China, a country often perceived as fertile ground for corruption, is working to eliminate corrupt practices such as bribery and favoritism, says Jianmao Wang of the Chinese European International Business School (CEIBS) in Shanghai. He refers to the

ousting last year of Chen Liangyu, secretary of the Shanghai Municipal Committee of the Communist Party, for his part in a social security fund scandal. That's an event that indicates an ethical shift, says Wang.

Wang sees globalization pushing nations toward universally accepted ethical practices, driven not only by honor but also self-interest. Executives in China are realizing that corrupt business practices ruin their brands and cost them in the long run, says Wang. "In the past, many multinational companies were eager to achieve quick success and quick profits, even if their actions hurt their reputations or brands.

There is a saying in China: 'It does not matter if a cat is black or white. As long as it catches mice, it's a good cat!'" says Wang. "That's not the case anymore. I predict that companies will clean up their business practices and protect their brands. I teach students that the black cat is dead. Only the white cat will survive in China."

Business schools also have an ethical responsibility to respond to global issues and lead by example, says Jorge Talavera, rector of the School of Business at Universidad San Ignacio de Loyola in Lima, Peru, and president of the Latin American Council of Management Schools (CLADEA). "Business schools must discuss issues such as poverty, hunger, injustice, and inequality, not only in Latin America but around the world. We have to call attention to

sustainable development and global warming," says Talavera. "Our institutions have a great responsibility to create conscience about these issues. We have an obligation to search for solutions."

Emerging Markets in Transition

The continuing rise of emerging economies may be one of the most significant forces shaping business—and business education—over the coming years. Just like Kigali's SFB, other business schools in Africa, Latin America, and the Middle East are building strong local and regional reputations.

The transition of these schools from local to global institutions won't happen overnight, but it could happen more quickly than once may have been expected, says Talavera. Technological advances in communication, transportation,



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and data processing—and the reduction in costs for these technologies—have minimized the gap between schools of business in the developed world and those in developing countries. “The process of globalization has had a great impact on the evolution of these schools,” he says.

As emerging markets make the transition from closed, regulated economies to open, liberalized economies, a reliable source of good managers will be critical to their continued growth. For that reason, capacity building for schools in these regions will be paramount. “In certain emerging markets, there’s a real lack of senior leadership,” says O’Brien of TRIUM. “There’s a lot of technical expertise, but few people who have the vision to lead an organization in challenging times in a globalized world.”

The WDI, the World Bank, and other institutions are working with business schools in the developed world to build b-school capacity in countries such as the Ukraine, the Czech Republic, Uzbekistan, Kazakhstan, Algeria, and Rwanda. “Leading global schools want to tap into the exploding demand for global executive education and EMBA programs,” says Kennedy of WDI. “This is sometimes tough work, but I’ve found that there is high interest among a certain segment of accomplished faculty in expanding their roles and giving something back.”

Teaching More than Business

For business schools, globalization is not just a concept or new world order. It’s an art and a science that’s becoming

increasingly tough to perfect. There’s a fine line between immersing business students in the global context and overwhelming them with it. In the end, Cabrera notes that he defines success by how well students translate what they learn in one region to the business realities of another.

“Our hope is not that our students graduate as experts on every region of the world,” says Cabrera. “Our hope is that by sending students to Mexico to learn Spanish, we will help them develop a broader global mindset they can use when they land a job in Taiwan.”

Wang of CEIBS puts it another way. “As business schools, we pay so much attention to increasing graduates’ knowledge and improving their skill sets. But there is something else: wisdom,” he says. “Business schools will have to pay more attention to instilling wisdom.”

Imparting cultural sensitivity, broad global understanding, management skills, *and* the wisdom to know how to implement these tools effectively is no small task for business schools. Business schools will strive to achieve the right balance of foundational content and hands-on, in-country experience. They’ll continue to create comprehensive, immersive curricula that place students directly in the flow of global business.

At the same time, one thing is certain. Schools in all markets will continue to adapt to the next social, political, ethical, and economic transformations that globalization inspires. 

Repositioning the MBA

Northeastern University takes a product development approach to education, revamping its curriculum around the needs of partner corporations. This approach allows the school to differentiate its program and turn out graduates its market really needs.

by Thomas E. Moore

With over 120,000 MBA degrees awarded in the U.S. each year, business schools are scrambling to differentiate themselves from the pack. Unfortunately, most business schools end up being pale imitations of top-tier schools, set apart only by their marketing hype and slight cosmetic differences. Few of them attempt fundamental shifts in focus to wrench themselves away from the same old routines.

At Northeastern University's College of Business Administration, we believe true differentiation requires administrators to take a cold, hard look at their core competencies and the market demand for their students so they can turn out graduates who truly serve their markets. We have revamped our entire MBA program after analyzing which companies hire most of our graduates for which positions, determining what skills these companies prize most highly in their new MBA hires, and structuring our curriculum around those skill sets and career paths.

Our strategy was to approach business education as if it were any marketable commodity and apply common business analysis to the question of improving our product. We treated key employers as our customers, made ourselves intimately familiar with their requirements, and enlisted their support in identifying what they look for in the graduates they hire. This strategy helped us develop a systematic program of skill development workshops and exercises for our students. It also led us to limit the number of career paths for which we would prepare graduates.

To launch our product development methodology, we used the five-part Stage-Gate process developed by Robert G. Cooper, a world expert in the field of new product management. While the process is widely used by firms driving new products to market, we chose a simplified version as we retooled our MBA program in our quest for true market differentiation.

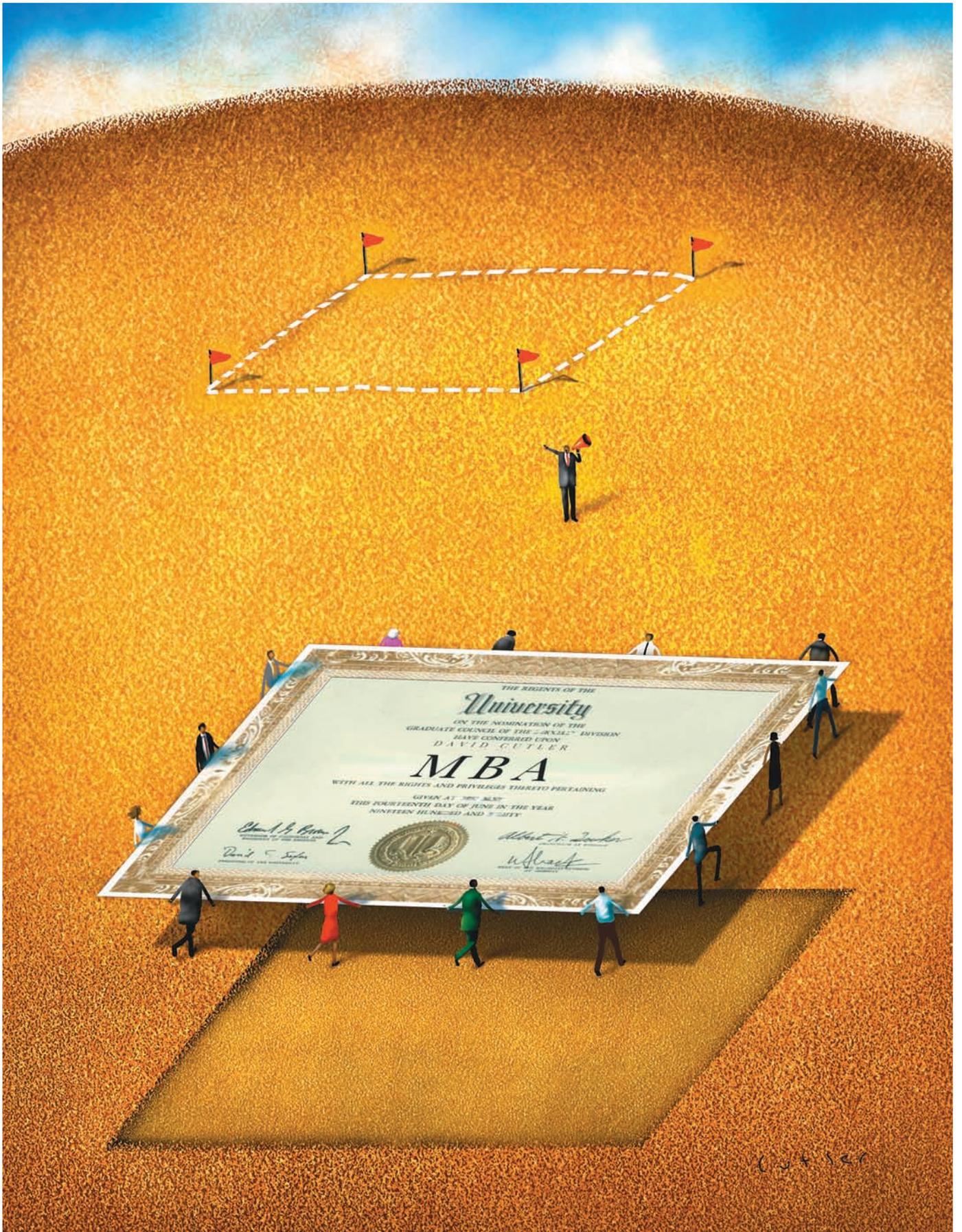
STAGE ONE: Identifying the Customer and the Market

We began our market analysis in late 2004 with a preliminary investigation that helped us identify both the customers we serve and the products we offer. All the research work was handled internally by three faculty and three senior administrators.

Traditionally, business schools have perceived their students as their customers, and programs have been focused almost exclusively on student needs. At Northeastern, we decided to consider the hiring companies as our customers. We looked at our students as both our products and our partners in creating value for those customers.

In our preliminary investigation, we examined our market space and tried to determine where our MBAs were headed with their career choices. First, our team reviewed the competitive landscape to better understand how other MBA programs were differentiating themselves. We also took a hard look at our successful graduate placements of the last few years and at those companies with which we enjoyed the best relationships. Then we conducted literature reviews of the skill sets and characteristics that companies said they needed from MBAs today.

We were surprised when the picture that emerged did not suit the comfortable concept we all had of the product that an MBA program should deliver. Companies



Our new program model combines a traditional but highly focused curriculum with a “shadow curriculum” of additional workshops and seminars.

assume business graduates will have a solid knowledge of financial accounting, strategy analysis, and marketing, but they’re looking for something more. What corporations really want are graduates with intangible personal skills—the ability to use data in a persuasive manner, lead teams and projects effectively, and make an immediate impact.

We realized that simply teaching theory in a traditional classroom setting would not produce graduates with these intangible skills. We also realized we needed to dig deeper to find exactly what those skills encompassed.

STAGE TWO: Discovering Customer Needs

As part of our more detailed investigation, we conducted in-depth interviews and ran brainstorming sessions at several levels within the corporate offices. We met with approximately two dozen Global 500 companies, interviewing and polling those organizations separately and in groups.

For instance, to determine what kind of leadership skills our corporate partners really wanted, we brought in several hiring managers and asked how they identified and evaluated leadership characteristics. We didn’t just want to hear, “We’re looking for bright people who know how to communicate.” We wanted to know what defined the difference between an average performer and an excellent one.

One employer told us, “We want students who can take a complex data set, review it, identify patterns, use those patterns to develop new business practices, and communicate those practices in a convincing way to senior management.” Those are concrete deliverables, and we knew we could build exercises into our program that would develop those skills.

Our research also led us to believe that our program would be stronger if we limited our focus to a very few specific fields. To determine what those fields should be, we first relied on input from our hiring partners, who told us what functional expertise they wanted in our graduates. Then, we surveyed prospective students who had inquired about attending the school, asking them to rank a selection of career paths. We also honestly evaluated what we do best and where we have real expertise.

STAGE THREE: Developing the Product

These combined insights helped spur a real shift in our approach, allowing us to precisely tailor our MBA program to the needs of our end customers.

First, we decided to reduce our specializations from nine or ten to three: finance, marketing, and supply chain management. Marketing and finance had always been very strong parts of our program, so those were natural choices,

The Immersive MBA

A streamlined, integrated, 11-month MBA program revitalizes the University of Kentucky’s business curriculum.

by D. Sudharshan and Paul Jarley

When the two of us took over at the University of Kentucky’s Gatton College of Business and Economics in Lexington in 2003, the university’s goal was to become a top-20 public research university and our assignment was to transform the college to support the university’s goal. An aggressive fund-raising program had netted the school the resources to attract endowed chairs and professors, but we found our intellectual capital exceeded our programmatic offerings. To make our program stand out among our competitors, we decided we needed a dramatic overhaul of our curriculum.

Working with two faculty teams, we began by revising our daytime MBA offering, which was more of a collection of required courses than a true program. After a period of assessing and considering the possibilities, we created our new Immersive MBA, an intense, integrated program that allows us to provide almost two full years of traditional instruction in just eleven months.

Building and Delivering the Program

The new MBA was built around the idea that we needed an action learning approach that took a process view of business. Graduates would undergo cross-disciplinary, project-based team learning that would help them adapt to new situations, make decisions with imperfect information, and effectively implement initiatives.

and supply chain management was an area of interest that turned up repeatedly in our research.

Second, we considered ways to teach students the skills that our partners had identified as crucial, such as negotiations, project management, and data analysis. We decided that a series of workshops—to be run in parallel with the more traditional classes—would combine theory and practice while allowing students to practice important personal skills.

Third, we decided to recruit students who were eager to follow a career path in one of the fields we had identified. Some of our partners are looking for very specific types of MBAs, such as graduates who have technical skills and who previously worked for major corporations. Others,

MBA in 11 Months

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Main Modules	Rapid Immersion Module 4 weeks	High Def Business Fundamentals 6 weeks • Market Dynamics • Organizational Structures • Business Functions and Processes	New Product Development 9 weeks			Winter Break	Supply Chain Management 9 weeks			Spring Break	Mergers & Acquisitions 5 weeks	Advanced Learning Bundles 6 weeks • Thematic Tracks • Cross-Disciplinary Sequences • General Skill Acquisition	Showcase Week 1 week
Project Connect		Team Meeting Company Executives	New Product Development				Supply Chain Management Six Sigma Project			M&A Project			
Labs and Workshops		A Action Learning Lab		P Professional Workshop			A Action Learning Lab			P Professional Workshop			

We built the bulk of the program around three business processes that are crucial to the life cycle of any organization: new product development, supply chain management, and mergers and acquisitions. We present most concepts in the context of one of these business processes. For example, global strategy is taught as part of supply chain management. Learning laboratories and company-originated group projects allow students to study real-world aspects of business in these three key areas.

Once the content of the program was decided, we focused on effective delivery mechanisms. Key considerations included:

- **A greater sense of program:** Learning objectives are evaluated at the program level, and each component is viewed as part of the whole. Skills that are taught and assessed very early are practiced throughout the program and reassessed in the final week.

- **The efficient use of resources:** To focus resource use and enhance the sense of program, electives are reduced and students are lockstepped for all but six weeks. We also leverage resources from across the university. For instance, a workshop on diversity is taught by the university's human resource department, and a workshop on stage presence and presentation is taught by our theater department.

- **Professional certification.** All students pursue certification in new product development and Six Sigma by sitting for exams run by the Product Development Management Association and Six Sigma and Advanced Controls Inc. These certifica-

tions provide external validation for our program and help us differentiate our graduates.

- **Immersion:** We expect our students to immerse themselves wholly in the program during its 11 months. This immersion keeps them constantly moving from the classroom to the simulator to the field and sends a valuable signal to employers about their work ethic.

The Immersive MBA

The immersive MBA takes place over 40 weeks from July through June. In the first module, students are in class eight hours a day, five days a week, as they learn the basics of business, leadership, and teamwork. After a brief introduction to the various functions of business, they enter a three-course sequence on key business processes. Here they are in class for 20 hours a week and spend another ten to 15 hours per week in "Project Connect," working on projects provided by participating companies. Students complete one project related to new product development, one on Six Sigma, and one on mergers and acquisitions.

The "Advanced Disciplinary Bundles" permit students to specialize in one of five areas—finance, marketing, technology management, international management, or technology entrepreneurship. During the final week, we assess learning and ready students for employment.

continued on next page

particularly those who run not-for-profits, are looking for younger graduate students who have very different types of backgrounds and careers. We knew we could no longer simply say, "Let's find really bright people, train them well, and offer them to the corporation." Instead, we wanted to work with our corporate partners to recruit a class that would reflect the kind of talent they need, and then provide those students with the proper skill sets.

STAGE FOUR: Testing and Refining

Once we decided on a new program model, we once again approached our corporate partners, who unanimously embraced the concept. They helped us develop our new skill

workshops, agreed to hire students for six-month corporate residencies, and helped us screen and select students for the revised curriculum.

Our new program model combines a traditional but highly focused curriculum with a "shadow curriculum" of additional workshops and seminars. The workshops are a bit like the intense executive education courses a company might run if it perceived that its young managers had deficient skills in an area like project management.

At our school, a workshop on negotiations might run three hours a week for four weeks. Students are given assignments, work in teams, and practice negotiation skills. Obviously, the workshops increase the student workload—by as



The workshops increase the student workload, but we believe we can push students harder than we had done before.

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The program has allowed us to recruit a diverse range of students, energize the faculty, and forge strong bonds with companies participating in Project Connect. After the first year of the program, a number of students were interviewed and hired by companies that did not routinely recruit our MBAs. Student placement rates rose appreciably, and we have heard back from graduates who told us how relevant their classroom experiences have been on the job.

More Work Ahead

We realize that much work remains to be done, particularly in three areas. First, we must grow enrollment by expanding our geographic footprint. This will provide a greater pool of students, draw more recruiters to campus, and better align revenues with costs. The program is expensive, especially Project Connect, which requires a full-time director to recruit companies, serve as a liaison with them, and mentor students.

Second, we must improve the experience for both students and faculty. For students, trained to expect a tightly integrated experience, planned discontinuities to provide diversity in topics can be interpreted as poor program execution. We've learned to clearly delineate such material through use of "workshop" or "learning lab" formats. For faculty, especially those who only teach one or two days as part of a long module, there is a risk of losing a sense of

ownership in the program. Yet it's unrealistic to expect faculty with other teaching responsibilities in the same semester to commit large amounts of time to coordinating their activities. We are continuing to search for low-cost mechanisms to improve coordination and preserve faculty autonomy.

Third, faculty are still learning how to deliver content effectively in the immersive format, which sometimes requires them to teach 30 hours in a week or eight hours in a day to the same set of students. This format allows them to concentrate their teaching assignments and free large blocks of time for research, but it also forces them into a different working structure and an unfamiliar teaching mode. We will continue to refine our delivery techniques.

Return on Investment

While we've been pleased with the practical results of our Immersive MBA, the program's biggest return on investment has been a new spirit of innovation that has spread throughout the college. The new format we've adopted in the MBA program has spurred the business faculty to re-examine our other educational offerings, and a major revision of the undergraduate program is under way.

D. Sudharshan is dean of the Gatton College of Business and Economics in Lexington at the University of Kentucky in Lexington. Paul Jarley is Senior Associate Dean.

much as 20 or 30 percent—but we believe we can push the students harder than we had done before. Students have embraced the workshop idea because they can see that it is important to improve their skill sets, but some have been a little surprised at how much work the new program entails.

The workload is also substantially larger for faculty, but they've learned to work smarter, not just harder. Faculty conduct only some of the workshops; others are taught by executives from our partner companies. In some cases, we've also contacted the companies that handle executive education for our partner corporations and hired them to teach our students the skills they need.

The cornerstone of the revised program is the six-month corporate residency required of each student. During this time, students take full-time, paid, MBA-level positions with our partner companies, who often keep real jobs open for our MBAs and simply fill those positions with a rotating cast of students. During their residencies, students might work with a manager to analyze supply chain issues or integrate new

customers into IT databases. Students are actively involved in important projects from start to finish and interact directly with top executives. After they complete their corporate residencies, teams of students undertake projects for corporate partners in a capstone business planning exercise.

Students are better prepared for both the residencies and the workshops because our new program requires them to do pre-work even before they arrive on campus. We let them know that, before their first class, they should be able to perform certain functions in statistics, economics, and basic accounting. We send them exercises and worksheets that reflect the skills we expect them to possess in their very first week. Once we know these basic skills are mastered, we can open the program with more targeted learning approaches.

STAGE FIVE: Launching the Product

We launched the revised curriculum in the fall of 2006, after recruiting the incoming class based on a variety of metrics. We asked questions such as: Does this candidate bring



Companies want their new hires to possess intangible skills that require practical application. Theory alone isn't good enough.

something of value to the hiring companies who are our partners? Does this candidate have the appropriate academic and industry experience to meet the needs of specific partners?

It's likely that, within three years, our recruitment process will be even more finely tuned. We'll be able to say, for example, that we want 20 percent of our class composed of students who are interested in nonprofit work, and we'll know how to match our graduating class to our other partners as well.

When students graduate from our program, they'll have a solid foundation of business experience. When they interview for jobs, they'll be able to point to the portfolio of projects they completed for existing companies—and they'll have a rich understanding of essential business tools.

The Obstacles

We believe that designing an MBA program around partner corporations is an excellent way for any business school to differentiate itself from the pack. But it's not easy to retool a program. Schools must be realistic about their chances for success in two key areas:

Student placement. Schools must take a clear-eyed look at which industries they will focus on and which companies they are going to serve, which means *honestly* assessing where they can place students upon graduation. It can be a painful process to drill down and get a true perspective on the needs of these customers as well as the core competencies of the school.

Administrators might be forced to acknowledge that their school is not going to produce Wall Street money managers. At that point, they need to take a closer look at who they *do* serve. Keeping in mind that they should target markets that will offer attractive salaries to their graduates, they should analyze their capabilities and the strength of their particular brands. Then they should prepare their graduates for work in those markets.

Some administrators might worry about the possibility of tailoring their classes too closely to one client or one industry. Industry can be fickle, and no one wants to craft a program that's faddish or suited to only one partner. However, if schools talk to 25 or more companies, we believe they will find what we found: Companies might be looking for students with different backgrounds, but the skill sets they want are very close. If all of a school's partners say they want to hire MBAs with specific strengths, administrators can rest assured that they're not just pandering to a particular industry group or employer by focusing on that skill.

Faculty acceptance. Convincing the faculty to make some tough, even ground-breaking, decisions will be a challenge. Nobody in the faculty wants to be perceived as outside the

focus area when a school is deciding on career paths or electives to offer. Choosing specialties early in the process helps narrow the focus and makes the difficult decisions less personal and more practical.

Faculty also might be resistant to the idea that outside companies will play a large role in program and curriculum development. In such a partnership, the school is essentially saying, "Tell us what you mean by business analysis or project management. Tell us what tools and executive development programs you use. Help us co-teach some of these topics."

Faculty might find this approach too radically different to accept easily. They might say, "Business partners are too practical and applied. They will teach gimmicks and fads. Our job is to teach students to understand theory and think long-term, preparing them for a career, not a job."

But we believe the message is clear. Companies want their new hires to possess intangible skills that require practical application. Theory alone isn't good enough. Faculty need to understand that the school has real-world customers facing real-world challenges. These companies need to hire graduates with practical, real-world skills.

Fine-Tuning for the Future

We are now through the first year of our revised program, and we're very pleased with the results. Students have embraced the new program, and our partner companies have become very involved. Our hiring partners were very excited about the students participating in corporate residencies this summer.

We do see areas where we can make improvements. While the workshops have been successful, there have been periods where the workload was so heavy the students found it grueling. We need to level out the requirements in the future, and we will look to improve the delivery of a few workshops.

Overhauling an MBA program is a definite challenge. The self-reflection required is often painful, and implementing new systems is time-consuming. But we believe it pays off in the end for a business school to take a business-oriented approach to defining its market and refining its products.

Once a school distills all the information on its competencies, customers, and partners, it can retool its program to meet customer needs. This revamped program will be so tailored to the school's specific market that the natural end result will be differentiation—a school that stands out from all the rest in a crowded and homogenous market. **Z**

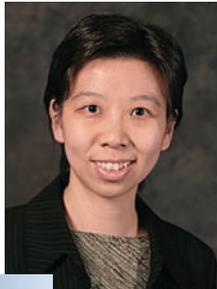
Thomas E. Moore is dean of the College of Business Administration at Northeastern University in Boston, Massachusetts.

To Boost Creativity, Raise the Roof

Higher ceilings may do more than create a sense of spatial openness. They may also open people's minds to new ideas, say researchers Rui "Juliet" Zhu, assistant professor of marketing at the Sauder School of Business at the University of British Columbia in Vancouver, Canada, and Joan Meyers-Levy, professor of marketing at the Carlson School of Management at the University of Minnesota in Minneapolis. In their paper, "The Influence of Ceiling Height: The Effect of Priming on the Type of Processing People Use," the researchers found that the higher a room's ceiling, the better people can conceive abstract and creative ideas.

Zhu and Meyers-Levy ran their experiment with 170 participants. They placed one group in a room with 10-foot ceilings and asked them to solve anagrams that represented freedom-related target words (such as "free" and "open") and confinement-related target words (such as "limited" and "constraint"). Participants also created categories for specific types of items, such as fruit. A second group performed the same tasks in the same room; however, this time the room had been equipped with a dropped ceiling, which reduced ceiling height to 8 feet.

The researchers found that the high-ceiling group responded faster and thought in more abstract terms



Rui "Juliet" Zhu



Joan Meyers-Levy

to generate abstract criteria in the fruit categorization task, such as nutrition level and shape."

Meyers-Levy first became interested in the topic when she boarded an airplane and noticed how the confined space negatively affected her mood. She and Zhu were both surprised to find few or no studies on the topic. The two hope that their work will not only be useful in the design of residential, commercial, and educational spaces, but also encourage more studies on the effects of space on human health and safety. Their paper will appear in the August issue of the *Journal of Consumer Research*.

Want to Know the Weather? Check the Markets

Economists at Penn State's Smeal College of Business and College of Earth and Mineral Sciences have partnered in an unusual study: to see whether the futures market could be used to predict weather events. So far, these researchers have found the markets to be as accurate at predict-

ing the weather as major forecasting services such as AccuWeather, the BBC, CNN, and the U.S. National Weather Service.

Smeal's Laboratory for Economics Management and Auctions is currently in the midst of its two-year experiment that has been funded by the National Weather Service. In the experiment, business and meteorology students use allotted funds to bet on what they believe the high and low temperatures will be in different U.S. cities on a given day. As the going rates for various temperatures fluctuate within the market, the researchers can weight the market's confidence in what temperatures will be reached.

For instance, the markets for March 8 were focused on Tucson, Arizona. Students could buy or sell contracts betting on a high temperature of 74 degrees or less, 75 to 76 degrees, 77 to 78 degrees, 79 to 80 degrees, 81 to 82 degrees, or 83 degrees or more. If a participant thought the temperature would be 81 degrees on March 8, he would offer to buy an 81- to 82-degree contract for a price of up to \$1. How close to \$1 he offered represented his confidence in his prediction. A seller could then accept or reject the offer.



**"BY USING MARKETS TO FORECAST SOMETHING AS UNPREDICTABLE AS THE WEATHER,
WE'RE TESTING THE LIMITATIONS OF FUTURES MARKETS."**

—Anthony Kwasnica, Penn State

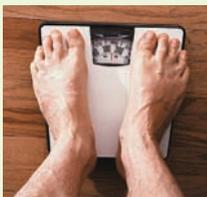
UPCOMING & ONGOING

■ NEW CHINA-SWEDEN CENTER

Sweden's Stockholm Business School recently opened the Center for Research on the Chinese Economy, with the objective of strengthening ties between the Chinese and Swedish economies. Targeted research and regular seminars will educate the Swedish business community about China's economic environment. The establishment of the center reflects the fact that China is Sweden's most important trading partner in Asia, with more than 400 Swedish firms active in the region. The business school will run the center jointly with telecommunications company Ericsson and work closely with China's Beijing University.

■ BATTLING OBESITY

As part of the University of Pennsylvania's "Ideas in Action" initiative, Americus Reed II, marketing professor at the University of Pennsylvania's Wharton School in Philadelphia, and undergraduate students in his consumer behavior course will conduct research to develop a youth obesity prevention program. For the project, Reed has partnered with Calvin Johnson, Secretary of Health for Pennsylvania, and Samuel Botts, Wharton alumnus and owner of Philadelphia-based VIGORworks Fitness Center. Based on their analysis, Reed's students will design anti-obesity marketing campaigns, which they will execute at Bott's fitness facility. Then, says Reed, they'll report the results of their research to Secretary Johnson.



■ INSTITUTE FOR ENTREPRENEURSHIP

The Boston University School of Management in Massachusetts recently announced the creation of its Institute for Technology Entrepreneurship and Commercialization (ITEC). ITEC will bring together the university's business school, medical school, school of public health, law school, college of arts and sciences, and college of engineering to support new entrepreneurs active in a wide range of industries.

■ GRANT TO STUDY DEBT MANAGEMENT

The Financial Services Research Program (FSRP) at the George Washington School of Business in Washington, D.C., has received a \$38,500 grant from Chase Card Services to conduct research on successful debt management plans. The grant is the second from Chase to support a two-part study, "Evaluating the Effectiveness of Credit Counseling." Through its research, FSRP wants to improve the quality of financial literacy programs available to consumers.

■ CANADA'S FIRST CENTER FOR GOVERNANCE

The Queen's School of Business at Queen's University in Kingston, Ontario, in Canada has launched the CA-Queen's Centre for Governance, a new initiative funded by the Institute of Chartered Accountants of Ontario. The Centre will fund faculty and doctoral research into Canadian and international corporate governance issues. Its first funded research project, which will be led by Queen's professor and center academic director Steve Salterio, will explore the state of internal controls at Canadian public companies.

In this instance, the market forecast, as determined by the students' bets, predicted a high of 83.95 degrees and a low of 53.40 degrees. The actual temperatures in Tucson on March 8? A high of 83 degrees and a low of 54 degrees. On average, the temperatures predicted by the markets have been off by only about 6.6 percent.

Not a bad record, says Anthony Kwasnica, associate professor of business economics. "Investors, political pundits, and sports fans have all used futures markets to successfully predict everything from presidential elections to World Series championships," says Kwasnica. "Our experiment is along those same lines. By using markets to forecast something as unpredictable as the weather, we're testing the limitations of futures markets."

For more details on the experiment, visit lema.smeal.psu.edu/prediction.



Anthony Kwasnica

■ Customer Surveys Can Mislead

Conducting customer surveys is a time-honored strategy for companies that want to know exactly what their customers want. However, these surveys may not provide companies with the information they truly need, according to a series of seven papers by Itamar Simonson, a professor of marketing at the Stanford Graduate School of Business in California, and Chezy Ofir, academic director of the Davidson Research Center at Hebrew University in Jerusalem, Israel.

THE RESEARCHERS FOUND THAT CUSTOMERS WHO KNEW ABOUT THE SURVEY IN ADVANCE OFFERED MORE NEGATIVE COMMENTS THAN THOSE WHO WERE SURPRISED WITH THE SURVEY UPON EXITING.

Their latest paper, “Customer Compliance with Presumed Market Research Goals,” was written with co-researcher Song-Oh Yoon of Singapore Management University. It comprises interviews with hundreds of customers in Israel and the United States. In this study and

the other studies, the researchers found that most customers want to be helpful in a survey—so much so that many feel compelled to offer constructive criticism more often than they state their true, often positive, opinions about a product or service.

For “Consumer Compliance,” they surveyed customers of a supermarket in the U.S. and a pharmacy in Israel that had reputations for poor service. Customers in one group were told as they went into the store that they would be surveyed about their experience as

STUDY BRIEFS

■ THE VALUE OF STUDY ABROAD

In May, the Council on International Education Exchange (CIEE) presented research on how much employers value a job applicant’s study abroad experience. In a survey of 352 U.S.-based CEOs, senior managers, on-campus recruiters, and human resource professionals, CIEE found that while a majority of these employers valued international experience, different people valued different types of programs. Human resource professionals favored longer, yearlong programs to develop the skills they wanted; senior managers, however, favored shorter, 14- to 18-week internships. Employers who had studied abroad themselves placed a higher value on all study abroad experiences. In addition, in interviews, recruiters often fail to ask about students’ study abroad experience at all, suggesting that career services staff need to prepare students to emphasize that experience in the interview process, say researchers.

■ FLEX TIME NOT YET IN FAVOR

Most professionals will exit the workforce, or reduce their working hours, for personal reasons at some point in their careers, according to a recent survey conducted by Tuck Executive Education at Dartmouth in Hanover,

New Hampshire; Fortune 500 consultant Cali Yost; and global marketing firm Aquent. The survey of hiring managers and employees found that only 36 percent of companies currently recruit those who’ve stepped out of the workforce, while only 34 percent recruit individuals who seek flexible work options. “There’s an expanded talent pool ready to be tapped,” says Yost. “But first the workplace must evolve from fixed to flexible career paths, and learn to understand that it’s not about where, when, or why we work, but instead about what we get done.”

■ GENDER GAP

Research from the American Association of University Women Educational Foundation (AAUW) finds that one year out of college, women in full-time positions already earn less than men, even when they graduated with the same major and work in the same field. In ten years, that gap widens. According to the report, “Behind the Pay Gap,” women earn only 80 percent of what their male counterparts earn. Even after controlling for hours, occupation, parenthood, and other influences on

salary, the research indicates that 25 percent of the pay gap remains unexplained. “The persistence of the pay gap among young, college-educated, full-time workers suggests that educational achievement alone will not close the pay gap,” says Catherine Hill, AAUW’s director of research.

■ A \$5 TRILLION MARKET

A new report finds that the four billion people in the world who live at poverty level still have purchasing power equivalent to US\$5 trillion. The report, “The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid,” measures the size of markets at the base of the economic pyramid using income and expenditure data from household surveys. Released by the International Finance Corporation, a private sector of the World Bank Group, and World Resources Institute, the report highlights the need for governments to reform their regulatory environments to facilitate business, says Michael Klein, vice president for financial and private sector development for the World Bank and IFC. “The report backs up the calls for broader business engagement with the base of the pyramid, stressing the need for the private sector to play a greater role in development,” he says.



they exited; another group was not told of the survey in advance. The researchers found that customers who knew about the survey in advance offered more negative comments than those who were surprised with the survey upon exiting.

Simonson and Ofir hope that their research will help companies better conceive and conduct their surveys to elicit customers' most accurate opinions. "The mere fact that consumers are told in advance to form evaluations leads them to believe that they are expected to focus on negative aspects," Simonson writes in their paper. That assumption, say the researchers, can unwittingly change customer responses and behaviors.

VCs Are No Angels For Internet Startups

A study forthcoming in the *Journal of Business Venturing* suggests that while the support of venture capitalists (VCs) may be beneficial to most startups, it may be less helpful for Internet businesses. The involvement of venture capitalists actually decreases the chances of success for Internet startups, according to finance professors Narayanan Jayaraman of the Georgia Institute of Technology's College of Management in Atlanta, Omesh Kimi of Georgia State University's Robinson College of Business in Atlanta, and Bharat A. Jain of Towson University's College of Business and Economics in Maryland.

In their paper, "The Path to Profitability of Internet IPO Firms," the three researchers examined 160 Internet firms that staged initial public offerings (IPOs) during the dot-com boom of 1996 to 2000.



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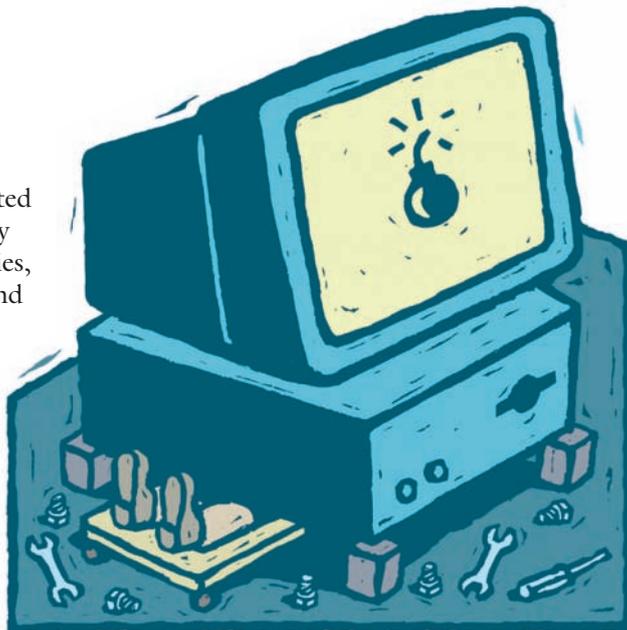
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They found that VCs contributed to the dot-com bust not just by investing in nonviable companies, but also by cashing out early and leaving companies to fend for themselves. Their research also pinpointed other indications that an Internet company might not make it, such as a drop in ownership among the top three managers, which conveys their lack of confidence in the company; an oversized IPO, which invites mismanagement of funds; and a large number of outsiders on the board.

On the other hand, signs of a promising Internet company include pre-IPO investor demand, years in business, and the number of employees it has on the payroll. An entrepreneurial spirit, expertise, and a tendency to take risks also play large roles in a startup's success. Surprisingly, the study didn't find that an experienced CEO or reputable CFO accelerated the time it took for an Internet company to turn a profit.

The study is particularly relevant because data indicates that the number of unprofitable Internet companies initiating IPOs is once again on the rise. "We find that venture capital participation leads to a decrease in the likelihood of profitability and an increase in the time required to move firms into the black," Jayaraman says. "Our results suggest that the skills and competencies required of top management are fundamentally different in emerging industries such as the Internet, where prior organizational experience in the technology sector or in reputable organizations does not convey any significant advantages."



■ The True Cost of Network Crashes

Some industries may be more vulnerable than others when computer networks fail. Research from the Warwick Business School in the United Kingdom indicates that the retail industry may take the hardest hit in the case of a network crash.

The research, which WBS conducted for network support services provider Networks First, found that the downtime cost for the retail industry would likely average £350,000 per hour; the financial industry, by comparison, would lose £100,000 per hour. As a result of their analysis, WBS researchers devised a Network Downtime



Narayanan Jayaraman and Omesh Kimi

Calculator, which can be accessed online at www.networksfirst.com/calculator/index.htm.

In all cases, WBS researchers note that their findings make it clear that businesses are becoming increasingly dependent on computer networks—when the network fails, it can bring business to a grinding halt. The researchers designed the calculator so that companies could identify

the tangible and intangible costs that an inoperable network represents to companies.

■ The Cost of Low Self-Esteem

High self-esteem in youth can lead to higher salaries as adults, according to researchers at the University of Florida's Warrington College of Business Administration in Gainesville. In fact, self-confidence in youth may lead to hundreds of thousands of dollars more in salary over a lifetime, according to management professor Timothy Judge and graduate student Charlice Hurst.

The two used data from the U.S.-based National Longitudinal Survey of Youth, a nationally representative sample that included 12,686 men and women. Participants were first interviewed in 1979, when they were between the ages of 14 and 22. Their self-esteem was measured by how they responded to prompts such as "What happens to me is of my own doing," "I feel I have a number of good qualities," and "When I make plans, I am almost certain to make them work." Participants were interviewed again

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in 1994 and every two years after. Income findings were collected in 2002, when participants' ages ranged from 37 to 45.

Controlled for race and gender, the study evaluated mid-life income of participants by examining their educational levels, grade point averages, SAT scores, child poverty levels, parents' education, and parents' occupations.

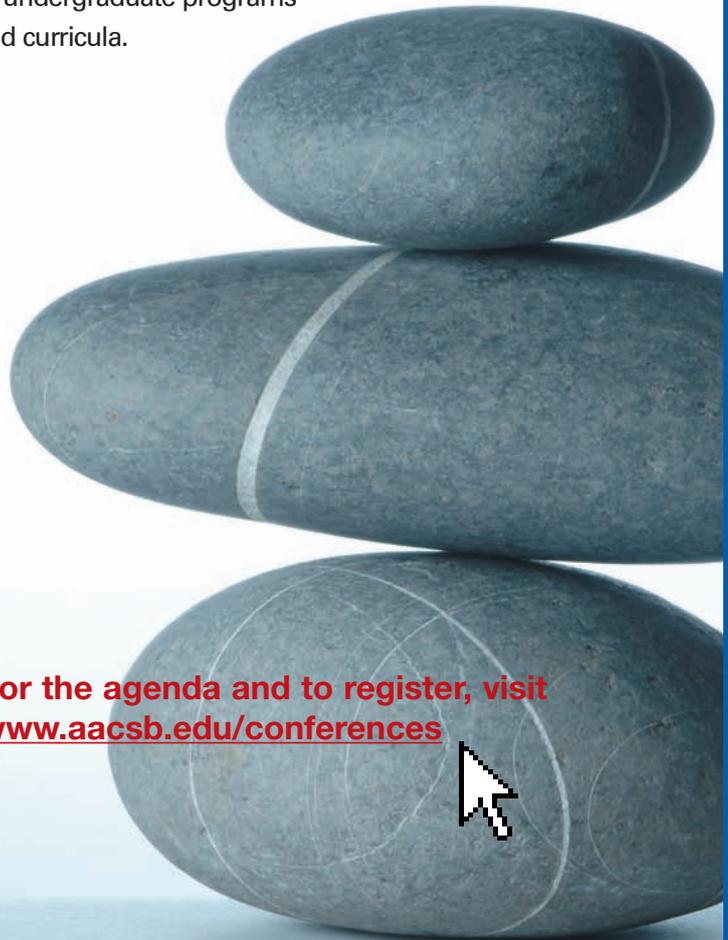
According to the study, childhood affluence raised the average adult salaries of those who lacked self-confidence by only \$7,000; for self-confident individuals, affluence raised their salaries by \$28,000. Similarly, parents' occupations made no difference in the earnings of those with low self-esteem. On the other hand, self-confident individuals whose parents were professionals earned more money than self-confident individuals whose parents were laborers and individuals who lacked self-confidence.

For example, self-confident participants with economist fathers and chemist mothers earned average annual salaries of \$96,200, compared to only \$50,968 for similarly positioned participants with low self-confidence.

It's of little surprise that those from affluent, well-positioned families have advantages in the workplace. But for many, socioeconomic advantages aren't the keys to economic success later in life, says Judge. "In light of popular beliefs that kids from middle- and upper-class families have it made," he says, "it is surprising to see what little positive impact socioeconomic status has in the absence of self-esteem." 



Timothy Judge



Technology

What to Know About Web 2.0

“Web 2.0” has been a big story for business lately. The term, now frequently used in the media, refers to the Internet as a growing constellation of sites where users can share a variety of information, whether they’re exchanging videos on YouTube, building a common base of knowledge on Wikipedia, networking on MySpace or LinkedIn, or sharing knowledge via blogs and podcasts. In its Web 2.0 incarnation, the Internet has become a prominent medium for personal interaction.

Web 2.0 phenomena are trends that business schools can’t afford to ignore, says Andrew McAfee, an associate professor at Harvard Business School. McAfee’s research focuses on technology, including the effects Web 2.0 promises to have on business. Younger students have become reflexive users of social networking sites and will expect to use these tools to facilitate their interactions with faculty and employers, says McAfee. They will want to read faculty blogs and use collaborative technologies, such as wikis, to build and share knowledge.

Business schools that don’t embrace this technology “may make students feel as if they’re in the Dark Ages,” he says.

In fact, given the increasing use of online social networking sites, McAfee sees many student users turning away from “private channel technologies,” like e-mail, and more to “public channel technologies”



A class in session at INSEAD’s virtual SecondLife campus.

like MySpace. “In e-mail, you send a message and it’s gone; afterwards, no one knows what you were e-mailing about,” says McAfee. “Users of sites like MySpace are turning to public platforms, where you broadcast to the world your activities and intentions. I know I’m not comfortable with that, but the younger generation has grown up with it.”

At least one business school has tapped into this phenomenon to find out where it might lead

business education. In March, INSEAD—which has campuses in Fontainebleau, France, and Singapore—announced that it would be opening a virtual campus on SecondLife (www.secondlife.com). SecondLife is a three-dimensional virtual world, built and owned by its now more than 6 million residents.

SecondLife residents create online personalities, or avatars, to inhabit

Linden, SecondLife’s virtual continent. While there, they can meet with other residents at virtual gatherings. They also can spend virtual Linden dollars to purchase virtual property and build virtual houses. Companies such as Wal-Mart, Intel, and American Express have even opened SecondLife stores to serve Linden residents. Toyota has opened a Scion dealership on the site; the Reuters Group has established a virtual SecondLife news bureau.

Conference Board Holds Virtual Meeting on SecondLife

In June, The Conference Board Council of Telecommunications Executives, in cooperation with Columbia Business School’s Institute for Tele-Information, held its first “virtual” meeting on SecondLife, a three-dimensional online continent. The meeting was a hybrid—half was held in real space, half in virtual space. To set up the meeting, the Council was assisted by IBM, which has held its own employee retreat on the site and is building a business helping companies such as Sears and Circuit City develop virtual stores to serve SecondLife “residents.”

The Conference Board took part in this experiment in response to the growing number of businesses that are establishing a presence in the SecondLife environment, says Edward Roche, manager of The Conference Board Council of Telecommunications Executives.

The meeting featured presentations from a variety of speakers, including SecondLife creator John Lester of Linden Labs. Because half the meeting was held online, the council was able to invite experts to participate from as far away as Finland, Japan, Malaysia, Scotland, Germany, Chile, and France.

“OUR VIRTUAL CLASSROOM IS A RICH ENVIRONMENT, WHERE YOU REALLY FEEL AS IF YOU’RE IN A COMMON SPACE WITH OTHER PEOPLE. YOU CAN WALK TOWARD A PERSON AND POINT TO AN OBJECT. IT’S A WONDERFUL WAY FOR PEOPLE TO INTERACT ONLINE.”

—Miklos Sarvary, director of the Centre for Learning Innovation at INSEAD

Now, SecondLife residents can come to INSEAD’s unconventional campus to learn more about the institution. Its students and alumni can come to take password-protected classes or to meet for a virtual drink in a local establishment. By tapping into this new medium, INSEAD is building an area where members of its community can interact with each other in a way that’s different from what other online interactions have typically allowed, says Miklos Sarvary, director of the Centre for Learning Innovation at INSEAD.

“I’m very bullish about how this platform can help us be innovative in our teaching,” says Sarvary. “With video conferencing, you can see the faces of others in the meeting, but they’re obviously in another space. Our virtual classroom is a rich environment, where you really feel as if you’re in a common space with other people. You can walk toward a person and point to an object. It’s a wonderful way for people to interact online.”

Although INSEAD’s SecondLife existence is still in its early stages, Sarvary sees it as a way to bring INSEAD students and alumni back to “campus” much more frequently. “Most business schools invite their alumni back to campus once every five or ten years. These visits are infrequent because they’re very expensive,” says Sarvary. “With SecondLife, if you have a free evening, you can go to the INSEAD campus from your home and meet with a few of your classmates from ten years ago. This technology makes such interaction much easier.”

Whether or not INSEAD’s experiment succeeds, McAfee says that he

wouldn’t be surprised to see HBS or other schools open a campus on SecondLife. It’s not risky or costly, he notes, and it offers a business school a versatile online environment where it can both interact with its own community and reach out to an entirely different kind of market. “With something this new, we don’t know all the ways it’s going to play out,” says McAfee. “That makes it all the more important to dip a toe in the water, experiment, and see what happens.”

■ **Course Develops ‘Search-Savvy’ Students**

Now that the Web is often the first place where consumers turn to buy or research products, many companies are looking for graduates who know how to use search engines to attract consumers, strengthen brands, and boost online sales. A new course at the Fisher College of Business at The Ohio State University in Columbus aims to give marketing students search engine savvy.

The new Internet marketing course, Principles in Electronic Marketing, was created for the Fisher School’s Department of Marketing

and Logistics by Laura Thieme, president of Bizresearch, a Columbus-based search engine marketing company. Thieme points to a recent survey conducted by the Search Engine Marketing Professional Organization that found that companies spent \$9.4 billion on search marketing in 2006.

“While that’s a 62 percent increase over 2005, companies lag in tracking results, measuring successes,



and achieving goals,” says Thieme. “That’s due, in large measure, to the lack of the staff expertise necessary to think strategically about search marketing.”

The course will teach senior marketing majors the fundamentals of search marketing, including search engine optimization, viral and affiliate marketing, Web site analytics,

Tuck Goes Interactive in India

In May, The Tuck School of Business at Dartmouth in Hanover, New Hampshire, launched its new global distance learning initiative with a virtual learning series aimed at Citibank managers in the Indian cities of Chennai, Delhi, and Mumbai. Each installment of the monthly learning series will comprise 90 minutes of instruction and allow the executives to interact in real time with Tuck faculty.

The first installment of the series focused on the research of Professor Vijay Govindarajan’s “Ten Rules for Strategic Innovators,” and the July and August installments will feature the work of strategy professors Richard D’Aveni and Sydney Finkelstein. The entire series serves as a model for Tuck as it works with other global companies in online learning environments, says Anant Sundaram, faculty director of Tuck Executive Education at Dartmouth.

and the use of blogs and e-mails as tools for marketing. Students will become familiar with a variety of Web analysis tools, including Google Analytics, Clicktracks Professional, Net Tracker, WebPosi-

tionGold, Wordtracker, and Dreamweaver. They'll also learn basic formulas for determining customer acquisition costs, prepare monthly visibility reports, and make Web sites achieve their market potential.

More Faculty See Value In Podcasts, Blogs

Faculty are becoming more comfortable using technology, according to a survey by Thomson Learning, a publisher for higher education based in Stamford, Connecticut. Its survey of 677 professors from the disciplines of business/economics and humanities/social sciences revealed more interest in social networks, blogs, and podcasting.

According to the survey, nearly 35 percent of respondents view podcasting as a valuable communication tool to reach students. Ten percent of faculty actually write their own blogs, compared to only 8 percent of the general population. In addition, of the faculty who reported familiarity with social networking sites such as MySpace, nearly 90 percent said they knew students used the sites to rate their professors. Sixty-seven percent have actually checked the sites to see how they had been graded.

The takeaway from the survey: Faculty need to become comfortable with emerging technologies to teach students how these technologies are changing society, says Shirley Biagi, a professor in the department of communication studies at California State University in Sacramento. Says Biagi, "It is essential for us to pay attention to all emerging technologies as a way to help our students understand the importance of mass media in our lives today." 

NEWSBYTES

■ GIFT FOR TECH



The Bryan School of Business and Economics at the University of North Carolina at Greensboro will receive \$2 million of a \$3.85 million gift to UNCG from Microsoft vice president Robert McDowell and his wife Lissa Shelley McDowell. The funds will establish the McDowell Research Center for Global Information Technology. The center will be among the first in the U.S. to investigate the international applications of IT, says Prashant Palvia, professor and Ph.D. program director in the Bryan School's department of information systems and operations management. The remainder of the McDowells' gift will support UNCG's art museum and its communication-across-the-curriculum program.

■ INNOVATION LAB

Grenoble Ecole de Management in France has launched the first French Discontinuous Innovation Lab (DIL), an international network designed to bring together researchers and managers to explore new directions for business and create new business models, best practices, and market opportunities. The DIL will be led by the school's Centre for Innovation, Technology, and Entrepreneurship (CITE).

■ \$1 MILLION FOR "COLLECTIVE INTELLIGENCE"

Business Objects, a Paris-based software company, and Zerofootprint, a nonprofit environmental organization, recently launched an online community designed to tap the "collective intelligence" of users to solve global problems. The objective is to provide online visualization tools and an environment where academics, scientists, and others can work together. Any visitor can suggest a problem to solve—the person who posits the most interesting challenge, as judged by the community, will receive up to \$1 million to solve it. For more information or to view the project in action, visit insight.businessobjects.com.

■ INTERNET 2009

The U.S. National Science Foundation recently tapped tech company BBN Industries, a government contractor, to redesign the Internet from the ground up. According to the Associated Press, BBN will receive up to \$10 million over four years to plan and design the new project, which has been dubbed the Global Environment for Network Innovations (GENI). NSF has funded several similar projects, but GENI is seen as a way to build a new Internet without yet dismantling the old. The GENI project is set to start in 2010 and is estimated to cost \$350 million.

DATABIT

According to the Sloan Consortium, nearly **3.2 million** students in the U.S. were enrolled in an online course during the fall of 2005, compared to **2.3 million** in the fall of 2004.

I First, Do Not Cheat

A profoundly disturbing finding emerged from a recent survey of graduate business students: Over half admitted to cheating during the course of their programs. That statistic about academic dishonesty was published last year by Donald L. McCabe, Kenneth D. Butterfield, and Linda Klebe Treviño, and it compounds the damage inflicted by the spate of corporate scandals over the past decade. No wonder the general public wonders if cheating in business is the exception or the norm, or if anyone in business is a person of integrity.

As a former CEO who is now a business school dean and company director, I ask a crucial question. If business schools do not take the lead on teaching integrity, who will?

Many argue that it is unreasonable to expect business schools to teach integrity, given that typical MBA students come to us as fully formed adults in their mid-to-late 20s, and most already have had an average of five years' work experience. But businesspeople know through their experiences, and academics through their research, that integrity is the essential foundation of a successful career. If we are not doing our best to instill it and nurture it, then we are not serving our students or the community. If business schools want to be at the forefront of keeping business ethical, we have to take action ourselves. Here are some suggestions:

Don't admit cheaters. A critical finding of the academic dishonesty study is that observed peer behavior is the single most important factor in explaining why MBAs cheat.

Because this means that one student who violates the rules can influence many others, we need to keep bad eggs out. Virtually all business schools require students to reveal past criminal convictions, and most also require them to disclose prior disciplinary sanctions. The critical question is what schools do with this information.

I don't advocate that schools automatically reject anyone with a questionable past, but I do urge schools to scrutinize such applicants with much more rigor. In particular, administrators should require such students to provide a detailed account of any transgressions, with appropriate documentation. They should also make sure students undergo extensive interviews with the admissions office to demonstrate their commitment to honor. Any doubts pertaining to applicants should be resolved before admission.

Encourage faculty to play a greater role in promoting integrity. Faculty carry at least two important responsibilities. First, they must clearly establish that they will not allow cheating in their classrooms, and they must follow their words with action whenever they detect improper behavior. We can't control what students do after they graduate, but we can leave no doubt that we will take disciplinary

action, when necessary, before they leave school.

Second, faculty should routinely expose students to the idea that there is more to business than maximizing shareholder wealth. I don't mean that professors should espouse a particular corporate philosophy.

I do suggest that, as part of a proper business education, faculty should present students with a variety of theories about what constitutes good corporate behavior, including careful attention to customers, employees, and communities. If faculty do this job well, they will assist students in carrying honor from the classroom to the boardroom.

Make ethics courses mandatory. For almost 30 years, my school has required all MBA students to take a business

ethics course. We understand that simply preaching about corporate social responsibility to 27- to 30-year-old graduate students isn't enough to produce highly ethical business people. Instead, we must expose students to real-life examples of complex corporate dilemmas, including many where there is no "right" answer, to help them identify the ethical challenges they will face in corporate life. The key is to arm them with the skills to identify critical ethical issues and to use a thoughtful, fair approach to resolve



Steve Jones

WE SHOULD TEACH OUR STUDENTS *PRIMA HONESTAS*, OR "FIRST, ACT WITH INTEGRITY."



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EFMD Case Writing Competition

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John Molson Case Writing Competition
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The betapharm Acquisition: DRL's Inorganic Growth Strategy in Europe
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Li & Fung : The Global Value Chain Configurator
Second Runner-up, 2004

oikos Sustainability Case Writing Competition

Organized by the University of St. Gallen, Oikos
foundation for economy and ecology, Switzerland

The Body Shop: Social Responsibility or Sustained Greenwashing?
Second Runner-up, 2006

Central and East European Management Development Association (CEEMAN's) Case Writing Competition

IKEA's Innovative Human Resources Management Practices and Work Culture
First Runner-up, 2005

Regional Asia-Pacific Case Writing Competition
Organized by the Vocational Training Council's
Management Development Centre (MDC) of Hong Kong

DoCoMo – The Japanese Wireless Telecom Leader
First Prize, 2004

FedEx vs. UPS in China – Competing with Contrasting Strategies
First Runner-up, 2004

These case studies are available from ecch UK and ecch US (www.ecch.com), www.ibscdc.org, and www.icmrindia.org

www.icfai.org

them. This method will give students useful tools while reinforcing the vital point that doing the right thing matters.

Involve students in the process. Another critical finding in the study is that honor codes help build and reinforce honesty among students. I serve as dean at a university that I also attended as an undergraduate, and it has had a student-run honor court for more than 100 years. Although I can't cite statistics to demonstrate that this has substantially reduced instances of impropriety, I have no doubt that it has. When students are heavily involved in developing and enforcing rules against cheating, they take ownership of the process and show even less tolerance for bad behavior than the faculty or administration. I believe that this emphasis on integrity carries over into later life as well.

Help corporations avoid hiring cheaters.

Having spent 30 years in the business world, and half of that time outside the U.S., I do not believe any business in the world wants to hire MBAs who bend the rules or engage in sleazy practices. Business schools that educate students in ethical approaches and attitudes will gain a competitive edge in placing their graduates.

I urge business schools to take a specific approach when dealing with corporate recruiters and partners. Ask them to require all applicants to disclose any honor court convictions or sanctions meted out to them during their MBA studies. Federal privacy laws bar schools from sharing this information with recruiters, but nothing prevents prospective employers from requiring students to allow their school to release it as a condition to

interviewing or hiring. Although transgressions should be assessed on an individual basis, if I were a corporate recruiter, I would adopt a virtually no-exclusions presumption that I would not hire students who cheated in graduate school. Few steps would do more to reinforce the importance of integrity among our students than for corporations to join business schools as partners in this initiative.

Don't accept contributions from corporate cheaters. If business schools are to serve as role models for students about to enter the corporate world, we must avoid hypocrisy. One way to do this is to refuse tainted money, especially from any company or any person who has been disgraced in the public eye and who might be attempting to buy respectability through large donations. Of course, this is an easier policy to propose in the abstract than to practice in a concrete fashion. For example, companies in the middle of a heated labor dispute might be somewhat controversial, but I would not consider them as disgraced as companies discredited by a true scandal. Nonetheless, in a realm where symbolic steps can play an important role in affecting perceptions, business schools ought to be in the forefront of taking a principled stand.

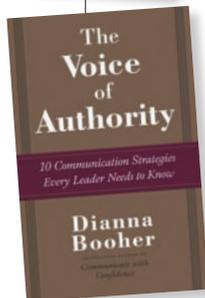
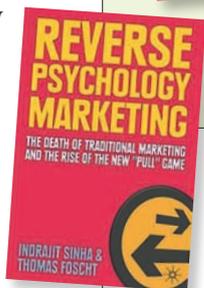
As business schools, we can adapt the famous principle attributed to Hippocrates and taught to doctors. *Primum non nocere* is translated as "First, do no harm." We should teach our students a slightly different version: *Prima honestas*, or "First, act with integrity." 

Steve Jones is dean of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

Bookshelf

Marketing used to be about pleasing your customer, finding your market segment, and determining your right “4P” formula of price, product, place, and promotion. No more, say two marketing professors, Indrajit Sinha of Temple University in the U.S. and Thomas Foscht of the University of Graz in Austria. Writing in *Reverse Psychology Marketing*, they examine the new “anti-marketing” techniques that rely on building networks of consumers and pulling in the customer by creating brand mystique. Not surprisingly, two trends that figure into the creation of brand mystique revolve around globalization and technology, which combine to help create worldwide social networks of consumers who share product information and become ferociously attached to certain brands. “The moral for all companies is that they have to work on their product and brand superiority, price them reasonably, focus less on glitzy campaigns, and attempt to pull customers instead,” the authors write. While this advice flies in the face of much conventional marketing wisdom, the author points out that marketing is a discipline that’s tied to the broader cultural sphere, which in turn is “volatile and dynamic.” Change with the times, they advocate, or you’ll have nothing left to market. (Palgrave MacMillan, \$35)

Communication is one of those skills that everyone prizes and few people seem to possess. How can you tell if you’re a good communicator? asks Diana Booher in *The Voice of Authority*. “You either clarify or confuse. You either moti-



not purposefully unclear, not circular, and come from a source that appears competent and concerned. Her examples of bad communica-

“Learn, improve, disrupt” is the corporate slogan of China International Marine Containers Group (CIMC), which began as a small, struggling company but now controls 55 percent of the world market for shipping containers. CIMC’s dramatic rise to prominence is only one of the stories told in *Dragons at Your Door* by Ming Zeng, a professor at Cheung Kong Graduate School of Business, and INSEAD’s Peter J. Williamson. They follow a handful of rising Chinese corporations that are using a complex, interconnected web of advantages to challenge established corporations around the globe. “Their tool of choice is cost innovation: the strategy of using Chinese cost advantage in radically new ways to offer customers...dramatically more for less,” the authors write. They examine a handful of Chinese companies that have figured out how to bring volume pricing strategies to bear on high-tech, customized, and specialty products, thus encroaching on previously untouchable segments of the market. Zeng and Williamson’s utterly fascinating book does not set up a West versus East dynamic, but rather explores the way the Chinese dragons will change the world economy for everyone and how

established multinationals can learn from them and respond before it’s too late. (Harvard Business School Press, \$29.95)

vate or demoralize. You either gain buy-in or generate distrust.” It’s axiomatic that a book about communication had better be easy to understand, and this one is. Making her points with remarkable clarity and directness, Booher insists that communication must adhere to ten C’s: It must be correct, complete, consistent, credible, current, clear,

tion are funny, infuriating, and painfully familiar, but her advice is forthright and uncompromising. “Communicate like you brush your teeth,” she says. “Make it a habit. ... Get a system, a channel, a structure, a timetable that works for you.” (McGraw Hill, \$19.95)

Can cell phones eliminate global poverty?

There’s some evidence that they’ve already made a dent. In *You Can Hear Me Now*, Nicholas P. Sullivan chronicles the founding and impact of GrameenPhone, the cell phone network that has helped put 18 million phones into the hands of Bangladesh citizens, many of them

“RESEARCH SUGGESTS...THAT ADDING 10 PHONES PER 100 PEOPLE ADDS .06 PERCENT TO THE GDP OF

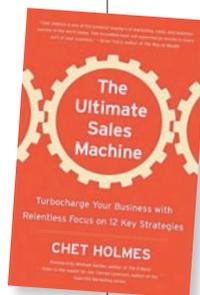
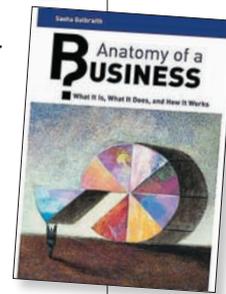
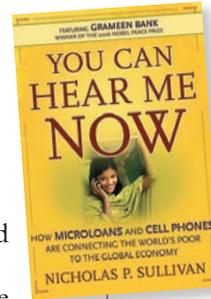
A DEVELOPING COUNTRY. GIVEN 4 BILLION PEOPLE IN POVERTY, THAT MEANS THAT WITH EVERY 10 NEW PHONES PER 100 PEOPLE, 48 MILLION GRADUATE FROM POVERTY.” —Nicholas P. Sullivan, *You Can Hear Me Now*

the rural poor. Because, as he says, “connectivity is productivity,” the existence of Internet-enabled cell phones allows village entrepreneurs to start businesses, search for the best markets, stay in touch with suppliers, and turn better profits. Sullivan is convinced that it takes three components to generate economic growth in developing nations—“information technology imported by native entrepreneurs backed by foreign investors”—and he analyzes how all three of these factors have played a part in GrameenPhone’s success. If the figures he offers are correct, then the impact could be astonishing. “Research suggests...that adding 10 phones per 100 people adds .06 percent to the GDP of a developing country,” he writes. “Given 4 billion people in poverty, that means that with every 10 new phones per 100 people, 48 million graduate from poverty.” Impressive results, indeed. (Jossey-Bass, \$29.95)

It might seem like a daunting task to write a basic book that comprehensively answers the question “What is business?” Sasha Galbraith, however, has done an excellent job with *Anatomy of a Business*. Chapter by chapter, she boils down everything from the history of commerce to the concepts of supply chain management, detouring now and then to provide interesting sidebars about the evolution of money or a list of the top global brands. The section on strategy summarizes various classic approaches, from Michael Porter’s competitiveness model to the Balanced Scorecard management system. Many chapters end with narratives from international executives describing their typical days. While

keeping the prose mostly clear-cut and straightforward, Galbraith does allow her personality to show through, as when she discusses how leadership began to change when a more educated workforce emerged: “This meant...you can’t just manage a thinking human being as if she were a stupid monkey. Or if you did, she would leave to go work for your competitor.” The book is certainly intended for business beginners, but it does an excellent job of introducing them to the business world. (Greenwood Press, \$75)

Perhaps you know a couple who lavish all their time and money on their only child, making sure he has every advantage in life, from a private school education to the cell phone that means he never has to lose touch with Mom and Dad. They could be considered Parentocrats, one of the nine distinct customer groups, or C-Types, profiled in *Karma Queens, Geek Gods, and Innerpreneurs*. Written by Ron Rentel with Joe Zellnik, the book presents entertaining and instantly recognizable portraits of current societal archetypes—and how to market to them. Denim Dads, for instance, want the technology that allows them to work from home and the gadgets that help the household run smoothly. E-litists look for environmentally friendly products that also offer luxury. “The better you know the C-Types that make up your



target, the more effectively you’ll be able to create breakthrough marketing strategies and tactics,” the authors write. It’s a fun—and useful—read for anyone crafting a marketing strategy for new products. (McGraw Hill, \$24.95)

You don’t improve your business by implementing 4,000 new ideas, says Chet Holmes. You improve it by learning a handful of new techniques and practicing them 4,000 times. In *The Ultimate Sales Machine*, he outlines 12 strategies designed to help “turbocharge your business with relentless focus.” The key is the part about relentless focus, or what he later terms “pigheaded discipline and determination.”

Holmes offers tried-and-true ideas—make a list, prioritize tasks, invest in training—but his real point is follow-through. Don’t just train the salespeople to sell up, he insists; train them over and over on the same specific ways to counter customer objections. He describes how one of his cli-

ents obtained dramatic results after months of effort: “With consistent, relentless, and organized training on just this specific concept, we raised the standard dramatically and then policed it throughout the organization,” Holmes writes. His method sounds labor-intensive but geared toward results. (Portfolio, \$24.95) **Z**

Spotlight



Reynold Byers (in Hawaiian shirt) of the Merage School advises students participating in the 2007 Sandcastle Event at Huntington State Beach in California. The annual simulation teaches students the fundamentals of operations management.

STEPHANIE DIANI

To Build the Perfect Castle

Assistant professor Reynold Byers' annual Sandcastle Event turns the beach into b-school.

About seven years ago, Reynold Byers was sitting on the beach, trying to think of a way to illustrate the realities of operations management and organizational behavior to his students. It didn't take long for him to see the answer right in front of him: Turn the beach into his classroom.

Byers, an assistant professor at the Paul Merage School of Business at the University of California in Irvine, spent a year and a half developing his Sandcastle Event before its debut in 2001. The three-hour competition requires first-year MBA students to work in teams of five to build sandcastles to exact specifications. "Sandcastles are complicated and require several people to handle many tasks," says Byers. "The hard part for students is getting their group to work together."

During the event, each team appoints members to fulfill one of four job functions. Hydrologists haul buckets of water from the ocean; excavation engineers dig in the sand; raw materials specialists form the sand; and structural finishers take care of final details.

Teams are provided with prices for equipment—their pails, shovels, and molds—and the costs for job training. Mistakes in planning, assigning jobs, or tracking costs can set a team back early, Byers notes. Teams also are "fined" if members are caught doing a job they've not been appointed to do.

To add real-world tension to the exercise, Byers makes a significant change to the castle-building parameters midway through the project. In 2006, Byers required each team to send one member to another team at the halfway point. He then changed the specifications of their castles to reflect "updated customer specifications," so that they had to rebuild.

Byers usually forms teams at random, although he has experimented with putting groups together by personality or gender. He once ran the competition for a local company whose administrators placed a male employee who disliked working with

women on the same team as four of his female co-workers.

The team that builds its sandcastles most accurately, quickly, and economically wins a modest trophy and a small amount of money. But the true payoff happens afterward in Byers' next class. After showing a video of the competition, he asks students to reflect on why problems arose and how they could have been avoided. Some teams note that they should have built their moats last to avoid having to jump over them to complete their castle; others realize that cross-training team members in more than one function would have alleviated trouble in case of layoffs, which can be one of Byers' mid-point surprises.

Most important, says Byers, students realize that managing personalities is paramount. "If two people don't get along well, students may create

operational processes that force them together," he says. "That can bring the whole team to a grinding halt."

The competition takes time and planning, but "the students love it," says Byers. Students may work well together, or they may end up throwing shovels at each other. It depends on how well they manage conflict. "They must run their teams like business groups," Byers says. "I want them to learn that team dynamics and organizational output are inherently linked." ■

"STUDENTS LEARN THAT TEAM DYNAMICS AND ORGANIZATIONAL OUTPUT ARE INHERENTLY LINKED."

— Reynold Byers