COMPETITION HEATS UP

Traditional schools blaze new trails in response to alternative providers.

Also: A Prep Program for International Students
WE NEED TO RETHINK...EVERYTHING
What if Google launched an MBA?
David Bach of Yale offers a glimpse of the possible futures of business education.

BRICKS AND CLICKS
COME FACE TO FACE
Daniel Szpiro of the Jack Welch Management Institute explores what traditional and for-profit programs can learn from each other.

OPEN SEASON
Open University’s Rebecca Taylor talks about flexibility and relevance.

RACE TO THE TOP
Schools share the lessons they’ve learned about positioning their programs well amidst their fiercest competition.

PREPARING INTERNATIONAL STUDENTS FOR SUCCESS
The Illinois Institute of Technology outlines its professional development programs.

GAME CHANGERS
New board chair Joseph DiAngelo believes that AACSB must embrace innovation to compete in the global arena.
from the editors

The New Competitors

One February about a decade ago, I heard an interesting radio ad that went something like this: “Don’t buy your wife candy and flowers for Valentine’s Day. Think outside the chocolate box! Let your creativity bloom! Buy her a cell phone instead.” I thought, Wow, Godiva and FTD have their work cut out for them now. They weren’t just competing with other floral shops and candy-makers for the market segment poised to spend big bucks on Valentine’s Day. They were dealing with a whole host of new competitors—any company that could make its product look like a stand-in for “I love you.”

The truth is that, for every market segment there is, new competitors pop up every quarter. That old cell phone company I heard advertising in 2002 was probably put out of business by Nokia and RIM—who have seen their own fortunes falter as the iPhone took center stage. At this point it’s hard to imagine anyone dethroning Apple, but history has taught us that a likely game changer is already lurking in the wings. Competitors are mortal, but competition is eternal.

Business school deans and faculty, who actually teach the topic of competition, know this better than anyone, but even they might not be entirely braced for all the new contenders popping up in their field. These upstart new competitors are forcing traditional business schools to examine their own programs in terms of content, delivery, and student base.

This issue of BizEd explores how competition is changing the management education industry. In the big-picture story “We Have to Rethink…Everything,” David Bach of Yale takes a hard look at the macro trends that are reshaping business and business education. In “Bricks and Clicks Come Face to Face,” we get inside information from two new deans at online business schools—Daniel Szpiro of Strayer University’s Jack Welch Management Institute and Rebecca Taylor of Open University Business School. And in “Race to the Top,” a number of business school representatives explain how they have been adjusting their programs to meet the competition head-on.

There’s no question that traditional management education will have to adapt, but that doesn’t mean it will fall by the wayside. In the last 15 years I’ve gone from a landline to a flip phone to an iPhone, but I still have a phone. Likewise, many business students have moved from face-to-face courses to blended formats to completely online programs—but they still want to learn.

Business schools that design the kinds of educational products that people want, in the packaging they prefer, will always have a market. Because even though competition is eternal, so is innovation—and business schools are certainly poised to deliver that.

Sharon Shinn
Stable Market for MBAs

The MBA job market is stabilizing and more companies are recruiting for full-time positions compared to a year ago, according to research by the MBA Career Services Council. In addition, more alumni have begun to hire their alma maters’ graduates as a result of schools’ efforts to engage past students.

The MBA Career Services Council released the findings of its Spring 2012 Recruiting Trends Survey this summer. The findings show that both on-campus recruiting opportunities and full-time job postings have increased for most schools worldwide. Recruiting has slowed slightly compared with previous years, but only 11 percent note a decline in recruiting activity.

Survey findings show that 51 percent of respondents see an increase in on-campus recruiting for full-time jobs, while 69 percent see an increase in full-time job postings. Increases in recruiting activity are occurring across most sectors, with consulting and technology showing the largest increase.

Financial services and government showed the largest decrease in full-time recruiting activity. For more information, visit www.mbacsc.org.

Salaries Rise for Accountants

Accountants’ average total compensation held steady last year, increasing 0.9 percent from US$128,486 in 2010 to $129,591 in 2011. Those figures come courtesy of the 23rd Annual Salary Survey released by IMA, the Association of Accountants and Finance Professionals in Business, and published in Strategic Finance magazine.

More respondents reported a salary increase in 2011 than in 2010, and the average amount of the increase received was greater, according to the survey. The year 2011 saw 4 percent more IMA members with a raise: 70 percent versus 66 percent in 2010. The average salary increase for these members was $6,135, compared to average increases of roughly $5,700 during each of the last three years. More information can be found at www.imanet.org.

CORPORATE TRAINER Training the Street (TTS) finds that the vast majority of MBA graduates are still receiving competitive job offers, despite their increasing concerns about employment prospects. TTS’s third annual hiring survey, which was completed by more than 300 MBAs from 25 programs, shows that 10 percent of respondents are less optimistic about their job prospects than a year ago. That pessimism arises even though 94 percent have been invited for at least one first-round interview, 78 percent have received at least one offer, and 50 percent have received multiple offers. In 2011, those numbers were 91 percent, 72 percent, and 41 percent, respectively.

The largest number of respondents, 49 percent, note that they have been recruited by major investment banks. Thirty-nine percent say they have been recruited by consulting firms, and 36 percent by boutique advisory firms. Positions at global financial institutions are still in high demand, with 27 percent of respondents favoring them as top choices.

In other survey findings, 53 percent of respondents indicate they obtained positions through campus recruiting, 21 percent through independent job searches, and 18 percent based on personal references. Respondents believe the most important factors in securing a job are interpersonal skills (29 percent) and industry expertise (26 percent). Forty-seven percent expect their starting salaries to be in the US$100,000 to $125,000 range—which might be why only 7 percent are dissatisfied with their offers of employment.

MBAs Worry, But Offers Are There

Job Outlook for Business Grads

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Identifying Women for Corporate Boards

**The Forté Foundation** has announced a new initiative to increase the number of women on corporate boards in the U.S. The foundation, which is based in Austin, Texas, directs women toward leadership roles in business.

The U.S. initiative follows Forté Foundation’s collaboration with its five European business school members and the European Commission, which recently published a repository of 7,000 vetted and board-ready women. Forté plans to release a separate list of U.S.-based women candidates at the end of this year.

To compile the list, Forté will ask its 33 U.S. MBA partner schools to supply names of at least five candidates. In addition, Forté will consider self-nominations from its membership database of 60,000 professional women and partner with other organizations.

Changes at Anderson

**The Anderson School** of Management at the University of California in Los Angeles has taken a critical step in converting its state-supported MBA program to a self-supported one. The university’s legislative assembly has approved a proposal to implement the change, but as of press time, it still needed approval from the University of California’s Academic Senate and UC president Mark Yudof.

“Our proposal is a response to the urgent need to find solutions to campuswide financial challenges,” says Judy Olian, dean of UCLA Anderson.

Under the Anderson proposal, about US$8.8 million in state support that otherwise would flow to UCLA Anderson would instead be available to the campus for use in supporting other programs. The business school would replace state funding with gifts and donations. UCLA Anderson officials believe the proposal will allow them to allocate teaching resources more effectively and provide greater flexibility in program design.

Five of Anderson’s six master’s degree programs are already self-supporting, but the school still has a state-supported doctoral program and a state-supported undergraduate accounting minor.

Critics have raised concerns about the switch to self-funding, worrying that it will lead to higher tuition costs and fewer places within the school for native Californian students. To address concerns, UCLA chancellor Gene Block and Academic Senate chair Andrew Leuchter have convened a task force to guide the development and assessment of potential self-supporting degree programs. But they point out that the administration and the Academic Senate must operate within new funding realities.

“The state’s disinvestment in higher education is very unfortunate,” Leuchter says. “We are therefore forced to consider new financial models to support our programs.”
Dissatisfied With the Core

**DO MBAS THINK** their core classes provide them with a good grounding in business fundamentals? Some don’t, according to a survey by *The Economist*’s online portal, Which MBA? The online survey found that 60 percent of current and former students believe core classes should focus more on business strategy, 38 percent believe that more attention should be given to finance, and 33 percent would have liked more emphasis on technology and information systems.

As for prospective students? They think the core MBA should focus more on business strategy (according to 75 percent), finance (52 percent), and economics (48 percent). “It is worrying that so many business school students, who often pay hundreds of thousands of dollars in fees and lost income to attend a program, feel that areas as fundamental as business strategy and finance are not being adequately covered,” said Bill Ridgers, editor of Which MBA?

Nineteen percent of current and former MBA students, and 9 percent of prospective students, feel that the core classes should focus less on manufacturing and production. Eighteen percent of current and former students believe there should be less emphasis on accounting, and 10 percent of prospective students think the core MBA should focus less on statistics. The full results of the survey can be found at www.economist.com/whichmba/core-values.

Watching Your Competitors?

The GMAT® exam is more than a test. Examinee data, combined with GMAC® survey research, can help you understand the global marketplace.

**Grab Student Attention**
Number of program types that prospective students are considering applying to:

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>31%</td>
</tr>
<tr>
<td>Two</td>
<td>25%</td>
</tr>
<tr>
<td>Three</td>
<td>16%</td>
</tr>
<tr>
<td>Four</td>
<td>11%</td>
</tr>
<tr>
<td>Five</td>
<td>7%</td>
</tr>
<tr>
<td>Six or more</td>
<td>10%</td>
</tr>
</tbody>
</table>


**Monitor the Expanding Marketplace**
Percentage of master’s programs whose applications increased or held steady from 2010 to 2011:

<table>
<thead>
<tr>
<th>Field</th>
<th>2011 Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>83%</td>
</tr>
<tr>
<td>Management</td>
<td>72%</td>
</tr>
<tr>
<td>Accounting</td>
<td>64%</td>
</tr>
</tbody>
</table>


**Understand Student Mobility**
Percentage of GMAT scores sent within and outside the region:

<table>
<thead>
<tr>
<th>Region</th>
<th>Inside Region</th>
<th>Outside Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico, Caribbean, Latin America</td>
<td>2%</td>
<td>98%</td>
</tr>
<tr>
<td>East Asia/Pacific</td>
<td>9%</td>
<td>91%</td>
</tr>
<tr>
<td>Central/South Asia</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>Europe</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>US/Canada</td>
<td>98%</td>
<td>2%</td>
</tr>
</tbody>
</table>


Use the GMAT exam and learn about the competitive advantage that GMAC market intelligence offers your school at [gmac.com/gmatreport](gmac.com/gmatreport)
Management Education for a Sustainable World

SHOULD MANAGEMENT EDUCATION be redesigned to promote sustainability? Educators from a group of business schools participating in a summer United Nations conference think so. They recently unveiled their vision for management education that focuses on creating businesses that are judged by how they improve the world, not simply by how well they operate.

The management educators were participating in the RIO+20 United Nations Conference on Sustainable Development held in Rio de Janeiro in June. The World Business School Council of Sustainable Business, the Globally Responsible Leadership Initiative, and the Principles of Responsible Management Education collaborated to propose the 50+20 Agenda. This initiative calls for educating globally responsible leaders, enabling business organizations to serve the common good, and engaging in the transformation of business and the economy. Implementing these goals calls for retraining faculty in sustainability approaches, creating new educational prototypes, rethinking research goals, and devising new incentives.

The schools that co-authored the 50+20 Agenda are Business School Lausanne and University of St. Gallen, both of Switzerland; ESSEC Business School and ICN Business School Nancy-Metz, both of France; Queensland University of Technology and Swinburne University of Technology, both of Australia; CENTRUM Católica in Peru; Concordia University in Canada;

Copenhagen Business School in Denmark; ESADE in Spain; Leuphana Universität Lüneburg in Germany; Rajiv Gandhi Indian Institute of Management in India; University of Pretoria in South Africa; and Vienna University of Economics and Business in Austria. The two noneducational co-authors are Deloitte Touche Tohmatsu Limited of the U.K. and Zermatt Summit of Switzerland.

More information about the 50+20 Agenda can be found in the short film “Management Education for the World,” available at www.50plus20.org or twitter.com/50plus20.

Going Green Across the Globe

BUSINESS SCHOOLS AROUND the world are incorporating sustainability into their new buildings or their redesigned facilities. Here are a few recent examples:

- Essex University in the U.K. has secured approval to build a new 5,550-square-meter (about 18,000 square feet) research and training building on its Colchester Campus—and one of its distinguishing features will be a winter garden. The goal is for the garden to support passive heating and ventilation of the new building and provide a buffer zone between the building and its surroundings.

- The green roof at the University of Louisville’s College of Business
The new building is expected to be completed by December 2013.

- This April, the Indian School of Business opened a new campus in Mohali that is designed to meet LEED Gold sustainability criteria. The campus buildings, which are spread over 70 acres, feature energy-efficient mechanical and electrical fixtures, rainwater harvesting, maximum use of daylight, and passive environmental controls. The new campus also has been outfitted with a geothermal air conditioning system designed to save 1.2 million kilowatt hours of power annually.

- The University of Louisville’s College of Business in Kentucky has just unveiled a “green” roof created with living plants, pavers, and reflective roofing. The Krista Loyd Sky Garden, which is expected to trim 25 percent from heating and cooling costs in the two-story addition it covers, also drains to a rain garden on the ground below to help prevent campus flooding. The roof is named for the late daughter of Raymond and Eleanor Loyd, who donated US$55,000 for the project.

- This spring, the College of Business at the University of North Texas in Denton received LEED Gold Certification from the United States Green Building Council. The 180,000-square-foot Business Leadership Building includes water-efficient plumbing, electricity generated in part by wind power, low-maintenance landscaping, recycling stations, and sustainable irrigation systems.

## SHORT TAKES

### NEW APPOINTMENTS

- **Paul M. Bobrowski** has been named dean of the University of Dayton’s School of Business Administration in Ohio. He was previously dean of the College of Business at Auburn University.

- In June, **Lance Nail** became dean of Texas Tech’s Rawls College of Business in Lubbock. He served for four years as dean of the College of Business at the University of Southern Mississippi. Nail replaces Allen McChesney, who served as dean for ten years.

- Adelphi University in Garden City, New York, has appointed Barbara Nemecek as interim dean of its Robert B. Willumstad School of Business. Nemecek most recently was the dean and the Louis J. and Ramona Rodriguez Distinguished Professor at the Dillard College of Business Administration at Midwestern State University in Texas. She served for four years on AACSB’s Board of Directors.

- **Robert Barrett** has been named dean of Lander University’s College of Business and Public Affairs in Greenwood, South Carolina. He took his new position in July. Barrett comes to Lander after serving five years as dean of the College of Business and Applied Professional Sciences at South Carolina State University. He succeeds interim dean Douglas Grider.

- In July, **Donna T. Mayo** became the new dean of the Mike Cottrell School of Business at North Georgia College & State University in Dahlonega. Most recently, Mayo was dean and professor of marketing at Dalton State College’s School of Business. She replaces Max Burns, who has taken a position as president of Gordon College.

- **Robert Roche** (pictured) was appointed dean, while former dean Thierry Grange became president of a newly formed Strategic Board, which will handle operational and strategic planning and leadership.

- **Michael B. Mikhail** has been appointed dean of the College of Business Administration at the University of Illinois at Chicago. Mikhail most recently was the KPMG Professor and director of the School of Accountancy at Arizona State University’s W.P. Carey School of Business in Tempe. Mikhail will succeed interim dean Michael A. Pagano.

- California State University in Dominguez Hills has
SHORT TAKES

NEW PROGRAMS

- In the fall of 2013, the Merrick School of Business at the University of Baltimore in Maryland will launch the Ratcliffe Fellows Program as its new model for entrepreneurship education. Juniors and seniors will gain practical experience as they work with “gazelles,” or rapidly growing new ventures. Participants also will be expected to start their own for-profit businesses before completing the program, which will be funded by a US$550,000 gift from the Philip E. and Carole R. Ratcliffe Foundation.

- The Wharton School of the University of Pennsylvania in Philadelphia has established a new Wharton/Penn Risk and Insurance Program to disseminate interdisciplinary research on risk and insurance. The program has been created in conjunction with the university’s law school and its Leonard Davis Institute of Health Economics.

- The University of Miami School of Business Administration in Florida has established a new accelerated MBA program with a concentration in real estate. The 18-month program combines the expertise of the School of Business and the School of Architecture.

- This fall, the College of Business and Economics at the University of Wisconsin-Whitewater will offer a new international business major that requires students to take 16 credits of a foreign language and complete a study abroad experience.

- This fall, UCLA Anderson School of Management is offering a second version of its Fully Employed MBA program (FEMBA). In FEMBA Flex, a portion of the coursework is delivered online via lectures, collaborative group work, and Web-based learning tools; on-campus classes are scheduled for weekends.

- The Steven L. Newman Real Estate Institute of Baruch College in New York City has launched an online certificate program that will teach participants how to maximize energy efficiency in enterprises that range from small businesses to commercial real estate portfolios.

- Melbourne Business School in Australia has introduced a new 12-month full-time MBA program that focuses on integrated learning to provide a holistic view of real-world business. The program will adopt an Action Learning framework for students to apply coursework in real-world scenarios and allow students to tailor their electives.

- This fall, Simon Fraser University’s Beedie School of Business, with locations in Burnaby and Surrey, British Columbia, is launching an EMBA in aboriginal business and leadership. The new EMBA is aimed at providing senior-level management education for aboriginal managers and entrepreneurs, as well as organizations that collaborate with First Nation, Métis, and Inuit communities.

STEPPING DOWN

- Robert Mittelstaedt has announced that he will retire next year as dean of the W.P. Carey School of Business at Arizona State University in Tempe. He joined ASU in 2004, after spending more than 30 years in various leadership positions at the Wharton School at the University of Pennsylvania.

- After four years as Indiana University Foundation president, Eugene R. Tempel will be returning to IU’s Center on Philanthropy in Bloomington as a senior fellow to play a major role in the university’s effort to establish a new School of Philanthropy. Succeeding Tempel as head of the foundation will be Daniel C. Smith, who has been dean of the IU Kelley School of Business for more than eight years. Smith will begin his new role on October 1, but he will serve as dean until an interim dean is appointed.

- H. Joseph Wen as the new dean of the College of Business Administration and Public Policy. Previously, Wen was dean of the School of Business at Emporia State University in Kansas.

A new Global Business Initiative at Georgetown University’s McDonough School of Business in Washington, D.C., will integrate global issues through all levels of education. As part of the initiative, the school will expand the Global Business Experience, a required international consulting experience. Students also will study how regional and cultural factors affect topics such as supply chain management or social innovation, and students who study similar topics in different countries will present joint papers.
COLLABORATIONS

A new Global MBA program will enable students at Case Western Reserve University’s Weatherhead School of Management to experience education in China and India in addition to Cleveland, Ohio, where the school is based. Weatherhead is joining with the School of Economics and Management at Tongji University in Shanghai, China, and with Xavier Labour Relations Institute in Jamshedpur, India, for the shared academic venture, which is slated to begin in the second half of 2013.

Three business schools on three continents are joining together to develop a corporate international master’s degree program scheduled to launch next spring. The schools are Georgetown University’s McDonough School of Business in Washington, D.C.; ESADE Business School of Madrid and Barcelona, Spain, as well as Buenos Aires, Argentina; and EBAPE/Fundação Getulio Vargas in Rio de Janeiro, Brazil.

The Institute of Business Administration in Karachi, Pakistan, and the Robert H. Smith School of Business at the University of Maryland in College Park have signed a memorandum of understanding focusing on executive education. The agreement incorporates “train the trainer” programs for IBA faculty, videoconferences, and the creation of an environment that promotes faculty exchanges.

The University of Toronto’s Rotman School of Management in Ontario has signed a memorandum of understanding with the Beijing-based China Banking Association (CBA), which provides the school the opportunity to provide risk management programs to the association’s 152 banks and financial services companies.

GRANTS AND DONATIONS

The College of Management at Georgia Institute of Technology has announced a transformational gift from alumnus Ernest “Ernie” Scheller Jr. The majority of his US$50 million gift has already been fulfilled; it is expected to be completed in 2013. Between Scheller’s gifts and matching challenge gifts, the college will have more than doubled its endowment. In recognition of Scheller’s generosity, the school has been renamed the Ernest Scheller Jr. College of Business.

Scheller is chairman emeritus of Pennsylvania-based Silberline Manufacturing Inc., a pigment supplier.

The vice chairman of the board of trustees for Quinnipiac University in Hamden, Connecticut, has donated US$1 million to accelerate the School of Business’s innovations in entrepreneurship. Quinnipiac will match the gift, creating a $2 million perpetual fund for the Carlton Highsmith Chair in Entrepreneurship. Highsmith is the retired vice chairman of PaperWorks Industries of Philadelphia.

Butler University in Indianapolis has received a US$3 million grant from Lilly Endowment Inc. to continue operation of Butler’s Business Accelerator, a component of the College of Business.

The James F. Dicke College of Business at Ohio Northern University in Ada has received a US$92,000 grant to support its entrepreneurship program. The money, a Rural Business Enterprise Grant awarded by the United States Department of Agriculture, will be used to support small business growth and development in a four-county area surrounding the school.

OTHER NEWS

The Stern School of Business at New York University, with support from its Social Enterprise Association MBA club, is establishing a loan assistance program for full-time, part-time, and executive MBA graduates. The program will reduce the financial burden of repaying business school loans for graduates who pursue careers in social enterprise.

The Public Relations Society of America (PRSA) has chosen five business schools to participate in a pilot program aimed at helping MBA candidates learn better strategic communication and reputation management skills. Participating schools include Quinnipiac University in Hamden, Connecticut; Dartmouth College in Hanover, New Hampshire; the University of Maryland in College Park; Northwestern University in Evanston, Illinois; and the University of Texas at El Paso. PRSA developed the new turnkey public relations course in partnership with Paul Argenti, professor of corporate communications at Dartmouth.
Six powerful forces that are reshaping business will also transform business education. And we’re not ready.

BY DAVID BACH

“Oh, and one more thing,” intoned Apple CEO Tim Cook, using the line Steve Jobs had uttered so often to make a surprise product announcement at the end of a presentation to the Apple faithful.

“We’ve decided to launch an MBA program. We call it the iMBA, and it’s going to be insanely great. Through an app on your iPad or Mac, you can join a global learning community from anywhere in the world, 24 hours a day. Your professors will be the best in the world, handpicked from the top universities. You can assemble your own playlist of courses and only pay for the lectures you watch. It’s just like iTunes: Why pay for the whole album if all you want is one great song?

“Obviously, we will share some of the revenue with the universities, just as we do with record companies, movie studios, and book publishers. Everything you need is in the app—video lectures, interactive exercises, and live chats with your classmates. And if you need extra help, just come to the Genius Bar in your local Apple Store and get free personal tutoring—if you’ve signed up for the optional tutoring plan, of course.”
We Need TO ReThink…

Emerging Markets

Constrained Natural Resources

Widespread Urbanization

Aging Populations

Tech Revolution

Global Debt
Apple’s move had been anticipated ever since its archrival had launched the GoogleMBA. “We just realized one day we had all the ingredients,” CEO Larry Page had explained. “Great content on YouTube, vast library catalogs and access to academic papers through GoogleBooks and GoogleScholar, tools for distributed collaboration via GoogleDocs, live communication through gtalk, a tool for organizing networks called Google+, and most important, an algorithm to figure out what students find most useful.”

To many, this was the most revolutionary aspect of the GoogleMBA. Since the firm tracked how students navigated through the available material, the MBA dynamically adapted—giving more prominence to video lectures that had received more visits, for example, and proposing follow-up exercises based on where previous users had clicked most often. This way, the more students joined the program, the better the experience became.

Business schools had competed hard to have their faculty placed high on Google’s lists, hoping this would entice viewers to enroll in their traditional programs. But fewer and fewer did. Because what really made the GoogleMBA a game changer was the fact that it was completely free.

Possibly the most powerful voice forecasting change in education is Clayton Christensen. In his book *Disrupting Class*, he predicts that technology will radically transform how education is delivered. But that’s only one of the factors poised to reshape higher education. Others are equally sweeping: global debt, demographic change, rapid urbanization, natural resource constraints, and the geographic shift of economic power.

No doubt these agents of macro change will restructure the opportunities for businesses over the next decade. But they have similarly broad implications for management education. I believe that each driver of change has the potential to cripple schools and programs—and the equal potential to bring about renewal, transformation, and new value creation.

This is usually when I wake up. What a terrible nightmare! Here is an inconvenient truth, though: For just about anybody outside the narrow circle of business school deans, MBA directors, business faculty, staff, and supporting organizations that comprise our ecosystem, this scenario is incredibly exciting. As consumers, we have all benefited tremendously from Google and Apple innovations, including their transformation of entire value chains. But the notion that they also could transform the business education industry is terrifying, at least to us.

Here’s the good news for those of us in business education: To my knowledge, neither Apple nor Google is planning to launch an MBA. And the bad news? Just because they won’t doesn’t mean we can sit on our hands.

**Global Debt**

Over the past decade, private and public debt has exploded around the developed world. Some scary statistics are provided in a report from the McKinsey Global Institute, “Debt and deleveraging: The global credit bubble and its economic consequences” by Charles Roxburgh and co-authors. In the U.S., for example, public debt has more than tripled since 2002; in Japan, public debt per capita stands at a shocking US$87,600. In 2011, combined private and public debt in Japan and the U.K. had reached more than four times annual GDP. Overall debt levels averaged between 300 percent and 350 percent of GDP in Spain, South Korea, Switzerland, France, Italy, and the U.S.

While debt has ballooned, average tuition at top universities and business schools has grown between two and three times faster than inflation. An MBA no longer costs the equivalent of a midsize family sedan; increasingly, it’s a top-of-the-line sports car. And who can afford it? Governments are cutting back financial support for universities, banks are shrinking their student loan portfolios, and corporations are slashing their financial support for employees’ business studies.

Even leaving aside questions about whether we are pricing our programs beyond the reach of most of the population, the simultaneous increase of debt and tuition signifies a brewing storm. Of the ten countries that produce the most GMAT test takers, eight of them are considered heavily indebted by *The Economist*, which...
tracks them on a “Global Debt Clock” (see www.economist.com/content/global_debt_clock). These include the United States, Canada, South Korea, France, Germany, Taiwan, Japan, and Israel. Of GMAT’s top ten countries, only China and India are considered to have low debt levels.

If business schools want to keep tuition levels high during this time of widespread indebtedness and shrinking third-party financing, they will have to create innovative financing schemes. At the same time, they will have to compete with more affordable forms of management education, such as the myriads of online offerings that have sprung up in the past decade. Therefore, business schools will need to devote considerable time to thinking about how—and how much—students will pay for a business education in the coming years.

Emerging Markets

A defining feature of the early 21st century is the progressive shift of economic power from North to South and from West to East, and the global financial crisis has vastly accelerated the trend. Emerging markets generally have weathered the recent storms much better, and their young and expanding populations ensure that their weight in the world economy will only grow.

These nations already have made remarkable gains. The Economist estimates that developing countries and emerging markets, which until 1999 accounted for barely more than 30 percent of world imports, now surpass developed countries in this category (www.economist.com/blogs/dailychart/2011/12/world-trade). China, which is the world’s second largest economy, will become No. 1 before the end of the decade, and India is expected to relegate the U.S. to third place by 2050.

By 2030, when today’s MBA graduates should reach the zenith of their influence, the combined GDP of Brazil, Russia, India, and China will be greater than that of the G-7. That club of rich Western economies plus Japan has dominated the global economy since the great-great grandparents of our current students graduated—but that will change.

Most business schools remain ill-prepared for this tectonic shift. Few of our classrooms adequately reflect the growing economic clout of emerging markets. Sure, in many U.S. and European schools, Chinese and Indian students are well represented—but they are heavily outnumbered by their Western counterparts. And few Western classrooms are acclimated for the participation of students from other dynamic markets such as Ghana, Turkey, Vietnam, and Colombia. But Western schools aren’t the only ones needing to adapt. While there are outstanding business schools in Mexico, Brazil, India, and China, most have failed to attract students from around the world.

As more students from emerging economies enroll in business courses, schools will have to respond with three key strategies:

More alliances. Collaboration among schools is the best way to ensure students from developed and emerging nations are exposed to each others’ economies. For instance, the Global Network for Advanced Management (advancedmanagement.net), which was initiated by the Yale School of Management, brings together 21 leading business schools from developed and emerging markets. Similarly, the Global Business School Network (www.gbsnonline.org) creates networking and capacity-building opportunities for member schools in Western and developing nations.

Shorter and more part-time programs. The two-year full-time MBA model is rapidly losing appeal, as Rebecca Knight observes in a Feb-
ruary Financial Times article called “The difference a year makes.” Many students in emerging markets prefer part-time or one-year programs because taking prolonged time off from work carries a high opportunity cost. While business schools in Canada, Europe, and Asia have embraced one-year MBAs, U.S. schools have not, partly because they’re constrained by their faculty and alumni donors.

But all business schools must take a quantum leap in program design if they want to bring together part-time students from multiple markets. Affordable solutions almost certainly will involve a significantly greater use of technology.

**Redesigned course content.** By 2020, Chinese financial markets are projected to be larger than America’s, yet a Western perspective still dominates our finance courses. In many emerging markets, families control most firms and the largest industrial conglomerates. However, in the West we generally teach management from the perspective of publicly traded firms and large institutional investors focused on maximizing shareholder value. Finally, emerging markets have a much different relationship with government than Western economies. It is either more present, as in state-led capitalist markets like China and Singapore, or conspicuously absent, as it is across Africa or in much of rural India.

To remain relevant, our programs must imbue in participants a keen awareness of the social, political, and cultural context of business; how that context varies across a more diverse set of major markets; and how to manage resulting challenges.

**Constrained Natural Resources**

Sustainability used to be the exclusive concern of environmentalists. No longer. Rising costs, governmental regulations, and consumer awareness of environmental issues are forcing managers to reduce the raw materials, energy, and water they consume in business operations.

To prepare managers for this new reality, we can’t simply offer a single course on corporate social responsibility while leaving the rest of the curriculum unchanged. Rather, we must weave sustainability into multiple core courses, from product design and supply chain management to strategy, marketing, communication, and environmental accounting.

Plenty of observers are tracking our progress. For instance, author Giselle Weybrecht published The Sustainable MBA: The Manager’s Guide to Green Business in 2010, and every other year, the Aspen Institute releases the Beyond Grey Pin-stripes report, which ranks schools by their commitment to social and environmental sustainability.

But in addition to teaching sustainability, we must become greener in our operations. Many new landmark business schools are pursuing LEED certification, which rates buildings on their sustainable design features. Other schools are conserving natural resources by switching to all digital documentation. For example, IE Business School expects this year’s introduction of digital documentation to save up to 17 million sheets of paper per year, the equivalent of about 300 trees.

Besides paper, lighting, and heating, there is a significant aspect of business schools’ environmental footprint we often fail to appreciate: travel. When IE conducted an environmental audit of its MBA program, it found that the lion’s share of environmental impact stemmed from students’ travel to and from campus.

The problem is even worse in executive programs. A March 2011 feature on Poets & Quants (poetsandquants.com) is fittingly titled “Clooney Has Nothing On These MBA Warriors.” Author Andrea Carter describes a student who flies from Seoul to San
Francisco every other weekend to attend Wharton’s Executive MBA program while another flies from Dubai to Chicago with the same frequency to be a part of the Kellogg program at Northwestern. IE had a student who flew in fortnightly from New Delhi.

While these “MBA Air Warriors” may be the exception, there is a clear trend of leading business schools launching programs with modules scattered around the globe to expose students to business dynamics in pivotal markets. One particularly ambitious program takes students to ten cities on four continents. I did a small calculation. To participate in this program, a London-based student would rack up air miles resulting in 9.7 tons of CO2 emissions—almost the entire annual per capita emissions of a European and five times the annual emissions of an Indian. Are we hypocritical if we fly students from around the world to Brazil for a module on the economics of rainforest conservation?

Recently, I was struck by an ad in The Economist in which the Wharton School proudly declared that participants fly a total of 3.8 million miles a year to attend its executive education programs in Philadelphia. Offsetting these emissions would require about 88,000 mature trees.

Companies are using technologies to reduce business travel so that they can save money, minimize staff time away from the office, and lessen their environmental impact. There are many reasons why business schools should embrace technology even more, and adjusting to a resource-constrained world is certainly one of them.

**Widespread Urbanization**

In 2011, humanity passed a milestone: For the first time in the history of our species, more than half of us lived in cities. Rapid urbanization, particularly in developing countries, drives much of the previously discussed economic growth in emerging nations. It’s also an important reason for the environmental challenges described above.

Impressive statistics illustrate the magnitude of change. Between now and 2030, 400 million Chinese will move to cities, which means that the country will have 225 cities of more than a million people. By comparison, Western Europe today has 11 such cities. One often cited statistic is that China will have 20 cities of more than 20 million citizens by 2020. Similarly, India will add 215 million city dwellers by 2030, more than the entire population of Brazil. The biggest urbanization push will happen in Africa, however, with Abidjan, Nairobi, Dar es Salaam, and Luanda all expected to surpass the 10 million mark by 2025, joining existing megacities such as Cairo, Lagos, and Kinshasa.

Historically, urbanization has been good news for higher education. A greater concentration of people lowers the unit cost of providing services, and a critical mass of students is a prerequisite for universities to flourish. Particularly for post-graduate business schools, however, current urbanization trends pose a challenge.

As business activity gravitates toward global hubs, schools located in or near these leading cities will have privileged access to companies, information, and recruits. But what about the rest? Will schools in Charlottesville, Cranfield, Hanover, and New Haven be at a disadvantage when it comes to competing with their peers in Singapore, London, Shanghai, and New York?

How will schools in São Paulo, Cairo, and Jakarta leverage their vibrant localities?

In a recent editorial, Della Bradshaw of the Financial Times pondered how much location matters for the future of business education. As with everything, though, constraints are a key stimulus of innovation: The Kenan-Flagler Business School at the University of North Carolina in Chapel Hill launched a rigorous online MBA program so it could serve talented students far beyond Raleigh. Other schools need to consider their own creative solutions.
Aging Populations

We now have seven billion people on our planet—and many of them are old. In 2005, the average age of our population was 28.1 years. By 2050, it will be 37.8, and in the most developed countries it will have surpassed 45 years. Societies in Japan and Southern Europe are aging so fast their populations are shrinking. Meanwhile, much of Africa and Asia will continue to see population growth.

Widespread aging has implications for the distribution of purchasing power, the viability of current welfare state models, and the availability of qualified human capital, among other issues. This makes me wonder why demographics isn’t a mandatory MBA course.

By now, most business schools have embraced the idea of enrolling 30-to-40-year-old managers in specially designed EMBA programs. But what about the growing number of people in their 50s, 60s, or even 70s who embrace new professional challenges after decades of work experience? While GMAC data shows deans are excited about rapid growth in the “pre-experience” segment, the real opportunities may lie with the “ultra-experience” group. I don’t know many schools that have begun to think about how to serve these students, but the potential will become increasingly clear.

Tech Revolution

Technology’s transformative impact on education is undoubtedly pervasive. More business schools are embracing online and blended programs, but they also face stiffer competition—from free content providers such as TED and Udacity to fee-based distributors such as Udemy.

Harvard and MIT recently announced that they will distribute online courses via their new edX platform, which includes built-in exams and certificates. This may be the game changer that causes universities to rethink the way they view online learning. Yet if the experience of other industries is any guide, the players whose technology will have the greatest impact on education aren’t even on our radar screens today.

A Cautionary Tale

Jack Welch once warned that when the rate of change outside the organization exceeds the rate of change inside, the end is near. There can be no doubt about the rate of change outside. The question is whether we can boost the rate of change inside business schools.

Let me conclude by describing a 125-year-old organization that is admired for its capacity for innovation. It attracts the world’s best scientists and has preserved a flexible network structure. It is truly international, with campuses in the U.S., U.K., China, India, Finland, Kenya, and Switzerland. Its brand is globally renowned, yet its operations are always locally anchored. It’s no surprise that the organization controls 46 percent of its market and has reached a market capitalization of US$151 billion.

The organization I just described is Nokia—in January 2008. As of May 2012, Nokia’s market capitalization is US$10.7 billion, a 93 percent drop in just over four years. What went wrong? Nokia felt it had its competition cornered, as it outperformed the likes of Motorola, Samsung, Sony, and LG across many indicators. Yet it didn’t have Apple or Google in its view. When those two entered the mobile phone business, they redefined the value proposition and changed the rules of the game forever.

Will Apple and Google similarly impact the education market, or will disruptive innovation be brought by someone or something we haven’t bothered to consider? In either case, let’s make sure business education doesn’t become the next Nokia. Let’s prepare ourselves for whatever the future holds.

This article is based on a keynote address delivered at the GMAC Leadership Conference in February 2012. At the time, David Bach was dean of programs at IE Business School in Madrid, Spain. He is now senior associate dean for executive MBA and global programs at the Yale School of Management in New Haven, Connecticut.
Bricks

The new dean of the online Jack Welch Management Institute explores the differences and similarities between traditional and for-profit management education—and what they’re learning as they study each other.
“How can earning an MBA help me run a not-for-profit organization?” is a question I’ve been asked many times by managers hoping to advance their careers in this sector. I always point out that an MBA can help them develop their leadership, financial literacy, marketing savvy, and strategic thinking abilities—skills that will be critical whether they’re working in a commercial or not-for-profit setting.

I was reminded of my response to that question recently when I left my role as associate dean for executive education at the Samuel Curtis Johnson Graduate School of Management at Cornell University in Ithaca, New York, to become dean of the Jack Welch Management Institute (JWMI) at Strayer University. Strayer is headquartered in Herndon, Virginia, but the Executive MBA program is delivered entirely online.

Friends and colleagues asked how I would adapt to the differences between the two settings—one brick-and-mortar, one digital. I pointed out that while there are indeed differences between the two, there are also important similarities.

They’re alike in that both kinds of organizations are driven by two critical success factors: the imperative to innovate and the need for resources that allow them to pursue their goals. They’re different in the way they deploy resources to achieve their dissimilar missions. I expect to transition smoothly from one type of institution to the other because I respect the similarities, I believe in the differences—and I understand how the two models are converging.
The Imperative to Innovate

I believe in the directive “innovate or die”—I think organizations must keep moving, not only to succeed, but merely to exist. One catalyst for innovation in education, and certainly for business education, has been the adoption of technology for delivering courses.

We’ve reached the halfway point of a dramatic prediction that Peter Drucker made in a March 1997 article in *Forbes*: “Thirty years from now, the big university campuses will be relics.” While there is some question about whether his pronouncement will come true, the trend toward technology-facilitated education, which prompted his remark, has only gained momentum in the years since.

In general, for-profit institutions have embraced technological innovations faster and on a larger scale than traditional universities. Today, for example, all of the EMBA students at JWMI study in a 100 percent online learning model; 60 percent of Strayer University students also study in that format. It’s true that some traditional schools have experimented with digital delivery formats; for instance, Johnson at Cornell used boardroom-style videoconferencing in a hybrid EMBA program as far back as 2004. However, most top-ranked schools have been slow to dive deep into tech innovations.

One reason is that different kinds of schools place different amounts of emphasis on accessibility. At JWMI, it’s built into our DNA to provide education for working managers and professionals; therefore, accessibility is a core value. Accessibility is also at the heart of the mission for Strayer University, which was founded in 1892 to provide education to working adults. Johnson at Cornell is a small school in a small town; thus, it turned to technology early on as a means to reach into major business centers across the hemisphere.

It’s taken longer for brick-and-mortar schools to adopt technologically facilitated program delivery, perhaps because they’re more comfortable with their physical facilities. But more traditional business schools are entering the digital domain in a big way. MIT and Harvard recently announced a partnership called the edX initiative, a joint learning platform based on open-access technology. It’s anybody’s guess where their collaboration will lead, but it certainly suggests what the future of education might look like.

In the 15 years left before we can judge the accuracy of Drucker’s prediction, we might consider updating his views about the future of education. Instead of pessimistically forecasting the demise of big traditional campuses, maybe we could optimistically hail the advent of big virtual campuses. For-profit education providers have led the way in this innovation, but traditional institutions are increasingly on the same path.

The Need for Resources

Ambitious organizations seek resources to fuel the activities that will help them achieve their goals. Therefore, whether they’re pursuing profits or hoping to amass surpluses, they all would like to do more than simply cover their costs. Business schools are no exception.

While a business school’s most constrained resource is faculty time, capital runs a close second. Schools need capital to develop new degree programs, expand executive development, build technology infrastructure, and create new campuses.

Traditional universities acquire capital in many ways. Particularly among U.S. schools, a key source of revenue is donations from alumni and benefactors.

### Traditional Versus Online Education

**Why are traditional business schools facing such stiff competition from online and for-profit providers?** Maybe because brick-and-mortar schools have been slow to create the kinds of anywhere-anytime learning environments that the alternative providers have been so adept at devising. At least that’s the tale told by data from the Knowledge Services division of AACSB International.

**In the past ten years, the number of online programs offered by AACSB member schools has gone up by more than 11 times—but since the earlier numbers were minuscule, those gains aren’t particularly impressive. In the 2001–2002 school year, across all educational levels, 0.3 percent of business programs were offered online; in 2010–2011, that number stood at 3.3 percent.**
Indeed, many would suggest that the primary role of the dean at a traditional school is “friend raising”—lining up donors whose gifts supplement an endowment.

Even if that’s accurate, the vast majority of business schools depend overwhelmingly on tuition revenue to pay the bills and fuel growth. For example, for the 2010–2011 academic year, Johnson at Cornell received 78 percent of its revenue through a combination of degree program tuition and non-degree executive education fees. Even Harvard Business School’s 2011 annual report shows that endowment distribution contributed less than 20 percent to total revenue over the same period.

Outside of the United States, in countries where the tradition of alumni and corporate giving is not as strong, endowment distributions can be even smaller. For instance, at Queen’s University in Canada, where I previously worked, outside gifts accounted for only 4 percent of revenue in 2010–2011; the 2009 annual report for London Business School puts the figure at 7 percent for that school.

Strayer University, including JWMI, does not collect any donations from alumni or benefactors, making our institution 100 percent tuition-revenue dependent. Therefore, it appears that all business schools—both traditional and for-profit—must depend to a large extent on the tuition their programs generate. Certainly when I was at Johnson, I was directly responsible for ensuring that my programs brought in enough tuition to sustain them.

Interestingly, at Strayer University and JWMI, the organizational structure separates the academic and administrative operations of the school. Ironically, this means that, as the chief academic officer of a for-profit institute, I focus less on the financial performance of the school than I would as dean of a traditional institution.

Whether they call it a profit, a surplus, or a “net positive cash flow from operations,” all business schools are working hard to generate tuition revenue in excess of expenses. These extra funds will not simply sustain them, but will allow them to pursue new opportunities and make strategic investments.

**Vive la Différence!**

If these are two important commonalities between the traditional and for-profit business school settings, what are the important differences?

The analogy that comes to my mind is the airline industry. Before deregulation, airlines could assemble a portfolio of routes and services and set rates that would cover all their costs. Of course, that meant passengers on some popular routes were essentially subsidizing routes that were less popular or more expensive to service. But deregulation allowed competitors to effectively unbundle the complex portfolios of the established giants and eroded the incentives for cross-subsidizing.
Similarly, traditional business schools include two main activities for which the costs have to be covered: teaching and research. Faculty-led research is an integral part of the mission for most traditional schools. Although traditional schools’ financial statements rarely specify all of the direct and indirect costs of faculty research, it’s clear that the activity is an expensive one that occupies a significant portion of faculty time. While some professors generate external funding for research, the majority of the cost of their research is covered by tuition collected from students. This dedication to research makes most traditional universities faculty-centric organizations, where research activities are cross-subsidized by students’ tuition fees.

By contrast, for-profits are learner-centric. They have “unbundled” teaching and research initiatives to focus on their primary mission, which is teaching students. Both the research mission and the teaching mission have value. One way traditional universities earn academic esteem is by their faculty creating new knowledge and devising new theories. The primary way for-profit schools earn esteem is by pursuing excellence and gaining new insights in teaching the practice of management. For example, at JWMI, the curriculum is infused with the experience of Jack Welch and the knowledge of other business leaders.

There are two reasons I find the for-profit setting to be exciting and compelling. First, by being learner-centric, for-profit schools can be more nimble as they design new programs and adapt existing programs to meet the evolving needs of managers in a changing global workplace. Second, by uncoupling research subsidies from program fees, for-profit institutions can offer more affordable tuition to participants.

A Scorecard to Tell the Players Apart?
Despite the differences between the two types of institutions, for-profit and traditional business schools are starting to see their models converge. Both kinds of schools are seeking to grow their tuition revenue base to fuel strategic plans and adopt innovative technology that will enhance accessibility.

The inevitable outcome of this trend will be to provide learners with more choices, more formats, and more opportunities to identify the path or program best suited to their needs. It isn’t clear what factors—such as cost, reputation, and accessibility—will influence students most as they choose among programs. What is clear is that schools must follow that “innovate or die” mandate if they want to remain among the most viable options for students seeking business education.

I’ll add another warning: Differentiate or wither. I predict that, in a space that will be defined by providing choice, the new touchstones for a successful business school will be agility and relevance. That’s why I moved to a setting that embraces those characteristics—a setting that I believe will be increasingly compelling for the future of management education.

In June, Daniel Szpiro took his post as dean of the Jack Welch Management Institute at Strayer University in Herndon, Virginia.
tional pedagogy, can reassure people about the standard of programs we deliver.

We develop our multidisciplinary courses with teams that include academics, education and media experts, and external assessors. We also offer high-quality support systems, which include financial assistance, tutoring from associate lecturers, access to an online library, and a thriving online community. We also invest in the best technology to support our students wherever they are in the world.

What advantages does OUBS offer over more traditional brick-and-mortar schools? Our students have a totally different experience from those at traditional universities. We have a flexible model of teaching supported by 40 years of experience in delivering distance learning through cutting-edge technology.

Many of our students are working while they attend school, so they not only learn theory, but also how to put it into practice. This means that their return on investment is immediate. Seventy-one percent of our MBA graduates say that they, their organizations, and their colleagues benefit from the program while they’re studying.

Our model allows us to deliver cost-effectively and at scale. At OUBS, an MBA costs about £16,000 for U.K. students and £19,000 for overseas students, which in U.S. dollars is approximately $25,000 and $29,500, respectively.

In a recent dean’s message you mentioned some of your priorities for the coming year, such as boosting OUBS’ international presence and strengthening its alumni network. How do you plan to go about these tasks? The international ambition is not just a priority for the business school, but also for the university, so the strategy is already under way.

The vision for alumni stems from the fact that we have more than 84,000 graduates from our management programs. Our alumni are a great resource for the school as well as each other, so we are continually looking for more ways that we can improve and develop this network. For instance, we plan to launch an alumni program that offers more postgraduate career support.

What specific challenges do you see ahead? One of our biggest challenges is determining how we can stand out in an increasingly crowded market. It is also vital that we remain relevant to our students and their needs, as well as the needs of businesses.

Traditional business schools have adopted many of the characteristics of online providers, such as digital delivery, shorter programs, and customized education. How will OUBS respond to make sure it stays competitive? Other higher education providers are looking to our model because more businesses and employees require a flexible approach to management education. This means we need to continue to invest in our programs.

This year, for example, we are launching a new MBA curriculum. Because we wanted to offer a program with maximum flexibility, we reduced the completion time to two-and-a-half years. We also completely revised the elective modules. This allows us to offer a more relevant curriculum that reflects current management themes, such as sustainable creative management. It also enables our students to align their MBAs with their interests and career ambitions.

We also constantly invest in our support services, our technology, our infrastructure, and our people.

In this issue, Daniel Szpiro quotes Peter Drucker, who said that “Thirty years from now, big university campuses will be relics.” Do you agree with that prediction? I agree that the higher education sector is seeing a shift from traditional, classroom-based programs to more flexible programs that can integrate learning into the workplace. This is particularly true for postgraduate qualifications such as the MBA. I think students want the content and the community at their fingertips, and see the tutor or lecturer as the enabler rather than the expert.

If you were choosing a business school program to attend today, what factors would you consider? Any potential student should investigate the options, because any program comes with a cost investment as well as a time investment.

I would look for quality markers such as accreditation, and I would consider an institution’s reputation and level of research. I would find out which schools offered programs that matched my interests and that allowed me to study in a way that worked for me.

Finally, I would find out what the people who study at a school are saying about it. At OUBS, our most passionate advocates are our alumni. In a recent alumni survey, 96 percent said that they would recommend us to employees and colleagues; of these, 83 percent said they had already done so within the past two years. I think that speaks for itself.
More providers, greater student mobility, and raised expectations mean that business schools must do all they can to make sure their programs stay ahead of their fiercest competition.

How has competition changed for business schools? This story from the UCLA Anderson School of Management in Los Angeles may be one indication. The school’s dean, Judy Olian, tells of an Anderson alum who has three sons. “His first two sons attended Anderson,” she says. “His third son attended Tsinghua University in Beijing.” That third son’s choice shows just how global competition is changing patterns of enrollment, Olian says.

“Ten years ago, schools like Tsinghua, London Business School, and INSEAD were outliers in our market. Today, they’re in the mainstream. I imagine in a few years that list will include new schools in Saudi Arabia, the United Arab Emirates, and other Middle Eastern countries,” she says.

Globalization is just one force intensifying the competition among b-school programs. The presence of for-profit providers is growing, online programs are flourishing, and consultancy firms, design schools, and engineering schools are beginning to offer their own brands of business training.

To learn more about how business schools are responding to these competitive pressures, BizEd queried participants on AACSB Exchange, AACSB’s online community. Administrators from around the world responded, sharing the challenges they face and the strategies they’ve designed to have maximum impact for minimal cost.
Taking Energy Online

University of Tulsa
Collins College of Business
United States

Administrators at Collins College have been acutely aware of the competition presented by the proliferation of online programs, says Linda Nichols, associate dean and director of graduate business programs. While the school does not offer a general MBA online, its administrators decided to enter the virtual education market by drawing on one of the university’s signature strengths—a focus on the energy industry.

The school’s online masters in energy business (MEB) degree, launched this fall, involves professors from the business and law schools who specialize in the energy industry, as well as experts from the university’s McDougall School of Petroleum Engineering. The MEB program will be delivered completely online, although students will be required to come to campus for an initial two-day orientation.

The school expected to enroll about 20 students in its first MEB cohort, but the program actually has enrolled more than twice that number. This year’s cohort includes students from Oklahoma, Texas, Wisconsin, Pennsylvania—and even Nigeria.

Energy “is a unique niche that we believe we can fill well,” says Nichols, who specializes in energy accounting and financial reporting. If successful, she adds, the MEB could be a foundation for future online programs.

Emphasizing Accreditation

T.A. Pai Management Institute (TAPMI)
Karnataka, India

In India, the market is “very saturated,” with approximately 3,700 business schools, says R.C. Natarajan, director of TAPMI. He explains that India’s higher education system also is very regulated, which leaves self-financed private schools at a disadvantage.

But that kind of saturation means that only the strong survive. “Close to 150 schools have filed for dissolution with the regulatory authority,” Natarajan says. Moreover, new campuses for the government-supported Indian Institutes of Management (IIMs) are opening at a faster rate. “The IIMs are increasing their student intakes,” says Natarajan. “That competitive scenario means that private schools fall below the IIMs in the pecking order of choice among potential students. While a dissolution frenzy has begun at the bottom, the competition at the top has become more fierce.”

TAPMI will remain competitive by highlighting its AACSB accreditation, says Natarajan. TAPMI and the Indian School of Business are the only schools in India to hold that credential. By stressing that distinction in the media and through its promotions, TAPMI will position itself to forge stronger alliances with Western schools in its management development programs to “make us more visible to executives,” Natarajan says. He believes this strategy also will give the school an edge when it comes to student recruitment and academic partnerships.

Joining Up

UCLA Anderson School of Management
Los Angeles, California

UCLA Anderson views models of shared delivery between and among schools as a key strategy to address the industry’s need for more global programs. Most recently, the school entered into shared delivery models for two of its executive MBA programs, the UCLA-NUS Global Executive MBA with the National University of Singapore and the UCLA-UAI Global Executive MBA for the Americas with Universidad Adolfo Ibáñez in Santiago, Chile. Students in both programs attend classes on both campuses, as well as other sites, and receive degrees from both institutions involved in the partnership.

Such partnerships allow schools to design more comprehensive global programs while still playing to their strengths, says dean Judy Olian. “Business students know that they need this kind of program to become future global leaders,” she adds. “We know we have to take the steps to offer it.”
Becoming Learning Consultants

Ashridge Business School
Hertfordshire, United Kingdom

Ashridge’s heavy focus on customized executive education means that its main competitors aren’t just other business schools, says Toby Roe, the school’s corporate communications director. “We also face competition from management and HR consultancies, as well as specialist training providers, that are moving into this space.”

In August, Ashridge took its customized approach one step further to strengthen its position against its competitors—it formed a new learning consultancy. Before a program begins, the consultancy—which includes faculty, researchers, and external experts—will provide participants two reports. The first report, which draws on a proprietary metric, predicts how well participants will be able to transfer what they learn in the program to their organizations. The second report offers recommendations for how participants can use their new knowledge to benefit their employers.

The learning consultancy’s other role is to provide post-program evaluations and feedback to participants, and help them develop cultures of learning within their organizations. The objective, says Roe, is to ensure that Ashridge’s programs meet and exceed participants’ expectations.

Getting Noticed

Tecnológico de Monterrey
EGADE Business School
Monterrey and Mexico City, Mexico

European and U.S. schools are recruiting more students and faculty from Latin American and Caribbean countries. They’re also exporting their executive education programs into the region, says Laura Zapata Cantú, director of MBA programs at EGADE Business School. Those trends led EGADE to rethink its outreach efforts and curriculum.

To make the school more visible amidst its competition, EGADE’s marketing department is engaging in an all-out push on social media channels. The marketing department has established a presence on seven social networking sites to reach different audiences, for different reasons. It’s using Twitter and Google+ to grow its influence, Facebook to build reputation, YouTube to share multimedia, LinkedIn to reach an older and more experienced demographic, Foursquare to engage in location-based marketing, and Pinterest to appeal to audiences on a more visual level. Together, these strategies will help the school establish an online presence, says Cantú.

EGADE also is drawing attention to its focus on corporate social responsibility, she adds. The school highlights research generated by its Center of Economic and Social Value Integration and assigns a variety of MBA field projects related to corporate social responsibility. For its efforts in this area, the school has earned international recognition, including a spot in Beyond Grey Pinstripes, the Aspen Institute’s ranking of MBA programs according to their emphasis on sustainability and corporate social responsibility.

Establishing a Specialty

Group Sup de Co Montpellier
Business School
Montpellier, France

In France, business schools are vying to capture different shares of the market, says Didier Jourdan, dean of Montpellier Business School. “Some are international schools with an established presence, some are regional players looking to expand, and some have merged with peers to strengthen their positions,” he says. “Our school has chosen a niche strategy. We’re focusing on managerial innovation to differentiate ourselves.”

The school defines managerial innovation as “practices that help companies sustainably improve performance.” It has integrated this focus by making a number of changes: Redesigned courses now include more real-life scenarios and opportunities for student reflection, as well as activities...
such as simulations, public speaking, and debates to enhance students’ creativity and critical thinking.

- **A new apprenticeship program** allows master’s-level students to spend one week at school and three weeks working at host companies. That cycle repeats every four weeks throughout the school year. Participating companies pay for students’ tuition and give them time to participate in blended learning activities. Students who do not have an apprenticeship must spend a mandatory year abroad.

- **A Pearson e-book** with material related to managerial innovation has been created by faculty. Students can access it in French or English, through platforms such as Moodle, Speech/Alexandra, OpenPortal, and SharePoint.

- **A new administrative structure** gives managers more autonomy and allows different groups to collaborate more easily.

- **New recruitment centers** in Thailand, Morocco, Greece, and the Dominican Republic attract a more international student body, and centers in Tunisia and Algeria are planned. To accommodate international students, some course content is delivered in French and English.

- **A network of corporate partners** connects the school to firms in France, Europe, and the 21 Mediterranean countries. The school is in the process of forming the Mediterranean Schools of Management Consortium, a network of business schools that want to study managerial innovation and contribute to the development of Mediterranean countries.

So far, Jourdan is pleased with the school’s niche strategy. He says, “We believe our niche in managerial innovation positions us well as we reach out to national, European, and Mediterranean markets.”

### “You Have to Stand for Something”

These educators are excited about what increased competition means for the industry. Their schools are rethinking their programs and designing new ways to approach business education. Their efforts, they hope, will translate to more innovation, greater efficiency, and quicker responsiveness to market trends.

But even as the market grows more crowded, the old rules of branding will continue to hold, says Olian. If schools want to compete, they’ll have to create distinct positions that deliver on their promises. “It’s the old-school answer. You have to be excellent at what you do and distinguish your school from the competition,” she says. “You have to stand for something. You have to show why a student would pick your program over those of your peers.”

The way today’s competitive landscape is shaping up, the market ten years from now is certain to be different from what it is today, Olian adds. In the eyes of many educators, that may be a good thing for everyone in the business education community.

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**Competition Can Foster Innovation**

by Charles R.B. Stowe and Doug Grider

Can traditional business schools compete against proprietary, for-profit institutions? Yes! In fact, AACSB-accredited programs must design a strategic response to for-profit providers like Capella University, Kaplan University, the University of Phoenix, and other smaller competitors whose bachelor’s, master’s, or doctoral degrees compete with our traditional programs to attract business students.

Many business educators worry that it will demean our status if we acknowledge for-profits by trying to compete. But that’s not the case. If we tailor our response correctly, competing with for-profits will demonstrate our ability to innovate and strengthen public understanding of our programs. For-profits are only getting better at what they do. Ignoring that reality is not a viable long-term strategy.

### Competing Through Creativity

To compete effectively, administrators at traditional schools first must recognize the value of the for-profit model. For-profits pay lower faculty salaries, make minimal investment in physical facilities, and keep administrative overhead costs low. They invest the resulting high cash flows in well-designed, far-reaching marketing efforts.

Compare that to traditional schools, which invest heavily in high-cost real estate. They build expensive “smart classrooms,” dormitories, cafeterias, and facilities that sit empty much of the time. They pay higher salaries to faculty who want to reduce their teaching loads to make time for academic, consulting, volunteering, and administrative obligations.

The advantage seems to rest with the much leaner for-profits, at least from an operational perspective.

Well, for-profits may be leaner, but we still can turn our disadvantages into competitive strengths in a variety of ways:
Recognize student needs. Tuitions at some for-profits are higher than those at some state-supported institutions, and yet many older students choose for-profit programs. Why? Because for-profits send this message to working adults: Earn a degree while you work, build a network, get that job or promotion, and get on with your life. Traditional schools that still rely on full-time residential programs send a different message: Quit your job, forgo a salary, neglect your family, and get on with your life—two years from now.

For-profits also recognize that adult learners often cannot call or visit during business hours, so they arrange face-to-face meetings between 5:00 p.m. and 10:00 p.m. They use call centers to answer phones 24 hours a day. We too must extend the hours of our admissions offices to serve this group. We could even hire and train students looking for part-time employment to answer phones during evening hours.

Rethink our real estate. Traditional schools can rent their classrooms and facilities to other users during off-peak hours. Face-to-face lectures can be technologically connected to online students for a relatively small increase in cost per class. We can transform our high-cost real estate into a revenue generator.

Streamline recruitment. Most for-profits assign one recruiter to handle all phases of enrollment, from admissions to financial aid to course scheduling. Because these recruiters don’t have to run to different offices or fill out redundant forms, they can process student applications more efficiently. Once students enroll, for-profits close the deal before students have a chance to change their minds.

Contrast that with traditional programs that often intimidate applicants with inflexible deadlines and complex financial aid requirements. Is it any wonder working adults often prefer to deal with more efficient alternatives?

Offer flexible intakes. Many for-profits use a cohort system, in which they present students with a schedule of courses from enrollment to graduation. Students often can begin taking their courses immediately. Traditional institutions often are lucky to produce an error-free semester schedule in time for registration, and they often make students wait until the next semester—or academic year—to begin their courses. They would serve working adults better by providing flexible enrollment options not tied to a semester system.

Get creative with marketing. For-profits advertise on the radio, on television, and on billboards. However, some administrators at traditional schools—especially those that are publicly funded—balk at spending private funds that way. But they can investigate creative alternatives that can be done on campus. Is there, or could there be, an electronic display that can flash messages? Is it possible to join with advertisers or other academic departments to share the cost of signage that displays communications from both partners?

Schools often brag about serving first-generation students, but then fail to invite the parents of these students to attend courses! They could re-evaluate their Web sites to ensure the content is not designed to appeal only to 18- to 24-year-olds. They could send e-mails to students’ parents inviting them to enroll in part-time, adult-friendly programs. Traditional business schools need to make sure they’re mining their extensive databases and using social media to reach the right audiences with the right messages.

The Bricks-and-Mortar Advantage

Even in today’s recessionary market, most publicly held for-profits have actually maintained and increased their profitability, while traditional institutions face budget reductions. That’s unlikely to change unless traditional business schools do more to highlight what they offer that for-profits don’t.

For-profits, for instance, often have greater difficulty attracting and retaining qualified faculty, because they pay less than traditional institutions pay their adjuncts. For-profits can’t offer the beauty of traditional campuses. Few possess the intellectual capital or facilities to offer public workshops, social networking events, or black-tie receptions welcoming new students and their families. They lack close-knit alumni and corporate partner networks, and they don’t have the infrastructure to support interactions that foster a sense of community. The University of Phoenix tries to address this last deficiency by sending a professional magazine with articles about its students’ successes to its stakeholders. However, the memories and stories that traditional universities have to share can certainly compete with that.

We cannot afford to cede the growing pool of adult learners to for-profit providers. Competing with for-profits head-on may be just the incentive we need to reinvigorate our institutions so they can better serve the changing needs of our market.

Charles R.B. Stowe is professor of management and entrepreneurship and director of outreach initiatives in the office of the vice president of academic affairs at Lander University in Greenwood, South Carolina. He also is former dean of Lander’s College of Business and Public Affairs. Doug Grider recently retired after returning to serve as interim dean of the College of Business and Public Affairs.
Preparing International Students for Success

BY SUZANNE WEISS, ANA ROSSETTI, AND LUIGI PECORARO

The numbers of international students studying business at U.S. schools are truly impressive—and continually rising. In the past decade, international enrollment at U.S. colleges and universities has grown by 32 percent, according to the Institute of International Education’s Open Doors report. Twenty-two percent of these international students, at both the undergraduate and graduate level, are studying business. Much of that growth was driven by a 23 percent increase in Chinese students, who constitute just over one-fifth of the total international student population.

While international study can be a powerful and defining experience for business students, it also offers them intense challenges. Many struggle to communicate in English, master classroom dynamics, and understand Western cultural mores. Academic institutions also face challenges integrating international students into the school population and helping them find jobs once they graduate.
At Illinois Institute of Technology’s Stuart School of Business in Chicago, we are enrolling increasing numbers of international students, particularly at the graduate level, where the educational experience is fast-paced and highly compressed. Because four out of five of our international students intend to exercise their post-graduation U.S. work authorizations (i.e., Optional Practical Training), we know we have to prepare them to compete for jobs in the open marketplace. That means we must teach them soft skills as well as technical competencies.

In recent years, we have developed a multi-pronged co-curricular approach that supports these students as they progress through our six master’s-level programs and helps them build workplace readiness. IIT Stuart’s administration, academic program directors, Career Management Center, and Division of Student Affairs collaborate on our integrated suite of Professional Development Initiatives, which build competencies in four specific areas focused on preparing students for the workplace:

- **Communication.** Students work on their basic English proficiency, learn how to improve social interactions, and strengthen their presentation skills.
- **Acculturation.** Students improve their understanding of general U.S. culture as well as workplace norms.
- **Job search skills.** Students learn how to write résumés, conduct themselves during job interviews, and develop search strategies.
- **Self-awareness.** Students focus on appropriately aligning their abilities with their professional goals.

We are already seeing signs that this integrated, academically grounded approach is significantly benefitting our students and helping to prime them for professional achievement. One reason the program has been so successful, we believe, is that it is truly a collaborative venture between our academic and co-curricular teams. Program directors and Student Affairs staff meet regularly to ensure the holistic development of our students and prepare them to enter the job market.

**An ACE in the Classroom**

Key to IIT Stuart’s Professional Development Initiatives is the Advancing Career and Education (ACE) Program. It is now a graduation requirement for all first-year, full-time students who have not completed at least six months of professional work in the U.S. The two-semester program consists of two concurrent elements: a 90-minute weekly classroom component and a 100-hour workplace assignment.

Students enroll in ACE classes during their first and second semesters and meet once a week in small sections. The curriculum is taught by members of our Student Affairs staff, who are professionals in academic advising, career services, and student engagement and leadership. Much of the coursework is offered in multiple-mode learning styles, such as online tutorials, videos, and take-home quizzes, to allow non-native English speakers to review course content in various mediums at their own pace.

The acculturation material covers graduate-level study in the U.S., cultural differences, and culture shock. In the personal development sessions, students learn about setting goals, maintaining a good attitude, managing time and stress, and resolving conflicts. The classes on U.S. workplace culture delve into organizational structure, ethics, politics, workplace relationships,
etiquette, and teamwork and motivation. The material on job search skills focuses on résumé development, networking, informational interviewing, job search strategy, and interviewing skills. In the coursework on communication, students learn about interpersonal communication and presentation skills.

Our career services team had long offered optional skills development workshops, like résumé critiques and Networking 101, assuming that students would intrinsically recognize the value of these programs and want to participate. In reality, we found that many of the students who needed these workshops the most simply didn’t attend. And while this was true for students in general, it was particularly the case for our international students.

By making ACE mandatory, we ensure that all our students have the opportunity to hone their competitive job search skills.

The ACE classroom environment varies from session to session with lectures, guest speakers, discussions, interactive group exercises, and student presentations. There is an emphasis on public speaking and presentation; over the course of two semesters, all students deliver four presentations to the class so that they have the opportunity not only to build their speaking skills, but also to gain confidence in their English proficiency. The ACE coursework ultimately prepares students to address a variety of professional situations, including some—like informational interviews—that might not be common in their home countries.

Last fall, IIT Stuart offered 15 ACE class sections, some taught by adjuncts and some by members of our Student Affairs team. Nadya Lesova, one of our graduate academic advisors, finds that the ACE teaching assignment has been a source of professional development for her. “Working with students in a classroom setting helps me better understand their needs, their stressors, and the ways they learn best,” she says. “Now, when I advise students, I think of their needs more broadly. I also find that my role as an instructor builds my credibility with students.”

An ACE at Work
In addition to attending a weekly class, every ACE student completes a 100-hour, unpaid professional assignment in a Chicago-area business over the course of two semesters. We currently partner with more than 100 for-profit and not-for-profit organizations ranging from Fortune 500 companies to entrepreneurial startups.

Assignments vary widely and include projects such as data analysis, database development, competitive analysis, social media implementation, and event planning. Many partners utilize multiple-student teams to tackle larger projects. It is important to note that the workplace assignment is...
valuable not because of the project work itself, but because it exposes international students to American business culture while giving them a chance to practice the skills they learn in the ACE program.

We believe it’s essential for our international students to acquire real-world workplace experience if they’re going to successfully compete for second-year internships and postgraduate jobs; however, immigration policies require them to complete two full semesters of school before they can work or intern in the U.S. By making ACE an academic program, we’ve been able to provide students with a substantive, hands-on workplace experience during their first year of study while still complying with immigration regulations.

Students have found these ACE work experiences extremely valuable. MBA student Weihan Ni had worked in American companies in China for three years before coming to the U.S., but he found the working style in America to be unlike the style in China. Differences were particularly apparent in areas “like professionalism and how people express their concerns to each other,” he says. “My experiences in both the ACE classes and the work assignment were very necessary to me as I prepared to work in this country.”

Focus on Communication
As international enrollment grows, we believe it’s more critical than ever to take a holistic approach to the student experience by supporting a student’s academic, personal, and professional growth. That’s one of the reasons we created the second part of our professional development initiative, the Professional Communication Advancement (PCA) Program. PCA builds on the traditional curriculum for English as a Second Language (ESL), but it goes beyond providing linguistic help to non-native speakers. It also helps students develop a broad range of cultural and professional expertise, as well as other soft skills.

Like many schools, IIT Stuart bases part of its admissions criteria on tests like TOEFL and IELTS that gauge language proficiency. Even so, we find that many students lack the English-language communication skills that would allow them to be competitive in the job market. Rather than rely on standardized test scores to determine students’ ESL developmental needs, we use a set of specialized assessments, conducted on site, to evaluate how well each candidate has mastered listening comprehension, speaking, business writing, and pronunciation skills. We also administer computer tests to determine proficiency in academic writing, listening, and comprehension.

Every new incoming student who is not a native English speaker and who does not hold a bachelor’s degree from a U.S. institution is required to participate in the assessment process. PCA program director Tracey McGee comments, “Our focus moves beyond vocabulary and grammar. We consider how well students are able to communicate ideas, conduct conversations using real-life English, and use complex sentence structures.”

Following the assessments, each student is given a recommended series of course modules tailored to address his or her individual needs. Students take up to four of the eight modules we offer in areas such as listening/speaking/presentation, pronunciation, academic writing, and business writing. Because a central tenet of ESL instruction is that language must be taught in a cultural context, all eight PCA modules also incorporate cross-cultural knowledge, norms, and expressions. This provides students with another opportunity—beyond the ACE program—to practice their communication skills and improve their cultural competency.

Our PCA instructors all have
advanced degrees in teaching English as a second language, and most have backgrounds in business. This enables students to learn relevant business-specific vocabulary with great depth and nuance. Because we assess students’ competencies before and after each semester, we can tell that our individualized approach has yielded strong positive results. Eighty-eight percent of PCA students made significant improvements in their written and/or spoken English abilities. Most of them also made immeasurable gains in understanding both the American culture and the complexities of communication.

What’s Next?
We know we’re not the only school looking for ways to help international students enter American business culture. At a recent conference for the MBA Career Services Council, we gave a presentation on the ACE component of our Professional Development Initiatives, and it was clear that many of our colleagues have been experiencing similar challenges with their international students. While we received encouraging feedback about the approach we’ve adopted, we will continue to modify our initiatives as we learn more about our students and the changing needs of employers.

We are planning a comprehensive assessment plan for the ACE program that will consider program goals, learning outcomes, direct and indirect measures, and performance thresholds. We expect to implement the assessment plan during the 2012–2013 academic year, and we’ll use the results as part of our continuous curriculum review.

But we’ve also realized that our Professional Development Initiatives can be used in other applications—for instance, in programs aimed at domestic students who have little professional work experience. These students could surely benefit from enhanced career services training and pre-internship workplace opportunities.

We’ve seen how transformative the ACE and PCA programs can be. Not only do students emerge with more self-confidence, competitive job skills, and useful work experience, they are better prepared to communicate their value to potential employers. We believe other business schools can use this integrated approach to energize their programs the way it has energized ours. 

Suzanne Weiss is assistant dean and senior lecturer at the Stuart School of Business at the Illinois Institute of Technology in Chicago. Ana Rossetti is the director of student affairs at the school, and Luigi Pecoraro is director of the Career Management Center. Stacey Draper provided research and editorial support.
Game Changers
AACSB’s 2012–2013 board chair Joseph DiAngelo emphasizes that, in an increasingly diverse market, the association must embrace innovation to help business schools worldwide reach the top of their games.

BY JOSEPH DIANGELO

As a former baseball coach, I like to draw this analogy: Putting together a faculty is like putting together a baseball team. Baseball coaches can’t build great teams with 25 pitchers—they also need skilled players in the outfield, in the infield, and behind the plate. Likewise, deans can’t build strong business programs with professors who only conduct research or who only teach undergraduates. They also need faculty who are great at graduate-level instruction, student advising, corporate consulting, and community outreach.

Too often, deans think that everyone on their teams should be good at everything. The problem? Those individuals are incredibly rare. Instead, deans need to look for people with different core skill sets and meld them into a cohesive unit.

We can extend that analogy even further. Just as no single professor can be good at everything, neither can any single business school. No two business schools have the same priorities, combination of talents, cultural contexts, or approaches to education. It takes the contributions of many different business schools to serve the diverse range of students around the world.
That’s what I find so exciting about my upcoming year as the board chair for AACSB International: the potential we have to make a difference by combining our unique strengths. I’m especially passionate about what we can achieve in four areas of concern:

- building the capacity of business schools in emerging economies.
- producing more academically qualified faculty.
- offering more development opportunities for new deans.
- providing undergraduates with more opportunities to study the liberal arts.

Anyone who knows me knows I try to put a little fun into what we do as business educators. But I also believe that if we ignore these pending issues, we put the quality of our graduates, and the value of business education, at risk. The good news is that AACSB members can work together to develop innovative approaches and create an environment where the quality of business education keeps getting better.

Inventor and businessman Charles F. Kettering famously said, “The world hates change, yet it is the only thing that has brought progress.” That’s why, every decade, AACSB must step back and analyze the industry to see if its standards are achieving the results that we intend. The world is changing around us—and, like it or not, we have to change right along with it.

Getting Comfortable With Diversity

As the industry continues to grow, AACSB is reaching schools in every corner of the world—its establishment of its Singapore office in 2009, for example, has allowed the organization to focus more strategically on business education in Asia. Now, the organization is expanding its role in emerging economies in Asia, Latin America, Africa, and the Middle East. As we do so, we’re encountering schools with very different structures, academic philosophies, faculty skill sets, and resource capabilities.

It’s true that many of these schools are on paths of continuous improvement to offer programs of consistent quality. But should the fact that their approaches are different from those we traditionally see in the West automatically disqualify them from membership in the global community of business schools? I don’t think it should. There are many roads to quality, and as an association, we must be more open to evaluating and acknowledging different academic structures.

That was the conclusion of a special AACSB board committee after its latest review of the association’s standards. Its members determined that, while our approaches are sound, they may no longer be enough to meet the world’s needs. That realization drove the association’s recent efforts to draft a second set of standards that would address the needs of business schools in emerging economies. Its objective was not to create a standard that was considered equal to full accreditation, but to recognize these schools for satisfying their unique missions and offer them a benchmark on their way to full accreditation.

But over the last year, members have expressed skepticism about expanding AACSB’s offerings to include a second designation. Many saw it as “accreditation lite” and feared it would dilute AACSB’s rigorous standards. While the organization continues to debate the viability of a secondary designation, we’ve looked for other ways to help schools in emerging economies embrace continuous improvement and acknowledge their unique missions.

AACSB recently announced its Emerging Economies Initiative, which focuses on advancing management education in markets such as Latin America, the Middle East, and Central and Eastern Europe. Through the initiative, the association will support these schools through a mentoring program, in which accredited schools will guide other schools interested in pursuing accreditation. The association already has organized an event in Abu Dhabi for schools in the region interested in accreditation and AACSB member services. In the future, AACSB also plans to develop seminars on capacity building through its Singapore office. These seminars will be tailored to schools in emerging markets such as Indonesia, Vietnam, and Cambodia.

As part of the initiative, AACSB also has established its Latin American and Caribbean Advisory Council, chaired by Fernando D’Alessio, director general of CENTRUM Católica in Peru. The council will guide AACSB’s
development strategies for schools throughout that continent.

Not every school that benefits from this initiative will earn AACSB accreditation. But those that participate in these activities won’t just better train their faculty and improve their offerings. They’ll also create new job opportunities, strengthen existing industries, and build new industries in their regions.

The Tale of the Vanishing Dean
Like any organization, a business school needs strong leadership.

What happens if we don’t have enough deans with the experience they need to run our business schools well?

But what happens if we don’t have enough deans with the experience they need to run our business schools well?

If current trends continue, we’ll find out very soon. According to a recent AACSB survey, the average time that sitting deans have been in their positions is only just more than four years. The average term for a dean is only a little more than six. That rate of burnout shows just how difficult the dean’s job is. That constant churn in the dean’s position endangers the school’s stability and keeps a school in constant “start-up” mode. Four years is not enough time to build well-honed, viable academic programs. Even six years is not enough time to establish a long-term vision, put a plan in place, and see it through to the end.

This situation presents a challenge to AACSB, because it results in a vacuum of experienced deans that the organization can call on as members of peer review teams, committees, and task forces, or as thought leaders who can help insure the stability of our enterprise. When you look at those who are serving on AACSB’s multiple task forces, someone like me, with

A Coach for All Seasons

For many, September is the height of the American baseball season, a time when Joseph DiAngelo feels right at home. At the Erivan K. Haub School of Business at Saint Joseph’s University in Philadelphia, Pennsylvania, DiAngelo isn’t just the dean—he’s a coach and guide to his faculty and students.

These are roles that he has taken on throughout his career. In 1988, he moved from an associate provost position to the dean’s chair at Widener University in Chester, Pennsylvania, and remained in that position until August 2000. There, he led the school from its initial stages of candidacy through to full AACSB accreditation. This challenge allowed DiAngelo to immerse himself in the new set of standards that AACSB enacted in 1991 and begin his long-term relationship with the association.

DiAngelo views his time at Widener as one of his greatest accomplishments. “We started the process with little funding and little understanding of how to proceed. But we had a dedicated faculty and staff who were focused on attaining accreditation,” he says.

“Going through the process of accreditation doesn’t just help make your school better—it makes you a better dean because it forces you to look at benchmarks of quality for faculty, curriculum assessment, and strategic planning. It provides metrics to gauge your progress,” says DiAngelo. “I feel that going through that process was the best training I could have had as a new dean.”

He also views his service on a number of AACSB committees as critical to his development as a dean. He began his service to the organization in 1997 as a member of the business accreditation committee. Since then, he has been a member of the association’s accreditation visitation task force and an accreditation reviewer. He has served as chair of the candidacy and accreditation quality committees, as well as on the board of directors as secretary treasurer.

When DiAngelo came to Saint Joseph’s University in the fall of 2000, the Haub School had just achieved its AACSB accreditation the year before, and DiAngelo was charged with leading the school through a different stage of its growth. Under his leadership, the Haub School has added 30 additional faculty, eight new undergraduate majors, and eight new graduate programs. Its enrollment has increased from 1,300 full-time undergraduate students and 600 graduate students to more than 2,400 and 1,200, respectively.

He is especially proud that the school’s Pedro Arrupe Center for Business Ethics was formed under his tenure. Seven years ago, an alumnus asked school administrators how he could help students understand the ethical challenges they would face in the business world—to explore the nuances of “right” and “wrong.” From those early conversations came the Arrupe Center. The center organizes conferences and competitions on ethics and assists student clubs in exploring issues related to ethics and sustainability.

The center subsidizes a six-week
25 years’ experience as a dean, is a rarity. But forget that kind of longevity—the real problem is that there aren’t many people who’ve been deans for eight or nine years, let alone 20 or 25.

That’s why we need to spend more time on dean development, whether through more workshops for high-potential educators, mentoring programs, or invitations to serve with the organization. I believe that we must address this problem because a high rate of dean turnover isn’t good for AACSB, and it’s not good for business education.

Doctorates, Where Art Thou?

I know you’ve probably heard the news: We’re running short of academically qualified (AQ) faculty, an issue that could have implications for the association for decades to come. Highly ranked schools may be able to hire AQ faculty with relative ease, but the market as a whole is facing a shortage, especially as our baby-boomer faculty continue to retire.

More business schools from emerging markets are entering the AACSB accreditation process—66 in just the last two and a half years. Of these, 46 were from Asia; nine from the Middle East; eight from Latin America, the Caribbean, and South America; two from Eastern Europe; and one from Africa. As more schools seek accreditation, they’re likely to find a dearth of AQ faculty—or, worse, available faculty they can’t afford to hire.

And, yet, we often make it as difficult as we can for qualified people to pursue their doctorates. In the U.S., we still hold on to the traditional doctoral format that requires candidates to leave their jobs and lives behind to enter full-time programs, where they must teach two courses of several hundred students each while they simultaneously

summer program for faculty to share their ideas on integrating ethics into their classes. It also has given grants to more than 65 faculty members to conduct research, write case studies, or develop course revisions that include a strong ethical component. Before receiving a grant, all faculty members must participate in a three-week seminar exploring the constructs of ethical decision making.

“The Arrupe Center has helped us create an environment where we raise awareness of ethical behaviors both inside and outside the classroom,” says DiAngelo. “We aren’t so naïve as to think we can ‘make someone ethical’ But we can expose students to ethical challenges and encourage them to discuss those challenges openly. We want them to see that there is an ethical dimension to their actions beyond the legal definition and interpretation of the law.”

DiAngelo credits his achievements to the strong teams he has worked on over the 25 years he has been a dean. “I am blessed to work with several of my former students on our team at Saint Joseph’s. It gives me great pride to serve as a mentor and help them become successful administrators,” says DiAngelo. “I guess the coach in you never goes away.”

DiAngelo still has two big goals on his to-do list. He hopes to one day become a university president—and to pitch in the Philadelphia Phillies baseball stadium. Although the second one would be a dream come true for this former athlete, it’s the first one that would take his coaching prowess to a whole new level. It would also be the culmination of a long career dedicated to education.
As we forge ahead, we need to be mindful that we must change our world if we want to change the world.

work on research with faculty advisors. That process takes four to six years to finish! It’s what I call the “doctoral slave” model.

There are many experienced clinical faculty who would love to earn their doctorates. At the Haub School at Saint Joseph’s University, we have 84 full-time faculty, of whom 14 are professionally qualified (PQ). Of those 14, 12 would love to enter a doctoral program and earn their PhDs. But they have families and other responsibilities. They can’t afford to give up four or more years of their lives to that cause. But who would we rather have teaching business—someone with years of real-world business experience who made the effort to become academically qualified? Or a 28-year-old PhD with no real-world business experience who wants $150,000 a year?

The question is, why should our PQ faculty have to make that kind of sacrifice? I might not be a dean today if I’d had to make the same choice. Back in 1978, I had been a clinical faculty member at Saint Joseph’s for a while when someone suggested that I come back and earn my doctorate. I was able to attend part-time, while I was still teaching and coaching baseball. Where are all the part-time doctoral programs today? There aren’t any left.

Just imagine—a world where I wasn’t a business school dean, all for lack of a part-time doctoral program! Terrifying to think about, isn’t it?

All kidding aside, we need alternative roads to the doctorate. This was the conclusion of AACSB’s Committee on Issues in Management Education (CIME), which I chaired last year. AACSB International already offers the Post-Doctoral Bridge Program, which provides a route for doctoral faculty from nonbusiness disciplines to become academically qualified to teach in disciplines such as accounting, management, supply chain management, and entrepreneurship. In addition, there are models outside the United States that do not require so much personal sacrifice on the part of doctoral candidates.

Saint Joseph’s University is among a group of Jesuit schools exploring the idea of designing a collaborative doctoral program. When we discuss the possibility, often the first question out of a dean’s mouth is, “Will this jeopardize our accreditation?” It’s an understandable question, but schools should not refrain from trying new models just because they’re afraid it will jeopardize their accreditation! Instead, we should examine new models that will complement the spirit of innovation that drives accreditation. There are schools around the world that use mentor and consortium models for doctoral programs, with no decrease in effectiveness or quality.

The fact is, doctoral education doesn’t need to be full-time, and we need to be open to different models. AACSB’s Business Doctoral Education Task Force, headed by Robert Sumichrast, has a great responsibility on its shoulders, as it works to support innovation and shape the future of doctoral education. I’m hopeful that its members will be able to recommend a number of creative alternatives to our traditional delivery modes that ultimately will generate the faculty that our students need.

Do We Want Businocrats? Or Informed Leaders?

At one time, AACSB’s standards required that half of the courses in the undergraduate business curriculum be outside the business disciplines. Years ago, we removed that standard. Today, we’re talking once again about integrating more of the liberal arts into our business programs, as external pressures push our programs toward more vocational education. In my opinion, this effort can’t happen soon enough. I staunchly believe that liberal learning is an integral part of a well-rounded undergraduate business program.

Members of CIME agree that, as a leader in management education, AACSB should engage in heavy external communication to reframe the dialogue about undergraduate business education. We must not lose our focus on the liberal arts—
critical thinking, political science, technology, history, and oral and written communication are just as important for our future leaders as the business disciplines.

After all, how much finance or management can we really teach a 21-year-old? We certainly must give our undergraduates a foundation in the core disciplines, but we have to send them out in the world to really get their hands dirty.

At the Haub School, half of our undergraduate curriculum—60 credits or more—is devoted to liberal arts subjects such as philosophy, history, and science. Of the 40 courses our students take to graduate, only 16 are required business courses. Employers value the fact that our graduates have a broader view of the world, can think on their feet, write effectively, and understand the nuances of complex topics.

At business schools, our job is not to produce well-oiled “busi-no-crats” who see the world in black-and-white, through the prism of business principles alone. Rather, we should graduate well-rounded professionals who know the world and its contexts, as well as the basic business disciplines.

**Practice What We Preach**

AACSB’s recent initiatives are an acknowledgement that, to meet the challenges of the increasingly dynamic global environment, its members must practice what they preach when it comes to continuous improvement. We must make the necessary changes to ensure that the association maintains its relevance and supports quality business programs worldwide. As I’ve indicated, that may mean designing more flexible PhD formats, embracing more liberal undergraduate curricula, and creating more paths to achievement for schools in developing nations.

In other words, it may mean something too many of us fear: change. But let’s face it. We need more passion for change in our industry—not change for change’s sake, but change that truly reflects the direction of the global market.

When I become too set in my ways, a senior faculty member at my institution likes to remind me of this crucial point: “Academics like to change the world—just not their world.” As we forge ahead, we need to be mindful that we must change our world if we want to change the world. It’s the right thing to do, and the right time to do it!

The fear of change is our biggest threat.

Joseph DiAngelo is dean of the Erivan K. Haub School of Business at Saint Joseph’s University in Philadelphia, Pennsylvania. He will chair the AACSB International’s Board of Directors for the 2012–2013 academic year.
CSR Offers No ‘Halo Effect’

Many companies build reputations for corporate social responsibility, in part because they believe they’ll be viewed more positively if things go wrong. But did BP’s “Beyond Petroleum” ad campaign about its environmentally friendly initiatives help its cause after the Gulf oil spill? Probably not, according to a working paper by Jiao Luo, a doctoral student at Columbia Business School in New York City; Stephan Meier, an associate professor at Columbia; and Felix Oberholzer-Gee, a professor at Harvard Business School in Boston, Massachusetts.

Luo, Meier, and Oberholzer-Gee focused on 20 of the largest oil companies in the United States. They determined each firm’s level of environmental stewardship using a metric developed by the firm KLD Research & Analytics, which scores firms based on their “environmental strength.” The researchers then read news stories on several thousand oil and chemical spills that occurred from 2001 to 2007. Not surprisingly, they found that companies with bad environmental strength scores drew a great deal of media attention when they had a spill. But spills by companies with good scores drew just as much media attention. Only companies with mid-range scores were likely to have their spills go relatively unnoticed.

The reason behind this could be human psychology, the researchers speculate. Studies show that people are most interested in two types of news stories—those that surprise them and those that confirm what they already believe. The blunders of firms in the middle of pack do neither, so media outlets might not view them as interesting targets.

The researchers also used text-mining software to scan the news stories for positive and negative language. They found that companies with high environmental strength scores received just as much negative publicity as companies with low scores.

In the end, company leaders should pursue CSR initiatives because they think it’s the right thing to do, say the researchers. If they embrace CSR to turn public opinion in their favor during a crisis, it’s probably not going to work.


The Science of Virtual Influence

Two professors from New York University’s Stern School of Business have developed a way to measure how influential—or susceptible to influence—people are on social networks.

Sinan Aral, assistant professor of information, and Dylan Walker, research scientist, focused on the adoption of a commercial movie application among 1.3 million Facebook users. They found that men are more influential than women; women influence men more than they influence...
A Close Look at High-Frequency Trading

**THE SO-CALLED “FLASH CRASH”** of May 6, 2010, took Wall Street by surprise. The Dow Jones Industrial Average dropped by 1,000 points—and recovered—in a matter of seconds. The cause behind one of the largest single-day point swings in the DJIA’s history? High-frequency trading (HFT). A new paper, “The Volume Clock: Insights into the High-Frequency Paradigm,” delves into the dangers—and benefits—HFT presents to financial markets.

HFT refers to some traders’ use of sophisticated algorithms, split-second timing, and rapid-fire transactions to gain advantage over those who engage in low-frequency trading (LFT). Although today’s HFT is supported by the latest technologies, the practice has been around in some form since the 1700s, explain David Easley, an economics professor at Cornell University of Ithaca, New York; Marcos M. López de Prado of Connecticut-based Tudor Investment Corporation; and Maureen O’Hara, professor of finance at Cornell’s Johnson Graduate School of Management.

HFT also relies on “event-based time” rather than chronological time. That is, these traders act after a certain number of trades, not time frames, to maintain their market shares. So, “even if connectivity speed ceased to be a significant edge,” the authors write, “HFT would and will exist.”

The authors outline the type of predatory behaviors high-frequency traders exhibit. “Quote stuffers” overwhelm exchanges with data to slow down competitors. “Quote danglers” send out data that can force “a squeezed trader to chase a price against her interests.” “Liquidity squeezers” trade in ways designed to drain liquidity from distressed companies. Finally, “pack hunters” are groups of traders who become aware of each other’s presence even though they don’t know one another. They work in concert “to maximize the chances of triggering a cascading effect.”

Although such behavior increases market volatility, HFT also helps keep markets liquid and efficient. For that reason, it would be unwise to try to eliminate HFT with legislation, the authors write.

Instead, the authors outline several strategies for counteracting the negative effects of HFT. These include adopting event-based time strategies, monitoring HFT activity more closely, and trading at times when HFT activity is highest, such as the opening and closing of the stock market. “It seems more efficient and less intrusive,” the authors write, “to starve some HFTs by making LFTs smarter.”

Their paper is forthcoming in the *Journal of Portfolio Management*. It’s available at ssrn.com/abstract=2034858.

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other women; and individuals 30 years old or older wield more influence and are less susceptible to influence than those under 30. Of all groups, married people were the least susceptible to the influence of others.

The researchers also identified a group they call “super spreaders”—those who are themselves influential and are connected to other highly influential people.

Traditional methods that measure influence on social networks cannot tell with accuracy whether two friends who adopt a product one after the other do so because of peer influence or because they share similar preferences. This new method accounts for this so-called “homophily bias,” which refers to people’s tendency to make friends with others like themselves, explains Aral.

Their approach could help marketers develop “viral” strategies designed to spread through a society quickly, says Aral. It also could be used for social good—the researchers are working on a way of applying their method to promoting HIV testing in Africa. The tool also could support campaigns that encourage exercise, smoking cessation, or political awareness.

“Identifying Influential and Susceptible Members of Social Networks” was published online by the journal *Science* on June 12.
Georgetown University’s McDonough School of Business in Washington, D.C., and tax firm KPMG have partnered to form the Georgetown Institute for Consumer Research. The institute will generate research about how consumer buying patterns are changing and what it takes to effectively market to tech-savvy consumers.

The Mineta Transportation Institute (MTI), based at San Jose State University in California, has awarded a US$120,000 two-year grant to Hokey Min, professor of supply chain strategy at Bowling Green State University’s College of Business in Ohio. Min will study mass transit systems in small urban areas. Min hopes to identify the causes of stagnant ridership and assess mass transit’s impact on economic development.

Min’s grant is part of a larger $3.49 million grant that MTI received from the U.S. Department of Transportation. Bowling Green State University is one of nine institutional members of MTI’s newly formed National Transit Research Consortium. A research center at each school received a portion of the funding for projects in the consortium’s areas of expertise, such as alternative fuels, public policy, finance, workforce development, sustainability, and livable communities. The other eight schools include the Massachusetts Institute of Technology, Rutgers University, Howard University, University of Detroit Mercy, Grand Valley State University, University of Toledo, University of Nevada, and Pennsylvania State University.

A new study from the University of Iowa’s Tippie College of Business in Iowa City shows that MBA programs rarely incorporate evidence-based management (EBM), which teaches students to use studies, data analysis, and other forms of scientific method to derive their conclusions. The objective of EBM is to produce managers who make decisions based on social science and organizational research, rather than on less reliable factors such as intuition or conventional wisdom.

Ken Brown and Sara Rynes, professors of management and organizations, and doctoral candidate Steven Charlier studied the syllabi of more than 800 management courses in 333 U.S.-based MBA programs. They found that only 26 percent used the language of EBM. Only two actually used the term “evidence-based management.” The researchers also found that schools with highly ranked programs were more likely to incorporate EBM.

The goal of this study is to encourage more schools to incorporate EBM into their curricula, says Brown, so that their graduates will be more likely to apply research to their practice of management.

“No EBM in the MBA” was published in the journal *Academy of Management Learning & Education*.
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Texting Club Makes Marketing Magic

WHEN IT COMES to reaching students, e-mail and social media have their place, but they also have their drawbacks. Younger students, especially, rarely check their e-mail accounts. A message on Facebook might be buried within a day’s worth of updates. That makes both channels inefficient options for effective, timely communication.

Texting, on the other hand, is a different story, says Eric Schulz, co-director of strategic marketing and brand management at Utah State University’s Jon M. Huntsman School of Business in Logan. “Students have their phones with them all the time, and texting is their preferred method of communication,” he says.

After having one too many e-mail blasts generate too little response, the Huntsman School created a “texting club” for students across the university last year. To start the texting club, Schulz chose Txtstation technology from CommerceTel, now owned by Mobivity of Chandler, Arizona.

At the beginning of the 2011–2012 academic year, the school invited students to send a text to the system. Their text automatically signed them up for the texting club and entered them in a contest to win one of two prizes—a $500 gift card to the campus bookstore or a year’s supply of ice cream from Aggie Ice Cream, a popular local shop. More than 5,000 of USU’s 12,000 students signed up.

The Huntsman School uses the service to inform students about campus speakers, gatherings, and events.

What Can Watson Do?

IBM AND THE University of Rochester’s Simon School of Business in New York recently held the first “Watson” academic case competition. Developed by IBM, Watson represents a new class of cognitive computer systems that can answer questions posed in natural language quickly and accurately. Watson also can filter rapidly through large amounts of data—or Big Data—and apply advance analytics, which has many implications for industry.

For the competition, students were asked to present their best ideas for using Watson to solve societal and business challenges. Twenty-five MBA and MSc students competed in teams, submitting seven proposals. Judges chose three winning ideas based on how well each team presented its business plan and understood the application of Watson’s cognitive reasoning and advanced analytics capacities.

The first-place team proposed using Watson to analyze meteorological data and census numbers to help crisis organizations identify weather patterns and improve response times to weather-related disasters. The second-place team...
other events. “The great thing about texts is that we can send them ten minutes before an event and still get a large response,” says Schulz.

The Huntsman School also invites other departments to use the service. For example, the athletic department might send a text about a special event at a football game, or the drama department might promote a theater performance.

The school is careful not to overwhelm students with irrelevant messages. Texts must be actionable, timely, and relevant to a wide audience, says Schulz. “If a text isn’t two of the three, we don’t send it. We’ve had students ask if we can announce their club meetings. We have to say no, because that’s relevant only to a small group.”

So far, about 1,000 students, or 20 percent, have opted out of the texting club, a rate of attrition that Schulz expected. He hopes to build that number up again this fall with a new giveaway promotion—perhaps a free iPad. The program has been so successful that the school has renewed its texting program with Mobivity for the next three years.

“In the past, getting people to show up to our speaker presentations was a real problem,” he says. “But with the magic of texting, we have people lining up out the door.”

suggested that energy companies could use Watson to mine data so they could better understand environmental impacts, reduce accidents, and conserve natural resources. Finally, the third-place team envisioned Watson as a way to enhance airport security, reduce passenger wait times, and streamline customs.

While such a competition exposes students to the potential of analytics, it also illustrates how IBM is exploring ways to apply Watson’s technology to different industries. For example, in a pilot program at WellPoint, a U.S.-based health benefits company, medical professionals are using Watson to help them make better decisions about patient treatment. Citibank is evaluating ways the technology can help improve its customers’ banking experience.

Underlying much business research is a sense of frustration, says Christophe Péignon, a finance professor at HEC Paris in France. “We produce all these new papers, ideas, and methodologies, but only a super-small fraction of this output is used by business,” he says. “How do we get business leaders to use our techniques?”

That frustration was the inspiration behind RunMyCode, a new Web service that allows researchers to upload PDFs of their studies, explanations of their methods, and the computer code they used to come to their conclusions. Researchers can create companion Web sites to their studies, so that businesspeople can input data to see how the computer models and conclusions apply to their businesses. Although users must register, the service is free.

To create a companion site, a researcher first submits information about the study, including the computer code used, a description of what the code does, and a demo of the data. Coders validate the study’s code, science, and technical details before the companion Web site goes live.

The service is currently compatible with code written in Mat- lab (versions R2009 and later), Rats/Estima, and R. The site’s developers plan to add more code capabilities soon. If researchers have used another language, they can create a “code-only” companion Web site. In that case, users will not be able to run the code in the site’s cloud environment, but they will be able to download and run it on their own computers.

RunMyCode is supported by HEC Paris, the University of Orléans, the Alfred P. Sloan Foundation, and the Centre National de la Recherche Scientifique (CNRS), France’s national science foundation. CNRS provides the cloud computing power for the site.

The project’s founders include Péignon; Victoria Stodden, a statistics professor at Columbia University in New York; Gilbert Colletaz and Christophe Hurlin, both econometrics professors at the University of Orléans in France; and Yvan Stroppa, CNRS engineer at the University of Orléans. Although the site now serves primarily business academics, the team hopes to expand it to researchers in biostatistics, math, and the sciences.

“As academics, we want our ideas to be easier for the world to use,” says Péignon. “This makes research free for everyone.”

For more information, visit www.runmycode.org.
Keeping Up with the (Dow) Joneses

Once, opening a trading room equipped with LED stock tickers, video walls, and Bloomberg terminals was a way for business schools to set themselves apart from competitors. But with trading rooms more numerous, the differentiating factor is not so much that schools use them, but how they’re using them to teach, says Ryan Cahoy, managing director at Rise Display, a digital signage company based in Shawnee, Kansas.

That’s why Rise Display recently launched a Web site where financial lab administrators can post questions, share experiences, and read blogs about how to make the most of their financial labs. Schools can add their trading rooms to the site’s interactive world map—each marker on the map links to information about that facility, including its size, age, and range of equipment. Rise Display also has formed the University Finance Lab group on LinkedIn, where members can ask questions, offer feedback, and share news from the field. The group now has 150 members.

One member of both groups is Adelphi University’s Willumstad School of Business in Long Island, New York. Opened in 2011, the school’s financial lab has the technology to impress prospective students and donors—seven terminals, two LED ticker displays, and two high-definition televisions. But its primary function is not to impress, says Barbara Nemecek, the school’s interim dean.

“When these labs opened years ago in larger programs, their use was often limited to top investment students,” she says. “But our financial lab is more like a classroom, open to everyone.” Students from business and nonbusiness disciplines can be trained to use the lab for Bloomberg certification, self-study, and personal research, she adds. Recent alumni even come in to use the terminals.

Sharing information has become especially important among small- to medium-sized schools that typically have smaller budgets and fewer faculty to spare, Nemecek says. “We can learn how other schools handle the classroom experience and allot faculty time.”

Michael Driscoll, a visiting professor and senior executive in residence who teaches in the Willumstad School’s lab, agrees. “People often call these spaces trading rooms or finance labs, but they’re really student resource rooms,” says Driscoll. “They’re places where students can work on assignments and learn what they can do with Bloomberg’s technology. The ticker running around the top is decoration.”

It may be decoration in the trading room, but digital signage is establishing a growing presence elsewhere on campus—especially now that screens have higher resolutions and can incorporate touchscreen technology. A new resource also has appeared for schools that want to use digital signage effectively as a marketing and communications tool. The nonprofit Digital Signage Federation, based in Warrenton, Virginia, has created an educational program for administrators responsible for digital signage installations. The program includes three free hourlong Webinars that offer case studies and advice for content management. DSF’s Webinars and other resources about the use of digital signage on campus are available at digitalsignagefederation.org/educationguide. For information about Rise Display’s forum and LinkedIn group for financial lab administrators, visit www.universityfinancelabs.com and www.linkedin.com/groups/University-Finance-Lab-4051039, respectively.

The James Riley Jr. Trading Room at Adelphi University.

295
Estimated number of trading rooms at U.S. b-schools

1,192 square feet
Average trading room size

29
Average number of data terminals (smallest: 3, largest: 65)

6 years
Average time between technology upgrades

58 percent
Schools with at least one Bloomberg terminal

US$500,000
Average amount spent to build a trading room

$90,000
Average annual operating budget

Source – Survey from Rise Display
SOCIAL MEDIA STARS
Knowledge@Wharton, the online research journal of the Wharton School of the University of Pennsylvania in Philadelphia, has partnered with Social Strategy1, a social media monitoring and analytics firm, to create the inaugural Social Media Leadership Awards. With the support of Ernst & Young, the competition will recognize companies across ten categories for their innovative use of social media. Applications were accepted in July and August, and winners will be notified September 24.

The announcement of the winners will kick off a yearlong schedule of events. In November, a two-day social media workshop and an award luncheon for the finalists will be held at the Wharton School. In the months after, the partners will feature Webinars, in which the winners discuss their social media strategies. They also will provide white papers with insights from social media experts leading up to next year’s competition. For information about the November workshop or next year’s competition, visit www.smlawards.com.

VSU RECOGNIZED
RichTech, a company in Richmond, Virginia, that promotes technology initiatives in the region, has awarded a RichTech Technology Innovation Deployment Award to Virginia State University’s Reginald F. Lewis School of Business in Petersburg. The school was honored for its “Digital at the Core” initiative, for which the school adopted a new business curriculum delivered primarily via digital formats. Last year, Virginia’s governor Bob McDonnell awarded the Lewis School the Governor’s Technology Award for Innovation in Higher Education.

MS IN CYBERSECURITY
In spring 2012, Temple University’s Fox School of Business in Philadelphia, Pennsylvania, launched an MS in IT auditing and cybersecurity. The curriculum is based on material from the ISACA, a global association of information professionals. Students are trained to complete the ISACA’s Certified Information System Auditor exam at the end of the 12-month program.

APP CHALLENGE
The New Jersey Apps Challenge is now accepting submissions of innovative mobile apps from students, faculty, and recent graduates of New Jersey Institute of Technology (NJIT) in Newark; Stevens Institute of Technology in Hoboken, New Jersey; and Rutgers University of New York. Submissions will be accepted through December 31. Winners will be chosen based on their apps’ potential for commercial success. The first-place winner will be invited to pitch his or her app to Foursquare CEO Dennis Crowley. For information, visit www.stevens.edu/news/content/nj-apps-challenge.
DU Launches Freshman App Course

THE UNIVERSITY OF DENVER’S Daniels College of Business in Colorado has introduced “Gateway to Business,” a course that requires students to develop a mobile app, build a prototype, and compete for funding—all in their freshman year.

“Students don’t have to wait until their third or fourth year in a business program before they’re ready to become successful entrepreneurs,” says Stephen Haag, an associate professor-in-residence in business information and analytics who taught the spring pilot of the course.

At the beginning of the course, the students are taught to use an app-development tool so they don’t need to know programming to design a prototype. Next, they form teams of three to five students each, and together they learn to apply business fundamentals, write plans, conduct market research, and complete cost and competitor analyses. At the end of the course, the best ideas are presented to a panel of angel investors who will choose which ideas to fund.

During the pilot offering last spring, ideas that went before investors included a music-sharing app that makes it possible for up to ten people to listen to the same song simultaneously on their personal devices, and a gaming app that allows users to play Monopoly and other board games on their iPads and iPhones.

Although students must sign nondisclosure agreements regarding their ideas, they retain all intellectual rights to their inventions and will keep any proceeds they earn.

This year, “Gateway to Business” is required of all freshmen majoring or minoring in business—about 500 students in all. Haag, one of several instructors delivering 20 sections of the course, expects that student teams will generate 125 ideas for new apps. Instructors and several executives will screen those projects down to the ten best, which will be presented to potential investors.

Some of the students who took Haag’s pilot course also were asked to work on a special project for the school—designing an app for the first presidential debate to be held at DU on October 3. The smartphone tool will provide campus maps and information to the more than 3,000 journalists expected to cover the event.

The app course isn’t just about the technology, explains Daniel Connolly, interim chair of the department of business information and analytics. It also introduces ethical and social issues that traditionally aren’t presented to business students until much later in their educations. If students decide to design a gaming or productivity app, for instance, they are asked to consider whether the game could address a social need or how the productivity tool might improve someone’s quality of life.

“We want students to focus on the triple bottom line—on making money with a purpose. We want them to think about the kind of business professionals they want to be,” he says. “Making money is great, but only if they do so responsibly.”

The course also excites students about future courses in finance, strategy, accounting, and teamwork, says Haag. “They know what they have to learn to build successful organizations,” he adds. “They walk into their other classes hungry for the rest of their educations.”
WHILE GERMAN INDUSTRY receives worldwide respect for its strength and flexibility, Germany’s management education system receives scant attention. As of June 2012, only eight German business schools had been accredited by AACSB International; only four had been awarded EQUIS accreditation by EFMD. FT.com’s 2012 Global MBA Rankings include no German schools at all! In this era when competition for business students is global, I believe German business education is punching well below its weight. The reasons can be traced to Germany’s history of idiosyncratic industrial and educational development. I am convinced that German schools can become internationally competitive if they recognize the five factors that hold them back:

Vocational training takes pride of place. In Germany, vocational training for mechanics, technicians, bankers, nurses, and other specialists is a tradition, codified into law in 1969 (in the Berufsausbildungsgesetz, a vocational training act). Apprentices spend two or three days a week learning on the job and the other days attending a state-run institution that offers occupational training.

Vocational training is primarily funded by Germany’s 16 federal states, with some federal assistance. There is also an extensive network of agreements between the government and the chambers of commerce, trade associations, trade unions, and individual companies. These complex arrangements, combined with Germany’s long history of skills-oriented education, have obscured the need for business education that relies on objective and scientific analysis.

Many business schools have transitioned into universities. Traditionally in Germany, management skills were taught at special Handelshochschulen—literally translated as “trade universities”—that were founded in the early 20th century. Following a general trend, many specialized higher education institutions were turned or integrated into comprehensive universities and thus lost their autonomy as well as their proximity to business.

I believe this trend has had a deleterious impact on Germany’s universities, because few of them have developed distinctive specialized profiles or earned international standing. Mannheim University revived its origin as a Handelshochschule and transferred its economics and business administration department into a business school that has earned AACSB, EQUIS, and AMBA accreditation. Most other German schools have deliberately abandoned their specializations to become commoditized generalists with no clear focus.

The degree system is almost impermeable. Until recently, professionals without a higher education qualification were denied access to university master’s programs, regardless of their experience. Furthermore, few universities offered programs suitable for this highly qualified group. Thus, when these professionals wanted training, they headed to private institutions offering specialized courses—but earned no university degree.

Traditionally, Germany has been an engineering nation. As such, Germany has no track record in the management sciences. Only recently has the business sector acknowledged the importance of management skills as a separate field of research.

Most important, German universities have little motivation to enter the business education industry. State-funded German universities have scant incentive to raise additional money. At the same time, Germany’s egalitarian university system has no tradition of ranking or evaluating performance in areas such as research achievements, postgraduate careers, or teaching excellence. Thus, neither academics nor administrators have any incentive to develop their schools’ profiles, but instead engage in lecturing or consulting opportunities off campus that
enhance their careers. This imbalance has hampered the evolution of strong university brands.

**A Changing Landscape**

There has been progress since the 1999 signing of the Bologna Accord, which creates compatible quality standards for education throughout Europe. In particular, the academic framework is becoming more permeable and specialist bachelor’s and master’s degree programs are gaining importance. Skills that were taught only at vocational schools are now covered at universities that offer dedicated courses of study in areas such as hospitality management.

This means that students who previously might have opted for vocational training are more often pursuing higher education qualifications. They’re also taking advantage of the greater flexibility that has resulted from the post-Bologna emphasis on continuing education.

In addition, the educational landscape is being changed by the growth of business schools worldwide. Top schools from the U.K., the U.S., Spain or France build strong partnerships with domestic institutions, market themselves in Germany, or even set up campuses here. Thus, German university brands are increasingly familiar to international businesses.

The Bologna process is also encouraging the growth of master’s-level management programs by targeting key groups of prospective students: those who already hold bachelor’s degrees in engineering; those who have equivalent vocational qualifications; and those with strong medical, scientific, or technical backgrounds.

Nevertheless, much remains to be done. Currently, Germany is the eurozone’s powerhouse, with a reputation for innovation and technology transfer. Many German businesses—especially the family-owned small and medium-sized companies (“Mittelstand”)—have built successful international operations with the help of highly skilled, immensely loyal employees. Researchers could learn a wealth of management lessons by studying existing practices in German companies.

Unfortunately, there has been no systematic, in-depth analysis of German management models, so no detailed benchmarking standards exist. If we want to change this state of affairs, German educational institutions must contribute to a greater understanding of German management techniques. In doing so, these schools also will position themselves to compete effectively with their international peers.

**A Sovereign Remedy**

I believe that German business education will only reach a desirable level of international recognition if there is collaboration among government agencies, academic institutions, and industry.

State and federal governments could work together to establish a competitive environment for universities, in terms of students, faculties, and funding. Schools could be evaluated based on performance measures such as graduates’ job offers or research citations.

Members of the academic sector could make an impact by placing strict limits on the amount of time their professors give to off-campus teaching or consulting. Instead, schools should give faculty incentives to build institutional brands. At the same time, German universities should involve themselves more deeply with the international community of business schools. Not only would this cause international schools to take a closer look at German management practices, it also would encourage German universities to develop their own ideas and concepts.

Companies operating in Germany could demand that young managers learn cutting-edge industrial practices, which would require business schools to engage in more detailed research. Through their commercial connections and their partnerships with international business schools, German universities would become the source of solutions for German and international corporations.

I believe that all parties—governments, schools, and corporations—should collaborate on a vigorous marketing campaign that communicates the value of German business and education. International observers believe Germany’s economic success stems from its engineering prowess, and they cite well-known brands such as Siemens, SAP, Daimler, and Bosch. However, excellent management practices contribute greatly to their success.

Germany is already a market leader in so many industries. I believe that it could be a leader in the field of business education as well.

Udo Steffens is president of the Frankfurt School of Finance & Management in Germany. He also holds a chair in business administration at the school.
PUBLIC NO MORE
AUTHORS: Gary C. Fethke and Andrew J. Policano

PUBLIC UNIVERSITIES HISTORICALLY haven’t dealt well with the harsh realities of dropping revenues and rising global competition, but they’d better get started, warn Fethke of the University of Iowa and Policano of UC Irvine. There’s no going back to the “low-tuition-high-subsidy financing model that has been the backbone of public higher education for over a century.” Creating a new paradigm won’t be easy, they acknowledge. It will require transformative adjustments “in the way value is measured, incentives are structured, budgets are allocated, and universities are organized and governed.” Schools will need to scrap unprofitable programs and activities, while developing distinctive personalities that attract a targeted student base and align with their clearly defined missions. Write the authors, “We predict that schools that move toward self-reliance, with strategies that identify and implement a financially viable plan, will become the top public universities; those that do not will fall into competitive decline.”

JUST START
AUTHORS: Leonard A. Schlesinger and Charles F. Kiefer, with Paul B. Brown

WANT TO LOSE 30 pounds, start a new business, change the world? Then study the behavioral patterns of serial entrepreneurs, recommend Schlesinger of Babson, Kiefer of Innovation Associates, and journalist Brown. In their lively, chatty book, they argue that entrepreneurs don’t just hatch brilliant and fully formed new concepts. “The much more typical path is that they come up with an idea. They take a small step toward implementation to see if anyone is interested, and if it looks like there is potential market acceptance, they take another step forward. If they don’t get the reaction they want, they regroup and then take another step in a different direction.” This act-learn-act-again pattern leads to what the authors call “creaaction,” or combining creation with action. They write, “The future may or may not be like the past, but you don’t have to spend a lot of time wondering how it will play out if you plan to shape (i.e., create) it.”

GROW TO GREATNESS
AUTHOR: Edward D. Hess

HESS DOESN’T BUY into claims that all growth is good. He writes, “There is virtually no support for those beliefs in the fields of economics, finance, accounting, strategy, organizational behavior, complexity theory, or even biology. … In reality, the business world is filled with companies that survive by improvements, not by constant growth.” But he does believe in smart, measured expansion, as long as leaders understand how to control it, plan for it, and mitigate its risks. He aims his book at entrepreneurs who’ve already taken a startup through its first successful stages and want to move to the next level, where their revenues are roughly between US$10 million and $100 million. He bases its concepts on research conducted and taught at the University of Virginia’s Darden School, where he is a professor and executive in residence. With its case studies, analysis, and clearly written prose, it’s a thorough, thoughtful, and valuable read.

THE MOBILE WAVE
AUTHOR: Michael Saylor

YOU MIGHT THINK the Internet has changed the world of business, but just wait: Mobile computing is poised to disrupt everything, according to entrepreneur and science historian Saylor. It’s not just that reading books, watching movies, listening to music, taking classes, paying with credit cards, and shopping
for anything have become digital activities. It’s that both objects and services have been replaced by software, and that software has gone from residing in a rock-solid desktop computer to existing in “vaporous” form in mobile devices that are linked to the cloud.

Consumers can learn, buy, or experience anything at any time, without physical boundaries—and companies must have their own offerings at the ready whenever the consumer wants them. Saylor’s excited, not frightened, by the possibilities, but he does sound a warning: Companies trying to keep up with change can’t simply recreate their products and services in cyberspace. He writes, “What they must do is re-imagine their products, services, and businesses altogether.”

**JUDGMENT CALLS**

**AUTHORS:** Thomas H. Davenport and Brook Manville  
**PUBLISHER:** Harvard Business Review Press, US$30

**AS THE VERY** public history of bad business deals reminds us, corporations frequently make terrible decisions that lead to disastrous consequences. Davenport of Babson College and consultant Manville focus on companies both big and small that have gotten the decision-making process right. They offer 12 stories about organizations wrestling with major decisions, from NASA determining whether to greenlight a Discovery shuttle launch to Vanguard debating whether to recommend subprime mortgages. While each situation they profile is unique, the authors uncover commonalities in the way these organizations operate. “They’re consulting with more people and drawing from their expertise, adopting some form of collective leadership, applying data and analysis to decisions, and supporting it all with new technology,” they write. Whether these companies choose to go forward with a plan or abandon it entirely, say Davenport and Manville, they’ve made good decisions with lasting effects.

**THE TRANSFORMATIVE CEO** is a quick-read book stuffed with wisdom from dozens of top leaders speaking on topics that range from leadership to customer service to “exuding delight.” Business author Jeffrey Fox and radio show host Robert Reiss provide summaries and transitions, but mostly they let their subjects talk. For instance, ING Direct’s Arkadi Kuhlmann observes that the best CEOs will be “renaissance individuals: people equally comfortable with art and science, literature and math, Paris, Texas, and Paris, France.” Shelly Lazarus of Ogilvy & Mather believes that “ideas are really fragile. It is so easy to kill an idea, especially in the early stages. So I am an idea defender.” The book is both insightful and entertaining. (McGraw Hill, US$22)
idea exchange

All’s Well on the Homefront

The Idea
Create the “Partners Cohort” to help the partners and spouses of executive MBA students better understand the rigors of the program—and prepare for its impact on their families.

Location
Emory University’s Goizueta Business School in Atlanta, Georgia

Why It Started
An executive MBA program can place considerable stress on students, but that stress is compounded when it affects their lives at home, says Steve Walton, an associate professor of information systems and operations management and former director of Goizueta’s EMBA program. The average age of Goizueta EMBA students is 38, a time of life when their home and family responsibilities tend to be at a peak. Walton has seen a number of marriages dissolve or become strained because of the pressure that students are under.

In 2010, Walton launched the Partners Cohort to introduce students’ partners to the EMBA and involve them in its process. The program is designed to help students and their families support each other during the EMBA experience, not grow apart.

How It Works
Each year, more than half of the partners and spouses of incoming students enroll in the Partners Cohort. The program starts with an orientation session that includes a “crash course” on the EMBA. The school holds four to five Partner Cohort sessions over the two-year program. That number of sessions is meaningful to participants, but doesn’t put too great a burden on faculty and staff, says Jonathan Darsey, the new EMBA director.

Partners and their children also are invited, at their own expense, to accompany the students on the program’s international capstone trip.

At the halfway point of the program, Partners Cohort participants are invited to an all-day Saturday session, where faculty members administer the Birkman Method, a personality tool for business leaders. The assessment helps students’ partners gain insight into their own personal expectations, motivations, and career goals, says Darsey.

“After we give the Birkman test to participants, they share the results with their partners,” says Darsey. “That knowledge helps them better relate to each other.”

Student-Driven Content
The Partners Cohort includes a range of events, from the initial “crash course” to social gatherings to academic workshops presented by faculty. The content depends on that year’s cohort, says Darsey.

“It’s important to involve the students and their families in the planning. Each year, we ask former and current students and their partners what the program should include,” he says. “Our office coordinates it, but we want the content to be driven by the participants as much as possible. It gives them a sense of ownership and creates a sense of stewardship from cohort to cohort.”

Creating Connections
The school hasn’t done a formal survey to assess the program, but Darsey says that feedback has been extremely positive. “Students have told us that it’s helpful for their families to have a connection to the program and see firsthand what they’re going through,” says Darsey. “The Partners Cohort helps our students feel like they’re not going through this experience alone.”