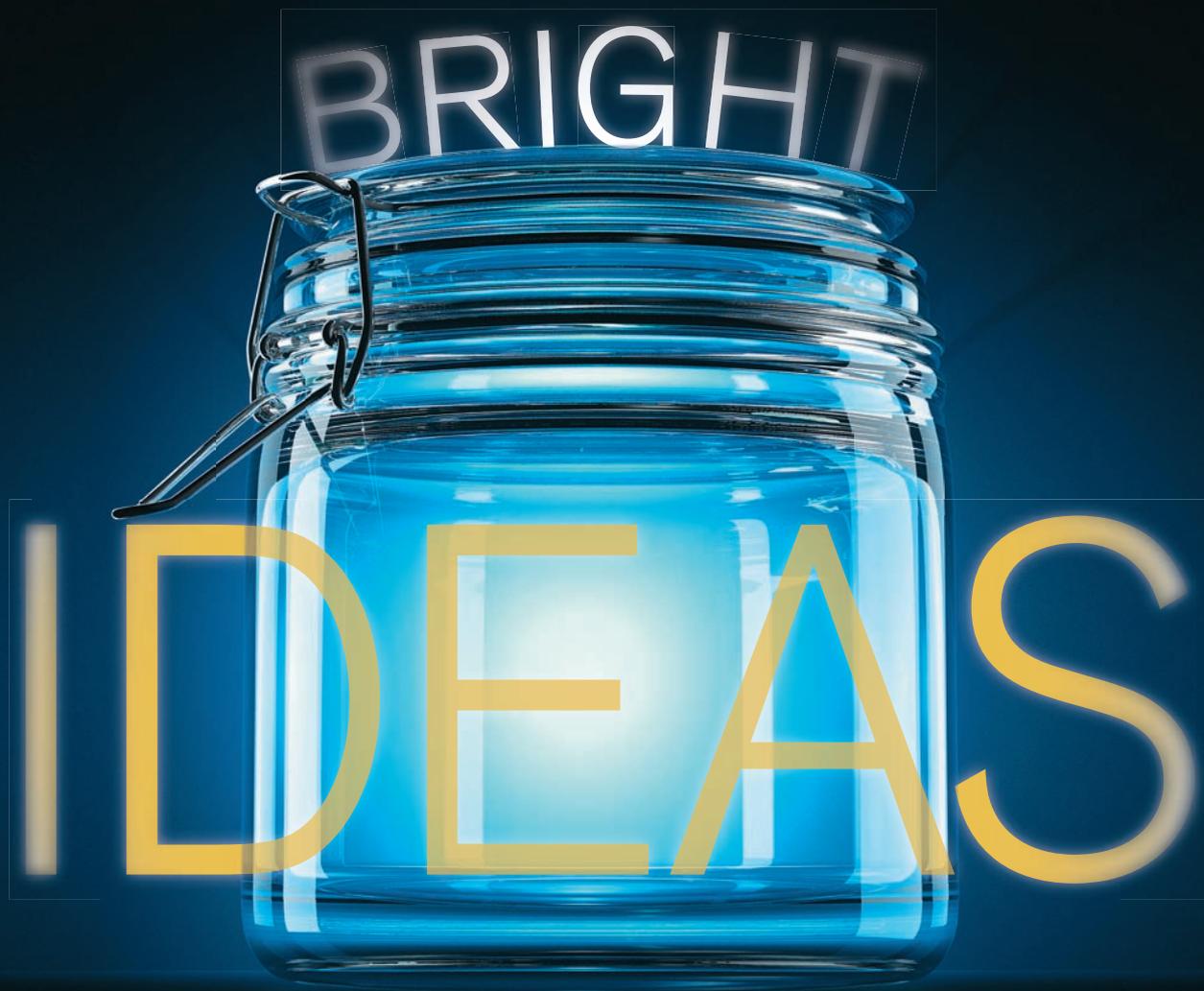


BizEd

November/December 2013



B-schools spark entrepreneurial thinking across campus

ALSO IN THIS ISSUE:
Sustainable Startups
Linking Business & Society
Producing More PhDs

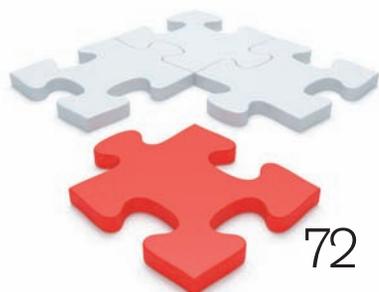
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Light It Up



RAQUITA HENDERSON



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Why is it that the simplest ideas seem the hardest to come by? But when someone does make the connection and turns a simple idea into action, we can only stand back in awe and think, “Why didn’t I think of that?”

I just read about one Alfredo Moser, a mechanic in Brazil who wondered how he could bring light into his dark house during the day. His answer? A clear two-liter soda bottle filled with purified water and a little bleach to inhibit algae growth. When installed into a home’s roof, with sealant around it to keep out the elements, the invention refracts sunlight to generate as much light as a 50-watt bulb.

Ilac Angelo Diaz, executive director of Philippines-based MyShelter Foundation, heard of Moser’s idea and created *Isang Litrong Liwanag*—Filipino for “Liter of Light.” Since its creation in 2011, the nonprofit has installed 140,000 soda bottle lights in homes in Manila, as well in Colombia, Peru, Bangladesh, India, and ten other countries. People even earn small incomes by installing the lights. The organization hopes to install one million soda-bottle lights around the world by 2015.

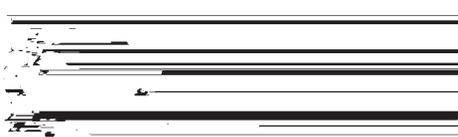
Such epiphanies come in many forms. Think of Derek Pacqué, a graduate of Indiana University. While at a bar one night, Pacqué noticed that patrons were piling their coats on chairs because there was no place to hang them. Four months later, Pacqué had cleared \$78,000 working with local businesses to store customers’ coats during their nights out. That led to a stay in IU’s incubator and an appearance on “Shark Tank.” Today, Pacqué’s startup CoatChex is attracting conference center clients nationwide. He saw a solution where most of us wouldn’t even see a problem. “That’s the simplest form of entrepreneurial thinking,” says Donald F. Kuratko, director of IU’s Johnson Center for Entrepreneurship and Innovation.

In this issue, we explore the ways business schools are trying to develop thousands more Alfredo Mosers and Derek Pacqués. In “Idea Central,” we look at how entrepreneurship centers are designing programs that produce entrepreneurial thinkers in all disciplines. “Bringing Ideas to Market” focuses on the U.S. National Science Foundation’s I-Corps grant initiative, which supports programs at business schools that train inventors to commercialize ideas. And “Grooming Green Entrepreneurs” describes the University of New Hampshire’s strategy to promote sustainability-focused startups throughout its region.

You’ll notice our cover image depicts a light in a jar—apropos of Moser’s flash of brilliance. But it also represents the excitement and energy business schools want to generate around entrepreneurship. They’re training students to see solutions, not accept the obstacles they encounter as inescapable aspects of the status quo. In the process, business schools are lighting up the imaginations of a new generation of entrepreneurial thinkers who promise to make a real and lasting impact on the world. 



Installation of Moser’s soda-bottle light bulb.





The State of Doctoral Education

AACSB INTERNATIONAL AND its Task Force on Doctoral Education have released a new report, “The Promise of Business Doctoral Education,” which explores how business doctoral education can better address the needs, challenges, and goals of doctoral programs worldwide.

“The academic community as a whole is challenged to evaluate how it approaches and delivers doctoral education,” says Robert Sullivan, dean of the Rady School of Management at the University of California, San Diego, and chair of AACSB’s Board of Directors. “Many opportunities remain underexplored, including the role of school partnerships, business school and industry collaborations, and alternative recruitment, positioning, and placement strategies.”

In the report, the task force outlines a series of challenges and recommendations, both for business schools and AACSB. In particular, the report:

- explores how business doctoral education can support individuals pursuing a range of professional paths within and beyond academia, as well as create new career paths between business and academia.
- calls for innovations that expand access to doctoral education among underserved populations.
- recognizes business schools and industry as critical partners in the development of doctoral level talent and the creation of relevant research.
- stresses that doctoral programs should be characterized by rigor and provides suggestions for ensuring high-quality content, design, and learning outcomes.

For more information, visit www.aacsb.edu/doctoral education. (See “Sustaining Scholarship” on page 50 for more on business doctoral education.)

Virginia Tech Focuses on Part-Time Programs

VIRGINIA TECH’S PAMPLIN College of Business in Blacksburg is restructuring its MBA program to devote more resources to its part-time programs in northern Virginia and other major metropolitan areas of the state. The decision has been made because attracting qualified students to the MBA has been challenging in recent years due to changing options and preferences, notes Steve Skripak, Pamplin’s associate dean for graduate programs. During the same time period, he adds, part-time enrollments have held steady or increased.

Under the restructuring, the school will offer three MBA formats designed



for students in larger metropolitan areas who want to take classes while remaining employed: an executive MBA in the Washington, D.C., area; a part-time evening MBA, also in D.C.; and another part-time program, called the professional MBA, that alternates class meetings between Richmond and Roanoke. The evening MBA enrolls about 150 students, while the other two have about 50 students each. Skripak points out that urban locations are very attractive to the school’s target population of 20- and 30-year-olds.

School officials expect the changes to have no impact on the students currently enrolled in the full-time two-year program.



The Obamacare Effect

IN 2010, THE U.S. Congress and President Barack Obama passed the Affordable Care Act, which aims to provide more affordable health insurance to more Americans. Since then, debate has raged on its effects. With implementation of the act's reforms due to take effect Jan. 1, 2014, what changes are occurring in U.S. business programs that focus on healthcare?

Some schools are seeing an increase in the number of doctors pursuing MBAs. That's the case at Duke University's Fuqua School of Business in Durham, North Carolina. From 2004 through 2009, an average of 13 doctors applied for Fuqua's Daytime MBA in Health Sector Management; from 2010—when the act was passed—to 2013, that number increased to 21. During the same time frames, doctors who applied for the school's healthcare MBA increased from 17 to 25.

"Business education enables healthcare students to develop as leaders and entrepreneurs," says David Ridley, director of Fuqua's Health Sector Management program. "At the same time, healthcare students make the business school better by their concern for people and understanding of policy."

Administrators at the Wharton School of Business at the University of Pennsylvania in Philadelphia haven't noticed a spike in applications from physicians, but the impending implementation of the Affordable Care

Act has been reflected in some program content, says June Kinney, associate director and lecturer in Wharton's Health Care Management program.

"We're always evolving our content depending on what's going on in the marketplace, and certainly Obamacare has unleashed a huge number of changes in emphasis," says Kinney. "For instance, there's more emphasis on outcome metrics and data analytics. A lot of providers and payers have always had a lot of data—they just didn't always use it or organize around it. Now there are clearer incentives for them to do that."

She continues, "Even a trend like medical tourism relies on information and incentives. If a heart hospital has an amazing record and it offers a set package to do a heart bypass, that could bring pressure to bear on the marketplace." The heavier emphasis on technology also affects some of the internships that students seek out, she notes, with more of them looking at tech-related fields such as mobile apps and healthcare IT.

Fuqua's Ridley believes that changes in the healthcare sector motivate medical personnel to pursue MBAs for one of three reasons: They want to understand how to lead change within an established organization or start their own entrepreneurial organization; they want to stay in the sector, but they want to stop practicing medicine; or they want to be part of the exciting changes in the field and learn to make a difference in the health of the population.

Training for Impact

THE JAMES LEE SORENSON Global Impact Investing Center (SGII Center) at the University of Utah's David Eccles School of Business in Salt Lake City has announced results from its partnership with the Sorenson Impact Foundation (SIF), which facilitated five early-stage investments totaling approximately US\$2 million. The SGII Center, created in January 2013, trains students to produce sustainable social impact by working with social enterprises, corporations, impact funds, and private family foundations.

Student teams vetted and structured this year's impact investments, sometimes traveling to locations around the world to help prime businesses for a capital infusion. Their selections included three companies based in India: a pay-as-you-go solar financing company, a financing company for microenterprises, and an affordable housing construction company. Student teams also selected a Kenya-based consumer catalog company and a fair-trade apparel manufacturing company with offices in Liberia and Ghana.

Charity Begins at B-School



HOW DO BUSINESS leaders learn to manage philanthropic gifts? Through experience. That's the premise of a graduate-level class debuting this fall at Kennesaw State University's Michael J. Coles College of Business in Georgia. As part of the 15-week Business of Philanthropy course, students will conduct extensive research on charities or nonprofits that appeal to them. Then the class instructor—entrepreneur-in-residence Thomas Hughes—will make a US\$1,000 donation to each student's selected charity.

"Business leaders are the ones who have the most impact on charitable giving, and I want students to learn how to find a charity that they can identify with so they can decide what to give, whether it is time or money," says Hughes. He also wants them to learn that they can't just give; they must stay in touch with the charity to find out how their donations are being used and what impact those donations are having.

Hughes—an angel investor, senior executive, and philanthropist—expects to disburse \$25,000 during the class. He also has invited a number of fellow philanthropists and top executives to join him at the lectern to share their views on executive giving.

Design Special

On December 11, PBS stations in the U.S. will air the documentary "Extreme by Design," which will showcase 40 students from Stanford University's Institute of Design as they build products that could save lives in Bangladesh and other developing economies. Students use the design thinking approach taught in Stanford's "Design for Extreme Affordability" class. The documentary was produced by Hawkview Pictures and Kikim Media.

BizEd Wins Awards

BIZED RECENTLY WAS recognized with awards in two competitions designed for trade and association publications.

The magazine took home seven prizes in the 2013 Charlie Awards competition sponsored by the Florida Magazine Association, which salutes excellence among Florida-based publications. The prizes include four Charlie Awards, the equivalent of gold medals, in these categories: best service feature, "Business Through an Ethical Lens," by co-editor Tricia Bisoux, from the January/February 2013 issue; best feature, "Investing in Iraq" by Herbert Davis of George Washington University, from May/June 2012; best editorial, "Global, Connected, Committed," by co-editor Sharon



Shinn, also from May/June; and design excellence for C.J. Burton's image that opened the article "Bricks & Clicks Come Face to Face" from September/October 2012.

In addition, the magazine won a silver award in the best theme issue category for its May/June 2012 edition; a silver award for best service feature, "Game On," written by Duke University's Elizabeth Hogan and Andrea Mohamed for the November/December 2012 issue; and a bronze for best overall magazine. All awards were in the association category.

The magazine also received three honors in the 2013 EXCEL Awards competition, which are sponsored by Association Media & Publishing. *BizEd* took home a gold medal for general excellence; a silver award for best single-topic issue for the January/February issue, which focused on diversity; and a bronze medal for the feature "Game On."



Program Overhauls

REVAMPING THE CURRICULUM is an ongoing project for most business schools, and two American institutions have just announced major changes to their programs:

■ This fall, Columbia Business School in New York City will institute a redesigned core curriculum for the class of 2015. In the new curriculum, the core for-credit leadership course will be included during student orientation rather than in the first semester; students are allowed to take more electives during the first year; and some technical components of course content will be posted online, allowing more class time for discussion.

In addition, the core course known as “Revamping the Decision Models,” which emphasizes Big Data, will be part of the business ecosystem. Other changes include refreshed content that further infuses entrepreneurial thinking into various courses, as well as expansion of the school’s integrated case study, a real-world problem-solving case that examines a corporation from a variety of perspectives across different courses.

■ The School of Business Administration at the University of Vermont in Burlington has completely revised its traditional master’s program to create the MBA in sustainable entrepreneurship (SEMBA). The interdisciplinary, one-year, full-time program will draw faculty from the business school, the Rubenstein School of Environmental and Natural Resources, the Gund Institute, and Vermont Law School. The school has also put together an advisory board that includes representatives from Ben & Jerry’s, Burton Snowboards, Green Mountain Coffee, and other companies focused on sustainability.

The 45-credit-hour program is capped with a three-month practicum, where students start or expand a sustainable business. Students enrolled in the program automatically become part of Vermont Business for Social Responsibility (VBSR), a statewide nonprofit business trade organization focused on advancing business ethics.

SHORT TAKES

NEW APPOINTMENTS



■ In June, the College of Business Administration at Clarion University of Pennsylvania welcomed **Phil Frese** as dean. Previously, he was chief executive officer of Catholic

Charities of the Archdiocese of Newark, New Jersey.

■ The University of Maryland in College Park has appointed **Alexander J. Triantis** as dean of the Robert H. Smith School of Business. Triantis, who began his new role September 1, has been with the Smith School for 17 years.



■ **Mary Gowan** has been named dean of the College of Business at James Madison University in Harrisonburg, Virginia. She will hold the Kenneth R. Bartee Endowed Professorship. Gowan was most recently a professor of management and former dean at Elon University.

■ Since July, **Ken Eastman** has been interim dean of the Spears School of Business at Oklahoma State University in Stillwater. Eastman, who previously was head of the department of management, replaces Larry Crosby, who resigned in June.



■ **Steven Murphy** has been appointed dean of the Ted Rogers School of Management at Ryerson University in Toronto, Ontario. His five-year term began August 1. He also became a tenured professor in the department of entrepreneurship and strategy. He was previously an associate dean at Carleton University’s Sprott School of Business.

■ **Douglas Bible** has been named interim dean of the College of Business, Educa-

MBA TO ENTREPRENEUR



tion, and Human Development at Louisiana State University in Shreveport. Bible has been teaching at LSUS since 1985. He replaces Dave Gustavson, who recently retired after serving for 39 years at the school.



■ **Elmore Alexander** is the new dean of the Ricciardi College of Business at Bridgewater State University in Massachusetts. He previously was dean at the School of Management at Marist College.

■ **Andrew Romerdahl** will serve as the first Weidner Chair in Business Management at the University of Alaska Anchorage. The endowed chair within the College of Business and Public Policy was funded in 2011 by a US\$3 million pledge from businessman Dean Weidner.

■ Finance professor **Joël Peress** will be the first to hold the new AXA-INSEAD chair in financial market risk. It was launched by the AXA Research Fund and INSEAD of France, Singapore, and Abu Dhabi.

■ In September, **Christopher Ball** was inaugurated as Honorary Consul of Hungary for the state of Connecticut. Ball is director of the Central European Institute and Istvan Szechenyi Chair in International Economics at Quinnipiac University in Hamden.

STEPPING DOWN

■ **Darlene Brannigan Smith**, dean of the Merrick School of Business at the University of Baltimore in Maryland, has stepped down after a five-year term. She will return to the faculty as a marketing professor following a yearlong sabbatical.

■ **Fenwick Huss** will retire next June as dean of the Robinson College of Business

GMAT Test Takers Interested in Entrepreneurship¹

Nearly

10,000

aspiring entrepreneurs chose business school to develop their skills in 2013.

Entrepreneurs Said Business School Prepared Them To²:

88% Lead My Company

84% Grow My Business

81% Develop an Idea

81% Develop Financial Projections

80% Conduct Market Research

79% Write A Business Plan

Sources: ¹Data for GMAT test takers from July 1, 2012-June 30, 2013.
²GMAC 2013 Global Management Education Graduate Survey



GMAC offers schools FREE survey services, including detailed reports and interactive tools. Visit gmac.com/SurveySignUp to learn more. Additional resources on "B-School for Entrepreneurial Success" are available at gmac.com/NewsCenter.

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SHORT TAKES

at Georgia State University in Atlanta. By that time, he will have spent ten years as the school's dean. Under Huss' leadership, the college started offering an executive doctorate in business, added several new specialized master's degree programs, and expanded its international presence.

■ In August, **Philip L. Quaglieri** stepped down as dean of the College of Management at the University of Massachusetts Boston, where he served for 15 years. During his tenure, Quaglieri was instrumental in shepherding the school through AACSB accreditation and reaccreditation, as well as developing several new academic degree programs. Quaglieri is returning to the management faculty.

HONORS AND AWARDS

■ **Howard Thomas**, dean of the Lee Kong Chian School of Business at Singapore Management University, was awarded an honorary degree of Doctor of Civil Law from Newcastle Business School, Northumbria University. He also will receive an honorary Doctor of Letters degree from Murdoch University in Perth, Australia, and the Richard Whipp Lifetime Achievement Award from the British Academy of Management.

■ The PhD Project has announced three 2013



inductees into its Hall of Fame. They are **dt ogilvie**, dean and professor of strategy at the Rochester Institute of Technology's Saunders College of Business in New York (pictured); **Miriam B. Stamps**, professor of marketing and chair emerita at the University of South Florida in Tampa; and **David L. Ford**, professor of organizational studies, strategy, and international management at the University of Texas at Dallas. The PhD Project, which promotes diversity in management education, established the Hall of Fame in 2011.

■ **Ronald P. Hill**, the Richard J. and Barbara Naclerio Endowed Chair in Business at the Villanova School of Business in Pennsylvania, recently took home two honors. He won the 2013 Allan N. Nash Distinguished Doctoral Graduate Award from The Robert H. Smith School of Business at the University of Maryland and the Marketing and Society Special Interest Group (MASSIG) Lifetime Achievement Award.

NEW PROGRAMS

■ In the fall of 2014, **Temple University's** Fox School of Business in Philadelphia will launch an executive DBA, a part-time doctoral program for executives and senior managers. It combines theo-

retical and research methodology courses with personalized mentorship to connect academia and practice.

■ Next July, the **University of Michigan's** Ross School of Business in Ann Arbor will debut a ten-month, full-time master of management graduate degree program designed to deliver core business fundamentals to students with nonbusiness undergraduate degrees.

■ **The University of Miami** School of Business Administration in Florida is planning a new weekend program called the Miami Executive MBA for the Americas. It will focus on four management themes connected to doing business in the Americas: global multicultural leadership; management and decision making



in global operations; global strategy and execution; and entrepreneurship, innovation, and technology.

■ This fall, the W.P. Carey School of Business at **Arizona State University** will offer two new undergraduate business degrees: a BA with a concentration in human resources and a BA with a

concentration in sports and media studies. Both will be delivered at the school's Polytechnic campus in Mesa.

■ This fall, the McCombs School of Business at the **University of Texas at Austin** launched a master of science degree in business analytics. The one-year graduate degree is offered through the department of information, risk, and operations management.

COLLABORATIONS

■ The Charlotte School of Law has partnered with the **University of North Carolina at Charlotte** to offer three dual degree programs that allow students to earn a JD along with one of three master's degrees in real estate, accountancy, or business administration. The master's degrees are delivered by UNC's Belk College of Business.



■ **North Dakota State University** (NDSU) College of Business in Fargo and the **University of North Dakota** (UND) College of Business and Public Administration in Grand Forks have formed a partnership to bring the UND Certificate in Entrepreneurship to the NDSU campus.

■ The Kenan-Flagler Business School at the **University of North Carolina in Chapel**

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Join us at the Quinnipiac Global Asset Management Education (G.A.M.E.) IV Forum in New York City March 20–22, 2014. G.A.M.E. provides an international group of college students and faculty with a unique opportunity to interact with industry leaders and learn best practices in investment management. On day one, keynote panels will discuss the global economy, global markets, alternative assets versus equities, corporate governance and provide a Federal Reserve perspective. Day two will include a variety of breakout discussion panels, workshops and keynote perspectives. The forum will conclude on day three with panels discussing career opportunities within the financial services industry.

G.A.M.E. IV FORUM KEYNOTE SPEAKERS:

Dr. Bob Froehlich, Moderator & Program Co-chair
Ralph Acampora, CMA, Altaira Ltd.
Guy Adami, Drakon Capital & CNBC
Richard Bernstein, Richard Bernstein Advisors LLC
Abby Joseph Cohen, CFA, Goldman Sachs
David M. Darst, CFA, Morgan Stanley Wealth Management
Bob Doll, CFA, Nuveen Asset Management LLC
Dr. David Kelly, CFA, J.P. Morgan Funds
Michael C. Khouw, DASH Financial
Edward Knight, JD, NASDAQ OMX Group
Benjamin A. Pace, Deutsche Bank Private Wealth Management
John D. Rogers, CFA, CFA Institute
Dr. John E. Silvia, Wells Fargo Securities LLC
Sam Stovall, S&P Capital IQ
Joseph Terranova, Virtus Investment Partners & CNBC

Additional information available:
<http://qgame.quinnipiac.edu>

headlines

SHORT TAKES

Hill has received a 2013 Obama-Singh 21st Century Knowledge Initiative award. Kenan-Flagler and the Indian Institute of Management in Bangalore will use the US\$249,000 to fund two collaborative initiatives: Rising Stars, a reciprocal faculty-in-residence program for junior faculty and doctoral students; and Knowledge Impact, a plan for sharing existing curricula, including an applied learning course in which MBA students from both schools will consult with microentrepreneurs in Bangalore.

GRANTS AND DONATIONS

■ The **University of Michigan in Ann Arbor** will receive US\$200 million from real estate developer and Miami Dolphins owner Stephen M. Ross. The Ross School of Business and University of Michigan Athletics department will each receive \$100 million. The money will be used in part to create contemporary spaces for students in the Ross School and student athletes in all sports; money also will fund scholarships in the business school.

■ The **University of Alabama at Birmingham** School of Business will be named the Charles and Patsy Collat School of Business to recognize donors who have given US\$25 million in gifts and pledges to the school.

Charles Collat is former CEO of Mayer Electric Supply Company Inc.; he and his wife are longtime supporters of the university.

■ South African businessman Nathan Kirsh has given **London Business School** its largest single individual donation. The unrestricted gift of £10 million (about US\$15.6 million) will contribute to the school's endowment, which will increase by almost 40 percent as a result. Kirsh owns London's Tower 42 and is a majority stakeholder in Jetro Holdings, a wholesale grocery goods supplier.

■ Two alumni—Arthur J. Samberg and Mario J. Gabelli—have pledged US\$25 million and US\$15 million, respectively, to **Columbia Business School** in New York City. The money will be used for construction of the school's new Manhattanville campus. Samberg is the manager of Hawkes Financial Services; Gabelli is chairman and CEO of GAMCO Investors.

■ The Weatherhead School of Management at **Case Western Reserve University** in Cleveland, Ohio, has received a US\$6 million pledge from Chuck and Char Fowler. The money will be used to sustain the Fowler Family Fellow-



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Praveen Alamuri, Matthew Haden, Tyler Garrett and Rohit Sarin – InfluSafe vaccines
- **2011 Entrepreneur Magazine College Entrepreneur of the Year finalist** *Jeremy Ellens – VetDx mobile veterinary diagnostic app*
- **2011 Forbes College Social Innovation Award winner**
Nikki Lewis – Partnered For Success
Rohit Sarin – InfluSafe vaccines

INNOVATIVE NEW PROGRAMS

- 2011** ONLINE M.S. INFORMATION MANAGEMENT
- 2012** B.A. GLOBAL LEADERSHIP | B.A. STATISTICS | B.A. TECHNOLOGY | M.S. MANAGEMENT
- 2013** B.S. BUSINESS ENTREPRENEURSHIP | B.A. HUMAN RESOURCES | B.A. SPORTS AND MEDIA STUDIES | WEEKEND MBA | M.S. BUSINESS ANALYTICS
- 2014** B.S. DATA ANALYTICS | B.A. GLOBAL LOGISTICS | B.S. MARKETING/SALES | M.S. FINANCE | M.S. GLOBAL LOGISTICS

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*Technovation, 2010 research published in the Top 25 academic business journals.

ships, which are awarded to MBA students with a passion for sustainable value. Chuck Fowler is recently retired president and CEO of Fairmount Minerals.

■ The **University of Tennessee, Knoxville**, has established joint faculty positions between the colleges of engineering and business administration thanks to the generosity of alums Ralph and Janet Heath and their family's charitable fund. Chanaka Edirisinghe, professor of statistics, operations, and management science, is the Heath Faculty Fellow in the College of Business Administration; Rupy Sawhney, a professor of industrial and information engineering, is the fellow in the College of Engineering.

FACILITIES

■ In September, **Rutgers Business School** began holding classes in a new six-story building on its campus in New Brunswick, New Jersey. The 143,000-square-foot building



cost US\$85 million. The facility, which is LEED-certified at the silver level, derives power from two solar fields and is heated and cooled with a geothermal system.

■ In August, Jon M. Huntsman Sr. helped break ground for Huntsman Hall, a US\$42 million business building on the **Utah State University**

campus in Logan. Huntsman was the lead donor for the new 117,000-square-foot building, scheduled to be completed in fall 2015.

OTHER NEWS

■ This summer, the Stanford Institute for Innovation in Developing Economies (SEED) at **Stanford University** in California launched a regional innovation center in Ghana, West Africa. The goal is to stimulate economic opportunities by giving local entrepreneurs training, access to resources, and continuous coaching.

■ The Pedro Arrupe S.J. Program of Christian Social Ethics in Business has moved to the Madden School of Business at **Le Moyne College** in Syracuse, New York, from the Woodstock Theological Cen-

ter at Georgetown University in Washington, D.C.

■ **The Project Management Institute** of Newtown Square, Pennsylvania, has published "Managing Change in Organizations," a practice guide to help managers embrace change as a core competency. A free download is available for a limited time at www.PMI.org/ChangeManagement.

■ In September, **IESE Business School** hosted its first career expo outside its campus in Barcelona, Spain. More than 100 MBA students from IESE, London Business School, HEC, and Rotterdam School of Management gathered for the event. The school will hold a similar expo in London for Asian companies interested in recruiting European MBAs. 

TODAY'S ENTREPRENEURSHIP
CENTERS DO MORE THAN
SUPPORT STARTUPS.
THEY WORK WITH DEPARTMENTS

ACROSS THE
ENTIRE
CAMPUS
TO PRODUCE
NOT JUST

IDEA

ENTREPRENEURS,
BUT ENTREPRENEURIAL THINKERS
EQUIPPED TO BRING THEIR
BEST IDEAS TO LIFE.

CENTRAL

BY TRICIA BISOUX



The Great Recession may have had near-catastrophic effects on the global economy, but it has been a big boon to at least one corner of business: entrepreneurship. Although the rate of new business creation is still below pre-2008 levels, the Millennial Generation's interest in launching new business ideas is incredibly high. Fifty-four percent of young people born after 1980 are either interested in starting their own businesses or already have, according to the Kauffman Foundation, a nonprofit in Kansas City, Missouri, that promotes entrepreneurship and innovation.

But universities are also realizing that entrepreneurship isn't just about creating businesses, says Jeff Skinner, director of the Deloitte Institute of Innovation and Entrepreneurship at the London Business School in the United Kingdom. "We realize that not every student is going to start a business—and we don't want them to. Otherwise, we'll have thousands of founders out there and no teams. We also want to prepare students to assist other people's ventures. I much prefer to say that we're creating 'entrepreneurial thinkers,' not just 'entrepreneurs.'"

This new attitude about entrepreneurial activity has led business schools to dramatically broaden the missions of their entrepreneurship centers. No longer limited to serving business students and startups, these centers are adopting new strategic roles that reach far beyond the business school to create courses, develop programs, and establish vibrant entrepreneurial cultures that span the entire university.

**WE WANT
OUR STUDENTS
TO DO MORE
THAN JUST POINT
OUT PROBLEMS
THEY SEE AND ASK
SOMEONE ELSE TO SOLVE THEM.
WE WANT THEM TO
PROPOSE AND
IMPLEMENT SOLUTIONS
TO THE PROBLEMS
THEY SEE IN THEIR
COMMUNITIES,
WHETHER BY STARTING
NEW COMPANIES,
WORKING IN
EXISTING COMPANIES,
IMPLEMENTING IDEAS,
OR EVEN PROPOSING
NEW LAWS.**

The Great Expansion

Part of creating entrepreneurial thinkers is designing programs that expose students to entrepreneurship in different ways, says Skinner. With that in mind, the Deloitte Institute is now working with Deloitte's Social Pioneers Program, through which the firm provides support services to 20 social enterprises each year. In a pilot program, students

will offer additional consultancy services to these enterprises. "Even if they don't have their own ideas to develop, our students can experience what it's like to manage entrepreneurial businesses," says Skinner. "Becoming a founder isn't the only way to get into entrepreneurship."

In fact, for more entrepreneurship centers, the goal is to teach students to launch ideas, not just businesses, says Janet Strimaitis, director of the Arthur M. Blank Center for Entrepreneurship at Babson College in Wellesley, Massachusetts. That change in mindset is still relatively new. Babson has long integrated entrepreneurship throughout its curriculum, but prior to 2009 the Blank Center focused its attention mainly on offering services to a narrow group of high-potential entrepreneurs. Four years ago, however, the center adopted a new approach it calls "Entrepreneurship of All Kinds." It now offers more workshops, office space, and advising opportunities through its Butler Venture Accelerator Program to a wider range of students and alumni.

Since 2009, the number of students and alumni that Babson's accelerator serves at one time has increased from 20 to more than 400. "We assess ourselves not on the number of high-potential ventures created, but on the skills and competencies our students learn in the classroom and in co-curricular activities," says Strimaitis.

A similar change in approach is happening on an even larger scale at Tecnológico de Monterrey (ITESM) in Mexico City, Mexico. Like Babson, ITESM has long required all of its approximately 12,000 students to take an entrepreneurship course, regardless of major. But the school

ENTREPRENEURSHIP GROWS UP

is now implementing its biggest initiative yet: a curricular overhaul across all of the school's 32 campuses, as well as the 30 campuses of its second academic brand, Universidad TecMilenio.

The goal is to infuse content related to entrepreneurship throughout every course and department, says Luis Arturo Torres, director of ITESM's Eugenio Garza-Lagüera Institute for Entrepreneurship. The overhaul also will integrate into the new curriculum the activity of the system's many accelerators, 100 business incubators, and 15 technology parks.

This year the institute, along with centers on each individual campus, trained the school's 6,100 faculty members to integrate entrepreneurial problem-solving skills into their syllabi. "A physics professor could use the same projects in class, but perhaps he could require students to find their own resources, rather than providing them. Or he could ask them to identify the problem they must solve, rather than giving them the problem," says Torres.

The school wants to ensure that all of its students graduate with an entrepreneurial spirit and a willingness to take action. "We want our students to do more than just point out problems they see and ask someone else to solve them," says Torres. "We want them to propose and implement solutions to the problems they see in their communities, whether by starting new companies, working in existing companies, implementing ideas, or even proposing new laws. If we don't teach our students to be change agents, no one else is going to do it."

A decade ago, the Kauffman Foundation based in Kansas City, Missouri, launched the Kauffman Campuses Initiative (KCI), which awarded up to US\$5 million each to a number of colleges and universities to transform and amplify the way they taught entrepreneurship. Recipients of the grant also were required to match the funds two-to-one. The foundation gave KCI grants to eight schools in 2003 and to ten schools in 2006.

The grants have helped KCI schools build comprehensive entrepreneurial ecosystems on their campuses. For example, the University of Texas El Paso used the funding to open its Center for Research, Entrepreneurship, and Innovative Enterprises, through which it commercializes its community's technology, promotes entrepreneurship among women and minorities, and develops interdisciplinary curricula. Syracuse University launched Enitiative, a collaboration among six universities and many organizations across Central New York. Through Enitiative, the partner schools created 40 new courses in entrepreneurship, infused 142 other courses with entrepreneurial elements, and increased their collective enrollments in these courses from 1,800 students to 7,500 students annually.

KCI schools recently submitted reflective essays to the foundation that outlined the lessons they learned as they designed new strategies to promote entrepreneurship. "All were candid about the challenges they faced," says Wendy Torrance, the foundation's director of entrepreneurship. "They said that one of the biggest challenges was how they would define entrepreneurship in ways that fit their missions and cultures. Some noted that they didn't engage faculty early enough. Others enlisted a small number of passionate faculty, created faculty seminars, and held monthly gatherings. Slowly but surely, they engaged faculty from across the university."

The University of North Carolina at Chapel Hill used its KCI funds to launch the Carolina Entrepreneurial Initiative (CEI), through which the school strengthened its existing entrepreneurial center and campus outreach programs. But CEI also presented a challenge for the university's Kenan-Flagler Business School: how to balance its service to business students with its service to the larger campus and community, says Ted Zoller, professor of strategy and entrepreneurship at Kenan-Flagler and director of its Center for Entrepreneurial Studies. Zoller also is a senior fellow at the Kauffman Foundation.

In the end, Zoller believes that opening up entrepreneurship programs to the entire university creates "a healthy tension" for the business school. "The business school is a central tool in building a strong entrepreneurial ecosystem on campus, but it's not the only tool. We need to open up our communities and play a major leadership role on campus," he says. "The purpose of the Kauffman Campuses Initiative was to broaden the model of entrepreneurship to include constituencies across campus."

In August, the Kauffman Foundation released two reports on the outcomes of its Kauffman Campuses Initiative. They include "Entrepreneurship Education Comes of Age on Campus" and "Entrepreneurial Campuses: Action, Impact, and Lessons Learned from the Kauffman Campuses Initiative." To read these reports, as well as essays from 16 institutions that received grants through the Kauffman Campuses Initiative, visit www.kauffman.org/newsroom/entrepreneurship-education-comes-of-age-on-campus.aspx.



Cultural Permanence

As these centers open themselves to larger audiences—from a wider range of disciplines and backgrounds—they’re also developing what their directors call “entrepreneurial ecosystems” at their universities. These ecosystems encompass a wide range of activities, including competitions, workshops, networking events, advising, curriculum development, and field trips. The true challenge is how to make such multifarious activities interconnect in ways that build momentum and become self-sustaining over time, says Il Luscri, director of the Center for Innovation, Creativity, and Entrepreneurship (ICE) at Villanova Business School in Pennsylvania.

“The real question is, how does what we do become part of the permanent culture on campus?” Luscri asks. “How is it something that lives beyond myself, the dean, the president of the university, and all of the people who are engaged in supporting entrepreneurship on campus right now?”

One of the ICE Center’s answers to that question is Pitch Day, an event launched two years ago. At that time, center staff realized that the business school’s annual business plan competition and entrepreneurship course, the engineering department’s entrepreneurship course, and the university’s interdisciplinary mobile application course all ended with students pitching their ideas to panels of judges. To increase their impact, the center decided to combine them all into a single annual event.

Held in April, Pitch Day opens with a luncheon for all students, judges, faculty, and visitors before presentations begin and closes

with a celebration and awards ceremony after the judging is complete. “Instead of bringing in ten judges to see 30 students make presentations, we now bring 250 students and 100 judges to campus,” says Luscri. “We’ve only held Pitch Day twice, but we make clear that it’s held every spring. That helps us communicate the permanence of this program.”

Diverse and Interdisciplinary

Villanova’s Pitch Day also accomplishes another important goal: It brings together a variety of disciplines, including business, computer science, and engineering. Luscri wants to find even more opportunities to work with other departments, including Villanova’s schools of law, engineering, nursing, and arts and sciences. The



Miriam-Rose Leduc from Indiana University’s Jacobs School of Music, who earned an entrepreneurship minor and a bachelor’s degree in music, performs for the opening of the Johnson Center’s Entrepreneurial Connections Day.

center most recently worked with Villanova’s School of Law to open a clinic where second- and third-year law students will offer legal advice related to entrepreneurial projects. “We will continue to align ourselves as a cross-campus, interdisciplinary center,” says Luscri. “That is a major shift for us.”

Creating more interdisciplinary offerings is also a top priority for Donald F. Kuratko, director of the Johnson Center for Entrepreneurship & Innovation at Indiana University’s Kelley School of Business in Bloomington. Kuratko began his efforts to build an entrepreneurial ecosystem with a series of conversations with deans and faculty from each campus department. “I asked each dean, ‘When you hear the word entrepreneurship, what does it mean to you?’ Then I asked them what kinds of solutions would be most valuable to their schools.”

The dean of IU’s medical center, for example, told Kuratko he was most concerned about commercializing the technology developed in his laboratories, so the Johnson Center formed teams of MBA students to help the medical school take its best ideas to market. The dean of the Jacobs School of Music wanted his students to develop entrepreneurial mindsets, so the center helped the school develop Project Jump Start, a series of workshops, networking events, advising opportunities, and competitions. And the dean of the School of Public and Environmental Affairs asked for the center’s assistance in developing a certificate of social entrepreneurship, open to both its students and Kelley students.

The Johnson Center also just spent three years working with

Students showcase their ideas during the “Celebration of Innovation, Creativity, and Entrepreneurship,” a networking event that ends Villanova’s annual Pitch Day.



other IU departments to create a universitywide entrepreneurial certificate program. Three of the program’s five courses originate in the business school—each department that offers the certificate must design the other two to suit its discipline. Kuratko is now working with deans across campus to develop their specialized courses.

The Johnson Center positions itself solely as a resource and research center for the university—it does no outreach to the external community. “With 45,000 students, our campus is a city in itself,” says Kuratko. “We focus on campus because that’s where we think our efforts are best spent.”

Like the Johnson Center, the Dingman Center for Entrepreneurship at the University of Maryland’s Smith School of Business in College Park is working to reach a more diverse audience. It’s in the process of creating an entrepreneurship minor designed to encourage entrepreneurship in all forms among students majoring in any discipline. And to attract more women and minorities to entrepreneurship, its staff is exploring ways to work with organizations such as historically black colleges and universities; TiE Silicon Valley, an organization focused on Indian American entrepreneurs; and Springboard Enterprises, a group dedicated to women entrepreneurs in technology.

“By working with organizations that already are supporting different groups, we can really target our services,” says Elana Fine, director of the Dingman Center. “We want to put ourselves in front of these audiences as much as we can, rather than just wait for them to walk through our door.”

WHAT MAKES A GREAT CENTER?

Building a successful academic entrepreneurship center takes time, energy, and a lot of creativity. Several center directors offer this advice to those who want to take their centers to the next level:

Think like entrepreneurs. Get minimal product out there, gather feedback, and rapidly update the prototypes of your programs, says Elana Fine of the University of Maryland. “It’s about how quickly you can seize opportunities, try new things, and get rid of programs that don’t work.”

Start small. “Expand only when you know that a program has enough energy and momentum behind it to sustain it,” says Il Luscri of Villanova.

Listen to users. “There’s an old saying, ‘Why give customers what they want when we know what they need?’” jokes Bruce Bachenheimer of Pace University. But he emphasizes that entrepreneurship centers must let users help direct their design. Pace’s eLab is equipped with the latest computer equipment, but it turns out most students “just need big tables, power outlets, fast wi-fi, and a refrigerator.”

Talk to colleagues across the university. Centers should discover what entrepreneurship means to each discipline, so they can tailor their services to each department.

Build on existing opportunities. Centers don’t always have to reinvent the wheel. Find courses and programs across the campus that already exist and “dump some gas on them, fan the flames, and make them bigger,” says Luscri.

Don’t expect to make money. Entrepreneurial centers are not profit centers, says Donald F. Kuratko of Indiana University. “If you think yours will be, you will fail,” he adds. “You’ll need donors and sponsors to sustain you.”

Celebrate! Celebration is a part of establishing an entrepreneurial culture, says Fine. “We hold big celebrations on campus; we celebrate over social media,” she says. “We celebrate not just when a new company is founded, but when it gets its first customer, launches a Kickstarter crowdfunding campaign, makes a new hire. We want to show entrepreneurs how impressed we are that they’re taking such risks.”

Join like-minded groups. Two organizations are especially valuable, say these directors. The Global Consortium of Entrepreneurship Centers sponsors regular gatherings of center directors as well as an annual conference each October. The 1,900-member National Business Incubation Association trains faculty and staff to effectively assist early stage companies. For information, visit www.globalentrepreneurshipconsortium.org and www.nbia.org.

Students work in the Fordham Foundry, the new incubator at Fordham University.

Building Excitement

Embracing an interdisciplinary purpose brings a sense of excitement to a business school and its entrepreneurial center, says Bruce Bachenheimer, who directs the Entrepreneurship Lab (eLab) at Pace University's Lubin School of Business. Opened in February 2012 in a building near New York City Hall, eLab's purpose is not only to augment the school's entrepreneurship curriculum with events and services, but also to bring together the schools of business, arts and sciences, health professions, education, and computer science and information systems in cross-disciplinary problem solving.

"I recently met with education students who want to develop new educational technologies to teach STEM subjects to New York City high school students—they call themselves 'edupreneurs,'" says Bachenheimer. "We're working with nursing students to help them collaborate with computer science students to develop mobile apps for the field of gerontology. Bringing together students from different colleges has been exciting."

The Center for Entrepreneurship at Fordham University's Gabelli School of Business opened earlier this year in partnership with New York City mayor Michael Bloomberg. Fordham's center includes the 30,000-square-foot Fordham Foundry, the school's new incubator created in collaboration with the city's Department of Small Business Services. The Foundry shares space with New York City Business Solutions, a nonprofit that provides resources, funding, and training to small business owners. The school admitted four entrepreneurs to the



incubator earlier this year with plans to bring in three more this fall.

Although the center's purpose is to serve the Fordham community, it also will perform outreach to the surrounding Bronx community, says center co-director Christine Janssen-Selvadurai. This fall, the school began offering workshops and boot camps to local business owners and those who'd like to start businesses. Eventually, the school might open its incubator doors to Bronx-based entrepreneurs.

Over the next year, Janssen-Selvadurai wants to increase the incubator's capacity from 24 to 50 people, grow the center's cadre of mentor volunteers, and add events to its calendar. "Our mission is to spark the idea that there are career paths other than corporate," she says. "Our message is, 'You can't find a job? Then go out and create one for yourself. Then create one for somebody else.' That's how we'll refuel this economy."

From Success to Significance

With entrepreneurship in the spotlight on many campuses, entrepreneurship centers—and the business schools that support them—are moving to the forefront of campus activities. They're doing so not just through courses and extracurricular

programs, but also through research. "A big part of our institute's mission is to fund more research in the areas of entrepreneurship and innovation," says Skinner of the London Business School. "We want everything we do to be based on rigorous methods rather than received wisdom and war stories."

That combination of academic rigor and entrepreneurial activity has helped the Johnson Center "cross the chasm" between business and other disciplines on the IU campus as well, says Kuratko. Deans and faculty from other disciplines who might once have seen business schools as symbols of greed now see them as partners in the search for solutions to their own challenges.

"We've translated the idea of 'success' to one of 'significance,'" he says. "When I say that to business students, they tell me it changes their whole view of what they want to do in business. We're now talking about making a difference in the world, and we're using entrepreneurship as the vehicle to do that."

That shift gives business schools a much wider-reaching role than ever before, he adds. "Business is the one discipline that can reach across every college and school on a campus and have true impact. We're a discipline of significance." 

IDEAS AT WORK

Approaches to teaching entrepreneurship are often varied, innovative, and experimental—just like entrepreneurial ventures themselves. And like any venture, they often start with a great idea. Below are ideas from several entrepreneurial campuses that might be adaptable to other programs:

SPINE SWEAT

*Kelley School of Business
Indiana University in Bloomington*

A hallmark of Kelley's Johnson Center of Entrepreneurship and Innovation is its Spine Sweat Experience, the capstone to the school's undergraduate entrepreneurship degree program. Now in its 15th year, the course for seniors takes a no-nonsense—and often grueling—approach to teaching what it requires to be a successful entrepreneur.

To enroll in the course, students go through an interview process to show they have solid ideas that they're serious about moving forward. Once accepted, students spend the semester conducting market research, refining strategies, and receiving feedback and launching their businesses.

For their final exams, students take up to 25 minutes to present their ideas to a panel of investors, who then grill the students on every aspect of their businesses. "If a student says that his revenues went up by 18 percent, the panel will demand to see the research that backs that number up—right then," says Donald F. Kuratko, who created the course. "The students have to know their businesses inside and out."

The panel gives each student an A, B, C, or F—the only grade students



Students who passed the Kelley School's Spine Sweat Experience hold their certificates of accomplishment.

receive for the course. There is no D, Kuratko explains, because a D is no better than an F in terms of creating a viable business. If students fail, they must rely on a different major to graduate or retake the course over the summer.

About 20 percent of students fail, usually due to lack of preparation. "We offer to help show them the weaknesses in their plans, but it's voluntary," says Kuratko. "If they don't want to do the work, they can blow us off." Those who retake the course learn their lessons—100 percent pass the second time around.

Students who receive As get another reward—each panel member writes them

a check for US\$1,000. Students who pass are honored at an evening celebration. Students in last year's "Spine Sweat" capstone were particularly dedicated, Kuratko says—two students received A's, and all passed.

Kuratko named the course after something his father told him. "He said, 'Unless students go to bed at night feeling their spines sweat, they don't understand entrepreneurship.' In our course, by the end of April, our students tell us that they're lying in bed at night with their spines sweating because if they fail, they might not graduate!" he says. "It's a great challenge, and when they succeed, it's something to be proud of"

VILLANOVA IN THE VALLEY

Villanova School of Business, Villanova University, Pennsylvania

Each January, VSB's Center for Innovation, Creativity, and Entrepreneurship accepts 40 students into its Silicon Valley immersion program—called "Villanova in the Valley." Students and faculty spend a week in Silicon Valley

in California speaking to VSB alumni working at large tech companies such as Facebook, Google, and Twitter, as well as smaller startups. The week ends with a celebration and networking event, where students occasionally land sum-

mer internships at the companies they just visited.

The school originally scheduled the trip at the end of May, but found that timing took away some of its momentum. "After the trip, students worked, were the best man at a friend's wedding, or toured Europe—Villanova in the Valley became just one thing they did that summer," says

ENTREPRENEURSHIP FELLOWS PROGRAM

London Business School, United Kingdom

Many London Business School students develop business ideas during their programs, and each year about 12 students are accepted into the school's incubator, where they'll spend the next year launching their businesses. But while the

majority of those ideas grow into successful businesses, some will not.

That's one reason why the Deloitte Institute of Innovation and Entrepreneurship recently started its Entrepreneurship Fellows Program for graduates

who enter the incubator. In addition to mentorship and a small stipend, the program gives the fellows a formal title and position for the year that they can list on résumés, says center director Jeff Skinner. "Even if their ventures don't work out, they've accumulated valuable skills. This program gives them an additional year of 'résumé air cover!'"

PITCH DINGMAN

Smith School of Business, University of Maryland, College Park

While many centers run formal entrepreneurship courses and competitions to encourage students to flesh out their best startup ideas, the Smith School wanted to establish a program that engaged students in a more informal way. For the last six years, the Dingman Center for Entrepreneurship has held "Pitch Dingman" every Friday, inviting anyone to pitch their ideas to experienced entrepreneurs during set office hours. During this time, 15 to 20 students are often lined up waiting to talk to a mentor. That adds up to more than 200 students each year, says center director Elana Fine.

"They don't need a formal presentation—they can just take 15 minutes to tell us their ideas," she says. "Practitioners don't determine whether their ideas are good or bad. They just help them plan the next steps to determine whether the idea is worth pursuing." Center staff also follow up with visitors to offer services to help move their ideas forward. This year the school will expand Pitch Dingman to three campus locations, including the Dingman Center and the schools of engineering and public policy.

MICROLOAN FUND

Gabelli School of Business, Fordham University, New York City

Sometimes entrepreneurs need only small amounts of money to move their ideas forward. That's why the Gabelli School's Center for Entrepreneurship established a fund through its Fordham Foundry incubator that offers microloans from \$500 to \$5,000 to help entrepreneurs take small steps such as buying new technology or launching a marketing campaign. To develop and manage the fund, the school received help from its partner company BNP Paribas, a global bank based in France.

center director Il Luscri. After the school moved it to January, during the week right before the spring semester started, the energy surrounding it increased. "Now, the trip is the last thing they do before the semester starts, so they come back filled with excitement." In addition, some students land summer internships with Silicon Valley companies, positions

that would be filled by May.

The center is now considering taking students on similar trips to Los Angeles to meet alumni working in the film and television industry, and to Washington, D.C., to visit Capitol Hill, in conjunction with Villanova's Center for Marketing and Public Policy Research.

LANDING

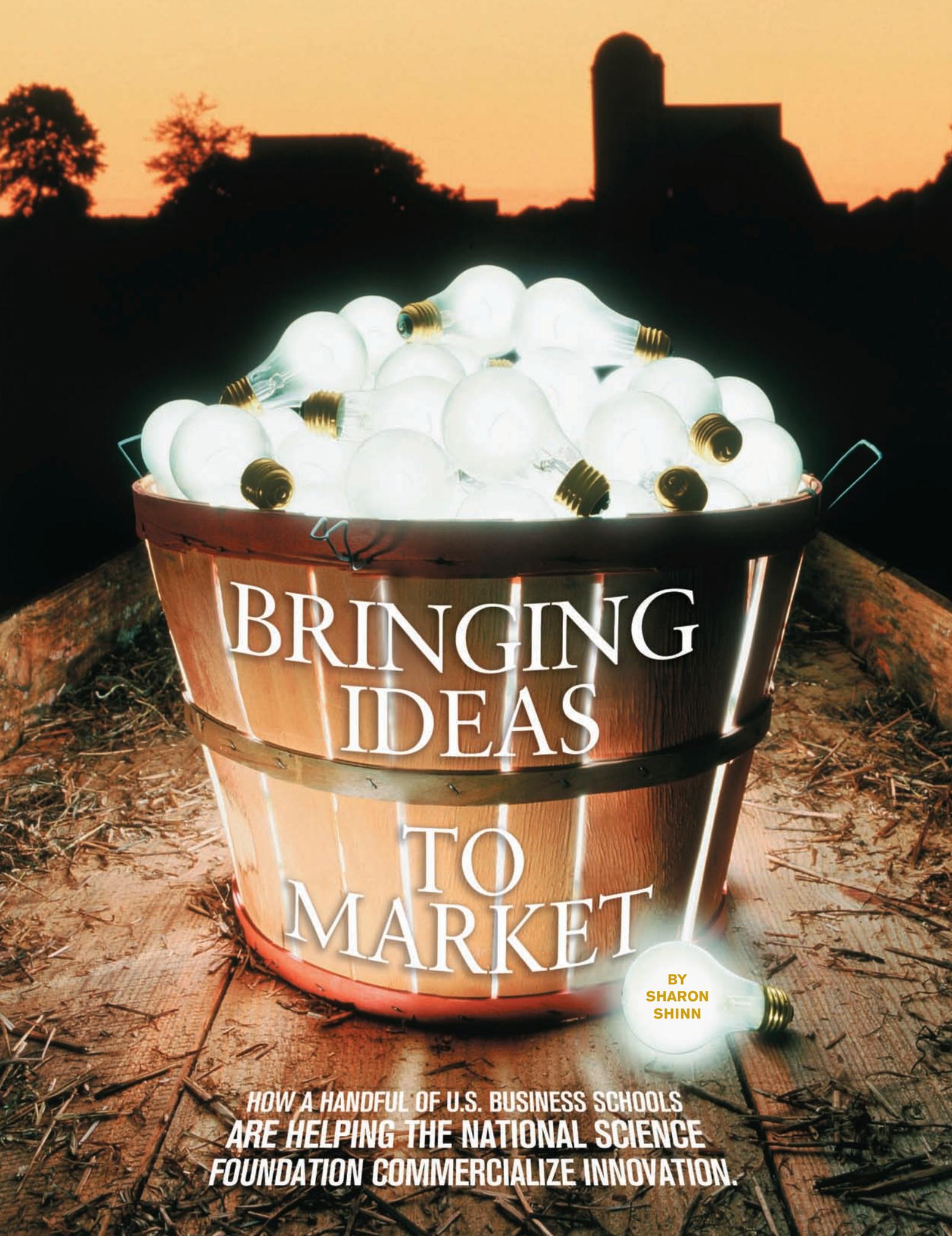
*Tecnológico de Monterrey (ITESM)
Mexico City, Mexico*

In 2004, one of ITESM's largest campuses constructed a new facility, where campus leadership decided to dedicate office space for an international company to move into the building for one year. That was the start of a program that ITESM now calls "Landing," in which the school gives state-of-the-art companies offices on campus and helps them navigate the Mexican culture and business climate. In return, the companies advise students, collaborate with faculty, and help the school develop academic programs.

"We make sure that each company we choose has a significant project for students and faculty to work on," says Luis Arturo Torres, director of ITESM's Garza-Lagüera Institute.

In the last few years, Landing has taken off—at any given time, more than 100 companies are "landing" at one of ITESM's 15 technology parks in cities across Mexico. And when they're ready to move on, some leave behind working labs and software for the school's classrooms—and even hire the school's graduates.

Torres points out that the office spaces are small, but they're not intended to be permanent. "The idea is only for them to come to get used to the region. They move to larger locations as they start to grow," he says. "It's a win-win situation." 



BRINGING
IDEAS

TO
MARKET

BY
SHARON
SHINN

HOW A HANDFUL OF U.S. BUSINESS SCHOOLS
ARE HELPING THE NATIONAL SCIENCE
FOUNDATION COMMERCIALIZE INNOVATION.

Academics, business experts, and government leaders all agree that innovation is the key to economic growth, but getting innovative ideas out of the laboratory and into the marketplace can be even more difficult than developing the ideas in the first place.

In the U.S., the National Science Foundation (NSF) annually spends about US\$7 billion to fund research in science and engineering—but that investment hasn't always led to the commercialization of new technology. To improve the success rate, in 2012 NSF began developing a network of universities that would teach business skills to teams that had won grant money from the agency. The Innovation Corps (I-Corps) began with two nodes, one at Georgia Tech and one at the University of Michigan.

Early in 2013, the program expanded with three more nodes, each of which received roughly \$3.7 million in funding. The Bay Area Regional I-Node program is a collaboration among the University of California Berkeley, UC San Francisco, and Stanford University; a node in the Washington, D.C., area includes the University of Maryland, George Washington University, and Virginia Tech; and a node in New York City features City University of New York, New York University, and Columbia University. NSF's goal is to create a closely linked network of universities that share ideas, training techniques, and best practices on how to commercialize ideas.

It's not an easy target. "I heard someone from NSF say, 'The scientists we fund are very good at converting money into ideas. We need

to get better at converting ideas into money,'" observes Rich Lyons, dean of UC Berkeley's Haas School of Business.

Still, results over the first two years have been promising as I-Corps has adopted a systemwide approach known as "evidence-based entrepreneurship." While the I-Corps story involves many parts and many players, one way to take a closer look at it is to see how it's unfolding at Haas.

Training the Teams

The Haas School already had a commercialization program in place before it applied to be part of I-Corps, Lyons notes. At the same time, he and other school leaders had been considering how Haas could help the university get science to market more effectively. He says, "We knew we had a good geographic position for building an I-Corps node in Silicon Valley. We also had a lot of connective tissue already with Stanford and UCSF, so it wasn't hard to construct those relationships into the Bay Area I-Node."

During the 2013–2014 academic year, that node will train 48 teams of NSF grant winners, half this fall and half next spring. The three-person teams consist of the principal investigator, typically a tenured professor whose research has produced the new technology; the entrepreneurial lead, often a post-doctoral grad student with relevant technical knowledge; and a mentor, someone with business or entrepreneurial experience. NSF chooses the teams and also determines where and when they will take their seven-week I-Corps training. Those who attend the sessions

at Berkeley will take a three-day workshop on campus, then spend five weeks staying in touch virtually. They return to campus for three days to finish the program.

The Bay Area node is also conducting similar programming for regional entrepreneurs who don't have NSF grants but who have created new inventions they'd like to commercialize. "To find participants for those programs, we've sent announcements to California schools and national labs," says André Marquis, executive director of Haas' Lester Center for Entrepreneurship & Innovation. "They don't need to have NSF or university affiliations—they just have to be teams balanced between people from tech and business backgrounds and have business ideas that are scalable."

One of these additional sessions will take place at Berkeley; the other, which will focus specifically on healthcare, will be held at UCSF. "Business models in healthcare and hospitals are special," Marquis notes. "It's an experiment to see if we can add value by creating a special version for healthcare—we're planning one for clean energy as well."

Regardless of who's taking the program, the curriculum remains similar, he says. "We teach scientists what a business model is and get them to a go/no-go decision. It's an educational program to teach basic startup triage."

Staying Lean and Focused

The key component of the I-Corps curriculum is the Lean LaunchPad system created by serial entrepreneur Steve Blank, who has spent his retirement years writing books

about the entrepreneur's journey and teaching at schools that include Stanford and UC Berkeley.

"Entrepreneurship educators usually treat startups as nothing more than smaller versions of large companies," says Blank. "They teach entrepreneurs how to write business plans, how to hire VPs of sales and marketing, how to do five-year forecasts, how to conduct market research. That makes sense for a large company, which knows who its customers are, who its competitors are, and what its pricing structure should be, because it's most often launching a next-generation or adjacent-market product.

"But startups begin with a series of unknowns," he continues. "Entrepreneurs need to search for their business models, not search for their business plans. Successful ones tend to change their plans before they run out of money, because no business plan survives first contact with customers. This means the educational content of an entrepreneurship class needs to be different."

Blank's Lean LaunchPad system has three parts: customer development, agile engineering, and business model design. The benign-sounding "customer development" is the one that's hardest for most participants: To develop an idea of what customers might want in a product, a team must get out of the building and speak to potential users, asking what features they need, what channels they use to purchase products, and how much they're willing to pay.

"Especially for people who spend a lot of time in the lab, it's frightening to go out and talk to customers," says Mar-

quis. "And it's shocking to have people say your baby is ugly. The most common answer to 'I have this new nano material' is 'Who cares?'" While participants might be stunned to hear such blunt responses, Marquis says, "I think it's fabulous. It gives us a teaching moment. Our job isn't to tell participants the answers—our job is to coach them so they can listen and learn on their own."

Each team is required to interview 100 customers before the class is finished—and through these interviews, says Blank, the teams continually refine their offerings. "They use this information to build their products iteratively and incrementally, a piece at a time," says Blank. "These are called 'minimum viable products,' or MVPs. Instead of showing customers a whole mobile app, they might show a wire frame. Instead of designing a whole engine, they might create a diagram of a cylinder. This is known as agile engineering."

**Teams must
get out of
the building
and speak
to potential
users.**



To keep track of how well they're designing products and delivering value to customers, teams must create a business model canvas, a term defined by Alexander Osterwalder in the book *Business Model Generation*. "Osterwalder believes any business can be described by nine components," says Blank. "What are you building, who are you building it for, what's the distribution channel, how do you create demand, how do you make money, do you need any partners, do you need special resources, do you need special activities, and what are the costs? You can diagram this canvas in one slide. So we make students write their hypotheses in yellow sticky notes."

Early in the course, students must stand in front of the class to present their canvases, while the teaching team sits in the back and offers critiques. "By reacting to what they present, we convey lessons in every class," says Blank. "We do teach theory, but only after students have experiences." It's all part of teaching students to adapt and perfect their ideas until they have a winning invention that customers will pay to use—and investors will pay to commercialize.

Expanding into I-Corps

Blank began teaching a customer development class at Haas in 2003, but it was several years before he put all three pieces of the Lean LaunchPad course together. The first time he presented it in its entirety was for a class he taught in 2011 at Stanford's Technology Ventures Program through the school of engineering. He thought it was such an interesting experiment that he blogged it live so other educators could watch its progress.

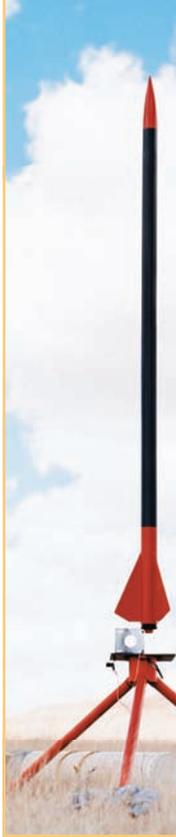
“What I didn’t know was that personnel at NSF were reading each installment,” he says. That’s because administrators at NSF were looking for better ways of helping their funded scientists turn into profitable entrepreneurs, and they thought Lean LaunchPad might be the answer.

“NSF-funded entrepreneurs weren’t failing because they weren’t great scientists with brilliant inventions,” says Blank. “They were failing because they couldn’t bridge that ditch of death in commercialization between getting the funding and translating the science into a company.”

The Lean LaunchPad’s systematic method of testing hypotheses before moving forward had an intrinsic appeal to scientists who had spent their whole careers doing just that. “We’re teaching them evidence-based entrepreneurship,” says Blank.

Blank taught the first NSF class at Stanford in 2011, with impressive results. “From day one, NSF insisted we do incoming and outgoing metrics on what the participants learned,” says Blank. Because only some NSF teams were taking the first Lean LaunchPad course, the control groups were the teams that were just receiving traditional training. It turned out that teams that didn’t take the class received outside funding at a rate of 18 percent. Those that did were funded at a rate of 60 percent.

“If the class had been a failure, there would have been no difference in the numbers,” says Blank. “But given these numbers, we can say that evidence-based entrepreneurship dramatically affects how we educate our entrepreneurs.”



Lean LaunchPad Resources

- Comprehensive information about Lean LaunchPad—including slides, videos, links, and other resources—can be found at steveblank.com.
- Information about the Lean LaunchPad Educators class can be found at steveblank.com/2013/06/18/the-lean-launchpad-educators-class/ and through the National Collegiate Inventors and Innovators Alliance (NCIIA) at nciia.org/LLP.
- The MOOC called “How to Build a Startup: The Lean LaunchPad” is available from Udacity at www.udacity.com/course/ep245.
- Information about the National Science Foundation’s I-Corps is at www.nsf.gov/news/special_reports/i-corps/.
- Details about UC Berkeley’s Technology to Market Accelerator, which uses the Lean LaunchPad to teach startup elements to entrepreneurs worldwide, can be found at t2ma.org. The Accelerator is a partnership between the Intel Foundation and the Lester Center for Entrepreneurship at the Haas School.

As NSF developed and expanded I-Corps, officials decided to make Lean LaunchPad an intrinsic part of the curriculum at all the nodes. To that end, Blank has created a two-and-a-half-day Lean LaunchPad Educators course to provide training for the faculty who will deliver it. In fact, his syllabus and slides are available for free online, and he has recorded all his Lean LaunchPad lectures as a MOOC so that any other university in the world can use them as well. That’s because he’s absolutely convinced that entrepreneurship is important for the health of the economy—and he knows commercialization is critical to entrepreneurship.

“For the past 75 years, the U.S. has spent billions of dollars to fund science and engineering research as a federal policy,” Blank says. “Yet, the commercialization of science is left to private capital—and venture capitalists generally follow fad-based investing. That giant sucking sound you hear is all the venture capital money going into social media, because the investors want quick returns. They don’t want to wait ten years to make money on scientific investments.”

“So the real question is not ‘Should the government be investing in startups?’ but ‘How can science-based startups be made more attractive to investors?’” he continues. “And the answer is, we need to reduce the risks of those commercialization opportunities. For that reason, I think the Lean LaunchPad class is important to the country.”

Reaping the Benefits

I-Corps isn’t just good for the country. It’s good for the participating schools as well—at least, that’s the case at Berkeley, where Lyons sees three distinct benefits to his school’s involvement in the program.

“We’re taking what we’ve learned as an NSF I-Node and applying it to a pre-existing entrepreneurship program, which has made that program stronger. So one benefit is the spillover into other programs on campus,” says Lyons. A second benefit is the knowledge that Haas faculty gain as they help deliver the program, and a third is the wealth of opportunities that crop up for students.

“We might have grad students who are actually working on the

kind of technology the teams are developing,” says Lyons. “We can introduce the two groups and it might be productive. We also want to make sure we stay in touch with NSF teams and create networks that our graduates can use in the future.”

Schools that aren’t part of I-Corps can still benefit from Lean LaunchPad protocols. Educators can access the whole system online, then take what they need to put together proposals, discuss possible funding opportunities with donors, and build similar programs on their own campuses, says Lyons.

But whether schools adopt Lean LaunchPad or develop their own

courses, there seems to be a definite boom in entrepreneurship programs across the business school landscape. “I think the driving force is students,” Lyons speculates. “More of them are coming to campus and saying, ‘At some point I want to found a company or be part of a startup.’ My hunch is that this attitude is coming from wholesale shifts in the labor market. Increasingly, young people are thinking of themselves as independent contractors who ‘sell’ their labor services on a project-by-project basis, and they aren’t linked to any one firm over time. We are all our own entrepreneurs going forward.”

Another reason behind the growth in entrepreneurship, suggests Marquis, is the fact that launching a startup is simply more possible now, largely because of the Internet. “You can gather resources from around the globe for your startup,” he says. “You can collaborate with people—you can build websites that allow you to sample. You can find funding through Kickstarter and people through LinkedIn. You can crunch data through resources like Amazon, without having to invest in all the hardware.”

The fact that business schools are partially powering the entrepreneurship boom means universities are providing even more value to their communities. Lyons loves to be able to tell stakeholders how Haas programs are jump-starting economic growth. He says, “What’s my favorite story to tell donors right now? The NSF I-Corps story! We’re grabbing intellectual product from around the country and helping inventors bring it to the market. Who doesn’t like that story?”

Adds Marquis, “Especially because we’re a public university, benefiting society is part of our core mission. Entrepreneurship programs allow us to get that benefit out into society, and that’s why we have such a passion for them.”

Successful entrepreneurs have always managed to combine invention with commercialization. Programs like I-Corps combine the strengths of government resources, school knowledge, and entrepreneurs’ own knowhow to take innovations from great ideas to great products. In the process, everybody wins. **Z**



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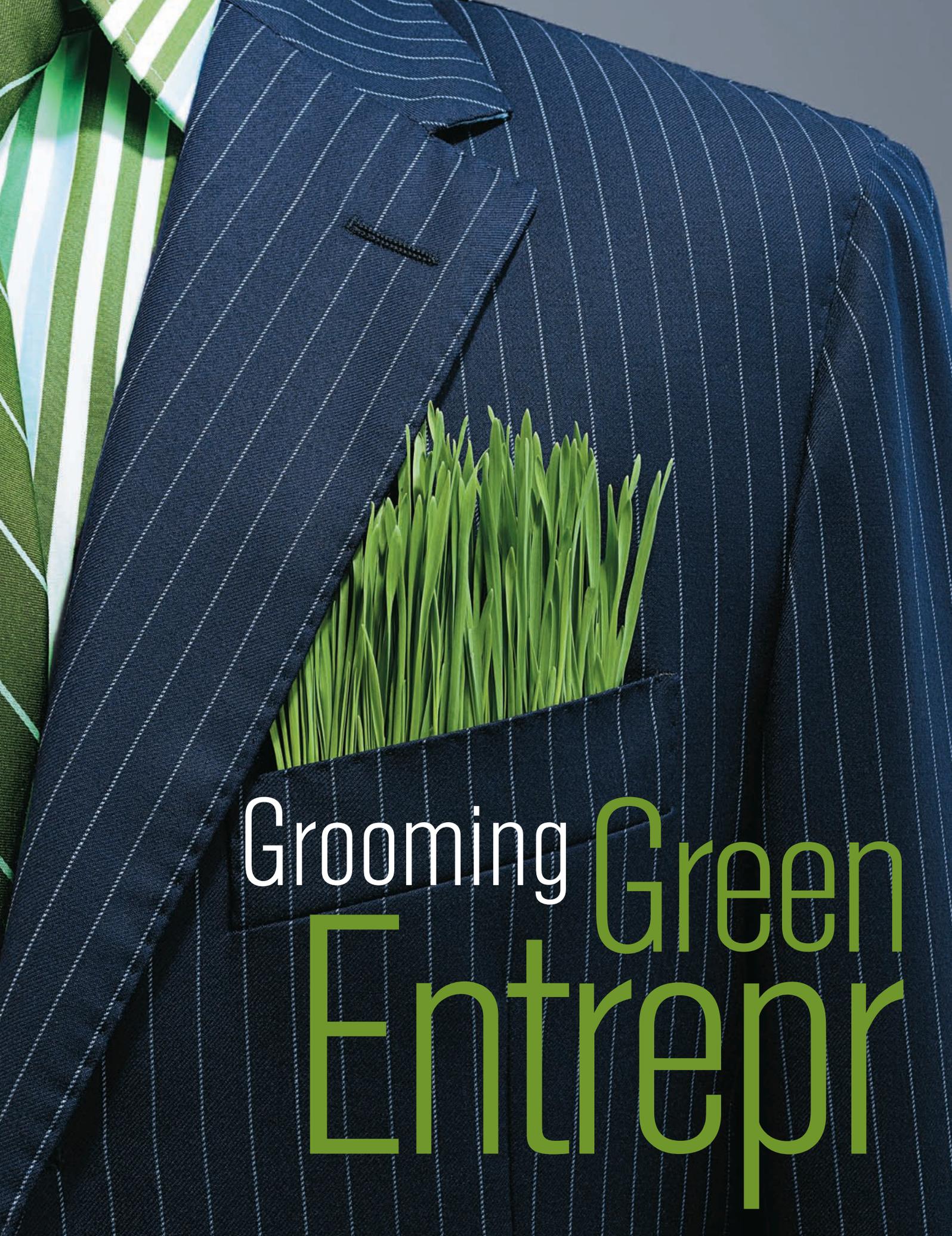
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Grooming Green
Entrepr

The University of New Hampshire serves local and statewide business by funding and training entrepreneurs who want to launch green startups.

BY VENKY VENKATACHALAM

Some of today's most exciting new startups are built around sustainable products and green manufacturing, which have many advantages for businesses big and small. Sustainable businesses can be a source of job growth during a down economy; they can lower operating costs as well as environmental costs; and they can lessen our dependency on fossil fuels by diversifying the energy sources we use.

But the green marketplace is challenging, and many new ventures have difficulty commercializing green technologies, developing new market niches, raising money, and finding staff. This is where business schools come in. They not only can train their students to work in green enterprises, they can help local entrepreneurs launch and commercialize their businesses, thereby improving local economies and strengthening the schools' ties to their communities.

In 2010, the University of New Hampshire's Peter T. Paul College of Business and Economics partnered with the state of New Hamp-

shire to create Green Launching Pad (GLP), an initiative designed to stimulate activity in clean tech industries throughout the state. This green technology commercialization program, which is partially funded by the U.S. Department of Energy, connects entrepreneurs and private industry with faculty, students, and state-level resources.

Our goal is to have positive impact across five dimensions: environment, economy, energy, entrepreneurship, and education. The lessons we've learned can help other schools stimulate green tech in their own states.

How It Works

Operating annually as a competitive, two-stage grant program, GLP focuses on seed-stage enterprises with ideas that need to be commercialized. In the first phase, GLP invites entrepreneurs to submit two-page pre-proposals of 1,000 words or less. In these documents, entrepreneurs describe how their new ventures might increase energy efficiency or contribute to economic development, give technical specifics about the project, discuss market potential, and note the

expertise the project will require. These pre-proposals are evaluated by members of the GLP Advisory Council, as well as experts from industry, government, academia, and the nonprofit sector.

Entrepreneurs selected to go on to the second stage submit much more detailed proposals (see "Making the Proposal" on page 40) and make brief presentations to a panel of judges. Then, up to six teams are selected to receive up to US\$100,000 in startup funding. They also are assigned mentor volunteers, all retired or semi-retired business leaders, as well as faculty advisors and interdisciplinary student teams. These outside advisors offer help in areas such as R&D, market research, website development, design and engineering, sales and marketing, and patent and trademark applications.

Winning teams have six months to commercialize their inventions. During this time, they must develop a sales and marketing plan, secure new customers, protect their IPs, and raise new capital from angel investors and/or venture capital firms. Each team provides periodic updates on its progress so it can receive more assistance as needed. During GLP's first two years, most companies were able to achieve these milestones within six months. Others experienced delays—in two cases, because founding team members faced personal and health difficulties. In those instances, the advice of mentors and other industry experts helped the companies make up lost ground.

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Green Collaboration

While the GLP is based at the University of New Hampshire, it was always intended to have a statewide reach, and we knew one way to accomplish that was to engage faculty and students from other colleges and universities.

We wanted Dartmouth College's involvement, because the school has an active technology-based entrepreneurial network and is located only about two hours away in Hanover. So far, Dartmouth has participated in GLP in several ways: Its vice president for research has served on the advisory board; the director of the Dartmouth Entrepreneurial Network spoke at one of our Green Entrepreneurship seminars; and Dartmouth students have interned at GLP companies. Southern New Hampshire University, located in Hooksett, is even closer—about an hour away. While we don't have a direct relationship with SNHU, one of the GLP companies hired a student from SNHU to work on its business development.

UNH manages the hiring process for the student interns, no matter which school they attend. In the past two years, we've hired ten to 12 students per year from disciplines such as business, science, engineering, liberal arts, and law. They're expected to work between 20 and 40 hours a week during the summer and ten hours a week during the academic year. Faculty and student interns are paid for their work—from GLP funds, not from funds awarded to the teams.

In the 2013–2014 school year, the GLP plans to fund teams of student entrepreneurs. Our goal is to include students from New Hampshire community colleges so that they, too, have opportunities to contribute toward product development in the green energy field—and enjoy a collaborative learning experience at the same time.

Extra Efforts

To help these seed-stage companies develop their own market presence, GLP organizes community events that introduce consumers, government officials, and members of the media to GLP companies so potential customers will have these ventures on their radar. So far, these events have included:

■ **Energetic Conversations tours.** These allow GLP members to show how their green products and services could save energy and money. During the tours, the entrepreneurs meet with state agencies and energy-related partners to discuss critical issues, and they connect with organizations that might offer financial backing. One GLP company was working on a huge solar array installation for a local high school, and as a result the team members had a chance to talk with high school students and raise their interest in green energy.

■ **Green Entrepreneurship seminars.** This seminar series covers financial issues, such as securing startup financing; legal issues, such as protecting intellectual property and writing contracts; and other topics such as advertising, making sales, and hiring employees. Any entrepreneur in the state can attend, including members of winning teams, other GLP applicants, finalists, and future entrepreneurs. The GLP leadership team at UNH arranges the seminars.

■ **Other events.** One was a “Green Community Day” that featured a showcase of GLP companies, as well as speakers, panels, and student presentations that focused on the green economy. We've also hosted several “GLP Roundtable” meetings at the State House to provide updates to the governor of New Hampshire and interested members of the media. In addition, U.S. Energy Secretary Steven Chu visited one of the GLP companies, and his visit was attended by then-governor John Lynch and UNH president Mark Huddleston.

Successes So Far

Of the 140 proposals submitted since GLP's inception, 14

have grown into successful New Hampshire companies, including four in green manufacturing, four in energy efficiency, and six in renewable energy. One company is based on the research of a UNH chemistry professor; another was started by a team of alumni and faculty from Dartmouth College's engineering school. Since receiving support from GLP, two have received competitive grant funding, four have raised additional money from private investors, and ten have already begun to sell new products or services.

While GLP was funded by the Department of Energy for its first



Making The Proposal

Entrepreneurs who make it to the second round of the competitive Green Launching Pad grant process must provide more detail about their proposed businesses if they are to be considered for funding. Here are some of the questions these finalists need to answer:

- What will your company do or make? Describe your capabilities and provide documentation of technical viability. Provide a URL to a descriptive video or website.
- How will your company help to reduce energy use and carbon emissions?
- How will your company create jobs in New Hampshire? Provide job projections for the next one to five years.
- What is your target market? Your potential total market? Who are your direct and indirect competitors?
- What's the timeline for the commercial launch of your product?
- How much has been invested in the project so far? Include the investment of money as well as time.
- How can GLP help your company launch? How much support and funding are you requesting? How would you use the money?
- How will you continue to raise money once you've received funding from GLP?
- Provide details about all team members, including what roles they would play in the company and what experience they bring to the project. Can all team members commit significant time to work on the venture if your project wins a GLP award?

All finalists are assigned mentors who help team members develop their proposals before they make their presentations to a panel of judges. In each round, judges select three to six winning teams from a pool of ten finalists; they also decide how much funding to provide each winning team. In the past three rounds, judges have heavily weighed factors such as market feasibility, time to enter the market, and team experience when choosing winning teams.

two years, its success has attracted the attention of private supporters, who have provided enough money to allow GLP to continue its operations. We are currently seeking to secure matching funds from the U.S. Department of Commerce's Economic Development Administration.

Other changes are ahead. GLP currently operates on a grant basis, giving the selected companies funding and business development support. In the future we plan to offer seed funding, which will support businesses in the earliest stages as they do rapid prototyping, conduct market research, and write business plans. We also plan to work with our investment partners to offer post-seed money to our GLP companies in the later stages of their development. Altogether, we believe these efforts will promote green ventures throughout the state.

Lessons Learned

We are still fine-tuning our efforts, but we've learned a few lessons along the way—most important, that to be successful, a program like ours needs to attract volunteers and funding from the private sector and the state.

In addition, it needs to secure support from the university, so that it can engage faculty from many disciplines, including business, engineering, environmental science, and law. It's useful to have backing already in place from the government and private sectors to help university administrators understand the greater possibilities an initiative offers.

It can also help to point out how much major corporations are investing in green energy. For

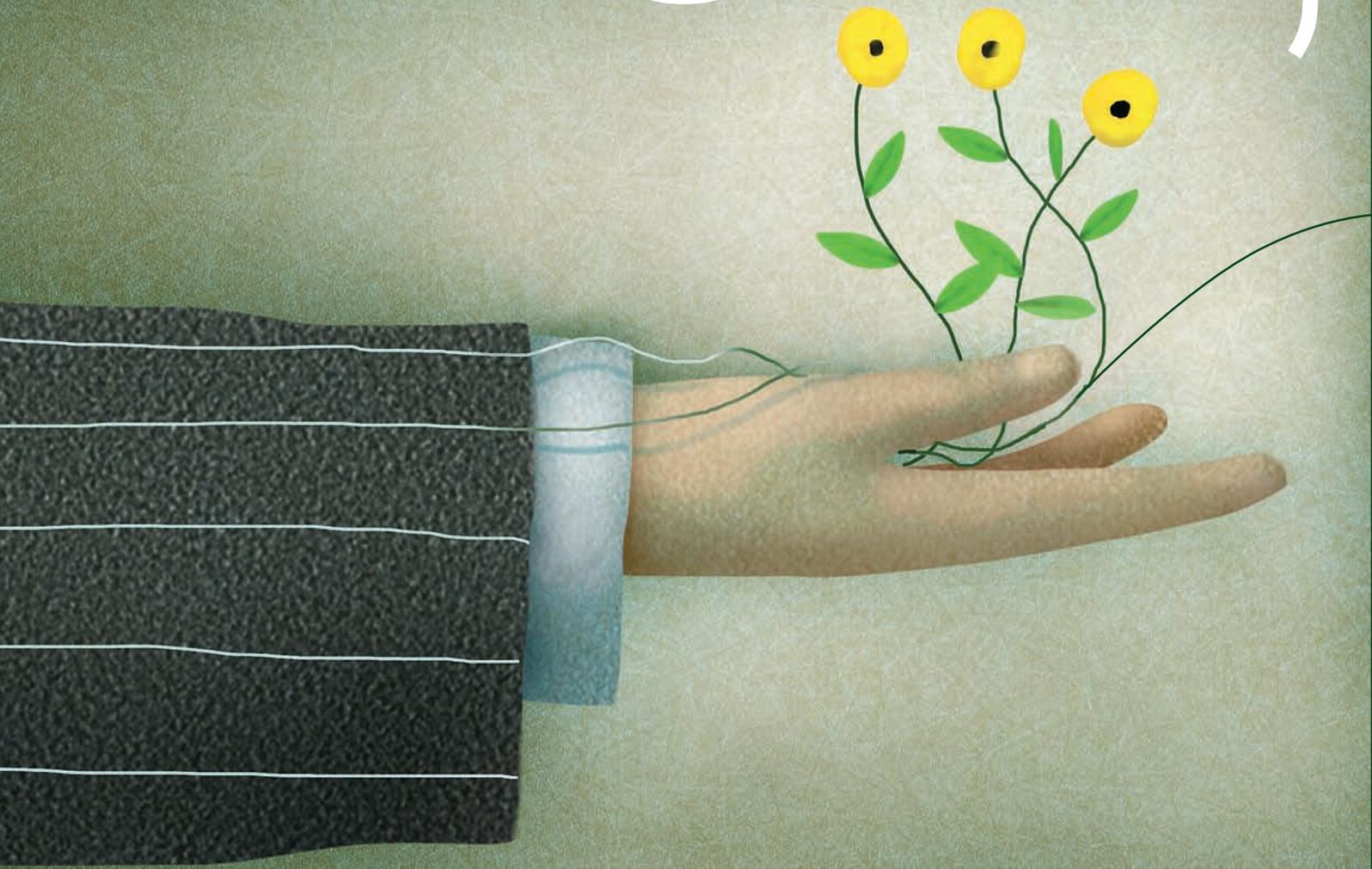
instance, in May 2010, Google devoted \$39 million to wind power and followed this up with a shared investment of over \$1 billion in deep-water transmission lines for offshore wind. Procter & Gamble recently announced four impressive long-term goals: to use 100 percent renewable or recycled materials for all products and packaging, to have zero consumer and manufacturing waste go to landfills, to power all its plants with 100 percent renewable energy, and to emit zero carbon dioxide emissions. Figures like these help administrators see the rewards of investing in green energy.

Finally, it's essential to involve students in the process, because their enthusiasm can also win over reluctant faculty and administrators. In addition, when students work with green startups, they can learn so much across so many disciplines that the experience is an education in itself. (See "Green Collaboration" on page 38.)

From my experience at UNH, I can say that it's exciting and worthwhile to put a business school at the nexus of green innovation and entrepreneurship. GLP has enhanced the image of the University of New Hampshire as a key player in the state's economic development. It also has set an example for how business schools can play a role in the local, regional, and national economies. 

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Venky Venkatachalam is professor and associate dean at the Peter T. Paul College of Business & Economics and Project Director of Green Launching Pad at the University of New Hampshire in Durham. More information can be found at www.GreenLaunchingPad.org.

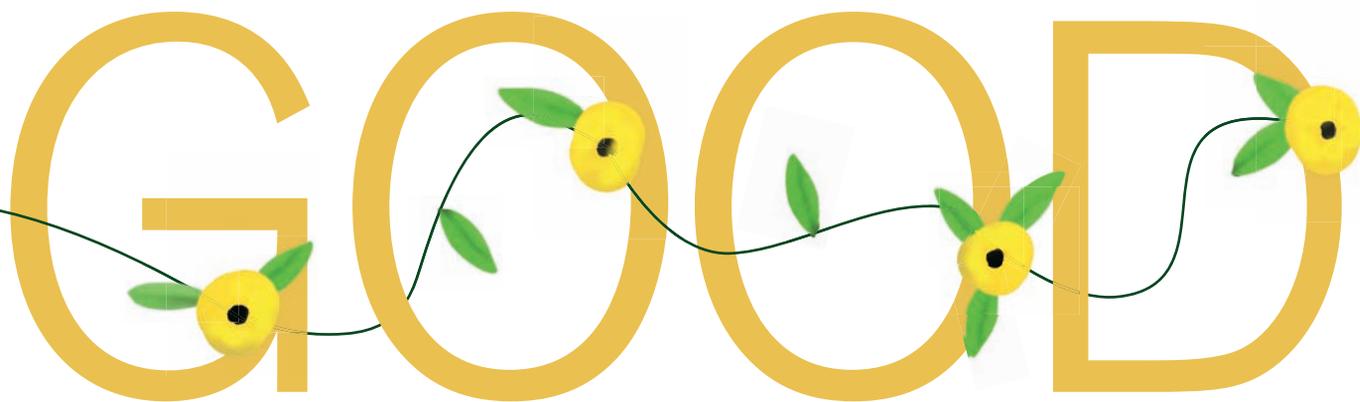
FOR PROFIT,



CUTLER

FOR

GOOD

The word 'GOOD' is rendered in large, bold, yellow-outlined letters. A thin green vine with several small yellow flowers and green leaves winds through the letters, starting from the left and ending on the right. The word 'FOR' is positioned above the first 'G'.

What we can achieve when we teach at the intersection of international business and sustainable development.

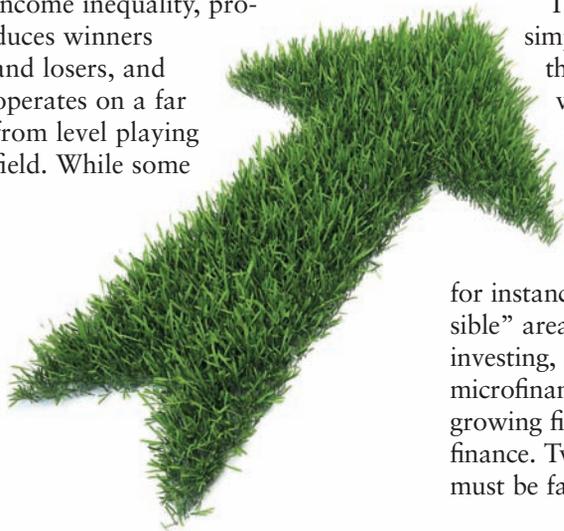
BY JANE HUGHES

Traditionally, the worlds of international business and international development have been so far apart that they sometimes seemed like the Capulets and Montagues of the economic sphere. Business types thought of sustainable development advocates as left-wing tree-huggers; development types viewed businesspeople as evil destroyers of earth and people. These attitudes stemmed largely from diametrically opposed educational approaches. Business students learned that their ultimate goal was to maximize shareholder value; development students learned that businesspeople will trample on social and environmental interests in pursuit of profit.

During the past two decades, however, traditionally narrow views on both sides have been giving way to more nuanced perspectives that allow for a partnership between for-profit and not-for-profit organizations. Even Michael Porter, writing in the January 2011 *Harvard Business Review*, has advanced the principle of shared value, “which involves creating economic value in a way that also creates value for society by addressing its needs and challenges. ... Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success.”

I believe that, in a globalized economy marked by shrinking resources, schools must take a new approach to teaching students about the role of the corporation as well as the NGO. They must teach business students that the corporation has to produce value for society in addition to profits for stakeholders; they must teach development students that nonprofits rarely will thrive without the discipline and metrics employed by business. In essence, they must prepare students to function at the intersection of business and philanthropy. This intersection is a perilous place to teach, because the instructor risks losing all credibility with one world by advocating principles from the other. But it's also rewarding, because the potential benefits are so high.

My adventures in negotiating this maze began when I taught globalization at Brandeis University's International Business School in the 1990s. While I mostly presented the Thomas Friedman version—the world is flat, globalization is both inevitable and glorious—I also noted that globalization increases income inequality, produces winners and losers, and operates on a far from level playing field. While some



students accepted these notions, others waited impatiently for me to get to the spreadsheets and hard data.

I then spent time teaching a similar course at the World Learning/SIT Graduate Institute's master's program in sustainable development in Washington, D.C. My new students were largely international development professionals and Peace Corps and CityYear alumni. Some embraced the idea that nonprofits can benefit from rigorously applied business metrics, but more wondered why we weren't focused solely on the empowerment programs and fieldworkers who would fight poverty one Bangladeshi village at a time.

The question I've strived to answer is, how can the tree-huggers and the earth-destroyers be brought together in one classroom?

Obstacles and Pitfalls

I believe it's essential for business schools to offer courses that meld business and development perspectives. But they must be aware of some key challenges and be ready with creative solutions.

The first challenge often is simply getting the course into the curriculum to begin with, as many faculty and students question the notion of blended value. One approach is to keep a hard-headed focus on the job market—noting, for instance, that “socially responsible” areas such as community investing, impact investing, and microfinance are among the fastest-growing fields in the world of finance. Two other potential pitfalls must be faced head-on:

■ *Keeping the class from getting too personal.* I have found that students in these types of blended classes often want to relate their own experiences. These can be moving and valuable moments for the class, but tricky for the professor to handle. For example, in one of my classes, an Indian student began to explain that India had a higher development level than Pakistan because Indians have a higher cultural tone and native intelligence—a position that dismayed the Pakistani student seated next to her.

In another class, students were debating the degree to which multinational companies (MNCs) should adhere to local customs. Some students argued that if a country failed to impose worker safety or child labor laws, the MNC shouldn't be responsible for worker protection. Some even suggested that a lack of environmental or labor protection laws could be a competitive advantage for a developing country, helping to lure foreign investors. Then a student from Vietnam, who had never before spoken up in class, began relating his experiences working in a textile factory. He described being beaten by overseers so that he would work harder and faster, and raised his shirt so that we could see the scars on his back. The class was profoundly moved, but also deeply disturbed.

In each case, it was up to me to defuse the situation while still incorporating the lesson learned. In fact, in any blended value class, the role of the professor is much more ambiguous and challenging than it is in the traditional classroom. The teacher must ensure that the class is a safe environment for everyone

Teaching This Class

If you're interested in launching a class on the intersection of business and social development at your school, I can offer several tips on the way I structure my course.

Syllabus

I divide the course into four units: corporate social responsibility, socially responsible investment, microfinance, and impact investing. This provides something of a timeline as well, since earlier thinking on the role of business in solving social problems paved the way for microfinance and impact investing.

Course Materials

I have not yet found one comprehensive textbook for this class, so I use a combination of book chapters, articles, websites, and case studies. Some good resources include the following:

Books:

- *The HIP Investor* by R. Paul Herman
- *More Than Good Intentions* by Dean Karlan and Jacob Appel
- *Banker to the Poor* by Muhammed Yunus

Harvard Business School case studies:

- *Good Capital and Better World Books* (a study on socially responsible investing)
- *Patagonia* (a somewhat extreme example of corporate social responsibility)
- *Genzyme's CSR Dilemma* (an excellent insight into the difficulties of doing good and doing well)
- *ACCION International* (a good overview of microfinance at its outset, and how the industry has evolved)
- *Banco Compartamos: Life After the IPO* (about a microfinance bank that has gone through an IPO and is immensely profitable but faces numerous challenges)
- *Starbucks and Conservation International* (a case that shows how the best of intentions can still become mired in complexity)



Other resources:

- Websites such as www.thegiin.org, www.csrwire.com, and www.microfinancegateway.org
- "Small Fortunes" and "The Micro-Debt," two DVDs that present diametrically opposed views on microfinance

Guest Speakers

In the past, I have invited speakers from microfinance institutions and impact investing firms, and sustainability officers from multinational corporations.

Deliverables and Grading

I base my final grades on case study analysis papers, midterm exams, class participation, and final projects. All students write a case study analysis paper for each class. The essay-based midterm gives students the opportunity to reflect on cases or readings that we have discussed in class. Class participation reflects both the quantity and quality of students' contributions to class discussions. For the final project, I require student teams to create business plans for impact investment projects; they present their plans to the class and a group of judges drawn from the academic and business communities.

and that unacceptable behavior is immediately shut down.

Decisions about ethics and morality are ultimately personal. The professor must respect this, while still guiding the discussion toward universal values, such as protecting children, paying workers a living wage, and preventing environmental devastation.

■ *Avoiding the easy solutions.*

When I first taught my globalization class, I used a case study on Nike, whose code of ethics was challenged when activists discovered that some of its Asian subcontractors were using sweatshop labor. It was easy for students to determine that Nike needed to protect its brand by closing the sweatshops and implementing oversight on subcontractors to avoid the problem in the future. This wasn't much of a hardship for Nike, which had an ample cash flow. But the case was *too* easy, because avoiding sweatshop labor was both smart business *and* the "right" thing to do.

Unfortunately, the real world is rarely that simple, and we should be studying cases with hard decisions and tricky tradeoffs. What if the company makes widgets for other widget companies, so has no consumer brand name to protect? What if the company is struggling to survive and has no cash for subcontractor oversight and non-sweatshop labor?

I stopped using the Nike case. My goal was to challenge the students to reexamine their goals, their priorities, and their values—not to let them settle for easy solutions.

Developing the Class

I have found that classes of this nature succeed or fail based on

the case studies I select, because only real-world examples will convince students that this approach has potential. For instance, I use Harvard's Patagonia case study so students can ponder how a business could succeed while begging customers not to buy their products if they can recycle or reuse old products instead. We contemplate Newman's Own, which donates all its profits to charity. We debate Genzyme's initiative to create new drugs for underserved diseases and communities.

At this stage, MBA students are still unconvinced that social value is a worthwhile tradeoff for profit, and development students retain their distrust of capitalism. So in the next phase I have the students really get their hands dirty by digging into microfinance.

We begin in 1976, when Chittagong University professor Muhammed Yunus met 21-year-old Sufiya Begum, who wove beautiful bamboo stools but was locked in abject poverty because she didn't have the 22 cents to buy the raw material for her product. Yunus tried a small experiment; he lent \$27 to 42 people in the village who, like Sufiya, were essentially bonded slaves to middlemen.

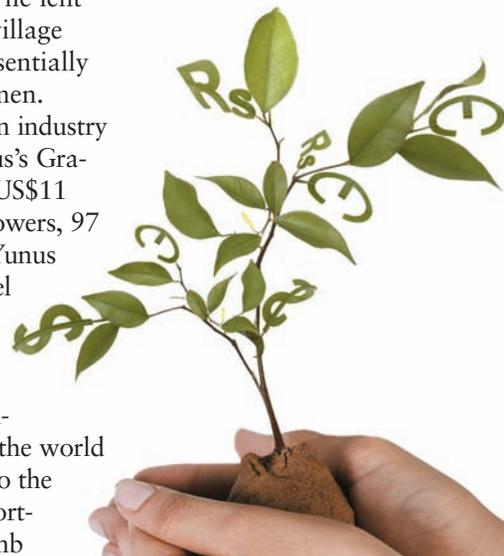
And thus a bank and an industry were born. By 2010, Yunus's Grameen Bank had lent over US\$11 billion to millions of borrowers, 97 percent of them women. Yunus himself had won the Nobel Peace Prize, while Grameen Bank had been profitable every year since 1992. Today, microfinance institutions around the world provide banking services to the poorest of borrowers, reportedly enabling many to climb

out of poverty while also turning a tidy profit for their shareholders.

Now the students are interested. The MBA types triumphantly wave articles describing the hugely successful IPO of microfinance institution Banco Compartamos in Mexico, while the development types pounce on Yunus's prediction that "one day our grandchildren will go to museums to see what poverty was like."

But in the next class I puncture their illusions. I return to the saga of Sufiya Begum, who allegedly died in abject poverty. We learn about the crisis in Andhra Pradesh, India, where farmers have committed suicide because of their microfinance debts, and the government has told borrowers to stop repaying loans. We discover that Yunus himself was forced out of Grameen Bank in 2011, and that new, randomized studies find that microfinance has had virtually no impact on poverty alleviation.

The students are dispirited and confused, wondering what to make of all this. So I admit that no one



Business schools must teach students that business can be both successful and responsible.

really knows what happened to Sufiya Begum, and no one really knows how much impact microfinance can have. I quote Starbucks' CEO Orin Smith: "Aligning self-interest to social responsibility is the most powerful way to maintaining a company's success."

To my students I suggest, "Let's roll up our sleeves and get to work. But let's temper our work with realistic expectations. Microfinance will not relegate poverty to the museum, and Michael Porter's concept of shared value is still largely theoretical."

Ending on the Sweet Spot

We finish on a more upbeat note by delving into social impact investing—the sweet spot where the business and development worlds intersect. Social impact investing is a hybrid of philanthropy and private equity, because its investments are aimed at solving social and environmental challenges, while generating sustainable financial returns. It is a disruptive notion, challenging my students' assumption that for-profit investments are organized solely around the bottom line, while social problems should be left to philanthropists and government. It is also a fundamentally optimistic notion, built on the idea that business can promote a common good while also generating profits.

Students thrill to this premise. Many of the development students have discovered how much NGO time is spent wooing donors rather than doing good; they are well aware of the inherent unsustainability of pure philanthropy. At the same time, many of the MBA students have discovered that they're

uncomfortable focusing solely on profits in a world dealing with climate change and impoverished indigenous populations.

Thus, social impact investing appeals to them. At this point, it is a market in its infancy, dogged by weak infrastructure, a minimal track record, and a lack of standardized metrics for measuring impact—but the students see its potential. First we consider Social Finance UK's successful placement of a Social Impact Bond in September 2010, an innovative new instrument that is used to fund social programs aimed at reducing prison recidivism. Investors reap the rewards from their investment if these programs succeed in cutting recidivism by a set amount—surely a win-win outcome by any measure.

Then we turn to Leapfrog Investments, which invested US\$6.7 million in AllLife, a South African company that provides life insurance to people living with AIDS. What seems like a laughably awful business model—offering life insurance to people with a terminal disease—makes more sense when students learn that the insurance is only provided if clients take regular blood tests to prove that they are taking lifesaving anti-retroviral drugs. The company charges a high enough rate to ensure strong profits; the clients are incentivized to stick with a difficult and demanding drug regimen. Another win-win.

I conclude by reminding students that there are moments in history when the needs of an age create lasting, positive innovations in the world of finance. Think of the home mortgage, which created a class of homeowners. Think of project finance—which repays investors out of the cash flow generated by the project itself—and which has enabled huge projects from oil wells to Tokyo Disneyland. We now know that pure philanthropy is unsustainable and often ineffective in solving social and environmental challenges; we also know that a narrow focus on profit maximization leads businesses down an ugly, even destructive, path.

It is time for business schools to lead the way in teaching students that business can be both successful and responsible. Then other educators might get emails like the one I recently received from a former student, who had just accepted a job working for the first solar power company in Thailand. "It was all because of your class," she told me. "I want to work for a business that does good and does well at the same time." One student at a time, one business at a time, we move closer to that fabled intersection. 

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Jane Hughes is director of knowledge management at Social Finance US, a Boston-based nonprofit that mobilizes investment capital to drive social progress. She has taught at Brandeis University International Business School, SUNY Levin Institute, and SIT Graduate Institute, and is currently an adjunct professor at Simmons College School of Management and Boston College's Carroll School of Management.



Sustaining Scholarship

How the accounting profession worked to raise the profile of doctoral accounting education—and, ultimately, persuade more practitioners to pursue academic careers in the discipline.

**BY DOYLE Z. WILLIAMS
AND STEVE MATZKE**

In 2003, AACSB International's Doctoral Faculty Commission (DFC) issued a report that addressed widespread concerns related to a shortage of doctoral faculty in certain markets for business education. In "Sustaining Scholarship in Business Schools," the commission called for top doctoral programs to increase their intakes and find new sources of funding. It called on industry to promote business doctoral education more heavily to practitioners and create dedicated recruiting channels. Finally, it recommended the creation of an online doctoral program resource site for prospective students.

Soon after the report's release, several DFC members met with the U.S. Deputy Secretary of Education and officials of the U.S. Chamber of Commerce in Washington, D.C., to explore possible government support, but neither agency expressed interest in funding doctoral education in business. These meetings made it very apparent: Specific business disciplines will have to find support for doctoral education on their own.

Here, we explore how one discipline—accounting—did just that, by developing a comprehensive program to address its faculty shortage. Although the DFC's report does not discuss specific business disciplines, we hope its findings and our experience will inspire other disciplines facing similar shortages to act.

The Profession Gets Involved

Following the release of the DFC's report, the American Accounting Association (AAA) and the Accounting Programs Leadership Group (APLG) formed a committee to document the supply and demand for doctoral accounting faculty in the U.S. The committee issued a report which found that for the academic years of 2005–2006 through 2007–2008, the supply of accounting faculty filled only 49.9 percent of demand. Moreover, the supply of new PhDs in auditing filled only 22.8 percent of demand in that specialty; in tax, only 27.1 percent.

In response to these findings, William Ezzell, then president of the American Institute of Certified Public Accountants (AICPA) Foundation, formed a task force of academics to explore possible solutions. They concluded that accounting firms could make a difference in two ways: by recruiting candidates for doctoral programs from their own ranks and by funding candidates enrolling in doctoral programs, especially in audit and tax.

Ezzell approached the largest accounting firms to discuss their willingness not only to encourage individuals on their staffs to make career changes, but also to create a scholarship fund for new doctoral students in audit and tax. The firms readily agreed. In fact, nearly 70 accounting firms, 49 state CPA societies, the

AICPA, and a small number of other donors committed US\$17 million, over eight years, to help the AICPA Foundation establish the Accounting Doctoral Scholars (ADS) Program to transition more practitioners into academic careers.

Setting Objectives

Representatives of the sponsoring firms formed an advisory council for the foundation, which set four primary objectives:

- To encourage practitioners with recent public accounting experience in audit or tax to obtain their doctorates.
- To provide financial support to selected qualified doctoral candidates.
- To encourage universities to increase doctoral enrollments in audit and tax incrementally, without decreasing existing funded slots.
- To improve accounting education with an infusion of faculty with both academic credentials and rich professional experience.

The council also set a goal: to enroll 120 men and women with recent public accounting experience in audit and tax at participating universities over the academic years spanning 2008–2013.

The council next identified universities with strong audit and tax doctoral programs and excellent placement records post-graduation. In addition, the council partnered with some universities with recently established or restructured programs that showed strong potential for similarly placing their future doctoral graduates.



Participating universities in the ADS program were required to accept ADS Program Scholars as incremental enrollments, not enrollments that filled currently funded slots. Thirty-nine to 42 universities participated in the program during each of the four years.

Moreover, for the program to be successful, participating firms were encouraged to inform their audit and tax staff members of this opportunity to make a career change.

Confirming Commitments

Each year, the council followed a two-step process to narrow down the pool of applicants for the ADS Program. First, a selection committee identified the most promising applicants and paid their travel expenses to attend an orientation in Chicago. The first year of the program, many people who applied were not eligible—only 53 of 131 initial applicants were invited to the orientation event. After the first year, we believe the number of applications decreased as potential candidates learned what was required of successful applicants. In year two, 60 of 99 applicants were invited to move on; in year three, 60 of 77; and in year four, 58 of 78.

At the Chicago conference, we offered three panel sessions to give applicants a clear understanding of academic life. They included “Secrets of a Successful Applicant,” “Life as a Doctoral Student,” and “Life as a Faculty Member.” A concluding program fair gave candidates the opportunity to visit with representatives from all participating universities.

Second, those applicants were asked to inform us—within one week—that they were committed to enrolling in doctoral programs and becoming accounting professors.



About 10 percent withdrew their applications after the conference. Many simply noted that the program was “not what I thought I was signing up for.”

Once the committee selected final ADS Program Scholars, their names were posted on the ADS Program website, where participating universities could access the information. Each scholar received an annual \$30,000 stipend for four years. In addition, participating universities were required to fund their tuition for four years and could supplement the stipend if they wished. Participating universities with five-year programs were required to provide their standard graduate assistant stipend and other financial support during the fifth year.

Of the 89 scholars enrolled in doctoral programs at participating universities over the first three years, only ten had discontinued their study by the fall term of the fourth year. Thirty-five new ADS Program Scholars were funded in the fall of 2012, bringing the total enrollments of our program to 114. We know that some candidates dropped out at their host universities to accept offers of enrollment at their first-choice universities, where

slots had become available. In addition, some applicants who weren’t chosen for the ADS Program were enrolled in university-funded slots.

Key Lessons

Now that we have funded the last class of ADS Program Scholars, we can look back at what we have learned. First of all, we discovered that working professionals know very little about academic careers, and even less about doctoral education. For that reason, we knew that it would be essential for us to provide applicants with a clear understanding of what lay ahead for them if they chose this path.

More important, we found that a pool of highly qualified applicants for accounting doctoral programs exists, but they must be actively recruited. We believe the same is true for other business disciplines.

We encourage other disciplines that face a shortage of academically qualified faculty to initiate programs similar to the ADS Program. By working closely with the employers who hire their graduates, departments can better identify, recruit, and support outstanding candidates who want to pursue academic careers. In an era of faculty shortages and university budget cuts, we believe that such an approach could not be more critical or timely. 

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Doyle Z. Williams served as the executive director of the Accounting Doctoral Scholars Program until August 31, 2012. Steve Matzke is director of faculty and university initiatives at the American Institute of Certified Public Accountants and is now serving as the program administrator for ADS. Those who would like more information on this initiative can reach the authors at ADSProgram@aicpa.org.



Building Awareness of Negative Branding

ALTHOUGH ONE OF an organization's goals is to bond consumers to its brand, that bond can sometimes be tainted, say researchers from the Boston University School of Management in Massachusetts. Even worse, marketers are often unaware of the unfavorable connections even loyal customers have to their company, according to marketing professor Susan Fournier and doctoral student Claudio Alvarez.

They point to the first-time symphony ticket buyer who feels “stalked” by relentless phone calls for donations or a frequent flyer who feels mistreated by his chosen airline. In fact, Fournier and Alvarez find that consumers have negative relationships with brands more often than they do positive relationships—by about 55 percent to 45 percent, respectively.

The pair conducted two studies, involving participants in four countries, to study four dimensions of brand relationships: “positive/negative,” “significant/superficial,” “equal/unequal power,” and “deliber-

Managing negatives may be more important than cultivating positive connections to brands.

ate/not under my control.” In the process, they asked participants to describe their relationships to particular brands by assigning them to one of 27 different categories, such as “flings” and “broken engagements.” They also could choose descriptions such as “addict to dealer,” which might be apt for companies that sell cigarettes or alcohol, or “stalker to prey,” which might summarize how they feel about credit card companies that

lure consumers into charging purchases.

The researchers hold that managers must be aware of any negative brand relationships among their customers so that they can mitigate damage to their reputations—or avoid it altogether. “Managing negatives,” they note, “may actually be more important for brand equity development than cultivating positive connections with brands.”

“Relating Badly to Brands” appeared in the April 2013 issue of the *Journal of Consumer Psychology*.



Jarrad Harford



Sandy Klasa

THOMAS VENKLASEN



William Maxwell

Why Firms Stash Cash

ON THE WAY to financial recovery after the 2008 economic crisis, U.S. officials are running into an especially frustrating obstacle: Too many corporations are sitting atop record levels of cash that they could use to refuel the economy. In fact, firms in the S&P 500 stock index now have US\$1 billion in reserve, according to Standard & Poor's Capital IQ. The reason why firms are so unwilling to spend is the basis of a study by finance professors Jarrad Harford of the Foster School of Business at the University of Washington in Seattle, Sandy Klasa of the Eller College of Management at the University of Arizona in Tucson, and William Maxwell of the Cox School of Business at Southern Methodist University in Dallas, Texas.

The researchers find that firms' apparent stinginess is a matter of "once bitten, twice shy." Firms are still skittish after banks all but stopped issuing loans after the 2008 crash—they want to maintain a comfortable reserve in case banks tighten lending practices in the future.

The authors note that while banks offer A-rated companies loans that mature in 20 to 30 years, they often offer B-rated companies



loans that come due in just ten. They find that the average bond maturity for U.S. corporations decreased from 16.6 years in the 1985–1989 time frame to 11.3 years in 2005–2008. "What happens if you cannot refinance?" asks Maxwell. "If capital markets turn against you, you're done. The A-rated firm rolls over its debt regularly. The smaller, B-rated firm does not have this capacity."

The authors conclude that "these findings highlight the usefulness of considering time-variation in the supply of credit when conducting research about what drives corporate financial policy choices."

"Refinancing Risk and Cash Holdings" is forthcoming in the *Journal of Finance*.

RESEARCH RECOGNITIONS

James Scott, assistant professor of statistics at the University of Texas at Austin McCombs School of Business, has received a



National Science Foundation CAREER Award, which includes US\$400,000. The funding will support his current research involving the creation of software that solves difficult data-analysis problems such as forecasting disease rates.

The American Marketing Association's Marketing and

Society Special Interest Group has given its Lifetime Achievement Award to **Ronald P. Hill**, Richard J. and Barbara Naclerio Chair Professor of Marketing and Business Law at the Villanova School of Business in Pennsylvania. Hill was recognized for his body of research on restricted consumer behavior, marketing ethics, corporate social responsibility, and public policy.

The Federation of European Securities Exchanges has awarded its 2013 De la Vega Prize to French researchers **Laurence Lescouret** of ESSEC Business School and **Sophie Moinas** of Toulouse School of Economics for their paper "Liquidity Supply Across Multiple Trading Venues." In their study, the co-authors use a model to analyze the behavior of global dealers in a fragmented global market.

NICK WHITE/GLOW IMAGES; STEFANO TARTAROTTI/GLOW IMAGES



Marketers: Best to Focus on the Familiar

ALTHOUGH YOUNG MUSIC lovers may say they prefer to listen to the newest songs from up-and-coming bands, they're more likely to respond to familiar tunes that radio stations play over and over again. That's according to a paper by Morgan Ward, marketing professor at the Cox School of Business at Southern Methodist University in Dallas, Texas; Joseph Goodman, assistant professor of marketing at the Olin Business School at Washington University in St. Louis, Missouri; and Julie Irwin, marketing professor at the McCombs School of Business at the University of Texas, Austin.

The researchers asked 386 music listeners in the U.S. to rate their agreement or disagreement with statements such as "Radio is too repetitive" and "Radio should play more new music." As the researchers expected, the majority expressed a strong desire to hear new music on the radio.

However, a series of subsequent studies contradicted those results. In one study, the researchers asked

244 undergraduates to listen to a pair of current songs—one played on the radio more often, one less often. When asked to state a preference, participants more often chose songs with which they were most familiar.

Another study showed that this preference for familiar music increases when participants have to perform a mental task. The researchers assigned 276 students either to memorize 20 words (high load), four words (low load), or no words. Then, all were asked to choose one of five radio stations to listen to as they completed the task. The stations were described with statements such as "We play the hottest top-ten songs!" or "We play the songs of tomorrow that you've never heard!" Although students in all three groups often chose stations playing familiar music, those in the "high load" group were even more likely to do so.

These findings show that music outlets should focus on broadcasting familiar songs "even if consumers say they want more novelty," the researchers write in their conclusion. They note that their findings could also apply to the food, entertainment, and film industries. They conclude that, in a world where consumers are beset by choices and information overload on a daily basis, the familiar can offer a much-needed reprieve.

"The Same Old Song: The Power of Familiarity in Music Choice" is under review.



Morgan Ward



Joseph Goodman



Julie Irwin

The Powerful See Themselves in Others

RESEARCHERS FROM THE University of Utah's Eccles School of Business in Salt Lake City and the University of Southern California's department of psychology in Los Angeles find that those in power often mistakenly assume that those they lead share their own

traits, attitudes, and emotions. The researchers call this social projection "self-anchoring."

The researchers found the powerful not only project themselves on others, but assume their groups share only their negative traits, attitudes, and feelings—not the posi-



Conspicuous Consumption Makes the Sale

IF SALESPEOPLE WANT to impress potential customers, they'll need to stop trying to convey a sense of warmth and instead display the appearance of wealth, according to researchers Lisa Bolton, an associate professor of marketing in the Penn State Smeal College of Business in University Park, and Maura Scott and Martin Mende, assistant professors of marketing at Florida State University's College of Business in Tallahassee.

For their recent study, the three examined how buyers reacted to sellers' conspicuous consumption—their obvious displays of wealth in their personal appearances and environments. They found that although buyers felt less warmth toward sellers that displayed

clear signals of wealth, they also perceived these sellers as more competent.

However, the researchers emphasize that such perceptions are most helpful in “exchange-based” buyer-seller relationships that emphasize efficiency and value, such as those between consumers and financial advisors. In “communal” buyer-seller relationships built on nurturing and caring, such as those between doctors and patients, a display of wealth could imply a sense of self-promotion and undermine the relationship.

“Both warmth and competence matter,” the researchers write, “but their relative importance varies with the norm guiding the buyer-seller relationship.”

“Judging the Book By Its Cover? How Consumers Decode Conspicuous Consumption Cues in Buyer-Seller Relationships” appeared in the June 2013 issue of the *Journal of Marketing Research*.



Lisa Bolton



Maura Scott



Martin Mende



KLAWITTER PRODUCTIONS/GLOW IMAGES

ive. “Perhaps they want to say, ‘Yes, I’m not the greatest person, but everyone in my group is just like me.’ That may excuse the negativity, or give it an acceptable context,” says lead author Jennifer Overbeck of the Eccles School.

Self-anchoring may help powerful people make decisions more quickly, but it also can lead them to believe that they represent those

they lead more than they actually do, the authors write. Rather than think of themselves as self-centered or autocratic in their actions, they would rather believe that what they want to do is already aligned with the desires of the group.

When involved in group decisions, managers should question whether consensus exists or whether they only believe it exists,

the authors note. They recommend that companies train managers to use a “systematic process for gathering input and feedback” to gauge the group’s true perspective, especially for sensitive issues.

“One for All: Social Power Increases Self-Anchoring of Traits, Attitudes, and Emotions” appeared in the August 2013 issue of *Psychological Science*.

Growing Microbusinesses

Stephen Anderson-Macdonald, a doctoral candidate at London Business School, is studying the most effective ways to assist microentrepreneurs in South Africa and Ghana—many of whom live on less than US\$2 a day. Through an ambitious research project, Anderson-Macdonald wants to address largely ineffective foreign aid and microlending efforts by developing new approaches that will help owners of very small enterprises achieve profitability and scale.

In Ghana, Anderson-Macdonald and LBS professors are working with a local institution, Financial Republic, to test a new loan product tied to the purchase of assets such as equipment, construction, or vehicles. They will offer this loan to more than 3,500 businesses; then they will compare its effectiveness to

that of typical cash loans not tied to asset purchases

In South Africa, Anderson-Macdonald has partnered with Building Bridges, an NGO founded by LBS management professor

Michael Hay, to offer mini-MBA training sessions in either marketing and sales or finance and accounting to about 1,000 microentrepreneurs. The researchers will compare outcomes for these trainees to outcomes of members of a control group that received no training.

Conducting such a large-scale research project requires a great deal of entrepreneurial initiative and legwork, says Anderson-Macdonald. In addition to



A representative of Financial Republic (left) with small business owners in Ghana.



Stephen Anderson-Macdonald

traditional research tasks, he and his team also must continuously raise funds, complete grant reports, conduct market research, train survey teams, negotiate partner relationships, and travel internationally.

“This type of risky research project does not move forward if people do not roll up their sleeves and get their hands dirty—often quite literally,” says Anderson-Macdonald. “It requires getting out of the ‘ivory tower’ and spending time in the field talking with

entrepreneurs and community stakeholders. This has been one of the most important points I’ve learned from running our randomized-controlled trials.”

Anderson-Macdonald plans to expand his examination of microlending practices to Uganda and Malawi. He is working with Rajesh Chandy, an entrepreneurship professor at LBS, and Bilal Zia, an economist at The World Bank. To support the project, Anderson-Macdonald and LBS have secured funding from organizations such as The World Bank, USAID, and the U.K.’s Department for International Development.

UPCOMING & ONGOING

INSIDER LAUNCH

DePaul University’s Kellstadt Graduate School of Business in Chicago has launched The Business Education Insider, an online resource for national data, survey results, news, articles, and conference information pertaining to

graduate business education, particularly programs for working professionals. The site, www.businesseducationinsider.com, tracks trends in graduate business programs in areas such as recruiting, enrollment, and student experience. For more information or to read

BEI’s first survey about part-time MBA program innovation, visit www.businesseducationinsider.com.

MEASURING RISK

The Yale School of Management has launched the Yale Program on Financial Stability to provide case studies,

research, and training to regulators in macroprudential financial regulation, which focuses on identifying, measuring, and managing systemic risk in financial markets. Established with a grant from the Alfred P. Sloan Foundation, the program also includes the creation of

Curriculum Development Series

www.aacsb.edu/seminars

Receive **savings of up to 200 USD (per event)** when attending multiple events, registering before the cut-off date, or registering multiple people in one transaction.

Responsible Leadership

November 18, 2013 | Singapore

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Communication Skills

November 19, 2013 | Singapore

Introduce a communications course into your business degree curriculum. This seminar covers required teaching goals, course structure, materials, pedagogy, and assessment methods.

Design Thinking for Creativity and Innovation

November 20–21, 2013 | Singapore

Demonstrate the power of design in solving today's complex management issues where organizations need to respond in creative, innovative, or transformational ways.

Upcoming Curriculum Development Events:

Leadership

January 23–24, 2014 | Chapel Hill, North Carolina, USA

Host: UNC Kenan-Flagler Business School

Critical Thinking

February 10–11, 2014 | Tampa, Florida, USA

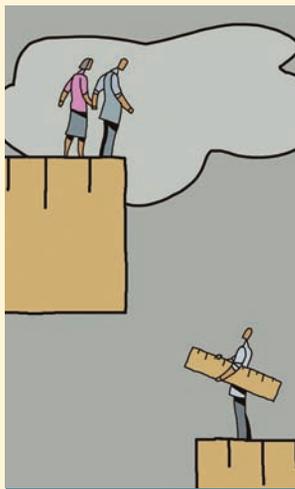
Global Management Capabilities

February 12, 2014 | Tampa, Florida, USA

Supply Chain Management

March 13–14, 2014 | Fayetteville, Arkansas, USA

Host: Walton College of Business, University of Arkansas



the Systemic Risk Institute and an annual conference. The program is directed by Andrew Metrick, deputy dean and Michael H. Jordan Professor of Finance and Management. For information, visit som.yale.edu/ypfs.

■ CHINA STUDIES

Global publisher Emerald and the International Association for Chinese Management Research (IACMR) invite submissions to their Chinese Management Research Fund Award. Submissions should address the dissemination of knowledge for the social good in mainland China. The lead researcher must be based in mainland China. The winner will receive £2,000 and two runners up will receive £500. Cover letters and summaries of fewer than 2,000 words must be submitted online at ww2.emeraldinsight.com/awards/iacmr.htm by January 6, 2014. Results will be announced in March.

■ CARS AND CANCER

Yongtao Guan of the University of Miami School of Business Administration, along with colleagues from the Yale School of Public Health, has received a US\$453,000 grant from the U.S. National Cancer Institute of the National Institutes of Health. The grant will be used to identify potential links between cancer risks



and the proximity of homes to heavy automobile traffic, using the latitude and longitude of addresses rather than less precise aggregated

ZIP code data. The objective of the research is to develop software to help the public and policymakers assess the cancer risk in certain environments and to help city planners choose locations for new roads, schools, parks, and neighborhoods.

■ CRISIS STUDY

Stephen Kinsella of the University of Limerick's Kemmy Business School in Ireland has received €650,000 to support a three-year study of the evolution of debt and demography in the European Union and to examine the European economy. He will collaborate with Nobel Laureate and economist Joseph Stiglitz of Columbia University in New York.

The Wisdom of Crowds

THE INTERNET IS increasingly becoming a testing ground for more innovative approaches to education. Three business schools recently announced their own experiments in this arena: They've created comprehensive virtual online communities where students, faculty, and other stakeholders can collaborate and communicate on a large scale, across generational, cultural, professional, and geographic boundaries.

■ In the spring, the University of Oxford's Saïd Business School in the United Kingdom launched Global Opportunities and Threats: Oxford (GOTO), an online problem-solving community where, each semester, students, faculty, alumni, and practitioners develop solutions and share research on a single topic of global importance to business. Faculty also integrate the topic into course assignments, which students complete and present within the online forum. GOTO was inspired by dean Peter Trufano, who wanted to unite the Oxford community to "tackle world-scale problems."

For the first topic, the school chose "the Population 21 Challenge," which focused on the implications of aging populations, dropping birth rates, and changing global demographics. Faculty created video tutorials and assignments that inspired and were inspired by online discussions. Students wrote more than 600 papers and presented dozens of business plans relating to changes in global population.

The school has three goals for the project, explains Janet Smart, a senior research fellow and the school's academic project manager. It wants to offer students a blended learning experience, reach across generational and academic-practitioner divides, and discuss global issues that drive the imagination of the Oxford community.

For the Population 21 Challenge, students completed three tutorials that focused on demographic trends in their home countries, the way these trends would affect business models in an industry of their choice, and the entrepreneurial opportunities that would arise from demographic changes. Students analyzed topics such as the effects of changing patterns of consumption in India on natural resource reserves, the



Virtual learning communities have the potential to “break down cultural barriers and reimagine collaboration.”

impending Internet boom and growth of mobile learning in Africa, and the impact of changing demographics on Japan's economy. Students presented their work online to Oxford tutors and the rest of the community.

Starting in January 2014, the GOTO topic will be Big Data, a research focus for the school. The school plans to refine the site's navigation; add shorter videos, more discussion forums, and more hands-on activities; and create a more structured route through dedicated course materials. In upcoming years, organizers hope to welcome users from outside Saïd Business School.

The school uses the open-source Drupal content management system as the site's platform and works with London-based software company Acquia to manage the project. For information, visit goto.sbs.ox.ac.uk/.



■ The Rady School of Management at the University of California San Diego has created VirBELA, a three-dimensional virtual community, in collaboration with VirBELA co-founders Alex Howland, project manager, and Ronald Rembisz of consulting firm Rembisz & Associates. The virtual world is designed to provide business students a place where they can collaborate and work on multinational teams.

In October, the Rady School launched VirBELA with a Global Business Simulation Competition in the virtual environment; eight student teams of four vied for prize money of US\$50,000 as they ran a simulated automobile manufacturing

company. Members of each team were globally distributed and from different schools. They used Second Life-style avatars, a text chat system, a VoiP system, and 3-D visuals to communicate.

In the future, says Rembisz, VirBELA will be a testing ground for virtual learning, by incorporating simulations, serious games, interactive learning events, and individual and team assessment activities.

VirBELA was created and implemented with the help of a US\$1.7 million grant from the Graduate Management Admission Council's Management Education for Tomorrow (MET) Fund Ideas to Innovation (i2i) Challenge. The i2i challenge awarded funding to 20 institutions for their ideas to improve management education. (To read about another i2i project, see "Shaping Education's Future in the Cloud" on page 54 of the July/August 2013 issue of *BizEd*.) VirBELA was recognized for its potential to "break down cultural barriers, reimagine collaboration, and provide faculty ways to deliver coursework and grade results,"

says Allen Brandt, director of the MET fund. To learn more, visit www.virbela.com.

■ In April, the MIT Sloan School of Management in Cambridge, Massachusetts, unveiled its virtual "4Dx" classroom as part of its Big Data executive education program. The two-day 4Dx offering was conducted using AvayaLife Engage, a web-based collaboration environment where students choose personalized avatars and interact in a virtual room with faculty and classmates.

As participants move throughout the room, voices of other participants become louder or softer depending on their proximity, allowing for breakout discussions within the same virtual space. Participants in the two-day offering could opt for either on-campus, online, or 4Dx delivery. During the course, activity in the virtual classroom was visible to online participants, and the virtual room was projected into the physical classroom, so that participants in all three formats could interact in real time.

When the school offered the course again in October, organizers hoped to enroll more virtual than face-to-face participants—150 virtual, compared to only 50 to 60 in the classroom. About 70 students had enrolled in the 4Dx course by mid-September. The Sloan School

is considering expanding the format to other exec ed courses, global collaborations, and even MOOC delivery, according to an article on the site *Poets & Quants*.

The BigData 4Dx program is co-taught by Erik Brynjolfs-son, director of MIT's Center for Digital Business, and Alex Pentland, director of the MIT Media Lab Entrepreneurship Program. For information, visit executive.mit.edu/data4dx.



Student avatars interact in MIT's virtual 4Dx classroom

MITx Debuts MOOC Sequences

MITX, THE UNIT for massive open online courses (MOOCs) at the Massachusetts Institute of Technology in Cambridge, has announced that it will offer certificates of completion for sequences of related MOOCs. Called “XSeries,” these sequences are offered through edX, the open-source platform for online course delivery developed by MIT and Harvard University, and developed by MIT faculty. The MOOC-based curricula provide students with opportunities for more in-depth, cumulative study in a single subject, says Anantha Chandrakasan, head of MIT’s department of electrical engineering and computer science.

The school has developed two XSeries so far. “Foundations of Computer Science,” which started this fall, offers content at an introductory undergraduate level. “Supply Chain and Logistics Management,” available in fall 2014,



will cover graduate-level content. Made up of short modules, each full sequence is equal to two to four traditional courses. The school estimates that each XSeries will take students between six months and two years to complete.

Students can take the sequences for free, but those who want to earn certificates will pay a small fee yet to be announced. Starting in the spring of 2014, XSeries participants seeking certificates also will use webcam photos to confirm their identities, a verification process edX recently added to its platform.

“We’re hoping to understand more about the credentials that learners value,” says Chris Caplice, executive director of MIT’s Center for Transportation and Logistics and a contributor to the creation of the XSeries on supply chain and logistics management. “We are in the early stages of exploring these kinds of programs.”



Studying Life In the Digital Age

RESEARCHERS IN THE United Kingdom are currently investigating how people use their smartphones, tablets, laptops, and desktops at work and at home as part of the project “Creativity Greenhouse: Digital Epiphanies.” The project will focus on how technology helps and hinders work-life balance. The researchers also will examine what causes people to change their digital behaviors, and whether today’s onslaught of digital information has caused some to alter the way they use technology.

Natasha Mauthner of the University of Aberdeen Business School is part of the collaboration. Other researchers include engineering and science professors Anna Cox of the University College London, Chris Preist of the University of Bristol, and Rosie Robison from Anglia Ruskin University. The U.K.’s Engineering and Physical Sciences Research Council is funding the project.

“Modern technology has unquestionably had so many positive effects on the way in which people can combine work and personal life,” says Mauthner. But while many welcome technology’s presence in their lives, Mauthner wants to find out whether some are beginning to reduce their screen time and “change the ways in which these technologies blur the boundaries between work and the rest of their lives.”

As part of the project, Mauthner will be working with 15 families—all with children under 18—over the next 12 months. “I want to explore how these devices and their uses are being woven into the very fabric of our daily lives, and how this might actually be changing what it is and means to work or be a parent.”

TOOLS OF THE TRADE

Smart Diploma Provides Online Credentials

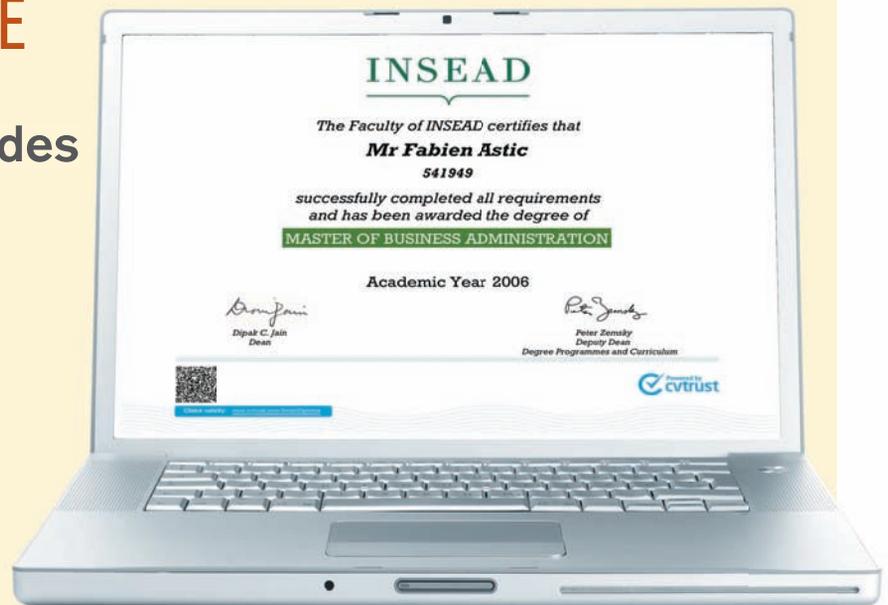
When graduates receive their paper diplomas, it's a great accomplishment. But if they lose those documents, it can be an aggravation. "Our graduates tend to lose paper diplomas, but we never duplicate a diploma once it's issued—we only offer a certified document," says Stéphanie Villemagne, director of the MBA program for INSEAD, based in Fontainebleau, France. To address this problem, INSEAD and other schools now are offering students Smart Diplomas and Smart Certificates, online credentials developed by France-based CVTrust. These online documents are permanent and secure, and they cannot be misplaced, explains CVTrust founder David Goldenberg. "Students can access their diplomas securely through their smartphones, iPads, or computers, and they can promote them on LinkedIn and Facebook," he says.

When posted on social networks, Smart Diplomas and Smart Certificates appear in miniature; when recruiters click on the images, they are taken to a secure site, under the originating school's domain, that verifies its authenticity. Students also can send an email through the CVTrust system that includes a link to the verified document.

INSEAD has provided all of its degreed graduates with Smart Diploma accounts, in addition to paper diplomas, since December 2011. The school sends an email to all graduating students that explains the system and includes a link to the site where they must activate their accounts. If students do not do so within six months, their accounts are deleted.

About 60 percent activate their accounts within the first two days, says Villemagne. Some choose not to use the service. If any of these students change their minds after six months, they can ask the school to set up new accounts.

To increase participation, INSEAD is working to make students more aware of the online document's permanence,



What users see after clicking on a link to a Smart Diploma

portability, and accessibility. The service is not yet mainstream, so the school also sometimes receives calls from recruiters and employers who have questions about the links they've received from potential hires. "We explain that it's not a PDF, but a secure link to the diploma itself," says Villemagne. She expects the number of queries to decrease as recruiters become more familiar with the service.

IMD in Switzerland and Mannheim Business School in Germany also issue Smart Diplomas. The MIT Sloan School of Management in the United States issues Smart Certificates to participants who complete its executive education programs.

Because graduates must maintain their current email addresses to access their diplomas, the system also helps schools maintain up-to-date contact information for their alumni. Schools can administer post-graduation surveys and even find lost alumni by querying registered users. Says Goldenberg, "It creates a lifetime bond between the school and the student."

The annual cost of the service to schools depends on the number of students a school graduates. Alumni and recruiters access the service for free. For more information, visit www.CVTrust.com.

NEWSBYTES

■ ONLINE OPTIONS

The Washington State University College of Business in Pullman now offers three new online certificates in marketing, finance, and international business. The certificate programs are open to current MBA students, recent graduates, and admitted students who cannot yet start the full-time MBA program. Each certificate consists of three three-credit elective courses. The certificate in international business also includes a ten-day international field study.

■ FIRST FORENSICS

The University of Albany, State University of New York, recently launched its first four-year undergraduate degree in digital forensics. The degree is offered with the participation

systems in nonprofits and the public sector.

■ MARKET ONLINE

This fall, the University of Denver's Daniels College of Business in Colorado is offering a 100 percent-online certificate in digital marketing. In addition to taking introduction to digital marketing, participants choose three of four other courses, including social media marketing, mobile marketing, digital metrics and search, and digital branding. Those who complete the program can apply its 16 credits to any AACSB-accredited graduate business program.

■ MOOCS ON HOLD

The state of California garnered attention in March when Darrell Steinberg, a Democratic state senator, proposed SB 520, a bill that could have required the state's colleges and universities to allow students to take massive open online courses for credit. Steinberg viewed the bill as a way to improve access to introductory courses that filled so quickly that many students were locked out of them. Since March, California State University, the University of California, and the state's community colleges have taken steps to increase their online offerings. As a result, Steinberg has



JEFF FITLOW/RICE UNIVERSITY

TWICE THE TEXTS

OpenStax College, a nonprofit publisher of free textbooks, plans to more than double the number of titles in its catalog of online textbooks by 2015 with the support of a grant from the Laura and John Arnold Foundation. Based at Rice University in Houston, Texas, OpenStax will add six new titles by 2015, including textbooks in pre-calculus, chemistry, economics, U.S. history, psychology, and statistics. OpenStax partners with for-profit companies to provide online homework, assessment, and other free products and services. OpenStax College Founder Rich Baraniuk is pictured above with the publisher's first five free textbooks. For information, visit www.openstaxcollege.org.

tabled the bill for a year as he re-evaluates its need.

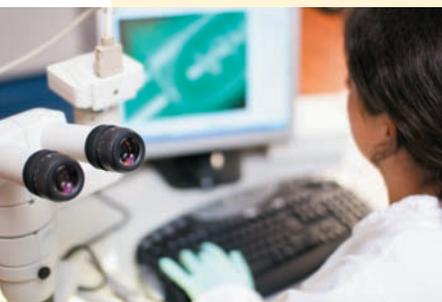
■ ONE-YEAR MBA

Cornell University's Johnson Graduate School of Management in Ithaca, New York, is offering a new full-time one-year MBA that targets individuals with degrees in science and technology and three to five years of relevant work experience. Starting in May 2014, the three-semester MBA includes courses in core disciplines as well as in areas such as design thinking, Big Data, innovation, global ventures, and leadership. The program also includes an entrepreneurship boot camp.

■ DIGITAL DARDEN

Darden Business Publishing, the case publishing arm of Darden Business School at the University of Virginia in Charlottesville, has launched an online community where Darden faculty can access each other's teaching materials, write blog postings, and share best practices on case-based teaching. Darden Business Publishing also has published its first ebook, *The Strategist's Toolkit*, by professors Michael Lenox and Jared Harris; the ebook was first offered to participants in Lenox's Coursera MOOC, "Foundations in Business Strategy."

of the School of Business, as well as the schools of criminal justice, public affairs and policy, arts and sciences, and computing and information. The program focuses on the defense and investigation of information and information



ISTOCKPHOTO/THINKSTOCK

your turn

by Emmeline de Pillis

In Defense of the Lifestyle Business

THE FIRST TIME I heard the term “lifestyle business,” I had just started in my current position, teaching management and entrepreneurship at the University of Hawaii. An entrepreneurship expert was speaking to our undergraduates about starting their own businesses, and he asked them for their startup ideas. A young student described a combination coffee house/art gallery/hostel that would support local musicians and artists while giving visitors an authentic island experience.

The expert’s response was scathing: “What you’re describing is a *lifestyle business*,” he shot back. “You’ll make, what, thirty-five or forty thousand a year?” He made it excruciatingly clear to my crestfallen student that his idea was an embarrassment to the very idea of entrepreneurship.

It’s true that a lifestyle business, such as the one my student was hoping to start, typically does not enrich its investors, nor does it create many jobs. However, I believe that lifestyle entrepreneurs offer important opportunities for business students, the communities they live in—and the schools they attend.

Defining the Term

Owners of lifestyle businesses are not focused on growth or profitable exit strategies. According to entrepreneurship scholar Carol Dalglish, they are motivated by “sustaining a particular lifestyle in a particular environment.”

Unfortunately, when venture capitalists use the term “lifestyle business,” they generally intend it as an insult. These investors want to harvest value from their investments, so they don’t get excited about a no-growth coffee shop/art space. Business school administrators and other stakeholders generally have followed the lead of venture capitalists, paying little atten-

tion to lifestyle businesses. But I think that’s a mistake, for two compelling reasons:

■ **They benefit communities.** While growth-oriented businesses create jobs and wealth, small lifestyle businesses can have direct positive effects on their neighborhoods. Unlike chain stores or factories, they are embedded in the community and their well-being depends on it. In fact, lifestyle entrepreneurs will stick with a community even if it’s not prospering. This can be especially beneficial in declining rural areas.

Lifestyle businesses may even contribute to the physical health of nearby residents, because the presence of small shops and local retailers is associated with significantly increased rates of walking. Sociologists at Louisiana State University and Baylor found that counties and parishes with a greater proportion of small businesses—four or fewer employees—have lower levels of obesity and mortality. They concluded that “a place with a greater proportion of small businesses will have a healthier population.”

■ **They represent the majority of small businesses.**

A University of Chicago study found that most small businesses “do not grow, do not want to grow, do not innovate and do not want to innovate.” As *Inc.*’s Daniel McGinn laments, these ubiquitous lifestyle entrepreneurs work “just enough to buy a second home and a boat and to send their kids to school.” Here in Hawaii, many of our lifestyle entrepreneurs moved to the state to reinvent themselves and get away from the mainland rat race; others grew up here and want to stay where they have strong family and community connections.

And yet, many of these businesses could become more successful if they took classes targeted to their needs. Because lifestyle entrepreneurs are attracted to the community or the particular business first, and to growth and profit second, they may lack business basics—but they can



Small lifestyle businesses can have direct positive effects on their neighborhoods.



learn. In fact, research has shown that appropriate training can measurably improve entrepreneurs' business performance.

Business schools could realize a tremendous opportunity if they craft programs aimed at this entrepreneurial niche. The schools not only could attract new students, but they also could do real good for individuals as well as their surrounding communities.

Designing the Program

A program aimed at lifestyle entrepreneurs certainly should cover the business basics such as accounting and law. But it's just as important that such a program teach students to set their expectations realistically and work creatively with limitations. Lifestyle entrepreneurship students should recognize three truths:

They must work with constrained resources. Studies show that creativity thrives within constraints; therefore, lifestyle entrepreneurs can bloom where they have planted themselves, but only if they channel their creativity productively.

One skill they need to master is *bricolage*, or making do with what is available. Entrepreneurship scholar Jeff Vanevenhoven and colleagues describe bricolage as "a means for enabling and accomplishing ad hoc responses to unforeseen situations and opportunities." While this ability is useful for any entrepreneur, it is crucial for the lifestyle entrepreneur, who may be located in an isolated area with access to few resources.

They must work with geographic limitations. Lifestyle entrepreneurs are typically tied to a place. A business program should show them how everyone benefits when they commit to that place. Small business owners who have a stake in their communities will make contributions of money, time, and skill. This not only strengthens the community around them, but also nudges their own businesses to perform at higher levels.

In addition, when lifestyle entrepreneurs join local networks of like-minded people, they can mitigate some of the isolation small-business owners often experience.

They must set realistic expectations. Aspiring lifestyle entrepreneurs may need help in setting their expectations appropriately where their work lives are concerned. They all want to be their own bosses, but they actually have many bosses—their customers—any of whom can fire them on a whim. While self-employed individuals tend to be more satisfied overall than regular employees, they also work much longer hours. Any aspiring entrepreneur needs to be prepared to make the necessary tradeoffs between work and family.

At the same time, lifestyle entrepreneurs may need to prioritize their own financial and nonfinancial goals. While growth-oriented entrepreneurs have a very clear goal in mind—an exit strategy that enriches them and their investors—lifestyle entrepreneurs usually just want a business that sustains itself as long as they hope to run it. They often need help articulating their goals and determining what level of financial success they desire.

Making the Commitment

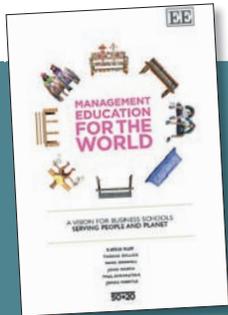
Business schools that wish to support lifestyle entrepreneurship shouldn't just add a few courses to their curricula; they should actively promote it. If they have faculty who are interested in mentoring local lifestyle entrepreneurs, they should provide incentives and rewards to these professors. Their press releases should include news reports of graduates who have built thriving lifestyle businesses. Their business plan competitions should include categories for lifestyle enterprises.

My former student never did build his coffee house/art gallery/hostel. It might have floundered; it might have flourished. But the idea was never even given a chance.

I believe that business schools should consider expanding our definitions of success. Our active support of lifestyle businesses can increase the personal success of our budding entrepreneurs, the overall health of our communities, and the bottom line of our universities. 

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Emmeline de Pillis is a professor of management at the College of Business and Economics, University of Hawaii at Hilo. For this article, she drew on information from more than 25 sources. Educators interested in establishing lifestyle business programs at their own schools can find those references at www.bizedmagazine.com/features/sources/lifestyle-business.

bookshelf



MANAGEMENT EDUCATION FOR THE WORLD

AUTHORS: Katrin Muff, Thomas Dyllick, Mark Drewell, John North, Paul Shrivastava, and Jonas Haertle

PUBLISHER: Edward Elgar, US\$125

BUSINESS AND BUSINESS education need to be radically transformed to create a sustainable world where all people live well. That basic premise fuels the group 50+20, a collaboration among the Globally Responsible Leadership Initiative, the World Business School Council of Sustainable Business, and the Principles of Responsible Management Education. Six individuals involved

with these organizations authored the book, which takes a hard look at the profits-and-shareholders-first philosophy of the 20th century. The prevailing response of corporate social responsibility isn't good enough, they write. "The world needs a mindful, sustainable approach to the planet's finite resources," they say. "We observe a growing global community seeking *purpose* rather than *consumption*." They argue for a transdisciplinary curriculum that always assumes stewardship of natural resources, focuses on shared value, and places the corporation's activities "within the broader context of human progress." Not easy to do, they admit, since they believe "management education and its implementation requires nothing less than a fundamental transformation of the existing model."

THE GOOD STRUGGLE

AUTHOR: Joseph L. Badaracco

PUBLISHER: Harvard Business Review Press (US\$25)

BADARACCO, AN ETHICS professor at Harvard, believes that responsible leaders of the 21st century must operate in a world where "markets, rather than religion or government or family or ideology, seem to be the most dynamic and powerful force."

Not only do markets now "shape every sphere of life," they are so unpredictable that leaders can lose their way unless they ask themselves five basic questions: *Am I really grappling with the fundamentals? Do I know what I am*

really accountable for? How do I make critical decisions? Do we have the right core values? Why have I chosen this life? Badaracco is convinced the fundamental issue today's leaders must deal with is not ethical but intellectual, "a ceaseless, demanding effort...to understand the swirling context around organiza-

tions today and set a sound direction." Despite the risk of failure, the good struggle provides motivation and points the way.

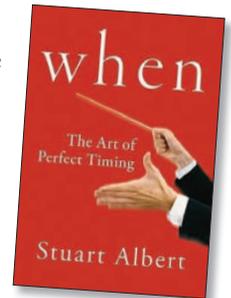
WHEN

AUTHOR: Stuart Albert

PUBLISHER: Jossey-Bass (US\$26.95)

ALBERT BELIEVES THAT timing is everything; most of us just don't realize it. Or rather, we don't have the tools for analyzing the circumstances that would help us determine when something—good or bad—might happen. But he's convinced we can analyze patterns in our industries and our surroundings that will help us make time-dependent decisions, such as when to launch a new product or whether to exit a market. He compares the complex business environment to a polyphonic music score in which many instruments are simultaneously playing different notes and rhythms. This allows him to isolate these elements of timing: the *sequence* of notes, or events; temporal *punctuations*, such as pauses in the music or deadlines for projects; *shape*, such as bottlenecks or peaks

and valleys; *duration*; and *rate* of speed. Once business leaders learn to analyze patterns in their markets, they can predict when they might have to change course. It's a new way to look at old challenges.

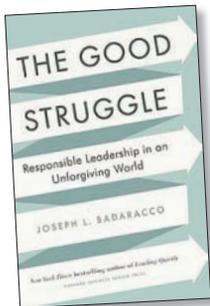


THE SOLUTION REVOLUTION

AUTHORS: William Eggers and Paul Macmillan

PUBLISHER: Harvard Business Review Press, US\$26

WHEN INVENTOR Dean Kamen couldn't get big-name NGOs interested in his water purifier unit intended for the developing world, he approached Coca-Cola instead. Coke, which has committed to extensive water stewardship efforts, recently began distributing the unit in rural Ghana. Such collaborative efforts—among individuals, governments, corporations, and nonprofits—are hallmarks of the new "solution society" in which many sectors team up to solve the



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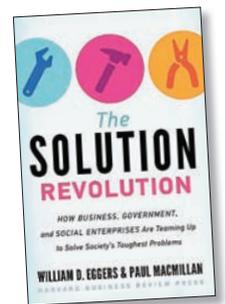
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Don't Miss

COLUMBIA UNIVERSITY'S Edmund Phelps, a Nobel Laureate in economics, defines a modern economy as one in which there is *Mass Flourishing*. Post-Industrial-Age economies like Britain's and America's didn't grow so rapidly merely because of advances in science or because they produced a few spectacular inventions, he argues. They grew because they encouraged invention, innovation, and experimentation across economic and social sectors. What worries him is that a resurgence of more traditional, corporatist values puts the flourishing of individuals at risk. (Princeton University Press, US\$29.95)

IN BEYOND THE IDEA, Harvard professor Vijay Govindarajan and consultant Chris Trimble note that some innovation is *small* and can be squeezed out by workers as they're doing other tasks; some, such as a series of upgrades to existing products, is *repeatable* and can be precisely planned. But major innovation is *custom* work and demands its own dedicated team and strategic plan. A company pursuing custom innovation is essentially building a new organization from the ground up, and the innovation team will inevitably experience conflict with the "performance engine" that is the existing company. But that conflict must be managed, the authors warn: "Both sides need the other. There must be mutual respect." (St. Martin's Press, US\$19.99)

world's worst problems. "A new economy has emerged at the borderlands where the traditional sectors overlap. This economy trades in social outcomes," write Eggers and Macmillan, both of Deloitte's Public Sector arm. Using new business models and new technology, today's problem solvers skip over governmental restrictions and geographic boundaries to create solutions that rapidly spread and scale. "Wavemakers" like the Gates Foundation and the Clinton Global Initiative can convene major players and fund huge projects, but the authors also describe the smaller, personal efforts that individuals can contribute to massive change. For a book devoted to seemingly intractable problems, it has a very hopeful message. 📖



idea exchange

Matchmaker, Matchmaker

The Idea

Match business owners on the cusp of retirement with alumni who wish to acquire their enterprises

Location

The University of Kansas School of Business in Lawrence

How It Started

Several years ago, an economic development officer for the state of Kansas mentioned to Wallace Meyer Jr. that too many of the state's small- and medium-sized businesses were closing for lack of successors. Meyer, director of the Center for Entrepreneurship at the University of Kansas, realized there was a void in the market.

That conversation inspired RedTire, shorthand for "redefining retirement." Part of the KU School of Business' Entrepreneurship Works for Kansas initiative, RedTire helps soon-to-retire business owners find qualified alumni to purchase and perpetuate their businesses. The school won a grant to implement the program from the U.S. Department of Commerce and the Economic Development Administration.

How It Works

The Center for Entrepreneurship publicizes RedTire through local media and industry groups with ties to KU's schools of business, pharmacy, veterinary medicine, and agriculture. It not only sends mailings to KU alumni, but works with other colleges and universities in the region to reach their alumni as well.

Once a business indicates interest, MBA and undergraduate business students analyze its operations based on criteria such as sales, location, debts and assets, and liquidity. Each business must be viable to qualify, says Meyer. "We don't want new managers to have to fix a business that's not profitable."

Potential sellers and buyers go through identical screening processes so the center can achieve the best match. Once the center identifies three to five candidates qualified to buy a business, the seller meets each one and makes a choice. The center helps the chosen buyer secure financing and provides ongoing mentorship and business training. It also requires the seller to stay with the business for one to three years after the sale to acclimate the new manager to its operation.

Response So Far

Since RedTire's launch, between 50 and 60 alumni from Kansas schools have shown interest, and about 45 companies have signed on, including pharmacies, manufacturing companies, a livestock operation, and a plastic injection molding company. Many generate more than US\$750,000 in annual revenues; the plastic injection molding business generates more than \$5 million. "These are not insubstantial businesses," says Meyer.

The center places a priority on businesses in rural areas in industries that have the most impact on the regional economy, such as agriculture and manufacturing. Eventually, the program might be expanded to include restaurants and retail stores.



Branching Out

The center hopes to share the RedTire model with universities nationwide. "The succession problem is not isolated to Kansas, especially as baby boomers continue to retire," says Meyer. "We can take the burden of succession off their shoulders, so they can make decisions based on what's best for the business. Otherwise, too many wait until the eleventh hour, when they have no alternatives and must shutter the business. Then, everybody loses."

To learn more, visit www.redtire.org. 