

In a world that requires business leaders to address the concerns of all their stakeholders, we must reshape management education to be both practical and aspirational.

# THE 21<sup>ST</sup>- Century MBA

by Mary C. Gentile

**What kind of leaders does the business world** need to train and develop? In a time of private equity preeminence and mounting global competitiveness, should they be risk takers who are richly rewarded for focusing on the bottom line? Or, in the wake of scandals involving individual excess amid seemingly blind “short-termism,” should the next generation of leaders focus on team spirit and internal organizational development to increase shareholder returns? (See “CEO Succession 2007: The Performance Paradox,” by Per-Ola Karlsson, Gary L. Neilson, and Juan Carlos Webster, *s+b*, Summer 2008.) These questions are a concern for any thoughtful business leader and raise fundamental questions for business educators, as well.

Business schools are now at a crossroads. Critics from outside and, more vociferously, inside the academy

are taking aim at the way these schools train leaders. They find fault with both philosophy and methods: Business schools, they say, are excessively focused on a narrow conception of enterprise driven exclusively by short-term maximization of shareholder profits. Research, they complain, is driven more by the review requirements of academic journals than by the needs of managers; researchers eschew studying the real-world messiness of multiple objectives for the pristine fiction of strategies that optimize a single value or point of view. The upshot, critics say, is a generation of MBAs who lack a sense of how to manage corporations in the complex, multicultural environment of today’s global businesses, and who don’t recognize the way that business fits into the broader fabric of society. Determined to speak both the language of the market and the language

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of academic disciplines, business schools have all too often overlooked the proven practices of day-to-day management in large organizations, especially those in critical functions like operations and human resources that are seen as lacking “fast-track” or quick-money potential. (See “The Talent Lie,” by Edward E. Lawler III, *s+b*, Summer 2008.) And business schools have also ignored those educational methods, no matter how well tested in other fields, that might allow for experimentation and afford students the time to build skills in a thoughtful manner — methods like peer coaching, testing pilot programs in a safe space, and, perhaps most important, stepping back from an action to name and question the broader purpose of the whole endeavor.

In response to this turmoil, a number of business schools are forging a new path. There is a nascent sense of purpose invigorating the management education profession, and recent innovations demonstrate that schools, their faculty, and their students are starting to seize this opportunity. Their efforts crackle with energy, clarity, creative spirit, and — most significantly — broader social commitment. When Thomas Robertson, for example, was named dean of the Wharton School (the business school of the University of Pennsylvania) in 2007, he declared that his goal was to make the school a “force for good in the world.” By reviewing a few among the many possible examples of this emerging transformation, we can glimpse the future of the business academy, the kinds of leaders who are being developed, and the kinds of businesses we can expect to see these leaders build in the future. (Most of the examples here are from the United States, where the movement is burgeoning, but similar changes are under way in business schools in Europe, and a growing number of

Asian business schools are also experimenting with new curricula and practices.)

### The Root of the Problem

Business schools have conventionally proclaimed themselves to be primarily training grounds for competitive winners who can withstand great stress and do what it takes to survive in a harsh business context. They have long touted their capacity to turn out graduates who can work under conditions of high-stakes competition and intense time pressure, armed with a capability for decisive action and confidence in their own single-pointed analysis of any problem.

Academic leaders defend the prevalent forced-curve grading system, which ensures that only a certain percentage of students in each class get As, most get Cs, and some fail, as appropriate training for the rank-and-yank systems awaiting them in many companies. Business schools intentionally immerse their students in situations in which there is more to do than they can accomplish confidently to reproduce the kinds of pressures they will face in their business careers; to teach them to work smart, to know when “good enough” is better than “perfect,” to prioritize, to delegate, and to focus on what they do or can know, rather than on what they might need to understand. Kim Clark, the former dean of Harvard Business School, described this as a “flight simulator” model of business education. To be sure, the traits this model fosters are valuable, even necessary in many situations, but an overemphasis on them has often served MBA education poorly.

Some of the greatest benefits of the business school experience, in fact, derive from the ways in which it is not like the environment students will enter upon grad-

## The traditional “rules-plus-analytics” model of management education emphasizes impersonal aggressiveness — walking as close to the legal and ethical line as possible.

uation. It isn't enough to reproduce the realities of business challenges through simulations and case studies; schools also need to painstakingly build up knowledge, skills, and instincts that can't be learned in the working world, so that students can eventually respond to challenges with more skill and insight than they would have without their graduate education. Students should graduate with deep, well-considered judgment, not with a set of default positions. And perhaps most importantly, business schools should consciously explore the purpose of enterprise itself. Business education should not just develop students' comfort with risk or ability to get along with others; it should focus on the goals toward which MBA graduates will apply those skills.

As Harvard Business School Professor Rakesh Khurana argues in his book *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton University Press, 2007), historically, the central goal for leading MBA-granting institutions was to “professionalize” business management — a task that requires both a generally recognized body of necessary knowledge and also a commitment to a wider purpose of public good. But Khurana and others argue that this is a mission from which business schools have drifted in their focus on a narrow short-term vision of business and of business education.

Several emerging trends in business education stand as responses to the emphases of the last few decades, and they all involve tying practice to a sense of broader or deeper purpose. Generally, these approaches involve moving from what might be called a “rules-plus-analytics” model of management education to a “principles-plus-implementation” focus.

A rules-plus-analytics model teaches that the rules governing corporate behavior — whether imposed by regulation, by competitors, or by one's own management — are simply constraints to be overcome; the analytic tools represent ways to work within or around any rules in your way, for the sake of winning the most immediate competitive game. This model emphasizes impersonal aggressiveness, in which managers walk as close to the legal and ethical line as possible — even crossing over it when they expect they won't get caught. It encourages students to interpret Adam Smith's “invisible hand” theory (which says that individually motivated actions combine in unplanned ways to enrich the greater community more than top-down policies ever could) to mean that in any given situation they do not have to consider the wider implications of their choices because the market will.

A principles-plus-implementation model of management education, by contrast, starts with the fundamental questions of why a business exists and how it builds and deploys wealth. It teaches the reasons for rules — the principles underlying them and the history behind their creation — and offers the challenge and the opportunity to practice decision making in the service of the goals that the rules were created to achieve. This model focuses on the individual's acceptance of professional responsibility for a wider commitment to the public good. In this model, as Khurana notes, leadership success is a matter of personal and collective knowledge, judgment, and commitment, fueled by an awareness that the invisible hand works only under optimal conditions and that it cannot be relied upon as a safety net or, worse, a get-out-of-jail-free card.

Within the principles-plus-implementation model,

# What You Should Know about Your New Hire

by Steffen M. Lauster and Gustavo Alba

The world is asking something new from masters of business administration, and MBA students are responding by demanding something new from their schools and future employers. Given that the MBA talent pool is a key component of the talent acquisition strategy at our own firm, we're experiencing this phenomenon firsthand. It is evident in surveys of MBA students as well.

In recent years, an MBA degree from a top-tier school has often been seen as a ticket to an elite career: a way to join a global professional firm or to escalate progress up the corporate ladder of a Fortune 500 organization, while expanding one's business network. Harvard Business School Professor Rakesh Khurana writes in his book *From Higher Aims to Hired*

*Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton University Press, 2007) that business schools attract students by demonstrating first and foremost that they "provide access to high-paying jobs, [placing] students in fields such as investment banking, hedge funds, and private equity, where the economic rewards available to new MBAs dwarf those offered by traditional management positions." But that view may be incomplete. To be sure, the best MBA students expect to be well rewarded financially. But they also insist on looking for challenging, interesting work from Day One; they aspire to be involved in projects that will develop them intellectually, with men-

tors who are team oriented and encourage creativity. "I want to be stretched," they say. "I invested two years in an MBA, and I don't want to return to the same kind of job I had before." Many students include a stint at a not-for-profit organization in their career plans.

Above all, business school students want to make an impact early on. This is not necessarily altruism. As the supply of MBAs around the world continues to grow (with dozens of management schools opening in Asia and a growing number of executive and virtual MBAs available), new graduates are looking for an edge. Today's MBAs need to distinguish themselves, and they know that quantitative skills alone are no longer enough. To lead in the complex world of global manage-

education provides opportunities for repeated practice. Students, instead of learning to manage up to the edge of the law and to assume that their ability to "make the numbers" will override the need to fix whatever messes they create in the world at large, have the opportunity to consider a broader vision of their purpose and role as business leaders and to practice taking responsibility for it. The new approach places emphasis on asking, What if we could manage in a responsible and skillful way? What would that look like? It helps people recognize the value of profit and wealth as not only something to accumulate, but something to use in building new enterprises or solving new problems.

Educators are taking advantage of the comparative safety of the classroom to encourage this kind of experimentation. The stakes are lower in school than they are on the job, so this is the appropriate time for students to take risks, to experiment with alternative framings of problems, to go down blind alleys, to ask the "un-askable" questions, and even to "change their minds in public" without fear of seeming weak and diminishing their stature, as Harvard Business School Professor David Garvin has argued.

Although time pressures still exist for the MBA student, the classroom offers the chance to slow time — to deconstruct a situation, to learn the value of reflection and the creative power of shifting one's attention away from a narrowly defined focus for a moment, and to build up the capacity for rapid response by first practicing the components of decision making and implementation in slow motion. Just as a swimmer practices the components of his or her stroke before putting them together and building speed, so managers-in-training can use the practice field of a classroom to develop the muscle memory necessary for better judgment.

For example, the opportunity to use time constructively and to practice management skills with opportunities for "do-overs" is the bedrock of an innovative curricular approach to values-based decision making called Giving Voice to Values. Sponsored by the Aspen Institute and the Yale School of Management, it is being piloted in more than two dozen institutions globally. The curriculum links implementation to personal commitment and self-awareness. Drawing both on the actual experiences of business practitioners and on social science and management research, Giving Voice to

ment, they will be expected to oversee change, synthesize disparate information, come up with solutions to complex problems, and demonstrate not just intellectual sagacity but emotional intelligence.

Members of the generation currently in business school have some natural advantages over their predecessors: Having grown up with collaborative technologies such as instant messaging, social networking, and text messaging, they gravitate toward team-based cultures. But they may need to develop other attributes more deliberately. Can they empathize with colleagues and direct reports? Can they work with people from a wide variety of backgrounds? Can they communicate in multiple languages and remain unfazed in unfamiliar situ-

ations? Can they give constructive feedback? Can they handle instant feedback from others?

If the answer to these questions is no, MBAs know they won't get help in many organizations — because the senior executives they work for may not have these qualities either, or because the organizational model may not allow entry-level associates to develop these broader skills. Nor is it clear that they can find this sort of training in a classroom of the typical business school. Thus, the top students seek out schools and companies that serve as apprenticeships in management practice, places that allow them to train in several lines of business, develop leadership skills, work around the world, and build relationships that last a lifetime.

Companies that take this imperative seriously — stretching and nurturing their incoming employees — will gain disproportionate access to the best and brightest business school graduates, and especially to those with the most leadership potential.

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Values fills a long-standing and critical gap in business education by expanding the definition of what it means to teach values and business ethics. Rather than focusing on ethical analysis, this new curriculum poses the questions, What if you, as a business leader, were going to act on your values? What would you say and do? How could you be most effective? And it provides opportunities to build the capacity for values-based leadership, by giving students opportunities to practice articulating their ideas and action plans in front of their peers.

### **Stakeholders and Sustainability**

For as long as I have been involved in management education, critics have decried the “silo-ing” of management knowledge; that is, the artificial and counterproductive separation of accounting, operations, marketing, and finance. Similarly, for decades, there has been a call for greater attention to diverse stakeholder perspectives, both internal and external, in business decision making. And the growing interest in business sustainability recognizes the short life span of many companies, as well as their damaging impact on social and ecological systems. But these concerns have had lit-

tle influence, until now, on the overall structure of the typical MBA curriculum.

Every few decades, however, a wave of curriculum review and reform sweeps through business schools, and that seems to be happening now. Under way are some striking efforts to address concerns about silo-ing, lack of broader perspectives, and, in particular, unsustainability. A number of schools are developing systematic ways to incorporate the views and interests of multiple stakeholders, including investors, employees, and the community at large, into the decision-making processes and frameworks that they teach their students. The sustainability idea, which was originally associated with the natural environment, is now linked with broader social impacts and covers topics such as microlending in developing regions, maintaining respectful relationships with the communities in which a company locates its facilities, and taking care in handling the personal information of a company's customers. Sustainability has become a popular way to frame a commitment to managing for the long term, allowing for more discussion of the risks associated with the now-prevalent short-term, quarter-by-quarter managerial emphasis. Discussions of

sustainability also offer an explicit opportunity to talk about a corporate purpose that goes beyond maximizing shareholder profit.

The Yale School of Management has redesigned its core curriculum around eight “Organizational Perspectives” courses. Four of these courses take the external point of view: Investor, Customer, State & Society, and Competitor. And four take the internal perspective: Innovators, Operations Engine, Employee, and Sourcing & Managing of Funds. By organizing the curriculum in this way, Yale has challenged its faculty to cross the barriers of its fields of study. “We’re not doing away with the disciplines entirely. We’re setting them in a new context,” Dean Joel Podolny has explained. “If you talk to investors, they will tell you that to be an investor you have to know finance. But they’ll also tell you that investment is about being able to figure out where future earnings are coming from. Well, to understand future earnings, you have to understand strategy [and] organizations, and have the ability to analyze the leadership. The minute you adopt the investor perspective, as we have in the new curriculum, you start thinking about questions like, ‘What are the different classes of investors? What are they optimizing on? What information do they need? What are the things that a manager would need to know to engage those different constituents?’ When you anchor the course in the functional discipline of finance, you could cover some of those questions eventually, but they don’t arise out of the discipline. But they do arise out of the context of a manager trying to engage the investor.”

Taking the investor perspective in this nuanced way makes it possible to address questions about maximizing shareholder value that can get lost in the typical curriculum: questions about the diversity of the shareholders’ aims; the market’s requirement of transparent and accurate information; the problems of asymmetric information, externalities, and conflicting time frames; and so on. These questions have major implications for business, and now schools have a context, language, and lens for raising them in the core curriculum.

One of the most beneficial aspects of this new structure is that it forces faculty to communicate across disciplines when they frame a classroom issue, mandating integration of ideas and translation across fields. Stretching to find commonality helps faculty members frame their research in ways that enable students to see the practical implications. For example, a study on the holding patterns of different classes of investors

might seem “wonkish” to a finance student who is assigned a peer-reviewed article; when linked to strategy, however, it is suddenly relevant to the case of a CEO taking a firm public. How can that CEO structure the investor road show to attract the kinds of shareholders who will buy into a long-term business strategy? As they learn to convincingly express the need for patient capital, students gain a skill essential to leaders in today’s global business environment: the ability to communicate effectively across a variety of functions, positions, and perspectives.

For the MBA program at Washington State University (WSU), “Stakeholder-Focused Leadership for Sustained Business Success,” launched in the fall of 2007, the curriculum’s designers spent three years talking with alumni, business leaders, students, and faculty to gather data, test hypotheses, and evaluate their progress. Unlike Yale, the school has preserved most of its traditional MBA courses, but has revised each course syllabus to incorporate the views of an organization’s stakeholders and to build on the idea that the core of any firm’s purpose is long-term sustainability, which the school describes as “the process of balancing stakeholder expectations with the strategic plan to achieve the optimal resource mix for long-run performance.”

WSU faculty determined that any effort to integrate a stakeholder orientation into business practice required a rigorous, relevant, and responsible methodology for managing the inevitable trade-off decisions that arise once a company moves beyond the single goal of shareholder value maximization. They developed stakeholder-focused learning objectives for each of the required courses in the WSU curriculum. These objectives include identifying an organization’s resource needs and the stakeholders who supply or control those resources; the organization’s potential impacts on those stakeholders; and, most importantly, a model for understanding how the organization’s strategy would influence stakeholder relationships and, thus, resource availability. In every course, students talk explicitly about the ways in which a corporate strategy can succeed in the marketplace and still satisfy the needs of a variety of critical people, including investors, employees, and customers, precisely because it recognizes these groups as resources.

For example, the accounting course now focuses on the design of organizational control measurement systems, emphasizing that what a firm chooses to measure — in this case, the stakeholder contributions and requirements that it tracks — determines its ability to

## Some schools are using the concept of sustainability as a lens through which to view traditional MBA disciplines such as finance and operations.

accurately forecast performance. And a new course, Managing Value-Chain Partnerships, emphasizes the building and managing of long-term and mutually beneficial relationships with alliance partners, vendors, and distributors.

The school has also created an introductory required course, Stakeholders, Resources, and Competitive Advantage, that lays out its resource-based theoretical framework, and a required course called Business Ethics and Public Stakeholders that serves as a capstone to the entire curriculum. Finally, as an example of the evolving emphasis on implementation as well as principles, WSU is creating a course on negotiations and stakeholder engagement that focuses on how managers communicate and operationalize a sustainable stakeholder strategy once they have built it.

Yale and Washington State are not alone. Georgia Tech, the Presidio School of Management in San Francisco, the Bainbridge Graduate Institute in Washington state, Duquesne University's School of Business in Pittsburgh, the College of Santa Fe, and the Monterrey Institute of Technology in Mexico are all reframing their curricula around the theme of sustainability, defining business purpose broadly, with explicit concern for its impact on the wider society. This reframing can take many forms, such as encouraging the development of new elective courses or designing a program rooted in a commitment to sustainable business practice.

Other schools are using the concept of sustainability as a new lens through which to view a variety of traditional MBA disciplines. Columbia Business School and the University of Stellenbosch Business School in South Africa are both applying the concept to finance and operations, exposing students to the latest tools and

metrics being used in the finance and insurance industries to measure potential risks arising from the environmental or social impact of investments. The University of Denver's Daniels College of Business has made Creating Sustainable Enterprises one of the six foundational courses that anchor its curriculum redesign. Each of these courses aims to integrate intellectual rigor with practical experience across multiple disciplines. Sustainability has also been an umbrella for many of the entrepreneurship courses, projects, and business plan competitions at such schools as the University of Virginia and University of Colorado.

Finally, sustainability is often a mechanism for tapping multiple perspectives within the business school and for creating conversations across schools and professions. At Cornell University, for example, under the leadership of professor Stuart Hart (author of *Capitalism at the Crossroads: The Unlimited Business Opportunities in Solving the World's Most Difficult Problems*, Wharton School Publishing, 2005), the Center for Sustainable Global Enterprise is sponsoring a new program to foster ventures that develop, institutionalize, and bring to market clean, renewable, and nontoxic technologies. The related courses and research projects draw on Cornell's schools of business, engineering, hotel management, and industrial relations.

Many of these programs have an emphasis on experimentation; faculty test new approaches with students, and students are engaged in real-time, messy, and less "packaged" materials. For example, Yale's series of case experiences called Integrated Leadership Perspectives gives students a chance to apply their understanding of sustainability and strategy to actual corporate decisions. One "live case" experience allowed

## At Northwestern's small, nonprofit biotech company, business, engineering, and medical students work together on "a new R&D model for the developing world."

students to shadow the Blackstone Group's private equity bid to purchase the real estate investment group Equity Office Properties Trust. This hotly contested takeover battle, with competing bids and board conflicts, was actually taking place as the case was being taught. Students had only raw data at their disposal: press coverage, current financial filing information, and so on. Just as the perspectives courses allow students to take a multidisciplinary approach to one stakeholder or constituency, these integrated cases allow them to take a multi-stakeholder or constituency approach to a particular management situation.

### The Power of One

To move into a principles-plus-implementation model, business education must teach people to articulate and embody abstract principles, and to develop innate judgment for use in principle-based practice. This helps explain the increasing emphasis in many schools on individual self-awareness and on building social skills and psychological insights. This trend reflects the market demand for a customized educational experience that is relevant and empowering to the individual student, as well as the increasing influence on business schools of the hard and soft sciences, including such disparate fields as evolutionary biology, neurobiology, behavioral economics, social psychology, cognitive science, narrative psychology, and linguistics.

The complexity of human motivations, biases, and heuristics in decision making and the definitional and normative power of framing are becoming important considerations in courses that raise topics we used to see only in the ethics curriculum. Students now have the opportunity to articulate both their cognitive and their

emotional approach to a situation, as well as the approaches of those with whom they wish to collaborate or whom they wish to influence. Their awareness of these factors can shape their vision and determine how effectively they can implement their decisions.

These expanded topics are addressed in a variety of ways. Northwestern University's Kellogg School of Management offers a weeklong experience in "crisis communication," during which students have the opportunity to analyze and practice their responses to high-stakes conflicts as if they were talking to the press. The scenarios unfold over the course of five days, with new information and new complexities added each day. The students begin to see not only the kinds of information and analysis that are necessary to address scenarios such as product tampering or plant accidents; they also have the chance to test their presuppositions and hone their decision-making and communication skills. In another Kellogg course, Values-Based Leadership, students are exposed to research on how people tend to think about values conflicts, and they learn how "to take the disparate value propositions of various stakeholders and integrate them into a coherent vision," according to Kellogg Professor Adam Galinsky.

The Rotman School of Management's Marcel Desautels Centre for Integrative Thinking at the University of Toronto focuses on developing a curriculum that draws on the latest cross-disciplinary research to encourage students to become more aware of, and exercise greater control over, their own reasoning processes. A new required course at Stanford University, Critical Analytical Thinking, which seeks to engage faculty from across the school's disciplines, and a new Yale course, Individual Problem Framing, are examples of the

new curricular attention to examining the ways in which habits of mind can determine and limit a person's options. This approach is intended to teach future leaders to question their own insular or sometimes wrong-headed assumptions and frameworks; to expand their ability to understand one another when their attitudes, priorities, and backgrounds differ; and to strengthen their capacity to find common ground.

In many schools, as students set their own learning objectives and career paths, they also have the opportunity to customize their education experience. Schools are increasingly building in self-assessment experiences for their students, allowing them to understand their own individual thinking, decision-making, and interpersonal tendencies. Related exercises include self-assessment surveys and 360-degree evaluations, all addressing leadership style, learning style, and ability to work in a team. The students can then customize their education to build on their strengths and address their limitations through electives and skill-building workshops. The University of Chicago has used such tools for some time, Stanford is rolling them out to the entire student body as part of its current curriculum reform, and the University of Texas at Austin's McCombs School of Business is planning to launch a self-assessment effort of its own. At the heart of this trend is an attempt to make the insights of cognitive research directly relevant and useful to the individual students, and to help them take control of their own reasoning and action tendencies, emboldening them to pursue both the organization's purpose and their personal purpose more effectively.

### **Experimentation, Practice, and Social Innovation**

Practical experience in social innovation can build a person's capacity to act skillfully in a variety of complex situations, especially in those increasingly common circumstances in which business must build alliances with the public sector and with nongovernmental organizations (NGOs). Moreover, the best managers will frequently find themselves, as noted by Anne-Marie Slaughter, dean of Princeton University's Woodrow Wilson School of Public and International Affairs, switching jobs among the private sector, the government

sector, and the nonprofit sector throughout their careers. In that spirit, many schools are now directing their students toward real-world projects that employ "social entrepreneurship," using the practices of business to solve both business and wider societal problems. Their students find ways to broaden the positive impact of business by bringing social goals to traditional for-profit management; by applying business skills to nonprofit and NGO management; and by developing new models of hybrid, social-venture corporations. These hybrids might include, for example, environmentally innovative manufacturing companies or community development banks like the Grameen Bank. Such organizations explicitly focus on both financial and social bottom lines, pursuing profits while fulfilling social or philanthropic goals.

In contrast to the conventional sink-or-swim model of practical education, which places students under extreme competitive pressure with the narrowly defined goal of outdoing one another in a forced-curve classroom situation, these experiences have practical purposes, defined broadly to encompass both business achievement and positive social impacts. They put students in direct contact with people already engaged in enterprise in a variety of sectors, communities, and cultures. The context is designed as a learning experiment, with mentors and a collaborative spirit.

A case in point is the Global Health Initiative (GHI) at Northwestern University. In 2005, the university set up a collaborative effort including industry, nonprofits — notably the Bill and Melinda Gates Foundation — and faculty from three professional schools to develop and test what the GHI principals call "a new R&D model for the developing world." They explain that "the regions that most need various health-related technologies often do not have the market potential to trigger the R&D expenditures required to adapt the existing technologies, such that they can be successful given realities of limited skilled personnel and infrastructure challenges." GHI has framed this challenge as "simply a market problem."

The university has set up what amounts to a small, nonprofit biotech company. To address the needs of

developing countries, graduate students from the Robert R. McCormick School of Engineering at Northwestern are working to modify the intellectual property contributed by GHI's corporate partners, including Abbott Laboratories and Inverness Medical Innovations, and Kellogg School of Management MBA students are working to understand the market dynamics, government requirements, and distribution challenges on the ground. Finally, researchers from Northwestern's Feinberg School of Medicine will conduct field trials on the findings of the first two teams. Kellogg Professor Daniel Diermeier explains: "This gives students the experience of working in a medical device environment from cradle to grave. They do everything from initial market research to working with the engineering team to dealing with myriad implementation problems, all in a protected environment and on projects that have the potential to do a lot of good in this world."

Northwestern's GHI is only one of many practical experiments that hold the promise of giving students the chance to practice their decision-making and implementation skills, as well as to see themselves having an impact that goes beyond the bottom line. This kind of experience can be intoxicating. In fact, a review of curricular efforts in sustainability reported at Wharton in 2004 found that such practical and entrepreneurial initiatives were both driven by and most favorably received by business students.

### The Next Generation

It may be too soon to report on the full impact of the management education transformation, but judging from student input, several things are becoming clear.

First, these changes are all responses to demand

from students, alumni, faculty, and practitioners. It is hard to overstate the importance of student demand. Student-run associations that focus on business's positive role in society, like Columbia's Social Enterprise program, are growing rapidly. Faculty Director Ray Horton notes that as he has seen an increase in the number of students who identify themselves as interested in social questions, the tenor of the conversation in class sessions has been changing. The MBA association Net Impact — "a global network of leaders who are changing the world through business" — attracted an all-time high of 2,000 current students to its most recent annual conference at Duke University. It decided to expand the membership to include MBA alumni in an effort to build continuity and increase the association's influence after its members leave school.

Also driving this transformation is a partnership between faculty with new scholarly interests and practitioners with an appetite for creative ideas and new ways to assess them. This appetite is encouraged by a marketplace that is increasingly responsive to environmental concerns and a public sector that is being pushed by the excesses of the previous decades to develop new regulatory mechanisms. More and more, faculty members are fostering and even demanding student projects that focus on social and environmental ventures. Kellie McElhaney of Berkeley's Haas School of Business debuted such a course at the University of Michigan and took it to Berkeley when she moved there to lead the Center for Responsible Business.

The students who embrace these new curricula are not only intellectually prepared and practically trained but personally empowered to do things differently. For example, a recent report from the Bainbridge

Graduate Institute — a pioneering MBA program focused on sustainability — listed numerous part-time students who currently lead sustainability programs for their employers. These employers include a civil engineering and development firm, a major oil company, a leading computer manufacturer, and a large specialty retail chain.

The MBA graduates of these new curricular programs talk about addressing the fundamental problems of business today: balancing short-term pressures against long-term goals, addressing the threat of climate change, and finding ways to fix an unsustainable health-care system. It is clear that they seek an education that supports their desire to break boundaries and to marry their drive for personal success with a wish to build a better world through business.

The move to a principles-plus-implementation model in business education could lead to a growing cadre of entrepreneurs who are impelled to solve societal problems — for example, water shortages in India or energy needs in Africa — in a way that is both profitable and effective. It could lead to a new cohort of CEOs and CFOs who work together to create persuasive statements of long-term strategy that attract the trust of value-based investors who would like to buy and hold, rather than buy and jump. Or it could mean a new generation of managers who raise questions about the social equity or environmental wisdom of the usual ways of doing things, and who raise those questions in a constructive, open, informed, and practical fashion — who can be nonthreatening in their mode of expression because they themselves are not threatened. At their best, these new business leaders, grounded and trained in a more comprehensive manner than their

professional predecessors, may dare to achieve more because their purpose is larger and they have capabilities to match their daring. +

Reprint No. 08209

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## Resources

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Andrea Gabor, “Lessons for Business Schools,” *s+b*, Spring 2008, [www.strategy-business.com/press/article/08111](http://www.strategy-business.com/press/article/08111): Resources on the history of management education and its relevance to the needs of today’s business environment.

Mark Gerencser, Reginald Van Lee, Fernando Napolitano, and Christopher Kelly, *Mega-communities: How Leaders of Government, Business and Non-Profits Can Tackle Today’s Global Challenges Together* (Palgrave Macmillan, 2008): Illuminates how groups from different sectors working in concert can address problems none of them can solve alone.

Rakesh Khurana, *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton University Press, 2007): A Harvard Business School professor’s review of the history and purpose of management education and an outline for reform.

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