

DIVERSIFYING

The B-School Model

The 21st-century business school will need to emphasize globalization, leadership, critical thinking, and change management. It also might need to revise how education is actually delivered.

BY HOWARD THOMAS, PETER LORANGE, AND JAGDISH SHETH



Is it time to reframe the value proposition of management education? Should business schools pay less attention to teaching narrow discipline specializations and spend more time developing holistic thinking skills that allow students to synthesize and integrate information? We think the answer is yes.

While there have been new approaches to business education since the 1950s, most of these have been modest, incremental changes that have kept business education firmly anchored in the economic and social sciences. However, rapid and sometimes unwelcome changes in the economic and competitive environments have ushered in new threats and opportunities, and schools must adapt to these realities.

In our 2013 book *The Business School in the 21st Century*, we detail promising innovations in business school curricula. These models emphasize globalization, leadership, integrative thinking, critical thinking, problem solving, and practical relevance, while helping students understand the underlying purpose of business. We want to explore a few of those models here—but first we want to examine the forces that have led to renewed calls for more radical approaches to business education.

The Current Environment

Four key factors have rewritten the context in which business schools operate today:

■ *Changes in the economy.*

Economic growth has shifted from the developed nations of the West to the emerging economies of the East and South. In developed nations, fewer students are enrolling in undergraduate and graduate programs, and even the relatively

stable executive education market seems to be in a recession. The business education industry is experiencing reduced demand, greater turbulence, and more market-driven cycles.

These new realities mean that speed and agility are essential for academic leaders. Schools must be quicker to adapt curricula and faculty to changing circumstances; they must be quicker to teach different topics, research fresh subjects, and identify updated competencies for their professors.

■ *Changes in our students.* Students at all levels are requesting more project-based learning, which requires a broader and more eclectic perspective. This means schools need to change their curricula, consolidate their academic departments, and put less emphasis on discipline-focused research. They will need to move from embedded academic traditions to multidimensional, multidisciplinary teaching and research, and they will need to do it quickly.

■ *Changes in the job market.* Students are increasingly questioning how companies address issues of sustainability and community. They also are demanding more job-specific degrees, and schools are responding by developing specialized master's degrees in areas such as banking, marketing, human capital management, and data analytics. This is a trend recommended by the European Bologna Accord. Once students have earned their specialized degrees, they might be more interested in returning for general MBAs.

■ *Changes in funding.* The current traditional model of business education is expensive to maintain,

and sources of funding are drying up. At the same time, stakeholders are paying attention to not only where money is coming from, but also how it's being spent.

In many countries, the major portion of business school funding has traditionally come from the state, which perceives education as a public good. However, state officials are reluctant to provide funds to business schools during a time of economic stringency—and during a time when both big business and the financial sector are viewed as anathemas. Even traditional public funding sources are starting to require students to contribute to the cost of their educations, with the U.K. government leading the charge.

As state funding decreases, tuition inevitably rises across all student levels. For instance, in the U.S., more than 100 institutions charge more than \$50,000 a year for fees, room, and board for a four-year undergraduate degree. Tuition fees for the top 20 U.S. MBA programs are around \$100,000, and an EMBA can cost \$170,000.

Historically, students have judged the ROI on business tuition to be worthwhile, but increasing tuition might cause them to perceive that the costs outweigh the benefits. In the U.K., the country's high cost of undergraduate tuition appears to be depressing university applications.

How are business schools spending their diminishing incomes? Not surprisingly, a huge portion goes to paying full-time faculty, and a smaller amount to part-time faculty. But this reward system is under review. For instance, in the U.K., teaching-intensive universities require faculty to teach at least 250 hours per year at a cost of about

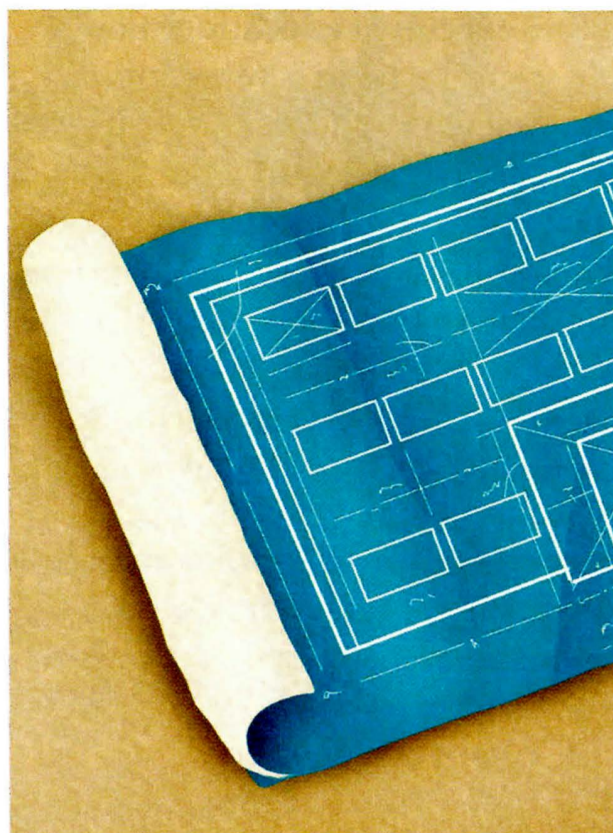
€300 per hour (about US\$407). At research-intensive universities, faculty often command higher salaries but teach fewer classes, so their hourly teaching cost approaches €2,000 (US\$2,700).

It's apparent that many institutions have a costly faculty model in which teaching-oriented professors are only in the classroom for about 30 percent of their time and research-oriented professors for about 10 percent of their time. That means that for 70 to 90 percent of their time, they're not generating tuition income for the school. But we believe there are ways schools could better utilize their faculty to improve the quality of the learning process and still allow faculty time to produce high-quality research.

For instance, schools could modestly increase teaching loads. They also could make greater use of technology by conveying core business knowledge through MOOCs or video lectures. Then professors can reserve class time for action-based experiential learning sessions that emphasize both theory and practice. In this way, a professor moves from being "a sage on a stage" to a learning facilitator.

While adjusting the cost expense of the equation, schools might also pay closer attention to the income side. For instance, they could consider adding blended programs to bring in new global customer segments, while maintaining a closer watch on their breakeven points.

Taken together, these four factors provide clear challenges to the traditional, expensive model of business education. Can schools meet these challenges while also maintaining high academic standards? Again, we think the answer is yes.



University in Montreal and now also holds its 16-month program at four other schools: Lancaster University in the U.K., the Indian Institute of Management in Bangalore, Renmin University in Beijing, and FGV/EBAPE in Rio de Janeiro. Designed for experienced managers, the IMPM is built around five interdisciplinary themes, or mindsets: managing self (the reflective mindset), managing relationships (the collaborative mindset), managing organizations (the analytic mindset), managing context (the worldly mindset), and managing change (the action mindset).

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New Models

We believe that 21st-century management education needs to be broadened, if not reimaged. Students must learn managerial skills such as problem framing, strategizing, and implementing change. Graduates also need to be able to synthesize, criticize, and think analytically, while working within a global environment. All these skills require holistic thinking, rather than specialization in a functional domain.

Various educational models already exist that provide interdisciplinary education and nontraditional learning environments. We consider eight of them particularly promising:

■ *The practice-centric model.*

The Mintzberg International Master's Program in Practicing Management (IMPM) originated at McGill

interspersed with modules on operational excellence and value creation, address the practice of managing in a holistic way. The IMPM program relies on interactive, active, and experiential learning; it also benefits from students' own managerial experience as it helps them develop cross-disciplinary perspectives on the process of managing. In addition, this program treats management as a practical act and stresses the links between education and practice.

■ *The balanced model.* The MBA offered by the Haas School of Business at the University of California in Berkeley balances theory with practice. The integrated and experiential curriculum is built on four elements that encourage students to question the status quo,

develop confidence without attitude, be students always, and move beyond themselves to consider long-term business interests.

The curriculum focuses on ten capabilities grouped into three clusters: *defining opportunities* by framing problems, recognizing opportunities, and experimenting; *making choices* by identifying revenue models, evaluating ideas, and detecting risks; and *building organizational capability* by influencing without authority, managing ambiguity and conflict, promoting team creativity, and relying on adaptive governance.

To make sure electives are integrated with core courses, students are required to choose one of nine experiential learning programs. Among them is Haas@Work, in which student teams evaluate problems and develop solutions for real businesses. While the curriculum is anchored in a research-based social science framework, it also focuses on developing ethical, practical, and integrative skills.

■ **The liberal arts model.** The undergraduate curriculum at Singapore Management University (SMU) incorporates a core curriculum inspired by the liberal arts. The goal is a blended learning model that delivers both management knowledge and a liberal arts education.

Among the courses is Technology and World Change, which uses the history of science to introduce students to technological and scientific modes of thinking. Classes in business, government, and ethics are linked to key disciplines and designed to help students achieve ethical maturity. Other courses—in topics such as analytic thought, creativity, communication, and leadership—encourage students to

develop broader forms of thinking.

■ **The design thinking model.** Like SMU, the Rotman School of Management at the University of Toronto offers a curriculum that incorporates liberal arts elements. Rotman's goal is to develop critical, creative, holistic thinkers who can make moral and ethical decisions. But the curriculum is really set apart by its electives, such as those developed by Rotman's Design Works, which teaches students to use iterative design principles in their quest to be innovative, action-focused, and open-minded.

In addition, the school aims to develop a "three-dimensional" MBA that is deep, broad, and dynamic. In the interests of going deep, Rotman requires students to take courses such as Foundations of Integrative Thinking, as well as a related practicum, at the outset of the program. These courses not only teach students the underlying logic of business models, they also demonstrate how diverse areas such as finance, operations, and management can be

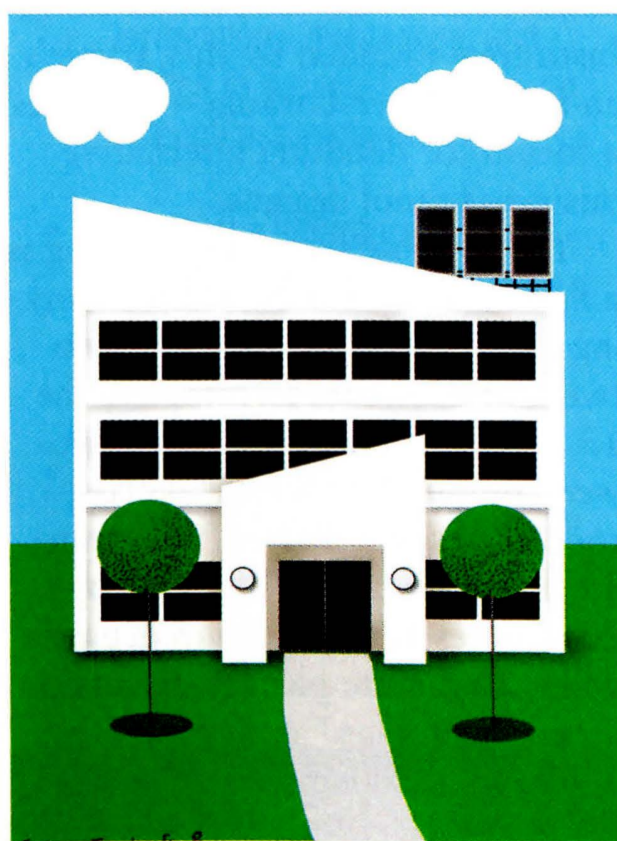
integrated to address real-life business problems. To embrace breadth, the school reinforces the idea that most business problems are messy, ambiguous, and complex. To keep the program dynamic, the school offers more than 90 electives.

■ **Multidisciplinary models.** Multidisciplinary programs have been pioneered in recent years at the Yale School of Management in New Haven, Connecticut, and at Stanford University's Graduate School of Business in California. While their programs differ, both use multidisciplinary approaches to help students develop skills in critical thinking, cultural intelligence, leadership, and ethics.

The Yale SOM has restructured its curriculum to break out of traditional silo teaching based on functional disciplines; instead, it offers courses built around the organizational perspectives of customers, competitors, investors, and society. The school also has added a problem-framing course to help students develop critical perspectives as they view management problems through various disciplinary and historical lenses.

Similarly, Stanford GSB's new multidisciplinary curriculum has four key elements: it's highly personalized, it's global, it offers a deep intellectual experience, and it emphasizes the development of leadership and communication skills.

For instance, courses offered in the first quarter build an integrated understanding of management by focusing on organizational behavior, strategic leadership, managerial finance, and the global context of management. During the same quarter, students are required to take a course on critical analytical



thinking. The overarching goal is to develop managers who think critically about important issues, make decisions responsibly, and develop strong, compassionate, moral values.

■ *The blended learning model.* While early distance learning programs combined structured tutorials with face-to-face teaching, more recent versions also incorporate real-world experience. For instance, Open University in the U.K. retains faculty who produce and update core materials—but it also increasingly brings practice-based experiences into the classroom. Students share learning experiences and make a virtue of action learning. (Read more about the OU model in “Open Season,” which appeared on page 30 of the September/October 2012 issue of *BizEd*.)

OU isn't the only school that combines a strong IT platform with an investment in faculty resources. The same attitudes prevail at traditional schools with strong online presences, such as Indiana University and the University of North Carolina Chapel Hill in the U.S., University of Warwick and Henley Business School in the U.K., and Instituto de Empresa in Spain.

■ *The stakeholder model.* While many business schools still argue for stakeholder primacy, new educational options emphasize *all* stakeholders. For instance, the 50+20 Project: Management Education for the World aims to provide education and research that is relevant and applied, holistic and integrated, responsible and sustainable, and interdisciplinary and multileveled.

This partnership argues that, in the future, business schools should be judged on the skills and quality



of their graduates. The project's broad stakeholder vision stresses managerial relevance and embraces a collaborative form of socially responsible, democratic capitalism. Graduates master holistic decision making, which takes social and environmental factors into account, as well as entrepreneurship, leadership, and critical thinking.

■ *A radical model.* Different from all of these is the Lorange Institute of Business Zurich in Switzerland, which links the classroom, the real world, and the business disciplines in an unconventional pedagogical fashion. It has no departmental silos, minimal full-time faculty, and no academic tenure. Above all else, the Lorange Institute—founded by this article's co-author Peter Lorange—provides a forum for debating alternative business school designs.

The institute's primary offering is a flexible EMBA designed for working executives, who take between two and five years to complete the 13 two-day modules and five two-week modules. In a typical classroom, a teacher delivers a 20-minute lecture, which is followed by 20 minutes of small-group debate and a 20-minute plenary discussion in an “open-plan” design, which reinforces learning. The cross-disciplinary curriculum is taught by a

network of part-time visiting professors—most of them academics, but some of them leading practitioners from firms and consultancies.

The school also eschews the typical bureaucratic administration by outsourcing functions such as accounting, public relations, and IT. An open office structure encourages efficiency and interaction between occupants—for instance, Lorange works at a large table in the lobby area. Such a low degree of bureaucracy allows the school to maintain lower costs and to respond quickly to student needs. (More details about the Lorange Institute can be found in “A New Model for Management Education,” which appeared on page 38 of the January/February 2010 issue of *BizEd*.)

What's Next?

As these examples show, business schools of the future do not have to pattern themselves after elite U.S. institutions, which usually change slowly and incrementally. In fact, our hope is that, in the future, the global and competitive nature of management education will result in far more diversity in business school models. We also hope to see continued experimentation and innovation as business schools redefine themselves for the 21st century. **Z**

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