

THE BIG IDEA: Minding your business mindfully

Strategic management expert Howard Thomas says it is high time that the world of business, which includes the art of management, be professionalised just like medicine, law and engineering.

To do so, business leaders would need to "codify" a body of business and management knowledge and best practices, and set standards for what is and is not acceptable in doing business. Entrepreneurs will then have to sit an exam to test how well they meet such standards, especially those of integrity, transparency, accountability and incorruptibility.

In the meantime, he suggests the following starting points to doing business mindfully:

■ Study history because business, like life, is a cycle. In particular, read histories of The Great Depression, including

Milton Friedman and Anna Schwartz's *The Great Contraction*.

■ Devour the great books, which should not be limited to the works of Greek sages such as Socrates, Plato or Aristotle. Delve into books on values that are especially relevant today such as Harper Lee's *To Kill A Mockingbird*, which examines race relations; John Steinbeck's *The Grapes Of Wrath* (labour relations); George Orwell's *1984* (pervasive surveillance); and William Golding's *Lord Of The Flies* (disintegrating society).

■ Seek out and mingle with your business school seniors or admired entrepreneurs, especially those from your own country or region. Learn how they behave in different societies and respond to various cultural niceties.

Business 101: Greed is not good

SMU don pushes for the teaching of ethics and social values to management students



By CHEONG SUK-WAI
SENIOR WRITER

SHORTLY after Hurricane Katrina hit New Orleans in August 2005, Professor Howard Thomas visited the devastated city and found it "a total mess".

Prof Thomas, 70, is the dean of the Lee Kong Chian School of Business at the Singapore Management University (SMU). He had been in New Orleans to lend moral support to his eldest son, David, who was then helping to rebuild the city with the non-governmental, non-profit re-housing group Habitat For Humanity.

A year later, the younger Mr Thomas was still "standing on wood beams and banging nails into them" and Prof Thomas visited him there again.

He recalls: "I met my son in the same area, and all of the people there hadn't done much with the houses they had lived in."

"But they all had brand-new 4x4 vehicles parked in their homes; they had bought them with the money given to them by America's Federal Emergency Management Agency."

"The total waste of money and total lack of management skills were absolutely incredible."

If only they had been taught management skills, he rues, such as how to line things up to solve problems. How to follow up on problems. But most of all, how to live by the right values.

He says there is no more pressing need for values than in business schools, which many in society have degraded since the 2008 global financial crisis for turning out graduates who are only out to make a quick buck.

He is disdainful of efforts by most business schools to "re-design" their curricula to address such criticism. As he says: "Business education is not about paying lip service to courses on ethics, corporate social responsibility and sustainability, but to make morality endemic in all that we do. Life lessons have to be embedded in our moral fibre, not just talked about in a lecture theatre."

His big idea, then, is that business, which to him includes management, should be made a profession and so entrepreneurs should



Prof Howard Thomas has made 16 of his school's 36 courses about shaping one's moral core. He also ensures that his students give back to society in some way. PHOTO: SINGAPORE MANAGEMENT UNIVERSITY

be trained in and tested on best practices and held to strict standards, as doctors, lawyers and engineers already are.

For too long, he notes, the study of management has been frowned upon by academia as being unscientific and so unsuitable for august ivory towers.

In recent years, he adds, even the best business schools have got flak for not disabusing their students of the idea that greed is good. For example, he says, there are a class of loans in the US called "ninja loans" because they were housing loans granted to those who had no incomes or jobs. Real estate agents keen to sell property to such people simply falsified information on housing loan forms, which mortgage brokers and bankers approved because that would earn them commissions.

"They were making money hand over fist," he says. "If you

go back to Enron, its top managers Ken Lay and Jeff Skilling had MBAs from very good business schools. So for business schools, it is guilt by association at some level."

The immediate panacea, he argues, is to imbue business education with values like integrity, service to others and taking responsibility. To do this, he says business academics should focus more on coaching their students on the right and wrong behaviours in business like, say, why bribes cannot be written off as necessary business costs.

For so long, he rues, most of these academics have focused mainly on business theories. But his good friend, Columbia Business School associate professor Rita Gunther McGrath, recently compared the business problems faced by top CEOs with studies in key business journals.

"The coincidence between the

CEOs' problems and what academics were studying was close to zero. That meant research wasn't attacking real world problems," says Prof Thomas.

Which begs the question: Can one really be taught how to be an entrepreneur?

Citing his younger son, Michael, who runs his own digital marketing agency, Prof Thomas says: "At some level, you cannot teach entrepreneurship. But as my son says, a third of the time you should teach basic business principles. Another third of the time you bring in entrepreneurs to exchange ideas with students. And the remaining third of the time you get students to set up and run a business that they are thinking about."

He is trying to do all of the above with his students by:

■ Making 16 out of his school's 36 courses about shaping one's moral core. These include learn-

ing ethics, reading great books on values and, above all, studying history. Of the last, he says: "History teaches us that cycles recur, so why should we be surprised about another asset bubble?"

"Outgoing Federal Reserve chairman Ben Bernanke is a scholar of The Great Depression and the history of that, and he has been very successful in taking the American economy out of recession faster than Western Europe."

■ Sending students and colleagues abroad to work with companies in the host country as a way to immerse themselves in different societies and business cultures. "You don't try to rip people off. You try to figure out how to make the system work for you and for them," he insists;

■ Ensuring that 80 per cent of his students give back to the community in some way. For example, they teach the poor financial literacy.

"The truth is that students here are privileged," he muses. "Singapore is a land of plenty. And I have to get them to understand that they have a responsibility to society as well as a responsibility to be people who are good at business."

His clear disdain for ostentation comes from his beginnings in the Welsh mining town of Glynneath. Trained as a mathematical statistician, this old boy of the universities of Chicago and Edinburgh taught in seven universities around the world before becoming dean of the University of Illinois' business school from 1991 to 2000, then dean of Warwick Business School (2000-2009) before joining SMU in 2010.

He has been married to his wife, Lynne, a psychoanalyst, for 40 years, and has co-written with her some of his more than 30 books on strategic management.

But while his call to make business a more respectable discipline is noble, is it not also Sisyphean? After all, businesses exist to make money, so how many would stop to ponder ethics when there are profits to be had?

He retorts: "First, how much money do you need to be happy? And second, why would you want three Mercedes-Benzes when one would do?"

"At a certain level of income, you're happy. Why people continue to chase money for money's sake is a personal contest with themselves, but it can't be to achieve happiness."

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Howard Thomas on...

SINGAPORE

"It is extremely good at figuring out solutions to problems that are terribly important ... regardless of whether or not its trains or buses arrive on time."

GOING UNDERGROUND TO SOLVE SPACE WOES

"Chinese and Russian billionaires in London are already doing so. They are paying fortunes for houses and then digging under them to build their gyms and swimming pools and goodness knows what else."

THOSE WHO FLAUNT THEIR WEALTH

"I've never understood why some people are driving Land Rovers to go to the supermarket; you're not going through the jungle to get a parking space."

THE IDEAL DEAN

"As my friend George Bain, former president and vice-chancellor of Northern Ireland's Queen's University, used to say, he or she is one who has big ears, not a big mouth."

WHAT HE HATES MOST

"When you have to tell someone whom you would have liked to have succeeded here, that that's not going to happen. And you then have to learn how to be calm and bite your tongue."

WHAT HE WISHED HIS BUSINESS SCHOOL STUDENTS WOULD DO

"Many among them tend to open restaurants, beauty parlours and all that, but I wish they would open more solid businesses."

TRAGEDIES SUCH AS TYPHOON HAIYAN IN THE PHILIPPINES

"You sit in front of the TV saying, 'My goodness!' and then you're walking down the MRT tunnel and later, someone's making you a cup of tea. You don't realise how privileged you are."

THE BIG IDEA IN HISTORY: Wolves of Wall St

MANY still consider an MBA a sure way to have an edge over their rivals for a job or promotion.

But business education itself is in a quagmire today, no thanks to the 2008 global financial crisis, which had those burnt by it criticising business schools for churning out amoral alumni who were out only to feather their own nests.

This perception of business graduates as greedy, self-serving and ultimately unprofessional "wolves of Wall Street" is ironic because business schools were established in the early 19th century to lend respectability to those who had to manage factories and other businesses burgeoning from the Industrial Revolution.

Germany led the way, setting up business schools in Halle and Frankfurt to train "consultant administrators", as they called those who had to supervise engineers in commercial concerns. France

and Britain soon followed suit.

But the idea of a business school really took off in the United States, fuelled by generous donations from nouveau riche industrialists, including Joseph Wharton, who set up Wharton Business School in 1881. By 1936, the US had more than 200 business schools, buoyed by interest from Americans who wanted to learn the management skills exemplified by the US military, which was superb at handling logistics and other complex day-to-day operations.

But well into the 1950s, academics in other disciplines looked down on the study of business because it lacked scientific rigour.

Business schools finally shook off their snake-oil critiques in the 1980s, when businesses began to globalise and entrepreneurs everywhere were hungry to learn fast, if not always the best, structured ways to make money in new markets.

THE BIG IDEA IN ACTION: Time for checks and balances

CORPORATE governance champion Shireen Muihudeen agrees heartily with Professor Howard Thomas that business people need a big dose of discipline and ethics and to be held to strict standards as other professionals already are.

Ms Shireen, 49, who is considered one of the Asia-Pacific region's most influential fund managers, says the prevailing mentality among business people is "I have the right to do what I like because the business is mine anyway".

"But if your company needs a new car, do you have to buy a Porsche or a Ferrari?" she asks.

That is one of many grey areas in running an enterprise; others include selling one's products to companies owned by one's family; paying TV channels to feature one's managers in interviews and paying survey companies to profile their businesses prominently; and claiming to be socially responsible while merely doling out cash now and then to preferred causes.

Those who put their own interests above that which will grow their business are able to do so because there are few checks and balances for now, she points out.

In fact, business today is often a case of "finding ways to circumvent rules and cheat the system". She says: "When you start cheating the system, how far down the line will you go? Will using company funds stop at a Porsche, a Ferrari, a corporate yacht or what?"

She says it does not help that the few existing rules for businesses, such as listing regulations, often merely set out what should and should not be done in select scenarios. This leaves a lot of loopholes many in business tend to exploit. Which is why Prof Thomas' call for the professionalisation of business is spot on, she says.

But, she cautions, such a transformation should not kill the entrepreneurial spirit. One of the worst ways to do so, she says, is for a company's board

of directors to kick a chief executive's business proposal from meeting to meeting because they do not want to make a decision on it. Eventually, the CEO loses patience and nixes the idea altogether, which cannot be good for the company's growth.

Kuala Lumpur-based Ms Shireen is founder, managing director and principal fund manager of Corston-Smith Asset Management, after 12 years as chief executive of the Malaysian arm of global insurance giant AIG Corporation. She is an active advocate of business best practices, commenting often for Bloomberg and CNBC, especially on getting more women into boardrooms. In 2008, she set up the Asean Corporate Governance Fund to promote integrity, transparency and accountability in regional businesses. Since 2011, she has also been a member of the International Corporate Governance Network.

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