

BACK TO SCHOOL

“Business schools must stay one step ahead to prepare the next generation of leaders,” says one b-school dean. So how do they do it? **Stuart Crainer** looks to the future

As chief commercial officer of the crowdfunding book publisher Unbound, Jason Cooper doesn't fit the stereotype of an MBA graduate. “If you are a young entrepreneurial organisation set on revolutionising a very traditional industry like book publishing, then you need energy, creativity and startup vigour,” says Cooper, who has an MBA from Warwick Business School. “But at the same time you also need business discipline and a knowledge of subjects like strategy and accounting. I had lots of experience in the publishing industry before, but the MBA brought me into contact with the tools and techniques we now need as we grow the business.”

MBA programmes worldwide are now producing a new generation of graduates. Their focus is not on careers in management consulting or merchant banking, though some still follow those routes, but on changing the world with startups, NGOs, social enterprises and industry-disrupting organisations such as Unbound.

“In an increasingly uncertain world experiencing macroeconomic shocks with uneven economic recovery, coupled with rapid technological development, working lives are rapidly changing,” says Chicago Booth associate dean Richard

Johnson. “This uncertainty makes the solid foundation and underpinning of business fundamentals provided by a good quality MBA degree more relevant than ever. The competitive edge MBA graduates gain comes primarily from the ability to lead people and make the hard decisions that help businesses grow in times of ambiguity. But business schools must also continue to innovate, and to provide students with the ability to incorporate this fundamental approach in an ever-changing business environment.”

The shifting aspirations and expectations of MBA students mean that the world of business schools is in a perpetual state of foment as markets and students change.

“The rapid change in global business means that business schools must stay one step ahead to prepare the next generation of global business leaders,” says Scott Beardsley, dean of the Darden School at the University of Virginia.

“Increasingly, society is turning to businesses to solve some of its most pressing challenges, and so our task is to prepare students to navigate this new landscape in which ethics, technology, entrepreneurship, innovation, geopolitics and other forces intersect and cause

continual disruption. To address this, we develop our students as critical and creative thinkers who channel their purpose for business and social transformation. Not only do we teach them the latest data analytics or other functional skills, we also teach them how to learn and ask the right questions. This prepares them for a lifetime of leadership and continual learning.”

In practice, this means that the executive education market is fast-changing. The landscape is mapped out by Warwick Business School’s John Colley: “In face-to-face MBA and particularly Executive MBA programmes there has been a flight to quality as executives look for the best value for their money,” he says. “They are increasingly looking at the top programmes that are increasing their numbers and capacity. The more middle-market programmes are struggling to remain open and many are closing down or are merging with full-time programmes.”

BIG QUESTIONS

The changing agenda for business schools provides some fundamental questions. First, why do they exist? Are they there to prepare corporate executives for leadership or do they have a more general role preparing people for work in non-profit and entrepreneurial organisations as well as corporations? Increasingly, business school leaders talk of changing the world rather than simply providing students with the tools to boost corporate profits.

“At IE, we endeavour to give students the skills to go out into the world and make it a place for the better,” says Martin Boehm, dean of IE Business School in Madrid. “As the global environment grows more complex, this becomes more challenging, of course, and it’s ever more important that we teach our students how to listen, understand and incorporate diversity into their leadership and business endeavours,” he adds.

Making the world a better place demands a new set of skills, ones somewhat different from those required by the students of the 1990s and earlier, who were focused on ratcheting up corporate performance. So, the second big question for b-schools is: what do they teach?

At its campuses in Chicago, London and Hong Kong, Chicago Booth has added elective courses in Managerial Decision Modelling and Machine Learning, which are proving popular. Both saw increased demand this year – Machine Learning increased by 17 per cent and Managerial Decision Modelling more than doubled.

Elsewhere, the emerging subjects are not ones traditionally covered in MBA programmes – philosophy, judgement, trust... “With more and more AI, judgement in making decisions is going to be pervasive





throughout organisations,” says Alessandro di Fiore, CEO of ECSI Consulting. “Employees need to be free to make decisions. This demands a new control system that provides, more than the skills, the freedom, the courage and the authority to make decisions down in the organisation. This will be the major change that AI brings.”

Decision-making in the age of Big Data is the leadership challenge of our times.

DELIVERY DILEMMAS

In the MBA classroom, then, the job of the b-school professor is to ground abstract concepts such as organisational trust. Suddenly the tables have been turned: the professors are the practical ones and the students the idealists and abstract theorists.

“When students start designing organisational interventions and test for their consequences, say with experiments, the classes become more meaningful,” says IE professor Kriti Jain. “Developing a critical understanding of how their actions, as managers, translate into consequences for the organisations is crucial. I push students to look for evidence before believing any theories.”

No school like the old school

From left: future dean of Chicago Booth John Jeuck with an early class of Executive MBA students; the class of 2019 in the London campus

And this strikes at the heart of the third big question for business schools: How do they deliver education? Face-to-face or online? Customised or not? The choices have never been greater. Expect a resurgence of traditional teaching values.

“We maintain that the classroom format is still the best setting in which to empower inquisitive minds, foster peer-to-peer learning and bring together a community of individuals with diverse backgrounds,” says Chicago Booth’s Richard Johnson. “We believe curiosity, rigorous debate and diversity of thought turn ideas into real impact.”

Some suggest that the rush by schools to embrace online education – there are now more than 40 online MBA programmes in the UK alone – may create problems in the future. “The online MBA market continues to expand and for the most part at a lower price point. However, provision is increasing more rapidly than student numbers,” says Warwick Business School’s John Colley. “Many business schools believe this is an easy way to generate funds and may have underestimated the costs of the platform and continually updating their materials. Some schools

PROFS TO WATCH Some of the standout b-school professors of our time



PETER BELMI

Assistant professor of leadership and organisational behaviour at the Darden School of Business. Raised in the Philippines, Belmi teaches an MBA elective called ‘The Paths to Power’.



DAN CABLE

A professor of organisational behaviour at London Business School, author of *Alive at Work* and *Change to Strange: Create a Great Organisation by Building a Strange Workforce*.



KRITI JAIN

Assistant professor at IE Business School. Jain’s research focuses on judgement and decision making. She teaches PhD courses on Behavioural Science and Experimental Methods.



SUJIN JANG

Assistant professor of organisational behaviour at INSEAD. Her research focuses on the dynamics of global collaboration. She has both a Master of Arts and a PhD from Harvard University.

have almost entirely outsourced their online programmes, which eventually may cause concerns regarding maintaining quality. There is likely to be something of a shakeout in the years to come.”

Indeed, the big business school brands – Harvard, Stanford, London Business School, Insead and IMD – increasingly emphasise the power and value of their more traditional classroom-based approach. The trouble is it is expensive but, at least, it is expensive in well-understood ways.

What may well emerge is an approach that takes the best of the classroom and supports it with the latest technology.

This is the b-school Holy Grail.

“Very often we talk about diversity in terms of nationality and culture, but it’s also important to think about diversity in a broader sense, a diversity of thought and point of view.

Technology is a big enabler of this,” says IE Business School’s Martin Boehm. “Take virtual reality. VR allows us to bring various business ideas, issues, and cultures into the classroom to provide students with a visual understanding of environments around the world without stepping out of the classroom. But one of the challenges still facing education in this respect is cost – the price of VR equipment in the market right now is so high as to be an obstacle.”

And then there is the perennially vexed question of who actually teaches in business schools. Should it only be professors who have an impressive stack of academic

“It’s also important to think about diversity of thought and point of view”



Talking heads
Martin Boehm,
dean of IE Business
School, in its
Wow classroom

papers to their name? Or should it be practitioners who have served time at the organisational coalface?

Over the last 20 years, business schools have championed the case for academic rigour and excellence. The trouble is that the best academic researchers are not necessarily the best classroom performers.

The result is that practitioners and former practitioners are increasingly to be found in the lecture theatres of the world’s leading b-schools. Professors have to be able to teach as well as research.

These are all big questions but, time and time again in their relatively short histories, business schools have proved adept at coming up with answers that continue to attract students. ■

Stuart Crainer is co-founder of Thinkers50 (thinkers50.com).

PROFS TO WATCH



HOWARD YU

Professor of strategic management and innovation at IMD in Switzerland, and author of bestselling book *Leap*. Yu specialises in technological innovation.



SANYIN SIANG

Executive director of the Fuqua/Coach K Center on Leadership and Ethics at Duke University. Siang focuses on collaborative leadership, mentorship and strategic partnerships.



BEN LAKER

Professor of leadership at Henley Business School and cofounder of the Centre for High-Performance. Influenced by the ‘Weinstein effect’, his next book examines hubris in leadership.



PINAR OZCAN

Associate professor of strategic management at Warwick Business School, specialising in entrepreneurship, strategy and the emergence of new markets.