WHERE NEXT FOR BUSINESS SCHOOLS?

Business schools and their students are increasingly set on changing the world for the better. Stuart Crainer reports on their new, bold ambitions.

Over the last century, business schools have come from nowhere to carpet the world. From Reykjavik School of Business to New Zealand’s Otago Business School, from Hokkaido University’s Graduate School of Economics and Business to the School of Management at the University of Alaska Fairbanks, there is hardly a corner of the globe where there is not a business school within reach.

After a period of self-examination and doubt during the worldwide financial meltdown (for which some suggested they were in part responsible) business schools have emerged into the light. The storm – especially for executive education programmes – has been weathered and now there is a wave of optimism. According to the Graduate Management Admission Council, 88 per cent of corporate recruiters who work directly with business schools plan to hire recent MBA graduates this year, up eight points from 2015 and a massive 33 percentage points on 2010, the low point of the recession. Starting salaries for MBAs are also on the rise.

“The market has been much stronger this year both for our full-time MBA and Executive MBA, while the online formats continue to grow. Most of the new MBAAs are now online, which means the sector is very competitive,” reports Warwick Business School associate dean Professor John Colley. This is also good news for the world’s architects and construction companies.

In June, Harvard Business School unveiled a new executive education centre on its already impressive 40-acre campus, made possible by a £30m gift from Dr James Si-Cheng Chao and his family foundation. New buildings are planned or under way throughout the world. Walk down the Thames in Oxfordshire and you will see the cranes above Henley Business School. In Madrid, IE Business School has announced plans to expand in the north of the city with a 165m tall campus building that will have room for 3,500 students and an area of 50,000 square metres.

Under its ambitious dean, Andrew Burke, Dublin’s Trinity Business School is also beginning to punch its weight in the global market. In 2018 it will open a new six-storey building including a 600-seat auditorium and 140-seat lecture theatre as part of a £60m development. Trinity hopes to double student numbers and increase revenue by 150 per cent in the next five years.

The horizons of business schools are also expanding. “Management has the potential to be among the most noble of professions,” says Santiago Iñiguez de Onzoño, dean of IE Business School and chair of the business school accreditation agency, AACSB. “It can create growth, wealth, and development in society, as well as catalyze innovation and improve living conditions.”

Business schools were once focused solely on producing ever greater numbers of MBA graduates who headed off to work in finance
or consulting. Now, the schools and their students want to change the world – or, at least, say they do.

"In the 20th century, business schools churned out self-centred smart leaders who applied their intelligence solely to maximise shareholder value," says Navi Radjou, co-author of Frugal Innovation, and a fellow of Cambridge’s Judge Business School. "In the coming decade, however, I see business schools training what I call wise leaders, purpose-driven individuals with a business mind and social heart who boldly tackle the world’s pressing socio-economic challenges and still generate profit and growth for their company. Wise leaders are liminal beings who can transcend public, private and non-profit boundaries and integrate conflicting viewpoints and unify disparate energies to serve a noble purpose. Unlike smart leaders, who compete for a tiny share of a small pie, wise leaders seek to co-create a much larger pie for everyone to share."

Radjou points to LendStreet (lendstreet.com), a marketplace lending platform that helps low-income consumers who are in debt founded by Darden MBA Jerry Nemorin; Revolution Foods (revolutionfoods.com), which gives access to nutritional meals, and was founded by two MBA graduates from Berkeley Haas; and Tim Gocher, a London Business School MBA, who is doing amazing work in Nepal with the Dolma Impact Fund (dolmaind.com). There are many other examples of business school graduates at work on making the world a better place.

This is reflected in the changing subjects of study offered by business schools. Once their courses trotted through the usual functional suspects – strategy, marketing, finance and so on. But those one-dimensional days are long gone. Instead, schools throughout the world are spending more time focusing on entrepreneurship, especially social enterprise. Subjects such as the circular economy and positive psychology are now on the business school curriculum. Mindfulness is also on the agenda. New York’s Stern School of Business has launched a Mindfulness in Business Initiative and mindfulness is on offer at Ashridge, now part of Hult Business School, courtesy of Michael Chaskalson and Megan Reitz and their Mindful Leader and Leading on Purpose programmes.

One of the intriguing things about business schools is that at each stage when their development seems to have plateaued, they think of new products. Recent years have seen the rise of masters programmes targeted at new graduates. Now, business schools are looking at the growing number of retirees with time on their hands. The Stanford Distinguished Careers Institute, for example, offers one-year fellowships to around 25 people every year. They are “established leaders from all walks of life who seek to transform themselves”. It connects participants with the entire range of Stanford activities and offers everything from hiking to personal health assessments, discussion seminars to dinner discussions with Silicon Valley leaders. Harvard has its own Advanced Leadership Institute, originally championed by Rosabeth Moss Kanter, Rakesh Khurana and Nitin Nohria. It is “designed to prepare experienced leaders to take on new challenges in the social sector”.

New to this field is a programme that brings together IE Business School and the New College of the Humanities. Its Senior Fellows Programme will be launched in 2017. It is a ten-month programme that will be taught in London, Madrid and Johannesburg, and promises to be eclectic and challenging, featuring executives and experts from outside the business world.
it will be chaired by Ben Hughes, former deputy CEO of the Financial Times, and there will be academic input from the bestselling philosopher AC Grayling.

The reality is that not all business schools are created equal. The elite ivy-laden brands stand apart, and there hasn’t been the anticipated shakedown of middle-ranking business schools. A great deal of what is on offer is depressingly similar – the same case studies presented in the same ways.

“One thing that always amazes me is how little of our own advice we take,” says David Burkus, author of Under New Management and professor of management at Oral Roberts University. “Strategy professors will tell you that differentiation is one of the core types of strategy, and yet business schools compete for quality using largely the same tactics and metrics. There’s hope, though. I’m encouraged by Babson College’s differentiated focus on entrepreneurship. And obviously INSEAD’s long-standing differentiated focus on international management. I think more business schools will start to claim their niches less as courses offered and more as the sole purpose of choosing their programme. Differentiate or die.”

The scale of the challenges is emphasised by Alf Rehn, chair of management and organisation at Finland’s Abo Akademi University, and author of Dangerous Ideas.

“While often critical of corporations for being resistant to change, lacking in diversity, and not having a clear strategic vision, this is more often than not the case for business schools as well,” he says. “The number one change that business schools need today is speed, speed, speed. Today, we react to changes in the business world with a lag of years, to the point that when we start teaching something it’s already become outdated. In addition, business schools need to get serious about diversity. Not just when it comes to gender, ethnicity, sexuality and culture – although these are hugely important as well – but also when it comes to backgrounds. We need more philosophers, designers, anthropologists, artists, free thinkers and hybrid scholars.

“If there is one word that might capture both of the points, it is this: imagination. Business today is a creative, imaginative space – the business school needs to become one, too. Less economics-ising and Excel, more exploration and experimentation.”

Mark Esposito, a professor at the Grenoble School of Management, echoes these sentiments: “Business schools should shift from knowledge to experimentation, allowing the renowned acronym of VUCA [volatility, uncertainty, complexity and ambiguity] to be experienced even during the curriculum. Pilots, field experiences, non-linear models of analysis, complex adaptive systems and decision making should be the new tenets on which to build the foundations of the degree, to meet society’s evolution and expectations, in a non-linear manner.”

There is also the recurring question about how valuable business education actually is. Corporations remain sceptical about the value of a great deal of business education. A 2016 survey of 600 senior European managers by the FT/IE Business School Corporate Learning Alliance found that 57 per cent believed an investment in executive education yields positive outcomes; hardly a ringing endorsement.

“This tension raises an important question for the industry: to what extent have current programmes been aligned with strategy execution and measurable business outcomes?” observes the survey.

How business education improves business and individual performance remains a perennial talking point. As business schools expand their reach to educate more and more entrepreneurs, as well as younger and older students, the question will become ever more difficult to answer. Those who come up with the most inspiring answers are likely to prosper.

Stuart Crainer is co-founder of the Thinkers50 and co-author of Gravy Training: Inside the business of business schools.