

The reality of organizational life today is that leaders in industries we once thought of as immune to competitive forces are waking up to find that they have been shoved into the transient advantage economy. This world is characterized by opportunities that emerge to be exploited, but which don't last, meaning that organizations can't count on advantages they build being sustainable. In a couple of recent blog posts and several speeches, I've observed that professional schools are feeling the sting of transient advantage. In fact, just a few days ago the *Wall Street Journal* reported that applications to law school are off 50% from their peak. Business schools, I've also argued, are not far behind.

I spoke about this issue to several hundred deans gathered at the Association for the Accreditation of Collegiate Schools of Business (AACSB) annual Dean's meeting in San Antonio, where I was a keynote speaker on January 25, 2013. Some are still in denial. But most recognize that the model for MBA education that they have been working with for years, even decades, which allowed the MBA program to be the university's cash cow, is broken. "Ok," Dr. Doom-and-gloom, a lot of people have said to me, "what kind of design would you put in place if you were the dean of a mid-tier business school in danger of being disrupted?" I thought that was a fair question.

Start with a specific strategy

First, start with a strategy. Good strategies begin with a diagnosis, as my colleague Richard Rumelt is fond of arguing (Rumelt 2011). Core principles of strategy include determining what customers are you going to serve, which not, and what are you going to uniquely do for them that is unmatched by competition. So rather than a monolithic next model for business schools, I think we might see a number of different models, depending on the strategies each school takes. I'll lay out one that I think could work and welcome dialogue with those who have additional ideas. The school I have in mind is a mid-tier, regionally focused school that is part of a reasonably well regarded regional university.

If I were the Dean of a mid-tier business school, step 1 would be to define what my customer base should be. Let's say that for the MBA degree it is students who want to differentiate themselves from others without the credential, and who want to rise to the top of the heap of attractive employees in their local region. Let's say my customers are also employers who want to make sure that they are getting value for money in the students they desire to hire. They might also want to turn to us for enhancing the skills of their executive talent pool, to keep those people up to date and fresh. Once students have an MBA, our goal would be that they continue to refresh their learning and increase their skill sets by returning for new input and insights on a regular basis.

I'd start with that brand imagery – the deal would be a high-quality, personalized program for half the price of the traditional approach but with the networking and corporate sponsorship that will let students move forward in their careers. I would make sure that I had a strong connection with and active engagement from the regional business community.

Leverage Capabilities from Elsewhere

So how would I design the program? First, heretically, I'd relieve from core class teaching duty all professors who aren't regarded as the thought leaders in those subjects. For the lectures, I'd rent material from the top schools and top scholars in their respective fields. I'd have video or webinar-based lectures by the very best, which I would license from either the faculty member or the institution they work for. Why try to out-Stanford Stanford when the school has shown an ample willingness to come right into my campus and do their thing, virtually, of course?

Then, I'd have my faculty work through application of the ideas in their core classes with the students in a turnabout of the typical teaching role. I'd have the application work come directly from cases involving local employers I want to keep engaged with my institution. So the teaching would be quite different. I'd want my faculty doing the grading, making sure that the students are able to articulate and apply what they have learned (and keeping for ourselves the awarding of a credential – don't want to outsource that at all, folks).

I could probably get away with hiring faculty who aren't paid quite so much as the thought leaders, which would make my overheads more reasonable. I can also get away from the straightjacket of hiring to staff required courses (which few people enjoy teaching anyway) and instead can hire to what I think the future needs of my institution will be. For faculty, a major benefit is that instead of spending endless hours prepping for courses that have little to do with their research, that burden is entirely lifted. They can spend their time instead on using their brainpower to help students work through what the theories mean in different contexts.

For specialized courses or knowledge that is not part of the core, that's where I would have my own faculty doing a fair bit of the teaching in a more traditional way. I would be inclined, however, to structure them in teaching teams, so that the coursework is integrated across topics and the students, again, get to focus not only on learning the material but on applying it, ideally to topics that are of particular interest in my region or to the special focus of my school.

It would also be a priority to partner with one or more international institutions (ideally from regions in which our local businesses also have activity). We could have students interact virtually with one another, for those who could afford it we could sponsor exchange visits, and we could do virtual seminars with executives located in the non-US region. Having international exposure would be an additional value-add for my students.

What of faculty careers?

We'd have to work out whether we would continue to aspire to the quest for status that is represented by being seen as first-tier researchers (Harmon 2006). There is likely to be a long transition period, as the institutional structures that support the business academic

career path are fairly entrenched. I would point out, however, that even the AACSB is starting to think about accrediting material by the course, rather than at the level of a degree, which will be very de-stabilizing. It's also worth noting that the system we have of academic staffing now really took hold in the 70's and 80's when business schools came under fire for having too few faculty with Ph.D.'s and were dismissed as 'trade schools' (Gordon and Howell 1959). Once you can accredit by the course, that structure will erode. And in reality, the mid-tier schools have a hard time attracting top researchers anyway. We tend to get the ones who have failed to get tenure at a "top" school or who were never employed there to begin with, so we might as well be realistic about that.

What becomes of tenure? I think my school would probably favor something like five-year rolling contracts in its place. I'd want to keep my faculty motivated and give them the time to think and do important research, but I'd also want to be able to adjust my staffing as the world changes. After all, if we can't compete and go out of business, what good will it do my faculty to be tenured anyway?

Making the granting of tenure the holy grail among our academic colleagues, while admirably motivating disciplined research efforts, has a lot of downsides. One has to do with the nature of research that it drives. By aping the supposed "rigor" of science and other traditional disciplines, we force-fit the questions we examine into formats that often denude them of any meaning to the actual practice of management. I am far from the first to raise this concern, but it hasn't been addressed yet (Crainer and Dearlove 1999, Pfeffer and Fong 2002, Bennis and O'Toole 2005, Anders 2007). No less a leader in the field of strategic management than Richard Bettis has recently bemoaned what he describes as research academia's "search for asterisks" (Bettis 2012).

It's interesting to note, as an aside, that most – not all, but a lot – of the people with big names among practitioners fell between the cracks in traditional academia. CK Prahalad, Michael Porter, Gary Hamel, Lynda Gratton, and many others did not follow a traditional academic career path. I would try to empower my faculty and train them to both do respectable academic work but also to enhance their skills for the kind of new landscape we'll be facing here in the business school world.

Or perhaps I'd attract the kind of faculty who would willingly trade the dubious pleasures of a straightjacket career path and potential tenure for an exciting, innovative and collaborative environment where they could have an impact. I'd also want them to be as integrative as possible, which should be easier if their main work is application rather than providing a point of view from a scholarly discipline. And perhaps I'd give them some perks which would give them a shot at becoming one of those well-known thought leaders. In fact, I might take some resources that are currently tied up delivering the courses I'm planning to outsource and invest more heavily in building my own faculty's names and brands – perhaps with the goal of making them thought leaders in specialized areas in their own right. I could then jointly with them develop a model where they would get revenue from the re-use of materials they develop, perhaps sharing licensing revenue from other schools with their sponsoring school.

Structure of the degree course

I'd probably get rid of the typical two year-with-an-internship pattern of the MBA because for my target niche it isn't necessary. I know who's likely to hire my students, so why bother with dragging the thing out and having a long summer internship? Instead, what I'd set up is an extended academic year program, lasting perhaps 12 months, in which the students take say a week out of each month working on specific challenges posed by the company partners involved in my school. Or perhaps it would be an intensive month-long problem solving session. The idea is that you can reduce the cost for students and raise the involvement and awareness for partner companies relative to traditional programs. Also, because my students wouldn't be drowning in debt, their salary needs can be much more reasonable than they would have to be if they carried the full load for a two year program.

How to structure the academics would pose a big challenge, because the way most departments are organized today reflects the traditions of academic disciplines inherited from the past. Perhaps we'd leave those alone but ask that they develop their teaching approaches in task forces or teams. Perhaps we'd follow a corporate model and have the student-facing coordination and course design done by key account-type people, with faculty brought in as the designer sees their input would be valuable. Or a medical model, where core research staff are partnered with clinicians.

If we're working with a fair amount of content developed by other institutions, that becomes much more do-able, since my own faculty won't have their content knowledge challenged. Rather they would be encouraged to extend their own expertise in new ways. I would be inclined to design the core and elective curriculum in much the way that executive education courses are designed today, with one person maintaining oversight for the integrity of the design and subject matter experts contributing as the need for their knowledge arises.

For the MBA's, I'd keep as much of the fun stuff as possible – the cohorts, the rituals, the color wars, whatever, because as cartoonist Doonesbury once pointed out, “even revolutionaries like chocolate chip cookies.”

Increased prominence of Executive Education

MBA aside, a much bigger part of my portfolio would consist of executive education interventions of various kinds. Given the pace of change and the need to groom and retain talented people, companies are likely to be looking for more executive development, rather than less. So I would be creating a whole portfolio of courses – probably blending an in-person, professor-led component with other mechanisms such as webinars and on-line instruction – which would appeal to professionals at various stages in their development.

I would try to much more closely link the post-MBA experience to our executive education, so that it is clear to everybody that the MBA is a beginning but that they should continue to

invest in their own development. I might even make the first executive education course a part of the MBA, as in scheduling it and having it included in tuition after students receive their MBA degree. The big challenge in executive education is making sure that our offerings are relevant and affordable relative to what companies can get from the Deloitte's or Accentures of the world.

A hopeful, but different design for the MBA

So – courses with world class quality. Professors deeply engaged in having students apply their learning. Companies knowing exactly what the students are being groomed for, possibly with some input into what an integrated curriculum would look like. A lower fixed cost model. Lower tuition. Less opportunity cost. And the chance for career-long engagement with my community. That doesn't sound so horrible, does it?

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