



WHAT
BUSINESS
NEEDS *from*
BUSINESS
SCHOOLS

**Cookie-cutter programs
are producing look-alike MBAs. Contemporary
companies want creative,
collaborative thinkers and leaders.**

by
Joyce Doria, Horacio Rozanski,
and Ed Cohen

When John Reed, longtime chairman of Citicorp, accepted the Academy of Management's Distinguished Executive of the Year award in 1999, he ended his acceptance speech by challenging his audience of elite academics. "The business community knows full well that business schools perform a useful function [in] sorting potential hires," he said. "The schools sort out from the general population those who are more ambitious, more energetic, more willing to subject themselves to two years without income.... But the real question is: Do you give these students a set of skills that is going to serve them well over their careers?"

Joyce Doria

(doria_joyce@bah.com) is a senior vice president with Booz Allen Hamilton based in McLean, Va., where she leads the firm's organization development and change management business. Ms. Doria has 30 years of experience working with clients in both the federal government and the private sector.

Horacio Rozanski

(rozanski_horacio@bah.com) is a vice president in Booz Allen Hamilton's New York office and the firm's chief human resources officer. He specializes in developing marketing strategies and customer understanding across a range of industries.

Ed Cohen

(cohen_ed@bah.com) is the strategic leader of Booz Allen Hamilton's corporate university, the Center for Performance Excellence, in McLean, Va.

As executives struggle with decisions that depend as much on their leadership abilities as on their skills as strategic thinkers; as they guide teams comprising people from diverse backgrounds and work with for-profit, nonprofit, and government institutions; as they face crises stemming from communications conflicts among different cultures, they find themselves asking the same question Mr. Reed did. His answer, in 1999, was: "On average, clearly the answer is yes." In his view, business schools were doing a reasonable job preparing their students for fulfilling careers.

But in 2003 our answer is: "On average" is not good enough anymore.

Whether your company is a bank, a consultancy, a manufacturer, or any other sort of business enterprise, the current MBA education offered at most U.S. graduate business schools does not, in our view, adequately prepare people — even those attending the top schools — for the tougher-than-average challenges they will face when they start careers at leading corporations. Companies today demand good collaborative thinkers who cooperate to solve problems. Too often, schools deliver good analysts who compete to apply business-school formulas. Furthermore, companies demand specialized knowledge useful to particular professions. Schools, however, are more likely to deliver generalists who have trouble digging into special fields that can distinguish them and their employers. Companies demand leaders who can powerfully articulate ideas, orally and in writing, to motivate and guide their people. But schools tend to train people to simply assert their ideas; they don't sensitize them to the critical value of being an excellent communicator.

As consultants who, along with our peers in other

professional-services businesses, attract and hire students from the world's most prestigious business schools — 38 percent of the students in Harvard Business School's class of 2002 went into consulting — we would like to make a case for curriculum reform.

We are not advocating a radical overhaul: There is a middle road, in which business schools preserve the strengths they have today, especially in teaching quantitative and strategic skills, but reconsider curricula and teaching methods. Equally important, schools and companies should compare notes more often; ultimately, the gap between employers' expectations and the skills of the typical MBA is one that business-school deans and business executives can close together.

The Big Gap

By how much does today's MBA education fall short? A 1999 study of MBA graduates conducted by Mark Kretovics, then assistant dean at Colorado State University's College of Business and currently assistant professor of higher education administration and student personnel in Kent State University's Department of Teaching Leadership and Curriculum Studies, provides striking findings. The study, which assessed 12 skill areas, showed MBA graduates were significantly better than a control group of university graduates not enrolled in a business program in seven categories: action, goal setting, information analysis, information gathering, quantitative skills, theory, and technology. But the MBAs did not outpace the nonbusiness group in five other equally critical areas: helping others, initiative, leadership, relationship, and sense making.

Evidence suggests these competency deficiencies are widespread among MBAs. In a 2002 poll by Canada's

Financial Post, 141 CEOs and senior executives rated non-business-school graduates as better — sometimes *much* better — than MBAs in commitment to hard work, oral communication, written communication, understanding the details of an industry, interpersonal skills, and even skills in marketing and sales.

In April 2002, the Management Education Task Force of the Association to Advance Collegiate Schools of Business (AACSB), the major accrediting organization of U.S. business schools, issued a report questioning the relevance of business-school curricula in today's global marketplace. Among the AACSB's recommendations: Teach "basic management skills, such as communications, interpersonal skills, multicultural skills, negotiations, leadership development, and change management ... and prepare managers for global responsibility."

Not long after the AACSB report, the popular press picked up on an article by Stanford Graduate School of Business professor Jeffrey Pfeffer published in the inaugural issue of *Academy of Management Learning and Education*. Professor Pfeffer and coauthor Christina Fong, a doctoral student, argued that, with the exception of perhaps a few top schools, MBA programs provide little of use in the real business world and are especially lacking in on-the-job experience leading and managing others. Professor Pfeffer and Ms. Fong noted: "Without a larger clinical or practice component, it is not clear that business schools ever will impart much lasting knowledge that affects graduates' performance."

Although critics writing in such publications as *Information Week* called the article "inflammatory" and "far out," our experience leads us to believe that the authors' conclusions weren't far out at all. A big gap separates what graduates offer from what most employ-

ers need. Many MBA graduates arrive at new jobs unprepared for the often multicultural, multiunit, and politically charged decision making they will be required to handle; in our own firm, we find this forces us to engage in training we believe the business schools should have provided.

Of course, professional-services firms like Booz Allen Hamilton don't expect MBAs to be fully formed consultants on day one. That's why new MBA hires at Booz Allen enter an immersion process that lasts several months and includes multiple courses and job assignments during which new hires are apprenticed to seasoned mentors. After this initial immersion period, consultants are expected to participate in training throughout their careers. The curriculum is tailored to their strengths and competencies.

Still, we would prefer it if the highly motivated, able people who arrive with MBAs had stronger skills in writing, public speaking, building and running teams, supervising and delegating, and sharing leadership in ways that motivate and inspire subordinates. Although it's true that social skills are difficult to teach, curricula can be designed to promote them. Further, we would like more students to arrive with a better grasp of the scientific method and how to apply it — from hypothesis generation through the research and analysis that underlies our profession.

Cause and Effect

We speculate that there are any number of causes for the shortcomings we see in the quality of MBA education. One cause may be that business schools mistakenly defer to students when they're designing their curricula, reacting to the demands of students who prefer the fun of

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strategy. That could explain why MBA programs do not pay enough attention to the nuts and bolts of problem solving and other competencies that employers demand. In particular, students are not taught to pose the question “why” and to keep asking why until they cannot ask it anymore, a significant element of effective problem solving.

It's not surprising that the schools are so student-centric; students are extremely influential in determining business-school reputations. One business professor even told us that students will always be business schools' No. 1 customer; the survey rankings and schools' reputations are driven by students, and schools depend heavily on their alumni for money.

The consequence is that companies don't feel they can get the well-rounded top talent they're looking for from business schools. Over the last decade, most consulting firms (including ours) have shifted a portion of their hiring away from MBA programs. In part, this is because the total cost of hiring and training an MBA is very high. For companies like ours, which underwrite a portion of promising candidates' education, the cost to acquire MBA talent is roughly 10 times that of acquiring talent in the open market.

Another cause of the problems with MBA education is the increasing similarity of business-school programs. At one time, if an employer wanted great general managers, it drew from Harvard. If it wanted great quantitative analysts, it drew from Wharton or the University of Chicago. If it wanted great technologists, it drew from Stanford. But now the graduates from all these programs resemble one another. We surmise that this, too, stems from the rankings. As schools try to tailor their programs to move higher on the *Business Week*

list, programs become more and more generic and less and less impressive in any one area.

Convergence helps the schools compete, apples to apples, in the rankings, but it doesn't give their graduates advantages when they're competing for jobs. Consulting firms, for example, are not looking for one-size-fits-all MBAs. Students going into consulting, those going to Wall Street, and those going to the finance department of an automotive company all need different skills. By training all students identically, MBA programs don't sufficiently prepare students who have already chosen a specific career path.

Six Reforms

Students, schools, and businesses — as well as governments and the general public — would be better served if graduate business schools began to implement change in six areas.

First, business schools should require more courses in communication, leadership, human resources, psychology, and other fields that provide graduates with skills vital to effectively managing people and team-driven organizations. We believe business schools should require at least two of every 10 core courses to focus on such subjects; currently, these courses are often electives. In the top 10 U.S. business schools, only half require at least two courses on human or organizational relations and management. At Harvard, of 11 required courses, only one (Leadership) focuses on managing people. At Northwestern's Kellogg, it is one of nine.

On top of regular classroom lectures, reading, and paper writing, schools should require more collaborative projects that emphasize the development of people skills. Projects can be for an individual or a group, but

Six Principles for MBA Program Reform

typically they emphasize applied learning that forces students to question, think deeply, weigh alternatives, and create. Project work also involves more management skills — listening, influencing, judging, and selling.

Business schools often fail to guide students to balance competition with cooperation. Competition in the classroom raises the profile of the brightest students, but during many types of business engagements, competition backfires. Successful people know how to collaborate — to listen to customers and cooperate with peers to come up with creative, defensible solutions. Many schools have adopted team-based projects to mimic on-the-job situations. We caution, however, that a few team-based projects won't instill collaborative skills if professors still reward head-to-head competition in the classroom.

We particularly like the idea of the University of Chicago's LEAD course, a mandatory one-year experiential leadership course for first-year students. Using role playing and other techniques, LEAD develops expertise in negotiation, organizational development, interpersonal communication, and leadership. In one three-day seminar, students give an "elevator speech" and then a "pitch." Professors videotape presentations to give detailed feedback. In another module, students learn team dynamics after having taken the Myers-Briggs Type Indicator test to learn their psychological type. Second-year students serve as teachers and mentors in the course, which reinforces what is learned in the first year. Since the course runs in tandem with more conventional course work, students have opportunities to practice their new leadership skills while engaging in the regular curriculum.

Second, business schools should introduce and empha-

- 1 Require more courses in the "people skills" that are vital to managing effectively.
- 2 Emphasize the basic skills and tools needed for problem solving.
- 3 Provide strong grounding in theories of economics, measurement, governance, psychology, human behavior, and leadership.
- 4 Design curricula so that students can learn — by doing — to apply multiple disciplines on the job.
- 5 Encourage students to take electives outside the traditional core curriculum.
- 6 Create differentiated curricula and allow students to concentrate in specific industries.

size courses that offer the basic skills and tools needed in problem solving. These include data gathering, data analysis, and innovative problem-solving methodologies and tools, such as systems thinking and the Venn diagram. MBA graduates often stop short of getting to a problem's root causes because they define those causes in the same way they were defined in a case study they covered in school.

Third, more and better grounding in theory — theories of economics, measurement, governance, psychology, human behavior, and leadership — would help students go beyond case studies to analyze problems and craft solutions in situations they have never before encountered. If students learn the nitty-gritty of microeconomics, for example, they may be more prepared, say, to develop a winning pricing strategy. If they master theories of human behavior, they may be more prepared to suggest solutions to team or unit motivational problems. By delving deeply into theory, the graduates can also distinguish themselves with specialized knowledge that appeals to employers.

Fourth, schools should make changes in their curricula so that students can integrate their learning and apply multiple disciplines on the job. Instead, students are usually forced to learn about each of the fundamental busi-

ness disciplines (such as finance, strategy, operations, and marketing) in a silo-like fashion.

MIT's Sloan School's Leaders for Manufacturing program is an example of a curriculum that integrates subjects ranging from manufacturing processes and operations management to leadership and change management, and that emphasizes on-the-job and classroom training. The Leaders for Manufacturing program runs two tracks of learning at the same time, one covering traditional classroom subjects and the other covering "leadership and integrative" activities outside the classroom. The nonclassroom track includes leadership seminars, 15 plant tours each year, and a thesis. In the second year, each student spends six and a half months as an intern at one of 20 partner companies. In past internships, students have joined a Ford vehicle launch team, deployed a John Deere production system, and implemented lean manufacturing at United Technologies.

Fifth, schools should encourage students to take full advantage of courses outside the traditional core curriculum. At present, most students don't appear to be diversifying their course load. Perhaps this accounts for the lack of differentiation we see among the graduates we interview. Schools offer plenty of electives — 88 at Harvard, 143 at the University of Chicago, more than 200 at Wharton. But the MBAs we talk to aren't taking these classes. Instead, most are sticking to finance, operations, and strategy. Graduates aiming at jobs in management consulting, for example, would do well to explore — even to the Ph.D. level — such subjects as microeconomics, competitive dynamics, and statistics in addition to their broader-based management training.

We also find that graduates too infrequently have in-depth knowledge of specific industries, the govern-

ment, or global nongovernmental organizations. This creates a tremendous void, given the demand in business for expertise in such topics as global markets, economic alliances, and government privatizations. Our clients increasingly thirst for help in these areas.

Sixth, and perhaps most critically, schools should commit themselves to re-creating differentiation in their curricula. Although it may be too risky for a school today to completely leave the mainstream, MBA programs can still allow students to concentrate on an industry. For example, schools can offer students who want to go into consulting or investment banking a tailored course of study that specifically prepares them for these fields, not just by offering electives, but by creating a discrete set of courses and experiences.

We believe these six recommendations are an essential starting point for reform. Schools should also include a "practicum" approach in which a major portion of a student's credits are attached to supervised real work in his or her area of concentration. This is different from an internship, which is typically not under direct supervision of the business school.

Collaborative Change

During the 1990s, many business schools did make dramatic changes in their curricula and approaches to teaching in response to fairly widespread corporate dissatisfaction with MBA graduates. But we posit that business schools didn't change enough to address critical curriculum weaknesses in such areas as communications, relationship management, leadership, and problem solving. Moreover, even where course offerings in nontraditional areas were added, it did not lead to necessary changes in the all-important core course work, or the

MIT's Leaders for Manufacturing program uses on-the-job training to help students become industry experts.

ways in which students are taught. Indeed, many schools still stress individual competition and academic achievement, even if they talk about giving students more opportunity to work collaboratively on projects that give them practical experience. And most graduate programs still focus on traditional lecture and case discussion over more complex experiential learning. This may be true, in part, because instructors and professors themselves are more comfortable using traditional teaching methods.

Still, we are confident progress can be made, especially if, along with working toward the six curriculum reforms we've suggested, business schools are open to partnerships with companies and vice versa. Partnerships can sensitize schools to the skills critically needed in the market today. Johns Hopkins University partners with Booz Allen to offer two advanced-degree programs: the MBA and the Master of Science in Information and Telecommunications Systems. Both programs are conducted at Booz Allen offices and stress shared leadership and teamwork, and the MBA program requires a course in organizational development. Throughout these programs, students learn through team assignments, which try to promote collegiality over competitiveness. With Johns Hopkins getting to know Booz Allen better, the curriculum has evolved to more reliably provide the skills we need. This is an excellent example of a university that recognizes that corporations are also its customers.

By working with employers, business schools can redouble their efforts to meet employer needs. This change in approach will not pay off for the business schools in the short term, because it won't immediately attract more students. But it will pay big dividends for

the schools in the long term as companies continue to hire freshly minted MBAs rather than searching for talent elsewhere in the broader job market.

The alternative is for business schools to degenerate into the sorting service that John Reed talked about back in 1999. No school wants to be known more for the efficiency of its admissions personnel than the effectiveness of its education program. That doesn't serve the school, the students, or the employers. And it doesn't have to happen. +

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