

A new book warns of troubled times ahead for business schools unless they embrace disruptive change says **Rachel Edgington**

■ Graduate management education in

disruptive times

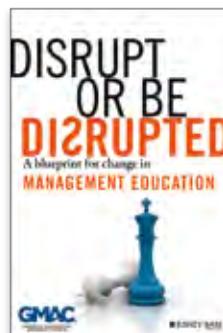
In the late 1990s, Andy Grove, co-founder of chipmaker Intel, described a strategic inflection point as “an event that changes the way we think and act as a result of action taken by a company, or through actions taken by another entity, that has a direct impact on the company.”

Eastman Kodak Company encountered just such a strategic inflection point in 2012. Kodak had dominated the photographic film industry for 121 years and was one of the most powerful companies in the world. But in 2012, after two decades of financial struggles and increasing competition, Kodak filed for Chapter 11 bankruptcy.

The world of photography had shifted rapidly into a new era of digital technology and Kodak failed to anticipate its explosive growth, even though it had invented the core technology used in digital cameras. Kodak had the capability to compete in the digital market but found itself becoming irrelevant as it failed to change course during a strategic inflection point in the industry.

Business schools around the globe are today facing a similar strategic inflection point as management education is besieged by rapid change driven by multiple market forces—increased competition, technological advances, customers, suppliers, and regulation.

A new book, *Disrupt or Be Disrupted: A Blueprint for Change in Management Education*, examines these disruptive forces that are challenging the very core of management education. The book provides an historical perspective, analyses today’s world of management education and provides a scholarly framework for change.



Disrupt or Be Disrupted: A Blueprint for Change in Management Education from GMAC

At the beginning of the book, J C Spender and Rakesh Khurana examine a previous period of transformation for management education; one that started in 1959 and ended up shaping the development of the modern business school we know today.

They argue that only by understanding how schools arrived at the status quo can they reposition themselves for the future.

In 1959, the Ford Foundation and the Carnegie Corporation sponsored highly influential reports on the then state of US business education (written respectively by economists Robert Aaron Gordon and James Edwin Howell and Frank Pierson and others).

The reports’ conclusions were clear—if American business schools were to fulfil their mission as professional schools, they needed to recruit and develop a more discipline-oriented faculty, properly trained in social science theory, research and formal modelling.

The “prescription” of curricula grounded in engineering and systems analysis—where mathematics, formal modelling and statistics were central—was rapidly disseminated throughout the business school community and became the new blueprint for business schools in the US and globally. By 1964, the quantity of business school research and the number of newly founded journals in which it was published began to rise rapidly—a trend which has both persisted and accelerated. Research and refereed journal publication quickly became the emerging profession’s measure of academic quality and capability.

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Lyman W Porter and Lawrence McKibbin, authors of a 1988 follow-up report, warned that many business school faculty were “distancing themselves from the problems that managers faced... instead they focused on advancing their disciplines...”

Although the original reports certainly intended to promote greater emphasis on the disciplines, they were not intended to persuade business schools against preparing managers to deal with practical problems. Yet that was what was happening.

Erich Dierdorff, co-editor of *Disrupt*, and three of the book’s co-authors build a case for the value of management education at the individual, organisational and broader societal levels. But, they argue, current business school models are failing to fulfil these value propositions. Spender and Khurana conclude that if the vicious cycle revealed in the Porter-McKibbin report is to be broken and our industry is to move in new directions, then we need to rethink, once again, the process of faculty selection, preparation, and development.

The authors of *Disrupt or Be Disrupted: A Blueprint for Change in Management Education* certainly believe we are at a strategic inflection point that will determine the future value and relevance of management education. Which market forces will change management education at such a magnitude that they transform the very essence of how business schools operate?

- If someone asks you who your competitor is, do you have an immediate answer, or are you unsure? Would everyone in your school agree with you? Is your key competitor about to change? If you are not crystal clear about who your key competitor is or if there is disagreement, it is a strong signal that change is occurring.
- Does a company that really mattered in the past seem less important today?

No one doubts that when media rankings of graduate business schools were first published, they signalled a high-magnitude change in how schools operated. Rankings quickly became a high-stakes game and fundamentally changed how schools allocated resources, rewarded faculty and selected their applicants. There were anecdotal reports that administrative and admission directors were fired if the school slipped in its rankings.

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What is truly interesting is that the “customer” has quietly stopped paying attention. According to a survey of mba.com registrants conducted by the Graduate Management Admission Council in 2012, only 33% of graduate business school applicants used media rankings as a source of information. (Percentages range from a low of 28% in the US to a high to 46% in India based on citizenship).

This generation of applicants has access to a wider array of information sources such as forums, virtual information sessions, social media and a growing array of school resources than did applicants in the early 2000s, and they actively use them.

Michael Hay’s chapter in *Disrupt* guides the reader through this transition from the old to the new (which could take years, maybe decades). Hay articulates the need for schools to break away from outdated models and challenge the assumptions underlying their current programmes.

He cites four key forces that make such repositioning vital for future success:

- evolving needs of industries, business stakeholders and the changing nature of business careers
- competition from new international business schools
- increasing competition among schools and changing user demand driving new business models and innovations in educational programmes
- increased competition for the best faculty and students, which creates pressures on school funding



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Hay says that schools need to answer strategic questions about what their school will look like in the future. Deans, faculty and other stakeholders need to ensure they have a clear plan to move the school to the target position and are ready to engage the stakeholders whose support they most need for successful execution.

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Hay lays out the strategic questions schools need to ask themselves to clarify their future positioning and provides examples and methods to developing aligned, internally consistent answers. He further sets forth a framework for clarifying the school's future positioning, stresses the importance of mapping how a school will move to its target positioning, and offers recommendations for securing the stakeholder engagement required for effective execution.

Dierdorff and his colleagues offer four key imperatives that lie at the core of how schools will need to conceptualise the future of graduate management education if they want to ensure its value:

- increase the effectiveness of how graduate business schools provide their training
- better define and differentiate among the variety of degree programmes offered
- recognise and expand current espoused values
- fulfil the promise of management as a profession

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ABOUT THE AUTHOR

Rachel Edgington is the Market Research Director at the Graduate Management Admission Council® (GMAC®). She worked with editors Brooks Holtom of Georgetown University and Erich Dierdorff of DePaul University to produce the GMAC book, *Disrupt or Be Disrupted: A Blueprint for Change in Management Education* (Jossey-Bass/Wiley), on which this article is based.

FURTHER INFORMATION

For more information about the book, author bios, chapter descriptions, and video interviews with authors please visit GMAC's *Disrupt or Be Disrupted* website gmac.com/disruptbook