"Many people have become very used to getting lots of things free from the internet. So, how do you price your offering? And how do you develop a competitive edge? What will be the key success factor? The school's brand? The faculty's reputation? Or a combination of both?

CHALLENGES & OPPORTUNITIES IN THE NEW BUSINESS EDUCATION WORLD

Dominique Turpin analyses the issues and forces that are buffeting business schools

The world of business education is facing its biggest opportunities and challenges in history. Four major forces are starting to shape the future of business schools over the next five, ten or 20 years.

The first issue concerns public funding. This is becoming more difficult to obtain as governments have less money to spend, at least in some parts of Europe. As a result some schools are having to merge, as we have seen already in France, for example.

The second issue is demographics. Europe and Japan in particular face the challenge of an ageing population. When you want to predict the future, the only sure thing is that tomorrow you will be older than today. Consequently, you only have to look at demographics to know that some countries are going to face problems.

The third challenge is economic. Economic problems in Spain, Italy, Greece, Cyprus and elsewhere are seriously affecting job opportunities for business school graduates and participants.

The fourth factor is technology, and this will become even more important in the future. We all know that e-learning will be a massive challenge as well as a huge opportunity for business schools around the world. "MOOCs" (massive open online courses) are a reality, and e-learning could reshuffle the cards in a way that may well change the fate of a number of schools.

Technology will most likely mean that an increasing number of new competitors enter the management education market. And there will be a new type of competitor that approaches companies with executive education "solutions" and says: "You don't need to send all your people to those big expensive business schools. We will go onto the web for you and find all the good stuff that is available, package it and sell it to you at a fraction of the price that traditional business schools would charge".

The questions for anyone entering the e-learning field are still how to finance it and how to develop a sustainable competitive advantage. Many people have become very used to getting lots of things free from the internet. So, how do you price your offering? And how do you develop a competitive edge? What will be the key success factor? The school's brand? The faculty's reputation? Or a combination of both?

Obviously a big name can attract people to a website more effectively than a lesser-known brand. But there are still many questions to be answered.

As competition intensifies, differentiation becomes crucially important. Every business school has a different mission—regional, national or international. But the question of how to differentiate yourself from other schools occupying a similar niche is becoming a major challenge.

These are the challenges facing business schools. But what is the view in the market? When I talk to companies about executive education, two issues come up.

The first is that customers are increasingly looking for "the best deal". They take longer to decide if they will take up a particular programme; they want shorter programmes; and cost is becoming an issue.

But the most important factor, at least for IMD and our customers, is impact. Companies often ask how relevant the academic world is today. Last summer I was in America talking to deans of major business schools, and some of them believe that the academic world is indeed becoming more and more academic. What impact do we want to have on the businesses of tomorrow?

An expression used a lot at IMD is the importance of the "Lifelong Learning Journey". In the past, especially on the executive education side, you used to go to a GMP (General Management Programme) at Harvard Business School, Wharton, INSEAD or IMD and you would be (or thought you were) educated for life as a manager.

This is over! The world is changing too fast. We see an opportunity for repeated short-term courses and, since we deal with many global companies, their managers want to have the choice to go to a school in a certain part of the world and do another module or course in another part of the world.

What are the implications? As I mentioned earlier, schools have different missions. I think, therefore, that each school has to draw lessons from all these factors and forces for itself.

The ultimate goal of business schools, I believe, is to produce responsible leaders who can deal with an increasingly volatile, uncertain, complex and ambiguous world: the so-called VUCA market. At the top of any corporation, people are smart and have proven that they can run a business and be successful. In the end, authentic leadership and personal values will increasingly make *the* difference.

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It is also our job to shape and nurture a curious and open mind. I have seen too many executives and students living in their small world and not thinking enough about what is happening in other parts of the world or in different industries.

Of course, we need some local companies. I recently met an entrepreneur in Switzerland who was tired of fighting Chinese and Indian companies. One evening he listed a number of criteria for the business sector of his choice: first of all, he didn't want to compete with the Chinese and the Indians; second, he didn't want to have to explain what the product was about; third, he wanted the customer to come back every day; fourth, he wanted them to be non-price-sensitive. Which business fits? He came to the conclusion that he should open a chain of bakeries and he has been doing that very successfully.

However, even if you are a local baker, you should have an interest in different perspectives about communication or the way you design your shop. Curiosity about life in all its aspects is still the secret of great creative leaders. Intelligence without curiosity, in my view, does not mean much.

I may be biased because back in the early 1980s, I did my PhD in Japan, my wife is Japanese and I spend a lot of time in Asia. I think that the future is going to be in that part of the world. If you see where the world is moving to today, the BRICs (Brazil, Russia, India, China) are the growth markets of today and tomorrow. However, executives now also talk about new opportunities in the "Double MIT" (Mexico-Indonesia-Turkey and Malaysia-India-Thailand) as well as Africa.

Having faculty who are curious about the world is critical. Before you teach you have to learn and in order to learn you need to have curious faculty. The challenge will be to stimulate faculty who are very comfortable and very successful teachers and researchers to go and look for something different in other parts of the world.

Business schools are living in interesting times. Public funding, demographics, economics and technology are the main forces that are going to influence our medium- and long-term futures.

In terms of the impact business schools try to have on their participants, whether students or executives, the shaping of responsible leaders is absolutely key. So is making them curious about the world in general. Getting these things right is vital for future success.

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Four major forces are starting to shape the future of business schools over the next five, ten or 20 years:
– public funding
– demographics
– economics
– technology

ABOUT THE AUTHOR

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