



The Call for Innovation in Business Education

By Kenneth W. Freeman

We are in the midst of a transformational age of information—and business education has fallen behind. Today's business students enjoy networking capabilities that previous generations' corporations would have envied. They expect global outreach to be at their fingertips, and many of them care more about making a difference than about making money. Yet our institutions still use the same curriculum models that emerged in the business school heyday of the mid-20th century.

While the costs of education are higher than ever, the MBA degree no longer holds the same cachet for employers, who are more interested in hiring graduates with broader skill sets. Full-time applicants for the MBA degree dropped steadily for four years in a row, falling 22 percent in 2012 alone.¹ This signals a great discrepancy between what graduate programs are offering and what employers and students are seeking. While graduate programs across the country face declining numbers, enrollment in undergraduate business programs is ballooning. At Boston University, we've seen an 87 percent increase in applications to the School of Management since 2010.

At this complex time in business higher education, business schools cannot afford to be complacent about their place in academia. Boston University School of Management just turned 100, and we—and many other older business schools—didn't get here by playing it safe. Longevity was hard-won by forerunners who created new paths forward. To succeed for a second century, we need to understand what businesses need from business schools, cast a critical eye on our long-established models, and use this upheaval to redefine and reestablish the value of a business education.

This isn't a challenge we should tackle alone. The big questions with massive impact on

the future of business education deserve thoughtful input from all our biggest customers and stakeholders: chief human resource officers, hiring managers, and other employers of business school graduates, as well as leading scholars, researchers, students, and everyone who has an interest in business education.

To spark the next era of innovation in business education—and ensure that we are preparing graduates for a world that will continue to shift beneath their feet—we must bring together many voices. That is why Boston University School of Management is partnering with IBM to present the Business Education Jam: Envisioning the Future. This 60-hour virtual online event, from September 30 to October 2, 2014, is unprecedented in higher education.

Pioneered by innovative technology at IBM, a “Jam” is a large-scale, collaborative online event that drives creativity and probing thought on a compelling subject. The Business Education Jam will engage stakeholders from across the globe to spark dialogue, share ideas, and explore the future of business education. Led by scholars, executives, and expert guests, 10 forums will take a systematic look at the needs of employers, students, and institutions, and develop recommendations for the future. A variety of socially driven tools will prompt conversation through polls, word clouds, and real-time collaborations and chats with featured guests. An extensive set of analytic tools will visualize themes, highlight synergies, and help fulfill the goal of the Jam: to harness the power of worldwide brainstorming.

Strong Foundations and Quick Expansion

The earliest business schools,² like their descendants, inhabited a climate of rapid change and innovation. Many of those schools were founded specifically to prepare graduates to assume leadership roles in the new economy emerging from the Second Industrial Revolution of the late 19th century.³ Undergraduate business education grew just as quickly, with a total of 30 schools opening between 1887 and 1917.⁴

In the ensuing decades, business education was shaped by the greater shifts in higher education, booming when nationwide college enrollment swelled thanks to the GI Bill in the post-war era. In the late 1950s, two seminal reports on business education, one commissioned by the Ford Foundation and the other by the Carnegie Foundation, called for a stronger academic approach to the teaching of business, which would elevate the burgeoning institutions beyond trade-school status.⁵ This “golden age” ushered in the curriculum practices that are still in use today and set the standards for the growing business education industry. And by the end of the 20th century, schools had adapted somewhat to shifting student needs by diversifying course offerings, and offering alternative-timeline MBA programs, such as evening and part-time degree programs.

Today, according to Santiago Iñiguez de Onzoño, president of IE University and dean of IE Business School in Madrid, three major trends are shaping business education: new technology, especially online components, globalization, and changing demands on graduates by employers.⁶ Business schools must now reckon with all three. For example, at the School of Management, we have experimented with technology and globalization not simply as subject matter but as ways to teach, including classes taught overseas, international seminars, real-time case studies, and high-tech classrooms.

In the early 2000s, educational advances included systems that enabled faculty to experiment in hybrid in-person and online classrooms. However, these innovations were not a real threat to the established uni-

We are in the midst of a transformational age of information—and business education has fallen behind. At this complex time in higher education, business schools cannot afford to be complacent.



Boston University School of Management is partnering with IBM to present the Business Education Jam: Envisioning the Future. This 60-hour online event, from September 30 to October 2, 2014, ... will be a large-scale, online, collaborative event to drive creativity and probe thought, closing the gap between academia and industry.

versity model. In fact, in *The Innovative University*, Harvard Business School's Clayton Christensen identifies how these systems have been employed as one of three major components that have allowed higher education institutions to avoid the "competitive disruption" that he sees as key to survival. Technology, he writes, was used "to enhance the existing instructional approaches rather than to supplant them."⁷ This approach, Christensen says, combined with an accreditation process that emphasizes conformity, and a continued reliance on reputations earned generations ago, has made higher education highly resistant to the forces of change that affect other industries.

Now, with college costs ballooning, an ever-expanding array of free educational resources online, and a job market still in recovery, the university is finally facing a major disruption. This disruption is an opportunity to rapidly improve our current models to better serve our students and businesses who employ them.

The divide between academic and business worlds has never been greater. Both the experience demanded by employers and the outcomes desired by students have changed greatly over the past decade. The skill-centered training that defined business education no longer has the same value to students who can take advanced finance or statistics courses online, virtually for free, in the Massive Open Online Courses (MOOCs) offered by nearly 30 major research universities. Instead of seeking narrow skills, students want guidance on becoming ethical leaders, training on the competencies that will define the next century, and developing an understanding of how they can make a difference in the world, rather than just making money.

Employers, for their part, are more often interested in hiring graduates from a range of academic backgrounds who can demonstrate mastery of concepts, such as data-based reasoning, new-media literacy, and cross-cultural competency. These concepts are just three of the "10 Skills for the Future Workforce" identified by the Institute for the Future at the University of Phoenix, one of the most successful innovators in for-profit online education.

These goals present a challenge for business faculty, who must find a way to support innovation via academic research, while still conveying practical professional information to their students. Jeffrey J. Selingo, in his book *College Unbound: The Future of Higher Education and What It Means for Students* outlines several keys to future professional success: having faculty mentorships, conducting a deep research project, undergoing a transformative global experience, actually creating something, taking risks, and learning how to fail.

Derek Bok, the former president of Harvard University, neatly summarizes the problem in his *Higher Education in America*: "Business schools face the greatest problem of all, since there are no obvious venues in which students can gain practical experience under the supervision of seasoned practitioners." While leadership, creativity, and judgment are rightly prized, Bok also notes that there is no established or reliable way to teach these skills in a classroom.

In addition, we cannot overlook the most recent economic recession and corporate misdeeds as a precipitating factor in today's business education crisis. The individual losses and layoffs experienced around the country caused great pain for many of our

potential students, and corporate malfeasance diminished their admiration for many business leaders. As business schools look forward, we have an obligation to educate executives who will—to put it simply—do the right thing.

A Time for Transformation

The Business Education Jam is an opportunity to address this crisis head-on, inviting all the stakeholders to the table for a powerful discussion about changing business education to better meet the needs of businesses who employ our graduates. Previous Jams have yielded everything from security recommendations to NATO and the United Nations, to service-focused educational reform proposals. The technology not only allows us to invite an unlimited number of participants from around the world, it also provides real-time and post-discussion analytics to identify the most interest-generating ideas, and data collection to ensure that business schools can conduct follow-up research and move forward with clarity of purpose after the Jam concludes.

Our primary goal is to close the gap between academia and industry that has inhibited the growth and development of business education and businesses alike. As a starting point, we have identified a new version of the three R's that should be our metric: **relevance**, **reach**, and **respect**.

The first, **relevance**, demands that we integrate our curriculum more closely with the practical demands of today's employers—and tomorrow's, too. Our faculty must be a mix of researchers in innovation and the "seasoned practitioners" that Bok has said business schools lack. We need stronger partnerships with industry leaders to provide more experiential learning and greater opportunities for job placement.

The second, **reach**, asks us to recognize and build on the changes that have already taken place. The student population is increasingly global, and excellent business schools, once largely an American commodity, are emerging throughout Asia and Europe. Learning that is centered in one

city, or one classroom, is a thing of the past. Using technology to expand our global reach and diversify our curriculum across schools and industries will strengthen our own business model and make business schools competitive again.

The third, **respect**, presents a unique challenge because so much damage has been done. A 2013 study by the Pew Research Center found that only 24 percent of Americans felt that business executives “contributed to public life.”⁸ We need to address this problem at the root, by making ethical behavior a central part of business education.

The Business Education Jam format can address all of these areas, simply through its astounding capacity to bring so many people into the conversation. Led by expert facilitators and welcoming voices from every constituency, the dialogue will take place for 60 consecutive hours. As in business, when the Jam conversation ends for the night in Boston, it can begin for the day in Beijing. Participants can join in from their laptops, desktops, or smartphones; they can begin a conversation, leave for a while, and come back without missing a beat, thanks to the full record and analysis Jam technology provides. The experience is much like that of any social network, with the added benefit of real-time aggregation and analysis that can direct the conversation to maximize productivity.

Ten content forums provide the initial structure to help participants identify their areas of interest and launch the discussion: “Supporting 21st-Century Competencies,” “Increasing the Value of Management Education,” “Engaging New-Generation Students and Employees,” “Cultivating Research Relevance and Rigor,” “Fostering Ethical Leadership,” “Advancing Policy and Governance,” “Cultivating Innovation and Entrepreneurship,” “Driving Learning Experiences,” “Harnessing Digital Technology,” and “Challenging the Business Model of Education.”

Employer participation is at the core of this effort’s success. If a business school is to meet the challenge of preparing the next generation of employees, the companies that hire them must have a prominent seat at the table. That includes hiring managers, human resources


leaders, managers, and the people who are most likely to have an impact on tomorrow’s leaders at the very beginning of their careers.

Rejuvenating the “Mature Enterprise”

Perhaps no one should have been surprised that, after a century of existence, business schools took on the characteristics of what former U.S. Education Secretary Margaret Spellings called “a mature enterprise”: risk-averse, self-satisfied, and overly expensive.⁹ Now, the promise of what we may call an “immature enterprise”—the Business Education Jam, using technology that was not feasible a decade ago—can change the tide.

Business education remains a desirable pursuit for many students today. As an undergraduate major, business and related fields, such as finance and accounting, represent more than 20 percent of all bachelor’s degrees awarded each year in the United States.¹⁰ We need to harness this interest and use it to develop a new, effective, connected model of business education.

When the 60-hour Business Education Jam concludes, the real work begins. This opportunity is too rare, and our challenges are too real to allow the dialogue to end when the last participant logs off. After the Jam, we will identify the topics that merit new academic research, use our global reach to maintain the connections made with employers around the world, and establish lines of communication that encourage an ongoing conversation about making business education relevant, progressive, and valuable to our students and the businesses who employ them.

The way we deliver knowledge has been dramatically transformed, causing a massive change in how we manage and lead businesses. It’s time for a corresponding change in business education. Let the brainstorming begin. 

Endnotes

¹ Korn, M. (2012, September). B-school applicants decline for four years. Retrieved from <http://online.wsj.com/news/articles/SB10000872396390444433504577651962999932518>.

² Wharton website (2007). Retrieved from <http://www.wharton.upenn.edu/huntsman-hall/timeline/1881.html>.

³ Wharton website (2007). Retrieved from <http://www.wharton.upenn.edu/about/wharton-history.cfm>.

⁴ Wharton website (2007). Retrieved from <http://www.wharton.upenn.edu/huntsman-hall/timeline/1881.html>.

⁵ The Economist Staff (2009, June). *The more things change...* Retrieved from <http://www.economist.com/node/12762453>. Holland, K. (2009, March). Is it time to retrain B-schools? Retrieved from <http://www.nytimes.com/2009/03/15/business/15school.html?pagewanted=all&r=0>.

⁶ Iñiguez, Santiago de Onzono (2011). *The learning curve: How business schools are reinventing education*. New York: Palgrave Macmillan.

⁷ Christensen, C. and Eyring, H. (2011). *The innovative university: Changing the DNA of higher education from the inside out*. p. 18. San Francisco: Jossey-Bass.

⁸ Pew Research (2013, July). Retrieved from <http://www.pewforum.org/2013/07/11/public-esteem-for-military-still-high/>.

⁹ Christensen, Clayton C. and Eyring, H. (2011). *The innovative university: changing the DNA of higher education from the inside out*. p. 18. San Francisco: Jossey-Bass.

¹⁰ U.S. Department of Education, National Center for Education Statistics. (2013). *Digest of Education Statistics, 2012* (NCES 2014-015), Chapter 3. Retrieved from http://nces.ed.gov/programs/digest/d12/ch_3.asp.

Kenneth W. Freeman is the Allen Questrom Professor and Dean of Boston University School of Management. kfreeman@bu.edu