

BAYLOR BUSINESS

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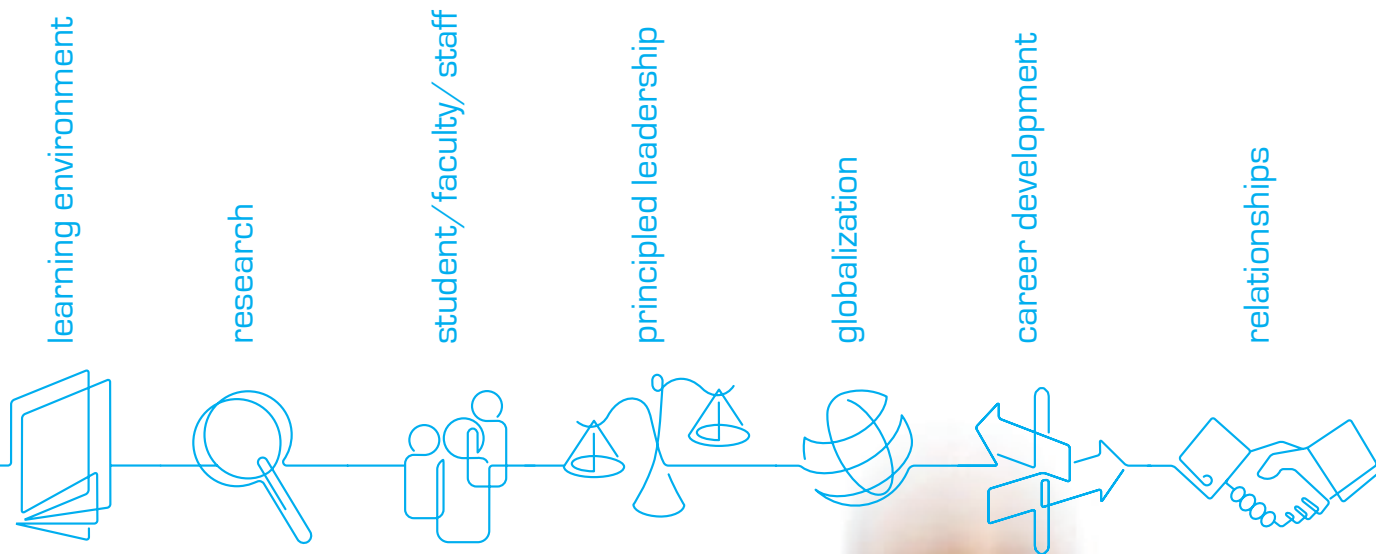
 Baylor Business
McCombs School of Business

the .
business
of **business**
schools

is changing

and
HANKAMER
is adapting,
competing
& excelling





By Eric Krell

In his best-selling book on the globalization of business, author Thomas Friedman emphasizes the crucial nature education plays in shaping the future success of the U.S. economy. In doing so, Friedman also defines an essential ingredient of that instruction. “Education . . . has to be about more than just cognitive skills,”

Friedman writes in “The World is Flat: A Brief History of The Twenty-First Century” (Farrar, Strauss and Giroux, 2005). “It also has to include character building.”

Management education experts assert that U.S. business schools confront a range of significant challenges. They also stress that U.S. business schools must provide experiences outside the classroom and leadership guidance – including the “character building” Friedman describes – that extend beyond the nuts and bolts of management skills.

The nature of business competition and, as a result, the demands organizations place on their future managers and leaders are changing dramatically and quickly. And the speed and magnitude of that change carries implications for every single U.S. business school, including Baylor University’s Hankamer School of Business.

The business schools that respond appropriately to the accelerating pace of change will shape the skills, experiences, values and leadership qualities future leaders bring to bear on their organizations and industries. By doing so, business schools can help ensure that U.S. enterprises do not get flattened by growing competition.

beyond the rankings

The proliferation and growing impact of business-school rankings reflect the increasingly important role those schools play in shaping future leaders, organizations, industries and economies. Unfortunately, the rankings rarely provide a complete and accurate comparison – although that may not even matter.

“To assume that a few statistics and comparisons in such a complex environment can identify which business schools are better relative to each other is difficult at best,” notes Tim Westerbeck, one of the world’s leading management-education experts and managing director and principal of Lipman Hearne, Inc., a marketing consulting firm that exclusively serves the not-for-profit market. “However, alumni and prospective students pay attention to the rankings. Even if they understand relative strengths and weaknesses of rankings,

the rankings are highly visible measures associated with individual schools.”

Business school rankings, which once appeared only in *BusinessWeek* and then *U.S. News and World Report*, now appear in more than a dozen publications worldwide – included highly respected outlets such as the *Wall Street Journal* and *Financial Times*.

Westerbeck and other business school experts agree that rankings have become a fact of life, but they also warn of the risks institutions court when they allow ranking implications to dictate key decisions. For example, some faculty staffs have been gutted by more than 50 percent so that those professors can be reassigned

to MBA classrooms to improve a metric that figures prominently in a specific ranking.

“In that case, they’re simply managing to the ranking metric to increase the ranking of their business school,” explains John J. Fernandes, president and CEO of The Association to Advance Collegiate Schools of Business (AACSB International). Aside from other problems, that decision can cause the depletion of an already dwindling supply of future Ph.D.s



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higher-level challenges

In recent years business school rankings have featured a steady procession of new names. The U.S. dominated the business school market through the 1980s, Fernandes notes. Yet, the number of business schools worldwide has tripled since the 1980s. And, Fernandes reports, “almost all of that growth has taken place outside of the US.”

Today, more than 6,000 business schools are based outside of the U.S. while fewer than 2,000 operate within the country. That shift is a result of the rise of business markets throughout the world. The extent to which U.S. business schools can help companies

thrive in an increasingly globalized business environment represents just one major area of concern confronting institutions in the 21st century. Those challenges include the following:

Adapting to Globalization

As business schools in locations throughout the United States have begun to compete against INSEAD in Paris, the London Business School and emerging institutions in China and other markets, a new question has emerged. “How do U.S. business schools remain relevant on a global playing field?” asks Westerbeck. “How do they ‘do’ global?”

To date, the question has produced a variety of answers and approaches. Some business schools forge alliances with overseas partners while others expand their own operations to overseas locations. Regardless of how they answer the global question, all U.S. business schools face a greater need to expose their students to new markets, countries and cultures.

“Boundaries between countries are not as specific or as relevant as they once were,” notes Gary Carini, Baylor University’s associate dean for graduate business programs. “The Asian market is just exploding. If we don’t bring those conversations into the classroom, we’re really doing a disservice to our students.”



Attracting Qualified and Diversified Faculty

More business schools experience greater difficulty attracting top-notch professors to facilitate discussions about globalizations and other business issues. A recent study by the American Accounting Association concluded that the supply of new accounting Ph.D.s through 2008 will fall 50 percent short of the demand for new accounting professors in the classroom.

Accounting is not the only area facing a shortage of qualified professors. Five years ago, about 86 percent of the faculty among accredited business schools in the U.S. held Ph.D.s; this year that figure dropped to 68 percent, according to AACSB International. “There is a rapidly deteriorating supply of academically qualified faculty in the world and it’s affecting the U.S.,” says Fernandes. “All schools confront this issue.”

Faculty diversity represents a related, and perhaps equally formidable, challenge. A diverse faculty attracts a more diverse student population, explains KPMG Foundation President Bernard J. Milano, and “better prepares all students for our diverse society and diverse workplace.” Greater diversity can also improve the quality of education – by preparing students to deal with a more comprehensive set of issues waiting for them in a business environment that thrives in an ever-increasing number of communities, countries, cultures and subcultures.

The KPMG Foundation is one of the sponsors of the Ph.D. Project, a not-for-profit with the mission of increasing

the diversity of corporate America by increasing the diversity of business school faculty. Since the organization’s inception in 1994, the number of African-American, Hispanic and Native American business school professors has more than tripled (to 833 out of roughly 26,000 total faculty), but Milano emphasizes that much more progress is needed.

Adapting to Changing Business Needs

ERP, HTML, CRM, HRMS, SOX, SEC, PCAOB, IFRS, BASEL II – the quickening pace of technological, business and regulatory change churns out a dizzying array of acronyms on what seems like a monthly or weekly (or even daily) basis. Businesses need help decoding the opportunities and risks inherent in the steady stream of new developments.

“Business schools are in the business of preparing people to be effective leaders and to add value in businesses,” Westerbeck explains. “However, technology, demographics and markets are changing faster and faster. That engenders demands for different types of skills, new ways of thinking, new capacities that business schools in theory are supposed to be helping create in the workforce. That’s quite a challenge as the rate of change accelerates. And academic institutions are not by definition built to change.”

Additionally, most companies provide less nurturing development regimens for new management hires than they offered 20, 10 or even five years ago. “Companies that built up massive layers of supervision had to de-layer to reduce their cost and

remain competitive,” Fernandes observes. “In the old days, you earned your degree and then entered an organization where there were tons of people who told you what to do. Now, companies expect students to hit the ground running – companies have demanded that [new management hires] arrive better prepared.”

That preparation takes many forms, including active learning experiences and specialized business-degree programs, such as Hankamer’s Sports Sponsorship & Sales major, which boasts a 100 percent placement rate (including with professional sports franchises such as the Cleveland Cavaliers and Houston Texans).

Addressing Ethics at a Deeper Level

When Carini was a doctoral student in the mid-1980s, he recalls that many business schools decided to do the “ethics thing.” The savings and loan scandal motivated many business schools to tack on ethics courses to their curriculum. “That approach tended to fizzle, though,” says Carini. Twenty years and at least three corporate scandal cycles later, business schools continue to face criticism over the degree to which they prepare future leaders to behave appropriately when thorny ethical matters arise, as they always do.

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How does a U.S. business school address those challenges while meeting the needs of students and the businesses they will lead deeper into the 21st century?

In the case of the Hankamer School of Business, the answer is a strategic plan, developed through a collaborative planning process guided by the School's Strategic Development Council. The plan contains the following seven goals:

7 goals

of a highly successful business school

Goal 1:

To be acknowledged as a premier and innovative source of active learning.



Westerbeck believes that the solution for business schools struggling to keep pace with the accelerating pace of business change goes beyond textbooks. "Who is in the classroom with students?" he asks. "What resources are being used as current examples and cases? What resources outside the classroom are being used to create the learning environment?" At the Hankamer School of Business, those answers include:

- Accounting students being honored as one of five national finalists in the PricewaterhouseCoopers' xTax Challenge;
- Taxation and accounting students huddling with Senate Finance Committee staffers in Washington during a mock tax bill markup session;
- The creation of an ethics case competition, judged by the country's leading corporate governance experts, as part of the annual Baylor Business

Ethics Forum;

- The business plan team winning the John Hoover award at the University of Washington's Global Social Entrepreneurship Competition for the most innovative and realistic business plan;
- MBA students presenting a project to Hewlett Packard CEO Mark Hurd (Baylor BBA, 1979) and his colleagues in the Palo Alto company's inner sanctum as part of the "Focus Firm" program; and much more.

New active learning spaces, including the Southwest Securities Financial Markets Center, CNL Real Estate Learning Lab and the RFID Teaching and Research Lab, also have been opened.

"Teaching defines us as an academic institution . . . but teaching is an input and what is important is the learning outcome," notes Hankamer School of Business Dean Terry Maness. "We feel that to

enhance learning outcomes, it is critical to provide an appropriate learning environment that engages the student where the student becomes a partner in the education process."



Goal 2:

To produce highly regarded research.

"We also hire faculty who have a passion for continued development of their intellectual capital and to share that knowledge with their academic peers and business professionals," Maness explains. "We encourage our faculty to be actively engaged in national and global conversations of new theories, applications, and policies affecting their discipline as well as business in general and the economy."

That commitment is evident in the numerous editorial boards of major journals Hankamer faculty serve on and in the numerous research grants they receive. The School has hosted the Free Trade in the Americas Conference, the Texas Investment Portfolio Symposium and the BIG XII MIS Conference – and co-hosted the Texas Finance Symposium. Faculty research is featured in the School's quarterly *Focus Newsletter*.



Goal 3:

To attract, support and retain diverse and highly qualified participants.

In his business book *Good to Great*, Jim Collins noted that a critical element differentiating company performance was getting the right people on the bus and the right people in the right seats. The same dynamic holds true for educational institutions. “Highly qualified faculty can only do so much with less qualified students, and highly qualified students will not achieve their full learning potential with less qualified faculty,” explains Maness. “Likewise our programs will suffer if our support staff is not of the highest quality.”

The faculty’s international experience has also increased in recent years. “The faculty hires we’ve had in the past five or six years are the most diverse hires that we’ve had in the history of the Baylor Business School,” notes Blaine McCormick, associate professor and associate dean for undergraduate programs. “I consider the value, for example, of a Taiwanese faculty member to be enormous given that they can open up that part of the world to their students.”

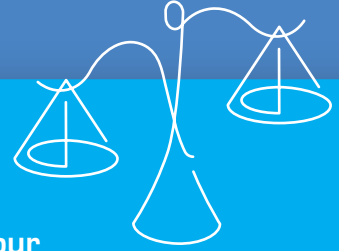


Goal 5:

To develop, support and produce faculty and graduates with experiences in international business and culture.

As McCormick notes, the level of international experience on the School’s faculty continues to increase. Maness asserts that the business school is committed to increasing the level of international business exposure students receive.

“Our students not only need to study business in a global context in the classroom, but it is even more important that they have experiences that can provide them a world view,” he reports. The foundation for that exposure can be found in The McBride Center for International Business. The Center, which hosts such events as the Global Business Forum and the Free Trade in the Americas conference, provides coordination and support for all international activities at the Hankamer School of Business, including learning opportunities in Argentina, Australia, China, France, Germany, Great Britain, Japan, Korea, Mexico, the Netherlands and Thailand.



Goal 4:

To be recognized for our learning, service, thinking and research outcomes on ethics in business with a focus on Christian perspective.

The staggering economic losses caused by the corporate accounting scandals of the past five years and the crush of new regulatory requirements those problems triggered underscore the import of principled leadership and ethical behavior.

“We have a relatively unique opportunity to teach ethics in the context of principled leadership,” says Maness. For example, business people participate in the university’s chapel program (a requirement for all Baylor students) each semester, discussing real-world business issues that have tested their ethical mettle.

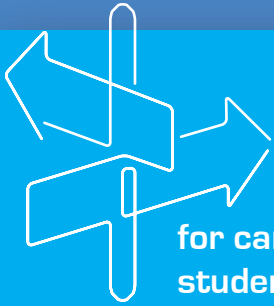
Numerous programs and approaches contribute to the ubiquity of ethical discussions in the business school. The annual Baylor Business Ethics Forum attracts the country’s top regulators, including Public Company Accounting Oversight Board Member Charles Niemeier (Baylor BBA, 1979) and corporate ethics officers. The School’s annual Ethics Leadership Case Competition, open to both graduate and undergraduate students, was designed to help students develop and maintain their ethical skills. Rather than offering self-contained ethics classes, the business school leadership prefers that current ethical discussions and debates spill into every course. Such efforts have been noticed. The Hankamer School of Business undergraduate program is ranked third in the nation by *BusinessWeek* in its Ethics rankings.

One of the measures that Carini tracks with the core MBA professors on a weekly basis covers the ethics-related discussions that take place within each class. “When you pick up the *Wall Street Journal*, there’s a good chance you will find an article covering a case where ethics were compromised,” says Carini. “When those articles surface, we make it a point to discuss it within our class that same week. And our professors and students are going to discuss those current cases differently from accounting, finance, marketing and leadership perspectives.” The School is one with a *Wall Street Journal* contract covering subscriptions for all students.

Carini believes that Baylor MBA graduates possess “a solid base of ethics and values – they operate with an integrity that’s known on the street, and they reinforce our reputation as they go out to their new companies and act in that manner.”

“Our Baylor Business Network organization is an absolutely critical success factor for our program. Relationships open doors to more possibilities and the synergies are only limited by our imagination and creativity.”

Terry Maness, Dean, Hankamer School of Business



Goal 6:

To foster opportunities for career development of our students and to enhance their initial placement.

A holistic educational program incorporates two, fully integrated parallel tracks, Maness explains: an academic discipline-based curriculum track and a professional development track. As Fernandes notes, more companies expect business schools to produce managers who are ready to hit the ground running.

As soon as students declare an Accounting major, for example, they immediately study to become a member of the Accounting profession, in addition to learning the discipline. The students meet with members of the Accounting & Business Law Department Advisory Board to discuss different career tracks and internships, begin developing their resumes, conduct mock interviews and even consult with accounting professionals to learn how to interview for positions.

“We have been very intentional about our career and professional development activities with students,” confirms Charles Davis, Accounting & Business Law department chair and Walter Plumoff Professor of Accounting.



Goal 7:

To establish and nurture ongoing, mutually beneficial relationships among all relevant communities.

The nature of business is collaborative and builds on relationships and engages in alliances. The Hankamer School of Business is striving to enhance those alliances between all stakeholder groups by adding value and opening lines of communication. Communications from the school, including this magazine, Web sites, the *Focus Newsletter* and monthly e-mail newsletters, work to keep alumni and stakeholder groups abreast of school news and happenings. Events, like the Ben Williams Distinguished Speaker Series, bring high-profile business leaders to the community and provide opportunities for alumni to participate in campus events.

Networks also feature prominently in developing relationships. Baylor Business Network provides graduates the opportunity to interact on a regular basis while expanding and developing both business and personal relationships. Alumni have networking and professional development opportunities in active chapters in Austin, Dallas, Denver, Ft. Worth, Houston, New York City, Oklahoma City, San Antonio and Waco.

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