

# **BUILDING A WORLD CLASS UNIVERSITY**

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## **Abstract**

As university MBA programs proliferate, the quality of the once coveted business degree has come into question. While some of the first movers in the field of business education have maintained a strong position among the published rankings for such programs, other newer schools struggle to promote themselves in a very competitive field.

This paper addresses the situation of one such school that has recently launched an MBA program. The strategy proposed is based on an analysis of environmental changes that are occurring, including shifts in technology, demographics and culture. By identifying and understanding the impacts of these forces, newer university programs can more effectively compete with their more well-established competitors. The well-known story of David and Goliath provides guidance and perspective in this situation.

## Introduction

There are perhaps a hand-full of truly great universities around the world. These institutions have achieved their vaunted status through longevity (such as Oxford); technical innovation (consider MIT and Caltech) and expertise (think of the University of Chicago and its long list of Nobel laureates in Economics). But given the many thousands of universities in existence, how can a relatively newer institution distinguish itself in such a competitive field? Can a 'newbie' university achieve academic excellence, or is mediocrity the best that it can expect in the world rankings?

I think that it is possible for newer institutions to attain scholarly prominence. But this requires some out of the box thinking. A 'me-too' mindset will not work -- so, forget about setting up flavour-of-the-month research institutes, internet based learning models and so-called executive education programs.

## Background:

In this article I consider the real-life situation of a mid-sized publicly funded university (student enrolment of about 15,000) located on the west coast of North America, which I refer to as Elah University (not its real name). It has a relatively new business school and is attempting to market its MBA program. In order to do this it needs to attract top calibre scholars, the best and the brightest students and some much needed outside funding. While Elah University is a real institution, the strategy suggested in this paper has not yet been implemented; but it is available to any of the West Coast universities that can identify with the situation presented.

Elah University is located near the Pacific Ocean, on the outskirts of a

metropolitan area of approximately one half million inhabitants. The local job market is primarily white collar and the economy is based on government, tourism and a significant number of retirees. The moderate temperature and abundant sun shine has made this an attractive location for those in their golden years. Crime rates are low, health care facilitates excellent and transportation links (air, water and road) are available to locations throughout North America and the world. The greater metropolitan area is also gaining a reputation as a high tech incubator.

The metaphor underlying the strategic plan for this university is that of the tale of David and Goliath, which is probably appropriate, given this institution's current situation (note, too, that Elah was the valley where David and Goliath fought their famous battle). Of course, everyone knows the outcome of the story but few realise the real reasons why David was successful. I contend that he was able to 'kick ass' because,

1. He shifted the competitive paradigm (turning weakness into strength)
2. He effectively leveraged the power of technology (converting potential to kinetic energy)
3. He used youth to his advantage, against tradition (making youth a state of mind)
4. Each of these themes is examined in my assessment. Also, reminiscent of the style of many MBA programs, the arguments are presented in the form a business case write-up: identifying the issue, presenting a situational analysis -- along with alternatives -- and making appropriate recommendations.

## Issue

How can a business school that lacks (1) reputation and (2) money become a world-class institution?

## Analysis:

University business schools typically establish their reputations over long periods of time. Usually this is done in conjunction with the development of the university as a whole. Key to this development is three main elements:

- Attracting outstanding faculty
- Selecting the best and brightest students
- Obtaining appropriate levels of funding

The table below shows a ranking -- in no particular order -- of (arguably) the top five business schools (showing the date their MBA program was founded) in the United States and Canada, along with each school's 'claim to fame'.

United States	Canada	Claim to Fame
Harvard (1908)	Western (1948)	CEOs
Wharton (1920)	Toronto (1937)	Finance
Chicago (1898)	UBC (N/A)	Research
Stanford (1925)	Queens (1960)	High-tech
Northwestern (1908)	McGill (1962)	Marketing

Source: Businessweek and Canadian Business magazine web site on the Internet.

But, reputations can be easily undone if schools do not respond to forces in their internal and external environment; these forces include (i) technology changes and (ii) population shifts.

## *Technology and its impacts*

While technology, globalisation, and commoditization have often been interpreted as distinct phenomenon, in reality they all follow logically from developments in technology. Technology has, and will continue to shape the business landscape. As well, it has led to both economic globalisation (by ameliorating time/space constraints) and the 'commoditization' of goods and services (by overcoming information asymmetries about the price/quality of goods -- i.e. via standardized communications protocols, such as the Internet).<sup>1</sup> These forces have manifest themselves in business school education through the development of,

- International business programs, resulting from the globalisation impact,
- Entrepreneurship studies, resulting from the impact of product commoditization, which has led to branding and niche markets and
- Specialised MBA programs, which are typically technology driven; for example, e-commerce or bio-tech specializations).

While technology impacts are well known and have been part of the evolving curriculum of most business programs, population shifts have not been fully considered in developing a strategy that is responsive to environmental change.

## *Demographics and its impacts:*

Distinct from the technology shaping the economy is the ageing of the North American population. Much has been written about this phenomenon from both a descriptive and prescriptive viewpoint. Particularly

salient to the institution in question is the fact that it is estimated that 55% of North American academics will be retiring within the next 5 - 10 years. Following from this observation, it is important to note that,

- Traditional notions of retirement are expected to change, with part-time and gradual work reduction becoming more prevalent. (Part of this occurrence is of necessity, as more workers will be needed to pay for the burgeoning number of retirees. Another part is due to the individual knowledge worker's desire to continue to remain productive and useful to society.)
- Knowledge workers (such as business school professors) are defacto entrepreneurs (e.g., faculty members who have private consulting practices). Well known university 'names' are frequently more important than their affiliations (consider Michael Porter of Harvard and the late Milton Friedman of Chicago).

This means that a large talent pool exists which not only wants to provide its services (however, in a different way) but which has no 'real' reason for remaining attached to a particular institution.

### **Alternatives:**

Several alternatives are available to help our new business school develop a reputation for scholarship and obtain funding. These options can be conveniently summarised as (1) old strategy and (2) new strategy.

#### ***Old Strategy:***

All of the essential elements of the old strategy have been used by many business

schools. Simply pick up an MBA promotional brochure for almost any program, or browse through the on-line content of the school's web-site. These approaches include,

- Developing an Executive, or E-MBA program (to increase funding).
- Raising tuition to cost recovery levels (like many private business schools).
- Garnering donations for facilities (e.g., corporate naming of lecture halls).
- Further subject area specialisation (e.g., an e-commerce MBA).
- Supplementing faculty salaries (through teaching continuing studies diploma or certificate programs).
- Videoconferencing and Internet-based MBA programs (i.e., technology enabling outreach).
- Creating research institutes or centres of excellence in specific areas (e.g. performance measurement)

(Some efforts at cross branding have also taken place between schools, most notably Canadian and American universities -- such as York University's Schulich business school and Northwestern University.)

Unfortunately, for those schools that are not already well-known, these approaches have done little to enhance their reputations. The problem with the old strategy is that everyone is doing it. Not only is novelty absent in this approach, but it is also unlikely to be fruitful when trying to enhance an institution's academic reputation.

### ***New Strategy:***

A new way of doing things utilises this West Coast University's natural competitive and comparative advantages. This strategy borrows from the lessons learned in David's meeting with the Philistine Goliath.

### ***Paradigm Shift***

#### ***Retirement becomes Work***

Just as David altered the competitive paradigm by showing that weakness can become strength, Elah University can also redefine traditional paradigms about the notion of scholarly work.

#### ***Money as a reward for providing services will be redefined by other incentives:***

Elah University's reputation depends upon having a well-known and highly regarded faculty. As noted, many business professors from prominent universities will be retiring within the next decade. Money will not be their greatest concern. Rather, life-style and flexible work arrangements will be paramount. The West Coast offers an unparalleled climate and lifestyle (i.e., comparative advantages) specifically geared to seniors, including excellent public transportation, short travelling distances, high personal safety and security, and top-quality medical facilities. In addition, Elah University can offer flexible work arrangements to these not quite ready to retire academics (i.e., competitive advantages).

#### ***Institutional reputation will be redefined by the notion of a community of scholars:***

World-class business scholars will be attracted to a location by an appropriate sense of community (consider the University of Chicago and the significant influence of its financial economists). This community can be 'centred' in a number of ways -- for example (i) in the university, (ii) in the nearby

city (iii) in the greater metropolitan area. Much like the notion of an artist colony, Elah University should strive to create a sense of 'place' -- i.e. an appropriate atmosphere where scholarship can thrive. (Remember that the word university is derived from the Latin *universitas magistrorum et scholarium*, which is approximately translated as "community of teachers and scholars".<sup>2</sup>)

### ***Technology***

#### ***Facilitating & Enabling***

David converted the potential energy of a stone into highly effective kinetic energy by using technology (sling) in his battle with a much larger adversary. Today, too, technology can be both a facilitator and enabler. It is not an end but rather a means to an end. A community of scholars based at Elah University can communicate with the entire world via the Internet, or other communications media (such as videoconferencing, webcams, fax machines, mobile telephony, texting, instant messaging, etc.). 'Place' becomes almost irrelevant for knowledge workers when technology becomes an enabler. If the appropriate scholarly atmosphere exists, technology can facilitate exchange that is two-way: (a) from a scholar's current location to Elah University and/or (b) Elah University to the scholar's hometown, and beyond. The potential of the Internet creates real-life energy when it seamlessly facilitates the communication of ideas. Remote access to numerous data sources used in scholarly work is also possible with today's technologies, making 'place' almost irrelevant when conducting research.

## **Youth**

### **Old Age with Attitude**

Youth is not just a physical state; it is an attitude as well. Think of young David -- soon to be King of Israel -- stepping forward to meet the challenge of the Philistine army when none of his older, more battle tested comrades would act. Just as David's youth contrasts with the maturity of his fellow warriors, older academics will increasingly be stepping forward to challenge traditional notions of retirement. A community of scholars of similar ages, reputations and interests will inspire each other. Interdisciplinary research, publications and seminars will emerge if the appropriate atmosphere exists.

In brief, Elah University can provide the place, technology will enable the (two-way) exchange of ideas and youth will become a state of mind (rather than body) among individuals with similar interests. It is also important to note that this is not a zero-sum game. By following the recommendations which I outline below, Elah University enhances its reputation at very little 'cost' -- other than opportunity cost. In addition, scarce productive resources -- i.e., human capital -- are more effectively utilised and not lost due to our society's antiquated notions of retirement.

## **Recommendations**

Based on the analysis presented, I recommend the following.

1. Elah University should develop a schedule of scholar-in-residence intensive courses/programs that can be counted towards the MBA degree. The timing of the courses is not critical -- i.e. fall, winter, summer -- and should be

driven by the scholar's schedule/needs. It is expected that the appropriate 'name' will draw the necessary registrations.

2. The program should be marketed to pre-selected and highly regarded scholars who are approaching 'traditional' retirement -- i.e. 65 - 70 years of age. (For example, Nobel prize winner Robert Mundell -- 70+ years 'young' -- who is originally from the West Coast).
3. The scholar-in residence should be offered free accommodation, meals and local travel for him/herself and their 'significant others' (possibly in conjunction with support from local businesses) in exchange for teaching a course of their interest. (This will also allow 'up-sell' potential, in terms of retirement/second homes and could provide a source of additional funding from local businesses -- e.g. as a percentage of real estate commissions for appropriate referrals.)
4. This initiative should commence immediately, before the unfolding of demographic trends (and opportunities) becomes of greater interest to scholars, forecasters and the news media. First movers will reap the greatest benefits from this initiative.

It is expected that as a 'critical mass' of scholars 'buys in' to the Elah University initiative, the business school's reputation will be enhanced. In turn, applications for admission to its program will most likely increase, not just quantitatively, but also in terms of the quality of the students seeking admission there. Funding to attract notable business scholars will not be a significant issue because of the nature of the new work model being proposed, which is based on

changing demographics and altered notions of retirement.

The threat of similar ‘wannabe’ programs can be subverted by acting quickly and effectively marketing the program. This can be done using Internet based technologies (e.g., web-sites, on-line registration, marketing materials and gathering data about other business schools’ faculty and their research interests).

In summary, the Internet allows ideas to be communicated independent of time and space by using technology as an enabler. It is also equally important to recognize the demographic reality of an ageing scholarly work force. Elah University can leverage technology (as did David) to win the battle for recognition against some much larger (Goliath-like) and better endowed (armed) universities. It can do this by using its comparative advantage to attract a highly mobile workforce which will be redefining the notion of retirement over the next few decades.

## End Notes

<sup>1</sup> Technology has led to globalization through the elimination of time and space constraints. Marshall McClewen is credited with coining the phrase ‘the global village’. He hypothesized that as the world becomes increasingly interconnected (through -- at the time -- television/radio communications and jet aircraft travel), perceived distances between people would become smaller. The Internet, as a standardized communications protocol has made the global village even smaller, creating more connections that facilitate exchanges of goods, services, and ideas.

Commoditization has resulted from globalization (which, in turn, arose from advances in technology) as information has become readily available about product/service prices and specifications. A large assortment of output is available from suppliers around the world, making price the main differentiator. That is, unless branding can provide additional value for a company’s offerings.

<sup>2</sup> Encyclopaedia Britannica