



Why a Business Education?

A BUSINESS SCHOOL DEAN'S MANIFESTO | JIM DEWALD

When introducing the topic of change in a university setting, most people would probably think of technological changes such as online courses, audio-visual aids, etc. Is that change, or just refinement, fiddling around the edges?

I want you to think deeper. I want you to think about the core of an educational program, the content. What are we teaching our students, and why? Do we have it right, or do we face a crisis in content?

The correct starting point is to ask why. Why a business education? Why do students enter into business school, and what are their expectations? To address these questions, I start each school year by surveying incoming first year students on a variety of topics. Included in the survey is a simple question: “Why did you apply to enter into the school of business?”

My personal prediction was that, “my parents told me to” would be the top answer, but in fact that choice was well down the list. However, I was surprised and pleased to see in the very first survey that the number one reason why students choose a business school education was that they wanted to make a difference in the world. 83% of respondents either agreed or strongly agreed with making a difference as a reason for entering business school. The “make a difference” response even beat out “I want to make a lot of money” (76%). Now we have something to work with—students who want to learn the skills and knowledge that will help them change our world. Wow.

At the same time, I have to admit that I was also overwhelmed and felt an immediate and intense sense of duty and responsibility. Their goal was very noble, and we can’t let them down. These young seventeen- and eighteen-year-old students had the insight to see management education as the path to doing good in the world. We have to give them the skills and knowledge needed to fulfill their goals, and we need to find ways to encourage and support this enthusiasm and drive.

In many ways, as a quasi-professional program, business school education is different from other forms of university education. The origins of the modern universities go back millennia, but business schools began much later in history, and are very closely linked to the second industrial revolution and the consequential explosive economic growth of the 20th Century. Public markets, strategic planning, multi-divisional organizations, global supply chains, information systems, marketing, branding, corporate finance, and accrual-based accounting are all relatively new disciplines that encapsulate the core of modern day management theory. We have theories, but they are rooted in applying psychology, sociology, economics, philosophy, and other core fields of study to a specific setting, the business corporation. Hence, we rely on a relatively narrow lens and context to develop management theories.

Management theories are young and very much evolving. Are our management theories and conventional educational practices enough to meet the lofty goals of our students? More than anything, we rely on the business corporation as the vehicle by which humans can collaborate and work together to truly make a difference in the world. Indeed, it is through the work of individuals in corporations that we enjoy our lifestyles of convenience, and through which we are able to realize personal dignity, growth, economic returns, and fellowship. Through the vehicle of the business corporation, we are able to literally move mountains, reach to the sky, cross oceans, and comfortably meet the needs of life—food, shelter, and security.

In my book *Achieving Longevity*, I celebrate the positive power of the business corporation by studying companies that have managed the difficult task of staying in business for decades, even a century or more—companies like Honda, IBM, and 3M. What I found is that the success of those companies is tied to a culture of entrepreneurial thinking. Large established firms use their resources to reinvent themselves to capture a new market opportunity. They strive to seek out change and to adapt to market needs that vary over time in response to broader demographic, technological, global, and social change.

What my research also showed, and what motivated me to write this book, is that most companies have a pattern of abandoning their entrepreneurial roots after they become successful. They seek to protect what they have. They become stodgy giants that begin to take on the view that status quo is good, risk is bad, change is perilous. But the inability of rigid stodgy firms to change with changing times causes them to eventually devolve from success to failure. Instead of innovation and entrepreneurial zest, most larger firms focus on efficiency and commoditization.

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Ironically, it is large firms—with their money, brainpower, leadership, sales channels, research facilities, customers, and status—that are best positioned to be entrepreneurial. Think of it: start-up entrepreneurs have ideas but no money, networks, customers, suppliers, credibility, and so on to follow through on those ideas. It is the established corporations that have ideas plus money, people, credibility, and so on to really make a difference, yet they choose instead to become rigid, risk averse, and focused on cutting costs instead of big picture thinking of where the next big opportunities may lie.

Business schools are partly to blame for this. Management theory is grounded in careful scholarly observation of firms in the business world. We form theories and teach our students what we have learned. By following observed dominant models, management theory becomes a force that promotes rigidity and stifles paradigm shifting innovation. Some theories tend to be a powerful driver for the status quo with a focus on efficiency. We are teaching our graduates to do more of the same.

This must change.

Some will take a policy perspective and argue that firms can come and go—it is natural ecology, as long as the full economy or society is moving forward. There isn't space in this short article

to fully debate this position, but let me state that corporations provide an additional means for community building, and compassion is a much stronger output than pure economics. Frankly, even eighteen-year-old incoming students recognize this, which is why they see that developing their knowledge and skills in the functioning of a business corporation will help them make a difference in the world. They get it. But by the time they're done with traditional business education, some of them lose it.

Business schools can have a significant impact in providing the skills and knowledge to keep entrepreneurship alive and thriving in established business corporations. While most schools have optional programs for budding entrepreneurs, at the Haskayne School of Business entrepreneurial thinking is not an option. We have developed a new and dynamic approach by creating a mandatory course in entrepreneurial thinking for all second-year undergraduate students. It ends with the RBC Fast Pitch Competition where students compete for over \$100,000 in cash and in-kind prizes for their start-up company ideas. It is a one-of-its-kind program in Canada and students love it.

One of the highlights each year is seeing so many young students find the joy of discovering their own entrepreneurial spirit. Based on the tremendous success of our first two years, we are now expanding our mandatory course to the MBA and Executive MBA levels.

I should clarify that we are not naive enough to think that all of our students will become start-up entrepreneurial billionaires. But, we do feel strongly that all graduates should have the ability to engage their entrepreneurial thinking skills to benefit companies of all sizes, even public sector and not-for-profit organizations. Our belief is that, going forward, the need for an entrepreneurial focus that drives innovation will be essential for all organizations.

As further fuel for entrepreneurial thinking skills, I believe we may be at the precipice of potential paradigm-level shifts. Readily apparent are changes—and potential changes—in transportation (imagine safer automated vehicles that create a 96% usage rate rather than a 96% idle parking rate), energy use (distributed solar and wind energy, supplemented by accessible, reliable, and very long storage), health care (self-healing and life extension through bio-technology and genome research), material strength and resilience (nano-technology), machine learning (computers that “think” and learn), and at-home manufacturing (3D printers). As a business school dean, what keeps me up at night isn’t change itself, but knowing how to prepare tomorrow’s leaders to steer their organizations through this minefield of change.

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We need to face the truth: we keep cruising on the tired maturity of a 2nd Industrial Revolution that dates back to the late 1870s with the inventions of the light bulb, telephone, and internal combustion engine. To what degree does the industry landscape of today represent the kerosene lamp manufacturers, pony express operators, and buggy whip manufacturers of the late 19th century? Today's businesses are woefully unprepared to face real change for five key reasons:

1 | We don't get it!

We think we live in real change because of social media and angry bird games. Compare a person born in 1875 who lives seventy years to see real change (from horses to cars, wood stoves and kerosene lamps to central heating and home electricity, pony express to telephone, people actually flying) to one born in 1945 and living seventy years to today (central heating, driving personal cars on freeways, commercial air travel, central heating, plumbing, electricity, phone, etc. all virtually the same). The person born in 1875 lived through paradigm level change. Virtually everyone living today doesn't know what real change is, so how can we be ready for it?

2 | The limitations of scientific paradigms.

Thomas Kuhn's work on scientific revolutions illustrated to scientists and academics of all stripes that a severe consequence of dominant paradigms is that vision is clouded and restricted to shoehorn any new discovery to fit the existing paradigm. For example, deep in the thick of the

second industrial revolution, along comes the computer and Internet networking. It's amazing new technology, and what did we do? We spent fifty-plus years trying to make it a telephone. We are only now starting to realize what we really have.

3 | Stale theories.

Sure, we have theories to guide us, but they are based on a world without real change. It is no surprise that today's dominant management theory continues to be Michael Porter's mid 1970s generic strategies, where firms choose to either differentiate or be cost-leaders. After all, we have had seventy to ninety years of "dress it up" or "dress it down" based on nuanced customer needs. What is worse is that academics and business leaders have stretched this relatively static concept further in pursuit of reaching the holy grail—sustainable competitive advantage. Theory is pushing rigid positioning at a time when we need to be more flexible and adaptable. Because we have not lived through real change, we don't have theories or guides to shepherd us through a major disruption.

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4 | Reinforced behavior through education.

The pattern is self-fulfilling and dangerous. Scholars observe organizational success (generally viewed as exceptional short-term profitability), use the lessons from those studies to build theory, and use that theory to teach the next generation. Suddenly the limitations extend beyond the old guard to acculturation of young future leaders.

5 | We believe in fairy tales.

We view the growth of firms as a two-stage process. Stage 1 is the entrepreneurial start-up; an unstable small team with few resources, facing great uncertainty, willing to take chances and fail, with hero-like worship if the firm is acquired. Stage 2 is rich, steady, reliable, dependable, risk-adverse, bullet-proof, with executives shunned if the firm is acquired. This is a fallacy. Every firm is at most a few years from bankruptcy. Research reveals that 87% of growth stalls for the largest firms in the world are caused by management actions (not external factors) with the most common threat being premium position capture (invincibility through a sustained competitive advantage).¹ Don't believe the fairy tale.

¹ Olson, van Bever, Verry (2008), "When Growth Stalls", Harvard Business Review

There is much to do. Let's start with the simple act of teaching, reinforcing, and celebrating the entrepreneurial spirit in all organizations.

It is imperative that business schools recognize that we don't know the problems—let alone the solutions—of the future. We need to be careful and purposeful in what we research and teach. We need to inspire a new generation to boldly pursue unknown problems with a sense of opportunity and adventure. We need to launch a new generation of pioneers ready to think like entrepreneurs. **We need an army of entrepreneurial thinkers to steward our future.** 📌

Info



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ABOUT THE AUTHOR | Jim Dewald is the dean of the University of Calgary's Haskayne School of Business and an associate professor in strategy and entrepreneurship. Prior to entering academe, he was active in the Calgary business community as the CEO of two major real estate development companies and a leading local engineering consulting practice, and president of a tech-based international real estate brokerage company.

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