

STRATEGIC LEADERSHIP IN THE BUSINESS SCHOOL

Keeping One Step Ahead

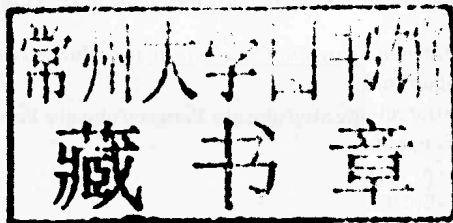
FERNANDO FRAGUEIRO AND
HOWARD THOMAS

CAMBRIDGE

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Strategic Leadership in the Business School

Business schools have come under fire in recent years, with criticisms centring on their academic rigour and the relevance of business education to the 'real' world of management. Alongside this ongoing debate, increasing international competition and media rankings have led to a fierce struggle between business schools for positioning and differentiation. These are among the challenges that are faced by the dean of the modern-day business school. In this book, Fernando Fragueiro and Howard Thomas show how deans of business schools can meet such challenges in terms of strategic direction setting and the execution of their leadership role. Drawing on their invaluable experience as deans of highly successful business schools, they present a series of case studies to show how leaders of five major business schools (IMD, LBS, INSEAD, IAE and Warwick) have built effective strategies in the context of internal and external political pressures.

FERNANDO FRAGUEIRO is Professor of General Management and Director of ENOVA Thinking, a centre for developing corporate leadership in emerging markets, at IAE Business School in Buenos Aires. He served previously as Dean of IAE Business School (1995–2008) and as Vice-President of Austral University (1995–2007).

HOWARD THOMAS is Dean and LKCSB Chair in Strategic Management at the Lee Kong Chian School of Business, Singapore Management University. Until recently he was Dean of Warwick Business School (2000–2010), and, prior to this, he was Dean of the College of Commerce and Business Administration at the University of Illinois at Urbana–Champaign (1991–2000).

To Lynne and the Thomas family, who are Howard's foundation and who light up Howard's life.

To Carlos Cavallé of IESE, the dean of deans, who has been an indispensable mentor to Fernando and a long-standing friend to both of us.

Preface

This book is grounded in the research and writing of the two authors: on one side, the work Howard Thomas has undertaken over the past decade at Warwick Business School (WBS), the Association of Business Schools (ABS), the Association to Advance Collegiate Schools of Business (AACSB) International, the Global Foundation for Management Education (GFME) and on business schools and their strategic leadership; on the other, Fernando Fragueiro's five years of research on 'strategic leadership as processes in a specific organizational context from a political perspective' at three world-class European institutions: IMD, INSEAD and London Business School (LBS), as well as his own experience as dean of IAE Business School, from 1995 to 2008.

The logic of this book, which examines business school strategic leadership processes in practice, is explained in the following flow diagram (suggested by Alex Wilson, research fellow in strategic management at WBS).

Overall, the diagram tries to throw light on the critical role of strategic leadership in business schools. Deans have been variously described as 'jugglers', 'jacks of all trades, but masters of none', 'dictators', 'doves of peace' and 'dragons'. Taken together, these metaphors illustrate the multifaceted, important and often stressful role of leading a business school as a university discipline and department. Deans are faced with reconciling contested identities as CEO, entrepreneur and scholar. Some of the most successful, such as George Bain (at LBS and, earlier, WBS), demonstrate how a range of characteristics, including integrity, humour, confidence, resilience, determination and scholarship, define the personality of a leader in the political process of leadership, and enable the chosen path and strategic direction – e.g. to beat INSEAD – to be understood by the

The introduction, '**Global financial crisis: future challenges for strategic leadership, deans and business schools**', examines the impact of the global financial crisis and the opportunity it provides for deans and university leaders to create a new model for business schools and management education.

Link: given the current criticisms of business schools and their role, the introduction identifies potentially evolutionary patterns for business schools and leadership.

Chapter 1, '**The business school landscape: trends and dilemmas**', examines the contrast between European and US business schools; each is seen to be embedded in a different competitive context with different competitive advantages.

Link: between these US/EU business schools, there are similar organisational features: these position business schools as professional service firms or knowledge-intensive firms.

Chapter 2, '**Business schools as professional organisations (professional service firms)**', identifies the features of business schools as PSFs. There are clear similarities but the model is incomplete as the business school is neither a professional partnership (e.g. law firm) nor a consulting firm. Rather it is a hybrid form of the class P2 and MPB form seen in studies of PSFs.

However, these PSF characteristics present a particularly complex challenge to the leadership and strategic management of business schools.

Chapter 3, '**The leadership process in business schools**', examines the competitive dynamics and future challenges in management education (Chapter 1), which, combined with the organizational nuances of PSFs (Chapter 2), provides a unique challenge to business school deans. It argues for examining the strategic leadership process from a political process perspective using the authors' SLP model.

Link: leading business schools have set about becoming international (global) leaders (Chapter 1); what does the process of internationalisation look like in three of the leading European schools as they attack 'top ten' places in the rankings?

Chapter 4, '**Strategic leadership in practice: leading the strategic process in three top business schools**', examines the strategic processes of internationalisation at three top business schools: IMD (Lausanne), INSEAD (Fontainebleau) and LBS (London).

Link: given the unique and varied nature of business schools and their 'top ten' aspirations (Chapters 1 and 2) what is the role of the dean in the internationalisation of these three leading schools?

Chapter 5, '**Strategic leadership in practice: the role of the dean**', examines the specific cases of different deans at the three leading European business schools IMD, INSEAD and LBS.

Chapter 6, '**Learning from the trenches: personal reflections on deanship**', examines the deanship roles of Fernando Fraguero's tenure as dean of IAE (a private school in Argentina) and Howard Thomas as dean at WBS (a leading publicly funded school in the United Kingdom).

Link: provides further insights into strategic leadership from the personal viewpoint of the authors' experiences as dean; WBS is a strong contrast to IAE as a publicly funded school.

school's multiple constituents (staff, students, alumni, business and government).

We hope that the insights developed from our strategic leadership process models and our case studies of strategic leadership in practice at IAE, IMD, INSEAD, LBS and WBS will provide useful material for debates and dialogue about future business school models, and, more importantly, stimulate further research in this area.

FERNANDO FRAGUEIRO

HOWARD THOMAS

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This book would not have come into being without the collaboration of a number of people. Among key 'contributors', Andrew Pettigrew played an unparalleled role in the shaping of the particular approach to leadership presented here that of 'leadership as a process in a specific organisational context, from a political perspective'. His academic work on processual and contextual analysis in organisations has enlightened this research since its inception. The empirical research that has served as the basis for the core chapters of this work was made possible by the generosity and openness of nearly 100 people: deans, former deans, faculty, staff members and business leaders – at IMD, INSEAD and London Business School. Our special gratitude goes to Peter Lorange, Xavier Gilbert, Juan Rada and Jim Ellert at IMD; Gabriel Hawawini, Antonio Borges, Ludo Van der Heyden, Claude Rameau, Claude Janssen, Soumitra Dutta and Arnoud De Meyer at INSEAD; and George Bain, John Quelch, Laura Tyson, Michael Hay and Paul Marsh at LBS. We have also collaborated with, and learnt greatly from, a number of strategy fellows and doctoral students, including Don Antunes and Xiaoying Li (St Andrews), Amanda Goodall (WBS), Julie Davies (ABS and WBS) and Alex Wilson (WBS).

We would also like to thank our colleagues and researchers at IAE Business School and Warwick Business School for their support and understanding while we devoted the necessary time and effort to writing this book. Finally, our sincere appreciation goes to Claire New (Howard's PA at WBS) and Alex Wilson (WBS), with whom it has been our pleasure to work on this endeavour.

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INTRODUCTION

Global financial crisis: future challenges for strategic leadership, deans and business schools

GLOBALISATION AND THE GLOBAL CRISIS

The world has been changing dramatically over the past two and a half decades, and this dynamic is only becoming more profound and faster. The global financial and economic crisis has marked the end of a stage in globalisation characterised by a thrust towards world-wide integration primarily on the basis of technical and scientific phenomena – breakthrough information and communication technologies as well as the emergence of biosciences, to name just a few. Part of the foundations for the ‘global village’ announced by pioneers in the 1980s has already been built. The current landscape is far from perfect, though, and we still have a long way to go if we want this to be a time of development and progress for all humankind.

The revolution in the twenty-first century hinges on essentially ‘technical’ drivers, and society has adjusted its organisation, customs and habits mostly in a reactive way, which has had the effect of bringing about – along with unimaginable advancement opportunities – significant social challenges and dilemmas. Only a handful of institutions have managed to redesign themselves, while not nearly enough new organisations have been created to address the issues stemming from this new scenario, with its local–global tensions in social life.

Economic activities in general and business companies in particular have been the first to plunge into globalisation. However, as

Some of the ideas in this chapter are heavily influenced by work with Julie Davies, a Warwick Ph.D. student; see Davies and Thomas (2009).

far as management is concerned, and as noted by Ghemawat (2007), among others, it may be more accurate to refer to this phenomenon as 'semi-globalisation' (Thomas, 2009). Although many business issues have become global, not all enterprise operations are handled globally. In general terms, it is safe to say that capital markets and labour-intensive product or service manufacturing centres have gone global – that is, they operate in a delocalised fashion, with globally oriented standardisation. However, there is still widespread evidence of how relevant 'local idiosyncrasies' are for consumer habits and behavioural patterns – not to mention other management issues closely associated with investment decisions and organisations' interactions with communities in the markets where they operate.

Amidst this semi-globalised setting of recent decades, management education and, in particular, business schools have come under strong pressure to adapt their knowledge creation and teaching practices to the new realities of business. Schools have responded proactively to these challenges – sometimes more effectively than others. It is crucial for these adjustments not only to be made swiftly but also to contribute academic rigour and relevant value to business executives.

However, although this significant effort has resulted in unquestionable progress, the economic crisis unleashed in 2008 – brought about mostly by key management actors, such as the financial and real estate sectors – has revealed that current business practices still fail to adequately address the dilemmas brought about by 'semi-globalisation'. In fact, this global crisis has built momentum for management education in general and business schools in particular to revisit and reshape key aspects of their core activities: research and teaching.

Indeed, it is important for management educators to realise that the nature of this crisis is unprecedented, and that it has very profound, deep and path-breaking implications (Bisoux, 2009). Consequently, the foundations of business practice are being questioned and re-examined very closely on several dimensions of global

change, namely the relationship between government and business, the role of emerging markets in the global economy and the phenomenon of increasing ecological awareness in society. For example, the long-standing belief that open and deregulated markets know best has been discredited. A new era is emerging in which there will be closer collaboration between business and government and more heavily regulated markets at a national/global level. There will be a shift from the US/western European model of capitalism to a more enlightened, multicultural and responsible version. This new model will, necessarily, adapt to changes in the rules of the game because of the presence and increasing power of emerging economies (such as China, India and Brazil) and the critical need for beneficial global investment in sustainable technologies and ecological preservation.

In all its complexity, therefore, the current financial crisis requires a considered and carefully thought-through response, and it has also rekindled the debate on the mission of business schools. This could be an exceptional opportunity to reshape and improve the image and the core purpose of management education, reorienting it beyond the acquisition of indispensable knowledge and skills towards, for example, lifelong learning processes. Business schools should take a more committed look at providing programmes for alumni to periodically take time off in order to reassess their own professional goals and their contributions to the advancement of society as a whole.

Sadly, as the world was marching towards globalisation, the ambitions of new Master of Business Administration (M.B.A.) graduates seemed to zero in on salary and bonus rewards rather than on building long and reputable careers in management. With the current financial crisis shining an unforgiving light on managerial practices, M.B.A. programmes have come under heavy fire for their flawed contribution to business leaders' education. To turn this experience into a growth opportunity, business schools should concentrate on improving their academic offerings – particularly with respect to

M.B.A. and executive education programmes – so as to reinstate the value of management education as a lifelong endeavour.

With higher salaries as the dominant driver for the choice of an M.B.A. programme (and enshrined in the rankings methodologies used by, for example, *The Financial Times*) and almost 50 per cent of top schools' graduates taking jobs in the financial industry in order to enjoy its extremely generous bonuses, business schools seem to have turned a blind eye to signals warning of a disturbing imbalance between technical knowledge and personal judgement development in their overall value offerings. Over time, managers face ever more complex business responsibilities, and young executives grow older and wiser. As a result, M.B.A. and executive education programmes present a unique opportunity to embrace the notion of 'career management' as a 'lifelong learning journey', incorporating several stops along the way to reflect on achievements and failures, to learn about new challenges and to provide chances for renewed commitment to loftier aims.

'A diploma should expire every ten years,' said the dean of a top business school a while back. To have competent corporate leaders, and not short-sighted decision-makers who miss the higher purpose of management, business schools should teach students that business leadership roles require sound judgement based on a comprehensive, long-term perspective that complements knowledge and managerial skills.

At Harvard Business School's (HBS's) recent M.B.A. commencement ceremony, the dean, Jay Light, and James Dimon (HBS M.B.A. 1982), chairman and chief executive officer (CEO) of JP Morgan Chase, also focused on career management and lifelong learning as a cornerstone of professional growth, reminding future graduates of the importance of building a personal brand for hard work, integrity and trust. Similarly, at IESE Business School's M.B.A. commencement ceremony a year ago, Narayana Murthy, chairman of the board of Infosys Technologies, said: '[L]ive your life and lead your professional career in a way that makes a difference to your society. It is