

# Future of Management Education

## Summary Technical Report



***eepulse***



University  
of Michigan  
Business  
School

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## **Introduction**

In 2002, the only certain thing about the prospects for big business is “uncertainty.” The skill sets of senior executives, especially CEOs, are often identified as root causes of some very big problems. In order to change these skill sets, curriculums at universities teaching business may need to change. In an effort to predict and understand what some of these changes may be, Dr. Theresa Welbourne, an adjunct professor at the University of Michigan Business School and CEO of eePulse, Inc., conducted a study of senior executives.

This is the first in a series of studies that will be conducted over the next year. The survey reported in this executive summary will be sent to additional groups of executives, and as the results of the research are communicated to those who participated, we will be asking for follow-up detail on the findings. Through continuous dialogue with people in key executive positions, we hope to understand the business environment and help senior executives by providing business schools with the information they need to better prepare managers for the challenges they face.

In the summer of 2002, the “future of management education” survey went out to approximately 1,500 senior executives. The aim of the research was to create knowledge that will have a positive impact on the skill sets of future leaders. Questions were asked about university-level education and the continued management development in which senior executives engage.

## **The Research Method And Sample**

A web-based survey was sent to over 1,500 executives who had participated in the University of Michigan Business Executive Education programs over the last five years. The sample was pulled from the general management and human resource management executive development classes. The survey was conducted during late July and early August 2002. A preliminary report was shared with a group of professors at the August, 2002 Academy of Management meeting during a town hall pre-conference meeting on the Future of HR Education, which was sponsored by the Human Resource Management Division of the Academy of Management.

Not all participants in the University of Michigan executive development programs provided the University with e-mail addresses. Therefore, the sample is limited to those individuals for whom the University had e-mails. A total of 243 people responded to the survey. This represents a 16% response rate. The respondents consisted of a fairly senior group of executives, with 49% noting that they had at least 15 years experience in their occupations. A total of 37% reported being in senior HR executive positions, while the remainder fell into a variety of occupations including President, CEO, General Manager, VP of Sales, Marketing, Finance and more. The large number of HR executives is the result of the popularity of Michigan’s Human Resource Executive Development programs.

## **Authors Of This Report**

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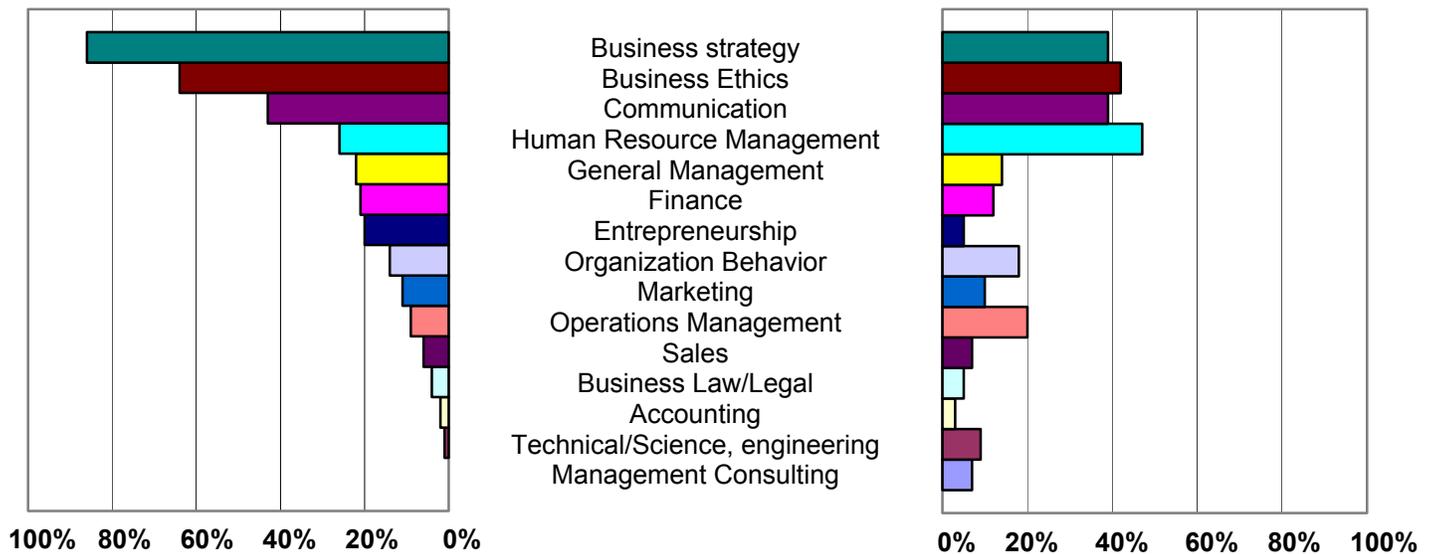
## The Data – Section 1

In the first part of the questionnaire, respondents were asked to rate the importance of 15 fields of academic study to both the success of a CEO and to their own personal career success. Each question was independently rated, using a 1 to 7 response scale (with 1 = not important, may hurt to have that skill, to 7 = critical, “must have”).

### Important Fields of Study

For the following business academic fields of study, please rate how **important** you think each is for the success of a **CEO**.

For the following business academic fields of study, please rate how **important** you think each has been for **your own personal success**.



As seen by the graphs above, only four fields of study had over 20% of the respondents choose them as critical for the CEO job (or rated with a score of “7” on this question) or for their own personal careers.

### **Business Strategy (CEO – 86%, Respondent – 39%)**

With the recent recession, many businesses have gone back to the drawing board to re-craft their strategies. Thus, as a basic building block of any business, it’s not surprising to see that knowledge of strategy is valued as critical for the CEO job. Business strategy also is the one academic field that pulls all the other business subjects together. It often serves as the “capstone” class in an MBA or undergraduate business curriculum.

The open-ended comments (which will be detailed later in this report) reveal that the participants want courses to reflect the “real world,” and of all the fields of study listed, business strategy consistently is taught in a very “real life” fashion in almost any business school. The course has a heavy case study component, with every basic textbook on strategy, including large segments on case analysis.

## Business Ethics (CEO – 64%, Respondent – 42%)

With corporate scandals involving Enron and WorldCom and other collapses, business ethics came in second with just over 60% of respondents saying it is key for CEO success.

## Communication (CEO – 43%, Respondent – 39%)

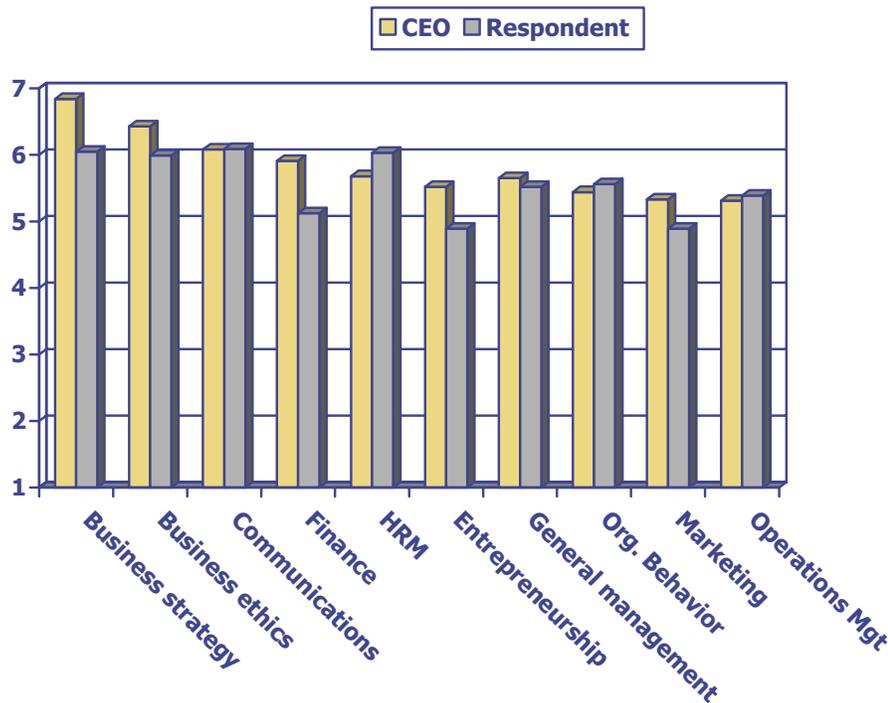
Lack of communication is often cited as one of the top reasons for business failures. It is important for CEOs and other senior executives to be able to articulate their vision so that it inspires action.

## Human Resource Management (CEO – 26%, Respondent 47%)

The last of the four significant areas of study is Human Resource Management (HRM). People are fundamental to any business. The ability to deal with complex people issues often is cited by CEOs as something that makes or breaks their careers, even though the topic receives little attention in most business schools.

## Alternative View of Data

Below is a graph of the same survey questions, with the overall means plotted in a bar chart. The only fields where a particular skill is rated as more important for the respondent than it is for the CEO are: human resource management (biggest gap), organization behavior, and operations management.



## Forced Rankings

The first part of the survey asked respondents to score every skill or field individually using a 1 to 7 rating scale. The second part forced respondents to choose only three areas of study important to their success and for the success of the CEO. Below are the results of those forced rankings.

It is interesting to note that ethics fell out of the rankings as important.

## **CEO Rankings**

### Survey Question A:

Please rate the importance of each area of study to a CEO's success. What would you rank first as "Critical, a must have"?

86% of respondents ranked Business Strategy as the top choice for being "Critical, a must have" for a CEO's success.

### Survey Question B:

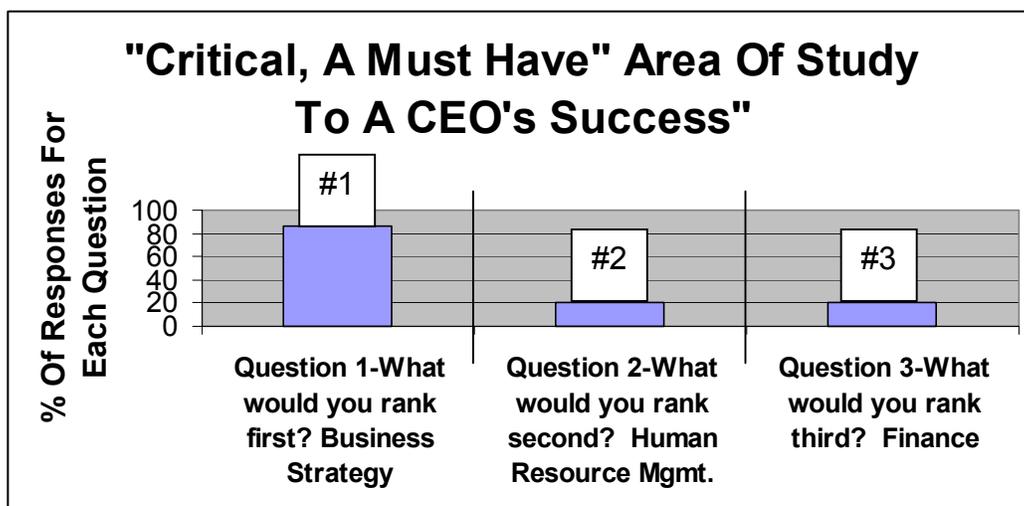
Please rate the importance of each area of study to a CEO's success. What would you rank second as "Critical, a must have"?

For this question, Human Resource Management was the number one answer with 21% of the responses. Therefore, Human Resource Management ranked second as being "Critical, a must have" for a CEO's success."

### Survey Question C:

Please rate the importance of each area of study to a CEO's success. What would you rank third as "Critical, a must have" for a CEO's success?

For this question, Finance was the number one answer with 21% of responses. Therefore, Finance ranked third for being "Critical, a must have" for a CEO's success."



## Respondent Personal Rankings

### Survey Question A:

Please rate the importance of each area of study to your own personal success. What would you rank first?

29% of respondents ranked Human Resource Management as their first choice for being the most important area of study to their own personal success.

### Survey Question B:

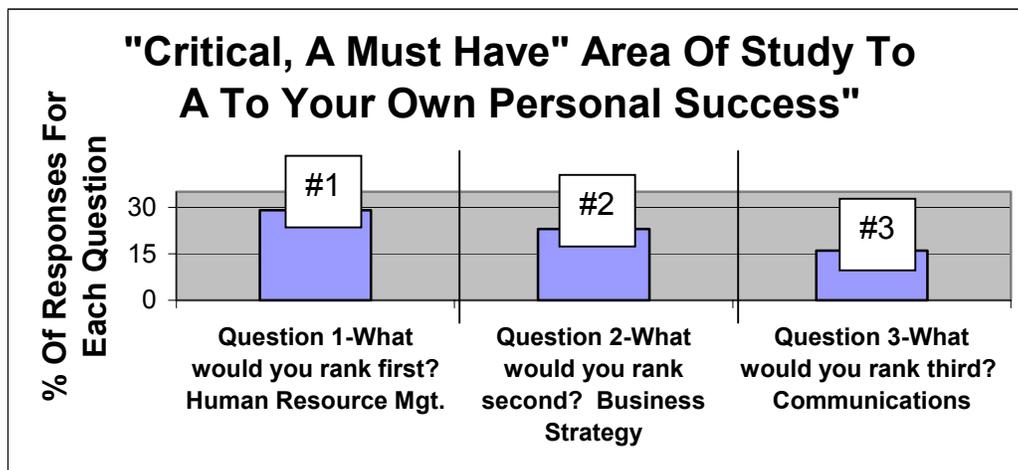
Please rate the importance of each area of study to your own personal success. What would you rank second?

For this question, Business Strategy was the number one answer with 23% of the responses. Therefore, Business Strategy was respondents' second choice for being the most important area of study to their own personal success.

### Survey Question C:

Please rate the importance of each area of study to your own personal success. What would you rank third?

For this question, Communication was the number one answer with 16% of responses. Therefore, Communication was respondents' third choice for being the most important area of study to their own personal success.



## What NOT To Study

Three areas of study were noted as having possible negative effects on both the respondents' personal careers and the success of a CEO. Those were management consulting, accounting and technology (science or engineering).

The number one area NOT to study was management consulting, with only 29% saying that it was important for their careers. The remainder said that it was not important or had a negative effect on their careers. It was the one field that received multiple ratings of "1" which read, "not important, in fact could have a negative effect on my career (or the CEO job)."

Given the collapse of Arthur Andersen and the current skepticism of consultants, this is not surprising. Given the interest that most MBA students have in consulting careers, this will be an interesting trend to watch over the next few months and years.

## **The Data – Section 2**

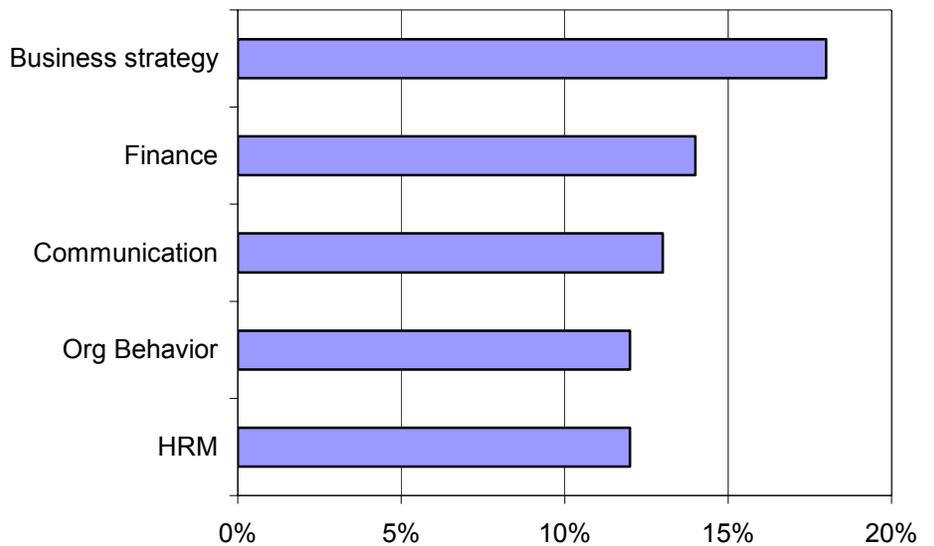
The first section of the survey results provided an image of what CEOs need to be successful, but by asking closed-end questions (with a numeric rating scale), we limited what respondents could say to us. In the second section of the survey, we asked a number of open-ended comments to let the respondents express their own opinions and ideas about what was needed to be successful as a CEO.

### **Studies For A Future CEO**

If you were giving advice to someone headed for a career as a CEO, what would you suggest he/she study while in college?

Top results:

Business Strategy	18%
Finance	14%
Communication	13%
Organizational Behavior	12%
HRM	12%



### **Finance Makes An Entrance**

The only difference in the top five is finance. With the current business climate forcing CEOs to sign off on their numbers, it is not surprising that the recommendation is for CEOs to learn more about the numbers that may make or break their careers.

Also interesting to note is the multitude of “people” or “soft” areas of study. When talking business, fields like communication, organization behavior and human resource management often are combined into the same category of “soft” stuff. When combined in this study, they make up 37% of what CEOs need to master for success.

### **Sample Comments**

“Study communication in all and every way possible.”

“I would suggest the broadest exposure possible. Therefore, study finance, management, and human resource management.”

“Focus on business strategy, communications (in order to articulate the strategy), finance, and general management. A focus on business ethics... would be important as well.”

“Learn people skills – how to work with and through people.”

“Marketing – how to add value to customers, how to spot “value opportunities.”

“How to be an inspiring communicator and motivator.”

“First, follow your heart. That’s the first thing; you’ll be fine if you’re true to your passions.”

“Definitely leadership studies, which are not on your list but which may be covered in human resources.”

“Start with the belief that the only difference in business and competition is made by people.”

“I think the common denominator is business strategy; it sets the tone for business, its initiatives and long-term success.”

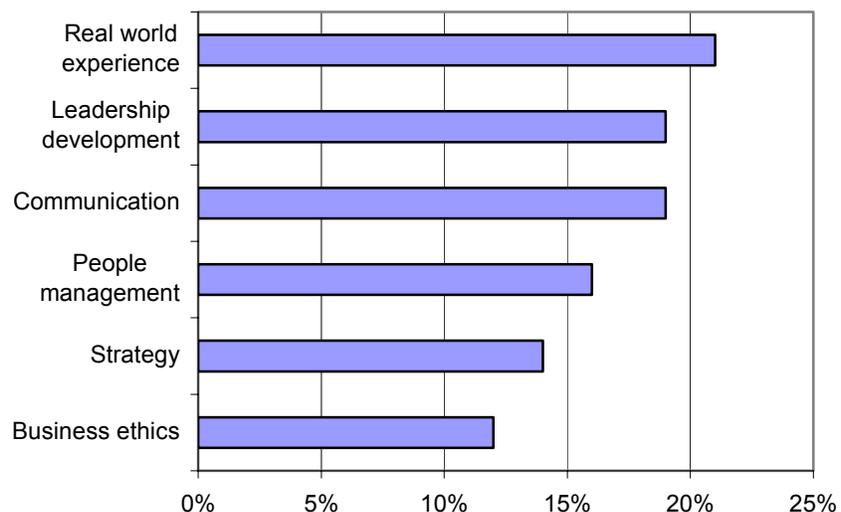
## Changing Business School Curriculum

If you were advising the Dean of a major business school, what would you say that the school should change to properly educate someone who will be in a CEO role in the future?

Top results:

More focus more on ...

Real world experience	21%
Leadership development	19%
Communication	19%
People management	16%
Strategy	14%
Business ethics	12%



## Sample Comments

“Focus more on HR aspect – many CEOs are clueless how to integrate their human resources with their business strategy.”

“More emphasis on ethics”

“I think there should be more emphasis on how CEO decisions affect people and the organization and the impact of decisions on how organizations account for revenue and expenses”

“Functional training, people skills, strategic focus, ethics, and entrepreneurial attitude”

“Add a program called general management or CEO curriculum”

“Ensure topics are real world – not just academic”

“Make sure faculty have real world experience”

“I would emphasize human resources and communications”

“Heavy on ethics and communication skills”

“Build a program with significant company interface (internships, projects)”

“Give not only best practices but the most extreme”

“International experiences should be incorporated”

“I would add a dimension of community responsibility”

“Ethics, board governance, managing public perception”

“Less politically correct HR – more operational HR”

“Educate them to be comfortable in decision making”

“Develop the capacity to get the picture from few puzzle pieces and be able to communicate what you think and mobilize people around your ideas”

“Business ethics”

“Since the world is now incredibly dynamic, I believe you will have to be looking at cycling through all of your content and changing it completely over a 5-year period”

“I think most business schools provide a good financial and management theory curriculum. However, I believe that there should be more emphasis on building leadership and communication skills.”

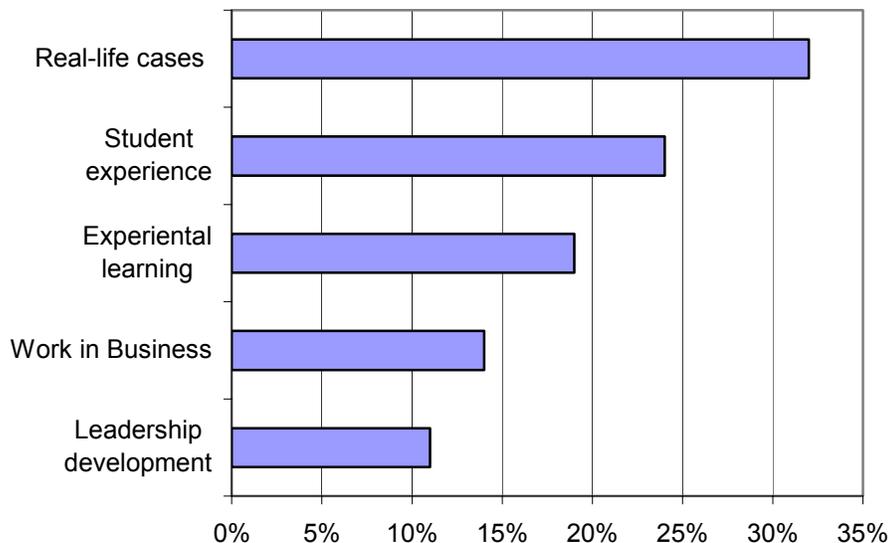
“Whatever you do, adapt it every 5 to 8 years based on global and industry trends”

“Change the focus to real world business cases that focus on ethics, strategy, and HR organizational development”

### Advice For Professors

What advice would you give to professors to help them better train students and business executives in the critical skills you defined as essential for success?

Use real-life cases	32%
Real-life experience for students	24%
Experiential learning/simulations	19%
Work in business themselves	14%
Student leadership development	11%



### Sample Comments

“It is critical to have professors that have both the academic skills and work, as well as a strong background in the corporate world”

“More real life examples and projects – case study method. Not so much theory.”

“Ignore case studies. Focus on simulations, challenge students’ mindset”

“Create lots of opportunities for groups to exercise conflict management and communication techniques”

“A student should leave each class with a portfolio of real learnings and not a bunch of notes on different theories”

“Get out of academic and thoroughly understand private industry and communicate to your students from that perspective”

“Ensure the professors know and understand the actual challenges, issues, facing executives in today’s world”

“Simplicity.. make things simple so that people understand the essence of the training for practical use”

“Get out there and work with CEOs and top teams and understand the reality of what makes successful organizations work”

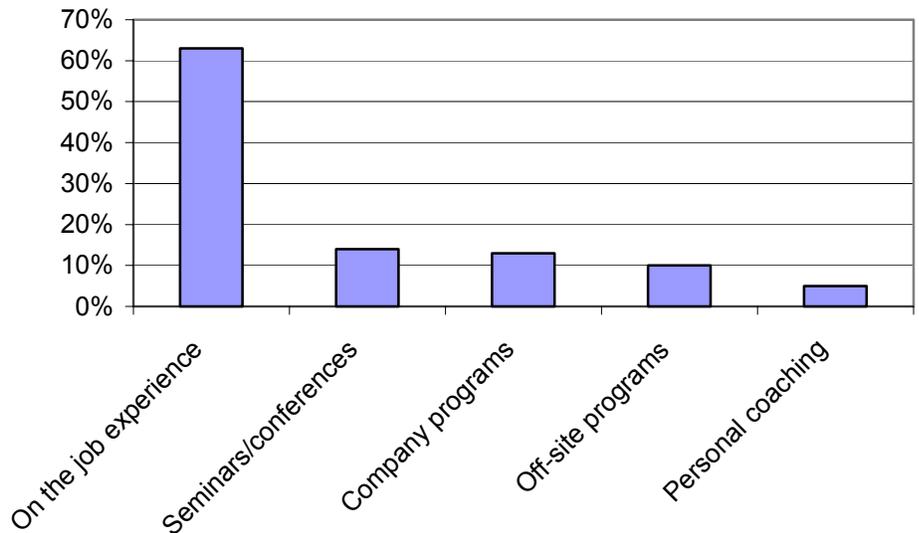
“Americans tend to forget those not-so-successful cases. Learning from failure is as important as learning from success”

“Balance research with practice”

## Leadership Development Methods

Please rate the frequency by which your organization uses each of the following methods to develop managers who are headed for senior level executive jobs.

Constantly used:	
On the job experience	63%
Seminars/conferences	14%
Company programs	13%
Off-site programs	10%
Personal coaching	5%



## Summary

This is the year that the CEO turned from corporate hero to corporate villain. In this environment, we learned that there continues to be a need for leaders to lead, to know strategy, to share that strategy with employees, and to communicate well with everyone. Above all, there is a need for developing leaders who are ethical and who understand people.

It was a surprise to find out just how low accounting, sales and marketing ranked in the research findings. This is the year when business leaders are starting to challenge the status quo, and it's important that business educators keep up with the pace of change.

## Next Steps

The results of this study will be communicated to all individuals who were in the sample. A series of follow-up questions with a select group of respondents will be distributed in order to obtain additional information about some of the questions that arose from this work.

If you have questions that you would like to see added to the research project, please contact Dr. Theresa M. Welbourne at: [twelbour@umich.edu](mailto:twelbour@umich.edu) or [theresa@eepulse.com](mailto:theresa@eepulse.com).

Additional research results will be available at [www.eepulse.com](http://www.eepulse.com).

Thank you for your interest in this research.