

A SUCCESSFUL MANAGEMENT TRAINING INSTITUTION  
MUST INTERACT INTENSIVELY WITH ITS ENVIRONMENT

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ABSTRACTS

Criteria for evaluating success of management schools in terms of contribution to society are presented.

The network of interactions that make a management school successful is described. It contains links with the dominant power groups: business community, government, unions and public institutions in general. It includes students, alumni, and staff. Business needs, research results, schools' prestige and attractiveness to faculty are also part of it.

The nature of the interrelations and their relative importance are examined during the four phases in the life of a management training institution: feasibility analysis, planning, launching and sustained operations.

Some causes peculiar to mature management schools' frequent stagnation and decay are examined and preventive actions suggested.

INTRODUCTION

The multiplication of management training programs observed in Europe over the last 5 years responds to a growing perception that people with a more adequate professional education in management are needed.

Our society is evolving towards ever greater perceived complexity caused by the fast rate of technological progress and by our growing understanding of the interactions between nature, technology, social institutions and economic activities. Thus management of business organizations, government and public institutions requires ever more and better trained professionals.

While new needs for management knowledge and for its applications emerge, in the old areas that management used to deal with a vast body of knowledge has accumulated that needs yet to be applied in practice. Only the Japanese appear

to have made a broad progress in this field. In these days it is fashionable for world class management magazines like Harvard Business Review to present innovative Japanese management solutions. They look, however, strikingly similar to applications of old knowledge developed decades ago at American universities or corporations. These solutions originally were not widely adopted in the U.S.A. and as time went by they were frequently abandoned. Later the Japanese adapted them to their culture and to the present state of technology and so equipped went out to win battles in the international markets thus making Japanese management a symbol of competitive success.

Global competitive pressures appear to give a strong advantage to the economic systems and to the organizations that best face up to the current management challenge. Survival and economic independence are at risk for those who will be late or will use inferior management methods. The crucial role of management is quickly becoming generally perceived as the key factor for success in our global competitive environment.

Most management schools have an important role to play. They can deliver far better results but they don't. The presumed reason for this is the lack of a comprehensive theory on business school operation.

The abundance of funds for management education contributes to the proliferation of poorly thought out and inefficiently run programs.

A theory for management of management schools' appears desirable as a guide to their improved design, operation and evaluation. It would be helpful for both: the advanced countries, where management training often needs a major overhaul, and the developing ones where management development is crucial to speeding up the economic and social progress.

The present paper is an attempt to contribute to such a theory. First, management schools' objectives and indicators of success are examined. Next, key interactions that enable the achievement of success are described. Then the principal issues that need to be considered during evaluation of feasibility, planning, launching and sustained operations are explored.

#### 1.- WHAT IS A SUCCESSFUL MANAGEMENT PROGRAM ?

It is postulated that a successful management institution must generate for society a value well in excess of the resources it absorbs.

Measurement of a management schools' success needs to be addressed early as it is tightly linked to its objectives.

Several performance indicators tend to underline the easily measurable variables. Most of these, however, are only loosely related to success in terms of contributing to the way organizations are managed. The really significant indicators are more difficult to measure and less frequently used.

Among the usual performance indicators are: number and type of courses, hours of course work per year, number of students, number of full time and part time faculty members, number of publications, duration of the program and number of applications received per each accepted student.

Admittedly more significant performance indicators present some measurement difficulties but this should not lead to abandoning the attempt. Among such indicators are:

- initial job offers to graduating students (quality and number),
- alumni career patterns with accent on:
  - \* importance of decisions they are in a position to make,
  - \* their influence on major decisions taken by others,
  - \* number of career failures,
    - an analysis of causes for career failures may yield valuable insight into the adequacy of student recruitment policies, it may also lead to needed improvements in knowledge, skills and values instilled,
- importance of problems on which faculty and/or students work to provide solutions,
- importance of results achieved through faculty's and students' work on research or on real problems,

The success measurement system should provide sufficient elasticity to enable the staff to identify new needs and to develop solutions as society evolves; consequently it should be based on broad evaluation criteria.

The administration of the measurement process should be carried out by a mixed panel with a majority of external members, its composition should be similar to that of the Steering Committee (see Section 6.- Sustained Operations) although the individual members need not be the same.

A successful management institution adapts to the evolving conditions. How this may be achieved is outlined in section 6.

## 2.- KEY INTERACTIONS FOR SUCCESSFUL OPERATIONS

For continued successful operations a management program needs: financial support, good students, creative staff, job opportunities for its graduates and opportunities to work on problems meaningful to business, government and institutions. This requires establishing and operating a complete network of interrelations.

Some key interactions are indicated here briefly before discussing them at greater length in following sections.

NOTE: "Business" throughout this paper, unless otherwise specified, implies all direct users of management schools' "products" such as corporations, institutions, government, and unions.



### 3.- EVALUATING FEASIBILITY

Feasibility of new management schools or programs needs to be systematically explored. This requires asking the right questions and using the right contacts for correct and positive answers.

The focus of the program, its size and its geographic area of influence need to be carefully considered.

Usually there are many opportunities for important improvements in management of business organizations, public institutions and government but will the new management training activity satisfy the perceived need? Are key decision makers aware of the need? Are they willing to pay the price? If not how long it may take to educate them to appreciate the value of the proposed management school? Is the prevalent value system adequate to apply modern management or does it need to be changed?

Is it possible to attract a team able to establish the necessary external contacts and to guide the development of internal philosophy?

Will funds for the planning and launching stages be available? How will sustained operations be financed?

Will adequate staff be available or does it have to be developed?

What kind of students will be attracted? How will these students be helped in their career by attending the training program?

### 4.- PLANNING

Once the feasibility of a given management program or school is established careful planning is necessary. Planning activities are also essential to ensure continued success for on-going programs.

Explicit mission statement, clear objectives and adequate success indicators should guide selection of staff and students, development of interactions and allocation of resources.

The management schools' mission statement must be explicit. Its objective need to be clearly defined for various future periods. They should include educational results, research goals and expected impact on management of organizations. A school may aim at all three kinds of objectives provided it is sharply focused to profit from synergy and to avoid dispersion of efforts.

The educational objectives, the features of the students (whether undergraduates or managers, union operators, public officials, politicians, military officers, clergy members or others) and the means through which the program will make its contribution are inherent to the school's strategy. So are the methods selected for developing the students' skills and attitudes.

During the planning phase preparations for launching are made. Responsibilities for the key interactions need to be assigned.

In addition actual activities must be undertaken by the group that is about to launch the program. Interest and support for the program by power elites, business, public institutions and government must be generated. Funding must be assured for the complete launching phase and for the early stages of sustained operations.

A key issue that must be addressed is the definition of the desirable culture and value system. The value system transmitted to the students will have a lasting effect on their success. The culture and its value system shared by faculty must receive careful consideration to avoid the risks of frequently observed stagnation during sustained operations. This problem is farther discussed in section 6.- Sustained Operations.

#### 5.- LAUNCHING

A new management training program should exploit the credibility credit often accorded new initiatives. This credit should be used wisely, to establish confidence for sustained operations. Unrealistic promises or forecasts of results should be carefully avoided. Press releases, communications with academic and business communities as well as with government should avoid rising expectations that will not be fulfilled within a relatively short time period.

Positive early impact on environment is very desirable provided it has a solid base. To achieve it talented staff and students must be attracted and put to work on significant problems. Wide publicity in this case may help perceive the school as a constructive and trustworthy institution. This will enhance its prestige, attract more talent and facilitate financing.

Activities of early students and interactions between staff and society during the first year or so will have a considerable effect on the school's early success.

The initial obstacles and achievements tend to generate a pioneer like atmosphere but attention must be paid that the culture desirable for sustained operations be established early.

#### 6.- SUSTAINED OPERATIONS

A successfully launched management school must be carefully monitored and adjusted to avoid stagnation or decay. It needs to adapt to changing needs and to potential possibilities.

Exploration of business needs and of students' aspirations must receive permanent attention from the school's management.

A composite steering committee should be charged with ensuring that the school adapts in time to satisfy evolving needs. Illuminated members should be drawn from business, unions, key institutions and from among the schools' alumni. They should have a majority together with selected intellectuals able to discern where society is headed. The schools' staff and student representatives should participate as minority members. The steering committee should also have influence on allocation of resources.

Adapting in time to changing requirements is a challenge common to most social institutions but management schools have a special problem here. They tend to be subject to a peculiar set of interactions that make stagnation or decay likely because of conflicting interests between established faculty and the school. These interactions are briefly described below.

Most faculty members are used to measuring success in terms of economic profits. This becomes a natural professional point of view. Furthermore faculty members must be in touch with business reality in order to perceive early the problems of interest to business that require new solutions or new research; this is achieved generally through private consulting.

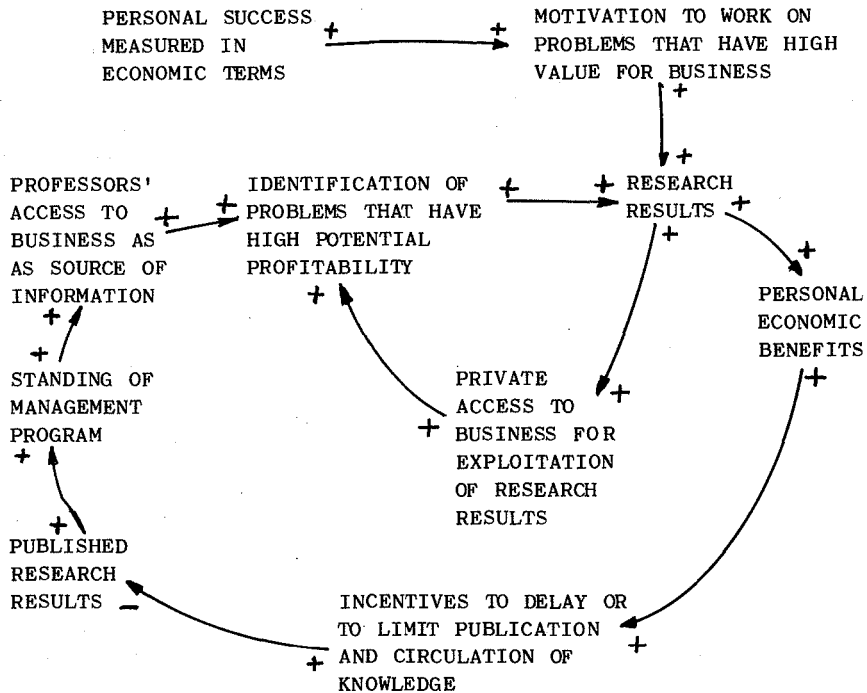
The very fact that management faculty members are accustomed to measuring success in monetary terms and that they have direct access to business through private consulting activities frequently entices them to keep the research results and advanced applications restricted to a limited circle of associates and clients for a long time. The results tend to be released for publication after a considerable delay. This may be a conscious choice or a result of rationalization that research results for publication need to be much better documented than for limited application. Whatever the case Fig. 2. shows how this delay becomes the major cause leading to a decreasing prestige of the school. The erosion of prestige in turn leads to stagnation as can be seen in Fig. 1.

A frequently discernable pattern is for faculty to think, perhaps unconsciously, in terms of three levels of knowledge to be shared with different audiences: public domain knowledge for normal students, more advanced knowledge, already accessible to experts, for high level management seminars - usually high priced -, cutting edge knowledge and applications for private consulting activities.

These private consulting activities facilitate access to business for established faculty members. Because the limitations on publicly shared knowledge erodes the prestige of the institutions the new faculty members find it more difficult to access business.

A carefully designed culture and value system, organizational control mechanisms and sources of funds based on market acceptance of the schools' products appear to be useful instruments for avoiding this kind of stagnation. They are also adequate to ensure that a management institution will operate as a focused effort of a group rather than as a collection of heterogeneous efforts by individuals.

Fig. 2.- FREQUENTLY FOUND INTERACTIONS IN MANAGEMENT SCHOOLS BETWEEN VALUE SYSTEM, RESEARCH ORIENTATION, PUBLICATIONS AND PROGRAM'S PRESTIGE THAT LEAD TO STAGNATION AND OCCASIONAL DECAY.



## CONCLUSIONS

Substantial research and innovative ideas are needed if management schools are to increase substantially their contribution to society.

Each school needs to determine its mission, develop a coherent value system and focus its activities accordingly. It must also adapt continuously to changing needs and avoid the risks of stagnation.

There is need for innovative measurement of success, for spotting early warning signals indicating that emphasis must shift to new problems and for mechanisms that will smoothly steer allocation of efforts and resources as needs change.

The effort required to develop a theory of management schools' operations is very substantial but given their growing social and economic importance it appears well justified.