

What Are Business Schools Doing About E-Business?

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What can Gartner clients expect from MBA e-business talent? We asked a professor at a major business school about the e-business curriculum and what to expect from today's business school graduates.

Core Topic

Academic Computing for Higher-Education Institutions ~ Industry Applications

Key Issue

How will successful academic organizations evolve in the 21st century?

Gartner clients are asking questions about university business schools to understand what might be expected from the graduates for their e-business management needs. We have asked Anthony Paoni, clinical professor of e-commerce and technology at Northwestern University's Kellogg Graduate School of Management, to address some of these questions.

What role will the business schools play in preparing leaders for a new economy?

Paoni: There are two roles for the business schools, one is indirect and the other is direct. The indirect role is to provide an educational experience for students that will prepare them to compete in the new economy. The direct role is in executive education programs, which we offer for ongoing education for executives. In the first role, there is a curriculum that helps students understand the constructs of the new economy, competitive strategies required for the new economy, and what skills they will have to hone in order to be competitive and, in fact, win in the new economy. In the direct role, in terms of executive education offerings, an extensive array of e-business-focused executive education programs are offered on a regular basis.

How do business schools teach some of the business and behavioral competencies involved with e-business? For example, do they include classes on subjects such as e-commerce strategy and competitive analysis?

Paoni: It is probably closer to our normal curriculum; that is, we have courses in competitive strategy, we have courses in business operations, we have courses in organizational behavior and design. The new dimension that e-business brings to business schools is that certain functions will change the very nature of the way an organizational model works. In the industrial economy we had a make-and-sell mentality for the management team. They would determine each year or, in some cases, for many years in advance how much infrastructure they would require, what the underlying requirements were in terms of processes and people, and then they would execute to that plan. In the new economy, it is more about sense and respond. Therefore, our students, who we hope will be future business leaders, will have to understand how to retool an organization — which means they will have to teach them how to sense and respond. This means that many of the organization's processes will have to

change. How do you sense demand in the marketplace, and how are you prepared to change your organizational cycle time?

What kinds of jobs are the e-business graduates landing these days? E-business roles are still very fuzzy, and many Gartner clients, in fact, are asking which roles are required and what they look like?

Paoni: We believe that many of the roles in an organization will be influenced by the demand for a sense-and-respond mental set for the management team. That is, roles in the past that were more planning- and production-based in nature will become more sense and respond in nature. We have a pretty talented student population. They come with their laptops, they understand how to surf, they understand the way to navigate on the Internet. What they learn at Kellogg is how to think about managing an organization that has organizational cycle times that are in some cases a third or one-tenth what they were in the industrial economy. This takes a fair amount of thinking on their part, and it takes an enormous amount of effort on the part of the faculty to retool their courses, so that what we ultimately end up teaching the students is a way of competing. In the new economy, the organizational cycle times will shrink, therefore the folks that come to business school will have to learn how to manage those shortened cycle times.

How “techie” do MBAs have to be? Do they need hands-on experience with the technology or just a broad understanding? What are business schools covering these days?

Paoni: It really depends on (a student's) ultimate career goal. To manage an IS organization, one should be looking at a very heavy infrastructure training and educational component to their work at a business school. On the other hand, if a more general management career is the goal, then one needs to know enough about the technology to be — as an example, like the captain of a nuclear carrier. They will spend two years in training just learning about nuclear reactors. They will spend many, many hours in class learning about virtually every component of the ship. They are not experts, but they understand how they fit into the bigger picture. So, MBAs interested in managing an organization must be trained as a captain of a nuclear carrier. If they are interested in running an IS organization, they must be able to take apart and put back together an F-14.

Businesses are lacking the people needed in IT. Do you have the same shortage at the business school, and, if so, how are you meeting that need?

Paoni: When I joined the faculty of Kellogg in September of 1996 on a full-time basis, I had a meeting with the dean, and he was very enthusiastic about bringing a technology curriculum to Kellogg, which has been renamed an e-commerce and technology curriculum. The dean gave me some really good advice. He said, “The vast majority of faculty have a core competency, they have spent years in their Ph.D. work to understand a specific area, they have written books, many have patents, they are very well-respected around the world. I would suggest that you do not work on them in terms of getting them to what I call 'www.get-it,' but you should work on the students and let them generate demand for e-commerce to be taught on a widespread basis.” His advice was spot on. I created a course that has become very popular at Kellogg and that has generated enthusiasm on the part of the students to go to their professors and say, “Look, we'd like you to incorporate this notion of e-business and e-commerce into your work.” And to supplement the learning, we have brought in professors, such as myself, called clinical professors. Clinical professors do not necessarily have Ph.D.s, but they do have an enormous amount of experience, market experience, in a specific discipline. I am a clinical professor in the e-commerce and technology area. There are also

clinical professors in the entrepreneur area. What is similar about the clinical professors is that they do not have Ph.D.s, but they have a wealth of industry experience. Business schools are going to be looking for executives who have a specific discipline in terms of their background and are willing to put a lot of effort into creating a course and offering it at the business school level.

Bottom Line: Major business schools have been diligent in their efforts to educate future talent for e-business positions. Business schools are being viewed as an important source for executive programs that teach e-business knowledge and skills. To address the demand for e-business skills, corporations and universities should explore new types of partnerships to address the demand for e-business skills. Corporate/business school partnerships will be redefined and strengthened as each partner seeks to add value to e-business preparation and readiness.

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