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STRATEGY PRACTICE

Reshaping business education in a new era

Blair Sheppard, dean of Duke University's Fuqua School of Business, discusses how the expectations of MBA students are changing—and why the traditional MBA education needs to change as well.



With rising interest in corporate social responsibility and increasing doubt in the sanctity of institutions, an evolving breed of MBA student is surveying the business landscape with a more discerning eye and demanding a new type of education. One person who feels this shift acutely is Blair Sheppard, dean of Duke University's Fuqua School of Business. Sheppard has a prime view of this maelstrom of forces—changing expectations from students, different contours of global business, new management issues for educational institutions—and a unique perspective on what these forces portend for business students and business schools alike. He spoke in New York with *McKinsey Quarterly* editor Allen Webb about where MBA education stands in the wake of the financial crisis and where he thinks it's headed.

The Quarterly: *How is the tone in the classroom these days versus, say, two years ago? Do you see big shifts in student attitudes and expectations toward what they should be getting out of their education?*

Blair Sheppard: Yes, profound, actually, on a lot of fronts, not just in the classroom. First is, over the last five years the number of people who want to do public-sector or social entrepreneurship at Fuqua has actually gone up about twentyfold. And it just sort of took a leap this year. The range of things people are thinking about in finance has changed dramatically. People are now thinking about private wealth, where years ago they never would have thought about private wealth; or people are thinking about government finance, where years ago they wouldn't have; people are thinking about distress finance, where they wouldn't have.

And then, in the classroom, I think, you're seeing two fairly fundamental shifts. The first is a consideration of larger context, or understanding, of any tool as it's being taught. So people will say, "Well, does that really work in this context?" Where before they would have just taken it as a given. And then, the second one is actually a desire for a broader range of tools and a broader range of perspectives. There's a drive to say, "If any one tool is imperfect, increase the number I have in my kit." And I think it's really pretty aggressive, actually.

The Quarterly: *What do you attribute these shifts to? How much of it is the financial crisis, economic change, and how much of it is the broader trends that have been underway for a while?*

Blair Sheppard: If you take the part that has to do with people rethinking what it is they want to do with a business degree or why they're in a business school in the first place, I think that that's been going on for some time. And I think it has to do a little bit with generational effects, which is that you have a different kind of person.

If you look at it in the '60s, when I grew up, there were a series of people who were disappointed with institutions, and our theory was we should blow them up. It turns out that there's a series of people today who are distressed with institutions, and their question is, "How do I fix them?"

Now, that's actually a much more mature, much more sophisticated answer than the generation I grew up in.

And there are a whole bunch of reasons for it, but I think part of it is that they saw that our answer failed. There's a greater respect for institutions, as well as a recognition of all of their fallibilities. And that's been going for a while; I think it just accelerated. What happened in the last couple of years just made that even greater.

Second one is, people have been trying to put together two premises. One of them is: "I want to be wealthy in life, but I want to actually leave some trace on the world that matters." And I think that's growing. I think that this generation of student has that concern more.

The Quarterly: *Do you think business schools can meet the expectations of this new breed of student?*

Blair Sheppard: I don't think we can, structured as we're presently structured. What students are asking for is interscholastic quality—not just interdisciplinary quality—which is that the policy school merge in some ways with the business school, the law school merge in some ways with the business school, so that we actually bring the whole bevy of insight necessary for them, which is another expansion of the toolkit, or perspectives.

The Quarterly: *Say a little more about this interdisciplinary versus interscholastic distinction.*

Blair Sheppard: Business schools actually are interdisciplinary—we have psychologists in business schools, we have mathematicians in business schools, we have economists in business schools, and we actually have the functions of business in business schools. We have them all there. So, in some ways, we've been interdisciplinary for a long period of time. But it's all been within the context of the business enterprise.

Think about the notion of preparing the future leaders of banks. Are they better off getting policy degrees or are they better off getting business degrees? You know, the answer is, "Yes." But we're actually structured such that our interdisciplinary approach is within a narrow context of the range of expertise they need to have. Some other school, like the policy school, is also interdisciplinary, but actually it's just focused on how policy is made. It's focused on informing those in Washington or Berlin or Beijing how they should be making decisions about policy going forward.

Now, I just think it's a ridiculous proposition that students graduating from a university like Duke, or that any great university has a set of people who get policy and a set of people who get business, but the two never meet. And I can say the same about environment, I can say

the same about health, I can say the same about engineering. And so, what the students are saying to us is, “There’s expertise over there I want access to. Bring it in.” Now, the dilemma is: different dean, different incentive structure, different faculty mix, different curriculum, actually even different schedule, by the way.

Let me give you an example of another school that terrifies me: [Duke’s] Nicholas School of the Environment. Up until the new dean came onboard, 7 percent of those students went into the private sector. Virtually none of our [Fuqua] students went into the public sector related to environment. So we were creating a dance made in Hades, with a set of people who hate business, don’t understand business, don’t get it, essentially arguing for all the things that we need to do to constrain business as an economic engine; and a set of people in business who were completely oblivious to the considerations of this other group of people.

That’s not preparing the student for future needs. We actually need a bunch of kids who have spent a ton of time in the environment school and a ton of time in business, who actually are quite happy bouncing back and forth between a policy job and a private-sector job, or an NGO¹ and a business, so that actually we converge on answers toward the environmental challenges that we have. That’s an interscholastic problem, and I see no university solving it well.

The Quarterly: *So what would the answer be? Would it be a new degree that brings the schools together? Would it be more crosslisting of courses? How do you actually make this happen?*

Blair Sheppard: I think it has to happen at a bunch of levels. First of all, it has to happen at the intellectual level, which is that the faculty in each school need to get to know each other better. And I think that relates to taking big problems and having faculty work at them across school lines and then creating interstitial tissue.

Second is, you actually need to think about integrated degrees, which includes sitting down and saying, “What would a joint degree look like that brings three schools together?” There are a number of issues that the world is confronting that we’re preparing students to enter, and we’re not doing the job. Right? So my answer is, it’s hard, hard, hard, hard, but we have no choice.

The Quarterly: *Now, another big stakeholder for business schools is recruiters. How do they feel about the challenges you’re describing and the kinds of students you might be turning out in the future?*

Blair Sheppard: There are really two things they’re saying. First: “I need someone who is more immediately relevant, because I can’t afford the training cost. And so, make sure that they’re not just conceptually capable, but they’re practically available immediately.” And

¹ Nongovernmental organization.

second, they're saying, "I need a different kind of person. I need a person who is more of a leader, but humble."

The Quarterly: *Let's take your second point: humility and leadership. How do you up your game on those dimensions?*

Blair Sheppard: There are an awful lot of schools that produce people who are natural leaders but who think they're the CEO the day they graduate. And that's not a terribly useful employee, because they'll always be disaffected in some ways. And they're not often good members of a team. If you think about the structure of the problems businesses are grappling with today, more and more of it requires that people work effectively with other people, often times from different civilizations from their own.

I think there are three principles. First is, you've got to let the students run the school. If they aren't given the opportunity to make mistakes while you're actually working with them and to take leadership positions that are consequential but not life threatening, there's no practice for them.

Second, you have to use the generations of students that exist. Part of what you have to do is let the second-year students believe that a piece of their responsibility is to grow the capabilities of the first-year students. Now, that's a little strange, [for a school] to say to someone, "Pay us a huge amount of money so *you* can then run the school and teach other students." It's a little strange, but actually you have to do that.

And then the third is, you have to be intentional about it in your curriculum. And so, for us, it comes down to reconciling three paradoxes.

The Quarterly: *Let's look forward ten years. You've got a lot of complex forces that are interacting: new demands from students, new problems, global issues, the demands from recruiters you're feeling. Where do you see all of this headed?*

Blair Sheppard: Let me do industry first; I'm going to take business schools as an industry. First thing, you're going to see a significantly wider product variation than you see now. You're going to see preexperience programs, you're going to see 2-year-out programs, you're going to see 15-year-out programs. You're going to see a much wider array. And then, I think you're going to see people specializing in sectors or particular problem domains. Schools will be less homogeneous.

Second thing you're going to see is the emergence of very good schools in places other than the United States and Western Europe. Then, I think you're going to see schools that try to play across that whole array of geographic locales. And then, you're going to see much greater

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discrimination between the schools that are purportedly really great and the schools that are just OK. The gap is going to grow.

So, if you take all that, that says the following things for us as a school: we have to get dramatically better, at the same time we’re incorporating a broader set of other scholastic interests, at the same time we’re becoming truly global, while at the same time we’re producing leaders—not just good business students.

We have to do all of that and actually be just as good or better at teaching basic business skills as we always have, but with a broader portfolio of skills and that set of things we’re teaching. Now, what is terrifying in that is, I don’t know how to do that in two years. I don’t know how I do that with the same number of faculty I now have. But that we will do.

The Quarterly: *Well, with that, we probably better let you get back to it. It sounds like you’ve got a lot on your plate. Thank you very much for your time, Blair. It was a pleasure.*

Blair Sheppard: Thank you. [o](#)