

The Business School of the Future

Facing questions about the status and legitimacy of business schools, many of the world's leading institutions are now experimenting with new business models. In *The Business School of the Future*, former president of International Institute for Management Development (IMD), Peter Lorange reveals how the era of virtual technology, and the shift away from conservatism in classical academic institutions, heralds the arrival of a new kind of accessible and scalable business school. Drawing on his expansive and expert experience as a professor, leader and founder of academic institutions across the US and Europe, Lorange discusses the pedagogical and bureaucratic aspects of education and includes five case studies of institutes practicing the cutting-edge approaches discussed in the book (CEIBS, IMD, Singapore Management University, IE Madrid and Hult). This guide to designing the business school of the future, incorporating industry innovations, will appeal to business school deans, educators, policymakers and commentators.

Peter Lorange is founder, Chairman and CEO of the Lorange Network. Previously he was the President of the International Institute for Management Development (IMD), Lausanne, as well as Professor of Strategy and the Kristian Gerhard Jebsen Chair of International Shipping. Lorange has written or edited over twenty books and more than 120 articles.

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Peter Lorange
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Preface

Most of the nonconventional approaches reported in this book have been tried out at the Lorange Institute of Business Zurich, located in Horgen, Switzerland, or at other academic institutions where I have been active. I purchased the Graduate School of Business Administration in September 2009, and this gradually evolved into the Lorange Institute of Business. Before that, I had been president of IMD, Lausanne, Switzerland, for fifteen years, from July 2003. Before that, I was president of BI (the Norwegian Business School) in Oslo for four years and, even before that, an endowed professor at the Wharton School, University of Pennsylvania, from 1979, where I also, at various times during my Wharton years, was head of the Management Department, president of the Lauder Institute, and director of the Institute of International Business. Before that, I started out as an assistant professor, then was an associate professor, at the Sloan School of Management, Massachusetts Institute of Technology. I have also spent time as a visiting professor at Stockholm School of Economics, at the St. Gallen Business School, and at IMEDE, Lausanne (IMD's predecessor). Each of these institutions gave me experience that I was able to draw on later at the Lorange Institute and that is also reflected in this book.

The Lorange Institute of Business Zurich was sold to the China–Europe International Business School in November 2015, at which time the Lorange Network was launched – an institution built largely on the web, and without any permanent faculty or campus. Perhaps this is an example of what we might expect to find in business schools of the future. So, I have been on a very long voyage to gain some level of understanding of what might become evolutionary trends in business schools, as well as perhaps in academic institutions more generally. The premise of this book is that future business schools will be largely built around a so-called network-based strategy, with entirely new roles for faculty and campus. The author's own career evolution can be viewed as consistent with this projection.

There is, of course, the question of originality when it comes to the key arguments raised in this book. Is it all new, or has it been discussed before? While, in general, the gist of the arguments raised and the “solutions” provided are indeed original, I would highlight two important works that raise many similar issues to those found in this book, one dealing mainly with the pedagogical side and the other with what future business schools might become more generally. Let us briefly discuss each one in turn.

Bowen’s seminal 2012 study on how modern ICT-based technology might impact the way we teach, and therefore also improve student learning, is key.¹ In this connection, he asks, “How can ICT technology more effectively bring people together?” We shall see that the answer is “quite often” when it comes to students and professors, the topic of our present book. He suggests that so-called flipped-classroom teaching might become the norm in the future. And, above all, he discusses how the role of the professor will have to change, with more listening, more active participation in debates with students in class, and more of a readiness to “teach naked.” The pedagogy has changed significantly, with the new focus being on better preparation at home, followed by cutting-edge discussions in class. The high cost of higher education is a driver in this regard, as are key advances in ICT itself. According to Bowen, students will simply demand better results through more effective pedagogy! It is perhaps paradoxical that the research that has led to these innovative thoughts comes from a different field than the business school, namely, the music department in a school of arts and sciences. Professor Brown is an accomplished musical pedagogue, jazz musician, and composer.

The other major innovative contribution comes from several accomplished academicians (Davidson, Peters, Smith, and Thomas). In 2018, they critically examined “the business of business schools” and concluded that the conventional academic value-creation model may no longer work – it is too expensive and too restrictive and, above all, too slow in its ability to adapt. They point out that a critical part of a change agenda would be to embrace a way of managing business schools in a more business-like, professional manner. The rules for how to manage a business school successfully have so far largely been set by institutions that attempt to rank business schools according to their quality (e.g., the Association to Advance Collegiate Schools of Business, the European

¹ Stan Shi, founder of the computer company Acer, Taiwan, pointed out that the most appropriate term to use these days might be *information and communications technology* (ICT) rather than the more conventional *information technology* (IT). Accordingly, I use ICT in this book.

Foundation for Management Development, the Association of MBAs, the *Financial Times*). The authors believe that this has, perhaps, led to an overemphasis on “abstract academia” rather than a focus on a more managerial approach when it comes to setting a strategic direction in business schools.

There are many people who have contributed to the development of this book. These include my right-hand colleague during many of my years at the Lorange Institute, Dr. Philipp Boksberger, who is the current president of its successor, the Zurich Institute of Business. At IMD, I gained a lot of valuable insights from colleagues but, above all, from working closely with Dr. Jim Ellert, IMD’s associate dean, as well as with the late Philip Kohli, head of finance and administration. Dr. Knut Haanaes, previously with Boston Consulting Group, then a professor at IMD and now at the World Economic Forum, has offered invaluable support. At Wharton, Dr. Jerry Wind, in particular, gave me a lot of inspiration. He preceded me as the president of the Lauder Institute and also at the Institute of International Studies. Dr. Tom Colbjornen, retired president of BI, made numerous valuable suggestions, as did Ms. Birgitte Holter, with her invaluable practical experience from Norsk Hydro, Bene Agere, and now Yara. During my doctoral studies at Harvard Business School, I was strongly influenced by Dr. Richard Vancil, and this has lasted until this day! Ms. Leda Nishino did the bulk of the typing, and Ms. Patricia Bähr also gave valuable support. Ms. Paula Parish did a great job with the editing. Ms. Valerie Appleby of Cambridge University Press gave a great deal of support.

My thanks to all of you. It goes without saying, however, that the final responsibility for the content of this book is mine alone.