

Editorial

Global E-MBA for the New Economy

Education is the next Internet frontier. After the wave of e-commerce, first business-to-consumer, then business-to-business and business-to-itself, the e-ducation will start propagating through the Net. Over 100 million adult Americans are already using Internet. The foundations for e-ducation are firmly in place.

First, business has moved to the Net, then the Net moved into business: now the Net is being absorbed into every aspect of business. Soon, education, especially business education, is going to “consume” the Net. E-business companies will demand it. Schools and countries that would choose to ignore this will go the way of big department stores.

Universities, especially their business schools, have to reinvent themselves, reengineer their organization and curricula, and move to the e-engineering phase on the Net. Otherwise, their students will go to schools online, like Cisco, G.E., I.B.M., AT&T, and other corporate online academies. Whichever schools, companies and countries will establish the best Internet educational capabilities, there the new era capital shall flow.

Traditional business schools have already started losing their best and the brightest. Many prospective MBAs are increasingly choosing to go directly to e-business corporations and study and train at their own schools and academies. At the same time, e-commerce degrees, programs, certificates, majors, minors, specialties, concentrations, courses, fellowships and assorted “research centers” are proliferating on global campuses.

Should e-business be taught as a separate academic subject or should it become an integral part of a general business curriculum? Money, prestige and the ability to attract the most desirable students hang in the right balance.

MBA and the schools of business

To attract new MBA students, one has to ask: What are they looking for and what do they need most? The answer surely is not: More of the same, only better.

MBAs do hope to enter the New Economy, master global communications and Internet, absorb networks

and networking, become masters of e-business and e-commerce and become attractive to the insatiable corporations of the New Economy.

Doing the same thing better is not sufficient in the era of discontinuous, rather than continuous, improvement. That is how Lou Gerstner turned I.B.M., a spoiled child of a bygone era in American business, the famously self-absorbed company, into the open architecture ethic of e-business and the Internet. Its shares now fetch nine times what they did when the new C.E.O. walked in the door.

No MBA program can survive by teaching, no matter how excellently, for the old-I.B.M. world. Only the new teaching, for and beyond the new-I.B.M. world, will do. Traditional MBA has to be reengineered into “Global E-MBA”, only more fully and more rapidly than I.B.M. itself.

E-commerce, Internet, telecommunications and network communities are the main components of the necessary retooling and reengineering of MBA. All business schools are devoting vast resources to writing new case studies about the Internet, overhauling existing courses and using online material to supplement traditional lectures. Corporate recruiters will snap up MBAs who seem to understand how the World Wide Web is changing the economy. And prospective students will shun any school they see as lagging behind the Internet revolution.

General Electric has directed managers in every department to rethink their business with the Internet in mind. At schools like Wharton, Northwestern, the Massachusetts Institute of Technology and New York University, professors say they are able to allow students study e-business intensively: they bought and brought the faculty together to fill out its course roster, eliminate overlaps and inaugurate a major in technology and e-commerce.

MIT is one of several schools that have set up research centers along with the new majors. Its Center for eBusiness draws faculty from the business school and from media and computer science laboratories.

Vanderbilt University’s business school in 1995 became the first major school to offer such an e-business program. Recruiters are crowding e-business majors at Vanderbilt. It’s easy to raise money for programs labeled “e-business”, the dot-com millionaire alumni are more than willing to donate to them.

That Internet is crucial to the future of business schools is widely accepted and agreed on. But how should e-business be taught – as a separate major or as being fully integrated in the entire curriculum – is still a subject of heated debates.

Similar debates did rage in the 1970s and 1980s over the wisdom of separate international management concentrations. With globalization now an important theme in most courses, the international majors that still exist are rapidly dwindling in popularity – witnesses to serious strategic misreading of global trends at some schools. Now it is happening again.

Of course, in the long run it makes no sense to have a separate major about e-business. All business will be e-business as all business is international or global.

Current e-commerce

Most current e-efforts are still rather immature, following the old model of specialization, not taking even their own full integration very seriously. So, in that exclusive, separate, isolated and specialized form, they are bound to fade away.

Who is doing it?

There is at least a dozen e-commerce programs already available. From Internet management and website design, through EDI and authentication, to e-entrepreneurship, fulfillment and supply chain management, curriculums do vary in contents, quality and cost. Many schools are milking top heavy cash cows of business e-craze.

Carnegie Mellon offers a yearlong MS in e-commerce for \$38,000 (180 applications in the first year). The University of Chicago already set a compulsory requirement for applying to the MBA program: through the Internet only. Prospective students are already arranging websites, project teams and interest groups to get a headstart in the program. The impact on the MBA programs will be profound nationwide. Only the Internet-savvy applicants will qualify.

Marlboro College offers on-line instruction in web design, marketing and strategic planning, all for the web. Its one-year eMS costs \$15,000. The University of Florida at Gainesville makes e-commerce certificate (seven e-courses) part of its MBA. LaSalle University introduced e-commerce “fellows” based on a portfolio of web related e-work, as a part of graduate student’s transcript. They also have a new Electronic Commerce Institute (with 470 applications to start with).

At Vanderbilt, a full quarter of MBAs has chosen e-commerce as their specialty. University of Alabama at Tuscaloosa campus is preparing a full-fledged e-commerce degree. Even Harvard and Stanford have introduced e-commerce courses.

Corporations are enthusiastic and are also financing the programs. They sponsor research centers, fellowships, internships, case studies and, most importantly, supply students. Part-time students are flocking into e-commerce programs. Companies requiring e-commerce explicitly range from CS First Boston and General Electric to Priceline.com. E-commerce is a “must have” on an MBA résumé.

It all pays. A new Wharton graduate with e-commerce experience used to start at \$62,000. Now they start at \$80,000 (not including their stock options).

The new programs have been a financial boom, bringing in tuition dollars and millions in grants, e-research centers and faculty chairs to e-smart institutions. Bentley College MBA with e-business concentration brought additional \$500,000 in tuition this fall plus over \$7 million in related grants. Georgia Institute of Technology and Drexel University brought in \$1 million each in corporate grants for e-centers. Only the best and most motivated students are attracted to all this.

Are there any problems? There is a shortage of teachers, textbooks, cases and even articles – they are all becoming rapidly obsolete. So do the schools of business with no e-commerce programs. One requirement: professors have to become more e-proficient and expert than the students they are going to teach. That is going to require a long overdue faculty retooling – just to be allowed to enter the race.

Through all this hoopla, it is not the web technician or a genius “hacker” that companies are looking for. They want somebody with strategic experience, somebody with E-MBA. It is all falling together: currently, it is mostly engineers who have the Web and Internet technical skills. But they are lacking the soft skills of business, management, leadership and strategy. As the hardware moved up to software and brainware in technology progression, so the hard (engineering) and soft (business, management) skills are becoming inadequate and waiting for their E-MBA integration.

Need for integration

There is of course a significant preponderance of flakiness, incompetence, overvaluation, naiveté and

plain greed in the above-described e-wave. The e-phenomenon itself is still poorly understood, not well researched and not yet academically respectable, well taught or good theory-grounded. All this simply underlines the need for more serious, academically and professionally respectable integration of MBA and e-business.

Will the current e-commerce wave become the right trend towards that end? We argue: No.

This trend tries, unfortunately and so far, to isolate IT/S and all the related areas into separate specialties. Instead of integrating them seamlessly into the New Economy curriculum, it perpetuates the old model by simply adding yet another function, dimension or focus. One has to agree with Edward A. Snyder, the dean of the Darden School:

“E-commerce degrees are silly in the same way that teaching international business in a global economy is silly” (NYT, Sept. 22, 1999, p. G12).

The subject of e-commerce should become an *integral part* of the business curriculum. In that sense it should disappear and be dissolved in the modern way of doing business. It should not remain artificially separated from it.

This understanding comes only from experience and common sense. Whenever a new field or function is simply added as a separate attachment, it turns into a fad, spends itself and fails. Only fully integrated areas persist and flourish.

Take the quantitative analysis and operations research: their isolation and separation led to their downfall. Only after their full and seamless integration they could become true and equal parts of the system.

Take the “international” dimension. Global economy *is* international by definition. Its “internationality” cannot be singled out, separated and “taught”. That’s why “international business” made sense in the 60s and 70s, like when I taught at the University of South Carolina. Now, all business is international, all business education is international and thus all MBA degrees are international – by definition.

That is why international MBA programs require all their students to take serious study tours abroad for credit.

One cannot master this new internationality, i.e., globality, by emphasizing and concentrating mainly on things that are different. Only through deeper understanding of what makes our businesses increasingly similar, common and comparable one achieves “globality”. The era of specialized, isolated and culturally embedded management systems, like those “with the Chinese characteristics”, is already over.

Take TQM. Quality and its management should be seamlessly integrated into the entire business curriculum because quality is an integral part of business. Any separation of degrees, concentrations and certificates must therefore qualify as being “silly” in Dean’s Snyder’s language, as quoted above.

Quantitative analysis, internationality, TQM and e-commerce are not functions and dimensions of business, like production, marketing or finance. They should not be separated because concentrating in them is “silly”, while concentrating in finance is not. Finance major is assured to be proficient in quantitative analysis, international, quality and Internet – if he is any good and useful, but e-commerce major is not assured similar knowledge and proficiency of finance (marketing, production, etc.).

What is Global E-MBA?

As one should not teach “international” business in a global economy, one should not also teach e-commerce or e-business in the New Economy. When looking for high-quality MBA, one should look at the level of integration of e-courses in *all* business and management courses (production, marketing, finance, strategy, etc.), and the level of similarly integrating the “international” dimension into its entire curriculum. Within a decade, *all* business will have significant global *and* electronic dimensions.

So, the Global E-MBA program must have both its “internationality” and “e-commerce” fully integrated in the curriculum. These two dimensions go hand in hand.

There is nothing more “international” in today’s business than Internet, telecommunications and global hypercompetition. Companies are not so much interested in doing “international” things, as in doing things that are international. The difference is fundamental: International accounting can be conceived, but e-commerce *is* international.

The E-MBA program will have to bring this globality and e-commerce into all of its traditional areas and courses. Students should not study marketing and e-marketing, finance and e-finance or production and e-production separately or even in separate courses. Such divisions will disappear.

For example, taking a course in marketing would make a student proficient in e-marketing to the extent that no special, additional e-course would be needed. That would free the IT/S resources to do truly path-

breaking and innovative stuff. Similar diffusion happened with so called “quantitative methods” which are now mostly dissolved into all high-quality courses in any area.

Some new courses are of course needed too. Certainly Supply chain (or network) management cannot stand alone and must be part of broader e-curriculum. Network Economy, network corporation and network organization must be established on a sound scientific basis. Courses in Knowledge and Knowledge Management (KM) are of course unavoidable in an economy virtually running on knowledge and information fuels. Companies will have to learn to make knowledge assets durable, difficult to imitate and difficult to substitute. Value-added management is a necessary part of virtually all courses.

Bargaining and negotiation, demand forecasting, technology choice/risk, relationship (alliance) management, design of adaptive organizations, managing through the creation of communities (communities of customers, communities of suppliers, etc.) are all being transformed in the new context. New authority structures will emerge and new stakeholder relationships will be formed. Theories of governance will have to be altered with the notions of “belonging” revised.

Conclusion

Is there a Global E-MBA in your future?

The answer becomes most obvious when you contemplate the opposite: how are your prospects going to be affected without the mastery of e-business, e-engineering, mass customization, added value management, knowledge management, IT/S, networks and networking, integrated supply nets, and global hyper-competition? What kinds of modern companies can even exist without such strategic building blocks of their competitive advantage?

So there is your answer: integrate e-commerce, global markets, quality and knowledge management, *all of them*, into your curriculum. Not as specialties or concentrations, but naturally and seamlessly, as if you already were a Manager of the 21st century.

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