



CEEMAN

CENTRAL AND EAST EUROPEAN MANAGEMENT DEVELOPMENT ASSOCIATION

CEEMAN Dialogues

**Interviews on emerging
business issues, leadership
challenges, and implications
for management development**

CEEMAN News 2006-2008



CEEMAN Dialogues

CEEMAN Central and East European Management Development Association

Your Window into Management Development in the World in Transition

CEEMAN is an international management development association established in 1993 with the aim of accelerating the growth and quality of management development in Central and Eastern Europe. Gradually CEEMAN has become a global network of management development institutions interested in quality of education, research and innovations in this field, as well as in the broad area of subjects related to change and development.

With professional excellence as its aim, CEEMAN fosters the quality of management development and change processes through the development of educational, research, consulting, information, networking support, and other related services for management development institutions and corporations operating in transition and dynamically changing environments. Its holistic approach to the phenomena of change and leadership development celebrates innovation, creativity and respect for cultural values.

The main activities of the association include:

- Educating educators programs, including IMTA - International Management Teachers Academy, and courses for strengthening managerial and leadership capabilities in business schools
- Accreditation of business schools
- Case writing support
- International research
- International conferences
- International networking of business schools and other management development institutions and their corporate partners
- Publishing

CEEMAN has 170 institutional and individual members from 43 countries in Europe, North America, Latin America and Asia.

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Introduction

Danica Purg



This collection of interviews with prominent experts and keynote speakers who took part in major events organized by CEEMAN continues the organization's 15th anniversary celebrations. CEEMAN – the Central and East European Management Development Association is a major international association of more than 170 members from 42 countries.

In these interviews leading authorities in management and related fields discuss emerging business issues, leadership challenges, and their implications for management development. Originally published in *CEEMAN News* during 2006-2008, the interviews were conducted by Milenko Gudić, director of the CEEMAN International Management Teachers Academy and George Bickerstaffe, freelance journalist and *CEEMAN News* editor.

They provide fresh and inspirational food for thought and reflection for all those dedicated to improving the quality of management development. The ideas and views that emerge unanimously call for more creativity and innovation in the global search for new approaches to the development of responsible leadership for a better world. They also reflect the fact that business schools from transition and emerging economies are ready to contribute and have a lot to offer to the world's knowledge of management education and leadership development.

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Danica Purg
CEEMAN President

Business schools in search for new strategies

An Interview with Leonid Evenko

Milenko Gudić



Leonid Evenko is Rector of the Graduate School of International Business (GSIB), President of the Russian Association of Business Education (RABE), Chairman of the Expert Council and Member of the Federal Commission on Education of Managers for Organizations of the Academy of National Economy of Russian Federation, Chairman of the Board at the National Training Foundation, Chairman of the Editorial board of the magazine *Business Education*, Fellow of the Academy of Management and Marketing. Professor Evenko is the author of over 200 scientific publications and delivers courses on management, strategic management and HR management.

Most CEEMAN members are more or less as young as the association itself. The Graduate School of International Business at the Academy of National Economy under the Government of the Russian Association (GSIB) has recently celebrated its twentieth anniversary of the school and its founder Professor Leonid Evenko was among the founders of RABE – the Russian Association of Business Education, which was established in 1990.

Professor Evenko was also one of the pioneers of CEEMAN, one of those who joined the association soon after it was established in 1993. Serving on the CEEMAN Board he was in a position not only to closely follow remarkable achievements and results, but also to actively contribute to them.

As the President of the RABE Professor Evenko also had a decisive role in the creation and development of the main national association of business schools in Russia. RABE has been instrumental in establishing business education and management development in the framework of the national higher education system. The official recognition of the MBA studies in Russia is associated with his name.

The similar missions and objectives of CEEMAN and RABE, which are both focused on the improvement of the quality of management development, have created fertile ground for mutual understanding and cooperation. Professor Evenko was particularly contributive and supportive of using opportunities and creating synergies in this respect.

In organising some of its major international events and programmes, CEEMAN had the privilege of cooperating with RABE. Among them are: First International Research Conference on Management Training Needs, Moscow, June 1999; CEEMAN MBA seminar for deans and directors of business schools in Russia and Eastern Europe, Moscow, March 2000, CEEMAN Joint Conference with RABE, CAMAN and REGENA on Business Education to Support Countries' Competitiveness, April 2007, Almaty, Kazakhstan; and CEEMAN Forum on Executive Education, June 2008, Moscow. RABE was also involved in the organisation of two CEEMAN annual conferences hosted by IMISP in St Petersburg, in 1996 and 2004.

We have asked Professor Evenko to provide us with his personal reflections and ideas on the main issues related to challenges and opportunities in management education. Our questions also addressed future cooperation between CEEMAN and RABE as well as the possible contribution that CEEMAN can provide to its members in Russia.

You were among the pioneers of CEEMAN when the association was established back in 1993. What were the expectations and hopes that motivated you to join forces with your colleagues and launch this initiative?

There were no well-structured plans or even expectations about the aims and tasks of the association at that time. But I had intuitive feelings that enthusiasts of business education in

“CEEMAN became a real player in business education movement in the world with its own face and policy values.”

new emerging market economies faced similar problems, opportunities, and threats to be solved together. And I did believe in the people gathered together around our brilliant leader, Danica Purg.

To what extent have those expectations been met in the last 15 years? What do you consider the most significant in terms of the objectives achieved and impact made?

The expectations were exceeded indeed. CEEMAN became not only the representative of Central and East European schools, but also a real player in business education movement in the world with its own face and policy values. In my opinion the most significant result up to now has been the creation of a niche in educational space that is occupied by CEEMAN and by nobody else. Everybody knows CEEMAN and takes it seriously and with great respect.

The participants in the CEEMAN Forum on Executive Education, held on 26-27 June 2008 in Moscow, had the privilege of enjoying the gala dinner which your school sponsored as part of the celebration of CEEMAN's anniversary. This was an excellent opportunity to learn more about the impressive results achieved. What were the key milestones in the past and main challenges your school and you personally has encountered? What were the main lessons learned?

My school has been developing together with Russian business education since the beginning of 1990s and we met typical challenges for a normal Russian business school. But GSIB had something special. The first key milestone was 1992 when we initiated the first MBA programme. The second during 1999-2003, when GSIB became the leader in implementation of new business education approaches, the so-called “experiment of the Ministry of Education of Russian Federation”. And the third – 2007 – the year of obtaining AMBA accreditation.

The main lessons: never be satisfied by your achievements and be the leader.

In the Deans and Directors meeting in Tirana we discussed issues and challenges related to the transition of business schools from the pioneering and entrepreneurial stage to the phase of a fully institutionalised organisation. Many CEEMAN schools, including those from Russia, are now in such a transition. Are there any special factors regarding the transition challenges that leaders of business schools in Russia are facing?

Unfortunately some recent changes in Russian legislation created bureaucratic barriers to the normal activities of business schools and now they are faced by the necessity to make the difficult choice in identification of their new institutional status. They are fighting for real autonomy and even for survival in a turbulent environment that is worsening day by day.

The fastest-growing segment in business education is executive education. It has been growing and developing very dynamically in Russia, where corporate universities have recently been mushrooming. In your speech at the CEEMAN Forum on Executive Education, which was co-organised with RABE and the Academy of National Economy under the Government of the Russian Federation, you mentioned five major reasons why business schools should be more active in the field of executive education. What do you see as key tasks and challenges in turning those five reasons into effective strategic instruments?

It is important for Russian business schools to develop formal strategies in detail, with substantial depth, and to consider this strategy formation seriously. Until recently business

schools were mainly reactive and focused on a short-term perspective. But now every school should clarify its strategy in the context of the choice of a particular model for its institution and to decide what are the strategic goals to be achieved and what to do in the long run.

RABE and you personally contributed a lot to enable business schools in Russia to have their MBA programmes recognised by the national system of higher education. Now it seems that you have initiated another important process – international accreditation of MBA programmes and Russian business schools in general. What are the key arguments you have been using to promote the idea? Which do you expect to be more effective – the self-development and continuous improvement aspect of the accreditation process or one that business schools could perceive as a good marketing tool?

International accreditation is important because it became achievable for the leading Russian schools to improve the quality of education up to international standards. Of course for particular schools it creates some competitive market advantages but our associations should worry about the market itself, which must be reasonably regulated by the accreditation of quality educational products. This is an important part of RABE's mission and responsibility.

At the 16th CEEMAN Annual Conference in Tirana we discussed issues related to management education for the realities of emerging markets. Derek Abell provided interesting contours of the landscape of emerging markets and advocated the need for a more balanced content of management education, with a much higher share of context-specific programmes at the expense of the universal, generic management education. How important is this for Russia? Where do you believe that the highest contextualisation is needed on the spectrum from undergraduate, MB, and postgraduate, executive and corporate education?

The demand for business education is changing as well as the business environment in our countries and around the world. Supply is following demand and Russian business schools are becoming more and more client-oriented. The diversification of business schools' portfolio was the trend of recent years but the financial crisis shocked the business education system in Russia and in the world and we are in the process of searching for a new product mix and new priorities. The role of context-specific programmes becomes really important and I agree with Derek Abell's conclusion.

In Tirana there was also a mention of the “Russian model” of management. Regardless of whether such a model exist or not, it would be interesting to learn from what you see as the main challenges that the Russian managers and leaders will be facing in the future, and to what extent they may differ from the challenges faced by managers and leaders globally

I am a strong supporter of contingency or contextual theory in management and in education. Every concrete managerial form of organisation or system depends upon such contextual characteristics as environment, technology and people at a minimum. The set of characteristics creates a general framework for development of specific “models” of different kinds. The Russian business and managerial context are rather special now but typical Russian approaches to management are still developed within a universal theoretical framework. I do not see enough argument to separate a “Russian model” of management

from the European norm but, for example, “American” and “Japanese” models are quite different to be evaluated as contrast models.

Both RABE and CEEMAN are committed to their missions of improving the quality of management development and developing leadership capabilities for a better world. In this context, they have also joined forces to organise several important joint projects and events. How do you see the cooperation of the two associations in the future? What are the main priorities and possible synergies?

I think potentially we have many attractive opportunities for collaboration and joint projects. The major argument for the initiation of a new project is existence of real beneficiaries prepared to spend proper financial and human resources. Please ask CEEMAN members. As for me I can suggest some topics of that kind:

- Identification of concrete opportunities for joint educational programmes between Russian and East European institutions.
- Research project on “Models of Manager” in emerging economics of different countries.
- Penetration of CEEMAN accreditation into the Russian educational market.
- Cross-cultural comparison of management in Central and East European countries.
- Case studies in a RABE-CEEMAN Clearing House.

Leadership on the sympathy and opportunity side of the equation

An interview with Charles Handy

Milenko Gudić



Photo: Elizabeth Handy

Charles Handy is widely recognised as one of the leading social thinkers and management philosophers of modern times. He started his career working for Shell International in London and South-East Asia, and left his management position at the company in 1967. As a co-founder and professor at London Business School specialising in managerial psychology, and later as an independent writer and broadcaster, he has left a huge legacy which has gone beyond this prestigious institution and management discipline in the narrow sense of the word. His books have sold over a million copies around the world.

The 16th CEEMAN Annual Conference in Tirana was the first CEEMAN event at which Charles Handy presented, although he had already cooperated with CEEMAN member institutions before. An example of this was the Dubrovnik Leadership Forum “Inspirations for Leadership”, co-organised in 2005 by the IEDC-Bled School of Management, Bled, Slovenia, and ESMT – European School for Management and Technology, Berlin, Germany.

One of the key focuses of that event was a question which Danica Purg, President of the IEDC-Bled School of Management, formulated as: “If it is important to be more reflective and more creative, if it is important to have an openness to the arts, how then to bring the arts into management development, how to unlock the imagination?”

In addressing the question Charles Handy presented in his keynote speech several fascinating stories from which he offered the following three conclusions:

- The most important and influential leaders are the indirect leaders, those that change a mood or a paradigm. They help people think differently on how things could be. We should spend more time talking and thinking about this type of leadership.
- People remember images and sounds more than they remember words. Language is memorable when it creates visual imagery. That’s why good art lingers in our heads.
- There is a need for bringing in emotion in how we educate people. It is the emotion that one learns from. So if one wants to have leaders create a better future, one has to create a mood, an emotion.

With all this in mind we have asked Charles Handy to share with us his view and ideas on a whole spectrum of issues that are relevant for the topics discussed at the 16th CEEMAN Annual Conference and those that are at the very heart of the CEEMAN’s mission of improving the quality of management development.

Our questions related to the dramatic changes taking place in the environment and their implications for the organisational, managerial, and leadership responses that are emerging or need yet to be developed in order to successfully cope with the related challenges and opportunities. We have also asked Charles Handy to share with us his thoughts on the role of business in society. We also wanted to learn about the profile of the new generation of leaders and whether and how leadership could be taught and/or developed.

Last, but not least, we were eager to hear from Charles Handy about his ideas on what business schools could and should do to create a new generation of leaders by developing appropriate educational programmes and processes but also by attracting high-quality people, the best of the best, those who could find business and leadership as the areas in which they could dream their dreams and contribute to a better world.

“The most important and influential leaders are the indirect leaders, those that change a mood or a paradigm.”

We have also asked Charles Handy to comment on the business challenges and managerial and leadership issues facing transition and emerging economies.

Charles Handy took the questions very attentively and approached them in his own way, in his own style. He integrated his answers into an elegantly and thoughtfully interwoven piece that represents his personal response to the key issues we asked him to address.

Charles Handy

I look forward with great enthusiasm to meeting the members of CEEMAN in Tirana in September. The world of business and of the schools that feed that world could, I feel, do with a new approach as we enter what looks like being a perilous few years for many economies, caused, in part at least, by the behaviour of some of the businesses that we once admired. The new players on the scene, the organisations, and the schools of the emerging economies, may be best placed to bring new thinking to a jaded world.

Thirty years ago I suggested in my book *Gods of Management* that organisations needed a mix of at least four organisational styles or cultures to do their best work – different styles for different functions. I gave these styles the names of the gods of ancient Greece.

I still believe this to be so but organisations typically find it easier to work with one or, at most, two of the styles, usually a mix of the autocratic Zeus style and the bureaucratic Apollonian one. These can work well in a stable world but to cope with change and creativity the looser styles of the team-based Athenian culture or the individualistic Dionysian style are needed.

The opportunity for organisations in the emerging economies is to by-pass the old-fashioned ways of the older economies and build looser more flexible structures and procedures. It requires courage to discard the old and explore the new, but that way the future lies.

For the same reason the older economies find it hard to leave behind the ways that worked so well before. The new call-centres look just like cleaned up factories with workers in rows, their performance measured, their hours controlled. The new freedoms made possible by new technologies are ignored, the technologies too often being used instead to monitor and control.

As Kofi Annan pointed out at the millennium gathering of the United Nations, the one thing we should have learned from the last century was that centrally-controlled organisations do not work. Alas, too many businesses still believe that they do, but they are often measuring efficiency (the process) rather than effectiveness (the result).

Federal models of organisation, where power is dispersed so as to be nearer to the action, have to be the way forward because they allow decisions to be taken closer to the end result. Once again, businesses in the emerging economies can bravely go where their older competitors fear to tread.

Most crucially, however, the opportunity is there to reinvent capitalism as something that is good for all society, not just for the favoured few at the top. Business is increasingly seen as self-interested and its leaders as selfish, linking their rewards to the shareholders' interests rather than those of the customers. The implicit social contract under which business is allowed the huge privilege of limited liability in return for the benefits it brings to the rest of society is under threat.

The benefits are unclear to many. That is why social responsibility has become so relevant in recent times – but the words alone are not enough. Companies must be seen to be working for their customers, their communities, and for their workers before their owners. The

“ It requires courage to discard the old and explore the new, but that way the future lies.”

pleasing irony is, however, that if they do this the owners are likely to be better off in the end as well. But if they are not seen as working for society as a whole, then society is likely to restrict their freedoms and responsibilities, which would ultimately be bad for all of us.

Of course, all this requires imaginative leadership. It has to be a leadership that believes passionately that great things can be done by committed people and that good people, properly trained and well-informed, can be trusted to deliver. Surveys consistently show that people like to feel that they can make a difference – that they want a purpose that is greater than themselves.

As Bill Gates recently said, there are two drivers in human nature, self-interest and a concern for others. It is, after all, what Adam Smith said so long ago, only he called it sympathy, saying that it was this concern for others that bonded society together and gave license to self-interest.

By neglecting the sympathy side of the equation we have risked losing our license for self-interest. It is these sorts of beliefs that create great leaders. They need, however, to come with the ability to communicate these beliefs to others and with the generosity of spirit that can recognise that others can have talents and skills that can complement not replicate yours.

Business schools, of course, have an important role to play in all of this because they stand, or should stand, at the head waters of the managerial system. Too often, however, they see their role as mere intermediaries, passing on the practices and processes of the businesses they seek to serve, following, not leading their profession.

What they call research is often mere tabulation of current best practice; often past practice by the time it is published. Even their organisations seem to mirror those of the businesses around them, organisations, which, I believe, are out of date and often no longer fit for purpose in a changing world.

I would like to see the schools being more intellectually curious, more challenging of accepted ways, bolder in their thinking, places where leaders of industry come to listen rather than speak.

I remember once, in my days at the young London Business School, when a journalist rang up to ask me what the school thought about some looming crisis. I found myself saying that the school, as a school, did not think, did not have a view on this crucial issue, although, of course, I added, some individual members of staff might have something to say.

As I heard myself saying this I thought how sad it was that we were not organised to give a view on major contemporary issues. Things may be different now. I hope they are.

I confess that I have long had lingering doubts about whether one can in any real sense teach leadership and management as opposed to business. The ways, processes, and mechanisms of business and the economy can indeed be codified and taught in a traditional way.

That is obviously useful, not only to would-be managers, but also to almost all citizens. I could argue that business studies should be a compulsory part of a general school or university curriculum and it is no surprise that business studies is now the most popular degree course at British universities.

Management and leadership are different. They can, I am sure, be learned but not often in a classroom. I was told the other day that not one of the 15 native languages of India has a word for teach, only one for learning. I liked that, be it true or not.

In Britain, as in most countries, our traditional professionals are “formed” (to use the old language of the Catholic Church) through a mix of classroom instruction and mentored experience, be they accountants, doctors, architects, or lawyers.

Why, I often wondered, did we start to do it differently for managers? Could it be, I wonder, that the business schools are too closely linked to the university systems, with all their academic research requirements, intellectual hierarchies, and procedural rules? Would a looser structure provide better opportunities for scholars and practitioners to cooperate to provide a more integrated formation process for future managers and leaders?

As it is, the schools typically put the apprenticeship period first and then add the academic bit, accepting into their courses only those who have proved that they can indeed manage something.

As I once said to the selectors at the London Business School, “take only those who in one sense do not need to come here” because, having already proved their managerial competence, we can then teach them some useful techniques and practices. But, I always wondered, were we not then perhaps missing out on the best and the brightest, those who had found their own way in the world and had concluded that they did not need such schools as ours? Were we to be left with the best of the second-best, the ones who felt that they needed a bit of help up the ladder of their own careers?

This year Harvard Business School has been celebrating its centenary. One of its professors, Rakesh Khurana, has published a book reflecting on the history of American business schools, *From Higher Aims to Hired Hand*.

He argues that the market has forced schools to cater to the naked personal ambitions of its students who are only interested in maximising their own wealth, not in transforming or leading great organisations. It is a sad commentary on 100 years of history. The world and business deserves better. Who better to lead the way than the newer arrivals?

Diversity calls for mutual trust and respect

An interview with Ichak Adizes

Milenko Gudić



Ichak Adizes is one of the world's leading authorities in change management and creator of the unique programme for managing change that bears his name. His applied theory has been used by over 1,000 organisations, ranging from *Fortune* 100s and nonprofits to start-ups and mid-sized companies. He has consulted or lectured to the prime ministers or government cabinets of more than ten countries. His work and writing have been featured in leading international journals and newspapers. Dr Adizes and his work have received numerous recognitions and awards in different parts of the world. *Executive Excellence*, one of the most prestigious business magazines in the US ranked Adizes 27th on the 2007 Excellence List of the 100 Top Leadership Consultants.

In her proposal of December 2007 to the Senate (Postgraduate Commission) of the IEDC-Bled School of Management, Postgraduate Studies, to award the honorary title Doctor Honoris Causa to Dr Ichak Adizes, Danica Purg, President of IEDC, wrote:

Dr Ichak Adizes is one of the world's leading authorities in change management and creator of the unique program for managing change that bears his name.

The Adizes Program is based on a unique, multidisciplinary, and consistent approach to management and leadership. The main building blocks of his unique theory are: an original approach to the corporate lifecycle, an original managerial typology, and an equally original approach to leading and managing change in a constructive and conflict resolution way by relying on mutual respect and trust. The theory, which helps organisations to achieve and maintain prime performance, has been consistently elaborated in seven books that have been translated into 22 languages and published worldwide in 50 editions.

Dr Adizes personally and his work have made a significant impact worldwide. His applied theory has been used by over 1,000 organisations, ranging from *Fortune* 100s and nonprofits to start-ups and mid-sized companies. Dr Adizes has consulted or lectured to the prime ministers or government cabinets of more than 10 countries. His work and writing have been featured in leading international journals and newspapers. His method has been taught in several management and/or social disciplines in different countries, while the Adizes Institute, Santa Barbara, California, USA, which he founded, and the Adizes Graduate School, where he is Academic Dean, have been creating generations of associates who are implementing the Adizes Program worldwide.

Dr Adizes and his work have received numerous recognitions and awards in different parts of the world. *Executive Excellence*, one of the most prestigious business magazines in the US ranked Adizes 27th on the 2007 Excellence List of the 100 Top Leadership Consultants.

Dr Adizes has also taught at the IEDC-Bled School of Management and lectured at several major events and programs of CEEMAN. In doing so he not only demonstrated his high professional excellence and intellectual width and depth, and his outstanding personal integrity and moral values, but also inspired IEDC participants and other stakeholders. In such a way he also significantly contributed to the specific values that the IEDC-Bled School of Management stands for in its continuous efforts to contribute to leadership development for a better world.

This applies also to CEEMAN, which has developed a fruitful cooperation with Dr Adizes. The cooperation started in October 2004 when he generously offered CEEMAN members his books and other educational materials free of charge. A total of 60 institutions from 24 countries from Europe, North America, and Asia including some non-CEEMAN institutions benefited from this unique opportunity.

Dr Adizes was also a remarkable keynote speaker in the 13th CEEMAN Annual Conference on Innovations in Management Development held in Kiev, Ukraine, in September 2005, as

well as in the 15th CEEMAN Annual Conference on Globalization and Its Implications for Management Development, which was held in Istanbul in September 2007.

CEEMAN is particularly proud of having organised a unique seminar on Adizes Methodology, which in August 2006 at the IEDC-Bled School of Management gathered 27 management educators, business executives, and management consultants from 12 countries.

Dr Adizes has also provided a keynote input to the Deans and Directors Meeting on Management Education Institution Building – Transition to Phase 2 on 25 September 2008 in Tirana, Albania, where he shared his views on how business schools from the transitional and emerging economies could make a shift from pioneering to modern competitive organisation.

The following interview, however, is devoted to Dr Adizes' participation as keynote speaker in the EURAM 2008 Conference on Managing Diversity: European Destiny and Hope, which CEEMAN and its member institutions the Faculty of Economics-University of Ljubljana and the IEDC-Bled School of Management hosted in Ljubljana and Bled on 14-17 May 2008.

Diversity is the term that is usually used to describe or acknowledge the existence of certain differences among various groups, organisations, societies at large, and so on. However, we believe that when it comes to leadership and management, the prevailing perception of diversity encompasses only a limited number of aspects. Dr Adizes' unique theory of management and leadership has a much broader and deeper perception of diversity. It includes differences among individuals, organisations, and societies, but also within each of these entities. It also included issues such as organisational morphology and structures, strategies, management functions, leadership, and managerial styles.

In addition, his approach to diversity is also inherent to his theory of organisation life-cycles, which recognises diversity as both a natural result and a precondition for organisational growth, evolution, and development.

Last, but not least, the professional career and personal life of Dr Adizes are by themselves exemplary stories on diversity and the related challenges and opportunities. For these reasons we believe that *CEEMAN News* readers would be interested in benefiting from his thoughts, ideas, and experience on diversity and leadership.

Which aspects of diversity have the most important impact on leadership and managerial approaches and practices?

Leaders are "born" by the situation that calls for what that person has to offer and no one person can be a leader in all situations. One situation calls for fast decisive action and risk taking, another one might call for cautious political manoeuvring before striking for action. Different people have different styles and what creates a leadership is when the demands of the situation match the style of the person leading.

I found, however, that no situation is "pure" and calls only for one style to lead. It could happen but it could produce a disaster because the leadership style could not be just predominant as the situation requires but skewed to the point of being one sided and overly biased. Thus to arrive at a balanced decision an organisation needs a diversified leadership team around the leading person.

A complimentary leadership team means having problems of communication because diverse styles communicate and decide differently. This can create conflict. Diversity calls for mutual respect and trust or the conflicts will be destructive.

“ I find that for a team to be effective we must sacrifice it being efficient. ”

What are main challenges and, on the other hand, the main opportunities when it comes to managing diversity and/or leading change in complex and diverse external and internal environments of an organisation?

The problem, which at the same time it is an opportunity, is how to create and nourish this absolutely necessary culture of mutual trust and respect.

It is a problem because if it does not exist the internal conflicts in the organisation will stymie the decision-making process or bad decisions will be made to the detriment of the organisation.

The opportunity is that those who do build and nourish mutual trust and respect will have a strategic advantage in the market place: they will make better decisions and implement them faster, which in a complex fast-changing environment is critical for success.

Your life-cycle theory of organisations is an example of a very complex and deep diversity within an organisation, which along the path of its growth and development becomes different from what it has been in the past and what it has yet to be in the future. From the leadership and management point of view, which diversities are critical, both as challenges and opportunities, in different stages of the life-cycle and how they should be approached?

For a start-up company you want a leader who is both entrepreneurial, which means creative and risk taking, and at the same time result oriented. He or she should have a number two complimentary leader who is process oriented, back of the house oriented and people oriented, which usually the entrepreneurial leader cannot excel in as well.

When the company moves into adolescence, that is when the organisation needs to get organised and move from “absolute monarchy” to “constitutional monarchy”, from entrepreneurial seat-of-the-pants management to professional management, the number two has to become number one and whoever was number one should take a back seat for a while letting the new leader stabilise the company.

When the company reaches Prime and is professionally well run, it calls for decentralised entrepreneurship and a new organisational culture that requires a third type of leadership if the company is to stay in Prime.

When an organisation ages it calls for an entrepreneurial leadership to rejuvenate the company and the previous leadership should take a back seat but not disappear, otherwise the changes are not smooth and evolutionary but revolutionary and disruptive.

Your theory emphasises both the critical role of the leader, but also of his/her leadership and managerial teams. In this respect two questions are equally important. One of them is how to build effective and efficient teams while the other is how to change one’s own style when leadership and managerial tasks are delegated to those teams

I find that for a team to be effective we must sacrifice it being efficient. It is those all efficient “every minute planned” meetings that kill creativity and thinking. It is all action oriented with little discussion or it is a very superficial discussion.

As to changing one’s style. Some people can and as their organisation moves along the life cycle they change their style. In that case there is no need to replace them. It is like a good parent that changes their parenting style as the child grows to adulthood. Those that cannot

change their style need a complementary parent who takes over. Frequently it is the grandparents or the child grows dysfunctionally.

A leader needs to change his or her style as the organisation changes in the life cycle or the leader has to be changed or the organisation will suffer.

Among the main building blocks of your theory and approaches to leadership and management are the concepts of mutual trust and respect. These concepts are directly related to the issue of diversity and what to do about it. On the other hand they are so mutually related and interdependent that they resemble “the hen and the egg” story. How do you see their relative roles? Which one comes first? Does the context have anything to do with it?

First let me explain why mutual trust and respect are critical for managing with diversity, not just managing diversity.

A diversified managerial team is like a marriage. There will be conflicts because the styles and interests of those who compose it will by definition be different from each other and this conflict can be destructive. What will make it constructive is mutual trust (faith that they have a common interest at least in the long run) and mutual respect (they believe they can learn from each other's differences).

Which comes first, trust or respect?

There is a debate in the Adizes network of associates (professionals who teach and apply Adizes as a methodology to change organisations). Some say (and I belong to that school) that trust is first. Without trust how can you be open to learn from people who disagree with you? Others say, no, respect is first. How can you trust unless you learn from people who disagree with you and when you learn it creates trust?

It appears that at the starting point they are “together” and they grow, impacting each other either positively or negatively.

Whether they undermine or build each other up, I do not believe is dependent on the context of the situation. It depends on how we direct our thoughts.

Descartes said “since I think I am”. He was right but he had the dependent and independent variables upside down. I would say “I am what I think”. And what I think colours my experience rather than my experience impacting what I think.

So, what does impact what I think?

It is my soul. My spirit. And that depends on the stage of my spiritual development. A highly developed spiritual person will interpret events (i.e. think) totally differently than a person who has not even started the spiritual journey.

The EURAM 2008 Conference is about Managing Diversity: European Destiny and Hope. In trying to achieve and sustain a competitive position Europe as a whole as well as its corporations and institutions have to deal with the challenges related to diversity, while on the other hand they could also benefit from the respective opportunities. In doing this each of the main three participant groups have a role to play.

What are the critical areas that management researchers should focus on in the future? Which are the critical issues that leadership and management practitioners should deal with? What changes in the approaches to leadership and management development are needed in order to enable business schools and their faculties to cope successfully with the challenges and opportunities of diversity?

We are all in the midst of a third world war, globally. Some do not recognise it as a world war because it is not like the first two. This one is not among nations. It is cross-national and global. And it is not a war of cultures as Professor Huntington has claimed. It is beyond that and the common denominator started and existed in both previous world wars.

“A leader needs to change his or her style at the organisation changes in the life cycle.”

It is a war between those who believe and nurture diversity (the political expression of it is democracy) against those who negate diversity (autocracy, fascism, and communism are its political expressions). Look at what was the common denominator of the regimes of the allied countries versus the axis countries.

Today it is a war manifested in terrorism between countries that believe in diversity against religious fanatics that will not tolerate diversity. It is the religious fanatics against the liberals or the secular.

Europe's increasing radical "muslimisation" met by non-tolerant political ideology could mean increased intolerance to diversity.

The challenge of Europe is how to deal with this increased intolerance. What will be the nature of Europe unless the majority of its population is open to diversity in religion, art, political expression, and so on? How not to lose the culture of "live and let live"?

As to regaining competitiveness, Europe's challenge is in how to build and nurture entrepreneurial human resources. Historically it exported them to the US. The UK has overcome this problem and is now "importing" entrepreneurs. Germany and, especially, France are still struggling. Without a growing entrepreneurial class the system ages, it gets increasingly bureaucratized, which further rejects entrepreneurial efforts, which in turn feed further bureaucratization and the cycle repeats itself.

Business schools have a critical role to play, which they are failing in, in my opinion, miserably. My observation is that we are not training and nurturing students how to think out of the box and encouraging them to take risks.

We are not developing entrepreneurs unless it is for the financial markets as investment bankers, fund managers, or consultants. But notice that these professions do not build businesses. They benefit by assisting those entrepreneurs who *are* building a business. So business schools by and large do not develop people who will start and build businesses. We train professional managers who usually end up in staff positions. We do not encourage people to take risk. We teach them how to evaluate risk and control it.

"If you want to start a business do not go to business school" might be the motto. It is like the worst that can happen to a talented art painter: to go to an art school. They kill the talent by teaching too much about how to criticise art, not how to dare and break ranks.

Do we teach how to learn or do we teach what to know? Can business schools help entrepreneurship? Look who is teaching there. How entrepreneurial are the instructors?

While people around the globe appreciate and widely implement your theory, they also associate it very much to your personal charisma. We believe that all this also has to do with your own life story, which itself is exemplary for diversity. Could you indicate which aspects and issues of diversity have been the main challenges for you in your professional and personal growth and development? Along the same lines, what were the main opportunities? Or, in a nutshell, how did you turn your own personal and professional challenges into opportunities?

Ah, you are giving me credit I do not deserve. I did not sit and analyse how I can turn my personal life and experience into a successful career.

I honestly planned nothing. I just reacted to what was happening. Planning has nothing to do with my success or failure and while I sometimes feel I succeeded, most of the time I feel I am an enormous failure because there is no bigger burden than a potential not fully realised.

I feel I could and should do so much more and I am wasting my life by running around. I wish I could plan how capitalise on my strength and protect myself from my weaknesses. It did not work like this for me.

But I agree with you that my life history must have had a lot to do with my philosophy. My life's work must have been impacted by my life experiences because I did not develop my philosophy in the library nor by running experiments and analysing them with sophisticated statistical tools.

To survive the Second World War we hid as Muslims in Albania (I am Jewish). After the war, in Belgrade I learned Serbian then in Israel Hebrew and Medieval Spanish because that is how I communicated with my Sephardic family. (Sephardim are Jews who were expelled from Spain in 1492 and kept the language all these years.)

Then I came to study in the US – a new language again. I can lecture in four languages but I have an accent in all of them. There is no place where people do not ask me: "Where are you from?" I belong everywhere and nowhere.

Then the Yugoslav system of self-management that I studied for my doctorate threw me into a spin. Everything I learned at my US business school (Columbia) was turned on its head. Then when I started consulting and I realised that what I was teaching in the graduate school was all based on what should happen and not on what does happen in the real world. So I gave up my tenure at the university and went to work to see how to make things really happen.

And I failed a lot and wondered why. And then I got invited to lecture or consult all over the world, so far 52 countries. And with each new criticising audience I learned what makes sense and what does not make sense in what I was teaching. So my theories became universal.

Then people accused me of not really having a theory; that it is my charisma or commitment, like a bulldog, that explains my success in leading change in organisations. So I started the Adizes Institute to teach what I know and certify people to do it. And then I realised that you really do not know what you know till you teach it. So I had to articulate and operationalise my management theory and put it in writing because you really do not know what you are saying till you read what you wrote.

Then I was invited to lecture to heads of government, which opened a new door for learning about how to manage change in very, very large systems – countries. And I failed miserably. I produced very little change, although with corporations I had a very high rate of success in implementing change. So I had sleepless nights.

Why? What are the differences? And I am learning that the rules for leading change successfully that apply to micro systems (personal growth) do not apply to mezzo systems (organisations) and what works for organisations does not work for countries and what works for a country does not work for the planet Earth.

And that has been my journey of non-stop discovery caused by non-stop change: new language, new country, new challenging consulting assignment I was not sure I could succeed in.

It has been, and still is, a journey that has no end. I did not plan it. I just allowed myself to be taken for a ride while being aware and conscious of what I experienced and not being afraid to fail and ask "why?".

And I had faith that the answer would come, although it might come many years later, and realising that whatever answer I get I will really understand only when I share it and let others tear it apart.

Fifteen years of CEEMAN

An interview with Danica Purg

George Bickerstaffe



Danica Purg is the President of the IEDC-Bled School of Management in Slovenia, President of CEEMAN, Chairperson and Director of the European Leadership Centre, and President of the United Nations Global Compact Slovenia. She is Fellow of the International Academy of Management, and holds numerous Doctor Honoris Causa titles. The President of the Republic of Slovenia has awarded her the Honorary Order of Freedom for her contribution to management development in Slovenia and CEE. She is a member of several advisory boards, among them of the Advisory Board of Women's Forum for the Economy and Society, Advisory Board of Business as an Agent of World Benefit Global Forum, Advisory Board of the newly established Moscow School of Management Skolkovo, and also a member of the European Cultural Parliament (ECP).

Danica Purg is the founding and current President of the IEDC-Bled School of Management in Slovenia, and the founding President of the Central and East European Management Development Association (CEEMAN), which celebrated its 15th anniversary in 2008. She is also chairperson and director of the European Leadership Centre (ELC), established with the aim of assessing and promoting European leadership through the organisation of forums, workshops and research.

Dr Purg is professor of leadership and effective management at the IEDC-Bled School of Management. Her special field of interest is looking for inspirations for managers from art and other professions.

She has authored and co-authored several books and numerous articles on technological and organisational change, comparative HRM practices, team building, economic reforms, and management development in Central and Eastern Europe. In 2003 Professor Purg edited and co-authored the book *Leaders and Teams – The Winning Partnership*.

Dr Purg is Fellow of the International Academy of Management, Doctor *Honoris Causa* at Moscow State University of Management and Estonian Business School Tallinn (EBS), and honorary professor at Moscow International Higher Business School, Plekhanov Academy (MIRBIS). The President of the Republic of Slovenia has awarded her the "Honorary Order of Freedom" for her contribution to management development in Slovenia and CEE.

Professor Purg is also member of several advisory boards, among them the Advisory Board of the Women's Forum for the Economy and Society, the Advisory Board of BAWB (Business as an Agent of World Benefit Global Forum) and the Advisory Board of the newly established Moscow School of Management Skolkovo. Professor Purg is also member of the exclusive European Cultural Parliament (ECP) – a forum for outstanding artists, thinkers and other cultural personalities from all Europe. Recently she was invited to become a member of the UN Global Compact of Principles for Management Education taskforce and in 2007 she became President of UN Global Compact Slovenia.

After graduating from the Faculty of Political Science in Ljubljana, she completed her PhD at the Faculty of Political Sciences, University of Belgrade, and has also studied at Harvard Business School, IMD, INSEAD, Technological University Delft, London University, Sorbonne, and Kalamazoo College, Michigan, USA.

How did the concept of CEEMAN originate and how do you think it has developed over 15 years?

CEEMAN was established because of the real need for high-quality management education in Central and Eastern Europe (CEE) and because of my view that

management development institutions in CEE had to work closely together if they wanted to succeed.

I saw very soon that there was no real understanding of management challenges in CEE countries. International management development conferences were poorly attended by people from the region, mainly because of financial problems. I also saw that efforts by international agencies to help the acceleration of management development in CEE only partly met the needs of our business schools. There was an historical misunderstanding of the policies necessary to quicken management and leadership education and reveal the underestimated potential of CEE.

In that climate I took the initiative to bring the best professors of management of the region together with the aim of establishing CEEMAN. I personally launched the slogan “Give us the best from the West and keep the rest” to support this action. This slogan I launched for the first time at Columbia University in the USA, just as the first CEE business schools were coming into existence.

I told the participants – there were about 300 top US managers – that if they wished to help central and eastern Europe to develop quickly they should help us with support that we expressed the need for, that we considered important, and send us first-class people because we did not have time to wait 100 years to develop management institutions. (By mentioning 100 years I was referring to the age of the first management schools in the USA.)

How do you see the developing in the future? What will CEEMAN look like in another 15 years, or maybe just five?

CEEMAN will remain an association that has support for the advancement of the quality of management development in CEE as its aim. In fact, it now extends this to all emerging economies since we have noticed that we share many common challenges and goals.

Faculty development is one of the top priorities and also a precondition for the overall quality of management education. For this reason this was one of the very first areas addressed by CEEMAN and since 2000 we have institutionalised these efforts in IMTA, a major European faculty development program. We will not only continue with this program but also build further.

Quality learning has to be supported by excellent service, which we had in mind when we introduced the Program Management Seminar. The overall quality of management education is supported by CEEMAN accreditation, which was reinvigorated in 2007 to place much more emphasis on the evaluation of CEEMAN's core values in terms of the extent a school's mission is relevant to the specific context and environment, how a school celebrates diversity, fosters ethical values, respects culture, and assumes its duty to develop responsible leadership in society at large.

Members of our association are also companies and other organisations that are interested in partnership with business schools in economies in transition.

This special drive for quality (look at our top-class international events!) and a spirit of friendship, mutual understanding, and support are the key characteristics of our association. I often say: “Come to the CEEMAN conference, you will not have only a great experience concerning learning and networking but also dancing”. The fact is that in CEE there are many more women who are deans and presidents of business schools and that is why the atmosphere is different – we are like a big family.

I see CEEMAN in the future as a global association with its focus on management schools in economies in transition, helping them become high-quality institutions, each of them having another feature, another profile that responds to the specific needs of the environment where the school operates. I see CEEMAN working together with business and other organisations in true partnership. With its emphasis on innovation I also see CEEMAN as a real contributor to the world treasury of management education.

How do the needs and challenges of students and providers of management education in the CEEMAN “space” differ from those in Western Europe?

The difference in needs and challenges has become smaller. But looking at areas such as the quality of professors and students, the needs and challenges they are confronted with within their economies, and personally, there are differences.

This is because these needs are contextual and dynamically changing. While changes are taking place in all Europe, the changes in the economies in transition are still more intense, deeper, and faster. In our schools we teach the management and leadership of change not as a professional issue only, but also as a fact of life.

CEEMAN has expanded beyond the original CEE area – how has this strengthened the organisation?

As I said before, CEEMAN originally focused on management schools operating in economies in transition. In the course of time the focus on the issues of transition widened and covered the phenomena of change in general. This resulted in a growing interest from emerging economies, where schools are facing similar challenges and opportunities, but also from most developed world economies, which are increasingly interested in the change phenomena and the implications for business and management development. The new members from outside CEE have widened our horizons and made us more confident, seeing that many other regions are facing the same challenges. Our experience and the lessons we have learned we can share with people from all over the world.

Do you see a divergence in the approach to management education between the US and European “models”?

The differences in the economic and governance systems are reflected in business models and practices and consequently in management and leadership education. Our education is less dominated by economy and finance. In Europe, there is more attention on theoretical, philosophical aspect of issues such as labor/management relations and HR management.

You are well known for emphasising the importance of the arts in management education – why is this and how did it develop?

The idea behind “art and leadership” is “creative leadership in a creative environment”. Managers and leaders, particularly if innovation and change are their biggest challenges, can learn a lot from the creative processes in art. IEDC, for example, created the school as an art gallery, which has a function of reflection and inspiration. We also added art subjects into our MBA programs. Musicians, for example, help leaders and managers to listen better.

As Edgar Schein (a renowned professor at MIT in the USA) says: “Art is making us feel more, to understand more and to see more; and it is putting us in touch with creating ourselves . . .

“ . . . special drive for quality and a spirit of friendship, mutual understanding, and support are the key characteristics of our association. ”

Art can be shocking, provoking, and above all, inspiring.” And reflection and inspiration are what managers need more and more.

What things in the development of CEEMAN over the past 15 years make you feel particularly proud?

What makes me proud is the big change I see in the quality of professors and programs in our part of the world. Through all that, greater confidence is built. This is what I appreciate the most. We learned so much in such a short time! And also the fact that we have done that without alienating ourselves from each other but just the opposite: we have become closer – friends who share an interest in each other's challenges, and each other personally.

Who (or what) has been your greatest influence and inspiration in your approach to management education and development?

The few meetings I had with Peter Drucker inspired me very much. But most of all I have felt inspired by my colleagues and friends who together have built CEEMAN. The energy and ambition to make something that is good for this world is very encouraging for everybody who knows them.

If you had not gone down the path of management education what would you have most liked to have done in your life?

Difficult to say. I believe I could have become active in an organisation such as the United Nations but probably always in a position where I could build something, whether an organisation or a relationship.

A major turning point for European research in business and management

An interview with Peter McKiernan

Milenko Gudić



Peter McKiernan is Head of School of Management, University of St Andrews and President of EURAM – European Academy of Management. He is a professor of management and a prize-winning researcher engaged in cutting edge analysis of changing political, economic and social trends, their impact on strategic formulation and implementation for businesses. He has published widely in strategic management, including two volumes on the historical development of the discipline and the bestselling book on transformational change – *Sherpbenders*.

Ever since Peter McKiernan participated in his capacity of vice-president of EURAM in the 12th CEEMAN Annual Conference in St Petersburg (2004), he has been actively promoting mutual co-operation between EURAM and CEEMAN. After becoming EURAM President he launched a very ambitious strategy for EURAM, an important element of which was also a much closer and extensive co-operation with major associations like CEEMAN.

In its programmes and activities CEEMAN has always been addressing key issues and challenges faced by modern businesses, and their implications for management development. At the same time CEEMAN has been developing its distinctive value platform within which the need to celebrate diversity and respect for culture and values is particularly emphasised.

The two CEEMAN events in 2007 focused on the very heart of this. The 15th CEEMAN Annual Conference addressed the issues related to Globalization and Its Implications for Management Development, while the general theme of the EURAM 2008 Conference was Managing Diversity: European Destiny and Hope.

In this context we felt that Peter McKiernan, Dean of the School of Management at Scotland's oldest university – the University of St Andrews was the right person to present his views and thoughts on the issues related to these two events and the role that major international associations and networks could and should play in order to help business schools to better perform their role of learning partners to the corporate world in its search for new leadership capabilities for the globalising world in which diversity provides huge challenges, but also fascinating opportunities.

The first EURAM conference to be held outside Western Europe was organised and hosted by CEEMAN and its members Faculty of Economics, University of Ljubljana and the IEDC-Bled School of Management. According to Peter McKiernan, "EURAM sees the Slovenia adventure as a major turning point for European research in business and management".

Globalisation, coupled with the unprecedented technological advancement, has become a major force that is reshaping the world, making it substantially different not only from the one in which our predecessors had lived, but also from the one that many of us experienced in the past. These two forces have a huge impact on the way we do things, but also on the way we think. In this respect they bring numerous challenges, but at the same time also fascinating opportunities for businesses as well as for other social partners, including business schools. In order to discuss these issues CEEMAN is organising its 15th Annual Conference in Istanbul on a general theme Globalization and Its Implications for Management Development.

What do you think are the major implications which the accelerated globalisation has on management development and – in this context – what are the major challenges and opportunities that business schools and other management development institutions are facing?

This is a complicated question, so I will try to structure the answer from the viewpoint of a management educator running a multi million-dollar global business. Globalisation will have impacts in two ways. First, as you say, many of its attributes are unique in our experiences and so they will emerge in ways that we cannot know yet. Hence, we can only postulate or theorise about their happening and their impact. This is the domain of uncertainty in which the strategy tools of foresight like scenario planning, that embrace uncertainty, can be of great utility. They can help managers and educators explore the impact of key drivers and how these might shape their forward context. Such techniques handle the complexity well but they depend upon our ability to spot the soft warning signals early so that strategies can adjust quickly. Hence, management development programmes should incorporate foresightful techniques into their strategy courses and so urge our managers of the future to become more sensitive to the future impact of what is happening around them now. They must learn their context well and be able to identify the signposts of change as soon as they occur. Further, they should not avoid complexity and uncertainty in the hope of enjoying an easier life. Embracing certainty will not be an option in the face of drivers of change that we cannot understand yet.

Second, globalisation has had impacts already that we know and understand well. These can be split for convenience between the organisational supply and demand sides. In supply terms, we can see its impact, through the use of technology, on the reconfiguration of supply chains e.g., outsourcing, off shoring, etc. Moreover, we have seen the turbulence in labour markets as these activities have been implemented by organisations. For management development, this necessitates an exposure to flexible operations and flexible work policies. Development means improving upon an existing state and, as competition continues to intensify, managers must strive to think creatively in improving supply issues while retaining quality of product or service. For developmental courses, this means the inclusion of courses on cognition, on creativity, on enterprise and on innovation. The issue is not the study of these subjects *per se* but the exposure to the type of thinking processes that underlie the relevant actions taken, say, by risk taking entrepreneurs. Often, these subjects are presented as full of wholesome goodness but there is a dark side to them that rarely emerges in the literature e.g., the actions of institutional entrepreneurs can have both positive and negative effects. We need to understand the thinking and maintain a critical view of their impact.

In demand side terms, we have seen major breakthroughs in communications, information and global product design that have affected us all as consumers. The complex issues here relate to the old “global local” debate that hinges upon our ability to understand culture. There should not be a developmental course in international business that does not focus greatly on our understanding of the context and culture of local affairs. Managers cannot expect to achieve this understanding in a classroom setting. It has to be experienced by immersion in the process of business affairs. Hence, schools have to depart from their old ways of on site education and mix their delivery with new modes that include off site or placement experience. Such modes will be focused on “employability” in an international setting. Managers and students are less concerned about the supply side features of a

“European researchers should be very well equipped theoretically to cope with the changing nature of the European management scene for years to come.”

business school and more about its connectivity and networks that can make them more employable than they were before.

So the key implications are in coping with uncertainty by sharpening thinking routines, gaining greater understanding of contexts and cultures and designing programmes from the demand side needs and wants rather than from supply side capabilities.

Are there any European specificities related to what you described above? Do they require specific responses and therefore perhaps also specific management research?

You are fond of asking multiple questions!

Of course there are specific European issues. Europe is young in its political and economic aspirations and in its unified social development. But, it is also unique in its unification and the challenge of integration of individually strong cultures is a tough one. But, if the experiment is to work, we have to face up to the challenge and this will involve acceptance, tolerance, patience, dialogue and the application of good governance principles like “reasonableness” in our attempt to harmonise. But, this experiment is for 100 years or more and educators and managers can expect no quick fixes. It will be a long, rough journey with many U-turns along the way.

Management research is pretty well developed in the main western European markets, where the legacy of empirical research runs for over a century. For the Central and Eastern regions, I expect more grounded research by scholars from these regions using EU funding to enable collaboration with established scholars in the West. One advantage that Europe has compared to the USA is the eclectic nature and tolerance of a wider variety of methodological approaches to management research, influenced by major historic phases like the Renaissance and the Enlightenment from which grew fresh approaches to the political and economic sciences. Europeans researchers should be very well equipped theoretically to cope with the changing nature of the European management scene for years to come.

How does the topic of the EURAM 2008 Conference Managing Diversity: European Destiny and Hope fit into it? What do you expect from the event?

This conference, and its focus, marks a watershed in the development of EURAM. EURAM has grappled with the changing European scene before, but these happenings have been within specific tracks in our conferences. For instance, we have discussed the changing nature of the different European Business School labour markets and their reward systems within conference workshops. However, we have not focused upon European harmonisation as a whole before. The topic for the conference is well thought out. Destiny can be seen as a context through which we have to navigate towards a goal. In many theoretical treatises in organisational studies, firms are seen as passive and incapable of shaping their context. I do not believe in that and see it as a very negative and tired vantage point with dysfunctional psychological maladies attached to it. I believe that organisations like EURAM and CEEMAN can and should shape their contexts to make their ambitions and their destinies what they want them to be. Working together, I suspect they will do more shaping and make more destiny than if they acted alone. The word “hope” provides a wonderful counterpoint by tapping into our belief systems and asking questions like can we bring this experiment about? What do we have to worry about in trying to bring it about? What sensitivities do we have to share to bring it about? At bottom, it says that we have to believe in what we are doing to become a serious part of the action.

As one of the founders and the new President of EURAM you personally, together with some of your colleagues in the EURAM Executive Committee, are part of the organisational memory and voice of continuity, but also a source of new ideas regarding the future strategic orientation of the association. What was the main idea behind the establishment of the European Academy of Management? What are the key success factors of the impressive association’s growth in the last seven years

that you would like to maintain, and what are new ideas and strategies that EURAM is developing for the future?

EURAM was established to fill a gap in the market. Back in the late 1990s, the best developed general management academies in Europe were operating at a national level e.g. British Academy or spread over regions e.g. Scandinavia. The European Institute for Advanced Studies in Management had acted as an umbrella organisation for subject specific academies e.g., marketing, accounting and finance, production, since the 1970s. There was no general management academy across Europe. The Director of EIASM, Anthony Hopwood, brought together leading European management scholars in 2000 to talk about the idea of a new academy. There was a strong desire to progress the idea and EURAM was born. Some argue that the belief in a new academy was driven by the threat of the Academy of Management (USA) embarking upon an international expansion strategy and flooding Europe with a positivist viewpoint. I am not sure that there is much truth in that but it was used at the time as an argument.

The KSPs that you refer to are string leadership by a tight executive team, a flexible strategy, careful governance by EIASM and much hard work by conference organisers in Barcelona, Stockholm, Milan, St Andrews, Munich, Oslo and Paris. Each time, innovations occurred and were integrated into established processes. In addition, EURAM wanted to foster the next generation of management researchers and teachers and it gave a priority to the doctoral congress. Much of the growth can be termed as “natural demand” and EURAM was simply the platform for the voice of that demand. However, all has not been smooth. EURAM had to negotiate several early misunderstandings with the European Group on Organization Studies, who had been firmly established for many years and who had a strong following and strong quality of collective scholarship. Also, it took several years before EURAM could build up the financial reserves necessary to grow effectively and to offer the variety of membership benefits that scholars expect.

For the future, EURAM has four clear goals:

1. to construct a global academy reflecting the distinctive European tradition;
2. to continue to innovate in the provision of member benefits;
3. to create a broader membership base; and
4. to cultivate research opportunities and funding that reflects that tradition.

A EURAM vice president is tasked with making good progress towards each goal in their period of office. Hopefully, EURAM can achieve its goals in partnership with CEEMAN and the conference in Slovenia is an excellent starting point for such close collaboration.

The concept of EURAM conferences is very interesting and in a way also quite self-managerial. Conference tracks are selected on the basis of the initiatives and proposals made by future conference participants. In such a way it permits management researchers, scholars and practitioners not only to contribute to a number of traditional, well-established research areas, but also to identify and launch new ones. Is there any pattern that has developed through the previous seven EURAM conferences, which would indicate the current concentration and expected changes in the European management research focus?

The structure allows for some existing tracks to continue and for new ones to emerge. Within the existing tracks, steep growth has been witnessed in the corporate governance area, with

“Organisations like EURAM and CEEMAN can and should shape their contexts to make their ambitions and their destinies what they want them to be.”

paper submission growing year on year since the beginning. In Slovenia, these scholars will run the first EURAM pre-conference activity as they have run out of space and time in the main conference. Much of this is understandable. Governance has always been an important topic for Europeans. Much has been made of the disappointments at WorldComm, Enron, Vivendi and so on. But Europe has a well-established pathology of good governance principles made firm by the Cadbury Committee in the UK and then by the EU Commission later. These principles influenced much of the rest of the world. In comparison with the flexible European principles is the US love affair with mandatory compliance, legal suites and punitive mechanisms. For emerging tracks, Europe's rich history contributes to tracks in the Arts and, in future, in City development and the creative, or cultural, industries.

The first EURAM Conference outside Western Europe will be hosted by a CEEMAN consortium, which includes also Faculty of Economics, University of Ljubljana and the IEDC-Bled School of Management. What are your expectations regarding what CEEMAN can bring into the event?

CEEMAN has strong credentials in event management and a growing network of scholars as its members. It is well established and highly regarded in areas in which EURAM has no presence, especially in the Central area and in the East. For EURAM to be truly a European Academy, it must work with scholars in these areas. I think EURAM and CEEMAN can act as marriage brokers in bringing scholars together from East and West to spawn greater access for the works of the other and greater stimulation of cross cultural activity. Neither academy can control exactly what individual researchers will get up to but they can facilitate their introductions and dialogue through a high quality exhibition of papers and events. EURAM sees the Slovenia adventure as a major turning point for European research in business and management and CEEMAN's role as crucial to bringing about the exchange.

There are numerous national, regional and international associations and networks in the world of business education and management development. Their existence represents a manifestation of business schools' need to join efforts, do certain things together and achieve synergy. Both CEEMAN and EURAM have been advocating the idea of developing a closer and more intensive cooperation among various associations. The EURAM 2008 Conference is just an illustration of this. What other activities and areas of cooperation could be of interest and provide synergies on a broader scale? How do you see EURAM and CEEMAN could further contribute to this?

I think EURAM and CEEMAN have a common understanding about the need for co-operation in bringing about opportunities for scholars in Europe. We are limited only in our imagination with ideas for this co-operation. For instance, we can think about a common doctoral conference, a common labour market information system that includes vacancies, sabbatical opportunities etc., a common research approach to the EU for funding, a common influence on EU policy in management education and so on. Again, we can apply ourselves to this over the medium term but the major crime would be not to start at all. I think the common conference in Slovenia will herald a new world for management scholars in Europe and we will look back in years to come on that event as a turning point in the affairs of both our organisations. We have complementary skills and complementary regions of influence. Now is the time to complement each other in all interpretations of the word.

Towards the Blue Ocean

An interview with W. Chan Kim

Milenko Gudić



W. Chan Kim is the Boston Consulting Group Bruce D. Henderson Chair Professor of Strategy and International Management at INSEAD, France. He is an advisory member for the European Union and a fellow of the World Economic Forum. He was selected for Thinkers 50, the global ranking of business thinkers. Kim and his colleague Renée Mauborgne co-founded the Blue Ocean Strategy Network (BOSN), a global community of practice on the Blue Ocean Strategy family of concepts that they created. BOSN embraces academics, consultants, executives, and government officers. Kim is also a board member of the Value Innovation Action Tank (VIAT), a non-profit organisation, which has 15 Singapore government ministries and agencies as founding partners. His articles and books, co-authored with Mauborgne, are worldwide bestsellers.

Professor W. Chan Kim from INSEAD was the keynote speaker at the 15th CEEMAN Annual Conference on “Globalization and Its Implications for Management Development”. His contribution – “New leadership for global competitiveness: key issues and challenges” – was based on the world famous book *Blue Ocean Strategy*, which he co-authored with Renée Mauborgne. The book has been published in a record 37 languages and sold over one million copies in the first year, becoming a national bestseller in the USA and the best business/economic book in 14 countries around the globe in 2005.

Creating uncontested market spaces, making the competition irrelevant, creating and capturing new demand, breaking the value-cost trade off, and aligning the whole system of a firm’s activities in pursuit of differentiation and low cost, the key concepts of the *Blue Ocean Strategy* get their fullest and deepest meaning in the context of the globalising world economy. It is not surprising that the echo of the book has also been global, coming from business and political leaders, academia, media and the public in general.

Professor Kim has kindly given *CEEMAN News* an exclusive interview in which he presents his views on the new leadership capabilities needed to cope with the challenges of the globalising world economy and the role that business schools could play.

While enjoying his inspiring thoughts and ideas we all are looking forward to the Istanbul conference to hear more about the approach and strategies that could bring us from a bloody “red ocean” of competition and rival fighting over a shrinking profit pool towards “Blue Ocean” of uncontested market space. We are eager to hear and see the evidence that the evolution and the business strategy and mental shift “from sharks to dolphins” is possible and achievable in both business and society at large.

This all will inspire us to ask ourselves about the role and mission of business schools. To what extent we prepare future leaders to be able to create their own blue oceans? On the other hand, how blue are our own oceans?

Although Blue Ocean Strategy is a new term, such strategic moves are a feature of business life, past and present. Do you expect that the globalisation process and technological progress will be creating grounds for more Blue Ocean opportunities in the future?

Accelerated globalisation processes and technological progress accentuate red ocean competition. By making goods and services available to customers from every corner of the world and by substantially improving industrial productivity, supply in many industries is outpacing the growth in demand.

Furthermore, as trade barriers between nations and regions fall and information on products and prices becomes instantly and globally available, niche markets and monopoly havens are continuing to disappear. This situation has inevitably hastened the commoditisation of

products and services, stoked price wars, and shrunk profit margins. Leaders in management have no choice but to create Blue Ocean strategies to sustain themselves in the marketplace. This will require a shift of thinking from supply to demand, from a focus on competing to a focus on creating innovative value to unlock new demand via the simultaneous pursuit of differentiation and low cost.

What are the key leadership capabilities, in terms of knowledge, skills, values and attitudes, which individual leaders and their companies need to develop in order to be able to look across conventional boundaries of competition and formulate strategies that generate value innovation and make competition irrelevant?

History reveals that there are no perpetually high-performing companies or excellent industries. In order to continually create a leap in value for both the company and its customers, leadership has to learn how to create compelling value, cost, and people propositions that take them out of the vicious cycle of commodity competition. Blue Ocean Strategy is defined as the set of managerial actions and decisions involved in making a major market-creating business offering.

In order to derive that “strategic move”, leadership has to understand the pattern by which Blue Oceans are created and captured by studying the principles we have described in our book. Leadership must also be willing to go beyond the existing universe of known customers to explore shared needs among non-customers that are unmet and not be tied down by the company’s current set of core competencies, assets or investments.

What are the leadership capabilities needed to develop what you call a “tipping point leadership”, the leadership that is capable of successfully overcoming key organisational hurdles and effectively building execution into strategy?

The theory of tipping points, which has its roots in epidemiology, is well known; it hinges on the insight that, in any organisation, once the beliefs and energies of a critical mass of people are engaged, conversion to a new idea will spread like an epidemic, bringing about fundamental change very quickly. Leaders who want to overcome key organisational hurdles to execute on a Blue Ocean Strategy must learn to make unforgettable and unarguable calls for change, concentrate their resources on what really matters, mobilise the commitment of the organisation’s key players, and succeed in silencing the most vocal naysayers.

What about business schools? Are their educational programmes and processes, their faculty and students reflecting (and perhaps also perpetuating) the red ocean concept of bloody competition, or are they preparing and developing a new generation of managers and leaders for the expanding market universe?

First of all, please understand that we are not saying that red ocean strategy is no longer useful. It will always be important to swim successfully in the red ocean by out-competing rivals. Red oceans will always matter and will always be a fact of business life.

Having said the above, many business schools are swimming in the red ocean of bloody competition by benchmarking and imitating one another – especially the practices of top western business schools. A good example of such red ocean practice is a typical MBA classroom discussion based on a paper case originated by Harvard Business School. Assigning a paper case to both executives and MBA students in preparation for classroom discussion is ineffective. Reading over 100 pages a night is difficult for most students, which slows down the uptake of information and the rate of learning. That is why INSEAD has

“Leadership has to learn how to create compelling value, cost, and people propositions that take them out of the vicious cycle of commodity competition.”

“Blue Ocean opportunities exist for business schools to reconstruct boundaries across business schools, corporate universities, and governmental education institutions.”

created the INSEAD Blue Ocean Strategy Institute that is in the process of producing theory and practice movies based on Blue Ocean Strategy to make the learning experience more condensed via a multi-media format that accelerates the learning.

So for business schools in emerging economies trying to copy best practices developed at prominent western business schools is not the only way?

Business schools in emerging economies should apply the same principles to create their own Blue Oceans. They should not try to mimic or benchmark “best practices” because in doing so they are placing themselves squarely in the red ocean where boundaries are defined and competition is global.

In western economies where the boundaries of business schools, corporate universities, and government education institutions are rather well developed and distinctive, business schools can afford to be driven mainly by the publication game in top academic journals.

In emerging economies, where business schools should assume multiple roles to offer more applied learning for students, executives, and government officers, such western practices cannot be imitated. The faculty and curriculum of business schools in emerging economies should go beyond their western counterparts to embrace all the multiple roles required of them. Hence, Blue Ocean opportunities exist for business schools to reconstruct boundaries across business schools, corporate universities, and governmental education institutions.

Developing intellectual entrepreneurship on the Euro-Asian interface

An interview with Sergey Filonovich

Milenko Gudić



Sergey Filonovich is Dean of the Graduate Management School at the State University – Higher School of Economics in Moscow and professor of management. He serves as a member of the Board of RABE and is also a former member of the CEEMAN Board. He has conducted organisational studies, communication skills training, team building, and management seminars for multinational firms and major Russian companies. Recently he has been increasingly involved in innovative approaches to leadership development in Brazil, India, China, and other countries.

Business education and management development play an important role in helping countries and economies build and sustain competitive advantages. The experiences of the last two decades provide clear evidence of the impact of business schools and other management development institutions on transition countries and other dynamically changing economies. International associations in general, and CEEMAN in particular, made their contribution through the setting of standards and the strengthening of the quality of management development and business education.

Current trends related to globalisation, technological progress, economic restructuring and social transformation, and institutional, sociological and psychological changes impose new challenges, but also provide new opportunities for companies, public institutions, and countries in general. The role of culture is becoming increasingly important. This is reflected in the need for new managerial and leadership capabilities, which offers new challenges and opportunities for business schools and similar institutions and also for their national, regional, and international associations.

The joint CEEMAN/RABE/CAMAN/REGENA International Conference on Business Education to Support Countries' Competitiveness, which took place in Almaty, Kazakhstan, on 26-28 April 2007, addressed these important subjects. Sergey Filonovich, the Conference Chairman, talks to Milenko Gudić about some of the key issues related to the topic of the conference.

It is generally accepted that the opening up of emerging economies during a period of increasing globalisation creates specific challenges, but also provides new opportunities for dynamically changing economies. What do you consider as the major challenges and opportunities that the countries of the former Soviet Union now face?

The countries of the former Soviet Union now face different situations. The Baltic countries, for example, became members of the European Union. Some of them are facing difficulties due to the massive emigration of their young people. Some Asian countries are in a state of political instability.

I think that from the economical perspective the best situations now are in Kazakhstan and Russia. The political situation is stable and "the rules of the game" for business are established. For both countries the major challenge is serious dependence on the export of natural resources. At the same time, both countries have great potential to develop competencies to compete in the knowledge society. To do that, Russia and Kazakhstan have to overcome a "catch up" mentality and work on ideas that are new globally, and not just locally.

The globalising world economy requires a new generation of managers and leaders. What are the capabilities that this new generation needs to develop in order to be able to cope with current and future challenges? Are there any specific requirements

“The main competence that the new generation of managers and leaders has to develop is what we call international entrepreneurship.”

that would reflect the overall heritage and specific culture in the countries of the former Soviet Union and particularly in Central Asia, on the Euro-Asian interface?

Following the same pattern of thinking, the main competence that the new generation of managers and leaders has to develop is what we call intellectual entrepreneurship. This competence is composed of five qualities: intellectual fearlessness, informational literacy, tolerance for information overload and uncertainty, ability to engender new knowledge, and strong motivation to engender that new knowledge.

Managers who can develop this competence will be able to generate a continuous flow of new ideas and provide their companies with new competitive advantages, which, as we all know, now have a short life-cycle.

In this respect I think that managers from Central Asia have one serious advantage: Asian cultures are based on right-brain thinking. So, combining that with the Western analytical (left-brain) thinking, one will have an advantage in the creation of new ideas. It is obvious that it is much more difficult to reproduce an idea based on right-brain thinking than to follow the logic of analytical thinking. If we value holistic thinking we understand the importance and potential benefits of the Euro-Asian interface.

In the last 15 years there has been great progress in business education and management development in the region. Business schools and other management development institutions have made a great contribution to the strengthening of the competitive position of their respective countries. At the same time, they have grown and developed themselves. What are the major challenges that business schools now face?

During those 15 years we have all been good students of our Western teachers. We are very grateful to them. But we know that traditional business education is facing problems trying to adapt itself to the knowledge society. Many respected authors are still talking about an emphasis on skills development. But those discussions are nothing but an echo of the discussions of the 1950s and 1960s.

We need a much deeper rethinking of the purpose of business education. And those who are not tied firmly to traditions may produce “out-of-the-box” thinking more easily. We have to put aside our day-to-day problems and stop copying Western models. I am convinced that in this part of the world we can develop innovative programmes that our Western partners will copy in the future.

Various national, regional, and international associations have provided their own contribution to the improvement of the quality of management development in the respective geographical areas. How do you see the role that CEEMAN has played so far? How do you see the future role of these associations? What should be in the focus of their attention? How can they be even more responsive and effective?

The role of CEEMAN, which I consider as a bridge between various cultures and traditions, as well as the role of other associations, may be as a stimulator and distributor of the innovative ideas in business education that are created in this part of the world. The concept of intellectual entrepreneurship may be used as a theme for the joint development of CEEMAN members. For example, we probably wish to strengthen our attention to the development of holistic thinking in our schools. CEEMAN members represent a spectrum of cultures and a variety that is extremely important for that kind of endeavour.

Management education in transition

An interview with Andrzej Kozminski

Milenko Gudić



Andrzej Kozminski is a Corresponding Member of the Polish Academy of Science and Rector of the Kozminski University in Warsaw. He is also President of the Board of the International School of Management. Professor Kozminski has served as Dean of the Management Faculty of the University of Warsaw and International Management Center of the University of Warsaw, and lectured at many renowned universities abroad. He has published over 300 scientific papers on organization and management in Poland and abroad, including 30 books. He is an elected member of the International Academy of Management, Academie Europeane and Academie des Commerciales in Paris, and also the Scientific Society of Warsaw. He is an honorary member of CEEMAN, Member of the Board of EFMD, and AACSB International.

We all in CEEMAN are proud of the role that management education, our schools and our association have played in supporting transition and processes of economic restructuring and social transformation in our respective countries and in the CEEMAN space in general. While going through all this, our own industry and we ourselves have also changed. How far have we gone? Is there a need for another significant change, another transition?

Andrzej Kozminski has always been one of those very few professionals and intellectuals who are not only capable of describing, explaining and rationalizing changes that happened, but also rather to anticipate them and make us aware of the future challenges. He has been among those who did not merely respond to the management development needs, but rather created them. This is what he did as the pioneer of management education in Poland, and this is what he continued as the founding Vice-President of CEEMAN.

We felt it was a right moment to ask the right person – the First Honorary Member of CEEMAN – about the main challenges faced by management education. Once again his thoughts and ideas come with the power of anticipation, motivation and inspiration.

What is your assessment of the transition process that management education, both in the world generally and in central and eastern Europe, has been going through and what new challenges does it face?

Both in central and eastern Europe and worldwide management education is in search of a new identity. This is needed because the business environment has changed. It is characterized by “generalized uncertainty”, which calls for rapid responses to address problems not functions (such as finance or marketing). That is why management education has to overcome its disciplinary approach and become interdisciplinary and problem oriented.

Since management education in central and eastern Europe has a much less developed “academic infrastructure” organized along “disciplinary silos” it should be better positioned to develop this new identity. Intellectual weakness and the bad habit of mimicking the West could, unfortunately, prevent it.

The mission of management education institutions needs redefining. It should not be limited to teaching, training, and developing managers. Managers, like engineers and other “technocrats”, perform functions that are subordinated to the owners’ authority. They manage someone else’s property on behalf of someone else and can only act within the limits set by the owners.

In large companies, particularly at lower- and middle-management levels, such limitations are quite rigid. Managers become “corpocrats”. “Organization man” is certainly not dead, he (or she) keeps on playing “corpo-games” geared to promoting his or her career. But in

“ In the contemporary business world the real stars are entrepreneurs and leaders. ”

the contemporary business world the real stars are entrepreneurs and leaders. Business schools and management education institutions should take up the challenge of training and developing them.

This task is particularly important in the emerging post-Communist economies where business is less institutionalized and entrepreneurs and leaders play a particularly important role. Ready-to-use models of training entrepreneurs and leaders are not available and in any case are probably more culture-specific than the simple and almost functional managerial skills.

That is why we should start to work seriously on developing the next generation of advanced management training, one that is designed to support and develop entrepreneurial and leadership skills. Such a task requires considerable intellectual contribution and has to be based on a solid body of research.

What do you think has been the role of business schools in the transition and change processes in the past?

Management education played a key role in the transition process because it was capable of supplying large groups of well-trained local managers compatible with the Western management style. The availability of trained local managerial personnel played a key role in multinationals' decisions to locate their activities in CEE countries. Managerial training is also an important source of competitive advantage for CEE companies penetrating international markets successfully. Trained managers become members of the emerging middle class, which is the most important political base supporting democratic reforms and the modernization drive.

What are the key managerial and leadership challenges for the future?

At present public administration remains the weakest element of post-socialist societies. They badly need managerial training in “public management”. We should be able to provide it. Such a task should require much closer cooperation with central and local governments.

The public management body of knowledge should be also developed using empirical evidence and research results. Otherwise development of adequate programs will not be possible. Here again, for the time being original (country-specific) bodies of knowledge and program designs are needed in spite of the fact that a European integration and convergence process is in progress.

A research and programme development project supported and coordinated by the European Union would certainly accelerate the process of establishing public management programmes in our management development institutions and business schools. I am absolutely persuaded that they are best fitted to run them because lawyers and political scientists have a tendency to neglect the key issues of efficiency, productivity, initiative, and entrepreneurship.

As result the EU is paralyzed by nightmarish bureaucracy that is holding us back in competitions with America and Asia. Unfortunately, in central and eastern Europe the bureaucratic tradition is deeply entrenched because of the nineteenth century supremacy of three bureaucratized empires – Austria, Prussia, and Russia - and more recently Communist bureaucracy. This heritage has to be overcome.

“We should start to work seriously on developing the next generation of advanced management training.”

What will be the implications of the transition process on management development?

Of course, transition influences management education on the demand side. Companies require more sophisticated levels of technical skills in functional areas and in general management. Demand for entrepreneurial and leadership skills is certainly much less articulated because public opinion is hesitant whether they can be developed through educational services. And programmes openly addressing these issues are really not available yet. Stimulation of demand is clearly needed.

We also have to convince governments that civil servants and public officials need training in public management in a business school-type environment. Such training is likely to make them mission driven and efficiency minded and to prevent them replicating old ways and old cultural patterns.

What are the main challenges facing business schools leaders?

Because of the new demands, new executive development programs should be created. Such specialized programs will gradually replace general ones. Business schools leadership in Central and Eastern Europe is still facing the same challenge: legitimizing their respective institutions *vis-à-vis* the management education community in the West. We are still being perceived as “naturally underdeveloped” and patronized as a consequence.

The only way of legitimizing our institutions leads through accumulating formal credentials such as accreditations, rankings, competitions, and so on. This is not easy because criteria have been developed to suit western schools and neglect our specific strengths. CEEMAN can play an important role in this respect not only as a pressure group, but also as organizer of alternative initiatives such as CEEMAN accreditation.

Closing the relevance gap

An interview with Derek F. Abell

Milenko Gudić



Derek F. Abell is the Founding President and Professor Emeritus of ESMT – European School of Management and Technology. For many years, he served as Professor and Dean at Harvard Business School and later at IMD, and taught at the two Swiss Federal Institutes of Technology (ETH in Zurich and EPF in Lausanne). He has consulted and served on the board of directors of more than 100 companies, governments, and not-for-profit organizations. He has published five books and numerous articles, among others *Managing with Dual Strategies: Mastering the Present; Preempting the Future*.

Derek F. Abell is one of the founding board members of CEEMAN and the Founding President of ESMT – European School of Management and Technology, which hosted the 14th CEEMAN Annual Conference in Berlin in 2006. In this interview with Milenko Gudić he gives his thoughts on the topic of the conference and its implications for business schools in general.

We also asked Professor Abell to comment on the challenges facing business schools in the CEE region in the context of the specific values that have been developed within CEEMAN. These thoughts, coming from a person who is not only one of the founders of our association, but who also so generously contributes to its functioning, development, and expansion, by themselves represent values that CEEMAN can be proud of.

In the August meeting of the CEEMAN board you emphasized that business schools are at a crossroad, the importance of which goes beyond business schools themselves. It is about the world as a whole. Could you specify what you believe are the essential issues, dilemmas, and challenges that crossroad represents?

There appears to be a drifting apart between businesses and business schools. Business is preoccupied with managing massive changes related to globalization, technological change, meeting new competition from Asia, and so on. Business schools seem to be increasingly preoccupied with very specialized research aimed at very selected journals hardly read by business people themselves. So there must be a huge opportunity for CEEMAN and CEEMAN schools to close this gap. It means developing relevant research and teaching that really satisfies business school customers.

The CEEMAN conference that you and the ESMT – European School of Management and Technology are hosting will discuss how to create synergy between business and business schools. What are the main reasons why, as you say, many business schools have gone off track? What should business schools do to make their educational programs and other activities more relevant to the real need of the contemporary business?

The reasons for the discrepancy between business school agendas and business agendas is that the business schools do not see business at their prime customers and that incentive schemes for promotion to professorships are based purely on academic publication rather than contributions to business education and business itself. The very first thing for CEEMAN schools to do is to undertake a massive case-writing effort to produce new relevant teaching material and research publications that meet business needs.

“The very first thing for CEEMAN schools to do is to undertake a massive case-writing effort to produce new relevant teaching material and research publications that meet business needs.”

Business schools from Central and Eastern Europe are searching for greater relevance but at the same time they are facing continuously growing competition in the global business education industry. How do you see their position in this respect?

To be relevant, business schools in Central and Eastern Europe have to meet two different demands: the first is to bring to their students and business partners a clear understanding of what it will take to be competitive in global markets; the second is to help participants and business partners to take the next reasonable step from where they are today. And this step is certainly something short of playing a leading position in the global marketplace.

I believe that some of the problems with business education in eastern/central Europe is that it is too much focussed on the best practices of large global organizations (often using cases from the USA and western Europe, for example) and too little focused on the immediate next steps and changes needed.

As an example, many eastern and central European companies are much more concerned now with how to develop their business in neighbouring countries and perhaps even western European markets than they are with competing globally. Others are trying to prevent the slippage of jobs to China and India. Yet others are moving from cost-driven subcontracting work to a more value-added approach to their markets. The schools need to be writing their own cases about these immediate priorities instead of teaching how, for example, IBM is reorganizing for the global market.

CEEMAN has been experiencing a remarkable international expansion. You are one of the founding members of this association, which originally concentrated on the specifics of the transition processes in Central and Eastern Europe but also gradually shifted its focus to change processes in general. This is one of the reasons why so many schools from other parts of the world have joined CEEMAN. You have also talked about the specific value structure of CEEMAN. What are the values that make CEEMAN so distinctive? How did they develop?

CEEMAN has some explicit values and a well-defined mission statement. This you can read in the brochure material. But at the last CEEMAN board meeting, a small group of us were asked to work on making more explicit some of the implicit values of CEEMAN. These refer to what we stand for with respect to satisfying our customers (students and partner companies) as well as what we stand for with respect to educational processes.

I think there is quite widespread support in CEEMAN for education that is relevant and practice-oriented and that recognizes that great teaching requires great research and case writing behind it. I think we recognize also that we should not fall into the trap of many leading schools in the USA and Western Europe – which are ignoring teaching to focus more and more on purely academic research.

Are business schools ready for romance?

An interview with David H. Maister

Milenko Gudić



David Maister is widely acknowledged as one of the world's leading authorities on the management of professional service firms. In 2002, he was identified as one of the top 40 business thinkers in the world (*Business Minds, Financial Times/Prentice Hall*). For 25 years he has advised firms across a broad spectrum of professions, covering all strategic and managerial issues. He wrote several books, which are translated to over a dozen languages. He began his teaching career at the University of British Columbia, Canada, and then joined the Harvard Business School faculty, where he taught courses in managing service businesses from 1979 until 1985.

In his review of David Maister's first book on managing professional service firms, another management guru, Tom Peters, wrote: "The professional service firm is the best model for tomorrow's organisation in any industry. When it comes to understanding these firms, David Maister has no peers...". Indeed, in the emerging knowledge-based society, best companies in practically all industries are increasingly accepting the management philosophy of those firms that are by definition built on professional knowledge and human talents.

What about the business education industry? Not only that it is based on its own internal knowledge and talents, but also that its primary mission is to create managerial and leadership capabilities, which themselves are based on knowledge, skills, and attitudes. In order to accomplish their mission successfully, business schools need to communicate and work together with business, and develop synergy-based and synergy-making partnerships and alliances.

Research by CEEMAN on assessing management training needs at the current level of transition has enabled us to learn that business schools are facing serious competition from consulting and other professional service firms. This is increasingly so when the schools fail to get close to the business and to understand the changing educational and training needs.

David Maister began his career as a scholar, including being on the faculty of Harvard Business School (HBS). And not only did he have the chance to learn about and experience how one of the best business schools in the world functions, he also left his own legacy there. In the CEEMAN International Management Teachers Academy (IMTA) we have been using one of HBS internal classics – "How to prepare for class", written by Maister to help professors prepare themselves for teaching in the classroom. Following his own passion, he became a consultant, who specialised in providing consultancy to consulting and other professional service firms.

We are convinced that his reputation of a world recognised guru, coupled with his own professional history, qualifies him as the best possible speaker on the central theme of the CEEMAN's annual conference held in Berlin, "Creating Synergy between Business Schools and Business". We are also delighted that he agreed to be interviewed by us, which provides a hint on how provocative and inspiring his contribution to the 14th CEEMAN annual conference will be.

In your recent article "Do you really want relationships?" you talk about the differences between the relationship and transactional approaches in dealing with clients and for the former you use the "romance" metaphor. In this context, how would you describe the prevailing practices in business schools today, when it comes to their approach to businesses? Are business schools ready for a romance with business?

“I do not think many business schools really want a relationship with business.”

I do not think many business schools really want a relationship with business. I cannot speak for all countries but in most places I go to, I see that business schools are still predominantly “academic” institutions – with scholarly values – not places filled with people who really want to engage with business. Oh yes, business schools want to study business – but from a detached point of view. Business school faculty want to be professors, they do not want to be managers. They want to be observers, not participants. Most of them are like anthropologists, studying mysterious tribes but making no effort to join the tribe.

Business schools pretend that they are preparing people for business careers but the truth is that they provide a very one-sided preparation. This is what I wrote in a recent blog post of mine, called “Why business schools cannot develop managers”.

As I have often reported, I have every business degree the planet has to offer, and even taught at the Harvard Business School. Yet at the end of all that I knew quite a lot about business and nothing about managing.

“Business” as a subject (and a degree programme) is all about things of the logical, rational, analytical mind: Mike Porter’s five forces, the numerous Ps of marketing, Maslow’s hierarchy of needs, etc., etc. It is about knowledge.

Managing, on the other hand, is a skill, and has nothing to do with rationality, logic, IQ or intelligence. It is a simple issue of whether or not you can influence individuals or organisations to accomplish something. It is about influencing people, singly or in groups (or in hordes.) No amount of intelligence will help if you are not able to interact with people and get the response you desire. (Believe me, I have experienced the difference. I know a lot about management from my education. That does not mean I am any good at doing it.)

And of course, this is not accomplished by taking a college course in psychology, sociology, anthropology, or any other “ology” where we sit around and intellectualise about “human resources” but never have to actually deal with a real live human being. (It reminds me of the Linda Ronstadt/Dolly Parton/Emmylou Harris song which contains the line – you don’t know what a man is until you have to please one!)

To help people develop as managers does not mean discussing management (or even worse – leadership) but rather requires putting people through a set of processes where they have to experience it, try it out, and develop their emotional self-control and interactive styles.

MBA’s are not getting the right education for management, although in developing their analytical skills the business schools are perfect for developing consultants, investment bankers, and other professionals, as evidenced by where their graduates actually go. Henry Mintzberg, a professor at McGill, has recently published a book – *Managers Not MBAs* – which makes many related points.

What does it take for business schools to develop romance with business? Do they have to be “romantic” also internally? If yes, how?

My original article contrasted relationships with transactions, which can be viewed as long-term interdependence versus loose temporary affiliations.

Business schools, like all university departments, are not created from people who want interdependency. Faculty in universities are not really wedded to their colleagues – each is

encouraged to be an intellectual entrepreneur, each developing his or her own intellectual capital. There is rarely a department-wide or school-wide point of view because the faculty would hate that. Faculty want independence, not relationships. We are choosing for business school faculty people who absolutely do not want to be tied into an organisation that imposes common obligations, common purpose, and common mission. Yet we ask these people to study and teach about organisations that need exactly that.

Similarly, there is not a relationship with students or executive education. There are only short-term transactions with undergraduate, MBA, or executive audiences. There is no real pretence at long-term relationships at most places. Maybe one or two in the world, but the truth is that these are marriages of convenience – “we’ll pay you our fees and pretend to listen to you if you’ll give us the rubber stamp of your qualification”.

In the last CEEMAN Deans and Directors Meeting on the challenges and methods of faculty development, when we discussed what kind of faculty students appreciate we heard an expression that you also frequently quote: “people do not care how much you know, until they know how much you care”. The question is whether the concept of care is related only to individuals or it could be also something that schools as institutions could and should embrace

Yes institutions can care, if there is clarity about who you are truly trying to serve, and a real commitment to do that. That is what real missions are about. However, scholars are not committed to serve anyone, except maybe their intellectual peers. It would be theoretically possible to imagine a business school that truly lived up to its mission, but I have never seen one. Like most organisations, business schools know what they say they should be committed to (excellence, teaching, serve the community, provide practical business advice) but they do not enforce these standards. Or they do not enforce them at a high level. Mostly, you can keep your job as long as you do not actually mess up.

Large businesses have been increasingly developing their own internal education and training, including corporate universities. On the other hand, in the context of the increasing competitiveness in the globalising business education industry, schools have been “corporatising” themselves. What kind of challenges and/or opportunities do these trends offer for the development of a real romance that business schools and business should strive for?

Many large professional firms, in an attempt to develop their own managers, are linking up with prominent business schools to train their partners in management. The partners may be learning about business, but when it comes to managing it is a case of the blind leading the blind. If you want to get experience (or even understanding) of how people actually respond and function, individually and in groups, it is not clear that a group of scholars who are super-intelligent but have never actually managed anyone are the best providers of that service. Firms would be better off hiring the Dale Carnegie trainers.

But such approaches remain the exception rather than the rule and, I suspect, are still being designed and conducted by faculty who were specifically selected for their interest in things of the mind – intellectuals whose predisposition is to draw analytical lessons from the experience rather than to help people hone practical skills. Business schools are becoming more scholarly places as the years go by, not less.

“Institutions can care if there is a clarity about who you are truly trying to serve and a real commitment to do that. That’s what real missions are about.”

I am not saying business schools do not do wonderful things for people (and perhaps to them). I am very grateful for what my education did for me and proud of the institutions I was affiliated with. I just do not think any of it had anything to do with making me a better manager – or much of one at all.

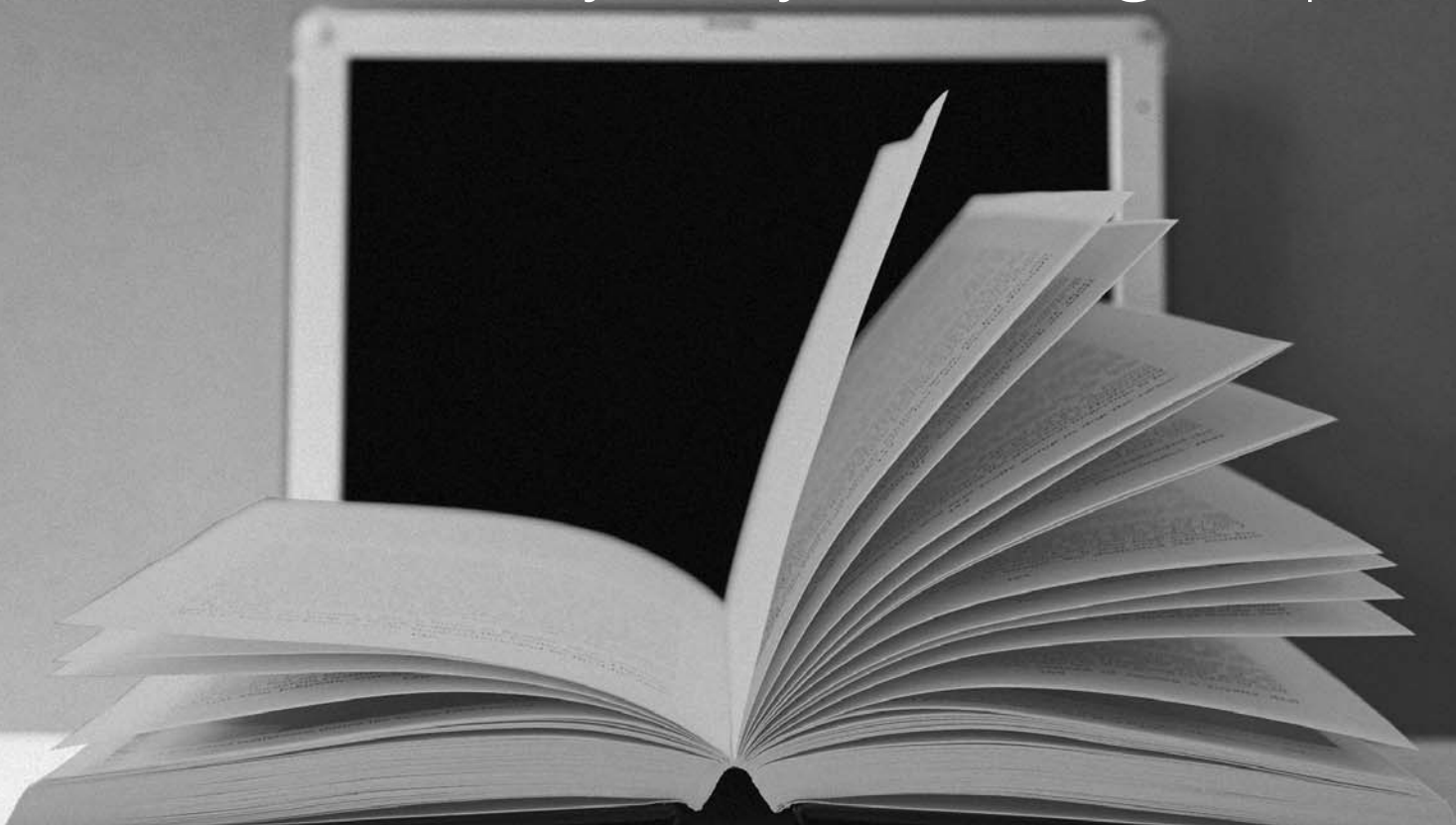
As Coert Visser pointed out on my blog, Jeffrey Pfeffer has provided some additional reasons that explain why many MBA graduates often do not turn out to be great managers. One of those is that economic theories and models have too dominant a position in MBAs in particular and in management science and education in general. Many authors, like Pfeffer, Daniel Kahneman, and Robert Frank have shown that many of the economic theories and practices are based on faulty premises about human behaviour. Management education needs better theories.

Peter Friedes said on my blog that there are two fundamental skills that managers need to have to be effective. The skill to relate to their employees and the skill to require of their employees. Relating includes the skills to ask, listen, include, coach, and encourage. The requiring skills include the ability to focus on goals, declare, insist, control, and confront. If an individual has both sets of skills, and a reasonable sense of when to use each set, he or she will be a good manager. Almost no schools teach the relating skills.

(Friedes, the ex-CEO of Hewitt Associates, wrote a fabulous and practical book called *The 2R Manager*, for which I wrote the foreword. I still think it is essential reading for anyone taking on a managerial role.)

There is a lot that business schools could be but I do not think the current faculty in most places have what it takes to go there, because they do not want to go there. They are (terrific) scholars but not people who really want to engage with the world.

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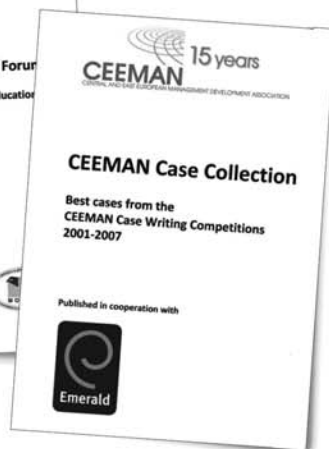
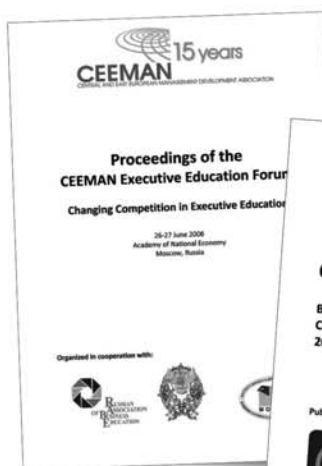
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