

Lemonade 101

Business schools must prepare students for the post-recession economy, not teach them principles applicable to 2003

With the unemployment rate edging toward 10 percent and the aftershocks of the housing crisis still rattling the foundations of our economy, a strange thing has happened: Many of America's young people (and a few older people) have enrolled in business school. This generation of business students is different, however, because they are embracing new challenges instead of clinging to tired power structures. They are running toward the fire, rather than fleeing from it. They're asking, "What can I do?"

Educators must rise to the task. Who is going to train these students to meet the demands of a post-recession economy? Who is going to help them turn today's lemons into tomorrow's lemonade?

Frankly, not a lot of deans are stepping forward. Too many business schools seem content with their curriculums even as their portfolios suffer. At the University of Michigan's Ross School of Business, students can take an elective called, "Finance 633: Securitization." This course teaches the ins and outs of collateralized mortgage obligations, commercial mortgage-backed securities, and international securitization, thoroughly preparing students for the business world of 2003.

At Notre Dame's Mendoza College of Business, students can sign up next spring for "Finance 70660: Advanced Deriva-

tives," which "prepares students for employment with firms where derivatives are either of primary importance (e.g., investment banks, trading firms) or secondary importance (e.g., corporations having interest rate or foreign exchange rate exposure that requires hedging)." Thrill as you sit through lectures on swaps, options, and—are you sitting down?—swaptions. Complete this course next year and you'll be well on your way to a brilliant career in the year 2005.

Meeting Evolving Needs

If the next generation of business students is going to be successful—and their success is critical to our future—we have to do better than securitization and derivatives. Deans must refocus curricula, placing greater emphasis on innovation and entrepreneurial workshops.

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Emory's Goizueta Business School is one of a few that offers a modern take on entrepreneurship. The course description for the school's "Entrepreneurship" elective asks the three most important questions in business today: "How do you realize value from a good business concept or idea? What business ideas are worth investing in? How do you finance a growth company?" The course explores how e-commerce has changed the rules of launching a business and ends with students writing their own business plan.

At the Fordham Leadership Forum, we use the IDEO of San Francisco approach, and put our MBAs into five-person Hot Teams to develop new products and services. The mission is to find a real problem and develop a business model to overcome it. Last semester, a Hot Teams group developed a company to have licensed specialists train unskilled plumbers, electricians, and auto mechanics. The team proposed a 12-week program with a regional launch, and announced plans to expand the course across the country.

At Cornell's Johnson School, the Cayuga hedge fund is run by students interested in asset management; they receive guidance from professional portfolio managers and equity analysts throughout the year. The University of Wisconsin's School of Business has run a similar program since 1970.

Some students entering business school have little interest in hedge funds. Many plan to use what they learn to improve their communities or serve their country. To that end, the University of Pennsylvania's Wharton School in June announced the creation of a summer internship program for stu-

dents pursuing careers in socially focused ventures. Not only will this program provide students with real-world experience in socially conscious organizations, it will also help promote business literacy and education in groups that have struggled to learn those lessons on their own.

The world is changing, and so are business school students. It is incumbent upon educators to serve their evolving needs. The alternative is to board up the ivory tower and look out the window as the country falls behind. **PE**



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