

2015 IDEAFACTORY



**SHAPING OUR
FUTURE LEADERS**

This report contains a summary of all the content captured by the facilitation team, through writing and visual dialogue mapping. It is not a complete transcript and does not claim to be precise; we hope it captures the main ideas and concepts that emerged and were discussed during the session.

The opinions expressed and arguments employed in this report are those of the participants in the OECD_IdeaFactory and do not necessarily reflect the official views of the OECD or the governments of its member countries.

about the **OECD_IDEAFACTORY**

The OECD_IdeaFactory invites global experts and Forum participants to work together to explore significant social phenomena, combine their perspectives, and discuss the potential of new approaches and solutions.

Inside the IdeaFactory everyone is part of the process, everyone's experience counts and ideas can be combined, tested, prototyped, and formed into potential new solutions.



SHAPING OUR FUTURE LEADERS

The aim of this IdeaFactory was to explore the deficits in leadership that contributed to the Crisis and to engage participants in a forward-looking discussion on the role of influential educational institutions, notably business school programmes, in shaping our future leaders and how to contribute to a new growth agenda which places inclusiveness, sustainability, well-being and trust at its heart.

The following pages capture some of the key ideas discussed during the session.





ANTHONY GOOCH

DIRECTOR,
PUBLIC AFFAIRS AND
COMMUNICATIONS, OECD

“This IdeaFactory has been inspired by many conversations with our partners who are invested in the realm of business schools.

The IdeaFactory is a space for our Forum community to help us think about some of the most pressing issues we are facing. Our IdeaFactories often lead to new work in the OECD. For example, the OECD program called New Approaches to Economic Challenges originated from a 2012 IdeaFactory. In 2013, we held an IdeaFactory on Trust, a concept that has proven to be very helpful to our thinking in the OECD in the last two years. This year we feel that the issues of ‘Leadership’ and ‘Business Schools’ are important ones.

Since 2008, we have been grappling with the fallout of the financial crisis, including high levels of unemployment, high levels of inequality, and low levels of public trust. The events of 2008 exposed a crisis in leadership—among policy makers and corporate executives.

Today we want to understand how business schools and MBA programmes are adapting to the aftermath of the crisis, and how the crisis itself has reframed businesses’ comprehension of talents and skills.

I have been thinking about three concepts that might guide our reflection:

Purpose – According to Professor of Leadership Development Rakesh Khurana, managers are no longer seen as ‘long-term economic stewards’, but rather as ‘agents of the owners’, responsible for maximising shareholders’ wealth. We would like to explore together to what extent this has become the dominant view in the business school community and if it has recently resulted in an evolution in the purpose of business education, moving beyond profit maximisation as the primary objective.

Practice – Part of the discussion should examine if, in the wake of the crisis, there has been an evolution in the business school curriculum, and in what is being taught by other institutions.

Performance – There is a need to move beyond standard performance measurement when assessing business schools. We need new tools and new criteria for measurement to redefine what success means for both MBA programmes and the wider business ecosystem.

Our intention in the IdeaFactory is to bring everyone’s perspective into the conversation and understand ways for us to contribute to developing better leaders.”

ROBERT REICH

CHANCELLOR'S PROFESSOR
OF PUBLIC POLICY,
UNIVERSITY OF CALIFORNIA,
BERKELEY

“No institution is more responsible for educating the CEOs of big corporations around the world than business schools, inculcating in them a set of ideas and principles that has resulted in a pay gap between CEOs of big companies and ordinary workers. The pay gap has gone from 20:1 fifty years ago to almost 300:1 today, at least in the United States, and we are starting to see similar ratios in other countries.

A half century ago, CEOs typically managed companies for the benefit of all of their stakeholders, not just their shareholders, but also their employees, communities, and their nation as a whole. For thirty years after World War II, corporations prospered and so did the middle class.

Starting in the late 1970s, a new vision of corporations and the role CEOs arose, prodded by corporate raiders, hostile takeovers, junk bonds, and leveraged buy-outs. Shareholders began to predominate over other stakeholders and CEOs began to view their primary role as driving up share prices. To do this, they had to cut costs, especially payrolls, which constituted their largest expense and almost all the gains from growth went to the top.

The human cost of this transformation has been substantial. And the efficiency benefits have not been widely shared. Most American workers today are not better off than they were 30 years ago, adjusted for inflation; most are less economically secure. Can an enterprise become truly successful in a society becoming ever more divided between a few highly successful people at the top and a far larger number that are not thriving? And given that so few in society or even in other advanced nations have shared in the benefits of what the largest corporations and biggest banks have achieved, it must be asked whether the graduates of business schools are making the most of their capacities in terms of their potential for improving human well being.

Again, business schools are important. Efficiency is important. But the question has to be asked whether the current model of business schools that focuses on shareholders and maximising shareholder returns is really good for society, or whether instead we need to go back to a different form of capitalism—stakeholder capitalism—in which big corporations understood that it wasn't just the shareholders that they were responsible to, but all the stakeholders in society.”



SANTIAGO INIGUEZ DE ONZONO

PRESIDENT, IE UNIVERSITY AND
DEAN, IE BUSINESS SCHOOL, SPAIN

“Business schools are very diverse across the world. European business education aims to take a balanced approach: we not only train future CEOs of large corporations, but we also educate future entrepreneurs, small business owners, and public officials, including presidents and prime ministers. We are a cradle for leaders and entrepreneurs, and we need to adjust our curriculum and education to this variety of roles. We focus on the learning experience of our students more than on teaching them to maximise shareholder value. As John Kay once said, *Nobody wants to have an epitaph that says, ‘He maximised shareholder value’*.”

We need to encourage a more diverse view of business schools. We do not teach our students that ‘greed is good’ and we do not prepare them to be arrogant leaders in the future. On the contrary, we try to discourage this negative and pernicious elitism by getting rid of the self-importance with which many MBA students arrive to business school. We try to encourage their commitment to society as a whole and to realise their role and duty to serve—management is a profession of service. We incorporate humanities into the pedagogy, trusting that history will teach our students the cycles of the economy and that psychology will equip them to better understand human behaviour.

Academia sometimes has been criticised for being passive and reluctant to change, but the crisis of 2008 revealed that a lot of knowledge has been generated outside the rigours of academia. We have to bridge the worlds of business and academia: this is one of the challenges we face, and our duty, both on the side of managers and academics.”

“I have seen a significant shift in how the millennial generation approaches work. One of the things that millennials do better than the previous generation, both in work and academia, is asking questions. They do not take for granted what a person says. They are willing to challenge and ask questions in a new way.

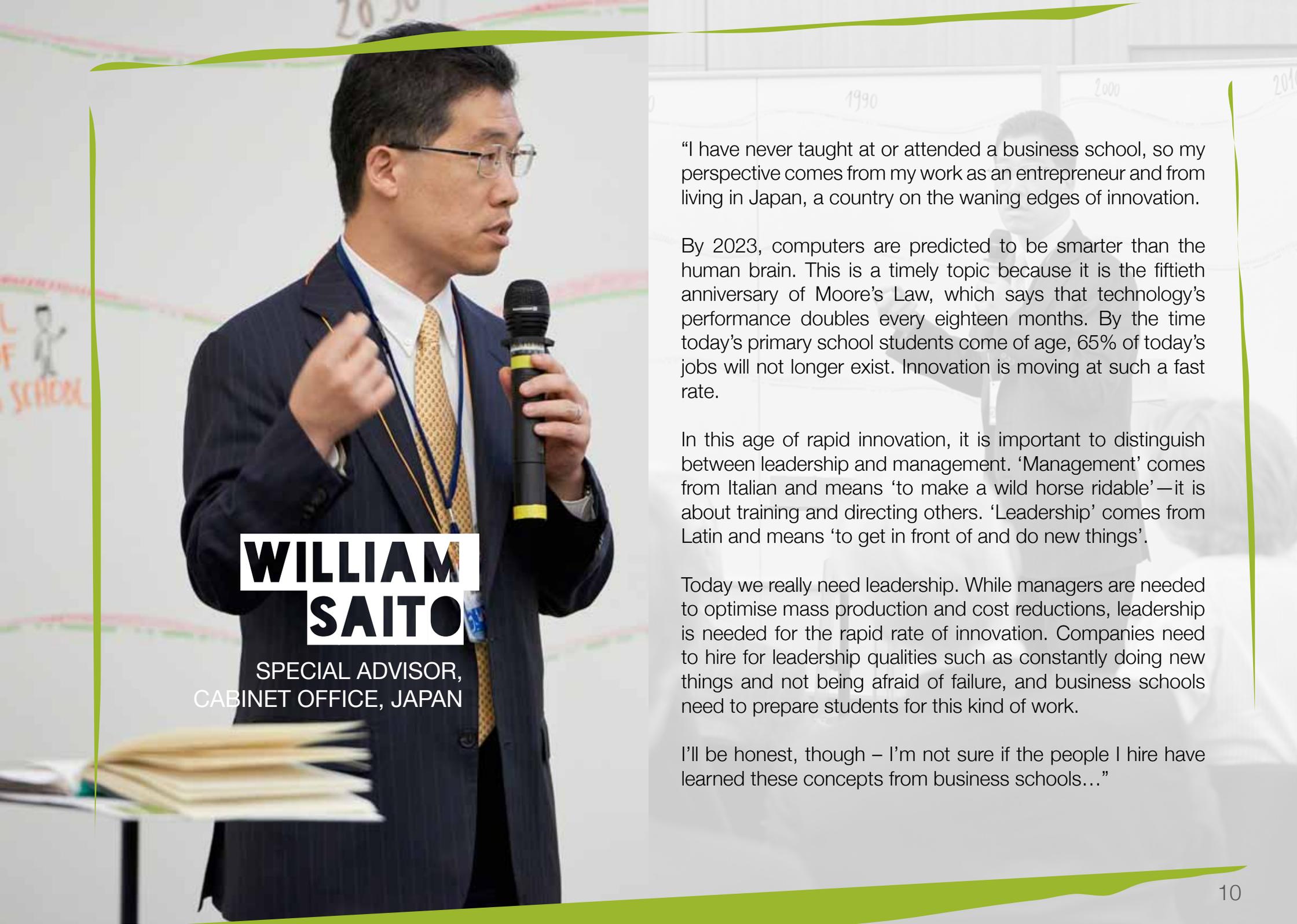
This generation is developing a different view on work: ‘purpose before profit’. Earning a lot of money is not a bad thing as long as people earn it doing something they care about. This new generation has a different way of working and wants to work for a different kind of organisation.

In the future, I think we will have an economy that goes beyond making more to the bottom line and actually making sure that we are looking after our environment, our communities, our societies, and supporting those who are less able. But this will require a combined effort from many domains, not just business schools: for this to happen, education, business, and government need to come together in a new way.”



**JULIE
MERCER**

GLOBAL INDUSTRY LEAD
FOR EDUCATION,
DELOITTE

A man in a dark suit, white shirt, and patterned tie is speaking into a microphone. He is wearing glasses and has a lanyard around his neck. The background shows a whiteboard with some faint text and a drawing of a person. The image is framed by a green border.

WILLIAM SAITO

SPECIAL ADVISOR,
CABINET OFFICE, JAPAN

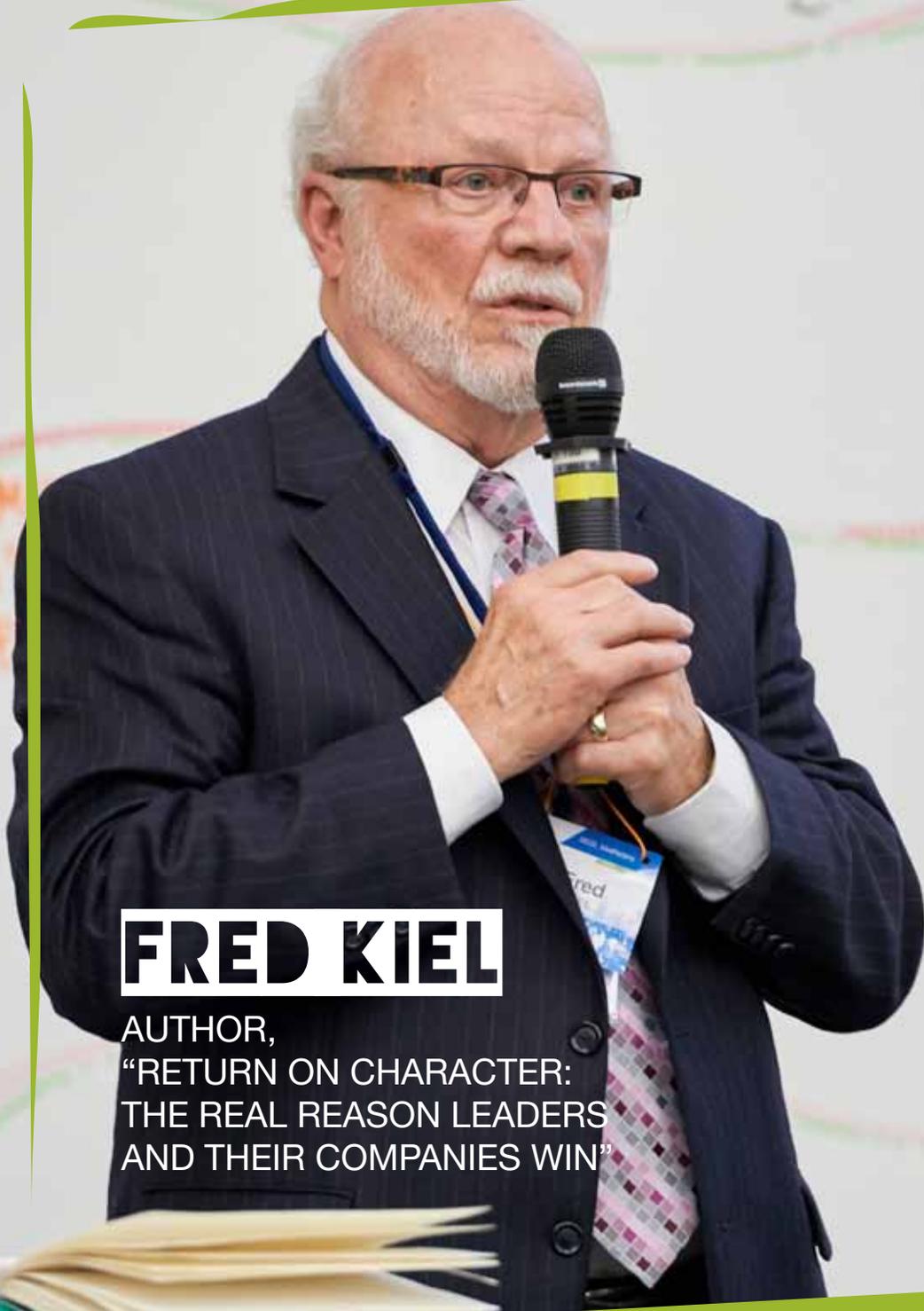
“I have never taught at or attended a business school, so my perspective comes from my work as an entrepreneur and from living in Japan, a country on the waning edges of innovation.

By 2023, computers are predicted to be smarter than the human brain. This is a timely topic because it is the fiftieth anniversary of Moore’s Law, which says that technology’s performance doubles every eighteen months. By the time today’s primary school students come of age, 65% of today’s jobs will not longer exist. Innovation is moving at such a fast rate.

In this age of rapid innovation, it is important to distinguish between leadership and management. ‘Management’ comes from Italian and means ‘to make a wild horse rideable’—it is about training and directing others. ‘Leadership’ comes from Latin and means ‘to get in front of and do new things’.

Today we really need leadership. While managers are needed to optimise mass production and cost reductions, leadership is needed for the rapid rate of innovation. Companies need to hire for leadership qualities such as constantly doing new things and not being afraid of failure, and business schools need to prepare students for this kind of work.

I’ll be honest, though – I’m not sure if the people I hire have learned these concepts from business schools...”



FRED KIEL

AUTHOR,
“RETURN ON CHARACTER:
THE REAL REASON LEADERS
AND THEIR COMPANIES WIN”

“I have spent most of my career as a psychologist in executive coaching. I have been a personal advisor to many CEOs of large multi-national corporations, who often see my job as ‘remedial education’. They are people who are very motivated to drive to the bottom line, but have done very little self-examination work to become fully integrated human beings. The focus of my research has been on the relationship between inward-looking leaders and the bottom line. I spent seven years gathering data, and it turns out that there is a dramatic impact on the bottom line of being an integrated leader with highly developed character.

In our research, we controlled for tenure, education level, and personality, and we found that character was the driving quality in a leader’s impact on results.

It is in the interest of shareholders for leaders to be fully developed human beings. Business schools have a great opportunity to focus on ‘who the leader is’ and not just on ‘what the leader does’. Right now, business schools mostly focus on skills, but character is what magnifies or undermines these perceived skills.”



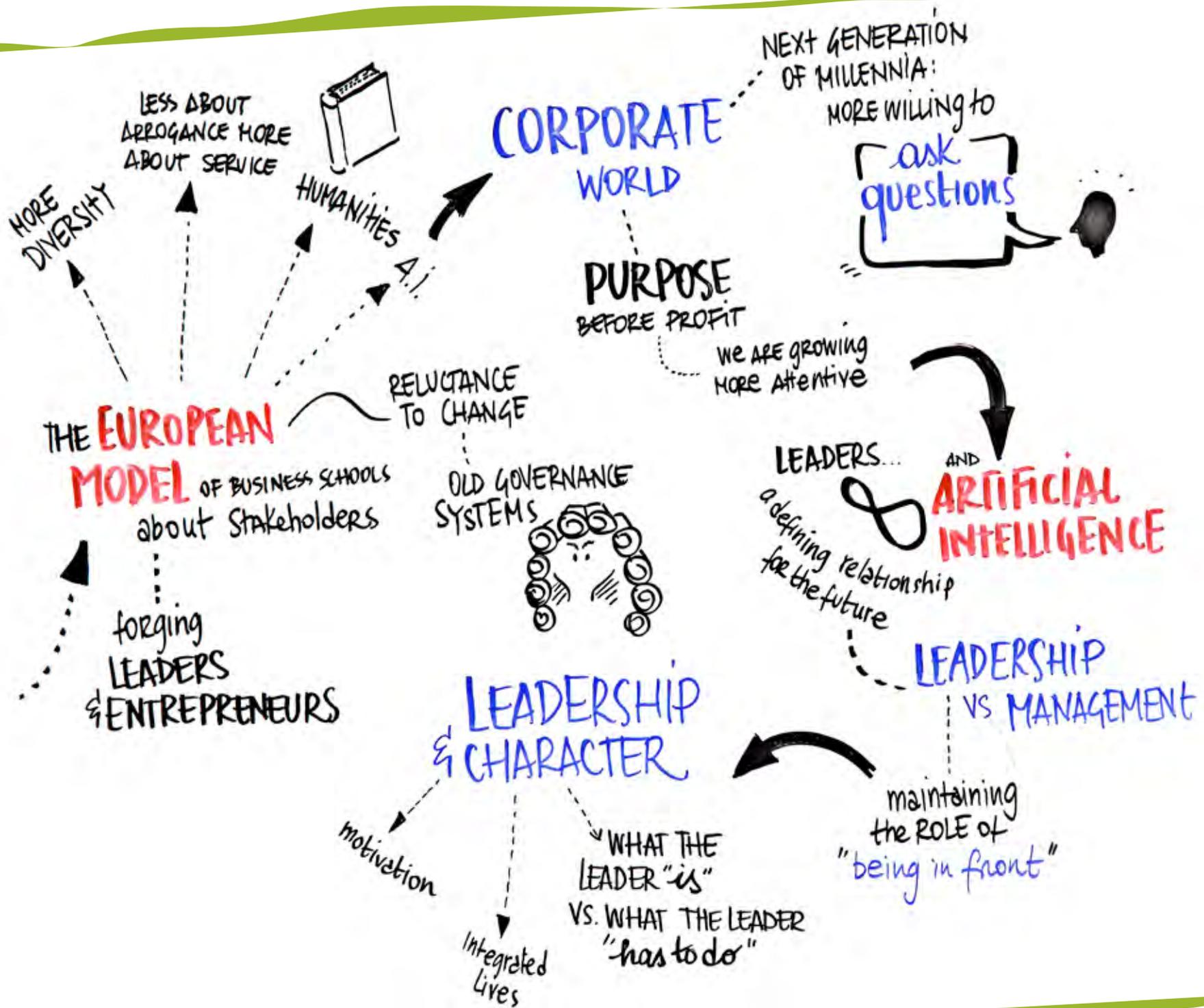
MAURIZIO TRAVAGLINI

FOUNDER, ARCHITECTS OF GROUP GENIUS,
IDEAFACTORY DESIGNER AND FACILITATOR



“There has been a debate about the role of leaders, corporations, and business schools in creating some of the conditions that led to the financial crisis of 2008.

Robert Reich has contributed to this debate with his writing. We are not here to decide who is right and who is wrong. We want to understand different perspectives on the relationship between the ‘dominant ways of thinking and doing’ in business schools and the ‘dominant ways of thinking and doing’ in the life of large organisations and institutions.”





A TIMELINE OF SIGNIFICANT SHIFTS IN LEADERSHIP, BUSINESS SCHOOLS, AND CORPORATIONS

In 1998, Richard Sennett published 'The Corrosion of Character.' He poses a question we are faced with today: Is the organisational structure of the globalised corporation of modern capitalism compatible with integrity? Should we introduce integrity measures in corporations? Should we look at family business - which are oriented towards several generations - to find inspiration for credible leadership?

Leadership used to be about people who took the initiative, even without complete knowledge or formal schooling—these were people who did not want to be passive.

CHARACTER

What are the questions we should be asking about leadership and management? How do you measure quality of judgement instead of performance?

How much profit is righteous and just? Character is the most important attribute of a leader: to open your heart and to show compassion.

CEOs are letting their companies take responsibility for their personal failure. It seems like there are more scapegoats than people who take responsibility. How do you teach leaders the necessity of taking responsibility?

BUSINESS SCHOOLS AND THEIR ROLE IN CHANGING BUSINESS CULTURE

While traditionally leaders have been trained in hiding their true intentions, today trustworthiness is an essential quality and the way to obtain it is through transparency. Similarly, business schools have trained people to avoid failure, and that led to corporations concealing problems.

In the past individuals would work 25/30 years for the same company and then retire. That was considered 'success': now this definition is completely changing. What is the role of business schools in shaping this definition?

Entrepreneurs are the new heroes.

- They are young, they don't go to business school, they scorn traditional paths, and sometimes they play at the edges of legality.

A new model of lean leadership is emerging.

- New leaders of exponential organisations are able to leverage digital technologies to change the way people work, and to incorporate in their mission both people who work with and for them, and other people who want to change the world.

THE IMPACT OF LEADERSHIP ON SOCIETY

How can business schools form a new generation of public leaders and civic servants? How can they shape “who they are” as much as “what skills they have”?

What are business schools teaching students about workers and industrial relations?

In the future, bold leadership will need to work with the all stakeholders to redefine industrial relations.

- Knowing “more and faster” than others is a key characteristic for leaders to be trusted, as knowledge is available at increasing speed with big data.

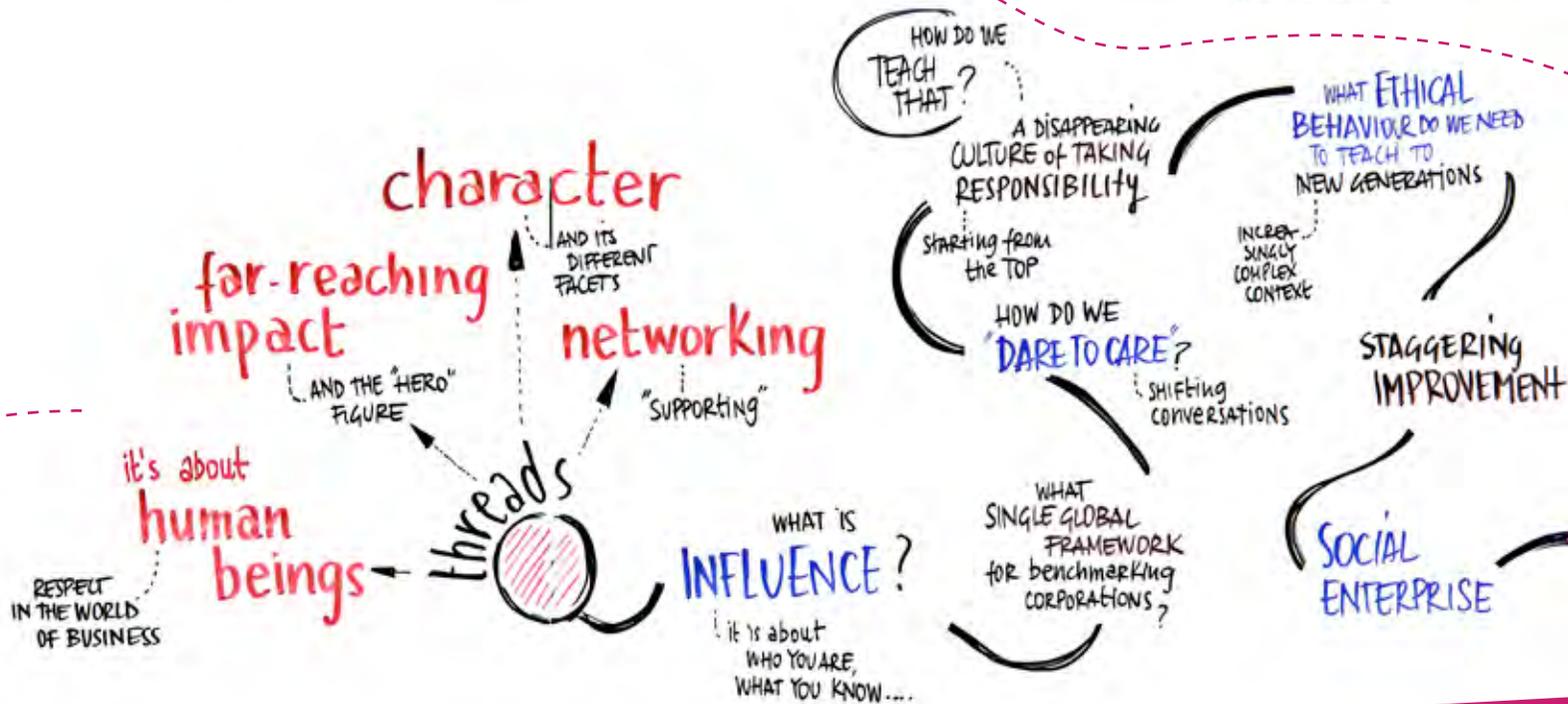
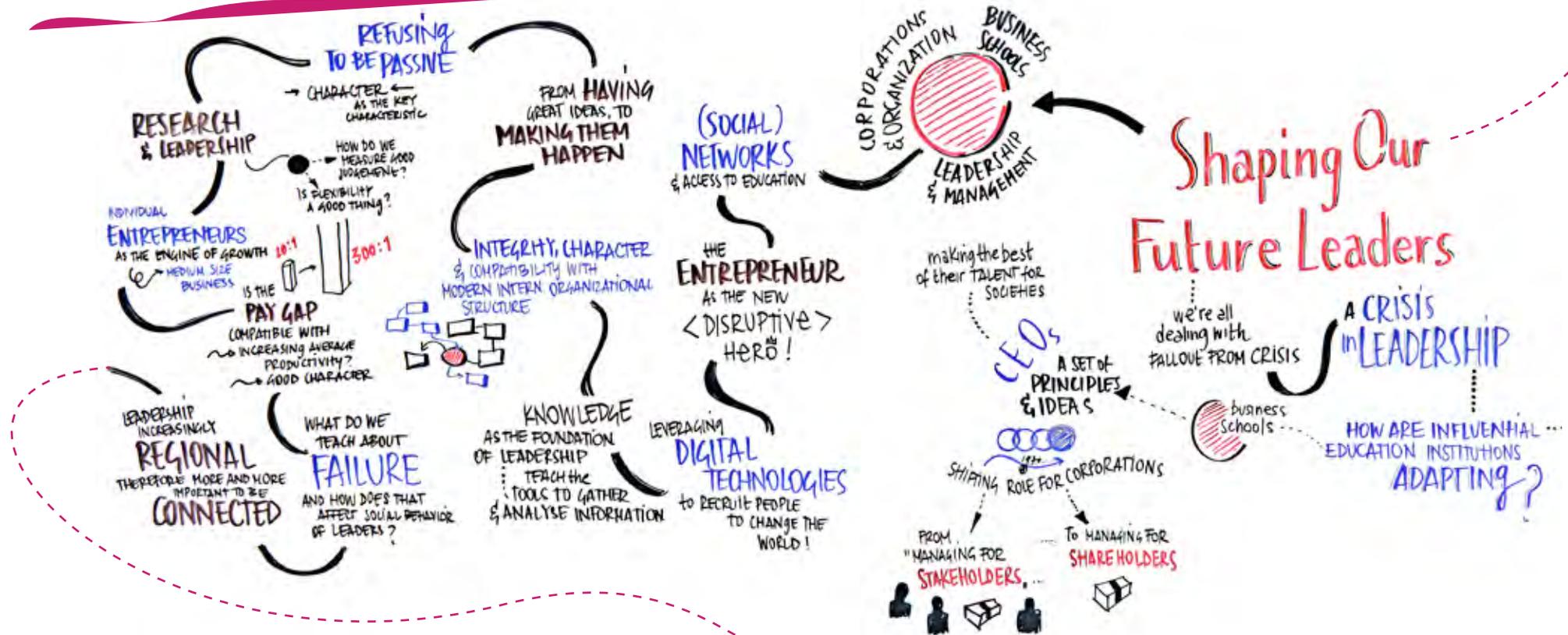
- ‘Dare to Care’ - Leadership will be increasingly about bringing compassion into our organisations.

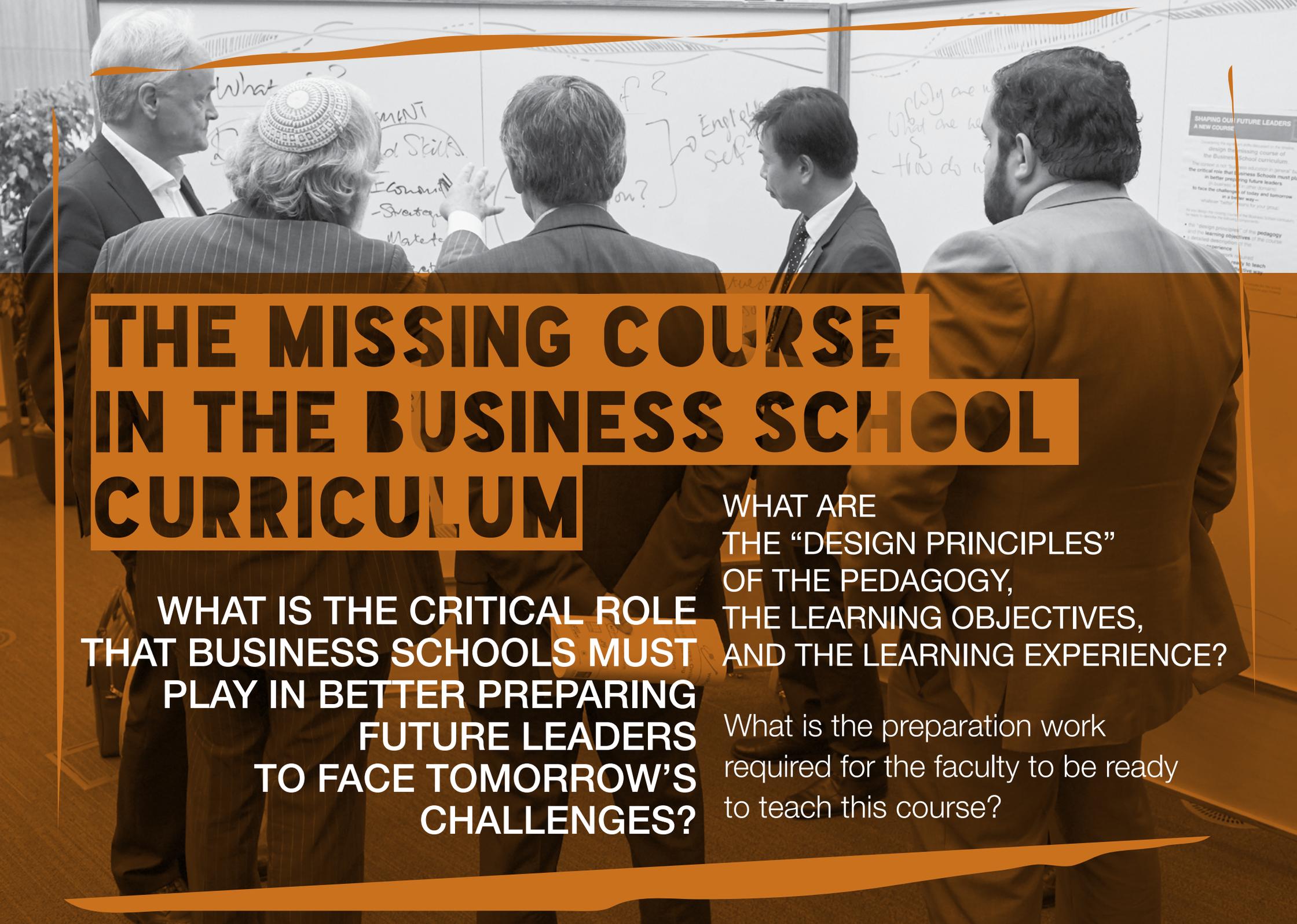
SHIFTING LEADERSHIP FOR A SHIFTING CONTEXT

- A new generation of leaders is moving from having great ideas to making great ideas happen on a global scale.

- The major challenge of business schools is moving from a corporate orientation to educating the hidden champions of leadership: those in mid-sized enterprises.

Shaping Our Future Leaders





THE MISSING COURSE IN THE BUSINESS SCHOOL CURRICULUM

**WHAT IS THE CRITICAL ROLE
THAT BUSINESS SCHOOLS MUST
PLAY IN BETTER PREPARING
FUTURE LEADERS
TO FACE TOMORROW'S
CHALLENGES?**

**WHAT ARE
THE "DESIGN PRINCIPLES"
OF THE PEDAGOGY,
THE LEARNING OBJECTIVES,
AND THE LEARNING EXPERIENCE?**

What is the preparation work
required for the faculty to be ready
to teach this course?

“This course encourages schools to move from skills to character, shifting the measure of evaluation from Grade Point Average to Character Point Average. It encourages the character development of its students in many ways: teaching them the value of impact investing, the importance of learning from failure, and of developing a community that will continue beyond their time in school. Gamification will be very important in teaching character and giving our students opportunities to learn in simulations.

As it will be difficult to accredit this course, we will begin implementing this course through extracurricular activities, though we hope to work with accreditation agencies and encourage them to be open to this idea.

Character will be the basis of admittance for our students and the hiring of our faculty.”

CHARACTER POINT AVERAGE

Design principles

① FROM → To

Skills	→	Character
knowledge	→	Experience
Content	→	Process
GPA	→	CPA

Character Accountability

why: impact investment networking

② Address Roadblock of Accreditation

Learning experience

- Character via gamification & Community
- Skin in the game (Impact investment fund)
- In situ/Field based
- Failure based

Faculty

From — Teaching (FRONT OF ROOM) → Facilitating (Back of Room)

Character training
“Practia before Preaching”

“In this course, we train students for accountability in a global environment, teaching them to be servant leaders. They will learn to lead and serve, gaining experience on the shop floor for life. We will expose our students to different roles: they will have experiences at different levels of a company. They will learn the value of humility, compassion, understanding, and the vital link of these attributes to business.

We will seek a socio-economically diverse student body, and we will invite business leaders to hold discussions with the students, sharing their failures as well.

We are not aiming for perfection, but we want our students to be on a course of perfecting.”

RECREATING ROOTS

2020

Number 5

“RECREATING ROOTS”

Learning objective: Accountability in the global environment:

↓

BACK TO REALITY
...servant leader...

SOCIAL CLASS

Learning experience: FAIL

TEXT: Simone Weil, volunteer

return to the shop floor for “real life”

apprentice not King
real failure NOT false loser

purpose/profit : vs

e.g. Judge WARDEN

Walford tables eg. WOLF OF WALL ST

ppl who lose due to outside Alpha in primary forces.

School: 5 year olds = great equaliser

CONCLUSION: HUMAN → HUMBLD

“HUMILITY” ♥ EMPATHY

PREP WORK: Philosophy ^{MEETS} practicality

LIMITED RECRUITMENT: > OUT OF SCHOOLS “schools out.”

“In this course, students learn leadership by engaging in a social sector project: managing a homeless shelter, pre-school, recovery house for alcoholics, or something in a similar sphere. They will learn the importance of the group dimension and the quality of collective efforts and outcomes: their work will be measured on group performance, placing an emphasis on group diversity and the inclusion of minority voices.

There is academic relevance to the importance of practicing leadership in social projects, and this course will serve as an incubator for professional development experiences.”

SOCIAL IMPACT

Greedy Self-oriented Stubborn
Is that the leader you want to be?

No? Here is how to avoid it:

Learning objectives:

Understand that investing in collective decision making leads to better outcomes

Detailed description:

- Small groups have to reach consensus for given objectives
- 4 week seminar
- Mixed disciplines within groups
- Confront uncomparable options
- Tackle randomly introduced complex information
- Produce a project
- Debrief on the experience
- Run the project

SNAPSHOTS OF COURSES

“This is a required course for all students at our business school. In the past, there was a linear career path: starting from the bottom, and working your way up, as experience increased. Today’s MBA students move directly from school to management positions, skipping important steps along the way and lacking in these experiences. Our course gives students hands-on experience of working ‘on the floor’ — understanding what it is like to be a ‘worker’ will give them a better perspective once they are managers. Faculty will mentor and facilitate the process. Upon graduation, students will commit to a standard of ethical behaviour in the spirit of the Hippocratic Oath.”

FOSTERING ETHICAL JUDGMENT



What (else) do we need to teach/learn?

DESIGN PRINCIPLES



learning about how to have IMPACT

CHARACTER

to community

teaching the BEAUTY of the human EXPERIENCE of the ADVENTURE of ENTREPRENEURSHIP

role of FAILURE

RIGID FRAMEWORK IS AN OBSTACLE TO INNOVATION

mindfulness awareness

ACCREDITATION AGENCIES

gamification MAKE US FORGET THE CONTEXT QUICKLY

RECREATING ROOTS



"WHAT REAL LIFE?"

WHAT DO YOU LEARN FROM FAILURE?

THE OBJECT of JUDGEMENT is BEHAVIOUR

WHAT CRITERIA? what is good character?

FIELD STUDY

INVERTING THE PYRAMID

EMPIRICAL KNOWLEDGE



IT'S ABOUT A GROUP EXPERIENCE

RECRUITMENT

WHO DO WE ATTRACT?

BUILDING CHARACTER IS SELECTING FOR CHARACTERS

WORKING WITH THE STAKEHOLDERS

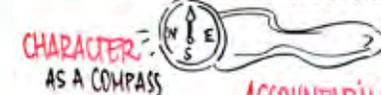
FACULTY AS MENTORS, FACILITATORS

empathy ethical judgement

LEARNING TO DEAL WITH WICKED ISSUES

Business Schools:

SHAPING OR REFLECTING THE CULTURE OF LEADERSHIP?



CAN YOU TEACH IT?

LEADERSHIP & BUILDING TRUST

ACCOUNTABILITY FOR STAKEHOLDERS

who owns them?

METRICS FOR PROGRESS AND SUCCESS

performance



**TO WHAT EXTENT DO
OUR BUSINESS SCHOOLS SHAPE
OR SIMPLY REFLECT
THE CULTURE OF LEADERSHIP?**

“Robert Reich has a fairly simple answer to this: you get people to shift from maximising shareholder value to stakeholder value. But I think reality might be more nuanced and complex.

Our timeline activity shows that business schools are just one of the many institutions that shape mainstream business culture, and their leading position might be challenged in the future.

I heard people discuss solutions in five areas.

Character: shifting from teaching people something, to giving them a compass to navigate a complex, ambiguous, and volatile world. Compassion, tolerance, openness, identity, empathy, respect, fairness, reliance, social responsibility, ethical judgment: these are the qualities of character, and the elements by which we can measure it.

The need for inter-disciplinary learning: this has been something that we have talked about for a long time. While this might not be an innovative idea, it is clearly an important one. The tools, however, are interesting: experiential learning, gamification, and getting people out of their comfort zone.

Focusing on the bottom of the pyramid: asking our business schools to teach students to see how their actions impact others, and to build accountability to stakeholders.

Trust and leadership: leadership is not the number of direct reports you manage, but the number of people who actually follow you. It requires building an environment where people take risks and trust others, and asking people the right questions and getting them to do the same. Learning from failure is about getting people to question established values.

Metrics: what are the metrics by which we judge progress and success? As the saying goes, ‘What gets measured always gets done’. We need to look at the accreditation system and our admissions standards. Our discussion pointed to possible new metrics for success, like the ability to focus on more than shareholder value and using Character Point Average as a measure of evaluation.

The question is: who defines ‘success’?”



**ANDREAS
SCHLEICHER**

DIRECTOR,
EDUCATION AND SKILLS,
OECD



DISCUSSION LEADERS

Andreas Schleicher, Director EDU, OECD

Anthony Gooch, Director, Public Affairs and Communications, OECD

Colm Harmon, Head, School of Economics, The University of Sydney

Fred Kiel, Author, "Return on Character: The Real Reason Leaders and their Companies Win",

Co-founder of the KRW Research Institute

Julie Mercer, Global Industry Lead for Education, Deloitte

Kevyn Yong, Dean, ESSEC Asia-Pacific, ESSEC

Maria-Pia Victoria-Feser, Dean, Faculty of Economics and Management, University of Geneva

Maria Tereza Fleury, Director and Professor at Fundação Getulio Vargas-EAESP

Radek Šicar, Vice-President of Confederation of Industry of the Czech Republic; Executive Director, Aspen Institute

Renate Hornung-Draus, Managing Director and Director of European and International Affairs,

The Confederation of German Employers (BDA)

Robert Skidelsky, Emeritus Professor of Political Economy in the University of Warwick

Santiago Iñiguez de Onzoño, President, IE University and Dean, IE Business School; Author, The Learning Curve, IE University

Sergey Myasoedov, Dean, Institute of Business Studies Vice-President, Russian Association of Business Education (RABE)

Silvana Koch-Mehrin, Founder, Women in Parliaments Global Forum

William Saito, Special Advisor, Cabinet Office, Japan

Yumiko Murakami, Head of Tokyo Center, OECD

OECD TEAM ARCHITECTS OF GROUP GENIUS TEAM

Hana Rakem	Agnese Mizia
Hocine Youbi	Andrea Ghisalberti
Jennifer Bisping	Cate Nelson
Julian Knott	Chiara Ghidelli
Silvia Terrón	Gianfranco Barnaba
	Maurizio Travaglini
	Serena Schimdt
	Simone Bettini



2015 IDEAFACTORY