



5-2012

Sailing Blue Oceans in Search of Blue Ribbons: A Case Study of the Application of Reconstructionist Strategy in Collegiate Business Schools

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Recommended Citation

Scott, Shay Denton, "Sailing Blue Oceans in Search of Blue Ribbons: A Case Study of the Application of Reconstructionist Strategy in Collegiate Business Schools." PhD diss., University of Tennessee, 2012.
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To the Graduate Council:

I am submitting herewith a dissertation written by Shay Denton Scott entitled "Sailing Blue Oceans in Search of Blue Ribbons: A Case Study of the Application of Reconstructionist Strategy in Collegiate Business Schools." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Higher Education Administration.

E. Grady Bogue, Major Professor

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Sailing Blue Oceans in Search of Blue Ribbons:
A Case Study of the Application of Reconstructionist Strategy
in Collegiate Business Schools

A Dissertation Presented for the
Doctor of Philosophy
Degree
The University of Tennessee, Knoxville

Shay Denton Scott
May 2012

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Dedication

The study is dedicated to my wife, Shanle, with whom I have the privilege of experiencing this adventure called life, and to the many family, friends, and colleagues around the globe who make both of our lives richer, deeper, and full of joy.

Acknowledgements

Throughout my doctoral studies I have been extremely fortunate to learn from an amazing group of faculty who have paved the way for me with their accomplishments as both scholars and leaders. I express my heartfelt gratitude to each of you who have given of yourselves to make me who I am today. While it is not possible to recognize everyone, I do want to highlight a few individuals who have made particularly sizable contributions:

To Dr. E. Grady Bogue, who served as my committee chair, I owe a debt of gratitude for not only skillfully imparting wisdom to me throughout my doctoral studies, but also for being an exemplar of scholarship and leadership across a 50 year professional career to which I can only aspire. Dr. Bogue, it has been an honor to learn from you.

To Dr. Matt Myers, thank you for providing encouragement, guidance, and the opportunity for me to complete my Ph.D and meaningfully contribute to the UT College of Business Administration. I look forward to the opportunity to work with you to advance the ideas contained in this study, both in print and in action.

To Dr. Sarah Gardial and Dr. Jimmy Cheek, I am grateful that you chose to offer your time and expertise as a part of my doctoral committee. Your wisdom and leadership experience was invaluable to me in this study, and I will surely benefit from your counsel as I continue to hone my skills as a leader within academe.

I also have the opportunity to work alongside world-class scholars and practitioners on a daily basis. In particular, to Dr. Ted Stank, Dr. Philippe-Pierre Dornier, Dr. Kate Atchley, Dr. Paul Dittmann, and David Ecklund, I treasure the opportunity to gain wisdom and skills from you and feel like I learn something new everyday. In addition, Dr. Norma Mertz, Dr. Joe Johnson, and Dr. Margaret Sallee poured their expertise in higher education leadership and ethics and research methods into me forever changing my perspective (in a good way).

Finally, I express my sincere thanks to the faculty, staff, and administration at the Diamond and Pilot Business Schools. I admire your courage and willingness to speak openly about the Blue Oceans that you have so expertly pursued in hopes of illuminating the way for others to do likewise. Undoubtedly, I have not correctly captured everything in this study, so I offer my sincere apologies for any error, omission, or unbalanced perspective. Please understand that I view both schools as world leaders within these areas of expertise and in understanding what it takes to pursue uncontested markets. Any criticism offered in this study comes with the honest intent and hope that it will help the Diamond and Pilot Schools to find even further success in the future.

Abstract

Business schools are facing an increasingly competitive marketplace driven by the globalization of management education and the many new entrants providing educational and research services within this space. School rankings have become a substitute for independent assessments of quality by constituencies, often driving schools toward isomorphism in bids to climb higher in the rankings. Business school leaders need to fully understand their strategic options as they lead their schools during this challenging time. The purpose of this case study was to explore the pursuit, implementation, and potential performance effects of a type of reconstructionist strategy, Blue Ocean Strategy, within the context of two collegiate business schools. For schools that meet certain criteria, employing a reconstructionist strategy in the pursuit of uncontested markets appears to be a viable approach to the crowded, global market for management education.

Using three strategic moves, two at one US business school and one at a European business school, this study used a case study methodology to explore the use of reconstructionist strategy. A total of 15 semi-structured interviews were conducted with school administration, faculty, and staff along with a review of documentation relevant to these three moves. In concert with findings from previous studies in corporate environments, this study found that schools that were poorly positioned for direct competition with higher ranked and better-funded schools could effectively employ reconstructionist strategies when the school had an organizational orientation toward innovation. Further findings included general support for the six principles of Blue Ocean Strategy in this context although some divergence was found due to differences between corporate and academic organizational structures. In effect, these schools were found to foster innovation by individual faculty entrepreneurs although no clear pathway emerged for innovative activities to be incorporated into the overall school strategy or marketing plans. Nevertheless, the three strategic moves studied did bring overall benefit to their schools. Business school leaders and researchers are urged to continue research in this area to further understand how reconstructionist moves may be better integrated into a school's overall strategy as well as how to use them in a school's market positioning.

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Chapter 1

Introduction

Background and Context

The current environment for collegiate business schools is challenging due in part to the convergence of multiple factors including dissatisfied constituency groups (Bennis & O'Toole, 2005; Lorsch, 2009; Pfeffer & Fong, 2002; Podolny, 2009), increased competition from both traditional and nontraditional competitors during a time of fiscal restraint (Harmon, 2006), and increased scrutiny brought upon schools by the media through rankings (Corley & Gioia, 2000; Machung, 1998; Morgeson & Nahrgang, 2008; Peters, 2007) which are all set against the backdrop of a rapidly globalizing market for business education (Association for the Advancement of Collegiate Schools of Business [AACSB], 2011). This highly competitive environment drains resources and potentially diminishes quality (Harmon, 2006) as schools compete head to head in an environment based more upon image than substance (Corley & Gioia, 2000). Although positioning in the rankings may “dominate business schools’ thoughts and action” (Gioia & Corley, 2002, p. 108), the rankings themselves are actually quite stable from year to year as they tend to hinge on factors such as a school’s longevity as opposed to actual quality or performance (Morgeson & Nahrgang, 2008).

In addition to creating a tough competitive environment which drains precious resources, direct competition among business schools also tends to drive homogeneity in school’s offerings (Adler & Harzing, 2009; Gioia & Corley, 2002; Friga, Bettis, & Sullivan, 2003). Instead of focusing on innovative research and how to employ core

competencies to best advance their missions, business school faculty and administrators are often distracted with how to better position themselves or their schools in the rankings (Adler & Harzing, 2009). While business school leaders are certainly wise to remain vigilant about their schools' rankings, a single-minded focus on rankings alone may prove to only be costly and frustrating. The conundrum of having to play the rankings "game" but not being able to win creates a serious challenge for business schools hoping to advance their interests and those of their constituencies, maintain their stature within the marketplace, and give an appropriate amount of attention to a bevy of rankings and media players (Corley & Gioia, 2000).

A chorus of respected business scholars has called for a different approach by highlighting the need for additional research in how business schools might deemphasize costly, unfruitful direct competition and instead chart a course toward success that skirts head-to-head competition (Adler & Harzing, 2009; Antunes & Thomas, 2007; Friga et al., 2003; Gioia & Corley, 2002; Harmon, 2006). In particular, Naudé, Henneberg, & Jiang (2010) identified the need to explore how dimensions of strategic success other than those directly captured by the rankings might assist business schools. Niche or differentiation strategies that force schools to be more strategic with their resources have also been highlighted as a topic meriting further study (Friga et al., 2003; Gioia & Corley, 2002).

While strategies that differentiate a school from others may at first appear to be contrary to what is necessary to achieve success in the rankings, research has shown that schools can take different routes to success, even success in the rankings. For example,

the European business school environment, which is marked by less direct competition and more diversity than the US market, has proven to be a worthy environment for study of how alternative competitive strategies may simultaneously find success in the educational marketplace (Antunes & Thomas, 2007).

The current competitive environment for business schools is also characterized by the globalization of business and a resulting increase in demand for global business education; this presents substantial opportunity for business schools to address a growing and underserved market (AACSB, 2011). Globalization engenders a larger and more complex marketplace for business education that has the capacity to value differentiation and distinctiveness in a way that nationalized markets have not (Friga et al., 2003). By taking advantage of the changes brought about by globalization, business school leaders appear to have the rare opportunity to redefine their school's approach and value proposition within the market. They may even have the opportunity to actually recast the market itself. In a time of such great opportunity and challenge, business school leaders have a pressing need to understand the strategic and competitive options open to their schools as they pursue success in a rapidly changing marketplace.

Statement of the Problem

Despite the intense competitive environment and the opportunities for growth offered by the increasing globalization of management education, many business schools appear to be primarily engaged in direct head-to-head competition largely based upon rankings (Gioia & Corley, 2002). Previous research has highlighted the opportunity for business schools to instead place their strategic foci on advancing the core competencies

of a school which differentiate it from others in the marketplace (Friga et al., 2003; Naudé et al., 2010). By focusing on distinctive core competencies, a business school may be able to not only successfully position itself favorably in the market but also capture the demand of unexplored markets, and even possibly achieve a favorable position in the rankings through the recognition of the distinctive nature and activities of the school. Although previous research has called for further investigation of this alternative approach to direct competition, virtually no research to date has formally explored the strategic option of differentiation or the pursuit of uncontested markets within the context of collegiate business schools.

Purpose of the Study

The purpose of this case study was to explore the pursuit, implementation, and potential performance effects of a type of reconstructionist strategy, Blue Ocean Strategy, within the context of two collegiate business schools. Blue Ocean Strategy seeks to create new markets instead of relying solely on direct competition in existing markets. This study provides additional understanding about the opportunities and merits of employing strategies to advance the distinctive qualities of a particular business school instead of remaining solely focused on rankings and the fierce direct competition to which rankings often lead.

Research Questions

The following questions guided this study.

1. What organizational and environmental factors led to the pursuit and implementation of a reconstructionist approach for the strategic move under study?
2. How were the principles of a reconstructionist approach, as articulated by Blue Ocean Strategy, employed during the implementation and execution phases for the strategic move under study?
3. How has the reconstructionist approach for this strategic move affected the overall performance of the business school in which it was implemented?

Theoretical Framework

In contrast to traditionalist competitive strategy (Porter, 2008) which views direct competition as a given, Blue Ocean Strategy takes a reconstructionist view of the external environment by urging organizations to tap unmet needs in ways unlike any other current market player. In this reconstructionist view, the boundaries of the market are only set in the minds of the people, so the goal is to redraw the boundaries in a way that creates an uncontested market space or a blue ocean (Kim & Mauborgne, 2005a). The focus is shifted from supply (i.e. the product or service) to demand (i.e. customer needs and desires), thereby allowing an organization to pioneer a new approach that fills this demand without necessarily directly competing with existing providers. Although Blue Ocean Strategy has received significant attention in both profit and non-profit sectors, its use within higher education has not been formally explored. Therefore, this study adds to

the existing literature by exploring the application of Blue Ocean Strategy within collegiate business schools and offers strategic options for business school leaders during a challenging time.

Blue oceans represent uncontested market spaces due to unmet wants or needs whereas red oceans are descriptive of existing market spaces that are red from the metaphorical blood drawn through fierce competition. Using data from over 150 companies across 120 years, Kim and Mauborgne (2005a) not only noted the benefits of pursuing blue oceans when applicable, but they also identified the strategy that was most often successfully pursued in search of these blue oceans. Blue Ocean Strategy emerged from this research as a pathway by which numerous organizations have identified and successfully pursued uncontested markets.

A particular strategic move, as opposed to an organizational strategy, is used as the primary unit of analysis in Blue Ocean strategy. When evaluating a strategic move, Blue Ocean Strategy offers a way to systematically assess both the current market boundaries and new market offerings to determine whether an opportunity exists to pursue a blue ocean using the six principles identified through the expansive research undertaken by Kim and Mauborgne (2005a). The decision to pursue Blue Ocean Strategy or traditional competitive strategy is not to be viewed as a binary decision. Most organizations will be forced to continue to participate in competitive markets, but Kim and Mauborgne (2005a) proposed that the pursuit of blue oceans is strongly preferred when conditions warrant. Their research identified three factors by which an organization can determine whether Blue Ocean Strategy may be appropriate for a given

strategic move: environmental attractiveness, organizational capabilities and resources, and a company's strategic orientation for competition and innovation.

Blue Ocean Strategy represents a fundamentally different perspective to the traditional view on business school strategy. The intent of this reconstructionist view is to provide novel insights into the strategic options for business school leaders who are tasked with directing their schools through challenging times. In light of dissatisfied constituencies and a rapidly changing competitive landscape, a reconstructionist approach merits consideration as a potential tool to systematically identify and pursue a strategy toward continued success.

Significance of the Study

Competition between business schools continues to intensify, and schools are often not making satisfactory progress toward satisfying their constituency groups (Bennis & O'Toole, 2005). Schools expend vast amounts of resources in an attempt to place higher in the rankings although studies have shown that a remarkable level of stability exists in most ranking systems (Gioia & Corley, 2002). This study explored how a reconstructionist approach using Blue Ocean Strategy provides a complementary path for business schools that may allow them to at least partially skirt the draining task of direct competition with other schools. Based upon the gridlock observed, business schools are in need of new ideas for how to advance their missions and satisfy their constituencies (Bennis & O'Toole, 2005; Khurana, 2007; Starkey & Tiratsoo, 2007). As such, this study is significant to at least three constituencies: business school leaders, business community leaders, and university leaders at large.

Business school leaders are faced with increasing competition and increased expectations from constituencies amidst a time of decreasing financial support (AACSB, 2011; Starkey & Tiratsoo, 2007). In this perilous time, academic leaders have an extremely limited literature base from which to devise their strategy. The most popular strategies for business schools seem to be either vying for higher rankings or continuing to muddle through without a defined strategy or, in some cases, both (Corley & Gioia, 2000; Khurana, 2007). Competition from other schools or new entrants will likely not allow business schools to continue to meander (Friga et al., 2003). Instead, their leaders will be called upon to articulate a direction for their schools, and in doing so, they will benefit from further research regarding strategic options. This study adds to the scant literature base offering insight on the strategic options open to business school leaders as they plot a course for the future of their schools.

The business community, a powerful business school constituency, routinely voices displeasure with business school performance (Bennis & O'Toole, 2005), and they have a vested interest in righting the ship. Businesses have long depended upon business schools to provide talented graduates skilled in both the art and science of business (Khurana, 2007). For the most part, these graduates have served businesses well over the past century using the knowledge and skills at least partially acquired through their business school education (Porter & McKibbin, 1988). However, as business leaders have become increasingly dissatisfied with business school graduates, some have begun to utilize non-traditional competitors or even founded their own corporate universities to meet their talent needs in lieu of continuing to rely on business schools (Bennis &

O'Toole, 2005). Businesses have long benefited from scholarly research and education, and they will probably continue to do so in the future if business schools are able to emerge from this current crisis. Even though business leaders are not necessarily pleased with current school performance, and are in some cases looking for talent elsewhere, it would likely be to their benefit to help business schools improve the quality and diversity of their graduates and research. This study assists in the identification of options by which businesses can have access to a wider diversity of graduates and research than they presently do. Increased diversity among business schools would provide a higher likelihood that businesses could find a school that identifies with their own perspective and positioning as opposed to the largely homogenous market that exists today.

In addition, university leaders at-large are facing many of the same challenges as business school leaders. Amidst this time of increasing expectations and decreasing resources, higher education leaders must plot a strategy for how to remain viable and relevant. Little research has been conducted to address potential strategies for higher education institutions attempting to thrive in this new competitive reality. This study contributes to that void by offering a novel perspective built around creating distinctiveness and then employing it as a tool for success. University leaders may also be able to use this study as a foundation for thinking about alternative approaches to strategy within the context of their own universities at-large.

Finally, this study has significance as business schools continue to struggle to address the impact of globalization on business education. According to the AACSB (2011), the premier business school accreditation association, "business schools are not

responding to globalization in a coherent way” (p. 4). As globalization appears to afford a business school the rare opportunity to redefine its strategy and mission, it is critical that leaders have the necessary understanding and tools to do so in a way that will position business schools to continue to serve businesses and the society in general for generations to come. Direct competition, based upon a narrow set of parameters which are set by the media through rankings, does not serve as a solid base from which schools can address a global need for business education.

Limitations

As this study was an initial investigation into the applicability of a reconstructionist approach using Blue Ocean Strategy, it has multiple limitations. First, this case study focused on a limited number of strategic moves at two business schools. Therefore, the generalizability of the findings in this study is limited (Merriam, 2009; Yin, 2009). However, as the purpose of the study was to explore the potential of Blue Ocean Strategy within the context of collegiate business schools, the study instead offers initial insight into how reconstructionist strategy can be applied and when it makes strategic sense to do so. While this information may be not theoretically generalizable, the intent was to offer a foundation on which future studies can build (Merriam, 2009; Yin, 2009).

A further limitation is created through the researcher’s employment at one of the business schools where a portion of the study was conducted. Even though the researcher does not serve in a position of authority and was not critically involved in any of the strategic moves under study, the potential existed for bias to unknowingly influence the

study. As such, a robust methodology is described in Chapter 3 that was used to expose and properly take any bias into account. Significant barriers to entry exist for researchers desiring to study business school strategy (Starkey & Tiratsoo, 2007); this may explain the dearth of research on the topic. Ironically, business school scholars often do not seem willing to expose their own strategies to rigorous academic research. Taking this barrier into consideration, the opportunity to study such an important topic in an in-depth manner outweighed the potential for bias as a result of the researcher's employment at one of the business schools under study.

Delimitations

This case study is delimited to two collegiate business schools, and therefore the findings may not apply to business schools in general. The intent of this case study was to explore the pursuit, implementation, and potential performance impacts of Blue Ocean Strategy within the context of collegiate business schools. As such, this limited sample of two business schools and three strategic moves offered the insight necessary for the completion of this study and, in doing so, provides a foundation upon which more broad-based studies can be built.

The three strategic moves were chosen in a purposive manner to explore the applicability of Blue Ocean Strategy within the collegiate business school environment; however, these moves may not be representative of other types of moves within the schools under study or at other schools. As this was an initial exploration, the three moves provided sufficient exploration to advance the discussion of the use of Blue Ocean Strategy within this setting.

Definitions

Collegiate business school - For the purposes of this study, a collegiate business school is defined as a business school that has been accredited by the Association for the Advancement of Collegiate Schools of Business [AACSB].

Direct competition - For the purposes of this study, direct competition is used to denote a focus on achieving higher scores or rankings when compared to other schools based upon criteria from major rankings such as *Businessweek*, the *Financial Times*, and *US News and World Report*.

Traditional competitive strategy – A strategy as advanced by Porter (2008) which views direct competition as a given and therefore necessitates that organizational strategy be oriented around addressing the threats of competition.

Reconstructionist strategy – A strategy whereby an organization focuses on redefining the current market or identifying a new market in a distinctive way based upon their organization's unique core competencies, culture, and competitive environment.

Blue Ocean Strategy – A type of reconstructionist strategy developed by Kim and Mauborgne (2005a) through their study of over 150 organizations across 120 years. Blue Ocean Strategy provides a framework for how to assess and implement reconstructionist strategy for a given strategic move or decision.

Organization of the Study

This study is organized into five chapters. Chapter 1 introduces the challenges faced by business schools and provides important context for this study. This introductory chapter also contains the purpose statement, research question, an

introduction to the conceptual framework, definitions of key terms, and the limitations and delimitations of the study. Chapter 2 offers a critical review of the scholarly literature on business school history, key business school constituencies, the competitive strategy used by business schools with a focus on rankings and their impacts, and the impacts of globalization on the business education market. This review then continues by contrasting Blue Ocean Strategy with traditional competitive strategy. Chapter 3 details the methods that were used in this case study including the design, the particular cases chosen for this study, and the data collection and analysis procedures used. Chapter 4 presents the findings from the study. The three cases are first presented separately and then followed by a cross-case analysis that integrates and summarizes the overall findings from the study. Finally, Chapter 5 compares and contrasts these findings with the extant literature base, discusses the implications and areas for future research, and concludes with the conclusions from the study.

Chapter 2

Literature Review

The purpose of this case study was to explore the pursuit, implementation, and potential performance impacts of Blue Ocean Strategy within the context of collegiate business schools. To properly frame the context and importance of this study, this critical review of the literature will begin by briefly summarizing the history of collegiate business schools in the US. The current competitive environment for business schools will then be detailed focusing particularly on the impact of rankings on the competitive environment and the opportunities that globalization brings for business schools. Next, institutional theory will be introduced as a theoretical lens through which the current competitive environment of business schools will be viewed for the purposes of this study. Finally, the chapter will conclude with a discussion of Blue Ocean Strategy that highlights its applicability to business school strategy.

History of Collegiate Business Schools in the US

Over the past fifty years, the opportunity for higher education has grown from a luxury of the privileged few to an expectation of the masses. This massification has modified the scope and scale of the higher education enterprise turning universities into large, complex entities which compete for the best students, top faculty, and their share of research dollars (Yielder & Codling, 2004). The growth of collegiate schools of business has outpaced even the rapid growth of their parent institutions so that now approximately 22% of all undergraduate degrees and 25% of graduate degrees obtained are in the field of business (Starkey & Tiratsoo, 2007). Today's business school leaders not only find

themselves responsible for significantly more students and faculty, but they also report the competitive landscape to be quite different from the traditional collegial environment of higher education (Corley & Gioia, 2000). This section briefly outlines the critical points over the past century that have led business schools to their position of prominence, and it sets up a discussion of the competitive environment which follows in the next section.

The Wharton School at the University of Pennsylvania, founded in 1881, is generally accepted to be the first university-based school of business. Other schools were founded in rapid succession including those at the University of California, the University of Chicago, Dartmouth, New York University, and the University of Wisconsin (Khurana, 2007; Miles, 1996; Starkey & Tiratsoo, 2007). The creation of new business schools continued unabated with 100 university-based business schools in existence by 1929 (Starkey & Tiratsoo, 2007). The impetus behind this wave of business school creation was a desire on the part of leading business practitioners and academics alike to professionalize the practice of business. Their desire was to move away from the apprentice model where no single body of knowledge and expertise existed to a more rigorous and standardized system similar to those found in other professions such as medicine and law (Khurana, 2007). This effort enjoyed success as the rapid growth of the number of business schools and the enrollment in these schools has no parallel within academia and has been regarded by some as the most significant development within US higher education during the twentieth century (Starkey & Tiratsoo, 2007).

The pattern of rapid business school growth continued for the next four decades, even intensifying with a post-WWII influx of students eager to improve their lives through higher education. By the mid-1950s, business schools were creaking under the weight of a half-century of growth and the criticism that schools were not preparing students well for careers in business. The Ford Foundation and the Carnegie Foundation commissioned two studies regarding the state of university-based business schools which culminated in book-length reports that were both published in 1959 (Khurana 2007; Miles, 1996; Silk, 1960). The Ford Foundation report, better known as the Gordon and Howell (1959) report, was authored by Robert Gordon of the University of California and James Howell of Stanford University while Frank Pierson of Swarthmore College wrote the Carnegie report.

During the course of an extensive three-year study, Gordon and Howell (1959) found that business schools tended to lean heavily toward vocational training which often consisted of faculty entertaining students with stories about past business experience. Khurana (2007) summarized the report's findings by saying, "Students studying business were among the least intellectual on campus; faculty had little understanding of basic research methods and were often most productive at exploiting their positions for gains from private consulting" (p. 269). The report also chastised faculty for their tenuous connections with the larger university community. Gordon and Howell (1959) identified across-the-board problems in business schools including the low caliber of business students and faculty, poorly constructed curriculum, and minimal levels of quality

research. While the Pierson (1959) report was somewhat less provocative, it largely concurred with the criticisms raised by Gordon and Howell (1959).

These two reports brought considerable attention to business schools and even spurred the writing of a book by *Business Week* editor Leonard Silk aimed at practitioners to summarize the findings from these landmark reports (Silk, 1960). As a result of the pressure applied via these reports, along with generous funding from the Ford Foundation to implement changes, business schools made significant headway toward improvement over the next thirty years (Khurana, 2007; Starkey & Tiratsoo, 2007). For example, business faculty were supplemented with faculty from other university disciplines to help build research skills, schools implemented a more rigorous and standardized curriculum as suggested by Gordon and Howell (1959) and Pierson (1959), and the quality of both students and faculty alike was raised significantly (Khurana, 2007).

By the late 1980s, substantial progress had been made in advancing the scientific rigor in business research which yielded significant gains toward a formal knowledge base for business disciplines such as finance, marketing, operations, and information management (Miles, 1996). During this time, the advancement of managerialism also firmly replaced professionalism as the central goal that schools were attempting to advance. Managerialism, the idea that a generic set of management skills and theory can be used to best manage businesses, became a foundational principle upon which business faculty based their research and which they regularly taught to students (Khurana, 2007). Managerialism continues to serve as the foundation for business research and education to the present day.

Business schools listened and responded to the stinging critique from Gordon and Howell (1959), so much so that a new type of criticism began to arise of a polar opposite nature—critics charged that there was a growing divergence between business schools and the profession they purported to serve. Another landmark book-length report by Porter and McKibbin (1988) confirmed these weaknesses by examining business schools in a manner similar to the Gordon and Howell (1959) and Pierson (1959) reports a generation earlier. In this report, Porter and McKibbin (1988) also questioned the relevancy of research being conducted in business schools and noted the complacency of many business schools with respect to improvement.

In contrast to the 1959 findings including low-caliber students and ill-structured curriculum, Porter and McKibbin (1988) found that business students were now being prepared and faculty were conducting scientifically rigorous research within narrow, structured disciplines. These disciplines were, in response to the earlier critique, filled with coursework built upon theoretical principles; however, students were not being prepared to integrate this knowledge, a necessary skill for practitioners to successfully lead businesses. In addition, students were not receiving appropriate exposure to subject areas outside of business and did not display suitable oral and written communication skills (Khurana, 2007; Miles, 1996). Khurana captures this new culture of business schools in the following statement.

The culture of business school faculties came to resemble the larger academic culture with its social structure built around regular research seminars, decreased emphasis on teaching, strong loyalty toward disciplines rather than institutions,

and a status order that placed what James March and Robert Sutton have called “the priests of research purity” at the top (p. 307).

Albeit for entirely different reasons, business schools were once again under criticism for not properly serving the students and the business community which they were created to improve.

The Porter and McKibbin (1988) report received significant attention; however, unlike the Gordon and Howell (1959) report, it was not coupled with substantial funding to implement change. Even so, business schools were now firmly established within universities and business faculty had built scholarly circles in which they sought acceptance and acclaim largely apart from the business community. The divergence between the academic study of business and its practice continued to grow as faculty with no experience, and sometimes even no interest, in business pursued careers as faculty within the now highly scientific business school. Without business experience, faculty became even more entrenched in their disciplines (Khurana, 2007). Oddly enough, the adoption of a scientific, discipline-based perspective as advocated by Gordon and Howell (1959) “left business education itself at the mercy of institutional influences incompatible with, if not downright hostile to, its very purpose” (Khurana, 2007, p. 334). Instead of maintaining a balance between the two extremes, business schools went from the extreme of a solely vocational education to the extreme of overly detached scientific rigor.

The discipline-based approach to business education with its focus on the production of highly scientific research, often to the exclusion of relevance to the practitioner base, remains a feature of many contemporary business schools (Khurana,

2007). It is with this foundation and from this perspective that business schools are now facing the current competitive environment and the challenges presented by a rapidly changing external environment. Instead of being grounded in providing research and education of use to practitioners, business schools often choose to pursue the status connected with the production of detached scientific knowledge as their primary goal.

The issue with this status-based approach is that it does not directly serve the business community or students, so business schools do not benefit from the consistent accountability or critique of stakeholders. Khurana (2007) captured this danger in the following statement. “In the absence of an internal driving purpose, the external environment drove schools” (p. 340). In other words, as many business schools did not have a clear understanding of their purpose nor any plans to pursue it, schools were carried to and fro by the capricious opinions of rankings, academic journals, and other elements of the external environment. The next section further details the factors that comprise this external environment before turning to a discussion of rankings, which have come to define and drive contemporary business schools.

Competitive Environment for Collegiate Business Schools

As evidenced in the historical sketch above, business schools are complex organizations with multiple constituencies that often come into direct conflict with one another (Cameron 1978, 1986; Ramaswamy, 1992). While it is sometimes necessary for business schools to prioritize one constituency over another in the event that conflicting priorities arise, in the past it seemed that even in the worst case scenarios business school leadership could generally satisfy some of their constituencies some of the time.

However, over the past decade, the primary business school constituencies—students, faculty, and the business community—have made increasingly clear their general dissatisfaction with business school performance albeit for varying reasons (Bennis, 2010; Bennis & O’Toole, 2005; Lorsch, 2009; Pfeffer & Fong, 2002, 2004; Podolny, 2009). The reasons for this dissatisfaction are valuable guideposts in understanding the competitive landscape and exploring the strategic alternatives which this study undertakes, therefore the discussion of the competitive environment will begin with a discussion of the perspective of each major business school constituency group.

Students are arguably the most important business school constituency as the impetus behind the creation of the business school was to professionally educate business practitioners (Bennis & O’Toole, 2005; Khurana, 2007). However, students now complain that they receive poor preparation from business schools for careers as practitioners (Bennis & O’Toole, 2005; Starkey & Tiratsoo, 2007). Although student complaints could be attributed to an increase in consumerism by business students at all levels (Zell, 2001), other constituencies provide further credence to complaints of poor student preparation. For example, Pfeffer and Fong (2002) report that “a large body of evidence suggests that the curriculum taught in business schools has only a small relationship to what is important for succeeding in business” (p. 84). Instead of focusing on student needs, critics claim that business faculty simply talk about their research, and in doing so faculty “too often forget that executive decision makers aren’t fact collectors; they are fact users and integrators” (Bennis & O’Toole, 2005, p. 101). If the needs of the student constituency were prioritized, business school structure might more closely

resemble that of other professional schools such as law and medicine (Pfeffer & Fong, 2004) where an extremely tight integration of classroom activity and applied learning exists.

The second major constituency, the business community, hires business school graduates and benefits from faculty research, at least in theory. As mentioned above, businesses echo the complaints of students who decry their poor preparation by business schools (Bennis & O'Toole, 2005; Pfeffer & Fong, 2002, 2004; Lorsch, 2009; Starkey & Tiratsoo, 2007). Even business faculty, who are responsible for student preparation, have joined the chorus of calls for improvement in student preparation (Lorsch, 2009; Podolny, 2009). Business leaders offer pointed criticism that the research and teaching of business schools is often irrelevant to the business profession (Bennis & O'Toole, 2005; Pfeffer & Fong, 2002; Starkey & Tiratsoo, 2007). The business community also desires a clear return on investment from their relationships with business schools due to the hypercompetitive climate in which businesses now operate. To many, this return on investment is less than satisfactory when it is marked by poorly prepared students and the production of arcane research (Bennis & O'Toole, 2005; Starkey & Tiratsoo, 2007).

The business community also points to a wide chasm between the research activities of business schools and the professional practice of business (Bennis, 2010; Khurana, 2007). This criticism becomes pointed and personal at times such as in Pearce's (1999) assertion that business faculty are "underproductive, esoteric technophobes who teach obsolete notions about business practice under the protection of an arcane tenure system" (p. 105). While there are those who disagree (Kieser & Leiner,

2009; Peng & Dess, 2010), the root of the issue appears to be a conflict between constituencies. Business leaders desire research that can be directly applied within their businesses and students who can directly contribute to organizational success. As business schools have evolved into an academic discipline, faculty are incentivized to focus more and more on the production of highly rigorous scientific research. Faculty often shun applicability in their research to meet the high methodological standards set by the academic journals and the academy itself. The time consuming nature of rigorous research also tends to isolate faculty from all but the minimum of student and practitioner contact. While this may seem to be an unwise tradeoff, from the perspective of a faculty member it often looks quite different.

As noted above, business school faculty, the third major business school constituency, have become accepted within the university academy as purveyors of scientific research. This evolution from practitioner to academic began almost fifty years ago as a result of the aforementioned Gordon and Howell (1959) report, and the march toward increasing scientific rigor by business faculty has continued, largely unabated, since that time (Chait, 1985; Khurana, 2007). Consequently, faculty now find themselves in an environment where they are expected to focus on the production of research using highly scientific methods to even have a chance for acceptance into the faculty guild (Harmon, 2006). By placing a primary focus on becoming accomplished scientific researchers, business schools and faculties have demoted the priority of a tight relationship between the academy and practice that other professional schools such as law and medicine still enjoy. Instead, faculty remain doggedly focused on research as this is

usually the sole means by which they can advance within the academy (Bennis & O'Toole, 2005; Khurana, 2007; Lorsch, 2009; Pfeffer & Fong, 2002). As the faculty control business school strategy and are heavily incentivized to focus on themselves, it is no surprise that the student and business community constituencies are complaining of neglect and are withdrawing critical support from business schools.

In addition to conflicts between constituencies, an increasingly crowded competitive landscape has only served to intensify the issues for business schools. The majority of the factors which have changed the business profession—globalization, disruptive technologies, demographic shifts, and deregulation—have also been at work within the field of business education (Friga et al., 2003). As the market for higher education has become more globalized, schools are forced to compete outside their traditional geographies (AACSB, 2011). This competition is further fueled by disruptive technologies such as distance learning and online degree programs. Finally, demographic shifts have led to increased diversity in student population and a shift toward a service-based economy which opens the door for new competitors to address this rapidly changing market (Friga et al., 2003). Business schools need to be more nimble to respond to these changing trends within the marketplace (Acito, McDougall, & Smith, 2007). This relatively new competitive environment is complex and still transitory in nature which requires careful attention and skill on the part of business school leaders who are attempting to lead their schools toward success.

A plethora of new competitors has also emerged in response to this new competitive environment. First, traditional business schools have expanded their online

offerings to allow competition outside of their immediate area. For example, in the researcher's own locale no fewer than three schools located in outlying cities have begun to offer distance education or satellite campuses across the local metropolitan area. These new offerings are now in direct competition with the land-grant university in the city and have the potential to siphon off students who traditionally have not had these options. In addition, for-profit schools have entered the fray with both online and satellite campuses. For-profit schools tend to be especially attracted to business programs as they are in high demand and often result in profit for the school (Khurana, 2007). In a move similar to the consolidation seen in other industries such as commercial aviation and transportation, business schools are also forming alliances and partnerships at an increased rate in an attempt to defend their competitive space against the increasing number of competitors (Friga et al., 2003).

Secondly, non-traditional competitors have also emerged to cherry pick portions of a business school's traditional scope of responsibility (Bennis & O'Toole, 2005). The business community itself is taking on additional responsibility in educating current and future employees themselves as Fortune magazine reports that 40% of Fortune 500 companies now operate their own corporate university (Iniquez de Onzoño & Carmona, 2007). Trade organizations are developing certification programs that are gaining traction within the business community as accepted forms of education. Consulting firms have stepped into the void created by business faculty pursuing increasingly theoretical research to provide businesses with applied research that is directly applicable to business operations. These nontraditional competitors have helped to further weaken the

connections between business schools and the business community they were created to serve (Bennis & O'Toole, 2005).

In a time marked by fiscal constraint and a competitive environment increasingly crowded by both traditional and nontraditional players, business schools face substantial obstacles to continued success and viability (Bennis & O'Toole, 2005; Khurana, 2007; Starkey & Tiratsoo, 2007). While many of these issues have been recognized for almost a decade (Pfeffer & Fong, 2002), scant progress has been made toward satisfactorily addressing them (Lorsch, 2009; Podolny, 2009). Meanwhile competition between business schools continues to significantly intensify as schools vie for the best students and public recognition, so the discussion will now turn to a primary contributor to this intensification—rankings.

Influence of Rankings on the Competitive Environment

Business school rankings as compiled by publications such as *Businessweek*, *The Wall Street Journal*, and *The Financial Times* are often the dominate factor in business school strategy and action (Corley & Gioia, 2000; Holbrook, 2007). The impact of rankings on the competitive landscape is such that they have pushed business schools into a competitive environment which bears many similarities to that of for-profit businesses (Corley & Gioia, 2000; Starkey & Tiratsoo, 2007). While rankings have become prevalent at the university level in both the United States (Sponsler, 2009) and internationally (Hazelkorn, 2009), business school rankings arguably lead the way amongst school rankings and have become a primary focus for leadership in many US business schools. This is not surprising when one reviews the impact on the number and

quality of student applicants and the increased interest from corporate recruiters that a higher ranking brings to a school (Corley & Gioia, 2000).

In a seminal study of business school rankings, Corley and Gioia (2000) interviewed business school leaders and communications officers to better understand the impact of rankings on business schools. This study established the following rules for “the game” which has become an accepted moniker for the rankings:

1. You must play the game.
2. Once you start you cannot quit.
3. The rules change without notice.
4. You can't really win this game.

As these rules explicate, the rankings are a mandatory game for business schools, yet it is impossible to win the game as the rules continually change. An understanding of the rankings and their influence upon business schools is a prerequisite for studying business school strategy. This discussion begins with an examination of the weaknesses of the rankings before turning to the strengths of the rankings and the positive impacts which they foster. The discussion of the rankings will conclude with an examination of the direct effects of the rankings upon business school competition.

Weaknesses of rankings. First and foremost, the rankings ensure a focus on image and reputation management often to the detriment of substance and quality. This creates a blurring between image and substance (Gioia & Corley, 2002) that serves as a smokescreen for anyone attempting to assess the quality, capability, and strategy of a business school. Reputation management becomes the key competitive lever and

therefore the focus of business school leadership (Argenti, 2000). As business schools play the rankings game, strategy often suffers (Policano, 2007). For example, Morgeson and Nahrgang (2008) found a pronounced shift away from educating students toward a focus on student perception of job placement. In addition to the overall shift from substance to image, a shift within business schools from a focus on undergraduate programs to MBA programs has occurred as many rankings measure MBA programs instead of the business school as a whole (Gioia & Corley, 2002). In short, rankings appear to impact a business school's ability to set a strategy based upon substance and instead focus business schools on the short-sighted goal of image and perception.

The rankings themselves are also fundamentally flawed if the intent is to measure the quality and value of business education in a relatively unbiased manner. Considering that the goal of the publications which compile and publish the rankings is to maximize their circulation and profits (Policano, 2007), a picture of the perverse incentives created by the popularity of the rankings begins to clearly emerge. From the arbitrary nature of some ranking criteria (Adler & Harzing, 2009) to the statistical invalidity of others (Morgeson & Nahrgang, 2008), no shortage of criticism exists in the scholarly literature. Morgeson & Nahrgang (2008) found that the *Businessweek* rankings are extremely stable across time to a fault. In fact, the best predictors of the *Businessweek* ranking are factors that cannot be changed such as the ranking of the school in *Businessweek's* initial 1988 ranking and the longevity of the school's MBA program. In addition, the top 27 schools are separated by 1 scale point on a 10 point scale. Therefore, minor changes in the calculation methodology produce wide swings in the rankings (Morgeson & Nahrgang,

2008). The *Businessweek* rankings are not alone in their weakness as Holbrook (2007) found *US News and World Report's* business school rankings to be “a very imperfect gauge of educational quality” (p. 11).

Rankings also tend to apply a one-size-fits-all approach to business schools (Peters, 2007), similar to overall university rankings (Hazelkorn, 2007). In this forced-fit approach, schools that look very different are often ranked in similar positions and vice versa (Naudé et al., 2010). In a study of the *Financial Times* rankings, Naudé et al. (2010) found that, contrary to popular perception, schools were able to use different routes to achieve success in the rankings; however, this is not apparent from a review of the rankings themselves. Of course, a counterpoint to the argument that rankings miss crucial differentiating factors between schools is that even the current one-size-fits-all model already places too heavy of a burden onto business schools as publications require schools to do all of the data collection and self-report information. Even the elite schools, which benefit greatly from the rankings, complain of the resource drain to complete time-consuming questionnaires from multiple publications (Harmon, 2006). Self-reporting can also lead to the possibility of biased or untrue reporting although this is beyond the scope of this discussion.

Strengths of rankings. Even though rankings have significant weaknesses, they do provide benefit to business school constituencies. If the rankings were completely absurd they would simply be ignored (Gioia & Corley, 2002). Since they continue to hold sway over the market, they must provide some type of value for business school constituencies. The primary benefit of the rankings appears to be their provision of a

source of standardized information to students and employers where none previously existed. This information raises awareness of business school capabilities and assists both students and employers in choosing business schools with which they want to have a relationship (Bickerstaffe & Ridgers, 2007; Machung, 1998). From the business school perspective, the rankings also create positive motivation for those schools that fare well (Zemsky, 2008).

Rankings can also provide other substantive benefits as they tend to force business schools to improve and to address problems—that is, those problems that affect the school’s reputation and ranking. Historically, business schools have not faced a highly competitive market as market communication was limited and inefficient (Gioia & Corley, 2002). Rankings have provided a means, however imperfect they may be, for market communication and therefore increased competition. Generally speaking “competition improves the breed” leading to better performance, satisfaction, and innovation (Gioia & Corley, 2002, p. 109). This competition also tends to force schools to develop a strategy and prioritize their activities (Gioia & Corley, 2002). The variety of rankings may also benefit schools that focus on particular niches as each has a different calculation methodology which tend to favor different schools (Bradshaw, 2007).

In this discussion of business school strategy, the rankings play an important role as they heavily impact competition between schools. As such, rankings tend to create generalist programs as schools focus directly on “gaming” the rankings to increase their positions. Therefore, obsession with the rankings pushes schools toward conformity and uniformity and preserves the status quo (Glick, 2008; Harmon, 2006). In this

environment, innovation is likely to be ignored and specialist programs are dropped in an all out bid for head-to-head competition based solely upon the rankings components (Glick, 2008; Iniguez de Onzono, 2007). This move toward isomorphism created by the strength of the rankings leads to suboptimization of business school value to conform to rankings (Adler & Harzing, 2009; Harmon, 2006). This isomorphism can be seen when comparing US business schools to European business schools, which have not been as affected by the rankings to date. Examining European schools provides a window into the diversity and opportunity of an environment that is not wholly dominated by rankings (Harmon, 2006). In sum, although rankings do serve as a way to improve market communication, a primary focus by business schools on rankings drives homogeneity in the market, suboptimizes the output of schools, and tends to stifle innovation. Since this is the case, business school leadership would do well to explore their strategic options even in view of Corley & Gioia's (2000) assertion that business schools must play the game.

The Defining Nature of Globalization on Business Education

Alongside the intense focus on program rankings, the globalization of management education is the other predominant trend facing contemporary business schools. The ways in which business school leaders deal with globalization will likely be no less than a defining mark in the history of their respective schools (AACSB, 2011; Altbach & Knight, 2007; Altbach, Reisberg, & Rumbley, 2010; Czinkota, Grossman, Javalgi, & Nugent, 2009; Ghemawat, 2008; Naidoo, 2006). Globalization has been characterized as the "third wave" of management education with the formalization of

business into a profession in the early 1900s as the first wave and the intellectualization of business schools in the 1950s-60s as the second (AACSB, 2011). The group of ten preeminent business scholars who wrote the AACSB (2011) special report on globalization detailed the significant impact that this “third wave” of globalization may have on business education in the following statement.

Globalization seems likely to transform management education at least on par with major inflection points in the past, such as the turn from application into research in the 1950s as advocated by the Gordon and Howell report and the turn toward humanism in 1988 as advocated by the report of Porter and McKibbin (p. 2).

Speaking generally about higher education, Altbach et al. (2010) went even further with their statement that globalization will lead to fundamental changes that may be as large as the development of the modern US research university in the 19th century. Whether these predictions are completely correct or not, globalization seems poised to be a major defining force within management education both in the US and globally.

Since the inception of formal management education over a century ago, business schools in the US have led the world in both prestige and research production. However, globalization is already beginning to level the playing field as top students think “the US is no longer the only place to go and pursue the dream of getting an MBA” (Czinkota et al., 2009, p. 283). Research reveals that a new global system of management education is emerging which has elements of the dominant US system, but which also infuses the

innovation, diversity, and influences of a global marketplace (AACSB, 2011; Naidoo, 2006).

As business schools continue to be pushed by the powerful forces of globalization, it seems likely that a tipping point will be reached where a new global system will become the new gold standard taking over from the current US system. The AACSB (2011) report further builds on this line of thought by emphasizing the international connections and influence of this emerging system when they write “the connections and depth of interaction among institutions and individuals around the globe will become the most important defining characteristic of the new system” (p. 210).

Based upon the comprehensive report from the AACSB (2011) regarding the globalization of management education as well as other empirical studies on the subject (Czinkota et al, 2009; Naidoo, 2006), business school leaders have no reason to delay or downplay the importance of formulating a strategy to lead their schools into this new age of globalization.

With great challenge comes opportunity. If they are willing, business school leaders might use globalization as a catalyst to instigate change within their schools helping to regain the confidence of key constituencies which has been lost in a decades long battle for status. Disruption in a system provides an opportunity for a business school to reset and redesign its strategy and programming (Somers, 2009). As a result of this disruption, changes are not limited to those aspects of the program directly affected by globalization; rather, they afford an opportunity to reexamine and strengthen all aspects of programming (Olcott, 2009). The vastness and diversity of the new global

marketplace will allow additional opportunities for schools which typically compete within a national market, such as the US, to develop and serve students outside of their traditional markets. Business school leaders have hypothesized about how to escape the merry-go-round of rankings and ratings through new rules or regulations (Adler & Harzing, 2009; Bennis & O'Toole, 2005; Harmon, 2006). Could the answer be that a globalizing market will induce enough change into the system to allow this to happen?

From the perspective of the recent AACSB (2011) report, the emerging market for globalized management education “remains full of untapped and underdeveloped opportunities” (p. 13). Instead of maintaining a focus on disjointed or fragmented activities which often currently represent US business schools’ international programs, leaders have the opportunity to truly determine how their school might respond to globalization. The particular mission and identity of a business school will ultimately influence the way in which a school responds to globalization. No single approach will dominate, rather schools will globalize in a variety of ways (AACSB, 2011).

Whenever new opportunities are assessed they should always be viewed through the lens of the vision and strategy for the school (AACSB, 2011; Green & Gerber, 1996). With this mindset, business schools might choose to harness their school’s unique identity as a foundation on which to build their new strategy. In this way, a school would utilize their strengths in the identification and prioritization of strategies which are most likely to yield success given their school’s institutional mission, strategy, and resource constraints (AACSB, 2011). In a market where virtually all management education programs are “struggling for identity and distinctiveness” (Montgomery, 2005), any

school which is able to articulate a coherent strategy is likely to immediately stand out from the crowd.

Finally, the recent AACSB (2011) report highlighted the opportunity for globalization to increase opportunity for differentiated programs and schools in their statement that “globalization is highly complex and likely to be shaped (and result in) asymmetries across schools and countries” (p.82). The diversity of constituencies in the global marketplace means there is much more room for schools to follow a path which fully uses the unique core competencies and skills of a given faculty and school. In addition to the AACSB (2011) report, other research has suggested that differentiation and innovation should be at the foundation of the new era of globalization (Clarysee, Mosey, & Lambrecht, 2009). Friga et al. (2003) also wrote that schools will need to focus on core competencies and squeeze out redundancies from their cost structures. In this same study, they predict further market segmentation going forward in a more globalized marketplace for business education.

As is the case in so many sectors of society and the economy, globalization appears to be ushering change into the world of business education. Although it will likely force business schools to make changes to their structure and focus, globalization may also provide suitable cover for many schools to retreat from current strategies of generalist competition and positioning in the rankings. With the opening of a larger, globalized market that has more tolerance for diversity in schools and programs, business school leaders appear to have more options as they contemplate the approach that their schools will take to the market.

Strategic Options for Collegiate Business Schools

When it comes to making strategic decisions, business school leaders can choose between at least two strategic directions for the schools that they lead. First, they could continue on the present course, continuing to devote primary attention to playing the rankings game and serving their traditional markets. Based upon the stability of the rankings, the chances for a school to drastically change its ranking are unsure at best. Even if a school can change its ranking, this may not signal that it is doing a better job of satisfying its multiple constituencies. In addition, the large numbers of business schools which have flooded the market with a generalist image in hopes of gaining market share have decreased market sensitivity and opportunity (Gioia & Corley, 2002). The excessive signaling necessary in head-to-head competition heightens the challenge and is wasteful of precious financial resources available to higher education institutions (Mause, 2009). To further complicate this choice, Naudé et al. (2010), in their study of European business schools in the international rankings, found the opportunity for a school to climb in the rankings is low unless the school relies on a particular competitive strength or distinctiveness. While this study focused on European business schools, the same principle may hold true in other markets which are marked by intense competition in the rankings.

An alternative to the sole pursuit of climbing in the rankings is to pursue a strategy based upon the individual school's unique mix of competitive strength and positioning (Gloeckler, 2010; Friga et al., 2003; Porter & McKibbin, 1988; Vidaver-Cohen, 2007). Porter and McKibbin (1988) wrote that "more diversity of mission (but

not of quality) is vital if university-based management education and development is to make major strides toward improvement in the future” (p. 314), and they specifically highlighted internationalization as one way to increase this diversity. Vidaver-Cohen (2007) suggested that “most schools would be better served by adopting a strategic approach to reputation management—positioning themselves on specific characteristics highly valued by their own unique constituents” (p. 301). Employment of niche strategy based upon unique competitive advantage can help schools fare better in the rankings (Gloeckler, 2010). This type of strategy may include specialization on a market niche or alliances with international universities (Friga et al., 2003). As mentioned above, European business schools provide examples of this differentiation with their foci on innovation, partnerships, and a diversity of approach to business education (Antunes & Thomas, 2007).

Although the current challenges and competitive environment are tough, they also offer opportunity. In these turbulent waters, business schools would do well to continually “reinvent themselves in an ongoing search for challenges and opportunities” (Iniguez de Onzoño & Carmona, 2007, p. 28). The difficulty of this reinvention is that it leaves the charted course where the masses of schools ply for a higher spot in the rankings. When a business school leaves the crowd, how can leadership be confident it is on a course toward success? When viewed through the lens of traditional competitive theory, competition is a mainstay and the competitors will be many. Direct competition dominates the day. Is there a course that leads away from the heated fray of competition but still toward success?

Theoretical Framework

A rich base of organizational and competitive theory exists within which the competitive environment of business schools can be examined. This section begins by introducing institutional theory before applying it to the current competitive landscape for business schools. Then, Blue Ocean Strategy will be introduced and followed by a discussion of how it was used to explore business school strategic options in this study.

Institutional theory. Institutional theory has been widely used to generally describe and explain the behavior of organizations (Adler & Harzing, 2009; DiMaggio & Powell, 1983; Goodrick, 2002; Scott, 1987; Tolbert & Zucker, 1983; Westney, 2005, Zucker, 1987). According to this theory, organizations, “adopt patterns that are externally defined as appropriate to their environment, and that are reinforced in their interactions with other organizations” (Westney, 2005, p. 47). Over time, the patterns adopted as a result of the institutionalizing forces move organizations toward sameness or isomorphism with other organizations (DiMaggio & Powell, 1983). For example, the structure of primary and secondary educational systems across the continental US dramatically converged onto a similar model over the course of four decades in the middle of the 1900s (Meyer, Scott, Strang, & Creighton, 1987).

Although disagreement amongst institutional theorists has led to the creation of multiple conceptualizations, the view that institutionalization is a “social process by which individuals come to accept a shared definition of reality” is a common thread that runs through all of the conceptualizations (Scott, 1987, p. 496). Accordingly, organizations and the individuals which comprise and lead them can be subject to three

categories of forces which lead toward institutional isomorphism (DiMaggio & Powell, 1983).

1. Coercive Isomorphism-Imposition of organizational patterns or structure upon an organization by powerful external forces (often the government).
2. Normative Isomorphism-Organizational patterns or structure are advanced by professional associations or groups.
3. Mimetic Isomorphism-Organizational leaders choose to mimic the decisions of other successful organizations when faced with uncertainty in decision making.

Through the influence of some or all of these institutionalizing forces, organizations tend toward sameness over time according to institutional theory.

As organizations become successful, these institutionalizing forces within the organization often begin to discourage change, and organizations become beholden to the status quo (Friga et al., 2003; Hannan & Freeman, 1977; DiMaggio & Powell, 1983; Westney, 2005; Zucker, 1987). While institutionalized organizations can usually fulfill requirements and are often important in transmitting legitimacy, they do not perform core tasks as well as market-oriented organizations (Zucker 1987). Instead, the institutionalizing forces lead organizations to convert past decisions and behavior patterns into organizational myths and rituals which are followed even when they do not necessarily best advance the goals of the organization (Meyer & Rowan, 1977; Zucker, 1987).

These myths and rituals can create an “iron cage” around the organization constraining it from undertaking innovative activities which often involve deviation from

established patterns (DiMaggio & Powell, 1983). In the case of business schools, Adler and Harzing (2009) noted the high degree of isomorphism due in part to the prevalence of rankings. Gioia and Corley (2002) also assert that an increase in the number of business schools taking a generalist strategy in pursuit of a higher ranking dilutes the opportunity of success for all; this aligns with institutional theory as advanced by DiMaggio and Powell (1983) who write that “strategies that are rational for individual organizations may not be rational if adopted by large numbers” (p. 148).

Although institutional theory does tend to lean toward environmental determinism, elements of voluntarism have certainly been incorporated into the theory since its infancy (Aldrich & Pfeffer, 1976; Astley & Van de Ven, 1983; DiMaggio & Powell, 1983; Scott, 1987; Westney, 2005) especially as it relates to the concept of mimetic isomorphism discussed above (DiMaggio & Powell, 1983; Westney, 2005). Porter and McKibbin (1988) noted that an inhibitor to diversity in business schools is the belief on the part of leadership that changes to their focus or programming would make their students and services less attractive although this was not found to be the case in interviews with business leaders and students. While business schools are no doubt under external pressure from constituencies and rankings, it is unclear whether this has forced schools through coercive isomorphism or whether business school leaders chose to mimic other schools to climb in the rankings. Whatever the case, many business schools appear to be trapped in the iron cage of direct competition and need a way out to better fulfill their core tasks and advance their mission as assigned by their constituencies.

Blue Ocean Strategy. Blue Ocean Strategy encourages organizations to deliberately break free from the iron cage of isomorphism by pursuing uncontested markets or unsatisfied demand instead of continuing direct head-to-head competition for existing markets and demand (Kim & Mauborgne, 2004, 2005a, 2005b). In contrast to most structuralist or environmental determinalist views of strategy (e.g. Porter, 2008), Blue Ocean Strategy takes the reconstructionist view that a company can create markets that previously did not exist (Kim & Mauborgne, 2005a). Using Blue Ocean Strategy vernacular, “red oceans” are those existing competitive waters which are bloody from intense competition over an existing customer base whereas “blue oceans” are uncontested markets which represent an opportunity for distinctiveness for an organization. Kim and Mauborgne (2005a) detail a process, called Blue Ocean Strategy, for identifying blue oceans and how to deliberately move an organization toward these uncharted waters.

An important initial tenet of Blue Ocean Strategy is that the proper unit of analysis is the strategic move instead of the more commonly used organizational unit of analysis. Instead of attempting to assess whether an overall organization has a good strategy, individual strategic moves are the more fitting unit of analysis (Kim & Mauborgne, 2005a). Through an ex post facto analysis of strategic moves at over 150 companies across 120 years, Kim and Mauborgne identified patterns that emerged in companies which were successful in creating blue ocean markets.

A major contribution of Blue Ocean Strategy is its specificity and the process provided for systematically identifying uncontested market spaces and guiding an

organization toward capturing these new markets. The six principles of Blue Ocean Strategy as outlined by Kim and Mauborgne (2005a, p. 21) are:

1. Reconstruct Market Boundaries
2. Focus on the big picture, not the numbers
3. Reach beyond existing demand
4. Get the strategic sequence right
5. Overcome key organizational hurdles
6. Build execution into strategy

Each of these six principles is designed to attenuate a particular type of risk. First, companies can reconstruct the boundaries of their market in a systematic way and therefore minimize search risk. A chief complaint from companies attempting to innovate through the reconstruction of market boundaries is how to choose a particular idea from the plethora of possibilities and therefore not needlessly invest in a product or service which will not survive. By systematically looking across six different domains of comparison identified through research and visually plotting similarities and differences, Blue Ocean Strategy offers a systematic approach to identify suitable ways to expand the market. These six domains emerged from Kim and Mauborgne's study of over 150 companies. This process of visual mapping, called a strategy canvas, allows organizational leaders to see how their product or service might create uncontested market space (Kim & Mauborgne, 2005a).

The second principle entreats leaders to focus on the big picture instead of the numbers and thereby attenuate planning risk. The process of strategic planning in most

organizations is an exercise that creates “muddle” instead of clear strategic moves. Kim and Mauborgne (2005a) elaborate on this principle in the following passage.

“Executives are paralyzed by the muddle. Few employees deep down in the company even know what the strategy is. And a closer look reveals that most plans don’t contain a strategy at all but rather a smorgasbord of tactics that individually make sense but collectively don’t add up to a unified, clear direction that sets a company apart—let alone make the competition irrelevant” (p. 82).

By using the previously developed strategy canvas, leaders can develop how they might craft a strategy which leads the organization toward uncontested space. Through their field research, Kim and Mauborgne (2005a) found that organizations often do not involve employees, key partners, or customers in this process. This is troublesome as many times the uncontested market space is not found by a stroke of genius, but rather from a clear understanding of how to push the boundaries of current competition. Often, the employees, key partners, and customers know the business best and can be an extremely valuable source of input (Kim & Mauborgne, 2005a).

Addressing scale risk, the third principle of reaching beyond existing demand calls for organizations to challenge two conventional strategy practices—a focus on existing customers and finer segmentation of markets (Kim & Mauborgne, 2005a). “To reach beyond existing demand, think noncustomers before customers; commonalities before differences; and desegmentation before pursuing finer segmentation” (Kim & Mauborgne, 2005a, p. 103). While it may be best to eventually settle upon serving existing customers or further segmenting the market to focus on the specific needs of a

particular customer group, blue oceans are best found when the product or service attracts non-customers across a wide swath of the market. Even if a company eventually chooses to focus on existing customers or to further segment, the experience of reaching beyond existing demand can offer valuable insight. In the words of Kim and Mauborgne (2005a), “noncustomers tend to offer far more insight into how to unlock and grow a blue ocean than do relatively content existing customers” (p. 106).

The principle of “getting the strategic sequence right” deals with the conversion of the idea to a viable strategy for a particular organization’s business model and therefore attenuates business model risk. Kim and Mauborgne (2005a) report that companies should first consider buyer utility followed by price, then cost, and finally adoption hurdles. If a product or service under consideration does not first provide exceptional utility to the buyer then the remainder of the discussion is moot. If buyer utility is high, the next question to ask is if the product can be made available at a price attractive to the mass of buyers. If so, can the organization manage costs so as to make a profit from the sale? If all of the above are true, can the product or service under study be successfully adopted by the organization? If the answers to all of these questions are yes, then an organization is likely ready to undertake the project. If the answers to any of these questions are no, the idea should be rethought or discarded (Kim & Mauborgne, 2005a).

In the final two principles, overcoming organizational hurdles and building execution into the strategy, Kim and Mauborgne (2005a) found that just having a good idea is not enough. Organizations that successfully implemented blue ocean ideas

conquered four organizational hurdles: the cognitive hurdle, the resource hurdle, the motivational hurdle, and the political hurdle. Any one of these four hurdles can disrupt the successful execution of blue ocean strategy. The list below provides additional detail about these four hurdles from Kim & Mauborgne (2005a, p. 150):

1. Cognitive Hurdle—An organization wedded to the status quo
2. Resource Hurdle—Limited resources
3. Motivational Hurdle—Unmotivated staff
4. Political Hurdle—Opposition from powerful vested interests

Finally, organizations must create a culture of trust and commitment to properly foster the new strategy. Blue Ocean Strategy employs a fair process approach to build trust and commitment. This approach uses early engagement, explanation, and clarity of expectations to build trust and commitment. This trust and commitment leads to more voluntary cooperation and self-initiated response to the Blue Ocean Strategy. In this study of over 150 companies, proper attention to and buy-in from stakeholders emerged as critical success factors (Kim & Mauborgne, 2005a).

In addition to the identification of the six principles enumerated above, Kim and Mauborgne (2005a) found that good strategies generally have three characteristics: focus, divergence, and a compelling tagline. These may seem a bit shallow at first glance; however, these three characteristics run deep into an organization's strategy. Focus highlights whether the strategy is organized and coherent and not a muddle. Divergence addresses whether the strategy diverges from existing competition to create uncontested

markets. Finally, the compelling tagline ensures that companies can clearly communicate the strategy to stakeholders (Kim & Mauborgne, 2004, 2005a).

Two common misconceptions exist about companies that pursue Blue Ocean Strategy. First, it is often assumed that established market players are not able to effectively pursue Blue Ocean Strategy; however, Kim and Mauborgne (2005a) found that incumbents regularly create uncontested market space by extending their existing business. Second, many times technology is seen to be the primary enabler to create new markets. While technology can play a part, the crux of Blue Ocean Strategy is the concept of value innovation where the customer sees additional value in a product or service in a new and different way. This concept of value innovation rejects the cost/value tradeoff which is usually assumed by most strategists. Instead, Blue Ocean Strategy asserts that organizations can deliver exceptional value often for less cost by expanding the current boundaries of the marketplace (Kim & Mauborgne, 2004, 2005a, 2005b).

Blue Ocean Strategy may not always be the best course for a strategic move, nor does the use of Blue Ocean Strategy completely free an organization from competitive and market forces. However, organizations are rarely faced with a binary decision of choosing a traditional structuralist strategy or Blue Ocean Strategy. Rather, strategic moves are better envisioned on a continuum with classic structuralist strategy on one end and Blue Ocean Strategy on the other. The factors surrounding each strategic move and its resulting decisions will place a strategy along this continuum (Burke, van Stel, &

Thurik, 2009; Kim & Mauborgne, 2005a, 2009). Kim and Mauborgne (2009) suggest the following three factors to use as a guide for when to employ Blue Ocean Strategy:

1. Environmental attractiveness: If the competitive environment allows for a healthy profit margin, has healthy demand, and lacks cutthroat competition, a structuralist approach may be satisfactory. However, excess supply, cutthroat competition, and low profit margins would tend to favor a reconstructionist approach.
2. Organizational capabilities and resources: If the organization has the capabilities and resources to succeed against direct competitors a structuralist approach may be satisfactory. However, if the organization cannot compete against traditional competitors, the reconstructionist approach would tend to be favored.
3. Strategic orientation for competing or innovating: As discussed above in the six principles of Blue Ocean Strategy, the organization must be fully committed to the strategy. If the organizational culture is built around direct competition, a structuralist course may be more easily adopted whereas an innovative culture could usually adopt a reconstructionist approach more easily.

Choosing when to employ Blue Ocean Strategy is a critical decision that should only be made after a thorough evaluation of the market (Kim & Mauborgne, 2009).

Summary

The leaders of collegiate business schools face an intensely competitive environment in which they must prioritize the desires of their multiple constituencies. Constrained fiscal resources and increasing competition from both traditional and nontraditional providers add to the complexity of the situation. Furthermore, rankings

have significantly raised the stakes in the competition and are a driving force that pushes business schools toward uniform programming and behaviors. Finally, the globalizing market of management education creates both additional challenges and opportunities. The leaders of business schools are now faced with tough decisions regarding the futures of their schools.

Blue Ocean Strategy stands in contrast to traditional competitive strategy in that it entreats organizations to create distinctiveness as a means to achieve organizational success. In the particular case of business schools, Blue Ocean Strategy would lead school leaders away from the uniform programs that the rankings have created and instead focus schools on uncontested market spaces which may be opening as a result of the globalization of management education. Blue Ocean Strategy has been studied across a variety of different industries and organizational types including for-profit, non-profit, and governmental agencies (Kim & Mauborgne, 2005a). However, virtually no study has examined its applicability and potential use with higher education and specifically collegiate schools of business. Blue Ocean Strategy takes on even more relevance in tough environments similar to the intense competition now found between business schools (Kim & Mauborgne, 2009). Highly-ranked business schools are well-entrenched and favorably positioned in the rankings. Virtually all other business schools are lacking in resources and capabilities to directly compete with the highly-ranked schools in an effort to dislodge them from the rankings. In this situation, Blue Ocean Strategy may be a viable option for those schools not already highly-ranked to chart a course for their own success.

Chapter 3

Design and Methodology

The purpose of this case study was to explore the pursuit, implementation, and potential performance effects of a type of reconstructionist strategy, Blue Ocean Strategy, within the context of two collegiate business schools. This study extends the understanding of available strategic options for business school leadership operating in today's turbulent environment. To guide the study, the following research questions were used:

1. What organizational and environmental factors led to the pursuit and implementation of a reconstructionist approach for the strategic move under study?
2. How were the principles of a reconstructionist approach, as articulated by Blue Ocean Strategy, employed during the implementation and execution phases for the strategic move under study?
3. How has the reconstructionist approach for this strategic move affected the overall performance of the business school in which it was implemented?

This chapter provides an explanation of the research design and methods that were used to investigate these questions. It begins with a discussion of why a case study methodology was chosen followed by a description of how this methodology was applied in this particular study. The profile of the business schools studied will then be presented along with an explanation of relevant data collection and analysis techniques. Finally,

the chapter will conclude with a discussion of the limitations of this design, the trustworthiness of the study, and ethical considerations.

Research Design

A qualitative approach was chosen for this study as it best aligns with the inherent complexity of the strategic moves under study and best advances the goal of exploration and detailed description of these strategic moves (Creswell, 2007). The nature of the subject under study explicitly drives the methodological choice, so a qualitative approach was most likely to yield the type of information which was sought due to the complexity of the case (Merriam, 2009; Morgan & Smircich, 1980). A qualitative design also situated the business schools under study in their natural environment allowing for emergence and flexibility in data collection as the researcher learned more (Mertens, 1998; Merriam, 2009). Finally, the qualitative design chosen did not limit the researcher to predetermined categories or responses, but instead the researcher was free to determine the concepts and categories which appeared to be most meaningful to the research participants (Adler & Adler, 1998).

A case study is defined by Merriam (2009) as “an in-depth description and analysis of a bounded system” (p. 40). Case studies are primarily defined by the object under study, the case (Merriam, 2009; Yin, 2009), and are particularly useful for their ability to “capture complex action, perception, and interpretation” (Merriam, 2009, p. 44). Case study methodology fit well with the exploratory research questions under study concerning how reconstructionist strategy was pursued and implemented as well as how this type of strategy performed within the context of collegiate schools of business.

Finally, case studies have proven particularly useful in the study of educational innovations (Merriam, 2009).

In particular, a case study methodology was chosen for this study for three primary reasons: (1) previous research on Blue Ocean Strategy (Kim & Mauborgne, 2005a) has successfully used case study methodology, (2) the complexity and overarching nature of strategic moves lends itself well to case study research (Creswell, 2007; Merriam, 1998; Yin, 2009), and (3) case study allows a scholar to research where the boundaries between the phenomenon and its context are not clear (Stake, 1995; Yin, 2009). The boundaries of each strategic move undertaken by the business schools in this study were unclear, so case study was used to enter into the frame of reference of the business school leaders as they undertook each strategic move. By doing this, the study was able to further understanding of the richness, complexity, and paradox associated with each strategic move, and therefore reveal how the principles from Blue Ocean Strategy apply in the context of a business school environment.

This study employed a multiple, embedded case study design (Yin, 2009) that involved the study of three strategic moves, which Kim and Mauborgne (2005a) have previously classified as the primary unit of analysis, at two business schools. This design not only provided the opportunity to gain understanding and to capture additional detail necessary to properly consider the use of reconstructionist strategies, but it also allowed an initial investigation of any significant differences across the multiple study sites (Yin, 2009).

Case studies are valuable to build theory and understanding where there is a shortage of existing research (Merriam, 2009). The particular schools chosen are known for pursuing differentiated strategies and new markets which made them suitable choices for this study of Blue Ocean Strategy within the business school environment. Stake (1994, 1995) called this type of case instrumental as it is used to provide insight into a particular issue. As previously detailed, virtually no research has been completed on this subject within the confines of business schools, so this methodology and the use of these instrumental cases were a suitable choice.

Substantial barriers to entry exist with this type of research as the business faculty tasked with business school strategy are often hesitant to allow a formal review of their processes to be conducted and published (Starkey & Tiratsoo, 2007). By using a case study approach, this initial investigation offers in-depth insight not previously available to business school leaders. In sum, this case study design provided additional information useful for building a more detailed understanding of the strategic options open to business school leaders as they attempt to successfully lead their schools in a changing market.

Site selection. For this study, the inquiry was first narrowed to business schools which are accredited by the Association for the Advancement of Collegiate Schools of Business. AACSB-accredited schools comprise the majority of top tier business schools and are therefore likely to be subject to the intensely competitive rankings environment. This competitive environment is characterized as a “red” ocean and lays the foundation for the selection of instrumental cases (Stake, 1995). The sample was narrowed further to

include only schools that maintain both undergraduate and graduate business education programs as the context of schools that operate only limited programs (e.g. only graduate programs) may oversimplify the strategic moves undertaken. In sum, the business schools chosen were done so purposively to meet the above criteria for the objectives of this instrumental case study (Merriam, 1998; Stake, 1994).

Pilot Business School. The first business school chosen is a large college of business administration housed within a public land-grant university in the Southeastern United States. For the purposes of this study, the school is referred to as the Pilot Business School. The Pilot School has approximately 5000 students which comprise approximately 20% of the overall student body of its parent university; this is an average size and percentage for a business school in this type of institution. Pilot has approximately 117 full-time faculty and supplements with adjunct faculty as needs arise and budget permits. Pilot offers a full complement of academic programs including nine undergraduate majors, nine Masters level degree programs, and eight doctoral majors. As a public land-grant institution, the Pilot School is tasked with educating students to function as a part of the business community throughout the state where it is located. Similarly to other business schools within public universities, Pilot has seen its public funding decrease in the face of higher enrollments and increasing competition. Tuition has increased dramatically over the past 10 years to partially offset this decrease in public funding. Consequently, students have increasingly higher expectations due to the higher prices paid and competitive alternatives. The Pilot School has currently just completed participation in a university-wide five-year development campaign to raise private funds

to support the school and funds approximately two-thirds of its budget through private funds.

Over the past 15 years, the Pilot School has successfully undertaken multiple strategic moves that have focused programming on new or uncontested markets. Some of these programs are nationally and internationally recognized even though the overall school does not rank in any major rankings organization's Top 25. These strategic moves provide the context for two of the three embedded cases conducted as a part of this study. Below is a short description of the two Pilot School strategic moves that were studied.

- *Physicians Executive MBA program.* This niche executive MBA program was the first of its kind and is now ranked at the top of the list for physicians who wish to undertake a formalized business education to support their performance in healthcare management positions.
- *Shopper Marketing Forum.* Shopper Marketing is a new area of business that has emerged as the capability to tailor product and service offerings to particular retailers or customers has become possible through modern technology. While Shopper Marketing is a burgeoning activity in many businesses and consulting firms, very few universities have adapted to address it. The Pilot School has developed and implemented the Shopper Marketing Forum to partner with key businesses to advance the practice of Shopper Marketing through research, education of students, and associated activities.

Diamond Business School. The second business school chosen for inclusion in this case study is a large, well-known business school located in a major metropolitan area of

Western Europe. For the purposes of this study, it will be known as the Diamond Business School. The Diamond School has approximately 5000 students and is an independent school as contrasted with the Pilot School's linkage to a larger university. The Diamond School has approximately 138 academic faculty through which it offers a comprehensive suite of programs. The school offers eight undergraduate and graduate degree programs although one of these programs, a specialized Masters degree, has ten different specialization options. The Diamond School is a private university although it does receive substantial funding from the national government to support its programming.

The Diamond School attracts a significant population of international students which comprise almost 30% of its enrollment. In addition, the school boasts a comprehensive group of international partner universities and an international faculty of whom 30% are from outside the country where the Diamond School is located. The Diamond School has built a reputation on offering programming that provides direct value to students and employers. The third case undertaken as a part of this study is a strategic move that was made by the Diamond School over 15 years ago which is described below.

- *International Luxury Brand Management MBA program.* Recognizing the nuance of managing luxury brands which includes special attention to tradition and prestige, the Diamond School launched this program to capture this untapped market. Combining a traditional MBA program with the subtleties of managing luxury brands, this program has opened a new pathway

for individuals to gain competency in this area. In the past, one would have to devote years to learning the business in an apprentice type position whereas now this program offers the opportunity for students to accelerate their development. In addition, corporate partners now have an educational partner that is intent upon focusing on issues important to the luxury goods industry.

Data collection procedures. Approval from the University of Tennessee's Institutional Review Board was secured for this study prior to the collection of any data (Appendix A). IRB guidelines were followed in the development of an Informed Consent Form (Appendix B), which was completed by each participant prior to their interview. As a part of this process each participant was reminded that their participation was voluntary, and that they were able to withdraw from participation in the study at any point without penalty. Participants were also informed that all written records associated with the study would be kept in a locked cabinet in the UTK Haslam Business Building, and all electronic files would be securely stored with appropriate password protection. Furthermore, pseudonyms were used for organizations, and codes were established for any particularly confidential information.

In designing the approach to this case study, multiple sources of information were incorporated into the design in an effort to triangulate toward an accurate, detailed portrayal of the situation (Merriam, 2009; Yin, 2009). Accordingly, faculty members, staff, and administrators who played a significant role in the strategic moves under study were interviewed. In addition to these interviews, meeting minutes and other internal documents were examined, as they were available. Finally, external press releases and

news stories regarding these strategic moves were reviewed. Additional detail is provided below regarding the process used for each type of data.

Interviews. Individual semi-structured interviews of approximately one hour in length were conducted with each participant associated with a strategic move. Semi-structured interviews use an established protocol (Appendix C); however, they also allowed for additional probes and follow-up questions on a particular area of interest (Kvale & Brinkmann, 2009; Merriam, 2009). This semi-structured interview format best aligned with the research goals of this case study. After IRB approval, formal permission was obtained from the schools to conduct these interviews, and school administration sent correspondence announcing the study to faculty, staff, and administrators identified to participate in the interview process where it was not clear to the researcher (Appendix D). A follow up introductory letter (Appendix E) was sent by the researcher to each interviewee inviting their participation, and the researcher addressed any concerns they had through individual dialogue. This process properly introduced the researcher to the participants without divulging critical details related to the study (Taylor & Bogdan, 1984). Each participant was then individually contacted by the researcher to arrange an initial interview which was conducted in the office of that faculty member or at an alternate private location of their choice (Kvale & Brinkmann, 2009). Follow-up conversations were conducted to address conflicting information or areas that arose later in the course of data collection (Yin, 2009). Two additional participants were identified through the initial set of interviews using chain sampling and process tracing techniques

(Tansey, 2007). No more than three interviews per day were scheduled to allow time to properly compile notes and comments from each interview.

In preparation for the interviews, the researcher became familiar with the written documents collected as a part of the case study so as to be able to ask more appropriate questions (Yin, 2009). The researcher also became thoroughly familiar with the interview protocol and used it to guide the interview; however, the interview was allowed to deviate from the list of prepared questions so long as it did not stray from the study's focus (Kvale & Brinkmann, 2009; Merriam, 2009). Each interview was recorded and transcribed to help identify themes which emerged from the interview (Merriam, 2009). If a participant declined the request to record the interview, handwritten notes were taken instead. Immediately following each interview, field notes and reflections about the content of the interview were recorded including the relation to other interviews and themes and thoughts on further data collection (Yin, 2009).

Documents. Documents also represent an important source of data for a case study (Creswell, 2007; Yin, 2009). Internal documents including meeting minutes and strategic plans were collected as a part of this study. As these documents are intended for internal use, it is likely that they portray a balanced perspective of the activity associated with each strategic move (Yin, 2009). With the permission and assistance of key faculty, staff, and administration members on each strategic move, relevant internal documents were assembled and examined.

In addition to the internal documents, press releases and news stories which relate to the strategic moves under study were collected. The press releases were accessed via

the online archives of the schools' websites. Finally, an internet search was used to locate newspaper and magazine articles relating to the strategic moves. The intent was to examine both the internal documents and the public documents for information to aid in understanding how these strategic moves aligned with Blue Ocean Strategy.

Pilot activities. The interviews of faculty, staff, and administration members were the primary means of data acquisition for this case study. To properly plan and prepare for these interviews, a pilot interview process was conducted as they have proven to be helpful to increase the quality of the final study (Merriam, 2009; Yin, 2009). After an initial preparation of the interview protocol, an expert panel, comprised of faculty members who were not directly affiliated with the strategic moves under study, reviewed the questions to assess their clarity and applicability to this study's research questions. This expert panel made suggestions for improvement. Feedback on the questions served to eliminate glaring inconsistencies and confusion (Merriam, 2009). A pilot interview was conducted with a colleague to assist in time management during the actual interviews, help to smooth the flow of questioning, and determine whether the line of questioning had the potential to yield helpful information. For each individual with access to source data, a written agreement to maintain confidentiality and anonymity in cooperation with the overall case study design was secured via a Research Team Member's Pledge of Confidentiality (Appendix F).

Data analysis plan. No codified system exists for case study data analysis (Yin, 2009). Instead, the analysis of case study data is an iterative process in that the researcher should always be thoughtful of how data collected may or may not integrate

into the overall study and the associated theoretical framework (Merriam, 2009; Yin, 2009). Therefore, data analysis began from the outset of the data collection phase (Merriam, 2009). First, the internal documents and public documents obtained were coded for emerging themes (Merriam, 2009; Yin, 2009). Information gathered from the document review was incorporated into the interviews. As interviews were conducted, transcripts were constructed of each interview by the primary researcher, and the transcripts were thematically coded in a similar fashion to the documents (Kvale & Brinkmann, 2009; Merriam, 2009). Information gleaned from early interviews was incorporated into subsequent interviews. Through the entirety of data collection, documents and interview transcripts were read and reread to identify the themes which emerged. Comparisons were made within each strategic move as well as between the three moves and two schools to better understand and capture the case under study (Merriam, 2009; Yin, 2009).

The researcher continued to collect data until a point of saturation was reached, where saturation is defined as the point at which previously collected information is repeated without the addition of pertinent new information (Lincoln & Guba, 1985). At that point, data was again reviewed to best understand how these strategic moves positioned the schools as viewed through the lens of Blue Ocean Strategy (Merriam, 2009; Yin, 2009). Over the course of the interviews, a colleague who was engaged in the pilot process was used as a source of peer review and critical comment to ensure a good assessment of what the interviews and documents revealed was being gained (Merriam, 2009).

Limitations and delimitations. While it is possible that the findings from this study would be similar in other business schools besides the two under study, it is outside the scope of this study to make generalizations. Instead, the primary goal in this study was to better understand how the principles of Blue Ocean Strategy may be used to create distinctiveness for the two schools as an alternative to a sole reliance on direct competition; it was not the intention of this study to develop a generalized theory. Readers may choose to draw appropriate parallels to their particular situation and assess potential generalizability according to their own assessment of this study (Merriam, 2009).

The schools were chosen as they offered strategic moves which could be studied to ascertain the applicability of Blue Ocean Strategy within the collegiate business school environment (Merriam, 1998, Stake, 1995). As detailed above, they are representative of major business schools and are thought to be subject to a typical range of decisions. However, it is not known whether the findings of this study would have any relevance to other business schools as each school brings a unique set of competencies and strategies to the academic marketplace.

Trustworthiness. The validity and reliability of case study research is often questioned by researchers who use more traditional methods (Merriam, 2009). Consequently, every effort was made to ensure this case study accurately portrays the findings from the schools under study. In qualitative research, understanding of the phenomenon under study drives validity (Maxwell, 1992; Wolcott, 1990). In this exploratory case study, descriptive validity, correctly describing the object of study, and

interpretive validity, capturing the meaning of the participants, are particularly important (Maxwell, 1992).

To build trustworthiness or validity, this study was designed to use multiple sources of data collection from the outset to triangulate the findings of the study; this triangulation approach helps to ensure validity by cross-checking the data through multiple sources (Merriam, 2009; Yin, 2009). Throughout the data collection process, the researcher continued to pursue new data including interviews and documentation until a saturation point (Lincoln & Guba, 1985) was reached or the incremental benefit of new information did not outweigh the cost of obtaining further data.

At the end of the data collection phase, the data collected from multiple sources was critically reviewed and alternate explanations for the findings were explored. If discrepancies were found between multiple data sources, additional investigation was completed through follow-up interviews or searches for missing written documentation to mitigate any inconsistencies (Yin, 2009). A colleague familiar with the strategic moves studied was used to review the validity of the themes and findings that emerged from the collected data (Merriam, 2009). To add credibility and reliability to this study, an audit trail of all interviews and documents reviewed over the course of this study has been maintained. Interview recordings, transcripts, and documents used during the study have been maintained in an organized system (Yin, 2009).

Ethical considerations. As a matter of disclosure, it would be inappropriate to omit that the researcher is an employee of the Pilot Business School. However, he is not a tenure-track faculty member, does not serve on the leadership team, and was not

employed at Pilot when the strategic decisions under study were made. Traditional guidance is for researchers to avoid study of a subject in which they have a personal or professional stake (Taylor & Bodgan, 1984). However, the researcher's connection with the Pilot school has the potential for positive as well as negative impact to this case study which merits further discussion. After first discussing the positive aspects of this association, a discussion of the potentially negative aspects will follow.

Existing commentary about business school strategy has detailed the wall of protection established by current business school leadership around their strategy and management processes (Starkey & Tiratsoo, 2007); this has also been observed in other settings such as the high echelons of corporate settings where strategic decisions are made (Taylor & Bodgan, 1984). Consequently, very little research has been successfully completed to address this critical issue.

From a positive point of view, the insider position has afforded the opportunity to access key Pilot faculty members and associated data where an outsider would likely be denied this access. In addition, a base familiarity with the Pilot school allowed for the construction of highly relevant questions which had a higher potential to lead to significant findings; without tacit knowledge of the inner workings of Pilot, these critical factors might have gone uninvestigated (Adler & Adler, 1998). One of the most difficult aspects of case study from the researcher's perspective is entering into the frame of reference for a subject. This can take months or even years before a researcher has sufficient understanding to integrate the complexities of a particular object of study. As

an employee of Pilot, the researcher had a natural advantage of regularly spending time within the frame of reference for two of the three moves under study.

Adler and Adler (1998) describe this role as the “complete membership” role where the researcher is already a member of a setting or becomes a member over the course of the research, and they report that this type of role has been successfully used in qualitative research. Furthermore, the direct observation which is possible because of the researcher’s position led to increased validity for the other formal data collection aspects of the study (Adler & Adler, 1998). Angrosino and Mays de Perez (2000) extend the concept of complete membership through their description of how Angrosino was able to transition himself from a complete member to “interested-but-ignorant” bystander during his study of the academic community of which he had been a member for almost 30 years (p. 684). Finally, some qualitative researchers are even beginning to question whether the disinterested researcher position is the preferred stance or even a possibility in qualitative projects where a deep understanding of the phenomenon under study is desired (Angrosino & Mays de Perez, 2000; Wolcott, 1990).

The potential for negative effects clearly does exist due to the researcher’s association with Pilot. A negative effect could have manifested itself through a conscious or unconscious application of a particularly ingrained perspective about Pilot which might improperly bias the research. While this is a possibility, the researcher has been employed at Pilot for only two years which has served to lessen the possibility of biases. Second, the researcher could have possessed a particular agenda or motive for this research other than the pursuit of knowledge. While some argue that a researcher should

be completely without bias in their approach to an object of study, this argument is quite incredulous when applied to case study. Case study research requires the significant commitment of time and effort on the part of the researcher (Yin, 2009). If the researcher does not have some affect for the object of study, it is highly unlikely that the research will be seen through to completion. Concern for the object of study will, in many ways, lead to a stronger study. Any bias can be summed up in the researcher's desire for business schools to be more effective. While it is possible that this affect could have negatively manifested itself, the short tenure of employment at Pilot and personal devotion to the betterment of business schools has likely offset the potential for harmful bias to this study. In fact, it has probably lead to a deeper, richer case study containing thicker description and understanding.

Further research in this area is sorely needed. Effective education of future businesspeople is an area of critical importance to the future of our economy and our nation. It is also a major undertaking in scope and complexity. The importance of this subject outweighed the potential for the harm to the Pilot school or the researcher's own career. This study helps fill a void that merits the serious attention of business scholars.

Chapter 4

Findings

The purpose of this case study was to explore the pursuit, implementation, and potential performance effects of a type of reconstructionist strategy, Blue Ocean Strategy, within the context of two collegiate business schools. This study extends the understanding of available strategic options for business school leadership operating in today's turbulent environment.

The International Luxury Brand Management MBA Program at the Diamond Business School, along with the Physicians Executive MBA Program and the Shopper Marketing Forum at the Pilot Business School, were the three strategic moves by collegiate business schools used as the cases this study. Information and documentation were first gathered about each of these strategic moves to provide a strong base of understanding for semi-structured interviews which were subsequently conducted with key faculty, staff, and administrators in each of the three cases.

The following research questions were used to guide the study:

1. What organizational and environmental factors led to the pursuit and implementation of a reconstructionist approach for the strategic move under study?
2. How were the principles of a reconstructionist approach, as articulated by Blue Ocean Strategy, employed during the implementation and execution phases for the strategic move under study?

3. How has the reconstructionist approach for this strategic move affected the overall performance of the business school in which it was implemented?

This chapter details the findings from the cases involving these three strategic moves. The chapter is divided into four primary sections. The first three sections focus individually on each case and convey the findings that emerged in response to the three research questions that guided this study. The fourth section in the chapter relates the findings from a cross-case comparison, thereby outlining the similarities and differences found between the three strategic moves studied, and presents the overall findings.

Each of the four sections will follow a parallel format. Findings related to the first research question concerning the environmental or organizational factors which influenced the pursuit of a reconstructionist approach will be organized into three categories found in Kim and Mauborgne (2009):

1. Environmental attractiveness
2. Organizational capabilities and resources
3. Organizational orientation for competition or innovation

The second research question sought evidence of how reconstructionist principles were employed in these cases, and the findings associated with this question are organized around the six principles of Blue Ocean Strategy (Kim & Mauborgne, 2005a):

1. Reconstruct market boundaries
2. Focus on the big picture, not the numbers
3. Reach beyond existing demand
4. Get the strategic sequence right

5. Overcome key organizational hurdles

6. Build execution into the strategy

Finally, findings from the third research question which center on any impact to the schools' overall performance due to these strategic moves will be presented and organized based upon whether the impact is primarily external, such as branding or position, or internal, such as an increased capability developed through the move.

Case I – International Luxury Brand Management MBA Program at Diamond

The Diamond Business School is a private institution located within a major Western European metropolitan area that serves as a hub for business within the European Union and globally. Although the Diamond School is a private institution, it does receive some funding from governmental sources; however, the majority of funding comes through student tuition and from corporate partners in the form of grants, endowments, and sponsored research. While the Diamond School is now quite well known in Europe and even globally, study participants characterized it as well known and well respected within the country, but virtually unknown by anyone outside the country, during the mid-1990s when this strategic move was undertaken.

The Diamond Business School has a distinctive culture that differentiates it from many other schools in Europe and globally. Four features of this culture emerged from a review of relevant documents and the seven participant interviews conducted. These cultural features are described below to allow for a deeper understanding of this study's findings, which are then presented. First, the Diamond School values freedom for faculty and students. A Diamond faculty member characterized this cultural trait as a "do-what-

you-want” philosophy. All participants interviewed were careful to emphasize that this propagates not only through the faculty ranks but also to the students. Upon his appointment to the Deanship, a former Diamond School Dean recounted the principal counsel given to him by the Diamond School President at the time, “Let the people do what they want. Your authority will be the result of the freedom you give to the students, the faculty, to the people.” This freedom allows faculty and students alike to pursue their own interests even if they stray from the mainstream or the established interests of the Diamond School.

In conjunction with this freedom, the Diamond School also has an entrepreneurial environment. While this will be discussed further in the findings below, the deliberate focus on innovation is one of the primary defining factors of the Diamond School. A former President of the Diamond School remembered regularly entreating his leadership team to “have at least one major innovation every year or two midsized innovations as a minimum.” Consequently, Diamond has a number of specialized programs and institutes that span across the spectrum of business and represent decades of entrepreneurship by the faculty and administration.

In the words of a longtime Diamond faculty member, “Diamond makes room for personal entrepreneurship...Diamond is quite an innovative organization and trusting of colleagues, professors, as well as staff. People could, for a long time, innovate by themselves.” Although this has allowed for some exceptional products, sometimes the implementation is not always flawless due to personnel changes or even a change in interests on the part of individual entrepreneurs. Nevertheless, the diversity and size of

the Institutes at Diamond, virtually all of which began in the mind of an individual faculty, are an enduring testimony to the entrepreneurial nature of the Diamond School culture.

A third defining factor of the Diamond School culture is a close connection with business. Through the creation of institutes and programs focusing on particular areas of business, the Diamond School maintains a tight connection with business. This is represented in the pedagogy as related by a former Dean when he said, “we made systematic [the practice of] going back and forth from theory to practice and from practice to theory.” It is also represented by the executives which are regularly on the Diamond School campus and through the myriad of corporate connections visible on the Diamond School’s website.

The fourth and final aspect of Diamond’s culture that will be highlighted is the faculty and administration’s preoccupation with what will be called a “challenger’s mindset.” Due to a wealthier, better known national rival and a perennial lack of funding, Diamond School faculty and administrators never feel secure. Consequently, they remain focused on creating new programs and finding new funding sources. A former faculty Dean expressed the challenger’s mindset this way.

We always challenge. We are always doing a bit more, a bit better, but with less means... We are weaker than [national rival], but the outsider who challenges and this is the image of Diamond, innovative, challenging, weaker, but always with energy and stronger to a certain extent... We run, we are always running, always

challenging, always trying to invent new orientations. This is dangerous, and at the same time, it is the quality of the [Diamond] school.

Description of the International Luxury Brand Management MBA. In the mid-1990s, the Diamond School launched a specialized MBA program focused on International Luxury Brand Management. At that time no business school globally had an MBA program that was completely focused on educating students to enter the luxury goods sector. The Diamond School worked in conjunction with two major companies from this industry to design and launch this unique program, which was custom designed to be one-year in length and include significant contact with industry insiders. The program grew out of an initial partnership between the Diamond School and a major luxury goods conglomerate that provided Diamond School graduate students with coursework and exposure to the luxury goods industry.

Organizational and environmental factors that influenced approach.

Environmental attractiveness. Entry into this market was attractive to Diamond for two primary reasons. First, the relatively immature field of luxury goods appeared to be poised for substantial growth, yet the major corporate players lacked the employee talent they needed to support this growth. A Diamond faculty member who was working in the industry at this time said that the “industry was hardly an industry in the early 1990s” and contained “no real professionals” but was rather “run by people who were born in this industry.” Industry leaders realized that a major opportunity for growth existed in the industry, particularly in developing markets. In response, the Diamond School’s corporate partner was “looking for a partner [school] which could help them

develop some credentials in the field of luxury marketing, do some research, and also attract smart candidates to join the industry,” according to the current Diamond MBA program Director. Through this conversation with their industry partner, the Diamond School not only realized the existence of a sizable market but also identified at least two corporate partners who were willing to open a door for the Diamond School to enter.

Leadership at the Diamond School also characterized this as an attractive opportunity because it had the potential to allow Diamond to internationalize their school. Both the President and Dean at Diamond who participated in this study conveyed that they were already scanning the environment for a way to boost the visibility and reputation of the Diamond School outside of their home national market. The ability to attract international students and faculty and participate at an international level was the goal, and it seemed that this opportunity in the luxury goods sector might advance this goal. In the words of the Dean at the time, “I thought that maybe luxury goods would be a good idea to help Diamond enlarge its brand image. To help Diamond build up a brand image on an international scale.” The opportunity to partner with industry to grow globally was a pivotal factor for Diamond in the decision making process.

Organizational capabilities and resources. Diamond’s close relationships with key industry executives from luxury goods firms such as LVMH and L’Oreal, as well as their poor positioning vis-à-vis their major national competitor for a generalized approach to the management education market, comprise the most critical organizational capabilities that influenced Diamond’s decision to pursue a reconstructionist approach. While personal relationships are important in virtually all contexts, they are “radically

important in this sector, maybe more important than any other sector” according to a former Diamond School Dean who has had responsibility for this MBA program in the past. The Diamond School had one of these radically important connections through a Diamond School marketing faculty’s relationship with key executives at two luxury goods companies. Furthermore, this marketing faculty member also possessed a desire for the Diamond School to pursue programming in the luxury goods field. All of the participants interviewed agreed that the privileged relationship between this individual faculty and key industry executives was likely the controlling factor which eventually led to Diamond’s successful entry into this market. This industry partnership led to financial support of Diamond’s programming in this area, access to high-level industry speakers, a pipeline to hire program graduates, and possibly most importantly, it allowed the Diamond School to use established industry brands to launch their own nascent MBA program in International Luxury Brand Management.

Diamond’s position as a challenger in the generalized management education market also lent credence to pursuit of the uncontested market. According to a past President of the school, Diamond’s primary national competitor was “created by the most powerful organization [which was the largest chamber of commerce] in the country. We [Diamond] were starting with no money, no power, and that was stimulating.” The Diamond School was consistently described as poor when compared with their main university competitor, and this drove Diamond faculty and administrators toward unconventional competitive strategies. To further their less-than-ideal positioning, the Diamond School was also relatively unknown outside of their home country. This helped

to push the strategy toward specialized programs and away from a strictly generalized approach. A current Diamond School administrator and long time faculty member recounted, “We were a national school... For this reason, we felt that to have a specialized MBA was maybe a better way than to develop our own [generalized] MBA because we were competing with general MBA programs all over the world and especially at that time, American programs.”

Organizational orientation for competition or innovation. An innovative spirit runs through the Diamond School; this was clearly visible in the documents reviewed as well as a theme of conversation with each participant interviewed. Participants characterized this spirit in the following ways.

- “Innovation is in the DNA at Diamond. Constant innovation.”
- “The essence of Diamond is innovation.”
- “Innovativeness, open-mindedness. We are artisans.”
- “The governance of Diamond understands this particular strength [Diamond’s innovativeness] and allows the professors to innovate, to create, to develop, and so on.”

Innovation is viewed as being at the heart of their organizational strategy, so Diamond clearly has an orientation for innovation. This comes from the spirit of the faculty but also from their relatively poor positioning and funding vis-à-vis their national competitor as discussed above. When characterizing the success of the Diamond School, a past President remarked that “If Diamond has been able to maintain its position at the top

level...it is not a question of money or funding, it's a question of the innovation, flexibility, and involvement of the faculty.”

Diamond also possesses a predisposition toward risk taking and pursuing unconventional strategies, such as the pursuit of specialized MBAs in spite of the generalist nature of an MBA and the inclusion of apprenticeships as a key component in their graduate education programs. This may be best captured in the words of a longtime faculty member and former academic Dean who said, “we do not have any preconception of markets.” Faculty members feel free to implement ideas that may have been in the works for years. This freedom appears to be partly cultural and partly borne of necessity due to a lack of funding or recognition when compared with their major competitors. The Diamond School Dean during the launch of the International Luxury Brand Management MBA relayed, “If you take the example of [major competitor], the behavior of their faculty is more like civil servants. Why should they take a risk? At Diamond, that is not the attitude.”

Risk taking is in Diamond's DNA although there was concern noted that this risk-taking tendency might be minimized now that the Diamond School is better known in Europe and around the world. Examples of the Diamond School's orientation toward innovation in programs and processes surfaced repeatedly during the research conducted for this study. Diamond was the first to introduce apprenticeships to their graduate program in their country where, at the time, apprenticeships were thought to only be for vocational training. In these apprenticeships, students spend over half of their time working in businesses and applying principles learned at Diamond; in return, the

businesses pay the majority of the student's tuition costs. In addition to the Luxury Brand Management MBA, Diamond has also launched an MBA focused on the hospitality industry that reaches out to candidates who previously were uninterested in management education. Over the past thirty years, Diamond has launched two specialized MBAs, almost 20 other specialized programs and institutes, and challenged the foundational structure of graduate education within their home country through the use of nontraditional apprenticeships.

Use of reconstructionist principles during implementation.

Reconstruct market boundaries. The International Luxury Brand Management MBA program was clearly unique when it was created over 15 years ago. The luxury goods industry has historically been very closed to outsiders. The overwhelming majority of leaders in this industry was born into the industry and rose through the ranks as craftspeople and designers. However, the transition to leadership by industry insiders was easier when the industry was small and individual luxury goods houses focused almost exclusively on issues of aesthetics. When the luxury goods industry began to quickly gain global popularity, many companies were caught unprepared to scale their organizations for success in the complex world of international business. When the luxury industry began to turn to traditional MBAs to fill these leadership roles, they found most MBAs ill-prepared to lead in an industry filled with culture and nuance which is unfamiliar territory to those who do not understand the luxury ethos.

Through a relationship between luxury goods industry insiders and a Diamond School faculty member, a non-degree program was initially developed to serve the dual

roles of preparing individuals to lead in complex international business situations and to lead in luxury goods organizations that operate via a different ethos when compared to other types of companies. Ultimately, the International Luxury Brand Management MBA developed from the non-degree program and reconstructed the market boundaries through the provision of both business acumen and a deep understanding of the Luxury Goods Industry. The close partnership between Diamond and industry was also atypical within management education as schools are normally more distant from businesses. In this case, the close relationship allowed the students an introduction into the extremely guarded world of luxury goods companies and provided a clear path for employment after graduation. Figure 1 depicts the strategy canvas for the Diamond International Luxury Brand Management MBA Program and shows graphically how this program diverged from other market offerings at the time.

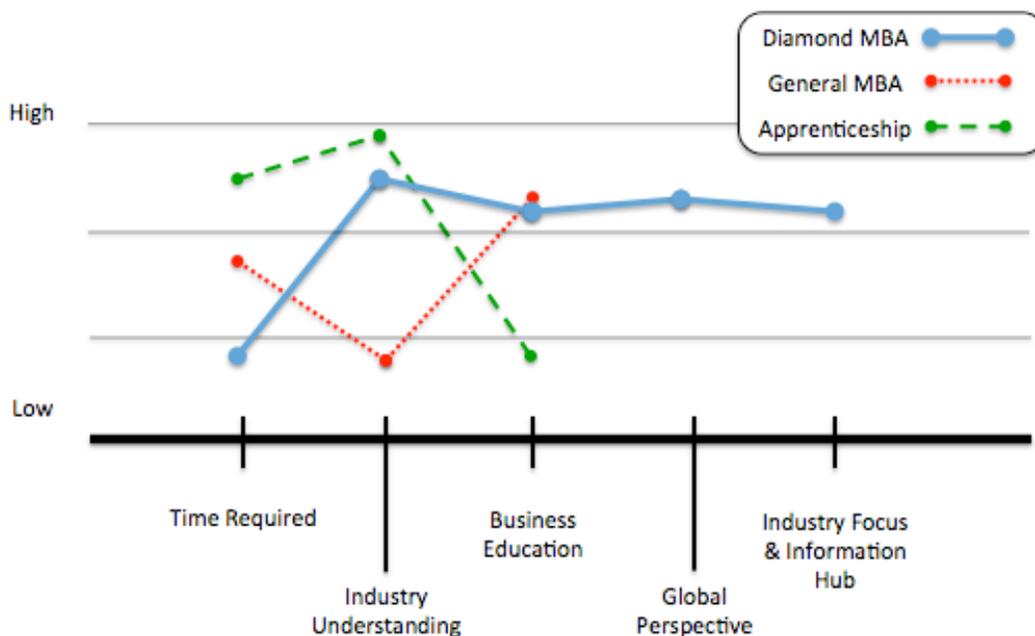


Figure 1 -- Strategy Canvas for Diamond Intl Luxury Brand Management MBA

Existing market offerings were churning out MBAs; however, the standard MBA mindset did not suit this sector well due to their sole focus on traditional business subjects such as finance and accounting. The Director of this program at the Diamond School summarizes this point, “I think that is the difference with the people graduating from any general MBA, that they are so figure-oriented straightaway that they do not pay attention to the soft, intangible things which basically make the luxury brand.” The industry had already realized this missing piece, which was likely why the opportunities for leadership were largely nonexistent for industry outsiders. In response, the Diamond School created a program that expands the boundaries of the typical MBA to bridge these shortcomings and instills the luxury ethos in graduates alongside traditional MBA competencies. For example, students become familiar with luxury products through participation in fashion shows, viewing art, learning about wine and watches and jewelry. More importantly, students are able to extensively interact with designers, winemakers, and artists through the course of the program, in addition to mastering core business knowledge such as finance and accounting.

By bridging between an understanding of the luxury ethos and a robust business education, a new market was created that addressed an underserved need. According to Diamond School President during the creation of this program, the missing piece was clearly seen by Diamond due to its close relationship with the industry.

In selecting managers, the main difficulty for the human resources [organization] in this type of company is to have people very well trained for management

techniques but at the same time able to understand the culture and the culture of the artists who are creative.

The current Executive Director of Diamond's International Luxury Brand Management MBA program emphasized that companies in this sector highly value students who have a particular passion for this industry. He further defined passion as "a certain sensitivity to what constitutes the culture of luxury brands-the product, the craftsmanship, the history, the culture around it." He also recounted the description of an ideal student from one of Diamond's industry partners as "a peasant on one hand with all the rationale of a peasant, and a poet on the other with the capacity to dream."

In response to this unfulfilled need, the Diamond School worked closely with its industry partners to create this MBA program. The closeness of the partnership allowed Diamond faculty to poll industry leaders on exactly what was needed and then work to deliver it to students. In addition to collaboration on curriculum, another significant differentiation of this program was its ability to place students into the industry after graduation. Industry insiders were convinced that graduates of this program were properly educated as the corporate partners actually helped in creation of the program and delivery of the curriculum. Furthermore, the students received significant exposure to industry practitioners and vice versa. This not only guaranteed that students would learn how to understand and be successful in the industry, but it also ensured that virtually every graduate would be hired into the industry sooner or later if they so desired, according to the program's Executive Director.

Diamond reconstructed the market boundaries as summarized below in Table 1, and in doing so, created a means by which to internationalize their school and attain better international visibility.

Table 1 -- Market Reconstruction by Diamond MBA Program

	Diamond International Luxury Brand Management MBA	Typical MBA	Luxury goods industry apprenticeship
Learn luxury goods industry ethos	✓✓		✓✓✓
Master management education principles	✓✓✓	✓✓✓	
Time required	1 year	2 years	2+ years
Obtain global perspective with direct focus on emerging markets for luxury goods	✓✓✓	✓	
Interact with luxury goods practitioners, students, and academics to form professional relationships	✓✓✓		

Focus on the big picture, not the numbers. The decision making process was quite simple in this case according to the current Director of MBA Programs, “No program in Luxury Brand Management existed. They [industry] found a need to have people with a good management background and an understanding of what is going on in the luxury sector.” In the words of the current program Director, “They [corporate partners] almost asked us to do this specific MBA.” According to each of the participants interviewed as well as the documentation reviewed, the market opportunity was clear for Diamond School faculty and administrators due to their close relationship and communication with luxury goods companies.

Akin to most major decisions at the Diamond School, the evaluation of this program and decision to launch was not driven purely from a financial analysis. According to a Diamond School administrator who was in a leadership role at the time of the decision, money was not a driving factor in the decision to pursue this program launch. Each of the participants interviewed confirmed that the decision to move forward was based upon the clear opportunity, the partnership commitment from businesses in the luxury goods industry who had previously given significant financial support, and alignment with the strategy to further internationalize the Diamond School.

Reach beyond existing demand. At the point of launch it would have been easy for the Diamond School to choose a particular sector of the luxury goods industry such as fashion or wine or jewelry as the industry had natural divisions along these lines. In fact, other schools had courses which focused on these distinct areas of the luxury goods industry. However, the Diamond School took a different path as outlined by a faculty member interviewed for this study.

What was important for us in this program was not to specialize in a particular product, but to give the student, to share with the students, a different approach of luxury through different examples, in different areas of luxury but with as much diversity as possible. At the same time, the thing, which was important for the companies, was they wanted [students] to have a strong core or foundation in management that is not specialized. That is something that we take care in the program to teach, to train the students in this foundation of management, and also to give them what is the luxury concept applied across different areas.

Faculty at the Diamond School understood enough about the market to realize that this program had broad appeal in both traditional and emerging areas of the luxury goods industry. Consequently, the faculty designed the program to address as broad of a spectrum of students and companies as possible. To operationalize this, the Diamond School eventually recruited corporate partners from many different areas of luxury goods to assist with the curriculum and recruit students.

Get the strategic sequence right. Existing partnerships between the Diamond School and two prominent luxury goods companies allowed for proper insight to make solid strategic decisions. The Diamond School had previously developed some courses within their general programs working in conjunction with these industry partners, but the industry partners wanted more. According to a faculty member at the time, “there was a need to have a longer program that went into depth on the luxury industry.” To highlight the severity of this need, the Diamond School’s industry partners essentially asked them to start an MBA program with this focus, according to the program Director.

The committed support of the companies solidified the viability of the program according to the program Director, “We had the support of these luxury conglomerates because they were saying, ‘No problem. We will recruit the people coming from this program.’” In turn, the high likelihood of recruitment fueled strong student applications to the program. When asked about why students come to the program, the current Executive Director stated, “At the end, if you come to me [the program] it is because you want to work in this industry.” With a network of companies committed to recruiting students and a strong pool of students interested because of the companies involved, the

only remaining factor was whether the Diamond School could successfully operate the program. Diamond already had established courses in this area that were taught by faculty with interest in the luxury goods sector, and they already operated a variety of management education degree programs which provided familiarity with process and costs.

Overcome key organizational hurdles. In spite of strong partnerships with strong industry players and students who were interested in the area, this program did and does face significant organizational hurdles. Diamond School administration and faculty who were interested in this program had successfully identified a new market and had favorable positioning and partnerships necessary to enter it; however, they still needed the cooperation of additional Diamond faculty to launch the program. According to one of the administrators at the time of the launch, “it was more difficult to convince the faculty than the industry, than the students.” Another administrator and faculty member compared the difficulty of getting the Diamond faculty onboard with convincing a theater troupe to agree, “You know the Opera here in [city]. Faculty have the same attitude. I know that faculty and dancing people [are] the same thing.” Ultimately, the promise of industry support and enough interested faculty allowed the program to move forward. Interestingly, the current faculty and administration charged with leading this program continue to struggle to receive necessary faculty support even though it is more than 15 years after the successful launch of the program.

Build execution into the strategy. Along with overcoming organizational hurdles, the building of execution into the strategy has been and continues to be a

formidable challenge. The freedom and autonomy of the culture at Diamond allow for the natural ebb and flow of individual and organizational support. In the words of a current faculty member, “That is what is lacking. If you have the passion you will do it, but you just don’t do it if you lack the passion. To me, that is a lack of professionalism, and that is what hurts Diamond the most. You cannot just pursue your passion, this is not a hobby.”

Even with a highly successful program such as Diamond’s International Luxury Brand Management MBA, the commitment of individuals and the Diamond School organization as a whole seems to be somewhat inconsistent. For example, faculty resources continue to be highly constrained even though the program has been a programmatic and financial success for over 15 years. One of the faculty spoke of the downside of success by saying, “this means you end up always having the same two people flying everywhere doing everything. We may have an issue in training the next generation, in having the next generation of faculty.” It is unclear that execution has been or is being built into the Diamond School strategy for this program.

Connection with overall school performance.

Reputation, branding, and external constituencies. Diamond’s International Luxury Brand Management MBA Program has contributed significantly to the Diamond School’s growth from a relatively unknown national school 15 years ago to a *Financial Times* Top 10 European school today. Each of the seven participants interviewed agreed that this program has made a significant contribution to Diamond’s growth in brand visibility, reputation, and rankings. Literature about Diamond often references this

program and assigns some measure of credit to it for the advancement of Diamond's interests globally.

From the perspective of brand visibility alone, this program has met many of its goals to internationalize Diamond as captured by the following participant statements.

- “Diamond is known in some countries because of the MBA in Luxury Brand Management.”
- “Luxury is the flagship of Diamond no matter how you look at it.”
- “Outside of Europe, the Luxury Brands program is what is important for Diamond.”
- “Diamond is most well known outside of Europe for this [program].”

The unique position of the Diamond School in this market has driven visibility and benefit for the overall school. By identifying with highly regarded luxury brands, the Diamond School has also been able to take advantage of their strength as the International Luxury Brand Management MBA has often used the brands of corporate partners in its marketing materials. In this case, the strength of corporate luxury brands has likely transferred added value to the Diamond brand according to the participants in the study. Finally, the strength in this particular segment has driven demand from strong top-tier schools (e.g. Kellogg at Northwestern, Booth at the University of Chicago, and Tuck at Dartmouth) to partner with the Diamond School to allow their students access to luxury goods coursework. These partnerships have, in turn, further bolstered the overall strength of the Diamond School's brand.

Internal capabilities and internal constituencies. The visibility of the partnerships with luxury goods companies and with top-tier business schools has likely led to an increase in the number and quality of students who apply to the program. This is especially true in the case of international students, particularly Asian students, which was one of the original reasons that the Diamond School chose to undertake this program. The President of the Diamond School at the time of this program launch phrased it this way.

My objective was if we can enroll good students, good non-[native country] students, through this program progressively after several years, I didn't know how many, but after several years progressively the name of Diamond will be associated [or more widely known instead of only the industry partners such as LVMH which were initially used as the primary brand for the program].”

International students now comprise approximately 25% of Diamond's student body, and this includes more American students, which is a clear sign for an international school that they have reached the top-tier globally.

Potential missed opportunities. A review of Diamond's marketing materials and website reveals that this program is not as heavily used to promote the Diamond School's overall brand as one might expect. Instead, most of the materials focus on a much more generalized or generic message and programs. The strong industry partnerships and the innovative nature of this program and others at the Diamond School are not regularly highlighted as a part of general marketing campaigns even though this is arguably the most impressive programmatic achievement in Diamond's century of existence. The

Diamond School does advertise its specialty programming in major newspapers and magazines, but this is distinct from the general marketing materials used by Diamond in major global publications.

Summary. The International Luxury Brand Management MBA Program at the Diamond School entered an uncontested market by offering the luxury goods industry a viable pipeline for their next generation of leaders to support their significant industry growth and internationalization. This program was designed and is operated in close partnership with industry, preparing students for the careers they desire, and often even introducing them to their future employers. It has given the Diamond School brand visibility, credibility, and accomplished one of its primary internal goals of boosting the internationalization of the school. However, the Diamond School has seemed to shy away from using the program to more clearly differentiate their school in the international marketplace, instead choosing to promote generalist qualifications that often mirror other schools around the globe.

Case II – Physician Executive MBA Program at Pilot

The Pilot Business School is housed at the flagship campus of a public land grant institution in the Southeastern United States. The Pilot School receives approximately one-third of its funding from the state government with the remaining two-thirds coming from private donors, grants, contracts, student fees, and executive education. The Pilot School has been heavily engaged in executive education for almost four decades and offers a variety of open-enrollment and customized offerings. In contrast to the undergraduate student body, which is predominantly from the state and region where the

Pilot School is located, executive education programs attract students on a national and international basis across a number of differentiated programs.

The Pilot Business School is usually ranked in the Top 50 public business schools in the US on an overall basis. Pilot's accounting and supply chain management programs often rank in the Top 20 and Top 10 respectively on a national basis. The Pilot School is also known for its leadership in process design and management through its Department of Statistics, Operations, and Management Science, which is an unusually amalgamated department, as statistics faculty are not usually found in US colleges of business. In addition, the Pilot School also houses the Department of Economics for the university; in contrast, Economics departments are often found in Colleges of Arts and Sciences. The inclusion of these two departments has led to a much more comprehensive approach to management education at the Pilot School than is the case at many other US business schools.

Over thirty years ago, Pilot School leadership realized that their success could not depend only upon educating undergraduates from within its State, as funding would not be adequate to grow or even maintain their operations. The current Pilot School Dean described Pilot's funding in this way, "It is survival and trying to be as good as you can be. [Past Pilot Dean] told me when I interviewed here...He said if we limit what we do to what the State funds, we are not going to like it. None of us are going to want to be here in 10-20 years. Here we are 30 years later, and he is absolutely right. There is no question about it. He is absolutely right." The necessity to self-fund current operations and future initiatives has become a defining feature of the Pilot School culture.

As a result, the culture has developed an entrepreneurial bent with new programming and new foci emerging as compared with other public business schools. The current Pilot School Dean characterized it by saying, “there seems to be an entrepreneurial attitude around here, of trying new things.” This entrepreneurial spirit was identified as a defining cultural trait by each of the interview participants in both the Physician Executive MBA program and Shopper Marketing Forum cases. Prior to the launch of the Physician Executive MBA, many of the Pilot School faculty had recently undertaken a complete redesign of Pilot’s general MBA program. A faculty member who was involved in this redesign recounted the feedback that the Pilot faculty sought from key MBA constituencies, “The result of that [feedback] was we completely threw out the MBA program and revised it.”

Faculty also described having the freedom to undertake varying interests and areas as a vital element of the Pilot culture. The Pilot Dean remarked “we have developed a [culture that is] flexible, fairly nimble, pretty respectful of different [faculty] areas.” Another faculty member interviewed characterized the faculty as “live-and-let-live” and went on to say, “as long as they weren’t proposing to do anything that would hurt ‘my’ program then I didn’t care what they did.” The freedom to follow individual plans and desires, coupled with the necessity of additional funding, have worked together to create an entrepreneurial environment and culture at the Pilot Business School.

Description of the Physician Executive MBA program. The genesis for what would become Pilot’s Physician Executive MBA (PEMBA) program was a telephone call from the Regional President of a major for-profit healthcare firm to a Pilot School faculty

member who would eventually become the PEMBA program Director. The healthcare executive inquired if anyone at the Pilot School had the interest and competency to develop a customized training program for this firm's physician leaders. Prior to the program launch, this corporate partner that had initiated the program's development withdrew due to an unrelated crisis in their organization, and Pilot School faculty and administrators decided to launch the program as an open-enrollment program for physicians interested in building their leadership and management competencies. The PEMBA program launched almost 15 years ago and continues to enjoy a successful run with over 400 alumni from the US and eight other countries. The program is currently considering expansion from one to two classes annually, and it returns a surplus of approximately \$300,000 annually back to the Pilot School coffers to support Pilot's lack of funding discussed above.

The PEMBA program is an accredited MBA program that is one year in length and requires four one-week residency periods on the Pilot campus. In addition, interactive synchronous distance education is used for classes on a weekly basis between the residency periods. A new cohort of approximately 50 physicians is admitted annually, and this group progresses together through the integrated curriculum during the course of one calendar year. This program enrolls only physicians and regularly has a diversity of clinical specialty and people in its classes.

Organizational and environmental factors that influenced approach.

Environmental attractiveness. In the mid-1990s the healthcare industry was undergoing a transformation due to the influence of HMOs and insurance companies.

According to the PEMBA Director, “At the time, there was all kinds of turmoil in healthcare, not due to the government, but due to HMOs and insurance companies...with that turbulence, there was an appetite for physicians to learn, so they could lead.” In fact, this appetite was so large, a major healthcare company had contacted the Pilot School and agreed to fund the development and launch of a program to educate 25 of their physician leaders annually.

Educating physicians in business and leadership principles was an underserved and possibly even a hidden market. A Pilot School staff member who is involved with the PEMBA program relayed a popular opinion, “Everyone says, well they have a medical doctorate, they know it all.” This may not always be the case as this staff member continues, “In a lot of cases they don’t, and they are willing to admit, ‘Hey, I need to figure out how to make this business work.’” Whether due to the status they hold in their community, or simply the demands of a busy schedule, physicians were not being served by existing MBA program offerings.

In addition to recognizing the market opportunity, the environment was attractive for the Pilot School as very little competition existed at the time of the launch. Three schools did offer programs for physicians, but they had extremely limited market reach due to their designs. Two of the programs, in Georgia and Florida, had residential programs that required physicians to physically travel to the school on a regular basis to complete a degree while a school in Massachusetts offered an MBA for physicians which could be earned through a combination of completing a trade association certification and a series of correspondence courses which had been lightly adapted from the school’s

generalist MBA curriculum. Neither of these programs was met with much success, and the two residential programs have since closed or significantly reformatted their offering.

Organizational capabilities and resources. While the Pilot School was known for its pursuit of new and unconventional programs and for a reputation of risk-taking such as the redesigned MBA program, the Pilot School's faculty did not possess any particular competency in healthcare management or physician leadership. According to the current Pilot School Dean, "at the time, we didn't have hardly any specialization in this college in healthcare." Instead, it was the relationship that developed between the healthcare management company and two Pilot faculty that emerged as the primary contributor to the launch of the program.

Both of these faculty were senior members of the Pilot School faculty and already had well established careers as researchers and academic administrators. All participants interviewed identified these faculty, particularly the one who would eventually emerge as the PEMBA program director as being in a time of transition. One remarked during the interview that "I [faculty who did not become Director] had been involved in a number of program start-ups, and I think [future PEMBA Director] was looking for something to transition to when he left the Dean's office. So we teamed up." This team of two faculty formed the nucleus of interest at the Pilot School and did virtually all of the investigatory work which led to the eventual launch of the program. The faculty member who did not become PEMBA Director eventually left the project prior to launch due to a disagreement with Pilot administration on how the program should be structured. This left only one interested faculty member who essentially shouldered the entire load of

program development and, working with one staff member, successfully launched this program. Even almost 15 years later, this same faculty member continues to serve as program Director and his support staff consists of the same individual as during the launch.

Organizational orientation for competition or innovation. The freedom given to Pilot School faculty and the need for funding to support operations combine to create a spirit of innovation at the Pilot School. All faculty, administrators, and staff interviewed recognized that direct competition with established schools on a generalized basis would likely not yield the expected results. The PEMBA program Director who also served as a Pilot School Associate Dean before taking his current role captured the faculty's perspective on this in the following way.

There is a recognition strategically that we are not about to come up with a 500-student EMBA that is internationally ranked. We are just not about to do that. The university does not have the reputation to draw that. We don't have the geography for it, so strategically there is a recognition that [a] focus[ed] [strategy], coming up with innovative things that deliver value to target groups, makes sense competitively. I have to applaud this college for recognizing that. There are an awful lot of other universities that even if I could say the same thing about them, not being in a large catchment area and not being a Top 5 rank still don't get it. They don't recognize that they have to be focused, and they try to be all things to all people.

The current Pilot School Dean emphasized this point when asked why the school did not prioritize its resources toward its generalist programming.

“I don’t know that, from a college perspective, it is clear to me that taking the same resources that are in PEMBA and saying, ‘Ok, let’s make our general MBA better,’ I am not sure it would have accomplished a whole lot whereas PEMBA as an element of what we do in the MBA market has been really successful.”

The faculty and administration at the Pilot Business School fully recognize their poor positioning to compete directly against schools with better funding, a better ranking, and a more convenient location for a national or international audience. This has led to a strong history and culture of innovation within the Pilot School.

This innovative spirit is directly seen in the example of PEMBA. The current program Director relayed his typical response to questions from colleagues about why he has remained a part of the Pilot School faculty for decades by saying it is “the innovative spirit in this culture...Pilot allows me to do some things that other schools won’t.” One of the faculty interviewed also highlighted the PEMBA Director as an example of the innovative spirit characteristic of the Pilot School.

[PEMBA Director] went out and did the classic thing for Pilot. You put together a band of entrepreneurs, ne’er do wells, scalawags. And they design a program, and have the chutzpah to...I mean think about this. Imagine what it was like that first year. Nobody had ever really heard of a program for MDs. None of our faculty had ever taught in one, and yet we were in the business. There was a

room of MDs waiting to be taught by our “experts”. That just takes a certain kind of entrepreneurial character, it takes a band of those to launch it.

Throughout each of the five interviews conducted for this case it was clear that the Pilot School has an orientation towards innovation instead of focusing solely on direct competition with schools that are often better funded and better positioned to compete in a generalist market.

Use of reconstructionist principles during implementation.

Reconstruct market boundaries. Through a close relationship with a major industry player and direct access to physicians who worked for this industry partner, the Pilot School was able to identify how the current MBA market essentially excluded physicians. Pilot faculty subsequently designed an offering that fulfilled the market needs and in doing so unlocked a market that was largely uncontested at the time. This study identified two major areas that Pilot successfully identified as missing in the market and addressed with their PEMBA program.

First, the concept of physician leadership was not understood or accommodated in existing programs. Most physicians feel that they are called into their roles, and they take their oath of service seriously. This difference in perspective is coupled with an unusual industry environment where patient care and business success are often confounded or even set in opposition to one another. This has led to a general distaste for business education among many physicians. In addition, Pilot faculty identified early on in their research that physicians often like to converse with and learn from other physicians in a fashion segregated from the general business student community.

This exclusivity and promise of a relatively safe environment where physicians can learn with other physicians who understand the constraints and demands of their profession has been crucial to the success of the program according to the PEMBA program Director. Furthermore, the inclusion of other types of healthcare industry employees was identified as often dissuading physician participation by the PEMBA program Director, “Physicians are not as attracted to it [MBA] if they are sitting next to nurses, pharmaceutical company sales reps, if they are sitting next to non-healthcare professional hospital administrators.” In response, the Pilot program requires a medical doctorate or its foreign equivalent for admission into the program and heavily advertises this exclusivity.

Other programs also offer physician exclusivity; however, the programs do not allow for interaction as they are delivered primarily through correspondence course formats. The Pilot School Faculty realized the importance of this interaction and therefore prioritized the opportunity for peer learning through interactive class sessions. The PEMBA program Director expounds on this by highlighting “the choice of blended delivery modes, discrete residency periods on campus combined with synchronous distance education, along with physician only...Those two delivery modes allow learning with and from peer physicians.”

The second major factor that was essential to address according to discussions with the physicians was the hectic schedule of most physicians and their limited time available for class. Physician focus groups and guidance from Pilot’s corporate partner confirmed the need for a credentialed degree; physicians felt that they needed a degree to

show peer physicians that they have the knowledge and competencies to lead their organizations. However, the physician focus groups also clearly communicated that limited time away from work was available for coursework. The existing market offerings had failed to realize the need for both peer-to-peer interaction and degree completion within a limited amount of time. The PEMBA director describes a competitor that has not yet addressed this critical issue.

Rather than focusing on what does the customer want, and then using those design criteria to drive the program design, [competitor] did it the exact opposite way.

They took the curriculum they already had for their full-time MBA program.

Took those stand-alone 3-hour courses, put them into an electronic syllabus. Put the syllabus online. Made it all asynchronous meaning the physician downloads it whenever he/she feels like doing some work. Does the work, sends it in, never meets a faculty member, never meets a peer physician in class. That is part of the reason why it takes 3-5 years to do it because the courses are concatenated in series whereas ours is an integrated curriculum. And [competitor] requires the physicians to have had the American College of Physician Executive's PM1, PM2, and PM3 before they are even accepted into the [competitor] program.

In contrast to anything that existed in the market, Pilot's physician focus groups returned clear guidance from the physicians according to the two faculty involved in the initial interviews and focus groups, "I want you to do it [the MBA] in one year." and "I can probably be on your campus for 3-4 weeks." The typical MBA program is two years in length and even many executive MBA programs required eight weeks or more on

campus over the course of a year. One of the faculty involved in the program design remembered, “A big part of making that work was just the simple logistics of fitting it into their life and minimizing the amount of time they were away from work.”

Ultimately, these criteria were accepted for the PEMBA program, but significant hurdles remained.

The Pilot faculty team still had to devise a way to operate an MBA program that allowed completion in one year with only 3-4 weeks on campus. In the words of the PEMBA Director, “That pattern of accredited MBA, one-year long, at most 3-4 weeks on campus. If you accept that as an overarching set of design criteria, you understand how and why the program was structured.” When this program was going to be delivered as part of customized programming for a single industry client, the plan was to use the video conferencing facilities at this company’s locations around the US. However, when the corporate client withdrew from the program and the program was continued as a public offering, the issue of how to facilitate interaction and not vastly increase the time commitment required was a major consideration for the Pilot School faculty team.

Program development was occurring in 1997, and the internet was still in the early stages of development with connection speeds around 24K. After significant investigation by the Pilot team, they chose to become the 4th customer of a software provider who promised interactive two-way audio, two-way data technology via the internet. This was a pioneering approach for this era and the Pilot School continues to be a leader in interactive distance education even 15 years later. The PEMBA Director stated that the PEMBA program uses “interactive, synchronous distance education more

than any other program in the college. We have more experience with it than maybe any other university in the country although I don't have the data to prove that.”

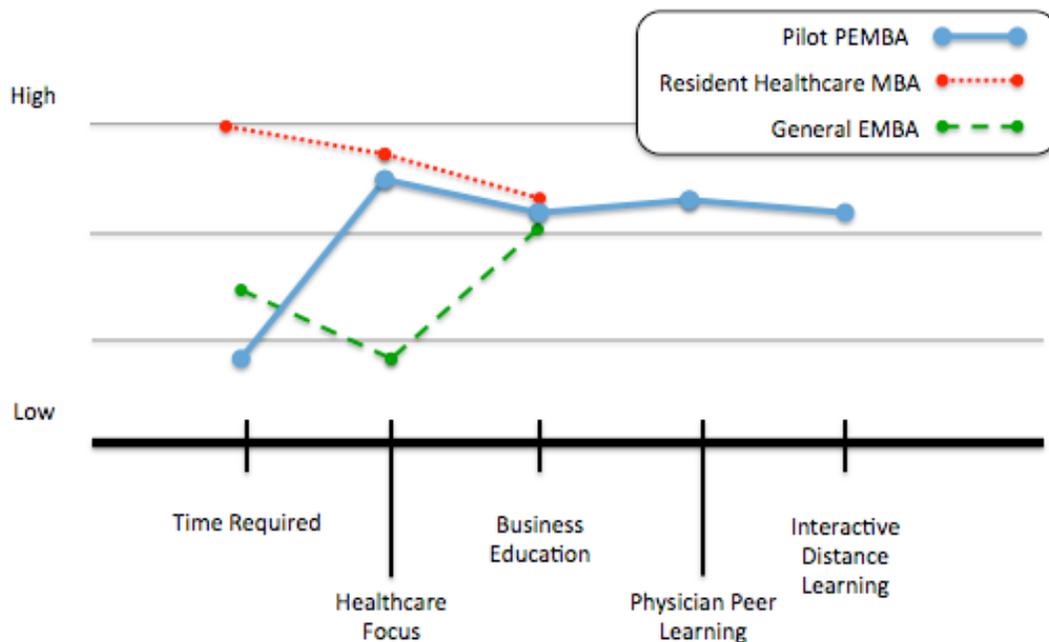


Figure 2 -- Strategy Canvas for PEMBA Program

This use of interactive distance education allows the program to bridge the distance between physicians and the faculty who teach them. A PEMBA staff member described it in the following way, “I guess a way to think of it is we have tried to make distance work for us. We are at a distance, but we are not distant from each other.” The PEMBA program at Pilot has found a way to successfully use distance education and four one-week, on-campus residency programs to offer a credentialed MBA program on physician leadership to physicians across the globe and thereby create an uncontested market. The strategy canvas from Blue Ocean Strategy depicting the differentiation of PEMBA is above as Figure 2.

Pilot's PEMBA program used a strong focus on an underserved market and a nontraditional approach to program delivery to reconstruct the market boundaries as summarized below in Table 2.

Table 2 -- Market Reconstruction by Pilot PEMBA Program

	Pilot's PEMBA program	Healthcare MBA Programs	Typical MBA or Executive MBA programs
Understanding of and focus on issues relevant to physicians	✓✓✓	✓	✓
Mastery of management principles and practices	✓✓✓	✓✓✓	✓✓✓
Time Required	1 year	2-5 years	1-2 years
Peer Physician Learning	✓✓✓	✓	
Lack of disruption to physician practice (use of distance education and short, discrete residency periods)	✓✓✓		

Focus on the big picture, not the numbers. Initially, the Pilot School was approached by an industry leader with the request to design a program like this as none existed. The industry leader withdrew from the project prior to launch, but not before the two faculty members at Pilot had become interested in this market as described by one of these faculty below.

[PEMBA Director] and I had become convinced that there was a serious business opportunity here. It was clear that physicians perceived the need to understand business, not all of them did, but enough did. The ones who did perceive it felt it so passionately that you could just tell that this thing can go.

As these two faculty members conducted focus groups and then 25 individual interviews, the strength of the demand came into focus.

The PEMBA program Director assembled a core team of faculty to design and ultimately deliver this program. They established their vision for the program to be “the preferred MBA for physicians in the world.” Throughout the course of assessment and up through the decision to launch, financial analysis was not a dominant factor. One of the two initial faculty members involved remembers that there was “not any quantitative analysis beyond what you might do on the back of an envelope.” In fact, that aligned well with the general practice of the Pilot School, which is described by that same faculty member below.

We have never placed particularly stringent or onerous earnings responsibilities on executive education [programming]. It has always been do what you think is right and if it produces a surplus the college will be grateful, but you need to first do what you think is right. We are first and foremost a learning institution, so if this is taking our faculty in new directions and we are providing value to the students in the program...”

For the PEMBA team, the focus was on providing value to physicians who needed business and leadership skills as well as the continued development of Pilot School faculty.

Reach beyond existing demand. Even though a case could be made that, at the time, physicians could take advantage of either existing generalized executive MBA programs or one of the programs that focused on the healthcare industry, this market was not particularly well served. Physicians saw a need to learn with peer physicians and focus on physician leadership which differs, even if only in nuanced ways, from a

generalized MBA curriculum. The demands of a busy schedule and limited time away from work further eliminated existing programs as an option.

The Pilot School designed a program that addressed these needs while still recognizing that restricting entry to physicians only was important to the success of the experience. It was also possible for the Pilot School to open the program to a variety of clinical specialties and subspecialties to increase the diversity of the students and the market size. A PEMBA staff member who highlighted this diversity explained that “it is interesting to see, for example, how a surgeon perceives something versus how a pediatrician perceives the same thing.” The clinical diversity and geographic diversity, students from 47 US states and 9 other countries, provided through the blended delivery format of discrete residency periods and distance education has allowed the Pilot School to capture as much market demand as possible with the PEMBA program.

Get the strategic sequence right. PEMBA program development began with a call from an executive at a major industry company in the healthcare industry. According to the PEMBA program Director this executive asked, “Could you help me design and deliver a customized program to train physicians in the art and science of physician leadership?” This made it quite clear that industry demand existed. Even though the corporate partner eventually decided to withdraw from the program due to pressing organizational challenges which were unrelated to the PEMBA program, the strength of market demand was established through physician focus groups and individual interviews conducted by Pilot School faculty.

After establishing the existence of the market, the next challenge was how to deliver a program that met the physicians' requirements for content and schedule. The PEMBA program Director realized that this "necessitated the use of some sort of distance learning platform." Analysis was performed to assess the capability of distance education technology providers, and the decision was made to go forward. This put the Pilot School in a global leadership position according to the PEMBA program Director in that "we [PEMBA] were the first graduate education program in the world to do this [use synchronous distance education]." Pilot faculty first determined that demand existed, then assessed whether they could deliver a program that both met that demand and did so at a cost that allowed for success. Although the program was operated at a loss for several years early in its existence, Pilot School administrators remained confident of the value proposition and the PEMBA program Director has now positioned the program to create a significant annual surplus for use by the Pilot School.

Overcome key organizational hurdles. The culture at the Pilot School allowed the PEMBA program Director to work on the development and launch of this program without significant interference, as he was not negatively affecting anyone else. This single faculty member, working in conjunction with a core faculty team for a portion of the process, effectively managed to design, develop, and launch this program without significant organizational support from across the Pilot School. When the program was struggling to breakeven after the initial launch, that same faculty member doggedly pursued success until he found a way. A Pilot administrator sums up this faculty member's contribution.

[PEMBA Director] gets a lot of credit for that. He has really been a devoted guy to make the thing happen. If I had to imagine the real story behind PEMBA, it's [PEMBA Director] and the way he has found to market that program. He did a lot of very creative work. He tried of a lot things that didn't work, and then he finally stumbled upon things that did work.”

The success of PEMBA rests largely on the efforts of the only Director it has ever had. Even almost 15 years after the launch, “it is easy to identify it [PEMBA] with a single faculty and not to necessarily broaden it” according to another Pilot School faculty administrator. The expansion of PEMBA beyond its Director and core faculty has been slow. A Pilot administrator explained this by stating that “you have to remember that your first line of employees are for the most part tenured, independent contractors who care a lot more about the guild than about your institution.” Creating interest within a faculty who are driven by their own interests and relationships is difficult as the Pilot School attempts to bolster the support for the highly successful PEMBA program. Another faculty hypothesized that the fact that “PEMBA is not really owned by an [academic] department” hampers its ability to become widely accepted across the Pilot faculty body.

Build execution into the strategy. PEMBA continues to enjoy financial success with a forecasted contribution margin in excess of \$500,000 for the current year, and the program is also the top-ranked program for physicians according to industry publications. The faculty Director who developed and launched the program continues to lead its growth and is supported by a faculty team comprised of Pilot School faculty as well as

industry practitioners and faculty from other institutions. PEMBA was not identified as one of four strategic priorities in Pilot's most recent strategic plan although it continues to be a success in an industry desperately in need of leadership and business solutions. A Pilot administrator interviewed offered a perspective on what must be done to build additional support for PEMBA or any program at the Pilot School.

You have to draw a Vinn diagram between faculty interests and marketplace realities, and there has to be an overlap between those two. If there is, you can stumble upon a niche where there is an overlap between those two, good things happen. If you don't, you continue to offer commodity products into overcrowded marketplaces...

In this case, the Pilot School has identified the uncontested market and successfully pursued it with largely one faculty fully dedicated to the effort. However, it has not been able to grow this support within the Pilot School faculty either through faculty hiring or attracting the interest of other existing faculty.

Connection with overall school performance.

Reputation, branding, and external constituencies. When the Pilot School initially launched the PEMBA program, industry and trade journals as well as popular business press carried news of the program, creating visibility for the Pilot School. One of the staff stated that, "there was a lot of excitement about the program. We were in Businessweek. We were in other magazines..." This coverage has continued over the life of the program, and PEMBA has now been ranked as the preferred MBA for physicians

for 8 years in a row. The Pilot School Dean commented that “it is a highly ranked program, so it certainly brings recognition to us [Pilot] that we wouldn’t have otherwise.”

Internal capabilities and internal constituencies. The PEMBA program has bolstered Pilot’s internal capabilities and benefited internal constituencies in a variety of ways. First, the Pilot School Dean reports that it has broadened faculty development opportunities and “reenergized a bunch of faculty members.” A PEMBA staff member also highlighted faculty development as a result of the PEMBA program.

It also helped to broaden faculty and their experiences and their knowledge of handling the physicians through the research they were doing. To hone the curriculum from one that is maybe more generalized to one that is very specific for healthcare. They got to see from a different vantage point as well.”

The PEMBA program also gave the Pilot School the opportunity to push the boundaries of distance education and has led to the use of synchronous distance education throughout Pilot’s executive MBA programs. In addition, a number of short courses focusing on the healthcare industry have been spawned as a result of the expertise and focus gained from PEMBA. And finally, the Pilot School has been able to use financial surpluses for recent years to fund other programming. The PEMBA program Director sums some of the internal benefits of the program below.

In terms of dollar revenue generated, dollar surplus generated, pushing the state of the art in distance education, the diversity of the students we bring in, secondary program development in non-degree short courses...By all those measures, it has

been the singularly most successful customized executive MBA in the history of the college.

Potential missed opportunities. The PEMBA program is clearly successful, and it both directly and indirectly benefits the Pilot School's position, capabilities, and finances. However, it has never become a strategic priority of the school. As mentioned above, PEMBA nor the healthcare industry was identified as one of Pilot's four strategic priorities in the strategic planning process which occurred three years ago. A current Pilot School administrator describes this in the following statement.

I think we have missed an opportunity there. As good as [PEMBA Director] has been in shepherding that one program, he has never had the broader vision of saying, ok, let's go after the bigger challenge of emerging as a leader in healthcare management. There has never been anyone around who has talked about healthcare management in the way that we often talk about [another strategic priority]. We want to be a preeminent school in this whole discipline.

Instead, the PEMBA program continues to be a success and a small group of faculty work in this area on related research and short course programs. When another administrator was asked about whether the PEMBA program was a priority for Pilot, the response was as follows.

By the definitions that I just gave you, no; although I think that just because of length of time that it has been in existence and its #1 ranking, it is on that set of kudos that the college points out. It is still not on the strategic plan. We still do not have enough faculty. We don't have a hiring focus for faculty that have a

research interest in healthcare. Healthcare is a huge opportunity, not just for PEMBA. [The MBA Program] places a lot of students and has a lot of students with a healthcare interest. [There are not] enough faculty to put together a healthcare concentration.

Summary. The Pilot Business School successfully launched the PEMBA program and has developed it into the premier offering for physicians who are interested in building their competencies in physician leadership. The program is of benefit to the Pilot School's national and international visibility and credibility. In addition, this program has allowed faculty to further develop their interest in this area, and it has provided surplus funding to the Pilot School directly through student fees and indirectly through other spinoff programs in healthcare. However, the success of this program has not influenced the Pilot School faculty to make healthcare an area of strategic focus nor does the school prioritize the healthcare industry in most of their other degree or non-degree offerings. This program was developed and launched largely through the contributions of a single faculty member, and a focus on healthcare and physician leadership has not spread to a larger group of faculty. Without this prioritization, the PEMBA program remains an isolated success and an isolated entry into a healthcare market that seems to hold significant opportunity for business schools.

Case III – Shopper Marketing Forum at Pilot

The Pilot Business School was also the setting for the third case researched for this study. In contrast to the Physician Executive MBA program, which is housed in Pilot's executive education group, the Shopper Marketing Forum is an activity that has

been undertaken by an academic department at Pilot. The five participants interviewed for the Shopper Marketing Forum strategic move described the same overall culture at Pilot as has previously been described, so it will not be repeated in this section.

However, the participants also identified a strong culture within the founding academic department, the Department of Marketing and Logistics, so that culture will first be detailed prior to describing the Shopper Marketing Forum.

The Department of Marketing and Logistics at the Pilot School is well known by academics and practitioners alike for their work in logistics and supply chain management. The Pilot School programs in this area are typically ranked in the Top 10 and enjoy wide support from industry. The Department has a Supply Chain Forum that brings together practitioners, academics, and students to dialogue about the current trends and issues in supply chain management. This Forum enjoys the support of over 50 corporate member companies and is widely recognized as a place to discuss and debate supply chain management as well as gain access to top graduates in this field. The Department of Marketing and Logistics at Pilot has been able to position itself in the top echelon of academic faculties within the area of logistics and supply chain management. As discussed above, the faculty within this department generally agree with the Pilot School position of recognizing that they are most likely to make an impact by competing within a differentiated area or niche. A faculty participant interviewed about the Shopper Marketing Forum identified the challenge with this task in the vast landscape of marketing research and education. “We do really well at niche areas. We are not so good at going head to head. In the marketing space, there are thousands of marketing

departments.” This culture has influenced some faculty within the Department to create a differentiated position built upon the concept of Shopper Marketing within the general marketing competitive landscape.

While the Pilot School works closely with industry partners in general, the Department of Marketing and Logistics at Pilot occupies a leadership position in this regard. Through the Supply Chain Forum, the Pilot School faculty who focus on supply chain regularly interact with industry leaders and prize these relationships. The Department Head noted the faculty’s “willingness to engage the business community in joint research and collaboration.” A Pilot staff member interviewed who has familiarity with many other business schools remarked how “not a lot of universities interact with companies in that way [via a Forum structure]”.

The motivation for this close relationship with industry is to ensure that the Department is maximizing its influence through research, teaching, and direct collaboration; another motivation is to produce much needed funding for the Department. The lead faculty for the Shopper Marketing Forum characterizes it this way, “We want to stay connected to the business community for our research and to make sure our teaching is contemporary and relevant.” The Department Head phrased it as viewing “organizations as our laboratories,” and he emphasized how much time scientists spend in their laboratories conducting research and teaching. One of the Pilot staff members who worked in industry prior to joining the Pilot School identified the culture as “being more focused on industry and trying to resolve real-life problems.” The Department that

launched the Shopper Marketing Forum is not only entrepreneurial as is the overall faculty at Pilot, but they are also highly focused on close partnerships with industry.

Description of the Shopper Marketing Forum. The Shopper Marketing Forum was launched to serve as a hub for academics, practitioners and students to gather and advance the development and practice of Shopper Marketing which is a nascent approach to business where the shopper's desires and habits are investigated and incorporated into all aspects of marketing and sales. For example, in the case of something as simple as laundry detergent, a consumer products manufacturer may work with a retailer to identify the best way to package, display, and sell the detergent. This may lead to a different location or method of displaying the detergent, changes in product labeling or packaging, bundling with other products, and a variety of other adaptations that require communication and action on the part of every entity involved in the manufacturing and sale of the detergent. All of these changes are directly based upon how the shopper behaves while in the store and what they base their purchase decisions upon. Consequently, Shopper Marketing requires a new approach to inter-firm partnerships and a high degree of responsiveness along a product or service's entire supply chain.

The Pilot School Department of Marketing and Logistics used their experience in supply chain management, their experience in managing other Forums, strong industry partnerships, and faculty interest in this area to stake out a position as a leader in the Shopper Marketing arena. Through the Shopper Marketing Forum, interested companies and individuals can come together to discuss the challenges and future development of the area, sponsor research projects, and hire Pilot School students which have been

educated in shopper marketing. Pilot School faculty use insight from this Forum to better educate students in Shopper Marketing which in turn provides stronger candidates for companies to hire. Companies join the Forum upon a commitment of organizational participation and a regular financial contribution that helps to support Pilot's programming in this area. In addition, they have the opportunity to sponsor research in an area of particular interest to their firm.

Organizational and environmental factors that influenced approach.

Environmental attractiveness. The environment was attractive to faculty in the Pilot School Department of Marketing and Logistics for three primary reasons. First, a clear need for additional research and competency in this area emerged during investigation by a Pilot School faculty member who eventually became the Director of the Shopper Marketing Forum. This faculty relates a pivotal conversation with two industry insiders.

When we picked around the topic for a couple of times in the conference room, it turns out for the consumer package goods companies, this is a pretty big deal.

They were saying they were spending hundreds of millions of dollars trying to figure this out.

A Pilot staff member relayed this recognition of the market need in an even more direct manner.

The fact that somebody comes to you and basically says I think we should do this and here are my buddies; we are all going to throw money at it. How dumb are you not to say let's have a look at this? That doesn't mean that you are a sellout.

That basically means that you understand what your mission is as a scholar and where you are going to go.

Through conversation with industry, Pilot School faculty were able to learn that companies could not hire employees with suitable competencies in this area. Significant opportunities also existed for research and thought leadership in this underdeveloped and uncontested market.

Second, as the Pilot School began to connect with industry on the topic of Shopper Marketing through the single Pilot faculty member who was leading this effort, it became more and more apparent that the market was uncontested. The faculty Director reported that, “At trade meetings and conferences, we might be the only university there.” The Department Head emphasized this point, “I don’t think there are many other options on the academic front where the words shopper and marketing are being pronounced together.” This opportunity to distinguish the marketing activities at the Pilot School in a way similar that the logistics faculty had also done within their department was attractive. The Shopper Marketing Forum Director summed up this position by stating, “By connecting with businesses directly on something important to them that few other universities are paying attention to, we get catapulted to the front of the line.”

Finally, shopper marketing was attractive as it gave a Pilot faculty member, who would later go on to be Director of the Shopper Marketing Forum, the opportunity to grow and develop in the area of his choosing. This faculty member summarized his position by saying that he saw the following positives in a Shopper Marketing Forum launch.

...Alignment with interests of mine, what I saw was alignment with faculty in the department, at least a dozen, even if they didn't see it themselves, I saw their connection, the fact that there was definitely a market need for at least teaching in this area and it looked like even more research in the area, and few competitors. The Pilot School Dean further cemented Pilot's position by saying, "You have a key faculty member who is really interested in it. It seemed like a way to differentiate what might otherwise be a somewhat generic marketing program from other marketing programs." In fact, the pivotal criterion for Pilot administrators may have been faculty interest as captured in this statement from a Pilot administrator, "I think some of that [decision] was based around a good idea and some of it was based around trust and faith in [Shopper Marketing Faculty Director] that he is not going to do something and not do it well."

Organizational capabilities and resources. A faculty member who was interested in the topic, a close relationship with industry, and a proven Forum model in adjacent areas such as supply chain management comprise the major organizational capabilities and resources brought to bear by the Pilot School. First, the individual faculty member who eventually became Director of the Shopper Marketing Forum had a keen interest in the subject, and the Pilot School has a keen interest in supporting this high potential faculty member. The Pilot Dean offered that, at least in part, the Shopper Marketing Forum was to "capitalize on the interest of a faculty member that we see as really being someone we want to support and we want to build the future of the college around him and other people like him." The Department Head echoed this position

through his description of this faculty member's unusual qualifications as a "very well thought of marketing professor also published heavily in logistics journals, so he understands supply chain issues as well as marketing issues."

This faculty member had also developed a relationship with industry executives at key firms such as Pepsico and Crossmark that allowed a window into the needs of the industry. The genesis for the Shopper Marketing Forum was a conversation between two influential industry executives who are also Pilot School alumni. The faculty Director recalled that the idea for the Shopper Marketing Forum actually came from the executives, "They knew that we did work in general marketing and in consumer goods, that we knew supply chain management, and thought we might be interested." The criticality of this industry relationship cannot be overstated in the Pilot School's decision to launch this initiative as is detailed in the following statement by a Pilot administrator. "We have some external champions in the network that are helping us more than we are helping ourselves even in terms of opening the opportunity for us."

An established Forum model already in use in the supply chain management area was another capability upon which this department was able to draw. In the words of the Shopper Marketing Forum Director, "I knew how to start a Forum." This faculty member had been involved in the successful Supply Chain Forum and was able to benefit not only from institutional knowledge but also from scaling the Supply Chain Forum support structure to the operations of the Shopper Marketing Forum. By utilizing experienced support staff who had capacity to undertake this additional forum, the associated costs and risks were somewhat mitigated.

Finally, the established position that the Department had in supply chain management provided a firm foundation on which to build. The Shopper Marketing Forum Director explained that “most of the companies want us to leverage the supply chain side because we are pretty well known there and that is a pretty unique aspect.” The Department Head also supported this position by saying, “I think that we are well positioned. It happens to be a niche area in marketing that is a good match with what we are already good at on the supply chain side.” He continued by emphasizing the fit with existing organizational capabilities and priorities.

This [Shopper Marketing Forum] is pretty close to what we consider to be our own strategic mission of demand supply integration, supply chain management, it does fit with what we are good at, and importantly we have this ready format [existing Forum structure] that it can just fit in.”

Organizational orientation for competition or innovation. In concert with Pilot’s overall orientation toward innovation and differentiated positioning, the Department of Marketing and Logistics at the Pilot School has a philosophy and a track record of pursuing nontraditional foci and programs. As it refers to Marketing, the Department Head emphasizes that “anything that we can do to differentiate ourselves to be seen as somehow different and better than just your generic marketing department is I think a good thing.” The Shopper Marketing Forum Director further explicates this point in the following statement.

What most schools do if they want to be known for anything, they just copy another one. They try to follow Kellogg in brand management or Wharton in

competitive strategy or Florida in consumer behavior or South Carolina in international marketing. Those schools own those spaces. I looked at all those and had to think about when is there an opportunity to do something that nobody is paying attention to yet. I like niche strategies and I like first mover advantage. If you are first in a niche area, the world is yours, for a while. It gives you breathing room, so you can build the damn thing.

The size of the general marketing space, the relative lack of funding when compared to other schools, and the dominance that key institutions already have over traditional areas in marketing have led this Department to search for an uncontested space. When asked about why Pilot did not pursue more recognition in the traditional marketing areas, the Department Head responded with the following statement.

There are only so many spaces [at the top]. It is kind of like to me, it would be if we said let's become the consumer behavior school, it would sort of be like let's develop and build a smartphone that has a little glass case on it where you can move icons around and use your finger. It's like, yeah right, you are going to compete against that. Give me a break.

The relatively poor positioning of the Pilot School Department of Marketing and Logistics to compete in the generalized marketplace for marketing education is recognized by the faculty and administrators and appears to have been a primary contributor to the launch of the Shopper Marketing Forum.

Use of reconstructionist principles during implementation.

Reconstruct market boundaries. A recognition and understanding of this developing area within business by the Pilot School faculty allowed the creation of the Shopper Marketing Forum to uniquely address the issues at hand. The Shopper Marketing Director said he “was surprised it [shopper marketing] didn’t show up in any academic articles...so there clearly wasn’t a translation going on there.” The Department Head added to this position.

Academics weren’t necessarily providing a lot of guidance [in the area]. It was one of those very common things we see in academia where practice is way ahead of academics. Where people go off and do things, and academics are running like hell to try to catch up and try to figure out what the heck people are doing. The close relationship with industry and an interested faculty member allowed the Pilot School to directly address industry needs and, in some cases, address them through a repositioning of previously existing programs.

The following statement from a Pilot School administrator describes the natural fit between industry needs in this area and the type of research and students historically provided by the Pilot School.

I think partly you have to know how shopper marketing fits in the world of corporations and brand. The shopper marketing person at least to date, that all may change in the future, is not the most senior strategist in the company. Those high-name, very prestigious schools, they are still going to get their most senior brand strategists pipeline. They are not necessarily saying we are going to stop

hiring Kellogg [Northwestern University] people for our assistant/associate brand positions. It is filling this gap between these super-strategist types of people and then everybody else on the line that is just working. There is a big gap for a creative person who understands strategy, but also is willing to figure out how to implement, and can make decisions on the fly. In supply chain, for example, that is one of the areas that Pilot is known for, we say we produce students who can roll up their sleeves and go to work, but they still have the knowledge base to understand the higher-level concepts. But they don't mind rolling up their sleeves and working. Shopper Marketing fits into that brand placement hierarchy in a good spot that Pilot is known for, so it has been nothing but positive acceptance. Even the Northwestern and the Booth's [University of Chicago], they are not looking at adopting shopper marketing because they have a place that makes sense based upon their reputation. This is an opportunity for Pilot; there are not a lot of schools that can adopt this focus well.

As captured in the quote above, the profile of the typical Pilot School student matches with industry needs in this area, and ongoing research by Pilot faculty members in shopper marketing naturally supports the development of students and industry partners in the area of shopper marketing.

In addition to redirecting students and research toward this underserved area, the formation of the Shopper Marketing Forum also gave key industry and academic players an opportunity to regularly gather to debate and discuss. By pulling together industry leaders at the Shopper Marketing Forum, the Pilot School has quickly built a reputation

in this area. A Pilot School staff member supported the importance of creating a hub where industry practitioners, academics, and students can assemble, “that is how you become known, and that is how you work. It is a combination, research, industry goes to you, you do industry projects.”

Market boundaries were reconstructed through a call for attention and focus on this area by the Pilot School and through the creation of the Shopper Marketing Forum where substantive conversation could take place to advance knowledge and practice. Industry Associations such as the Grocery Management Association sponsor research and offer limited opportunity for practitioners to interact at trade conferences regarding this subject, but no other entity had created a Forum where practitioners, academics, and students with an interest in the area could join together to make real progress on key issues. The integration of issues related to Shopper Marketing and a clear positioning of them in relation to Shopper Marketing has created an environment that is attractive to industry, academics, and students. The power of this integration and the new market that it has created shows in the following statement from a Pilot staff member.

The trick of this thing is the integration. Use the strengths that you have on Demand Supply Integration. Embrace the complexity of the subject matter, and then go attack it, recognizing full well that means that you have to add on to traditional parts of marketing such as shopper behavior or consumer behavior, product development, etc. Take it from there. The trick is to offer the wider realm of what it is. Shopper Marketing is complex, so therefore you have to offer a complex solution. I think that if you go out and be another I-know-everything-

about-how-people-walk-through-a-store school. Go to Texas A&M. It is right next door to Pepsi, and they do that, too. And they have a better lab than we will ever have probably. You are trying to find something else. You distinguish your product.

The strategy canvas depicting how the Pilot Shopper Marketing Forum distinguished itself from contested markets is detailed below in Figure 3.

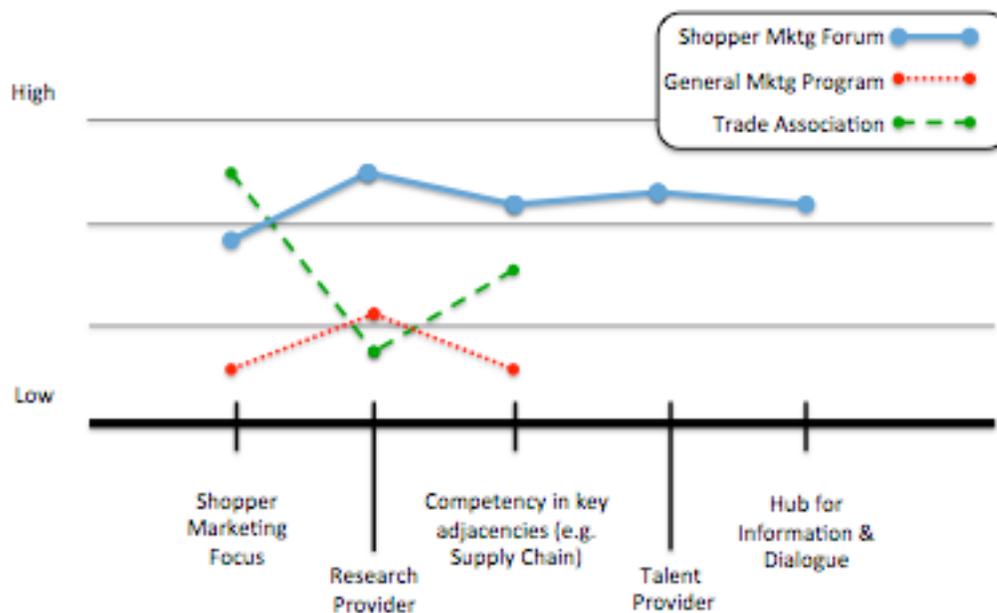


Figure 3 -- Strategy Canvas for Shopper Marketing Forum

In sum, Pilot's Shopper Marketing Forum has reconstructed market boundaries through providing focus on the relatively new topic of shopper marketing and by doing so in a way that brings together practitioners, students, and academics. This market reconstruction is summarized below in Table 3.

Table 3 -- Market Reconstruction by the Pilot Shopper Marketing Forum

	Pilot's Shopper Marketing Forum	Typical marketing programs	Industry trade associations
Focus on shopper marketing	✓✓✓		✓✓
Provision of research on shopper marketing	✓✓✓	✓	✓
Competencies in key adjacent areas such as supply chain management	✓✓✓		
Source for shopper marketing talent development	✓✓✓	✓	
Hub where practitioners, academics, and students can assemble to meet and have dialogue about shopper marketing	✓✓✓		✓✓

Focus on the big picture, not the numbers. The Pilot Department of Marketing and Logistics and the Shopper Marketing Forum Director were already searching for some way to separate the school from the direct competition that is so prevalent among marketing schools. A conversation between industry executives who were Pilot School supporters and a Pilot School faculty member, identified the area of shopper marketing.

They were kicking around a lot of different ideas and [industry executive] actually hit on shopper marketing and said, “This is it. This is what every person in the consumer packaged goods industry is worried about. If you can make some headway in prompting discussion here [at Pilot], we can make this work.”

From that conversation, the focus was squarely on creating the Shopper Marketing Forum to provide a differentiated position for the Pilot School in this area. It was not until the end of the initial Forum meeting that financial support from the companies was publicly discussed. Even then, the industry practitioners present drove the conversation according

to the Forum Director. “At the end of the meeting, a sponsor stood up and said, ‘Who’s in?’ I want commitments now.” At the end of this meeting, five companies were on board to programmatically support this vision as well as provide approximately \$100,000 of annual funding to the Shopper Marketing Forum.

Reach beyond existing demand. The focus on Shopper Marketing not only connected with existing corporate partners, students, and faculty, but it also attracted those that were not affiliated with Pilot. Pilot has been able to secure several corporate partnerships in Shopper Marketing with companies that previously did not have a relationship with the school. The Pilot School MBA Program now has a Shopper Marketing concentration offered through the Forum faculty, and a Shopper Marketing fellowship was begun last year to attract students who would normally be drawn to top generalist marketing schools. The Shopper Marketing Forum has also not limited industry connections to the marketing functions within companies, but rather has connected with companies across the entire supply chain who are interested in shopper marketing or must support it as a part of their business relationships.

Get the strategic sequence right. As the Shopper Marketing Forum originated during a conversation with industry executives, it was clear that there was market interest. The Pilot School Department of Marketing and Logistics operated Forums in other areas and clearly understood the associated costs. From the first meeting with the Pilot School alumni who were industry executives, it was clear to the involved Pilot faculty that industry would support this focus. A Pilot staff member recalled a critical point during the launch meeting, “The members and the people who were there, it was

very much a snowball effect. I know this guy, and I know that guy, and basically the few key players pulled people in.” He went on to describe the part of the meeting where a practitioner asked for support from other industry players, “Here are all these industry people waving around checkbooks. You better hurry [to get something launched]. I think it got traction at that meeting.” Finally, the Pilot School Dean, who has not been heavily involved in Shopper Marketing, was also quick to note, “as soon as we expressed some interest in doing this, the corporate support for it was just like that.”

Overcome key organizational hurdles. The Shopper Marketing Forum at the Pilot School clearly began with the interest of one faculty member who eventually became its Director. This faculty member is well respected by his Department and throughout the Pilot School. The Marketing and Logistics Department Head describes the effort below.

[It was] very entrepreneurial from a single individual, and it continues to be that way. That is part of the thing that worries you a little bit about an effort like that until there is more institutionalization of the expertise or the added value that is provided to these folks then it is completely on the back of one person.

A Pilot staff member remarked “the reason that it became such a big focus was the drive of [Faculty Director]” and “the good thing that [Faculty Director] did, which is remarkable, is that he subsequently spent a humungous amount of time doing internal selling.” A fellow faculty member relayed the following sentiments about the individual efforts of the Shopper Marketing Forum Director.

I feel foolish...because the reality is that I underestimated the ability of one person to make that happen. This hasn't been a collective effort on the part of the Marketing faculty. This has been handing [Shopper Marketing Forum Director] a lot of rope and saying go.

Even with evidence pointing to a market opportunity and industry support, the Department faculty entrusted virtually the entire responsibility to a single individual.

The Shopper Marketing Director knew from the outset that the success or failure of the effort largely rested on his shoulders. In the statement below he recalls the meeting where he received permission from the faculty to continue.

I brought it [Shopper Marketing Forum] to a department meeting and gave a little pitch, a presentation, of what shopper marketing was. I told them how it connects to a lot of things we are doing in marketing and some on the supply chain side. I told them how the statistics department is working on data mining and shopping basket data. The retailing department is doing a lot that we could build on. At that time, I thought advertising would get excited about it, but they didn't. The Department said to go for it. I think they were skeptical at the time when they said go for it, but they trusted me.

Ultimately, an interest in the area and the desire to influence the industry drove this individual Pilot School faculty member to forge ahead.

Two years after the launch of the Shopper Marketing Forum, it appears that the majority of the responsibility remains on the Faculty Director and has not been transitioned to the wider organization. A Pilot administrator stated, "It is a real turning

point to move this from one faculty member's enthusiastic research stream that has had higher than expected response in the marketplace to a collaborative departmental effort.” The administrator continued, “We are nowhere close to that in shopper marketing, and I know [Director] would say that one of his biggest challenges is to get colleague buy-in and the hiring opportunities to build out a true Shopper Marketing team.”

The difficulty of gaining faculty buy-in was a focus for all participants interviewed. It was identified by the Shopper Marketing Forum Director as his biggest challenge, particularly getting Pilot School faculty to engage with corporate partners on research in areas of mutual interest. The Director highlighted this as a typical problem in academic environments. “Then once you decide to do it [launch a program], it is not easy to do. The reason that most of those other universities don't have programs is because they can't get more than those individual faculty on board. Faculty are like cats. They have PhDs. They have tenure. They will do whatever they want to do.” This position was supported by an account from a Pilot faculty member about times when the Shopper Marketing Forum was pitched by the Director.

Well, I don't know a lot of the details. I will just tell you as a faculty member who was sitting in the room a lot of times when [Director] would get up there and say, “Here's what I want to do in Shopper Marketing” and we are going to have this Forum, and we are going to have these people come in and we are going to have a meeting and I am working with these people...I can just very honestly remember sitting back there and saying, “What the hell is this?”

In fact, the Shopper Marketing Forum Director points to the Pilot School faculty as being much better than average at working together and supporting one another as one of the reasons for the success of the Shopper Marketing Forum.

Each of the participants interviewed confirmed that the only way to truly institutionalize Shopper Marketing into the department is to hire faculty for this purpose. The Department Head stated this succinctly when he said, “The only way that you really institutionalize something like this is through hiring people.” However, hiring is limited due to resource scarcity and often faculty are hired based upon their individual strengths instead of how they fit into a given strategic initiative. The Pilot School has recently hired two faculty members with an interest in Shopper Marketing, so this may be a sign that the Shopper Marketing Forum will become more institutionalized over time.

Build execution into the strategy. Despite the strength of the opportunity and the initial success, it does not appear that Pilot has yet been able to build execution into the strategy. The Shopper Marketing Forum Director has previous corporate experience and compared the Shopper Marketing Forum launch to previous activities in the corporate sphere.

Light years different. Light years different. Moves at a snails pace versus what I would expect in corporate. Much more influencing and less control, so I don't have as much authority. I have accountability for sure; if the whole thing fails they blame me. I have no authority to influence anybody in this case except for maybe a couple of the staff...

On the other hand, the Director was quick to point out the relative strength of Pilot in this area.

In my mind it is the best you can hope for in a university setting. I think they have been very, very supportive here, more than anywhere else I would have been at. But, it is still nowhere near what I would expect if I were back in business. I'd be five years ahead of where I am right now easily, in a corporate environment.

Over two years after the initial meeting, and with success in attracting corporate partners and funding, the Shopper Marketing Forum is still an isolated effort of a few faculty and has not been embraced programmatically or financially by the Pilot School faculty and administration.

Connection with overall school performance.

Reputation, branding, and external constituencies. The Shopper Marketing Forum has created a mechanism for companies that did not previously partner with the Pilot School. The Pilot School Dean captured this by saying, "Go down to the Shopper Marketing Forum and look at the companies represented there. It is an all-star cast." The Shopper Marketing Forum Director reports that he is getting "quite a few calls out of the blue" from companies who are interested in the Shopper Marketing Forum. A Pilot School staff member who has recently interacted with academics from across the marketing field reported that there is recognition that the Pilot School is having success at gaining traction in this area. The Shopper Marketing Forum Director says that he

ultimately wants mind share from these companies, and the Shopper Marketing Forum is beginning to deliver that.

The Pilot School MBA Program Director says the Shopper Marketing Forum has offered a storyline to successfully attract some students who would not have considered the Pilot School prior to these efforts although she admits that it is a bit early to truly determine what impact the Shopper Marketing Forum may have on the Pilot MBA program. The Pilot Department of Marketing and Logistics Department Head echoes this position regarding the department in the statement, “it is still a little early to tell whether or not it becomes this fairly isolated effort.”

Internal capabilities and internal constituencies. The Shopper Marketing Forum is too early in its existence for many internal capabilities to have developed; however, there are positive initial signs. The first two doctoral dissertations on shopper marketing are nearing completion and both of these students have accepted offers to join the faculty at excellent schools. The two faculty members with interests in shopper marketing who have been hired have been able to bolster the individual efforts of the Director and are working with MBA students interested in Shopper Marketing. The Pilot School Dean stated that the Shopper Marketing Forum likely aided in attracting these faculty members. “We have hired several new people in marketing this year. It is pretty impressive [to prospective faculty] that we have moved into some new area this quickly...So, it has probably helped us in recruiting.” Finally, the shopper marketing focus appears to be helping in recruiting MBA students with this interest and in attracting employers to hire these students.

Potential opportunities. The Shopper Marketing Forum is still relatively new. It is possible that the Forum will help to position Pilot as explicated below by the Head of Marketing and Logistics.

Ultimately you may want to get to the point that we teach in class which is, “What is positioning?” Positioning to me is an exercise in word association. For our target audience, 10 years from now, if you say Marketing Department [Pilot School of Business] they may very well say, oh yeah, those are the shopper marketing people. And that wouldn’t be a bad thing to have happen.”

At the present time, this is not the case, nor is Shopper Marketing trumpeted as one of the things which define the Pilot School. The Pilot MBA Program Director made this clear when referring to what the Pilot Dean references in public appearances.

If I look at what [Pilot School Dean] says if he does an interview, what he says that [the Pilot School] is known for, shopper marketing is probably not one of the things that he mentions. If you look at overall positioning, we have probably not hit it yet for shopper marketing.

Ultimately, time will tell the impact that the Shopper Marketing Forum will have on the Pilot Schools overall performance.

Summary. The Shopper Marketing Forum represents a clear market opportunity that fits well with the Pilot School’s organizational capabilities and historical market positioning in adjacent areas such as supply chain management. Through the efforts of an individual faculty member, the Shopper Marketing Forum was successfully launched, and it appears to be yielding initial success in student and faculty recruitment as well as

doctoral research. However, the Shopper Marketing Forum is still largely the effort of an individual faculty member as neither the Department in which it is housed nor the Pilot School have lent significant organizational support besides what has been directly requested by the involved faculty. The Shopper Marketing Forum is too new to be a part of the Pilot School's strategic plan and is not regularly mentioned by Pilot School leadership as an area of focus. Although the Forum is too young to give a clear picture of overall organizational impact, for the purposes of this study, the recent launch allows a detailed account of the organizational hurdles that must be overcome to launch a program in an academic environment.

Cross-Case Analysis

In addition to the detailed description of the cross-case findings in this section, Table 4 provides a summary of these findings below.

Environmental and organizational factors influencing pursuit (RQ1). In response to Research Question 1 concerning the environmental and organizational factors that influenced the schools across these three cases to pursue a reconstructionist strategy, four major findings emerged. Although they do generally align with the three categories identified by Kim and Mauborgne (2009) that were used to organize the individual case findings, several of the cross-case findings overlap two or more of Kim & Mauborgne's (2009) categories. Therefore, to achieve maximum clarity, the four findings to Research Question 1 are presented below without categorization.

Active Relationship with Industry Partners. In each of the three cases a close relationship with industry precipitated the school's decision to pursue an uncontested

market. Whether the relationship rested primarily between a faculty member and an industry executive as it did with the Diamond School International Luxury Brand Management MBA, or it resulted from a request for assistance from a business leader located near the school as was the case with the Pilot School PEMBA program, or it sprang from a conversation with two alumni who are now successful industry executives as with the Pilot School Shopper Marketing Forum, the relationships and interaction with industry executives were critical for each school to realize that the market existed.

The support of these industry partners was also critical in developing the plans for the launch of the strategic move, providing funding, and channeling customers to the moves in the form of students and corporate partners. For example, two luxury goods companies helped the Diamond School design their program, provided brand recognition for the program, offered entrance to the closed industry environments, and hired the graduates from the program. In the Pilot School's PEMBA program, the initial partner provided development funds and offered access to its physicians to help design the program, and a PEMBA alumnus identified the most successful way to market the program through medical society meetings. In the case of the Pilot School's Shopper Marketing Forum, two alumni provided the topic area, worked to recruit other companies, and one literally made the sales pitch for financial support to colleagues at the first meeting. It is the close connection with industry that defines these programs. Industry partners provided crucial support along every step of the way through market identification, design, and launch of each of these three strategic moves into uncontested markets.

Table 4 -- Summary of Findings

Organizational and Environmental Factors Influencing Pursuit (RQ #1)

Active Relationship with Industry Partners

Alignment with Individual Faculty Interest and Capability

The Heart and Mind of a Challenger

Organizational Acceptance and Experience with Reconstructionist Moves

Use of Reconstructionist Principles During Implementation (RQ #2)

Reconstruction of Market Boundaries Tended to Occur Naturally through Contact with Industry Partners

Organizational Structures Fostered Natural *Focus on the Big Picture, Not the Numbers*

Lack of Organizational Support Drove Faculty Entrepreneurs to *Reach Beyond Existing Demand* and to *Get the Strategic Sequence Right*

Individual Faculty Success was an Initial Requirement to *Overcome Key Organizational Hurdles* although even when Innovation was Supported, Institutionalization was Uncertain

Building Execution into Strategy was Challenging due to the Lack of a Mechanism to Steer Resources toward a Successful Move and Little Use of the Move in Overall School Strategy and Positioning

Connection between Strategic Moves and Overall School Performance (RQ #3)

Increased Visibility, Strong Corporate Partnerships, and Global Differentiation were aided by Reconstructionist Moves

Internal Capabilities, Competencies, and Finances were Strengthened

Alignment with Individual Faculty Interest and Capability. The importance of individual faculty interest cannot be overstated in these three cases. It was clear that none of these strategic moves would have advanced had it not been for a single faculty member who took a personal interest in taking the initiative. The freedom and autonomy characteristic of an academic institution populated by tenured faculty makes the interest of a faculty member a necessary prerequisite to undertaking this type of strategic move. While it is conceivable that more than one faculty member could be interested and therefore the workload could be better distributed, this did not happen for a variety of reasons in any of these three cases even where other faculty seemed to have significant levels of interest. In each case, a single faculty member recognized the opportunity and carried the strategy all the way through launch. Only in the case of the Diamond School's MBA program has one of these moves been successfully transferred from the faculty who began the effort to a successor. At the Diamond School, the founding faculty retired and handed the responsibility to a successor who also obtained his PhD at the Diamond School. In the interview, the current program Director noted a fear of finding the next generation of leaders for this program.

As individual faculty members were the ones who recognized the attractiveness and carried the initiative through successful implementation, these faculty were required to have the capability and motivation to singlehandedly shoulder this responsibility. In each of these cases, the founding faculty member had interest, respect, and the capability to successfully execute the program. These individual faculty entrepreneurs, who

represent a markedly different profile from the average faculty member, were the foundation on which each of these strategic moves was built.

Finally, the decision to pursue conversation with industry about these strategic moves often appeared to be more opportunistic on the part of the individual faculty member who was interested in the topic rather than a result of deliberate strategy by the school. This is especially true in the two cases at Pilot where the moves gained initial traction as a result of a phone call inquiring about interest (PEMBA) and at the behest of two alumni (Shopper Marketing). In contrast, the Diamond School's move toward a luxury goods focus was supported by a strategic desire to internationalize the school even though the initial cooperation with the luxury goods industry was the initiative of an individual faculty member to pursue an area where she had a research interest.

The Heart and Mind of a Challenger. A pursuit of innovation, which might be described by some as being a wily challenger, characterizes these two schools and the individual faculty involved in the three cases. Although the Diamond School is a well-respected and highly ranked school in Europe, it has a strong competitor school within its home country and a perennial lack of funding that leads it to play the role of challenger. At the Pilot School, poor funding from the State government and the lack of a Top-25 ranking force the Pilot School to always be looking for a way to fund programs and distinguish itself from other schools. Both the Diamond and Pilot Schools have strong reputations as challengers. It is important to note that virtually every participant interviewed was quick to admit their schools relatively poor positioning and challenger

status, and it seems that this, in some way, nurtures the next finding which is organizational acceptance and experience with reconstructionist moves.

Organizational Acceptance and Experience with Reconstructionist Moves.

Faculty at these two schools have both the freedom to pursue areas of interest and the opportunity to employ the school's name and reputation in these efforts. Diamond and Pilot School Administrators are willing to employ the ideas and resources of individual faculty entrepreneurs to advance their schools' position and lend financial support.

While neither school seemed to appropriately prioritize resources behind successful programming, at least they both did allow faculty to advance differentiated programs in new markets. The culture of entrepreneurship and innovation, which is identified as a prerequisite to reconstructionist moves (Kim & Mauborgne, 2009), was foregrounded in the documents reviewed and interviews conducted.

Furthermore, both the Diamond and Pilot Schools have a history of working closely with industry partners and relying on individual faculty to enter new markets. Their administrators and faculty are accustomed to the process and certain organizational support mechanisms exist. For example, the Diamond School has a process by which individual faculty can set up "Chairs" or "Institutes" which offer a vehicle for channeling programmatic and financial support. In the case of the Shopper Marketing Forum, the Department of Marketing and Logistics at the Pilot School already had a similar Forum in supply chain management. This organizational experience seemed to allow for a better understanding of how future reconstructionist moves might succeed.

Use of reconstructionist principles during implementation (RQ2). In response to Research Question 2 concerning how reconstructionist principles were used during the implementation and execution phases, the cross-case findings naturally aligned along Kim and Mauborgne's (2005a) six principles of Blue Ocean Strategy.

Reconstruct market boundaries.

Appeared to occur naturally through contact with industry partners. The Diamond and Pilot Business Schools have both benefited from relationships with industry partners and alumni who have been able to help the schools identify and pursue uncontested markets. In a highly fractured academic marketplace, where schools often do not have a logical competitive strategy, a school's natural connection with its alumni and business contacts, who desire to see the school be successful, seemed to create a natural place where conversation could occur to identify uncontested markets.

Focus on the big picture, not the numbers.

Organizational structure fostered natural big picture focus. Academics appear to have a tendency to focus on the big picture when pursuing these types of moves, and the academic organizations at the Diamond and Pilot Schools do not do much to discourage this big picture focus. In the three cases studied, the academic organizations did not push individuals to focus strictly on financials and cost benefit analyses that are found so often in corporate environments. As is the case in most academic organizations, the Diamond and Pilot Schools also have flat organizational structures where faculty receive very little direct supervision. This type of environment allowed faculty to pursue their professional interests unimpeded by the hierarchy typical of corporate organizations.

Reach beyond existing demand.

Lack of organizational support drove search beyond existing demand. In these cases the faculty responsible for the development of the three strategic moves studied were forced to arrange support for their programming with little formal organizational assistance. This tendency seemed to incentivize the faculty to be creative to tap as much demand as possible. In the case of the Diamond School International Luxury Brand Management MBA program, the Diamond faculty sought participation from the entire spectrum of luxury goods companies instead of focusing on one aspect such as fashion or wine. In the PEMBA program at the Pilot School, the founding faculty member employed distance education to tap a worldwide market and break free from the geographic limitations that characterized other programs. The Shopper Marketing Forum approached the subject from the perspective of interfirm coordination and therefore pulls corporate partners from all parts of the supply chain—manufacturers, retailers, advertising firms, consultants, and service providers.

Get the strategic sequence right.

Lack of organizational support forced the correct sequence. Contrary to what is seen in corporate settings where a new product or service is launched without regard to the companies ability to fulfill the market needs at a profit, the lack of organizational support for these three moves at Diamond and Pilot forced them to be successful on their own. At first, this may seem counterintuitive, as academia is not necessarily known for its rigorous cost benefit analysis. However, as each strategic move was forced to muster its own programmatic and financial support at each step of the way, it became a question

of survival of the fittest. Only programs that fulfilled a market need, connected with customers, and self-funded moved forward. Others died from resource starvation or lack of faculty attention.

Overcome key organizational hurdles.

Individual faculty success was an initial requirement. An interested faculty must first successfully balance his or her schedule to launch a program while fulfilling other required duties. In each of the three cases studied, the faculty were senior faculty who were well-liked and trusted by colleagues. Even though the faculty were trusted, they were forced to demonstrate program success prior to garnering much attention or resources from colleagues or administration.

Innovation was supported, but institutionalization was uncertain. The positive news from the three cases studied is that innovation is allowed to freely happen and is not muted by oppressive organizational structures or lack of communication with external constituencies. Unfortunately, that innovation may or may not survive to the point that it becomes institutionalized within the school as the academic organizations studied seemed to have no process for accepting a program or incorporating it into their competitive strategy, if such a strategy exists.

Unlike the hierarchical structures found in most corporate and governmental organizations, the loosely coupled structure of the schools studied required that the faculty program owners continually sell and resell their programs internally. A program was not accepted simply because it had been a success or even because it was accepted by faculty and administration at some time prior. For example, the Shopper Marketing

Forum Director at the Pilot School relayed one of his biggest issues is that he has to repeatedly convince and motivate Pilot faculty and administrators as there is no organizational structure in place to mobilize faculty resources behind a successful strategy.

Build execution into the strategy.

Lack of a mechanism to steer resources to a successful move. In spite of the success of these three strategic moves, the majority of the effort and resources committed to each continue to be the individual faculty who championed the move. The Diamond School seems unwilling to incorporate the International Luxury Brand Management MBA program into their overall competitive and branding strategies even though it seems that the program would help further bolster their success. The PEMBA program at the Pilot School is not a strategic priority for the school, and no significant faculty or program resources have been committed to grow Pilot's reputation in this area. Finally, even though the Shopper Marketing Forum is attracting companies and students who were not interested in the Pilot School beforehand, the bulk of the program continues to rest upon the back of one overworked faculty member.

Little use to bolster general market visibility and position. Each of these three moves has attracted significant cooperation from external constituencies; however, none of the schools have incorporated these programs into their overall marketing strategies in any significant manner. The Diamond School continues to use generic positioning to compete directly with other schools for general programming. The Pilot School does not use PEMBA or the Shopper Marketing Forum in their overall marketing and branding

campaigns as a way to position the Pilot School as a global leader in these markets. Instead, the Pilot School largely continues to market its individual programs as standalone entities instead of contributing to the Pilot School's overall image and market position.

Connection between strategic moves and overall school performance (RQ3).

In response to Research Question 3 concerning any connection between the pursuit of the reconstructionist strategy and the overall performance of the business school, the findings are organized below according to whether the performance effects are associated with the schools' external reputation, branding and external constituencies or their internal capabilities and constituencies.

Reputation, branding, and external constituencies.

Increased visibility, strong corporate partnerships, and global differentiation were aided by reconstructionist moves. Both the Diamond Business School and the Pilot Business School have benefited from the increased visibility that comes with programming that successfully serves a market. The PEMBA program at the Pilot School holds a top ranking now compiled by an industry trade publication whereas the Diamond School International Luxury Brand Management MBA program and the Shopper Marketing Forum at Pilot continue to be unique offerings. The Diamond School International Luxury Brand Management MBA program and Pilot School Shopper Marketing Forum have fostered corporate partnerships between the schools and industry players interested in these segments. However, even though the positioning of these differentiated programs would seem to offer a way for the Diamond and Pilot Schools to

differentiate their schools from the overcrowded marketplace, the majority of marketing and communication focuses on generalist programs and positions.

Internal capabilities and internal constituencies.

Internal capabilities, competencies, and finances were strengthened. The three strategic moves researched for this study fostered the development of internal capabilities and the strengthening of internal constituencies. Each of the faculty involved in these programs has been given an opportunity to pursue their interests and have also enriched the development of their colleagues. Through these programs, faculty have developed competencies and relationships that are truly unique. In the case of PEMBA and the International Luxury Brand Management MBA, faculty from across the schools teach in these programs and benefit from exposure to the companies and students who are involved. The PEMBA program gave its founding faculty member a way to rejuvenate his career after serving in the Pilot School Dean's office. The Shopper Marketing Forum has provided a way for a key marketing faculty to influence his entire department.

Each of these programs has attracted students to these schools that probably would not have otherwise considered them as options. The Diamond School's program has proved a key cog in internationalizing Diamond's student body. The PEMBA program boasts over 400 physician alumni from across the globe, and the first Shopper Marketing Forum Fellowship recipient will graduate from Pilot's MBA program later this year. Finally, each of these programs deliver surplus funding back to the overall schools in support of the schools' missions.

Summary. The three strategic moves undertaken by the Diamond and Pilot Business Schools have captured uncontested markets and delivered positive returns to these two schools in the form of faculty development, strong corporate partners, additional students, and financial support. The academic environment seems to nurture a reconstructionist approach when the school's culture and competitive position properly align as they do at both the Diamond and Pilot Schools. The influence of individual faculty members to identify and launch programs cannot be understated in these cases. Although the environment of these schools is friendly to innovation, a system for support and nurture was not found in any of the cases. Instead, the individual faculty continually sold and resold their programming both internally and externally and could not depend upon the school to provide significant organizational support. Finally, these three strategic moves have provided an opportunity for the Diamond and Pilot Schools to differentiate themselves from other schools, but the schools have not chosen to do so based upon the interviews and a review of related documents. It appears that significant opportunity exists for reconstructionist strategy in these schools even if the organizations are not as formally supportive and nurturing of it as is seen in corporate environments.

Chapter 5

Conclusions and Recommendations

The purpose of this case study was to explore the pursuit, implementation, and potential performance effects of a type of reconstructionist strategy, Blue Ocean Strategy, within the context of two collegiate business schools. This study extends the understanding of available strategic options for business school leadership operating in today's turbulent environment.

The International Luxury Brand Management MBA Program at the Diamond Business School, along with the Physicians Executive MBA Program and the Shopper Marketing Forum at the Pilot Business School, were the three strategic moves by collegiate business schools used as cases in this study. Information and documentation were first gathered about each of these strategic moves to provide a strong base of understanding for 15 semi-structured interviews that were subsequently conducted with key faculty, staff, and administrators across the three cases.

The following research questions were used to guide the study:

1. What organizational and environmental factors led to the pursuit and implementation of a reconstructionist approach for the strategic move under study?
2. How were the principles of a reconstructionist approach, as articulated by Blue Ocean Strategy, employed during the implementation and execution phases for the strategic move under study?

3. How has the reconstructionist approach for this strategic move affected the overall performance of the business school in which it was implemented?

This chapter begins with a summary of the findings that were initially introduced in Chapter 4. Next, the chapter presents a discussion regarding how these findings integrate with the existing literature base. The overall conclusions from this study follow the discussion of the findings. The chapter concludes with implications for business school administrators and faculty and finally recommendations for future research in this area.

Summary of the Findings

Environmental and organizational factors influencing pursuit (RQ1). In response to Research Question 1 regarding the organizational and environmental factors that led to the pursuit of a reconstructionist strategy, the findings are summarized below.

Active relationship with industry partners. An active relationship between key business school faculty, school administrators, and their industry partners aided in the successful identification and launch of the reconstructionist moves studied. Without the support given by industry partners, success would have been much less probable.

Alignment with individual faculty interest and capability. In each case, an individual faculty member was largely responsible for the successful pursuit and implementation of the strategic move under study. For a reconstructionist move to successfully advance, the individual faculty member in charge had to possess both a personal interest in the strategic move as well as the necessary skill sets to execute the strategy.

The heart and mind of a challenger. The individual faculty leaders and administrators from each case had a keen sense that they were a challenger being forced to compete on an unlevel playing field due to their school's relatively poor positioning and funding. This mindset provided the proper orientation and motivation for the strategic moves to succeed.

Organizational acceptance and experience with reconstructionist moves. Each school studied allowed faculty entrepreneurs to individually pursue reconstructionist moves and to do so in the name of the school. This freedom allowed faculty entrepreneurs to succeed, albeit still largely through their own individual efforts. In these cases, the schools' experiences with other reconstructionist moves also bolstered faculty and administrators willingness to pursue the strategic moves studied.

Use of reconstructionist principles during implementation (RQ2). In response to Research Question 2 regarding how the principles of reconstructionist strategy were employed, the findings are summarized below according to Kim and Mauborgne's (2005a) six principles of blue ocean strategy.

Reconstruct market boundaries.

Appeared to occur naturally through contact with external constituencies.

Industry partners and school alumni readily offered assistance in identifying uncontested markets.

Focus on the big picture, not the numbers.

Organizational structure fostered natural big picture focus. Both faculty entrepreneurs and administrators seemed to focus on the big picture, and neither the

individual faculty entrepreneurs, nor the school faculties where they served, mandated the numbers-based focus common in corporate environments.

Reach beyond existing demand.

Lack of organizational support drove search beyond existing demand. The faculty entrepreneurs in each case were forced to seek new demand, as they could not compete well with generalist players. Furthermore, the lack of subsidies from the business schools meant the strategic move had to largely stand on its own at each step of the way which incentivized the faculty to cast a wide net for new demand.

Get the strategic sequence right.

Lack of organizational support forced the correct sequence. In this somewhat counterintuitive finding, either the strategic sequence was correct or the move would have simply withered and died due to a lack of organizational support. In each of these three cases, there was a clear market need that the schools could supply at a price point acceptable to the customer while maintaining a positive margin to fuel continued program growth.

Overcome key organizational hurdles.

Individual faculty success was an initial requirement. The individual faculty entrepreneur who originally took interest and ownership in the move was required to successfully get the program off the ground prior to much internal discussion about resources and prioritization. In each of these cases, the faculty entrepreneurs were tenured faculty and well respected across the board by their colleagues.

Innovation was supported, but institutionalization was uncertain. While individual faculty were allowed and even encouraged to innovate, no clear pathway emerged for faculty entrepreneurs to institutionalize the strategic move they had successfully launched as a core part of the schools' strategies.

Build execution into the strategy.

Lack of a mechanism to steer resources to a successful move. Even when a move was successful and added significant value to the overall school, no formal process existed by which the strategic moves could receive additional funding and resources to support continued success.

Little use to bolster general market visibility and position. Even when a move was successful, these schools did not seem to make widespread use of this success to advance the overall position of the school.

Connection between strategic moves and overall school performance (RQ3).

In response to Research Question 3 regarding the impacts on performance at the overall business schools as a result of the reconstructionist moves studied, the two findings are summarized below.

Reputation, branding, and external constituencies.

Increased visibility, strong corporate partnerships, and global differentiation were aided by reconstructionist moves. Successful reconstructionist moves did seem to bring substantial benefit to the schools in this study by way of increased visibility especially on a national and international basis, stronger corporate partnerships which

aided in marketing the school's programs, and differentiation in the crowded generalist market for management education.

Internal capabilities and internal constituencies.

Internal capabilities, competencies, and finances were strengthened. Each of the strategic moves studied was a vehicle for the schools to build unique faculty competencies, draw better students to the school, and return a positive financial margin to the school for use in continued program development.

Discussion of the Findings

This was an exploratory study as virtually no research has been published to date on business school competitive strategy. By using the extant research on reconstructionist strategy (Kim & Mauborgne, 2005a; Kim & Mauborgne, 2009) within the context of collegiate business schools, this study serves to further the understanding of the applicability of reconstructionist strategy in business schools. The intent of this section is to discuss how these three cases set within the context of collegiate business schools integrate with existing research on reconstructionist strategy and also where they diverge from the extant research done in other organizational contexts.

Business school rankings are often the dominant factor in business school strategy and action (Corley & Gioia, 2000; Holbrook, 2007) as business schools experience significant peer pressure to play the rankings game (Corley & Gioia, 2000). In many ways, business schools are trapped in the rankings game akin to an animal being trapped in a cage. Institutional theory, which often uses this metaphor of being trapped in an iron cage, offers an explanation of the isomorphism in collegiate business schools by

hypothesizing that past decisions and behavior patterns are converted into organizational myths and rituals that are followed even when they do not necessarily advance the goals of the organization (Meyer & Rowan, 1977; Zucker, 1987). This isomorphism of strategy and approach to the market by business schools was evident even in this exploratory study of two schools with known affinities for breaking free of the cage to pursue reconstructionist strategies.

The success of the three reconstructionist strategies examined in this study in delivering additional students, funding, and visibility to the Diamond and Pilot schools would seem to indicate that at least some of the isomorphism experienced by business schools is mimetic as opposed to being normative or coercive. In other words, business schools' leaders have, at least in some part, chosen to mimic the strategies of other successful schools because they thought any difference would make their schools less attractive (Porter & McKibbin, 1988). The issue with this is that it leads to a market flooded with similar offerings and a commoditization of management education. These three cases are examples of where schools have partially broken away from the mimetic isomorphism driven by rankings, and defined their schools as leaders in management education via a different pathway than simply playing the rankings game. The only hesitancy on the part of these two schools to remain the same as all other schools was seen in the marketing and promotion of these reconstructionist moves as a central part of the school's general marketing and positioning. In these cases, it seemed that the pull of mimetic isomorphism usually won out, and the schools chose not to highlight what makes

them different, instead choosing a direct generalist approach in spite of their poor position for success with this approach.

Environmental and organizational factors influencing pursuit (RQ1).

According to Kim and Mauborgne (2009), the environmental attractiveness of a market, an organization's capabilities and resources, and the organization's orientation for competition or innovation are the three primary drivers for whether a reconstructionist strategy should be pursued. The findings from the three business school cases studied generally align with these three categories of factors. Previous research has clearly communicated that the management education market is becoming increasingly crowded (Friga et al., 2003; Khurana, 2007), and the competitive landscape is becoming increasingly global (AACSB, 2011). In these cases, the faculty and administrators from all three schools viewed the market for generalized management education as crowded and global with the competition growing fiercer with each passing day.

Previous research has also shown that organizations would do well to assess whether they can compete in direct competition or whether an alternative approach is preferable (Friga et al., 2003; Kim & Mauborgne, 2005). Friga et al. (2003) advised business schools who cannot compete directly in a generalist market to compete on the basis of their core competencies in a way that differentiates a school from the crowded field of competitors. The faculty and administrators interviewed at the Diamond and Pilot Business Schools seem to have incorporated this line of thinking as they have pursued alternative or reconstructionist strategies due to their poor positioning to compete solely in a head-to-head fashion. However, contrary to previous research in corporate

(Kim & Mauborgne, 2005a) and educational (Friga et al., 2003) contexts, the schools did not possess significant demonstrated competencies in the uncontested markets chosen prior to the decision to pursue these markets.

For example, the Pilot School did not have a particular expertise in healthcare or physician leadership prior to pursuing the Physician Executive MBA Program nor was the faculty entrepreneur for the Shopper Marketing Forum the expert that he has since become although these two Pilot faculty members did possess foundational skills and strong competencies in key adjacent areas. The PEMBA Director was a strategy and management professor, and the Shopper Marketing Forum Director was known within general marketing and supply chain management sectors across which the shopper marketing bridge has been built. The Diamond School was the closest of the cases studied to possessing a core competency prior to the pursuit of an uncontested marketplace, but this is only because Diamond had developed several courses in luxury goods as a result of their initial partnership with the luxury goods industry a few years prior to the launch of the MBA program which was the focus of this study. In contrast to the literature, the schools used faculty who were willing to learn quickly, coupled with the expertise of industry partners, to quickly build a competency while the programs were being launched.

An organizational orientation toward innovation was the third major factor upon which the decision to pursue a reconstructionist strategy should be made (Kim & Mauborgne, 2009). This organizational proclivity toward innovation was clearly seen in the three cases examined, and it was credited by virtually all of the participants

interviewed as being one of the factors foundational to the success of the strategic moves studied. As this study examined only two business schools, both of which clearly had an orientation for innovation, it is not known whether an individual faculty entrepreneur could be successful individually innovating in the loosely coupled organizational structure of a business school that was not typically supportive of such innovative behavior. An important idiosyncrasy that emerged from this study is that a school's organizational orientation toward innovation does not necessarily directly translate into organizational support and a formal process that nurtures innovation. This orientation toward innovation simply means that the school supports the notion of their faculty championing innovative activities.

Use of reconstructionist principles during implementation (RQ2). Through intensive study of over 150 companies across 120 years, Kim & Mauborgne (2005a) identified six principles that repeatedly emerged as organizations successfully pursued uncontested markets. The findings of this study generally support the applicability of these six principles within the context of business schools; however, the unusual organizational structure of loosely coupled academic organizations posed special challenges, especially on principles five and six. A short discussion of how each of Kim and Mauborgne's (2005a) principles manifested in these three cases follows and is also summarized in Table 5 below.

Table 5 -- Comparison of Blue Ocean Principles with Study Findings

Blue Ocean Strategy principles	Kim & Mauborgne (2005a) findings	Current study findings in the business school context
Reconstruct market boundaries	Complete the difficult process of reconstructing or reconceptualizing a market.	Whether through altruistic or self-serving motives, external constituencies seemed to make this process fairly straightforward.
Focus on the big picture, not the numbers	Communicate well, especially with employees and customers, and do not have a myopic focus on numbers.	Individual faculty entrepreneurs working directly with external constituencies in the loosely coupled organizational structure of a business school seemed to foster a big picture focus and avoid the obsession with numbers found in corporate organizations.
Reach beyond existing demand	Focus on non-customers to identify and capture new markets.	The natural connection with external constituencies from the beginning combined with a general lack of internal organizational support drove individual faculty toward non-customers.
Get the strategic sequence right	Establish market demand, market pricing, and how to earn a profit before launch. Do not allow R&D funding to facilitate bypassing this sequence.	By working with external constituencies from the outset and having to rely on them even for start-up funding, the strategic sequence had to be followed. A lack of internal R&D funding ultimately seemed to drive the correct strategic sequence.
Overcome key organizational hurdles	Achieve buy-in throughout the organization and institutionalize the new move into the culture.	Business schools offered a nurturing environment for the individual faculty entrepreneurs, but no clear path emerged for institutionalizing these strategic moves beyond individual faculty or small teams.
Build execution into strategy	Create a culture that executes the spirit of the strategy as a natural part of the organization.	Owing to confusion over how to institutionalize a successful strategic move, it was unsurprising that schools also did not seem to fully embrace the moves and integrate them with their overall strategies.

Many organizations are not adept at systematically searching for blue oceans or uncontested markets; therefore, they do not even see the possibility of establishing new markets. To address this gap, “reconstructing market boundaries,” the first principle of Blue Ocean Strategy (Kim & Mauborgne, 2009) offers a systematic method to search for uncontested markets, and this is helpful to organizations which are generally competing without significant help from external constituencies.

In contrast to what Kim and Mauborgne (2005a) described, the business schools in the cases studied were significantly aided by external constituencies such as corporate partners and alumni, many of whom either have an altruistic desire to see the school succeed or a self-serving desire for the school to produce better educated students and more relevant research. This assistance from external constituencies was the driving force in the reconstruction of market boundaries in each of these three cases. Therefore, it is deeply concerning that, in general, business schools have deprioritized their relationships with industry partners and alumni, instead choosing to pursue increasing scientific rigor as part of a strong scholarly guild (Bennis & O’Toole, 2005; Harmon, 2006; Khurana, 2007; Lorsch, 2009; Pfeffer & Fong, 2002). This divergence of faculty and the practitioners that they purport to serve does not support the process of reconstructing market boundaries through conversations with external constituencies as seen in the three cases in this study.

The second principle, “focus on the big picture, not the numbers,” entreats organizational leaders to wade through the muddle and advance a clear, coherent strategy for any move that is undertaken. In the typical corporate environment, many individuals

would normally be involved in the pursuit of a strategic move, so how that move is communicated across the organization and customers becomes vitally important. In the cases studied, the teams were much smaller than would typically be found in the corporate environment; in fact, one faculty entrepreneur performed the lion's share of the work in each of these studies.

In these three cases, a faculty entrepreneur, working in conjunction with a very small team of other faculty and administrators, was able to get the big picture into sharp focus. Kim and Mauborgne (2005a) highlighted the importance of involving employees, key partners, and customers in this process, as they often know the business best. This involvement was the critical step in each of these three cases. Faculty entrepreneurs, who align most closely to the employees used in Blue Ocean Strategy vernacular, were drawn into conversations with industry partners and even potential students who served in the roles of key partners and customers respectively. These conversations ultimately led to the sharp focus on the big picture.

In the third principle, which is to "reach beyond existing demand," the external constituencies of industry partners and potential students also helped to drive business schools toward new demand and new customers. Kim and Mauborgne (2005a) note the abilities of non-customers to provide critical insight into expanding demand to new customers. The Diamond International Luxury Brand Management MBA and the Pilot PEMBA both offer examples of how non-customers offered critical insight into required program attributes. Another factor that has applied additional pressure for faculty and administrators to look for non-customers is the increasing competition within the

generalized market and the saturation it has brought to generalist management education (Bennis & O'Toole, 2005, Friga et al., 2003, Iniguez de Onzoño & Carmona, 2007; Khurana, 2007).

In the fourth principle, entitled “getting the strategic sequence right,” Kim and Mauborgne (2005a) identified the importance of first establishing market demand, before second verifying an acceptable market price, before third and finally ensuring that a profit can be made at this market price. In corporate settings, cross-subsidation of new product or service launches is commonplace, and this practice is useful to gain momentum ahead of the release of the new product or service. Unfortunately, it also has the tendency to reduce the criticality of following the strategic sequence discussed above, as it does not force an organization to immediately take into account market feedback about the demand and pricing of the new product or service.

In the three cases studied, the faculty entrepreneurs used external sources of funding to support the front-end costs of their programs. As these front-end resources were obtained from future customers and key collaborators, this was a natural validation that the process of “getting the strategic sequence right” had happened. In other words, the future customers and key collaborators would not have expended time and financial resources if there was no market demand at the price point offered. This is a bit counterintuitive as formal business cases and pro forma financial statements were not commonplace in these cases as they likely would be in a corporate environment; however, the deep participation of the external partners in the early planning stages and a

total reliance upon them for financial support during the launch seemed to help force the correct strategic sequence.

The fifth and sixth principles, “overcoming key organizational hurdles” and “building execution into the strategy”, are critical as an organization can reject even a sensible reconstructionist move for a variety of reasons. If proponents of a strategic move are not able to clear the cognitive, resource, motivational, and political hurdles within their own organizations while using fair process to build trust and commitment, Kim and Mauborgne (2005a) found that strategic moves usually did not find success. The context of business schools in this study presented a special challenge for these two principles, namely the loosely coupled organizational structures and the freedom given to tenured faculty who comprise the overwhelming majority of the human resource pool at the Diamond and Pilot Business Schools.

The findings from this study do support the existence of the cognitive, resource, motivational, and political hurdles as articulated by Kim and Mauborgne (2005a). In addition, the use of fair process to build trust and commitment (Kim & Mauborgne, 2005a) was important in these schools where most faculty have lifetime tenure and the freedom to focus on topics of their choosing. However, the four hurdles outlined by Kim and Mauborgne (2005a) do not sufficiently describe the organizational challenges that must be addressed to ensure the success of the reconstructionist moves in the business schools studied.

Unlike corporate organizations, business schools often operate from a default strategy of sorts. Essentially, each tenured faculty member works individually to make

the most substantial impact possible within their research and teaching, and then the aggregate of these individual efforts becomes a default generalist strategy used by the school to compete. The administration does attempt to layer on top a measure of coordination and positioning, but the freedom of the tenured faculty to do what they want and at the speed they want creates inertia to employ this generalist default strategy.

In each of these three cases, the faculty behind these strategic moves overcame the inertia of a strictly generalist default strategy and led their programs to “success”. However, it was apparent that this “success” does not mean that the programs were accepted by faculty and administrators as key components of strategy and were given appropriate attention and the resources they needed to continue their growth. Instead, “success” meant acceptance of the program as a part of what the schools does, and a recognition that the faculty members working on a given move will be allowed to continue to do so assuming they do not require any internal funding that would be siphoned from other faculty endeavors. Unlike in corporate organizations, no clear path emerged for institutionalization of successful moves. In addition, the schools did not seem to prioritize human and financial resources for the reconstructionist programs, nor did faculty and administrators decide to include a program as a key component of an organizational level strategy.

The Pilot School does have an organizational strategy that prioritizes four strategic moves, and administrators have prioritized extremely limited resources toward these four strategic moves. However, it is not apparent that faculty hiring, which was noted by Pilot faculty as the only way to institutionalize a strategic move, or any

significant resource allocation is driven by this organizational strategy. Instead, hiring decisions seem to tend toward hiring the best faculty available, irrespective of their focus, which directly supports the generalist default strategy introduced above. Meanwhile, the PEMBA program and the Shopper Marketing Forum, are required to continually resell their value to the Pilot School faculty and administrators. The potential impacts of these programs are likely muted by ongoing resource constraints and limited participation.

While the Diamond School has done more to prioritize its International Luxury Brand Management MBA program, the same resource constraints and disinterest in including this program as a key component of school strategy seem to remain. In particular, there is extremely little faculty involvement outside of a couple of key faculty entrepreneurs.

The principles outlined by Kim and Mauborgne (2005a) do seem to generally apply within the business school context; however, the additional complexity as described above was noted on principles five and six. In sum, the unique organizational structures found in these two business schools tend to naturally nurture and guide individual faculty through the initial stages of innovation. The freedom given to individual faculty entrepreneurs, the insight and finances that come with the investment of key industry partners, and the lack of systematic organizational support for new moves combine to successfully funnel reconstructionist moves through the first four principles outlined by Kim and Mauborgne (2005a).

On the other hand, when it comes to principles five and six, already successful strategic moves seem to suffer through repeated exposure to organization hurdles. This appeared to be primarily due to a lack of organizational structure and processes in place

to institutionalize any strategic move other than the generalist default strategy. This seemed to be at least partially driven by organizational neglect on the part of faculty who are individually self-selecting strategies based upon a strategy's ability to advance the individual faculty member's position within the faculty guild.

Connection between strategic moves and overall school performance (RQ3).

Previous research has called for business schools to embrace the strategy of using differentiated programs to establish a market presence instead of pursuing a strictly generalist strategy to compete for rankings with schools who are better positioned (Gloeckler, 2010; Friga et al., 2003; Porter & McKibbin, 1998; Vidaver-Cohen, 2007). In this study, the three cases do suggest that reconstructionist strategies can assist a school in its overall performance and positioning. This is particularly apparent in the case of the Diamond School's International Luxury Brand Management MBA Program, which has provided the Diamond School with entry into the global market for students and corporate partners, as well as reasoning for top-ranked schools such as Dartmouth and the University of Chicago to partner with Diamond for access to this unique competency in the thriving luxury goods industry.

Diamond School faculty and administrators were quick to note that while the International Luxury Brand Management MBA is certainly a contributor to Diamond's success, other initiatives happened in parallel that may also have contributed to Diamond's success. Whatever the exact contribution of each strategic component, the Diamond School has climbed to be a Top 10 ranked business school in Europe according to a major ranking. A significant internationalization of the student body, faculty, and

curriculum have aided in this climb, and the International Luxury Brand Management MBA has been a vehicle through which Diamond has bolstered these key areas.

Vidaver-Cohen (2007) suggested that schools would benefit from “adopting a strategic approach to reputation management—positioning themselves on specific characteristics highly valued by their own unique constituents” (p. 301). Based upon the three cases studied, this seems to still be a missing piece in the puzzle for the Diamond and Pilot Schools. Although they have launched programming which differentiates them from other schools, school administration has not foregrounded these unique programs in the marketing, branding, and positioning activities of their schools. Instead, the Diamond and Pilot Schools continue to position themselves primarily on generic criteria that can be claimed by many schools in the marketplace. Both schools heavily promote their reconstructionist moves, but they seem to do so only for the purpose of advertising the moves themselves, and not in an attempt to improve the overall position of the school through highlighting the innovativeness and uniqueness of its programs.

The globalization of management education has created opportunities for schools to position themselves in a global market based upon their unique competencies or strengths and therefore have access to a vast number of new prospective customers and industry partners (AACSB, 2011). Both the Diamond School International Luxury Brand Management MBA and the Pilot School PEMBA program compete in a global market and have brought diversity of perspective and students to their respective schools. These programs are helping their schools become established successes in the globalizing market of management education. Owing to its relatively recent creation about two years

ago, the Shopper Marketing Forum has not yet attracted a global set of partners and students; however, the Forum Director has plans to potentially expand in this direction in the future. In these three cases, the schools have accessed a global customer base and industry partners that would have been unlikely if they had chosen to pursue only generalist programming.

Methodological Considerations

Previous research has identified the hesitancy of business school faculty and administrators to discuss their strategy and management processes (Starkey & Tiratsoo, 2007), and this same hesitancy has been observed in other corporate settings where strategic decisions are being made (Taylor & Bogdan, 1984). Typically, a study will use pseudonyms for the organizations and individuals involved to disguise the context and allow for more freedom of discussion. The unique nature of the reconstructionist moves under study and the limited number of faculty involved in these moves lessens the effectiveness of the organizational pseudonyms used throughout this study and may expose the participants to questioning by colleagues, administrators, and external constituencies. As it is imperative that research of this type continues due to the challenges facing business school faculty and administrators, several further accommodations have been made in the preparation of this manuscript.

At the organizational level, some references to competitors, media coverage, rankings, and corporate partners were omitted from this final report. While these factors would likely further strengthen this study's findings and conclusions, their omission allows the gracious participants in this study and their schools to possess a bit more

anonymity. The more critical challenge faced in this study was maintaining some sense of individual anonymity. Although most participants in this study are tenured, if dissenting opinions or points of view become known, it could negatively affect their effectiveness and work climate. During the course of the study, it became apparent that single faculty entrepreneurs or administrators served in key roles for each of these moves. Furthermore, most of the participants remain with the Diamond and Pilot Schools serving in leadership positions or positions affiliated with these moves, so extreme care was taken to not unnecessarily attribute their dissenting or differing positions when it did not materially affect the findings of the study. Often this could be accomplished simply through attributing a quote more generically to “a Diamond faculty member” or similar.

The documents and interviews for each case converged onto an extremely clear picture, and very few discrepancies in accounts arose. This led to the researcher’s decision to forgo the member check process (Merriam, 1998) that was included in the original study design. This decision was made as the potential for faculty to censor portions of this research that might expose their dissenting opinions was much greater than any additional clarity that might be gained through the member check process. A secondary factor also considered in this decision is the fact that faculty who are quoted on controversial positions in an attributable way will be able to deflect controversy onto the researcher instead of being forced to defend themselves in addition to shouldering the extreme load for the reconstructionist moves they are tasked with leading. This added layer of protection for the participants would not have been possible if such a clear picture of these moves had not arisen from the interviews and documents reviewed.

Conclusions

Based upon the extant research on collegiate business schools, literature about the use of reconstructionist strategy in business contexts, and the findings from this study, it is reasonable to conclude the following.

1. The pursuit of a reconstructionist strategy is a viable pathway for business schools that have assessed the environmental attractiveness of the market in which they compete, their own organizational capabilities and resources to directly compete or innovate, and their school's orientation for competition or innovation.
2. The organizational structure and governance methods typical of academic environments simultaneously nurture innovation from individual faculty entrepreneurs in early stages through program launches and dampen the possibility that successful reconstructionist moves will be institutionalized due to a lack of organizational process and organizational will.
3. Reconstructionist moves do not naturally fit into the paradigm of the generalist default competitive strategy employed by schools due to the lack of coordination on the part of tenured faculty and administrators and the strong influence from rankings to compete in a generalist fashion based upon ranking criteria.
4. The success of reconstructionist moves are not being fully utilized to boost a school's overall positioning and performance as they do not align with the generalist default competitive strategy driven by faculty who pursue individual interests and by administrators who pursue an organizational generalist default competitive strategy due to pressure from rankings and tenured faculty.

These conclusions are drawn from and applicable to the three strategic moves at the Diamond and Pilot Business Schools detailed in this study.

Implications for Practice

The stakes are high for the business school administrators and faculty that are charged with leading in an environment marked by increased competition (Harmon, 2006) and being deeply changed through its globalization (AACSB, 2011). This entire study should be of interest to those faculty and administrators charged with the responsibility to lead their business school during this challenging time, but two specific topics are highlighted below which may be of particular interest.

First, business school leaders should be aware of the opportunity that they may have to substantially alter their position in the marketplace through the use of reconstructionist moves. Instead of relying solely on direct competition in the rankings, the use of reconstructionist moves may allow a school to work directly with industry partners and even potential students to identify uncontested markets and then capture those markets without the necessity of costly direct competition. These differentiated programs may be the entry point for relationships with top-ranked, high visibility schools as was the case for Diamond when top-ranked schools wanted access for their students to the luxury goods industry. By forming relationships with other schools who are already top ranked, it would likely be easier to climb in the rankings. The opportunities presented by the globalization of management education add further credence to why now may be a good time to pursue a reconstructionist strategy if the market environment, the school's capabilities, and organizational orientation warrant it. Finally, this is an

opportunity to engage in substantive dialogue with industry partners and key alumni who may be able to help shed light on an opportunity to which the faculty and administration have no insight.

The second major implication for practice is the opportunity for business school administrators to use successful reconstructionist moves as a way to stake out a differentiated position within an increasingly crowded marketplace. This will likely not be in lieu of the pursuit for higher rankings, but it does appear that reconstructionist moves may provide a story or a platform from which a school can position itself as unique and valuable to a particular group of constituencies. If business school administrators are able to develop and execute an integrated marketing strategy to communicate to their constituencies about this differentiation, positive benefits will likely accrue from the differentiation.

Recommendations for Future Research

As this was an exploratory study that was designed to begin bridging the gap between collegiate business school strategy and corporate strategy as represented by Kim & Mauborgne's (2005a) Blue Ocean Strategy, significant opportunity remains for future research. Based upon this initial study, a few particular areas of immediate interest follow.

- An exploratory case study or experiment where Blue Ocean Strategy principles are used from the outset of the pursuit of a strategic move within a collegiate business school or other university context.

- Research that illuminates how an academic organizational structure can be modified or hybridized to stay true to the collegial and scholarly ideals of academe but also better support the needs and realities of today's academic marketplace.
- A broad-based study to survey the use of reconstructionist moves in the context of collegiate business schools and how these schools have used these moves to better their overall school performance and position.
- A broad-based study to provide further confirmation that Blue Ocean Strategy principles hold in an academic environment and where modifications to these principles need to occur to support vastly different organizational goals and structures.

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Appendices

Appendix A

University of Tennessee IRB Approval Form B

THE UNIVERSITY OF TENNESSEE

Application for Review of Research Involving Human Subjects

I. IDENTIFICATION OF PROJECT

1. Principal Investigator:

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Department: Educational Leadership and Policy Studies

- 2. Project Classification:** Dissertation
- 3. Title of Project:** Sailing Blue Oceans in Search of Blue Ribbons: A Case Study of the Application of Reconstructionist Strategy in Collegiate Business Schools
- 4. Starting Date:** Upon IRB Approval
- 5. Estimated Completion Date:** May 2012
- 6. External Funding:** Not Applicable

II. PROJECT OBJECTIVES

The purpose of this case study will be to explore the pursuit, implementation, and potential performance effects of a type of reconstructionist strategy, Blue Ocean Strategy, within the context of two collegiate business schools. Blue Ocean Strategy, is a reconstructionist strategy which calls for an organization to pursue distinctiveness and uncontested markets instead of relying solely on direct competition.

This study will use a case study methodology to examine three strategic moves undertaken at two collegiate business schools to explore the use of Blue Ocean Strategy within this environment. As no study has been undertaken involving the utilization of Blue Ocean Strategy within the context of higher education, this case study will function primarily as an explorative study.

Business schools are currently the subject of much criticism from their internal (e.g. faculty and students) and external constituencies (e.g., business community) who are not happy with the performance or direction of business education. The increasing prevalence and importance of school and program rankings have further intensified the competitive environment as a large number of schools jockey for a limited number of high positions in the rankings. Globalization is also changing the competitive landscape for business schools, and research has suggested that the pursuit of differentiation may become a defining characteristic of a globalized system of business education.

Business school leaders need to better understand the strategic options available to them as they lead their schools in this rapidly changing environment. This study will add to their knowledge as Blue Ocean Strategy has not been formally investigated within this context.

Research objectives include:

- Obtain a better understanding of the utilization of Blue Ocean Strategy as an alternative to direct competition for business schools.
- Better understand how the pursuit of distinctiveness and uncontested markets may advance the mission and position a business school for success in a market currently characterized by rankings and the demands of globalization.
- Identify idiosyncrasies in the utilization of Blue Ocean Strategy within the context of a collegiate business school.

III. DESCRIPTION AND SOURCE OF RESEARCH PARTICIPANTS

The case study will focus on three strategic moves undertaken by two business schools which were purposively chosen because of their history of launching distinctive programming.

The researcher will request to interview faculty, staff members, and administration who are involved (or were involved in the past) in each of these strategic moves. It is expected that each strategic move will involve between two and five people for a maximum of fifteen participants.

IV. METHODS AND PROCEDURES

Aligning with established case study methodology, this study will use interviews and documents as data sources.

Interviews-Between 10 and 15 one-on-one in-depth semi-structured interviews will be conducted as a part of this study. Interviews will be conducted in-person and will last on average 60-90 minutes. They will be scheduled in the participants' offices or at another place of the participants choosing so long as the location will support the privacy and quiet environment needed. Follow-up interviews may be conducted in-person or via telephone/email as necessary to gain a thorough understanding of the strategic moves.

Informed consent will be obtained from each participant prior to the interview through the use of a written document following the UT IRB template. Participants will be reminded that their participation is voluntary, and that they may withdraw from the study at any time for any reason without penalty.

An interview protocol will be used as a part of these semi-structured interviews. The purpose of the interviews will be to understand more about the strategic moves as elaborated by items in the numbered list below. The interview protocol is attached.

1. Describe the objectives of the particular program under study.
2. Describe why this particular program was pursued by the school.
3. Describe how the decision was made and the factors considered as a part of the decision to launch this program.
4. Are there competitors to this program? What are the similarities and differences between competitors and this program?
5. What features do competing programs offer that this program also offers? What features differentiate this program from others?
6. How did the school come to understand the features which were not being fulfilled as a part of competitive programs?
7. Describe the history of the program launch and how it was initially received by potential customers, competitors, and the constituencies of the school.
8. Has this program affected the positioning of the overall school? If so, how?

As these interviews will be semi-structured, follow-up questions, probes, and investigation of other related areas will be pursued by the researcher as a part of these interviews.

The interviews will be audio taped with the permission of each participant. A transcriptionist will be used to transcribe the interviews from the audio tape; the transcriptionist will complete a pledge of confidentiality following the template provided by the UT IRB. Detailed field notes will be taken by the researcher during and immediately after each interview to capture any physical details, body language, or other data relevant to the inquiry.

Documents-The research will first collect public documents related to these programs and use these documents to better understand the nature of the programs in preparation for the interviews discussed above. Public documents will include data from the internet including webpages, new releases, articles, blogs, and other commentary. Public documents also include promotional or informational materials provided by the schools. The researcher will also request that the participants provide other relevant documentation regarding the strategic moves under study.

Methods and Analysis-All data will be securely maintained in a locked cabinet (328 Haslam) or on a password protected hard drive which will also be securely stored. No one outside of the primary researcher and his advisor will have access to the data. Data will be analyzed using an inductive process as established by the scholarly literature on case study qualitative methodology. This methodology involves repeated reading and rereading of documents and transcripts to identify emergent themes, coding the documents and transcripts for these themes, and then comparing them across the breadth of the data collected, with themes from other strategic moves, and with the established literature base in this area.

V. SPECIFIC RISKS AND PROTECTION MEASURES

Risks associated with this study are very minimal. Study participants will be faculty, staff, and administrators who are familiar with scholarly research and who have voluntarily agreed to participate in this study. Data collected will be securely stored; only the researcher and his faculty advisor will have access to the data from the study. Participants will complete a signed Informed Consent Form that clearly assures them of the confidentiality of any data provided and reminds them that they can withdraw from the study at any time without penalty. Many of the documents which will be collected are already in the public domain.

VI. BENEFITS

As noted above, business schools are in a tough competitive environment, and business school leaders need to understand the strategic options available to them. This study will add to the body of knowledge available for these leaders to draw from as they make strategic decisions. If Blue Ocean Strategy is identified as a legitimate strategic option for business schools, it could potentially open a new pathway by

which schools could serve their constituencies without having to engage in costly and debilitating direct competition based solely upon the rankings. Finally, this study will also lay the initial groundwork for Blue Ocean Strategy to be investigated in other areas of higher education.

VII. METHODS FOR OBTAINING "INFORMED CONSENT" FROM PARTICIPANTS

Each participant will be asked to sign an Informed Consent Form prior to the commencement of an interview or any other participation in the study. The Informed Consent Form for this study is attached.

The researcher will read and present the Informed Consent Form to the participant and collect their signature. A copy of the Form will be given to the participant, and the original will be maintained as a part of the securely held project records.

VIII. QUALIFICATIONS OF THE INVESTIGATOR(S) TO CONDUCT RESEARCH

The researcher is completing this study in fulfillment of the dissertation requirement for a Doctor of Philosophy degree (Higher Education Administration Major). The researcher has completed significant doctoral level coursework in research methodology including a philosophy of science class, a research methods class, a qualitative research methods class, a class focused entirely on the use of the case study method within qualitative research, and three other research courses in quantitative research methods. The researcher has also completed all required training modules as prescribed by the UT Office of Research.

In addition, the researcher is familiar with business school history and the competitive environment as well as Blue Ocean Strategy through a thorough review of the scholarly literature in these areas.

IX. FACILITIES AND EQUIPMENT TO BE USED IN THE RESEARCH

Interviews will be conducted in the participants' office or in another mutually agreed upon location. Data will be kept in 328 Haslam. A computer will be used for analysis and preparation of the written report; data will be securely maintained with password protection.

X. RESPONSIBILITY OF THE PRINCIPAL/CO-PRINCIPAL INVESTIGATOR(S)

The following information must be entered verbatim into this section:

By compliance with the policies established by the Institutional Review Board of The University of Tennessee the principal investigator(s) subscribe to the principles stated in "The Belmont Report" and standards of professional ethics in all research, development, and related activities involving human subjects under the auspices of The University of Tennessee. The principal investigator(s) further agree that:

1. Approval will be obtained from the Institutional Review Board prior to instituting any change in this research project.
2. Development of any unexpected risks will be immediately reported to Research Compliance Services.
3. An annual review and progress report (Form R) will be completed and submitted when requested by the Institutional Review Board.
4. Signed informed consent documents will be kept for the duration of the project and for at least three years thereafter at a location approved by the Institutional Review Board.

XI. SIGNATURES

ALL SIGNATURES MUST BE ORIGINAL. The Principal Investigator should keep the original copy of the Form B and submit a copy with original signatures for review. Type the name of each individual above the appropriate signature line. Add signature lines for all Co-Principal Investigators, collaborating and student investigators, faculty advisor(s), department head of the Principal Investigator, and the Chair of the Departmental Review Committee. The following information should be typed verbatim, with added categories where needed:

Principal Investigator: Shay Scott

Signature: _____ **Date:** _____

Student Advisor (if any): Dr. E. Grady Bogue

Signature: _____ **Date:** _____

XII. DEPARTMENT REVIEW AND APPROVAL

The application described above has been reviewed by the IRB departmental review committee and has been approved. The DRC further recommends that this application be reviewed as:

Expedited Review -- Category(s): _____

OR

Full IRB Review

Chair, DRC: _____

Signature: _____ **Date:** _____

Department Head: _____

Signature: _____ **Date:** _____

Protocol sent to Research Compliance Services for final approval on (Date):

Approved:

**Research Compliance Services
Office of Research
1534 White Avenue**

Signature: _____ **Date:** _____

For additional information on Form B, contact the Office of Research Compliance Officer or by phone at (865) 974-3466.

Appendix B

INFORMED CONSENT STATEMENT

Sailing Blue Oceans in Search of Blue Ribbons: A Case Study of the Application of Reconstructionist Strategy in Collegiate Business Schools

INTRODUCTION

You are invited to participate in a study exploring the use of differentiation as an alternative strategy to a sole reliance on direct competition within the context of collegiate business schools.

The goals of this research are to explore:

- The applicability of a type of differentiation strategy as an alternative to direct competition for business schools.
- How the pursuit of distinctiveness and uncontested markets may advance the mission and position of a business school.
- Identify idiosyncrasies in the utilization of this type of strategy within the context of a collegiate business school as opposed to traditional corporate environments.

INFORMATION ABOUT PARTICIPANTS' INVOLVEMENT IN THE STUDY

You will be asked to participate in an initial interview which will involve answering open ended questions about a particular strategic move with which you have been involved at the business schools under study. This initial interview will last approximately 60 minutes. The interview will be transcribed and coded for themes which emerge.

You may be asked to participate in a follow-up interview and/or provide related documentation to further expound upon information related to this strategic move. Finally, you will be asked to review the themes identified through the research to ensure that they align with the information collected through the interview and documentation process.

The total time required for participation in this study will be between two and six hours depending upon the necessity of follow-up interviews and the amount of time you spend reviewing the draft provided by the researcher.

RISKS

Risks to participants are minimal. Pseudonyms will be used in place of your real identity as part of any written research report although there is a distinct possibility that readers will be able to ascertain your true identity as the strategic moves under study are highly differentiated.

_____ Participant's initials

BENEFITS

This study will add to the body of knowledge available for business school leaders as they make strategic decisions related to their schools. If differentiation is identified as a strategic option for business schools, it could potentially open a new pathway by which schools could serve their constituencies without having to engage in costly and debilitating direct competition. This study will also lay the initial groundwork for Blue Ocean Strategy to be investigated in other areas of higher education.

CONFIDENTIALITY

Data collected as a part of this study will be kept confidential. Records will be securely stored and will only be available to the primary researcher and his faculty advisor. References made in oral or written reports will use pseudonyms to minimize any direct link to participants to the study.

CONTACT INFORMATION

If you have questions at any time about the study or the procedures, (or you experience adverse effects as a result of participating in this study,) you may contact the researcher, Shay Scott, at 328 Haslam Business Building, 1000 Volunteer Boulevard, Knoxville, TN, 37996, and (865) 974-6110. If you have questions about your rights as a participant, contact the Office of Research Compliance Officer at (865) 974-3466.

PARTICIPATION

Your participation in this study is voluntary; you may decline to participate without penalty. If you decide to participate, you may withdraw from the study at any time without penalty and without loss of benefits to which you are otherwise entitled. If you withdraw from the study before data collection is completed your data will be returned to you or destroyed.

CONSENT

I have read the above information. I have received a copy of this form. I agree to participate in this study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____

Appendix C

Interview Protocol

1. Describe the objectives and the vision of [the particular strategic move under study].
2. Tell me about how the decision was made to launch this program/initiative.
3. What factors were considered as a part of the decision?
4. Are there alternatives or competitors to this program? If so, what are the similarities and differences between competitors and this program?
5. What features do alternative programs offer which are similar/identical to this program?
6. What features differentiate this program from other alternatives?
7. How did the school identify and understand the features which were absent in alternative programs?
8. Describe what the program launch was like? How was the program initially received by potential customers, competitors, and the constituencies of the school?
9. Can you tell me about any challenges the program may have faced during the launch or establishment phases?
10. Why did the school choose to launch this program?
11. How would you describe the culture of the school? How about the school's orientation toward this program?
12. Has this program affected the positioning of the overall school in the marketplace? If so, please describe how it has done so?
13. Is there anything else that you feel important that I know?

Appendix D

Sample correspondence from School Administration announcing the study

Dear Faculty or Staff Member,

Business schools, ours included, are under an intense amount of pressure to meet the increasing expectations of their constituencies. The addition of nontraditional competitors and the globalizing market for business education only serve to intensify the challenges associated with meeting these expectations. We, as business faculty and staff, need to be innovative in how we meet these challenges.

We have the opportunity to participate in a study that will examine the opportunity for business schools to use their core competencies to differentiate themselves from others as an alternative to the direct competition for rankings which marks the current environment. This is important information for our school as we plot the course forward with a strategy to address globalization and the increasingly crowded marketplace.

The primary researcher on this study, Shay Scott, will be contacting you soon to inquire if you would be willing to participate in this study which will require a minimal time commitment.

Best regards,

Business School Associate Dean

Appendix E

Sample introductory letter to participants

Dear Faculty or Staff Member,

Recently you received a letter from the Associate Dean informing you of a study that I am undertaking to explore the opportunity for business schools to build a strategy around the factors which differentiate them from other schools. This study has the potential for significant positive impact in a competitive environment currently marked by an intense focus on rankings to exclusion of other factors.

This study will use case study methodology to examine three strategic moves undertaken by two business schools that differentiate them from other schools. You have been selected as an individual involved with one of these moves, [insert strategic move name here].

Hopefully, you will consider allocating some time to participate in this study which will involve an initial interview of approximately one hour in length. A limited number of follow up interviews or requests for documents may be requested depending upon the data collected in the first interview. Of course, your participation is completely voluntary, and you may withdraw from the study at any time without penalty.

I will be in contact with you soon to confirm whether you are willing to participate, and, if so, schedule a time for the initial interview.

Best regards,

Shay Scott

Appendix F

Research Team Member's Pledge of Confidentiality

Project: Sailing Blue Oceans in Search of Blue Ribbons

Primary Researcher: Shay Scott

As a member of this project's research team, I understand that I will be reading transcriptions of confidential interviews and discussing confidential data related to the cases under study. This information in these transcripts has been revealed by research participants who participated in this project on good faith that their interviews would remain strictly confidential. I understand that I have a responsibility to honor this confidentiality agreement. I hereby agree not to share any information with anyone except the primary researcher of this project, his/her doctoral chair, or other members of this research team. Any violation of this agreement would constitute a serious breach of ethical standards, and I pledge not to do so.

Research Team Member

Vita

Shay Scott is Director of the Global Supply Chain Institute and a Lecturer in the Department of Marketing and Logistics at The University of Tennessee. In this capacity, Scott works closely with the Institute's corporate and institutional partners to advance the knowledge and practice of supply chain globally. Prior to joining the faculty he led the Americas International Logistics organization at Dell where he had responsibility for Dell's outbound supply chain from the US to points throughout the world. While at Dell he also held a variety of other positions of increasing responsibility including a leadership position with Dell's DSi2 project prominently featured in publications such as the Wall Street Journal and Businessweek. Scott holds a US patent for innovative supply chain processes developed and implemented globally as a part of this project.

Scott holds an MBA, a Master Science in Industrial Engineering, and a Bachelor of Science in Civil Engineering. His research interests include globalization and its impact on the practice of management and management education, cross-cultural collaboration, and supply chain management strategy. He is a contributing author to the Global Logistics and Supply Chain Management handbook (Sage 2006). Scott has consulted with firms in the high tech, transportation, international logistics, and chemical industries. He has studied, worked, and traveled in over 40 countries on six continents.