




4-2-1991

# The Restructured Wharton MBA: Inventing a New Paradigm

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## Recommended Citation

Wind, J. (1991). The Restructured Wharton MBA: Inventing a New Paradigm. *University of Pennsylvania Almanac*, 1-4. Retrieved from [https://repository.upenn.edu/marketing\\_papers/399](https://repository.upenn.edu/marketing_papers/399)

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# The Restructured Wharton MBA: Inventing a New Paradigm

## **Abstract**

On Tuesday, February 12, 1991, the faculty of the Wharton School approved a plan to design and test a new paradigm for its MBA curriculum—the most far-reaching restructuring of its MBA program since the 1960s.

The new graduate program, which will initially be launched with 130 students in two experimental cohorts this fall, not only creates a new framework for the MBA program. It also creates a mechanism for continuous innovation that will ensure that Wharton remains on the leading edge of management education in years to come.

## **Disciplines**

Business | Curriculum and Instruction | Educational Methods | Higher Education | Higher Education  
Administration | Marketing

# The Restructured Wharton MBA: Inventing a New Paradigm

As a leader in management education, a continual goal of the Wharton School is to build on our strengths. It is on this foundation of leadership that we are developing the most unique and innovative changes to the MBA curriculum in nearly three decades. By initiating these changes at this time, Wharton firmly demonstrates its position as the preeminent business school in the world.

—Dean Thomas P. Gerrity

On Tuesday, February 12, 1991, the faculty of the Wharton School approved a plan to design and test a new paradigm for its MBA curriculum—the most far-reaching restructuring of its MBA program since the 1960s.

The new graduate program, which will initially be launched with 130 students in two experimental cohorts this fall, not only creates a new framework for the MBA program. It also creates a mechanism for continuous innovation that will ensure that Wharton remains on the leading edge of management education in years to come.

The proposed curriculum builds upon Wharton's strengths in functional skills. It also adds important new disciplines, introduces cross-functional integration, and strengthens the international component of Wharton's MBA program.

This report outlines motivation for redesigning the MBA curriculum, the process employed, the resulting new curriculum concept and the implementation plan for this experimental curriculum.

## The Need for a New Curriculum

The development of the proposed curriculum was undertaken at a time of unprecedented strength for Wharton. Surveys consistently rank the School as one of the top business schools in the world. Corporate recruiters ranked Wharton number one in the nation in *Business Week's* recent survey.

But with rapid changes in business, which have placed new demands on managers, there was growing concern inside and outside the School that the current MBA curriculum of business schools may not be enough to meet the needs of future business leaders. Corporate studies and surveys indicated that executives in the future would need more international knowledge and experience, a cross-disciplinary focus, and stronger interpersonal skills. At the same time, reports and studies on the state of management education indicated a need for changes in the structure of MBA programs.

In 1988, through its Management 2000 project, the School conducted a study of the future needs of management and management education. The survey of 300 CEOs helped identify the characteristics of 21st century enterprises and their leaders (see box). This research led to the founding of a "think tank" on the future of management -- Wharton's SEI Center for Advanced Studies in Management -- and provided the stimulus for the examination of Wharton's MBA program.

These findings and the School's own assessment of the new requirements for the MBA curriculum were validated by research in industry and management education. Among the many articles that outlined the changing role of business leaders, a 1989 survey of more than 1,500 executives in 20 countries by Korn/Ferry International and Columbia University found that CEOs expected serious changes in business by the turn of the century. The executives predicted "increasingly intense competition—domestic and foreign, from within their industries as well as from outside—and high rates of technological change." They agreed that the CEO must convey a compelling vision of the future of the firm, communicate more frequently with customers and employees, and promote management training and development. The CEO must have the highest ethical standards and be able to anticipate the future of the corporation and business environment.

At the same time that business was defining a new role for managers, management education itself was engaged in assessing its own relevance. In an article on "The Future of Business Education" in the Spring 1985 issue of *California Management Review*, Raymond E. Miles concluded that "dramatic changes in technology and worldwide patterns of competition will have an impact on the future structure of business education." Miles called for a more integrated, cross-disciplinary approach to the MBA program.

He points out that management education, like any rapidly expanding industry, has experienced a series of crises which have resulted in a series of paradigm shifts. Most recently, in the 1950s, there was a crisis of credibility. While business schools had increased enrollments and prestige, they still lacked the academic rigor of other professional schools. Both the Ford Foundation and the Carnegie Foundation sponsored landmark studies that helped to reshape business schools. The two studies called for more academically trained faculty and more rigorous course work.

Three decades later, in the early 1980s, with skyrocketing enrollments in MBA programs across the nation, critics were focusing on the relevance and impact of business education. As Earl F. Cheit points out in his article "Business Schools and Their Critics," (*California Management Review*, Spring 1985) a new group of critics arose in the 1980s. With increasing numbers of MBA graduates at the same time that U.S. industries were suffering in world markets, the business community began to charge that the U.S. was "managing its way to economic decline."

Concern about the quality of business education spurred the American Assembly of Collegiate Schools of Business into action. The AACSB, which was effective in responding to the Ford and Carnegie reports in the 1960s, commissioned its own study of the current state of business education.

The study by Lyman W. Porter and Lawrence E. McKibben, which was published in 1988, concluded that many U.S. business schools had become complacent. Porter and McKibben visited 60 business schools, interviewed 200 corporate executives, and surveyed almost 9,000 educators, executives, students, and alumni.

They concluded that "management education and development activities in the United States are in danger of casually drifting toward the 21st century—with potentially serious consequences for the nation — unless a more concerted and more purposeful thrust can be provided by both university business schools and the corporate community." Among their recommendations were that schools strengthen their curriculum in six areas: breadth, outside influences on business, internationalization, information and service sectors, "soft" skills, and integration of disciplines.

Before the AACSB report came out, Wharton had addressed many of these issues by developing programs, centers, and new courses. In 1983, in conjunction with the School of Arts and Sciences, it founded the Joseph H. Lauder Institute of Management and International Studies, a unique international program that has served as a catalyst for the globalization of the school. Wharton has established research centers to focus on issues such as international management and global competitiveness, as well as the service sector and manufacturing. Wharton also started integrating the study of ethics into the curriculum.

## The Process of Designing the New Curriculum

While Wharton was a leader in innovation in management education, it realized the need for broader changes. It recognized the opportunity to create a new model for management education.

On September 12, 1989, Dean Russell E. Palmer asked Professor Jerry Wind—who had coordinated the Management 2000 Project and

### The 21st Century Enterprise

- Flatter, less hierarchical organization
- Cross functional
- Global in perspective and scope of operations
- Networked
- Information technology based
- Customer driven
- Stakeholder focused
- Centers on value added, quality and time-based competition
- Individually and group empowered
- Innovative, entrepreneurial
- Flexible, learning

founded the SEI Center—to chair the Graduate Curriculum Committee. He charged the committee of faculty and students with the task of assuring that the MBA program is the “right” program for the 90s and beyond. The committee was asked to develop an “ideal” program from the School’s overall perspective, taking into consideration the needs and objectives of faculty, students, alumni, recruiters and other constituents.

In the summer of 1990, Dean Thomas P. Gerrity, upon review of the committee’s initial concept for a new curriculum, expanded the charge to the committee. This expanded charge asked the committee to develop an overall architecture for a new core curriculum and the concept of continuous curriculum evolution, and a strategy for implementing the new core.

During the past year, the curriculum committee spent thousands of hours researching and developing the basic framework and objectives of this new curriculum. During its research phase, the committee reviewed the growing business and academic literature on the problems with MBA education. It then reviewed various studies on the changes in the business environment and the impact on management of the 21st century enterprise. The committee asked hundreds of business leaders, corporate recruiters, alumni, faculty, and students to offer their expectations from our MBA program and assessment of current programs and graduates. Finally, it reviewed the programs of leading business schools and other professional institutions facing similar problems.

The committee identified the following “market requirements” for the MBA degree:

- In-depth functional knowledge
- Integrated cross-functional knowledge
- Global perspective
- “People skills” of leadership, teamwork, communication
- Problem formulation
- “Real world,” problem-oriented learning
- Creativity and innovation
- Enthusiasm for learning

After this research phase, the committee determined the objectives for Wharton’s MBA, evaluated the current program against those objectives, and designed a new concept for the curriculum. It then solicited reaction to the new curriculum concept from corporate executives (including all of Wharton’s advisory boards), corporate recruiters, all Wharton departments, individual faculty members, students, and administrators. The committee then revised its concept and prepared a plan for implementing the curriculum.

### Objectives of the New Curriculum

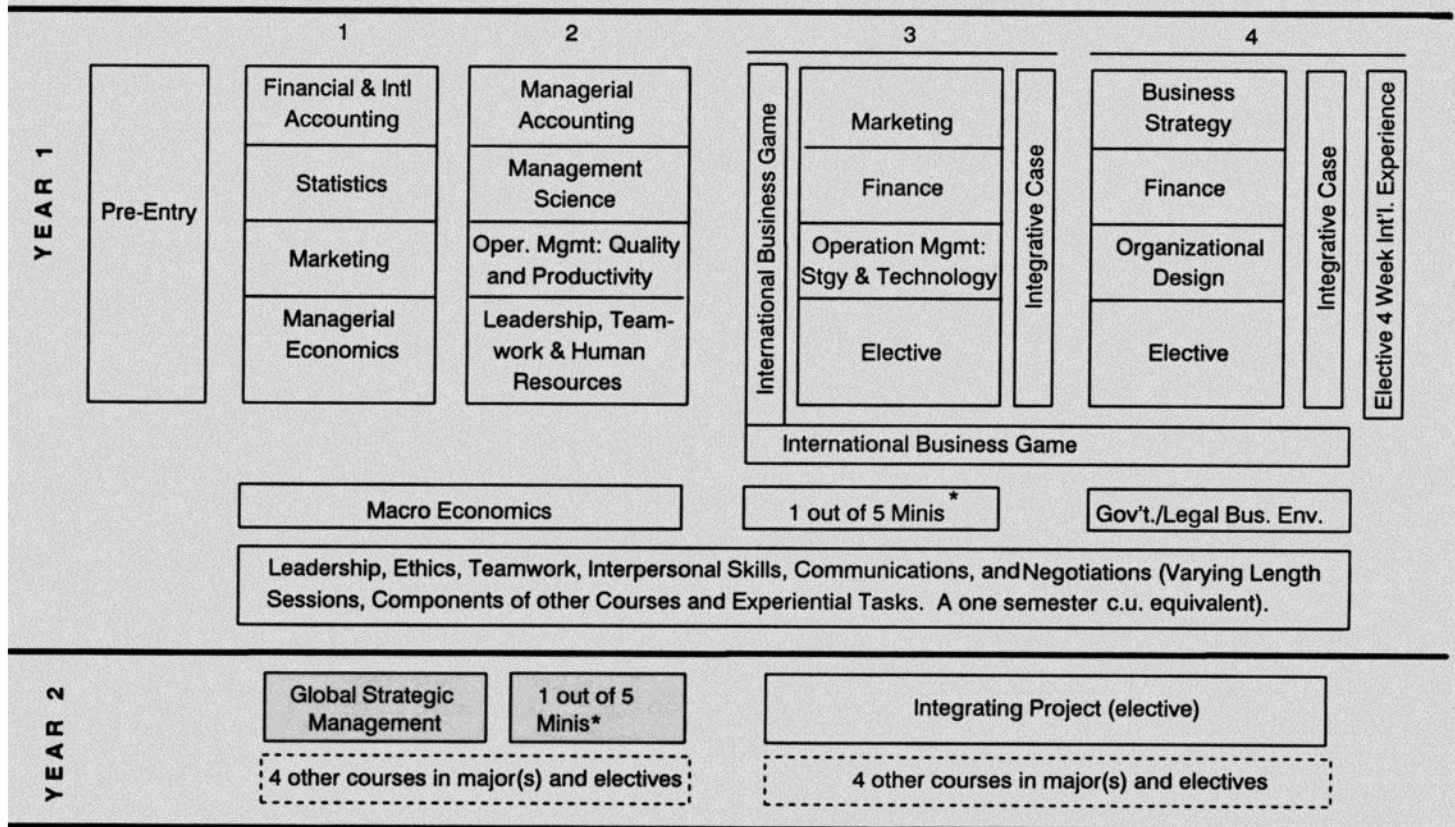
The proposed curriculum is designed to produce strong managers who can develop into strong leaders. The objectives for the new curriculum, as developed by the curriculum committee are summarized below:

- To reinforce aspirations for leadership, and create innovative organizational leaders who can change and improve the practice of management worldwide.
- To train people to “hit the ground running,” while providing the capacity to work across functions and lead diverse functions, people, and institutions.
- To develop the ability to understand the changing global political, economic, social, and cultural environment, including complex and ambiguous situations, and encourage managerial courage and ethical conduct in making decisions.
- To develop the skills and attributes required to make a difference.
- To build a program that recognizes the heterogeneity of students’ backgrounds and interests

The new MBA program of the Wharton School continues its tradition of being in the forefront of business education. This program will prepare students well for leadership in the global economy that will exist in the 21st century.

— Michael Aiken, Provost, University of Pennsylvania

**Exhibit 1. The Initial Structure of the Core: Two Experimental Cohorts Fall '91**



\* The set of five mini-courses includes: ● Information ● Risk & Crisis Management ● Innovation, Change and Entrepreneurship ● Technology ● GeoPolitics. Those waiving any course are encouraged to take some of the new mini-courses.

Note: Each of the courses will try, to the extent that it is appropriate, to include international perspective; integrated cross-functional perspective; ethics; historical perspective; environmental issues; and services (vs. produce) perspective. In addition, the course will encourage the development of creativity and problem definition (not only problem solution).

The new curriculum represents a tremendous breakthrough. I am delighted that the faculty has accepted the concept of continuous innovation and improvement of the curriculum. By approving experimentation with a new MBA structure and content, we have taken the first step toward a new paradigm that will have a significant impact on management and management education in the years to come.

— Jerry Wind, Chairperson of the Graduate Curriculum Committee, The Lauder Professor, Professor of Marketing, and Director, SEI Center for Advanced Studies in Management

## The New Paradigm for Management Education

The proposed curriculum (outlined in Exhibit 1) builds upon Wharton's traditional strengths in analytical disciplines of management and functional areas, as well as its emerging focus on global issues. Wharton's diverse selection of 200 graduate courses—more than any of its peers—its world class 175 faculty members and its 28 research centers have provided a reservoir of expertise in a wide variety of areas that will be tapped for the development of the curriculum.

The major innovations in the core curriculum fall into three broad areas: new disciplines, cross-functional integration, and globalization. In addition, a pre-entry program will be created to meet the needs of students from diverse backgrounds.

## Adding New Disciplines and Perspectives

Some of the skills needed by managers fall outside the traditional business disciplines of finance, accounting, marketing, operations, human resources, and strategy. Drawing on the diverse expertise of more than two dozen research centers, Wharton will extend some functional areas and add others. The new functional areas of study will include:

- Information
- Risk & crisis management
- Innovation, change and entrepreneurship
- Quality and productivity; and
- "People" skills of leadership, teamwork, interpersonal skills, communications, and negotiation.

The new curriculum will stress creativity and problem formulation. It will also provide the broader and historical perspectives that leaders need to shape their vision. It includes an understanding of the trend and impact of technology, globalization and the physical and business environments on business decisions and society at large.

## Cross-Functional Integration

Traditionally, schools of management and businesses have been divided into discrete departments such as marketing or operations or finance. But with increasing integration, managers are required to work across these functions. While continuing to provide an in-depth functional education and the tools students need in business, Wharton will integrate perspectives from diverse functional areas. The proposed curriculum includes integrative cross-functional sessions in all core courses. In addition, it will offer new integrative projects/cases and a global business game to focus functional concepts and methods from other core courses on practical business decisions such as buying, starting or restructuring a business.

## Globalization

To prepare students for an environment in which most industries face global competition and global sourcing and customer markets, all Wharton's courses will adopt a global perspective and address global issues. Wharton has consistently added global courses and opportunities for students to gain international perspectives. The new curriculum would take the next step. In addition to introducing a global perspective to all core courses, the proposed curriculum will add a set of courses on global business policy, geopolitics, and managing cross-cultural teams.

Most significantly, the new curriculum includes a 4-week off-campus program outside the U.S. Students will take courses at universities and meet with government and business leaders to gain direct experience in the social, economic, political, and cultural environment of world

The proposed changes would not only catapult the Wharton School to leadership in American business education, but also be a model for professional education program revisions across the world.

—The Wharton Journal, student editorial

business. In the first two experimental cohorts, the international programs are planned for the summer of 1992 in East Asia and Europe.

For those students interested in more extensive international experience, including in-depth understanding of other cultures and full proficiency in foreign languages, Wharton continues to offer its innovative Lauder program.

## Pre-Entry Program

To tailor Wharton's program to the needs of students from diverse backgrounds, an experimental pre-entry program will be launched in August 1991. For incoming students with strong knowledge or experience, it will offer refresher courses to prepare for taking waivers in accounting, economics, and statistics. For students with limited prior educational background in math, computers, statistics, economics, and accounting, the program will provide a preparation in the fundamentals of these disciplines. For students with limited previous exposure to the humanities, the program will provide courses in cultural, political, historical, and related areas.

## Key Highlights of the New Curriculum

- Maintains traditional focus on in-depth functional skills and concepts, but supplements it with cross-functional integration
- Increases flexibility through the use of mini-courses
- Broadens and expands knowledge of what every MBA should have (called the "core") while continuing to offer in-depth knowledge through the requirement for majors

Core to include new functional areas:

- Information
- Risk and crisis management
- Entrepreneurship, innovation and change
- Quality and productivity

Augments core with new courses in:

- Operations management
- Government/legal environment
- Geopolitics
- Technology

Incorporates into each course:

- International perspective
- Integrated cross-functional perspective
- Ethics
- Historical perspective
- Environmental issues
- Service (vs. product) perspective
- Development of creativity and problem formulation

Builds into the core development of "people skills" of leadership, ethics, teamwork, interpersonal skills communication and negotiation

Integrates the various management functions by focusing on real-world problems

Reorganizes "tool" courses such as statistics to cover some material in the pre-entry program, some in a mini-course and some in selected sessions in "host" courses such as marketing and quality

Encourages the developments of "pre-packaged" (cross functional) majors

- Adds a 4-week pre-entry program to provide:
  - Preparation for taking waivers for those with previous exposure
  - Minimum level of understanding of key tool areas for those with inadequate grounding in computing, math, economics, accounting,
  - A broadening experience in the humanities for those desiring it.
- Globalizes the curriculum
  - Internationalization of core curriculum
  - Development of new electives, including mini-course on management of cross-cultural teams
  - 4-week off-campus programs (first experimental programs to be developed in East Asia and Europe)

continued next page

## Continuous Innovation

Just as business will not remain static in the years ahead, so Wharton will continuously update its curriculum to meet the shifting requirements of business. The new curriculum is designed to accommodate continuous experimentation and innovation.

This R&D effort will be undertaken by individual faculty members, by departments, and by various Wharton research centers. The SEI Center for Advanced Studies in Management will undertake the development effort for initiatives without a natural home in a department or a center. The most successful and relevant of these courses will be added to the curriculum. This will ensure a constant flow of new experiments and new courses.

This approach will allow Wharton to actively work with its stakeholders to anticipate change, decreasing its cycle time for innovation. In the same way that corporate R&D allows firms to remain on the cutting edge of their industries, Wharton's academic R&D will keep it on the leading edge of management education.

## Improved Pedagogy

Curriculum revision in the past has focused only on the content, rather than on the context and delivery mechanisms of education. While Wharton's courses have been updated to reflect current management issues and concerns, the educational approach has undergone little evolution.

One of the key features of the new curriculum is a specific focus on creating and implementing innovations in teaching and learning methods. Diverse approaches to education will be tested to determine mechanisms for increasing the involvement of students in the educational process. New multimedia technology will be developed, adapted, and applied to improve teaching and learning.

## Implementation: The First Experiments

The proposed curriculum will be tested this fall in two MBA cohorts. Extensive experimentation will also be initiated this year to refine new courses and approaches in preparation for the full implementation of the new curriculum. In addition to the two cohorts, experimental electives will be offered to all students.

The implementation and evaluation of these experiments is directed by two committees. In February 1991, Dean Gerrity appointed an implementation committee and a review and assessment committee, each composed of six faculty members.

Curriculum implementation is assigned to the Vice Dean of the Graduate Division, David Reibstein. He will be assisted by a Curriculum Implementation Committee, which is charged with implementing the proposed curriculum in the two experimental cohorts. It is responsible for overseeing the work of the 30 individual implementation teams that are developing and testing specific components of the curriculum.

### *The Curriculum Implementation Committee*

John C. Hershey, Professor of Decision Sciences and Health Care Systems; Chairperson, Decision Sciences Department  
David K. Hildebrand, Professor of Statistics  
Robert Inman, Professor of Finance, Economics, Public Policy and Management, and Real Estate; Director, Public Enterprise Research Program  
Krishna Ramaswamy, Associate Professor of Finance  
Robert E. Verrecchia, Arthur Young Professor of Accounting  
Chairperson, Accounting Department  
Ross A. Webber, Professor of Management

The MBA marketplace has been ready for innovation for years. This is an exciting moment for the Wharton School--the new curriculum, as presented is a revolution in graduate management education, represents a chance for us to solidify our dominant position in the marketplace for years to come.

— John Enyart,  
Director of Admissions  
Wharton Graduate Division

The proposed program will deliver the type of graduate that recruiters tell us they are looking for. An important step forward in enhancing our #1 position in recruiters' eyes is the integration of various functions—mirroring the real business environment—and more emphasis on "people skills."

— James J. Beirne, Director,  
Wharton Career Development and Placement

The new curriculum is both innovative and tailored to the needs of the new organization of the 21st Century. With integration across disciplines, an even stronger international focus, and numerous other new approaches, we will replace the curriculum which has prevailed over the last thirty years with a new version which will be the standard for decades to come."

— David J. Reibstein  
Julian Aresty Professor, Professor of Marketing  
Vice Dean and Director, Wharton Graduate Division

A separate Review and Assessment Committee will monitor the results of the curriculum experiment and report back to the entire faculty.

### *The Review and Assessment Committee*

Edward H. Bowman, Reginald H. Jones Professor of Corporate Management; Director, The Reginald H. Jones Center for Management Policy, Strategy, and Organization  
Morris Cohen, Professor of Decision Sciences; Senior Fellow, Leonard Davis Institute of Health Economics  
Paul E. Green, Sebastian S. Kresge Professor of Marketing  
David F. Larcker, Ernst & Young Professor of Accounting  
Paul Shaman, Professor of Statistics, Chairperson, Statistics Department  
Jeremy J. Siegel, Professor of Finance

The new curriculum builds upon Wharton's strengths. It was created after careful study and review that included virtually every segment of the Wharton community. This provides a strong foundation for launching such an extensive change. Over the next year, Wharton will continue to move forward vigorously with the implementation and evaluation of this curriculum, and establish the process and foundation for continuous curriculum improvement and innovation.

While other schools of management are working on changes to their graduate curriculum, Wharton's proposed curriculum is one of the first far-reaching plans for restructuring a leading MBA program. The ultimate result of this process could represent a new model not only for Wharton's graduate program, but also for management education.

### *The Graduate Curriculum Committee<sup>1</sup>*

Jerry Wind, Chairperson; The Lauder Professor and Director of the SEI Center for Advanced Studies in Management  
Cris Brookmyer, Wharton MBA Student  
Marshall L. Fisher, Stephen J. Heyman Professor; Professor of Decision Sciences  
Jamshed K.S. Ghandhi, Associate Professor of Finance  
David K. Hildebrand, Professor of Statistics  
Jean Lemaire, Joseph Wharton Term Professor of Insurance and Actuarial Science  
Peter D. Linneman, Albert Sussman Professor of Real Estate; Professor of Finance and Public Policy & Management  
Joseph Magliolo III, Richard Gordon Term Assistant Professor of Accounting  
Mark V. Pauly, Bendheim Professor; Professor of Health Care Systems, Public Policy & Management, Insurance, and Economics  
David J. Reibstein, Julian Aresty Professor; Professor of Marketing Vice Dean and Director, Wharton Graduate Division,  
G. Richard Shell, Pfizer Foundation Term Assistant Professor of Legal Studies  
Jitendra V. Singh, Joseph Wharton Term Associate Professor of Management  
Dennis A. Yao, Associate Professor of Public Policy & Management and Management  
Alexandra Zaporozec, Wharton MBA Student

<sup>1</sup> Other members during academic year 1989-90 included:  
Stephanie Aasted, Wharton MBA Student  
Janice R. Bellace, Associate Professor of Legal Studies & Management  
Patricia M. Danzon, Celia Z. Moh Professor; Professor of Health Care Systems and Insurance and Risk Management  
Neil A. Doherty, Professor of Insurance and Risk Management  
Thomas Larsen, Wharton MBA Student  
Robert A. Stine, Associate Professor of Statistics  
Ross A. Webber, Professor of Management