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Why MBA Faculty With Board Experience Make Better Teachers

By Louis Lavelle September 10, 2013

The news that Tata Sons, one of India’s largest business conglomerates, has named Harvard Business School Dean Nitin Nohria to its board highlights the overlapping nature of the worlds of business and B-school. The relationship between the two is one that serves faculty and students well.

“There is no better way of understanding the workings of corporate life and how competition really takes place and how society is affected by business,” says Paul Danos, dean at Dartmouth College’s Tuck School of Business and board member at General Mills (GIS).

Jennifer Conrad, a finance professor at UNC Kenan-Flagler Business School, says that serving on the board of Harrington Bank, a small community bank based in Chapel Hill, N.C., for the last 10 years, has helped broaden her perspective on the challenges facing companies, making class discussion on such topics as the state of the economy and the interest rate environment more engaging.

At Cornell University’s Johnson Graduate School of Management, finance professor Maureen O’Hara says her service on the board of retirement provider TIAA-CREF has informed classroom debates on too-big-to-fail financial institutions such as banks and insurance companies.

Deans like Nohria, who could not be reached for comment, benefit from board service in other ways. While many do not carry a full teaching load, most continue to conduct research, and being a board insider can deliver insights on the way companies and their leaders behave in the real world.

Hank Lucas, a professor of information systems at University of Maryland’s Smith School of Business, studies disruptive technologies such as social media. As a member of the board of KenCast, which distributes digital information via satellite and the Internet, he has witnessed the repercussions of cutting edge technology disrupting an industry, informing his research, he says.

Lucas cites the example of movie production companies that want to distribute films to movie theaters digitally, which would cut costs and potentially allow for release dates around the world to be synchronized, limiting piracy. But that can’t happen, explains Lucas, until all theaters invest in the equipment necessary to play digital movies on their screens.

The perks are nice—pay for directors on S&P 500 stock index company boards averaged more than $250,000 last year, or about $1,000 an hour—but the potential for conflicts of interest is ever-present. It’s up to the academic to avoid such conflicts.
Terry C. Blum, director of the Institute for Leadership and Entrepreneurship at Georgia Institute of Technology’s Scheller College of Business, serves on the board of Medshare International, which delivers surplus medical supplies and equipment to hospitals in more than 85 countries. Blum avoids participating in the company’s development committee because deep-pocket donors targeted by the company could also be prospects for Georgia Tech, she says.

As long as educators are ethical, the companies gain an advantage from having them on their boards, says Campbell R. Harvey, finance professor at Duke University’s Fuqua School of Business. Being able to share research before it is published and relate it to challenges that come up in the business are a couple of ways companies benefit from having academics around, he adds.

Ultimately, what is best for students is the practical knowledge that professors can bring back to the classroom, says Jagdish Sheth, a business professor at Emory University’s Goizueta School of Business, who serves on the board of Wipro Ltd. (WIT), an IT services firm based in India.

Says Sheth: “I can tell students: ‘When the rubber meets the road, reality is different than the academic concepts we teach.’”

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