

For Business Schools, Culture Matters

To create a different kind of B-school graduate, a dean argues that a key first step is creating a different kind of B-school culture

By [Rich Lyons](#)



Have business schools contributed to creating overconfident and self-focused leaders? I suspect many of you will nod your head in agreement. You might even declare that, by extension, business schools share blame for the economic crisis. As a business school dean, I take these perceptions seriously; there is enough in them to warrant careful reflection.

An antidote to overconfidence and self-focus in business leaders may lie in building more focused cultures in our business schools. Culture is the set of values and norms in an organization that shape behavior. It acts as an internal gyroscope for everybody in the organization to keep them in balance, acting ethically and in line with the larger interests. It is what people do "when the manager is not looking."

While all business schools have them, however, cultures are often unarticulated, reducing their impact on behavior, or articulated so generally that fundamental issues such as overconfidence are unaddressed.

The business world is far ahead of business schools in putting their cultures to work for specific ends. Companies such as Procter & Gamble, General Electric, McKinsey, Nordstrom, and Southwest Airlines use their cultures to earn their customers' trust, as well to earn a profit. For example, Southwest has remained at the top of its game for decades by promoting a strong internal culture focused on serving the customer better through team effort over individual results. The firm's guiding values are responsible for the popular image of Southwest employees as a fun-loving group that eagerly pitches in to get the job done, including having pilots sometimes clean airplane interiors and load baggage. As a result, Southwest operates more efficiently than other airlines, while its customers are happier—and pay less.

PROFESSIONAL WILL, PERSONAL HUMILITY

To what ends might business school cultures be more productively put? Reducing overconfidence and self-focus are good candidates. So is the related concern about lack of humility among certain business graduates and leaders. Research is pointing to the commercial value of achieving these ends. For example, Jim Collins, in his book *Good to Great*, finds that the leader type that has created the most

extraordinary value over recent decades is one with a "paradoxical blend of personal humility and professional will"—will for the institution or something greater, not the self. This value may arise because the leader's job is, in essence, to get results through others, and the first step may not be to convince others how stunningly good you are. David Brooks echoes this in a recent *New York Times* column, in which he concludes that "if this leadership style were more widely admired, the country could have spared itself a ton of grief." That there is commercial motivation for achieving these ends is important for judging the realism of using culture more deliberately in this way.

Marketplace motivation is not enough, though—articulation of a business school's culture should "ring true" for prospective, current, and former students if it is to create the kind of meaning and peer-to-peer enforcement that truly affects behavior. Its content needs to align with the way things actually happen in the school—which behaviors are rewarded and which are admonished. If a school's statement of cultural values could apply to any organization, it is probably not specific enough to be effective. Related to this is the question of culture vs. codes of conduct. If culture is what people do when the manager is not looking, codes of conduct may be what people do when the manager is looking. The question is whether commitment to a code is at a level that's deep and personal enough to have the effect on actual behavior of a strong culture.

SPREADING THE VALUES

Equally important as the content of culture, though, is the "how" of culture. How is culture reflected in the school's operations? Does it substantially change who gets admitted? Does it alter the experiences of students when they learn about the school for the first time, on their first day at school, when preparing for interviews, and when interacting with alumni? A strong-culture community reinforces its own values every day by signaling favor or displeasure to its members. Does the dean take every opportunity to emphasize core values when addressing students, in social media, and when interacting with recruiters? The "how" needs to be taken at least as seriously as the content to get powerful results.

The approach we took at Berkeley-Haas with our new curriculum, for example, was to codify our culture in a set of four defining values designed both to capture the school's essence and to support traits that lead to better outcomes for our graduates and society. Naturally, our choices are unlikely to fit other schools. Examples include: "Question the status quo," which supports leaders who ask tough questions when things do not seem right and who continually seek different and better approaches. "Students, always" encourages an openness to learn from others and helps graduates avoid drifting into the belief that they have all the answers. "Confidence without attitude" reminds us that true confidence generally does come with humility. These defining values are now driving our operations, including admissions, hiring, and alumni relations.

It is time for business schools to take culture as seriously as the great businesses do.

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