

**Professors of strategy and organisation behaviour teach that strategic transformation is best done through a formal programme involving many people in the organisation. But in seeking to transform Rotterdam School of Management, Erasmus University, The Netherlands, from a primarily academic orientation to one that also values engagement with business, George Yip, a new dean brought in from outside, rejected a formal approach. Instead he successfully applied an "action strategy".**

In thinking about the transformation process that we advocate for companies I noted three key differences between business and academia.

First, in business, organisation members can be rallied around the common objective of financial performance. In academia there is no common objective. Indeed, the most important disagreements in business schools are about what should be the objectives.

Second, in business, the leaders of the transformation effort usually have a large number of sticks and carrots to motivate alignment, including firing and promotion. In academia, the person most at risk of being fired is the dean. Indeed, during my years as Dean of RSM, three new deans of other top European business schools were all forced to resign within two years or less of their appointments. Third, even more than in companies, academia poses many institutional barriers to change. In addition, most organisational rituals and day-to-day routines reinforce an orientation to academic concerns rather than to engagement with business.

So, what was the context? When I arrived as Dean in January 2008, RSM was a very large school: about 175 faculty, 175 other staff, 75 PhD students, 7,500 other students, and 20 different degree programmes. The School was also complex. There were two separate legal entities, one of which was public and one private, and each occupying different buildings. These two entities had been merged only four years before. The public entity held all the regular faculty, and the BSc, MSc and PhD programmes. The private

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RICHARD PASCALE

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As a long-time professor of strategy and former management consultant, I have taught, researched and applied programmes of strategic transformation. So when it became my turn to actually put this into practice as a dean, I rejected a formal programme of change in favour of what I now call "action strategy". I realised that most faculty members resist change, and that a formal change process would generate a lot of talk and disagreement rather than action. Furthermore, as both an outsider and a foreigner, I doubted my ability to rapidly achieve change through persuasion in a national culture renowned for its emphasis on consensus gained through long discussions. I also had limited time, with a four-year contract before I would reach the mandatory retirement age. So I decided to begin a programme of strategic actions that, while not secret, did not involve much discussion or approval. I would not start by trying to change people's views, but work instead on their behaviour. Richard Pascale, then of Stanford Business School, said: "It is easier to act your way into a better way of thinking than to think your way into a better way of acting."

entity, RSM BV, hosted the MBA, EMBA, and executive education programmes, and had its own supervisory board, chaired by a former chief executive of Unilever. The public entity also had eight separate departments with very powerful department chairs. Specifically, each department had its own profit and loss account and reserve.

I had agreed a number of four-year objectives with the University board. These included: growing the revenues for executive education and the MBA and EMBA programmes, moving up in the various rankings, raising money (which had not been done before), improving the connection to business, and increasing media coverage, while maintaining the already excellent level of academic research and the high standing of the bachelor and MSc programmes. It is important to understand that I had been given these objectives by Erasmus University, so I did not feel the need to discuss them with the RSM faculty. I wanted to avoid having these objectives questioned at the very start. Furthermore, I needed only a few of the “willing” to start implementing strategic actions.

#### Key Strategies to Achieve the Objectives

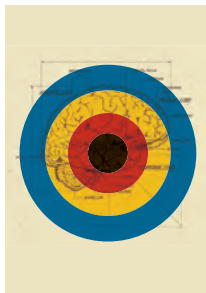
Most of the teaching in the private part, more than 80%, was delivered by external faculty. Therefore, a key objective was to greatly increase the level of integration between the public and private parts of the school. To do this I became highly involved in the management of RSM BV, so much so that the then separate Dean of RSM BV told me that there was not room for both of us. He soon left for a better job elsewhere. I then convinced both the Chairman of the Supervisory Board and the President of the University that we did not need to replace him and that I would play this role. To offset that I made the new Vice Dean responsible for faculty. The new Vice Dean, who had been the most widely supported and respected of the existing department chairs, became an indispensable partner in my journey, Mr. Inside to my Mr. Outside. Indeed, I view one of our best achievements as his succession as Dean after my retirement.

Another objective was to change the mind set and behaviour of the faculty to recognise that publishing in academic outlets was necessary but not sufficient for us to be a top business school. When I arrived, only 1% of the 300 publications a year were in managerial journals and these were not top ones. I instituted a reward programme by which faculty who published in the top managerial journals, such as *Harvard Business Review*, would receive a cash bonus of up to €15,000. I also brought in editors from such journals to help train the faculty in how to write for these journals. I sent out congratulatory e-mails when faculty got acceptances in such journals but I did not send out congratulations for acceptances in academic ones. Also, to help faculty understand the difference between an academic article and a managerial one, we launched RSM Insight, a quarterly that had a journalist rewrite selected academic articles by the faculty into two-page summaries for managerial audiences. Over time more and more faculty did indeed submit and get accepted in managerial outlets.

Perhaps the most important transformation occurred in our research institute. RSM has the strictest publication requirement of any school I know. Even full professors have to keep up a number of publications in ranked journals in order to preserve research time. From day one I tried to persuade the director of research that the top managerial journals, Harvard, Sloan, and California should have equal status with top academic journals in counting toward faculty members' status for release from teaching. By the end of my tenure, the research director upgraded the status of these top three managerial journals. This was one of my finest farewell gifts!



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#### Additional Action Strategies

There were many other individual action strategies:

– The finance faculty objected to me telling them that academic publications alone did not have direct impact on practice. Rather than arguing this out, I organised events with practitioners that involved the finance faculty. Indeed, the best event was one that I initiated but which they organised themselves, and led to their greater recognition of the need to engage with executives.

– I revived the Advisory Board, which consisted of top executives from different companies, by engaging them in real debate about current issues facing the school. Then I also brought in key faculty to present to the Board – a great way to stimulate engagement with practice.

– Not only did I spend significant time on fund raising, but I also involved individual faculty, which again demonstrated the importance of engagement with business. We succeeded in raising over €2 million in a national culture unfamiliar with educational philanthropy.

– I created the position of Director of Corporate and Alumni Relations. I added this director and the Director of Marketing to the Management Team, the top management body. We communicated to faculty that the alumni are key stakeholders.

– The Director of Marketing launched a new social media campaign, that had faculty, staff and students create personal, action oriented statements: “I WILL .....”

– Executive education was an activity with limited participation by regular faculty. I brought in a new director, and together we worked to convince the faculty of the benefits to them, both financial and in terms of learning, of more involvement.

– Faculty had not paid much attention to rankings. Whenever a new ranking came out, I sent an email explaining what had happened, and stressed the link from higher rankings to more revenues to greater support for research. This heightened attention helped us improve in a number of rankings, culminating in the *Financial Times* meta ranking of No. 6 in Europe in late 2010.

#### A New Business Model

The reverse sequence of changing actions before attitudes culminated in a process to develop a new business model. This process did not start until 2.5 years into my tenure. The advantage of this delay was that, by the time we came to discuss how to get the faculty more connected to the corporate world and how to better integrate the public and private parts of the school, both faculty and staff had seen that some of this could be done. So they were much more willing to do more. By the end of my tenure I was able to feel that I had lived up to the Nike slogan: “Just do it.” And the School had a very healthy surplus and reserve.<sup>gf</sup>

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€2m

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