Deans lose sleep about many things, but one question keeps me awake at night: Are we preparing students for the right economy? I suspect that 90 percent of the graduates we now produce are being educated for either the past economy, which was driven primarily by manufacturing, or the present economy, which is driven by services. At best, we are preparing only 10 percent of graduates for what we might call the Next Economy, which many believe will be driven by five central forces: in-depth knowledge and converging science, a resource-constrained environment, interdependence through globalization, cultural and demographic diversity, and survival only through continuous creativity and innovation.

Thomas Friedman's best-selling book, *The World Is Flat: A Brief History of the Twenty-first Century*, is a reminder that something big—really big—is under way. He writes of "world flatteners" such as the five themes above, which will dictate how the Next Economy evolves. How many of his "world flatteners" are factored into our programs? Not enough. I'm not sure we have the institutional courage to alter our prevailing model of business education to prepare graduates for what's coming next.

Transformative change has never been the forte of U.S. business schools because they are driven by near-term needs. These needs are determined by corporate recruiters, donors, and our own institutional legacies, including impermeable functional silos protected by tenured faculty. Even so, we are getting better at critiquing our programs, as we've seen in articles by Henry Mintzberg in the *Academy of Management Executive*, by Warren Bennis and James O'Toole in the *Harvard Business Review*, and by Jeffrey Garten in *CEO Magazine*.

Moreover, we do manage to serve our past- and present-economy customers reasonably well. But with Ford and GM debt now earning "junk" status from credit agencies and with service jobs now following manufacturing jobs offshore, we should not be content when our graduates simply find jobs. We must make sure they have a future and remain relevant in the economy to come.

**The Next Economy is a science and knowledge economy.**

Today, as we straddle the line between the present economy and the Next Economy, entirely new industries are being built. These industries revolve around the convergence of technologies such as computing, communications, and engineering, and the growing importance of life sciences such as
physics, biology, and chemistry. In the Next Economy, we'll see the design and manufacture of microsensors that are introduced into the bloodstream; we'll use robots that utilize neural computing hardware and intelligent software. There are an infinite number of innovations ahead that require a sophisticated appreciation of their nature, as well as of their economic, social, and ethical consequences.

All this is happening at a time when many b-schools are shying away from adding courses that emphasize analytical skills and advanced content, in an effort to maintain the size of their programs. It's happening at a time when our universities are admitting "science illiterate" freshmen, as U.S. high school graduates fall even farther behind their international counterparts in science and math. Soon, 80 percent of all scientists and engineers will be created outside the U.S.—most in Asia. The potential consequence of this trend is clear. In his May 2, 2005, editorial in the New York Times, Thomas Friedman paraphrased a statement made by Bill Gates: "If we don't fix American education, I will not be able to hire your kids."

To make our graduates employable, it's not enough to have "smart" classrooms. We also need "smart" students and faculty who are scientifically and technologically literate. They must develop deeper appreciations of converging technologies and sciences and bring a deeper understanding of them into the classroom. The entire undergraduate and graduate core in the b-school curriculum must be examined to assure a multidisciplinary understanding of these new challenges and opportunities. Freshmen and sophomores should be given a solid grounding in math and science. Popular 3/2 BS/MBA programs should be co-produced with an even broader array of departments, particularly biology and chemistry. Topics that have traditionally been the domain of specialized technology management programs, designed for relatively small numbers of students, should be brought directly into the MBA core for all students.

What also will characterize the Next Economy is the intensely intimate relationship between individuals and technology. As Friedman and Daniel Pink acknowledge, the Web-enabled PDA, not the iPod, makes the individual the primary actor in the Next Economy—it taps the energy of the so-called "power of one." While most students know how to use personal technologies, many still don't know how to use them to enhance their competitive advantage and performance in the workplace. Whether through brown-bagged "power user" seminars sponsored by vendors and consultants we invite to campus or through sessions run by students and faculty, we need to master a growing array of personal performance technologies. To help students gain personal competitive advantage in an increasingly science- and technology-driven economy, we need to expand our definition of technology proficiency beyond Microsoft suite software.

**The Next Economy is a resource-challenged economy.**

We have been producing graduates who take for granted cheap, limitless, and benign resources. That mindset is no longer valid. There is a growing acceptance among scientists that global warming is a shared experience. Increasingly volatile raw material and energy prices are reminders that the world is indeed small. Are we heading for a "carbon-constrained global economy" next year? No, but the day when oil costs $100 per barrel is not far off.

The Next Economy will be about industries, governments, and societies that are environmentally challenged and that must compete globally for contested resources. Some predict that the Next Economy will compel countries and companies to collaborate and make the transition into corporate responsibility and sustainable enterprise. However, a number of think tanks and policy centers, such as the World Bank and Council for Strategic and International Studies, note that we could be facing a period, not of collaboration, but of wrenching change and cutthroat competition.

Companies like BP and GE have come to understand that creating sustainable businesses—and profitably helping others do so—is not just smart, but essential. So, too, must business schools come to that realization. When the CEOs of GE, Ford, or Exxon-Mobil look for the management talent that can help guide their companies' transformations, how many of our b-school graduates will be true candidates? How many of our graduates will be trained in sustainable economics? How many will have the transformational leadership skills and abilities to think critically, systemically, and fluently about the complex problems that the Next Economy presents?

Teaching and preaching sustainable business practices must become part of the core b-school program. AACSB's budding task-force initiative regarding "peace through commerce" is just one important step in linking business educators with organizations increasingly concerned about how a sustainable, low-conflict transition to the Next Economy can occur. Other programs and initiatives that emphasize and teach sustainable business concepts and practices will not only encourage corporate social responsibility, but also help us make the transition to a new era that's closer than we think.
The implications of such pervasive changes are daunting, but these changes are coming. The only question is how, and if, business schools will respond.

**The Next Economy is a globally interdependent economy.** Few places in this world are untouched by escalating global economic interdependence. As a result of globalization, economic power is shifting away from the U.S. This shift has benefited millions of people and jump-started many developing economies. Yet, as powerful regional trading blocs emerge, many, especially in the U.S., view this new world order as a threat. Nonetheless, global competence is a core competence; knowing how to confidently and competently work across cultures is essential in a global economy.

The response of business schools to this development has been tepid at best. While notable exceptions exist, attempts at infusing international content and cross-cultural studies across the b-school curriculum generally fall short. The number of business schools with international business majors requiring two years of language study and study abroad experience is shockingly low. At least in the U.S., the post-9/11 drop in international students has further limited opportunities for domestic students to gain cross-cultural competence.

It’s time for business schools around the world to examine core programs for their international content and aggressively build faculty and student cross-cultural competence. International business concentrations linked only by functionally separate courses, without meaningful integration, don’t suffice. We need to devise courses that focus on a broad array of topics such as cross-cultural negotiations and global project management. Deans also must work with other university administrators to build cross-cultural competence into the entire baccalaureate experience and create more international opportunities at the graduate level. They must select global partners to guarantee that their students and faculty have access to high-quality, joint-program opportunities.

**The Next Economy is a demographically diverse economy.** Next Economy graduates are likely to manage four generations of workers, a significant percentage of whom will be minorities. As the “boomer” generation exits, countries like the U.S., Germany, France, and Japan will struggle to attract and accommodate the numbers of minorities necessary even to maintain the status quo in their workforces.

Members of the youngest generation now coming into college—the so-called “Digital Millennials”—are also very different in how they learn and what they expect from their schools. Those who aren’t familiar with vlogs, blogs, thinktanks, and learning spaces on wheels also don’t understand where their major student base is heading. How do we train them? Do we simply do our best and pass them on to our corporate customers to train? The answer is no. A number of senior HR executives have told me that they do not want to hire graduates who need further preparation—they expect us to do it.

Corporations have additional expectations of business schools due to the unprecedented talent shortages that will intensify with the exiting boomers. It will be a time of limitless opportunity for talented individuals, but they will be brought into leadership roles much faster and with less traditional company acculturation and inside experience than has been the case in the past. Companies expect business schools to equip graduates with agile and resilient leadership qualities earlier than ever. Yet few business schools have made truly significant commitments to leadership development, an area that requires serious, sustained investment in assessment, programs, and services inside and outside the classroom.

Developing true leaders means that we must embrace leadership development as the core business of the business school. In a workplace that will become increasingly talent-short and incredibly diverse in age, gender, and ethnicity, business schools should do no less.

**The Next Economy is an innovation-driven economy.** The unifying theme across all of these drivers is the need for business schools to become obsessive about creativity and innovation. The distinguishing feature of a Next Economy business school is its ability to change programs and retune faculty to meet rapidly emerging program opportunities, while also preserving the core competencies that gave it distinction. The differences between the business school and the companies its students and faculty study disappear. Both must compete for—and through—good ideas.

Functionally driven stock solutions that worked in the last decade—or even in the last year—cannot sustain us in the face of such change. We must commit to a pace of innovation that our corporate customers have had to embrace for some time. We need to infuse our programs with courses and experiences that encourage creativity and innovation. These programs must serve as learning laboratories to help us and our students take advantage of the rapidly unfolding new era of business.

The implications of such pervasive changes are daunting, but these changes are here. The only question is how, and if, business schools will respond. It’s time for a serious dialogue among business school faculty and administrators about what the Next Economy means for b-schools—and how their curricula must change to meet it head-on.

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