
Distinguished delegates and dignitaries, members of the faculty, staff, and governing boards, students, friends, and, of course, my family.

It is an honor for me to accept the ninth presidency of Babson College and to receive this medallion as a symbol of the office. The honor has even greater significance after learning from Carolyn that I am the first person to assume this office directly from the business world since Roger Babson, and I am honored.

I have thought long and hard about what to say today because this is a very special day for me, and it's a special day for Babson College. What I am going to discuss can be the wave of the future for this institution and, possibly, for many others.

Let me begin by speaking about competitiveness. We in the United States have lost our competitive advantage in almost any industry we can name. We have lost this advantage not because we have lost our innovative spirit, our creativity, nor our ability to get things done. We have lost it because other nations have learned how to do these things in a more efficient and effective manner.

It may seem strange that I would discuss this at an educational institution. However, I feel strongly that education is one of the reasons we have lost our competitive edge. Education is, I believe, out of step with change. It is sluggish. It is complacent. And, most frightening of all, it is not keeping up with the times in which we live.

These might appear to be harsh words, but let me remind you that 40 years ago reports by the Ford and Carnegie Foundations took business schools to task for being, and I quote, "out of touch with business." But that was 40 years ago and, unfortunately, we have fallen into the same complacency trap that existed in those days. Business education appears to be ignoring the fact that in order to educate business leaders, changes happening in the here and now have to be accommodated. Change today is more rapid than it was 40 years ago. Changes in education also must be more rapid if we are to have any hope of regaining our competitive advantage as a nation.

Let me give two personal examples of how education has been slow to respond to changes that have been recognized by those of us in business. Ten years ago the theme of my commencement address at a prestigious school was that we in the United States have a great deal

to learn from other countries' approaches to things. But we are unwilling to do so because our faculties and our institutions are not thinking globally – in those days we used the term internationally.

The second example was eight years ago when I had the privilege of speaking at the Center for International Management Studies at The Wharton School. I spoke as a businessman and said, "The need to educate business leaders with a global perspective, the need to develop men and women who can understand and deal intelligently with others from different cultures, the need to promote ethical behavior in all of our business dealings are now required in our educational process."

Here we are eight to ten years later, and very little has been done outside of the Lauder Institute at the University of Pennsylvania. However, a recent report, sponsored by the American Assembly of Collegiate Schools of Business, noted that business schools were much too complacent and self-satisfied, adding that they were ignoring the changes taking place around them.

I don't pretend to be a sage or a seer, but suddenly, the topics I spoke of some years ago are coming into vogue. Schools are just beginning to realize that they must change their curricula. Global education is now an "in" thing. We are facing up to the fact that businesses in other countries are working more closely with their governments, and their governments are subsidizing the way industry operates. We are beginning to realize that cultures and traditions are different all over the world, and that the managers of today have to understand how to motivate and manage people with different backgrounds, different traditions, different cultures, and different quality-of-life standards.

Why am I saying this? The most important reason is that I hope that what I have to say today does not rest, that it does cause change to happen in the next eight to ten years.

I have said that American business has lost its competitiveness. Why? The answer is that U.S. companies have not listened to their customers and have not fulfilled their requirements. Fulfilling customer requirements is the cornerstone of business regardless of size. If you don't do it, your chances of failure are greater today than they have ever been.

There are many reasons why companies might not listen to their customer requirements. First, they have a new product that no one realizes they need. Xerox had such a product in the 60s. Sony, with its Walkman, had such a product in the 80s. Second, no one else can supply your product. Utilities are examples of that, but look at how much AT&T is now listening to their customers. Another reason is that some companies have no interest in what their customers say; and others, believe it or not, feel that customers are not important to their success.

Many businesses outside the United States realized how complacent U.S. companies had become about meeting customer requirements. They filled that void and have made major inroads into our markets. As a result, we see companies in the United States paying much greater attention to their customers today than they have in the past.

Ignoring customer needs has been a problem of colleges and universities for much too long.

In my opinion, the main reason for this is that we don't know who our customer is. Is it the student? Is it the parent? Is it the faculty or alumni? Is it the employer who hires the students? Is it society in general? I know that it's easier for companies to identify their customers. They have defined buyers. Our buyers are varied. They are small and large businesses, governments, professional organizations, and a variety of others in both the profit and nonprofit sectors. And we must not lose sight of the fact that we are educating men and women for life as well as for work.

I profess that until we understand and accept who our customers are, colleges and universities will not assist in making us regain our competitiveness as a nation. If we are not educating our students for what the employers and society want and need, not for today but for the future, then we are not supplying the kind of product that is needed to become competitive in the world.

My challenge today to all business colleges and schools is to change and to change rapidly, to begin to realize that we have to meet the changing requirements of the universe in which we are educating our students to participate.

Our ability to make these changes happen exists here at Babson. I have been blessed with a solid foundation on which to build, a foundation that has been skillfully put in place by my predecessors sitting here on the stage with me today - Henry Kriebel, Bud Sorenson, and Bill Dill.

We are fortunate to have a faculty and administration that is dedicated, loyal, and very talented. As some of you may have read in *U.S. News and World Report*, we are ranked the number one specialty business school in the nation; that is,

schools that give more than 50 percent of their degrees in one field. Let me quote what was said . . . "An exceptionally strong faculty, stringent admission standards, and a high student-retention rate explain Babson College's standing."

Despite all of this, I realize that change will not come easily because, from my experiences at other schools, I have seen the great problems institutions have in making change. Some of these problems are caused by size, divisional boundaries, research orientation, or faculty who just don't care to change because it is too difficult, and who are unwilling to listen to customer requirements. I feel strongly that we do not have that problem at Babson.

It was exciting during my first 90 days to have so many students, administrators, and faculty members drop by to discuss new ideas that would help to propel Babson further into the forefront of management education.

At Babson our mission is clear. We plan to be internationally recognized as a premier college of management education. We have determined that in order to meet our mission we must emphasize comprehensive learning by blending studies in management, sciences, and humanities with practical applications. We must encourage the development of an entrepreneurial spirit and a global perspective. We must develop the skills associated with motivating people to work together toward common goals as well as the skills required to understand fully the new technologies. And we must do this while teaching the highest ethical standards.

We have the beginnings of this blending. We aren't far along, but we have a start through the cluster courses in which two or three faculty members, teaching different courses, integrate readings and assignments in order that each course has a direct relationship to the others. We will be doing more in this area.

We must do more – much, much more in the development of a global perspective. We must work toward integrating a global perspective into all our courses. We must encourage the development of an entrepreneurial spirit. There is an entrepreneurial spirit on this campus. Many of our alumni are entrepreneurs. We must teach the spirit of entrepreneurship to everyone, whether or not he or she is an entrepreneur. One way of doing that is to put the methodologies and techniques used in teaching entrepreneurial studies into the content of all courses, similar to integrating the global perspective in all our courses. We must cultivate the capacity for creative thinking and the willingness of our graduates to accept challenge, and encourage ethical standards and a commitment to social responsibility, as Jim Burke has said today.

We must provide an environment where students may master the information technologies. By that I don't mean merely a mastery of how to operate computers and PCs, but, more important, how to understand what information systems can do to help solve real business problems – not to be used just as tools but for business solutions using expert systems and knowledge-based engineering.

In order for us to do all of this, we must have students, faculty, and staff that come from diverse backgrounds. We must have a closely-knit campus community where everyone understands our

mission and where everyone works toward the same goals and objectives. We must ensure that our students transfer their classroom knowledge to life and to the reality of what is going on in the business and social world today.

It is clear to me that we must provide lifelong career support and education for all our alumni. Through our executive education programs, we need to give our graduates, as well as others in management, the opportunity to learn what is being taught today for tomorrow's managers. Last, but by no means least, we must do all of this while instilling an expectation in our graduates that the balance between work, family, and outside social activities is an important element of a successful career.

We must instill in our students – undergraduates, graduates, and executive education students – that it is important to balance these three areas of our life, for achieving this balance is the hallmark of a healthy society. I know it can be done. Jim Burke knows it can be done. Claire Gaudiani knows it can be done, and Don Barr knows it can be done. Many of you in this room know that you can balance those areas and still be successful in today's competitive world because you have done it.

It's easy for me to stand here and tell you all the things that have to be done. Now, we must explain exactly how we are going to accomplish all this to attain our mission. To that end, we have begun a strategic planning process which will be completed in 12 months. At that time, we anticipate having a road map, a step-by-step implementation program that we must go through to make sure our

graduates can be leaders who will help America regain its competitiveness.

I realize that to effect this change will take tremendous effort, but it can be done if we listen to the requirements of our customers and to the larger society of which we are a part.

I believe that if others in educational institutions were to step back and really look at where they are and where they need to be, and commit to listening to their customers, the impact on making America more competitive would be significant. We are willing to listen, and our strategic planning process will involve listening to many of our customers to ensure that we are on the right track.

There is yet another challenge that I extend today. Just as I have challenged the colleges and universities to change and change rapidly, I challenge the business community to help us effect that change. I challenge them to be of assistance not only with an infusion of dollars that will enable us to erect buildings, provide scholarships, perform new research, or build endowment, but to tell us what their requirements will be five, ten, or fifteen years down the road. As I've already said, we have difficulty adjusting in eight or nine years. So tell us now what it is we can do to help you in the future. How can we better educate the leaders of the future you so desperately need?

You can offer wise and welcome counsel by serving on advisory boards, by taking an active interest in colleges and universities that supply the product you are so fond of criticizing, by becoming truly involved in what should be happening in higher education.

There is much to be done to make our education more relevant, and we all have a role to play.