The MBA Core Curriculum and the Teaching of Business English

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Introduction

What does a student of English need to know in order to communicate effectively in the highly competitive environment of the global marketplace? This paper argues that the MBA core curriculum should form the structural basis of the business English curriculum. Why study the M.B.A. curriculum? The answer is simple—because it is specifically focused on providing many of the skills and knowledge necessary for executives to compete in an increasingly complex and fast-moving global marketplace. The aim of a Business English program will be to prepare the students to enter and function in a globalized business world, dominated largely by multinational corporations, with high speed telecommunication, transportation, extended supply chains, global flows of capital, outsourcing, and complicated capital financing and newer and better information and communications technology (ICT). Furthermore, we live now in the era when the global economy is undergoing profound transformations due to a collapse in credit markets—new government regulations, new sources of capital and labor, new customer bases, and new sources of financing.

It should be noted that the current crisis was largely caused by people with MBA’s, often from the finest schools on the planet. As a consequence, business schools today are undergoing a period of profound self-reflection and reform. Consequently, it may be better to say that the evolving MBA core curriculum should provide the structure, and guide the content of any course in business English. Below we will discuss in more detail the ways in which the MBA is evolving.

Critique of Current Material for the Teaching of Business English

What sort of course materials are there for teaching Business English? For the most part, these textbooks are written from the linguistic point of view, which is to say, they emphasize communicative functions and deemphasize content. A typical business English textbook will have units focused on such skills as, “answering the telephone,” “greetings,” “negotiations,” “making small talk,” “handling a customer complaint.” The problem with trying to teach such pragmatic functions is twofold:

1. They are formulaic, meaning that it involves memorizing a set menu of linguistic patterns said to be suitable for some fixed context. In reality (and this is the problem with teaching language as if it were a set of fixed formulas for fixed occasions), communication seldom fits the formulae learned in language textbooks.

2. The ability to handle every day communication, be it in the business world or anywhere else, requires the ability to use language flexibly and naturally. It is not the place of the Business English course to teach such basic language skills but rather, such skills should have been acquired elsewhere. In other words, Business English should only be taught to those who have mastered basic communication skills in lower level

* M.B.A., HBS, class of 1988
courses, so that they already can easily handle telephone conversations or greetings. There is, however, a set of business concepts and vocabulary which must be mastered to operate effectively in a variety of different business contexts. This will be discussed in more detail below. It is quite apparent that most published Business English textbooks getting failing marks on teaching the essential business concepts in a unified and coherent way.

Other general critiques are as follows:

- There seems to be a marketing strategy in textbook publishing these days that, "more is better." English textbooks of all sorts (not just Business English texts) tend to try to pack as many words onto a page as possible. The print is often very small font, and there seems to be little concern for visual organization of the page, i.e., to make it easy on the eye to follow. This also relates to the criticism that business English textbooks tend to be Eurocentric—oriented for European style business encounters, and for readers of western script. Students from Asian backgrounds will find such text style dense and overwhelming.

- There seem to be no clear organization around business concepts. Often these books are organized around teaching language structures, with a few business concepts or issues thrown in for window dressing. Sometimes business case studies are presented, as should be the case, however, however it is often unclear just what the cases are illustrating. Or if it is clear, what they are illustrating seems unconnected with any larger conceptual framework. In one textbook by a famous publisher, there is a cases study about a Norwegian company and its financial strategy which is then followed by an exercise asking the student to image what they would do if they were stuck on a desert island. There is no apparent connection between these exercises, at least not from a business standpoint.

Indeed, when business topics are introduced, they are usually done so in a piecemeal fashion, with no clear pedagogical focus, and without an adequate understanding of underlying business concepts. In one textbook, for example, there is a chapter on the Stock Market, introducing a jumble of concepts without focusing on the essential functional and structural meaning of the stock market---what it does and how it functions.

We are forced to then ask ourselves- does this approach really prepare the student of business English for what they will need in the global market place. The answer must be an emphatic, "no."

This paper argues that, as a corrective to the current approach in teaching business English, having such a clear conceptual focus will help the student learn both language and conceptual structures simultaneously and on a deeper level. The view being articulated here is that teaching concepts along with language will make it more natural, accessible, unified, realistic—targeted, interesting and relevant. One might think that it is unnecessary to say such a thing—that this is stating the obvious—yet a perusal of the current course material suggests that current textbook writers are stuck in a didactic mode which in weighted more in favor of formal learning of a set menu of language structures rather than a natural immersion in real communicative contexts of

* Furthermore, different businessmen greet each other in different ways in different cultures, so there is no set pattern for business greetings.
business English.

The MBA Structure and Method for the Business English Course

The essential method used in MBA program around the world is the case study method. Case studies of businesses and entrepreneurs actualize and make concrete theoretical knowledge. Indeed, much of the theories used in business management come out of real world experiences—real cases of business dealing with and adapting to changing market conditions.

Of course, the MBA is an advanced degree, highly technical, highly focused on especially micro-economic transactions—so why would a student of English need such technical knowledge? Actually, this is the whole point—the point of so-called English for Special Purposes (ESP), is to provide what is lingua franca of the realm- in this case, the world of global business where most of the people operating at the highest levels (the executives) are MBA trained. A student of business English is therefore required to be acquainted with those core concepts which are taught in the typical MBA program. Of course language and thinking go together, so that there is no real distinction between communicative competence in Business English and basic business competence.

The M.B.A. Core Curriculum

In an MBA program students learn how to produce, distribute, market and sell products and services, how to count revenues, costs, and profits. The following outline summary describes the basic curriculum; though different names may be used in different business schools, most courses include the following:

Strategic vs. Functional Topics

One the Strategic side:
  a) Market Entry
  b) Market Exit
  c) Product Direction
  d) Mergers, Acquisitions and Diversification
  e) Expansion and Contraction
  f) Corporate Finance
  g) Corporate Governance and Organizational Design
  h) Management Analysis
  i) Start-ups

On the Functional side:
  a) Accounting
  b) Operations Management and Production
  c) Marketing
  d) Information technology
Business Education and the M.B.A. Core Curriculum

Business education is specifically focused on giving the student those skills necessary for making a profit for profit maximization — although there are a small number of students who work for non-profits such as the Wildlife Fund who attend MBA programs to gain business skills to run their organizations. But most business firms have one overriding goal: to make money.

The Case Study Approach

In the case study approach used at many prominent MBA programs, the various tactical and strategic topics discussed above are studied by presenting students with an actual business case — a real problem faced by a business in the past. For example, in a marketing class, students may be given a scenario in which Coca-Cola needs to determine whether to enter the market with a new software drink. In a finance case, students may be given a case on how a bank might re-structure its balance sheet. Questions are presented at the end of the case, and student is chosen at random to “open” the case by speaking for about 20 minutes, summarizing the key points and answering the questions. Debate ensues for the rest of the class, with provocative questions posed by the infrastructure.

Some MBA programs, most notably the Harvard Business School, use the Case Study Method approach exclusively. Others use it as an adjunct to traditional textbook learning, and still others do not use it at all.

Both strategic and functional MBA topics are taught in traditional western MBA programs.

In summary, business strategy teaches how and why business decisions are made that impact entire corporate directions or large business units within the corporation, while functional topics cover how to implement the individual components of strategy.

The following sections explore first the strategic aspects of the MBA curriculum, and then the functional aspects.

Strategy

a. Market entry

A key decision facing corporations is whether to enter a given market. Executives determine whether or not a market is highly monopolistic (cable TV), a cartel in which companies collude on price and supply (oil), an oligopoly (a handful of competitors without collusion, such as cell phones), or open competition as found in most industries (clothing being a good example). “From the business executive’s point of view, the most important feature of each form of market structure is the degree of pricing and market power that each endows
upon participants in that market.” (Navarro 2005:306)

Other issues considered in determining whether to enter a market include:

- Who are my competitors; how do they market; what are their supply chains? Do they have a cost advantage that I can or cannot duplicate? Are they known for extreme brand loyalty by their customers?
- Barriers to entry must be considered. Simply put, Barriers to Entry refers to how easy/hard is it to enter a new market. High barriers tend to exist in heavy investment industries, such as steel and oil, or in cartels or oligopolies in which existing suppliers can out-spend new entrants and tend to have such strong brand recognition that customers are unlikely to switch to a new supplier. Low barriers exist when supplies are abundant, capital investment (plant and equipment) are low; a highly trained staff is not needed; and customer loyalty is low. Consider airlines — it is very hard to create a new airline, with large capital costs, the need for skilled labor, and gates at airports are limited. In contrast, food service has low barriers — abundant supply of goods, easy supply of staff, and low customer loyalty.

Once this analysis is completed, or revised, the corporate strategist tries to analyze how to gain a competitive advantage; how to achieve superior market performance. Among other techniques, this can be done via pricing/cost control (Wal-Mart), distribution (Starbucks), marketing (Geico, Nike, Gatorade); product quality (Toyota); or innovation (Apple, Merck). Some of these topics are explored in detail, below.

b. Market Exit

When a company feels it can no longer effectively compete in a market, it can choose to exit this market. For example, IBM no longer manufacturers PC’s, having sold this business to Lenovo in China when they realized they could no longer be profitable in this market.

c. Product Direction

Another aspect of business strategy is product direction — where are we going with a given product or product category, based on market forces and other factors. An example is car companies moving towards smaller vehicles due to environmental matters and gasoline prices. Microsoft is facing this question with its operating system as companies like Google are moving functions onto the internet — should Microsoft continue to have a fully functional PC-based operating system, or move its technology to the internet? Kodak is an example of a failure in this area, not anticipating digital photography, and the result was a loss of market share and its stock value slid to half. (Navarro 90). As another example, American automakers failed to understand the shifting demand towards more fuel efficient vehicles in time to re-tool, thus requiring bail-outs from the US government to remain operational.

d. Mergers, Acquisitions and Diversification

Mergers and acquisitions (M&A) is a strategy to enter new markets quickly. If the barriers to entry are high but the company wants to enter a market, it can buy a company already doing business in that market. Funding is generated by buying a company that has strong cash flow, meaning it generates positive, reliable
profits to help pay off the acquisition price. In contrast, some companies assume debt to fund acquisitions in the hope that either the cash from the acquisition, or cost-cutting through combining the companies, generate enough cash to pay back the debt. The cost cutting is known as achieving “synergies,” such combining data centers, or manufacturing plants, to lower overall costs. Mergers and acquisitions often support diversification — spreading a company’s products over multiple markets. General Electric is a classic example of a highly diversified company, with business in industrial manufacturing, military equipment, consumer manufacturing, entertainment, and many other sectors. Diversification helps stabilize earnings if any one market declines.

e. Expansion and Contraction
A cousin to the study of Mergers and Acquisitions is that of expansion and contraction, in which certain businesses units receive more investment funds then others, depending on market conditions.

f. Corporate Finance
“It is impossible to grow without capital investment.” (Ross & Westerfield 2005:194) Investment of capital enables a firm to generate positive cash flows by investing new products, plants, marketing campaigns, and information technology, thereby adding value to the company. "Typically, executives must weigh the up-front cash costs of a capital investment against the longer run stream of cash flow benefits." (194)

One of the key questions asked by executives doing corporate investment is whether the investment of capital in the present will yield returns in the future given the uncertainties in the markets. How long should you be expected to wait for a return on the investment? How do you determine the risks and evaluate those risks?" “ (196) Mathematical models are used to project current investment — adjusted for various forms of risk.

Publically traded companies face unique issues, as stockholders expect steady increases in prices and the payment of dividends. They tend to shun longer-term investments, or make these longer term investments in some business units and use other business units to maintain reliable short term cash flow — an advantage of diversification.

For publically traded companies, “one of the most important tenants of corporate finance is that, at any point in time, a company’s stock price reflects an expectation of a future stream of earnings.” (Ross & Westerfield 202) The goal here is to create shareholder value in publically held companies. For private companies, the goal is return on investment for the individuals or institutions which supplied the funding.

Corporate Accounting uses 3 main financial statements to provide executives with a view of company performance.
1. The balance sheet (gives a detailed overview of the company’s financial health—provides information on assets and liabilities); the debt-to-equity ratio is a key quotient: if measures the company’s risk and liquidity.
2. The income statement (costs, revenues, and resulting earnings over a certain period of time)
3. Statement of cash flows (payments and receipts). Note that revenues (shown on the income statement) are not usually synchronized with cash receipts (shown on the cash flow statement) — consumers buy
on credit, and there is a natural lag between a retail sale and its availability as liquid cash.

g. Long Term Capital Budgeting

In the process of long-term budgeting, executives must take into account the general macroeconomic conditions in order to create a balanced financial portfolio (discussed below); this includes *systematic risk* which affect all corporate economics equally — such as oil prices, tax changes, or wage inflation. It also includes unsystematic risk — e.g. sudden surprises which impact companies differently. Both types of risk are difficult to calculate.

h. Balancing your financial portfolio

Companies (and individuals) seek to balance their portfolios by diversifying and hedging, which means spreading investments over numerous financial instruments including cash, bonds, stock, and complicated insurance-like risk-reduction tools called derivatives. Note there are no guarantees outside of government-backed money funds, and the recent financial crash shows how these hedging strategies can destroy wealth when the underlying assets lose value — i.e. housing, tech stocks.

Students are taught that portfolio mix will depend on the level of *risk aversion* and an understanding of the risk-reward relationship. Generally, the greater the risk, the greater the potential rewards. The key here is to “learn how to build a portfolio which matches the risk profile of the company.” (Ross & Westerfield 212)

i. Capital Financing/ Capital Structure

Capital financing focuses on the question of the ratio of debt to equity financing (equity is *typically* cash and assets that can be quickly converted to cash such as stock, and hard assets such as plants, and stocks). The Chief Financial Officer (CFO) advises the corporate leadership on how to pay for new capital investment projects (like a new plant). The calculation presents the impact on debt to equity ratios, and this decision may change in the capital structure for the company. “For example, industry sectors such as building construction, hotels and lodging, and air transport all favor higher debt-to-equity ratios and rely heavily on bond financing (a form of debt) to fuel growth. On the other hand, companies in the drug and chemical, electronics computer sectors tend to avoid heavy leverage, preferring instead to fuel their capital investment needs primarily using new stock (equity). As a rule, the cost of debt capital is less than that of equity because debt tends to be less risky.” (213). However this can spiral out of control, as we saw in the fall of 2008 when companies had excessive debt to equity relationships throughout the world and when the underlying value of the assets funded by the debt fell. This happened to housing in the United States.

j. Short-Term Cash Flow Management

The three corporate finance questions were:
- long term capital budgeting
- portfolio design
- capital financing

However, all these questions take the long-term view. In short-term capital management the big
question is: “How do you determine the profit-maximizing levels of short-term production inputs, product inventory, payroll costs, and other ‘current assets’ while managing short-term cash flows...” (217)

Specifically it is concerned with the following issues
- how much raw material and other inventory should be kept on hand
- how much cash should be kept on hand to pay the bills
- how much credit should be extended to customers
- how and at what speed should cash be collected

These questions are related to two things- the operating cycle (how long does it take to get a product to market and what are the cash outlays along the way) and the cash cycle (how does the receipt of revenue match expenditures). Since cash inflows and outflows are always uncertain and unsynchronized, this can be difficult. For example, seasonal businesses, such as those that sell summer furniture, Christmas gifts, or ski equipment, must plan for large influxes of revenue during short periods of time that don’t match their expense outlays on manufacturing, and payroll.

Keeping cash on hand is necessary but results in opportunity costs (lost opportunities- the cost of an alternative that must be forgone in order to pursue a certain action). Put another way, it is the benefits you could have received by taking an alternative action. “The costs of liquidity are primarily the opportunity costs of idle cash not earning a higher return.” (221). The more liquid an investment is, the more quickly it can be accessed. For example, cash in a bank is highly liquid, whereas an investment in land is not very liquid — but might return a higher return over the long run. Once again, we return to the task of balancing a portfolio of financial assets.

“To manage the firm’s cash, the firm’s executive team must determine the appropriate cash target cash balance, collect and disburse cash efficiently, and appropriately invest excess cash in marketable securities and other financial instruments that earn a return.” (221) Safe investments are very important; these include short-term marketable securities with little risk of default that can be bought on the money market such as Treasuries and commercial paper or Eurodollar certificates of deposit.

Credit management is also a key concept with regard to cash management—how much credit to extend to customers and pay-back conditions. Extending credit increases sales — think of consumer borrowing for a car or house - -but exposes the lender to the risk of default. The interest rate includes a calculation to account for default risk.

Other interesting but more advanced issues in corporate finance are more exotic financial instruments, including:
- Options and futures
- Warrants and convertibles
- Derivatives
- International corporate finance (Direct Foreign Investment)
k. Corporate Governance and Organizational Design

MBA programs teach corporate governance — how decisions are made. In general, at the executive levels there is a Board of Directors, run by a Chairman, with a Chief Executive Officer (CEO) reporting to the Board. A president, who has operating responsibilities, reports to the CEO and has a staff composed of functional executives: VP of Finance, VP of Sales, Chief Operating Officer, VP Human Resources, and so on. In publicly traded companies, the Board is accountable to the stockholders, and when large investors such as rich individuals or institutions such as pension funds are dissatisfied with Boards, they can put pressure to have the Boards replaced or re-structured.

Another area explored in MBA Curricula is organizational design, which includes analyzing and optimizing the horizontal and vertical structure of the company. (Navarro 2005:53) Horizontal structure is defined as the range of the company’s products and services—PepsiCo or General Electric, both selling a wide range of products, in contrast to Gibson, which only sells guitars. Starbucks recent move into music production is an example of horizontal structuring, as well as diversification. Vertical structure refers to what types of functional activities are performed internally and what is outsourced. (Spulber 2005:53). One example illustrating vertical structure is Nike, which focuses on design, product development/R&D, marketing but outsources production and distribution.

In determining organizational design, a company considers its “core competencies:” what does it do best? A maxim is to do what you do best, or cheapest, and outsource the rest.

l. Management Analysis

All M.B.A. programs have courses which cover at least three basic techniques related to management analysis — mathematical techniques which help formulate strategy. These three are listed below:

1. Statistical analysis [regression analysis]
2. Decision and risk analysis [decision trees]
3. Simulation [modeling]

They may be included in the program in different ways- as independent courses or as part of course on Operations Management or Managerial Economics.

m. External Analysis

The student is taught to understand the “marketplace: customers, suppliers, competitors, and partners.

1. Customers (which customer segment(s) does one target). A key concept which applies here is the price elasticity of demand—how much flexibility there is in changing price in order to get a competitive advantage. Customer loyalty is also analyzed, usually through surveys or focus groups. And location factors are considered — a company selling luxury goods would not operate in the inner city; nor would a computer company invest heavily in retail outlets in the farmlands or remote timberlands.

2. Suppliers are analyzed in terms of technology; cost structure; financial stability; and quality. Wal-Mart a good example of supply chain efficiencies. They were among the leaders in squeezing supply chain efficiencies. Another concept in supply is that of just-in-time (JIT), in which goods are delivered as close to
need as possible to avoid piling up inventory costs. JIT came in part from the kanban system at Toyota. ...reducing changeover times for different models of cars from hours to minutes. (Nahmias 2005:134)

3. Competitors. Corporate strategy departments have staffs whose sole responsibility is to monitor competitors, their product direction, pricing and promotion activities, and so on. Another area considered under the topic of competitors is customer loyalty and switching costs — switching costs are critical with industrial customers. If I sell farming equipment, and obtaining a new customer means this customer must dispose of millions of dollars of my competitor’s equipment to buy mine, this high switching cost indicates a low likelihood of my stealing this customer from my competitor. This is a barrier to entry.

4. Partners (which partners to retain and which to divest); informal vs. formal alliances (e.g. HP and Canon) “from small entrepreneurial businesses to multinational corporations.” Generally, companies seek partners who can either provide new customers, or participate in product development and production.

n. Start-ups

This is a specialized area of study that was especially popular during the “dot-com” era. In start-up organization, a business starts with a business plan defining it’s strategy and timetables. Then it needs to secure financing — ether from private individuals, debt, the stock market or some combination. After finance, the next step may be to form a management strategy. This is followed by operations management. Managerial economists and a marketing team create an overall strategy to implement the plan. Financial and managerial accounting teams will then monitor or track costs and revenue. As the business grows, we become concerned with leadership and human resource management.

2. Functional Topics

Strategy is an ever-evolving set of activities in any corporation, as every market is changing (albeit at different paces) and strategies must evolve. Yet even as strategies evolve, as described in the discussion above of strategy as taught in the MBA curriculum, business execution is the primary set of tactical activities of a business — the implementation of strategies. Below is a description of the key functional areas that comprise strategy implementation.

a. Accounting

In contrast to corporate finance, where large issues of debt and equity finance are considered, accounting involves the day to day management of cash, payroll, benefits, management, vendor payments, internal and regulatory reporting, and short-term funds management.

b. Operations Management and Production

Every business has an operating model and MBA programs have numerous courses on how to produce and deliver a product or service. McDonalds is often used as an example of service standardization and efficiency, in which every step in the food preparation process is studied to minimize movement, maximize employee productivity, and standardized across all outlets. Product manufacturing courses examine plant location, supply chains, shipping strategies, and so on. FedEx often is used as an example of operations management, with the coordination of goods on a 24 hour basis from pick-up points, through trucks, to
airplanes, and then back to trucks and final deliver points.

Manufacturing is often taught under the name *production theory*. It looks at fixed costs, variable costs and most importantly marginal cost—the additional cost of producing one more item. It is part of the larger law in economics of diminishing returns, which in turn relates to the broader concept of economies of scale. Simply put, once scale is reached on a mass-produced item, the cost of each successive unit goes down.

Topics covered in manufacturing (sometimes called plant operations) include:
- Product Scheduling: what is the weekly output one should plan raw given our customer demand and delivery capacity; what is the minimum time needed to finish a product; what activities (such as downtime for preventative maintenance) can be delayed and what are essential; etc
- Facilities layout and Location: what is the optimal layout of product flow and staff movement; where should a firm locate their plants (often taking into account the trade-off of labor costs vs. shipping costs); and so on

In the 1980’s, Japan pioneered a set of processes under Deming and Juran known as Total Quality Management (TQM), which used metrics and models to manage every aspect of quality in operations — both service and manufacturing), with the correct assumption that improvements in quality tend to lower costs — a revolutionary concept at the time. Low defect rates produced less re-work, and lead to customer loyalty that allowed growth which in turn lead to economies of scale. During that decade, Japan enjoyed a competitive advantage in steelmaking, electronics, and auto making but over time the world caught up, and began to codify to the TQM methodology in frameworks such as ISO 9000 (International Standards Organization).

An increasingly important aspect taught within operations and manufacturing is supply chain management (SCM). Supply chain management deals with:
- management of materials/ production scheduling
- information/ capacity planning
- financial flows in the network of suppliers, manufacturers, distributors and customers. (Nahmias 2005:135)

Because of intense global competition and low cost labor in developing nations, it is difficult for companies to compete by lowering prices...in many cases they are as low as they can reasonably go. Therefore, a way to cut costs (and boost profit) is through more efficient supply chain management. As one example, radio frequency tracking devices are becoming a requirement of large retailers so they know where products are in the supply chain at any moment, and can divert them to meet needs anywhere in the chain.

“Improving relationships with vendors, outsourcing of manufacturing and/or logistics, transitioning the manufacturing function overseas, and opening up new channels of distribution are just a few of the ways firms are using SCM to gain a competitive edge.” (Nahmias 135)

As mentioned earlier, one SCM technique is just-in-time supply chain management, in which goods are delivered as close to when they are needed as possible to avoid piling up inventory costs. Dell Inc. took this to
the logical extreme, with each customer PC not being final-assembled until purchase — a form of hyper-efficient inventory management: made-to-order PC's.

c. Marketing

Marketing is "the set of activities within the enterprise designed to plan, price, promote, and distribute products to target markets." (Lutz & Weitz 2005:88)

Promotion focuses mostly on advertising and the use of temporary discounting. This component of marketing is generally divided into two categories: demand generation and awareness. Demand generation are the marketing activities that drive a customer to buy, such as a sales discount or limited availability on a product — "buy now!" Awareness marketing is designed to implant the company or product in the consumers mind so when they do have a need to buy, they are subconsciously predisposed towards a company. The ubiquity of the Nike "swoosh" logo on athletes apparel (i.e. Tiger Wood's hat and shirt); the placement of a company logo on a bus or billboard; or the naming of a sports stadium after a company are examples of awareness marketing.

Marketing promotion also attempts create the perception of customer value. "Such value is most broadly defined as the perception by the customer that what the organization is offering will satisfy---or exceed!--- what the customer needs or wants." (Lutz & Weitz 89)

The outcome of good promotion is sometimes referred to as brand equity- "the added value a brand name attaches to the product." (104) Coca-Cola is one of the most famous. "One very important reason to nurture strong brand equity is that it is a tremendous source of leverage for launching new products." (104) L.L. Bean, and Coach Apparel are other examples.

Another topic taught within marketing classes is pricing. This area is basically microeconomics for business managers. Its methods help gain a better understanding of how prices are set in markets, and how to price your own products. Pricing is determined by understanding the costs of producing a good and corporate overhead (price x volume must exceed production costs plus overhead to make a profit), what competitors are charging, and also a customer behavioral dynamic called price elasticity. Elasticity is defined as the degree to which demand changes with price changes. Cigarettes have proven to be very inelastic — smoking rates do not change as the cost of cigarettes increase. Vacations quite elastic - people defer vacations when the costs increase. Sometimes elasticity varies with consumer segments (identifying all the different types of customers in a particular market) For example, in the airlines industry, business people have inelastic demand so can they can be charged a higher price; families and pleasure travelers have elastic pricing profiles so they should be offered a cheaper price.

Marketing also involves targeting and market segmentation:

-identifying target markets: to whom do I sell?
-identifying products for that market: which products do I sell to which customers?

For example, McDonalds has a different menu for the inner city than it does for suburban environments. Cell
phone companies have products that appeal to youth markets, heavy on music, texting, and entertainment features, and other products (such as the Blackberry) that appeal to corporate segments. In the food service industry, for example, AppleBees has positioned itself as a family style sit-down restaurant, vs. Burger King, which is a drive through fast-food enterprise, whereas non-chain “white-table cloth” restaurants serve an upscale market with less price sensitivity. All three food service examples cited above appeal to different segments.

d. Information Technology
There are virtually no companies that do not rely on Information Technology (IT) for running their business. There is customer-facing IT (automatic teller machines, web pages, airline ticketing kiosks), and back office IT (payroll systems, supply chain management systems, robotic manufacturing equipment). MBA programs teach how to evaluate emerging IT, and manage existing IT.

e. Organizational/Leadership
The human management aspects of business operations are taught in every MBA program. But it is very difficult to teach this concept, as it is incorporates psychology and even philosophy, and it doesn’t seem to appeal to business students who are focused on quantitative and tactical skills. The world of business is often, mistakenly characterized by specialization “in core functional areas such as finance, marketing, and operations management.” (McShane 2005: 227), which MBA students often refer to as the “hard skills,” while derisively referring to human factors studies as “soft skills.” This is unfortunate because many of the most successful businesses owe their success to leadership and excellent organizational systems. Examples include:

- Herb Kelleher (Southwest Airlines) a hungry, take-on-the-big-guys culture
- Richard Branson (Virgin Group) iconoclastic culture
- The late Sam Walton (Wal-Mart)...a culture of frugality, precise product placement, and customer service
- Larry Page, Sergey Brin, Eric E. Schmidt (Google)- innovation, youth, speed and flexibility
- Steve Jobs (Apple) — creation of new product categories, such as the iPod
- Founders David Packard and David Hewitt (Hewlett Packard)- seeing profit as an enabler of other, equally valuable objectives, including people (employees) and citizenship

What makes good leadership? Part of the answer is in the area which is now becoming very important: entrepreneurship and transformation. Transformational leaders “build commitment to the vision through their communication and modeling.” (McShane 251) Entrepreneurial leaders, even in large companies, encourage risk-taking in the hopes of a product- break-through.

The emphasis on communication as a leadership tool can not be over-stated. Good leaders communicate through various channels, and stay on message consistently to their staffs and their customers.

The two cases of Southwest Airlines and Enron are very clear examples of how leadership and organizational philosophies make a difference. After 9/11, Southwest avoided laying off employees as the
airline industry suffered, and kept customer service at high levels, losing millions of dollars a day. This resulted in loyalty among staff and customers that prevailed as the industry returned and now they are an industry leader with a motivated employee base. In contrast, Enron created an aggressive culture that rewarded internal and external predatory behavior and ultimate went out of business when that culture crossed the line into illegal behaviors.

f. Human Resource Management

Human resource management tends to focus on tactics such as payroll administration, benefits management, on-boarding (bringing on new staff), training, and coaching.

g. Ethics

Ethics are extremely difficult to teach because ultimately ethical behavior stems from an individuals’ value structure, but the case study method in particular lends itself well to spirited debates on ethical dilemmas. Highly visible corporate ethical violations (Enron, Bernie Madoff, Adelphia) have elevated the importance of ethical training in MBA programs.

h. Business and Government

Businesses have to interact with government on multiple levels, and MBA programs address these. There are regulations to be followed, tax policies to follow, and proper techniques for influencing policy (lobbying). Further, governments offer tax incentives for certain activities, such as crop-growing and oil-exploration, and these must be understood.

i. International Business

Almost any company of scale operates globally, and MBA programs teach how to do so, covering areas such as currency management strategies; respect for cultural differences; seeking low-cost countries for various aspects of the total operating model (i.e. call centers and IT work in India; assembly in China; raw materials sourcing from South America).

Conclusion

There is, of course, is a negative side to a strictly MBA approach to Business English education. Most business schools today strongly emphasize the technical side of business, deemphasizing such things as ethics and leadership. Sharon Oster, the dean of the Yale School of Management said, “Business creates value in terms of services and products.... However, schools have become too scientific, detached from the real world...too focused on maximizing short-term shareholder value....limited understanding of ethical and social considerations essential to business leadership.” (in Reeves 2008) Success is mostly measured in terms of stock price—a kind of market fundamentalism in which the only that counts is short-term profit taking.

Indeed, HBS is now trying to make courses more global with more emphasis on leadership skills- the need to understand things more from a general management perspective; the challenge is to develop leaders, not just managers. As for strategy, it has been said that great leaders don’t really worry about strategy; most
organizations spend too much time on it. Firms try to design the perfect strategy to beat out the competition, but as Wells Fargo CEO (R. Koacevich) said, “I could leave our strategy plan on a plane and it wouldn’t make any difference. No one could execute it. Our success has nothing to do with planning. It has to do with execution.” (in Reeves 2008) The key point is not how brilliant the strategy is, but can we execute it (make it operational). The right kind of leadership can make a difference in company’s fortunes...not strategy!

One might then ask why the MBA should be the guiding structure and foundation for a course in Business English, given that the current economic meltdown was aided and abetted, if not directly caused by people using a strategic orientation they learned in MBA programs at some of the best institutions on the planet. Furthermore, some of the top transformational business leaders, entrepreneurs and other successful business people have operated without the benefit of an MBA, and indeed, owe much of their success to fact that they went against the orthodoxy of what is taught in most business schools. Given these two facts-the failure of the MBA training to prevent the wide scale collapse of business enterprises and the fact that some of the most outstanding example of business success come from those who have challenged the MBA understanding of the world—how can we then argue that the MBA core curriculum should form the basis of a course in business education?

The answer to this possible criticism is twofold.

1) Even though it is true that the global economic crisis was, in some sense, caused by those with MBA’s, this doesn’t mean that the MBA is irrelevant. In point of fact, even the great business visionaries have brought MBA trained people to man executive positions in order to insure the smooth running of their enterprises in a very competitive global marketplace.

2) Furthermore, the point of a Business English course and/or textbooks is not necessarily to produce business visionaries (though if it contributed to such a result we would be more than happy); rather the goal of such a course is to give the students the necessary (though not sufficient) communicative competence to operate effectively in the global marketplace.

As the MBA program evolves to become more ethical, humanistic, and entrepreneurial, so too, Business English education will gladly follow in its wake. The case method used in business school should be adopted by Business English teachers as the primary teaching method since it involves researching new data and concepts, and requires being able to articulate those concepts in a coherent way. The content and method of the MBA program generally closely reflects what occurs in the global marketplace so this is the necessary starting point for any advanced course in Business English.

BIBLIOGRAPHY


The MBA Core Curriculum and the Teaching of Business English

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Abstract

This paper argues that most of the materials currently available for teaching Business English are inadequate on a number of grounds: they put too much emphasis on the acquisition of learning language structures and functions over content, the layout is often confusing or overly didactic, the content is often too Euro-centric, but most importantly, there still remain serious gaps in what a businessperson needs for communicative competence in the global marketplace. As an alternative, this paper argues for a content based approach focused primarily on basic business and economic concepts. A strong Business English curriculum, it will be argued, should have a clear focus which will correspond to most M.B.A. curriculums: money and banking and international finance, marketing strategies, business strategy, corporate governance issues, operations and supply-chain management, human resources, business accounting, economics, and business ethics, and organizational leadership. Such a concept based Business English curriculum will assume that the student already has a basic level of competence in English language structures, or if not, will gain this competence in non-business English courses. The case study method which is generally used in MBA programs around the world is the method which should also be used for the learning of Business English. In this way, the student will be prepared with the knowledge and skills they need to operate in the global marketplace.