

Fear, Loathing, and the MBA

By Roger L. Martin | April 12, 2010

In the wake of the bear market and [financial crisis](#) of 2008, we've experienced a bull market in navel-gazing. Given the extent of the carnage in the capital markets, some "where-did-it-all-go-wrong?" hand-wringing was inevitable. But where has all the post-hoc analysis and teeth-gnashing gotten us? Not far. The markets are on the path to recovery, but we've done little to address the underlying causes of the crisis, one of which is what and how we teach in our business schools.

I'm not the first to point to [business schools as a part of the problem](#). MBAs are a reliable punching bag when things go badly; they're rich, they're entitled, and there are a lot of them (the MBA is by far the leading degree in American postgraduate education, where it represents more than a quarter of all students). The standard criticism lobbed at MBAs is that they're arrogant, brash, and brimming with unearned confidence in their own abilities. That criticism misses the point. The real reason that our MBAs contributed to this financial crisis, and the crises that preceded it, has less to do with arrogance than with fear.

MBAs are taught frameworks and models that are meant to give them ways of thinking about the world. The problem is that we don't teach those models in ways that encourage students to actually think critically about the world. Too much of business education is about edutainment, takeaways, absolute answers, and universal tools. We show students how to value a company, how to price an option, how to manage away risk through securitization. But we are largely silent on the limits of those models, the patterns of assumptions that underlie them, and, most important, what to do when those models stop working.

Model Dependence

The result is that we produce graduates who are capable of dutifully applying the models they were taught, but who are unlikely to question them and largely incapable of adapting

them and building new ones. As such, MBAs cling desperately to their models out of fear. If the models they have don't work, there is nothing to replace them and no way out of the problem. That is why I don't believe that arrogance drives MBAs to hold steadfast to their models as they fail; it is paralyzing terror.

MBA graduates hew close to their old models even as they lead deeper into crisis because they can't see what else they can do. That is the predominant shortfall of MBA education; too many outputs with too little process, too much about results with too little about causes, and too many conclusions with too little reasoning. It is no wonder our graduates don't leap confidently and decisively to build new models when the old ones start to fail.

To build new models, MBA students need to be taught to deeply examine the models we present to them—not just to the end of regurgitating them on an exam, but with the aim of understanding how, why, and when the models work. Students need to actually play with the models, testing, challenging, breaking, and rebuilding them. They need to imagine and explore, as a designer might, what could be true, as much as what is true. They need to learn to seek out and listen to the naysayers, to seek to understand what those in opposition to conventional wisdom see about the world that the rest of us do not.

Integrative Thinking

Our MBA students need to be integrative thinkers. Integrative thinking, on one level, is simply the ability to use the tension of opposing models as the root of a new and better choice. Integrative thinkers, rather than choosing between marginal or less-than-appealing options, will seek to create a new model that contains elements of the existing models but that is better than each of them. On another level, integrative thinking is a specific application of a broader and more impactful way of being in the world: a way of being that says my job is not to choose but to create. This mode of thinking encourages wide exploration and deep reflection, creativity, and analysis. It is a mode of thinking that dismantles the fear response when our models start to go off the rails. The failure of a model isn't a cause for panic; rather, it is a marvelous opportunity to understand the limitations of that model and to build a new and better one.

Only when we commit to an MBA based on integrative thinking will we produce graduates who innovate new and better models rather than get trapped and limited by models that we teach; who will contribute to resolving crises rather than contributing to their creation in the first place.