

The First Five Years

School of Business and Management

Institute of Technology Bandung

(Note: This history is written in the style of a Harvard case study, full names and titles are not used.)

Summary

ITB's School of Business and Management (SBM) is just over five years old. In that relatively short period of time the school has grown from one program and nine full time faculty members, to four academic programs and thirty eight full time faculty members. In addition there are now thirty part time lecturers, fifteen full time tutors and thirty five part time tutors. Student numbers have risen from 233 to close to approximately 1150 in the same time span.

SBM has a very active Center for Innovation, Entrepreneurship, and Leadership (CIEL). Fifty teaching cases about Indonesian businesses have been written by faculty and staff. The *Jurnal Manajemen Teknologi* (Indonesian Journal for the Science of Management), the *MBA-ITB Business Review* and *The Asian Journal of Technology Management* are published by SBM on a regular basis.

SBM receives a great deal of respect in the community. It is undoubtedly the best business school in Indonesia and is on a path to become even better. This is the story of SBM's development, not without difficult times and disagreements, but with a remarkable amount of internal teamwork.

Formation of the School of Business and Management (SBM)

Discussions about creating a new faculty of management at ITB began at least as early as the 1980's. In the early 1990's Rector Wiranto Arismunandar formed a cross faculty committee to consider such an action, with no result. The major obstacle was the feeling within the ITB community that there was no need to expand beyond the fields of engineering, science and the arts. Support for the idea came from the Faculty of Industrial Engineering (IE) which had developed some expertise in management fields.

The election of Rector Kusmayanto Kadiman in 2001 changed the environment. He felt that ITB should have a management school and formed a team led by Dr. Mame Sutoko to develop a proposal. This committee developed a plan to create a management school that was much the same as those at other universities. In the end their proposal was not accepted.

Parallel to the formal committee an informal group within the IE organization developed an alternate approach. This group was primarily from the “Management Studio”¹ which by 2002 was led by Dr. Jann Tjakraatmadja (Jann). In addition to full time faculty Dr. Kuntoro Mangkusubroto (Kuntoro), recently CEO of PLN², and Dr. Surna Tjahja Djajadiningrat (“Naya”), then head of the Agency for Training and Education for the Department of Energy and Mineral Resources, were members of the group. Both gentlemen were officially members of the IE faculty.

The informal committee recognized that the major challenge was developing managers with good attitudes and skills in leadership, communications, and other “soft skills” rather than the conventional focus on functional expertise. Kuntoro is considered as the leader in the development of SBM’s philosophy. Meetings were held weekly at the ITB campus in Bandung on Friday afternoons so that Kuntoro and Naya could come up from Jakarta.

Although this group was not officially established by the Rector they informed him of their activity and convinced him that it was a serious effort to offer a counter proposal for a management faculty. In addition Budi Iskandar (Budi) from regional planning, who was a member of the formal committee, communicated with the informal group and the Rector. Budi also tried, without luck, to insert some of their ideas into the formal committee proposal. In the end Budi joined the informal team, which included, in addition to those mentioned above, Arson Aliludin, Aurik Gustomo, Dr. Dermawan Wibisono, Nurhajati Ma’mun, Dr. Utomo Putro, and Dr. Sudarso Wiryono (Sudarso). The group, except for Arson, is shown in Figure 1.

¹ “Studios” were the equivalent of laboratories, but specialized in “soft” fields such as management, economics, public policy and tourism.

² PLN is the state owned national electricity company.



Figure 1 - SBM Team 2003 (Jann, Naya, Kuntoro, Nurhajati, Dermawan, Budi, Aurik, Utomo and Sudarso)

In order to test their ideas the informal committee organized a two day workshop in Jakarta with some 90 businessmen and academics from other universities participating. This even was held at the Hilton Hotel in early 2003 and was sponsored by businessman Bakti Luddin. One of the attendees, businessman Adi Warso challenged the committees approach in one respect. He pointed out that, in addition to soft skills, functional expertise was also needed in the real world. As a result functional studies were added to the planned undergraduate program.

The alternate proposal for the establishment of SBM was submitted to the Rector in May 2003. The following seven months were spent obtaining the approval of the ITB Board of Trustees and the Academic Senate. The Rector provided strong support and the Chairman of the Board of Trustees, Iskandar Alisjahbana, endorsed the plan. After obtaining Academic Senate approval, the Rector signed a decree on 31 December 2003 establishing SBM as an autonomous organization within ITB. Specifically SBM was to have control of its human resources and finances.

SBM organized a Governing Council of executives from industry with Kuntoro as Chairman. Naya was appointed Dean, Jann became Vice Dean of Academic Affairs and Budi became Vice Dean of Resources. This structure has continued with the exception that Sudarso assumed the position of Vice Dean of Resources when Budi became Vice Dean of External Relations at the end of 2005. The first academic program was the incorporation of an existing MBA program (see below) with the undergraduate program scheduled to begin in August.

The following material, describing degree programs and other activities is arranged in approximate chronological order.

Master of Business Administration (S2)

Bandung

The Indonesian government funded four state owned universities (IPB, ITB, UGM and UI) in 1990 to form Master of Management (Magister Manajemen or MM) programs. ITB as Indonesia's premier technical university decided to focus on business and technology and established a MM-Teknologi (MM-T) degree program with an emphasis on entrepreneurship. The program was initially led by Professor Mathias Aroef and based in the Graduate School. Most of the instructors were drawn from the IE faculty and the classes were delivered in the IE building.

In 1996 the MM-T program was moved to the Faculty of Industrial Technology, and in 2000, after lobbying by Kuntoro, teaching was moved to its current location in the "Barrac" building on Jalan Gelap Nyawang on the southern border of the ITB campus. Jann was appointed Director in July 2003. Jann instituted ITB's first quality assurance program at ITB. It required that instructors agree to have their performance assessed. Most of the instructors in IE declined to sign up for the new faculty and the relatively young group based at the Management Studio became the core of the new SBM faculty.

The formation of SBM included moving the MM-T program under its control. The degree program was rebranded as MBA³ ITB and redesigned with three elective streams focusing on entrepreneurship, finance and marketing respectively. The teaching method was changed to the case method and the official language of instruction was changed to English. The program consists of 10 core courses, 3 electives and a final research project. Instruction is provided by the full time SBM faculty and a number of part time faculty from industry.

Jann went on the Hajj to Mecca in 2004 and Dr. Dwi Larso was appointed acting Director of the MBA program. He was subsequently appointed Director in March of 2005. In mid 2005 MBA-ITB increased its student intake significantly and received the highest BAN (Indonesian government) accreditation in the nation. When Dwi moved to lead CIEL (see below) in early 2006, Dr. Dermawan Wibisono succeeded him as Director.

Recently the MBA elective streams were expanded to six concentrations. They are:

- Operations Management
- People and Knowledge Management
- Business Risk and Finance

³ Officially it is an MAB degree. SBM supplies a second diploma translated into English where MAB becomes MBA.

- Business Strategic Marketing
- Management of Innovation and Technology
- Entrepreneurship

Continuing an earlier pattern, two programs, using the same content, are offered; the Regular MBA program for those with little work experience is delivered full time on weekdays, and the Executive MBA program for those with three years or more of experience is delivered on Friday nights and all day Saturday. Typically the Regular students complete the degree requirements in less than two years and the Executive students in 30 months. There are two intakes a year which usually comprise two regular classes of about 30 students each and one EMBA class of the same size. The number of students in each intake is shown in Figure 2. The number of students in each class is limited by the relatively small classrooms available in the Barrac building. The MBA student population has grown from 233 students in early 2004 to 575 students in early 2009, including Bandung and in-house programs. The yearly totals are shown in Table 1.

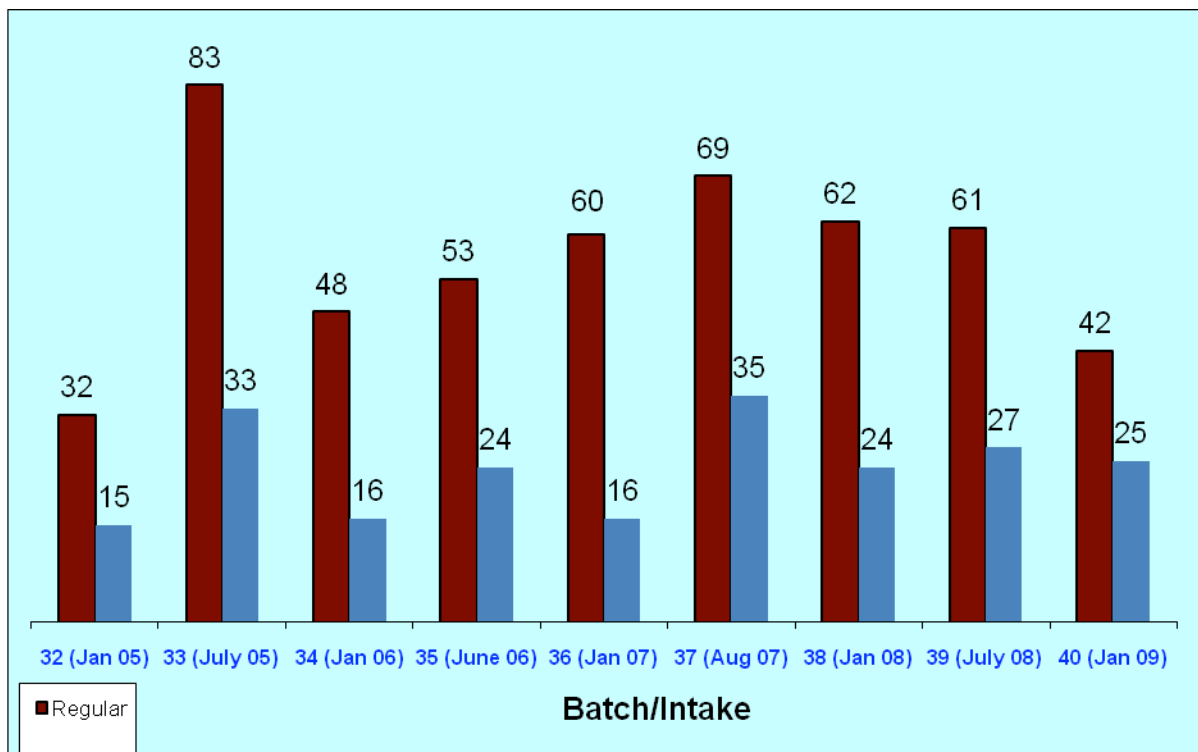


Figure 2 – Student intakes in the Bandung MBA program

Table 1 – MBA student body (Bandung and in-house)

Early in	2004	2005	2006	2007	2008	2009

Total MBA students	233	282	364	457	504	575
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In-house programs

SBM also delivers the MBA program at industry locations. With one exception, in Jababeka, the customer is a company that selects specific electives and provides teaching facilities. SBM instructors arrive on 2 or 3 day weekends to deliver the courses. The company employee students must satisfy the same MBA ITB entrance requirements as the Bandung students. To date there have been four of these programs which are shown in Table 2.

Table 2 – In house MBA programs

Company	Location	Students	Start Date	Note
Pertamina	Cirebon	24	Dec 2003	
Angkasa Pura II	Sukarno Hatta Int'l Airport	40	Jul 2004	2 classes
Chevron Pacific Indonesia	Duri, Riau	31	Jan 2007	
Freeport Indonesia	Tembagapura, Papua	42	Aug 2007	

Jababeka

The MBA program delivered to four classes in Jababeka⁴ at the President University⁵ campus. Although classified as an in-house program by MBA ITB it was really a second campus for the Bandung program and was managed by Arson and Sudarso. The first idea was to offer the EMBA program and recruit students from the 1200 companies located in the industrial park. Two intakes were accepted in Sep 2004 and Jul 2005 with a total of 37 students.

Most Indonesian MBA programs, such as the Regular program in Bandung, accept fresh graduates with little or no work experience. Internationally this is not considered desirable as it is believed that MBA students need two or three years of management experience for the learning to be effective. Naya, after reading Professor Henry Mintzberg's book, *Managers not MBAs*, realized that a fresh graduate MBA program might be effective if it was combined with work experience. So, an experimental program was established, where students would work as apprentices for companies in the industrial park and take MBA courses after work and on Saturdays. Two intakes, in Sep 2004 and Jul 2005, were accepted with a total of 46 students. The program was then terminated because the results were not satisfactory. Students were frustrated because their work assignments were not aligned with their academic interests.

⁴ Jababeka is a private development located in Cikarang, about 35 km east of Jakarta. It includes an industrial park, an education park, a golf course and a residential community.

⁵ Setyono Darmono, a member of SBM's Governing Council and chairman of the development company which owned President University, offered the use of President University facilities.

Instructors were frustrated because the students came to class late and tired. There were also logistical problems, and the teaching facilities were not appropriate for an MBA program. The idea appears to have merit, but to work effectively it would require aggressive management of the relationships with participating employers.

Jakarta EMBA

SBM also delivers EMBA programs in Jakarta. These programs, that were started in partnership with the Sampoerna Foundation, are described further below.

EMBA in Sharia Banking and Finance

SBM's newest MBA program is expected to begin in August 2009. The program will be delivered by a partnership between SBM-ITB and the ICDIF (International Centre for Development) at their LPPI⁶ campus in Kemang.

Bachelor of Management (S1)

The ten person SBM committee had a number of challenges when SBM began operation in January 2004. These included:

- Designing the detailed curriculum for the undergraduate (S1) program.
- Recruiting students for both the ongoing MBA program and the new under graduate program which was scheduled to begin in August 2004.
- Planning and initiating the renovation of the SBM building to provide an auditorium, tutorial and computer rooms, and offices for faculty and administration staff.
- Teaching the MBA students

The committee's first step in designing the undergraduate program was to benchmark other programs by visiting other business schools in Indonesia and Singapore. Simultaneously overseas programs were researched using the internet. The resulting curriculum includes a number of innovations and adaptations:

- Community Service – Undergraduates participate in several activities that involve social responsibility including a three day field trip to survey problems in a small village, using profits from the Integrated Business Experience (below) to fund a community project, and participating in Satoe Indonesia.
- ODISSEY (Opera and Drama Inspired by SBM for Charity) - In the first year of the program groups of students, following courses in communication and performance skills,

⁶ ICDIF-LPPI is a foundation operated by the Bank of Indonesia that provides training for the banking industry.. Kemang is a well known section of Jakarta.

gain practical management experience by designing, organizing, and performing an on stage event. Students are responsible for all aspects of the performance including scripts, rehearsals, publicity, budgeting, logistics, and staffing.

- Integrative Business Experience (IBE) – In the second year of the undergraduate program students establish and operate a business over a period of two semesters. Professor Larry Michaelson, from Central Missouri State University, an originator of the IBE concept, visited SBM twice to assist with the design and startup of this course. IBE was given an award by SWA magazine in 2006.

Anthropology Professor Bill Watson (Bill) from the University of Kent assisted the team with the curriculum design. Bill is married to an Indonesian woman from Bandung and later spent two semesters at SBM as an instructor.

A special option called entrepreneur-track (e-track) was added in 2008. Students who select this option spend an extra (fourth) year in an enhancement of the IBE program to further develop their entrepreneurial skills.

Dr. Utomo Putro was appointed Director of the program in early 2004. Dr. Mursyid Basri replaced him in January 2008. The number of students in each of the first five intakes are shown in Table 3. The maximum class size was originally limited to 135, the number of seats in the auditorium. By the beginning of 2009 the number of seats had been increased to 180.

Table 3 – Undergraduate Intakes

Year	2004	2005	2006	2007	2008
Student No.	115	111	132	135	174

Expatriate Instructors

All of the full time faculty members at SBM are Indonesians, with one exception. Dr. Karl Knapp (Karl), an American-Australian joined SBM in August of 2004. Other expatriate instructors, shown in Table 2, have visited SBM, typically for one semester.

Table 4 - Expatriate Instructors

Professor Larry Michaelson	Central Missouri State Univ.	IBE	Fulbright Scholar
Professor Bill Watson	University of Kent	Anthropology	sabbatical
Assoc. Prof. Karl Knapp	Univ. of South Australia	Operations Strategy	Senior Advisor
Professor Richard Moore	Calif. State Northridge	Organizational Behavior	Fulbright Scholar
Professor Roger Just	University of Kent	Anthropology	sabbatical
Professor Nawaz Sharif	John Hopkins University	Innovation Management	Fulbright Scholar
Assoc. Prof. Mark Harrison	Daniel Webster College	Business Economics	Fulbright Scholar

SBM and the Sampoerna Foundation

Building a partnership

Following the formation of SBM in 2004 efforts were made to obtain donations for a new building. This included a major mid-year launch event in Jakarta. Among others approached was the Sampoerna tobacco company. They replied by forwarding the request to the family owned Sampoerna Foundation (SF). SBM subsequently made a direct approach to the foundation without immediate success.

In March of 2005 the Sampoerna family sold their shares in the tobacco company to Philip Morris, who previously had acquired 40% of the shares, for several billion dollars. Putra Sampoerna then donated a portion of this money to the foundation. Subsequently the SF invited SBM-ITB and six other government owned universities to submit proposals for financial funding to improve their business schools. SF contracted Insead Professor Philippe Lasserre to review the proposals.

Professor Lasserre and Eddy Henry, SF Program Director, visited Bandung for discussions with SBM. Subsequently SBM submitted a revised, winning proposal. There was a great deal of optimism at this time with the expectation that SF would be providing about three million dollars per year of support for at least ten years. However, Dean Naya was soon involved in a very complicated three way negotiation.

Rector Kadiman, at this point, had accepted the position of Technology Minister in the newly elected government. Professor Djoko Santoso was elected to fill the Rector post. Some members of the ITB faculty in other schools were apparently jealous of SBM's semi autonomous status. Several felt that SBM was being selfish in accepting support from SF and that the money should come to ITB as a whole. Others objected to taking money from a foundation that had been primarily supported by the tobacco industry. The Rector was presumably under a great deal of pressure from these dissidents.

SF on the other hand wanted the funding to be used entirely to support improvements in SBM. It had been mutually agreed at this point that SBM would open a new SF supported campus in Jakarta and SF wanted it to bear the Sampoerna name. Dean Naya negotiated with in a persistent softly, softly style with both ITB and SF. In August of 2005 SBM and SF signed a memorandum of understanding while they worked towards a more formal agreement.

Naya suggested to SF, that rather than cash, support could be provided to SBM as in-kind contributions. This diffused certain problems and resulted in informal, rather than formal, partnership. The Rector opposed this approach and wanted the financial support to be donated to ITB. SF agreed to support specific activities subject to approval of their Board of Directors.

Institutional Development Program (IDP)

SF funded a planning activity by hiring an Australian consultant, with considerable experience running EMBA programs, who had been recommended by Naya. In January of 2006 Lambros Karavis (Lambros) arrived in Jakarta to lead a four person planning team. Lambros, Paul Bitetto, an Australia associate of Lambros, Karl Knapp, and Dr. Sutanto Hardjolukito (Tanto), an associate of Naya, camped out in Jakarta for a three month planning activity.

The major activities of the IDP planning team included:

- Benchmarking graduate business programs internationally
- Surveying potential participants using an online questionnaire (Business Week and SWA readers), focus groups and company visits
- Designing distinctive EMBA programs for the Indonesian market (blue ocean strategy)
- Developing long term schedules for the new Jakarta campus to determine facility requirements
- Designing an outReach program that would benefit other Indonesian business schools
- Assisting the architect with the design of the new SF based facility

A certain amount of friction developed between the lead consultant and the SF management. There was a significant difference in culture between SF's top down bureaucracy and the "we can achieve anything" approach of three westerners in the IDP team.

The final output of the IDP was a 77 page business plan titled "SBM ITB (Jakarta –Bandung) The Entrepreneurial University". Highlights of its content included:

- BLEMBA – The Business Leadership EMBA scheduled to meet just once every four weeks in Jakarta, with week long sessions at the beginning, middle and end of the program and three day weekends in between. The concept was give participants from all parts of Indonesia and nearby countries the opportunity to fly in and take part.
- GLEMBA – The Global Leadership EMBA designed with seven two week long modular sessions that would be held three months. Two of the modules were to be delivered overseas.
- IBCC – The Indonesian Business Case Center was designed to become the primary source of Indonesian teaching cases in collaboration with Ivey and others.
- BFDP – The Business Faculty Development Program was designed to develop faculty for SBM and other business schools as part of the outReach program.

- CIEL – The Center for Innovation, Entrepreneurship, and Leadership is described below.
- CCE – Consultancy and Continuing Education. CCE was originally described as Executive Development Programs.
- The final report also included plans for marketing, research, organization, and curriculum development. A preliminary schedule and budget was also included.

After the report was delivered SF took steps to ensure that the lead consultant would no longer be involved in the program and that Karl would not be based in Jakarta.

Implementation

A new team, including Tanto, was hired in April- May 2006 to implement the program in Jakarta. In addition those in charge of the program changed the BLEMBA schedule so that it would convene on long weekends every other week. The original “blue ocean” strategy was lost and there was little to distinguish the program from other offerings in Jakarta. Unfortunately the preliminary marketing efforts (company visits) of the IDP team were stopped for six months while brochures were prepared.

The first BLEMBA intake occurred in February 2007. Two other programs for the energy and telecommunications industries were designed with the assistance of other faculties. A summary of the students numbers in each intake are shown in Table 4.

Table 4 – Jakarta EMBA programs

Program/Date	Feb 2007	Aug 2007	Feb 2008	Aug 2008	Feb 2009
BLEMBA	16	15	10	11	11
ENEMBA		36	6	11	
TELEMBA		10			

The student numbers were disappointing⁷. The main problems seemed to be the negative aspect of having Sampoerna in the name combined with ineffective marketing. SF had indicated they would run a program to inform the public that they were not part of the tobacco company, but they never did so. Even though the EMBA programs charged participants 100 million rupiah each for the program, SBM ended up having to subsidize the program out the Bandung budget.

SF initially indicated that they wanted the program to benefit other Indonesian business schools, but they did not fund the outReach program which had been designed for this purpose. It had

⁷ There are indications that the August 2009 BLEMBA intake will be substantially improved.

been expected that other ITB faculties would be able to use the new Jakarta facility, but SF insisted that unlike SBM they would have to pay rent if they did so.

Ending the partnership

The global financial crises that started in 2008 threatened to decrease donations to SF. They indicated that they would terminate their support for the Jakarta operation. SBM moved the program to a facility at Komplek Bidakara, a few kilometers to the southeast in the middle of 2008. Sampoerna has been removed from the name.

SBM's Relations with ITB

The change of Rectors in 2005 began a long period of struggle between SBM and ITB. Although Rector Santoso had been head of the Academic Senate at the time SBM's plan was approved he probably did not agree with SBM being autonomous within ITB. In contrast SBM's faculty felt very strongly that they had the right to this status. The main issues were, and are, financial budgets and human resource management.

According to the original decree SBM would have full control of 80% of their student tuitions. ITB management insisted that SBM should follow the same ITB rules as the other faculties and accept whatever budget ITB determine to be appropriate. SBM had hired a large staff, including new faculty, who were not ITB employees. In addition SBM charges higher tuitions and pays better salaries than other faculties. The issue peaked in late 2006 and most of 2007 when a large amount of Naya's time was occupied with negotiations with the Rector, Board of Trustees, and others. At times SBM salaries were being paid late due to lack of cooperation by ITB.

The end result is that SBM is not treated as an autonomous organization and in the last several years the budget has been limited by the Vice Rector for Planning to 65 to 75% of the tuition collected from students. However ITB has passed on DIPA (Department of Education) funding for scholarships, computers, and faculty travel to foreign universities. The relationship between Dean Naya and the Rector is good, but the Vice Rectors view SBM as just another faculty that must follow ITB regulations.

Even though SBM does not have the independence originally promised it still largely controls its own affairs. SBM still charges higher tuitions than other ITB faculties and pays better salaries to staff and faculty. The non academic staff became ITB employees in January 2008. Currently only fifteen of the faculty are official ITB employees, but the majority of the others will be transferred to ITB in 2009. Salaries continue to come from the SBM budget.

Master of Science in Management (MSM)

In the first half of 2006 SBM's proposal to offer an MSM degree program was approved by the Academic Senate. This research based degree is intended to be a feeder into a doctoral program. Dr. Gatot Yudoko was appointed Director. Once a year in June, an intake of students is

conditionally accepted. Students without previous management education must pass five preliminary courses in people management, operations management, marketing management, financial management, and statistics for business and management. These courses are delivered in a two month period and a significant number of students do not pass. About one third of the entering candidates drop out for this, or personal, reasons. The surviving student numbers for the first three years of the program are 20, 24, and 21 respectively. The program begins in August and requires three semesters for completion. The MSM program was originally designed with expectation that some of the graduates would continue into the DSM program (below). Although the DSM program is very new, none of the students in the first intake is an MSM graduate. The graduates say that they would prefer to gain work experience before considering a doctoral program. In many cases they need to earn, and save money, to be able afford continued studies.

Doctor of Science in Management (DSM)

SBM's DSM program was approved by the Academic Senate and Rector in late 2008. At that time 21 applications had been received⁸. Six highly qualified applicants were accepted and began their studies in January 2009. Normally applications will be accepted once a year in July and the program will start in August.

Dr. Deddy Koesrindartoto is Acting Director of the DSM program.

Center for Innovation, Entrepreneurship, and Leadership (CIEL)

CIEL was established in early 2006 with Dwi Larso as Director. The activities of the center include education, research, publications, service, venture development and technology commercialization. Services include consultancy and training, community development and venture initiation programs.

Interest Groups, Education and Research

ITB has established a tradition of managing academic human resources into interest groups, whose members share common interests. Formally each faculty has two such groups. However, because of the broad number of subjects delivered at SBM, they have created six sub groups which include:

- Operations Management
- People and Knowledge Management
- Business Risk and Finance
- Business Strategy and Marketing

⁸ The program originally had been scheduled to start in August 2008.

- Entrepreneurship and Technology Management
- Decision Making and Strategic Negotiation

Each of these groups has several responsibilities related to their field of interest:

- Creating and Applying Knowledge – including research, publishing papers, writing case studies, holding conferences, creating and managing related budgets
- Managing Study Programs – including the development of course materials, hiring and assignment of instructors and tutors, and course delivery
- Solving Community Problems – including problems in business, government and the general community

Conferences, Workshops and Seminars

SBM frequently holds Saturday morning seminars with guest speakers as part of its educational programs. Faculty workshops are held to discuss curriculum and train faculty in case method teaching and writing. Periodically they hold larger events lasting from a full day to a week. Examples are listed in Table 5.

Table 5 – Conferences, Workshops and Seminars

MBA-ITB Six Sigma Seminar	26 February 2005
Seminar on Sharia Finance System	1-2 September 2006
International Conference on Technology and Operations Management	1-2 December 2006
Workshop on Practical Implementation of Knowledge Management in Organizations	26-27 June 2007
Seminar and Workshop on Technological Innovation management for Economic Development	28 February – 6 March 2008
International Conference on Inter-Cultural Management	10 February 2009
Jump Starting Indonesia's Reform (Public Lecture by Kuntoro Mangkusubroto) A Case Study from Building Back Aceh-Nias Better	6 March 2009
Indonesian Conference on Innovation, Entrepreneurship, and Small Business	22-23 July 2009

Leadership at SBM

Leadership within any academic organization is always a complex subject. Universities typically have a hierarchical structure based on the medieval church combined with a quasi-democratic participation of the faculty. ITB and SBM fit into this pattern, modified in SBM by a cooperative internal culture.

Chairman

Kontoro, who chairs the Governing Council, is considered to represent the spirit of SBM. Although consulted in times of crises, he is rarely involved in the normal management of the organization.

Dean

Dean Naya has led the implementation of SBM's development over the past five years. He believes in a equalitarian organization and has sought consensus within the faculty. During the first few years he held weekly faculty meetings where information was exchanged and issues were discussed. There were a few communication problems, with some faculty feeling that he did not understand their opinions. The process was largely informal. Minutes were not always recorded and follow-up was inconsistent.

As the faculty has grown meetings are used to pass information, with little discussion of issues. Decisions are made at a more executive level, involving the Vice Deans and a few others. The Dean has always felt that too many problems come back to him. Other faculty members comment that mandates are often not clear and that there has not been a consistent method to obtain financial and staff resources.

Naya is liked and respected by the faculty and nobody is critical of his leadership behind his back. However, he has had to personally deal with some of the larger challenges facing SBM, including negotiations with the Sampoerna Foundation and the Rector. Some faculty members have indicated their disagreement to Naya about the perceived loss of SBM's autonomy. In this respect the prior Rector probably created unrealistic expectations.

Program Directors

Directors of the various academic programs and CIEL operate quite independently with dedicated support staff. All related issues involving curriculum, teaching method, et cetera are discussed at weekly meetings of the Academic Committee. This committee consists of the Vice Dean, the chairmen of each Interest Group, and the academic program Directors

Administrator

SBM is administered under the direction of the Vice Dean Resources by a School Administration Section Head who is responsible for four departments:

- Finance

- Human Resources
- Facilities (General Affairs)
- Planning and IT

These departments have a total of 26 employees.

An organization chart for SBM in June 2009 follows as Figure 3.

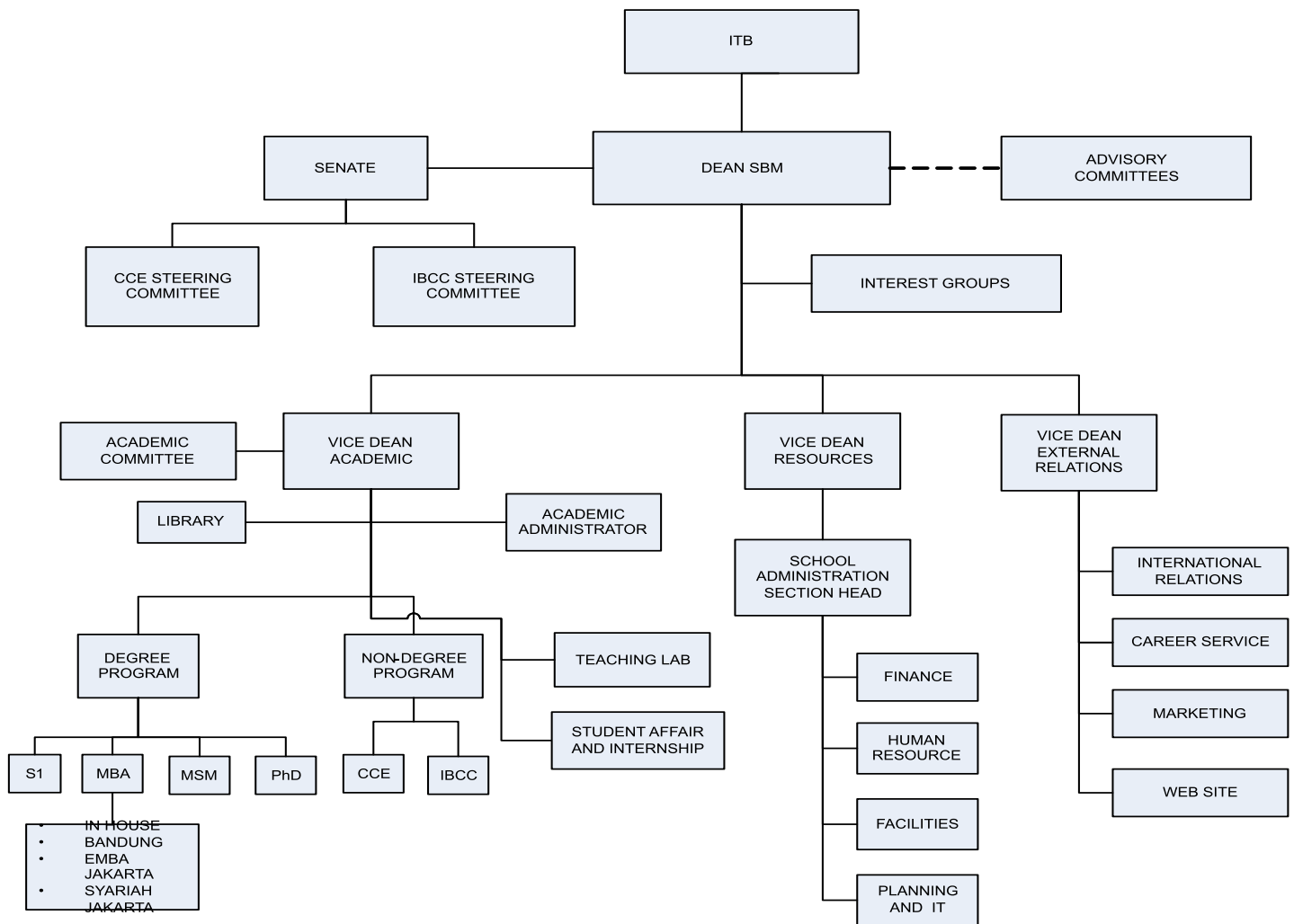


Figure 3 - SBM ITB Organization Chart

Several changes in leadership will soon occur at SBM-ITB. Dean Naya plans to step down in September and a new rector will be selected by the beginning of 2010. SBM faculty will vote between three dean candidates and the results will be forwarded to the Rector, who will make the final selection.

Challenges and Opportunities

Culture: SBM was created by a tight knit team of ten faculty members who shared a common set of values. SBM's success is largely due to their ability to work together towards common goals. Expansion of the faculty has brought in a number of people who do not necessarily understand or share those values. Future success may depend upon refocusing a larger organization so that it is capable of working together effectively.

One aspect of SBM's culture that differentiates it from other faculties is that full time instructors are expected to work exclusively for SBM. So as consulting and other activities expand they must do so as SBM projects.

Facilities: SBM currently occupies two buildings at the extreme ends of the ITB campus. A donation from Pertamina will pay for the refurbishment of a third building next to the northern SBM building. This will allow a modest expansion of the undergraduate program. The MBA program is severely constrained by the small classrooms in the Barrac building and the case method delivery is compromised by the lack of appropriate theatre style classrooms.

Further growth of SBM will require a stand alone campus located near ITB. The Bandung MBA program, in particular, needs an appropriate facility. However there is some resistance to leaving the famous Jalan Ganesha location.

Relations with ITB:

There remain unresolved issues in this area. At this time the majority of the faculty have yet to become official ITB employees. The decree issued by Rector Kadiman was apparently meant to establish SBM as a pilot example of how a university might operate more independently of central control, but this has not happened under Rector Santosa.

Quality: SBM faces serious competition, especially from private schools in Jakarta, and it is essential that continual efforts are made to improve quality in all aspects of the school's operation. In particular, other MBA schools have amphitheatre rooms designed for the case method. Pursuing international accreditation by EQUIS or AACSB is one way to drive improvements.

Research: ITB and SBM are trying to become strong research organizations. However, only about one third of the SBM faculty are productive researchers (measured by the number of their publications). Nine faculty members have significant administrative responsibilities in addition to their teaching load.

Practice: SBM needs to be relevant to the Indonesian business community. So, in addition to research there is a continuing effort to develop expertise in business practice through consultancy and writing teaching cases.

Supporting Systems: SBM needs to make significant improvements in the systems used to operate the school.

Faculty Development: Faculty members need to have sufficient time to develop themselves as researchers, teachers and contributors to community development. Some instructors have big administrative assignments and others are teaching too many units.

Income: In order to fund the above activities SBM needs to develop income streams from sources other than tuition. This might be done by increasing consultancies or creating an endowment fund.

Jakarta EMBA: The program in Jakarta is a strategic effort which has been successful in attracting very high quality students. The marketing must be improved so that the class sizes are large enough to be profitable and end the financial drain on SBM.

Conclusion

The SBM organization, under a new dean, needs to rise to meet the challenges and opportunities mentioned above. The biggest potential threats to SBM's future are complacency and internal dissent. The biggest challenge is to improve the existing culture so that the original enthusiasm and sense of shared values of the faculty and supporting staff is restored.

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