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# The Business Schools Looking To Fix Healthcare

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Business schools are tackling some of the world's greatest challenges, and healthcare is high on the ... [+] GETTY

Healthcare is one of the world's largest and fastest-growing industries, representing over 10 percent of GDP in most developed nations. In the U.S., healthcare spending reached over \$4.3 trillion in 2021, or roughly \$13,000 per person.

Nashville can claim to be the U.S. healthcare industry capital, annually contributing more than \$67 billion and over 328,000 jobs to the local economy, and home to eighteen publicly traded healthcare companies and a growing number of early-stage ventures.

Boston and Cambridge, MA are at the heart of a thriving biotech cluster, while San Francisco, Seattle and San Diego drive a lot of the life-sci development of the West Coast. Chicagoland is quickly growing a Biohub, and Philadelphia has positioned itself as a magnet for cell and gene therapy development.

So when my co-host at the [CentreCourt MBA and Masters Festivals](#), John A. Byrne asks the deans of the world's leading business schools where they feel their institutions will have the most impact in the next 10 to 20 years, healthcare and biotech are invariably industries that they point to.

With AI already transforming how healthcare is delivered, and AI-driven drug discovery revolutionizing biotechnology, business schools are perfectly positioned to contribute with their research and future generations of industry leaders.

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From The Wharton School which offers the MBA with a Health Care Management (HCM) major, MIT Sloan with a Healthcare Certificate and a specialised Healthcare Lab for students to gain real-world experience in the industry, and Duke's Fuqua School of Business that offers a Health Sector Management (HSM) Certificate Program across all full-time and part-time programs, there are no shortage of options for MBA students to pursue their careers in the industry.

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Add to that a Health, Technology and Innovation specialization at Johns Hopkins Carey Business School, a healthcare pathway at Northwestern's Kellogg School of Management and healthcare concentrations at Columbia Business School, UNC Kenan-Flagler and the University of Michigan Ross you can personalise your MBA journey to reflect such a dynamic and fast-growing sector.

And candidates are lining up. At Fortuna Admissions, [one of the world's leading MBA admissions coaching firms](#), more than 15% of clients applying to Wharton have identified the HCM as a specific factor in their school choice. For Fortuna co-founder, Judith Hodara, former Director of Admissions at Wharton, a coherent healthcare career narrative that referenced the HCM was met with enthusiasm.



"MBA applicants applying to Wharton with a coherent healthcare career narrative that referenced the ... [+] JUDITH HODARA

“We always had great discussions with June Kinney, the Associate Director and Lecturer in the Health Care Management program about MBA applicants who were highly motivated to join the HCM program. Her advocacy and support counted a great deal in our final decisions.”

Some of the top schools have gone a step further, with Yale SOM offering a dedicated healthcare MBA/MPH and Carnegie Mellon’s Tepper School of Business proposing a joint MBA-MSc in Healthcare Policy and Management. And executives looking at the EMBA can receive an MBA / MS in healthcare leadership at Cornell’s Johnson Graduate School of Management and the Weill Graduate School of Medical Sciences.

In Europe, Imperial College Business School in London delivers a one-year MSc Global Health Management, France’s emlyon business school has recently launched an MSc in Health

Management & Data Intelligence, while Germany's Frankfurt School of Finance & Management has a Healthcare Management MBA. The goal at Imperial and elsewhere is to equip future leaders with a new set of skills to shape the agenda and take on challenging global roles in the health and healthcare ecosystem, whether that's in the private industry, government, international organisations, or health service providers.

With so many business schools looking to help solve some of the world's greatest challenges, and balance the needs of people, planet and profit, healthcare is high on the list, both for the giants of the industry or innovative startups. New forms of healthcare enterprises both challenge and work alongside existing healthcare systems because they are, if nothing else, extremely entrepreneurial. Likewise, the challenges confronting the industry are distinctly business-oriented in nature.

### **Remedying Healthcare's Management Woes**

“It's as if you went to a car dealer and they charged you for every single part rather than just buying a car,” says Kevin Schulman, a professor of operations, information, and technology at Stanford Graduate School of Business, referring to the exorbitant administrative costs that plague hospitals and insurance companies, particularly in the United States. As with any business, understanding the structure and management of healthcare organizations is essential to help solve their problems, as ineffective and reactive, rather than proactive, change can be incredibly costly. And business schools are actively responding to this demand.

Harvard Business School and Wharton are at the forefront of this by aligning their programs with the specific needs of healthcare professionals. Harvard Business School's Health Care Initiative offers programs like the Blavatnik Fellowship, supporting entrepreneurs with funding for cutting-edge healthcare solutions, whilst their MBA program lets students specialize in healthcare for an immersive education.

Meanwhile, Wharton offers an Executive MBA program tailored for healthcare professionals, focusing on innovation and entrepreneurship. Their MBA program, with a Health Care Management major, attracts students not only with existing healthcare experience but from various industries from consulting to venture capital, reflecting the varied nature of healthcare challenges and opportunities.



"Business schools are in a privileged position to catalyze the reengineering of the healthcare ... [+] OWEN EGAN

“Just as we expect clinicians to appreciate the daily work of healthcare managers, we need managerial leaders to grasp the clinician’s perspective” highlights Leslie Breitner, Academic Director of the International Masters for Health Leadership (IMHL) at Desautels Faculty of Management, McGill University, a program which itself is designed specifically for health care professionals in mind, from business consultants in big pharma to dental care owners.

“The overarching intent is to create a more efficient, accountable system that can leverage business acumen,”

Breitner explains. “Healthcare facilities and medical schools now appreciate the value of teaching solid managerial skills,”

### **Finding the Best Doctor**

“Many healthcare organizations, although quite complex, operate as a federation of small enterprises within a large real estate footprint...often having complex needs that are catered to by different departments and disciplines,” highlights Loy Lobo, speaker on the NHS Executive Development Program at Imperial College Business School and non-executive board member of an NHS trust.

And yet, despite this, too often we continue to consider the operations happening in healthcare from a purely medical perspective. “Successful operations in this industry need to optimize flow and capacity, enterprise resources planning, workforce development and facilitates management,” Lobo identifies - all areas where experts are best found in business schools.





“Successful operations in the healthcare industry need to optimize flow and capacity, enterprise ... [+] IMPERIAL COLLEGE BUSINESS SCHOOL

Programs like Imperial College Business School’s ‘Digital Transformation in Healthcare’, and its MSc Global Health Management, target such areas. As healthcare becomes an industry as accommodating to entrepreneurs as it is to doctors, business schools have naturally begun providing their own remedies to problems facing the sector. “We are seeing a greater number of entrepreneurs as well as clinicians and public health professionals attend Imperial’s courses”, highlights Lobo.

Prospective participants are no longer solely coming from an

existing healthcare background, but with a wider variety of experiences as “many people who come through business school will inevitably be interacting with the healthcare sector at some point,” says Mark Stabile, Professor of Economics at INSEAD and Academic Director of their Hoffmann Global Institute for Business and Society, “these challenges are perhaps more similar across the globe than we might first think,” he continues.

The necessity to solve these problems is becoming more alarming. Rainer Sibbel, Professor of International Health Management at Frankfurt School of Finance and Management, highlights “demographic changes like ageing populations and advancements in medicine and medical technology as well as in pharma and biotech mean that the potentials and demand for healthcare services is constantly increasing. Healthcare will be one of the main drivers of economic growth globally.”



Healthcare will be one of the main drivers of economic growth globally" - Rainer Sibbel, Professor ... [+] FRANKFURT SCHOOL OF FINANCE AND MANAGEMENT

The contrast between the increasingly high competition in the market, and the increasingly high regulation of the healthcare industry leads to its own problems. “The main challenge is to find and sustain the balance between the medical and economic objectives in a rapidly changing environment in a responsible manner”, Sibbel continues.

Business schools are naturally more in tune with the demands markets can place on organizations and are better placed to talk on the positioning of healthcare in an evolving economy; Northwestern’s Amanda Starc and Chicago Booth’s Thomas Wollmann argue that allowing common and generic drugs to be manufactured on a wider scale is the best solution to preventing price-fixing and high pharmaceutical costs. Ensuring that drugs are not “consolidated” within certain companies is prevents monopolies from building, and allows for greater access, on a far wider level. Not only do we need the doctors who invent new forms of treatment, but also the entrepreneurs and managers who challenge the dominant providers, offering better forms of service.

## **Where Business Schools Shine**

In the last few years, health has not only been the principal character in our story but instead, the entire narrative itself; global supply chains, from agriculture to manufacturing, have been forced to develop and rapidly digitalize quicker than ever before, and the healthcare industry has not been immune to these challenges either. Indeed, 2020 saw global national debts rise by \$24 trillion alone; more than the entire GDP of the US, borrowed in just one single year.

From how to manage supply chains, leading staff, and organizing resources, “business schools are in a privileged position to catalyze the reengineering of the healthcare system by disseminating these know-hows. Students explore how people in their own units interact and communicate with each other toward common goals.” Leslie Breitner, of the McGill Desautels IMHL adds.



“Many people who come through business school will inevitably be interacting with the healthcare ... [+] MAXENCE TORILLIOUX

“A large part of the solution lies in methods of delivery, allocation, payment, etc., which are typical issues addressed in

business schools,” highlights Stabile; the academic tradition found in business schools has not only been providing new perspectives on long-existing problems, but also challenging accepted assumptions that have almost become a given.

INSEAD, for example, do just this as they continue to create custom programs for pharmaceutical, medical, and healthcare delivery firms, across private and public sectors.

This tradition of critical thinking and innovation is particularly evident when we see business school professors playing a crucial watchdog role, bringing a unique perspective and expertise to address complex issues within the healthcare industry that professionals such as Doctors are just not poised to fix.

Professors Walter Van Dyck from Vlerick Business School and Professor Massimo Riccaboni from the Institute for the Management of Technology have examined the impact of transparency in pharmaceutical pricing. While transparent pricing may initially appear to promote fairness and affordability, their research reveals a more nuanced reality. Under transparent pricing, pharmaceutical companies find it challenging to adjust their profit margins according to varying economic conditions. Consequently, they may struggle to provide lower prices tailored to the affordability levels of poorer countries. This situation can result in significant price hikes for pharmaceutical products in these regions, diminishing access and affordability of essential medicines.

In essence, transparent pricing, while aiming for fairness, can unintentionally harm the accessibility and affordability of

medicines in economically disadvantaged areas, potentially delaying access to crucial and innovative treatments. However, Professors Van Dyck and Riccaboni argue that this is not universally true. Van Dyck emphasizes, "It will create a negative economic impact among poorer countries, leading to sharp price increases and delayed access to innovative medicines." Their simulations demonstrate that pharmaceutical companies become less flexible in pricing negotiations with developing countries as their bargaining power weakens in comparison to developed nations.



"Although it seems counterintuitive, a new simulation model shows that, without confidential price ... [+] BENNY DE GROVE

And it's not only the enterprising side of healthcare which benefits from having business school faculty prescribe their diagnosis; Professors Stefan Wagner and Nate Jingze Niu at ESMT Berlin are mapping the research trajectory of the drug development process, to both highlight the incremental costs and provide a publicly available source of data on drug research

and development. Typically, this data is found from pharmaceutical companies and will highlight a chain of development from the drug's inception to its eventual patenting. Patents themselves, whilst commonly seen as preventing drug development, are argued by Wagner to help innovate them, despite not being perfect – they are the best incentive system for innovation.

Professors Van Dyck, Riccaboni, Wagner and Jingze Niu function as watchdogs by providing a vital check against simplistic solutions and contribute significantly to our understanding of the business behind healthcare. Bargaining and negotiating prices are, after all, aspects of healthcare that business education simply grapples with better.

## **The Business of Healing**

Innovation in healthcare is no longer monopolized by new discoveries in laboratories, but now also by new methods of delivery. Cures to modern challenges of accessibility are moving away from medical schools and closer to business schools, who continue to produce the leaders, directors, and founders that are shocking the system.

The most exciting tech start-ups are no longer a new dating app or a digital bank – they are AI drug developers, and remote health monitors. Healthcare workers are no longer based solely in hospitals and pharmaceutical companies. They're doctors, and they're entrepreneurs.

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