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SBA training leaders to help tackle ailing economy

By Karen Hildebrandt, contributing writer

Turbulent times on Wall Street, dramatic industrial changes and the globalization of the marketplace have businesses scrambling to restructure their organizations and searching for the expertise to lead them towards the transformation necessary to survive this volatile climate. Michigan, leading the nation in unemployment and lost business revenue, is hit hardest by these challenges, as it struggles to nurse an ailing auto industry back to profitability.

Oakland University's School of Business Administration, (SBA) situated in the heart of metro Detroit's business hub, is helping turn around the Michigan economy by ramping up research efforts and expanding educational offerings to provide this sorely-needed expertise.

Rajeev Singhal, an assistant professor of finance and an expert in financial distress and bankruptcy, is leading the SBA's Accounting and Finance Department's initiative for curriculum coverage of transformational analysis and business restructuring. Singhal is also spearheading an initiative to propose a program at master's level to emphasize this area.

"Business transformation and restructuring are important for firms on a continuous basis, but they become critical in the current economic environment," Singhal explained. "Under normal conditions, businesses restructure to improve their product portfolio, reduce costs or make their balance sheet healthier. But in the last few years we've seen dramatic changes – for example, the recent crisis in the financial sector. These conditions leave many companies with no choice but to vigorously restructure their operations."

Accounting and Finance Advisory Board Member Jim Mallak believes so strongly in this initiative that he gave the department a $25,000, five-year gift to support its efforts. As a managing director with Alvarez & Marsal in Detroit, a corporate restructuring consulting firm, Mallak also will share his passion for business transformation.

"I look forward to working with Professor Singhal on developing OU's new curriculum in this field," Mallak said. "It's never been more critical to have knowledgeable instructors and informed students who understand the importance of rebuilding business for renewed success. The work OU will be doing will play a role in improving our state's and our nation's financial success."

A new course may look at the causes of financial distress and review case studies on responses to this distress by various firms. Courses may also cover tools and techniques to prevent company failures.

In addition to developing curriculum proposals, Singhal will conduct research examining the role that transformation specialists, such as Mallak, play in the success of corporate restructuring. Another research project will analyze Chapter 7 and Chapter 11 bankruptcy issues.

"It's uncommon for universities to offer curriculum and research concentrations in this area, although we are seeing a gradual increase in this trend," Singhal said. "A concentration on business transformation is a win-win situation for all the parties involved. Our students – the business leaders of the future – will be exposed to risk assessment and management which will help them avoid the mistakes of the past and prepare them to handle distress within their own companies. OU will become a more attractive educational option for business students and an important resource for our business partners as we develop our expertise in this area. Finally, the business community will benefit from a reduced gap between demand and supply for trained professionals."

SUMMARY
Business transformation research, expansion of educational offerings and a goal to raise expertise of corporate leadership promise to help struggling businesses.

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