

Your Turn

by Larry Pulley

I An Rx for the Ailing MBA

Walk into any business school today and it's easy to hear the gnashing of teeth as deans, administrators, and faculty bemoan the fact that thousands of prospective students who once lined up outside their doors have vanished. How dare they do such a thing when we thought we were doing such a great job?

The number of applications to traditional full-time programs decreased at 78 percent of business schools in the 2002–2003 and 2003–2004 academic years, according to the Graduate Management Admissions Council. In fact, business schools have become their own best business case study focused on an institution's failure to anticipate complex economic forces.

Business schools are facing the academic counterpart of what Ford and General Motors are facing—the public doesn't like their products as much as it used to. American students, who once flocked to MBA programs, now say it's too expensive to pay tuition while forgoing salaries. And foreign students, who once had to come to the United States for business education, can now attend schools in their home countries that have improved significantly, mostly by copying the American model. Corporations say they can hire young talent with a bachelor's degree at a fraction of the salary of an MBA graduate.

So, what's the answer? First of all, get over it. Business schools are responsible for their own problems. To quote the long-ago comic-page character Pogo, "We have met the enemy and they are us."

Additionally, just as GM and Ford must do, business schools must redesign their products and convince prospective customers that they offer something different, attractive, and valuable. This may already be happening. Over the next three years, about 300 business



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schools are expected either to add academic programs or substantially revise their curricula, according to a 2004 survey by AACSB International. In addition, more than 50 business schools already have made significant revisions. These changes, they hope, will turn things around.

Time will tell whether some, most, or all of these schools will find the correct answer. However, necessity remains the mother of invention. If business schools are serious about change, I recommend the following five-step process for them to follow. These steps represent the five central criteria that I believe will be required to stanch an enrollment drain and ensure success over the next five years.

Step 1: Give business what it wants.

The American business school evolved from being a trade school to being an institution that mirrored the model of traditional arts and sciences education. Some top-tier schools have morphed into bastions of theoretical research. Research is necessary, but what business schools have lost in the process is the value of teaching students how to apply complex theories to day-to-day operational business issues. At the College of William and Mary, we have talked to scores of businesses and alumni, and no one has told us to stop providing quality technical knowledge about business functions. But many have told us that what they need us to do is to help students translate that knowledge into business leadership.

Step 2: Blend business faculty with business leaders. Business professors are smart and highly knowledgeable. Most are excellent teachers, and many provide consulting services to businesses. However, few have substantial experience in the day-to-day running of a business. Schools must offer more hands-on lessons from those who have "been there, done that." If business schools are going to be successful at accelerating their students' business readiness, they must supplement the traditional

classroom experience with business laboratories that create opportunities both on and off campus. In these environments, faculty, students, and executives can work collaboratively on real-world, real-time business problems.


Step 3: Fulfill graduates' career expectations. Students come to business schools to be put on a superior career trajectory and be made ready for the realities of business. Business schools have made significant efforts to spruce up their career placement operations, but they haven't gone far enough. Career placement is still, in essence, an add-on enterprise, not part of the "fabric." Business schools must do a better job of weaving employers into the educational process. They must offer more opportunities for their students to work shoulder-to-shoulder with their future employers.

Step 4: Study and improve on the competition. Business schools in Europe, China, and India have gotten good enough to siphon off market share that once belonged exclusively to the United States. This is old news to thousands of American corporations who found themselves in that same situation years ago. What did those corporations that survived do? They competed with innovations in their product offerings. American business schools must do the same. They must offer "products" with which the schools overseas cannot compete. American business schools still command the advantage in talent and money, so they must leverage that now—not five years from now when overseas schools begin to attract American students in greater numbers.

Step 5: Stop trying to compete with the top 10 or 15 business schools—dare to be

different. Love'em or hate'em, the rankings of business schools in popular publications have led to a business school beauty contest. Contestants fall all over themselves trying to play up and manipulate the criteria dictated by the media who conduct the rankings in a "me too" effort to beat out other schools, all of which are doing the same thing. Big mistake. Stop trying to beat the top schools at their own game. It will not happen. The top business schools are untouchable in terms of money, prestige, and talent. Instead, each business school should find the things that it can do well and do them better than any other institution.

Next year will continue to be bleak for most business schools. It will be a struggle to fill seats as schools in the top echelon of the market dig deeper into their wait lists of prospective students to fill programs that they expanded during the '90s MBA boom. In the process, these top-tier schools essentially will win students who otherwise would have attended second-tier schools, which will in turn struggle to find qualified students of their own. In five years, though, those schools that seize the opportunity to change in the right ways and offer innovative curricula and experiences for students will thrive.

The MBA is in jeopardy, and it provides a case study for strategy, intervention, and problem-solving. With the right prescription, however, this case study can have a positive outcome. 

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