

The Executive's Degree

by Sharon Shinn

illustration by Paine Proffit

EMBA programs are quickly adjusting to satisfy the new consumer—a demanding, international, self-sponsored executive who's always on the go.

Executive MBA programs are among the most visible and profitable programs offered by business schools worldwide. That very success has led to intense scrutiny as news media have begun to rank EMBA programs and critics have started to question how well the degrees are delivered.

Amid charges that EMBA programs are watering down MBA material and starting to resemble nondegree executive courses, EMBA administrators are constantly fine-tuning their content and their formats to suit their changing customer base. Among the forces re-shaping their programs are globalization, technology, and a new student demographic. Today's EMBA tends to be shorter, more modular, and more geared to the globe-trotting executive than ever before—but that doesn't mean it's easy either to earn the degree or to run the program.

Who Writes the Check?

The biggest overall change in EMBA programs is that fewer students are receiving corporate sponsorship for their degrees. "Years ago, executives could only get into the program if they were sponsored," says James M. Parker, associate professor of marketing and director of the executive MBA program at the Lubin School of Business, Pace University, New York City. "Most schools dropped that requirement because they realized there was a whole group of professionals, like entrepreneurs and doctors, who didn't have corporate sponsorship. Even then, roughly 80 percent of the participants still were sponsored by corporations, and 20 percent were self-pays. That number has gone down considerably."

Indeed it has. Just from 2001 to 2003, according to surveys conducted by the Executive MBA Council, the number

of students fully funded by their corporations has dropped from 44 percent to 38 percent. In the same period of time, the percentage of students paying their own way has risen from 19 percent to 24 percent. Those in the middle receive a wide variety of funding support from their employers.

Why the change? Some ascribe it to the rocky economy. "Companies were using an executive MBA as a way to single out and reward high-potential executives," says Parker. "They'd say, 'You've got a future here, and we're going to help you pay for that by sponsoring you with an executive MBA. You were chosen out of the ranks!' It was a retention tool. Now the economy is very different. Most companies say, 'We just have to give people a job and they'll stay.'"

Parker thinks it's also possible, and more troubling, that corporations are starting to question how valuable an EMBA program ends up being for the company. Either it doesn't improve the employee's skill appreciably enough to justify the cost—or it improves an employee so much he takes a job elsewhere. "That's the fault of the corporations," says Parker. "Sometimes they sponsor a person but they don't have a promotion or a career plan in place. And the individual says, 'What am I doing here?' and walks."

That's true, agrees Paul Bishop, program director for the Ivey Executive MBA, Ivey School of Business, University of Western Ontario in Canada. "Unfortunately, many EMBA students leave their employers," he says. "A lot of job offers come from within the class. A job opens up in somebody's company, and he recruits his friends."

Whatever the reason, business schools must figure out how to attract and satisfy private individuals who decide to pursue

“Executive education revolves around what the client What skills do they want their employees to gain, and what’s the most cost-effective way to teach those skills?”

—Diane Badame, University of Southern California

an EMBA—and pay for it themselves. Some of these consumers are even more demanding than corporations, believes Diane Badame, associate dean for the executive MBA and MBA for Professionals and Managers programs at the University of Southern California in Los Angeles.

She is also co-chair of the Research Center for the Executive MBA Council, and she notes an interesting trend in the Council’s student satisfaction surveys. Fewer students are giving their schools the highest ratings in terms of performance and value than they did in years past. Although the drop is only by a few points, she thinks the dip is significant. “If you have to pay for the degree yourself, you want more,” she says.

Lo-Cal MBA

Yet another interpretation of the lowered statistics in student satisfaction is that EMBA programs aren’t quite what they used to be. As more students go it alone, they’re desperate to complete the program in less time. This has led to shorter and shorter EMBA programs—and the contention that many such programs are “MBA lite.”

There’s no disputing the first charge. While EMBA Council statistics show that the average program length is 20 months, fewer schools are meeting that target. In 2000, 51 percent of programs were 21 to 22 months; that number dropped to 37 percent in 2003. “Shorter programs are springing up,” says Badame. “To me that promotes the lack of rigor and a degrading of the degree.”

Some defend the trend as being a response to two contradictory market pressures. “First, there’s been a wider recognition of an EMBA as the route to a quality MBA, so demand is growing,” Bishop says. “Second, people have more work to do and less time to do it, so they want to do everything faster. That puts a lot of pressure on EMBA programs to shorten elapsed time and reduce class contact hours.”

Ivey has condensed its own EMBA program to 16 months by squeezing out days off at holidays and in the summer. “This will work for individuals except those few who really have 50-hour-a-week noncompressable jobs,” Bishop says. “Many people will work at a nonsustainable pace for 16 months.”

Others find the trend worrisome. “Our program is 54 credits. I don’t know of any program that requires less than 46 or 48 credits. If you start cutting back on the time to make the program more attractive, how can you cram everything in?” asks Parker.

To guard against any suspicion that an EMBA program is a low-calorie version of an MBA program, the EMBA program must be held to the same standards, says William Kooser, associate dean for part-time MBA programs at the

University of Chicago. “Are the faculty the same as they are in the full-time program? Are students being evaluated in the same way? What degree do the students earn? Clearly, if the faculty, evaluation process, and degree are all the same between programs, this would dispel any concern about whether an EMBA is MBA lite,” he says.

EMBA students—who are highly motivated senior executives—*want* programs of academic rigor, says Elena Liqueste, executive director of the Global Executive MBA at IESE Business School in Barcelona, Spain. “People in the executive program really understand what they’re in for. I think they’d be quite disappointed if we didn’t make them work so hard,” she says. “My students would be most offended if people thought they were getting away lightly.”

Tough admissions standards help ensure that the quality of an EMBA program remains high, she says. “If we just take anyone who’s willing to pay the price, the other students could suffer,” she says.

Parker agrees, noting that the EMBA is a harder program to get into at Pace than the MBA program. “I get calls from people saying, ‘I don’t know if I can qualify for your program. Do you think I can hold my own?’” It’s true that EMBA students are pampered—with good food and cushy accommodations—but Parker says, “You can’t translate that into MBA lite, not in the terms of the work they do! There’s no place you can hide in a class with 25 people who are all hard-chargers.”

Indistinct Parameters

Another charge leveled against executive education programs is that boundaries are beginning to blur between MBAs and executive education as degreed programs grow shorter and nondegreed programs grow more complex. While fewer employers want to pay high prices for their employees to receive an EMBA, they still want key employees to learn essential skills. Looking for a less pricey source of business education, they often turn to nondegree programs.

“Executive education revolves around what the client really wants,” Badame says. “What skills do they want their employees to gain, and what’s the most cost-effective way to teach those skills?” Yet no business seminar can teach executives everything they need to know. “You can’t get an MBA in a week’s time. It’s just not possible,” she says.

Administrators think it’s important to point out the differences between the two types of programs. One key distinction is the fact that nondegree programs usually have open enrollment, while EMBA programs have high admission standards. Another is the very fact that a degree is awarded—but there’s a little confusion on that front, too.

really wants.

“I think there is some blurring of the distinctions in that some nondegree programs offer a certificate,” says Kooser. “Is a certificate a degree? In some parts of the world, a diploma program means something different than a degree program. The key distinction I would make at our school is, do you earn a University of Chicago MBA or not?”

Another instantly apparent difference, he notes, is that most nondegree programs do not have grades; degree programs do. “You may learn a lot in a nondegree program, you may learn some of the same things you might learn in a degree program; but you’re not expected to master the material in the same way, and you’re not going to be evaluated in the same way.”

Nonetheless, schools and students benefit when both types of programs are offered, since they serve executives at different points in their careers. “Many people, throughout their professional lives, may pursue both kinds of education,” says Liquete. “If you get an MBA when you’re in your 20s, the chances are, by the time you’re 30, you might want an executive program. There is room for both kinds of programs.”

International Business

Another factor that distinguishes an EMBA from other types of executive education is the fact that most schools with EMBA programs incorporate an international element. They collaborate with partner institutions in different countries, require students to take trips across borders, or even set up their own campuses on foreign soil.

“It has simply become the reality that people have to work in multicultural and multinational companies,” says Liquete. At IESE, the Global Executive MBA is structured around seven two-week residential modules. Four are held in Barcelona, one in Madrid, one in Silicon Valley, and one in Shanghai.

Other schools add globalization in a variety of ways. Ivey has started to offer a continental version of its EMBA program at locations such as Hong Kong and London. In August, the Hong Kong class is brought to Canada for a joint residence session with North American students; the classes are split down the middle and recombined for international teams.

USC has just started an EMBA program with Jiao Tong



University in Shanghai. The 21-month program consists of five days on and six weeks off—but sometimes those five days are in Shanghai and sometimes they’re in Los Angeles. Because the majority of the modules are conducted in China, USC can recruit from the entire Pacific Rim.

The University of Chicago has added its own campuses in Singapore and Barcelona, and students in the EMBA program spend time on each campus.

“We have 250 students a year,” says Kooser. “We bring them all to Chicago for orientation, and then we have a rotation through the three campuses during the middle of the program.”

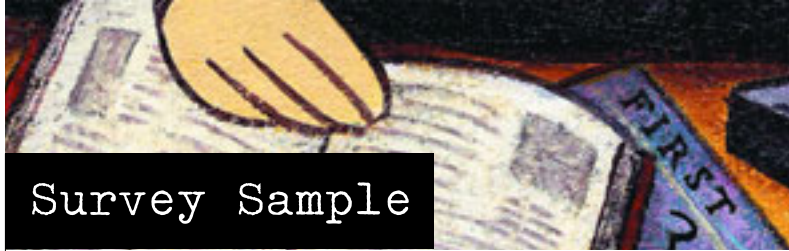
Badame predicts more globalization of the EMBA, both in terms of U.S. students who are going overseas and in numbers of international schools that are adding their own global executive programs. “Right now, one-quarter of the members in the EMBA Council are international, and we can see that going up,” she says. “I look at it as a product life cycle. The most mature EMBA programs are in the United States. Europe is second, the Asian Pacific is third, and Latin America is probably fourth. The major growth is in Europe and the Asia Pacific. Because of that, a lot of U.S. schools that want to continue to build their market share are going to team up with universities in other countries.”

Not all schools are on the bandwagon. One school bucking the trend is Pace, which dropped its two-week international trip when it converted to a new format. Since one of the goals of the new program was to minimize the time executives would have to miss from work, says Parker, the school couldn’t justify requiring a long international trip.

“I’m sorry we lost it, but we compensate for that,” he says. “Because of our location in New York City, between 20 and 40 percent of our classes are made up of foreign-born students. In my latest class, I have students from Nigeria, India, and Germany. When we talk about global issues, they might say, ‘That’s not the way we do it back home.’”

Wired for Flextime

For Pace, the loss of the global component has been offset by the benefits offered by the new format, primarily flexibility and reduced onsite time. Instead of revolving around func-



Survey Sample

tional disciplines, the new EMBA is built around multidisciplinary modules in which teams experience problem-centered learning. The program kicks off with an intensive eight-day residency, followed by 11 weeks of team-based Internet learning. Then the students reunite for a weekend residency.

“During a 23-month program, students spend a total of 35 days in residence,” says Parker. “We wanted to make it very convenient for people, rather than expecting them to go to class once a week.” He believes the change in format has drawn executives who would have gone elsewhere or simply would not have found time to pursue an EMBA.

In fact, a number of schools are finding a similarly structured class format best suits their purposes. When programs are taught through modules, students can come together for extended periods only a few times a year, keeping in touch electronically the rest of the time.

“It’s becoming progressively harder for people to commit to a two-year program that requires them to be, say, in Madrid every weekend,” says Liquete. Students in IESE’s Global EMBA spend two weeks in residence, and then six to eight weeks working on their own. “Our Global EMBA has a modular format, which commits participants to a set number of days. But the rest of the time, the students can work on the go wherever they happen to be. We have people based in North America, South America, the Philippines, and Africa. Flexibility is the key element.”

Even so, such programming would be impossible without today’s Internet technology that allows students to work in teams and learn on their own in between residential sessions. “The work we do is always asynchronous. There is no requirement for everyone to connect at the same time. Students can really make the course work around their professional lives and their personal lives,” says Liquete.

More synchronized technology allows students to simultaneously view the same document or participate in video conferencing. “Twenty years ago when we set up study groups, we were very conscious of geography,” says Kooser. “We would pay attention to who lived in downtown Chicago versus who lived in the suburbs versus who lived in Milwaukee. We don’t even think about that any more.” One reason is that technology enables even far-flung students to keep in touch; another reason is that everyone is far-flung. “So many people now are traveling regularly as part of their jobs that even if we had six people in a study group living in Chicago, the chances that they’d all be in Chicago all week long is pretty small,” Kooser says.

Technology can enhance a classroom in other ways, Badame points out. For instance, USC has put pre-MBA tutorials online to educate students who don’t have a quantitative

What do students value most about their executive MBAs? What’s the typical demographic of an EMBA student worldwide? These questions and more are posed by the California-based Executive MBA Council in annual student exit surveys and program surveys. In 2003, 57 schools participated in student exit surveys and 235 in program surveys. For the first time, the 2003 surveys also included data from other MBA programs for fully employed professionals.

Among the key findings of the 2003 exit survey:

- There was a three-point drop in the percentage of students giving their schools the highest rankings in terms of performance and value, as well as a three-point drop by alumni rating their likelihood to support the program financially. “The implication is, if students aren’t satisfied with the program, they’re not going to give it financial support,” says Diane Badame of the Executive MBA Council. However, alumni are interested in supporting the programs by returning as guest speakers, participants in information sessions, or mentors.

- On virtually all questions, medium-sized and private schools ranked higher in satisfaction than large, small, and public schools.

- When ranking the program attributes to which they

give the most importance, students singled out teaching effectiveness and quality of lectures. Less important were lodging, social functions, and food quality. Says Badame, “They want good teachers and good quality, period.”

- Students who go into an EMBA program expecting to come out of it with a promotion might be disappointed. “Sixty-four percent of students expected a job change or promotion, whereas only 48 percent received one,” says Badame.

- Salaries are more satisfactory. In 2003, an EMBA’s starting salary was \$96,300, and his departing salary was \$111,000. “However,” says Badame, “salary increases are lower than they used to be because base salaries are now higher than they were two years ago.”

Survey findings indicated that most EMBA programs are still predominantly new and American, though spiced with an international flavor. More than 70 percent of EMBA participants are located in the U.S. Sixty-three percent of EMBA programs were created since 1990. Eighty-six percent of programs incorporate an international trip, with more expensive programs more likely to include such a journey.

The average class consists of 42 students, 74 percent of whom are male. In U.S. programs, 7 percent of the class is international; in non-U.S. programs, 40 percent of the class is international. They meet, on average, for 516 hours of in-class time.

Information about ordering copies of the surveys is available at www.emba.org.

or accounting background. She also is in favor of using technology in between onsite residencies, but she's a firm believer in the value of the classroom experience. "Technology can't take the place of face-to-face learning," she says.

The Student Bond

In fact, while educators in general are divided on the question of how well students can learn via technology, within the field of executive education the feeling is almost unanimous: The in-class camaraderie generated by EMBA students is one of the most valuable aspects of the entire program.

"It's an intensely social and collegial experience," says Bishop. "Because everyone already has a job, they don't have to compete with the person sitting next to them at the end of the term. So they enjoy each other's company. The performance standards are set by the peer group. Participants want to look good, and this is their reference group for the rest of their careers. When they finish, they typically have a letdown because they lose their highly structured social interaction. Some continue to meet monthly for dinner—forever. Here's a noncompetitive reference group of people whose opinions you trust and respect. You don't get that often anywhere."

Because EMBA participants are generally in their mid-30s, they tend to be undergoing certain major life experiences. "Some participants have had babies. Some have seen their parents pass away. The other people in the class do everything they can to support this person, and that really binds people together," says Liquete. Even though the widespread members of the Global EMBA program don't spend much time together physically, she notes, they are so used to communicating from a distance that they tend to stay in touch once class is over. "Just a couple of months ago, the class that graduated last year organized a weekend skiing event, and most of the class went."

The individuals who make up these tightly knit classes are, on average, 36 years old, with 13 years of work experience and eight years of management experience, according to EMBA Council surveys. Those statistics have remained pretty stable over the years, yet there have been recent subtle shifts. According to EMBA Council surveys, the average student has gotten a little younger. Administrators say their typical classroom now includes more international students; more entrepreneurs, professionals, and self-employed students; and, in some programs, a slight uptick in women.

Diversity, always prized in EMBA classes, has become the absolute watchword. Looking for a group of friends that includes a neurosurgeon from Spain, a finance consultant from the U.K., and an IT specialist from Mexico? Come to an

EMBA class. "It's the richness of the mix that we're really after," says Liquete.

And while men still dominate the EMBA programs, women aren't afraid to join in. "In our newest class, the three oldest participants are women, all of them very senior people," says Parker. "This says to me that women don't think they've hit any kind of glass ceiling. One is the president of a division of a major company. She doesn't see herself as topped out."

A Look Toward the Future

While the student profile has remained constant in recent years, Badame wonders if changes are in the offing. "I do think there's soon going to be market saturation in the U.S.," she says. "As more people get MBAs when they're younger, there will be a smaller pool of older applicants. If a lot of upwardly mobile people already have an MBA degree by the time they're 38, they won't need EMBA's."

On the other hand, some changes could make EMBA's more attractive to potential participants. For instance, many schools have dropped the GMAT requirement for students in these programs. "It's too much of a pain in the neck to take when you're 40. Give me a break," Badame says. "Having the requirement is a deterrent to getting quality students."

Something that could have a decidedly positive impact on programs is a new study being planned by the EMBA Council that measures a company's return on investment when employees achieve their degrees. Badame and George Bobinski, who co-chair the EMBA Council's Center for Research, launched the ROI survey in the spring. They asked members for corporate contacts and began conducting telephone surveys of line managers and human resources staff. Results of the survey will be presented at the EMBA Council's annual conference in San Francisco October 31 through November 2.

"We will be getting quantification that our member schools can take to corporations," Badame says. "They'll be able to say, 'The average return will be \$250,000 within X number of months, and this is why you should send your students to our EMBA program.'"

Once the survey results are unveiled, it's possible EMBA programs will see a renewed interest from corporations willing to sponsor education for key employees. Even if that doesn't occur, the diverse and ambitious students who do enroll will continue to pursue their dreams aggressively. As business gets more complex, more international, and faster-paced, managers will need up-to-the-minute business expertise to stay competitive. The EMBA programs that will be successful will be those that adapt to meet the ever-evolving needs of top corporate executives. 