KEEPING THE MBA RELEVANT

WHY ARE WE DOING WHAT WE ARE DOING

WHY IS IT IMPORTANT

WHY SHOULD IT CONTINUE

by Barbara Elmore
Say we have two companies—T. Rex and Gazelle Inc. Once powerful, T. Rex now is merely unwieldy, using old practices that hinder its response to current market realities and top-down management reluctant to change.

Gazelle Inc. is lean and fleet, quick to switch direction if necessary—after first taking a quick consensus of other gazelles on the team and posting a video on YouTube.

The former is business old school, the latter 2010 reality. Don’t get too snuggly with 2010’s new ways, however, because they may be passé by 2011. And by the way, professors still teaching T. Rex theory to MBA students belong in a museum, not the classroom.

So says Gary Carini, associate dean of graduate programs at Baylor University’s Hankamer School of Business. And so imply MBA skeptics who question the degree’s relevance, given past performance.
The criticisms leveled at the MBA describe its recipients as out-of-touch “managers by accident.” They blame them for many of the problems of the last 30 years—and the last 18 months—and list these weaknesses:

- Little or no work ethic and a sense of entitlement displayed by newly hired MBAs who do not appear to appreciate the challenges of their work.
- A lack of performance, with company leaders asking, “Why aren’t we doing better with MBAs in the driver’s seat?”
- Ethical breaches, with everyone asking, “Isn’t business school supposed to be training these CEOs?”

The questioners look to business schools to provide answers. The response of business school leaders is that the MBA remains relevant only if those in the classroom are asking, “Why are we doing what we are doing? Why is it important? Why should it continue?”

At Baylor, that’s been happening for more than a decade. Although charges of MBA irrelevance are not new, the financial crisis that began in mid-2008 invited a new wave of scrutiny—both in the “real world” and inside classrooms. “In this financial crisis, we realized that no one person, no one discipline, can answer to the reasons,” Carini said. “When it really hit in July 2008, those discussions were happening right away in our classes.”

New dialogue between students and professors revolved around causes and expectations for 12 months, 24 months, five years and 10 years out, he said. A large part of the conversation included webcasts, podcasts and YouTube videos, which became part of the discussion because instant communication shows business strategy as it unfolds.

Baylor is constantly re-evaluating and changing, using a multi-pronged approach to ensure a relevant MBA, Carini said. Strategy formulation plays a large role, and new research explores the nuances of current and future economic realities.

“There is so much new information coming out that has to do with strategy formulation and how do we do it well,” Carini said. “Strategy is always about anticipation. We are dissecting anticipation given the context we are in now.”

David A. Wilson, president and CEO of the Graduate Management Admission Council (GMAC), noted that responsive business schools show an entrepreneurial flair for meeting market needs. They do so with programs like the Executive MBA, or weekend and part-time evening programs, as well as specialty degrees that prepare students for the demands of a local, regional, national or international market.
Wilson said the Graduate Management Admission Test (GMAT), the premier assessment tool for graduate business and management education programs, continues to draw takers.

“My conclusion is that the market, in general, will continue to be strong through 2010,” Wilson said. “I do not suggest that there will be no pockets of weakness. Rather, overall the market remains strong. And based on our research, employers still find value for money in the MBAs they hire.”

But changes must be ongoing for the MBA to remain attractive to the best future leaders.

“If business schools do not meet the needs of employers, they will cease to attract good students,” Wilson said.

Employers decide where to recruit based on the quality of employees they have already hired. And when the economy slows down, Wilson said, companies make “hard calls” about where they will recruit, and they drop ineffective schools.

“Schools know that and prospective students watch for it in recruiting information,” Wilson said.

Wilson said a decline in starting salaries in 2010 would not surprise him.

“It is also likely that instead of four or five offers, graduating MBAs will have to work to get two or three,” Wilson added. “But schools are also businesses. They do monitor the market to glean any substantive changes in the structure of the MBA employment market itself or inputs sought by employers.”

Carini said he sees exciting changes ahead for business schools.

“I tell students that the ideas we had in 1980 and 1990 were founded in a much different world,” Carini said. “We have to look at why things happen, what we are seeing in industry, who competes with whom. How do we need to teach, train, and present models to students that will equip them to have value today and tomorrow?”

At Baylor, “RESPONSIVE” means:

MBA students examine business news regularly in The Wall Street Journal. “Our ear is to what is happening on a current basis,” Carini said. “That frames the class.” Students discuss what a company’s vision is now, and what it should do next. If a company’s creditworthiness is ailing, they examine what that does to the creditor. Students talk about income statements and balance sheets, all the while integrating global standards. “We make sure we are out there and not in a cocoon or a vacuum,” Carini said.

Professors lead MBA candidates to think about their value not only to their future employers, but to society too, so that employers see “a whole person who is intelligent and ready for future challenges,” Carini said.

In the Executive MBA program, Baylor offers a new facet that ensures every graduate leaves with a first draft of his or her business plan in hand.

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