

The changing MBA

BY JANE GENOVA

*employers
have
their say*

This year companies will hire 22 percent more MBA graduates than in 2006 (National Association of Colleges and Employers). Those newly minted MBAs are probably better prepared for the realities of business than their predecessors. Employers have been providing advice to graduate schools of business on the training required for success in a global technologically driven economy. Curriculum changes are widespread.

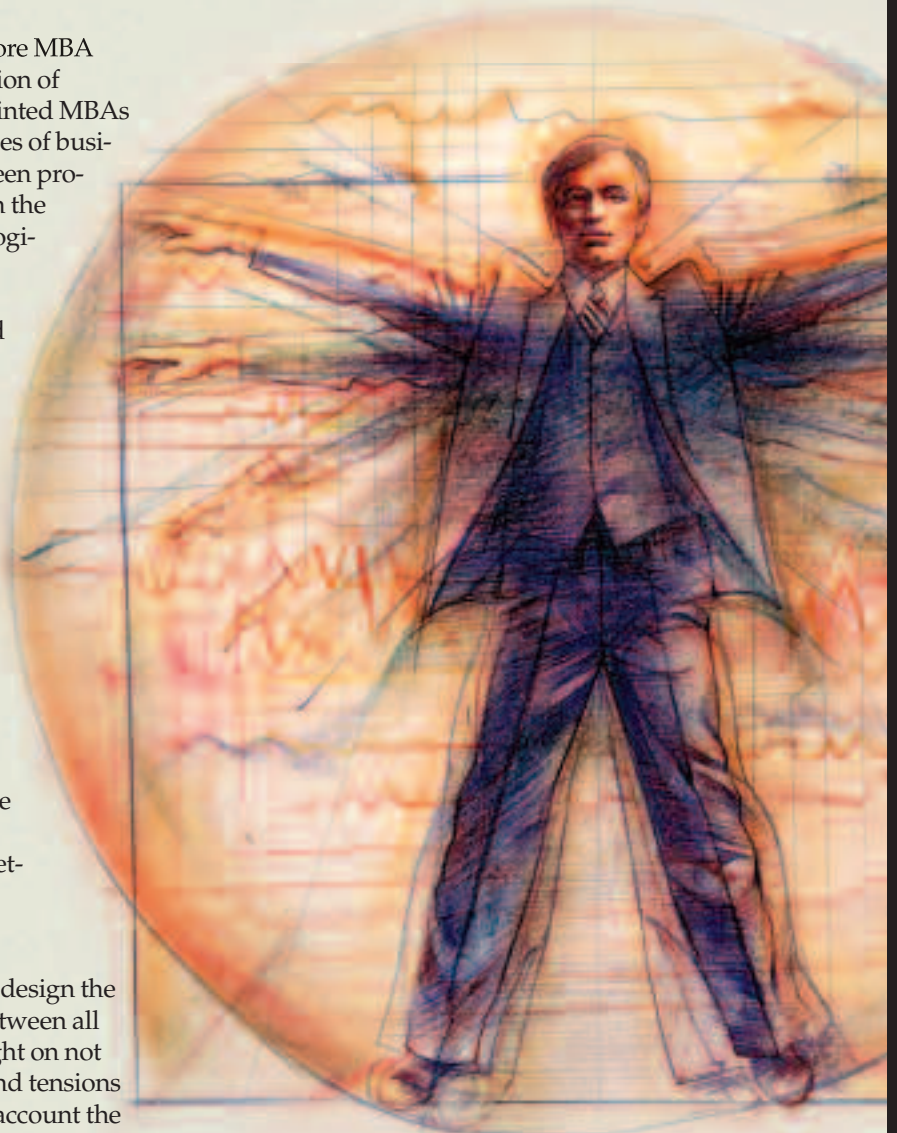
A recent significant change was implemented in September 2006 at Yale's School of Management (SOM). In July 2005, the school hired Joel Podolny as its dean to align SOM with the 21st century world of work. Along with employers, faculty, students and alumni, Podolny worked quickly to move the Yale program away from a silo-like discipline approach. What Yale put in place shapes managers for the complex, often conflicting roles they juggle.

Courses now are interdisciplinary. They focus on managing diverse constituencies, all of them, internal and external—employees, shareholders, competitors and governments. Therefore, there are courses on the employee, the consumer, the investor and the competitor. That replaces a traditional lineup of courses on marketing, finance and human resources.

Innovation results

Economics professor Jonathan Feinstein helped design the curriculum. "Students can make connections between all the factors," Feinstein explains. "That throws light on not only the key variables but all the intersections and tensions among them." Decision-making that takes into account the entire force field can open the door to innovative strategies and tactics.

Such an integrated approach might have prevented the silo mindset that led to Chrysler's recent inventory glut. *Business Week* (January 29) reported that Chrysler's finance and procurement departments set production schedules for the mixes and numbers of models which they calculated would maximize profit. No connection was made with consumer preferences, dealer inventories or competitors' offerings.



SOM is also first to require MBA students to do a project outside the U.S. One student group is working at a sugar mill in Argentina. Feinstein says they are learning how to push innovation through the many obstacles often encountered in an organization, with government, and in the community. Their host, an entrepreneur, has been able to do just that. He is using natural gas instead of pulp as the energy for extracting sugar. The byproduct produced is paper, a new lucrative line of business.

Parachuting across borders

Why this foreign requirement is critical and is getting Yale so much attention is because, "the world is very different once you leave the U.S.," observes international entrepreneur Peter Barzach. President of Standard Manufacturing Group, Bristol, Conn., Barzach currently does business in Russia and was the liaison for United Technologies' Russian joint venture.

"Even major companies which should have global expertise recruit employees for overseas assignments without really understanding the new kinds of roles they will be playing," Barzach adds. In underdeveloped economies like Russia, U.S. employees have to assess and build relationships. Legalities are meaningless. So is most paper. Managers can't assume the specifications drawn up and agreed to in writing will be manufactured. Western specifications, especially concerning materials, are often misinterpreted. Getting it done right might require endless negotiation and detailed follow-up. Getting it through customs while paying proper duties requires even more negotiations.

Clearly, parachuting learners into the actual country, as Yale is doing, is an excellent way to make the connections between what needs doing and how, even where business practices may seem alien.

Such roles raise the bar for emotional intelligence (EI) and social skills.

Employers are now telling business schools: The arrogant, the cocky, the aloof, the classic smartest kids in the class — we don't want them. We want new hires who are open to learning so that they can make the connections, work with others, and tolerate diversity in points of view and methodology.

Brand benefits

MBA programs that have produced "high EI graduates" are being recognized and rewarded by recruiters. In fact, the EI metric is becoming an asset that enhances a school's brand more than academic quality and research prowess.

The University of Michigan's School of Business is an example. Its branding was enhanced when it won the number-one spot in the *Wall Street Journal*/Harris Interactive ranking, which measures employer satisfaction with a school's graduates.

Janet Weiss, dean of Rackham Graduate School and vice provost for academic affairs there, says that Michigan landed on top, "because we have always focused on hands-on learning, by having students work on real problems in teams. One fourth of the first-year curriculum is devoted to a multidisciplinary project in which students go to actual organizations to deal with actual management challenges." To function well on a team a student must be socially astute. That's why Michigan makes a personal interview mandatory.

Bridging a now unacceptable gap

Currently, SOM is fine-tuning. Stanford and the University of Southern California are experimenting. The big question is: How can we bridge what used to be an acceptable gap between the instruction we offer and the needs of the workplace? The stakes are high.

In addition to keeping employer recruiters coming back, schools producing graduates with immediately usable skills and social savvy will differentiate themselves from the competition. In the *Wall Street Journal* (December 12, 2006), Ronald Alsup discussed how business schools are aggressively branding to ensure they're not elbowed off the radar screen as a Brand X.

For example, business schools at the University of California, Berkeley and Indiana University are each seeking a value proposition that will give them a unique presence in the MBA space. An MBA degree is now known as an "experience product." It can't be tried out and returned. Therefore, prospects for admission will require reinforcement that they're making a good choice. The aura of a brand provides reinforcement.

Some employers would like to develop alternatives to the MBA itself, which is not necessarily a new idea. In the 1970s, the University of Pittsburgh provided a master's program for engineers who needed business knowledge and skills. It was offered and administered not through Pitt's engineering school.

Carol Lynch is director of the Professional Science Master's degree (PSM) initiative at the Council of Graduate Schools. This alternative to a traditional master's degree in science is now offered by more than 50 institutions. It too was designed to respond to employer needs. "Managers at technical companies like Boeing were telling us that they tend to hire scientists and engineers who don't know business. Then they have to send them back for an MBA," explained Lynch.

In the mid 1990s the Sloan Foundation investigated how to equip professionals with enough knowledge and skills without saddling them with what they don't need. It found a science degree gap between the bachelor and the doctorate. The bachelor level usually provided insufficient knowledge. And unless employees wanted to work in academia, the Ph.D. was overkill. A degree which emerged was the PSM. And "there will probably be many other options to the MBA," predicts Lynch.

Employers are the real customers of this academic product. They can demand, for instance, that schools require applicants to have more actual work experience before admission. Otherwise, students become graduates with no background in any leadership role. Even if they had jobs, they lacked a depth of insight. Expect employer-driven change in the field of educating management professionals to accelerate. ■

JANE GENOVA is a writer and marketing communications consultant. She can be found blogging at blog.janegenova.com