

PREETE GANDHI NEEDED MORE IMMEDIATE GRATIFICATION.

Researching new cancer medicines at Pfizer Inc. was important work, yes. But she knew bringing a new drug to market could take more than a decade. So in 2002, Gandhi, then a 26-year-old chemistry graduate from Ohio State University, began planning for a business career. An MBA seemed a logical first step, and the University of Chicago Graduate School of Business, with its outside reputation and world-class faculty, looked like a good bet.

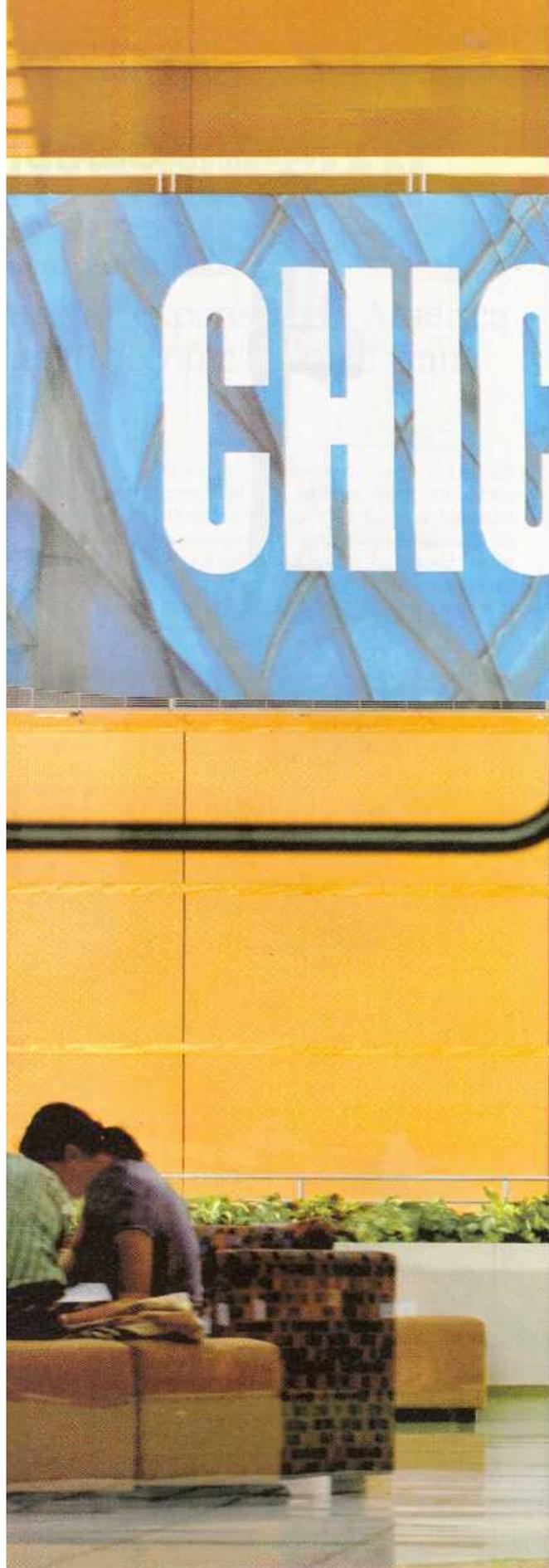
The school did not disappoint. When she arrived, Gandhi found a new building that included an Italian-style piazza where students and faculty congregate and swap ideas. And a spark plug of a dean named Edward A. Snyder was busily figuring out ways to challenge students as they had never been challenged before. One of the aspects of the Chicago program that Gandhi appreciated the most was the opportunity for first-year students to take advanced courses, allowing less experienced students like her to get more attention in the introductory classes. Gandhi selected finance, strategy, and marketing classes, which allowed her to prepare for a summer internship at Abbott Laboratories.

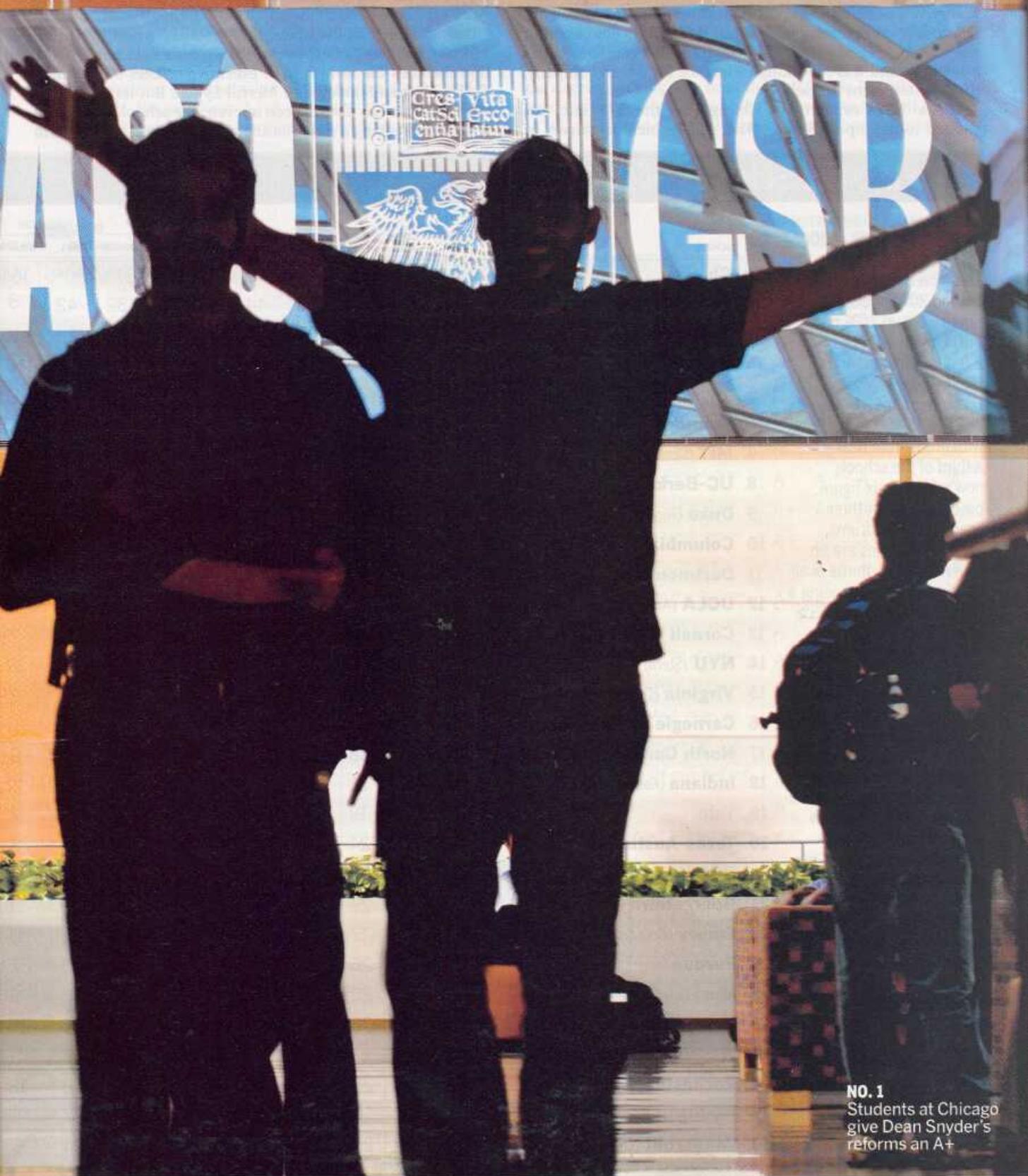
Before entering the Chicago program, Gandhi's knowledge of finance was limited to balancing her checkbook. By the

The Best Schools

Our exclusive survey ranks the top MBA programs by measuring student and recruiter satisfaction. And, for the first time, Chicago came out on top.

MICHAEL L. ABRAMSON





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NO. 1
Students at Chicago
give Dean Snyder's
reforms an A+

The Best B-Schools

time she left, she was skilled enough in the finer points of finance that she received lucrative offers from Abbott Labs, Deloitte Consulting, and Washington Mutual. She ultimately accepted a position as senior financial analyst at Microsoft, where her compensation is about \$100,000, double what she was making at Pfizer. Says Gandhi: "If I can come in as a scientist and leave working in finance for a tech company, that's a statement in itself."

It also helps explain why Chicago, for the first time, has vaulted to the top of *BusinessWeek's* 2006 biennial survey of

the world's best business schools. Chicago has always held an esteemed place in the *BusinessWeek* rankings, landing in the top five a half-dozen times since the rankings began in 1988. After all, the B-school has an award-winning faculty that includes a winner of the MacArthur "genius" grant, Kevin M. Murphy, and two Nobel prize winners, plus an alumni network that includes the former chief executive officers of Goldman Sachs, Morgan Stanley, and Merrill Lynch. But its reputation with students has always been uneven; the school scores high with those seeking a rigorous analytical program but low with

The Best B-Schools of 2006

For the Class of 2006 things couldn't be better. Among the top 30 schools, job offers were up 20% over 2004, to an average of 2.3 per graduate. And the average salary is up more than \$8,000, or 9.7%, to \$95,000, with grads from nearly a third of the schools now raking in six-figure paychecks. After three years in the doldrums, even applications are up, with nearly two-thirds of all full-time programs seeing a boost, compared with 21% in 2005.

Tuition and fees were up 15% across the board, with the typical two-year cost for a top 30 program up more than \$10,000 since 2004. Enrollment of women and minorities continued to advance, but just barely. They now account for 29.2% and 9.8% of students in the top 30, respectively, up from 28.5% and 9.6%.

The letter grades are based on survey responses from grads at 73 U.S. schools and MBA recruiters at 223 companies. The top 20% in each category earned A+s. The next 25% got As, the next 35% got Bs, and the bottom 20% received Cs.

2006 RANK	SCHOOL	2004 RANK	CORP. POLL	GRAD. POLL	INTELLECT. CAPITAL	ANNUAL TUITION ¹	% APPLICANTS ACCEPTED	ENROLLMENT ²		
								WOMEN	INT'L	MINORITIES
1	Chicago	2	3	1	9	\$42,182	NR	31%	30%	16%
2	Pennsylvania (Wharton)	3	2	4	8	44,795	21	32	42	7
3	Northwestern (Kellogg)	1	1	2	23	41,115	24	31	28	10
4	Harvard	5	4	8	7	46,056	15	35	33	NR
5	Michigan (Ross)	6	5	10	16	42,024	28	34	35	11
6	Stanford	4	10	3	5	43,380	10	32	43	10
7	MIT (Sloan)	9	9	5	6	42,364	20	31	30	7
8	UC-Berkeley (Haas)	17	7	7	11	36,634	18	35	31	6
9	Duke (Fuqua)	11	8	9	4	39,350	36	29	39	9
10	Columbia	8	6	16	13	40,948	17	35	42	15
11	Dartmouth (Tuck)	10	15	12	2	40,903	20	33	34	8
12	UCLA (Anderson)	14	17	15	1	36,094	29	28	30	6
13	Cornell (Johnson)	7	16	14	3	38,800	36	24	33	7
14	NYU (Stern)	13	12	11	25	39,600	22	40	38	17
15	Virginia (Darden)	12	14	6	35	41,000	41	21	27	7
16	Carnegie Mellon (Tepper)	15	13	20	20	42,288	29	21	28	11
17	North Carolina (Kenan-Flagler)	16	18	18	10	36,383	47	27	28	9
18	Indiana (Kelley)	18	11	21	31	30,458	40	27	41	12
19	Yale	22	26	13	28	42,685	22	38	22	7
20	Texas-Austin (McCombs)	19	19	24	27	36,200	37	29	25	8
21	USC (Marshall)	27	28	19	30	39,000	36	35	22	8
22	Georgetown (McDonough)	25	22	23	34	36,000	41	38	30	11
23	Emory (Goizueta)	20	36	17	15	37,826	34	27	36	11
24	Purdue (Krannert)	21	20	26	17	30,310	42	16	45	7
25	Maryland (Smith)	28	38	22	12	36,444	39	28	36	9
26	Notre Dame (Mendoza)	24	21	32	32	34,045	49	20	26	13
27	Washington University (Olin)	23	29	27	29	36,655	54	29	39	11
28	Rochester (Simon)	29	25	28	24	39,711	36	28	48	18
29	Michigan State (Broad)	NA	27	31	21	25,046	33	31	37	NR
30	Vanderbilt (Owen)	30	32	25	33	39,249	44	26	24	6

1. 2005-06 (where applicable, out-of-state figures used). 2. For combined years 2005-2006; minority figure does not include Asian-Americans. 3. Salary only; does not include benefits. 4. Based on 2006 recruiter survey. 5. Based on 2006 student survey. NR, No response. NA, Not applicable. Data: *BusinessWeek*, Cambria Consulting.

those looking for an emphasis on teamwork. Snyder's reforms, which include weekly breakfasts with students and improved support services for them, seem to have made the difference.

The changes at Chicago reflect a broader reappraisal of curriculums at B-schools around the country. For three years, B-school programs have been plagued by declining applications, a lukewarm market for MBA talent, and an epic bout of soul-searching over the value of the degree. Critics inside and outside the academy have criticized the standard B-school curriculum as at best irrelevant and at worst seriously

misguided. Recruiters, who in another era would have gladly plunked down more than \$100,000 for a top B-school grad, had been getting restless, claiming many lacked basic management skills. With the very future of the degree in doubt, many schools have been forced to make their programs mesh better with the demands and complexities of the real world.

Today the MBA is on the road to recovery. True, demand for the degree is a long way from the 2002 peak. But after a three-year decline, applications to full-time programs surged in 2006. In all, nearly two-thirds of schools that responded to a survey

MEDIAN PAY ¹ (Thousands)		% RESPONDENTS ⁴ W/OFFER BY GRADUATION	AVG. WORK ⁵ EXPERIENCE (MONTHS)	DESCRIPTIONS	RECRUITER GRADES ⁶			MBA GRADES ⁷	
PRE-MBA	POST-MBA				COMMUNIC- ATION	TEAM- WORK	ANALYTIC SKILLS	TEACHING QUALITY	CAREER SERVICES
\$72.0	\$95.0	96.9	62	Students appreciate option to tailor curriculum to their interests. Living in Chicago gets pricey, but most say facilities and faculty are worth the expense.	A	A	A+	A+	A+
80.0	105.0	97.1	71	Students say competitive program improves the academic experience. Decision to allow students to disclose grades to recruiters has many disconcerted.	A+	A	A+	B	A+
70.0	100.0	95.9	62	The word used over and over by Kellogg students is "collegial." School balances individual development and teamwork, case studies and lectures.	A+	A+	A+	A	A+
79.0	105.0	96.6	54	Case method allows students to solve real-world problems. Ivory tower is not everyone's cup of tea, but alumni network is vast.	A+	B	A+	A+	A+
60.0	95.0	94.8	64	Lack of grades diminishes competition and increases focus on work. Facilities are lacking but undergoing a makeover.	A+	A+	A+	B	A
73.5	110.0	99.3	48	With Silicon Valley around the corner, innovation reigns. Extensive electives cater to students with interests beyond banking and consulting.	A+	B	A+	B	A+
74.0	110.0	96.3	57	MIT offers unique courses with entrepreneurial focus and attracts students with engineering backgrounds. Prominent faculty remains accessible.	B	B	A+	A	A
70.0	100.0	94.8	67	Tech and entrepreneurial specialties give Haas grads an edge in innovation. Curriculum is not as well-suited for those with eyes set on Wall Street.	A	A	A	B	A
64.0	95.0	93.4	70	Students on "Team Fuqua" enjoy the collaborative learning experience. Good for the hand-holding types, but some would like more debate and conflict.	A+	A+	A+	A+	A+
75.0	100.0	94.3	60	Students appreciate vast alumni network and high-profile speakers. Access to recruiters for everything from international companies to lesser-known employers.	A+	A	A+	B	A
70.0	100.0	91.8	68	Small class, small town leaves something to be desired. But many appreciate the "self-selecting" crowd that attends. General management program is specialized.	A	A+	A	A+	A
63.0	95.0	90.1	57	Students go by an "excellence without attitude" mantra. Active student clubs provide career development, but there's limited access to East Coast recruiting.	A	A	A	B	B
60.0	95.0	97.1	59	Particularly popular among career switchers. Cornell offers small class size and accessible professors. Students enjoy new immersion-learning programs.	A	A+	A	A	A
60.0	95.0	91.7	59	Local alumni base is large, and former students are willing to lend a hand in the job search. Good for career switchers.	A	A+	A	A+	A+
62.0	95.0	96.3	61	Case method works well in small classes that foster Socratic learning. Students get individual attention from administration and faculty.	A+	A+	A	A+	A+
59.0	95.0	94.9	52	Tepper's small class size creates intense focus, intimacy, and greater hands-on responsibility. Curriculum is geared toward the quantitatively analytical mind.	C	B	B	A	B
55.5	90.0	93.0	64	Job placement leaves most grads smiling, but international students may not have the same luck. Extracurricular activities and pleasant location add to the appeal.	A	A	A	A+	B
50.0	87.0	87.5	63	Kelley is praised for general education but is found lacking in specialties like consulting and investment banking. Strong regional bias limits recruiting options.	A	A+	A	A+	B
55.0	95.0	95.5	58	Small program size means easy access to alumni and faculty. Students applaud new dean Joel Podolny, cited for being a visionary leader.	A	A	B	A	A
60.0	90.0	88.9	60	Complaints include unresponsive administration and poor career placement for international students. Variety of classes and other resources balance equation.	A+	A+	A	C	B
60.0	89.0	87.4	62	Strong community and alumni network offer lifelong career contacts. Drop in 2004 rankings led to major program overhaul, but students want further improvements.	B	B	B	C	A
53.0	90.0	90.3	62	D.C. area offers students many opportunities for work in the public sector and international business. Demanding classes are taught by diligent professors.	C	C	B	A	B
54.0	90.0	91.9	59	Students extol leadership development, accessible professors, and caliber of classmates. One-year program offers a popular alternative to two-year MBA.	B	C	B	A	A
45.0	85.0	93.3	55	Students laud financial aid offerings and diverse, international student population. Curriculum emphasizes quantitative skills and teamwork.	B	C	B	B	B
50.0	85.0	85.9	60	Smith grads gripe about regional recruiting and inadequate career services. But tight-knit community and affordable tuition help ease the strain.	C	C	B	C	C
45.0	85.0	80.2	52	Students miss proximity to big city but enjoy the tight-knit community and finance training. Recent switch from semesters to a 7-week system gets mixed reviews.	B	B	C	C	B
40.0	85.0	92.0	52	Small class size means personal attention from faculty, but on-campus recruiting is a disappointment. Campus hosts a noteworthy leadership speaker series.	C	B	B	A	C
40.0	83.0	82.6	55	Quality of education, analytical skill development, and personal attention from faculty is highly rated, but poor showing by recruiters frustrates students.	A	A	A	A	B
45.0	85.0	96.1	60	Teamwork focus means most grades are based on group, rather than individual, performance. Students praise outstanding career services center and faculty.	C	B	C	B	A
55.0	87.0	92.2	55	Students applauded the overall experience at Owen. Grads say that rigorous curriculum leaves them well-equipped for future careers.	B	A	B	B	B

signing bonus, stock options, or other compensation. Based on respondents to student survey; does not represent entire graduating class. 4. Based on respondents to student survey. 5. Supplied by schools.

The Best B-Schools

by the Graduate Management Admissions Council reported an increase, compared with just 21% in 2005. And MBA grads are winning lofty pay packages not seen since the bubble years of the late 1990s. "The job market for MBAs is the strongest it's been in many years," says Steve Canale, General Electric Co.'s top recruiter. "Supply is tight, and demand is up. It's Economics 101."

The best-ranked programs from previous years continue to dominate the top of the list. The University of Pennsylvania's Wharton School, which moved up a notch, to No. 2, did so on

Recruiters, meanwhile, were wowed by the quality of grads. Adobe Systems Inc., the San Jose (Calif.) software maker, found more than a third of its MBAs at Haas this year. "Haas produces very strong, entrepreneurial, innovative-type thinkers," says Michelle A. Smith, Adobe's manager of university recruiting. "They fit well with our culture and are able to collaborate effectively."

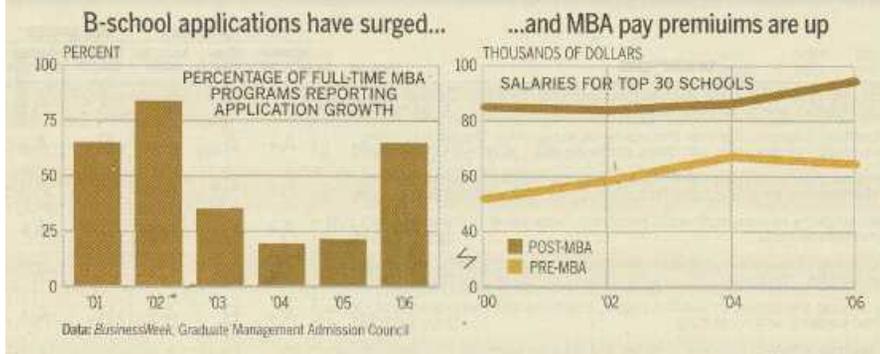
Berkeley's performance this year shows that, when it comes to career services, sweating the small stuff is key. Several years ago, Haas became one of the first B-schools to assign "account managers" to work directly with individual recruiters. One was even dispatched to New York to strengthen Haas's relationship with the big financial services companies. In addition, recruiters who visit the campus now get VIP treatment. Lunch is on the school, and Dean Tom Campbell frequently drops by to ask what the school could be doing better. Parking permits for recruiters are now issued in advance, or someone from the school meets recruiters curbside with a permit in hand. Abby Scott, the school's executive director of MBA career services, says recruiters who'd begun skipping Haas are starting to return.

Indeed, recruiters are noticing the changes. Hieu R. DeShields, manager of corporate talent acquisition for Safeway Inc., says her Haas account manager helped rewrite Safeway's job postings to make them more attractive and identified students who might be a good fit. "She wasn't passive in terms of just posting our opportunities," says DeShields, who made four of her 11 offers at Haas this year. "She was an advocate for our business."

BACK IN BUSINESS Applications
recruiters is heating

The market for MBA talent is subject to the same laws of supply and demand that roil the business world. With the economy in turmoil following the dot-com bust, B-school applications swelled, and two years later graduates flooded the market, driving down salary offers. But as the economy improved and applications began to skid, the result has been fewer MBAs on

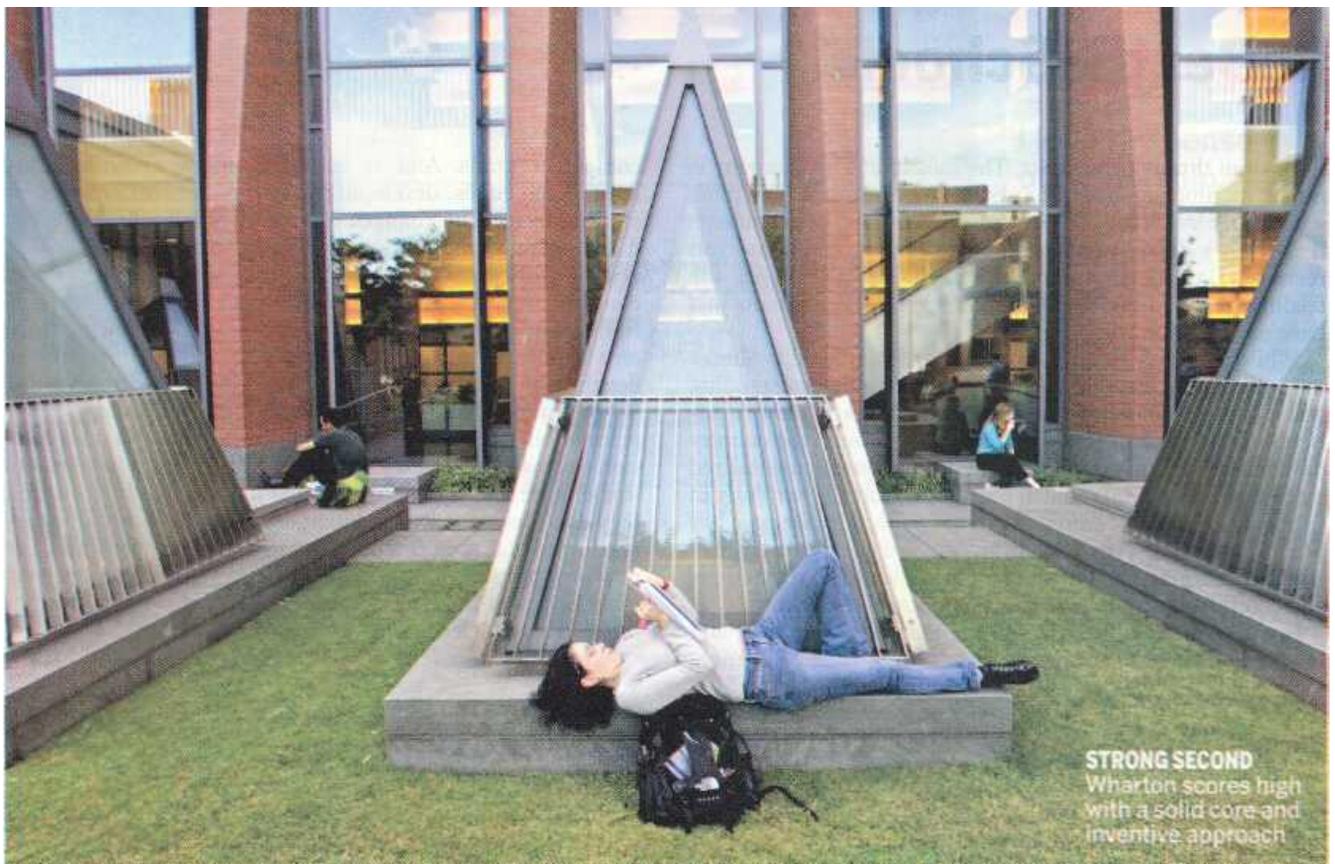
In the Money



the strength of its core curriculum and extensive elective offerings, as well as unusual approaches to teaching. One program, for example, teaches leadership as students climb a volcano in Ecuador. And even though Northwestern University's Kellogg School of Management lost its grip on the No. 1 perch it has held since 2002, it fell only two places, to No. 3. Kellogg continues to win student plaudits for its rigorous academics, top-flight student body, and support from faculty and career services that one grad called "almost parental."

Fresh thinking from business school deans has also allowed several programs to move up in the rankings. Case in point: the University of California at Berkeley's Haas School of Business, which until now had never broken into the top 10. Haas catapulted nine spots, to No. 8, leapfrogging such perennial favorites as Cornell, Columbia, and Dartmouth. The combination of a small class, exceptional faculty, and a collegial atmosphere impressed students. "What I was looking for in a school was getting a real learning experience, not just getting my ticket punched," says Anders Geertsen, who is pursuing a banking career. "The students at Berkeley are there to learn and connect to one another."

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STRONG SECOND
Wharton scores high with a solid core and inventive approach

the market this year. And you know what that means: plenty of competition for talent and, yes, bigger paychecks.

Offers have been flooding in, giving grads more choices than ever. Among the Top 30 schools, grads received on average slightly more than two offers apiece, up 20% over the previous year. And the number of students without a solid job offer by graduation has declined dramatically. One survey by WetFeet, a San Francisco research company, found that half of the

which includes signing bonuses and other pay, is even higher. Based on preliminary 2006 data from schools, graduates of Babson College, Vanderbilt University, and the University of Michigan all saw double-digit increases over 2004, with median total compensation for Michigan grads topping out at \$130,000. One Chicago grad surveyed by *BusinessWeek* had seven offers by graduation, and ultimately took a job as a research analyst at an asset management company. Estimated first-year compensation: an impressive \$195,000.

For recruiters., a tight market for MBA talent calls for a change in tactics. With more recruiters on campus, and individual students receiving more offers, talent scouts

have to work harder to stand out. With new recruits at PricewaterhouseCoopers receiving at least twice as many offers as last year, PwC has launched a branding campaign to put their name front and center on college campuses. At on-campus recruiting events, JPMorgan Chase & Co., which hired 85 MBAs this year, will trot out alumni who work at the company and

are on the rise, demand from up, and many starting salaries now top six figures

nation's 2002 grads were still looking for work in May of that year. This year, only 14% were.

For graduates of top schools who answered our survey, the average salary is up more than \$8,000, or 9.7% over 2004, to \$95,000. And the typical grad at nearly a third of those programs now rakes in a six-figure paycheck. Total compensation,

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The Best B-Schools

have risen through the ranks. The message: The company is a true meritocracy where hard work is rewarded. The pitch works, but even so, the competition for the best students makes for a difficult recruiting environment, says JPMorgan recruiter Danielle Domingue. "This definitely feels like the feeding frenzy of 2000," Domingue says. "The students just have more choice."

While the news about the market for MBA talent is almost uniformly good, B-school deans and faculty are not standing still. Many are embarking on some of the most ambitious curriculum reforms in recent memory. Deans around the country have recognized that traditional programs compartmentalized by discipline no longer match the "flat" structure currently in vogue at American companies. What's more, managing has become ever more complex: On any given day, executives must analyze information from all corners of the globe in real time, and coordinate resources across borders and time zones.

Seven of the top 30 programs are planning or undergoing massive curriculum overhauls designed to churn out more

competent grads. And at least that many are innovating around the edges, developing new programs or courses, or shifting focus. The changes vary in direction and scope, but many share a common goal: to turn out graduates able to grapple with the competing priorities that managers must confront every day and execute on a plan with little or no help from higher-ups. Today, recruiters say, many grads, weaned on a steady diet of cut-and-dried case studies, are incapable of deciding on a pricing strategy or a marketing approach in the face of unknowns—everything from consumer reaction to the price of oil. And worse: They can't follow through on a decision once it's been made. Having spent two years in B-school working on teams, where everyone and no one is in charge, they don't have the leadership and communication skills they need to take a project from start to finish. Theoretically, the new programs now in the works will create stronger decision makers, better problem solvers, more effective communicators—in a word: leaders.

While such overhauls happen with some regularity, mainly

The High Price of Admission

This year both the costs and benefits of attending B-school surged. For our top 30 schools, tuition and fees alone were up 15% on average, and the price tag for a Wharton MBA now approaches \$90,000, up nearly \$20,000 since 2004. Good thing salaries for grads increased, too. 2006 MBAs could expect first-year paychecks of about \$95,000 on average, an increase of 47% from their pre-MBA days and a huge increase over the 29% MBA pay premium that 2004 grads received. But in narrow economic terms, it may not pay to attend one of the top-ranked schools; a midtier school is a better bet. That's because the likes of Wharton and Harvard tend to attract high earners, making it harder to get a big salary bump at graduation and recoup the investment in an MBA. How hard? For Harvard grads, the break-even point won't come until 2020, or about 20 years shy of retirement.

FASTEST RETURN

RANK	SCHOOL	AVERAGE COST	SALARY PREMIUM	YEARS TO BREAK EVEN
1	BYU (Marriott)	\$133,234	\$35,068	3.80
2	Michigan State (Broad)	161,905	40,805	3.97
3	South Carolina (Darla Moore)	165,283	37,675	4.39
4	Wisconsin (Madison)	186,800	42,343	4.41
5	Buffalo	109,154	21,840	5.00
6	Notre Dame (Mendoza)	190,241	37,652	5.05
7	Rochester (Simon)	199,447	38,569	5.17
8	University of Washington	193,627	36,795	5.26
9	Emory (Goizueta)	225,737	42,472	5.32
10	Washington U. (Olin)	205,518	36,399	5.65

SLOWEST RETURN

1	Chicago	\$289,474	\$28,692	10.09
2	Babson (Olin)	236,821	23,319	10.16
3	Dartmouth (Tuck)	289,634	28,404	10.20
4	Northwestern (Kellogg)	289,055	27,182	10.63
5	Columbia	315,780	26,610	11.87
6	UC Berkeley (Haas)	291,805	24,240	12.04
7	Pennsylvania (Wharton)	328,748	25,775	12.75
8	Harvard	345,401	23,921	14.44
9	Stanford	328,062	22,351	14.68
10	MIT (Sloan)	324,305	21,500	15.08

Data: BusinessWeek. Note: Domestic schools only. Schools with fewer than 50 survey responses excluded from analysis. Total cost includes two years tuition and fees, student-reported living expenses, and forgone pre-MBA salary. Salary premium based on student-reported pre- and post-MBA salaries only; does not include signing or performance bonuses, annual pay increases, stock options, or other compensation.

TheBestB-Schools

at lower-tier schools seeking a competitive advantage, top-ranked schools are leading the charge now. This summer, Stanford University's Graduate School of Business, ranked at No. 6, scrapped its one-size-fits-all curriculum and introduced a new model that emphasizes flexibility and customization. Tailored to students' individual education, work experience, and goals, courses offered starting next fall will challenge students to understand more than one academic discipline or managerial function and develop the critical thinking skills they'll need to make decisions when information is sketchy and risks are high. In a course called "Critical Analytical Thinking," students will analyze questions such as what responsibilities com-

panies have to society, and develop the communication skills they need to persuade others of their positions. "This is a huge curriculum reform for us," says Garth Saloner, a management professor who headed the committee that recommended the changes. "If you could start with a blank sheet of paper, what program would you put in place that would put your students in the best position to manage organizations? That's what we really want to do."

The centerpiece of the new curriculum at the No. 19-ranked Yale University School of Management is a series of eight courses drawing on the insights of multiple managerial disciplines to solve vexing problems. One example is a new

How We Come Up With the Rankings

Since 1988, *BusinessWeek* has published its Best B-schools ranking every other year as a way to help prospective students find suitable MBA programs.

Over the years, we've nearly tripled the size of the report, added new schools, and updated our methodology. Through all of this, the ranking has centered on one thing: customer satisfaction. We measure this by surveying not just thousands of students but the corporate recruiters who hire them.

This year, we sent a 50-question survey to 16,565 Class of 2006 MBA graduates at 100 schools in North America, Europe, and Asia. Overall, we received 9,298 responses, the same 56% response rate as in 2004. Nearly every school helped us contact grads, though the Harvard Business School and the University of Pennsylvania's Wharton School declined to provide student contact information. Using publicly available sources, we were able to reach nearly 39% of the Class of 2006 at those two schools, a significantly lower number than the overall response rate, but enough to make the findings statistically valid.

On the Web-based students survey, grads were asked to rate everything from teaching quality to the effectiveness of career services at their schools on a scale of 1-10. The Class of 2006 graduate survey results count for 50% of a school's total student satisfaction score. An additional 25% comes from the responses of 11,518 graduates in the 2002 poll and 25% from 10,074 graduates polled in 2004. Measuring

six years' worth of data ensures that short-term improvements or problems don't sway the results. To eliminate outliers, 19 schools were removed from ranking consideration due to low response rates.

Next we asked David M. Rindskopf and Alan L. Gross, professors of educational psychology at City University of New York Graduate Center, to analyze the data. The idea was to ensure that the results were not skewed by any attempts to

By the Numbers			
GRADUATE POLL	2002	2004	2006
Surveys	16,906	18,052	16,565
Replies	11,518	10,074	9,298
Response Rate	68%	56%	56%
RECRUITER POLL			
Surveys	420	456	426
Replies	219	223	223
Response Rate	52%	49%	52%

influence student responses or otherwise affect the outcome. They tested the responses to verify credibility of the data to guarantee the poll's integrity. Once the student poll data was certified, the scores received a 45% weight in the overall ranking.

We also invited corporate MBA recruiters to fill out an online survey similar to that of the student survey. Of the 426 companies surveyed, 223 answered, for a response rate of 52%—up from 49% in 2004. Among the companies

were those that hire anywhere from a few MBAs each year to those that hire hundreds. Except in rare instances, each company was allowed to complete one survey as a way to make sure the results would not be distorted.

Recruiters were asked to rate their top 20 schools according to the quality of a B-school's grads and their company's experience with MBAs past and present. Companies could only rate schools at which they have actively recruited on campus or off—in recent years. Each school's total score was divided by the number of responding companies that recruited from the school.

Because there tend to be greater differences among schools in the corporate survey than in the student poll, recruiter opinion can have a bigger impact on the overall ranking. To add depth and breadth to our recruiter survey, *BusinessWeek* this year added another improvement. Instead of basing each school's recruiter score on a single survey, as we have in prior years, we combined the three most recent polls, as we do with the student surveys. The 2006 recruiter survey counts for 50% of the recruiter score, while the 2004 and 2002 surveys contribute 25% each. Combined, the three recruiter polls accounted for 45% of the final ranking. Another 23 schools with poor response rates in the recruiter survey were eliminated at this stage of the ranking.

Finally, we calculated each school's intellectual-capital rating by tallying faculty members' academic journal entries in 20 publications, from the *Journal of Accounting Research* to the *Harvard Business Review*. We also searched *The New York Times*, *The Wall Street Journal*, and *BusinessWeek*, adding points if a professor's book was reviewed there. The scores were then adjusted for faculty size. The final intellectual-capital score accounts for 10% of a school's final grade.

Educate Yourself

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Stats: In-depth profiles of more than 400 full-time, part-time, and distance programs

Niches: Exclusive listings of the best b-schools by specialty

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ROI: Find out how long it will take to recoup your b-school investment

And More: Blogs, forums, alumni stories, plus recruiter, career, and admissions Q&As

Also: Check out Executive Editor John A. Byrne's podcast interview with Associate Editor Louis Lavelle about the ranking at businessweek.com/search/podcasting.htm



BusinessWeek online

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approach to the customer relationship, from a company's first contact with a prospective customer, usually in a marketing campaign, to the last, when the company loses the customer to a competitor—and everything in between, including customer service. Instead of treating the customer relationship as a marketing problem, as most MBA curriculums do now, Yale will treat it as an accounting problem, an economics problem, an organizational design problem, a psychology problem—and a marketing problem. A course that blends these disparate approaches might discuss how consumers choose products, how to identify and keep the most profitable customers, and how to redesign the organization itself so that

customer feedback gets channeled back into product design. "Everybody's wrestling with how do we bring management education in line with the demands of management," says Yale Dean Joel M. Podolny. "Everybody recognizes there has to be some changes to the standard curriculum." Similar efforts are under way at Michigan, the University of Rochester, the University of North Carolina at Chapel Hill, Notre Dame, and Kellogg.

Columbia, which ranks No. 10, has a new MBA offering called the Program for Social Intelligence that borrows freely from the management playbooks of such corporate giants as General Electric and Goldman Sachs. The program includes more than a dozen activities—from a brainstorming exercise to a marketing plan simulation—making use of existing study teams to teach lessons on team dynamics. It also includes activities designed to help develop leadership skills and workshops on managing large organizations. "In developing these leadership skills, you don't learn it in a group of 60 or 100," says Michael W. Morris, the management professor who runs the new program. "You learn it by having experiential exercises in small groups and getting results you can interpret with the help of a coach."

Of course, the MBA revival has as much to do with the ebb and flow of the economy as it does the ongoing reform efforts at the nation's B-schools. But many deans are grateful that the *Sturm und Drang* of recent years got them thinking about how to build a better manager. They recognize that a reassessment is long overdue and vital if the MBA is to remain relevant for the next generation of business leaders. •

-With Paula Lehman in New York

Go to the Head Of the Class

A crash course aims to get executives ready to teach. **BY JOHN DEBRUICKER**

THREE YEARS AGO, THE ASSOCIATION TO ADVANCE COLLEGIATE Schools of Business (AACSB) sounded a warning to its accredited schools around the world. A cancer was eering away at the heart of the nation's MBA programs—a looming shortage of PhD-qualified faculty so severe that the future of graduate business education was at stake. With the number of business doctorates dwindling, the B-school establishment was facing a future of faculty vacancies, overcrowded classrooms, and declining quality.

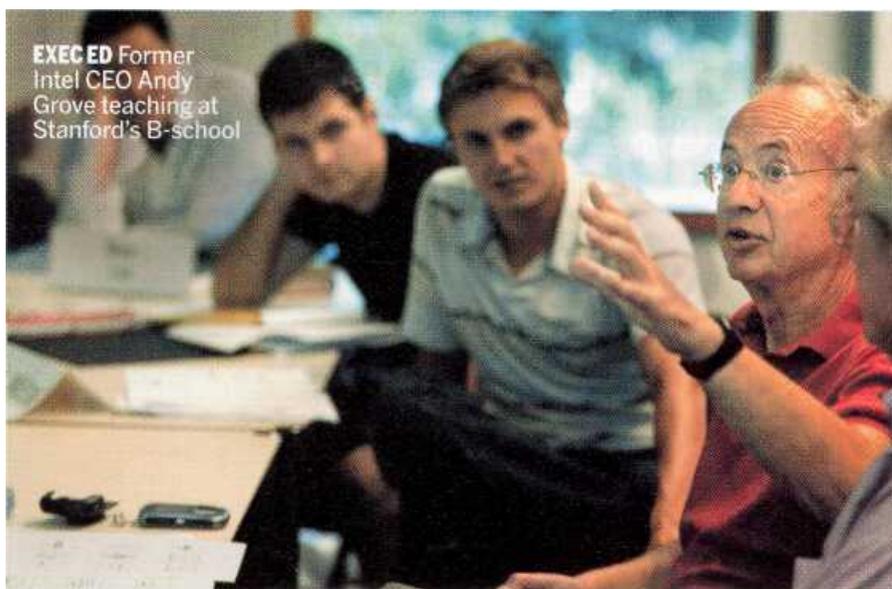
As AACSB saw it, B-schools had to promote, fund, and generally pay more attention to their PhD programs, or else. This was a tall order, and still is. MBA programs are among the most lucrative on campus, and, as a result, receive the lion's share of resources, while PhD programs are a financial drain. With MBA enrollment at an all-time high, demand for faculty is growing. New business doctorates have declined, down to 907 in 2004 from 973 in 2000. And more than a third of all newly minted business PhDs never enter the academic job market.

AACSB now has an answer, but it's by no means a silver bullet. The organization's Bridge Program, which makes its debut Oct. 22, is a five-day crash course to certify senior executives to teach in MBA programs. AACSB President and CEO John

to teach before spending at least one semester observing from the back row. Dean Albert W. Niemi Jr. says the Bridge Program alumni will be no exception: "That would be a huge mistake."

Even for the most highly motivated executives, the transition to academia isn't easy. Robert D. Rogers, who taught strategy and organizational behavior at Cox from 2000 to 2004 while he was president and CEO of Texas Industries Inc., a nearly \$1 billion supplier of building materials, hadn't set foot in an MBA classroom since his days at Harvard 40 years before. The student body was a revelation—one student he flunked for not showing up sued him, unsuccessfully—and the amount of prep time required was a surprise. Says Rogers: "It was a lot of work."

By making it easier for schools to find qualified executives to teach, the Bridge Program might shift the focus of B-school curriculums from theory to practical knowhow. This is especially true among lesser-ranked institutions, which lack the resources to compete for top faculty and might rely more heavily on executives. For some the shift in focus is not a bad thing, but neither is it an unalloyed good. It would dilute the very things that make American-style management education unique, namely its focus on conceptual and analytical learning. And substituting theory with executive "war stories" may produce a generation of MBAs unprepared for tomorrow's challenges.



EXEC ED Former Intel CEO Andy Grove teaching at Stanford's B-school

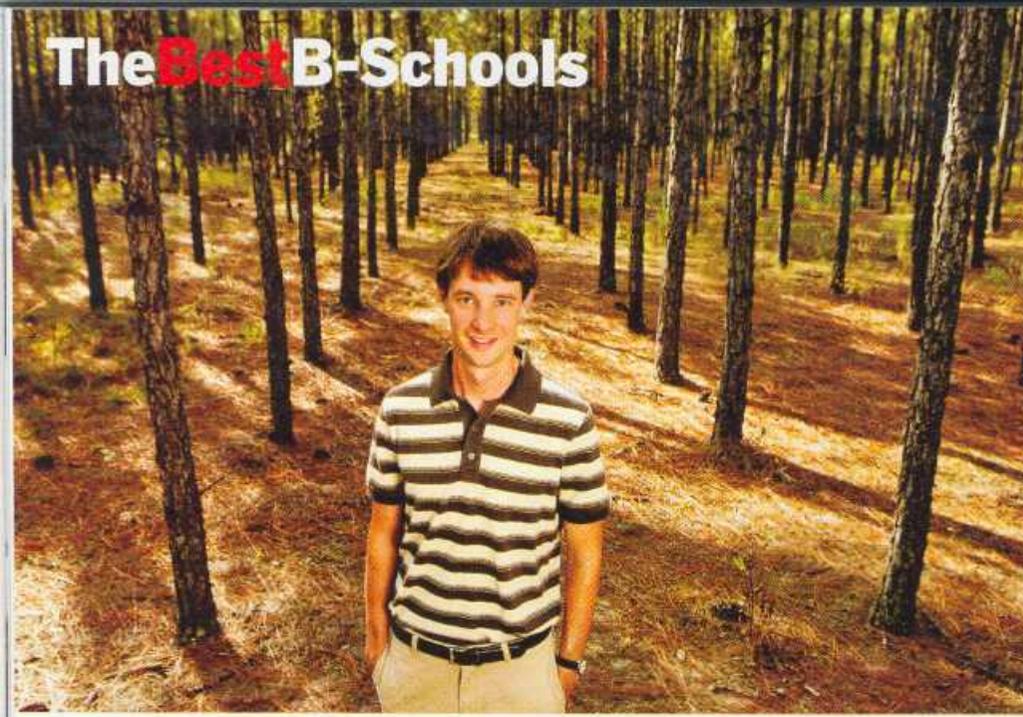
THE CURE for a faculty shortage could shift the focus of curriculums from theory to practical knowhow

Fernandes acknowledges that this program, even if implemented in the long term, will not be enough. "The only real fix is graduating more PhDs," he says. "I hate to be a pessimist, but I just don't see that happening."

While Fernandes defends the program as a necessary measure, and insists it will make executives "as classroom-ready as any other graduate, including PhDs," that's far from certain. The program includes courses on teaching methods, learning styles, and classroom management, as well as an actual class session prepared by the executives. But critics say that hardly compensates for a lifetime behind a lecture-hall podium—or even the classroom experience that most doctoral candidates get in their sk years in a PhD program. That's why the Cox School of Business at Southern Methodist University does not permit executives

"Theory and practice go together," says Edward A. Snyder, dean of the University of Chicago Graduate School of Business. "People who understand theory are more likely to understand practice—today and tomorrow."

With baby boomer faculty on the cusp of retirement, the B-school brain drain may be at its worst in the next few years. To help fill the inevitable vacancies, AACSB will launch another program aimed at converting PhDs from business-related disciplines, such as economics and sociology, into new B-school faculty. The program is expected to take longer and be more costly than the one designed for executives. But it won't create a single new PhD trained in the kind of management disciplines required for MBA programs. At best, it will be a partial solution to a seemingly intractable problem. •



PRINGLE The Tuck grad tracked down a job at a timber REIT

companies just don't come to campus."

Location is another factor. Many schools aren't situated where the jobs are. While recruiters flock to New York University's Stern School of Business, located a few miles from Wall Street, or Northwestern's Kellogg School, just north of Chicago, the number of visiting companies drops considerably at schools that are outside these business hubs. Chances are greater that MBA job hunters will venture off-campus at such schools as Indiana University's Kelley School of Business in Bloomington, or Washington University's Olin School in St. Louis.

Schools are making more of an effort to assist independent searches by allowing students access to corporate databases in addition to providing alumni contacts. At Olin independent search is so important that it's part of the curriculum. First-year students take a course focused on developing job search skills. "It is critical to our success," says Olin's Jim Beirne, director of career services. At Stanford,

where an estimated two-thirds of MBAs find jobs through independent searches, Chan advises students that it's impossible to know where a job might come from, so it's important to talk to as many people as possible. "Students need to feel comfortable just going out and going after companies," he says.

Independent job seekers are getting a welcome reception—and not just at small companies. At JPMorgan Chase & Co., for instance, they account for nearly a third of the 75 MBAs hired each year for investment banking positions. To Barbara Farrell, one of the bank's recruiting managers, keeping an open mind about independent candidates makes all the sense in the world. "We can only get to a certain number of schools each season," says Farrell. "But we don't want to miss out on a great

Who Needs Recruiters?

More MBA grads are looking off-campus to find that perfect job. **BY GEOFF GLOECKLER**

MBA GRADS TYPICALLY GRAVITATE TO WALL STREET OR A Big Four accounting firm. Not Charles Pringle. The recent grad from Dartmouth's Tuck School of Business was determined to find work in the forest products industry—even though doing so meant making the contacts himself. While many of his fellow grads set up on-campus interviews with investment banks and consulting firms, Pringle worked the phones, networking with Tuck alumni in the timber industry to unearth job leads. The handful of names supplied by career services quickly grew to 150. In February he hit pay dirt, landing a management position at Rayonier Inc., a Florida-based timber real estate investment trust.

Pringle's experience is increasingly common these days. Nearly a third of MBAs at top schools like Michigan, Cornell,

HELP AVAILABLE Schools are making more of an effort to assist independent job searches

and Maryland now take on a job search independent of on-campus recruiting. Al Cotrone, director of career services at Michigan, credits a stronger economy. "Instead of taking a job anywhere they can find one, students are gaining more confidence," he says. "They are O.K. with graduating without a job and finding one on their own."

That includes veering off the beaten career path. "We get a lot of students interested in areas like private equity, hedge funds, and small entrepreneurial companies," says Andy Chan, director of career services at Stanford. "These kinds of

candidate just because they don't have the right school on their resume." Amazon.com Inc. is also stepping up efforts to recruit independent job seekers. In the past the online retailer has recruited at only a handful of schools, but to get a larger pool of candidates it's holding a regional recruiting event in Chicago later this year.

This is good news for the thousands of MBA grads such as Pringle who are taking on an independent job search. Whether by choice or necessity, sometimes going your own way pays off. •

By Entrepreneurs For Entrepreneurs

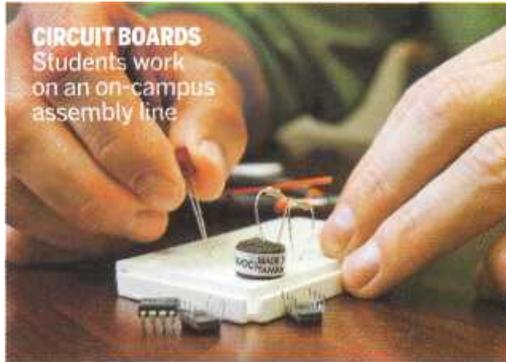
Only those who run their own companies can teach at Austin's Acton School of Business. **BY AMY BARRETT**

JEFF SANDEFER DOESN'T EQUIVOCATE when he describes what's wrong with business schools. The 46-year-old, who started the Acton School of Business in 2003 in Austin, Tex., says they fail at preparing students to run their own companies. Sandefer, who runs an energy investment firm in Austin, says he has seen too many B-school grads unhappy with their careers five years after graduation. "We want the best and brightest to find their calling," he explains. "Far more think that is consulting, investment banking, or private equity than it really is."

MBA, has built the program around his alma mater's case studies, students are never told what the best solution is, and professors aren't allowed to tell them.

Acton puts a premium on learning by doing. All students need to sell a real product as part of one class. And all must help run an assembly line set up on campus that manufactures circuit boards. "Few people know how to make the rubber meet the road," says Chris Shonk, 32, who graduated with Acton's first class in 2004 and went on to start his own boutique investment bank. "You learn how to execute."

Sandefer is so confident students will find the program rewarding that, starting this fall, he has created what amounts to a money-back guarantee. Tuition is \$17,500 per semester, but the first semester's check is returned at graduation, and the second semester is free. After graduation, students are still on the hook for the \$35,000 and are asked to contribute 10% of their salary until the tab is paid off. Then again, if a student is disappointed with the program, the debt is erased.



BIG BET Acton offers what amounts to a money-back guarantee

Sandefer's Acton program is certainly a departure. For starters, all professors must run a business. The requirement reflects Sandefer's view that, unless you are living an entrepreneurial life, you can't effectively teach how to be an entrepreneur. Compensation for professors is based in large part on student ratings. Each year the professor with the lowest ranking, out of the 11 now on the faculty, is not invited back to teach the following year (though they can return after that). Half the length of traditional MBA programs, Acton's one-year stint radically intensifies the learning experience. And while Sandefer, himself a Harvard

Without crippling loan payments, Sandefer contends, "you can follow your calling."

Of course, Acton has plenty of critics. Academics at other B-schools argue that a faculty made up solely of practicing entrepreneurs isn't well-balanced. And the relatively unknown school may not be a big asset for someone looking to land a job at a large company. "I know people applying to business schools who won't consider it because of the name," says Chris S. Munson, a 2005 Acton graduate who recently bought a restaurant chain with a partner. "But I'm convinced I learned more [there] than I would have learned anywhere else." •

The Best B-Schools

TEAM PLAYERS
MBA Students at Queen's are placed in small groups that stay intact for the entire program



International B-schools add an automatic credit in worldliness to the curriculum

BY GEOFF GLOECKLER

IN HER FIRST WEEK AS AN MBA STUDENT AT THE SPANISH B-school ESADE, Elizabeth Caswell and her classmates were each asked to prepare a presentation on a company they felt would be a good place to work. Caswell selected KB Home, the \$9.4 billion Los Angeles homebuilder. When it was her turn, the Massachusetts native got up and shared her findings, complete with company financials and stock prices. When she finished, her classmates politely applauded her efforts.

In fact, they hated the presentation, likening it to a used-car commercial. She was brash and aggressive, they complained, extolling as she did the strengths of the company. Her confidence came off as arrogance. In short, the pitch was very American. "It was a major wake-up call," Caswell recalls. Over the next few months she learned to express her ideas in a more humble way, and soon she was no longer offending the sensibilities of her classmates.

What Caswell found at ESADE is what many potential MBAs are looking for, a program that offers a strong dose of management theory—and a global perspective. Because few U.S. MBA programs can match the diversity and international flavor of a school like ESADE, where 74% of students are from outside of Spain, more and more students are heading to

schools in Europe and Canada. According to the Graduate Management Admissions Council, the number of American students attending MBA programs in countries like Spain, France, and England has risen from about 2,100 in 2000 to 3,550 in 2005.

This is good news for the top 10 schools in *BusinessWeek's* 2006 ranking of the best non-U.S. MBA programs. While the programs differ, each manages—through program design and classroom diversity—to expose students to a world of cultural differences. On average, 64% of the students hail from abroad, compared with 35% at the top 10 U.S. schools. With such breadth, students learn as much from their classmates as from their professors, not just about marketing and finance, but also about how management styles differ in various parts of the world. And this becomes more important as business becomes an increasingly global affair. "Students are beginning to understand that they have to learn to deal with specific problems they will face if they operate in Russia, or China, or Brazil," says Jordi Canals, dean of the Barcelona-based IESE Business School.

For this year's ranking of non-U.S. MBA programs, *BusinessWeek* surveyed more than 2,000 students from 25

PETER SIBALD



of the world's most competitive programs, as well as the recruiters who hire them, using the same methodology as the U.S. ranking. For the first time since the launch of the international ranking in 2000, three Canadian schools top the list, led again by Queen's University in Kingston, Ont. In a year marked by a battle for differentiation among top international schools, Queen's took top honors with an unusual approach that treats students less like students and more like employees.

"TREAT IT LIKE A JOB"

HOW DOES QUEEN'S DO IT? For starters, it divides students into groups of five or six "participants," with each group consisting of several different personality types and nationalities so that conflict is almost guaranteed. Unlike most B-schools, where new teams form for each class, Queen's students belong to a single team for the whole program, much as they would on the job. Each team is assigned to a 15-by-20-foot "office" where each student has a cubicle and is expected to keep office-like hours. It's here that students spend a majority of their non-class time, discussing projects and working on assignments. And it's here where much of

the magic happens. Students learn how to work as part of a team—resolving differences and solving problems—in a way that can't be taught in the classroom. "Students are treated like professionals, and they're expected to treat it like a job," says Alan Ridgeway, a 2006 Queen's grad.

This experiment in reality learning has students and recruiters singing the school's praises. But administrators aren't easing up. In late September, Dean David Saunders announced plans for a curriculum redesign that will allow students to customize their course loads based on their experience and career goals. For Saunders, the decision to make the change was simply a question of listening to the market. "We talked to employers and alumni and built off of their feedback," Saunders says.

Indeed, if there's one lesson that international B-school administrators have learned this year, it's that the needs of recruiters matter just as much as those of prospective students. To deliver the kinds of grads who can hit the ground running, the University of Western Ontario's Richard Ivey School of Business last year cut the length of what had been a two-year program in half and revamped the curriculum. The school now requires students to examine case studies from

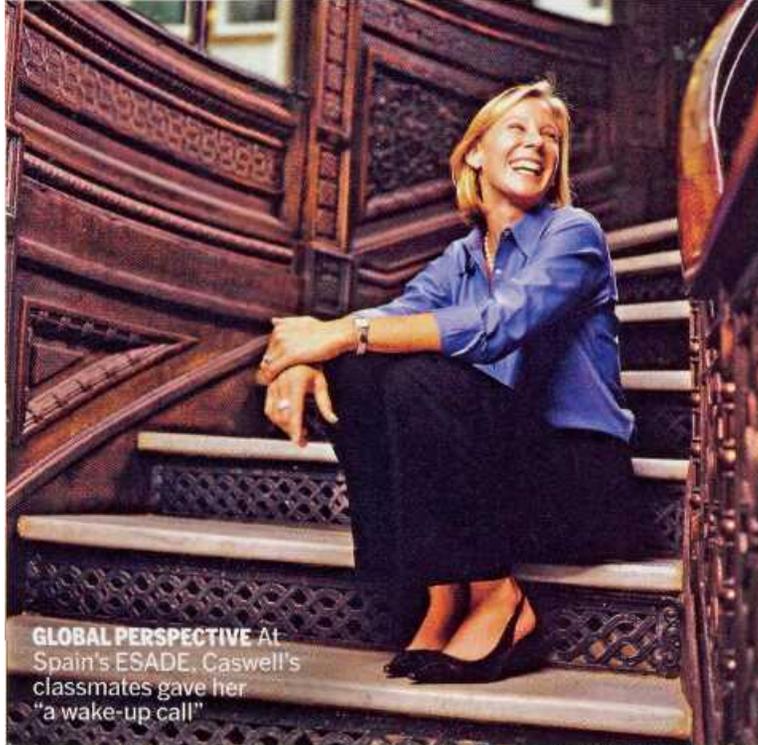
The Best B-Schools

numerous viewpoints, in essence grouping together various disciplines—finance, marketing, operations, and so on—that would ordinarily be chopped up into individual courses. "We're thinking about it as learning from an issues perspective as opposed to a functions perspective," says Ivey Dean Carol Stephenson. The changes seem to be working: Western Ontario rocketed up four spots, to No. 2, and was the top choice of recruiters, who say Ivey grads are quickly able to adapt to the workplace with little additional training.

SOLUTIONS TO THE HIRING PUZZLE

AS IMPRESSIVE AS THAT SOUNDS, Ivey's improvement in the ranking was modest compared with that of the University of Toronto's Joseph L. Rotman School of Management, which leapt six spots, to No. 3, the biggest jump in the ranking. In 2004, Rotman grads said it was hard to find jobs even at the Canadian companies making an annual pilgrimage to campus. In response, the school designed new courses on everything from presentation skills to networking and brought corporate leaders and alumni into the classroom. Sean Bartman, a senior manager of recruiting at Canadian Imperial Bank of Commerce, is one of a handful of recruiters who visit Rotman to hold mock interviews and training sessions. According to Bartman, who helped implement the sessions, these are important pieces of the hiring puzzle. "You can't just go into an interview cold and expect to do well," he says. Judging from the hiring numbers at Rotman, the work is paying off. For the class of 2006, 94% had a job offer within three months of graduating, the school's best job placement performance in years. The only real complaint from students at Rotman is that they would like to see a few more companies from outside of Canada visiting campus.

With Canadian schools dominating the upper end of



the list, several highly ranked European schools found themselves slipping to the middle of the pack this year. The International Institution for Management Development (IMD) fell to No. 4, from No. 2, despite receiving the highest possible ranking in the student survey. The Lausanne (Switzerland) B-school, where students average seven years of work experience—far more than any of the other schools in our ranking—is the destination of choice for those in search of highly experienced classmates, and who might otherwise choose an executive MBA program. That was the choice that confronted Laurent Collier before he chose IMD. "I was already a manager with a good salary," Collier says. "I wanted to be working with people that had the same [level of] experience as me." What Collier found in the 11-month IMD MBA was an intense, boot-camp-like experience

International Report Card

The Top MBA Programs from Canada and Europe

2006 RANK	SCHOOL	2004 RANK	CORP POLL	GRAD. POLL	INT. CAP. 3	MEDIAN PAY 1 (Thousands)		DESCRIPTIONS	MBAS GRADED 2 BY RECRUITERS	
						PRE-MBA	POST-MBA		GLOBAL SCOPE	GENERAL MGMT.
1	Queen's Kingston, Ont., Canada	1	3	2	7	\$48	\$73	Workload is intense, but personal attention from professors is second to none. Program attracts many scientists, techies.	B	B
2	Western Ontario London, Canada	6	1	6	4	45	75	Holistic approach with heavy case-study emphasis prepares grads for real-world challenges; extracurriculars add to appeal.	B	B
3	Toronto Toronto	9	2	10	2	45	75	School gets top marks from grads going into finance; might not be the best place for career-switchers.	A	A
4	IMD Lausanne, Switzerland	2	8	1	10	75	120	Grads say the brief, 11-month program is great for developing culture but too short for those weak in business skills.	B	B
5	London Business School London	5	11	3	1	60	110	London locale paired with strong alumni network creates ideal climate for job seekers; top American-style MBA in Europe.	A	A+
6	INSEAD Fontainebleau, France	3	12	4	3	66	101	Students love the diverse class makeup but warn that the intense program is not for the faint of heart.	A+	A+
7	ESADE Barcelona	4	7	7	14	40	70	Quality classmates and Spanish lessons promote cultural fluency; weak career services leave a bitter aftertaste.	A+	A
8	IESE Barcelona	7	13	5	9	50	95	Students are immersed in Barcelona culture and develop invaluable networks with tight student body and faculty.	A+	A+
9	York Toronto	NA	5	12	8	40	65	Students say career services could be improved, though they like the balance between theory and real-world experience.	A	A
10	HEC Montreal	10	10	11	13	49	69	Called a great value for the money by students, some complain about classmates with inadequate work experience.	C	C

1. Salary only; does not include signing bonus, stock options, or other compensation. Based on respondents to student survey; does not represent entire graduating class. 2. Based on 2006 recruiter survey. 3. Intellectual capital. Methodology details are on page 62. NA: Not Applicable. Data: Businessweek, Cambria Consulting

The Best B-Schools

that provided the career bump he was looking for. "Getting only five hours of sleep a night was worth it," he says. But the experience comes at a price. Some recruiters skip IMD because its grads are looking for positions at a higher level than companies can offer.

For many European schools, the most troubling problem this year was a perennial one: attracting international recruiters. With so many foreign students looking to return home to work after earning their MBA, schools that fail to attract recruiters from those countries are at a big disadvantage. This is, no doubt, one reason why No. 6-ranked INSEAD hired J. Frank Brown, a retired executive at PricewaterhouseCoopers, as its new dean—to attract more international companies to the school's Fontaine-

bleau (France) and Singapore campuses.

It doesn't help that many smaller, regional recruiters aren't able to pay the high salaries that are a top priority for most students. Patricia Ferrando, a recruiter at Barcelona-based EuroPraxis Consulting, which hires at INSEAD, ESADE, and IESE, says it's becoming more difficult to get MBAs from those schools in the door. "It's hard to compete for top talent," she says.

European and other international schools sometimes complain that poor name recognition puts them at a disadvantage when competing against Harvard, Wharton, and other top U.S. schools. But if they continue to succeed in producing graduates who can thrive in the global marketplace, that may change. •



THUNDERBIRD LG students graduate from a custom MBA program

expats to China," says ASU Associate Dean Buck Pei. An in-house

MBA program is one way companies can build up their supply of globally qualified managers skilled in Western-style management practices. Judy Frels, Maryland's director of custom programs, says the MBA degree also motivates employees better than a nondegree training program would.

There are other, real-world benefits. Open enrollment courses usually exclude sensitive company information. Not so custom MBAs. As students participate in class discussions and projects, they absorb business theory while solving company problems. In Thunderbird's LG program, for example, students learn supply-chain management by examining how LG can best distribute \$200,000' worth of spare parts to the company's far-flung operations.

Custom programs help B-schools expand their global knowledge, too. Professors get inside information about specific industries and countries that they can bring back to their classrooms in the U.S. And several B-schools have used their custom programs to gain footholds abroad. Arizona State's custom program for Motorola led to the development of the school's successful Shanghai MBA, and the University of Michigan's program for Cathay Pacific Airways has morphed into the East Asia Management Development Center.

Since word of the LG program has spread, Thunderbird has received inquiries from four other companies in East Asia interested in exploring similar programs. With the explosive growth in Asia showing no signs of slowing, custom MBA programs look to be a growth industry.

-By Kerry Miller

The B-School of Your Company's Dreams

Customization is one of the hottest business trends around. Now business schools are getting into the act, too. Faced with increased competition, B-schools are tailoring entire degree-granting MBA programs to the needs of specific companies.

Nowhere is this happening more than in fast-growing Asia, where more businesses are willing to make the investment. This past June, Thunderbird, The Garvin School of International Management, graduated 25 LG Electronics executives from its custom MBA program. By 2010, the school

aims to put 150 LG managers through the program. Next May, the University of Maryland will graduate its first group from Otis Elevator Co. in China. And Arizona State University's program for Motorola in China has graduated three cohorts of students so far.

Why choose a custom MBA over a one-size-fits-all executive MBA or a customized nondegree executive-education course? B-schools say a made-to-order graduate business degree meets the needs of fast-growing multinationals interested in developing and retaining local talent. "You can only send so many