

Up for auction: b-school classes, job interviews

Geoff Gloeckler

When demand outstrips supply, top MBA programs resort to a very business-like solution. Just be sure to have a strategy before placing that bid.

At the end of the fall quarter of his first year at Northwestern's Kellogg School of Management (Kellogg Full-Time MBA Profile), Bryan Law started thinking about summer internships. He talked to second-year students who had gone through the recruiting process the year before to develop a strategy, and he pored over corporate facts and figures in hopes of winnowing down the list of companies he was interested in to a manageable number.

When the time came to start submitting résumés for summer positions, Law had settled on a list of six consulting firms that he felt were good fits. He was granted on-campus interviews with three, but was turned down by the company he felt was the best fit: Monitor Group. Luckily for Law, he got a second chance in the form of Kellogg's interview bidding system. With the 800 points each Kellogg student is given for recruiting spots, Law was able to bid enough to get an interview with Monitor Group, and he impressed the firm enough that it offered him a summer position. "Without the bidding process, I wouldn't have the job," Law says.

Experiences like Law's are not uncommon in MBA programs. Because demand for a spot on the most popular company's interview schedule or a seat in the star professor's class substantially outstrips supply, B-schools have had to develop a reasonable solution to appease students who are paying huge sums of money to attend their schools. Some have tried lottery systems; others, a first-come, first-serve method; but most have settled on an auction-like model where students bid for seats and interview slots. According to Dan Sullivan, director of academic affairs at UC Berkeley's Haas School of Business (Haas Full-Time MBA Profile), bidding is the best option. "It's the fairest way we've found to handle it," Sullivan says. "If it were possible to add another section, or to clone a professor, we would, but just like everything else in life, everyone can't get everything. It's Economics 101."

Some schools' points carry over

The bidding process most B-schools use looks something like this: Students are given a set number of points they can use to bid on the courses they want via a computer program housed on the school's intranet. If there are 30 seats available, the top 30 bidders get in. Unsuccessful bidders are refunded the points they bid on that particular course. At Berkeley, for example, students get 1,000 points each semester to allocate toward electives. Core courses do not require bidding. At other schools, such as Columbia Business School (Columbia Full-Time MBA Profile) and the University of Virginia's Darden School of Business (Darden Full-Time MBA Profile), unused points carry over to the next semester so students can save up for courses they really want. In most instances, there are multiple rounds of bidding for a semester's classes in order to make sure each student has a full course load.

The same process is used for bidding on interview slots. If there are two interview slots available for a particular company, the top two bidders get on the schedule. In the event of a tie, the computer randomly selects two names from those who bid highest. Many companies choose specific students for interviews based on résumés, but most MBA programs require companies to leave a certain percentage of interview spots open for students to bid on. That way, those candidates who might not have been as impressive on paper can sell themselves in person. "Bidding gives students a chance to make the case that they are the right person for the job," says Lisa Feldman, director of recruiting at Berkeley. But there are some differences in interview bidding, specifically its ongoing nature. "Unlike for classes, when you do it once for an entire semester, bidding for interview slots requires a student to look ahead," Feldman

says. "I can see what's coming up and I can decide how to allocate my points. I might want to save some because I know some other opportunities are coming later."

Julie Morton, associate dean for career services at the University of Chicago's Booth School of Business (Chicago Booth Full-Time MBA Profile), estimates that 10% to 15% of students at her school source their internship offers through interviews they bid on. For full-time positions, it's around 5% to 7%. When students ask her what approach they should take for interview bidding, she recommends patience and restraint. "Bidding all of your points on one interview is not a sound strategy," Morton says. "You would be running the risk of ending up without any points later on and not getting the chance to bid."

Bidding wisely

The same can be said for students trying to get into the most popular electives. At Chicago, students start with 8,000 points to bid on both core courses and electives and are given 2,000 more points for every course they take. Based on this model, students in their second year generally amass enough points to place large bids on the most popular courses. According to Lisa Messaglia, executive director of faculty services at Chicago, that could mean as many as 14,000 points. "There are a few classes that students always say that they would have been disappointed if they weren't able to take," Messaglia says. "Those are the classes where they want to spend their points."

On the other hand, there are a few courses each bid period that go for one or even zero points; bad news for students who bid a lot for a seat in those courses. To make sure this doesn't happen, most schools provide students with historical bid numbers so they have a sense for how much courses (and interview spots) have gone for in the past.

But the historical data comes with a caveat: There are variables that may influence the amount of points students bid on a particular course. For instance, at Columbia this past year, because of the economic downturn, interest in a class on turnaround management that typically drew 60 students had 180 bidding on it. Berkeley saw a similar influx of bidders during the dot-com era for tech-related courses. "Everyone was trying to become dot-com millionaires," Sullivan says. "Bid price depends on what's hot at the moment."

Based on this, the bidding process requires some thought and strategy on the part of students. Before bidding opens, Sullivan gives his students one piece of advice: Don't get greedy or stupid. "If you bid 250 points on four classes and they all go for more than 250, you end up with nothing," Sullivan explains. "The big picture is, under this system, everyone should get a couple of the most popular courses, but no one should get shut out completely unless they are greedy or stupid."

Bargains and big tickets

For Don Baxter, it's about finding a bargain. Baxter, a recent MBA grad from Columbia, started developing a game plan long before the bidding process began, specifically looking for strong courses that he would be able to get a seat in for a relatively low number of bid points. He first looked for new professors and new courses, knowing that students would rather go with a known commodity than risk bidding on a course taught by someone who may or may not be worth it. But Baxter wasn't bidding blind. Before registration began, he made sure to schedule a meeting with a new professor to get a taste for what to expect in the classroom. The plan worked. "I bid for the course, got it very cheaply, and had a great experience for comparatively few bid points," Baxter says.

Paying close attention to the schedule also got Baxter some deals on bidding. "Early morning courses go for fewer points," he says. "If you're a morning person, that's another place you can find a bargain."

In taking advantage of bargains where he could find them, Baxter was able to save up enough points to submit high bids for what he calls "big ticket" classes; those taught by star professors with a limited number of seats. One of those was a management course taught by Ralph Biggadike, former vice-president for strategic management at Becton Dickinson (BDX) and one of the B-school's most popular professors. Baxter estimates he spent 30% of his points on the course. He didn't regret it. "That course was one I won't forget," Baxter says. "It's been one of my major takeaways from my two years at Columbia."

Most MBA students have positive experiences with the bidding system. But those who don't can hardly blame the process. "It's completely transparent and equitable," Sullivan says. "The students control their own fates."

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