A shorter, cheaper MBA model

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Where Insead leads, others follow. These days, one-year MBA programmes are growing in prominence and quality across Europe and Asia.

In 2004, there were just six one-year programmes ranked in the top 50 of the Financial Times global rankings; in 2009, 15 of the top 50 programmes ran for 12 months or less; Insead still runs the shortest programme at 10½ months. Over the same period the number of two-year programmes in the top 50 dropped from two-thirds (33) to less than half (23).

But while one-year programmes are de rigueur in Europe, US schools have been slow to adopt the model. This is because there is little demand for shorter programmes, says Tom Robertson, dean of the Wharton School at the University of Pennsylvania. “The US is a two-year market,” he says. “If we saw the evidence that the market was moving away from two years, then we would lead the way.”

But others are not so convinced. When Robert Sullivan joined the newly formed Rady School at the University of California in San Diego, he hoped to set up a one-year degree but was stifled by the university system. His view is straight forward. “No-one ever said it takes everyone two years to become a leader; this didn’t come down from the mountains.” He believes there is one specific reason why US schools stick with the two-year programme: “If you move to a one-year MBA it upsets the revenue model.”

Prof Sullivan believes some of the top US schools will soon offer one-year, full-time degrees. Indeed, he points out, Stanford and MIT Sloan already teach the one-year Sloan programme. He argues that such degrees would sit well alongside the two-year MBA, which has been targeted increasingly at younger students. This year at Harvard Business School, for example, 47 per cent of entering students earned their undergraduate degrees in the past three years. The average age of students at Insead, by comparison, is 29.

For Prof Sullivan, the rationale of the one-year degree is obvious: the cost. Managers can study on a good one-year programme for not much more than $100,000 – including course fees, accommodation, living expenses and lost salary – but a two-year programme costs almost twice as much.

Moreover, there is little evidence that recruiters have a preference for the two-year over the one-year programme, says Sunil Chopra, interim dean at the Kellogg School at Northwestern University, which runs both a one-year and a two-year MBA. Indeed, because those studying on the one-year programme are “career accelerators” as opposed to “career changers”, they are more focused and demonstrate greater experience in their chosen field to potential recruiters, particularly appealing in a tough jobs market, says Prof Chopra.

It is a similar story at Thunderbird in Arizona, which also runs a one-year degree alongside the more traditional model. “They get exactly the same degree. Employers don’t differentiate between the two,” says Kay Keck, vice-president for full-time programmes.

In Canada, the one-year degree is also becoming increasingly fashionable, with two of the top business schools, Queen’s University and the Ivey School at the University of Western Ontario, offering one-year MBAs; Ivey launched its programme in 2006.

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