A brutal wakeup call for part-time b-schools

Geoff Gloeckler

The economic crisis has hit executive MBA and non-degree programs hard, but the savviest are adapting to the new market.

When Megan Lum enrolled in the MBA program for executives at the University of Washington's Foster School of Business last fall, her plan was to use the degree as a stepping-stone to the C-suite. Based on her career trajectory, that goal wasn't so farfetched. In 20 years she had worked her way up the corporate ladder to the role of senior environmental manager at Weyerhaeuser (WY). The company thought so highly of her that it agreed to foot 80% of the bill for her EMBA, a nice perk considering the degree's $75,000 price tag. But just as Lum was starting classes the global economy went into a tailspin. Seven months later she was laid off. "Suddenly, I was without work, enrolled in an expensive EMBA program with no corporate support," says Lum, who has since found a job. Still, this wasn't part of the plan.

In fact, nothing about this year was part of the plan for a host of MBA programs that cater to working professionals and students like Lum. It has been a year of transition for executive MBA programs, which serve senior managers attending on weekends; part-time MBA programs, which allow mid-level managers to take courses on nights and weekends; and non-degree executive-education classes of a few days or weeks.

Once designed to give promising managers some high-level training and then return them to the corporate fold, part-time and executive MBA programs have been transformed entirely by the economic downturn. The generous corporate sponsorship Lum received is now more the exception than the rule, and far more students use the programs as transitions to new jobs or even new careers. As a result, students are expecting the kind of job-placement services usually reserved for full-time students to help them on their way. With virtually no programs offering such support, student satisfaction has plummeted across the board. Worse, applications are down dramatically for both types of programs, in large part because of reduced corporate support. Nearly half of all EMBA programs and part-time programs reported a decrease in 2009, according to the Graduate Management Admission Council.

Non-degree executive-education programs have also taken a hit. Many corporate travel budgets have been slashed to the bone, and companies are sending fewer employees to expensive on-campus open-enrollment programs. Others have suspended the use of customized training courses— for many years a B-school cash cow—until the economy turns around.

In BusinessWeek's 2009 ranking of the best executive MBA, part-time MBA, and executive-education programs, those that fared best are the ones that quickly adapted to these changing economic conditions. Each of the rankings is based solely or in part on surveys of the programs' main constituents: EMBA graduates and program directors, part-time MBA students, and companies that enroll employees in executive-education courses. The best part-time and executive MBA programs were able to help students navigate the downturn with career support tailored to their particular circumstances, while the top executive-education programs were able to convince corporate clients that their courses are critical, even in today's tough financial climate.

In the EMBA ranks, the top three schools—Northwestern University's Kellogg School of Management, University of Chicago's Booth School of Business, and University of Pennsylvania's Wharton School—each tapped their faculty's corporate connections and extensive alumni networks to help students through a difficult job market. All three, which

have held the top three spots since the ranking started in 1991, also benefited from spotless reputations for academic rigor, star-studded faculty, and high-caliber students.

Even so, all three programs dropped in student satisfaction compared with 2007, the last time BusinessWeek ranked EMBA programs. They weren't alone: Of the 83 EMBA programs in the 2009 ranking, only the University of Texas at Austin's McCombs School of Business boosted student satisfaction.

With more students paying their own way, expectations are higher, and disappointments—over career services, faculty, accommodations, even food—are felt more sharply.

It's a change that was a long time coming but that picked up steam during the downturn as corporate support eroded further. "It's been a complete reversal," says David Springate, founder of the EMBA program at the University of Texas at Dallas.

These days fewer EMBA students feel the kind of loyalty to their companies they may have felt in the past, and many more expect their programs to help them find a job. This poses a problem for business schools, since most career offices are not accustomed to finding jobs for senior-level managers such as those enrolled in executive MBA programs. So administrators are seeking reinforcements.

At some schools, including Duke University's Fuqua School of Business (No. 10), INSEAD (No. 19), and University of Texas at Dallas (No. 22), this means partnerships with Web-based executive search firms—including Doostang, RiseSmart, and Ivy Exec—that specialize in helping ultra-experienced individuals find jobs. At University of Michigan's Ross School of Business (No. 7), an executive career coach helps EMBA students and alumni with job searches. And at the University of Alabama's Manderson Graduate School of Business, EMBA students create a personal career plan during orientation, before they set foot in a classroom. Career-services offices are also encouraging EMBA students to reach out to professional contacts, alumni, and even current students to assist in the search. "We tell our students that there is a tremendous group of people sitting in the room with you," says Susan West, assistant dean at Alabama. "Get to know them. You never know who might be aware of a job opportunity."

Economic forces reshaping the executive MBA world are taking their toll on part-time MBA programs as well. When the economy began to falter, interest in part-time MBA programs went up. B-school-hosted information sessions attracted standing-room-only crowds, and all signs pointed to a banner year for applications. But at Southern Methodist University's Cox School of Business (No. 15), Marci Armstrong, associate dean of graduate programs, was worried. "The mood at the sessions was very, very different," Armstrong says. "People had serious concerns about whether or not it was the right time to get an MBA. There were a lot of questions about costs and about the time commitment the program required." In the end, few prospective applicants wanted to put their jobs at risk by taking time off for classes. The result: Applications were flat. And not just at Cox. At the top-10 part-time programs, applications dropped an average of 9% compared with 2008.

One exception was Massachusetts' Worcester Polytechnic Institute, which snagged the No. 1 ranking this year. Because the program is small—fewer that 200 students—and focused on innovation and technology, grads say they get more attention from career staff and experience greater success on the job front than peers at other top part-time programs. Through visits to local companies, alumni networking events, and workshops with industry leaders, students make contacts that can advance their careers.

Like EMBA programs, part-time MBA programs saw a marked decrease in student satisfaction this year. In all, 80% of those participating in the ranking experienced a decline in 2009 compared with 2007. The overarching complaint: lack of exposure to on-campus recruiting. The criticism is valid. Unlike full-time MBAs, who are courted by employers during on-campus recruiting events, part-timers are often excluded, either because of work conflicts or by the companies.

To deal with increased demand for career services, some schools have started offering career-management courses, as well as extended office hours for part-time students unable to meet with career advisers during the day. At SMU, first-year part-time students are able to take a not-for-credit career-management course. After completing it, students have full access to career services' offerings.

In 2007, 25% of part-time students at Cox enrolled in the course. This year it was nearly everyone. "It's a dramatic change," Armstrong says.

Elsewhere, administrators at New York University's Stern School of Business (No. 23) were prepared to deal with increased demand for career support, thanks to an initiative begun during the last economic downturn. In 2003, in the aftermath of the dot-com bust and September 11, Pamela Mittman, assistant dean of career services, and her team opened the Career Center for Working Professionals (CCWP) after observing the challenges faced by part-time MBA and EMBA students looking to make 180-degree career changes. "We hadn't seen success in part-time students throwing their hat in the ring for typical [MBA-level] roles," Mittman says. "The delivery of career development needed to be different, more customized." Today the CCWP functions much like a full-time MBA career office, offering students with full-time jobs personalized career-management support. Mittman estimates that the office has conducted 1,500 one-on-one meetings in the past year, covering about half the student population.

Change was afoot in the executive-education world as well. When the economy is booming, executive education is a lucrative business. But all that changed last year. With travel budgets slashed, fewer companies sent managers to "open-enrollment" non-degree programs, which typically last a few days or weeks on campus. Of the 188 companies that responded to the BusinessWeek survey, 25% reported sending fewer employees to open-enrollment programs this year vs. last. For custom programs, designed for specific corporate clients, the total is down 12%.

A spooked new world

Few top programs were spared. At INSEAD in Fontainebleau, France, revenues are down 15% for custom programs and 20% for open-enrollment. At Michigan's Ross School, participation dropped 30% compared with two years ago. And at the Center for Creative Leadership, open-enrollment revenue fell from $34 million in 2008 to $30 million this year. Even Duke Corporate Education, ranked No. 1 among custom programs, saw revenues drop 19%, to $56 million. "Several clients in the mining and materials industries were forced to cancel when commodity prices dropped," says Gordon Armstrong, Duke CE's director of marketing communication and competitive intelligence. "We had several financial institutions cancel because of their distress."

Like many open-enrollment programs this year, Harvard Business School held on to its No. 1 ranking by focusing on strengths such as general management. In the custom category, Duke CE retained the top spot by doing what it does best: teaching complex business concepts such as leadership by combining classroom sessions with innovative activities requiring student

participation. In the past year, 10,000 people from 65 companies participated in Duke CE's custom offerings, with price tags ranging from $200,000 to $1 million per program.

Even with its decline in revenues, Duke CE and outfits like it that focus solely on custom programs may be better positioned for the recovery than many business schools that offer both open-enrollment and custom programs. For many companies, low-cost custom programs that can be conducted at the workplace represent a far better value than expensive on-campus open-enrollment options.

Boston Scientific (BSX) has shifted most of its training budget to custom programs developed by Wharton. Albert Siu, vice-president for learning and development at the medical-device maker, estimates that the total cost is a tenth that of open-enrollment programs. "When you have to manage costs, custom programs become the preferred mode of operation," he says. The credit-reporting agency Experian, for example, has halted all spending on open-enrollment programs. Custom programs are under the microscope, too, but for now the company is proceeding with one being developed by the Center for Creative Leadership. "I was faced with a lot of questions from our CEO and COO about whether we should go ahead with the plans we had been working on because of the economic environment," says Steve Hellman, vice-president for leadership and organizational development. "It's something that's of critical importance to our future growth, so we went ahead with it."

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