

Preliminary Report of the Radical MBA Committee

Columbia Business School

This draft version: July 20, 2011

Executive Summary

The committee's principal mandate was to consider alternative timing and delivery schedules for obtaining an MBA degree from Columbia Business School, and to make recommendations on whether to pursue adding these alternative schedules to our existing MBA streams.

After considering many different alternatives, the committee believes that a "one plus one" MBA program has considerable potential and should be considered for implementation. Students in this program would start the MBA at a somewhat younger age; typically they would begin their MBA studies in the fall after receiving an undergraduate degree. Students in the program would take the first academic year of MBA coursework together as a cluster. They would then gain work experience for perhaps three to five years, and students would choose when exactly to return for the second year of MBA coursework. Students could complete the second year of coursework alongside full-time MBA students, or they could utilize one or more of our various EMBA streams.

To our knowledge, no other business school offers such a program. We believe there could be considerable demand for such a program from top students at top schools such as Princeton and Columbia that do not offer an undergraduate business degree; attracting these quality students to CBS holds considerable appeal. Based on a small number of conversations with potential students and large recruiters, the program is particularly appealing in that it reduces mid-career opportunity costs to one year. In addition, younger students may be more amenable to the acquisition of tools, which constitutes a large part of the first year MBA curriculum.

We have identified some minor concerns that deserve further consideration, but the main disadvantage is that such a program cannot be added at the margin given our current space constraints. We believe this program should be offered during the regular academic year, and so a cluster of one-plus-one students would have to supplant a full-time MBA cluster at the moment. In fact, there would probably be a short-term hit to revenue, because one-plus-one students would not return and pay for their second year immediately.

The committee is intrigued by the one-plus-one program. Based on our current space constraints, we recommend moving forward with additional market research and internal planning, with an eye toward possibly implementing the one-plus-one program when we move to Manhattanville.

1. Introduction and background

In January 2011, Dean Hubbard constituted this committee. Members of the committee included Mark Broadie, Kent Daniel, Bruce Kogut, Rajeev Kohli, Nahum Melamud, and Charles Jones (chair). They were joined by Gita Johar (now senior vice dean) and Amir Ziv (vice dean overseeing the MBA programs).

Dean Sally Blount at the Kellogg School (Northwestern) had recently proposed an expansion of the one-year MBA program there, and Dean Hubbard asked the committee to consider responses in the event that one or more of our major U.S. competitors shortens its full-time MBA program from the current two academic years. The Dean also outlined a basic “one-plus-one” program and asked us to consider it in general and in detail. Finally, the Dean asked us to brainstorm about other novel scheduling and delivery alternatives for the MBA that might make sense to pursue.

In addition to our committee deliberations, we also spoke with relevant CBS staff, two major recruiters, and we convened a focus group of graduating Columbia College and Barnard College seniors.

2. Competitors

The committee began by obtaining information about other MBA programs with shortened timeframes. Details are provided in Exhibit A. Most MBA programs in Europe are approximately one year long, and nearly all are shorter than two academic years. Perhaps the most notable European program is at INSEAD, where students complete an MBA in 10 months.

Among peers in the U.S., Johnson (Cornell) and Kellogg have small one-year programs, and in fact Columbia itself has a January entry into its full-time MBA program which requires approximately 16 months of study. Kellogg’s one-year program requires students to have an undergraduate or graduate business degree before entry into the program. The Cornell program is 12 months long, and is specifically designed for individuals with strong quantitative skills, professional work experience, and a graduate degree in a technical, scientific or quantitative field. Both programs are quite small.

Internal company programs are also relevant competition. For example, Goldman Sachs University offers many courses and sessions to further employee development there. ICICI offers a four-month sequence to its employees that is very similar to a compressed MBA. Employees at such firms are able to access considerable training resources with a smaller opportunity cost, and these employees may be less likely to embark on a two-year program.

3. The proposed “one-plus-one” program

As part of our deliberations, the committee brainstormed about a variety of alternative MBA streams. The committee kept returning to the one-plus-one idea as the most promising. Students in this program would typically start the MBA immediately after receiving an undergraduate degree. After the first academic year of MBA coursework, one-plus-one students would gain full-time work experience for perhaps three to five years. Thereafter, students would return for the second year of MBA coursework. Returning one-plus-one students could complete the second year of coursework alongside full-time

MBA students, or they could utilize one or more of our various EMBA streams. To our knowledge, no other business school offers such a program. Specifics follow.

Admissions. While undergraduate business education is in great demand at many schools, a number of top schools, including Harvard, Columbia, and Princeton, do not offer undergraduate business or management degrees. Attracting students to CBS from these top schools makes the one-plus-one program particularly compelling. It is the committee's sense, borne out in a focus group with graduating Columbia College seniors, that this program would be attractive to undergraduates with a strong interest in management or business who are majoring in liberal arts, the sciences, or engineering. Committee members also believe this program could be a compelling alternative for international students, who tend to be more attracted to shorter overseas MBA programs, and would allow us to attract some of the very best international students.

We should emphasize that the one-plus-one program is not meant to attract all or even most undergraduates. For example, undergraduates who know early on that they want to work for a Wall Street firm or a consulting firm are likely to major in economics or take as many business-related courses as possible to prepare themselves. However, many students become aware of these career paths only late in their undergraduate career, and the one-plus-one MBA program could appeal strongly to these students. The one-plus-one program could also appeal to students who want to devote their undergraduate experience to in-depth study of a non-business related topic. The target demographic might also include students who have been out of college for a year or two but do not yet have enough work experience for the regular MBA stream. These might include students who join Teach for America or other service-oriented groups, for example.

The first year. The committee recommends that the first year of the one-plus-one program match the first year of the full-time MBA program. Students would begin orientation in August, and would complete the core curriculum during the first year. One-plus-one students would have the same ability to bid for and take electives as standard MBA first-years. This schedule has a number of advantages: it lines up with normal recruiting cycles, and it makes a non-standard program look as standard as possible.

The committee considered alternatives for the first phase of the one-plus-one program that would make better use of our scarce space. For instance, one possibility would be to hold the first phase during summer. One-plus-one students would graduate from college, begin the CBS program immediately, and move directly into their first job at the end of the summer. We have identified two insurmountable problems with this approach. First, undergraduate institutions on the quarter system do not graduate students until June, which means that the one-plus-one program could not start until the second half of the summer without eliminating a significant fraction of the target demographic. Second, many large recruiters, including large investment banks and consulting firms, begin their training programs in July for undergraduate hires. For one-plus-one students to take jobs at these employers, they would either have to join outside the regular recruiting cycle or wait for almost an entire year until the next training program.

We also considered having one-plus-one students take first-year courses on the EMBA cycle while beginning work at the same time. Our assessment is that this would not work either. As junior hires, these students often have heavy workloads and little control over their hours. It seems unreasonable to expect them to juggle their work and school demands successfully at this stage.

A one-plus-one cluster. Our best guess is that the optimal size of the one-plus-one program would correspond to one cluster. Separating one-plus-one students into their own cluster would provide a strong identity for students in the program, while minimizing any headaches associated with mixing MBA students of somewhat different ages. However, it is important in our view that one-plus-one students see themselves as just another MBA cluster. These students should be treated in every respect as full-fledged first-year MBA students.

Certificate or intermediate degree? At the end of the first year, one-plus-one students would either (a) receive an intermediate master's degree distinct from the MBA, (b) receive some sort of certificate verifying their progress through the program, or (c) receive nothing until returning to complete the MBA. We have not yet considered these three alternatives in any detail. One recruiter we spoke to felt strongly that students would be much less likely to enter a one-plus-one program if the only degree to be awarded was many years in the future.

Work experience. While most first-year MBA students would be seeking summer internships, one-plus-one students would be seeking full-time employment. While the additional year of coursework might allow some one-plus-one students to enter the workforce at a higher level, it is our sense that most will take entry-level positions designed for newly minted college graduates. At investment banks and consulting firms, for example, one-plus-one students would likely interview for analyst positions rather than associate positions. Their additional coursework would make them particularly strong candidates for these positions.

While career services at CBS currently specializes in summer internships and MBA placements, placing one-plus-one students after the first year requires a separate set of skills. Large firms generally have separate staff doing MBA vs. undergraduate hiring, and thus our career management office would need to develop more expertise and contacts related to undergraduate hiring.

The second MBA year. After at least three years of work experience, students would return to finish the MBA. One-plus-one students could return to New York for nine months of full-time study fully integrated with the regular full-time MBA streams. One-plus-one students who want to complete their MBA while continuing to work could make use of one of our EMBA streams for their remaining coursework. These alternatives would be particularly attractive as a marketing tool, as students could complete their degree in New York, London, Berkeley, or Hong Kong, and students would choose the optimal time for their return to the classroom.

Students would be treated as third-term MBA students for bidding and other purposes. If the one-plus-one program is introduced at the margin, increasing the total number of MBA students, then the school must insure that there are sufficient electives available. At this stage, one-plus-one students would have similar experience as regular MBA second years, so the two groups should be indistinguishable. Like

regular MBA second year students, one-plus-one students might devote part of the second academic year to searching for a full-time job.

4. Pluses and minuses

There are probably many other considerations that we have not yet identified, but so far we have discussed the following as a committee:

Advantages. To our knowledge, no other business school offers such a program. This could position Columbia as a leader in innovative business education, with a resulting halo effect. In particular, the committee believes this is an unprecedented opportunity for CBS to attract top students from top undergraduate institutions.

Based on a small number of conversations with potential students and large recruiters, the program is particularly appealing in that it reduces mid-career opportunity costs to one year. In addition, younger students may be more amenable to the acquisition of tools, which constitutes a large part of the first year MBA curriculum.

Finally, Columbia is well-situated to initiate such a program, as we are not cannibalizing an undergraduate business degree.

Disadvantages. The committee also identified a few concerns about the program. While none appear to be insurmountable, most of these concerns will require additional thought and consideration before launching the program.

If a cluster of one-plus-one MBA students were to supplant a full-time MBA cluster, the program would probably not be revenue-neutral in the short run. It seems likely that we would charge for each year of the one-plus-one program separately. Since it would take several years for one-plus-one students to return to Columbia and pay for their second year, that revenue would arrive with a considerable lag.

We believe that in order to succeed, the one-plus-one program must maintain a very high level of student quality to warrant the school's investment in the program. In addition, our sense is that there must be a critical mass equivalent to approximately one cluster, ideally about 70 students but 50 students at the very least. The program must attract enough high-quality applicants to reach and maintain this critical mass. It could be particularly difficult to draw high-quality undergraduates away from traditional career or schooling paths.

A few committee members worried about brand fragmentation. CBS currently has two full-time MBA entry points, four distinct EMBA streams, and a host of new master's programs. An argument could be made that CBS should focus on doing fewer things better. However, more committee members felt that our various streams and programs are a source of strength, allowing applicants the best chance of locating a program that meets their needs.

The committee also noted that the program could face moral hazard. If one-plus-one students have a guaranteed ability to return and finish the MBA degree after a given amount of work experience,

students may not have strong incentives to seek the best possible position or to work as hard while employed. This problem could be eliminated by imposing minimum employment standards and requiring recommendations from employers, for example, but such a program may not be as appealing to prospective applicants. We must also consider what happens if a student cannot find a suitable job after the first year of coursework.

Finally, there is some concern that the one-plus-one program imposes future geographic constraints on students. Thus, the program may only be attractive to those who know they will remain in New York or are likely to be in one of our EMBA partner locations. This could limit the number of applicants.

Not a competitive response to a one-year program. While the committee's mandate was to consider how we might respond if a major U.S. competitor were to move headlong toward a one-year MBA, it is important to note that the one-plus-one program is not a direct competitor to a one-year MBA, because it is targeting a different, somewhat younger audience. Thus, the one-plus-one idea can and should be considered on its merits completely apart from what our competition does. If a peer U.S. school shortens the MBA, the committee feels that Columbia should continue to vigorously defend the value proposition of a two-year MBA, but we realize that ultimately the marketplace makes such determinations.

5. Recommendations and Conclusions

Given the school's current space constraints and potential short-term revenue implications, we recommend moving forward with additional market research and internal planning, with an eye toward introducing the one-plus-one program when we move to Manhattanville. While it seems unlikely to us from this vantage point, the one-plus-one program might also make sense in Uris and Warren if the School wanted to shrink the full-time MBA program for any reason.

Going forward, market research and internal planning on the one-plus-one program should continue to involve all the major constituencies of the business school. Within the business school, it is particularly important to coordinate with career services, admissions, the office of student affairs, and the faculty. A larger systems evaluation should be part of our internal planning. For example, we will need additional faculty and additional career management staff if we add a cluster of one-plus-one students. Outside the business school, we have only mentioned this program to a few people, in order to minimize the chance of a leak to a competitor. It is important to canvass more recruiters and conduct formal market research with the target undergraduate population.

Finally, it is important to note that this report and the committee's mandate remain work in progress. Any member of the CBS community with thoughts or ideas on alternative MBA streams is most welcome to contact any member of the committee. We anticipate that a final report will become available later this calendar year.

Appendix.

MBA updates

During its brainstorming sessions, the committee identified one other promising idea related to post-MBA lifelong learning. It is detailed here in the appendix because it is not specifically an alternative timing and delivery schedule for the MBA itself.

Business education has changed markedly over time. If an alum were to return to campus for, say, two weeks every ten years, he or she would receive an “updated” MBA certifying that s/he has been exposed to the latest in management education.

[other details to be added]

Exhibit A

FT LIST OF TOP 25 EUROPEAN BUSINESS SCHOOLS 2010

SCHOOL	COUNTRY	DURATION	FT RANK 2010	WEB
HEC Paris	France	16 months	1	http://www.mba.hec.edu/Understand-your-program/Full-time-option
LBS	UK	Flexible, possible to complete in 15, 18 or 21 months	2	http://www.london.edu/programmes/mba.html
INSEAD	France/Singapore	10 months	3	http://mba.insead.edu/home/
IMD	Switzerland	1 year (January-December)	4	http://www.imd.org/programs/mba/index.cfm?nav1=true
IE Business School	Spain	1 year, International MBA	5	http://imba.ie.edu/
Rotterdam School of Management, Erasmus University	Netherlands	1 year, International MBA	6	http://www.rsm.nl/home/mba/ft_mba
ESCP Europe	Paris, London, Berlin, Madrid, Torino	Specialized Masters (MS) programs; 18 months EMBA	7	http://www.escpeurope.eu/nc/escp-europe-programmes
Esade Business School	Spain	Flexible, possible to complete in 12, 15 or 18 months,	8	http://www.esade.edu/mba/eng/the_mba_programmes
Iese Business School	Spain	2 years	9	http://www.iese.edu/en/MBAPrograms/programs/MBA/the_mba/the_program/academics/estructure.asp
EM Lyon Business School	France	1 year	10	http://www.em-lyon.com/english/corporate/index.aspx
University of Oxford: Said	UK	1 year	11	http://www.sbs.ox.ac.uk/degrees/mba/Pages/Atagance.aspx
City University: Cass	UK	1 year	12	http://www.cass.city.ac.uk/mba/index.html
Vlerick Leuven Gent Management School	Belgium	1 year	13	http://www.vlerick.com/en/programmes/mba/ftmba/g1/g3/ftmba-programme-details.html
Essec Business School	France/Singapore	1 year, Global MBA	14	http://www.essec.edu/programs/mba-programs/essec-mba.html
Cranfield School of Management	UK	1 year	15	http://www.som.cranfield.ac.uk/som/p612/Programmes-and-Executive-Development/MBA
Universitat St Gallen	Switzerland	1 year	16	http://www.mba.unisg.ch/programmes/full-time-mba/calendar.php
SDA Bocconi	Italy	1 year	17	http://mba.sdabocconi.it/home/fulltime_eng.php
Imperial College Business School	UK	1 year	18	http://www3.imperial.ac.uk/business-school/programmes/imperial-mba
Stockholm School of Economics	Sweden	sixteen 5-day course weeks	19	http://www.hhs.se/Pages/default.aspx
University of Strathclyde Business School	UK	1 year	20	http://www.strath.ac.uk/management/mba/studyoptions/full-timestudy/
Warwick Business School	UK	1 year	21	http://www.wbs.ac.uk/students/mba/
Aalto University School of Economics	Finland	2 years	22	http://www.hse.fi/en/
Copenhagen Business School	Denmark	11.5 months	23	http://uk.cbs.dk/content/view/full/89661/%28language%29/eng-GB
TiasNimbas Business School, Tilburg University	Netherlands	1 year, International MBA	24	http://www.tiasnimbas.edu/International_Full-Time_MBA/pgelId=308
Edhec Business School	France	10-months	25	http://www.edhec-mba.com/jsp/fiche_pagelibre.jsp?CODE=37408116&LANGUE=1

FT LIST OF TOP 10 EUROPEAN MBA PROGRAMMES

SCHOOL	COUNTRY	DURATION	FT RANK 2010	WEB
LBS	UK	Flexible, possible to complete in 15, 18 or 21 months	1	http://www.london.edu/programmes/mba.html
INSEAD	France/Singapore	10 months	2	http://mba.insead.edu/home/
IE Business School	Spain	1 year	3	http://imba.ie.edu/
Iese Business School	Spain	2 years	4	http://www.iese.edu/en/MBAPrograms/programs/MBA/the_mba/the_program/academics/estructure.asp
IMD	Switzerland	1 year (January-December)	5	http://www.imd.org/programs/mba/index.cfm?nav1=true
University of Oxford: Said	UK	1 year	6	http://www.sbs.ox.ac.uk/degrees/mba/Pages/Atagance.aspx
HEC Paris	France	16 months	7	http://www.mba.hec.edu/Understand-your-program/Full-time-option
Esade Business School	Spain	Flexible, possible to complete in 12, 15 or 18 months	8	http://www.esade.edu/mba/eng/the_mba_programmes
University of Cambridge: Judge	UK	1 year	9	http://www.jbs.cam.ac.uk/
Lancaster University Management School	UK	1 year	10	http://www.lums.lancs.ac.uk/masters/mba/

* Source:

<http://rankings.ft.com/businessschoolrankings/european-business-school-rankings-2010>

www.ft.com/businesseducation/europe

Exhibit A

TOP US ONE-YEAR MBA PROGRAMS

SCHOOL	DURATION	DESCRIPTION	RANKING	WEB
Kellogg School of Management	1 year	This 12-month program at Northwestern focuses on core courses during the summer and electives during the following year. The program is tailored for students who possess an undergraduate or graduate degree in business.	2011 FT # 21	http://www.kellogg.northwestern.edu/
Johnson School, Cornell University	1 year	Cornell's One-Year Accelerated MBA program lasts 12 months starting in May and graduating the following May. This program is specially designed for individuals who already possess a graduate degree in a technical, scientific or quantitative field. It requires strong quantitative skills and professional work experience.	2011 FT # 30	http://www.johnson.cornell.edu/academic/accelerated/
Goizueta Business School, Emory University	1 year	The One-Year MBA program at Emory starts in May and lasts 12 months. The program requires that applicants have a business or economics degree, or an engineering degree and business experience. Applicants should have strong quantitative skills and significant work experience. The program focuses on core courses and electives with the majority of core courses being completed during the summer.	2011 FT # 38	http://www.goizueta.emory.edu/degree/fulltimemba/index.asp