



The Changing MBA Marketplace

and

Approaches to MBA Curriculum Redesign

Srikant M. Datar and David A. Garvin

HARVARD | BUSINESS | SCHOOL



Rethinking the MBA

The Challenge

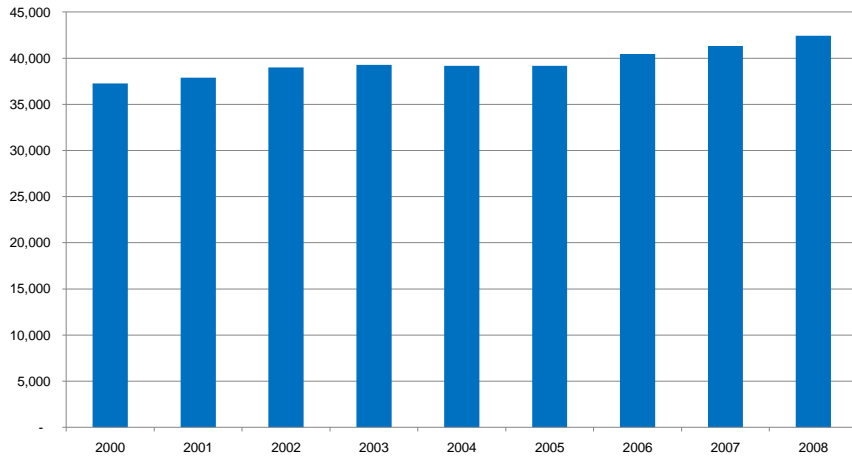
“The trouble with our times is that the future is not what it used to be.”

- Paul Valery



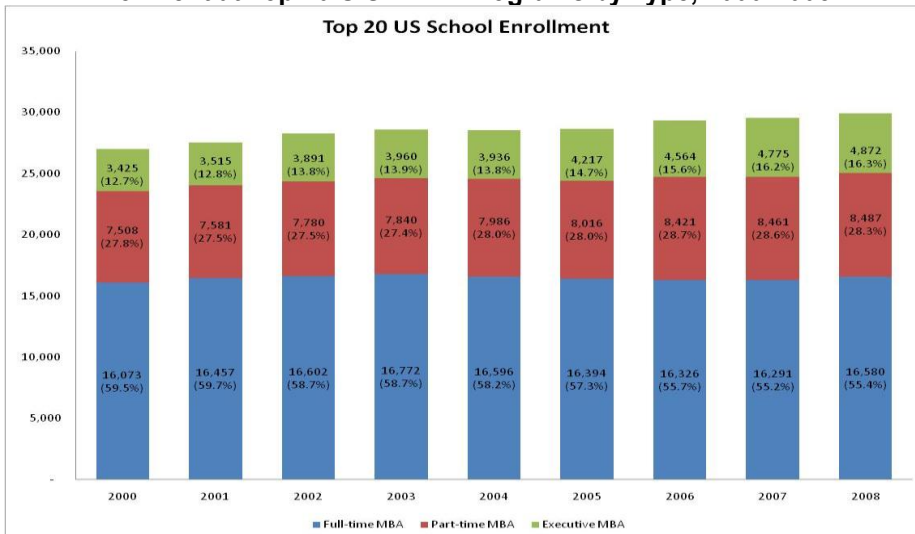
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Total Enrollment at Top U.S. MBA Programs, 2000-2008



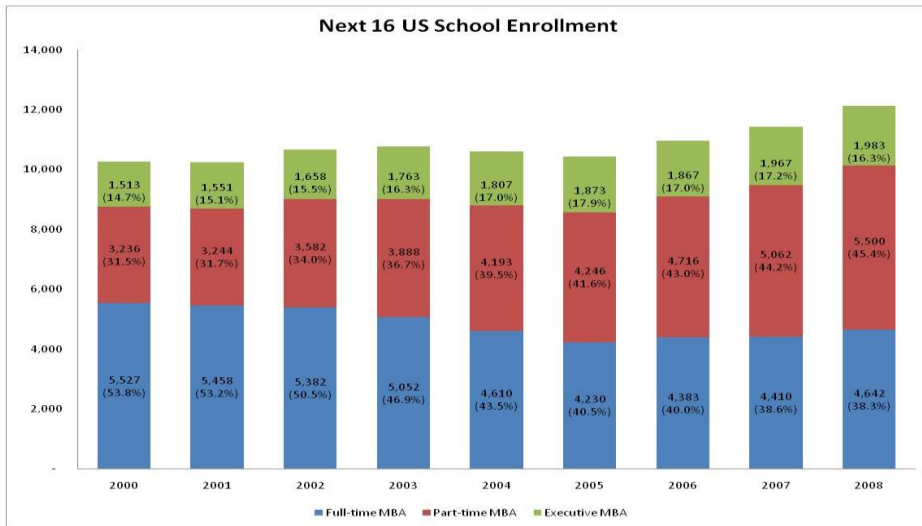
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Enrollment at Top 20 U.S. MBA Programs by Type, 2000-2008



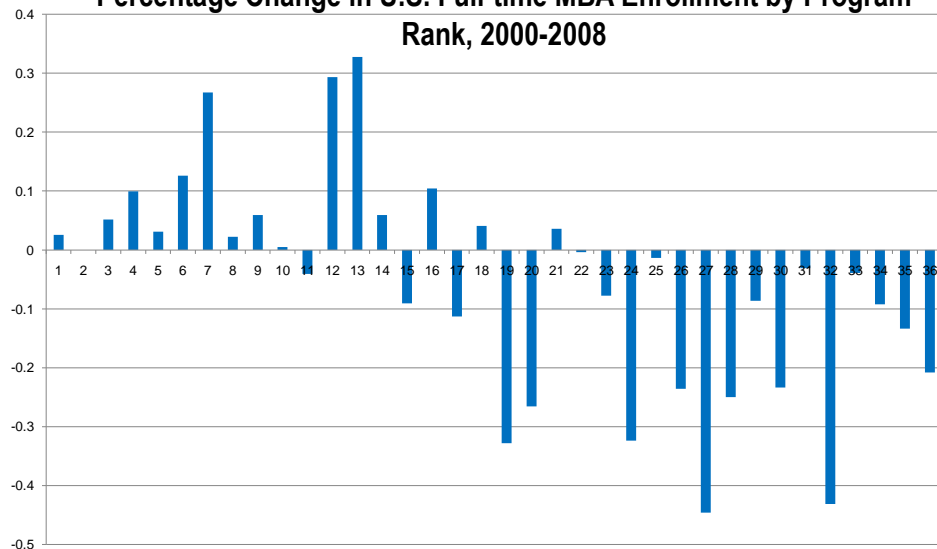
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Enrollment at Next 16 U.S. MBA Programs by Type, 2000-2008



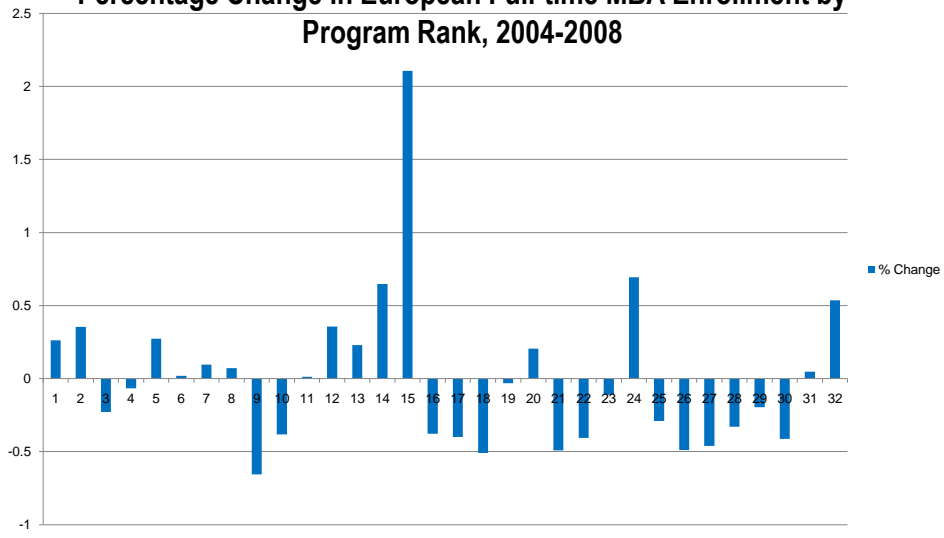
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Percentage Change in U.S. Full-time MBA Enrollment by Program Rank, 2000-2008



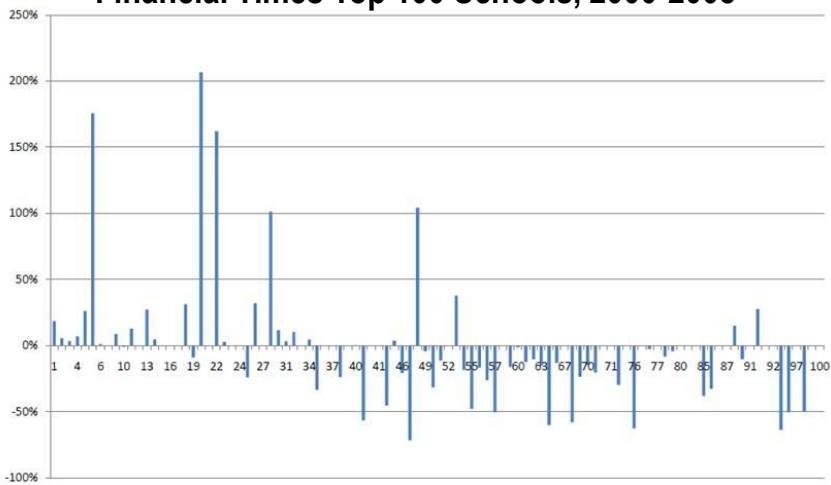
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Percentage Change in European Full-time MBA Enrollment by Program Rank, 2004-2008



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Percentage Change in Full-Time MBA Enrollments of Financial Times Top 100 Schools, 2000-2008



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Imperative for change

- Declining enrollments in full-time MBA programs
- Rise of substitutes, including high quality MBA programs outside the U.S.
- Internal and external criticism:
 - The “two cultures” problem – research lacks relevance, need for broader research approaches
 - Some critical management and leadership skills not taught effectively
- Lack of student engagement
- Need to prepare students for a broader range of careers

Outcome: Questions are being raised about the value-added of the MBA



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The Need for Rebalancing

- Know, Do, Be
 - The “knowing” component:
 - The facts, frameworks, and theories that make up the core understanding of a profession or practice
 - Examples: the forces determining industry structure, the meaning and measurement of return on capital, and the four Ps of marketing
 - The “doing” component:
 - The skills, capabilities, and techniques that lie at the heart of the practice of management
 - Examples: Execute tasks as a member of a team, implement a project, conduct a performance review, deliver an effective presentation, sell a product, and act innovatively
 - The “being” component:
 - The values, attitudes, and beliefs that form managers' world views and professional identities
 - Examples: the behaviors that exemplify integrity, honesty, and fairness, awareness of personal strengths and weaknesses, the preferred treatment of others, the purpose and goals of organizations



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Opportunities to address unmet needs

- **Knowing:**
 - Understanding the limits of markets and models
 - Developing thinking skills: critical thinking, integrative thinking
- **Doing:**
 - Creative and innovative thinking, problem finding and framing
 - Lack of understanding of organizational realities
- **Being:**
 - Greater attention to personal development
 - Role and responsibility of business in society
 - Understanding how to motivate and connect with the full range of people in an organization

Without “doing” skills, “knowing” is of little value, but “doing” skills will be ineffective and direction-less without the self-awareness and reflection on values and beliefs that come from developing “being”



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Opportunities to address unmet needs: Knowing

- **Thinking critically and communicating clearly:**
 - Developing and articulating logical, coherent, and persuasive arguments
 - Marshalling supporting evidence
 - Distinguishing fact from opinion



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Critical Analytical Thinking: Stanford GSB

- Required first-quarter course
- Taught in seminar format; 14 – 16 students, one tenure-line faculty member, plus (in some cases) a practitioner/adjunct
- Weekly cycle: Students read and write, with written assignment due late Wednesday, graded on Thursday, seminar discussion on Friday
- Seven such cycles in 2008-09
- Papers graded by writing coach for “style” and instructor(s) for “content”



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Critical Analytical Thinking: Stanford GSB

- Topics discussed include:
 - Should Google stay in China with Google.cn?
 - Should K-12 education be publicly provided? publicly financed?
 - Rules vs. discretion in the context of torture? in the context of key employee retention?
- No right answers
- In most cases, requires tools that the students don't (yet) have



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Critical Analytical Thinking: Stanford GSB

Topics are interesting, but the “real” content is how to attack questions:

- Basics of deductive arguments
- Causative reasoning
- Inductive arguments
- Analogical reasoning
- How do you do reason and argue? How do you read/listen critically? How do you present your arguments? (Clarity and soundness rather than persuasion)



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Opportunities to address unmet needs: Knowing

Honing integration skills

- Thinking about issues from diverse, shifting angles to frame problems holistically
- Learning to make decisions based on multiple, often conflicting, functional perspectives
- Building judgment and intuition into messy, unstructured situations



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Integrative Thinking: Rotman School of Management, Toronto

- A fundamental management function requiring specialized skills that provide students with the tools to analyze problems holistically, see the value in opposing models, and synthesize competing perspectives
- The organizing conceptual framework for the Rotman MBA
 - Two courses - Foundations of Integrative Thinking and The Integrative Thinking Practicum – serve as bookends to the Rotman required MBA curriculum
 - Several second year courses develop Integrative Thinking skills further
- Offers students an interactive pedagogical model for practicing Integrative Thinking:
 - Students learn how to become model builders rather than model takers
 - Students learn and practice assertive inquiry: the understanding of other people's mental models and their own defensive moves that prevent mutual understanding
 - Students learn the tools of generative reasoning to create new models that contain elements of individual models but are superior to each
- Examples:
 - Shareholder versus stakeholder perspective
 - Internal versus external innovation at P & G
 - High-end private label yet low prices at Loblaws



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Integrated Required Curriculum: Yale SOM

Organizational Perspectives courses

- “External” Perspectives
 - Competitor: economics, OB, political science, marketing, accounting
 - Customer: marketing, accounting, finance, OB, politics and regulation, operations
 - Investor: finance, accounting, economics, psychology
 - State & Society: politics, economics, OB, finance
- “Internal” Perspectives
 - Employee: OB, economics, political science, accounting
 - Innovator: strategy, marketing, creativity & innovation studies, OB
 - Operations Engine: operations, accounting, economics, OB, marketing
 - Sourcing & Managing Funds: corporate finance, managerial accounting, marketing, economics, OB



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Opportunities to address unmet needs: Doing

- Thinking creatively and innovatively
 - Finding and framing problems
 - Collecting, synthesizing, and distilling large volumes of ambiguous data
 - Engaging in generative and lateral thinking
 - Constantly experimenting and learning



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Creating Infectious Action: Stanford Design School

- Objectives:
 - Prepare future innovators to be breakthrough thinkers and doers
 - Use design thinking to inspire multidisciplinary teams
 - Foster radical collaboration between students, faculty, and industry
 - Tackle big projects and use prototyping to discover new solutions
 - Enable students to deduce principles through their own projects by observing themselves and teams
- Methods:
 - Work on “open-ended” problems
 - Create a demo, test it in the market, iterate and test again
 - Design School approach: work is displayed and openly critiqued
 - Multidisciplinary teams of students: six teams of four graduate students (eg: 1- MBA, 1 – engineering, 1 – arts & sciences, 1 – design)



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Creating Infectious Action: Stanford Design School

- Project:
 - Create infectious action around Firefox within a user population outside Internet-savvy early adopter behavioral segment
 - Timeline: 2 weeks
 - Teams develop a human-centric design process to identify, create and implement a solution to meet Firefox goals



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Creating Infectious Action: Stanford Design School

TRADITIONAL SCHOOL

“Single-School” students

Individuals

Professor

Lectures and assignments

Analytical problem solving

Thinking and debating

Avoid failure

Rigorous analysis

Subject expertise

DESIGN SCHOOL

“Multi-School” students

Teams

Teaching team

Exercises and projects

Emergent problem solving

Doing and debriefing

Fail fast

Rigorous testing

Process expertise

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Opportunities to address unmet needs: Doing

- Recognizing organizational realities and overcoming implementation challenges
 - Influencing others and getting things done in the context of hidden agendas, unwritten rules, political coalitions, and competing points of view
 - Enhancing capacity to find, define, analyze, and solve problems from a multidisciplinary perspective
 - Strengthening project management skills
 - Understanding limitations of theories and frameworks
 - Adapting theories and frameworks to particular contexts and problems



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Multidisciplinary Action Projects: Ross Business School, Michigan

- Experiential learning:
 - Effective learning is achieved through a cycle of concrete experience, reflective observation, abstract conceptualization, and active experimentation
 - Involves direct encounters with the phenomenon being studied rather than merely thinking about the encounters
- MAP is an experiential learning course that places teams of 4 to 6 first year MBAs in a company to learn how to integrate business disciplines and turn theory and experience into action
- 600 organizations (domestic, international, entrepreneurial, non-profit) have sponsored more than 1200 projects over 16 years
- Faculty advisors visit sponsoring site, provide research support, and grade final paper
- Project period of 7 weeks in March and April – no other required curriculum MBA courses during those weeks
- Each project involves four stages: Project Entry, Diagnosis, Solution, and Deliverables



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Multidisciplinary Action Projects: Ross Business School, Michigan

Example: Waste Management Project (U.S.)

- Project Entry: Considered how reducing waste, recycling, and reusing waste might affect demand for the company's services
- Diagnosis: Through interviews with management and customers plus analysis of regulatory requirements, gathered data to identify major trends that would impact the company. Created metrics and models to measure these impacts
- Solution: Estimated the profitability of specific changes, identified metrics to measure their impact, and developed models with variables and parameters to quantify the financial impacts on the company of economic, social, and environmental trends
- Deliverables: Engage in legislative debate about climate change, especially efforts to limit emissions through waste gas recovery; plan for future developments using a strategic review; develop training activities to allow employees to respond to customer needs; launch an internal sustainability effort

Examples of international projects:

- Aravind Eye Care System (nonprofit/healthcare) India: development of financial statements
- BHP Billiton (natural resources) Mozambique: assessed feasibility of renewable energy solutions
- Arbel Medical Ltd (medical device) Czech Republic: market entry strategy



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Opportunities to address unmet needs: Being

- Developing leadership skills
 - Understanding the purpose of business and the responsibilities of leadership
 - Developing alternative approaches to inspiring, influencing, and guiding others
 - Recognizing the impact of one's actions and behaviors on others
 - Building awareness of personal strengths, weaknesses and values



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Leadership and Corporate Accountability: HBS

- Raises students' awareness of companies' responsibilities to multiple stakeholders, such as customers, employees, shareholders, and society at large
- Presents case studies featuring moral and ethical dilemmas, tradeoffs between private profits and social gains, and questions about the limits and extent of corporate activism
- Focuses on:
 - Responsibilities of companies to investors, customers, suppliers, employees
 - Issues of corporate governance and organizational design
 - Personal development of students through reflective exercises that draw upon their personal and professional experiences



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Leadership Development

- Changing nature of leadership
- In addition to teaching leadership in large classes, focus on individual development based on Assessment, Challenge, Support (Center for Creative Leadership):
 - Assessment tools: Myers-Briggs Type Indicator, 360 degree evaluation
 - Exercises and simulations challenge students, and are offered at various points during the academic year
 - Individual and team feedback: from mentors (including second year students), faculty, and coaches
 - Individual coaching: from professional coaches and facilitators (including student year students)
- Experiential learning:
 - Experiences and exercises in US and overseas



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Opportunities to address unmet needs

- Gaining a global perspective:
 - Identifying, analyzing, and practicing how best to manage when faced with economic, institutional, and cultural differences across countries
 - Understanding how theories and frameworks should be adapted in a global context
 - Understanding the management styles of different regions
 - Developing deeper cultural awareness



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Gaining a global perspective

- Course work:
 - Stanford's Global Context of Management course
 - Covers political, economic, financial, and cultural drivers of global marketplace
 - Helps students understand global and individual markets
 - Prepares students to ask questions and take action when entering a new market
 - Experiences:
 - Yale's International Experience
 - Built around location or industry
 - During a weekly class in the fall, faculty lead discussions on the country or the focus of the winter trip, and students hear perspectives from outside speakers
 - Small group projects and presentations on industry, political situation, or general economic issues in the country where students will travel
 - Groups of 25 students travel to different countries during winter break to meet business executives and local leaders
 - Infrastructure:
 - Research centers: HBS' Research Centers in Europe, Latin America, Asia Pacific, South Asia
 - INSEAD's campuses in France and Singapore: 70% of students attend both campuses



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Adding value to the MBA

Knowledge (“Know”)

Skills (“Do”)

Identity/Self-awareness (“Be”)



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Project Background

- The project originated as The Future of MBA Education Colloquium for Harvard Business School’s centenary in 2008
- Level of interest in the colloquium at HBS and beyond persuaded us to expand the project and write this book
- Data sources:
 - Interviews with deans, senior associate deans, and faculty members
 - Interviews with executives and recruiters from four broad sectors – financial services, consulting, multinational corporations, and high technology
 - Analysis of MBA applications, enrollments, tuition and fees, and faculty hiring broken out by school ranking
 - Portraits of the MBA curricula at 11 leading MBA programs.
 - Analysis of innovative courses that address the opportunities and needs cited by deans and executives
 - Six case studies that capture the themes we uncovered in our interviews



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