

## **The Wall Street Journal, September 20 2006**

M.B.A. Survey: Something Old, Something New

Business Critical skill requirements today:

### **On leadership, communication and more – results %**

- \*89.0.\* Communication and interpersonal skills
- \*86.9.\* Ability to work well within a team
- \*86.2.\* Personal ethics and integrity
- \*84.3.\* Analytical and problem-solving skills
- \*82.9.\* Work ethic\*
- \*74.5.\* Fit with the corporate culture
- \*74.0.\* Success with past hires
- \*72.5.\* Leadership potential
- \*67.1.\* Strategic thinking
- \*64.9.\* Likelihood of recruiting "stars"
- \*53.9.\* Willingness of students to relocate to the required job location
- \*50.7.\* Well-rounded
- \*43.2.\* Student "chemistry"
- \*38.0.\* Content of the core curriculum
- \*35.7.\* Students' years of work experience
- \*31.7.\* Overall value for the money invested in the recruiting effort
- \*29.0.\* Incorporates experiential learning into the curriculum\*
- \*27.1.\* Career-services office
- \*25.9.\* Faculty expertise
- \*21.0.\* Students' international knowledge and experience
- \*16.7.\* Commitment to corporate social responsibility

The lead in The Wall Street Journal/Harris Interactive ranking of America's top National business schools seesawed again this year, with the University of Michigan reclaiming the No. 1 spot from Dartmouth College.

Michigan and Dartmouth are clearly the schools to beat, with Dartmouth having achieved a first-place finish in three of the Journal's six annual rankings and Michigan now having scored two wins. (The University of Pennsylvania's Wharton School is the only school that has succeeded in besting Dartmouth and Michigan.)

Our other two rankings produced some surprises, as two less prominent newcomers placed first in the Regional and International categories. Arizona's Thunderbird moves up from No. 4 last year in the ranking of regional U.S. schools, while ESADE in Barcelona, Spain, leads a group of European, North American and Central American schools in the International ranking.

Michigan owes its first-place showing in part to its emphasis on practical experience in its M.B.A. program. Recruiters say they prize Michigan graduates because they can connect theory with practice. As for Thunderbird and ESADE, they share an international focus and even happen to be partners through a dual-degree program of study at both schools.

A commitment to ethics and corporate social responsibility also distinguishes all three of the top-ranked schools -- from Michigan's student projects in developing countries to ESADE's "Christian humanism" tradition of management education to the oath of ethical conduct signed by Thunderbird graduates.

### **Looking Beyond Academics**

The three rankings measure how appealing business schools are to the corporate recruiters who hire their M.B.A. graduates. What differentiates each ranking is the type of recruiters the schools attract. But the ratings of all 85 schools across the three rankings are based on how recruiters evaluated them on the same 21 attributes, as well as the recruiter's intention to return and hire a school's graduates over the next two years. In addition, the rankings include a "mass appeal" factor, which is the number of recruiters that the National and Regional schools attract. For the International ranking, the mass-appeal measure was changed this year so that schools can qualify for it only if they attract recruiters who place a large number of their graduates in jobs outside the U.S.

Harris Interactive conducted the online survey of 4,125 recruiters (up from 3,267 respondents in 2005) from Dec. 13, 2005, to March 16, 2006 -- with respondents rating only schools where they said they had recent recruiting experience. To qualify for any of the three rankings, a school had to receive at least 20 recruiter ratings.

The rankings aren't necessarily a reflection of the schools with the most celebrated academic reputations. Although the 21 attributes include the curriculum and faculty, academic quality isn't the primary concern of most survey respondents. Instead, they care most about the M.B.A. students' interpersonal and communication skills, teamwork orientation, personal ethics and integrity, analytical and problem-solving abilities, and work ethic.

That helps explain why some of the most renowned schools, such as Harvard and Stanford, don't rank as highly in the survey as their academic stature might suggest. While recognizing the brainpower of their students and faculty, recruiters complain that they often find graduates of some of the most prestigious institutions more arrogant and less collegial than the M.B.A.s they meet at other schools. Some of the large, elite schools also don't seem to enjoy as many close, personal relationships with recruiters as smaller M.B.A. programs do, and their career-service offices tend to receive lower scores for customer service.

Overall, the survey respondents appeared happier with the schools this year, giving generally higher ratings on the 21 attributes and indicating that they plan to continue recruiting at the same schools. More than half of the recruiters said they believe the quality of M.B.A. graduates is the same or better today compared with past years.

## More Jobs at Higher Pay

Companies are hiring far more M.B.A.s -- and at higher salaries -- than a few years ago when demand dropped dramatically. In the survey, nearly a quarter of the respondents said they would pay starting salaries of more than \$100,000 this year, compared with 17% in 2005. And 62% said they had raised salaries, up from 48% last year.

## RANKING THE ATTRIBUTES

Recruiters rated the business schools and their M.B.A. students on these 21 attributes. Here are the percentages of recruiters who said the attribute is "very important" to them. Plus, recruiters share their views:

### On leadership and more – results %

- \*89.0:\* Communication and interpersonal skills
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### New attributes this year

Even with the markedly better job market, recruiters say students haven't become too greedy or demanding -- at least not yet.

"This year may have been the sweet spot," says Maury Hanigan, who runs an M.B.A. talent-scouting service for companies. "Students still felt hungry, so you didn't see a lot of arrogance, and companies made better, but not outlandish, offers."

Generally, she adds, companies were pleased with the students they hired, although some didn't snag as many as they would have liked.

Recruiters do feel grumpy about one thing: a decline in the quantity and quality of M.B.A. students' work experience. Many schools recently relaxed their experience requirements and started admitting greener students, partly in response to a steep slide in the number of applications and partly because they hope to attract more young women and minorities.

Long accustomed to interviewing M.B.A.s with a four-year to five-year track record in the workplace, recruiters complain that now they're seeing more and more students who worked only a year or two before returning to business school. What's more, their credentials aren't very impressive because they didn't work long enough to be given much responsibility or to serve in leadership positions.

"It isn't just the amount of real-world experience," says Ms. Hanigan. "It's the relevance of the experience. Companies hope to find M.B.A. graduates who know their industry and speak the language. If they don't bring that experience and knowledge, the ramp-up time after they start working is so long."

That's the concern of Brad Beggs, a survey respondent who works in real-estate appraisal and consulting in St. Louis. "Hiring students with less work experience is difficult because they have unreasonable expectations about compensation, benefits and authority," he says. "Meanwhile, they may be less productive and require more training."

## **National Ranking**

Why do Dartmouth and the University of Michigan so dominate the top spot in the rankings?

Paul Danos, dean of Dartmouth's Tuck School of Business, may know better than anyone. A professor and senior associate dean at Michigan's Ross School of Business before moving to Tuck in 1995, Dr. Danos sees several similarities.

"Both schools have achieved a very good balance between faculty research and commitment to teaching, which I think resonates with employers," he says. "They also have nice students who aren't self-centered. It's a myth that companies want hard-edged employees who will drive their fellow workers into the ground."

The 19 schools in this year's National ranking share many of the same recruiters, primarily large companies that hire students from a broad range of the most prominent business schools and pay the highest salaries.

The majority of the National schools are private, and more than half are located in the Eastern U.S. All six of the Ivy League universities with business schools are part of the National ranking.

One Ivy League school, Columbia University, and the University of California at Berkeley moved into the top five for the first time. But recruiters favor them for quite different reasons. Those rating Berkeley cite its M.B.A. students' collegiality, creativity and technology bent, while Columbia graduates' finance expertise and competitive drive appeal to recruiters.

Duke University also made strides in the ranking this year, jumping five places to No. 12. The school received especially high ratings from recruiters at consumer-products and health-care companies. Some recruiters said the career-services office has improved and students are better prepared for job interviews.

"Over the past several years, I have seen Duke's Fuqua School attract students with more work experience, more diverse cultural and industry backgrounds, and a great desire to embrace a variety of business challenges," says Michael Mott, a finance and business-development manager at Microsoft Corp.

The University of Southern California suffered one of the biggest declines, dropping to 15th place from 10th last year, as some recruiters reported a decline in the quality of students they interviewed.

Some students at USC's Marshall School of Business "did not have a lot of work experience between their undergraduate and graduate school terms," says Chris DeBeer, a manager at Hyperion Solutions Corp. "All of the candidates were very intelligent and seemed to have gained a lot from the program, but the ability to combine their education with a deeper level of work experience was what I was looking for and did not get from the candidates I received résumés from."

## **Regional Ranking**

Thunderbird upset two-time Regional champ Purdue University this year and also emerged in fifth place in the International ranking, making it the only Regional school in both lists.

Being both regional and global may seem like an oxymoron, but Thunderbird attracts an unusual blend of recruiters -- both from local companies in the Southwest and from multinational firms. Since it was founded in 1946, Thunderbird has made educating students for international management careers its mission. Recruiters say they also like the entrepreneurial spirit of Thunderbird students.

The 50 other Regional schools tend to attract recruiters based primarily in their home area or neighboring states. The Regional ranking is pretty evenly split between private and public universities that are spread across the U.S. Regional recruiters are more apt to visit a single business school and pay lower salaries than National recruiters.

The large Regional ranking tends to have the biggest swings from year to year. The University of Georgia, Fordham University, Washington University in St. Louis, the University of Pittsburgh and Emory University were among the schools that fell furthest in this ranking.

Recruiters criticized some of the Regional schools for lowering their standards and admitting less-qualified students when their applications plummeted a couple of years ago.

But a lower ranking doesn't necessarily mean recruiters have soured on the school. Some schools, including Indiana University, Southern Methodist University and the University of Arizona, maintained similar overall scores this year. Yet they dropped in the ranking because other M.B.A. programs received significantly higher scores and eight new schools entered the ranking. Louisiana State University, for instance, made its debut at No. 9.

"Higher admission standards for the LSU M.B.A. program are paying off," says James Maurin, chairman of Stirling Properties in Covington, La. In addition, "their education tracks are better focused on the needs of companies in the region. There is a strong emphasis on small business and entrepreneurship, and I have been hiring from this pool of students."

Among the biggest gainers this year were the University of Texas, Georgetown University and the University of Florida.

Recruiters believe Georgetown's new dean and career-services director have made speedy progress in producing more polished, marketable graduates. "Georgetown M.B.A. students are confident and proficient at their work without being cocky, which in a consulting environment is absolutely critical to effective team dynamics," says Mark Huson, a management consultant for Booz Allen Hamilton. "It's something that I've seen translated into very solid work -- minus the self-promotion that many M.B.A.s seem prone to."

Another consulting-industry recruiter finds higher-caliber students at the University of Texas. "We have found more students that both have the intellectual horsepower to do strategy-operations consulting and fit our collaborative culture," says Frank Duffy of Deloitte Consulting.

Florida received particularly positive reviews for the relationships recruiters have forged with its career-services office. Wesley Edwards, a senior vice president at Jabil Circuit Inc. in St. Petersburg, Fla., likes recruiting at Florida's Warrington College of Business because the career-services director works closely with him to match specific students to his job requirements. "He doesn't just throw a bunch of résumés at me," Mr. Edwards says. "This helps greatly in expediting the recruitment process."

## **International Ranking**

The International list includes nine schools from the two U.S. rankings, along with nine European, three Canadian and three Latin American schools.

While Europe's ESADE, IMD and London Business School dominate the top end of the ranking, the Americas claim the other seven spots in the top 10. In addition to Thunderbird, Columbia and the Massachusetts Institute of Technology also received high ratings. So did Canada's University of Western Ontario and three Latin American schools: IPADE and Tecnológico de Monterrey in Mexico and INCAE in Costa Rica.

Because of the revision in the methodology for the International ranking, it's impossible to make accurate year-to-year comparisons. But the top five schools remain nearly identical to last year's group.

ESADE, however, moved ahead of IMD, the International Institute for Management Development, which had been No. 1 for two straight years. Most recruiters cite ESADE's international culture as its greatest asset. About a quarter of its students are Spanish; the rest come from some 30 other countries.

Close behind is the team-player mentality of its graduates. ESADE graduates "have the attitude to be good team members in the sense that they tend to be active listeners, build on the ideas of others and reinforce the other team members," says Beatriz Olvera Arias, director of human-resources development at TUI España, a travel company. "What you find in the ESADE profile is more of a willingness to cooperate with others, even if they are competitors in the market, than to compete against them."

No. 2 IMD is one of the world's most distinctive schools, with its highly selective boutique M.B.A. program that grooms experienced managers for senior leadership positions. IMD graduates are especially valuable to companies that don't put M.B.A.s through a structured training program.

"We need people to learn fast and make an impact as soon as possible," says Lawrence Ganti, a director of market development at biotech firm Serono International. "The past management experience of IMD's M.B.A. students means we do not have to baby-sit newbies back into the business world."