

MBA

Part Time
MBA

Executive
MBA

Hybrid
MBA

Dual
Degree
MBA

MBA
through
Distance
Learning

Full-time
Regular
MBA

One Year
Full-time
MBA



Managing your MBA Degree Offers as a Portfolio

The authors of this article propose a different way of managing MBA programs that offer a unique educational experience to their students, and on the other hand, allow them the maximum financial benefit from their academic offer.

Business schools often award a range of different MBA degrees. They are all positioned as post-experience qualifications requiring a minimum number of years of professional work, sometimes linked specifically to managerial roles. While some providers concentrate on driving up scale for a small number of offerings, others choose the route of degree differentiation as a source of competitive advantage. The Figure below provides an overview.

This article focuses on the advantages of managing a portfolio of MBA degrees as a portfolio. What sounds tautological at first, reflects our casual empiricism that many business schools still run their MBA programs on a stand-alone basis, which

can for example be explained by path dependency or internal governance arrangements. More typical is what we term the traditional portfolio approach, a focus on increasing gross revenue returns via market segmentation and realizing cost economies by pooling some activities across programs.

We suggest a complementary and generally overlooked viewpoint that offering MBA programs with the portfolio in mind can help to realize revenue (and additional cost) synergies that increase gross returns in the aggregate. They can “carry the day” if outweighing foregone gains of segmentation.

The next two sections explain the alternative, yet complementary portfolio management concepts

before dissecting the revenue synergies into their component parts including ways of measuring them.

Traditional Portfolio Approach

Offering a portfolio of MBA degrees traditionally serves the purpose of segmenting the market, the underlying idea being that applicants self-select into the programs best suited for their prior qualifications and specific learning needs. Self-selection serves the additional objective of sorting applicants by willingness to pay and increasing the surplus that can be extracted from each cohort of students. Finer-grained price discrimination is typically in play as well in the form of (partial) tuition waivers based on the applicants' merit or diversity attributes.

In addition, delivering MBA degrees with the portfolio in mind can focus on achieving cost economies across the different degree offerings, for instance by running a so-called Y model with a common stem of courses to be followed by a specialized set of learning interventions (e.g., equivalent to majors) justifying the unique degree positioning in the marketplace and, possibly, the distinctive degree designation.

Connectivity-Driven Portfolio Management

Putting MBA students into separate degree silos can yield positive financial returns and also support the alignment with conventional degree specifications (e.g., EQUAL guidelines), but there is no need to do so. "Rules? There are no rules" – beyond what is needed to achieve legal degree recognition. What we are proposing is to embrace the concept of diversity in MBA portfolio development and open existing silos by lowering their walls, by putting holes into them or by enabling students to climb over them with more ease. In effect, this will enhance the connectivity of the degrees within the portfolio (and possibly beyond, by embedding them in joint/dual degrees or by integrating for-degree and executive education). It is equivalent to spanning an umbrella over the four quadrants in the Figure.

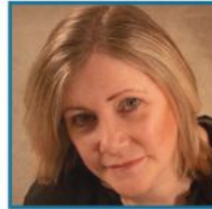
Balancing the Benefits of Segmentation and De-Segmentation

Rather than becoming overly invested in siloed management, business schools should work on their understanding of the tradeoff between segmentation and de-segmentation in their respective markets and should develop dedicated KPIs that capture the benefits from enhancing the within-portfolio connectivity. They can for instance be found in the following areas:

1. Higher & More Stable Load Factors: By making specialized courses, e.g., offered as majors or within thematic MBA programs, available to portfolio students, schools can



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increase enrolments and are therefore more likely to achieve a breakeven for specialized offerings (e.g., "reverse Y" model). At the same time, the variability of course/module-level enrollments will go down which will help to prevent the under- or over-booking of offerings.

2. More Convenience: By enabling switching between delivery modes and by making speed of study flexible, it becomes easier for students to align professional and personal commitments with academic work. Change in work schedule can for instance be accommodated by switching from FT to PT or from PT evening to PT weekend. Sabbatical periods or between-job gaps can be utilized by moving from PT to FT or the reverse.
3. Greater Diversity: By enabling switching between delivery modes, schools can bring to bear the diversity of the portfolio intake on the individual program. For instance, PT cohorts, typically sourced in the region, can engage in co-learning with FT students recruited from distant countries; the former gain in terms of international perspective, the latter in terms of improving their employability in the country of study.
4. Internationalization & Specialization Upside: Flex models can be established within dual/joint and consortium degrees, e.g., two PT blended programs (with alternating face-to-face and online modules) can be combined to create a purely online joint degree with more moderate investments of going online on both ends. Partnering can also be used as a low-cost way of bringing a potpourri of specializations into MBA degrees that at the same time strengthens the international learning dimension.



At the end of the day, it is important to keep in mind that connectivity is, first and foremost, about increasing the financial returns from MBA provision.

Connectivity is therefore all about enhancing revenue through growth or greater, distinctiveness of the learning experience, albeit cost savings can probably be realized along the way as well.

How Can Schools Benefit from Connectivity?

Business schools are challenged by the double hurdle of (1) building compensated optionality into a student's learning journey that is matched by (2) a positive impact on external degree recognition. This can be more easily realized in cases where the school brand still dominates the brand of the MBA program(s) at the start and where degree differences are more the result of branding than substance (e.g., PT programs positioned as EMBA programs).

Students are likely to appreciate the benefits of connectivity for themselves over time and, hence, will prefer a straightforward learning pathway at entry. Therefore, connectivity should be embedded in a high-touch, coaching-intensive approach when looking after students which is likely to involve more rather than less (but differently qualified) staff. Community building plays a key role as well – for students, alumni and in conjunction with the school's business ecosystem – to overcome fragmentation and, on the student level, isolation.

At the end of the day, it is important to keep in mind that connectivity is, first and foremost, about increasing the financial returns from MBA provision. It is therefore not about gold-plating a program that could otherwise survive and thrive as well, but rather a way of creating a distinctive educational experience for students that can stand out in the marketplace. Learners need to be

brought on board that the wider degree portfolio offers important benefits to them that they are willing to pay for.

Capitalizing on connectivity will in practice involve small steps initially such as introducing a specialization track to connect to existing degrees or augmenting two dual degrees with a third one via smart integration. It is on that level that business schools need to reflect whether they are currently getting the full mileage out of their offerings in financial terms.

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Hardcastle & Associates, QED and XOLAS are strategic alliance partners and jointly provide a comprehensive portfolio of advisory services to business schools. **MBA**

<p>ENTRY CREDENTIALS</p> <p>Min # of Years of Professional Experience</p> <p>Min # of Years of Experience in Managerial Roles</p> <p>Diversity Credentials (if permitted by law)</p> <p>MOOC-based Mini MBA with Credit Recognition</p> <p>Competency Credentials (e.g., English proficiency)</p>	<p>DELIVERY MODE</p> <p>Full-Time (FT) MBA</p> <p>Part-Time (PT) MBA: Weekend, Evening, Block Week</p> <p>Online MBA: Fully Online, Blended</p> <p>Flex MBA (e.g., with pathway switching)</p> <p>Stackable MBA</p>
<p>THEMATIC FOCUS</p> <p>General Management MBA</p> <p>Sector MBA (e.g., Hospital Management)</p> <p>Functional MBA (e.g., Finance, Consulting)</p> <p>Transversal Skill MBA (e.g., Tech)</p> <p>International MBA (e.g., with work/study abroad)</p>	<p>SPEED WITHIN DELIVERY MODE</p> <p>High Intensity MBA (e.g., 90 ECTS in 12+ months)</p> <p>Fast Track MBA (e.g., 1- vs. 2-year offering)</p> <p>MBA+ Optionality (e.g., term abroad, dual degree, optional internship gap term)</p> <p>Caps on Enrollment Length</p>

DIFFERENTIATING CHARACTERISTICS OF MBA PROGRAMS