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FEBRUARY 13, 2006

B-SCHOOLS

Who Needs The Real World?

As enrollment dips, B-schools are taking more students without job experience

Last spring, as her friends celebrated on the eve of college graduation, Danielle Beyer was working on a 20-page paper due the next day. That's the downside of signing up for the University of Rochester's "3-2 MBA" program, allowing her to earn an undergraduate psychology degree in three years and an MBA from Rochester's William E. Simon Graduate School of Business Administration in two more. She has four months to go, but it has already paid off. In November, Beyer, 22, landed a job at National City Corp. with a pay package comparable to those offered to MBAs with years of experience. "I knew I would be coming out ahead," she says, "so I can't complain."

For a growing number of students like Beyer, the MBA race has turned from a marathon into a sprint. With the 2006 admission season well under way, many full-time programs -- including Washington University, the University of Texas, Stanford, and Harvard -- have begun to selectively drop the work experience requirement. That makes it easier for younger students to get through the door -- boosting application numbers -- and for women considering families to launch their business careers first. Janet T. Hanson, founder of 85 Broads, an advocacy group for women in business, says such policies may ultimately result in more women in the top ranks of business. Says Hanson: "It's a proverbial win-win."

A hallmark of MBA education for nearly 20 years, the work experience requirement started as a way to move up in B-school rankings, which frequently reward programs with more experienced students, who typically fetch higher salaries. Over the years it has become an integral part of the curriculum, with students learning as much from peers as from professors. So while accepting undergrads may bolster enrollment, it could also destroy the delicate pedagogical balance that makes many MBA programs work -- and send older students fleeing.

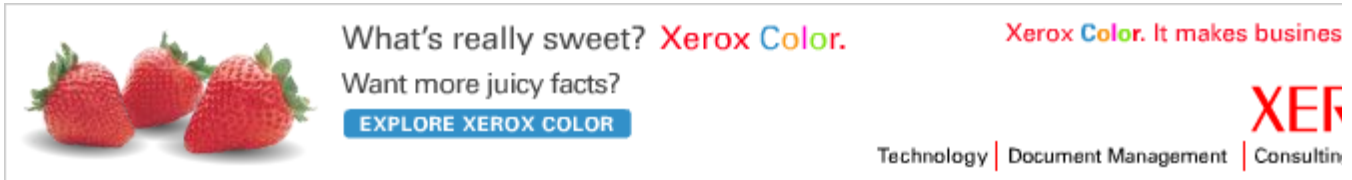
That's a risk some schools are willing to take. At Rochester, students with no work history account for nearly 20% of enrollment, and Dean Mark Zupan says that number could eventually reach 50%. The influx of young students has resulted in some "tensions," he concedes, but they are outperforming older students and receiving similar job offers. What's more, Rochester's relaxed policy on work experience allows the B-school to lure high-potential students who might be unreachable in five years. By then, Zupan says, many might be unwilling to forgo a big salary for two years of classwork, or will opt for a Top 10 program, not a mid-tier school like his.

Will the trend toward younger MBAs catch on? The applicant shortage that prompted the move shows signs of abating. But if applications don't pick up serious steam, don't be surprised if more B-schools post a "no experience needed" sign on the door.

By Geoff Gloeckler

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B-SCHOOLS

Online Extra: Degreed but Unprepared

MBA students with less than five years' work experience means a pool of underqualified job applicants, says Villanova's James Danko

James Danko, dean of Villanova University's College of Commerce & Finance, has been around the B-school block, with stints at Dartmouth, Babson, North Carolina, and Michigan. Needless to say, he has seen a lot during his 15-year B-school career, but nothing that prepared him for this: In response to declining applications, several MBA programs have begun accepting students straight out of undergraduate schools -- without the five years of work experience most programs now require.

Advocates say relaxing the five-year rule will make it easier for women to launch their careers. But it also puts the MBA's pedagogical underpinning -- students learning from the experience of others -- at risk. Danko recently sat down with *BusinessWeek* reporter [Geoff Gloeckler](#) to talk about why undergrads need a few years of seasoning in the corporate world before heading off to B-school. Following are edited excerpts of their conversation:

In your view, why is recruiting undergrads not the solution to declining application numbers?

A lot of it has to do with our responsibility to the people who are hiring our students. They see a tremendous value to hiring people who have had three or four years of experience between their undergrad and their grad school. They have had people who are 23 and 24, and their savvy, their maturity, and the knowledge of what they want out of their career is limited compared with that of a 30-year-old who has worked for a few years, then has gone on to get an MBA.

The market says it all. Companies will pay far more for someone with work experience. Unequivocally, they would pay more for someone who is 30 and has the work experience compared to someone who is 24 and without. I think that tells you quite a bit.

Is experience the most important part of the application?

It's hard to weight the parts of an application, but I would probably gravitate toward the experience. The GMAT and undergrad GPA are the minimum hurdles. If you don't have the quantitative abilities, you are going to be more likely to fail. The experience refines the ability to ascertain the leadership potential of an applicant. It's hard to take someone who has gone through four years of college without really applying it in some way, to determine whether or not they have the potential to be a strong leader.

Aside from lower pay, what are the disadvantages of getting an MBA without previous work experience?

I sometimes wonder why people would choose to do that without the time in between. I think when you go into an MBA program after working for a few years, you have a better ability to start zeroing in on areas that are of interest and are really going to move you in your career.

Whereas if you do an undergrad business major and then an MBA, you're probably doing general courses except for that rare exception where you have someone who is truly gifted, who knew from the time that they came out of the womb that they wanted to go into brand management or investment banking. I think that's pretty rare.

Do you think the lack of experience in some students takes away from the classroom give-and-take?

That's the other major problem. If you're in a classroom, the idea is that you have a diverse group of people with a variety of experiences and a broad background. It's very unlikely that someone who has maybe worked in high school or part-time in college is going to be able to contribute to the conversation, except in a more theoretical way. The MBA education has to be at that intersection of theory and practice, and if you're in a classroom just speaking theoretically without the experience, I don't think you have the ability to advance the conversation.

Why are schools doing this?

We are a business, at the end of the day. I'm not sure how aggressive it is. I think the schools in a more secure position in terms of their applicant pool have not really gone to this. I think the primary motivator is to increase the applicant pool. But there have to be other solutions.

Edited by Louis Lavelle

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