

Looking For Niches In All The Right Places: Designing An MBA Program For The Next Decade

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ABSTRACT

In an over-built, mature industry as is graduate management education it is increasingly important that schools find the right niche at which to target their MBA programs. However, the literature is largely silent as to how a school might go about the process of finding the right niche for its MBA. Using gap analysis and data from Occupational Outlook Handbook, we develop a process for identifying future employment trends as a means of identifying promising niches toward which to orient an MBA program. This is an important exercise for those who design MBA programs, especially in light of the AACSB/International's current focus upon continuous improvement among its member institutions. Even if accreditation standards did not require it, the rapidly changing business climate makes continually upgrading MBA programs a necessity.

INTRODUCTION

Graduate business education is a mature, highly competitive industry characterized by significant excess capacity and a recent down turn in the number of students seeking the MBA. When a market matures, there are usually two options facing those competing in that market, change the product or change the target market. The process we describe below, which might be called gap analysis, aims to provide business deans with a process for identifying areas with increasing potential to provide jobs for their MBA graduates in the next few years. The process is based upon the assumption that the real customers of MBA programs are employers and that students pursuing an MBA are actually seeking the J-O-B degree.

As institutions compete ever harder to try to fill their MBA classes prices are squeezed straining resources of the program and perhaps those of the entire institution. Of the more than 550 (full time, residential programs) domestic MBA programs, many are reeling from the effects of increased competition for new MBA students. The problem facing traditional MBA programs is perhaps exacerbated by emerging demographic, cultural, and technological trends as well. Successful MBA programs will have to monitor these and other trends if they want to remain viable. Our purpose is to provide one mechanism for doing that. We propose a process that helps those in charge of MBA programs to distill these trends and focus their attention on segments of the labor market where students holding the MBA are most likely to find opportunities expanding during the next decade.

Toward that end, in the following section we look at the surprisingly thin layer of relevant literature. The body of literature, however, does have a little to say about other matters related to the issue at hand. We discuss applicable literature in the following section of the paper. The third section of the paper describes how we use gap analysis to identify promising niches and includes our analysis. We draw some conclusions and sum up in the final section of the paper.

LITERATURE

Interestingly, the literature dealing with any aspect of strategic planning in higher education is very thin. One might expect those who teach the process of strategic planning for organizations to put into practice themselves what they teach others to do. At least as it pertains to thinking strategically about designing MBA curricula so as to focus its graduates on promising career paths there appears to be a disconnect between what we teach in the academy and what we practice. While the body of literature on the subject is small, there has been work upon which we build. In fact, Phelps and Marshall (1994) blazed the trail we follow here by using gap analysis to identify promising niches for the decade ending in 2005.

An early, maybe the first, systematic treatment of what good strategic planning for institutions of higher education ought to be like is Fuller's (1976) work in which he provides a basic structure for such planning. Fuller says, and we strongly agree, ". . . planning . . . involves the capacity to systematically and creatively design future services which are increasingly in harmony with human, individual, and social needs and priorities" (p. 65). Note Fuller's mandate for strategic planners is to focus upon the future with an eye toward how the organization's values mesh with those of its constituencies. He asks us to be both systematic and creative in our approach to strategic. The gap analysis we discuss below applies those principles to strategic planning for the designers of MBA programs. Furthermore, Fuller thinks productive strategic planning requires quantitative and qualitative assessment, both of which sound gap analysis includes.

Perhaps the strongest point Fuller makes, and one it is not possible to overemphasize, is any strategy absolutely must be based upon the institution's core values and assumptions. Chaffee (1985) strongly seconds Fuller's point. Any plan, however well researched and designed, is doomed if it in some way violates what the institution's fundamental beliefs about the nature of the learning process and how it serves its stakeholders. In other words, it is not possible to do good strategic planning, unless the institution is explicit about its core values and what it believes to be true about the nature of learning and in what specific ways it expects to transform its students by the time they complete their MBA program. Of course, gap analysis can help, as we hope to show, but it is not a substitute for the sort of introspection for which Fuller and Chaffee call as a necessary preamble to looking for the right niche. It is possible for the wrong school to target the right niche. Even an otherwise well executed gap analysis alone can not prevent that

Our gap analysis, which might be called segment targeting, can also be thought of in Hofer's (1973) terms as an adaptive strategy. Hofer thinks of adaptive strategies as those that seek to match strategy with opportunities, we would add emerging opportunities. As Fuller and Chaffee and others argue, business strategy (the MBA program in this case) must be compatible with corporate strategy, a school's overall mission in other words.

To introduce a point to which we return below, and one Fuller also makes, regardless of how well thought out a strategic plan may be, there is no such thing as a set-it-and-forget-it plan. Though an institution's core values and assumptions may not change, the environmental elements that also help determine the niches it ought to pursue do change. For example, if it is a core value of the institution that collaboration and teamwork are essential parts of the skill set its graduates must have, the way in which society views collaboration may change as events like the Enron, HealthSouth, and WorldCom scandals unfold. Continuous monitoring and reassessment are necessary if for no other reason than this. Furthermore, AACSB/International's newest accreditation standards require schools to have in place a continuous improvement process. Our job targeting process is an important component to include in a continuous improvement process.

The job targeting process we are proposing fits nicely into the overall strategic planning process for colleges and universities Kotler and Murphy (1981) developed. About strategic planning for the organization, they say, "Strategic planning is defined as the process of *developing and maintaining* a strategic fit between the organization and its *changing marketing opportunities*" (p. 471). Kotler and Murphy italicize the entire sentence. We have italicized only the portions important to our work. It would be difficult to find a better definition of what our process does for business unit deans. Applying the principles Kotler and Murphy, our process systematizes the development of a portfolio of skills to pass along to its MBA's. It also provides a mechanism for monitoring that portfolio for

currency to be sure the curriculum is always oriented to provide graduates with skill sets aimed at jobs with the greatest potential for professional growth.

Kotler and Murphy provide a schematic diagram of how their strategic planning process works (their Figure 1, p. 472). Our job targeting piece fits in the piece of the model they call, “Environmental Analysis”. Of course, there must be a feedback mechanism between the environmental analysis and the stage they refer to “Strategy Formulation.” MBA programs seeking to use Kotler and Murphy’s process will find our job profiling addition snaps into their model at that stage in the strategy making process. The exercise of identifying promising fields for which to prepare its MBA graduates informs the development of institutional strategic planning. As we say above, no institution can successfully implement a strategy that violates its core values and assumptions, hence, the need for the feedback mechanism, which is inherent in job profiling.

Our process is also consistent with what Rindfleish (2003, p. 147) calls “segment profiling.” She shows how the general process can be useful in helping educational institution strategists find the right geographic target markets for their institutions. In a similar vein, we are merely showing how gap analysis can be used to continually refocus the MBA program so as to provide graduates with skills that are most likely to land them jobs with the best prospects for the next few years. Those are the job markets with the combination of high average growth rates in both number of jobs and number of employees, hence those jobs holding the most promise for the intermediate term at least.

According to Gerdes (2005) writing in *Business Week*, schools are finding it necessary to more clearly focus their programs in order to succeed in a more competitive market. As examples the article cites the business schools at both the University of Wisconsin - Madison and Boston University. Both have recently, successfully stemmed declining trends in applications and admissions through a more focused program. Our addition to the process is to formalize a process that not only allows an MBA program to focus but to focus on areas with the most potential for growth in the near future.

As with all things, choices entail opportunity costs and the choice to focus one’s MBA program, on pastures however green they may promise to be, necessarily means leaving behind other, perhaps once productive paths. In addition, as Gerdes also notes, focusing also brings in train the risk of focusing on promising pin points on the unfolding job map which necessarily limits one’s graduates to a smaller list of potential employees than may be available to graduates from programs with a broader scope.

In discussing how the strategic planning process relates to the management of academic institutions, Doyle and Lynch (1979) offer an insightful definition of strategic planning. They say, “In a strategic plan, management defines the direction in which the organization is to grow and which areas are to be given priority in the allocation of future resources.” (p. 603). They go on to say strategic planning is by nature prospective, requiring the institution to look forward in time. It is important to notice Doyle and Lynch specifically put the burden of strategic planning squarely upon the shoulders of an institutions senior management. As an aside, because of the tradition of collegial governance at many institutions of higher learning, that is sometimes harder to do in academic organizations than it is in private, for profit organizations, a point Doyle and Lynch also make. Also implicit in their definition of what strategic planning means is the need for institutions to do precisely the kind of searching for niches upon which they can focus in the near future, which is the essence of gap analysis.

Finally, Doyle and Lynch also say choosing niches requires schools to be very clear with themselves about the institutions mission and core values, a point with which we wholehearted agree. This theme is repeated throughout the literature dealing with strategic planning, in all organizations.

Doyle and Lynch also call attention to the two strategic approaches a school may chose in order to make it a stronger performer. They further note these two approaches can be undertaken together, as compliments, or separately. Schools may choose to find new, more promising areas upon which to focus, or they may choose to improve their relative competitive standing in particular areas. The approach we propose here combines the two in that it calls attention to promising niches and thereby provides the incentive for schools to make stronger their presence in those niches.

Many MBA programs succumb to the siren song of efficiency. After all, that is one of the mantras of many business school courses. That is, schools seek to do what they are presently doing at least cost. As Drucker (1973) suggests, MBA programs that expect to survive and thrive must constantly seek effectiveness first and efficiency second. Paraphrasing Drucker, effectiveness asks us to seek to answer the question, what is the right thing for us to be doing? Once that choice is made, and we contend that question must be constantly revisited, then the task becomes to pursue efficiency in doing the right thing.

How does an institution go about gap analysis? That is the question to which we now turn.

METHOD AND FINDINGS

Before we discuss the findings graphically displayed in Fig. 1, a word about how the figure was constructed. In order to isolate job categories with the best prospects for the coming decade, we compare employment *levels* in fairly specific job classifications to the mean in each sector. A job category with employment level exactly equal to the mean would be plotted on the horizontal axis. The farther above the horizontal a job falls, the more attractive it is, *ceteris paribus*. Similarly for growth *rates*, jobs lying to the right of the vertical axis represent those for which growth rates are above the mean for all jobs in their sectors. Hence, jobs expected to grow faster than the mean in their sector fall to the right of the vertical axis and jobs for which growth in number is expected to be lower than their sector mean are plotted to the left of the vertical axis. Therefore, a job lying in the upper right (northeast) quadrant of Fig. 1 represents jobs for which both employment level and rate of growth exceed their segment means. Such jobs represent inviting targets for MBA programs. An institution would do well, for its graduates and itself, to design its MBA program to produce graduates well suited to jobs lying in the upper right quadrant.

Figure 1: Employment Prospects Grid

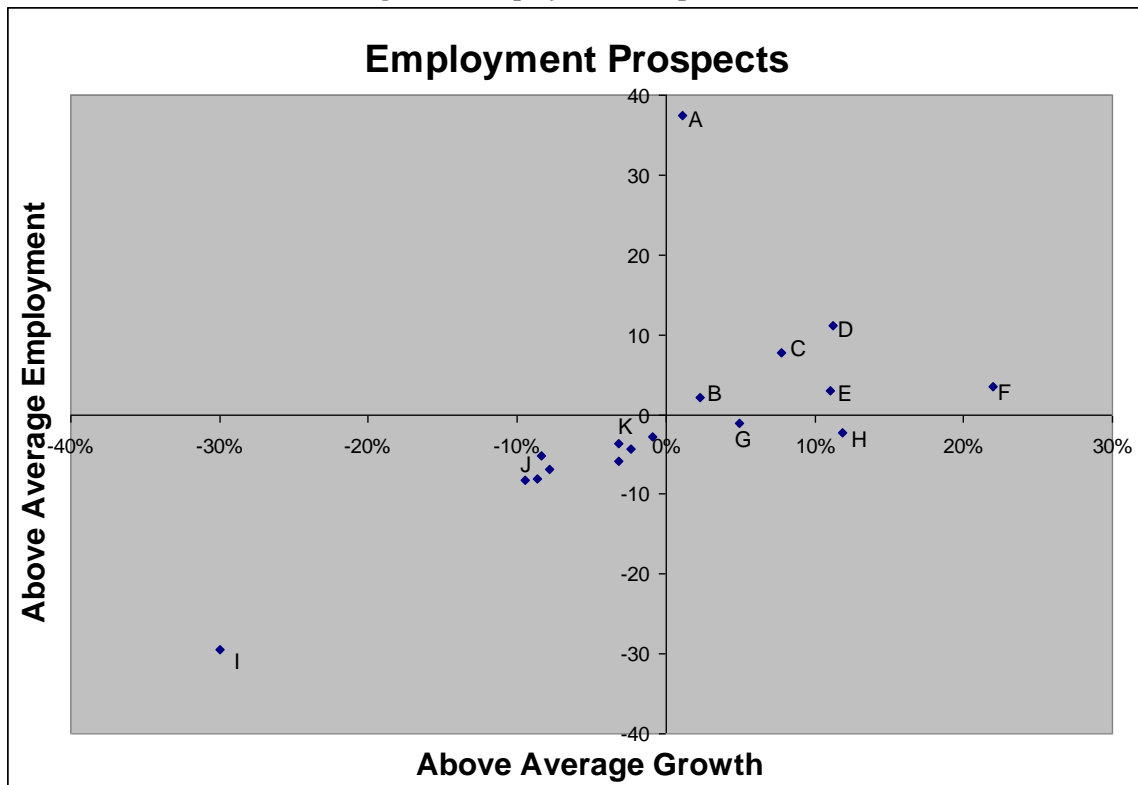


Table 1 identifies specific jobs to which each letter point in Fig. 1 refers. Also shown are the mean rates of growth and employment for each job category.

Table 1: Legend

<u>Labels</u>	<u>Jobs</u>	<u>Mean Growth Rate</u>	<u>Mean Employment</u>
A	Top Executives	1.1	37.4
B	Financial Managers	2.3	2.1
C	HR, Labor Relations Managers and Trainers	7.8	7.7
D	Advertising, PR and Sales Managers	11.3	11
E	Educational Administrators	11	2.9
F	Computer and IT Managers	22	3.5
G	Administrative Services Managers	4.9	-1.1
H	Medical and Health Services Managers	11.8	-2.2
I	Agriculture Managers, Farmers, Ranchers	-29.9	-29.5
J	Funeral Directors	-8.7	-8
J	Industrial Production Managers	-7.9	-6.8
J	Lodging Managers	-9.4	-8.3
J	Purchasing Managers and Buyers	-8.3	-5.1
K	Construction Managers	-0.9	-2.8
K	Engineering & Natural Science Managers	-2.3	-4.3
K	Food Service Managers	-3.2	-3.7
K	Property and Real Estate Managers	-3.2	-5.8

Combining the information in Fig. 1 and Table 1 we find the following jobs lying in the upper-right quadrant: Top Executives; Financial Managers; Human Resource Managers, Labor Relations Managers, and Trainers; managers in advertising, sales, and public relations fields; Educational Administrators; and managers in computer and information technology areas.

Like Phelps and Marshall, we define categories of job areas based upon their promise as targets for MBA program designers. They group job areas into four categories, however, we collapse that arrangement slightly and put jobs in one of only three categories: OPPORTUNITY, TRANSITIONAL, and UNLIKELY. Jobs lying in the upper right quadrant of Fig. 1 we refer to as OPPORTUNITY areas. Those in the lower right and upper left quadrants are called TRANSITIONAL. And those falling in the lower left quadrant we refer to as UNLIKELY.

Jobs in the OPPORTUNITY category are attractive candidates for MBA programs to target. Jobs in that category are likely to both grow more rapidly than average and have higher than average employment. Jobs in the TRANSITIONAL category are those jobs with either above average growth or above average number of jobs projected over the next ten years. Of course, jobs falling in the lower right quadrant are not likely to make good targets upon which to focus an MBA, hence we refer to those categories as UNLIKELY.

After looking at how jobs stack up in our analysis, as seen in Table 2, we compare our results with what Phelps and Marshall found in 1994. By so doing we may be able to judge in which direction those transitional jobs may be moving.

Table 2 ranks all seventeen of job categories as to their potential as targets for those designing MBA programs for the next decade.

Table 2

Managerial Categories by Portfolio Grid Category

Opportunity	Top Executives Financial Managers HR, Labor Relations Managers and Trainers Advertising, PR and Sales Managers Educational Administrators Computer and IT Managers
Transitional	Administrative Services Managers Medical and Health Services Managers
Unlikely	Agriculture Managers, Farmers, Ranchers Funeral Directors Industrial Production Managers Lodging Managers Purchasing Managers and Buyers Construction Managers Engineering & Natural Science Managers Food Service Managers Property and Real Estate Managers

How do our results compare to those of Phelps and Marshall? Their analysis looked at the 1992 edition of the *Occupational Outlook Quarterly*. Our analysis is based upon data taken from the 2002 edition of that publication. It should be noted Phelps and Marshall identified twenty three categories to which MBA graduates might be attracted, excluding “Top Executive”. We include that category. In addition, there are three job categories reported in the 1992 outlook which are not reported in the 2002 edition. It is not clear whether those categories have been completely eliminated or have been combined with another category. The three categories appearing in the 1994 survey but not the 2002 edition are: Employment Interviewers, Government Chief Executives, and Inspectors and Compliance Officers.

Of the twenty three categories Phelps and Marshall included, six were reclassified into categories not likely to be of interest to MBA graduates, hence we omitted them. The six are: accountants and auditors; budget analysts; cost estimators; insurance underwriters; management analysts; and construction and building inspectors. Three job categories: computer and information systems managers; funeral directors; and farmers, ranchers, and agricultural managers appear on our list but were not included in the earlier study. This accounts for the difference between the 23 categories (excluding CEOs) Phelps and Marshall used and the 17 we have. Hence, our list and theirs have thirteen job categories in common.

Table 3 repeats Table 2 and adds the Phelps and Marshall findings for easy comparison.

Table 3

Managerial Categories by Portfolio Grid Category	
Opportunity	Phelps & Marshall
Top Executives	Omitted
Financial Managers	Transitional
HR, Labor Relations Managers and Trainers	Opportunity
Advertising, PR and Sales Managers	Opportunity
Educational Administrators	Unlikely
Computer and IT Managers	Not Included
Transitional	
Administrative Services Managers	Unlikely
Medical and Health Services Managers	Opportunity
Unlikely	
Agriculture Managers, Farmers, Ranchers	Not Included
Funeral Directors	Not Included
Industrial Production Managers	Unlikely
Lodging Managers	Transitional
Purchasing Managers and Buyers	Unlikely
Construction Managers	Transitional
Engineering & Natural Science Managers	Opportunity
Food Service Managers	Opportunity
Property and Real Estate Managers	Transitional

As one would expect in the span of a decade, there has been some migration of job categories that appear to hold promise for future MBAs. One TRANSITIONAL job, Financial Managers, has moved to become an OPPORTUNITY while two others, Lodging and Construction Managers, have moved down and are now UNLIKELY candidates for emphasis by MBA programs. Interestingly, because our study is aimed at those who manage in higher education, the category Educational Administrators has made a startlingly upward move since Phelps and Marshall’s initial study.

Moving in the other direction we find Medical and Health Services Managers, perhaps a bit of a surprise given the aging of the population and heightened health consciousness. One should notice, however, that job category is expected to grow at a rate higher than average in the next decade. See point H in Fig. 1. Because of the demographic trend toward an older population, we would not expect Medical and Health Services Managerial jobs to move to the UNLIKELY category. Hence, grooming MBAs for jobs in that area may still be viable.

The two dramatic downward moves were moving from OPPORTUNITY to UNLIKELY of jobs in Engineering and Natural Sciences Managers and Food Service Managers. How might that affect MBA program strategy-making by business deans?

Because the issue is to discover how institutions might orient their MBA curricula to best position their graduates as candidates for jobs in hot areas, it would be easy to make too much of the fact that these two job categories do not show up well in our study. Certainly, progressing to a management position in technical fields requires significant education and training, if not experience, in the particular field. The same may be true, perhaps to a lesser degree, regarding food service management. Students who seek jobs requiring an MBA in technical fields are almost certainly going to be coming to the MBA program already equipped with the requisite technical background and thus be seeking more generally applicable management skills. These skills would allow the already technically trained MBA holder to make the jump from being an expert in a particular discipline to the ranks of professional management, which is an entirely different discipline and requires skills available through MBA programs.

In looking at our list, it should be remembered we have tried to include job categories within which specific jobs are likely to require an MBA for eligibility or provide a setting in which someone holding the MBA can expect to excel, *ceteris paribus*. In other words, we have looked only at jobs for which holders of the MBA are likely to have a competitive advantage, if not also a comparative advantage.

That being said, what should one contemplating the design of an MBA curriculum take away from our findings? We consider that question in the concluding section of the paper.

CONCLUSIONS

Because it would be difficult to tailor an MBA curriculum to produce a Computer/IT manager and other technical experts, *per se*, and applying the same argument we make just above regarding other jobs requiring specific, technical skills, we ignore this area. For that reason, we focus upon the other jobs in the OPPORTUNITY category.

The question then is what are the teachable skills an MBA program can offer to best configure its graduates for the most promising jobs in the next decade?

Beginning at the top with CEO's, in order to provide a graduate-level management background sufficient to build a platform that can support the additional work one must do in order to be a viable candidate for a CEO position, one must certainly be equipped with visioning and strategizing skills. Maybe even more important in a CEO are leadership skills and skills as human resource managers. All these skills and bodies of knowledge are teachable as are the foundations of knowledge of the legal environment within which all organizations operate. Perhaps most important of all is the skill to be able to take dispassionate, analytical looks at both the organization and oneself, an ability for individual and corporate introspection, including the ethical component of the top job. An MBA program that wanted to produce graduates with an educational platform sufficient to support a CEO-track career would want to emphasize work in these areas.

Similarly for jobs in the other OPPORTUNITY areas, institutions would design programs rich in work in those areas. However, skills necessary for jobs in those areas, such as finance, human resource issues, and sales and marketing are central to all MBA programs. What our results suggest is that MBA programs wanting to best prepare graduates for jobs in these areas will strengthen what they already offer in those fields. They may also look for innovative ways to allow their students to demonstrate extraordinary expertise in these areas through internships, special project, and perhaps foreign study focusing upon those disciplines.

For the latter two, Educational Administrators and IT managers, of course, other educational work would be needed to compliment the general management skills which form the core of most MBA programs. An institution targeting those job areas might be do so through selectively recruiting students with existing skills in higher education or information technology and add the managerial piece through their MBA program.

Here we can only suggest ways in which an MBA-granting institution might use our findings. Our main goal has been to demonstrate the process and provide the results of the analysis for the coming decade. We leave it to the imaginations of those whose job it is to guide MBA programs to use this information in ways that further their institutions particular mission.

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Notes