

GRADUATE MANAGEMENT DEGREES: Deepening Perspective, Enhancing The Tool Kit

by Jay Akridge

After being out of school a while, and being faced with a myriad of complex management problems, client situations and puzzling developments in the world around them, professionals are hungry for the insights that a graduate degree in management can provide.

Anyone who reads the business press has seen articles criticizing graduate education in management, and more specifically Master of Business Administration (MBA) degrees. There are a variety of different arguments raised: you can't build a leader in the classroom; graduates don't understand the people side of management; MBAs do not approach decisions from an ethical perspective; graduates make good analysts, but not good managers; and so on. Anything popular typically generates critics, and the number of MBA programs and graduates has certainly increased dramatically in the past 25 years. At the same time, there may be something to some of this criticism — at least for graduates of traditional residence MBA programs, many of whom have minimal work experience prior to returning for a full-time MBA.

However, after working with the Purdue University MBA program in food and agribusiness for six years, we see graduate education in management through a different lens — that of the full-time professional who is earning a degree while juggling job and family demands. Why do these people elevate the stress in their lives for a couple of years? What benefits do they take away? Do the arguments around the shortcomings of an MBA education hold in this context?

TAKE-AWAYS

After working with many agrimarketers in the program, we can say that the primary benefits to pursuing an MBA while working full time generally come in four areas: tools for quantitative analysis; deeper knowledge in finance and accounting; a broader perspective on the market environment; and a fundamental understanding of the other

business functions. Quantitative analysis is not typically a topic one ties to agrimarketers. Why would a freewheeling, creative type have any interest whatsoever in the discipline and rigor of quantitative analysis? And yet, we find agrimarketers really digging into the nuances of statistics and more specifically simulation, which includes advanced spreadsheet modeling. Most agrimarketers have some familiarity with the statistics behind market research, but we still see growth in this area among graduates. The real bang, however, seems to come from simulation analysis and advanced spreadsheet modeling.

Running the numbers on a new product launch and determining, based on a careful analysis of competitor reaction and customer adoption, that a marketing investment of \$500,000 results in a 90 percent chance of campaign success provides an entirely different perspective on a marketing decision. Building deep skills in this area has helped agrimarketers bring hard-hitting evidence to those marketing decisions where "gut feel" has no place, and where decision makers demand insight on projected return on investment.

The tools of financial management fall into the same camp, but observation suggests agrimarketers benefit for different reasons here. Finance and accounting have their own language, and those who master that language typically have the upper hand in tough situations when appetite for marketing investment and availability of funds clash. An agrimarketer who has opened the black box, who understands the fundamentals of financial and managerial accounting and corporate finance, is a worthy opponent in any negotiation over scarce resources.

Equipped with the results from a quantitative analysis of the financial impact of a new communications campaign, the ROI on a new product launch or the contribution to profit from a product repositioning, agrimarketers who hold MBAs are not held hostage by the financial gatekeepers who use "show me the business case" as a reason to keep the purse strings pulled tight.

The third area where we have observed major growth is with respect to the appreciation and understanding of the broader market environment. Courses such as macroeconomics, international trade, business law, and policy and regulation that undergraduates typically despise (no, despise is not too strong a word) become the ones that agrimarketers can't get enough of. While these subjects may be somewhat obscure for an undergraduate, for an agrimarketer trying to make sense of the latest tax cut, a recent press release from the WTO or where changes to agricultural commodity policy are headed, these courses have proven enormously important. Market opportunities and challenges are born in such changes, and the agrimarketer who has the deep appreciation of these subjects that comes from serious study has much to offer clients as a result. The point here: graduates have placed huge value on these broadening courses, which give them new perspective and mental models for making sense of the marketplace, defined at its broadest levels.

The final area of focus is the fundamental understanding of the other business functions that a good MBA program will cultivate. Part of this comes from coursework in areas outside marketing: operations/logistics, strategy, human resource management and even finance. In our experience, the real benefit here comes from intense, ongoing interaction with peers in these programs. It is the online chats, conference calls, and social time at program residency where agrimarketers really learn what makes the other functions of business tick. And, for agrimarketers digging deep to help clients create competitive advantage, this understanding of the total organization

opens up new avenues for driving difference and provides perspective on decision-making processes in a wide variety of food and agribusiness organizations. The benefits are obvious.

WHY DOES THIS WORK?

Given where we started, why does this work? What may make a professional's experience somewhat different than that of some full-time students? In our experience, three areas come to mind: the discipline and perspective that professionals bring to these programs; the context that surrounds their school experience; and the application of the course content to their daily work.

Undergraduate education continues to be an important part of the mission of most universities. But there is a uniqueness that comes from the discipline and perspective that a professional brings to an MBA classroom. After being out of school a while, and being faced with a myriad of complex management problems, client situations and puzzling developments in the world around them, professionals are hungry for the insights that a graduate degree in management can provide.

Short courses and continuing education programs fill an important need for most professionals, but students who immerse themselves in an MBA program while working full-time have a chance to really explore these subjects in a unique way. Now, discussions about "problem employees" have a completely different ring. Debates on monetary and fiscal policy are moved to an entirely different level. Tools for strategic thinking are soaked up and considered in the context of a recent client meeting.

The second major difference is the fact that attending class while working full time immerses students in a literal living laboratory where ideas that were presented the night before get tested the next day when solving a thorny problem. On many occasions, we have heard statements such as "I was able to ask some particularly enlightening questions of our consultant as a result of the stats class discussion last week" or "in a recent meeting, compensation came up, and I drew on the ideas on moti-

vation we kicked around in the discussion forum last night." Of course, sometimes ideas get tried and don't work out — which also starts great conversations between faculty and classmates as to why. In the end, this is truly a virtuous cycle — the applications feed motivation, which feeds more applications. The learning experience as a result is radically different than an undergraduate experience or even that of a full-time MBA.

Finally, there is program design. It is one thing to work on a hypothetical homework assignment about the importance of mission and vision to an organization, but it is completely different to explore how your firm's mission is communicated throughout the organization and where the breakdowns occur. Everyone wins with assignments that ask students to explore ideas in the context of their organization — the students see immediate application of the course concepts, the faculty develop a much richer appreciation for their ideas in practice and the students' sponsoring firms get immediate return on their investment in the students.

UPSHOT

In the end, we should continue to ask questions about the costs and benefits of a resident or professional MBA education, as we do before making any significant investment. And we know that many students benefit enormously from a full-time MBA program despite the opinions of some critics. We can attest, however, to the impact Purdue's MBA program in food and agribusiness has made for agrimarketers in the program. The added skill set and perspective have created a personal point of difference for many such agrimarketers and helped them progress to the next level. The payback is there, justifying the significant investments of time and funds. **AM**

Dr. Akridge is director of the Center for Food and Agricultural Business at Purdue University and director of the dual MS-MBA program offered jointly by Purdue University and Indiana University. For information on this graduate degree program, contact Luanna DeMay, program manager, 765/94-4270, or www.agecon.purdue.edu/agribusiness/.