

Special Feature: MBAs and Executive Education

MBA: The competition is

Despite the recession, more New Zealanders are wanting MBA sitting after their names, writes **Sarah Lang**.

Master of Bugger All, some call it. A bit of expensive polish on the CV. While that may be true for fictional *Shortland Street* personal assistant Libby Jeffries, who seems to be picking up the degree with next-to-no study, the MBA (Master of Business Administration), which turned 100 last year, hasn't shown any sign of old-age decline yet.

In fact, with its prospects of prestige, pay rise and promotion, the MBA is proving increasingly popular in New Zealand.

Two years ago, economic development minister at the time Trevor Mallard warned that New Zealand managers and business owners did not embark on enough formalised training. You would be hard pressed to say that now.

The number of MBA enrolments has increased from 1100 in 2007 to more than 1300 in 2008, and is rising. With New Zealand's generally high standard of MBAs, gone are the days of having to jet off to a fancy overseas school to get one. We have seven main MBA providers – the universities of Auckland, Otago, Canterbury, Massey, Victoria, Waikato and AUT. That climbs to 11 if you count private courses, and satellite programmes run overseas.

New Zealand's fastest-growing and biggest MBA provider, AUT, has 240 students alone. The University of Canterbury is one capped provider accepting more applications this year. Even the University of Otago, which prides itself on its elite 25-person

course – the only local MBA listed in *The Economist's* top 100 – is looking to double this in the next few years by adding a second stream.

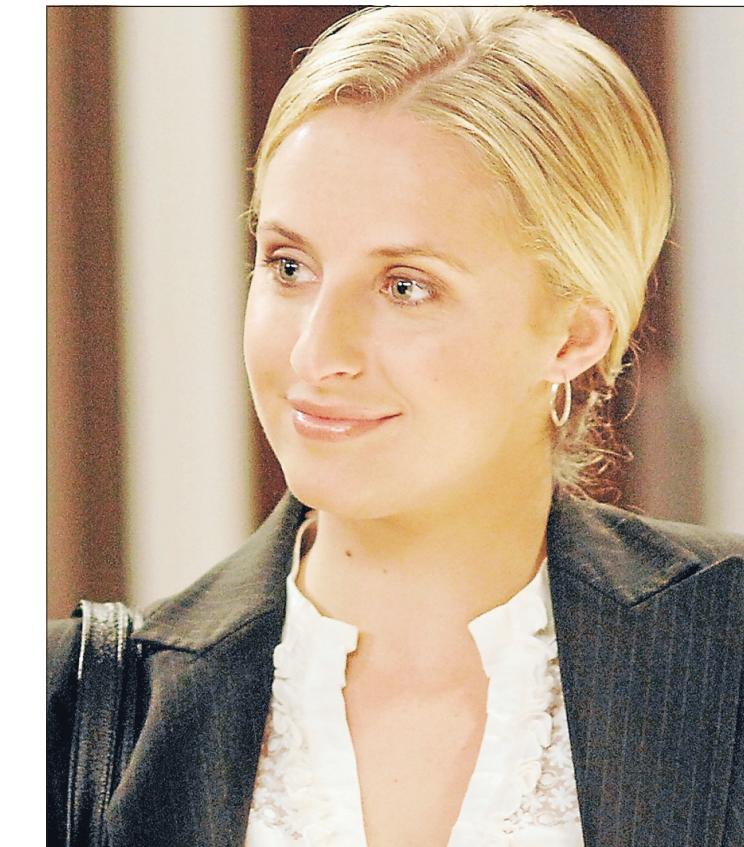
The recession has had a reverse or counter-cyclical effect on MBA uptake in New Zealand. Bucking the trend overseas, including the MBA-revering United States, numbers are rising, not falling. Why? Because most MBA students in our small-and-medium-enterprise economy are self-funded rather than company-funded, says the University of Canterbury's pro-vice-chancellor, Nigel Healey, and slashed company training budgets don't mean fewer enrolments, as they do overseas. Rather, with dozens or hundreds vying for one position in our depressed job market, applicants want to stand out from the crowd, and an MBA sounds impressive.

Many of those feeling vulnerable in their jobs want a transferable qualification, newly redundant workers are taking time to study rather than rush into a tight labour market, and still others whose jobs are a bit quiet think now is a good time to take annual leave and upskill.

It's not just those impressive-sounding letters after your name that are tempting, says Dr Regena Mitchell, of information and support organisation The MBA Agency.

"It's the odd one out among masters' degrees; you don't need to have an undergraduate degree in the field [business]."

Not all MBA-ers are white-collar executives from a top firm. Others joining the MBA ranks are middle



No worries: *Shortland Street* star Libby Jeffries may be doing a Master of Bugger All, but most Master of Business Administration students take it seriously.

managers crossing the bridge to senior-executive status.

There are also those with degrees and expertise in non-business disciplines (say engineering, science or law) who need a business grounding and toolkit.

These aren't kids straight out of undergraduate school, as you would find in the US. The average age on the courses is mid-30s to early 40s. It's hard to meet the criteria before 30.

A quick distinction: executive education and the MBA are quite

different, if intertwined, bedfellows. Executive education often refers to short courses plugging holes in learning, which don't normally cough up a formal qualification.

Take your pick: there's an upsurge in customised courses tailored to individual companies. For example, there are 300 and rising two-day courses at the University of Auckland alone, and a myriad certificates and diplomas.

But the MBA, while an offshoot of executive education, is a different

beast. "A post-experience management-development degree," Healey pronounces. "The practical application of high-value decision-making," says the University of Auckland's director of academic programmes, Peter Withers.

"The MBA gives individuals the credibility and confidence to take on board challenges and risks they normally wouldn't have engaged with," says Massey University's executive education manager, Trish Franklin. "They understand how business operates and think, 'I can do this'." The MBA is still sexy, still top of the pack, even though some rubbish its hype and call it just a feather in the cap, a notch on the belt. Unexpectedly, Withers agrees with the sceptics, at least in part.

"Full-time MBAs for people in their late 20s-early 30s are a waste of time, because those people aren't at the personal or professional level of maturity. They're doing it because it's going to put letters after their name."

But for others, isn't it just a bit of polish on the CV?

"That's simply not true," retorts Healey. "There's an awful lot of evidence – with schools tracking the performance of their alumni and working out MBAs' rate of return – that shows it does make a difference and they [MBA graduates] do get on further and faster."

Does it translate into promotions and pay rises? "One hundred per cent," says Franklin, talking of a student headhunted by a company so impressed by the first half of her MBA that it doubled her salary.

Of course, there's the argument for a sampling bias, in that the brightest and highly motivated do MBAs.

But "the MBA is no guarantee of success, says Withers. "What you do with it is a different story."

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Ignoring the MBA hype

SARAH LANG

"It's like how gangsta rappers uptalk their big-G lifestyle," says Matthew Haigh, Deloitte's head of innovation, about the hype surrounding MBAs.

"This hype engine goes into overdrive as far as the MBA getting you this almost-unobtainable payoff ... You're not going to be sipping champagne in a corner office with the CEO talking corporate strategy straight after an MBA."

Don't get him wrong: this University of Auckland MBA graduate isn't saying steer clear of the degree – just that prospective students should carefully consider the implications and opportunity cost. Business graduates shouldn't bother with an MBA, he says, although it can give the likes of scientists and engineers a valuable business grounding.

"Ignore the hype, boil it down and look at what the experience is actually going to be like and what you'll gain. Remember, the hours you put into this thing are huge – it puts strain on your work and your social life. View this like any investment that has a cost but will appreciate with time."



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His did. A Brit who followed his Kiwi partner Down Under in 2005, Haigh did his part-time MBA over 2007 and 2008 during the evenings, while working fulltime in technology management at Deloitte's Auckland office. Although the MBA was an instinctive choice, he looked carefully at its merits versus other qualifications, and decided its holistic overview, continuity and group learning would give him the necessary grounding in how New Zealand (particularly Auckland) business worked; and balance out his other (chemistry and computing) masters degrees as he moved further into management.

Following the course – and partly because of it – he was promoted to the newly-created innovation role, which questions current practices and investigates new business models.

The MBA learning Haigh found of particular use in this thinking-outside-the-square role were those on

leadership, authentic leadership, managing complex business operations, company expansion, pitching to business leaders, and the international business project (his group went to Greece to find a market for New Zealand company Arvus' high-end loudspeakers).

Make sure your employers fully understand the impact of doing an MBA on your work performance, says Haigh, 32. Deloitte increased some discretionary leave and made sure no long work trips were scheduled.

"A lot of effort you put in at work, or into building a business, is discretionary. But with an MBA you don't have the bandwidth any more to do over and beyond what you have to [work-wise]. So your performance appears to dip in the eyes of your superiors because they've become accustomed to you over-delivering." And while the salary hike and the abbreviations are nice, that's not why most of his cohorts did it. "It actually becomes more of an awakening about yourself: put under pressure, you find out what makes you tick, why you're doing this, how to make compromises where you want to go. One guy went out and bought a business afterwards because he now understood that's what he wanted to do."



Choose wisely: Deloitte's Matthew Haigh says you have to consider the implications and opportunity cost of doing an MBA.

growing along with entrants

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You should only take on an MBA, says Auckland MBA alumnus and Deloitte Innovation head Matthew Haigh, if you think it's right for your career and worth the time and effort.

Think opportunity cost, including shelling out some serious dosh. New Zealand MBAs don't cost the bank-breaking sums common overseas, but fees are still \$20,000 to \$30,000 a year, and can double in the second year.

Here's where organisational buy-in comes in. MBA providers put the number of students fully or partially funded by their employers in New Zealand at 10 per cent to 33 per cent.

"Up to a third will get a large degree of input, if not total input, from their company," says Withers. "A third will get some input, even if it's only time off to go to class and to study. A third are completely on their own." Organisational support, generally for those fitting part-time study around full-time jobs, is key.

"Getting your company on board is a psychological as well as a practical lifter," says Franklin, "not just because of funding, but also making time available, and the nature and extent of the expectations they place on people."

Employer support was certainly critical to British immigrant Matthew Haigh, who doesn't think people should fuss too much over choosing a provider nor disrupt their lives to attend a swanky overseas school.

"One guy I mentor [at Deloitte] is thinking about doing an MBA and I printed off the actual course curriculum at MIT, the Said [Business] School in Oxford and the University of Auckland, and you'd be amazed how similar they are." Still, shop around. There has been fierce competition recently, with new providers looking to elbow out the established.

Four-campus Massey is breathing



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University of Canterbury's
pro vice-chancellor

down the necks of Victoria, Canterbury and Auckland universities, and AUT is treading on the University of Auckland's patch.

The points of difference between providers aren't so much in content and curriculum as in flexibility and delivery (see side story Decisions, decisions).

For instance, Auckland and Massey universities have found a niche in part-time programmes tailored to full-time workers, and one reason AUT's MBA is so popular is its flexibility: you can take a fast-tracked 15-month degree or stagger it over 48 months; you can take off one of the six terms per year; you can vary the number of papers each term; and classes are offered twice a day, so you can pick your timeslot.

"This provides a lot of flexibility to the student who is balancing study with work and family commitments," says AUT's director MBA, Ken Lee.

Across the road, Withers talks of the difference between the University of Auckland's "one-size-does-not-fit-all approach", with two tailored streams: mid-career stream Auckland MBA (average age 32 to 34) and a more participatory senior executive level New Zealand Executive MBA (average age nudging 41).

"A number of MBA schools are deliverers of a commodity," says Withers of his competition. "So it's about certification: the students show up, take notes and do exams, and squirt out the other end with a qualification. It's debatable whether that's a management education."

Tit for tat aside, the MBA trends are tailored streams, faster delivery, greater flexibility, strong networks, emphases on adaptability, ethics and sustainability, and a global focus. Given how far it has come and how much it is changing, the odds are that the MBA has another century in it.

toring and guidance, says executive programme director Ian Lafferty.

Targeted at older managers studying part time, Massey University's Executive MBA has a national footprint, with students able to transfer between centres in Auckland, Palmerston North, Wellington and Christchurch. While national get-togethers are regular, the programme offers flexibility to full-time workers, with many students meeting every third weekend.

Auckland University of Technology's biggest MBA programme offers flexibility, practicality, variety, contextualisation, electives and extensive industry presence, says MBA director Ken Lee.

The University of Auckland's mid-career stream Auckland MBA and more participatory senior-executive-level NZ Executive MBA are both part time and aimed at full-time workers. It is the only provider to offer not only a study tour, but a trip where students have to find a New Zealand company, negotiate a market brief with it, then go to a foreign country to find a market for it.

With 40 to 50 new students each year, studying both part time and full time, Victoria University's MBA is all about integration, particularly of public and private management approaches, says MBA director Arun Abraham Elias.

Waikato University's two-year MBA programme focuses on entrepreneurship, international connectedness and sustainability.

Age no barrier to further education

SARAH LANG

When Gail Smith was first interviewed for an MBA, Massey University's Trish Franklin (now executive education manager) wasn't so sure about her. However Smith, a 51-year-old from Lower Hutt, only found that out when she and cohort members got together to reflect on their 25-month journey. "Trish turned around and said 'Gail, I admit that at first, with you being so busy, I didn't think you could make it. But you have. How wonderful is that?'"

When we speak, the longtime nurse-turned-manager has literally just got her marks back: "It still hasn't sunk in!"

In 2007, Smith was working for age-care provider Bupa Care Services in a fulltime facility-manager job. As she moved further into management, she felt the urge to upskill, get some letters behind her name, and open up management opportunities.

"I thought 'Now that I'm heading past 50, if I were to move companies a young person could get the job that I'm actually quite capable of doing.' So it was about security for the future, but also I really wanted to do something for me."

Coming from a poor family where she'd become a nurse to help a sick mother, Smith had always yearned to go to university. When Smith called Massey,



Proven wrong:
Massey's Trish Franklin initially had doubts that an older student had sufficient time to do an MBA, but she was wrong.

she was mulling over a diploma of business but was urged to consider the MBA – and the programme's flexibility appealed. Her two children, who'd got degrees first, egged her on and her husband accepted there'd be limited couple time.

Starting the Executive MBA part-time in April 2007, Smith met with cohort members and regional facilitator Franklin every third weekend, for two intensive 10-hour days at Massey's Wellington campus. A month into the MBA, she got an unexpected promotion to operations manager, which meant even more travel-heavy hours overseeing 11 age-care facilities. Study had to be squeezed into an even smaller non-work window. "I had to turn down weddings, birthdays, and I became disconnected from my family and

friends." Without employer support, she couldn't have done it, says Smith – and not just because they helped with fees. "My CEO said 'anything you need to do, you do it'. Everybody was really behind me." She did some assignments on Bupa; workmates gave advice.

With the exhaustion just a blurry memory now, was it worth it? "Most definitely. The MBA has changed the way I think, the way I react to situations, and it's driven me to continue to self-learn and question. Nurses tend to be task-focused but I've learned to think outside the square." Another boon is that course mates, alumni and industry leaders have hugely expanded her networks.

"I deal with a lot of strangers. Once upon a time they'd say: 'Hello, what do you do', and that'd be the end of the conversation. Once I would've never asked a question, and I went quiet when people talked about business. Now I feel confident enough to make comments, even answer questions, and I become part of those conversations."

Now an unofficial mentor to a new MBA student, Smith's been headhunted by another company, but wasn't ready for another new challenge so soon after study. Yet her earning potential has gone up by \$30,000. "But I'm not driven by money, I'm driven by achievement, and it feels damn good."

Decisions, decisions

Not sure whether a Master of Business Administration (MBA) is for you, or what makes one provider stand out from the crowd?

1. Check the MBA Association's website, mba.org.nz, which has information about what an MBA is, what it can do for you, how you can get one, the commitment involved, career perspectives, course content, programme design, admission, preparation, cost, and resources (articles, books, advice), including whether online schools make the grade.
2. At thembaagency.com, virtual home of New Zealand information-and-support organisation The MBA Agency, the Decision Matrix has answers to the top 30 frequently asked questions about MBAs. Its *New Zealand MBA Guide 2009* reviews and compares MBA programmes offered here.
3. Talk to providers about whether you are the right fit, and vice versa. Most staggered, multi-layered application processes force you to reflect on why you want to do an MBA.
4. Check entry requirements and intake numbers. For instance, Massey University requires seven years' management experience, while the University of Otago requires a top score in the Graduate Management Admission Test.

The high-end University of Otago MBA takes only 25 students, with 40 per cent Kiwi and 60 per cent international. A small class size ensures a larger degree of engagement, personal men-

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