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***“The Business Graduate of Tomorrow”***  
**Business/Higher Education Round Table**  
**& the Australian Business Deans Council**  
**Topic: The Challenging Future of the MBA**

**Westin Hotel, Sydney**  
**Wednesday**  
**14 March 2007**

In looking at the topic “The Challenging Future of the MBA” it makes sense to consider the past and the present first.

## **The Past**

The MBA is now a mature qualification. When I completed my MBA at the AGSM in 1979 it had great novelty. It is fair to say that it got me my first job, helped me into my second and I would not have gained my third job without it.

Now the MBA is common place. With the proliferation of tertiary qualified employees, the interest in the MBA and its growth has been rapid over the past 25 years, worldwide.

While MBAs had been offered in Australia prior to the establishment of the AGSM it was following the recommendations of the Cyert Report that the Australian Graduate School of Management was formed. Under the foundation Director, Phillip Brown, a first class academic faculty was assembled and the two year full time MBA qualification was keenly sought after. Interestingly, a Master of Public Administration course commenced at the same time. It fell by the wayside after a few years as the MBA had more appeal than the MPA. It did not take long for the rest of the market to catch up and many business schools were established. Often they were part of a broader commerce or business faculty within Australian universities.

Business schools, like law schools, are relatively inexpensive to set up compared with faculties such as medicine, engineering or science. But unlike other disciplines there is not a professional body monitoring the curriculum and uniformity of standards.

Each business school had unique entry requirements for the MBA and offered different material and course content. The time it took to complete an MBA was shortened. Two years out of a young person’s career often had a high opportunity cost. Hence the pressure to reduce the time resulting in distance learning and executive MBAs.

The GMAT was a prerequisite at the AGSM. This was not always the case in many other institutions.

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Now business schools throughout the Americas, Asia and Europe are offering MBAs with different orientations, emphases, prices, course content, faculty quality and of course, quality in the qualification itself.

In 20 short years the market place has become congested and dramatically different from those early days. The surprising issue is how the MBA “brand” has held a profile in the marketplace despite the price and quality differentials within the “brand”.

### **The Present**

There is an unslakeable thirst for management education. Given the interest in commercial qualifications with a business orientation and a general move from the professions such as engineering and science, it is not surprising that there is a high curiosity about which business school will provide the most desirable qualification. Branding is all and quality has a role to play in maintaining brand positioning. Young people are often more motivated by material gain than pursuing loftier ideals.

Today there is a myriad of ways in which a young business person may gain exposure to business principles and the idiom of business. What was once seen as arcane and remote is now readily available via the internet, seminars, business management courses, visiting gurus and advanced management programs. Ongoing professional development is often required by many professions. The uncertainty now associated with any job makes it incumbent to have relevant qualifications should you be contemplating a move. The MBA helps mitigate the risk in job change and career advancement.

No longer is it enough to say that you have an MBA from a smart or prestigious business school. While an MBA might help you obtain your second and third job; your fourth and subsequent jobs will come down to performance on your previous jobs.

As an executive search consultant for the past 20 years I have seen executives during the four seasons of their career. I have seen them when they are experiencing high summer and when they are in the depths of a dark winter. Just as executive careers go through the four seasons, business school fashions often mirror this phenomenon. There is now a general recognition of the importance of further education and keeping your skills up to the mark.

What then are the factors that anyone contemplating an MBA must have regard to.

1. The threshold question is “Why do an MBA at all”.  
It may be to supplement an existing qualification or to give you an option to take your career in a new direction. If you are an engineer you may want to move into consulting. If you are a medical practitioner you may wish to pursue a commerce vocation. The unique market position which an MBA holds is that it provides general

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management skills. Ideally the MBA student will be exposed to up to date and rigorous thinking in finance, operations, marketing, strategy and subsets of those areas. It should also incorporate the often overlooked, but immensely important, softer skills.

2. **When**

The MBA is best done following a period in the work force. Typically this may occur in the late 20s or early 30s. By this time the MBA student will have had real world experience and their mind should be receptive to the practical and theoretical benefits that an MBA brings.

3. **Where**

Given the global nature of business education you may undertake the MBA in Australia or overseas. There are numerous local programs which offer very good reciprocal arrangements with international business schools. This is something which should be considered seriously given the global nature of business. MBAs come in all shapes and sizes as well as price. A local option may be inexpensive but you tend to get what you pay for.

4. **Faculty**

This is the real strength of any business school. Not only the quality of teaching but the quality of research and, importantly, connections with business.

5. **Employer Support**

The extent to which an employer supports the intention to undertake an MBA is often a determining factor in what form and where an MBA is undertaken.

6. **In-house Programs**

These are often company sponsored MBA courses or may be merely specialised vocational training relevant to the employer's industry.

## **The Future**

The MBA does have a future. Largely because it has so much intrinsic value, longevity in the market and brand recognition. However it will come under constant and regular pressure by critical executives. This is desirable as competition in the market brings out better performance. Other courses will emerge. There will remain a reluctance to take time out for further study if it is of dubious value and benefit.

The ideal model for the business career remains: undergraduate degree, followed by industry then MBA, followed by consulting, then industry, then independent. By the time they become independent an executive should be a true leader in their business where they may continue in their chosen industry or pursue a more entrepreneurial career, board roles, advisory roles or, of course, their own business.

Behind this model is the reality that life long learning is here to stay!

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The well designed MBA for the future will, I believe, be offered in a business school possessing:

1. Rigorous and well taught core subjects combined with flexibility in topical and relevant optional courses often focussing on the soft skills of management
2. Well regarded faculty who have real world experience combined with strong research capabilities
3. Genuine and strong links with business and an alumni who actively support and encourage the school
4. Global connections either by way of reciprocal schools or global business relationships
5. A stimulating learning environment founded on the school’s reputation and the long term friendships it develops through its graduates.
6. Efficient delivery of courses which will be a combination of face to face, syndicates, net based and project based.

### **Conclusion**

Business Schools are reflective of the larger world of universities. Public funding will continue to shrink and there will be greater reliance on fees from students, endowments, alumni support and user pays principles. This will promote agility and efficiency in administration. However, it is important that a business school, like a university, does not lose site of the fact that it is a special place of higher learning. While global trends will continue, particularly when it comes to rapid knowledge transmission through the internet and greater familiarity as a result of relatively easy air travel, much of a business school’s identity will remain defined by its physical location. This link with the regional community can be a critical source of strength and support. The unique value of the MBA is that it provides broad general management skills combined with deeper specialisation in relevant areas. Added to this will be a greater appreciation of the softer skills necessary for long term success as a general manager, CEO or business leader. Moreover, a business school, which has a reputation and strategy that can stand the test of time, will be a major player in life long learning, so central to all aspects of life and society.

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