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Graduate
Management
Admission
Council®

Keeping Pace:

Insights and Strategies for the Future of US Part-Time MBA Programs



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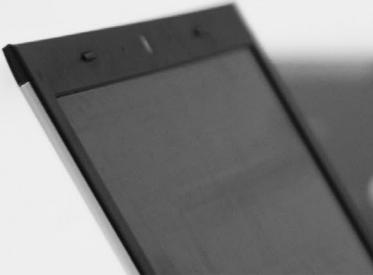
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Executive Summary



Long a staple of US graduate management education, part-time MBA programs have experienced stagnant demand in recent years. Since the Great Recession, there has not been a year when the majority of US part-time MBA programs reported year-on-year application volume growth.

Though overall demand is flat, most part-time MBA programs with lockstep, or cohort-based, program formats grew their application volume three years in a row—a trend that may signal changing candidate priorities away from the independence of self-paced program formats and toward the group experience and network building inherent in cohort-based lockstep programs.

This trend is occurring as the part-time MBA candidate pipeline closes the door on Gen X and fully embraces millennials, who now account for nearly 9 in 10 US resident part-time MBA candidates. Survey data highlights

generational differences in candidate expectations, needs, and goals for their part-time MBA investment, specifically around millennial expectations for a community experience, their need for flexibility and the ability to specialize, and career goals that are more likely to include changing employers. Millennial candidates are also increasingly concerned about the cost of a degree, and their employers are less likely to help them pay for it than in the past.

The most notable change in the professional education landscape over the last decade has been advancement in the ability to effectively and efficiently deliver online coursework. This has created opportunity for part-time MBA programs in the form of blended course delivery formats, but has also made possible the emergence of new competitors in the form of online MBA programs, as well as massive open online courses (MOOCs), which are making inroads in the online degree and credentialing spaces.



This shift in the competitive landscape requires traditional on-campus part-time MBA programs to reevaluate the positioning of their value proposition. Specifically, program marketing and communications should clearly differentiate what a part-time MBA from their school delivers better relative to online alternatives—aspects like community, personalized attention, accessible and responsive faculty, network, established track record, and employer connections. In the same vein, part-time MBA programs should strive to meet the shifting candidate demands of the millennial generation by identifying opportunities to deliver the best benefits of a full-time MBA in a part-time format. Data suggests that developing a sense of community within programs, building out group learning opportunities, providing options for students to specialize, and delivering career services at the same level provided to full-time MBA students would all be worthwhile investments in enhancing the overall part-time student experience.

Some programs have found success negotiating employer sponsorships through larger educational partnership agreements that include features like onsite course delivery and customized curriculums.

In addition, part-time MBA programs need to diversify their candidate pipelines to grow overall demand. Thoughtful, targeted marketing campaigns that highlight the aspects of the part-time MBA value proposition that particularly resonate with target populations may help schools diversify their applicant pools and grow demand for their programs.



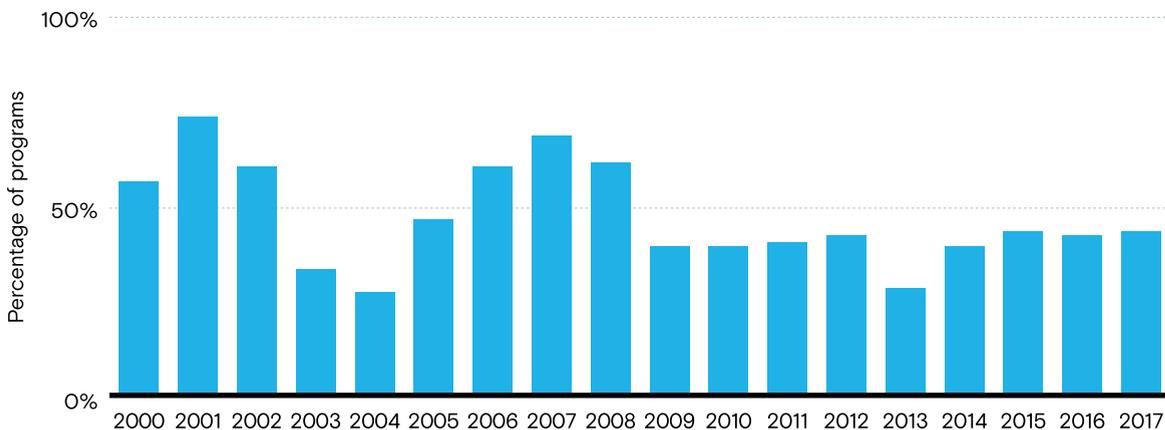
Introduction

Part-time MBA programs, designed specifically for the busy, early-to-mid-career working professional, are for many Americans what first comes to mind at the mention of “going to business school.” For decades, part-time MBA programs in the United States have been nearly synonymous with graduate management education itself. Sometimes referred to as the “workhorses” of the industry, these programs have long been a welcomed revenue stream for business schools that help support loss leader programs and initiatives, in addition to serving the school’s mission and building on the school’s overall brand.

In recent years, however, overall demand for part-time MBA programs in the United States appears to have stagnated. Since the Great Recession, there has not been a year when the majority of us part-time MBA programs reported year-on-year application volume growth. Since 2009, each year most programs have reported either down or flat application volumes.¹

Through a wide-ranging examination of Graduate Management Admission Council® (GMAC®) data, this paper will explore this apparent stagnation; highlight shifting candidate needs and approaches some programs have taken to innovate; evaluate the current part-time MBA value proposition; and identify opportunities and strategies for us part-time MBA programs to stay relevant and plan for their programs’ sustainable futures.

Percentage of US part-time MBA programs reporting year-on-year application volume growth



Source: GMAC (2000-2017). Application Trends Survey.

¹Graduate Management Admission Council (2000-2017). Application Trends Survey.

Findings

To discern trends in candidate demand, this report leverages GMAC survey research data collected from business school candidates, admissions offices, and business school alumni, in addition to Graduate Management Admission Test® (GMAT®) exam data and research conducted or compiled by entities external to GMAC Research.

Note that GMAC survey data reflect the responses of candidates, admissions offices, and business school alumni that voluntarily participate in GMAC research studies and do not necessarily constitute a statistically representative sample of the population studied. Likewise, GMAT exam data do not capture the full breadth of graduate management education, only those candidates who sat for the exam. Where applicable, sample sizes and other relevant details of data collection are noted.





Program Formats

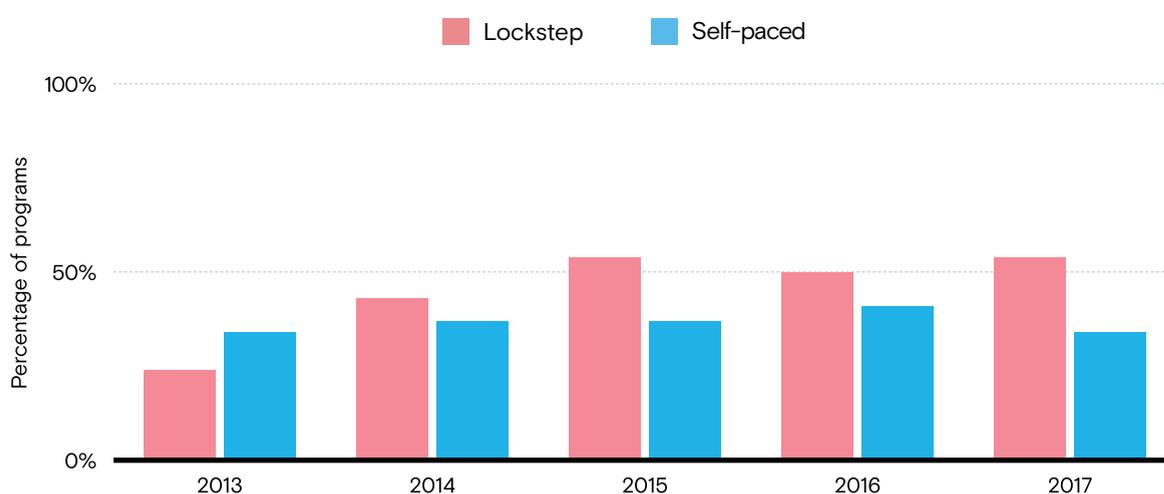
Across institutions, part-time MBA programs can vary a significant amount. No two business schools offer the exact same experience in their programs designed for working professionals. One area of variation that appears to be of consequence to changes in application volumes is program format. Several years ago, GMAC Research began classifying part-time MBA programs into subcategories based on program format. These program format categories include self-paced programs, which give students wide leeway in determining their schedule and completion time, and lockstep programs, in which students move through the program in a cohort — largely along a predetermined sequence of courses.

While overall demand for us part-time MBA programs has stagnated in recent years, examining the data by program format reveals differences in demand that may signal a change in candidate priorities.

For four consecutive years, lockstep programs have outperformed self-paced programs in terms of application volume growth. Most recently, in 2017, 54 percent of us lockstep part-time MBA programs reported application volume growth compared with only 34 percent of self-paced programs—the largest percentage point difference between the two program formats in the four-year trend.² The consistency of this finding in the post-recession part-time MBA market may signal changing candidate priorities away from the independence of the self-paced model and toward the group experience and network building inherent in cohort-based lockstep programs.



Percentage of US part-time MBA programs reporting year-on-year application volume growth, by program format



Source: GMAC (2013–2017). Application Trends Survey.

²Graduate Management Admission Council (2017). Application Trends Survey.



STUDENT SATISFACTION:

Outcome Differences by Program Format

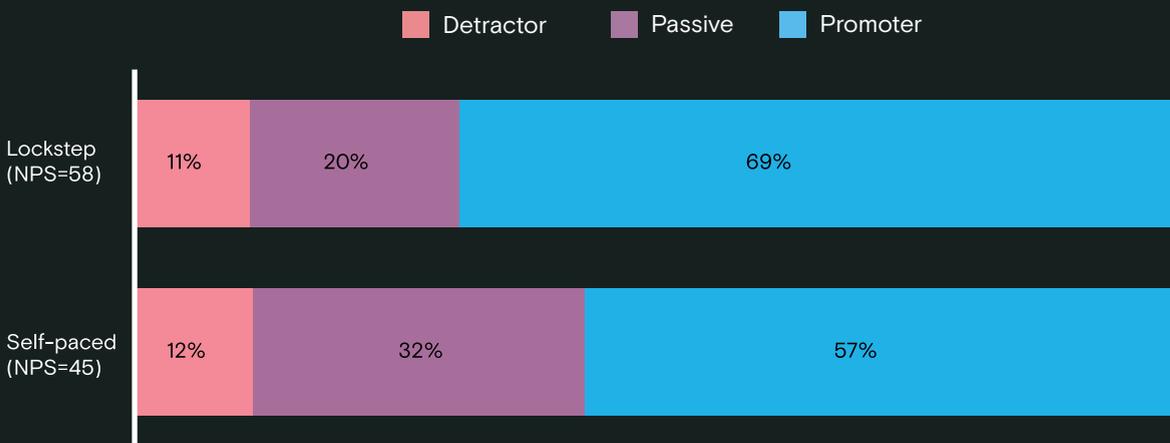
In addition to changes in application patterns favoring lockstep over self-paced part-time MBA programs, graduates' overall level of satisfaction with their program experience and outcomes tend to favor the lockstep model, too.

Among alumni of part-time MBA programs from the graduation years 2011 to 2017, a greater share of lockstep program alumni assesses the overall value of their education as excellent or outstanding (81%) compared with self-paced program graduates (76%). Lockstep graduates are also more likely than self-paced graduates to agree that they developed their professional network (87% vs. 80%),

that they could not have obtained their current job without their degree (63% vs. 54%), and that compared with peers without their credential they've received more promotions (68% vs. 61%).

Lockstep graduates also report a notably higher Net Promoter[®] Score (NPS[®]) rating, a widely used industry metric for gauging consumer brand or customer loyalty that measures the likelihood of alumni to recommend their graduate business program to others. Lockstep graduates have an NPS of 58, compared with 45 for self-paced graduates.

Net Promoter Score among part-time MBA alumni working in the United States, by program format



Source: GMAC. Alumni Perspectives Survey. Data collected in 2018. Data reflects the responses of 481 lockstep part-time MBA alumni and 422 self-paced part-time MBA alumni that graduated between the years 2011 and 2017.

*Totals may not sum to 100 percent due to rounding

About Net Promoter Score: Alumni were asked one question: "How likely is it that you would recommend your graduate business school to a friend or colleague?" on a scale of 0 (Not at all likely) to 10 (Extremely likely). Those who respond with a 0 to 6 are considered "detractors," 7 to 8 "passives," and 9 to 10 "promoters." The Net Promoter Score is calculated by subtracting the percentage of detractors from the percentage of promoters. Therefore, NPS can be as low as -100 or as high as 100. Any positive NPS is thought to be good, and an NPS of 50 or more is viewed as excellent.

Generational Shift

Millennials—defined in this paper as individuals born between the years 1981 and 1997—recently surpassed baby boomers as the largest generation in the US population³ and surpassed Gen X as the largest generation in the US workforce. In total, more than 1 in 3 employed professionals in the United States today are millennials.⁴ This means the part-time MBA pipeline—defined loosely as early-to-mid career professionals—is now nearly entirely comprised of millennials. With a current age range of 21 to 37, millennials accounted for nearly 9 in 10 mba.com registrants in 2016 who said they were considering part-time MBA programs (89%).⁵

This generational shift—closing the door on Gen X and fully embracing millennials—undoubtedly brings opportunity for US part-time MBA programs, but may also signal a need to adapt to changing candidate needs and expectations.

Opportunity lies in the fact that the millennial generation is more educated than past generations. Forty percent of US millennials aged 25 to 29 in 2016 earned a bachelor's degree or more,⁶ meaning a notably greater share of the target age range of part-time MBA programs are viable candidates than past generations. There is opportunity, too, in the changing nature of the economy and employment in the United States, which demands ever higher levels of education⁷ and more frequent skill updates in a rapidly evolving workplace.⁸

But, as has been widely written (and at times exaggerated), millennials have different perspectives and values than their predecessors, and this has implications for what they expect from their part-time MBA experience. The next three sections of this paper will explore differences in candidate expectations, needs, and goals by generation in the areas of business school community; program delivery and ability to specialize; and post-graduation career plans. Taken together, these trends suggest today's part-time MBA candidates want more of the perceived benefits of a full-time MBA program in a part-time format, and suggest that some programs will need to enhance their overall part-time student experience to meet the shifting needs of the pipeline.



³Fry, Richard (2016). Millennials projected to overtake Baby Boomers as America's largest generation. Pew Research Center. <http://www.pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers/>

⁴Fry, Richard (2015). Millennials surpass Gen Xers as the largest generation in U.S. labor force. Pew Research Center. <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/>

⁵Graduate Management Admission Council. mba.com Prospective Students Survey. Data collected in 2016.

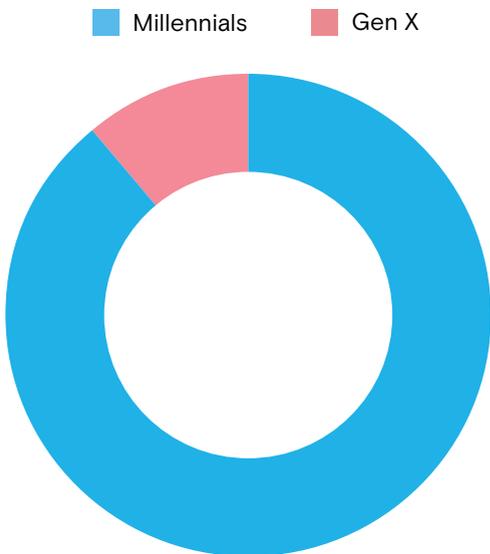
⁶Graf, Nikki (2017). Today's young workers are more likely than ever to have a bachelor's degree. Pew Research Center. <http://www.pewresearch.org/fact-tank/2017/05/16/todays-young-workers-are-more-likely-than-ever-to-have-a-bachelors-degree/>

⁷The Economist (2018). Going to university is more important than ever for young people. <https://www.economist.com/news/international/21736151-financial-returns-are-falling-going-university-more-important-ever>

⁸The Economist (2017). Lifelong learning is becoming an economic imperative. <https://www.economist.com/news/special-report/21714169-technological-change-demands-stronger-and-more-continuous-connections-between-education>

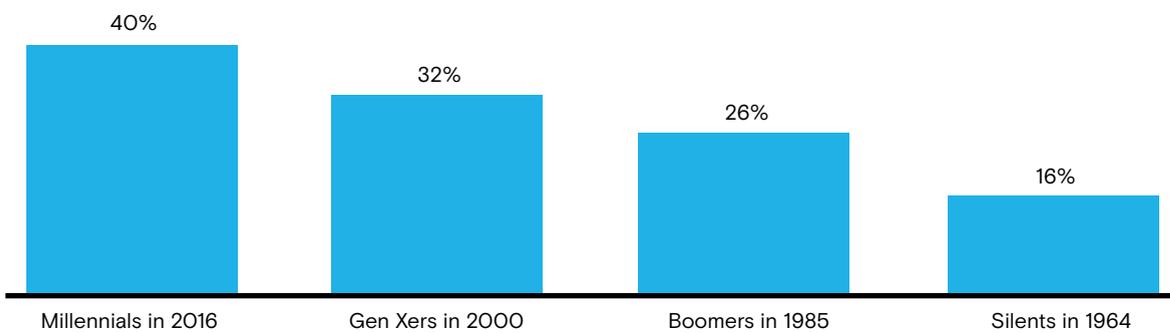


Generational distribution among mba.com registrants considering part-time MBA programs, 2016



Source: GMAC mba.com Prospective Students Survey. Data collected in 2016.

Percentage of employed 25-to-29-year-old US residents with a bachelor's degree or more



Source: Pew Research Center analysis of 1964, 1985, 2000, and 2016 Current Population Survey Annual Social and Economic Supplements (IPUMS).

Business School Community

The idea of community building within a business school program is most commonly a topic of discussion in the realm of full-time programs, where students typically have fewer demands on their time beyond their educational experience. Part-time students were commonly believed to be too busy balancing their professional, personal, and education responsibilities to devote any extra time to building bonds within their class. This, it turns out, may be out-of-date thinking, as millennial part-time candidates express more interest than their Gen X counterparts in having a sense of community in their program.

For instance, among mba.com registrants between 2012 and 2016 that report considering part-time MBA programs, millennial candidates are more likely than Gen X candidates to prefer a “close-knit” rather than a “loosely-connected” program community (81% vs. 75%). This trend, the data suggests, extends beyond the interpersonal relationships between students to the actual learning experience itself. Millennial candidates are more likely than Gen X candidates to say their ideal learning environment has a “team” rather than an “individual” emphasis (62% vs. 58%). The biggest difference in candidate expectations between millennials and Gen Xers is their plans to participate in student clubs. Though still the minority of millennial candidates, 37 percent report interest in being part of at least one student club or organization, compared with just 21 percent of Gen X candidates.⁹

While these differences are not dramatic swings, taken together the implication is clear that looking to the future, part-time MBA programs should be more thoughtful about how they foster community development within their program, both inside and outside the classroom. The challenge for many programs lies in justifying additional expenses related to community building when budgets are already stretched thin. Given shifting student expectations around their experience, these programs may need to adjust their prioritization and view costs associated with community building not merely as additional expenditures, but as cost-effective investments in developing the overall student experience and fostering the network development that students increasingly expect as a part of what they pay for in a part-time MBA. In a time when people increasingly experience the world through digital interaction, creating additional opportunities outside the classroom for students to interact in person yields even greater rewards and further differentiates the experience of a traditional on-campus part-time MBA program from an online program.

⁹Graduate Management Admission Council (2012-2016). mba.com Prospective Students Survey.



NORTHWESTERN KELLOGG:

Building Community

Split between its Evening MBA and Weekend MBA programs, Kellogg enrolls a total of about 900 part-time MBA students on its campus in downtown Chicago. As part of its commitment to provide an exceptional educational experience, program administrators recently identified community as an area of strategic investment for the program. “Our part-time students tell us they want what they perceive the full-time student experience to be,” says Megan Krueger, assistant dean of Student Life. “An important piece of that is community, which is why it’s become a major area of focus and innovation for us.”

An overarching goal of Kellogg’s initiative to enhance the sense of community among part-time students has been to create impactful and intentional common experiences throughout the program. This can be seen in the Kellogg Leadership Journey (KLJ), a co-curricular leadership development program. KLJ begins with a two-day immersive orientation, where students foster meaningful relationships as they meet and share experiences and truly “become a cohort.” At the program midpoint, students complete an overnight Leadership Immersion Retreat in which they strengthen cohort connections through collaboration and shared reflective exercises. KLJ concludes with a capstone immersion day, in which students work together to create a system of accountability for personal and professional goals and, as a group, reflect on their time in the program.

Additionally, the program has introduced The Kellogg Table, which allows part-time MBA students to enjoy complimentary food with their classmate community before evening and weekend classes. “Food has a way of bringing people together, and the impact has been incredible,” says Krueger. “We’re seeing students arrive earlier and stay engaged with their classmates right up until class starts. Students come out of this time energized and primed for class.”

To measure the impact of their investment in the community, Kellogg runs regular surveys to quantify student satisfaction and understand what they most value in their experience. Since the implementation of the new community initiatives, the program’s Net Promoter Score has reached a new high. “The positive impact has been very gratifying... moving forward we’ll continue to innovate and find new opportunities to deliver the best possible community experience we can,” says Krueger.



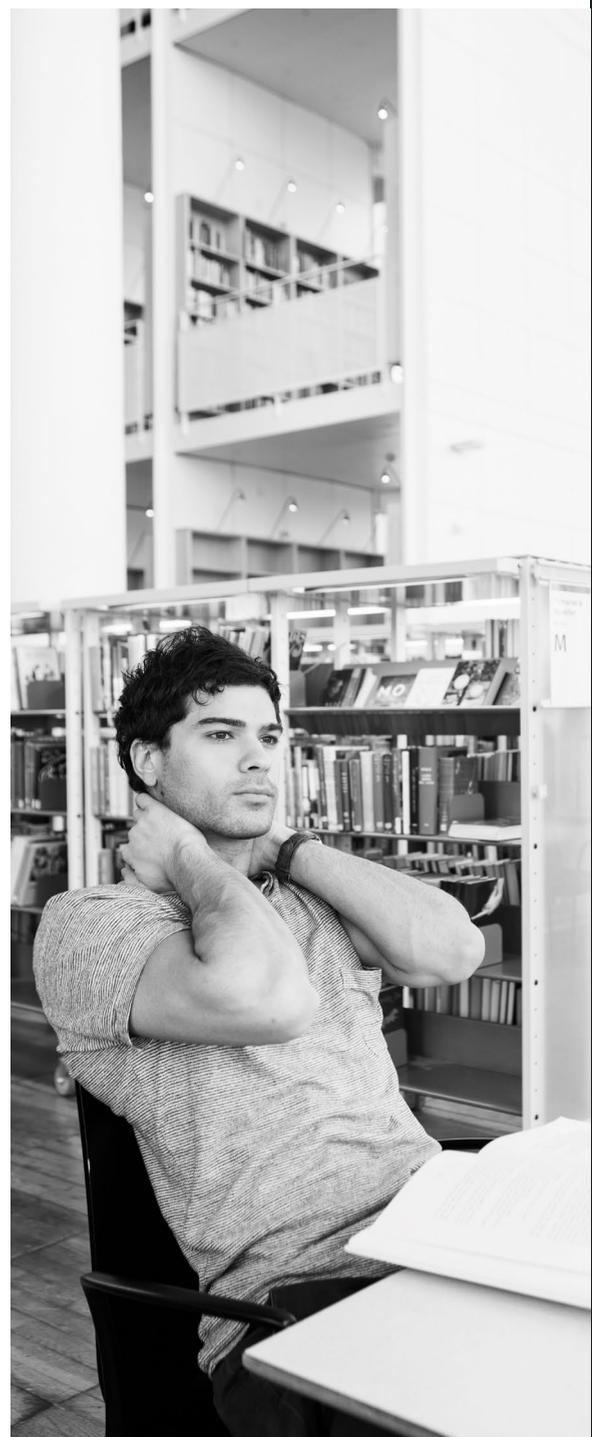
Program Delivery and Ability to Specialize

The most notable change in the professional education landscape over the last decade has been advancement in institutions' ability to effectively and efficiently deliver online coursework. Being "digital natives," some had previously hypothesized that millennials would be just as content to complete their required coursework online as they would in a brick and mortar classroom. Survey data suggests this is not the case for part-time MBA candidates.

As many programs are finding, a blended approach of traditional classroom coursework supplemented with some online content is what most candidates now expect. On average, millennial candidates prefer a greater percentage of their coursework to be delivered in person (71%) compared with Gen X candidates (61%).¹⁰ The challenge for schools is finding the appropriate balance that makes sense for their students. Specifically, programs need to establish a suitable balance between traditional classroom learning and online coursework, in addition to a balance between offering scheduling flexibility and providing structure and group learning through a cohort model.

Another generational difference is millennials' preference to be able to specialize within their coursework. Compared with the Gen X counterparts, millennial candidates are more likely to prefer a "concentration-focused" curriculum rather than an "interdisciplinary" one (49% vs. 45%). The data also shows that this is not just something these candidates think about once they enroll in a program, but a factor that they are actively considering when researching programs and deciding where to apply. Compared with Gen X candidates, millennials are more likely to seek out information about the ability to specialize the curriculum in deciding where to apply (55% vs. 50%).¹¹

To meet candidate needs in this area, programs might consider ways to group elective courses together in functional or topical areas so graduates can market themselves to employers not only as a well-rounded, leadership-ready MBA graduate, but also as someone with deep knowledge in a specific functional area. This kind of flexibility, the data suggests, is particularly attractive to millennials as they do their best to keep their options open in trying to plan for a career in a rapidly changing employment landscape.



¹⁰Ibid.

¹¹Ibid.



UCLA ANDERSON:

Focus on Flexibility

UCLA Anderson's Fully Employed MBA program, which enrolls nearly 1,000 students, emphasizes program flexibility and customization to meet the needs of today's busy working professional, says Adjunct Professor and Associate Dean Gonzalo Freixes. "Our fully employed MBAs are incredibly driven and ambitious, and we've structured our program to be flexible enough to meet their needs, while also giving students the ability to customize their experience to meet their personal career goals."

To maximize student flexibility within a cohort model, UCLA Anderson simultaneously runs five cohorts spread over three scheduling options. Two evening cohorts that meet weekly on Tuesdays and Thursdays, two weekend cohorts that meet weekly on Saturdays, and one fully employed MBA flex cohort, a hybrid section whose course content is 50 percent online, featuring weekly asynchronous video content and live classes every three weeks on a Saturday and Sunday. An added layer of flexibility incorporated within the fully employed MBA program is completion time—qualifying students can opt for the "fast track" option of completing their required 80 quarter units in just 22 months, or those needing a slower pace can extend their studies to up to five years total.

In addition, nine specializations are available for students seeking a focus, including entertainment management, entrepreneurship, finance, global management, leaders in sustainability, marketing, real estate, social impact, and technology management. "Because part-time students have different career goals, our specializations offer them the opportunity to focus on their existing industry or function, or learn a discipline for a possible career change," says Freixes.





Post-Graduation Career Plans

The millennial generation has acquired a reputation of being serial job hoppers. Though Pew Research Center analysis shows this overly broad characterization does not necessarily fit,¹² survey data of the part-time MBA pipeline suggest that millennial candidates are indeed more likely than Gen X candidates to plan to leave their current employer after completing their degree (61% vs. 54%).¹³

A factor in this trend is reduced employer tuition support for employees that pursue part-time MBA programs, which is discussed in the next section of this paper. Among part-time MBA candidates who expect to receive some level of employer support, 69 percent report that they plan to stay with their current employer after completing their program. Among the growing share of candidates who do not plan to receive employer support, just 32 percent plan to stay with their current employer.¹⁴ Because fewer companies are offering tuition assistance as a benefit, the data suggests that more part-time MBA candidates plan to use their degree as a springboard to pursue job opportunities elsewhere.

For programs, this means more students will want face time with career services professionals and chances to network with employers and alumni—resources and opportunities traditionally provided more to full-time MBA students than part-time students. Looking to the future, part-time MBA programs may consider building out their career services offerings to the same degree as full-time MBA programs.

And though this is an issue of outcomes, it has clear implications for admissions and recruitment. The survey data show that millennial part-time MBA candidates are more likely than Gen X candidates to take into account the perceived quality of student and career services in deciding where to apply and enroll (55% vs. 50%).¹⁵ This means programs should think through not only approaches to bolstering their part-time MBA career services, but also how they market those services to prospective students as a part of their overall part-time MBA investment.

¹²Fry, Richard (2017). Millennials aren't job-hopping any faster than Generation X did. Pew Research Center. <http://www.pewresearch.org/fact-tank/2017/04/19/millennials-arent-job-hopping-any-faster-than-generation-x-did/>

¹³Graduate Management Admission Council (2012-2016). mba.com Prospective Students Survey

¹⁴Ibid.

¹⁵Ibid.



TEXAS MCCOMBS:

New Approaches to Career Management

Texas McCombs' Working Professional MBA program enrolls more than 500 students across three cohorts and locations: The Texas Evening MBA (offered Monday and Tuesday evenings in Austin), the Texas MBA at Houston (offered on alternating weekends in Houston), and the Texas MBA at Dallas/Fort Worth (offered on alternating weekends in Dallas).

In the summer of 2015, program administrators realized they needed to rethink their approach to career management for part-time students. "We found that the traditional strategy for full-time MBA career services wasn't a strong fit for the evolving needs of working professionals," explains Joseph G. Stephens, assistant dean and director of the MBA for Working Professionals. "That strategy was putting everything into on-campus recruiting (OCR) and a traditional approach to career workshops, and it simply didn't work for a large number of these students. We developed an entirely new career management framework that emphasized students' strengths and interests and better prepared them not only for OCR, but also for other channels that led to experienced hires and will allow them to continually progress in their careers."

The framework, which can be applied in any phase of a student's career and is tied to students' career management curriculum and one-on-one advising, includes a market assessment (self-assessment, career exploration, and network creation); value proposition (your brand and competitive advantage, and elevator pitch); sales tools and channels (resume, LinkedIn profile, interview prep, and network cultivation); and launch (plan execution and offer negotiation).



"The career management framework has served as our team's vision and mission," says Janet Huang, director of Working Professionals and Executive MBA Career Management. "Our staff has rallied around this framework, which ultimately created a community around and a single voice about career, and it has resonated with our students. This is how we've been able to provide a unified career management experience across multiple campuses, and accelerate student success so quickly."

Since the framework's implementation, the positive outcomes have been immediate. "The results have been staggering," says Stephens. "We are seeing better overall outcomes in terms of number of offers received and overall salary growth, including a 64 percent year-over-year increase in OCR offers received. And, both the number of students annually participating in career management workshops and advising as well as the percentage of students reporting improved job outcomes have more than doubled. That's just over the past two cycles since the model was implemented."

The Changing Value Proposition

Over the past decade, shifts on a number of different fronts have changed the core value proposition of completing a part-time MBA program in the United States. This section will examine the changing value proposition through the lens of the funding struggle and the rise of alternatives to the traditional on-campus part-time MBA program.





Funding Struggle

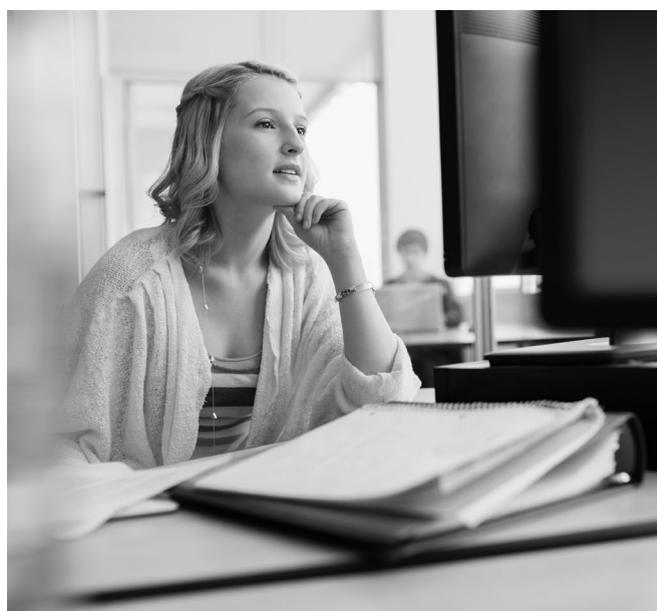
The traditional reservations of part-time MBA candidates revolve around their investment of *time* and *money*. While both points will always be important decision factors for candidates, the data suggests that relative to their Gen X counterparts millennials are on average less concerned about the time commitment and more concerned about the costs.

Among mba.com registrants considering part-time MBA programs from 2012 to 2016, a greater proportion of Gen X candidates than millennial candidates reported having reservations around demands on time and energy (57% vs. 49%) and limiting time for people important to them (51% vs. 42%). Among the same sample, a greater proportion of millennial candidates have reservations around the prospect of taking on a significant debt (61% vs. 50%) and the cost of the program (55% vs. 46%).¹⁶

For a notable portion of the millennial generation, the weight of their previous student loan debt from their undergraduate studies may inhibit their future investment in a graduate-level credential. According to data from the Federal Reserve, among bachelor's degree recipients aged 18 to 29, 66 percent used student loans to help fund their education. The average amount of student loan debt for these individuals is about us\$22,000, though student debt levels vary significantly from graduate to graduate.¹⁷ Data from the Institute for College Access & Success shows that among the bachelor's graduating class of 2010—who for the most part are currently in their early thirties—average debt levels by state of residence range from about us\$15,000 to us\$30,000. High-debt states are mostly in the Northeast and Midwest, where private schools are a larger part of the undergraduate landscape (New Hampshire, Maine, Iowa, Minnesota, and Pennsylvania), while low-debt states tend to be in the West where public schools are dominant (Utah, Hawaii, New Mexico, Nevada, and California).¹⁸

While the total cost to graduates to complete a part-time MBA can vary substantially from institution to institution (and student to student, taking into account scholarships and other tuition reduction programs), generally speaking across us part-time MBA programs tuition costs have continued to rise in recent years, while funding options—whether offered through employers or other sources—are an increasingly scarce commodity.

A pressing issue for the part-time MBA market is diminishing willingness of employers to help pay for the cost of their employees pursuing a degree. Among part-time MBA alumni



that graduated in the 1980s, 50 percent received full tuition support from their employer and an additional 27 percent received partial tuition support. Among the part-time MBA class of 2016, just 14 percent received full tuition support and 49 percent received partial tuition support. Among the fortunate few that do receive funding, they are increasingly bound by post-graduation work requirements. Only 14 percent of part-time MBA alumni that received employer support in the 1980s had to satisfy a post-graduation work requirement. Among the part-time MBA class of 2016, half of them did (50%).¹⁹

Clearly, employers' reduced willingness to help pay for the cost of employees' part-time MBA education has had a detrimental effect on the value proposition of a part-time MBA for many candidates. In this new reality, some programs have found success negotiating employer sponsorships through larger educational partnership agreements. Elements of such agreements vary, with some including reduced tuition rates, employer input on curriculum, coursework delivered on company premises, streamlined admissions processes, professional development opportunities, and integration with the on-campus community. In times when most companies struggle with employee retention, educational partnerships can be a win-win for employees and employers alike, providing employees with critical professional development and providing employers with a new benefit to attract and retain top talent.

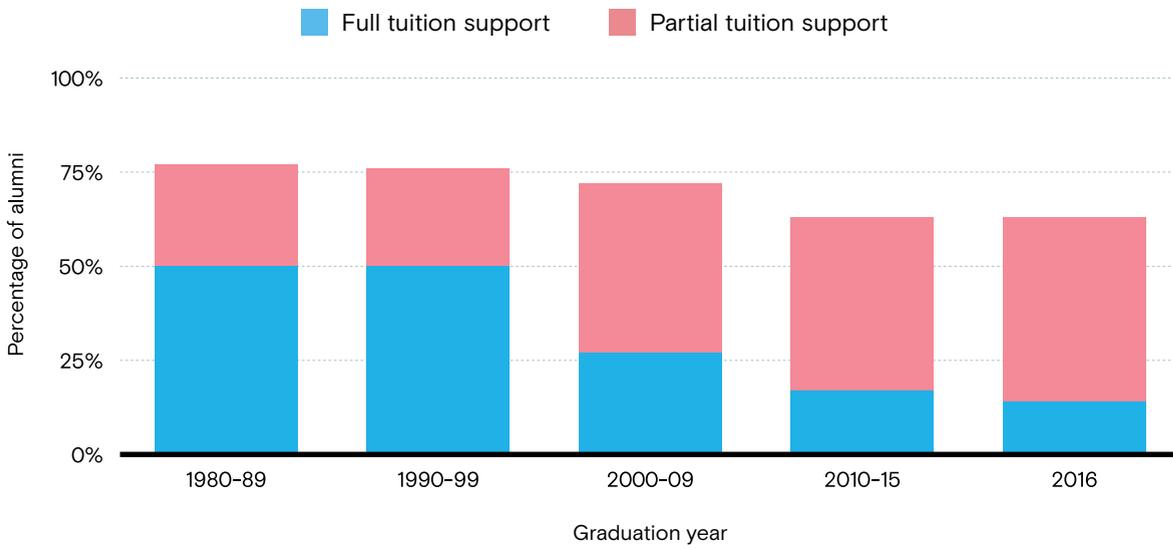
¹⁶Graduate Management Admission Council (2012-2016). mba.com Prospective Students Survey.

¹⁷Board of Governors of the Federal Reserve System (2015). "Report on the Economic Well-Being of U.S. Households in 2015." <https://www.federalreserve.gov/econresdata/2016-economic-well-being-of-us-households-in-2015-education-debt-student-loans.htm#x05bc5c21>

¹⁸Reed, Matthew (2011). "Student Debt and the Class of 2010." The Institute for College Access & Success. <https://files.eric.ed.gov/fulltext/ED526956.pdf>

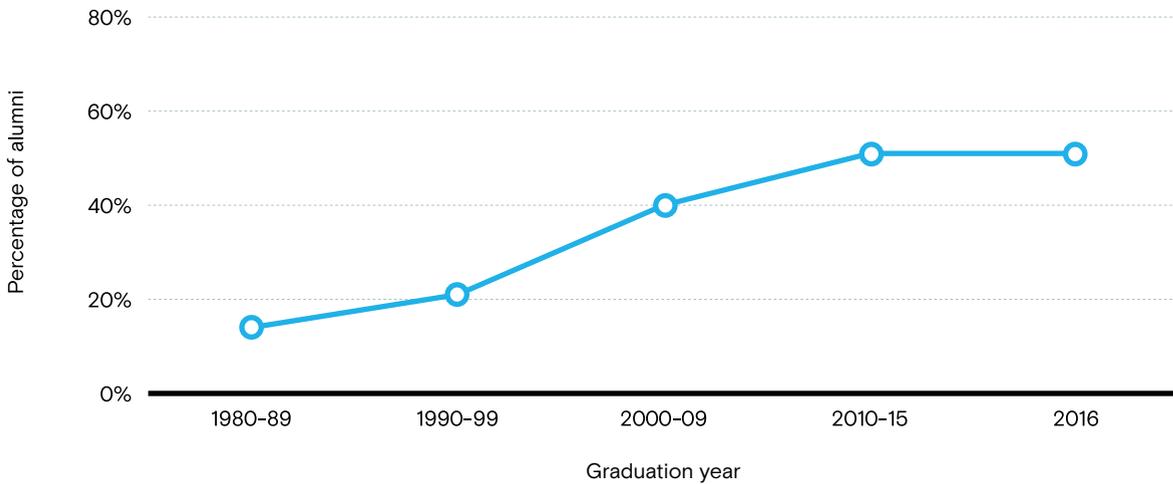
¹⁹Graduate Management Admission Council (2017). Alumni Perspectives Survey. Data collected in 2016.

Percentage of part-time MBA alumni that received tuition support, by graduation year



Source: GMAC (2017). Alumni Perspectives Survey. Data collected in 2016.

Percentage of part-time MBA alumni that had post-graduation work requirement, by graduation year



Source: GMAC (2017). Alumni Perspectives Survey. Data collected in 2016.



DEPAUL KELLSTADT:

Educational Partnership Agreements

Offering a wide variety of program types and formats, the Kellstadt Graduate School of Business at DePaul University in Chicago enrolls a total of 2,190 graduate students, including 898 part-time MBA students spread across its Evening MBA and Weekend MBA programs.

True to its reputation for innovation, in 2014 Kellstadt launched the Corporate and Employer Outreach (CEO) initiative, through which the school works directly with employers to create attractive and effective education programs tailored to meet specific talent development needs. Targeting Fortune 500 and 1000 companies in the Chicago area that offer tuition reimbursement programs, the partnerships include features ranging from onsite degree programs, special tuition pricing, flexible formats at multiple locations, and customized professional training opportunities.

To date, the CEO initiative has forged education partnerships with 27 companies in the banking, health care, and technology industries, including major regional employers Northern Trust, United Airlines, and Walgreens.

Garry Cooke, director of recruitment and admissions for the Kellstadt Graduate School of Business, says the partnerships are seen by companies as a great way to attract and retain top talent. “In the Chicago area’s competitive hiring environment, companies with benefits like the CEO program stand out to millennial job candidates focused on career development,” he says. “In the end, the partnerships are as much a benefit to employers as they are to their employees.”

Students in the program often take courses onsite at their workplace after business hours and complete their classes as a cohort, providing opportunities to collaborate with colleagues across their organization and build camaraderie. The curriculum is customized to align with organizational goals and core competencies, meeting company-specific educational needs and requirements. With the assistance of employer contributions, students can complete their MBA at a substantial discount compared with traditional on-campus part-time MBA programs.

To date, more than 450 graduate business students have completed degrees through the initiative, which Kellstadt plans to expand. “The early success we’ve seen with this initiative is very encouraging,” says Cooke. “We anticipate increasing the number of partnerships and new student enrollments in the coming years.”



Rise of Alternatives

As noted previously, the most notable change in the professional education landscape over the last decade has been advancement in the ability to effectively and efficiently deliver online coursework. These advancements have made possible the emergence of online MBA programs, as well as massive online open courses (MOOCs), as cost-effective competitors to traditional part-time MBA programs in the professional education space.

Today, more than 150 unique online MBA programs accept GMAT scores as a part of their admissions process²⁰ and more than 250 US online MBA programs appear in the U.S. News & World Report online MBA rankings.²¹ It's difficult to quantify the exact impact online MBA programs have had on overall part-time MBA demand, but survey data shows notable overlap in candidates' program types of consideration. Among 2016 mba.com registrants, one-third of candidates considering part-time MBA programs (34%) are also considering online MBA programs.²² It may be the case that the impact of online MBA programs has been more strongly felt by self-paced part-time MBA programs than by lockstep part-time MBA programs. This is likely true because the online MBA value proposition is closer to that of a self-paced program—offering an MBA with maximum scheduling independence—and therefore more likely draws in more of the same candidates. Looking to the future, the line between online MBA programs and part-time MBA programs will likely continue to blur as more programs adopt a blended learning model of courses delivered both online and in the classroom.²³ More important than what program type category these programs fall into is how programs strike the best balance between online and classroom coursework to best meet the needs of their candidate base.

Other online learning alternatives—like moocs—have experienced growth among the same target demographic as part-time MBA programs. While mooc hysteria has died down since its peak in 2012,²⁴ moocs have most recently made inroads in the online degree and credentialing spaces, which forebode increasing encroachment on the space occupied by traditional part-time MBA programs.

For example, major mooc provider Coursera's first degree program—the iMBA offered through the University of Illinois at Urbana-Champaign—graduated its first cohort of 69 students last year.²⁵ Coursera also announced two new mooc-based degree programs in 2017—a Master of Science in Accountancy from the University of Illinois at Urbana-Champaign and a Master's in Innovation and Entrepreneurship from HEC Paris.²⁶ Advancements in the credentialing space include the MicroMasters programs offered by mooc provider edX, in which students take a series of online courses to earn a MicroMasters credential and have a pathway to a full master's degree from a university.²⁷

With continued expansion on the horizon, part-time MBA programs need to differentiate the value proposition of their program relative to online MBA programs and mooc-based credentials or degrees. In a time of growing online alternatives, the positioning of the value proposition of traditional part-time MBA programs needs to clearly differentiate what a part-time MBA from their school delivers better relative to online alternatives—aspects like community, personalized attention, accessible and responsive faculty, network, established track record, and employer connections.

²⁰Graduate Management Admission Council. GMAT score-sending data, TY2017.

²¹U.S. News & World Report (2017). Best Online MBA Programs. <https://www.usnews.com/education/online-education/mba/rankings>

²²Graduate Management Admission Council. mba.com Prospective Students Survey. Data collected in 2016.

²³Moules, Jonathan (2018). "Boundary blurs between campus and online MBAs." The Financial Times. <https://www.ft.com/content/5ad57876-02b8-11e8-9e12-af73e8db3c71>

²⁴The Economist (2017). "Established education providers v new contenders." <https://www.economist.com/news/special-report/21714173-alternative-providers-education-must-solve-problems-cost-and>

²⁵Shah, Dhawal (2018). "A Product at Every Price: A Review of MOOC Stats and Trends in 2017." Class Central. <https://www.class-central.com/report/moocs-stats-and-trends-2017/>

²⁶Ibid.

²⁷edX (2018). MicroMasters. <https://www.edx.org/micromasters>

Demographic Shifts

With each passing year, the us population grows more racially and ethnically diverse. The most recent projections from the us Census Bureau show that the majority of the us population will be non-white by the year 2044.²⁸ Among the millennial generation, this status has nearly already been achieved.

According to data from the Brookings Institution, 44 percent of the us millennial generation is non-white, compared with just 32 percent of the population older than millennials. Among the 100 largest metropolitan areas in the United States, the millennial population is majority non-white in 30 of them, including the top seven metropolitan areas by total population: New York (59% of millennial generation is non-white), Los Angeles (74%), Chicago (51%), Dallas (58%), Washington, DC (56%), Houston (68%), and San Francisco (64%).²⁹

To date, though, this shift has not been seen in the us part-time MBA candidate pipeline. Compared with their representation in the us population and among bachelor's degree earners, us minority populations—and women—have been chronically underrepresented in the part-time MBA pipeline.

For example, despite accounting for 18 percent of the us population and earning 12 percent of the total number of bachelor's degrees conferred, Hispanic Americans accounted for just 7 percent of candidates that sent GMAT score reports to part-time MBA programs located in the United States in testing year (TY) 2017. African Americans are 13 percent of the us population and earn 11 percent of the bachelor's degrees, but are just 6 percent of part-time MBA candidates. Women are 51 percent of the us population and earn most of the bachelor's degrees (57%), but are just 36 percent of the part-time MBA candidates.³⁰



Percentage of US population, percentage of US bachelor's conferrals, and percentage of US part-time MBA GMAT® score senders, by demographic group

Demographic group	Percentage of US population	Percentage of US bachelor's conferrals	Percentage of US part-time MBA score senders
Women	51%	57%	36%
Hispanic Americans	18%	12%	7%
African Americans	13%	11%	6%

Source: US Census, NCES, GMAT data, TY2017.

²⁸United States Census Bureau (2015). "New Census Bureau Report Analyzes U.S. Population Projections." <https://www.census.gov/newsroom/press-releases/2015/cb15-tps16.html>

²⁹Frey, William H. (2018). "The millennial generation: A demographic bridge to America's diverse future." The Brookings Institution. <https://www.brookings.edu/research/millennials/>

³⁰United States Census Bureau (2017). "Quick Facts." <https://www.census.gov/quickfacts/fact/table/US/PST045216>; National Center for Education Statistics (2017). "Bachelor's degrees conferred by postsecondary institutions, by race/ethnicity and sex of student: Selected years, 1976-77 through 2014-2015." [https://nces.ed.gov/programs/digest/d16/tables/dt16_322.20.asp?current=yes; Graduate Management Admission Council. GMAT score-sending data, TY2017.](https://nces.ed.gov/programs/digest/d16/tables/dt16_322.20.asp?current=yes; Graduate Management Admission Council. GMAT score-sending data, TY2017)

These deficits are particularly troubling for the future of part-time MBA programs because demographic shifts in us higher education attainment and enrollment suggest these populations may be where future part-time MBA recruitment opportunities will be most abundant.

For example, projections from the us Department of Education show that women will expand the bachelor's degree attainment gap with men between 2010 and 2020. Over the period, the total number of bachelor's degrees earned by women will grow 13 percent compared with 10 percent for men.³¹ While the us Department of Education does not publish bachelor's conferral projections by race/ethnicity, their enrollment projections show that the number of Hispanic Americans enrolled at degree-granting postsecondary institutions will grow by a third from 2010 to 2020 and enrollment of individuals who identify as two or more races will more than double. Over the same period, the number of white Americans enrolled in higher education is expected to decline 12 percent.³²

Bachelor's degrees conferred and projected conferrals, by sex of student

Sex	2010-11		2020-21*	
	Total	Percentage	Total	Percentage
Women	981,894	57%	1,113,000	13%
Men	734,159	43%	807,000	10%

*Projected. Source: National Center for Education Statistics.

Total fall enrollment and projected fall enrollment, by race/ethnicity

Race/ethnicity	2010		2020*		10-yr percentage change
	Total	Percentage	Total	Percentage	
White	12,721,000	62%	11,151,000	56%	-12.3%
African American	3,039,000	15%	2,970,000	15%	-2.3%
Hispanic American	2,749,000	14%	3,667,000	18%	33.4%
Two or more races	325,000	2%	768,000	4%	136.3%

*Projected. Source: National Center for Education Statistics.

³¹Hussar, William J. and Bailey, Tabitha J. (2017). Projections of Education Statistics to 2025: Table 21. National Center for Education Statistics. <https://nces.ed.gov/pubs2017/2017019.pdf>

³²National Center for Education Statistics (2018). Fall enrollment of U.S. residents in degree-granting postsecondary institutions, by race/ethnicity: Selected years, 1976 through 2026. Accessed February 21, 2018. https://nces.ed.gov/programs/digest/d16/tables/dt16_306.30.asp?current=yes

Looking to the future, us part-time MBA programs will need to more effectively make recruitment inroads into these populations to grow the overall pipeline. Currently, fewer than half of us part-time MBA programs conduct special recruitment or outreach for women (48% of programs) or underrepresented populations (41%)—including African Americans and Hispanic Americans.³³ Thoughtful, targeted marketing campaigns that highlight the aspects of the part-time MBA value proposition that particularly resonate with these populations may help schools diversify their applicant pools and grow demand for their programs.

For example, past GMAC research has shown that women business school candidates are more pragmatic than their male counterparts in their approach to pursuing a graduate management education. Specifically, they are more likely than men to wait to apply to business school until after entering the workforce, they are more likely to apply to a specific program because it offers flexible program formats, and they are more likely than men to be motivated by a desire to advance more quickly and earn more money.³⁴ Marketing specifically targeting women candidates focused on the flexibility, convenience, and positive outcomes of a part-time MBA will likely resonate.

While African American candidates are underrepresented among part-time MBA GMAT score senders, they are significantly overrepresented in for-profit master's level business programs in part-time or online formats at institutions such as University of Phoenix and Strayer University. Data from the US Department of Education shows that African Americans accounted for 31 percent of master's level business degrees from for-profit institutions in 2016.³⁵ Recent GMAC research suggests for-profit programs have found success with this population by being highly responsive to their needs, specifically in the areas of accessibility, flexibility, and practical focus, in addition to highly effectual marketing and recruitment operations. The research suggests traditional nonprofit part-time MBA programs can make inroads with this population through more effective promotion of nonprofit programs while candidates are still at the undergraduate level, emphasizing career assistance as a benefit, and understanding and managing the African American customer journey.³⁶

For Hispanic American candidates, location is key—the data shows that Hispanic American candidates are on average less willing to relocate to pursue a graduate business school degree. More than other candidates, Hispanic American mba.com registrants are more likely to say they plan to



³³Graduate Management Admission Council (2017). Application Trends Survey.

³⁴Graduate Management Admission Council (2017). What Women Want: A Blueprint for Change in Business Education. <https://www.gmac.com/market-intelligence-and-research/research-library/diversity-enrollment/what-women-want-blueprint-change-business-education.aspx>

³⁵National Center for Education Statistics (2018). US Department of Education.

³⁶Graduate Management Admission Council. Unpublished research. Expected publication Spring 2018.

apply to a local program (68%) and are more likely to say they chose their preferred study destination because they want to be near relatives and/or family (33%).³⁷ GMAT score sending data also suggests Hispanic American candidates are less geographically mobile than other candidates, on average, sending their GMAT score reports to business schools a short distance from their home zip code (a median of 19.9 miles in TY2017).³⁸ Part-time MBA programs, then, might consider focusing their marketing messaging to local Hispanic American candidates on the convenience of completing a degree close to home.

Analysis reveals, however, that among US part-time MBA programs included in the U.S. News & World Report rankings, programs are largely not located in the same areas as the growing Hispanic American population. For example, nearly a third of the current Hispanic American

population lives in the Pacific Census Division (the states of California, Oregon, and Washington), where just 14 percent of ranked US part-time MBA programs are located. About a fifth of Hispanic Americans live in the West South Central Census Division (the states of Texas, Oklahoma, Arkansas, and Louisiana), where just 7 percent of ranked US part-time MBA programs are located.³⁹ This suggests programs in the West and Southwest, particularly in metropolitan areas, are well positioned to increase their Hispanic American candidate base in coming years, and should prioritize diversity recruitment initiatives within their wider recruitment goals. Programs in areas with a less significant minority population should set candidate diversification goals that make sense for their local markets.

Location of ranked part-time MBA programs relative to US Census Divisions and Population Data

USNWR Top Part-Time MBA Programs			2016 US Population	2016 US Hispanic Population
Census Division	Count	Percentage	Percentage by division	Percentage by division
East North Central	17	18%	15%	7%
East South Central	2	2%	6%	1%
Mid-Atlantic	13	14%	13%	11%
Mountain	7	7%	7%	11%
New England	6	6%	5%	3%
Pacific	13	14%	16%	29%
South Atlantic	22	23%	20%	17%
West North Central	7	7%	7%	2%
West South Central	7	7%	12%	20%
Total	94	100%	100%	100%

Source: U.S. News & World Report, US Census Bureau. Totals may not sum to 100 due to rounding.

³⁷Graduate Management Admission Council. mba.com Prospective Students Survey. Data collected in 2016.

³⁸Graduate Management Admission Council. GMAT score-sending data, TY2017.

³⁹U.S. News & World Report (2017). "Best Part-time MBA Programs." <https://www.usnews.com/best-graduate-schools/top-business-schools/part-time-rankings>; United States Census (2017). Divisions. <https://www.census.gov/geo/reference/webatlas/divisions.html>

Conclusion

Flagging overall application numbers, shifts in the candidate pipeline, and the rise of alternatives have raised important questions about the future of us part-time MBA programs. Through a wide-ranging exploration of GMAC data, this paper has highlighted key findings that may help business school leaders get a better sense of the state of the part-time MBA market.





Program format matters, and application data suggests today's part-time MBA candidates favor lockstep programs over self-paced programs. For four consecutive years, lockstep programs have outperformed self-paced programs in terms of application volume growth. The consistency of this finding in the post-recession part-time MBA market may signal changing candidate priorities away from the independence of the self-paced model and toward the group experience and network building inherent in cohort-based lockstep programs.

Millennials now represent nearly 9 in 10 part-time MBA candidates, and they have different expectations, needs, and goals than their Gen X counterparts. More than Gen X candidates, millennials prefer a close-knit program community with ample opportunities for team learning and extracurricular activities. They prefer in-person to online coursework, seek flexible scheduling options, and want to be able to focus their studies around a specialization. They are more likely than Gen X candidates to plan to leave their current employer after earning their degree, and are more likely to choose their part-time program based on the quality of their career services.

Millennial candidates are concerned about the cost of a degree, and their employers are less likely to help them pay for it than in the past. Most millennial candidates have reservations about the overall cost of a degree and the prospect of taking on more student debt, as many of them are still paying off loans from their undergraduate studies. Twenty to 30 years ago, part-time MBA students could count on their employers to help pay the cost—today, that's increasingly not the case. Just 14 percent of the part-time MBA class of 2016 received full tuition support from their employer.

The proliferation of online MBA programs and moocs is likely impacting demand for traditional part-time MBA programs. Though it's difficult to quantify the impact online MBA programs have had on overall part-time MBA demand, it may be the case that the impact has been more strongly felt by self-paced part-time MBA programs than by lockstep part-time MBA programs. Though the hype around moocs has subsided, they have most recently made inroads in the online degree and credentialing spaces, which forebode increasing encroachment on the space occupied by traditional part-time MBA programs.

Part-time MBA programs need to diversify their candidate pipelines to grow overall demand. Compared with their representation in the US population and among bachelor's degree earners, US minority populations and women have been chronically underrepresented in the part-time MBA pipeline. These deficits are particularly troubling for the future of part-time MBA programs because demographic shifts in bachelor's attainment and enrollment suggest these populations may be where future part-time MBA recruitment opportunities will be most abundant. Looking to the future, US part-time MBA programs will need to more effectively make recruitment inroads into these populations to grow the overall pipeline.





Recommendations for Business Schools

Based on the findings outlined in this paper, us part-time MBA programs might consider the following recommendations in order to maintain their relevance and plan for their sustainable future.

Identify opportunities to deliver the best benefits of a full-time MBA in a part-time format. While overall demand for part-time MBA programs has stagnated, lockstep cohort programs have seen growth, suggesting candidate preference for a group experience. Taken together with insights around millennial candidates' expectations, needs, and goals, part-time MBA programs should strive to deliver the best benefits of a full-time program in a part-time format. Opportunities lie in developing a sense of community within your program, building out group learning opportunities, providing options for students to specialize, and delivering career services at the same level provided to full-time MBA students.

Shift the positioning of your program's value proposition to emphasize what your program can deliver better than online alternatives. The emergence of new competitors—namely the proliferation of online MBA programs and the recent inroads mooc providers have made in the online degree and credentialing spaces—require traditional part-time MBA programs to reevaluate how they position their program's value proposition. Specifically, part-time MBA programs should emphasize what they can deliver better than online alternatives can—aspects like community, personalized attention, accessible and responsive faculty, network, established track record, and employer connections.

Engage with major employers in your area. Employers' reduced willingness to help pay for the cost of employees' part-time MBA education has had a detrimental effect on the value proposition of a part-time MBA for many candidates. Some programs have found success negotiating employer sponsorships through larger educational partnership agreements. Elements of such agreements vary, with some including reduced tuition rates, employer input on curriculum, coursework delivered on company premises, streamlined admissions processes, professional development opportunities, and integration with the on-campus community.

Develop strategies to diversify your candidate pool that make sense for your local candidate market. Compared with their representation in the us population and among bachelor's degree earners, us minority populations and women have been chronically underrepresented in the part-time MBA pipeline. Demographic shifts in bachelor's attainment and enrollment suggest future part-time MBA recruitment opportunity will be strong among these populations. Thoughtful, targeted marketing campaigns that highlight the aspects of the part-time MBA value proposition that particularly resonate with these populations may help schools diversify their applicant pools and grow demand for their programs. Marketing specifically targeting women candidates focused on the flexibility, convenience, and positive outcomes of a part-time MBA will likely resonate. Programs in the West and Southwest are in the best locations to tap into the growing Hispanic American population, who data show is particularly interested in programs close to their home.



Contact Information



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