F: Progr. Review

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To: Lee Huntsman
Provost

From: Marsha Landolt
Dean

Re: School of Business Administration 10-year review

*Recommended Action*: At its meeting of May 21, 1998, the Graduate Council recommended continuation of the authorization to offer BA, MBA, EMBA, MPAcc and PhD degrees through the School of Business Administration for 10 years. I concur with this recommendation.

Although the recommendation to continue to offer the degree programs is made without reservation, there were several concerns about the School that surfaced during the review. These issues merit both a Central Administrative and School response. Recognizing that great Business Schools (even those in public universities) rely to a considerable extent on independently-generated money, it is recommended that the University explore ways by which to free the School from various financial regulations and allow it to garner the additional funding it needs in order to attain national pre-eminence. Any such deregulation should be coupled with a requirement that the School develop (and be held to) a focused Strategic Plan that addresses how it will maintain or even expand educational and academic performance consistent with the missions of the School and the University. The plan should direct specific attention to strengthening the MBA program and enhancing its national ranking.

The self-study, the report of the review committee and the School's response to the report are attached.

*Background.* The self-study describes a School organized around three themes identified in a strategic plan developed in 1997. The themes are Entrepreneurship, Technology Management and International Business. Several but not all previously existing interdisciplinary initiatives undertaken by the faculty can be grouped under these themes. Those that do not fit under these themes are being reviewed for modification, consolidation or elimination.

In its strategic plan, the School stated a desire to become ranked within the top ten schools of business nationally. *US News* ranked the undergraduate program 17th in the nation (it should be noted that several top schools do not offer undergraduate degrees) and the *Public Accounting Report* ranked the accounting program 16th nationally. The Program in Entrepreneurship and the International Program were both ranked 9th by *US News*. While these measures of success are to be commended, there is continued need for improvement. The MBA program, the flagship of any Business School, is ranked only in the top 50 nationally by both

*Business Week* and *US News* (23rd among state schools in the latter). The main reason for this ranking, in the view of Dean Bradford, is poor placement of graduates. The School also points out that its infrastructure needs to be overhauled in order to attain a top 10 ranking.

The self-study identifies several areas targeted by the school for improvement. These include:

1. Developing special competencies and distinctive programs. This initiative has led to the listing of the three focus areas discussed above. The interdisciplinary nature of these themes is seen as a horizontal organizing force in the School. The Dean has allocated funding to several of the programs described above and seeks research and curriculum proposals that address these areas.
2. Partnering with other university units and the business community. Interactions with Law, Engineering, Health Sciences, Forest Resources and International Studies are envisioned in response to requests from these units for increased business and management content in their programs. The School sees increased executive-program teaching by the faculty as part of this initiative.
3. Changing disciplinary boundaries. The discrete departmental structure of the School runs counter to trends in the industry.
4. Keeping pace with information technology. The School is enhancing its ability to deal with the changes in information technology, but is not able to keep abreast of the front. Both students and faculty feel the limitations this imposes. The School realizes that its goal of attaining a top standing is jeopardized by limitations in computers and local network systems. Additional revenue is most likely required to address this problem.

Issues raised by the Review Committee.

The review committee was chaired by Bruce Bare (Forest Resources) and consisted of the following UW faculty: Anil Deolalikar (Economics), Joseph Scott (American Ethnic Studies), Stan Slater (UWB Business Program). Off campus members were Joseph Alutto (Ohio State University, Dean of Business), William Hasler (UC-Berkley, Dean of Business) and RD Nair (University of Wisconsin-Madison, Professor of Accounting and Information Systems).

Issues Related to Funding. The committee members took note of the rankings of the School nationally and, while not generally endorsing the ranking systems, agreed that this Business School was appropriately regarded as being good but not great. They complimented Dean Bradford's accomplishments, but stated that the School has not yet achieved the stature that should be expected, given the academic excellence of the University and the vigor of the surrounding business community. The committee members remarked that attaining the national position desired would require significant additional money. All recognized the limitation of relying on the state budget for this money. It was remarked that the top public Business Schools receive only about 25% of their budget from their respective states. First among the committee's findings is that the "University allow the School to pursue a range of entrepreneurial activities accompanied by greater administrative and fiscal responsibility". It was the view of the committee that it would be appropriate for the University to tie increased flexibility to performance. Namely, that the revenue generated be invested to overcome the shortcomings of the current budget in such a way as to enhance all educational programs and provide students with appropriate access. At the exit interview, development of a minor pathway was suggested as a means to improve undergraduate access and perhaps lessen demand for entry into the major. Dean Bradford indicated an interest in considering an undergraduate minor in fields of business.

The committee noted the success of Dean Bradford's efforts to link the School with the business community and the resultant doubling of the number of endowed professorships. The committee, particularly the external members, felt that the School should be given the authority to leverage private gifts and revenue-generating programs to meet the financial needs of other programs and the School in general. It was particularly thought that leveraging revenue-generating programs would substantially improve physical facilities, computer networks and faculty salaries. Improvement in each category was thought to be essential by the external reviewers to attain a top ranking. Indeed, no other solution to the funding problem could be identified. MBA students indicated a willingness to pay an increased tuition (perhaps in the form of a special fee for a professional program) in favor of improvements in programs and infrastructure. The Dean of the School of Business at Berkeley mentioned that UC has converted state programs to self-sustaining programs and has returned the state funding to the University. Dean Bradford is prepared to pursue these initiatives. The Review Committee encouraged the University to enter into a conversation with him to set parameters and expectations.

Issues Related to Faculty. Low salaries, salary inversion and relatively poor teaching facilities challenge collegiality. Low morale was evident, with some senior faculty talking of curtailing effort in view of modest rewards. The salary problem has begun to compromise recruitment. Candidates offered a competitive package here have come to view it skeptically, knowing that raises will not be what they would obtain at competing universities. Dean Alutto remarked that OSU has recently been offering starting salaries of $115,000 for academic year appointments to assistant professors plus 2/9^ths^ of that amount available for a summer supplement.

Retention of junior faculty is low, in part due to salaries, but to inadequate mentoring as well. The School seems not to have adequately addressed this problem. It was noted that one department had not promoted a single faculty member from assistant to associate professor in the last 12 years. No adequate explanation for a generally poor performance in this area was given. It was also stated that the School should do more to address the gender and race composition of its faculty.

Issues Related to Management. The committee noted that the School's three strategic themes, Entrepreneurship, International Business and Technology Management, do not cover the range of initiatives that have been undertaken by the faculty (in part to pursue opportunities for additional revenue). It noted confusion at the proliferation of programs. The committee strongly stated the opinion that it is time to identify and focus on those programs of most importance. It further noted that the management of interdisciplinary programs was poor (as with horizontal management in most universities) and that departmental structures worked against such programs. Other management concerns are listed on page 7 of the committee report.

The School did not take issue with any of the committees substantive findings or recommendations.

Issues raised by the Graduate School Council.

The Council noted the difficulty of conducting a thorough review of a large and complicated academic unit. Members felt that several issues were only touched upon by the review committee and that they require additional evaluation. Among these issues were the following:

1. Recruitment procedures need to be evaluated in order to attract a more diversified faculty of individuals likely to survive the promotion and tenure process.
2. The large number of programs and initiatives appears to detract from scholarly productivity of the faculty.
3. Business programs exist at all three campuses of the University of Washington. The Seattle School of Business Administration appears to view the programs at the new campuses more as competition than as complimentary units that provide a means to meet the educational demands of the community. Ways of improving cross-campus collaboration need to be developed.
4. A strategic plan directed at the improvement of the academic program, especially the MBA program, is needed. The School is requesting autonomy to generate new sources of revenue;

however, at this point, it is not clear where the first additional dollar (or $100,000) of state or independently generated money would be invested or what return it would produce.

5. The poor performance of assistant professors in achieving tenure requires careful investigation and corrective action. This situation is viewed as an important barrier to successful recruitment of the faculty needed to achieve top national rankings.

Summary of recommendations.

School action. The School seeks to attain a top 10 national ranking and states that this can be done without compromising access or quality of undergraduate programs and without inappropriate diversion of attention and energy to revenue-generating programs. A clear analysis of the impediments to attaining top ten status was not presented. At different times, resources, infrastructure and placement of graduates were cited as impediments, but a coherent analysis and prioritization of impediments is needed. The external members of the review committee indicate that the top schools receive only about 25% of their budget from state sources. It appears possible to generate money for buildings, infrastructure and faculty salaries from sources outside the university. However, there are many competing uses for newly generated money within the School. The review did not discover what the spending priorities of the School actually are nor did it discover what would drive priorities. The School should be encouraged to develop a cohesive plan by which it would attain its goal. In generating this plan, the School should recognize that all new revenue generated is not likely to be returned to the School. The faculty must realize that all new revenue generated from expanded business education will not be transformed into larger salaries.

University action. The University must decide what it hopes to see in its School of Business Administration. Washington is home to a vigorous, expanding and sophisticated high technology (electronic, biomedical and other sectors) business community that will benefit from a top School of Business Administration. It is clear that a top ten status will not be attained without bold, and perhaps for this University, unprecedented initiatives directed toward obtaining adequate funding from non-state sources. Dean Bradford states his readiness to undertake such a challenge. The University should encourage him to do so by entering into a conversation that will outline what educational and academic objectives it wants to achieve and the entrepreneurial boundaries within which the School must operate. The Deans on the review committee as well as Dean Bradford assure us that entrepreneurial fundraising will not detract from access to "traditional" undergraduate and graduate programs. Indeed, they argue that the benefits to be gained with regard to infrastructure, research dollars and faculty incentives will greatly assist these programs.

Attachments

c: Debra Friedman, Associate Provost
Frederick L. Campbell, Dean, Undergraduate Education
William D. Bradford, Dean, School of Business Administration
Douglas L. MacLachlan, Associate Dean, School of Business Administration
John T. Slattery, Associate Dean, Academic Programs
George S. Bridges, Associate Dean, Undergraduate Education
Business Administration Review Committee
Graduate School Council
Ms. Linda Richter