EMPLOYERS CITE THE VALUE of an MBA

A MBA has value to those who seek to advance their careers, because it has value to employers.

“In the biotechnology industry, we frequently see scientists with brilliant ideas who fail to translate those ideas into successful businesses,” says Kevin O’Sullivan, president and CEO, Massachusetts Biomedical Initiatives (MBI). “I’m convinced that many more would succeed if they had the understanding of business that is acquired through an MBA. Learning how to start a company, manage a budget, and commercialize a product are key to success, but so is learning to be a leader. An MBA can help a person develop those skills.”

Jennifer McKaughan, director of talent acquisition at Bose Corporation, Westboro, Mass., adds, “The value that an MBA brings is that it provides the broad business acumen that will enable the individual to develop the insight and foresight to make strategic decisions. That’s where the greatest value is placed. It brings a person an understanding of the broader context of the business world.”

McKaughan speaks from firsthand experience. When I completed my MBA,” she says, “it helped me understand the opportunities available to me. It made me a lot more savvy about the intersection between disciplines and about how a business works. It created personal growth and equipped me to make better business decisions. “It gave me a level of confidence, and an understanding of many different business disciplines—accounting, finance, economics, marketing. From an HR perspective, it enables you to be a better business partner.”

And at The Hanover Insurance Group, Nancy Persson, vice president of talent management, says the Worcester-based insurance provider carries tuition reimbursement to allow employees to pursue an MBA, because, “professional development is good for our employees and it’s good for company.”

“A strong MBA program can help individuals develop a well-rounded understanding of how businesses work,” she says. “MBA programs today help individuals develop a broader business sense, and many skills that will enable them to succeed in business and that are highly valued by employers. These skills include the ability to analyze complex data and information, and the ability to work collaboratively and on teams.”

She adds that the insurance industry offers a wide variety of opportunities for graduates from MBA programs, ranging from actuarial positions for those who concentrate in finance to marketing and sales positions for those who concentrate in those areas.

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MBA vs. No MBA

Perhaps the most comprehensive measure of value comes from the Graduate Management Admission Council’s (GMAC) annual survey, a global survey of more than 12,000 graduate business school alumni. GMAC’s survey includes other graduate-level management degrees, not just MBAs. However, as Chad Oakley, president of the executive search firm Charles E. Inc. told U.S. News and World Report, “On average, the MBA will pay the most.”

In its 2015 Alumni Perspectives Survey Report, GMAC found that employees with graduate-level management degrees earn twice as much as the average American employee.

The differential is even more pronounced in many other countries, especially those that are economically less developed than the US. The differential is 2.8 for Japan and 3.6 for the United Kingdom, but it jumps to 5.6 for China, 6.2 for India and 6.8 for Nigeria. GMAC also found high levels of satisfaction and rapid career advancement among those surveyed.

• 95 percent rated their graduate management education as a “good to outstanding” value;

• 93 percent would recommend their graduate business program to others,

• 90 percent said their degree increased their earnings,

• 85 percent found that their MBA created opportunities for quicker career advancement, with 84 percent attributing their career advancement to their graduate degrees,

• 84 percent use the knowledge, skills and abilities developed while earning their degree every day in their current job.

A majority of respondents held mid-level positions within a year after graduating and were in senior-level positions or higher within five years of graduation. After 10 years, 25 percent were at executive-level positions and 5 percent were CEOs or in other C-level positions.

Graduates also conclude that their MBA improved their job satisfaction (84 percent), prepared them for their chosen career (87 percent), and prepared them for leadership positions (91 percent).

A majority say their MBA made them more competitive (85 percent), more proactive (85 percent), more innovative (85 percent), and more creative (75 percent).

One value of an MBA is that the knowledge learned can be applied to any industry. Many MBA candidates change industries and typically enjoy a significant increase in pay. A 2015 survey by Bloomberg of 6,400 second-year MBA candidates found that those who changed careers enjoyed an average salary increase of 85 percent—with the median pay increase of $55,000, and a salary of $120,000.
The value of an MBA and the length of time it takes to pay for itself varies, of course, from one person to another and from one MBA program to another. Students in The Innovator’s MBA Program in the Robert A. Foisie School of Business report seeing a 48 percent increase in their salary. For Allison Elmer, who enrolled in The Innovator’s MBA in August 2014, her ROI was very immediate. “I met a student in the program and we were chatting at lunch during an on-campus weekend,” she recalls. “We started talking about jobs and about three months later, he contacted me and said, ‘I have a position here and it’s ideal for you.’”

At the time, Elmer was working as a project manager for a company that provided computer-assisted translation services. “There was little chance for advancement and Elmer expects the industry to shrink, because as translation by computers continues to improve, fewer people will be needed to ensure its accuracy.”

She applied for the job her cohort classmate told her about and was hired as a project manager at lifeScience in LondonDerry, N.H., a company that developed a job-applicant tracking system based on Salesforce.com software. She has since been promoted to serve as a department manager—and at a salary that’s 48 percent higher than what she earned just over a year ago.

She also has greater satisfaction in her current job and expects to stay in the industry where she’s working. “It’s still project management, but it requires more critical thinking,” she says. “I love the industry.”

Another plus for Elmer is the program structure. Her blended program combines online course work with two weekends of intensive study per term on campus. “The same 18 people take all of their courses together, except for a couple of electives,” so you get to know them really, really well. You get exposure to different industries and different working styles. You become much more than just classmates, they listen to all of your complaints about life. I talk to them every day.”

Greater Job Satisfaction

Chris Kopinski MBA ’15 also liked the cohort structure of The Innovator’s MBA program, but the most important aspect of the program for him was that it provided the opportunity to take classes from anywhere in the world. Working as a project manager at GE Healthcare, he traveled frequently and sometimes participated in group discussions just as his airplane was preparing to take off.

He began working at GE Healthcare five years ago after earning his bachelor’s degree in electrical engineering. While he advanced to a project management position after participating in a leadership program at GE, he decided to pursue an MBA, because he wanted more. “I constantly had the bug,” he says. “I wanted to know, ‘What’s the bigger picture?’ How does a big corporation run?” At the end of the day, what else is driving the business world?”

In addition to being attracted by the flexibility and cohort structure of The Innovator’s MBA, the school’s technology focus was a plus for Kopinski. While enrolled in the program, he was promoted to the position of senior engineering manager. Last year, just before completing his MBA, he was named engineering manager for GE Healthcare’s hardware and automation business. He manages a team of more than 20 people and his salary is 35 percent higher than when he first enrolled in The Innovator’s MBA program.

“I have a high degree of job satisfaction,” he says. “My position allows me to still be in a technical space, managing engineers and project managers, but I’m also in a management position, which is a great fit for me. I get to use a lot of what I learned in the MBA program, such as change management. I also like that it’s cross-disciplinary.”

Allison (DiNitto) Kastner BS ’08, who heads a cost-engineering group for ExxonMobil in Baytown, Texas, returned to WPI for her MBA because she wanted to update her technical skills while becoming more “business savvy.” She wanted an MBA to help her perform her job more effectively as she began working in her first supervisory position.

While she was driven by personal motivation, she believes her MBA will help her continue to advance her career. “To date, she’s completed only two courses, but they’ve already helped her “learn more about myself and my leadership style,” she says.

Her courses to date are especially helping her hone her communication skills. Learning to make an effective elevator pitch, she says, is something “I have to do all day,” as she manages a portfolio of 70 projects and needs to justify how time and money are spent.

A native of Wakefield, Mass., she had a dual major in industrial engineering, and humanities and the arts as an undergraduate, and found the program structure of her undergraduate degree to be especially practical and useful.

“There are a lot of MBA programs right here in Texas, but I love WPI,” she says. She especially likes the school’s technology focus and the cohort approach of The Innovator’s MBA, which she believes sets the program apart from other MBA programs.

Rising to the Top

Many graduates from the Foisie School of Business credit their MBA with helping them rise to senior-level positions—and, more importantly, helping them to thrive at the top of their organization.

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MBAs who stayed in their industries reported slightly higher salaries of $122,000, but the MBA salary bump of $47,000 was less, because their pay before beginning their MBA was higher. A Financial Times study likewise found that earnings improved significantly for those who earned an MBA, but age had a bearing on the size of the improvements. Alumni who were 24 or younger when they started their MBA reported a salary increase of 145 percent, an average of $69,000. Those who started MBA studies at 27 or 28 saw they started their MBA reported a salary increase of 145 percent, an significantly for those who earned an MBA, but age had a bearing on because their pay before beginning their MBA was higher.

While it may be difficult to compare the value of an MBA from the Robert A. Foisie School of Business with the value of an MBA from another school, WPI fares well in general ROI rankings that are not degree specific. Overall, for all majors, WPI ranks 16th in the country among more than 1,200 colleges for the ROI on a college degree, according to 2015 data from Payscale.com, which was compiled from 1.4 million data reports. Similarly, Businessweek ranks WPI 15th nationwide, putting it ahead of several Ivy League schools.

Ginzberg, dean of the Foisie School of Business, believes that an MBA is even more valuable if it is combined with a technology-oriented education, because WPI’s MBA program as being "at the intersection of technology and business," and, as a result, being more valuable than the typical business-centric MBA.

Technology, he notes, is playing an increasingly important role in virtually every organization—and its role will only get bigger as advances such as big data, cloud computing and cognitive computing evolve. Likewise, graduates with technical degrees will be even more valuable if they add business knowledge and skills to their resumes.

"If the students are prepared to go to work in industry, they will find that the technology is just one of the many things they need to know," Ginzberg says.

While studies have not addressed the value of combining technical and business education, Oakley says, "The more well-rounded an individual is, probably the more expensive they are. If you bring a good skill set and multiple disciplines, you probably can command a higher salary." Those who seek to start their own businesses would also do well to gain an understanding of business before attempting to start one, Ginzberg says.

Ginzberg serves on a board where he’s been told, “we are very good scientists and very bad businessmen." And that lack of business skills has been keeping the company from reaching its potential for 15 years.

"If students are bringing their entrepreneurial endeavor to market," he says, "they’ll need technical skills and soft skills too."

"I think that the MBA is a great investment for any student," Ginzberg says. "It provides a way for students to learn primarily online with intensive "cohort" learning on some weekends or attend classes on-campus in the evening. The Innovation MBA has regularly been ranked among the top programs in the country and graduates interviewed say the program is helping them to succeed.

For Allison Elmer, who enrolled in The Innovator’s MBA in August 2014, the ROI was almost immediate. "I met a student in the program and we were chatting at lunch during an on-campus weekend," she recalls. "We started talking about jobs and about three months later, he contacted me and said, ‘I have a position here and it’s ideal for you.’”

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Current Job Level by Graduation Year

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