

An Inside Look into the U.S. News and other Media MBA Rankings



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The Editorial Philosophy Behind the U.S. News Business School Rankings

- ◆ Consumer oriented mission-To provide prospective business school students and their parents with key comparative information they need to make an informed b-school choice that has important job and career implications.
- ◆ This choice is heavily influenced by the ever rising bill for tuition, room & board, travel, clothes, entertainment, etc.

The Editorial Philosophy Behind the U.S. News Business School Rankings

- ◆ Total yearly MBA costs are now over \$50,000 year for tuition/fees at some top ranked private U.S. B-schools.
- ◆ Room and board and other living expenses push the yearly cost to near \$70,000 at some of the top ranked U.S. b-schools
- ◆ There can be significant income lost for those attending full-time MBA programs-since many left good jobs to go full-time.

The Editorial Philosophy Behind the U.S. News Business School Rankings

- ◆ Many MBAs grads leave with large student loan debts-since they had to borrow to pay a 100% of their education.
- ◆ Very competitive job environment in today's soft economy. Harder to find top high paying jobs to pay back debts incurred to go to b-school.
- ◆ All this means-There is a real need for evaluative information to determine the relative merits of business education.

The Editorial Philosophy Behind the U.S. News Business School Rankings

- ◆ Provide the public and prospective students with an understanding of a b-school education
- ◆ Give practical advice on many aspects of applying and financing a b-school education which is part of the regular ongoing U.S. News reporting and writing on higher education ed issues

The Editorial Philosophy Behind the Business School Rankings



Business School Rankings

- ◆ Transparency in how the rankings are done. U.S. News publishes a clear and detailed b-school ranking methodology (<http://www.usnews.com/articles/education/best-business-schools/2010/04/15/the-business-school-rankings-methodology.html>).
- ◆ In fact all the MBA ranking data used to compute the current MBA rankings is online at U.S. News (in premium edition)
- ◆ Some academics have duplicated our rankings, which is proof of the transparency of the rankings, the methodology and the process that we use.

Why are the U.S. News Business School Rankings Helpful to Consumers?

- ◆ The U.S. News business school rankings are based on accepted measures of academic quality.
- ◆ Many U.S. business schools use the same ranking data U.S. News employs for their own internal benchmarking analysis and to do peer-to-peer comparisons against other b-schools.
- ◆ The U.S. News ranking process is totally independent of the information published by a b-school, college or university

Why are the U.S. News Business School Rankings Helpful to Consumers?

- ❑ What does all of this mean in the current global MBA ranking/school information marketplace?
- ❑ U.S. News--over the last 25-years--has become a trusted, respected and unbiased source of rankings and assessments which the business school going public in the U.S. and worldwide turns to for rankings, reliable advice and guidance.

Appropriate Use of the U.S. News Business School Rankings

- One key point: If parents or students use the U.S. News business school rankings as the only basis to choose one business school over another, that would be absolutely incorrect use of the rankings.
- The MBA rankings should only be used as one tool in choosing the right b-school.

U.S. News MBA Rankings- Methodology

1. The rankings are based on the traditional full-time and accelerated full-time U.S. programs. Distance and executive programs are not included in rankings.
2. The universe of master's programs in business is all master's programs in the United States accredited by the Association to Advance Collegiate Schools of Business.
3. In fall 2009, we surveyed 433 programs, 129 of which were ranked.
4. The data standards are from the Graduate Management Admission Council and we have fully adopted the MBA Career Services Council definitions and standards for placement data.
5. Rankings published April 15, 2010, Top 99 number ranked online.

U.S. News Business School Ranking Factors

Inputs

1. Student
Selectivity-Quality
of B-school
students

Outputs

1. Peer assessment
by B-school
academics

2. Reputation
ratings by
Corporate Recruiter
and Company
contacts

3. Placement
Success

U.S. News system to Determine How Weights are Assigned to Each Indicator Used in the MBA Rankings

- ◆ Over two decades of experience in doing academic rankings
- ◆ Academic literature
- ◆ Discussions with B-school deans and faculty and other experts on b-school education

Bottom Line: U.S. News' staff uses our best informed judgment on choosing the relative weights to use in the B-school rankings model.

U.S. News Full-time MBA Program Ranking-Methodology

The weights:

- Peer Assessment—25%
- Corporate and Hiring
Contacts Assessment—15%
- Student Selectivity—25%
- Placement Success—35%

U.S. News MBA Peer Assessment

- ◆ It is measured by an annual survey of business school deans and M.B.A. program directors at each AACSB International accredited master's program in the United States. Each school gets two votes
- ◆ Schools are marked on a scale of 1 (Marginal) to 5 (Distinguished). There is a “Don't Know” option that is automatically selected if no option is marked.
- ◆ In fall 2009, 866 surveys were mailed. Approximately 44% of them were returned.

U.S. News MBA Corporate and Hiring Contacts Reputation

- ◆ It is measured by an annual survey of corporate recruiters and company contacts who hire MBA graduates.
- ◆ Corporate recruiters were gathered from around 125 schools in the summer of 2009. These schools were all the schools ranked (i.e. they returned the survey, had a full-time program, and supplied ranking information).
- ◆ The format is identical to that of the Peer Assessment survey filled out by deans and directors of programs.
- ◆ In fall 2009, 600 surveys were mailed. Approximately 28% of them were returned.

U.S. News MBA Student Selectivity

- ◆ There are three factors involved in the MBA student selectivity section of the model. They are:
 - The average GMAT score of entering full-time MBA students (a total weight of .1625).
 - The average undergraduate GPA of entering full-time MBA students (a total weight of .075).
 - The acceptance rate of the full-time MBA program (a total weight of .0125). The additive inverse of the acceptance rate is used in the ranking calculations.
- ◆ All data are from fall 2009 entering class.

U.S. News MBA Student Selectivity

- ◆ GRE and MBA admissions-What will U.S. News do now that many top ranked MBA programs are accepting GRE scores?
- ◆ We are adding detailed questions on the GRE for fall 2010 entering MBA students. Very seriously studying using a blended GRE and GMAT score in MBA ranking methodology for the upcoming rankings.

U.S. News MBA Placement Success

- ◆ The three factors involved in the placement success of the model:
 - The percent of full-time MBA program graduates employed at graduation (a total weight of .07).
 - The percent of full-time MBA program graduates employed 3 months after graduation (a total weight of .14).
 - The mean starting salary and bonus of full-time MBA program graduates (a total weight of .14).
- ◆ All data is based on the 2009 graduating class.
- ◆ Employment rates are based off of those MBA graduates known to be seeking jobs.
- ◆ MBA Salary figures are based on the number of graduates who reported data. The mean signing bonus is weighted by the proportion of those graduates who reported a bonus, because not everyone who reported a base salary figure reported a signing bonus.

U.S. News FT-MBA Methodology- Key Details

- ◆ In order to be ranked, a full-time M.B.A. program had to have 20 or more graduates who were seeking employment in 2009.
- ◆ For an MBA program to have its employment data considered in the ranking model, at least 50 percent of its 2009 full-time M.B.A. graduates needed to be seeking work.

U.S. News MBA Part-time Methodology

1. A separate rankings of part-time MBA programs based on peer assessment on a 5.0 scale was published on 4/15/10. More sophisticated methodology than previously.
 - ◆ U.S. News's new part-time M.B.A. ranking are based solely on a fall 2009 peer assessment survey that asked business school deans and M.B.A. program directors at each of the nation's 314 part-time M.B.A. programs to rate all the other part-time programs on a 5-point scale, with 1 marginal and 5 outstanding.

U.S. News MBA Part-time Methodology

- ◆ Forty-four percent of those surveyed responded to PT-MBA survey. Programs were ranked based on their average score among those who rated them.
- ◆ U.S. News defined a part-time M.B.A. program as being at an AACSB-accredited school with at least 20 students enrolled part-time in fall 2008.
- ◆ In the part-time M.B.A. program rankings, programs with an average peer assessment score of equal to or greater than 2.0 are numerically ranked. This translates into 203 PT-MBA programs numerically ranked.

U.S. News MBA Rankings

MBA Ranking are also done in 11 specialties, based solely on a peer assessment survey. Those with 7 or more votes ranked.

1. Accounting
2. Entrepreneurship
3. Executive M.B.A.
4. Finance
5. Information Systems
6. International
7. Management
8. Marketing
9. Nonprofit
10. Production / Operations
11. Supply Chain / Logistics

Business Week/Bloomberg Full-time MBA Ranking Methodology

The weights:

- Corp Recruiters rate programs on quality of students & Company's experience with them—45%
- B-school students satisfaction with program, classes faculty, classmates, employment, facilities, services —45%
- Faculty Publications —10%

Financial Times Full-time MBA Ranking Methodology

The weights:

- Employment-3 months post MBA-2%; Salary 3 years Post MBA-20%; % Sal increase from pre to post MBA-20%; Sal vs. Cost MBA; changes in seniority and size of co-3%; # taking jobs outside U.S.-6% (Employment total 54%)
- Alumni Satisfaction with MBA-7%
- Admissions data -% female and % Int'l -6%
- Program's-Int'l exposure/Foreign Lang-4%
- Faculty-publications 10% and other factors including % int'l ; % women, etc. (Faculty total 29%)

The Economist Full-time MBA Ranking Methodology

The weights:

- Starting Salary-15%; Employ 3 months post MBA-8.75%; % Sal increase Post MBA-5%; % who got jobs thru career services-8.75% (Salary and employment total =38%)
- Diversity of Corporate recruiters by industry -9%
- Student/alum satisfaction w/program, classes, faculty, classmates, employment, facilities and services-23%; other factors 7% (total Stu/alum satisfaction 30%)
- Admissions data-14%
- Program-International nature of -6%
- Faculty -4%

The U.S News ranking experience

- ◆ U.S. News provides b-schools a great deal of free visibility from potential applicants from the U.S. and abroad.
- ◆ Why? Our Best Grad web site's monthly traffic is millions of page views.
- ◆ U.S. News is on balance helping not hurting b-schools with all this free publicity.

U.S. News ranking experience

- ◆ U.S. News b-school rankings should be viewed as part of the growing U.S. higher education accountability movement.
- ◆ B-schools are increasingly being held accountable for their educational policies, funds expended, the level of student engagement, how much graduates learn and whether they get good jobs.

U.S. News ranking experience

- ◆ B-school ranking have created a competitive environment between b-schools that didn't exist before.
- ◆ Some b-school deans say that this competition makes everyone better and helps students.
- ◆ The U.S. News rankings have become the annual public benchmark to measure the academic performance b-schools.

U.S. News ranking experience

- ◆ Moving up higher in the U.S. News rankings has become a very public goal of some college presidents, boards of trustees and b-school deans.
- ◆ College presidents, B-school deans and their boards are able to say if they move up higher in the rankings.....

“that means that our educational policies have worked and as a result the b-school has made “real measurable progress”...and therefore the implications is that we are good administrators...

U.S. News ranking experience

- ◆ Do rankings “make” b-school administrators and b-school deans do the wrong thing?
- ◆ Do these b-school administrators regularly make education policy choices for the sole purpose of doing better in the rankings, versus making policy decisions that are good for students and foster learning?
- ◆ There is certainly evidence that at some B-schools education policy makers do take into account what impact their policies will have on the school’s standing in the U.S. News b-school rankings.

U.S. News ranking experience

- ◆ At those b-schools whose leaders are taking rankings into account in managing their schools--- are those policy choices that target U.S. News rankings variables a good or bad thing?
- ◆ When a school improves MBA career services offices and the quality of the B-school class -all U.S. News ranking variables- students benefit.
- ◆ When a b-school rises in the rankings they can attract better faculty and students, more research funding and greater visibility on the global higher education stage.

U.S. News Rankings Perspective

- ◆ Some call the rankings a case of extreme and unintended consequences.
- ◆ It's true that there have been some unintended consequences...
- ◆ On the other hand, it can be argued that rankings' time has come and now they are in the forefront of higher education discussions in the U.S. and around the world.
- ◆ The biggest issue in academia surrounding rankings is the still the most basic one. Can complex institutions be numerically ranked?

Future of Business School Rankings

- Rankings are here to stay.....
- Controversy will continue..
- Academic community will remain highly interested in business school rankings.
- Primary audience will continue to be consumers: prospective b-school students, parents and alumni
- Rankings are now a worldwide phenomenon and will continue to evolve country-by-country basis.
- Internet will grow as info source
- There will continue to be many different b-school rankings: far more than in other academic disciplines

Morse Code: Inside the College Rankings

- ◆ On June 1, 2007 U.S. News and I started a blog called:
Morse Code: Inside the College Rankings
link:
<http://www.usnews.com/blogs/college-rankings-blog/index.html>
- ◆ *Morse Code* provides deeper insights into the methodologies and is a forum for commentary and analysis of college, grad and other rankings.
- ◆ I try to write at least one entry per week. Around 15,000 to 20,000 page views each month.



THE END

- ◆ "An Inside Look into the U.S. News and other Media MBA Rankings"
- ◆ The presentation will answer such key questions as: what role should MBA rankings play in deciding where to apply and go to business school; why the MBA rankings are done by U.S. News; the philosophy behind the MBA rankings; details on the how the MBA rankings are calculated and the statistical factors used;
- ◆ a comparison of the B-school ranking methodologies used by Business Week, U.S. News, Financial Times, and The Economist and implications for B schools and prospective students; and the U.S. News response to ongoing criticisms of the rankings by B-School academics.
- ◆