

# *Academe Makes for Strange Bedfellows: How Continuing Education and Schools of Management Collide and Cooperate*

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## THE INSTITUTIONAL BATTLEGROUND

A significant component of continuing education involves teaching management, especially through the array of academic degree programs offered to part-time older students. In fact, the ability to offer management education is critical for the viability of continuing education. Why hasn't this been a more prominent topic at national conferences and a basis for bilateral discussions among professional associations? Co-existing amicably with its institution's business schools is perhaps the most important internal political challenge a continuing education enterprise faces.

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Business schools have every reason to be concerned about internal competition for students. The issues of overlap and conflict are sensitive and potentially explosive to both areas, and the stakes are high. No matter how carefully delineated the two, their worlds are like Venn diagrams, where the overall sum of activities might be in the best interest of the institution but the source of strain tends to be in the segment common to both. Many institutions have achieved a balance of interests; others experience perennially strained relations and stifled ambitions. The outcome has often led to the stunted growth of continuing education within many major universities. Because continuing education simply cannot operate without management programs, many institutions have foregone outreach to older students altogether to avoid this collision.

We will explore the nature of this conflict, offer case studies from our own experiences, and suggest some possibilities for *détente*. The continuum begins with conflict of self-interests, moves to methods of coping and compromise, and then ideally to stages of co-existence, cooperation, and perhaps even collaboration.

What are the bases for this rivalry within universities? First, business and continuing education schools are competing for some of the same students, often at different price points or academic standards. The audience for part-time MBA programs is, after all, a target market for continuing education colleges, which do not “own” the older student population. While continuing education cannot claim ownership of mature learners, business schools often strive to own management disciplines. The principles they teach suggest the need for a clear institutional message to the marketplace. Anything less than a single, direct source of management training is, according to the conventional wisdom of marketing, confusing to the consumer. Accreditation requires that business schools care who else on their own campuses teaches management.

At times, this leads to a classic power struggle between deans at the same institution. Who owns what, which school deserves primacy, and how should resources be allocated? This might not only be a personal battle for the love of the senior administration but a strategic one as well. Is the greater good to attract a wider array of students, or to seek higher rankings and greater prestige? Selectivity or access? Prestige or revenue? Full-time, academically trained faculty or those with greater experience in their industries? Younger or older students? A national presence or service to the community? Excellence in teaching or lighter teaching loads

to conduct scholarly research? Many critical dilemmas surface in the turf battles between business and continuing education enterprises. Whether this leads to a zero-sum solution of winners and losers or some form of creative accommodation, it serves as a profound test of the leadership and collegiality within an institution.

### **THE ROLE OF ACCREDITATION—YOU MUST PAY TO PLAY**

The American Association for Collegiate Schools of Business (AACSB) has forced this issue onto many institutions. Founded in 1916, the AACSB began its accreditation role in 1919, became global in 2003, and changed its name to Association to Advance Collegiate Schools of Business. While only a minority of schools achieve accreditation (now 559), this elite has defined the very nature of what it means to teach business administration and brought business schools into the academic mainstream. While their standards are complex, their principles have retained their clarity over the years.

First, the AACSB accredits institutions, not just their business schools. An institution cannot factor out some business programs under a different rubric to exempt them from AACSB scrutiny. The accreditors expect the business school to take an in-house leadership role in managing the nature and quality of all programs, regardless of their place in the organizational structure. Any undergraduate degree with a quarter of its curriculum in business and any graduate degree programs where half of the coursework is typically the purview of business schools are part of the portfolio for review and compliance, regardless of which department delivers that degree, where the courses are listed, or which faculty teach those courses in the university structure. Programs can only be excluded if they operate under a separate accrediting body, fall within a very specialized or industry-specific area, or operate on a completely separate campus with a distinct governance structure and brand. Online, off-campus, and blended degree programs are otherwise liable for review. The burden of proof is on the institution to argue for excluding a program from the AACSB audit.

Second, as an effort to promote institutional diversity, the AACSB in recent years has expected the actions and performance of the institution to be consistent with the expressed mission and strategy.

Third, across all of higher education, regardless of mission, there is an AACSB expectation of a minimal threshold of full-time, terminally qualified faculty. No single factor has done more to change the professoriate in business schools, drive up their salaries, and recast faculty performance

measures. The AACSB distinguishes between “participating” and “supporting” faculty (roughly, full-time as opposed to part-time) and prescribes that at least 75 percent of the overall teaching faculty (and 60 percent within each program or discipline) must be participating. The AACSB also differentiates “academically” and “professionally” qualified faculty, and insists that at least half be academically qualified—a doctorate or equivalent—and currently contributing to their field of study through scholarship.

Thus, the majority of those teaching in any business program in any part of an AACSB-accredited university must be full-time, conventional faculty, with advanced research credentials and an active record of ongoing scholarship. These measures have shifted the emphasis in accredited business schools from practice to theory and from professional to academic credentials, and towards raising the minimal costs of delivering a business management program in an accredited institution.

While not the only factor in defining the relationship of business and continuing education schools, the AACSB has injected the most drama and clarity into the issues between the two. The AACSB has raised the cost of entering the business management market, and some schools like Boston University have decided to pay those costs. In other cases, this has been resolved by having the continuing education unit deliver its business school degree program but taught by faculty from the business school. Yet elsewhere, degree programs have been designed to fall outside of AACSB purview by using euphemistic names for their programs and structuring curricula to just fall below the AACSB thresholds for business content. A very few, such as the University of Maryland University College, created entirely separate university structures to insulate management programs that do not even try to be in AACSB compliance. Drexel University, Cornell University, Georgetown University, and the University of Connecticut created masters of professional studies programs; Gonzaga University and Northeastern University have master’s degrees in leadership; continuing education schools at Washington University and New York University focus on various specializations; and Boston College has a masters in administrative studies—all sidestepping the scrutiny of the AACSB and articulated as distinct from the degrees of the business schools at their institutions.

Other models have been tested in the case law of accreditation, and still other schools simply cede their potential part-time market to other local institutions. For-profit universities have been a major beneficiary. Universities either had to raise their costs of conducting management education,

find creative but often constraining methods for exclusion, or pay the cost of lost enrollments.

### THE BOSTON UNIVERSITY STORY

Boston University's Metropolitan College (MET) was founded in 1965 with the authority to offer academic degrees and develop its own full-time faculty. MET's management programs were called "professional studies" at the undergraduate level and "administrative studies" at the masters level to avoid AACSB review. MET's military and over overseas campuses throughout the US, Europe, and Israel were able, under AACSB standards at that time, to offer explicitly business degrees and still be excluded. However, AACSB requirements over the decades have become more inclusive, and Boston University made the decision in 1990 to bring Metropolitan College into compliance. Local, satellite campuses were eliminated and the main campus undergraduate major became "management studies," with requisite full-time faculty coverage. The other master's programs on- and off-campus remained for a time outside the AACSB purview, though it was inevitable these too would become problematic. The relationship between the two academic colleges on campus was pragmatic and cooperative, but not close nor especially deep.

Facing a dilemma at the beginning of this decade whether to consolidate programs or increase instructional expenses, the AACSB introduced a fortuitous option. As an experiment in 2001, the AACSB offered some universities a chance to be accredited by unit rather than by institution. Metropolitan College immediately jumped on this opportunity to forego accreditation. Internally, from a strained, arranged marriage between two academic colleges within Boston University came an imposed divorce. Externally, like a tree falling in the forest, no one ever questioned this change or held this against Metropolitan College. Though this experiment was hardly likely to continue indefinitely, the window of opportunity opened for innovation and growth. MET expanded on-campus undergraduate and graduate enrollments in business areas, and more importantly, built a distance education capability that brought significant growth through a suite of management masters programs.

When the AACSB ended the experiment, Boston University faced a new decision under very different circumstances. MET had now grown management programs to the level that generated more than \$20 million. Because MET had taken the precaution of increasing full-time faculty and

developing quality programs that had cognate approval from the School of Management and reflected well on the university, the solution was clear: add the several more faculty lines needed to reach AACSB thresholds, institute higher scholarship requirements for all faculty, and make significant changes in those off-campus programs at military and overseas locations to exclude them from scrutiny. This brought the two colleges back into regular communication, but this time, more as peers. MET now possessed programmatic, pedagogical, and scholarly strengths appreciated by the faculty and deans of the business school. Increasing expenses modestly made far more sense than jeopardizing revenues. Putting MET out of business was no longer an option; and MET was not a major threat, embarrassment, or concern, despite the size of enrollments and prominence in the marketplace.

The two colleges have demonstrated that similar entities with different strategies and markets can coexist and even find common ground. MET invites the School of Management to participate on faculty search committees and symposia. MET's programs and marketing are carefully articulated to be differentiated from those of the School of Management. MET will continue to manage efficiently the number of course sections offered, calibrate the size of the full-time faculty, and handle its enrollments and future growth responsibly. While the AACSB has targeted Metropolitan College for a site visit in 2012, a firm strategic path has been developed that cannot be easily reversed.

### **NORTHEASTERN UNIVERSITY**

The Northeastern University story of conflict and cooperation is reminiscent of Boston University's. In this case, AACSB played a major role in crystallizing the conflict between the Northeastern School of Business Administration (CBA) and the College of Professional Studies (CPS), previously called University College until 2006.

The College of Business Administration offers a BSBA program to traditional students aged 18-22, but no program for nontraditional undergraduate students. The College of Business also offers a variety of graduate programs, including a full-time MBA, a part-time evening MBA, as well as specialty programs like the executive MBA and the high-technology MBA programs. CPS has been offering a BSBA degree for nontraditional students at satellite campuses throughout Massachusetts for decades. Like many continuing education colleges, CPS staffs this primarily with adjunct faculty, and with tuition rates substantially below those of the CBA. In the

1980s, AACSB visited Northeastern and was concerned about the discrepancy between the traditional undergraduate program offered by the CBA, staffed in large part by full-time, academically qualified faculty, and a large evening program offered to nontraditional students, staffed significantly by adjunct faculty.

During the following two decades there were attempts to bring the CBA and the CPS into alignment. At one point, the College of Business tried to assume responsibility for the majority of teaching in the College of Professional Studies in multiple locations. This effort was accompanied by spitting undergraduate education into associate's degrees that did not require AACSB oversight and the BS degree with restricted enrollments, which did need to conform to AACSB guidelines. Implementation proved impossible due to the location of satellite campuses and the cost of having full-time faculty teaching a significant portion of these courses. The College of Professional Studies then attempted to recruit full-time, academically qualified faculty to teach a majority of its courses. This also proved ineffective, partly due to the tight market for business school faculty and the essential requirement that faculty remain research active while teaching significantly higher teaching loads. A third, and more recent attempt called for the College of Business and the College of Professional Studies to significantly reduce the size of the nontraditional BS program and to ensure that it met the faculty coverage requirements by using a master-teacher model, that is, a full-time and academically qualified professor who is the faculty of record for several sections of a particular course. Junior faculty members, often adjuncts, play a significant face-to-face role with these students. This model reflected that employed in many large state universities where faculty of record lecture to hundreds of students, and then doctoral students run small discussion sections.

At the end of the day, each of these attempts to bring together the College of Professional Studies and the College of Business to meet AACSB requirements was marginally effective. The next step for the College of Business and the College of Professional Studies is to continue to reduce the size of the nontraditional BS program so that it can be effectively supported with full-time, academically qualified faculty. This will continue to be a challenge because of the lower tuition rates offered by the College of Professional Studies and the scarcity of full-time academically qualified faculty in management. Both the College of Business and the College of Professional Studies are committed to ensuring that the existing program

continues to meet AACSB standards, as well as any new programs currently being considered around the globe. An innovative master-teacher model, perhaps coupled with online education, may be the ultimate solution.

At the master's level, the College of Professional Studies has focused on degrees in leadership as a surrogate for management degrees that are regulated by AACSB. By keeping the percentage of management courses under 50, CPS can offer MS in leadership degrees in a variety of areas without meeting faculty qualification requirements. However, even degrees in leadership can creep under the AACSB umbrella. During Northeastern's last AACSB visit, the masters in leadership for financial services was deemed to be part of the management offerings and, therefore, under AACSB review. As one dean commented: "If it walks like a duck and quacks like a duck, it's a duck!"

Global expansion may be the next arena for potential conflict between business schools and continuing education colleges. Opportunities to deliver BS and MS degrees in developing countries are appealing if American universities can offer attractive tuition rates with a flexible faculty profile. The most likely target market for these offerings, however, is traditional-age students. Once again, business schools will be competing directly with the continuing education unit for the same students.

### **BABSON COLLEGE**

Unlike Boston University and Northeastern University, Babson College is a small, private, AACSB-accredited school. It is considered a specialty school that offers only business administration. Babson delivers a traditional undergraduate degree, traditional MBA programs, and executive education through highly customized programs designed for corporations. Over the years, Babson considered a division for continuing education and has actively dismissed this type of offering. Each of the three units at Babson—undergraduate, graduate, and executive education—had its own highly focused domains, and therefore, had no business-model conflict. Each unit had its own market segment with offerings that did not overlap and were non-competitive in every sense of the word.

In the late 1990s, two new program offerings were developed and brought to the marketplace, both of which caused significant tension within Babson College. The first was when executive education began to offer graduate certificate programs to corporations. These certificate programs were actually graduate courses packaged as small certificates in focused



areas for corporate executives. Certificates such as finance, marketing, or supply chain were offered to corporations who used their tuition remission budgets to support these programs. Thus, for the first time, executive education was marketing directly against the graduate school of business. Recruiters for the MBA program might be calling on companies to entice their managers to attend the evening MBA program at Babson while at the same time business development managers from the School of Executive Education were calling on the same corporation's chief learning officers to encourage them to buy certificate programs made up of MBA electives. Unlike the BU and NU examples, where AACSB played a predominant role in the conflict, in this case there was clearly a market segmentation and business model conflict.

At about the same time, a new for-profit business funded by Babson College, called Babson Interactive, was formed to offer an online MBA program to Intel Corporation. This for-profit organization was able to move nimbly outside the usual administrative structure at Babson and design a hybrid MBA program that would be delivered half online and half face-to-face to Intel engineers on the west coast. Babson Interactive was able to contract with faculty directly rather than through department chairs and to aggressively seek approval on curriculum and its delivery system by fast-tracking the process with the graduate curriculum committee. The Intel MBA program was launched in record time. The program was immediately successful in terms of corporate acceptance, student satisfaction, and financial returns. However, within short order, tension began to build between the leadership of the graduate school and the leadership of Babson Interactive. Questions of authority, responsibility, curriculum approval, faculty selection, and even pricing became areas of conflict.

Both of these cases have similarities. Both program offerings violated the business model of the existing educational structure. The School of Executive Education began to cannibalize the marketplace for evening MBA students by recruiting in the same market segment with a more inexpensive and flexible product. Babson Interactive also offered a modified and highly innovative MBA program directly to a single corporate client, Intel. While neither of these examples ran afoul of AACSB, both are examples of business model conflict; that is, one unit began to offer products and services to another unit's market segment.

This form of business model conflict is at the root of many conflicts within large universities, which can occur even at a small private college

such as Babson College. In the end, both of these models had to be accommodated within existing business models. In the first, executive education was required to have certificate programs that they hoped to offer the corporate community reviewed and approved by the graduate school. The graduate school did the faculty staffing of these courses, and the certificates were slowly built into the graduate school offerings. In the case of Babson Interactive, designing and launching a hybrid MBA program to a single corporate entity also had to be integrated into the business model at Babson. Babson Interactive was dissolved and the Intel MBA soon became the Fast-Track MBA, a hybrid MBA program offered by the graduate school not only to Intel employees, but also to anyone who found this model to their liking.

In the end, these business model conflicts had to be resolved in order for Babson College to continue to operate effectively and to ensure that there was no cannibalization or market signaling that would confuse the consumer.

#### **ARTHUR D. LITTLE SCHOOL OF MANAGEMENT**

The Arthur D. Little School of Management was an unusual entity in higher education. It offered a regionally accredited masters in management program embedded within a global consulting organization, Arthur D. Little. This program had been in existence for three decades offering management education to Arthur D. Little clients around the world in support of major infrastructure projects. In the late 1990s the school changed its name to the School of Management and continued to offer a master of science in management to international managers with little or no affiliation with Arthur D. Little consulting.

Originally there was a synergistic relationship with ADL's consulting, which in the 70s and 80s was engaged in major infrastructure projects in the developing world. ADL consultants encouraged country managers to come to the ADL school in order to better prepare to manage these projects. Over the ensuing years, Arthur D. Little consulting focused less attention on developing country infrastructure projects and the school became less aligned with the consulting business. There was very little business model conflict until the school began to offer executive development to ADL clients. When the LG Group, a major Korean conglomerate, engaged Arthur D. Little for a major strategic planning project, LG sent its managers to the Arthur D. Little School of Management to learn about strategic planning. It

was during programs like this, when the Arthur D. Little School of Management was educating managers to use the consulting tools and techniques, that the business model conflict began. The more hands-on the educational program offered by Arthur D. Little School of Management became, the more these programs began to appear like consulting engagements. Rather than continuing to be synergistic with the training supporting consulting, the training appeared to compete with the consulting practice. For example, a multi-week training program for managers which had project-based homework assignments often looked much like an Arthur D. Little consulting engagement in which line managers were asked to do projects to support the consulting initiative.

These business model conflicts were just beginning between the school and Arthur D. Little consulting when Arthur D. Little began to have significant financial problems, and was eventually broken up and sold to various organizations around the world. The Arthur D. Little brand significantly diminished. But once again, this illustrates that conflicting business models—that is two units within the same organization going after the same market segment with different offerings—can cause significant tension within organizations and must be resolved to avoid customer confusion.

### **SOME FINAL THOUGHTS**

It is clear that AACSB can present a major challenge to universities offering both an AACSB accredited program at the undergraduate and graduate levels, and other internal units attempting to offer less expensive programs designed to give access to nontraditional students. There have been many models of successful collaboration, but ultimately it often requires significant investment on the part of the nontraditional unit to provide qualified faculty to meet AACSB standards. It is also clear, when we look at the Babson and Arthur D. Little case studies, that other conflicts can occur even when AACSB is not an issue. In these cases it often is a business model conflict: two units going after the same market segment with different offerings with different price points. It is up to the university to ensure that these conflicts are resolved to avoid market confusion.

Festering conflicts stifle opportunities for an institution to devise creative and collaborative solutions. If this is viewed as merely an internal zero-sum battle, the university is likely to lose enrollments to competing institutions. Conflicting goals and overlapping agenda are always inevitable in complex organizations and always challenging to resolve amicably. But

there need to be mechanisms for balancing strategies, appreciating competing goals, and optimizing the best outcomes for all parties, and especially for the university as a whole. Continuing educators are in delicate positions internally, particularly in that they rarely own the subjects they teach. Business management is the major field of study—and battleground—where these issues are likely to erupt. Continuing educators need to be sensitive but persuasive, entrepreneurial but not reckless—and always looking out for the overarching reputation of the university they represent. 🗣️