MIT's Sloan School Adds the Program but Companies Scale Back Sponsorships

By Jane Porter
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Massachusetts Institute of Technology's Sloan School of Management is launching its first "Executive M.B.A." this fall, but it faces a tough market as companies cut back funding for employees to go through such programs.

Executive M.B.A. programs—masters-degree programs where the classes are usually held on weekends so that ambitious job-holders can attend—have become common at many business schools. But corporate support has been declining.

Only 32% of Executive M.B.A. students were fully sponsored by their companies in 2009, down 5% from 2005, according to the Executive MBA Council.

"Historically it was corporations that were footing the bill," says Michael Desiderio, director of the group, a nonprofit association of schools that offer such programs. Now, "more individuals are paying their own way," he says.

While the new program will be the first Executive M.B.A. degree offered by the school, Massachusetts Institute of Technology has been training executives in its Sloan Fellows program—a full-time year-long intensive degree—since 1940. But with three-quarters of the Sloan Fellows coming from outside the U.S., MIT administrators realized they "weren't really serving the Boeings and Ciscos and Intels and Boston Scientifics," says David Schmittlein, dean of the business school.

MIT had long resisted launching an Executive M.B.A. program, administrators say. Much of the faculty felt that such a program "would not meet the standards to receive an MIT degree," says Bob Halperin, former director of executive education at the business school, who was put in charge of the new program's corporate relations effort. But two years ago, the school decided to take another look.

MIT officials began courting companies across sectors to figure out just how to structure its curriculum for working executives, most of whom typically hold senior management jobs and have at least 10 to 15 years of work experience.

While most programs typically follow a weekend model, with classes held every other weekend, MIT's program will include four eight-day modules and meet every third weekend over the course of 20 months. While the degree is geared toward general management, the curriculum will also draw on the faculty's strengths in innovation and technology-based business.
"What we are doing isn't right for everyone," says Mr. Schmittlein.

MIT's Executive M.B.A. is priced around $120,000, putting it roughly in the middle of similar programs at other top-tier schools. That cost will be a challenge for some students, administrators say.

MIT anticipates between 30% and 60% of students will receive some sort of corporate sponsorship to cover some or all of the tuition, but it's likely a majority of students will be expected to foot at least a portion of the bill themselves.

Students paying out of their own pockets also tend to be more demanding, according to Mr. Desiderio. "There's a lot of pressure to ensure that you're providing a high quality rigorous experience," he says.

Another challenge is the time it takes to woo firms. Companies typically choose which Executive M.B.A. programs they will approve for employees, and which employees they'll consider for attendance, once a year. Many companies made those decisions before MIT announced its foray into the field this week. That means waiting anywhere from six to 18 months for reconsideration, says Mr. Halperin.

In the next two months, administrators say they'll reach out to alumni, companies and individuals who have worked with the business school to give them a chance to nominate candidates before the Aug. 15 application deadline. And of the 36 companies that Mr. Halperin has corresponded with to develop the program, 34 have expressed interest in sending executives, although it's unclear whether any have committed.

"We recognize it's a short timeframe," says Jonathan Lehrich, director of the Executive M.B.A. program. "Lots of people have expressed interest in the program. Now we have to make sure they apply."