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HEADLINE: Was Earning That Harvard M.B.A. Worth It?

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BODY:

ABOUT a year before Adam Richman was to graduate from the Harvard Business School in 1996, he took on an extracurricular project. It was long before the Internet bubble inflated and burst, and well before one of the school's graduates landed in the White House. Mr. Richman wondered: What was the real-world value of a master's in business administration, especially one from the iviest of Ivies? Was it, as widely perceived, an ace in the hole, a get-out-of-jail-free card, a ticket to the good life?

To that end, Mr. Richman decided to track a core group of his Harvard classmates, to converse with them about their personal and professional aspirations, and then to revisit them every five years until 2026. He also decided to film them along the way, a la "7 Up," Michael Apted's celebrated documentary series, which chronicled the lives of the same 14 people every seven years.

"I wanted to know how students made their career and leadership decisions, how they defined success," said Mr. Richman, 36, the co-founder of Double Nickel Entertainment, a television and film production company. His academic adviser, Monica C. Higgins, an associate professor at the business school, became a consultant for the series, titled "Building Career Foundations," which she uses for case-study work in her classroom.

"We're very interested in how external shocks affect careers -- like 9/11, the dot-com boom and bust -- and this class was right before the dot-com boom," said Professor Higgins, 41. "We wondered: 'How do people make the decision to drop everything and go after a dream? Who makes those type of choices and why?' People ask alums, 'What was the most important class you took in school?' But the real test comes once you're out."

In that regard, their documentary is a litmus test of sorts about how much bang Harvard Business School graduates get for their buck after their academic sojourn to Boston. It is, of course, a narrow, microcosmic gauge, limited by the number of people Mr. Richman

and Professor Higgins are following, the questions they ask and the complexities of education and personal choice.

Even so, their work offers a window into the value of a Harvard degree that carries a two-year tuition bill of more than \$70,000 and, more generally, onto the overall utility of any M.B.A. degree.

THE popularity of the degrees has surged. In 1970, for example, business schools handed out 26,490 M.B.A.'s, according to the Department of Education. By 2004, after a period marked by an economic boom and heightened competition for top-flight business careers, that figure had jumped to 139,347. But opinion and data appear divided on the tangible benefits of an M.B.A.

"The M.B.A. is the most versatile degree out there -- most of the others are very field specific, but you can apply an M.B.A. to any field," said Rachel Edgington, a research director for the Graduate Management Admission Council, a nonprofit group in McLean, Va., that is overseen by leading business schools and administers annual admission exams.

But others advocate hands-on experience over academic buffing and polishing. "M.B.A. programs train the wrong people in the wrong ways with the wrong consequences," said Henry Mintzberg, a management professor at McGill University in Montreal. "You can't create a manager in a classroom. If you give people who aren't managers the impression that you turned them into one, you've created hubris."

In 2003, Professor Mintzberg tracked the performance of 19 students who graduated from the Harvard Business School in 1990 and were at the top of their class academically. Ten of the 19 were "utter failures," he said. "Another four were very questionable, at least," he added. "So five out of 19 did well."

Research varies on the value of an M.B.A. A 2006 study by the Lubin School of Business at Pace University, looking at 482 companies listed on the New York Stock Exchange, found that only 162 of them had chief executives with graduate degrees in business. The companies with chief executives who went to more prestigious schools did no better than those who went to less prestigious schools, according to the study. Why this was so is unclear.

"One possibility is that if you don't have a graduate degree from a top school then you have to work that much harder to succeed," said Aron A. Gottesman, an associate professor at Pace and a co-author of the study.

On the other hand, Professor Gottesman and a colleague found in a separate study, published earlier this year in the *Journal of Empirical Finance*, that mutual fund managers with M.B.A.'s from BusinessWeek's 30 top-ranked business schools -- including Harvard -- generally outperformed other mutual fund managers. Professor Gottesman is not sure why this was so, either. "One possibility is that at higher-quality schools they simply

teach better technical skills," he speculated. "Or students at top-tier schools have a higher I.Q."

Wherever the broader value of an M.B.A. degree resides, most graduates themselves appear to be satisfied with their diplomas. According to the 2006 Global M.B.A. Graduate Survey from the Graduate Management Admission Council, 63 percent of M.B.A. alumni described the value of their degree as "outstanding or excellent," when comparing the cost of their degree to the quality of their educations; 29 percent called it "good."

And the subjects of "Building Career Foundations" have told Mr. Richman that they are pleased, indeed, with the professional and personal doors that their Harvard degrees have opened. Mr. Richman and Professor Higgins initially chose four women and six men to be their subjects in 1996 after a lengthy interview process. They surveyed about 130 other students along with their main focus group, asking questions about post-Harvard goals, salary expectations, relationship status and other topics. They also sent similar questionnaires to the same people in 2001 and had their cameras ready to film their core group.

Last weekend, when the class of 1996 returned to the Harvard Business School for its 10-year reunion, Mr. Richman and Professor Higgins were present with their cameras and notepads.

"The experience lets you handle challenges, gives you the confidence to take calculated risks and enables people to pursue passions or dreams that maybe they otherwise couldn't at that point in their life," said Terrence M. Mullen, 39, a subject of the documentary who is a co-founder of Arsenal Capital Partners, a private equity fund in Manhattan.

In 1996 and 2001, Mr. Richman and Professor Higgins asked their 140 subjects how they defined success. Their answers, in descending order of importance, were the same in each of those years: personal satisfaction or "balance," the respect of their peers, and the chief executive's or chief financial officer's post at a corporation. High salaries ranked last each year.

"It did surprise me that the folks coming right out of school would put money last, because they had all this debt," Professor Higgins said. "But they want to have it all."

Respondents to her survey this year offered a different mix of priorities. They said that balance, financial security and corporate power were their top goals, but they placed less emphasis on becoming C.E.O.'s and were more interested in general corporate leadership positions. Ranked last was "respect by peers." Another category that often emerged, Professor Higgins said, was "impact" -- defined as making "areal difference" or "a positive difference to society."

Professor Higgins said the focus on "balance" and "happiness" seemed to stem from having or planning to have children, from feelings about the Sept. 11, 2001, terrorist

attacks, and from the bursting of the dot-com bubble. "They seemed to have come to realize that certain things are precious in life, not the least of which is family," she said.

At this year's reunion of the documentary's main subjects, it turned out that 6 of the 10 had been involved in Internet businesses previously -- four as C.E.O.'s of their own companies, and two as investors in other companies. Five of the 10 had experienced a major career trauma -- their businesses collapsed or were taken over or they lost jobs because of layoffs. The other five had invested successfully or cashed in on initial public offerings in companies where they had worked.

The documentary's main subjects now have jobs in various fields. Stephen Klein is executive vice president of Too Far, an arts and entertainment company in San Francisco; Kevin Hall is the chief operating officer of the Broad Foundation, a Los Angeles nonprofit group; Kim Malone is director of online advertising sales for Google AdSense in Mountain View, Calif.; Mareva Grabowski is a bank executive in Athens; Jeff Flemings is a senior executive at Digitas, an advertising and consulting firm in Boston; Clare R. Scherrer is a managing director at Goldman Sachs in New York; Levent Kahraman is a managing director of a New York bank; Cheryl Pegues is the director of business development at Cox Enterprises in Atlanta; and Humphrey Chen is a director at Avaya, a software company in Basking Ridge, N.J.

MR. HALL, 39, pursued a series of corporate jobs after getting his Harvard degree and then founded a company that ran charter schools. At the Broad Foundation, he focuses on improving public education in Los Angeles. "September 11 really reinforced for me that I'm willing and want to devote my energy toward K through 12 from a patriotic standpoint," he said. "I think it's really critical for us as a country to do this."

Mr. Richman, who was a creative writing and drama major when he graduated from Tufts University in 1992, later went to Harvard Business School without formal business training and no plans to seek a corporate job. He did, however, want to do something in television and film, and rather than start as a gofer in Hollywood he applied to business school to "round myself off," he said.

"When I first got out, people in Hollywood were like: 'Why did you get your M.B.A.? You would have been better off sitting at someone's desk answering phones,'" he recalled. "But it certainly has been helpful for me now that we're doing bigger deals. It was helpful even before I started my company, putting together financing for projects and closing deals."

Another benefit of an M.B.A. degree, especially from a top-notch school, is the public perception of it -- and, by default, its holder -- according to a 2005 report by the University of Maryland. The study found that recruiters paid higher salaries to graduates of top-tier business schools compared with those from less prominent ones. "The school's prominence provides legitimacy in the eyes of third parties," said Violina P. Rindova, an associate professor of strategy at the University of Maryland and co-author of the study.

"The real value of an Ivy League business degree is arguably not the education itself, but the screening of intelligence, drive and past accomplishments that the schools do," said Ben Dattner, founding principal of Dattner Consulting in New York. "Just like with undergraduate degrees, if you're smart enough to get into a top-tier school, you're likely to inspire confidence."

MICHELLE MADDEN, 39, a 1994 Harvard Business School graduate who lives in New York and worked at an online media company which she and her partners sold in 2001, agrees. "People tend to give you the benefit of the doubt that you're somewhat intelligent," she said. "They assume that if H.B.S. has done the screening, they don't need to concern themselves with the intelligence screener."

The degree also gave Ms. Madden the confidence to leave the business world several years ago to pursue interests in photography and mountain climbing before resuming work as a consultant. "Today, there's much less of a stigma to taking time off and changing careers," she said. "With the M.B.A., I felt I could do it and return to work without much problem."

Others say that they preferred actually being an entrepreneur to just contemplating becoming one. Jamie Rosen, who quit Harvard Business School in 1995 after getting funding for a software start-up, sold his company in 2004 and founded Memorystone Publishing, a company that produces digital photo albums, a year later.

"The reason I went to B-school was to learn to be an entrepreneur, and here was an opportunity to build a business and get paid for it," said Mr. Rosen, 35, of his decision to leave Harvard. "I'm not necessarily happy that I didn't finish, but I don't regret not going back because I enjoyed what I was doing."

Ms. Malone, one of the subjects of Mr. Richman's documentary, said she never expected to enjoy Harvard as much as she did. "I went in with great skepticism," she said with a laugh. But what Ms. Malone, 38, found at Harvard surprised her -- "a pretty friendly, warm, welcoming, nice place."

After Harvard, Ms. Malone spent a year working at the Federal Communications Commission and then helped begin an Internet telephone start-up, which eventually went public. She quit in 1999 to write her first novel, as yet unpublished, before joining Google in June 2004. Like Ms. Madden, Ms. Malone said her degree allowed her to take time off while knowing that it would be easy to get another job.

"It's this big safety net; it's a credential that makes it easier to get a job later," she said. "Maybe life shouldn't be that way, but it is what it is."

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GRAPHIC: Photos: Kim Malone, left, during filming of a Harvard documentary with Adam Richman, Prof. Monica Higgins and Michael McEachern, the cameraman. (Photo by Rick Friedman for The New York Times)(pg. 4)

Graduates of Harvard Business School at commencement last week in Boston. There is no consensus data on whether most of them will become corporate stars. (Photo by Harvard Business School)(pg. 1)

Harvard Business School alumni, from left, Kevin Hall, Kim Malone, Levent Kahraman, Humphrey Chen, Mareva Grabowski and Terrence M. Mullen. All are subjects of a documentary that is tracking the careers of the school's class of 1996. (Photo by Rick Friedman for The New York Times)(pg. 7)Chart: "Harvard Business School's Bottom Line"Class compositionWomenCLASS OF '96: 29%CLASS OF '05:

35%MinoritiesCLASS OF '96: 18%CLASS OF '05: 22%International studentsCLASS OF '96: 25%CLASS OF '05: 33%Median base salary in first job after graduationIN 2005 DOLLARSCLASS OF '96: \$99,579CLASS OF '05: \$100,00First job after graduationCLASS OF '9637%: Consulting27%: Financial services12%: General management8%: Marketing5%: Other5%: Business development4%: Strategic planning3%: Corporate financeCLASS OF '0530%: Financial services18%: Consulting17%: Marketing10% General management8%: Business development8%: Strategic planning7%: Corporate finance2%: Other(Source by Harvard Business School)(pg. 4)

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