Graduate Committee Recommended Changes to the MBA Program

Summary
The Graduate Committee with advice from faculty involved with the AOL assessment and accreditation has concluded that the MBA program needs increased rigor and more focus. The Committee proposes three categories of improvement to the MBA program; (1) higher and more consistent admission standards, (2) a minimum background body of knowledge completed early in the program, and (3) a focused BA590 capstone class that integrates the major components of the MBA curriculum. The forum this Friday is to discuss these changes. At the fall convocation, we will revisit any issues that have come up and then have a vote (ballot) on specific changes.

The Business faculty will need to vote on the following Graduate Committee recommendations:

1. Increased Admissions requirements (specifically a higher minimum GMAT of 450) versus the current admission standards.
2. Requirement that the Body of Knowledge is completed in the first year, but that students are allowed to test out of specific requirements. Individual departments would be responsible for administering and evaluating specific tests.
3. Changes to BA590 that include:
   a. focus on a business plan,
   b. four prerequisite courses (ACCT503, MKTG 503, BLAW502, and FIN 503).
   c. required topics to be included in core classes leading to BA590, and
   d. a MBA introductory course (BA501) that outlines the “road map” to the BA590 project.

Admissions

Current Requirements
To gain admission to the M.B.A. program, applicants must have:

- achieved a minimum Graduate Management Admission Test (GMAT) score of 400 and a combined undergraduate GPA x GMAT score of at least 1400,
- received a graduate degree from a regionally accredited college or university, or
- completed at least four years of relevant, full-time, post-degree, professional work experience and compiled an undergraduate GPA of at least 3.25.
**Proposal #1**

A proposed alternative admission requirement would require applicants to have:

1. Obtained at least a 1050 on the following formula: (GPA x 200) + GMAT score
2. Achieved at least a minimum Graduate Management Admission Test (GMAT) score of 450.

Official GMAT scores would be submitted to the M.B.A. Program Office at least one month prior to initial enrollment in the program. An equivalent score on the GRE exam may also be considered on a case by case basis. In addition, supplemental information must be mailed directly to the M.B.A. Program Office by the same deadline. Supplemental materials will be considered, in addition to the minimum GMAT and formula calculation stated above, to make the final acceptance decision. Supplemental information required:

1. Two letters of reference.
3. The applicant’s current resume.

**Comparison of Current Requirements to Proposal #1**

The first proposed admission formula is similar, in result, to the GMAT option of the current admission standard except for minimum acceptable GMAT score. The following table indicates the GPA required for several GMAT scores for both the proposed and current standard:

<table>
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<tr>
<th>GMAT</th>
<th>Current</th>
<th>Proposed</th>
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<tbody>
<tr>
<td>400</td>
<td>3.50</td>
<td>DA 1/</td>
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<tr>
<td>450</td>
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<td>500</td>
<td>2.80</td>
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<td>550</td>
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1/ Denied Admissions

The proposed admission standard with a higher minimum GMAT score would further truncate students who do test well on the GMAT but might have a high compensating GPA. These tighter admission standards should also be weighed against the stricter body of knowledge testing outlined below.
Proposal #2

A second alternative admission requirement would require applicants to:

Have one of the following:

1. an undergraduate degree from a university whose Business College has either AACSB or ACBSP accreditation with either an overall cumulative GPA of 3.5, or a cumulative 3.5 GPA in the last 60 credit hours, or

2. a minimum combined GPA and GMAT score of 1050 based on this formula: (GPA x 200) + GMAT with a minimum GMAT score of 400 (official GMAT scores must be submitted to the M.B.A. Program Office at least one month prior to initial enrollment in the program), or

3. a graduate degree from a university whose Business College has either AACSB or ACBSP accreditation, or

4. an undergraduate degree with a cumulative GPA of 3.25, together with at least four years of advanced analytical or managerial, full-time, post-degree, professional work experience.

Comparison of Current Requirement to Proposal #2

The second proposal is similar to the current requirements in that it offers multiple avenues of gaining entrance into the MBA program. Changes, listed by corresponding number of the option in the proposal, are:

1. this option represents the only new option. It was added to allow students with high undergraduate GPAs to obtain entrance into the program without a GMAT score.

2. the formula for GMAT entrance was changed to one that represents more closely the formulas used at other institutions

3. the type of university from which a graduate degree will be accepted was tightened

4. the type and level of work experience required was tightened

Body of Knowledge
Currently, students in the MBA program have to complete a set of NMSU undergraduate courses (labeled the “Body of Knowledge” (BOK)) or equivalent before they finish the MBA program. When these courses must be completed is currently not specified (except by the end of the MBA program), but as indicated below several courses are prerequisites for core MBA classes:
• ACCT 251, Management Accounting (prerequisite for ACCT 503);
• ACCT 252, Financial Accounting (prerequisite for ACCT 503);
• ECON 251, Principles of Macroeconomics
• FIN 341, Financial Analysis and Markets (prerequisite for FIN 503)
• MKTG 303, Principles of Marketing (prerequisite for MKTG 503)
• MATH 142G, Calculus for the Biological and Management Sciences
• E ST 251G or STAT 251, Statistics for Business and the Behavioral Sciences, or E ST 311G, Statistical Applications (prerequisite for ECON 503)

To improve student preparation, the Graduate Committee recommends that students demonstrate competency in the body of knowledge early in the MBA program. The Committee recommends completing the BOK by the end of the first semester of the MBA program or, as an option for the student, a battery of course specific tests taken before the beginning of the second semester.

The students cannot enroll in a core course unless either the student has the prerequisite or has passed the appropriate test.

If a student passes a specific test, this would remove the course requirement(s). If the student doesn’t pass an exam, he or she would then take the appropriate course that semester. The alternative testing would relieve the burden on some students who do not have an undergraduate business degree, but have the capability to make up a deficiency on their own.

The tests would be outside NMSU registration, a current MBA student would only have to formally sign up to take the tests. Each department would design and grade the test appropriate for its BOK requirement. There would be 6 tests; accounting, finance, marketing, economics, math and statistics (as noted, Economics would cover economics, math and statistics. Passing grade on the exams would be 70%.

As proposed, a satisfactory test result would only substitute for the BOK requirement, but the departments may want to consider whether this would also substitute for a core MBA class prerequisite. Several of the BOK courses serve as prerequisites to the core courses. There are national on-line courses that focus on MBA preparation. These courses appear to be equivalent to many of the BOK courses. Department may wish to consider having as an alternative to the BOK course specific to that department an on-line course that meets the departments requirements. Each department will have to vote whether they approve of a test in lieu of a specific course and then take responsibility for designing and grading the tests.

**BA590**

BA590 serves two important functions: (1) as the capstone, the course integrates major elements of the MBA curriculum, and (2) the team presentation at the end of the course serves as the oral examination required by the Graduate School. The Graduate Committee is concerned with the consistency of student performance in BA590. Many students enter the class unprepared to undertake a substantial team
project within the regular semester or 10 week summer time frame (if applicable, future summer courses may be cut). The Committee recommends a series of changes that focuses BA590 as an integration of MBA curriculum and insures that students are prepared to competently meet the demands of the course.

590 Projects
The team projects will consist of a “business plan” incorporating concepts of business contracts and incorporation, marketing, financing, cost analysis and projection of financials. The students should anticipate a very high level of documentation and substantiation of basic assumptions and calculations.

The professor of the course must ensure that members of the review committee are involved with the project development from the beginning of the course. Because of this extensive involvement, review faculty should be recognized for the service and teaching effort (at least at a level or oral exam participation - the activity can be currently entered in Digital Measures as an oral exam service).

Prerequisites for BA 590
Currently, the only “prerequisite” for BA590 is that the MBA student completes the course in the last semester of the program,(required by the Graduate School for the oral examination). The current requirement allows the student to take a number of core MBA courses simultaneously with BA590. The GC has approved a change to the prerequisites for BA590. The committee recommends the following courses as mandatory prerequisites (not to be completed concurrently) for BA590.

1. ACCT503,
2. BLAW502,
3. FIN503 and
4. MKT503.

Required Topics in Core Classes
It is agreed that faculty will cover specific topic in the core classes that lead into BA590. The prerequisite classes would cover a list of specific topics necessary for completing the BA590 project, indicated in Figure 1. Thus students entering BA590 would already be competent with the business plan concepts. Instructors of the core classes should include the following topics in the course syllabus and emphasize to the students how the concepts fit into a business plan.
**Introductory MBA Course**

The Graduate Committee recommends a “front end” course to the MBA program (BA501) which all entering MBA students would take within the first year (preferably the first semester). The course would give students a background in business planning, development of a project proposal, team coordination, communication, presentation and writing skills that are required for the BA590. The course will outline a “road map” to the student to finish BA590 successfully (such a check point topics in the core classes that are fundamental to the BA590 project).

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<thead>
<tr>
<th>ACCT 503</th>
<th>BLAW 502</th>
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<td>Cost-volume-profit</td>
<td>Types of Business Incorporation</td>
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<td>Margin analysis</td>
<td>Contract</td>
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<td>Budgeting</td>
<td>Intellectual Property</td>
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<td>Financials</td>
<td>Tort Law/Liability</td>
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<td>Capital Planning</td>
<td>Employee Legal Issues</td>
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<td>Decision Making</td>
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<td>Marginal vs average</td>
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<td>Concept of a Business Plan</td>
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<th>FIN 503</th>
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<tr>
<td>a. Scope</td>
<td>Annuities</td>
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<td>b. Market Share</td>
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<td>c. Penetration</td>
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<td>d. pricing</td>
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<td>e. Demand</td>
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<td>f. promotion</td>
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<td>budgeting case</td>
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**Figure 1: BA590 Prerequisites and Necessary Topics**

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<tr>
<th>BA590: Business Plan</th>
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**Figure 1: BA590 Prerequisites and Necessary Topics**

ACCT 503
- Cost-volume-profit
- Margin analysis
- Budgeting
- Financials
- Capital Planning
- Decision Making
- Marginal vs average
- Concept of a Business Plan

BLAW 502
- Types of Business Incorporation
- Contract
- Intellectual Property
- Tort Law/Liability
- Employee Legal Issues

MKTG 503
- Marketing Plan Development
  a. Scope
  b. Market Share
  c. Penetration
  d. pricing
  e. Demand
  f. promotion
- Alternative Marketing Strategies
- Product
- Pricing

FIN 503
- Time value of money
- Annuities
- Amortization
- Capitalization
- Cost of Capital
- Cash flow and Risk
- Risk premium
- Integrative capital
- Budgeting case

BA590: Business Plan