Branding B-Schools: Reputation Management for MBA Programs

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INTRODUCTION

First came the now-defunct *MBA Magazine* in the late 1970s. Then *US News & World Report* entered the fray in the mid-1980s. The infamous *BusinessWeek* came on board in 1988. The *Financial Times* joined in the late 1990s and, as the century turns, *Forbes* has gotten into the act. I am referring to a phenomenon that affects business schools more than any other industry: the rankings. Ask any b-school dean in the United States (and increasingly throughout the world) what drives the school's reputation and to a person they will say that the hundreds of rankings have more of an effect on admissions, placement, hiring, and giving than any other single variable. As faculty members, we would like to think that our research is at the heart of the matter, but without a top-20 ranking somewhere, even superior research will have little effect on the key indicators for success.

Increasingly, business schools are finding that they need to focus on building reputation — even more so than their parent universities. However, in-house, public relations and publications offices are ill-equipped to take on this responsibility. Some schools, like the University of Chicago, have hired marketers and others have used consulting firms, like McKinsey & Co., to analyze this problem, but none are immune from the phenomenon, and few seem to understand the need to focus on reputation.

As a result, I volunteered to devote this article to an analysis of how business schools have traditionally handled reputation and what they can do about it going forward. Most of our readers have been touched by business schools either directly or indirectly, so we thought you would find this interesting, but also potentially useful in your own businesses.

I will first look at the history of b-schools to understand how they built their reputations, then I will look at how reputation management can lead to long-term success.

B-SCHOOL COMMUNICATIONS: AN HISTORICAL PERSPECTIVE

To understand why reputation management is important in b-schools today, we need to look at school development beginning at the turn of the century. We also need to look at the addition of PR programs, the rise of rankings, and the onset of a marketing mentality.

The 'Dark Ages'

It may be hard to imagine now, but once business schools operated in a vacuum. An MBA was not necessary for success, no one paid attention to which school was best (although everyone knew it was Harvard), and a college degree was the psychological equivalent of a PhD today. This can be called the 'Dark Ages.' When Edward Tuck gave the money to found the first graduate school of business at Dartmouth 100 years ago, he could never have imagined that a multi-billion dollar

Corporate Reputation Review,
Vol. 3, No. 2, 2000, pp. 171–178

1363–3589

industry would grow up around his noble idea to prepare young men (sic) for the world of commerce in much the same fashion as universities prepared them for medicine or the law.

A focus on practitioners

As Charles Fombrun has written, we can easily identify at least three distinct periods that characterize the 'Dark Ages.' (Fombrun, 1996) From the early part of the 20th century until the early 1950s, business schools were driven by a practitioner orientation. Research was focused on analyzing 'case histories' and studying what was happening in the field. Although in place for over 50 years, this approach gained little respect from the academic community. This was because it lacked a theoretical base, something academics consider fundamental to any type of university education.

As a direct result of their practitioner orientation, business schools were beaten down by two major reports from prestigious foundations in 1957. Both the Carnegie and Ford foundations commissioned extensive studies of business school education. Both of these studies slammed b-schools for being uninspiring, unacademic, and unimaginative because of their focus on practitioners.

An academic orientation

Business schools then rushed to build academic programs. After all, unlike teaching doctors, whose home base was in hospitals, or teaching lawyers, whose home base was in the courtroom, business school professors found themselves homeless until the academy welcomed them into the fold. The price of admission was high, however, as faculty members divorced themselves from the business community. In the 1960s and 70s, b-schools began to apply a heavy emphasis on research. This academic model still exists today, despite claims stating the opposite. Today, even Harvard Business School places more of an emphasis on theoretical rather than applied research.

Attack and response

This time, b-schools got slammed from the other side as new reports claimed that much of what business schools were teaching was irrelevant. The research we labored over so hard was maligned in the media by prominent business school deans like NYU's Dick West. Dean at NYU's Stern School at the time, West criticized academic writing in an oft-mentioned *BusinessWeek* article penned by the notorious John Byrne: 'It is often crap ... They say nothing in these articles, and they say it in a pretentious way' (Bailey *et al*, 1999). The same report also quoted Scott Cowen, then dean of the business school at Case Western: 'As much as 80% of management research may be irrelevant.'

Once again, it took a commissioned study to wake schools out of their torpor. The AACSB charged two professors (Porter and McKibbin, 1988) with the task of evaluating business schools. Although less flippant, their comments mirrored those from Dick West: 'Members of the corporate community typically claimed that they could safely ignore most business school research with impunity.'

With the media and academia on the attack, business schools began to establish communication departments to handle the increasing need for interaction with a variety of new constituents.

The 'PR' Era

Working in business school PR in the early 1980s was similar to being one of the first to reach California during the Gold Rush a century earlier. Even a simple nod to the media could lead to stories in major newspapers like the *New York Times* and the *Wall Street Journal*. Schools like Northwestern's Kellogg built awareness and increased their reputation rapidly through skillful public relations activities aimed at media and at other business school deans. B-schools on the move spent money on identity programs, slick publications, and elaborate admissions offices, all designed to set them apart from the sleeping competition.

Soon, however, established players like Stanford, Harvard, and Chicago followed suit, and the AACSB ran training programs in PR for b-schools. Hundreds of people came out of the woodwork for these conferences (including a variety of deans, administrators, and faculty) to understand how to participate in this phenomenon. By the mid-1980s, the competitive advantage of simply responding to reporter's calls or placing stories in key publications was no longer enough. By this time, every school looking to succeed had invested in their own, expensive publications as well.

Schools hired consulting firms targeted specifically at this growing industry. Gehrung Associates, one of the oldest and best PR firms aimed at universities, worked at one time for almost every school trying to move up the reputational ladder. Gehrung would pitch stories to reporters for b-schools based on their assessment of what reporters were looking for, rather than in typical random fashion. They would keep track of reporters, get to know them, analyze their stories, and offer them access to some of the best thinkers on campus.

But throughout this period, no approach to ranking the schools really mattered very much in terms of reputation. Most schools ignored these nuisances and instead kept their heads down in their research. An article that appeared in *BusinessWeek* in November of 1988 was to change all of that.

The Rise of the Rankings

John Byrne was a rising young reporter at *BusinessWeek*, who took more than a passing interest in business schools. Starting in the mid-1980s, Byrne would run articles about b-schools as part of his management beat. Soon, he started to compare the schools and, in 1988, he developed the infamous *BusinessWeek* poll. Unlike the other polls, which were unscientific, or based on insider evaluations, this poll was based on customer value. Byrne's idea was to send questionnaires to graduates and recruiters at several schools. By analyzing their responses, he would put together the first business school customer satisfaction index. Before *BusinessWeek*, Harvard, Stanford, Wharton, and Chicago dominated the more subjective rankings. In Byrne's 1988 assessment, Northwestern's Kellogg and Dartmouth's Tuck joined the top five, while Stanford fell to ninth place and Chicago to a dismal 11th.

Some at the top scoffed at yet another poll. There were faculty members at Tuck who were angry that the dean would use the school's #3 ranking in marketing the school to prospective students. Out of the top ten, however, things were a bit different. The University of Chicago took this slip in rank very seriously. It held a school-wide meeting to talk about what went wrong, and decided that in the next *BusinessWeek* poll its business school would be back where it belonged. Nobel prize winners at the school may have ignored what was going on, but deans realized that the low ranking was a direct hit on the school's reputation.

Hundreds of articles were written about the *BusinessWeek* poll in the late 1980s, and the attention continued when Byrne published a longer treatise on the rankings in an internationally distributed book. It had chatty descriptions of the school and star faculty members. The magazine was delighted because the rankings issue was the biggest seller for the entire year; the new entrants at the top of the rankings (Kellogg and Tuck) were happy because awareness led to an increase in applications and donations.

With the *BusinessWeek* poll promising to come every two years, b-school deans realized the need to satisfy customers (students and recruiters) as well as to 'game' the poll through cosmetic changes and by urging students to rank the school highly or risk lowering the value of their own degree. By 1990, it was clear that such attention to customers presented a definite advantage to those schools that focused on this dimension. Chicago paid attention to what *BusinessWeek* was saying and bounced back immediately. Harvard, on the other hand, refused to submit to Byrne. For years they snubbed the journalist, only to find themselves beaten down in the poll. A cover story was eventually written, which focused on the school's problems.

Soon, other publications realized how much the poll meant in terms of sales for McGraw Hill's *BusinessWeek* and joined in the fun. By the mid 1990s, b-school PR professionals were spending well over half their time responding to the hundreds of rankings and polls conducted by publications from all over the world. The rankings were driving strategic decisions in a way that Byrne could not have foreseen.

The 'Marketing' Era

Having failed at early attempts to either 'game' the rankings or do away with them entirely, business school deans in the mid- to late-1990s realized that the best thing to do was to respond in terms that *BusinessWeek* could understand. After all, if the magazine wanted to look at customer satisfaction, should we not start thinking of recruiters and students as customers? Moreover, if our primary constituents were customers, that meant we could 'market' to them. Suddenly, it dawned on deans (with marketing backgrounds, no doubt) that b-schools were just another product! So why not start treating them as such. They realized that catering to their customers would lead directly to success in the rankings.

At the same time, 'Branding' was in the air. Puliter-Prize winning author Daniel Boorstein claims that brands, for many people, serve the function that fraternal, religious, and service organizations used to serve — to help people define who they are, and then help them communicate that definition to others (Keller, 1998).

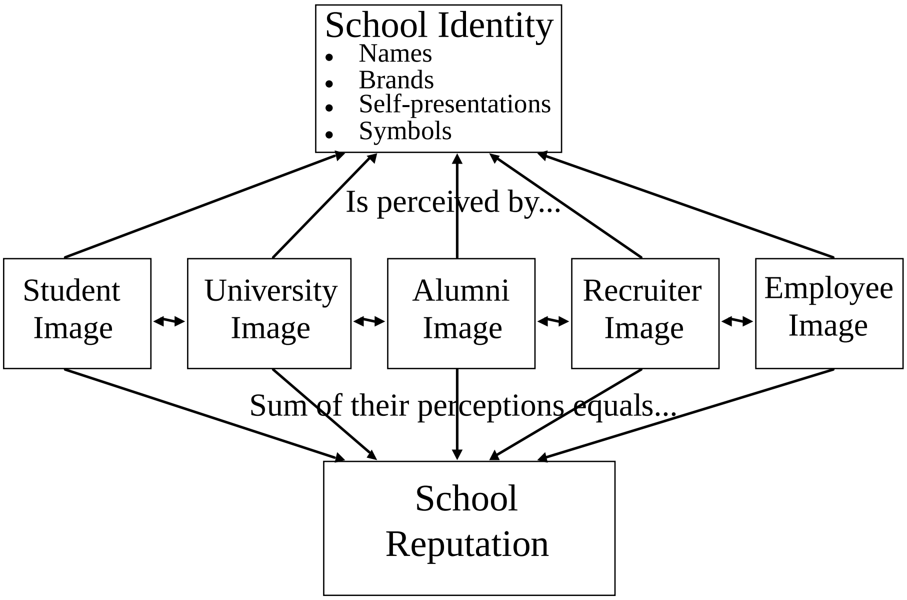
What better answer to the rankings conundrum could the b-schools have found? After all, they knew marketing (every school teaches Kotler's five Ps), they could think about their school as a brand if it meant a top-ten ranking, and they were ready and willing to start treating students and recruiters as customers. The University of Chicago even put in a concierge desk and added valet parking for recruiters!

Soon, schools were hiring former brand managers as chief marketing officers and running focus groups to test new publications, or worse yet, to test new ideas for the dated curricula that abounded. While this all seemed to make sense to b-schools, it was and is still not the answer for how business schools can position themselves. Here's why.

First, *brand proliferation* is not a good thing. When only Perdue Food's chicken was branded, that was a good thing for the company. But when ten different brands are on the shelf the choices for consumers become more difficult. The same is true for b-schools. When only Tuck and Kellogg were trying to brand themselves (through name changes, identity programs, and slick publications from both schools), marketing was easier. But today, with hundreds of branded programs, distinguishing an individual school is more difficult.

Secondly, *media fragmentation* is not helping schools to rely on marketing. In the 1980s, a PR officer could literally

Figure 1: Image, Identity, and Reputation



exclude all but the top four business magazines and the one or two media outlets for television. Today, outlets abound with many more business magazines, newspapers, and websites. Thus, PR offices cannot possibly disseminate messages easily to every media outlet.

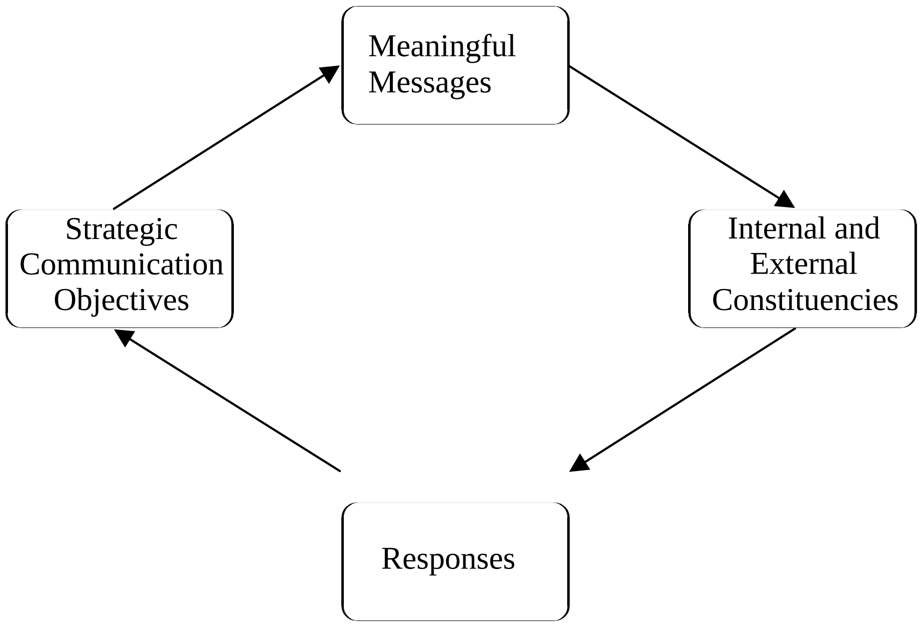
Thirdly, *competition and costs are rising dramatically* for marketing-oriented approaches. For example, the cost of advertising executive programs has placed some schools out of the market entirely from this lucrative division of the b-school business. Moreover, category killers have surfaced as they do in any industry (see Thunderbird's emphasis on international and Babson's focus on entrepreneurship).

Fourth, an emphasis on marketing has led to *greater scrutiny from customers*. While this was inevitable, the intensity of this scrutiny is unsettling to deans who were used to managing the faculty, but not up to the task of yearly measurements of every variable imaginable. Whether you were in the top 20 or 5th quintile in *US News & World Report's* ranking, every b-school was clamoring to improve its ranking.

Fifth, a focus on marketing, while perfectly suited to the b-school frame of reference, was often *perceived as a bit degrading by the prestigious universities* in which these schools were housed. It is one thing to have a PR office that responds to requests from reporters; it is another thing entirely to hire marketers to handle Ivy League and other prestigious schools like the newest brand of soap.

Finally, the biggest problem of all for b-schools trying to use marketing to solve their problems was the idea that *students and recruiters are 'customers.'* If students are customers, then they should have a voice in what we teach, and what kind of research we conduct. A good education may not be pleasant at all times; if done well, it is mostly hard work. If recruiters are customers too, they would also demand a voice in curriculum design and research

Figure 2: Communication Strategy Model **(Argenti, 1998)**



focus. This would be like the tail wagging the dog.

While the marketing experiment, like the PR approach before, had merit, it still missed the mark. It failed to look at overall reputation instead of focusing on specific constituencies. To succeed, business schools will have to make the leap to reputation building.

REPUTATION MANAGEMENT FOR BUSINESS SCHOOLS

Rather than concentrating on just marketing or PR, we advocate that business schools put more emphasis on enhancing their overall reputation. Since few schools have faculty members immersed in the literature on reputation, this may be difficult in the short term. As the field of reputation management grows, however, our sense is that business schools will start to teach this as part of executive and MBA programs. As they do, many will see the merits of applying this kind of thinking into the management of the school itself.

The model shown in Figure 1, building on Fombrun's framework (Fombrun, 1996), describes how reputation relates specifically to b-schools. This model explains the connection between a school's identity, image, and overall reputation in a way that can help deans and administrators institute programs that will benefit the school in a much more profound way than individual efforts targeted at media (PR) or customers (marketing). Let us first define the terms, then look at the overall value of using this approach.

What are Identity, Image, and Reputation?

Perhaps the best way to think about *identity* is to equate it with what is real about an institution. Identity is a concrete, often visual, manifestation of the organization's reality. This would include the name, logo, buildings, publications, speeches, websites, course offerings, faculty, and other things that can be pointed to as 'real.'

The institution's *image*, on the other hand, is a reflection of that identity. The image is how each constituency (in the case of b-schools, primary constituents would include students, recruiters, faculty, alumni, and the parent university at the very least) views the organization. You can measure each of those views just as *BusinessWeek* and *US News & World Report* do.

Reputation is the sum of those individual images. It tells us how all constituents view the organization. Reputation represents the totality of perceptions for an institution. Again, this can be measured and monitored.

What is the value of a strong reputation?

Since business schools tend to have a quantitative orientation, it is important to keep in mind some of the quantifiable benefits of a reputation before we talk about managing it. According to research conducted by a number of colleagues associated with this journal, but especially Fombrun, who has established a quotient that organizations can use to measure their reputations, the value to an individual school of a strong reputation would mean that they can:

— Charge a premium price
— Pay less to suppliers
— Entice the best recruits and faculty
— Enjoy lower churn rates among employees
— Have fewer crises
— Get the benefit of the doubt by constituents.

WHAT ARE THE INPUTS TO BUILDING B-SCHOOL REPUTATION?

Now that we see what the value of a strong reputation can be, we need to discuss how b-schools can influence and enhance their reputations. Several factors can lead to a stronger reputation for individual business schools, but none are more important than the following:

— Association with a reputable university
— A high-quality faculty
— High-quality students
— A strong image in the corporate sector
— Strong alumni with high affiliation
— Survey rankings.

Obviously schools cannot change what university they are already associated with, and rankings can only be influenced indirectly. The other inputs, however, are all possible to influence through effective use of communications.

USING COMMUNICATION STRATEGY TO MANAGE REPUTATION

The key to success in managing reputation is to determine what each constituency wants. Figure 2 may help to explain how institutions can use communications to implement specific strategies for each constituency (Argenti and Forman, 1998).

This constituency-focused model of communication allows us to think strategically about every communication we send to constituents and to measure the success of that individual communication. *Strategic communication objectives* allow us to determine what we want from a constituency in a specific interaction. For example, if we are trying to build awareness among potential applicants in Japan, we might create publications that strive to do just that. We could then measure the effectiveness of these publications by determining how many more applicants we received after releasing the publication.

Constituencies may be internal (current students, faculty) or external (recruiters, applicants) to the business school. Today, we must be more aware of how these individual constituencies interact and morph together. For example, recruiters may be alumni, applicants might work for firms that recruit heavily at the school and so on. A careful analysis of these constituencies allows us to determine how they interact and what their individual needs might be.

The *messages* we create for these constituencies may include publications, press releases, speeches, memos, reports, and a variety of other channels that schools use to interact with key constituencies. Messages must be direct and strategically positioned for particular constituents to be most effective. Moreover, senior administrators (especially the dean) need to be intimately involved in managing communications. This is no longer the domain of PR and publications offices exclusively.

Finally, we need to monitor *responses* to see if we have met the strategic objective we outlined initially. Although many see communication as 'soft' and qualitative, quantitative measures for individual communications (as well as overall reputation) can be devised to help determine the success or failure of an individual communication.

CONCLUSION

The business school industry is a large and growing market. Some estimates put revenues for the industry as a whole at close to US $6bn with a growth rate of close to 10 per cent. In addition, competition continues to rise as more schools gain accreditation and the private sector gets involved. Also, schools from distant places can intrude on once private markets through distance learning and web-based programs. This makes globalization increasingly important and technology one of the keys to success.

When executives and MBAs can take courses from anywhere in the world in a web-based environment, what is the value of individual cultures and location? Now all b-schools are in competition with one another for every student in every MBA and executive program.

B-schools need to respond by focusing on specific market segments, by differentiating themselves from others, and by analyzing and understanding a variety of constituencies. All of this points to a need for more emphasis on managing reputation.

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ACKNOWLEDGMENT

This article is based on a presentation that the author made at two separate AACSB meetings in 1999.