TRADE SURGING: South Florida Imports, Exports at Record Pace

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Who's Afraid of Number 1?

Kellogg, the top-ranked U.S. business school, and Warrington, Florida's #1 MBA program, look to give the University of Miami and Florida International University a run for their money in South Florida's lucrative Executive MBA market.

Who's afraid of No. 1? The answer, it would seem, is no one.

Neither the University of Miami's School of Business Administration nor its cross-town rival, FIU's Chapman Graduate School of Business, is particularly concerned about plans by the University of Florida's Warrington College of Business to open up shop in their own backyard next month.

Nor, apparently, do they fear the arrival of Northwestern University's Kellogg School of Management in October 2005. But, while neither of the hi-profile newcomers is certain to steal a major share of the market, they are sure to heat up competition in the lucrative chase for Executive MBA candidates. And, if they are successful, it will be the beginning of the end of the hegemony for Miami's local B-schools.

That "if" is a big one.

By Ian McCluskey
This is not the first time that nationally ranked B-schools have tried to poach in South Florida. “We have seen this before,” says Paul Sugrue, Dean of the University of Miami’s School of Business Administration. “Every school that has come in has failed.”

The classic example of aborted invasion belongs to Vanderbilt’s Owen Graduate School of Management, which, in the late 1990s, began offering an international Executive MBA program in Miami in collaboration with the University of Florida. The Vanderbilt experiment was touted as a sure bet. With its pool of more than 1,300 multinational companies, South Florida was seen as fertile ground where a top-notch B-school could cherry-pick the brightest and most ambitious executives, who would be naturally attracted to an MBA with an illustrious national pedigree. But, far from becoming the thin edge of the wedge for an invasion of EMBA body snatchers, Vanderbilt’s experiment, which also reached out to business executives in Latin America, attracted a disappointing 17 students in its inaugural year and soon faded from the scene.

Undaunted, the University of Florida and Kellogg are confident that brand-conscious executives will flock to their premium programs. We will have proof soon enough.

The University of Florida’s Warrington College kicks off its inaugural program in Fort Lauderdale on October 1. Alex Sevilla, director of MBA Programs, expects a minimum of 30 students when Warrington begins airlifting its top professors from the Gainesville campus to the Wyndham Bonaventura Hotel.

Students will attend intensive classes every third weekend for the next 24 months before emerging with their EMBAs. The cost of the program—$44,000—while more than 50 percent higher than the same program offered in Gainesville, compares favorably with that of FIU’s Chapman School—$42,000—and the University of Miami—$51,000—which offers EMBA programs not only in Miami, but also in Tampa, Orlando, Delray Beach and Nassau.

But what makes Sevilla so confident he can compete? “We are the only MBA in Florida with a nationally recognized program.” Aha, the brand.
Just as there are cars and then there are Jaguars, no two MBAs are the same. There is an intensely competitive market out there for would-be top executives who are willing to pay vast sums for a ticket to high-pay, high-prestige corporate careers. No surprise then that several major media companies produce national B-school rankings that serve as buying guides for the discerning shopper.

The University of Florida places among the top 50 business schools in the country in rankings conducted by the Wall Street Journal, The Economist and Forbes. It ranks 53rd according to U.S. News & World Report. FIU’s Chapman Graduate School gets some high marks, too. It is ranked among the top 25 for international business by U.S. News. Meanwhile, the University of Miami’s School of Business Administration, which has the largest accredited EMBA program in the state with 550 students currently enrolled, does not figure among the country’s top B-schools in the rankings.

Because of its reputation for quality faculty and tough admission standards, the University of Florida is already attracting EMBA students from South Florida to the Gainesville campus, says Sevilla. So, if the market is seeking out the university, why not bring the university closer to the market? By replicating its Gainesville program in Fort Lauderdale, Sevilla is hoping that more executives in the area will grab the opportunity to obtain the Warrington brand.

The same siren song has lured another import to Miami, Northwestern’s Kellogg School of Management, whose EMBA, with a sticker price of $114,000, is the Lamborghini of executive business degrees.

The No. 1 ranked B-school in the country for MBAs, according to both Business Week and U.S. News, is already recruiting at full speed for its inaugural EMBA program, set to open in October 2005. Kellogg’s expansion to Florida marks the first time the school has ventured abroad as a solo act. Kellogg offers joint programs with leading business schools in Israel, Germany, Canada and Hong Kong, but Miami will be its first turnkey operation. “The reason we decided to take a stand here is that Miami is the gateway to Latin America,” says Julie Cisek Jones, Assistant Dean and Director of the Executive MBA programs at Kellogg School of Management. “This program gives us an opportunity to serve a whole region, not just a country-specific market.”

But critics warn that Kellogg — its reputation for excellence in market research notwithstanding — has misread the market. “They are in for a surprise,” says Jose de la Torre, Dean of the Chapman Graduate School of Business at FIU, himself a recent import from UCLA’s Anderson School of Management. De la Torre, who cites FIU’s stringent recruitment standards as a major challenge to filling each new EMBA class, says Kellogg’s even higher standards will compound the problem of finding enough qualified applicants.

Pricing, of course, is the other issue. At $114,000, a Kellogg EMBA is a major investment even for the well heeled. Kellogg is betting that many, if not most, of its students in Florida will be sponsored, at least partially, by their employers. But are there enough prominent multinational headquarters in Miami to sustain the Kellogg program? Jose de la Torre thinks not.

But the newcomers have no doubt that Miami is a potential goldmine. And, there is at least one recent precedent, modest though it may be, to suggest that, indeed, the time has come for brand-name imports to make inroads in South Florida’s executive education market.

Last year, Thunderbird — The Garvin School of International Management of Phoenix, together with the Tec de Monterrey, one of Mexico’s top business schools, began offering, via real-time satellite hook-up, their Global MBA for Latin American Managers program to five students in Miami. Ten more students have signed up for the second Global MBA class which kicks off this month and Thunderbird expects to double that number in October 2005.

Based on the encouraging start to the Global MBA program — which, at $33,000, provides value
Can top-flight B-schools generate enough of a critical mass in South Florida to make a go of it?

Evaston experience.

Valencia estimates that fly-in programs, such as those offered by Kellogg and the University of Florida, require a minimum of 25 students to break even. William Kotas, Latin American director of ISR (International Survey and Research) and president of the Kellogg Alumni Association of South Florida, did some pro bono market research for his alma mater and concludes that Kellogg will have no problem breaking even in Miami.

“The region’s top companies will send their top executives to the Kellogg program,” predicts Kotas. Not only is there a big difference between Kellogg and the local business schools, says Kotas, but also “culturally and climatically, Miami is less of a shock to Latin Americans than Chicago.” Besides, by bringing together top executives from around the region, the Kellogg program offers an “excellent networking opportunity.”

All the ingredients for success appear to be in place: gateway to Latin America, high-value