

WHITE PAPER

New Directions in MBA Recruiting: **Managing the Talent Pipeline in a Changing Environment**

Key Findings from the Leadership Summit of
the MBA Focus Advisory Council

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MBAFOCUS

MAJOR TRENDS IN MBA RECRUITING

INTRODUCTION

Business today is facing a long-term talent shortage unlike anything experienced over the past several decades. Leading resources as diverse as The Economist and CNN Money have pointed out that a shrinking work force, increasing worldwide demand for highly skilled knowledge workers, and globalization of the economy will create difficulty for even the most creative and successful businesses in managing their talent pipeline. As many have noted, this talent shortage promises to be even more acute for companies that recruit MBAs to form their future leadership.



The Miami summit brought together the leading business schools with the top corporate recruiters from around the globe.

The Advisory Council Summit

In order to address these challenges, MBA Focus convened a summit of the key decision-makers in MBA recruiting from leading firms and MBA programs. This Advisory Council participated in a forum designed to allow them to share ideas and perspectives and to discuss new approaches to MBA recruiting in the future. Attending this meeting were fourteen leaders in MBA recruiting, including representatives from the top investment banks, consulting firms, consumer products companies, and technology firms. Representing the fifteen schools in attendance were the career services directors of nine of the top ten MBA programs in the United States, several highly regarded regional MBA programs, as well as a top Asian program.

The school leaders focused on evaluating the key trends affecting their students and their Career Services offices, particularly as these affect their ability to help students find the right jobs after graduation. For the corporate recruiting leaders, the focus was on how recruiting was changing in this new environment and how the changing shape of MBA programs is affecting their work force. Together the participants created a vision for MBA recruiting in the future that is important for anyone working to fill their talent pipeline.

Based upon the results of this meeting, MBA Focus has identified several key trends that will affect all players in this competitive field. The following white paper illuminates these trends and suggests progressive approaches to meet the challenges they present.

Trend One **The talent shortage and the survival of the most creative**

The implications of the talent shortage are especially significant in the world of MBA recruiting and hiring.

At the MBA Focus Advisory Council meeting, the corporate recruiters were almost unanimous in their recognition of the beginnings of a long-term talent shortage across their enterprises. The implications of the talent shortage are especially significant in the world of MBA recruiting and hiring. Although there has not been a reduction in the number of people receiving MBA degrees, several factors will continue to make it harder for firms to attract this talent. First of all, the past decade has seen a significant increase in the number of international students attending U.S. graduate business programs, with the largest number of these coming from Asia. Yet there continue to be restrictions on the hiring of foreign nationals into U.S. jobs, and there's no sign that these restrictions will be relaxed in the near future, thus leaving the available pool of U.S. employable graduates stretched even thinner.

Second, firms that traditionally hire MBAs are now seeking to hire even more, adding to the competition. In fact, the Graduate Management Admission Council's *2006 Corporate Recruiters Survey* found that employers recruiting MBA graduates planned to hire on average 18% more MBAs in 2006 than in 2005. All evidence points to this trend continuing throughout 2007 and into the future.

Third, new firms are entering the MBA talent sweepstakes as they begin to recruit both new and experienced MBAs to their management. In the past, particularly at the top tier schools, investment banks and consulting firms accounted for a significant portion of recruiting and hiring activity; now, retail firms, insurance companies, banks, private equity firms, hedge funds, pharmaceutical firms, health care providers, and technology companies have all significantly ramped up their MBA hiring.

Finally, a robust economy continues to intensify the job opportunities available to both newly minted and experienced MBAs. Combine this with a more diversified group of largely millennial generation students, who are seeking both financial reward and personal lifestyle gratification from their jobs, and the competition becomes even more intense.

Innovative solutions to the talent shortage

So what does this mean and how can companies cope with this talent shortage?

Companies will need a permanent pipeline of MBA talent. It is no longer enough to see MBA recruiting as a one-time event, built around campus visits and a few fixed dates on the calendar.

First of it all, companies will need to think about building a permanent pipeline of MBA talent. It is no longer enough to see MBA recruiting as a one-time event, built around campus visits and a few fixed dates on the calendar. Starting at the undergraduate level, companies will need to identify and target talented people even if they're not hiring them at this time. Hiring agents will need to learn to search more flexibly across this talent pipeline. A newly graduating part-time MBA with

ten years of critical experience may be more valuable than a full-time student almost fresh out of college; yet recruiting distinctions and biases could prevent the firm from ever seeing this candidate.

Another obvious solution is to cast a wider net across a broader range of MBA programs. As we will see below, the ability to search across large numbers of MBAs to find those with highly specific qualifications and experience will meld with the tools of virtual recruiting to lessen the singular reliance on face-to-face recruiting at a small number of schools. There are many more qualified candidates out there now than at any time in the past, but progressive companies need to learn how to find them.

Trend Two **The evolving MBA profile - no longer “one size fits all”**

A second key trend identified by both schools and corporate participants is the rapidly changing profile of the MBA graduate. The profile of the “traditional” full time MBA student has changed dramatically over the past 10 years. In addition part-time and executive MBA programs have proliferated and are now producing some of the most employable and attractive candidates for recruiting. The key is learning how to find them.

The full-time MBA

The majority of schools and firms report that the current class of full-time MBA students is less experienced and younger than those in the past, making them somewhat less attractive than a more experienced counterpart. Add to this the increase in international students noted above and the pool shrinks even more. As we will see later, the surge in the millennial generation in full-time MBA programs has also changed the expectations of students regarding their careers, and their employers.

The part-time MBA

Filling the gap in many cases has been a concomitant increase in the number of part-time students studying for their MBA. Among the fifteen top schools represented on the Advisory Council, all but one of these offers part-time MBA programs targeted at the currently employed. The majority of schools and companies agreed that the quality of these part-time students is equal to those in the full-time program. These part-time MBAs are increasingly demanding career services assistance from their schools as career mobility, not just internal advancement, is a key motivator. Once again, since companies have not traditionally recruited part time MBAs, new tactics are in order.

Part-time MBAs are often more experienced than their full-time counterparts and should not be overlooked - but timing and availability require different approaches.

Executive MBA graduates are increasingly available for recruiting, and offer an attractive option for experienced hire and industry hiring managers. They are ambitious and upwardly mobile.

The executive MBA

Executive MBA programs have been in existence for many years, but the most significant growth has been in the past decade. Executive MBA candidates tend to have seven-plus years of experience and are climbing the ladder of success within their organizations. By the very nature of their completion of a rigorous and time-consuming program while working full-time in a management position, the Executive MBA graduate is quite ambitious and upwardly mobile.

Once again, of the fifteen schools presented, all but one offer Executive MBA programs. In general, corporate hiring people are not familiar with the executive MBA and have little experience in recruiting them.

Interestingly enough, many of the corporate participants did not realize that there was even an opportunity to recruit executive MBAs. As the schools pointed out, however, an increasing number of these executive MBAs are not sponsored by their employer, as they have been in the past, and are thus expecting assistance from the career services office. Even the sponsored students utilize the career services office - many of the corporate and school representatives noted that it is the responsibility of the sponsoring corporation to retain their employees. In fact, most predicted that the need for a “release letter” would be eliminated altogether in the next several years and already has been eliminated at many schools.

The MBA alumnus

In the past, very few schools considered career services for their alumni as a significant need beyond a rudimentary job posting system. Yet as MBA graduates realize that they are changing jobs more often and as more corporations focus on recruiting experienced MBAs, career services offices are expanding into the area of alumni services. In fact, 85 percent of the career services offices represented on the Advisory Council are now providing services to part-time, executive, and alumni MBA along with their full-time responsibilities. Of course, this is putting a strain on these career services offices and creating a situation where recruiters must be even more creative to source and target candidates across the spectrum.

Creative solutions to the changing profile of the MBA

The challenge in recruiting “non-traditional” MBAs (part-time and Executive) lies in both access and schedule. For the most part, schools are only now beginning to include these students in their traditional recruiting listings. Many predict that, over the next few years, part-time and executive MBA students will be combined with the full-time student in the recruiting databases. Even so, part time and executive MBAs are generally not amenable or available to recruiting until part way through their final year. And even when they are open to recruiting, their schedules do not generally allow them to take part in traditional on-campus recruiting activities.

Of course, internships are also problematic, and most are not willing to take the entry-level position that the younger MBA accepts. For that reason most

corporate participants approach the part-time and executive MBA graduate through their experienced hire program, but this experienced hire program does not usually have relationships with the campus career services offices. This is a challenge that each firm must address on its own, but the strict separation between campus and experienced hiring may be an impediment, allowing a large number of extremely valuable candidates to slip through the cracks.

The issue of geography and school location for part-time and executive MBAs is significantly different from that of the full-time student. In general, a full-time student, being both younger and in the process of changing careers, is willing and able to relocate for an MBA program. Part-time MBAs tend to enter a degree program closer to where they're working and living at the time; this is generally true also for executive MBAs, although the nature of these programs allows for more travel and distance learning. The result of this is that many of the stronger regional MBA programs have extremely desirable pools of available talent. Yet if a company pigeonholes 100% of their MBA recruiting into the same limited number of national schools they have always visited, this talent will be overlooked.

Trend Three **The changing nature of recruiting MBAs and the move to Personalized Virtual Recruiting**

Few would argue that the overall field of talent sourcing and recruitment has been revolutionized by the internet and generational change over the past decade. So it is quite surprising how little MBA recruiting has changed given such a dramatic change in the types of students available and the technology available to recruit them. Recruiting teams tend to target the same number of limited campuses and flood them with people and events over a brief period of time.

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Over the past several years, progressive firms have transformed their experienced hiring programs through the development of in-house sourcing processes. These recruiters use all the tools available to them to seek the infusion of new talent into the company, actively pursuing targeted candidates in what is known as “strategic sourcing.” Yet MBA recruiting remains largely a “transaction-driven” recruiting model. This needs to change.

The vast majority of the school and corporate members of the MBA Focus Advisory Council recognized that this will change significantly over the next few years. All of the trends above, mixed with the very different nature of the millennial MBA students, will lead to a revolution we have termed **Personalized Virtual Recruiting**.

Before we discuss the specific techniques and tools of personalized virtual recruiting, it is important to look at the trends on campus that will make this an essential and often key aspect of the MBA hiring process:

On-campus recruiting is being overrun.

As noted above, MBA recruiting, particularly at the top schools, continues to be a very time, travel and cost-intensive process. Recruiting teams attached to each school schedule multiple presentations and meetings, coordinate on campus visits by key executives and partners, and generally involve students in many activities. Yet, at the same time, the MBA curriculum continues to expand, placing even more demands on the students' time; many schools are even requiring travel and study abroad, as well as more course work in personal and leadership development. The end result of this is an almost impossible trade-off between the schools' demands on their students and the recruiters demands for the students' time. Something has to give and career services officers from top programs are almost unanimous in their agreement that on campus recruiting activities need to be limited.

In fact, many of the top corporate recruiters agree with this. They are finding it harder and harder to get students to come to events and to deliver the line managers from their firms onto the campus. Event attendance is suffering and will continue to do so. Corporate recruiters would welcome a "mutual disarmament," as long as the playing field is level and everyone abides by the rules. So, it is very likely in the near future that the dates on which recruiters may come on many campuses will be pushed back and the number of official events they can sponsor will be reduced, thereby forcing firms to focus on "quality" on-campus events rather than quantity.

The millennial and the tech savvy student has arrived.

Much has been made about the arrival of the millennium generation on the nation's campuses. In fact, the millennials are just entering business schools and will indeed change the way businesses recruit. Several findings about the millennial generation are relevant here:

Millennials will often answer an email before a voicemail - but they can smell spam from a mile away. They demand sincerity.

- Millennials are confident - they know what they can offer your company and they want to be sure that you know it as well.
- Millennials are civic-minded - they want to work for a company that they can believe in beyond just the product and money.
- Millennials are technologically adept and multi-tasking comes naturally to them—this is the generation that grew up with six instant messenger windows open, the television blaring, email pinging—while they were doing their homework and getting straight A's. They expect their employers to understand this.
- Millennials grew up with diversity and expect and value it. They also expect that their employers will demonstrate this commitment.

The solution

So what is personalized virtual recruiting and how can it be used effectively?

Virtual MBA recruiting makes use of all of these same appropriate technology tools to personally reach out to students in an individualized and targeted manner, thereby presenting the firm and its job offerings customized to that student's needs. Personalized virtual recruiting enables companies to better communicate their culture and values to potential hires. In the aforementioned Graduate Management Admission Council study, the single most common criteria cited by employers as they evaluate MBA candidates is "cultural fit with the company." Given that the culture of today's students is driven by many virtual tools (gaming, on-line worlds, e-mail, iPods, etc.), it is no surprise that companies which demonstrate their understanding of this culture are more attractive employers.

The tools of personalized virtual recruiting include:

Student resume/ CV databases that allow the recruiter to search and target candidates for specific jobs. Savvy recruiters use these and other information sources to gain insight into the personal and professional characteristics of potential candidates, allowing them to target job information and messages in a personalized manner. Given that part-time and Executive MBA students are also included here, recruiters can significantly broaden the pool of candidates from which they source.

Comprehensive databases provide another significant advantage for the corporate recruiter. The shrinking pool of available MBAs, along with the more specific needs of corporations, mandates that companies must look beyond the limited number of target schools where they have recruited in a physical manner in the past. Virtual recruiting allows companies to find the ideal candidate even if he/she is in a school that the company has not traditionally targeted for on-campus recruiting. Because these students tend to enroll in programs near to where they are currently employed, much of the growth in part-time and Executive MBA students results in an even stronger candidate pool at regional schools. Targeted searching and targeted messaging can reveal potential hires in what were once considered unlikely places.

Of course, this presents a challenge for recruiters in overcoming the corporate mindset that limits them to a small number of schools. Many forward-thinking companies are filling "needle in the haystack" positions (special language skills, work permits, etc.) with students from a broader range of campuses, thereby opening up general recruiting in the future.

Direct branded email campaigns - Email is a powerful tool for communicating with today's student, whether full, part-time or Executive. But these emails will have no more impact than a generic ad in the student newspaper (a tactic clearly diminishing in effectiveness) if they are not personalized and targeted. Effective use of email requires a knowledge of both the medium and the student, the ability

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to track results, a clearly branded approach, and a progressively narrowing focus as the most desired candidates are identified. As one of the corporate participants at the summit noted, “When I sent a generic email blast, I got almost no responses; when I took the extra time to go in and personalize these messages, my response rate skyrocketed. Clearly, the students wanted to feel wanted!”

Podcasts - Several innovative employers are making use of new podcast and videocasting technology to engage prospective candidates. Either through a link in a personalized e-mail or through the company website, students can listen to or view a short talk by the CEO, practice leader or even an alumnus of their school, describing the advantages of working in that company. The possibilities here are endless, the point being that today’s students are accustomed to this form of communication and in fact will identify more closely with the company that demonstrates its understanding of the more advanced uses of communications technology. Students are more and more expecting their employers to “walk the walk.”

Blogs - Some companies are beginning to make use of recruiting blogs, often managed by an employee who is an alumnus of the target school. Millennials in particular are concerned about their fit in their new company, and their company’s social and community responsibility; a well targeted blog can help engage the potential employee in a more emotional and direct manner.

Summary and conclusions

The process of recruiting MBA talent for global corporations is in a period of dramatic change. MBAs are as desirable as ever for building a pipeline of leaders, but a shrinking pool of traditional MBA talent combined with a looming management workforce shortage is putting a premium on locating the right people. A recruiting program that relies solely on past methods of intensive on-campus contact is proving less and less effective as the millennium generation ascends and as part-time and Executive MBA programs grow in importance.

We have attempted to point out above the key trends and some innovative approaches that are being used by the leaders in this industry. As those attending the MBA Summit confirmed, firms that do not quickly retool their MBA recruiting practices to address these trends will most likely lose the “war for MBA talent,” clearly having a negative effect on their long-term growth and profitability.

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About MBA Focus

For companies seeking to overcome the current and future shortage of management talent, MBA Focus provides a permanent pipeline of business leaders, from entry-level to executive, via our exclusive partnerships with over 50 top MBA Programs and MBA professional associations.

Through these long-standing relationships, MBA Focus provides access to over 28,000 pre-qualified business leaders. This unique talent pipeline continues to grow as the schools and associations continually market this service directly to their current students, experienced alumni and members. To manage this talent pipeline, MBA Focus offers a proprietary software platform and a host of value-added consulting services to help companies optimize their recruiting efforts.

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