

**REPORT TO COUNCIL**

**BUSINESS EDUCATION AT THE UNIVERSITY OF MELBOURNE**

**1. Executive summary**

Three distinct entities currently represent University of Melbourne business education in the marketplace. The Melbourne Business School (MBS) offers MBA programs, a small suite of postgraduate professional business degree programs, and a wide portfolio of executive education courses. The Faculty of Economics and Commerce (FEC) offers a full suite of undergraduate and postgraduate programs (with the notable exception of an MBA). The School of Enterprise (SOE) provides a brokering service to all University faculties that wish to offer postgraduate programs tailored for clients.

Market and institutional factors have pushed three separate entities toward a very similar space. MBS and FEC have built relationships with the business community and offer programs that overlap and intrude on the other's audience. The University needs to establish the optimal structure for delivery of business education at the University within the framework of its Growing Esteem strategy.

To this end, late in 2005 Dr Ziggy Switkowski was commissioned to carry out a short informal review of the delivery of business education at the University, focusing on MBS and FEC (it being agreed that the future of SOE should be resolved subsequently, once the architecture of business education at the University is agreed).

MBS and FEC have examined the issues raised and advice tendered by Dr Switkowski in his report, and canvassed options for closer co-operation through a structured conversation with independent governance expert Colin Carter from the Boston Consulting Group.

Despite both MBS and FEC accepting the need for closer cooperation, neither can agree on a model acceptable to the other. FEC seeks integration between MBS and the Faculty, but agrees to the preservation of MBS's separate location and operations and retention of its distinct building and endowment. MBS favours closer links while maintaining a separate identity and governance. In June 2006 Colin Carter produced a further discussion paper to facilitate further distillation of outstanding issues.

Responses to that paper indicate that, good will notwithstanding, the parties remain far apart.

The following paper draws on the findings and recommendations of both the Switkowski and Carter reports along with a range of background material. The report recommends greater coordination between MBS and FEC to ensure that the University remains among the pre-eminent providers of business education, offering a full suite of programs from undergraduate level through to postgraduate and executive level.

To achieve a closer working relationship across the business entities at the University, the report recommends cross-representation in governance arrangements, a new Business@Melbourne Coordinating Committee, and incentives for joint appointments, programs and research.

Closer links will be facilitated by relocation of FEC graduate programs to a new purpose-designed building at 198 Berkeley Street, in the same precinct as the Faculty of Law and MBS. At the same time, MBS, in conjunction with the University, will commence a feasibility study for a major professional management and executive education centre on land adjoining its existing

premises, to accommodate its expanding programs and to create a shared University conference facility. The resulting state-of-the art facilities around University Square will create the most significant academic cluster of business and business law talent in Australia.

Glyn Davis  
Vice-Chancellor

December 2006

**Recommendations:**

1. The Melbourne Business School will be the University's exclusive home for MBA degrees. The 1999 Agreement will continue to regulate use of the terms "business", "commerce" and "management" in the titles of award programs offered by MBS and FEC.
2. It follows from affirmation of the 1999 Agreement that no shift is anticipated in the respective roles and responsibilities of MBS and FEC for areas of business education currently offered through award programs. It is recognised both MBS and FEC have ambitions to introduce new programs. The Business@Melbourne Coordinating Committee offers a way forward for developing future programs in co-operation rather than in competition.

*Note: FEC would prefer that the recommendation read: "The Faculty of Economics and Commerce will retain responsibility for its present range of courses, with reassurances that MBS will not expand into areas currently the prerogative of the Faculty."*

3. A decision on the appropriate model for the University's executive programs, including in business education, will be addressed through the Commercialisation Strategy Review. This review will assess the SOE model in the light of MBS Mt Eliza operations to determine how best to capitalise on the strengths of each in a cohesive way. The review will take account of SOE's role in servicing all disciplines of the University in offering B2B education and training. MBS has indicated that it will be keen to submit a case for the business and management executive components of SOE to become part of the MBS executive education operation.

*Note: FEC would not support transfer of executive education from faculties to the MBS. The MBS Board reiterates its strong belief that management and business executive education at the University of Melbourne should be the responsibility of MBS. The Board encourages the University to establish a School/Centre/Institute as the home for the 70% of present SOE activities devoted to non-business and management professional development and continuing professional education.*

4. MBS will continue as a stand-alone not-for-profit entity, answering to its Board. However, to encourage greater coordination with University activity, the MBS Dean will be invited to attend a wider range of University decision-making bodies and decanal meetings.
5. To reflect the University's contribution to MBS over many years and any further financial investment by the University in the future of MBS or other comparable changes in scope or responsibility, the MBS board will be invited to consider the continuing appropriateness of the current 55:45 percent equity split between the Business community and the University.
6. The Dean of MBS will accept an honorary appointment in FEC and become an ex-officio member of its Faculty Board.
7. The Dean of FEC will accept an honorary appointment in MBS and become an ex-officio member of the MBS Board. The Dean shall submit a declaration of interest which recognises the Dean's primary responsibilities to continue to act in the best interests of the University but in a manner that is otherwise consistent with his or her responsibilities to the MBS Board.
8. The University's other appointees on the MBS Board will reflect the broader University community.
9. A new committee will be formed to be known as the Business@Melbourne Co-ordinating Committee. This Committee will not be a decision-making body but will act as a bridge between MBS and FEC to ensure ongoing and complementary coordination of :

- Promotion and marketing of programs
- Program design, to avoid overlap
- Collaboration on program development where appropriate
- Approaches to industry, to prevent conflicting requests
- Sharing facilities and best practice to enhance the Melbourne Experience for all graduate students
- Opportunities for collaboration around joint appointments and research centres
- Interaction with SOE
- Potential development of new University/MBS facilities in Pelham Street for conferences and short courses

This Committee will be subject to review for effectiveness after two years.

10. As a measure to improve the Melbourne Experience for all students, FEC graduate students shall have access and borrowing rights to the MBS library and MBS students shall have access and borrowing rights to University libraries.
11. The Business@Melbourne Co-ordinating Committee will include representatives of the University senior management and equal representation of MBS and FEC leadership teams. It will be chaired by the Vice-Chancellor or a nominee, as agreed by the two entities.
 

*Note: Apart from the VC as chair, MBS believe the Committee should not have representation outside FEC and MBS, since its role is to facilitate coordination between these two entities. Representatives from other parts of the University could be invited to attend specific meetings as warranted.*
12. The Business@Melbourne Co-ordinating Committee will report to Council through the Vice-Chancellor on an annual basis.
13. Secretarial and administrative support for the Committee will be provided by the Office of the Vice-Chancellor.
14. Wider use of joint/adjunct academic appointments will be encouraged, along with shared teaching and research programs. This will be achieved through financial incentives, in a manner agreed by The Business@Melbourne Co-ordinating Committee.
15. Formal agreements between the University (including FEC) and MBS will enshrine these recommendations, the terms of the 1999 Agreement and other issues to be considered and set out respective roles and responsibilities for delivery of new business education programs, including joint graduate programs with a revenue sharing agreement. It will establish the basis for contracting teaching services and provide for incentives for revenue growth by which MBS and the University benefit in revenue-sharing.
16. A Business@ Melbourne web-site will be developed in conjunction with FEC and MBS, providing a single face to the community for all graduate business programs offered at the University and the MBS. The site will provide information differentiating the programs and approaches of MBS and FEC, with links to faculty and MBS web-sites for details.
17. Closer links between the FEC and MBS will be facilitated by relocation of FEC graduate programs to a new building at 198 Berkeley Street. Council has approved a budget of \$118 million for a new building incorporating state-of-the-art facilities and teaching spaces. The project will go to tender immediately in accord with plans agreed with FEC, including innovative teaching floors and academic accommodation using a mix of fully enclosed offices, open plan spaces and chill-beam technology to achieve 12 stories with at least a 5 star energy rating.

18. To realise the potential of the impending cluster of business and law expertise around University Square, MBS will commission a feasibility study for a major new professional graduate management and executive education centre on land adjoining its premises at Pelham Street. Such a feasibility study will take into account that MBS already owns a significant executive education facility at its Mt Eliza campus. If the study shows a facility is feasible, the new “Pelham Street” building will be a joint initiative between the University and MBS with capital contributions from each, and managed through arrangements agreed between the two parties. The proposed building could include a new executive education-corporate residential facility and business school centre to accommodate a growing MBS, accommodation for residential executive education programs, a University conference centre, a “University Club-like” dining facility and possible housing for a number of joint MBS-FEC research centres.

## 2. Background

Three distinct entities currently represent the University of Melbourne in offering business education. MBS offers MBA programs, a small suite of postgraduate professional business degree programs to complement the MBA, and a comprehensive portfolio of customized and open enrolment executive education programs. FEC provides a full suite of undergraduate and postgraduate programs (with the notable exception of an MBA). SOE provides a brokering service to all university faculties that wish to offer postgraduate programs tailored for clients.

Changes in the business education market have led the three entities to modify the programs they offer over time. As MBS has expanded its program portfolio in a complementary manner beyond the MBA, FEC has introduced a wide portfolio of postgraduate management education offerings. The risk of internal competition has increased as FEC has developed programs to attract fee-paying postgraduate students who supplement the low funding rate for undergraduate Commonwealth Supported Places. Strong student demand has enabled FEC to expand offerings in management education and training, thus providing a strong income stream. Conspicuous by its absence in the suite of FEC offerings is an MBA.

SOE packages academic expertise and curriculum from within the University for external customers in individually tailored executive education programs. SOE has been the University pioneer in the business-to-business (B2B) market. SOE programs extend well beyond the “business disciplines”, reflecting a culture of entrepreneurship and risk-taking within the School.

SOE risks competing directly with MBS and its Mt. Eliza Centre for Executive Education, which joined MBS in 2004. FEC also competes with MBS in the market for executive education. These executive education entities are of widely different scale and scope, with the MBS Mt Eliza Centre by far the largest player, with annual revenues exceeding \$20 million. All three operations speak to the same or similar markets using the University of Melbourne brand. For example, an international client such as Petronas in Malaysia can find itself dealing originally with FEC, to see the courses developed through SOE, perhaps in competition with other tailored executive courses available through the Mt Eliza arm of MBS.

Market and institutional factors have pushed three separate entities toward a very similar space. Each entity has built relationships with the business community, with MBS and FEC offering programs that overlap and intrude on the other’s audience. As a result the parts may be less than the whole.

Nor does the complexity in business education at Melbourne end here. The University is a major shareholder in U21Global, which offers an online MBA. The University supports collaboration with U21 Global to develop a suite of online business programs. In the first instance a Masters of ‘Global Management’ will be introduced. FEC and MBS already offer programs with similar names, and are discussing plans for a Masters of International Management to address some overseas markets. Both MBS and FEC have proven cautious, however, about close involvement with U21G. Consequently, the first University Masters program in collaboration with U21 Global will likely be administered and delivered through SOE.

Given three entities delivering various graduate programs, and a prevailing approach of competition rather than collaboration, there is potential for confusion in the marketplace and consequent brand dilution. The University needs to establish the optimal structure for delivery of business education within the framework of the Growing Esteem strategy, which emphasises postgraduate study. The main issue here is the future relationship between MBS and the FEC. The sensible solution for SOE will be affected by that outcome.

### 3.Profiles

#### 3.1 Melbourne Business School

The first MBA class graduated from the Faculty of Economics and Commerce at the University of Melbourne in 1965. However, the origins of the program can be found a decade earlier, with the Summer School in Business Administration, designed to offer executive programs. The Summer School led in turn to a new Department established to offer an MBA degree within the Faculty of Economics and Commerce. The program was expanded in 1975, following the Ralph Report into Management Education. In 1984 it became the Graduate School of Management; in 1987 Melbourne Business School was formed; in 1994 the name was changed to Melbourne Business School.

A number of factors influenced the decision to create MBS outside the usual faculty structures of the University:

- There was concern that the bureaucratic structures of the University would inhibit a contemporary business school;
- Compensation schemes were considered too rigid, given the need for flexibility when hiring appropriate business school staff;
- The quality of teaching at the University was judged below the aspirations of a successful business school and insufficiently focused for a business degree; and
- The University was perceived as operating with too little connection to the business community.

A concord at the time conferred on MBS the exclusive right to offer an MBA and use the term 'business' within the University of Melbourne brand. This agreement was reinforced by the University's Vice-Chancellor on 24 November 1999, when he wrote:

The essence of this agreement is that the Faculty of Economics and Commerce agrees not to include the word "Business" in the title of any course, that the Melbourne Business School agrees not to include the word "Commerce" in the title of any course; and that both parties will be free to use the word "Management" in the titles of any course...The agreement will persist until such time as it is altered by agreement of both parties.

MBS is structured as a not for profit company, limited by guarantee, owned 45 percent by the University of Melbourne and 55 percent by business, as Donor Members of the School. The constitution allows up to 16 members of the School's Board of Directors. There are currently 14 Directors, comprising:

- 2 University appointees;
- 9 Donor Members elected through the AGM process (the constitution allows for 11);
- The School Director (the Dean);
- The President of the Melbourne Business School Alumni Association; and
- A member of the MBS Faculty.

Two key business leaders with national experience in reviewing management education are present MBS board members - David Karpin, author of *Enterprising Nation* (1995), and John Ralph, author of *Inquiry into Management Education* (1982).

The Chairman is elected by Donor Members. The Dean is appointed by the Board and reports to the Board of Directors. The University of Melbourne may veto the appointment of the Dean, but only on academic grounds.

MBS offers University of Melbourne award courses along with non-award courses. Award courses are approved by the University's Academic Board, and the MBS Dean is responsible to Academic Board for academic standards of all MBS courses awarded through the University.

Award courses offered by MBS include:

- Master of Business Administration (full and part-time);
- Executive MBA;
- Juris Doctor/MBA;
- Master of Management;
- Master of Marketing;
- Postgraduate Diploma in Management;
- Postgraduate Diploma in Management (Marketing);
- Graduate Certificate, Diploma and Master of Management (Innovation); and
- Graduate Diploma and Certificate in Organizational Leadership.

MBS also supports 10 doctoral students, with programs governed by the University's Graduate School.

MBS is home to the Centre for Business and Public Policy and, with FEC and the Law School, a partner in the Intellectual Property Research Institute of Australia. According to figures provided by the School, in 2005 MBS had 750 full and part-time award program students enrolled. The School lists 51 faculty and 43 visiting faculty (including internationals and adjuncts, though many hold substantive appointments in other institutions). Programs are delivered from the MBS complex on University Square, adjacent to the Parkville campus. In 1996 the University sold additional land at University Square to MBS to enable an expansion of educational and training activities in conjunction with the University.

In 2004, MBS merged with Mt Eliza Business School, making MBS the largest management education business school in Australia. Mt Eliza caters for over 5,000 executive education participants in more than 25 open enrolment programs and for 115 organisations involved in over 280 customised programs. Programs range from customised executive development programs, organisation development consulting and implementation to leadership and general management programs. The annual revenue from executive education is expected to be over \$22 million in 2006. The history of Mt Eliza is long and prominent, stretching back more than 50 years ago to the original Australian Administrative Staff College. Over the years, the Mt Eliza Board included some of the most prominent business leaders in Australia.

The MBS currently forecasts a 2006 net operating contribution deficit from its programs of approximately \$700,000 (on overall revenues forecast to be approximately \$39 million). However, its overall contribution is positive, thanks to a strong endowment whose annual income is designed to support the School's future growth and reputation. It is common among business schools for some programs to lose money. At MBS, as elsewhere in the world of business schools, development and endowment income represents a major component of the School's annual revenue stream. At MBS, it is forecast that the net operating contribution from the School's programs will be a positive \$750,000 by the end of 2007, based on forecast revenues of approximately \$41 million.

Recent financial results for MBS have reflected both the costs associated with the merger between MBS and Mt Eliza, and a period of soft demand for the full-time MBA program. Fortunately, recent data indicate a return toward stronger MBA enrolments.

For a number of years the operating costs of the MBS have been subsidised by the University. In 2006, University payments to MBS totalled \$877,000. 2006 earnings for MBS were a total of \$181,600 made up of RTS \$107,000, IGS of \$61,600 and RIBG of \$13,000. Consequently in 2006 the University subsidised the MBS for \$695,400. This amount does not take into account the benefit to the MBS of the University enrolling students through Merlin without charge.

### *3.2 Faculty of Economics and Commerce*

Economics and Commerce is among the largest and most successful Faculties within the University of Melbourne. Teaching and research in the Faculty is undertaken by four Departments:

- Accounting and Business Information Systems;
- Economics;
- Finance; and
- Management and Marketing.

The Faculty is also home to The Melbourne Institute of Applied Economic and Social Research, The Centre for Actuarial Studies, The Asian Economics Centre, The Economic Theory Centre, The Centre for Microeconometrics, The Australian Centre for International Business, The Centre for Macroeconomics, Centre for Global Innovation Management, Foundation for Sustainable Economic Development, The International Centre for Research in Organizational Discourse, Strategy and Change, and The Centre for Human Resource Management. It participates in the Centre for Financial Studies, is a partner with MBS and the Faculty of Law in the Intellectual Property Research Institute of Australia, and is a partner in the Water Research Centre.

The Faculty offers a comprehensive range of programs from undergraduate to doctoral, with the notable exception of an MBA.

At an undergraduate level the Faculty offers the Bachelor of Commerce, Bachelor of Commerce (Management) and Bachelor of Commerce (Honours).

At the graduate level, the Faculty offers an extensive and growing array of programs including Graduate Diplomas, Postgraduate Certificates, Postgraduate Diplomas, a suite of Masters degrees (with seven specialty Masters of Applied Commerce degrees) and several Doctoral degrees. A full list of the Faculty's courses is attached in **Appendix A**.

According to statistics provided by FEC, some 7,500 students are enrolled in the various degrees and diplomas offered by the Faculty. Approximately 6,500 students are enrolled in the Bachelor of Commerce degree, either as a single degree, or more commonly in combination with another degree such as Arts, Information Systems, Engineering, Law or Science. More than 1,700 students are enrolled in postgraduate diplomas and degrees, including 195 in the PhD program.

Of the more than 6,800 equivalent full-time students, 43 percent are Australian students occupying Commonwealth Supported Places, 43 percent are international students and the remaining 14 percent are full fee-paying Australian students. In 2006 there were 1,511 enrolments in masters by coursework and graduate diploma programs, equating to 973 equivalent full-time students.

FEC employs 191 academics, including 33 full-time Professors, two Nobel Laureates and 156 full-time staff at the rank of lecturer and above. There are also numerous visiting and adjunct appointments within the Faculty. Seven staff are Fellows of the Academy of Social Sciences in Australia.

The Faculty of FEC is achieving strong financial results within the University. In 2006, 17 percent of its income derived from the University's DEST Operating grant, 66 percent from student fee income, 15 percent from research income and 2 percent from other sources. FEC income has grown from around \$10 million in 1997 to \$65 million in 2006 (net of overhead charges), with 2006 gross income forecast to exceed \$99 million. Financial Operations advises that FEC is budgeted to contribute almost \$42 million to University overheads and transition funding in 2007 from its budgeted 2007 gross income of \$107 million.

### 3.3 The School of Enterprise

The School of Enterprise started life in 2001 as a component of Melbourne University Private (MUP). In 2005 MUP was absorbed into the University. Since then the School of Enterprise has operated under a revised business model, as a separate business and academic school of the University.

Under the new model the objective of the School is:

*“to support the commercialisation agenda of the University of Melbourne by making the educational services and consultancy capacity of the University more accessible to the corporate and government sectors through the provision of:*

- (i) a mechanism for the development and delivery of demand driven customised corporate award and non award programs; and*
- (ii) consultancy management and support services to faculty (staff and departments) of the University.”*

In summary, the School acts as a B2B broker and facilitator of the University’s teaching and consulting capabilities to the corporate and government sectors, as well as providing a new demand driven product development service. Its core activities are:

- Award and non-award program delivery (*programs*)

The School develops and delivers customised professional development programs in areas of professional and technical education. These degree and non-award programs draw on academic input from across multiple departments and faculties. Many are co-branded with a corporate client, and may be limited to students from a single corporate entity. Some SOE courses are delivered and assessed in languages other than English. They are delivered in various locations, including client workplaces, around Australia and internationally. Some 30 percent of programs have a management education focus, while the balance-range from science to clinical research to e-crime investigation.

- Consultancy/contract and project management (*consultancy*)

SOE provides consultancy services to corporate and government clients, drawing on the extensive expertise and knowledge base within the University to provide solutions to specific client needs. The School provides legal, financial, project and risk administration services to ensure efficient and effective service delivery. This includes management of consultancy services on behalf of six faculties (including FEC) and numerous individual academics.

SOE has a staff of around 26 (on an EFT basis). It does not employ academic staff, with most of its programs delivered by academic staff drawn from the University and beyond. Total SOE revenue over the period 2003-2005 from education programs and consulting was \$21,750,000. Though SOE is forecast to cost \$645,000 in 2006, the University will separately receive \$2.5m in revenue from the School of Enterprise via University departments and staff engaged by SOE to deliver the programs and consultancies which SOE has contracted to provide to external clients. SOE is expected to operate at break even or better on a fully costed basis by 2008.

SoE sources in excess of 500 post graduate students per annum in addition to larger numbers (more than 1000 per annum) non award participants in industry programs.

Programs developed by SOE include:

Post Graduate Certificate in Surgical Anatomy with Royal Australasian College of Surgeons  
Graduate Certificate in Art Authentication

Graduate Certificate in International Management (PETRONAS)  
 Professional Certificate in Advanced Dealership Management  
 Graduate Certificate in Scientific Leadership (DSTO)  
 Specialist Certificate in Infrastructure (KPMG)  
 Graduate Certificate in Emergency Medicine with Western Health

#### 4. Issues

##### 4.1 *Concerns over proliferating and competing 'faces' to the market*

The University presents multiple faces to the business education market. There are two substantial schools of business in MBS and FEC, and two executive education operations (albeit of very different scope and scale) in the MBS Mt Eliza Centre and SOE. These various entities compete for students, for faculty, and for corporate sponsors. While each can claim a distinct mission, at some point the products offered may become interchangeable.

While some internal competition can be productive, there is a danger of brand confusion and dilution.

##### 4.2 *The demand side is changing*

The context for the current review includes changes being made at other Australian business schools. The proliferation of MBA programs and softening demand for the full-time MBA has placed many business schools under financial stress. Rankings systems are hard on schools without significant scale. As a result, a number of once independent schools have sought economies of scale through integration with larger commerce faculties. Within Australia, the Australian Graduate School of Management and the business schools at the University of Western Australia and ANU are the most prominent recent examples of integration within faculty structures.

Thanks to its endowment, MBS can continue as an independent entity, albeit with the disadvantages of modest scale. After a number of years in decline, the market for full-time MBA degrees appears to have turned. Upon the retirement of MBS's long-standing dean in 2000, the MBS Board and senior management, working with the AT Kearney management consulting firm, developed a new strategic plan. As a result, the School began to expand its program portfolio with a select number of graduate management courses beyond the MBA. The success of these programs has consequently enlarged the competitive overlap between MBS and FEC.

The *Financial Times* reported in January and July 2006 that three key indicators for business schools - the number of recruiters who want to employ their graduates, the level of starting salaries and the number of students applying for their full-time MBA programmes - now look more positive. Although 2005 applications were still low across the world, applications for 2006 improved significantly, as have graduate job offers.

Recent statistics from the US Bureau of the Census suggest that growth in the worldwide population of adults between the ages of 25 and 29 - the target age group for MBA programs - is set to climb steeply from 510 million in 2005 to 600 million in 2015. With the biggest growth in the number of potential MBA students in the Asian region (predicted to increase from 290 million in 2005 to 350 million in 2015), there is good cause for expecting that demand for MBA courses will rise. Given that some of its competitors have lost their independent identity in the meantime, MBS is well-positioned to thrive in a reviving market.

At MBS, full-time MBA enrolments for the 2006 year are over 40 percent above enrolments for the prior year, rising from 72 in 2005 to 137 in 2006. While this growth starts from a small base, the trend is encouraging. Likewise, the 2006 entering Executive MBA class has increased by 50

percent from 25 in 2005 to 36 in 2006. MBS faculty are pleased by the high entry qualifications and extensive experience of 2006 applicants.

#### 4.3 *Ties with the Business Community*

The University's Growing Esteem strategy encourages increasing ties, collaboration and interaction with the business community. Since its foundation, MBS has developed and nurtured close links with the corporate community through its donors, corporate clients and alumni. FEC also has strong and growing links with the business community, with a large and influential alumni body. The Faculty has demonstrated leadership within the University through implementation of its Campaign for Commerce. The renewed focus on links with alumni has reaped a return through stronger support for endowed scholarships and chairs.

Both MBS and FEC now pursue support from the private sector. In the long run, sheer difference in scale will provide FEC with advantages. This is already evident through the major financial contribution FEC is able to make toward a new graduate building on University Square, the largest singular construction project to be undertaken by the University.

#### 4.4 *Rankings*

International standing is now tested regularly by competing ranking systems, with the results widely publicised. For MBS, international rankings have proved problematic in recent years, as competition intensifies among international graduate business schools, and as Asian governments provide significant funding for local schools. Some Australian business schools, such as the AGSM, refuse to participate in some rankings. Others have restructured at least in part to maximise rankings performance. The recent success of Monash University and QUT, for example, in some rankings may reflect the integration of MBA programs within a broader business faculty.

While MBS executive education programs consistently rank among the best in the world according to the *Financial Times*, the performance of MBS in major MBA rankings tables has been erratic over recent years. The *Financial Times* MBA World Top 100 rankings for full-time MBAs placed MBS at 64 in 2003 and 72 in 2004. In 2005 MBS ranked at number 63, first in Australia and eclipsing the AGSM at 84. This was an improvement on earlier surveys in which MBS was beaten by the AGSM. Although in 2006 the MBS ranking fell to 69, it still outranked AGSM, at 75.

MBS attributes its overall ranking positioning to relatively poorer performance on the graduate salary measure. It points to continued strong rankings in other individual indicators, including a significant improvement in the research rankings by the *Financial Times*, with MBS rated at 52 in 2006, up from 65 in 2005. MBS argues that a key factor influencing rankings is the emergence and significant funding of business schools in other parts of the world, such as CEIBS in China. These have become increasingly competitive, with students commanding substantially higher salaries upon graduation than their pre-MBA salaries.

MBS has been outperformed by AGSM in recent *Asiaweek* surveys, though the measures are open to contention; some schools, including MBS, have stopped participating in the survey. There is continuing controversy over the top 100 MBA school rankings by *The Economist*, in terms of their validity. Yet, in spite of their inaccuracy, they are widely read. In 2006 this ranks the Monash MBA first in Australia and 49 in the world, with Macquarie at 81, MBS at 84, and Curtin at 91. In 2002 the *Economist* ranked MBS at 89. MBS notes that problems with the *Economist* rankings have led some notable schools such as Harvard and Wharton in the US, and the AGSM in Australia, to decline to participate.

All rankings are suspect but rankings still matter. The trend toward merit lists is influencing student choice and business perceptions. Here MBS is at a disadvantage, and one not easily resolved within present structures. The benefits of standing alone – close connections to business, strong relations with alumni, a clear mission and identity – are offset in certain rankings that punish small academic cohorts and modest doctoral programs.

It is more difficult to obtain reliable rankings data for the Faculty of Economics and Commerce. The *Times* annual report card in 2005 places the social sciences at Melbourne as number 11 in the world, but the sample includes only part of the FEC coverage. A 2006 survey of research performance conducted by the Melbourne Institute rated FEC departments as among the leaders in Australia, with several dominant in their field.

The latest Group of Eight research performance benchmarking analysis shows that the Faculty is ranked first in three key measures – total research income, publications and research higher degree completions. The Faculty also performs above the Group of 8 for graduate employment salary levels. The University has been ranked in the top 1 percent of institutions researching in the field of Economics and Business by the ISI's Essential Science Indicators world listing (based on 10 years of economics and business data from FEC and MBS). The Faculty was ranked 28 in the most recent SSRN Top International Business School rankings with MBS ranked number 68 in the same list. Once again however it is open to question just how reliable an indicator these measures are, being based on downloads of papers from SSRN over the last twelve months, calculated monthly..

#### *4.5 MBS needs to “bulk up”*

International comparisons of business schools make clear that, despite its quality, the MBS faculty is sub-scale in terms of size and depth. Depth is a significant feature in rankings, and MBS struggles to compete on research-based measures against larger and more research-oriented business schools, because of sheer differences in faculty size.

This may be demonstrated in the year ahead. MBS has often contended on rankings lists with the AGSM. The decision to absorb AGSM within the large and successful Faculty of Commerce and Economics at UNSW can be read as a market opportunity for MBS; along with Macquarie, MBS remains among the few distinct and independent graduate business schools operating within Australia. Some key ranking measures, such as starting salaries and student satisfaction, will not be affected by the merger. But in research measures, AGSM will likely realise the rankings benefit of becoming part of a larger entity.

No doubt rankings are not the only measure of institutional worth, particularly given bias in some lists toward research performance. In fact research outcomes per capita remain strong at MBS, but the small size of the faculty limits capacity for major projects and a large doctoral program. The cost of operating a small and high quality MBA school in an Australian setting is felt in rankings. MBS aims to be among the top graduate business schools in the world, but this will prove an increasingly elusive goal given the research bias of some international merit lists.

#### *4.6 Accreditation*

Professional accreditation is critical for the University if Melbourne's management education programs are to be perceived as competitive nationally and internationally.

In 2006 MBS received full EQUIS accreditation, the global quality assurance scheme of the European Foundation for Management Development (EFMD). It is presently developing its eligibility application for the AACSB International (the Association to Advance Collegiate Schools of Business) accreditation process.

FEC has committed to gaining international accreditation, and is working also toward recognition through AACSB International. Accreditation by AACSB International will require FEC to review its curriculum, an exercise already underway as FEC prepares for the introduction of the new generation B.Com in 2008. It is likely that FEC undergraduate programs will require modification to become more aligned with international standards of undergraduate business and management programs. The probable effect of such accreditation will be to make MBS and FEC more alike.

#### 4.7 *Growing Esteem*

The University's strategic direction emphasises graduate professional schools that are globally well regarded. The University aims to shift a significant proportion of student load to graduate programs. As a result, each faculty has been encouraged to develop graduate schools with a clear identity and purpose.

FEC already teaches a large graduate load, and has moved swiftly to adopt the Growing Esteem strategy. Its new graduate school identity, reflected in purpose-built facilities opposite MBS on University Square, will sharpen internal competition.

### 5 **Review Process**

Towards the end of 2005, senior Australian business leader Dr Ziggy Switkowski agreed to carry out an informal review of the delivery of business education at the University. Dr Switkowski spoke with members of MBS, FEC and SOE before preparing a report taking the form of considered observations from an interested business leader (rather than a rigorous consultancy report).

Using the report as the basis for further discussions, MBS and FEC undertook to examine collaboratively the issues raised and advice tendered by Dr Switkowski.

In March 2006 Colin Carter, former partner of and now adviser to the Boston Consulting Group, agreed to act as an independent governance expert in discussions between the respective Deans of MBS and FEC. His meetings canvassed options for closer cooperation in order to develop a proposal for consideration by the University and the MBS Board.

Though both parties agreed on the need for closer cooperation, neither has advanced a model acceptable to the other. In June 2006 Colin Carter produced a discussion paper putting forward a proposition he considered attractive from the University's point of view, in order to facilitate further distillation of outstanding issues.

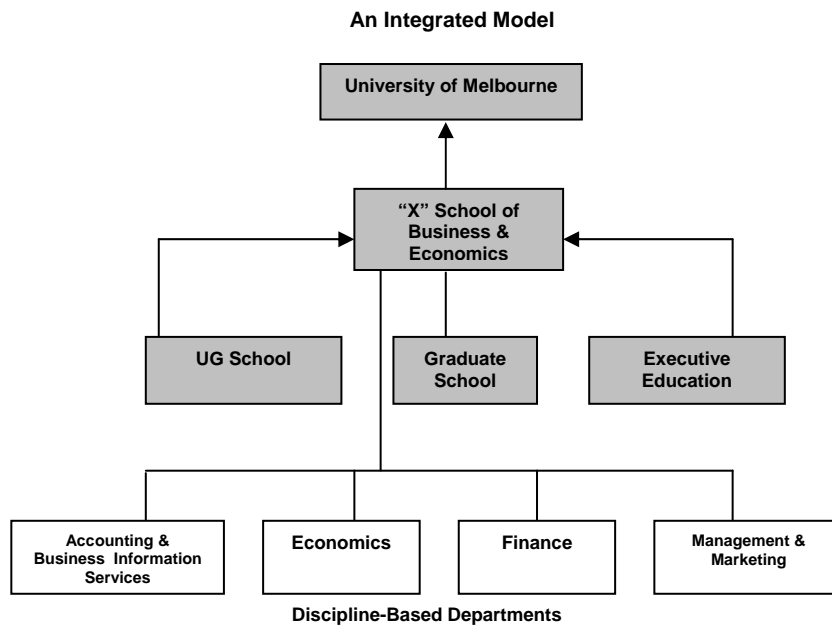
Both FEC and MBS have responded to the paper, again with different and irreconcilable preferred models. The sections below explore the contending views, and some of the issues considered through the review process.

### 6 **Competing models**

#### 6.1 *Faculty of Economics and Commerce*

The Faculty notes two key goals articulated by the University in addressing graduate business education at Melbourne – the desire to present a single face to the business community, and the importance of strong international rankings for business education at the University.

FEC argues these goals can best be achieved through full integration of MBS into the Faculty. This is the solution adopted in similar circumstances by UNSW and UWA. It produces the following structure for business education:



In this model, the graduate and undergraduate schools are administrative structures only, responsible for meeting program objectives. All academic staff are located within their relevant discipline. Staff teach into both undergraduate and postgraduate programs, with discipline-based departments responsible for meeting teaching, research and budgetary objectives.

Executive education could be provided through a separate entity, although with close links to departments and the graduate school.

FEC considers that such a model could incorporate the current board of MBS to advise on graduate education or as a broader advisory structure for the whole entity. Alternatively, the present board could remain responsible for executive education and responsible for the endowment accumulated, and allocate investment earnings within the broader structure to support the original aims of the donors.

## 6.2 MBS Preferred model

As a pioneer in graduate education, MBS is keen to see a mixed model of integration and separation that furthers the unique traditions and strengths of both FEC and MBS.

The MBS board considers that a key to the School's success has been separation from University faculty structures yet integration within the University's academic processes. This combination of integration and separation has given the School the opportunity to blend academic rigour and relevance in its professional management education programs. Thus, a starting position for MBS is the importance of clear independence from the University's faculty structures. Nevertheless, the School sees the advantage of a closer relationship with FEC, and offers two options for achieving this goal.

One is simply to continue with the current structure but encourage a significant number of joint appointments and programs with FEC.

A second option would see MBS becoming the home of all graduate management and executive education programs. MBS regards executive education as critical to its portfolio not simply for

the revenue it generates, but for the links to the business world it brings to faculty and students. MBS notes that virtually every significant international graduate business school has executive programs at its core. It is through a school's executive education programs that major knowledge transfer activities and outcomes are realised. In this model there would be selective joint appointments, with FEC providing the undergraduate programs and more academically oriented graduate courses. Both faculties would continue to offer doctoral programs.

### *6.3 No agreement*

Neither of these models is acceptable to the other party.

While FEC judges the optimal model to be full integration, the FEC Dean indicates that her Faculty will support the option advanced by MBS of continuing current arrangements but with an increase in joint appointments and programs. FEC does not support MBS's second option, since it judges that this would take from FEC some highly valued parts of its own programs. The Faculty accepts that coordination of executive education is required to avoid confusion and damaging international competition. The Faculty is experiencing increased demand for the development of specialist executive education programs and sees this development as increasingly important as it builds its Graduate School.

MBS considers that by becoming fully integrated within FEC, it would lose its distinctive market presence, compromise its relevance to and relationship with the business community, and, importantly, lose alumni support. The School would prefer a larger role in management and executive education on behalf of the University, though not at the cost of its present independence from faculty structures.

## **7 Review of Models**

In considering the optimal structure for business education within the University it is logical (but alas not always helpful) to consider other business school models.

According to Colin Carter, "Nearly all of the top business schools around the world are stand-alone institutions. Depending only a little on one's definitions, it is possible to argue that the 'Global Top 20' business schools are all separate from larger economics/commerce faculties."

On the other hand, FEC argues that the relevant set for comparison is the top 20 ranked programs offered by universities with undergraduate business degrees. There are 12 such programs, 11 of which are offered through an integrated structure.

### *7.1 Integrated with Faculty*

Wharton at the University of Pennsylvania and the Haas School at Berkeley have been put forward by FEC as models for Melbourne, places in which top quality MBA programs are integrated into a wider commerce/economics faculty. However, the Faculty acknowledges some significant differences between American and Australian practice. These revolve principally around the location of Economics. Though some leading business schools have leading economists within their ranks, in typical American practice, the Department of Economics is located within the broader undergraduate arts/science faculty, while at Melbourne and elsewhere in Australia the discipline of economics is usually found closely aligned with finance and commerce.

Thus at Wharton and Haas the economics faculty is part of the wider University rather than the business school. That difference aside, the MBA at both Schools is found within a larger business school. At Wharton the flagship MBA Program, with some 1,600 MBA students on campus, operates alongside programs for some 1,800 undergraduate students. At Haas there are

around 700 undergraduates and around 1,300 full and part-time MBA students. While the MBA presence substantially defines the international reputation of Wharton and Haas, it is not divorced from the broader concerns of business teaching. The larger faculty required to run these programs bolsters the research output of both schools, and hence their rankings where the quantity of respected research plays a central role.

What are the key elements of success for these programs? This is a matter of judgement. FEC argues that the integration of faculty provides the attractiveness of the Wharton model. Colin Carter draws on the same example to arrive at the opposite conclusion. With economics not part of the mix and only a small, elite undergraduate program, Wharton “looks more like a half-way house between what Melbourne would look like with MBS integrated into FEC and a stand-alone business school”. For Carter, Wharton’s brand independence from the University of Pennsylvania is part of its success, and remains broadly analogous to the relationship of MBS with the wider University of Melbourne.

Wharton and Haas can be characterised as MBA schools offering small and elite undergraduate programs. Under the proposed FEC model, a large economics/commerce faculty would offer a merged MBA program accounting for less than 10 percent of activity.

Yet the practice of co-locating undergraduate and graduate business education has become familiar in some North American universities. Others are considering moving to this model. For example, MIT recently introduced an undergraduate business degree into its Sloan School of Management, and Northwestern University is considering the same for its Kellogg School of Management. The undergraduate business education market is vibrant and growing. As at Melbourne, undergraduate business degrees now represent up to 25 percent of overall undergraduate students. Closer integration is driven by student demand rather than rankings; both Kellogg and Sloan presently have the scale to continue to compete successfully in the postgraduate management and executive education arenas and rankings.

## *7.2 Separate from Faculty*

A more common model, though, remains the graduate business school located on campus but with a separate name and distinct governance arrangements. Thus Harvard, Stanford, Yale, Columbia, Chicago and Virginia (Darden) position their business schools as separate departments in the University, identified through dedicated physical facilities. A similar practice occurs with leading European business programs – named schools that benefit from the broader university reputation but also build their own identity.

Melbourne departs from this common model of a distinct graduate business school within the broader university in two significant ways.

First, only Melbourne supports an MBA program with a different governance structure to the rest of the University. MBS operates as an independent company in which the University has only a minority interest, yet has use of the University’s brand and degrees.

Second, the Melbourne practice of multiple graduate business schools associated with the same university is unusual. Thus while some business relevant undergraduate courses are available at Harvard through the College of Arts and Science (principally in economics), and some research coursework is offered through the Graduate School of Arts and Sciences, graduate coursework in management and executive programs are located exclusively within the Harvard School of Business.

During the course of this review, some have observed that the original charter for MBS allowed the School to offer undergraduate programs in business administration. In earlier times MBS commissioned some developmental work on a small elite undergraduate program mirroring MIT and Northwestern. More recently, the School has explored offering ‘breadth’ subjects, and discussed such options with faculties such as Engineering and Science. To date, MBS has not advanced any formal proposals about undergraduate teaching.

Within Australia, some universities follow Melbourne in keeping MBA education separate. Most of these separate schools, however, recently have been drawn back into integrated faculties of economics and commerce. The integrated model is now the most common in this country, and appears to dominate organisational arrangements for MBA programs abroad. Yet there are important exceptions. It appears either separation or integration can be made to work. The trend is toward integration but neither international nor local experience argues *a priori* for one structural approach over another.

## 8 Guiding Principles

The University's Growing Esteem strategy calls for:

- A coherent set of educational programs which meet demands for lifelong learning from undergraduate through to post graduate and executive education;
- Creating graduate professional schools which are globally well-regarded and financially viable;
- Creating critical mass in nominated discipline areas in order to enhance the University's international research reputation;
- Increasing ties with the Australian business community; and
- Optimising opportunities for philanthropy.

The solution chosen must position the University to be among the pre-eminent providers of business education in the world, offering a full suite of world-class business and management programs with both depth and breadth, from undergraduate level through to postgraduate and executive level.

The model selected must enhance the University of Melbourne brand through strong rankings performance while presenting a coherent face to the outside business world.

The contrary impulses at work – rankings success through consolidation, yet close business links through a human scale organisation – cannot be easily reconciled. The University of Melbourne already hosts an internationally significant business school in MBS, but does so through a blend of integration with, and separation from, the institution.

It appears unlikely that the long-standing close involvement of senior business figures and alumni in MBS would transfer easily to a broader entity such as Economics and Commerce, no matter how well-intentioned the Faculty.

In short, the advantages of merger – stronger rankings for MBS and more market clarity about Melbourne's business offerings – do not obviously outweigh the potential losses in reputation and business support for MBS. Amalgamation would risk an existing and long-established reputation for modest institutional gains.

Consequently, the way forward begins from the premise that closer working relationships must be found through modifying but not abandoning existing institutional arrangements. The successful client base of the MBS must not be jeopardised. Because the resources of FEC and the MBS should be available to each other if the University's business education is to reach its potential, MBS and FEC must minimise internal competition. Each must have incentives to be involved in the success of the other's teaching and research programs.

Whatever structure is selected, the University's business offerings should aim for a combination of academic rigour and business relevance. The University should value both discipline-based as well as business-driven multi-disciplinary research; faculty should publish in refereed journals as well as in practitioner periodicals. We need scholars and public intellectuals, activists and critics. Sometimes these are found in the same person; at other times they require a blend of staff who together span the needs of research, teaching and knowledge transfer. The suite of business offerings must value teaching competence alongside research skills, executive education and

doctoral programs. This requires explicit recognition of inevitable cultural tensions and measures to hold them in balance.

Both the MBS and FEC agree that if the University's MBA is to remain attractive to mature, ambitious people seeking to become leaders of major companies and institutions, the MBA program must maintain a "sense of community". This means continuing to teach the degree in the MBA in distinct and separate premises where the students live and work with each other for the duration of their programs. The high quality of support, facilities and service must be maintained.

## **9. Application of Guiding Principles**

### *9.1 Impediments to Resolution*

If the University were driven overwhelmingly by ranking considerations, the path ahead would be clear: either MBS joins the Faculty, or FEC is allowed to offer its own MBA program. An FEC MBA would be cost effective to deliver, because it could draw from a wide array of existing graduate electives, and it would be well placed for rankings success given the combined academic weight of FEC departments. With a limited number of high quality students available, such competition from FEC would likely come at considerable cost to MBS.

In an earlier draft of this paper, an alternative course of action was contemplated: transfer of some or all FEC management-related graduate courses to MBS. This would not entirely resolve duplication and internal competition, since there would still be overlapping graduate programs in two schools. But it would provide a more explicable separation of functions.

On investigation, significant financial and structural impediments emerged. The University holds a minority interest in MBS, and does not impose on MBS the standard levies required elsewhere within the University to cover the overheads of running an organisation with \$3.4 billion in capital assets, more than 6,400 staff and 44,000 students. A transfer of management courses would thus involve a major reassignment of income and load to an independent entity, at considerable cost to FEC. MBS would be granted "exclusivity" over these operations without any contribution to the University. Even if existing levies remained on transfer, this would introduce the anomaly of one rate of internal taxation for management courses and another, lesser, rate for the MBA.

The MBS leadership considers that a workable financial model could be constructed through appropriate contracts. But the judgement offered in this report concludes that the University – in whose interests this report is framed – would not be well served by the loss of income to FEC.

For FEC staff, a transfer of management courses to MBS would require the break-up of the Department of Management and Marketing, which now supports both undergraduate and graduate coursework.

Nor is it clear that MBS would emerge the long-run winner. It has neither the physical space nor academic coverage to accommodate the large cohort of FEC graduate management students. The advantages of an intimate experience for MBA students would be lost amid the sudden shift in scale. The essence of the MBA value proposition for students is small class sizes and personal attention, allowing close identification with their cohort and academic staff. The success of MBS depends in part on teaching in its own premises where the students live and work with each other for the one or two years of the program.

### *9.2 Live with the Status Quo?*

The University of Melbourne has lived for more than 20 years with two entities offering graduate business programs. It can, no doubt, survive further decades.

The difficulty of finding a mutually satisfactory resolution explains the present impasse. Twenty years is plenty of time for mutual ignorance to grow and flourish, and academic links between the two faculties remain disappointing. Some academic staff shift employment from one entity to the other, but few have found effective ways to work together across organisational lines despite the small distance between buildings. There have been few institutional incentives to do so. While there have been encouraging signs of improved collaboration under present decanal leadership, recent gains must be placed against a long history of shared indifference. Interestingly, there are different perceptions within MBS and FEC about the current level of cooperation and interaction.

Some original incentives for creating MBS as a separate entity have now disappeared. Australia's public universities must now raise the majority of their own income, and so have developed the flexibility necessary to operate in markets. FEC is no longer restricted in the salaries it can offer, and on occasion has prevailed in competition with MBS and other schools to attract talented senior academic staff. Nor does the Faculty lack private earnings – its income from fee-paying students is the largest in the University.

The issue for the MBS board is what other strategies are available to MBS. The Melbourne MBA, offered through the School, is a highly valued product in Australia and beyond. The School's web site proclaims MBS the nation's number one full-time MBA program, based on *Financial Times* rankings. Yet for reasons surveyed above, the international rankings of the School are rendered vulnerable by its small scale, and its long-run finances rely on a significant and sustained upturn in the MBA market and growth of the executive education market. All may prove manageable challenges. Of more concern will be the growing success of the planned FEC graduate school in attracting students and corporate support, and the expansion of SOE into the executive education market in competition with MBS.

### 9.3 *Full integration?*

The Carter report raises the possibility of tension between the academic value systems of MBS and the wider FEC faculty should a full integration be considered. There is no dispute that the academic value systems within FEC are strongly discipline-based. Are they in some significant ways at odds with the value systems required for a professional business school? This is a matter of some controversy. For academics, promotion and peer recognition are largely driven by earning the respect of peers in particular disciplines and by publishing in highly refereed discipline-based journals. For business schools, there must be strong commitment to high quality teaching, a commitment to executive education, and business relevance. Business research tends to be cross-disciplinary with a focus on solving real-life problems for business.

The evidence suggests a mixed picture. Some MBS staff conform to the stereotype of great teachers who write in a multi-disciplinary way about problems faced by business, just as it is easy to find academics in FEC focused on technical and theoretical questions that are little considered outside academic circles. Yet in both are individuals and, importantly, research centres and teams, concerned with similar agendas and approaching them in comparable ways.

FEC acknowledges that tensions between the pull of the discipline and the pull towards business relevance will always exist to some extent. But it argues that such tensions appear in all leading business schools. Academics at them must publish in high quality research journals regardless of teaching quality and contribution to business.

Nevertheless, it is clear that there is nervousness within MBS about the different culture – and the sheer scale – of the Faculty. If full integration were pursued, the MBA would become one program among many, and MBS staff might struggle to maintain a distinctive image and voice if also placed within existing academic departments.

The integrated model has also attracted concern from the large body of MBS corporate supporters, worried that change may erode the attractive market position that MBS has built.

They argue that MBS has built its reputation largely as a management school, and should retain its individual character.

The EQUIS report on accreditation of MBS noted that “The School’s overall customer orientation, the calibre and extent of its corporate links at all levels and the amazing input obtained from practitioners continuously in many ways and circumstances is simply outstanding. This is the obvious consequence of its ownership structure by a majority of business companies and the participation of prominent business persons on the Board.”

## **10 The Way Forward**

The long-standing overlap, duplication and occasional rivalry between MBS and FEC is structural in origin but reflects also different underlying philosophies. Although the parties share a common goal to form a closer relationship, each side has advanced a policy proposal unacceptable to the other, and discussion to date has not identified a mutually acceptable resolution.

An instrumental reading of the University’s administrative interests would argue for integration of the two entities, with subsequent consolidation of the Mt Eliza and SOE ventures. This would bring all business education at Melbourne under one management. It would create the scale and scope that could improve some important international rankings for business education at Melbourne. It would provide expanded opportunities for senior academics to teach into a broader range of programs.

Yet integration would cost the institution a distinctive and already world-recognised graduate business school. It would likely alienate significant business support for management education at Melbourne. While it should be possible to provide safeguards for the mission and vision of MBS as part of a wider entity, the habit and privileges of independence are not easily surrendered.

The recommendations in Section 2 of this Report leave MBS as an independent entity, yet require formal agreement on major areas of collaboration and co-operation. MBS retains its corporate structure outside the University’s faculty structure, with continued business representation on its Board.

Closer collaboration is achieved through:

- increased University representation on the MBS Board – while recognising that board members must advance the interests of the private company which they govern;
- a Coordinating Committee to focus on marketing, shared facilities, fund raising and program developments; and
- joint appointments, programs and research to mutual advantage.

Other options for closer collaboration will evolve over time. For instance, late in the review process the suggestion was raised for affiliating all (relevant) MBS staff with an FEC Department. The proposal could flow both ways, with senior FEC staff also holding appointments in MBS. The Coordinating Committee will be the appropriate body to work through the feasibility and mechanics of such ideas.

## **11. Conclusion**

Journalist H.L. Mencken once noted that for ‘... every human problem there is a neat and easy solution – and it’s wrong’. The issue under examination here is complex, and the solution proposed likewise.

After a detailed review of the various options, it is clear that there is no simple solution for the organisation of business education at the University. It is possible to make credible arguments in

support of models put forward by both MBS and FEC. Impressive international examples can be cited in support of both stand-alone and integrated business schools. None of the educational, organisational or financial considerations weighed in this report argue definitively for one approach as self-evidently superior. If the status quo is problematic but not impossible, so each variation examined has strengths and drawbacks in roughly equal measure.

In short, no single option for the structure of graduate business education at Melbourne commands the consistent support of key players and knowledgeable independent observers. MBS wishes to remain independent, and believes it can deal with the resulting challenges of scale and relevance. There are reasons to be sceptical, but insufficient evidence to justify radical recasting.

The process involved in this review has required a sustained conversation among the players about the future of graduate business training at the University. That dialogue is not over. The University looks forward to responses from MBS, FEC and SOE to these recommendations. The Business@Melbourne Coordinating Committee will provide an important new forum for working together.

Under the recommendations put forward, MBS retains its separate identity and its mandate to offer the University's MBA program. In return, it accepts the constraints of greater coordination, with FEC having a voice in the direction of MBS through its representation on the Board. Subject to completion of a feasibility study, MBS will make a major financial contribution to a new education facility in University Square.

FEC will be disappointed that MBS is not to be integrated within the Faculty, but a contractual specification of roles, cross-representation on governance structures and incentives to build shared teaching and research programs through joint appointments should facilitate better understanding and more effective use of academic expertise around shared interests. The Faculty will continue to develop its Graduate School. The relocation of the FEC Graduate School to University Square, and access to new University conference facilities, should strengthen links between FEC and MBS.

The Business@Melbourne Coordinating Committee is essential to optimize the outcomes from the considerable resources within each entity. While boundaries and financial arrangements will be set by contract, B@MCC will provide a framework for ongoing communication, planning and co-operation. The Committee's charter must be carefully crafted so as not to usurp the governing roles of either the FEC Faculty Board or the MBS Board of Directors. It should be viewed as an operating committee to further the interests of both MBS and FEC. In doing so, it will enhance the reputation of the University as one of the most important business educators in Australia – and beyond.

## APPENDIX A

### Faculty of Economics and Commerce Undergraduate and Postgraduate Programs

#### 1. Undergraduate Degrees

- Bachelor of Commerce
- Bachelor of Commerce (Management)
- Bachelor of Commerce (Honours)

#### 2. Postgraduate Programs (some programs are in the process of consolidation):

Graduate Diploma in Actuarial Studies  
 Graduate Diploma in Employee Relations and  
 Human Resource Management  
 Graduate Diploma in Management Studies  
 Postgraduate Certificate in Business Forensics  
 Postgraduate Diploma in Economics  
 Postgraduate Diploma in Finance  
 Master of Accounting  
 Master of International Business  
 Master of Human Resource Management  
 Master of Applied Finance  
 Master of Financial Management  
 Master of Business and Information Technology  
 Master of Applied Commerce  
 Master of Applied Commerce (Accounting)  
 Master of Applied Commerce (Business Analysis and Systems)  
 Master of Applied Commerce (International)  
 Master of Applied Commerce (Management)  
 Master of Commerce in Employment Relations and Human Resource Management  
 Master of Commerce (coursework)  
 Master of Commerce (by thesis)  
 Doctor of Philosophy (PhD)  
 PhD with Coursework (Accounting and Business Information Systems)  
 PhD with Coursework (Economics)  
 PhD with Coursework (Finance)

## Credits

The process of exploring options for the future of the Melbourne Business School, Faculty of Economics and Commerce and the School of Enterprise has involved a great number of people.

Dr Ziggy Switkowski agreed to undertake a short review of business education at Melbourne as a gift to the University. He found himself immersed in the complexities of business schools, faculties and academic structures. Ziggy invested much more time and thought than seemed fair in meetings with corporate leaders, academics, students and administrators. Even after submitting his report, Ziggy remained fascinated with the problem, and has been a continuing source of advice and wisdom.

In early 2006 Colin Carter agreed to mediate a structured conversation between the Deans of MBS and FEC. Once again, this was designed to be a short assignment, yet became a lengthy and involved undertaking. Colin Carter ended up talking with numerous players, visiting overseas institutions, and writing his own detailed paper reflecting on the issues at hand.

Both Ziggy Switkowski and Colin Carter provided their services without charge to the University. Their generous contributions have been central to reaching a set of recommendations.

Professor John Seybolt is Dean of the Melbourne Business School, Professor Maggie Abernethy is Dean of the Faculty of Economics and Commerce, and Mariann Fee is Executive Dean of the School of Enterprise and Allan Tait is Vice Principal (Commercialisation). Each has shown a great willingness to cooperate, a keen interest in the issues at hand, and patience beyond all reasonableness during a busy but protracted review process.

A subcommittee of the MBS Board, led by Chairman Ron McNeilly, invested considerable time and effort to assist in this review. Members of the subcommittee included Board members Geoff Allen, David Karpin, John Ralph, and Cathy Walter.

Similarly, all members of the Executive of the Faculty of Economics and Commerce have made valuable contributions to the review process. In particular Professor Bruce Grundy, Deputy Dean, undertook much of the research associated with FEC responses, and co-ordinated the FEC response to both the Carter and Switkowski reports.

Senior Vice-Principal Ian Marshman has provided invaluable comments and insight during the review process.

Liz Fazio is a Senior Policy Officer within the Office of the Vice-Chancellor. With characteristic quiet efficiency, she has drafted numerous position papers for this review, coordinated logistics, chased and synthesised data from a wide range of sources and, finally, provided multiple drafts of this Council report.

However, none of the above should be held responsible for the recommendations contained in this report.