Why MBA programs are moving to a one-year timeframe

By Lorene Yue
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Add this to the list of indicators that the economy could be, may be, just might be on the path to recovery: The number of applications to accelerated MBA programs is on the rise.

“MBA enrollment is driven by local economics,” says Rob Ryan, assistant dean and director of DePaul University's Kellstadt Graduate School of Business. “Those who were displaced (from jobs) did take the time to go into full-time programs, but now there is a shift from full-time, two-year programs because more people are employed.”

The Graduate Management Admission Council reports that 54 percent of schools offering one-year MBA programs reported an increase in applications for classes starting in 2012. That compares to 32 percent reporting an increase in applications for two-year programs.

Because students typically apply the year before they start classes, the number of applications can be a lagging indicator. For instance, the last time business schools reported a significant bump in one-year applications was 2008, when 74 percent had an increase, reflecting the high times of pre-bust 2007. By 2011, only 42 percent of schools offering one-year programs received more applications than the previous year.

The accelerated programs attract students who want to acquire expertise without sacrificing two years of salary. Markus Scott, 29, of Pompano Beach, Fla., enrolled in the one-year program at Northwestern University's Kellogg School of Management to get the benefits of advanced coursework and networking without repeating what he already knew.

“I did my undergraduate in business at the University of Florida and my master's of accounting at the University of Virginia,” says Mr. Scott, whose brother Ian played for the Bears from 2003 to 2006.

Mr. Scott was part of a 6 percent jump in applications for Kellogg's current one-year MBA class. The school is rejiggering its enrollment in response to the demand, increasing the one-year class to 100 from 85 the previous year. It plans to add another 15 spots in 2013.

“We'll shrink our two-year program roughly in line with the growth of our one-year program,” says Betsy Ziegler, associate dean of MBA programs and dean of students.

Northern Illinois University reintroduced its one-year MBA program last year in response to demand after getting rid of it in the mid-1990s because “it didn't make sense to devote resources to the program with about 10 students,” says Denise Schoenbachler, dean of NIU's College of Business.
University of Chicago's Booth School of Business does not offer one-year MBA or specialty degrees.

Specialty degree programs—which offer concentrations in accounting, finance or management and take roughly a year to complete—are also attracting more interest. Applications for master of science degrees at Kellstadt are up 5.2 percent, while applications to the M.S. in management information systems program at the University of Illinois at Chicago's Liautaud Graduate School of Business jumped 67 percent from last year.

Loyola University Chicago, which does not offer a one-year degree, saw interest double in its specialty master's programs in the past year. Applications to its master of science in finance program were up 180 percent while the accounting program saw a 129 percent jump. Loyola's master's in integrated marketing communications received 98 percent more applications than last year.

There's a financial benefit to shorter programs, for both students and universities. Tuition is lower, which provides incentive for students who are footing more of the tab as employers cut back on education subsidies.

The one-year program at Kellogg runs just under $75,000 while tuition at the traditional program is about $113,000 over two years. The specialty master's programs at UIC require eight courses for completion compared with 13.5 courses for the traditional MBA.

Universities gain, too. Larger application pools can lead to higher-quality students. And schools can earn more in tuition over a two-year period if more students come through a shorter program.