

BusinessWeek

MULTINATIONALS

ARE THEY GOOD FOR AMERICA?

BY MICHAEL MANDEL **041**

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University of Houston senior Mario Bejarano focuses on energy management

THE BEST UNDERGRAD B-SCHOOLS

By Geoff Gloeckler

More kids—and better qualified ones—are studying business in college. And they're nailing fatter salaries when they get out. Meanwhile, academic programs are getting more specialized

There is at least one place in the business world where most of the news is good: undergraduate business education. The number of high school seniors who say they intend to earn a business degree is increasing. Those who entered a business program in 2007 boasted higher standardized test scores than last year's freshmen. And graduates are leaving with bigger salaries. The big-name schools are competing more fiercely for these qualified students, with everything from new buildings to more tailored study-abroad programs. Others are trying to build national reputations with niche programs that take advantage of their location to prepare students for jobs in a particular industry.

The competition is evident right at the very top of our third annual ranking of undergraduate B-schools. The University of Pennsylvania's Wharton School once again was deemed the best program. But it has an increasingly strong rival in the University of Virginia. In several of the measures we use to determine our ranking, the two schools were virtually the same. And we have a new No. 3 this year: the University of Notre Dame, which displaced the University of California at Berkeley (it slipped down to No. 11).

To rank these programs, *BusinessWeek* uses nine distinct measures, including surveys of some 80,000 business majors and more than 600 corporate recruiters, the median starting salaries for graduates, and the number of graduates each

program sends on to the preeminent MBA programs (we rank those, too, in November every other year). We also calculate an academic quality score for the undergraduate schools by combining SAT scores, faculty-student ratios, class size, the percentage of students with internships, and the number of hours students spend on class work each week.

So here's what went down in the Wharton-Virginia contest. Student and recruiter satisfaction with Wharton ebbed somewhat, while Virginia received the highest ratings from its students of any of the 96 schools we ranked. The fact that graduates' average starting salary increased by \$5,500—or more than 10%—to \$58,000, had a good deal to do with that.

There's no discounting the importance of the dollar sign. Notre Dame's academic quality improved somewhat this year; the main reason it moved up four spots on our list is because of its students' success in the job market. Salaries increased nearly 10% there. When we looked at graduates of our top 25 schools, we found they are making an average of \$54,445, which is \$3,000 more than last year. As a percentage (5.8% to be exact), that increase is a full two points higher than the national average. At many schools, including Babson College and Washington University in St. Louis, the rise in graduates' salaries was even bigger. That's because more of their students took positions in that most lucrative (in 2007, anyway) of industries: investment banking. At 19th-ranked

ROBERT ISAAC

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Florida State's Stacy Barwick is studying professional golf management

Georgetown University, 94 seniors, or 29% of the graduating class, accepted i-banking jobs, compared with 63 the year before. That pushed the median starting salary up \$5,000, to \$60,000—on par with Wharton, Michigan (No. 6), and Massachusetts Institute of Technology (No. 9).

The relationship between Wall Street and our top-tier schools can't be matched by others. But it can be replicated with other industries. Consider these four programs that have distinguished themselves by going local: **The University of Houston, in the heart of the nation's oil capital, is training the next generation of energy executives, while Florida State University offers a professional golf management program. The University of Louisville specializes in equine management. Belmont University is using its Nashville locale to help students break into the music business. For these schools, it's all about finding their competitive advantage.**

Houston is home to oil giants BP, ConocoPhillips, and Royal Dutch Shell, along with hundreds of other smaller energy companies. But until 2001, when the University of Houston's Bauer College of Business (No. 82) launched the Global Energy Management Institute, there were no business school programs nearby that focused on the industry. It has been a gusher ever since: Most of last year's 21 students graduated with high-paying jobs. Now, to keep up with changes in the business, the institute is developing new electives focused on alternative energy. The first course, Carbon Trading, will be taught next spring.

There are no fewer than 20 universities offering a professional golf management degree. But Florida State (No. 69)

is the only one with a curriculum that includes all the core courses in the business school and the hospitality program. Students, 40% of them from out of state, learn about course and tournament operations, turf management, and club design—as well as catering and restaurant management. Oh, and they need a 12 handicap to get in and must shoot 78s over two consecutive rounds in order to graduate. Everyone who has graduated so far has ended up with a job in the business.

The prospects for graduates of Louisville's equine management program (the B-school is No. 92) and Belmont's music business program (No. 89) are a little more cheery than you might expect. Thanks to *Seabiscuit* and Barbaro, horse racing is big again. Churchill Downs, where the Kentucky Derby has been held since 1875, is hiring. At Belmont, whose graduates include country music stars Trisha Yearwood and Brad Paisley, courses in copyright law and electronic media help prepare students for a digital world. But the real draw is the internships—and the chance to make connections, which is how most people get their start in the business. **| BW |**

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PRESTON MACK/REDFUX

UNDERGRADUATE PROGRAMS February 26, 2008

Finding a B-School Niche

Got a fondness for thoroughbreds or country music? Some smaller business programs may be right for you

by Geoff Gloeckler

The Penns and Virginias of the world have no problem attracting undergrads to their business programs. Each year the top schools get thousands more applications, from all over the country, for entrance into their prestigious programs than they can handle. And come graduation, business students from these schools embark on Wall Street careers with big salaries and signing bonuses to boot.

But for schools without the draw of a big-name program, and in locales closer to Manhattan, Kan., than Manhattan, N.Y., attracting students from beyond the state line can be a challenge. In an attempt to make names for themselves in the crowded undergraduate business market, a handful of schools have launched niche programs within their business schools to attract prospective students—and tuition dollars—from beyond their state borders.

Here's a look at four such programs that are using local industry and corporate connections to build a national profile. You'll learn how the equine management program at the University of Louisville is roping students to Kentucky; how Belmont University is using its Nashville locale to help students break into the music industry; and how the University of Houston, in the heart of the nation's oil capital, is training the next generation of energy executives. Finally, you'll get a look inside Florida State's Professional Golf Management program to see why aspiring golf pros are flocking to Tallahassee.

University of Louisville

Richard Wilcke likes to say his school is a mile and a quarter from Churchill Downs—the same distance as the racetrack's annual Kentucky Derby. In any other department at the University of Louisville, this fact would be nothing more than a useless piece of trivia, but for Wilcke's students the proximity to the legendary racetrack couldn't be more important. Wilcke is the director of the Equine Industry Program in Louisville's College of Business. At any given time, he has close to 100 undergrads looking to break into the horse industry. It's his job to help them get there. And he can, thanks to his school's location. "This is horse country," Wilcke says.

With that in mind, it makes perfect sense that Louisville is the only school in the country that offers an accredited business degree in the equine industry. Nowhere else can a student get classroom training in areas such as equine taxation and equine management, as well as nearby access to hundreds of horse farms, racetracks, and ranches. And because it is the only degree of its kind, students from all over the country descend on Louisville to be part of it. "Kids aren't coming from Wisconsin to the University of Louisville to get a BS in business administration if they have 50 options between here and there," Wilcke says. "But the horse industry option is something that draws them down here."

The horse industry, though, has had its ups and downs, and so has the program. After its launch in 1987 business began to falter: Moderating inflation made investing in horses less attractive, while widespread simulcasting made it possible to watch, and bet on, races away from the track. As a result student interest in the program dropped considerably.

But now, thanks in part to the popular book and movie about the legendary Seabiscuit, and the tragic drama of Barbaro in 2006, horse racing is big again. At the university, students are on waiting lists for the equine finance, management, and marketing courses. In all, the equine program consists of 30 hours of special courses

taught by industry experts. But every student must complete the core curriculum of the business school first. "These are business students first, equine majors second," Wilcke says.

During the year, an estimated 60% of equine students get horse-related internships or part-time jobs, working everywhere from the track to the stables. Andy Lonnon, a senior in the equine program, spends four days out of five at Churchill Downs as a marketing intern. When he graduates, Lonnon wouldn't mind continuing in marketing, but his real dream is to get into writing about horses. "One day I'd like to write for a publication like *The Blood-Horse* or the *Thoroughbred Times*," he says. "That would be ideal."

Belmont University

Getting a break in the country music industry is all about who you know. Whether it's an artist, a manager, or a roadie, without a few connections it's nearly impossible to get in. For someone with aspirations of one day headlining at the Grand Ole Opry, making those connections may seem an impossible task. But Belmont University can help.

Located in the heart of Nashville, Belmont has taken advantage of its location at the hub of the country music world to offer an accredited degree in music business. In the program, students work side-by-side with working professionals in the very positions they someday hope to hold. Mark Volman, founding member of The Turtles and co-writer of the hit *Happy Together*, is an adjunct faculty member on staff. So is renowned country music historian and author Don Cusic. Alumni include top executives at companies such as Lyric Street Records (DIS) and BMI, and country stars Trisha Yearwood and Brad Paisley.

For Paisley, the music business program at Belmont was the answer to his prayers. While making the rounds as a local performer in West Virginia, Paisley kept hearing about the music business program at Belmont. After checking it out himself, he knew it was where he needed to be. "I knew I had to get to Nashville, and the program was a way for me to get there," he says. After taking courses in publishing and copyright law, and completing an internship with ASCAP, he knew what to look for when it came time for him to sign a record contract. Now, 13 years later, Paisley still credits the program for his success. "When people ask me about my big break, I say Belmont University without a doubt," he says. "It's the only reason people know who I am."

Of the nearly 1,500 business students at Belmont, 950 of them focus on music. The program, which began in 1971, offers courses in music publishing and copyright law. But the real draw is the internships—and the chance to make connections, which is what the music business is really all about. According to J. Patrick Raines, dean of Belmont's College of Business, the school has 588 internship positions available to 400 students during the course of the year. Rachel Searfoss, a senior music business major from Madison, Ala., first interned in the artist and repertoire (A&R) department at Warner Bros. Music (WBMG) and more recently in publicity and A&R for Lyric Street. There she did everything from sitting in on song pitch meetings to distributing CDs and DVDs to radio stations. "We learn the basics of how things work in the classroom, but you don't really understand it until you set foot in the industry and experience it for yourself," Searfoss says.

While the experience gained in an internship is valuable for music students, getting in good with the boss is more important. When she started her internship at Equity Music Group, Chelsea Curtis, a senior from Oklahoma City, wanted to make a good first impression, but more than that she wanted to be remembered. "I want them to think of me first when there's a job opening," Curtis says. True, with album sales in a decline, jobs in the music business are becoming harder and harder to come by, and many grads find themselves competing for jobs with 20-year industry veterans. But Curtis understands she will have to pay her dues. "I'll probably take the first job I'm offered," she says. It might not be typical "big break," but in the music business, a jump start is often all it takes.

UNIVERSITY OF HOUSTON

Houston is home to the U.S. headquarters of oil giants BP (BP), ConocoPhillips (COP), and Royal Dutch Shell (RDSA), as well as hundreds of other smaller energy companies. But until 2001, when the University of Houston's Bauer College of Business launched the Global Energy Management Institute, there were no business school programs nearby that focused on the industry. "The energy industry is desperate for trained people," says Christine Resler, director of mergers, acquisitions, and new ventures at Smith International, and executive professor in the GEMI program. "They're fighting over each other for employees, so they are excited to have a program like this."

It's not only the oil companies competing for GEMI grads. Many students get jobs as commodities traders at investment banks such as Goldman Sachs (GS) and Morgan Stanley (MS) and garner salaries in the \$50,000 to \$60,000 range, considerably more than regular business students at Bauer, whose average starting salaries are about \$43,000.

To be accepted into the program, students must have studied calculus, linear algebra, and trigonometry, and must have completed three upper-level science courses—pretty much what is required of engineering majors. That may be why there are only 31 juniors and seniors enrolled as energy business majors at Houston.

Already, the program is evolving to keep up with changes in the energy industry. Alternative fuel? Not a single course in the original curriculum dealt with that. Now administrators are rethinking their approach. "We have decided that any new electives or courses are going to emphasize energy alternatives and renewables," says Praveen Kumar, chair of the finance department. He predicts by the 2009-10 academic year the program will be able to offer a certificate in nonconventional energy. The first course, Carbon Trading, will start next spring.

The school has also brought in executives from Valero Energy (VLO), Marathon Oil (MRO), and Exxon Mobil (XOM), along with representatives from the National Renewable Energy Laboratory, to discuss what the future holds for the energy industry. "Ideally," Kumar says, "this is a niche that can become a real competitive advantage for us."

One of the reasons GEMI grads are so attractive to employers is that they are taught by retired energy executives. "There is a huge pool of executives in Houston who have retired young," Kumar says. "A lot of them want to teach and share their knowledge." So Kumar and his team tapped into this valuable pool of human capital and talked some into designing and teaching courses in the GEMI program. Some teach on an à la carte basis, others, like Stephen Arbogast, former treasurer at Exxon Mobil, teach fulltime. "This is a unique opportunity," Arbogast says. "We're looking at the energy industry in a way that no one else is."

Senior Mario Bejarano was a petroleum engineering major before switching into energy management. Bejarano, a native of Colombia, chose engineering because of his strong math skills, but while attending a conference at the Bauer School he was surprised to learn the energy management degree required the same math courses. "I thought it would be a good idea to combine my engineering background with business," he says. "I feel like I have a lot to offer a company."

After he graduates with the energy master's, Bejarano hopes to get into commodities trading in Houston. "This is the oil capital of the nation," he says. "If I'm going to do anything related to energy or commodities, this is where I need to be."

Florida State University

Stacy Barwick has a tough decision to make. In a few months she will be setting out for a summer internship, the third of her college career, and she's having trouble choosing one. Barwick, a junior in Florida State University's Professional Golf Management program, is in the enviable position of being able to simply pick any golf club or resort that appeals to her. Even if there isn't an open position, students in her program are so attractive to employers in the golf industry that they will create one. "We're one of the few majors that I know of that allows students to choose where they want to be," Barwick says. "I'm not complaining."

And why should she? She goes to college in sunny Florida, majors in golf, and can choose where she interns. But there is a slight caveat. "When I go out and meet prospective students, I tell them our target market is very defined," says Don Farr, PGA professional and director of the PGM program. "They have to be in the top 20% of their high school class, and they must be a 12 handicap or less." Farr explains these are student-athletes in every sense of the word. "You drop a pass in the Sugar Bowl, you're still graduating," he says. "You can get a 4.0, but if you can't pass the golf requirement, you don't get a PGM degree."

Florida State is one of 20 universities that offers the PGA of America-accredited PGM degree, but the school is unique in that its curriculum includes all of the core courses in both the business and hospitality schools. Students, 40% of whom come from out of state, learn about course and tournament operations, turf management, club design and repair, as well as catering and restaurant management. They also must pass the PGA Playing Ability Test, which requires them to shoot a score of 78 over two consecutive rounds.

The golf curriculum is broken into three levels, covering the ins and outs of the game, as well as business writing. Farr estimates the golf portion amounts to more than 1,000 hours of work over four semesters. "It's a heavy load," Farr says.

But the load isn't curbing student interest from inside or outside Florida. In fact, more than 40% of students are coming to the program from out of state, no doubt attracted by the fact that the program has a 100% job placement rate and 16 months of internships built into the curriculum. With experience in both hospitality and business, many grads go on to be general managers of golf clubs, teaching professionals, course architects, and managers at golf-related companies such as FootJoy or Titleist. Some students have greater aspirations. "Many want to own their own golf course," Farr says.

And this when, according to the National Golf Foundation, the number of core golfers—those playing eight rounds or more a year—has been dropping each year since 2000. New course openings are also on the decline. Farr, though, isn't worried about the prospects for the game. The boomers are starting to retire, and that should be good for golf.

Gloeckler is a staff editor for BusinessWeek in New York.