

# The Made -to- Order

As industry sectors become more multifaceted, business schools are creating custom-made degrees to meet their specific needs.

# WBA

When officials from the chamber of commerce in Bordeaux, France, considered the possibility of an MBA for the wine industry, they had specific goals in mind. They wanted to create a source of wine-proficient managers able to take an age-old craft into the twenty-first century. In addition, they wanted to build on Bordeaux's reputation as one of the world's premier wine regions, explains Isabelle Dartigues of the Bordeaux Business School in Talence, France.

by **Tricia Bisoux**  
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“Bordeaux is known all over the world for its wine,” says Dartigues. “The chamber felt it was a pity that Bordeaux had such a strong reputation but didn’t have a top management training program just for the wine industry.” The chamber approached the Bordeaux Business School with the idea. In September 2001, the Wine MBA was launched under Dartigues’ direction. Bordeaux now works in concert with the Graduate School of Management at the University of California at Davis, the University of South Australia in Adelaide, and Pontificia Universidad Católica de Chile in Santiago. The degree sends students to learn about major wine regions all over the world, and the wine industry has a custom-made, comprehensive MBA to call its own.



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Bordeaux’s Wine MBA is one of many industry-specific MBAs that have emerged in the marketplace during the last few years. This trend has led some educators to ask if it’s a necessarily good thing for the MBA to diversify into such narrow categories. Purists, especially, view the general MBA degree as complete in itself, designed to make graduates comfortable in all business environments, not just one.

Even so, some business students are seeking out specialized and niche degree programs as a way to set themselves apart from a sea of general MBA graduates. Likewise, many business schools see tailor-made MBA programs as a means to differentiate themselves in the marketplace. “Everyone wants to have some strategic advantage over someone else. When we all offer the same thing, we all ask, ‘How do we distinguish ourselves?’” says Dale Doreen, director of the International Aviation MBA at the John Molson School of Business at Concordia University in Montreal, Quebec, in Canada. “An industry-specific program allows a school to develop a strong reputation separate from the rest of the market.”

Although a crowded educational market is an important factor in the rise of targeted MBAs, it’s by no means the only catalyst. As individual industries grow more complex, it is only natural that they examine their current management pools more closely and look for ways to infuse them with the just-in-time industry know-how they need. That examination has led some industry professionals straight to the source to ask business schools for customized degree programs to suit their needs.

### What’s Driving the Trend

While most industries value managers with MBAs, those that have experienced the biggest changes are sometimes even more desperate for executives who have specialized skills. These are the industries that can’t afford to wait for a new generation of managers to absorb industry-specific knowledge through on-the-job exposure. For them, an MBA with that knowledge already in place can have substantial appeal.

This is especially true for the airline industry, which has seen tremendous changes to its landscape in recent years. For this reason, the International Air Transport Association (IATA) in Montreal, Quebec, approached the John Molson School of Business ten years ago. It wanted to create an MBA degree that would produce managers who already understood the challenges of the industry and were ready to meet them head-on.

“In the past, the airlines would promote someone who had been a mechanic or pilot all his life to a management position,” says J.M. Guillemette, director of academics and edu-

cational alliances for IATA. “But for many, this was a step beyond their training. Most simply didn’t have the background that allowed them to be effective managers.”

The airline industry’s first solution was to seek out individuals with a solid general business education, says Guillemette. Then, the new managers could learn what they needed to know about the industry after they were hired. That approach was better than promoting someone with no management background at all, says Guillemette, but it only went so far. “The airline industry has become a very complicated business, so a manager’s transition from general business to airline business didn’t happen as quickly as people would like,” he says. “To solve that problem, we decided to build a specialized MBA to ensure continuing education based on the principles of our industry.”

### Unique Challenges, Unique Rewards

Educators like Doreen admit that the road to creating a niche MBA is not always a smooth one. Other MBA specializations such as finance, marketing, or IT are valuable across many industries. They have a degree of immunity to fluctuations within a single sector. The fortunes of industry-specific programs, however, are inextricably tied to the fortunes of the industry they represent.

For example, with the airline industry currently in economic straits, Molson’s International Aviation MBA has seen its enrollment decrease to 15 students from a high of about 25. “The airlines have had some dramatic difficulties in the past couple years. This has been a challenge,” says Doreen, “but we continue to market the program. And we’ve expanded its focus to include other segments of the industry, such as air traffic control and corporate fleet management. As our reputation increases, we hope to attract more students over the years. Even in these times, we attract enough students to keep us, if not above water, then not too far below it.”

On the other hand, enrollment in the MBA in Luxury Brand Management at the ESSEC Business School in Cergy Pointoise, France, has not declined because of a lackluster economy, says Corinne Degoutte, ESSEC’s MBA managing director. However, the school has seen job prospects for its

luxury brand management graduates diminish as the luxury market recovers from economic hard times.

“In terms of placement, the hiring freezes in the industry have made it more difficult for our students to find jobs quickly,” says Degoutte. “We have thus reinforced our career services plan to maximize their exposure to the industry through mailings, company visits, conferences with HR directors and headhunters, and networking with ESSEC alumni.”



Another problem related to starting a unique MBA program is just that: It's unique. For that reason, few, if any, case studies, textbooks, or reports exist that include information applicable to certain courses. Therefore, a business school often must expend money and man-hours to find available resources and generate other course materials on its own.

“Case studies exist for the larger airlines, but cases on other aspects of the airline industry are limited or nonexistent. When we tried to find textbooks that defined the principles

unique to this industry, such as yield management or technology, or cases about ticketing or filling airplane seats, they just weren't there,” says Doreen.

For the MBA in Golf and Country Club Management at Queen Margaret University College in Edinburgh, Scotland, the lack of current research means that faculty has had to work very closely with golf management professionals, says Ian Buick, director of the program. Their experience

in areas such as golf and resort development, legal issues for service-based businesses, and even greenskeeping, provide an experience for students that is equivalent, if not superior, to reading a textbook, he says.

“Finding research material, books, and published reports on golf management has proved quite problematical. We're beginning to find people who are writing in this area. It just takes a while to find them,” says Buick. “Luckily, we've had wonderful industry representation, with professionals in the field often serving as guest lecturers. We have a developed golf industry in Scotland, which provides students with good resources for theoretical research.”

The difficulty of locating resources, however, can ultimately be of great benefit to a school, Buick adds. “Our collection of research is growing. We now have seven students in the program who are doing dissertations, so we'll soon be a source of literature on the topic.”

Doreen agrees that in the process of continuing a niche program, a school amasses a significant amount of industry-specific knowledge that few other institutions can offer. The Molson School is known throughout the airline industry, and its International

Center for Aviation Management Education and Research (ICAMER) has become a world resource for aviation management information.

That kind of global recognition can be the reward that offsets the costs of a niche MBA, says Doreen. “Every airline and almost every airport in the world knows about our program. We've developed a worldwide reputation and established ourselves as a world leader in this field,” he says. “In that regard, the program has been extraordinarily valuable.”

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### Is There a Need for a Niche?

The success of a few niche programs has caused other schools to wonder whether such a degree is right for them. What they will find, say these educators, is that the success of an industry-specific MBA program generally depends on three areas: regional resources, industry support, and potential market demand.

Regional support is perhaps the most significant incentive for a business school to design an MBA for a particular industry. “Obviously, if a school wanted to start an MBA for the wine industry and it was located in Alaska, it would have a credibility issue,” jokes Doreen. “On the other hand, an agricultural MBA in Iowa makes perfect sense. A school really

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needs to look around its own neighborhood to see what the need is and what kind of local support there is in terms of students, faculty, and industry resources. In Montreal, we have an incredible infrastructure of aerospace companies, and the International Air Transport Association and the International Civil Aviation Organization are also located here. That’s unique and valuable, and it gives us strategic advantages over other places in the world.”

Even with Montreal as a hub for aerospace activity, however, the International Aviation MBA might not have materialized without initial encouragement from the IATA. Likewise, Bordeaux Business School’s resolve to pursue a Wine MBA was bolstered by the interest of its local chamber of commerce. As their examples show, an industry’s primary professional associations can be important allies to a business school as it designs and promotes a niche program.

The third factor, market demand, may be the most difficult to pin down, because the pool of potential students for an industry-specific MBA is often scattered around the globe, says Dartigues of Bordeaux. It takes a great deal of face-to-face contact with industry professionals to draw any conclusions, from determining whether a targeted degree is warranted to deciding what courses it should comprise.

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“Building a specialized program requires a very careful study of the industry, how it’s organized, and what its needs are,” Dartigues says. Before moving forward with the Wine MBA, Dartigues and her colleagues interviewed wine professionals throughout the region to discover what the industry would want in a management program. She adds that such exploration often requires a bit of creative detective work to discover an industry’s exact training requirements.

“You must really listen and be creative with your questions, because people in the industry often won’t know what their needs are in terms of training,” she says. “Before we created this program, I didn’t have any experience in the wine market. I actually think it was better that way. Rather than be influenced by my own training, I could listen with a neutral ear and be more open to what they were telling me.”

### **Limits to Specialization**

Many educators agree that there is often significant industry support for programs that target a single sector’s idiosyncratic knowledge. Still, they admit that there are limits to specialization, and emphasize that a general business curriculum with courses in finance, marketing, and strategic management is still essential. That core must always be a foundation, says Buick of QMUC. Otherwise, specialized knowledge is of little use.

“Our program includes five core modules, including marketing, finance, business research, strategic management, and managing people. We then put the golf-oriented curriculum

on top of that foundation,” says Buick. “Having that core creates a degree that is highly transferable. It’s also especially important if you’re looking for accreditation.”

Guillemette of IATA agrees, but admits that it’s not easy to create a comprehensive program that addresses general business topics and specialized courses in the right proportions. “When IATA first built a specialized MBA in airline management, it went well for a while. Then, we reached a point that the pendulum began to swing too far the other way. We were at risk of creating the opposite set of problems that we were trying to fix in the first place,” says Guillemette. “Now, we’re trying to reach equilibrium. We want to teach students the industry as well as the basic principles that apply to any business. So, we looked for a university that already had a program with a strong business core, so that we could build the specialization around that.”

Because the trend toward industry-specific MBAs is relatively new, educators involved in designing programs for particular industries are still in a period of trial and error. They are working to strike the perfect balance between the general business core and industry-specific courses. As they do so, however, one thing is clear: No market is getting less complicated. Within these sectors, managers will continue to face increasingly sophisticated, complex environments. For industries that want made-to-order managers who are better equipped to cope with those environments, the made-to-order MBA may be the method of choice. 