

mbaMission

What Can I Do with My MBA?

Introduction

In the hit Broadway musical *Avenue Q*, one of the main characters, ironically named Princeton, laments via song, “What do you do with a B.A. in English?” Among the punch lines in the song are the following:

*I can't pay the bills yet,
'Cause I have no skills yet,
The world is a big scary place.*

At the end of the song, Princeton reveals that he has been laid off, not by a manufacturing firm that is shipping jobs overseas or a financial services giant seeking to cut costs, but by a local catering company, where his degree was not even being put to use.

Although *Avenue Q* is clearly taking a lighthearted jab at humanities graduates, there is some truth to what the musical is attempting to illustrate. These days, many people with bachelor's degrees are struggling to start their careers and get ahead. So many high school students are pursuing a college education—68.3% of high school graduates in 2011 entered college¹—that economists have coined the term “degree inflation” to describe a phenomenon wherein employers' expectations of applicants'/employees' educational levels are rising, and as a result, basic educational levels are decreasing in value. In short, with a bachelor's degree being all but an expectation in corporate America, an MBA is a higher and almost necessary standard for professional advancement. However, rather than thinking of your MBA as a minimum requirement, you might think of it as a foundation from which to launch the next phase of your career.

¹ <http://economix.blogs.nytimes.com/2012/12/04/degree-inflation-jobs-that-newly-require-b-a-s/>

What Can I Do with My MBA? Earn More Money

When applying to business school, most candidates do some simple math. They compare their current salary against the data most MBA programs provide about their graduates' post-MBA incomes. These applicants might not realize it at the time, but they are essentially calculating the “return on investment” they would experience if they were to pursue this higher degree. As you can tell from the figures presented in Table 1, these days, the median MBA graduate can expect a significant payoff. At one of what are generally accepted as the top 15 U.S. MBA programs, he/she can experience a 33%–83% increase in income.

Table 1. Pre-MBA vs. Post-MBA Median Salaries - 2012 Graduates*

MBA Program	Pre-MBA Salary	Post-MBA Salary	Post-MBA Increase
Duke Fuqua	\$60,000	\$110,000	83%
Michigan Ross	\$60,500	\$110,000	80%
Dartmouth Tuck	\$64,550	\$115,000	78%
Cornell Johnson ¹	\$64,000	\$106,100	67%
UC-Berkeley Haas	\$72,000	\$115,000	60%
Yale SOM	\$62,450	\$100,000	60%
UVA Darden	\$66,000	\$105,000	59%
Chicago Booth	\$75,000	\$115,000	53%
NYU Stern	\$67,250	\$100,000	49%
MIT Sloan	\$80,000	\$118,500	48%
Kellogg ²	\$80,250	\$117,000	46%
Stanford GSB	\$90,000	\$125,000	39%
Columbia Business School	\$73,000	\$110,000	38%
Harvard	\$90,000	\$120,000	33%
UPenn Wharton	\$90,000	\$120,000	33%

* Generally accepted as the top 15 U.S. MBA programs

1. Cornell Johnson provides mean figures rather than median.

2. Data for Kellogg are estimated from sources provided by the school.

www.nytimes.com/interactive/2012/01/15/business/one-percent-map.html?_r=0

<http://poetsandquants.com/2012/11/02/what-the-class-of-2012-made-this-year/2/>

As the economy weakened in recent years, percentile incomes—namely “the 1%” and “the 99%”—entered the lexicon as identifiers, and people started to better understand their relative economic positions. Emphasizing the impact of the MBA, we have examined the median graduate’s pre-MBA and post-MBA percentile incomes in Table 2.

Table 2. Pre-MBA vs. Post-MBA Percentile Incomes - 2012 Graduates*

MBA Program	Pre-MBA Salary	Pre-MBA Percentile Income	Post-MBA Increase	Post-MBA Percentile Income
Stanford GSB	\$90,000	25%	\$125,000	13%
Harvard	\$90,000	25%	\$120,000	15%
UPenn Wharton	\$90,000	25%	\$120,000	15%
MIT Sloan	\$80,000	30%	\$118,500	15%
Kellogg ¹	\$80,250	30%	\$117,000	15%
Chicago Booth	\$75,000	33%	\$115,000	16%
Dartmouth Tuck	\$64,550	40%	\$115,000	16%
UC-Berkeley Haas	\$72,000	35%	\$115,000	16%
Duke Fuqua	\$60,000	43%	\$110,000	17%
Michigan Ross	\$60,500	43%	\$110,000	17%
Columbia Business School	\$73,000	34%	\$110,000	17%
Cornell Johnson ²	\$64,000	40%	\$106,100	19%
UVA Darden	\$66,000	39%	\$105,000	19%
Yale SOM	\$62,450	41%	\$100,000	21%
NYU Stern	\$67,250	38%	\$100,000	21%

* Generally accepted as the top 15 U.S. MBA programs

1. Data for Kellogg are estimated from sources provided by the school.

2. Cornell Johnson provides mean figures rather than median.

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In his/her first post-graduation position, a typical MBA—not an exceptional one—can expect to leap into the top quartile in society, earning more than 79 out of 100 others. Note that the data in Table 2 do not include signing bonuses or performance bonuses, which can drive compensation even higher. The bottom line is that upon graduation, the median 29-year-old MBA will find him-/herself in an enviable economic position at a relatively early stage in his/her career—starting the next phase of that career much closer to the top of the income pyramid.

Although these median salary numbers may be compelling, we must note that an MBA from a leading business school will not in and of itself put you on the road to easy street. Top MBAs are recruited by top firms, which expect top performance—they do not just hand over the money because you earned your degree. Expect to work hard!

So, what types of positions do new MBAs enter? What career options might you have? Using data culled from the premier business schools' 2012 employment reports, we have calculated that across these programs, students take post-MBA positions in four main functional areas.²

- Financial Services – 32%
- Consulting/Strategic Planning – 32%
- Marketing/Business Development – 12%
- General Management – 10%

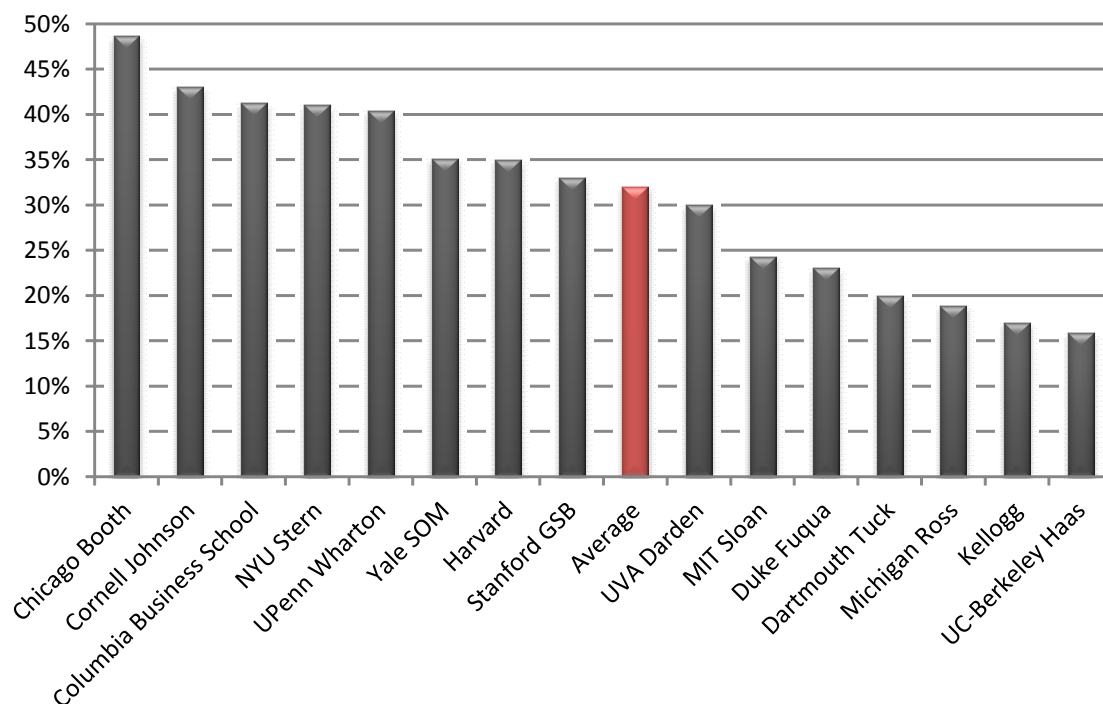
What Can I Do with My MBA? Become an Associate in the Financial Services Sector

Last year, close to one-third of the MBAs graduating from the top programs—about 1,500 individuals in total—entered positions with a day-to-day function that was financial in nature. This does not, however, mean that these graduates all went to work at financial services firms—though a large percentage certainly did. Among the 32% of graduating MBAs we noted who entered financial services are individuals who accepted roles in the finance departments of companies outside the finance industry, like Alcoa, General Motors or Pfizer.

In Chart 1, you will see that at the top end, close to 49% of Chicago Booth's 2012 graduates entered post-MBA positions with a finance function, and at the lower end, UC-Berkeley Haas placed just 16% of its 2012 MBAs in such positions. This is not to suggest, however, that you have a 49% chance of entering financial services if you attend Chicago Booth or a 16% chance if you go to UC-Berkeley Haas. No matter which MBA program you choose, you must have the necessary analytical skills and temperament to obtain such a job.

²We have elected to examine functional areas rather than industries, because this presents a clearer picture of what new MBAs are actually doing in their post-graduation careers. Focusing instead on the industries MBAs enter would result in "muddy" data—for example, someone entering a marketing role at a financial services firm would be categorized as having accepted a position in finance.

Chart 1. MBA Positions by Job Function: Financial Services



But do you truly *need* an MBA to enter this field? To answer this question, let us first take a brief step back. Financial services firms—particularly investment banks—hire college graduates into analyst positions and MBA graduates into associate positions. A particularly strong analyst can become a “direct promote” to associate, but at most investment banks, in particular, the culture demands that analysts move on after two or three years. Some will leave for two-year stints at private equity firms and then enter business school, whereas others will enter MBA programs immediately after completing their analyst program. Although an MBA is not a prerequisite for continuing a career in financial services, it is preferred culturally for those seeking to advance to the associate level. And for those who do not start their career in financial services, becoming an associate without an MBA is virtually impossible. On-grounds recruiting at business schools is the key avenue for individuals who seek to break into the financial services world after graduating with their MBA.

Because MBA programs are highly analytical and offer a wealth of courses in finance, accounting, quantitative analysis, strategy and organizational behavior—all areas that inform the day-to-day work of those whose jobs have a finance function—financial services firms recruit students on campus and compete intensely for top talent. For most candidates who aspire to a job in finance, earning an MBA will be the critical platform from which to launch—or accelerate—the next phase of their career.

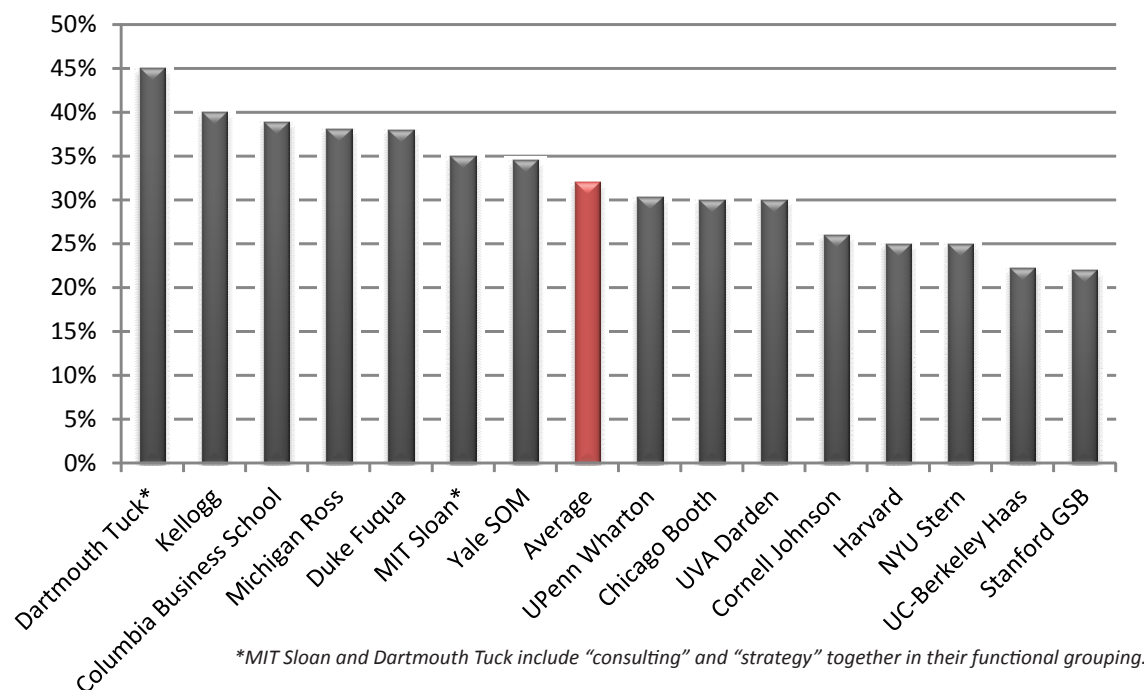
What Can I Do with My MBA? Earn an Associate Position at a Consulting Firm

Consulting is the other top functional area that MBAs enter. The typical consulting firm—such as McKinsey & Company, BCG and Bain & Company—has an analyst/associate structure similar to that of financial services firms, meaning that analysts rarely earn a direct promotion to associate, though this is not completely unheard of. Such a promotion can occur, but the far more common circumstance is that firms sponsor their consultants' MBA studies and the graduates then return to the consulting industry at the higher associate level. Again, as in the financial services world, virtually anyone seeking to transition *into* the industry at the associate level must earn an MBA and enter via on-grounds recruiting.³

During their MBA studies, business school students develop sharp analytical skills, engage in a variety of hands-on projects and dissect a significant number of business cases. This gives the students the basic tools consulting firms seek when hiring associates. After completing any additional training the hiring firm might provide, the associates typically travel around the country and/or world, providing analytically driven advice to major corporations. A consultant might be part of a team that advises a client on how to cut costs, refine internal processes, assess the market potential for a new technology, launch a new product abroad or acquire or divest certain assets. If you have the appropriate analytical skills, an MBA can help you launch your career in this field. Dartmouth Tuck places 45% of its class into positions with a consulting function (including internal corporate strategy positions) each year, and even though UC-Berkeley Haas and the Stanford Graduate School of Business (GSB) send the fewest graduates into consulting of all the top ten programs, approximately 22% of each of their classes enters such roles.

³ In fairness, consulting firms also target PhD graduates and experienced professionals at a variety of different levels of their organizations.

Chart 2. MBA Positions by Job Function: Consulting



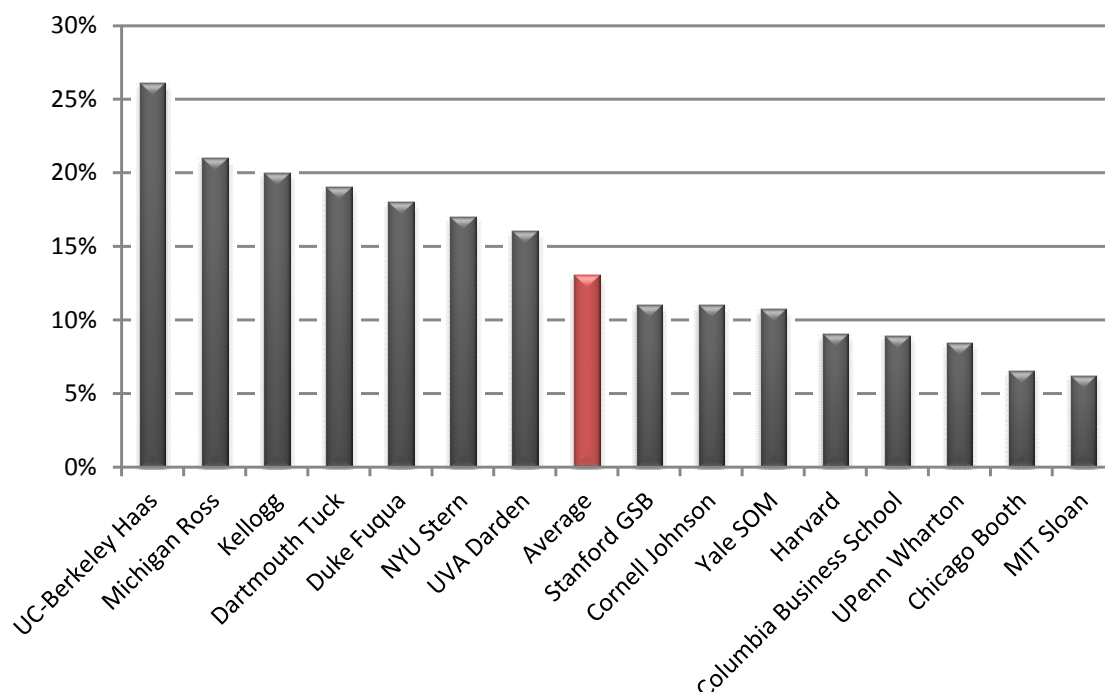
What Can I Do with My MBA? Earn an Assistant Brand Manager Position

The world's leading consumer packaged goods firms—like Procter & Gamble, Unilever and General Mills—recruit MBAs to fill assistant brand manager positions, which can vary in responsibility from company to company. Rarely will a newly minted MBA have complete control over a brand's "P&L" (profit and loss), but an assistant brand manager will control aspects of a brand's position, such as managing promotions, pricing, placement or product attributes. Regardless of an assistant brand manager's responsibilities, in this world of "big data," marketing departments are increasingly looking for (you guessed it!) analytically skilled individuals who can sift through the numbers and identify consumer insights, using them to the firm's advantage.

MBA students are broadly immersed in data-driven decision making in their classes from day one and can then specialize by taking marketing-specific courses. This academic training is appealing to the many companies across industries that recruit for MBA positions. Again, as is the case with consulting and finance, brand management firms tend to have a post-college and post-MBA hierarchy, wherein college graduates are hired as associate brand managers and business school graduates are hired as assistant brand managers. A veteran brand manager once confessed to mbaMission that an MBA is "the cost of entry" into top brand management departments. Although Kellogg has the strongest reputation in this area and is thus almost synonymous with marketing (though more Kellogg MBAs actually pursue

consulting after graduation), both UC-Berkeley Haas and Michigan Ross placed more of their classes into positions in this function in 2012. Meanwhile, MIT Sloan is at the other end of the spectrum, with just 6% of its 2012 graduates entering roles with a marketing function. Across the top business schools, marketing stands as the third most popular functional choice among graduates, with 12% of new MBAs entering marketing function positions, on average.

Chart 3. MBA Positions by Job Function: Marketing



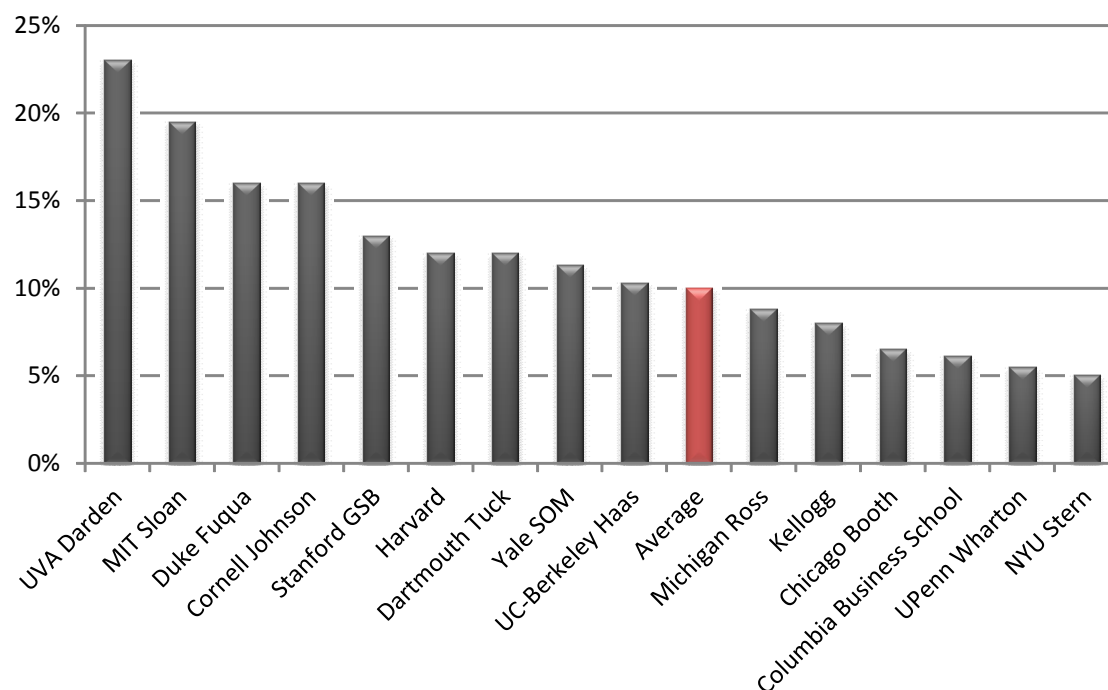
What Can I Do with My MBA? Become a General Manager

General management is a very—well—*general* term. Basically, it refers to positions that are cross-functional in nature and will frequently include “P&L” responsibility as well. A general manager can be the CEO of a firm (not typically a newly minted MBA, however), but he/she can also be someone charged with managing a division or unit of a firm or a single facility. For example, the person running a nine-member sales office in a new country for an Internet firm and the individual managing a 20-person manufacturing facility are both general managers. In MBA circles, the general manager definition often also includes those who enter a company’s rotational or leadership program—these individuals are often identified as “high potential” managers and gain exposure through these programs to a variety of divisions within the firm (thus the cross-functional nature of the position), before settling into one functional area of focus.

Because the term “general manager” can be somewhat vague, you should view the functional data in Chart 4 with some skepticism. Still, we can safely say that one would be more likely to find a post-MBA

role in general management through UVA Darden, where 23% of the school's 2012 graduates accepted such a position, rather than through NYU Stern, where only 5% did.

Chart 4. MBA Positions by Job Function: General Management



What Can I Do with My MBA? Start My Own Company

Some might go so far as to suggest that you do not need even a college education to successfully start your own business, let alone an MBA. (Bill Gates and Steve Jobs never graduated, right?) Yet for many, business school provides the general management education and skills necessary to direct all aspects of a start-up—from overseeing the accounting, finance, marketing and strategic components of the firm to properly motivating and managing people. Further, as the competition between business schools intensifies, almost all the top programs are adding bells and whistles in this area, including mentorships, incubators, business plan competitions, funding opportunities and more. Still, relatively few MBAs start companies immediately after graduating. Many candidates pursue their MBA with entrepreneurial dreams but do not act on these start-up dreams right away. You will see in Table 3 that the Stanford GSB is the only school at which more than 10% of the graduating class enters start-up/entrepreneurial positions. However, this could be because of graduates' personal circumstances or their desire to gain more professional, "hands-on" training via a corporate position before striking out on their own. Harvard Business School reports that within 15 years of graduating, roughly one-half of its MBAs become entrepreneurs and approximately 25% start multiple businesses.⁴

⁴ www.hbs.edu/recruiting/mba/recruiting-strategies/a-closer-look/entrepreneurship.html

Table 3. 2012 MBA Graduates Who Entered Entrepreneurship Immediately Upon Graduation*

MBA Program	Approx. Class Size	Entrepreneurs/Start-Ups	% of Students
Stanford GSB	350	48	13.7%
Columbia Business School	750	46	6.1%
MIT Sloan	425	26	6.1%
Wharton	850	46	5.4%
Yale SOM	225	12	5.3%
Harvard	900	46	5.1%
Chicago Booth	575	17	3.0%
Michigan Ross	500	11	2.2%
Kellogg	500	5	1.0%
Duke Fuqua	400	4	1.0%
UVA Darden	350	na	na
Cornell Johnson	285	na	na
Dartmouth Tuck	275	na	na
UC-Berkeley Haas	250	na	na
NYU Stern	400	na	na

* Generally accepted as the top 15 U.S. MBA programs

What Can I Do with My MBA? Relocate

New graduates of top business schools tend to overwhelmingly work in the United States, with the most significant concentrations in the Northeast, West and Midwest (smaller numbers head to the South, West and Mid-Atlantic). Most schools, not surprisingly, place the largest number of students in their own backyards. Stanford GSB graduates tend to stay on the West Coast; those from Kellogg and Chicago Booth generally favor the Midwest and new MBAs from NYU Stern, Yale, UPenn Wharton, Harvard and MIT Sloan typically settle in the Northeast. Still, all the leading programs do offer their graduates mobility—for example, 19% of Stanford GSB graduates accepted initial positions in the Northeast in 2012, and 21% of Harvard's new MBAs headed west. We must note that these numbers represent only where graduates *accepted* positions, not the only places jobs were actually available. Fewer NYU Stern and Stanford GSB graduates initially enter positions in the Midwest, for example, not because they cannot find jobs there, but likely because many of these MBAs specifically targeted these schools in hopes of working in New York City and Silicon Valley, respectively, after graduating.

Table 4. Distribution of 2012 MBA Graduates Across North America*

MBA Program	North America	Northeast	West	Midwest
Michigan Ross	92%	22%	24%	34%
Yale SOM	90%	59%	18%	5%
UVA Darden	89%	30%	11%	9%
NYU Stern	89%	78%	4%	1%
Stanford GSB	87%	19%	60%	1%
Dartmouth Tuck	85%	50%	16%	10%
MIT Sloan	84%	43%	23%	5%
Duke Fuqua	84%	24%	14%	13%
Kellogg	83%	18%	18%	35%
Chicago Booth	82%	27%	13%	29%
UC-Berkeley Haas	80%	4%	64%	1%
Harvard	80%	40%	21%	6%
UPenn Wharton	79%	42%	16%	5%
Cornell Johnson	na	na	na	na
Columbia Business School	na	na	na	na

* Generally accepted as the top 15 U.S. MBA programs

What might be noteworthy to international MBA applicants is that approximately 30% of a typical business school class is made up of students from outside the United States, but the top schools place far fewer than 30% of its graduates abroad. In other words, many internationals find positions in the United States after graduating. And these data do not account for domestic graduates who find jobs abroad, so the number of internationals remaining in the United States may be even higher than the percentages imply.

Table 5. Distribution of 2012 MBA Graduates Around the World*

MBA Program	International	Asia	Europe	South/ Central America
UC-Berkeley Haas	20%	7%	4%	5%
UPenn Wharton	19%	11%	5%	3%
Harvard	19%	5%	8%	2%
Chicago Booth	18%	7%	4%	7%
Kellogg	17%	8%	2%	5%
MIT Sloan	15%	9%	3%	4%
Dartmouth Tuck	15%	3%	5%	6%
Duke Fuqua	14%	11%	1%	2%
Stanford GSB	12%	7%	2%	3%
UVA Darden	11%	na	na	na
NYU Stern	11%	5%	3%	3%
Yale SOM	10%	5%	2%	2%
Michigan Ross	8%	5%	0%	2%
Cornell Johnson	na	na	na	na
Columbia Business School	na	na	na	na

* Generally accepted as the top 15 U.S. MBA programs

Candidates who wish to work abroad after graduating need not be concerned by the imbalance of job placements in the United States versus internationally. Again, just because relatively few MBA graduates tend to accept jobs in Asia, for example, this does not mean that positions there are not available. Finding international opportunities may be more challenging than finding domestic opportunities, but via business school, students interested in international placement will find themselves with multiple new avenues that would not likely be available to them otherwise. MBA students can recruit with top global firms on campus, focusing on opportunities in these companies' international offices, or pursue their own "off-grounds" search by finding positions on their own and leveraging their business school's "brand." The MBA credential can be very helpful in opening doors, and both international classmates and alumni around the world are typically happy to assist in facilitating connections and opportunities.

Conclusion

An MBA education should give you greater flexibility and mobility in making professional and personal choices with regard to your career—as well as a significant salary bump. Pursuing the degree also confers more immediate benefits: two years of intellectual challenges that will inform your future decisions and general world view. The impact of your MBA will not only be immediate, but will also last throughout your career. These days, few MBAs spend their entire post-business school career with the same firm they join immediately after graduation. Your MBA will provide you with broad skills, strong foundational knowledge about the world of business, hands-on experience putting concepts into practice and valuable contacts around the world that will enable you to be adaptable and flexible—thus offering you the opportunity to create your own path.

About the Author

Jeremy Shinewald, Founder/President

Before founding mbaMission, Jeremy Shinewald was the sole speechwriter for the Ambassador of Israel to the United States, for whom he wrote more than 70 policy addresses. As his speeches were being published in the *Washington Post*, *Washington Times* and other major international media outlets, Jeremy was also laying the foundation for mbaMission, helping a small number of applicants gain acceptance to top-tier MBA programs each year. Jeremy was admitted to several leading domestic and international MBA programs himself and ultimately became one of the youngest members of his class at the University of Virginia's Darden School of Business, where he was an admissions interviewer, wrote a business ethics case and was chosen by his peers to be Class Graduation Speaker.

After graduation, Jeremy formally established mbaMission and has subsequently provided admissions consulting services to applicants from the United States and more than 50 countries on six continents. Jeremy is a former member of the Board of Directors of the Association of International Graduate Admissions Consultants (AIGAC), an organization committed to upholding the highest standards of ethical practices in MBA advisory services, and was co-chair of the 2009 AIGAC Conference at Columbia Business School. Jeremy is frequently quoted in major media outlets, including *Bloomberg Businessweek*, the *Wall Street Journal* and *U.S. News & World Report*. Jeremy is a founding member of the Board of Directors of Venture for America, an organization dedicated to creating jobs across the United States by spurring young entrepreneurs.

About mbaMission

Recommended exclusively by Kaplan GMAT, mbaMission is the leader in MBA admissions consulting. With a full-time and comprehensively trained staff of consultants—all with profound communications and elite MBA experience—mbaMission provides one-on-one admissions guidance to aspiring MBAs seeking to apply to top global business schools. mbaMission has helped thousands of candidates fulfill their dream of attending prominent MBA programs around the world, through direct counseling, online and in-person educational events, a one-of-a kind MBA Application Writing Boot Camp and our admissions guides and school-specific Insider's Guides and Interview Guides. mbaMission is synonymous with business school admissions success. Have questions about applying to business school? Sign up for a free, one-on-one, 30-minute consultation with an mbaMission senior consultant at www.mbamission.com/consult.