

WHAT DOES AN MBA TEACH YOU?





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It's a common understanding among professionals that a Master of Business Administration can lead to career advancement, but do you know how? Are you aware of the skills and knowledge you would acquire with an MBA, or how that expertise could realistically help you in the future?

You may be an undergraduate thinking about continuing to business school or a professional who is already established in the workplace; either way, an MBA translates to a distinction on your resume and a step forward in your ability to lead, manage, and drive change.

In short, an MBA is an advanced degree that develops a person's abilities in critical aspects of business management. There are graduate degrees in business that focus on such areas as commerce, finance, health administration, international business, marketing research, and public administration, but MBA programs are broader in focus. The result is a wide range of skills and a deep understanding of the most important aspects of leading an organization.

This free guide will focus on the tools that MBA students take into the workplace after graduation, with real-world examples of how business professionals use those tools every day. But first, a few words on the benefits of getting an MBA and why this business degree makes sense for business professionals who want to get ahead.

WHY GET AN MBA?

Maybe you are already a professional in the corporate business world, but you believe you are lacking the skills necessary to take your career to the next level. Perhaps you are re-entering the workforce after taking time off to raise a family, and need an advantage over the competition. Or maybe you have an entrepreneurial streak, and dream of one day being the CEO of an innovative company you started. In every case, an MBA will have a substantial impact. Here's how:

Career Advancement

- **More job opportunities.** The MBA degree is "a powerful differentiator in a crowded marketplace," according to *U.S. News & World Report*. "Recruiters have said that some of their corporate clients will not consider any candidate without an MBA."¹

- **More advancement opportunities.** A year after obtaining their MBAs, 50 percent or more of the students responding to the Graduate Management Admission Council's Alumni Perspectives Survey reported being in a mid-level position. Five years after graduation, the majority had risen to senior-level positions or higher; at 10 years, 25 percent had risen to executive positions and 5 percent were the top officer at their company.ⁱⁱ
- **More confidence.** People with MBAs working at all job levels said their degrees prepared them for leadership positions and accelerated their career advancement.ⁱⁱⁱ

Increase your earning power.

- **Earn up to 50 percent more after graduation.** A Forbes study of 550 MBA alumni found that after graduation they immediately began earning 50 percent more than they had before graduation. After five years, they reported earning 80 percent more than they had before graduation.^{iv}
- **Base salaries are higher, the long range higher still.** Companies in the United States reported starting median base salaries of \$105,000 in 2016, which is a 5 percent increase over 2015. Compound annual salary growth rate is between 6.1 and 6.3 percent.^v

Graduate with a valuable network of peers, professors, and professionals.

- **Network with fellow graduate students.** You might work with other students on projects, seek a professor's reference for an internship, or study company leaders in the community for an assignment. These contacts and experiences can be extremely valuable for your career down the line. Take care of those relationships, says *Wired* magazine, because "today's classmates may be tomorrow's office mate or boss."^{vi}

WHAT YOU LEARN IN AN MBA PROGRAM

Successful business people are often times described as leaders, visionaries, innovative, and insightful. But can a person *learn* to be visionary? Is there a textbook on leadership? Is innovation something that can be taught? Or are those qualities just innate in some people and not in others?

Those attributes don't exist randomly. There are skills that support each of them; these are the skills that you will learn in your MBA. Leadership has components. Vision is a product of history and creativity. Innovation is built on the willingness to see things differently. It's a step-by-step process, and an MBA program takes you from beginning to end, both in the classroom and in preparation to lead others in the real world.



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Let's look at some of the takeaways and learning outcomes in an MBA program.

The fundamentals of MBA prep: Most graduate business programs require you to fulfill certain prerequisites and/or take certain fundamentals at the beginning of your degree program. These might include such courses as accounting, micro and macro economics, finance, data analysis and statistics, behavior management, and business law.

Often, a student might spread those classes out over two or more semesters. But some schools offer a foundation MBA prep course, like Our Lady of the Lake University's [14-week Fundamentals of Business Administration](#). These self-paced online courses introduce students to core business topics that serve as the foundation of an MBA.



Your MBA curriculum will cover both theory and real-world application. Here are some examples of how class work will support you once you've arrived in (or re-entered) the workplace.

LEADERSHIP AND MANAGEMENT

Learn the difference between leading and managing

Leadership and management are connected, but they aren't the same. It's easiest to understand the difference between leaders and managers in terms of how they get others to follow the organization's vision instead of looking at the titles, roles, and responsibilities of leaders and managers. There is a lot of overlap in terms of what managers and leaders do within an organization—planning, organizing, coordinating, etc.—but a notable distinction exists in terms of *how* they get others to perform. Influence, inspiration, and motivation separate the leader from the manager who relies on systems and structures to direct others. An MBA will teach you how to be both a leader and manager in order to maximize your organizational impact and get the most from the people on your team.

Learn the traits of an effective leader

"Leaders are rarely, if ever, born," says the U.S. Small Business Administration. Rather, they have developed important leadership traits and characteristics. After a study of successful military leaders, Raymond Cattell developed the "Leadership Potential Equation," which identifies and measures leadership potential based on traits like emotional stability, assertiveness, self-assurance, empathy, and charisma, among others.

Entrepreneur names [22 attributes common to leaders](#), among them focus, transparency, confidence, integrity, passion, stoicism, authenticity, generosity, accountability, and a certain amount of restlessness. Why restlessness? This trait often makes a person dissatisfied with

the status quo and inspires him or her to improve the situation, which is what leaders are expected to do. ^{ix}

Acquire real-world leadership training and experience

In a management theory class, a team project might include complex decision-making processes, strategic planning assignments, and an emphasis on the manager's role in both. Group projects enable MBA students to showcase team-building and delegation skills, and strict deadlines force students to manage their time and use resources efficiently. These real-world leadership skills translate well to the business world. In 2014, U.S. News & World Report cited sales ability, communications skills, project management skills, and the ability to drive results among the 10 things they name that are needed for success in the workplace. ^x

OPERATIONS MANAGEMENT

Practice decision-making skills

The decision-making process is critical in the business world. Decisions are typically multifaceted, affecting departments, budgets, and staff. The process is one of exploration and research (What are the options?) followed by evaluation (What is lost and what is gained with each option?) and then choice—with an eye toward mitigating any unforeseen losses.

The process doesn't end when the decision is made. A company must wait on results to evaluate whether the decision was the right one, and, if necessary, change direction.

Learn the intricacies of budget-related decisions

Have you ever used a financial statement to track trends and changes? Do you know how to analyze

cost-behavior practices? In class, you will calculate and analyze a company's break-even point, margins of safety, cost-volume profit, and activity-based costing. You will have assignments that require you to describe organizational budgetary processes, or prepare all of the components that go into a master budget. You will work with return on investments, residual income, and capital budgets—the part of a company's budget that deals with new equipment or expansion.

Perhaps most importantly, you will understand how to tell the difference between relevant and irrelevant data.

Learn how Information Technology (IT) and Information Systems (IS) support decision-making in business

Nearly all companies today have an IT or IS side. The people who work in them speak a language seemingly all their own, and their capital expenditures can seem astronomical. As a leader in business, you don't have to know how to code, but it's imperative that you understand enough about technology to speak knowledgeably, ask relevant questions, and make information-based decisions.

MBA coursework and assignments will prepare you to understand IT infrastructure, cyber-security, e-business, and e-commerce. Information systems can be key in decision-making, which is why MBA students graduate with an understanding of how these systems and technologies can help solve business-related problems.

Become familiar with high-level project management

Managing a project might sound easy, but it isn't. You're managing people, information, resources, deadlines, and communication, and subsequently bringing them all together in one or more comprehensive ways to achieve a specific result or outcome. The success of a project rests on whether you choose the right people for your team, define

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your expectations clearly, communicate both up and down the ladder in real time, and measure and track your team's progress and performance indicators.^{xi}

For instance, are you familiar with “forward and backward passes” on a project? Do you know what a Gantt chart is and how to use one? These are things you will take with you when you earn an MBA.

ENTREPRENEURSHIP

Why do I need an MBA if I'm an entrepreneur?

Isn't the very definition of an entrepreneur someone who goes out on his or her own with a passion and just makes it happen? Well, yes and no. People with an entrepreneurial spirit tend to be more comfortable taking risks than others, but risk-taking doesn't necessarily equate to business success. Some entrepreneurs do find quick success due to an irresistible product or an original service, but later falter because they aren't prepared to manage the business side of their enterprise.

In 2013, the *Wall Street Journal* wrote about a University of Tennessee study on the five-year survival rate of small businesses, and 46 percent of the failures were grouped under the heading of “incompetence.” Other causes were:

- Emotional pricing
- Tax default
- Ignorance of financial conventions
- No experience in record-keeping
- Living beyond the means of the business
- Lack of planning.

The report also noted “unbalanced experience or lack of managerial experience” as a primary cause.^{xii} These are all areas in which the MBA



provides insights, which means you will graduate better prepared to open and run a successful business.

MBA graduates have a better survival rate in startups

According to the Bureau of Labor Statistics, 40 percent of all new businesses fail in the first three years.^{xiii} On the other hand, while the percentage of MBA grads who open their own businesses may be low, those who do succeed at a much higher rate than that of the general population. When the *Financial Times* surveyed graduates from 100 national business schools in 2015, they found that between 80 and 93 percent of the new businesses started by MBA graduates were still in operation three years later.^{xiv}

Learn the skills first, then apply them to your startup

“Each year, about 5 percent of graduating business school students tell us they plan to pursue an entrepreneurial career,” says The Graduate Management Admissions Council, which does annual surveys on many aspects of graduate education. When MBA graduates who started their own businesses were later asked how important their post-graduate degree was:^{xv}

- 91 percent said it helped them lead their company
- 90 percent said it was integral in teaching them how to grow their businesses
- 86 percent said it helped them develop financial projections
- 1 percent said it helped them write business plans
- 79 percent said it helped them conduct market research

What does an entrepreneurship curriculum look like?

Graduate courses on entrepreneurship show you in sophisticated detail how the economy and business world affects a new business. Class work could cover everything from theory to real-world examples, including entrepreneurship strategies, business model development, venture funding, risk and assessment, marketing new ventures, and dealing with the business climate. Working through these challenges in the classroom first helps immeasurably when it comes time to work through them in the workplace.^{xvi}

HUMAN RESOURCE MANAGEMENT

Become a leader in managing human resources (HR)

It’s easy to think of the HR department as just the place where people apply for jobs. But the truth

today is that no department is more critical to the success of a business than human resources. When managed well, other parts of the business can thrive; when managed poorly, problems in HR will become exponential in the rest of the company. An MBA degree will provide you a solid edge going into the business world, where the skills needed to hire, retain, manage, and train the best employees within the boundaries of complex areas of workplace law are necessary and highly valued.

What do you learn when you study HR?

Human resources often are integral to training company managers in areas as diverse as team management, public interaction, and conflict resolution. “Good managers are crucial to an effective organization, but most have to learn how to be effective,” says Beverly Kaye, co-author of a book on the topic. “The role of HR in a company is to help develop and coach managers to do the best job possible.”^{xvii}

MBA courses focusing on human resources include how to recruit a diverse workplace, evaluate performance (and teach others to do so), handle compensation, manage employee rights and responsibilities, and oversee workplace safety and employee benefits.^{xviii}

Even for an entrepreneur, HR education is valuable

It’s easy to see why corporations that deal with hundreds or thousands of employees must have a human resources department. But the study of HR also benefits the entrepreneur who plans to manage a small business. “Hiring the right people—and training them well—can often mean the difference between scratching out the barest of livelihoods and steady business growth,” wrote Irving Burstiner in *The Small Business Handbook*. “Personnel problems do not discriminate between small and big business. You find them in all businesses, regardless of size.”^{xix}



An interesting side note: HR is one of the top 10 industries in which millennials plan to seek employment after finishing their MBA degrees.^{xx}

TYPES OF MBA DEGREE PROGRAMS

Masters of Business Administration degrees can be general or specialized. In most business schools, students take a group of core business administration classes and then choose electives based on their interests. The decision to pursue a general MBA vs. a specialized MBA depends largely on two things: (1) your background, and (2) your interests after graduation.

- Are you a student working on your MBA right out of college who is passionate about a specific business area? Then you will likely benefit more from an MBA specialization in that area.
- Are you a career-changer who already has workplace experience and wants the widest

variety of job options? Then a general MBA could be the better choice for you.

Marketing, Finance, and Leadership Development are all examples of specialized MBAs. Other common options are General Management, Operations Management, Information Systems/IT, International Business, Accounting, Consulting, and Non-Profit Management. In addition, some MBAs specialize in a particular industry, such as Healthcare Management, Hospitality, or Sports.

The most important thing, according to Stacy Blackman, an MBA admissions consultant,^{xxi} is to ask yourself why you're getting that MBA in the first place. "Is it so that you can earn a promotion within your current organization? Are you trying to start your own company? Do you dream of switching into a completely different field?" she asks in an interview with the *Toronto Globe and Mail*. "Knowing where you want to be at the end will help you decide which programs make the most sense for you."^{xxii}

WHAT CAN YOU DO WITH AN MBA?

What kinds of professional positions could you expect to get with an MBA degree, and what is the career outlook in those fields? Here's a look at some popular positions for MBA graduates.

Management Analyst/Consultant

- **Job description:** Management consultants study a business and help it improve its performance by solving problems, streamlining organizational structures, and finding innovative ways to accomplish goals. These consultants work in all kinds of businesses and across all disciplines.^{xxiii}
- **Career outlook:** The number of management analyst jobs is expected to grow 14 percent from 2014-2024, according to the U. S. Bureau of Labor and Statistics (BLS) Occupational

Outlook Handbook. It calls that growth rate “much faster than average,” and says that median pay in 2015 was \$81,320 annually.^{xxiv}

Operations Manager

- **Job description:** Operations managers generally supervise all department managers and are familiar with both the daily operations and the long-term goals of those departments. Ops managers typically answer to the CEO or company president, have authority over budgets, work with outside partners, and evaluate company performance.^{xxv}
- **Career outlook:** The employment outlook and compensation for operations managers tends to rise or fall with specific industries. For example, the BLS estimates an operations manager’s salary to be \$71,340 in the restaurant industry and \$197,180 in the insurance/benefit funds industry.^{xxvi}

Corporate Recruiter

- **Job description:** Corporate recruiters—sometimes called “headhunters”—find and recruit individuals for specific openings in companies. They do research on their client companies, write job descriptions, scan professional networking sites, review resumes, interview possible candidates, negotiate salaries and benefits, and network with successfully placed professionals for future prospects.^{xxvii}
- **Career outlook:** In 2013, Forbes said that the market for corporate recruiters was “exploding,” reflecting the growth of the overall job market. It said U.S. corporations spend nearly \$72 billion a year on recruiting services and staff.^{xxviii} Salaries for corporate recruiters nationwide range from \$39,313 to \$77,222, mostly depending on location; the median is \$54,825.^{xxix}

Human Resources Manager

- **Job description:** An HR manager often is the primary link between a company’s management and its employees. Human Resources managers and their departments are responsible for recruiting, hiring, disciplinary matters, training, benefits and compensation, employee safety practices, and Americans With Disabilities Act (ADA) compliance.^{xxx}
- **Career outlook:** The BLS expects 9 percent growth in HR manager jobs from 2014-2024, a faster than average increase. Median pay in 2015 for HR managers was \$104,440 a year.^{xxxi}

Business Executive (C-Suite)

- **Job description:** This category includes all the titles that a company’s top executives take on (CEO, CFO, COO, and so on). Some examples of high-ranking business executives include:
 - The *chief executive officer* is the highest-ranking executive in a company
 - The *chief financial officer* oversees the business side
 - The *chief operations officer* manages day-to-day operations
 - The *chief information officer* manages a company’s technology
 - The *chief security officer* is responsible for the security of a company’s communications.
- **Career outlook:** Job growth in the ranks of CEOs is expected to grow 6 percent between 2014-2024, according to the BLS. It lists median pay at \$102,690 per year, but top CEOs earn millions of dollars based on company performance, bonuses, and perks.
- **Where did they go to school?** In 2015, an analysis by the Financial Times showed that 31 percent of its FT 500 companies were led by an MBA graduate. In early 2016, it listed those

grads by where they went to business school. [The list](#) is long and detailed, and includes the schools you'd expect as well as some smaller universities you might not know. Joe Gorder, the CEO of Valero Energy, for instance, got his MBA from Our Lady of the Lake University in San Antonio, Texas.^{xxxiii}

CONCLUSION: WHAT DOES AN MBA TEACH YOU?

A master's degree in business administration teaches you the inner workings of business in today's world. The skills and network you take with you as an MBA graduate follow you from accounting office to marketing firm, or from entrepreneur to eventual CEO.

Our Lady of the Lake University makes your MBA dreams come true faster than you thought possible. There is no GRE/GMAT requirement to enroll, and online classes begin three times each year. In addition, the 6-credit MBA Prep class, which covers all business prerequisites in one online course, can be completed in a single semester. Enroll today and earn your MBA in two years or less.

Our Lady of the Lake University's [online Master of Business Administration core curriculum](#):

- Management Theory and Decision-Making Practices
- Managerial Control Systems
- Marketing Strategies and Policies
- Information Systems for Management
- Supply Chain and Operations Management
- The Economics of Global Business Conditions
- Strategic Management Concepts and Processes



Students then choose five courses from the following subjects:

- Legal and Ethical Environment of Business and Global Decision-making
- Corporate Finance
- Strategic Human Resources Management Policies and Practices
- Entrepreneurship
- International Business Strategy
- Management of Healthcare Institutions
- Healthcare Law and Ethics
- Healthcare Planning and Policy
- Healthcare Finance
- Managed Care for Commercial, Medicare and Medicaid Populations

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RESOURCES:

- ⁱ [U.S. News & World Report, 4 Key Career Benefits from MBA Programs](#), April 2016
- ⁱⁱ Graduate Management Admissions Council (GMAC), 2015 GMAC Research: Market Intelligence for Every Step in the Student Lifecycle (PDF), Alumni Outcomes Across the Decades, Key Findings
- ⁱⁱⁱ GMAC, 2015 GMAC Research: Market Intelligence for Every Step in the Student Lifecycle (PDF), Alumni Outcomes Across the Decades, Key Findings
- ^{iv} Forbes, Leadership, MBA Pay
- ^v GMAC, 2016 Corporate Recruiters Survey Report, Key Findings
- ^{vi} Wired, Networking: The Secret Ingredient to Success in an MBA
- ^{vii} Our Lady of the Lake University, Fundamentals of Business Administration, BADM 6600
- ^{viii} U.S. Small Business Association, Being a Leader
- ^{ix} Entrepreneur, 22 Qualities that Make a Great Leader
- ^x U.S. News & World Report, The Top 10 Skills You Need to be Successful
- ^{xi} Wired magazine, Project Management: Art or Science?
- ^{xii} ISBDC, Small Business Failure Rates and Causes
- ^{xiii} Small Business Administration Office of Advocacy, Do Economic or Industry Factors Affect Business Survival?
- ^{xiv} Financial Times, Start-up Costs for MBA Graduates Pay Off
- ^{xv} GMAC, MBA to Entrepreneur
- ^{xvi} OLLU, Entrepreneurship – Management 8315
- ^{xvii} Payscale, Why is HR Important?
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- ^{xvix} Inc, Human Resource Management
- ^{xx} GMAC, MBA.com Prospective Students Survey, Page 23, Table 7
- ^{xxi} Stacy Blackman Consulting, About SBC
- ^{xxii} Toronto Globe and Mail, Business Education, Tips to Choose the Right MBA Program
- ^{xxiii} The Guardian (U.S. edition), What Does a Management Consultant Do, Anyway?
- ^{xxiv} U.S. Bureau of Labor and Statistics (BLS), Occupational Outlook Handbook, Management Analysts
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- ^{xxvi} BLS, Occupational Employment Statistics, General and Operations Managers
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- ^{xxix} Payscale.com, Corporate Recruiter Salary
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- ^{xxxi} BLS, Occupational Outlook Handbook, Human Resources Managers
- ^{xxxii} Poets and Quants, The MBAs leading Financial Times 500 Companies
- ^{xxxiii} Bloomberg, Valero Energy Corp., Joseph W. Gorder