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ABSTRACT

This paper applies a strategic analysis framework to evaluate an almost-finished product for Simon Fraser University’s general Master of Business Administration (GMBA) program. This paper is written with limited and hidden knowledge due to confidentiality agreement with the project sponsor.

The demand for general business education is expected to increase. The recent economic growth, decreased unemployment rate, technological change, and demographic shift represent the major macro-environmental factors affecting the demand. My analysis reveals that five major competitors currently serve the B.C. market. In addition, competitive force analysis indicates that rivalry and threat of new entry are medium, supplier power and buyer power are high, and substitutes are readily available.

After conducting external and internal analysis and based on my limited knowledge of the design of the GMBA program, I recommend SFU to proceed with introduction of GMBA program to respond to growing demand for this program.

**Keywords:** Strategic Marketing; Marketing of Higher Education; Demand Estimation; Competitive Analysis
To my beloved parents (Sima and Asad)
Who I did not have time before to thank them
For all they have done for me in the past.
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TABLE OF CONTENTS

Approval........................................................................................................................................ii
Abstract.......................................................................................................................................... iii
Dedication ....................................................................................................................................... iv
Acknowledgements...........................................................................................................................v
Table of Contents ............................................................................................................................. vi
List of Figures and Tables................................................................................................................... ix
Glossary............................................................................................................................................... x

1 INTRODUCTION ............................................................................................................................. 1
  1.1 Background and Motivation for This Study ............................................................................ 1
  1.2 Problem Definition .................................................................................................................. 3
  1.3 Constraints to Offering a GMBA .......................................................................................... 4
      1.3.1 Program Approval ......................................................................................................... 4
      1.3.2 Funding ......................................................................................................................... 5
      1.3.3 Curriculum Development and Faculty Recruitment .................................................... 5
      1.3.4 Overlapping with Other SFU Programs ...................................................................... 6
  1.4 The Importance of This Paper .............................................................................................. 7
  1.5 Objectives of this Paper ......................................................................................................... 8

2 METHODOLOGY ............................................................................................................................11
  2.1 External Analysis .................................................................................................................... 11
  2.2 Interview of Current Staff .................................................................................................... 12
  2.3 Internal Analysis .................................................................................................................... 13

3 EXTERNAL ANALYSIS: INDUSTRY ......................................................................................... 14
  3.1 Industry Definition ............................................................................................................... 14
  3.2 Industry Characteristics ......................................................................................................... 15
      3.2.1 Market Size and Rate of Growth ................................................................................ 15
      3.2.2 Industry Structure ......................................................................................................... 20
      3.2.3 Scope of Competitive Rivalry .................................................................................... 23
      3.2.4 Degree of Differentiation .......................................................................................... 23
  3.3 Macro-environmental Forces and Industry Impact ............................................................... 28
      3.3.1 Economic Impact ......................................................................................................... 28
      3.3.2 Technological Changes ............................................................................................... 30
      3.3.3 Demographic Changes ............................................................................................... 31
  3.4 Industry Driving Forces and Their Impact ............................................................................. 31
      3.4.1 Employer Demand for Managers ............................................................................... 32
3.4.2 Effect of New Immigrants ................................................................. 33
3.4.3 Demographic and Lifestyle Changes ............................................... 33
3.4.4 Product and Marketing Innovations ............................................... 35

4 EXTERNAL ANALYSIS: COMPETITION .................................................. 37
4.1 Strength of Competitive Forces ......................................................... 37
  4.1.1 Rivalry ......................................................................................... 37
  4.1.2 Existence of Substitute Products ................................................. 38
  4.1.3 Potential of New Entrants ......................................................... 40
  4.1.4 Bargaining Power of Supplier and Consumers ............................... 41
  4.1.5 Conclusion on Strength of Competitive Forces ......................... 42
4.2 Competitive Position of Industry Participants .................................... 42
  4.2.1 Competitors' Product Offering ................................................... 43
  4.2.2 Strategic Group Mapping ............................................................. 46
  4.2.3 Impact of Proposed New Entrants .............................................. 54
4.3 Conclusions: Key Success Factors ................................................... 55
  4.3.1 Program Reputation and Quality of Instruction ............................. 55
  4.3.2 Responsiveness ......................................................................... 56
  4.3.3 Marketing Effectiveness .............................................................. 56
  4.3.4 New Location of Segal School of Business .................................. 57

5 INTERNAL ANALYSIS: THE SFU GMBA PROGRAM ............................. 58
5.1 Current Products and Target Market(S) ............................................ 59
  5.1.1 Target Market ............................................................................ 59
  5.1.2 Market Segmentation ................................................................. 60
5.2 Opportunities and Threats of MBA Market ..................................... 60
  5.2.1 Opportunities ............................................................................ 60
  5.2.2 Threats ..................................................................................... 62
5.3 Strength and Weakness of SFU GMBA Program for Entering the MBA Market ............................................. 63
  5.3.1 Strengths .................................................................................. 63
  5.3.2 Weaknesses ............................................................................... 64
5.4 Strategic Issues to be Addressed ...................................................... 65
  5.4.1 Building a Reputation for the GMBA Program ............................. 65
  5.4.2 Maintaining Scheduling Flexibility ............................................. 66
  5.4.3 Faculty Recruitment Challenges ............................................... 66
5.5 Summary of SWOT Analysis ............................................................ 67
5.6 Analysis of Strategic Options ........................................................... 68
  5.6.1 SO Strategy: Create a High Quality GMBA ................................. 68
  5.6.2 ST Strategy: Offer More Speciality Courses ............................... 69
  5.6.3 WO Strategy: Adapt MOT, SMBA, and GDBA to Create a GMBA 69
  5.6.4 WT Strategy: Continue with the MOT Program Only .................. 70

6 RECOMMENDED STRATEGY AND IMPLEMENTATION ISSUES ........... 72
6.1 Recommendation: WO Strategy ....................................................... 72
6.2 Suggested Implementation: WO Strategy ........................................ 72
6.3 Advantages and Disadvantages of the Suggested Implementation .... 73
6.4 More Recommendations ................................................................. 74
6.5 Conclusions ................................................................................... 76
7 LIMITATION AND FUTURE RESEARCH

Appendices

Appendix 1 Sample Interview Questionnaire
Appendix 2 Final Summary of Program Mapping Data-Direct Substitutes
Appendix 3 Rating of the GMBA Program and Final Summary of Program Mapping-Indirect Substitutes
Appendix 4 Strategic Maps of GMBA Industry -Indirect Substitutes
Appendix 5 Calculation for Projected GMBA Enrolment in 2007

Reference List
LIST OF FIGURES AND TABLES

Figure 1  MBA Program- Annual Enrolment 2003-2005 .......................................................... 2
Figure 2  Strategic Analysis Framework- Opportunity to Introduce a GMBA ......................... 11
Figure 3  Strategic Map of the GMBA Industry- Dimension Reputation and Affordability ................................................................................................................................. 49
Figure 4  Strategic Map of the GMBA Industry- Dimension Reputation and Flexibility ........ 50
Figure 5  Strategic Map of the GMBA Industry- Dimension Affordability and Program Length .......................................................................................................................... 51
Figure 6  Strategic Map of the GMBA Industry- Dimension Affordability and Flexibility ....... 52
Figure 7  Strategic Map of the GMBA Industry- Dimension Reputation and Program Length .......................................................................................................................... 53
Figure 8  Strategic Map of the GMBA Industry- Dimension Flexibility and Program Length .......................................................................................................................... 54
Figure 9  SWOT Analysis Framework ...................................................................................... 67
Figure 10 SWOT Analysis SFU MBA Program in the MBA Market ....................................... 68
Figure 11 Recommended SFU GMBA Program ....................................................................... 73

Table 1  Face-to Face- or Distance Masters Programs in Business Administration .............. 21
Table 2  Summary of Program Information-MBA Industry Participants ................................. 44
Table 3  GMBA Program Evaluation Criteria ........................................................................ 46
Table 4  Rating of the GMBA Program- Direct Substitute ..................................................... 47
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<td>MBA</td>
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1 INTRODUCTION

1.1 Background and Motivation for This Study

Simon Fraser University’s (SFU hereafter) General Master of Business Administration (GMBA hereafter) program at SFU’s new location in Segal in the core of downtown Vancouver is a new program still on hold for research, with the Business Graduate Committee (those SFU Business Faculty who are preparing the proposal of GMBA) hoping to be able to offer this program in September or January of 2007. Due to high demand for a general business program, and a recent increase in number of students who have the required qualification for admission to this program, GMBA will be designed primarily for students who have an undergraduate degree, not necessarily in business, and who want to acquire general business knowledge and skills. Thus, the Business Graduate Committee’s efforts are to design the GMBA’s curriculum to respond to the market demand.

As presented in Figure 1 (where the vertical axis is not drawn to scale), annual enrolment for the combination of all the MBA offerings in province of British Colombia (B.C.) had an average 0.7% increase in the last three years, using year 2003 as the base of comparison.
One disadvantage in offering the general MBA (GMBA) in SFU is that there has been much discussion in recent years by most business schools in North America about the future of the general MBA and the perceived need to offer, instead, the option for MBA students to specialize in areas such as marketing, information technology, and biotechnology. SFU's offering GMBA is going against this trend. MBA programs also are facing increasing competition for students as new players enter the market and as traditional MBA schools expand their product offering to respond to the educational and industrial needs of the market.

For SFU, on the other hand, offering GMBA in addition to responding to market demand is more an option to withhold market share by offering the same educational
product currently offered by other major B.C. MBA players. Where previously SFU has targeted the niche market of specialized MBA (SMBA), the offering of GMBA will reach a larger target market.

SFU currently offers a number of specialized MBA programs with a solid reputation in B.C., but the Associate Dean of Segal Graduate School of Business at SFU (Segal) believes that SFU needs to offer a general MBA program in order to

- retain the current market share. SFU needs to respond to the high demand for a general business program;

- have a proper measurement of program so that SFU can be ranked by business ranking committees. Currently SMBA does not get to be ranked at all because it does not fit the typical profile of MBA programs.

1.2 Problem Definition

The purpose of this paper is to analyze the current MBA market in B.C. and propose strategic recommendations to SFU in offering of the GMBA program. The overall aim is to assist SFU in attracting more qualified students to the GMBA program.

To analyze the current general MBA program I conducted complete competitive analysis of the current competitors in B.C. In particular, I focused on answering the following questions.

- Is there a market, or sufficient demand, for a GMBA?

- If there is a market, what should the program format be?
What are the expectations of potential students?

How can SFU position the GMBA program to meet the market demand and to successfully enter the market?

1.3 Constraints to Offering a GMBA

While currently the Business Graduate Committee is investing a significant amount of time and effort in the preparation of the GMBA program proposal in obtaining the required approval, there are a few constraints that may lead to a further delay in the offering of the GMBA program.

1.3.1 Program Approval

If SFU was proposing to enter the general MBA market by developing a new GMBA program, the formal proposal development and approval process would take at least six to eight months according to the Associate Dean of Segal. However, this process already started in June of 2005 (currently in the proposal preparation stage), and the Associate Dean is hoping that the development process of the proposal would be finished by the end of summer 2006. Fortunately, she believes as long as the Faculty of Business Graduate Studies approves the proposal, the further approval processes at committees such as Senate Graduate Studies Committee, Senate Committee on University Priorities, and Senate Board of Governors shall take place without foreseeable complexities. To that effect, there always remains a slight chance that the proposal might be rejected by any of the latter committees, leading to a reverse process of the proposal revision, postponing the offering of GMBA program at SFU.
1.3.2 Funding

Like other public universities, SFU has very limited funding available for developing and marketing of its new programs. However, the incremental cost of offering a GMBA program would be covered through tuition fees if fifteen to twenty new students can be recruited, according to the Executive Director of MBA program.

1.3.3 Curriculum Development and Faculty Recruitment

The first step in introducing a GMBA program is developing an appropriate curriculum and to recruit faculty to teach the new general graduate business courses.

According to the terms of reference for the President’s Committee on Faculty Renewal and Retention (A Faculty Search Guide, 2002):

"The recruitment and retention of the best faculty is a challenge of the highest priority to Simon Fraser University. Strategies for attracting, keeping, and developing our faculty resource must be implemented if S.F.U. is to remain a top-ranked institution."

According to the Associate Dean, SFU Business is constantly in the position of recruiting new faculty, but there are still 13 positions in the Business Faculty to be filled. Given that the last semester of GMBA is still undefined in the current proposal, SFU can not decide yet what kind of faculty is needed to offer this new program; so offering the GMBA program will risk facing a potential recruitment problem. Thus, the longer it takes
to define the last semester curriculum, the harder it becomes for SFU to find the qualified faculty to fill those positions.

1.3.4 Overlapping with Other SFU Programs

A final issue facing the SFU GMBA program is that of perceived overlap of the GMBA with other programs currently offered at SFU.

The first program at risk is the General Diploma of Business Program (GDBA). The reason is that GMBA will include some of the general business courses in the first semester, which will have the same course offered by GDBA. The potential risk of offering this new GMBA program is that some potential GDBA students may decide not to take the GDBA and go for the GMBA. This may result in cannibalization of these two programs. In addition, cannibalization will result in the reduction of enrolment for either of the two programs. Currently, GDBA is being offered at SFU as a pre-entry requirement for those who do not have a business background before they can apply to the SMBA and MOT programs. According to the Executive Director of the MBA program, in the past around 30% of GDBA students showed interest in continuing their education in these MBA programs at SFU. Thus, there is some potential for cannibalization of the proposed GMBA with current GDBA program, which may result in a decreased demand for the GDBA program.

However, the Business Graduate Committee is currently discussing the option to GMBA students to waive their MBA courses equivalent to GDBA courses if students acquire the approval from the Business Faculty.
In addition, the GMBA program course offering may overlap courses offered by other programs such as Management of Technology (MOT) and Global Asset and Wealth Management (GAWM). Also, it is difficult for SFU to position the GMBA program if these programs have similar contents. It may create confusion for potential students when they try to choose a program that matches their interest. However, according to the current Associate Dean, the Business Graduate Committee is currently discussing the option for GMBA students to transfer their course credit to the MOT program after finishing the first semester. Moreover, she also mentioned that because of the huge difference in the qualifications of potential students in other MBA programs, the cannibalization of GMBA with other MBA program at SFU would not be as severe as one would expect.

1.4 The Importance of This Paper

This paper poses a significant importance to SFU’s entrance into the GMBA market.

SFU is well acknowledged for years for its EMBA program, which was introduced in 1968 as the first of its kind in Canada. Currently, SFU also offers specialist MBA (SMBA) specializing in five different disciplines, Marketing, MOT, International Business, Leadership and Organizational Changes, and GAWM. Previously, SFU had a strategy to target a niche market of students who had interest in special areas in business and who had at least three to five years of work experience.

Since June 2005, the SFU Business Graduate Committee has started preparing the proposal of the new GMBA program to answer the demand of hundreds of students who
showed interest in the program by requesting more information about its offering (the Associate dean of Segal).

Throughout this paper, I refer to the general MBA program as GMBA, but one should note that when students graduate from the GMBA program, they will obtain an MBA degree, not a GMBA degree.

For SFU to keep the same reputation in the MBA market with the new GMBA program and to survive among its competitors, analysing the MBA market and competitor’s product poses a significant importance.

1.5 Objectives of this Paper

The purpose of this paper is to conduct a strategic analysis leading to some strategic planning that will itself lead later to some useful strategic recommendations to assist in the offering of the GMBA program. According to Thompson and Strickland framework, a strategic planning is “a comprehensive statement of an organization’s purpose and mission, objectives, and strategy; a detailed roadmap of direction and course that the organization presently intends to follow in conducting its activities” (1992). The objective of this paper is strategic positioning of the SFU GMBA program by using the strategic planning framework to analyze all external and internal data affecting MBA market and product, the general MBA program.

I should mention here that the curriculum design and product definition of the GMBA program is at the last stage of its proposal preparation. This means that the product has already been defined in terms of the target market, program length, and approximate cost. As this program will not be ready to enter the MBA market in summer
2006, SFU as sponsor of this project is not willing to disclose detailed information about this program. Thus, the rest of this paper is written based on my limited understanding according to interviews that I conducted with the Associate Dean of SFU and the Marketing Director of MBA programs. Therefore, there is a lot of subjective estimation that may cause confusion for the reader of this paper. This possible confusion is due to the fact that I was not given the full information and for the limited information given to me, I am not allowed to fully disclose it in this paper, according to the confidentiality agreement I have with the sponsor.

Moreover, since the design of the product, the new GMBA program, is almost complete with a set of target segments, I write up the paper after the fact. Part of the paper is to justify the design of the product rather than trying to explore opportunities for a not-yet-existent product.

The development of the marketing strategy for SFU’s GMBA program begins with an external analysis of the industry. The external analysis starts with review of literature that focuses on the environmental changes such as macro-environmental changes affecting the demand for higher education. The literature review provides a valuable insight into the special problems and opportunities of marketing MBA.

While the literature review assists in highlighting the problems and opportunities unique to the marketing of higher education in B.C., the development of a marketing plan for a specific program definitely involves a number of steps common to the successful marketing of that product. The first step in this procedure is to find the potential demand estimation for the GMBA program. This process is especially important since
developing any further steps will depend on the existence of the prospect market. If SFU’s GMBA program does not have a potential market, then SFU may re-think about the launch of the GMBA program. On the other hand, if it is discovered that SFU’s GMBA has a potential market, then subsequent efforts can concentrate on an effective marketing of the GMBA program. My project sponsor has indicated that SFU is very interested in launching the GMBA program. Competitive analysis is the next step to define the position of SFU’s GMBA program in the market. The third step in this process is interviewing the current staff to define the GMBA product for a complete analysis of marketing mix.

The discussion in the remaining sections of the paper is based on, again, my subjective understanding of the situation and my subjective estimation. I am not approaching this topic as if the product does not exist yet, but rather, I take the approach of analyzing the market after the fact that the design of the product is in the final stage. For example, perceptions of various MBA programs in the market are based on my own understanding and subjective estimation of the existing MBA programs of other universities and SFU. In addition, I assume that perception of current programs at SFU is likely to affect the perception of the future GMBA program. Moreover, because of confidentiality agreement with the sponsor, I can not provide the sources of some numbers claimed in the remaining sections of the paper. This may cause confusion for the reader since I provided references for some numbers and not for others, but these numbers without references have been agreed to by the project sponsor.
2 METHODOLOGY

Introducing the GMBA program represents a potentially significant strategic opportunity for SFU. In this paper, I took a strategic analysis framework to evaluate the strategic opportunity and to answer the questions that I mentioned in the Problem Definition of Section 1. Figure 2 summarizes the elements of a strategic analysis framework as applied to this paper.

**Figure 2 Strategic Analysis Framework- Opportunity to Introduce a GMBA**

Adopted From: Thompson and Strickland, 1992

2.1 External Analysis

I analyzed the graduate business education industry and the competition to identify the characteristic of the industry, the driving forces at work and their projected
impact on the industry, and the current and likely future competitors in this market. In addition to this analysis, I concluded an environmental scanning to identify macro-determinants or industry-determinants that may lead to an increase in demand for the GMBA program. From this analysis, I made conclusions to help estimating the demand and industry attractiveness to SFU.

The completed details of external analysis are presented in the section 3 and section 4 of this paper.

2.2 Interview of Current Staff

SFU is still in the process of preparing the curriculum and proposal for the GMBA program. The only way to find the necessary information to evaluate the product, in order to conduct a research, was interviewing the current staff members who are directly involved in this process. These interviews were conducted in several different times and with different staffs at SFU MBA department. I developed a questionnaire and administrated the interviews using the questionnaire with the Associate Dean of SFU Business, the Marketing Director of Business Programs, and the Director of Graduate Business Programs at SFU. A copy of the questionnaire is in Appendix 1. The information gathered from this questionnaire helps define the GMBA product in comparison with similar MBA programs of competitors.

Since the specification of GMBA curriculum was not completed by the time this paper was written, it was not possible to interview the potential students of the new GMBA program. In addition, the client of this project, SFU Business, did not intend to
conduct a survey of potential students. I therefore gathered the necessary information by talking to current students.

I reference the results of the interviews and the conversation with current students throughout the paper instead of summarizing them in one place.

2.3 Internal Analysis

As a final step in the strategic analysis section, the SFU GMBA program and its internal environment were reviewed. The current offerings were compared to the competitors' offering and the current target markets and a summary of the current marketing strategies of the SFU GMBA program were provided. An analysis of the program's strengths and weaknesses was performed within the context of the opportunities and threats presented by the proposed market. The details of this discussion are presented in section 5.

The results of the external and internal analyses led to recommendations about how SFU can offer the GMBA program more effectively to pursue this market. The detailed discussion is presented in section 6.
3 EXTERNAL ANALYSIS: INDUSTRY

3.1 Industry Definition

Since the mid-1990s, the demand for business education has surged worldwide, to the obvious benefit of business schools (Hawawini, 2005). Given the relatively low cost of entering into the business education in compared to other fields of education such as biology or medical, many business programs have been established around the world in response to this high market demand.

Individuals who seek to further their studies in the field of business may choose between three options for graduate business management education, including:

- graduate certificate in business education, usually an intense program less than a year offering in institutes or colleges;

- graduate diploma in business education in either a general or specialty stream such as marketing; and

- graduate masters program in business (such as MBA) in either general or specialty stream such as MOT or Human Resource Management.

However, almost all above graduate programs are currently offered in the majority of online institutes as well, which gives more variety of choices to individuals wishing to work on a full-time basis. The focus of this paper is on masters degree programs in the business management industry. The industry, thus, is defined as those
institutions offering MBA programs to B.C. students including general and specialist MBA programs either in face-to-face (traditional) or online (distance) format.

3.2 Industry Characteristics

Many economic features of the GMBA industry merit considering and they include the following:

- market size and rate of growth,

- industry structure,

- scope of competitive rivalry, and

- degree of differentiation among industry participants.

3.2.1 Market Size and Rate of Growth

Estimation of the market size and rate of growth are the first steps in planning for entering a market in terms of predicting the likelihood of new entrants and planning for future resource needed. As mentioned before, the average rate of growth based on the number of enrolments in B.C.'s MBA programs is estimated to be 0.7% (Figure 1), and this rate of increase appears to be persistent in the future.

After a detailed demand estimation process, I estimated that the total market share of GMBA program at SFU will be 5% of the total B.C.'s market by 2007 (please see Raeis Zadeh, Rashid; 2006 for details on demand estimation). The SFU GMBA program then was thus projected to have 40 students for its first year of offering in 2007 (SFU staff originally projected the enrolment to be 50 to begin with, see Table 1; please see
Appendix 5 where one can see adjustments of -38 and +28 in the last two tables, obtained from Raeis Zadeh, Rashid, 2006, and therefore $50 - 38 + 28 = 40$). Thus, the GMBA program is predicted to meet the criteria of having the minimum of 20 students in class, which, as the Executive Director of Segal stated, is one of the constraint in offering the GMBA program.

3.2.1.1 Graduate Management Education Market

The graduate business education industry in general is in the declining maturity stage of the growth cycle (Kotler and Turner, 1993), characterized by declining enrolments and increasing competition from substitutes such as specialist MBAs, distance learning, and executive MBA programs. There are so many articles written in 1990s mentioning that a seismic shift in the economy has turned business degrees from gold to copper so that these degrees are not worth what they once were (Haddad, 1994). Some criticisms of the traditional MBAs were mentioned in these articles as the lack of exposure to practical, job specific skills (Ghorpade, 1990) and the lack of communication between universities and the “real world” (Byrd and Nichols., 1989). The results of these problems were summarized as “students who graduate with narrow viewpoints and training” (Bukley, 1992).

However, since late 1990s so many universities across North America have responded to this problem by developing customized MBA’s for specific industries such as SFU EMBA program specialized in Health Management. Later, this trend indeed resulted in an increase in demand for MBA programs. A recent study shows that one of the reasons for the decline in business schools enrolment around United States is the lack of breadth and depth in MBA programs (Schmidt and Ralph, 2004). This study shows
that there is still a need for re-evaluating MBA program offerings to respond to market needs for managers with specific knowledge.

A research conducted by Canadian Business and Labour Market Analysis in 2004 shows that Canadian workers with master’s degree earn an average of $27,000 per year more than that of those with undergraduate degrees. Moreover, those with advanced degrees hold 29% of management positions that pay over $45,000. Given the recent decrease in unemployment rate in B.C., those B.C. residents with master’s degree or higher had 2.9% less unemployment rate than those with less education (Ministry of Advanced Education, 2001). In addition, the statistic shows an increase of 8% in management related job in B.C. in April 2006 in comparison with that of March 2006 (B.C. Stats, 2006 c). Therefore, it seems unlikely that the MBA market will disappear completely, especially if universities who offer MBA can respond better to the concerns of today’s industry.

In summary, although the graduate business education is in the declining maturity stage, as shown by the decrease in the enrolment rate of MBA programs in last 3 years, this demand will not disappear in the future because of an increase in demand for business programs.

3.2.1.2 The General Master of Business Administration Market

The market for general/tradition MBA format is declining because of increasing number of ‘non-traditional’ substitute formats such as part time, weekend and distance education programs. However, the market in aggregate for business education is at a ‘stable maturity’ stage. Markets in this stage experience flatting sales due to market
saturation, with future increase in demand limited to effects of the population growth resulted from increase in number of new immigrants with high level of education to B.C. (B.C. Stats, 2006 b).

According to survey conducted in 2002, more than 60% of MBA graduates accepted jobs in the field of general management or business finance and administration services (Ministry of Advanced Education, survey of 2002 Baccalaureate Graduates, 2004). The B.C. Statistics estimated that the projected annual growth rates of occupational demand for these sectors had an average increase of 2% from 2005 to 2006, and this rate will increase by another 2% by the end of 2009 (B.C. Stats., 2006 c). In addition, these trends all happen while B.C. has had the second-lowest unemployment rate in Canada for the first time in twelve years (B.C. Stats, 2006 c). In B.C., however, business industry is projected to grow at an average rate of 1.7% per year from 2001 to 2010, compared with 8.4% average annual growth between 1989 to 2000 (B.C. Stats, 2006 c). According to research conducted by B.C. Stat. one important source of growth for business professional sector in B.C. will be the position available due to the retirement of the baby-boomers (B.C. Stats, 2006 c). This study shows that the retiring of the baby-boom cohort over the next 25 years points to a critical need to increase the supply of well-educated workers.

3.2.1.3 Potential Consumers

The required education for GMBA students in SFU is a bachelor’s degree in any discipline; therefore, the potential students for the GMBA market are from the diverse sub-industries of undergraduate programs such as arts, science, and engineering. UBC’s
recent marketing research shows that more than 79% of MBA students in 2004 had an undergraduate degree other than business (UBC Information package, 2006).

Based on Business Week website as well as my personal observations from interviews, more than 39% of MBA students in B.C. are international students. This estimation does not include the number of new immigrants who recently arrived to Canada and who do not have Canadian work experience or education. In this matter, they can be considered almost as potential international students. Business Week magazine also indicated that the average age of MBA students in B.C. was around 30 in the last 3 years.

Marketing Director at Segal also confirmed that potential students for GMBA would be from the following different segments of the MBA market:

- domestic students: with undergraduate or graduate degree with any discipline from a Canadian institute,
- new immigrants to Canada without a degree from a Canadian institute seeking for a management position in variety of industries, and
- international students with a degree and residence outside Canada.

According to a 2004 survey of B.C. graduates, around 8% of total graduate students used their personal saving to pay for their tuition cost (Detailed Summary of Survey Results, 2004). Other sources of financial assistance included: employment 31%, family and friend 25%, student loans 22%, and scholarship/bursary 9%. Since an MBA degree is around 50% more expensive than any other graduate program in B.C. (except
for law school and medical school), the percentage of MBA students who are fully employed by the time of their studies will be more than other graduate program’s students.

In summary, by multiplying the average growth rate (0.7%) by the total enrolment of MBA program in 2005 (738 students), the potential MBA market in B.C. is projected to have 742 students by 2006 (Rashid, Raieis Zadeh, 2006). General business management employment growth is expected to increase in B.C. and this factor may actually result in additional increase in demand for MBA programs. The potential students are mainly male (more than 60%), full-time employed, and have an average age of less than 30 (Business Week Online, 2006).

3.2.2 Industry Structure

The structure of an industry is determined by the number and the relative size of its members, and that figure gives important clue about the relative power of members and the scope and nature of competitive rivalry. There is a small but growing number of institutes offering MBAs in B.C. Table 1 lists the 2006 industry members and subsequent or potential new entrants. The projected enrolment of 50 for SFU’s new GMBA program is based on interviews with SFU staff. These institutes are offering MBA courses in a combination of part-time, distance, and/or intense short courses on campus or online.
Table 1  Face-to Face- or Distance Masters Programs in Business Administration

<table>
<thead>
<tr>
<th>Institution</th>
<th>Program</th>
<th>Number of MBA Students in B.C. 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry Members: 2005</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of British Columbia (UBC)</td>
<td>Face-to-Face, Full-time/ Part-time MBA</td>
<td>171</td>
</tr>
<tr>
<td>Simon Fraser University (SMBA)</td>
<td>Face-to-Face, Full-time/ Part-time Specialized MBA(SMBA)</td>
<td>(Discontinued for 2006) 18</td>
</tr>
<tr>
<td>Simon Fraser University (MOT)</td>
<td>Face-to-Face, Full-time/ Part-time Management of Technology MBA(MOT)</td>
<td>62</td>
</tr>
<tr>
<td>Simon Fraser University (EMBA)</td>
<td>Face-to Face, Full-time/ Part-time Executive MBA(EMBA)</td>
<td>59</td>
</tr>
<tr>
<td>University of Victoria (UVIC)</td>
<td>Face-to-Face, Full-time/ Part-time MBA, Joint Law and MBA</td>
<td>44</td>
</tr>
<tr>
<td>Malaspina University (MA)</td>
<td>Face-to-Face, Full-time/ Part-time MBA</td>
<td>85</td>
</tr>
<tr>
<td>Thompson Rivers University (TRU)</td>
<td>Face-to-Face, Full-time/ Part-time MBA</td>
<td>28</td>
</tr>
<tr>
<td>University of Northern British Columbia (UNBC)</td>
<td>Intensive weekend classes, once a month MBA</td>
<td>25</td>
</tr>
<tr>
<td>Royal Road University (RRU)</td>
<td>Online, Full-time/ Part-time MBA and EMBA</td>
<td>140</td>
</tr>
<tr>
<td>University of Phoenix (PHU)</td>
<td>Face-to-Face, Part-time MBA</td>
<td>80</td>
</tr>
<tr>
<td>City University (CU)</td>
<td>Online, Part-time MBA</td>
<td>21</td>
</tr>
<tr>
<td>Oklahoma University (OU)</td>
<td>Online, Part-time MBA</td>
<td>14</td>
</tr>
<tr>
<td>Walden University (WU)</td>
<td>Online, Part-time MBA</td>
<td>2</td>
</tr>
<tr>
<td><strong>Others:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athabasca University (AU)</td>
<td>Online, Part-time EMBA</td>
<td>14</td>
</tr>
<tr>
<td><strong>New Entrants:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Canada West (2006)</td>
<td>Face-to-Face/Online</td>
<td>(proj.) 50</td>
</tr>
<tr>
<td>Simon Fraser University (2007)</td>
<td>Face-to-Face, Full time/Part time (not yet approved by Senate)</td>
<td>(proj.) 50</td>
</tr>
<tr>
<td>University of British Columbia (2006)</td>
<td>Joint Law and MBA</td>
<td>(proj.) 15</td>
</tr>
<tr>
<td>University of British Columbia (2006)</td>
<td>Joint MBA/MAPPS (Master of Arts, Asia Pacific Policy Studies)</td>
<td>(proj.) 25</td>
</tr>
<tr>
<td>University of Phoenix (2007)</td>
<td>EMBA, Part-time</td>
<td>(proj.) 15</td>
</tr>
</tbody>
</table>

Data Source: Business Week, MBA School Profile, 2006 and interviews with Marketing Personnel and Program Directors of some of above institutes
The three face-to-face programs (UBC MBA, UVIC MBA, and SFU MOT) and two distance programs (RRU MBA, and Althabasca EMBA) are all constantly attracting, on average, 420 graduate business students each year to their programs (56% of total market).

However, it appears that only two of these programs, UBC and RRU, are constantly attracting large number of B.C. students. While UBC’s prestigious MBA program ranks among the top three graduate business programs in Canada (Canadian Business website, 2005), it only attracted around 20% of the total B.C. MBA market in 2005.

The result of interviewing the current SFU MBA students showed that the SFU MBA students still expressed low level of interest in online MBA programs, as they were not sure if distance education has found its place in B.C. companies’ hiring MBA graduates. On the other hand, last year’s enrolment rate shows that although RRU offers online MBAs, it had just 4% less enrolment than UBC. Thus, SFU should pay more attention to the competition from online MBA programs such as RRU, who offers distance MBA.

In conclusion, the MBA market in B.C. appears to be served by only five main competitors at this time: UBC’s full-time MBA, RRU’s distance MBA, SFU’s full-time MOT, UVIC’s full-time MBA, and Malaspina’s full-time MBA. If University Canada West can attract as many students as its projected number for its new MBA program, a sixth major player would enter the market in 2006. Although the competition among the
MBA institutes offering MBA is increasing, there will be a potential market for SFU in 2007 to offer its new GMBA program.

3.2.3 Scope of Competitive Rivalry

Like other competitive industries, the scope of competitive rivalry has become regional and even international in the MBA industry. Around 65% of current MBA students in UBC are from outside of Canada (UBC Information package, 2006). University of Phoenix now has more than three campuses to serve their students. These campuses are strategically located in Vancouver, Abbotsford, and Victoria. UBC is offering a new international MBA program in China now. The MBA program at RRU requires students to attend campus for only three weeks at the beginning of each semester, providing a flexible format that attracts students from all parts of B.C. and even other parts of the country and the world.

3.2.4 Degree of Differentiation

Product differentiation has been a key source of competitive advantage (Porter, 1979). In addition, analysing differentiation helps predict and clarify the nature and the scope of competition among industry members. Although the selection criteria used differ from one student to another (Kathawala et al., 2004), the following criteria are commonly used by students choosing an MBA program. These criteria are mostly taken from the article written by Kathawala, Abdou, and Emuti (2004), and my own perception based on information gathered from interviewing the Marketing Directors. These criteria are flexibility of the program, reputation, program length, accreditation, and program cost
(affordability). Each of these criteria is discussed in the detail in the following subsections of the paper.

3.2.4.1 Flexibility of Program

Phoenix University has successfully differentiated its program as the solution for students who desire a high degree of flexibility in scheduling of courses and duration of their study. Phoenix offers online courses as well as face-to-face courses in six-week increments (Kiplinger’s Personal Finance Magazine, 1997), whereas in majority of universities, courses are generally offered in fall and spring semesters. Since the average age of current GMBA students in B.C. is 27, flexibility becomes a major issue affecting their program selection. This is a result of the fact that this demographic group usually does not have enough saving and therefore this group needs to work while studying to pay for the tuition. Flexible schedule and evening courses give this group enough time to earn the cost of their study and living expense during their study. In addition, on average, more than 30% of students in all MBA classes in B.C. are females who are mostly married (according to result of interviews, more than 50% of females MBA students are married). It then makes sense that flexibility of schedule will be amongst one of the major criteria for them.

In terms of enrolment time, 90% of traditional or face-to-face courses are offered in semesters. The first semester usually starts in the fall. On the other hand, all distance programs have a continuous enrolment every month during the year. Continuous enrolment gives students more flexibility of scheduling.
3.2.4.2 Reputation

Differentiation based on reputation has been a successful competitive strategy for UBC and SFU. Around 80% of ten students whom I interviewed had selected SFU’s MOT program for its high reputation in B.C.

Lack of reputation is among the major factors that are negatively affecting the enrolment rate of distance education, especially those offered by private U.S. institutes such as Phoenix and Oklahoma University. Almost all U.S. private institutes offering MBA in B.C. believed that the lack of reputation is the first disadvantage of their program offering (interview of Marketing Directors, 2006). Although SFU has a good reputation for its current MBA program compared with its major B.C. competitors, attaining the same level of reputation for the new GMBA program may take longer and may require greater marketing effort.

3.2.4.3 Program Length

The average program length in universities offering full-time MBA is around 17 months. Among all MBA program in B.C., SFU MOT and SMBA have the shortest length of MBA programs (12 months). This length obviously gave SFU a competitive edge against its competitors (Associate Dean of Segal, 2006). The fact that less than 50% of current full-time MBA students work full-time during their studies (interview of Marketing Directors, 2006) gives an advantage to a program with shorter length.

3.2.4.4 Accreditation

Accreditation is defined as any form of independent review of educational programs for helping to establish that the learning offered is of a uniform and sound
quality (Phillips, 2001). Accreditation is used to evaluate the quality of the education as determined by the accreditation agencies like The Association of Advance Collegiate School of Business (AACSB).

Accreditation is still one of the most important factors for both the students in choosing the schools and for companies in hiring their employees with MBA; therefore, accreditation is one of the major criteria for differentiation (McCallister and Matthews, 2001; Gerencher, 1998; Wood, 2000).

UBC and SFU are the only Canadian universities in B.C. who obtained AACSB accreditation. Malaspina University is in the process of getting accreditation. Until now, no online MBA has a chance to obtain AACSB accreditation.

Although accreditation is the number one verification factor for quality of distance education (Thomas, 2001; Abernathy, 2001), there is no regulatory restriction from Ministry of Higher Education in B.C. for offering a distance program. Therefore, except for University of Phoenix, accredited by Higher Learning Commission of the North Central Association of Colleges & Schools, and Althabasca University, accredited both by Canadian College and by Middle States Commission on Higher Education in U.S., no other distance MBA providers in B.C. have any accreditation other than the recognition by Private Career Training Institutions Agency (PCTIA).

3.2.4.5 Program Cost (Affordability)

After the recent quick big jump in cost of all MBA programs in B.C., program cost becomes a major factor to be considered for both students in their university selection and for schools in their differentiation criteria. Malaspina University with
$15,000 tuition fee for domestic students offered the most affordable MBA program in B.C. in 2005, which resulted in recruiting 96 students in their first year of the MBA program. The average cost of MBA tuition for domestic students is around $27,000 in B.C. This average is $3,000 higher for international students. In B.C., around 30% of institutes offering MBA have a different pricing for international students. For example, Althabasca’s tuition for internationals students is 8% higher than that of domestic students and Malaspina’s tuition is 36% higher for international students. The Executive Director of MBA programs at SFU believes that differentiating domestic students from international students will leave international students with a bad feeling as they are paying different cost for the same service. UBC with $36,000 program cost is considered as the most expensive MBA program in B.C. while RRU has this position for international students with $50,500.

Consequently, if SFU keeps the price of its GMBA lower than $30,000, as the Associate Dean forecasted, SFU’s GMBA will have a competitive edge over UBC program for its program affordability factor.

In summary, for an MBA program to be successful in its offering in B.C., certain differentiation criteria need to be established including flexibility of program, reputation, program length, and program cost (affordability). Thus, for SFU to position its GMBA program successfully in B.C.’s MBA industry, it is necessary to differentiate itself in these criteria.
3.3 **Macro-environmental Forces and Industry Impact**

After identifying the basic characteristics and structure of the MBA industry, it is essential to consider the changes in the environment and its impact on the MBA industry. There are a number of macro-environmental forces affecting the graduate management education industry in general, including the effect of economic growth (Hilsenrath and Smith, 1993), the impact of technological change, and changing demographics (Bedore and O'Brien, 1991; Kassner and Fertig, 1992).

### 3.3.1 Economic Impact

For business, education around the world remains on an upward path, assuming the world economy continues to expand, driven by faster growing developing countries (Hawawini, 2005). This favorable global environment provides a great opportunity for business schools, particularly those located in high-growth economies (Hawawini, 2005).

B.C. has been experiencing robust expansion since 2004, and this growth appears to have staying power (Lavoie and Burleton, 2006), supported by a low unemployment rate, robust domestic demand, and strong business investment (the strongest performance recorded in the last 10 years) (British Columbia Ministry of Finance and Corporate Relations, 2006). In 2005, B.C. had an increase of 3% in employment rate, and the unemployment rate averaged 5.9%, the lowest jobless rate in 30 years (B.C. Stats, 2006 d). The strong economy led to an increase of 2% in all consumer price indexes including 1.3% increase in expending on education reading from 2005 (B.C. Stats, 2006 a).

Although B.C. consumer price index shows an increase in education consumption among B.C. population, this increase has been slowing down since 2003 when this index
reached its highest point of (change from 2002) 3.4 % since 1996. The major reason causing the deceleration in education consumption of B.C. consumers is an increase in tuition fees. While undergraduate programs have an increase of more than 104%, the graduate programs have an increase of 300% since 2001 (Education Review, 2005). Tuition fees for MBA programs have been exorbitant, reaching an increase of 321% in 2003 compared with that of 1998 (Berkowitz, 2002). This tuition increase was one of the major causes of decrease in MBA enrolment by an average of 20% in 2004. Raising tuition fees happened after the provincial government of B.C. lifted its six-year freeze on tuition fees in 2001. In 2003 Statistics Canada reported a pronounced drop in participation rates from students from low and middle-income families. For the purposes of this study, annual household pre-tax income of less than $60,000 is considered middle or low income (this is because pre-tax $60,000 would have just enough money for tuition after tax and thus $60,000 is used as a cut-off point).

On the other hand, educational institutes have experienced reduced governmental funding in recent years, resulting in the need to make the program changes and to increase revenues from other sources such as tuition fees.

This raising in tuition fees is happening at the same time that governmental loans have been decreased. The provincial government eliminated a grant for high-need students in 2004 (Ministry of Advanced Education, 2004). Thus, while in theory Canada’s education system is open to all, the reality is that access to higher education is not equally available to all who qualify (Whittam, 2005). Financial and social barriers mean post-secondary education is often out of reach for people from low-income backgrounds or without a full-time job.
3.3.2 Technological Changes

Technological change is a key driver of changes in society. As the society continues to evolve technologically, employers will likely demand a greater level of skill and there will be a larger number of occupations requiring advanced education and training (Schrier, 2002). In addition, increasing globalization will mean that there will be more competition for highly skilled people in the world, and this fact challenges the economic growth in Canada. Thus, B.C. needs a greater emphasis on education and training if it wants to avoid the labour shortage in some industries.

Education is being highly influenced by technological changes as well. It changes the content of management education, the paces at which education must change to meet the needs of society, and even the way that education is delivered (Bedore and O'Brien, 1991). The latter effect is evident in the proliferation of distance education programs based on the use of telecommunications, video conferencing, and computers, such as the University of Althabasca offering all of its courses online using a video conferencing and web chat.

On the other hand, the adoption of new high tech educational facilities has been so slow due to the shortage of qualified faculty and limited funding. It is hard for SFU currently to enter the online MBA industry due to the lack of faculty who have at least the same level of teaching quality as face-to-face classes in distance classes, as explained by the Director of MBA program. She believes that most faculty members of business at SFU have a better level of qualification in face-to-face classes than distance classes.
3.3.3 Demographic Changes

The aging of the Canadian population is a well-recognized phenomenon (Wannell and Gravel, 2002) and will have a significant effect on lots of industries particularly education and business industries. A sharp increase in retirement rate of “baby boomers” will result in a 2% annual increase in middle and senior management job opening over the next 5 years. The annual retirement rate of senior managers which averaged 3% in the mid-1990s, climbed to just over 4% in the later 1990s and is forecast to peak at over 10% between 2007 and 2009 (Wannell and Gravel, 2002).

Clearly, dramatic slowing of population growth will result in a greater emphasis on retraining and educating the new work force and new immigrants entering Canada.

Economic boost, technological changes, and demographic changes are among the first macro-environmental factors impacting the MBA industry in B.C. These macro-environmental factors led to an increase in MBA demand which seems to have the same trend in future. These impacts will ease the process of recruiting students for SFU GMBA program.

3.4 Industry Driving Forces and Their Impact

The macro-environmental forces noted above have important implications for the MBA industry. Although there are many implications for this industry, the major forces at work, or driving forces are:

- employer demand for managers,
- effect of new immigrants,
- demographic and lifestyle changes, and
- product and marketing innovations.

### 3.4.1 Employer Demand for Managers

Employer demand for highly skilled business graduates has produced a worldwide explosion in MBA programs (Burette, 2002). The impact of baby boomer retirements on human resource led to lots of labour shortage especially in service and management positions (B.C. Stats., 2005). Within 10 years, 60% of all levels B.C.’s public service management will retire or be in early retirement range. For senior management the percentage rises to 70% (Ministry of Advanced Education, 2003).

A reduction in the number of managers could confidently affect the enrolment levels in the MBA industry. A review of the B.C. students in the UBC and SFU programs shows that 43% of students have an education background in Engineering and Science (43%) (UBC and SFU information gathered from interviews). For UBC, 65% of B.C. Students from the graduating classes of 2004 are employed in either strategic or general management position (UBC Information package, 2006). This result is consistent with comments from SFU’s Marketing Director who noted that a general MBA degree is designed for those aspiring to general management.

Therefore, the SFU GMBA program seems to appeal to, and/or accept candidates from, a wider range of undergraduate disciplines than do other MBA programs at SFU.
3.4.2 Effect of New Immigrants

International immigration continues to be the main source of population growth for British Columbia (Ministry of Advanced Education, 2003). In 2005, B.C. held 16% of the total immigrants in Canada and became the second most popular destination for new immigrants after Ontario, and this trend is likely to continue in the future (B.C Stats., 2006 b).

Since 2000, skilled workers accounted for 48.1% of all immigrants in B.C. (B.C. Stats., 2005). Skilled workers are categorized as younger generation of immigrants usually between age of 25 and 45, and majority of them (57.1%) possess secondary education (B.C. Stats., 2006 b). China is still the single most important source of skilled workers followed by Philippines, India, Taiwan, and South Korea (Stat Can, 2006). Approximately half of the skilled workers are clustered in technical occupations.

These new immigrants, in order to position themselves in the labour market, need either Canadian experience or Canadian education. As Canadian employers mostly prefer to hire immigrants with Canadian education and knowledge (according to the Director of MBA programs), a high percentage of new immigrants are enrolling for some kind of secondary education in Canada.

3.4.3 Demographic and Lifestyle Changes

B.C.’s population’s grow rate in the relevant age (25-44) group for GMBA’s is projected to be one of the second highest age group estimated around 28.2% in year 2015 (B.C. Stats, 2006 c). While the population growth alone for the age group of 25-44 will increase for the next 10 years after a negative growth in recent years, this trend towards
younger workers will likely result in an increase in number of MBA students from the rapidly growing 25-44 age group. This prediction is compatible with SFU SMBA and MOT program’s recent experience. The average cohort age of these SFU students in recent years is decreasing while enrolment of students aged 40 and under in the program is slowly increasing (information gathered from interview with Director of MBA program, June 2006). Even if participation rates in post-secondary education do not change from the present, demographic change alone will create considerable increase in the demand for post-secondary seats in the future (B.C. Stats., 2001).

This demographic group increase will happen at the time as a shortage of faculty is expected due to higher retirement rate as noted earlier. The proportion of teachers entering their retirement age is growing just as the general population age 50 and over is growing by 4% during next 5 years. With few new faculties entering the educational institution workforce in recent years, faculty recruitment will become a problem for most universities. Universities may need to make efforts to retain older faculty while effectively seeking new sources of faculty. SFU business department is in continuous recruiting situation since 2004 and still needs 13 more new faculty members to cover all the spaces even before offering the new GMBA program (information gathered from interview with the Associate Dean of Segal, June 2006).

Changes in lifestyle expectation will also have important implications for the graduate management education industry. Increasing emphasis on the need for greater balance among work and family commitments will lead to demand for increasing flexible program formats. Competition on this differentiation dimension will continue to be
important. Examples of flexible program include UBC’s part-time MBA program and RRU’s distance MBA program.

3.4.4 Product and Marketing Innovations

As the competition in the MBA industry increases, the use of product and marketing innovation to compete in the graduate management education industry will be an increasingly important force in the coming years. As the number of institutes offering distance education increases and affordability, availability, and user acceptance for technologies such as video conferencing and other type of electronic communication increase, institutes will face increasing pressure to adopt these technologies in order to survive in this market.

Product innovation, in the form of curriculum changes, will also be required to respond to demand for greater customization of the MBA program to reflect the needs of certain industries. Recent responses to the latter include the creation of a MOT program in SFU. Similarly, there are indications of demand for increasing number of new immigrants to Canada with no Canadian experience or education who seek general Canadian business knowledge to position themselves in the labour market (according to interview with the Marketing Director of Segal).

The MBA market, in particular, will need to address curriculum concerns to respond to the changing management environment. Programs will need to respond to issues as employers’ demand, and the impact of various technologies including information technology on higher education. A customized MBA, however, may no longer be desirable for this market. Many interviewees of 2005 SMBA students in SFU
noted that as managers, they need to learn some of the general business skills in order to respond to a shift in the management industry. In fact, 70% of ten respondents rated a GMBA as being more valuable than SMBA (interview of current SFU MBA students).

Marketing innovation will become an important force as management industry reform results in the shift in target market, and this change indeed will need a change in the traditional way of attracting new students. Likely new markets for the MBA industry will include new immigrants and undergraduate students. SFU, like other universities, will need new marketing strategies to appeal to these diverse groups.
4 EXTERNAL ANALYSIS: COMPETITION

This section of the paper analyses the degree and nature of competition in the MBA industry, describes the competitive positioning of the industry’s major players, and predicts their future competitive actions.

4.1 Strength of Competitive Forces

Porter (1979) proposed a framework that measures the nature and intensity of competition resulting from five competitive forces: rivalry among industry members, existence of substitute products, potential of new entrants, and the bargaining power of suppliers and buyers.

4.1.1 Rivalry

Competitive rivalry does not appear to be extremely high in the MBA industry at this time. However, given the number of new entrants in the market in the past three years, there are signs that rivalry is increasing.

Some universities’ (such as UBC) focus on attracting international students. This focus may change in the future since the increase in use of distance education may lead to the decrease of international students’ enrolment in traditional face-to-face MBA programs. On the other hand, as SFU does not have any intention in near future to focus on the global market and recruiting international students, this factor does not have crucial importance at this time.
Increasing number of competitors in the market in the MBA industry will lead to increasing rivalry in the MBA market. For instance, in the last two years the number of students in all B.C. business schools decreased at least 20% although increasing rivalry is not the only cause of this decrease in students' enrolment. According to Jennifer Merritt (2005), application to Business Week's Top 30 MBA programs have dropped almost 30%, and it appears to be the same negative trend for all North American universities. The problem shows more impact on Canada since Canada has a smaller population.

Overall, increase in competitive rivalry needs a strategic planning for entering the MBA market. At the same time, attracting new students requires effective marketing.

4.1.2 Existence of Substitute Products

There is a growing number of substitute products in the MBA market. One substitutes is specialized MBA programs that concentrate in the following.

- Humane Resources Management
- Leadership and Organizational Changes
- Public Relation and Communication Relation
- Technology Management
- Marketing and Advertising
- International Marketing and Globalization
- Finance and Accounting
Another substitute, available only to students with more than six years of experience, is the Executive MBA (EMBA), offered by a number of universities including SFU. Although EMBA’s classes are offered part-time and held during weekends, it still attracts students.

Online MBA may be considered as an indirect substitute to MBA programs. A recent sharp increase in the number of institutes offering distance MBA and a huge increase in the number of enrolments to these programs show that traditional face-to-face MBA programs are losing a potential market. In this paper, distance education, because of its similarity in content in course offering to that of traditional MBA programs, is considered as the current major competitor of SFU’s GMBA program.

Another indirect substitute, although not a masters’ degree, is the graduate diploma program offered in British Columbia Institute of Technology (BCIT). Since a big part of the target market for SFU’s GMBA, which is also BCIT’s target market, is the freshly graduated university students and new immigrants seeking to get management positions, the good reputation and intense format of BCIT’s diploma program can steal many potential students from the MBA market.

In conclusion, although competitive rivalry does not appear to be very high in the MBA industry at this time, SFU needs to plan strategically to market its new GMBA program in B.C. as the number of substitute programs increase. Offering 2 to 3
specialisation option in the GMBA program will assist SFU in recruiting more students even if the competition in the MBA market in B.C. grows.

4.1.3 Potential of New Entrants

The MBA market is nearing saturation, as evidenced by the decreasing enrolment level, and there is no significant threat of new entry by local players on a large scale. However, the year 2005 was considered as a dangerous year to become a player in the MBA market as two new universities, University of Northern British Columbia and Thompson Rivers University, entered the market and as most of the existing schools added at least one specialized program to their list of programs such as UBC's new MBA in Asian studies. Nevertheless, the number of public universities offering MBA is not considered as a big threat.

The proposed GMBA at SFU, scheduled for introduction in 2007, would be a significant new entry to this market. However, this program has not received Senate approval and it is not known at this time whether such approval will be granted.

One potential source of new entrants for the MBA industry in B.C. is other Canadian and U.S. institutes that are expanding their geographic reach by converting their fulltime program to part-time weekend format, or by incorporating distance education components in their programs. This threat goes to the extent that some students are attracted to these programs despite the high travel costs and lack of personal contact. Such new entrants represent a significant competitive threat to B.C.'s MBA industry especially because they already took 47% of B.C.'s MBA market in 2005. A
good example of these programs is the MBA program at Queen University or Lansbridge University, which recently started to market their MBA’s in B.C.

Hence, although MBA market is nearing saturation and 3 new players enter the market in 2005, as discussed before, the impact of macro-environmental factors and industry driving forces will help SFU to attain its market share by offering its GMBA program.

4.1.4 Bargaining Power of Supplier and Consumers

The key suppliers to a public educational institution based in B.C include the Ministry of Advanced Education, current students and alumni of the program, and their employers. All are important providers of funding and public support for the education’s programs and activities.

Organizations like SFU an UBC must maintain the support of Ministry of Advanced Education through the delivery of quality programs and through maintenance and introduction of programs that meet objectives of the ministry. However, as tuition fees for MBA programs have increased significantly since 2002, this dependency on public funding may diminish.

Support from students and alumni are critical to the success of most graduate management programs. In addition to being the most obvious consumer of the educational product, this group often represents an important referral source for new applicants and therefore acts as a supplier. Employers are also important because they are also consumers and may be the ultimate judge of the quality of the educational product. In addition, they act as supplier in that they often provide financial or other
support for employees’ enrolment in educational programs. However, employer’s support appears to occur less often in fulltime and intense programs, whereas around 30% of students in distance education are covered financially by their employers (information gathered from interview with Marketing Directors, 2006). Employers may also wield supplier power as corporate donors or sponsors of educational institutions (information gathered from interview with Marketing Directors, 2006).

In any event, educational institutions must maintain support of students and alumni and their employers in order to succeed in the current reduced enrolment levels and increased competition.

4.1.5 Conclusion on Strength of Competitive Forces

In summary, the MBA industry is characterized by medium but increasing levels of competitive rivalry and relatively low threat of new entry. However, the threat of substitute products is a growing concern for this industry. Supplier and buyer power is significant, since alumni and their employers are both consumers of the educational product and suppliers of funding and support for the program.

4.2 Competitive Position of Industry Participants

This section provides a summary of available information about each major competitor of the MBA industry, information obtained through interviews with staff, students, and alumni of the various programs and from program documentation and Business Week’s business schools profile.
This section is written based on my current understanding of the SFU GMBA program after interviewing the Associate Dean of Segal about the clarification of The GMBA program details. Because the product is still under development and is not completed yet, the project sponsor does not wish to disclose the details of the program curriculum.

4.2.1 Competitors’ Product Offering

A summary of key information about the product offering by the MBA industry’s competing programs appears in Table 2.
<table>
<thead>
<tr>
<th>Program</th>
<th>Prerequisites</th>
<th>Program Requirements</th>
<th>Duration and Schedule</th>
<th>Tuition (CAD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University of British Columbia</strong> Full-time and Part-time MBA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accreditation:</strong> AACSB, EQUIS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Year program founded:</strong> 1955</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Experience: Desired minimum 2 years</td>
<td>GPA: B avg. Final Paper: Final Project Internship: 12 weeks</td>
<td>Duration: 15 months (full-time), part-time studies may take up to 5 years Location: Vancouver Enrolment time: Fall</td>
<td>$36,000</td>
</tr>
</tbody>
</table>

| **Simon Fraser University** Full-time and Part-time Specialized MBA(SMBA) |               |                      |                       |               |
| **Accreditation:** AACSB                                           |               |                      |                       |               |
| **Year program founded:** 1988                                   |               |                      |                       | $25,000        |
|                                                               | Experience: Desired minimum 2 years | GPA: B avg. Final Paper: Final Project | Duration: 12 months (full-time), part-time 24 months Location: Vancouver Enrolment time: Fall, Winter, Spring |               |
|                                                               | Education: 4-Year Bachelor’s degree with an overall B+ avg. | Final Project |                       |               |
|                                                               | Testing: GMAT 550 References: Three reports |                       |                       |               |

<p>| <strong>Simon Fraser University</strong> Full-time and Part-time Management of Technology(MOT) |               |                      |                       | $25,000        |
| <strong>Accreditation:</strong> AACSB                                           |               |                      |                       |               |
| <strong>Year program founded:</strong> 2000                                   |               |                      |                       |               |
|                                                               | Experience: Desired minimum 2 years | GPA: B avg. Final Paper: Final Project | Duration: 12 months (full-time), part-time 24 months Location: Vancouver, Downtown Enrolment time: Fall, Winter, Spring |               |
|                                                               | Education: 4-Year Bachelor’s degree with an overall B+ avg. | Final Project |                       |               |
|                                                               | Testing: GMAT 550 References: Three reports |                       |                       |               |</p>
<table>
<thead>
<tr>
<th>Program</th>
<th>Prerequisites</th>
<th>Program Requirements</th>
<th>Duration and Schedule</th>
<th>Tuition (CAD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Victoria</td>
<td>Experience: Desired minimum 2 years Education:</td>
<td>GPA: B avg.</td>
<td>Duration: 17 months (full-time) Location: Victoria</td>
<td>$27,750</td>
</tr>
<tr>
<td>Full-time and Part-time MBA</td>
<td>4-Year Bachelor's degree with an overall B+ avg.</td>
<td>Final Paper: Management Consulting Report or a Research Report Co-up: 12 weeks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation: Non</td>
<td>Testing: GMAT 550</td>
<td></td>
<td>Location: Victoria Enrolment time: Fall</td>
<td></td>
</tr>
<tr>
<td>Year program founded: 1992</td>
<td>References: Three reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thompson Rivers University</td>
<td>Experience: Not required Education:</td>
<td>Final Paper: Final Project</td>
<td>Duration: 16 months (full-time) Location: Kamloops Enrolment time: Fall</td>
<td>$19,163 Domestic: $15,000 International: $22,000</td>
</tr>
<tr>
<td>Full-time MBA</td>
<td>4-Year Bachelor's degree</td>
<td>Internship:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation: Non</td>
<td>Testing: GMAT 500</td>
<td>12 weeks, not offered to all students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year program founded: 2005</td>
<td>References: Non</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaspina University</td>
<td>Experience: Not required Education:</td>
<td>Final Paper: Final Project</td>
<td>Duration: 14 months (full-time) Location: Vancouver Enrolment time: Fall</td>
<td>$30,000</td>
</tr>
<tr>
<td>Full-time MBA</td>
<td>4-Year Bachelor's degree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation: Non</td>
<td>Testing: Not required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year program founded: 2004</td>
<td>References: Non</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Northern British Columbia</td>
<td>Experience: Not required Education:</td>
<td>Final Paper: Final Project</td>
<td>Duration: 24 months (full-time) Location: Prince George Enrolment time: Fall</td>
<td>$30,000</td>
</tr>
<tr>
<td>Full-time and Part-time</td>
<td>4-Year Bachelor's degree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation: Non</td>
<td>Testing: GMAT 550</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year program founded: 2005</td>
<td>References: non</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data Source: Business Week, MBA School Profile, 2006, and interviews with Marketing Personnel and Program Directors of some of above institutes
4.2.2 Strategic Group Mapping

Strategic group mapping is useful in evaluating the competitive positions of the various industry members according to their relative strength in the selected competitive characteristics. The evaluation criteria to rank MBA programs are taken from a recent article about a comparative assessment of the global MBA by Kathawala, Abdou, and Emuti (2004). The weighting of these criteria, however, is based on my own understanding of this article and of interviews I conducted with the marketing personnel in each university. Therefore, the perceptions of various MBA programs in the market are based on my own understanding of the limited information given to me by my project sponsor and my own subjective numerical estimation of the existing MBA programs of other universities and SFU. Since SFU's GMBA program is not in the market yet, I use perceptions of current SFU programs in my evaluation. These evaluation criteria and their respective weighting, which has been confirmed by Marketing Director, Director of MBA program at SFU, and number of current MOT and SMBA students, are summarized in Table 3.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting(20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Program Reputation/Accreditation</td>
<td>7</td>
</tr>
<tr>
<td>Affordability</td>
<td>6</td>
</tr>
<tr>
<td>Flexibility of Program</td>
<td>5</td>
</tr>
<tr>
<td>Program Length</td>
<td>3</td>
</tr>
</tbody>
</table>

Using weights as a guide for evaluating the relative strength of the programs on each dimension, six strategic maps are possible and created through relevant combination
of these dimensions. The six combinations are Reputation and Affordability, Reputation and Flexibility of the Program, Reputation and Program Length, Affordability and Flexibility of the Program, Affordability and Program Length, and Flexibility and Program Length.

Based on the historic information gathered from interviews with Marketing Directors and other staff members in all MBA program in B.C., the rating of each program is summarized in Table 4.

Table 4  Rating of the GMBA Program- Direct Substitute

<table>
<thead>
<tr>
<th>University</th>
<th>Reputation</th>
<th>Affordability</th>
<th>Flexibility</th>
<th>Program Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBC</td>
<td>10</td>
<td>2</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>SFU(GMBA)</td>
<td>4</td>
<td>7</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>SFU(MOT)</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>UVIC</td>
<td>5</td>
<td>7</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>TRU</td>
<td>2</td>
<td>8</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Malaspina University</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>UNBC</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Note:
1-The rating is numbered out of 10, and it goes from best = 10 to worst = 1.
2-All information is based on the program information gathered from interviews.

In this paper, I discuss direct substitutes in detail. The summary of the same weighing and rating process for MBA indirect substitute and the related strategic mapping are presented in Appendix 3.

Now, by combining the numbers based on the weighting in Table 3 and rating in Table 4, the position of each player in the market will become clear. The summary of the end chart is shown in Appendix 2. I used Appendix 2 to come up with the positioning
maps by plotting the numbers. Then I treated them as coordinates using 2 dimensions at a time as the axes. In addition, for comparing the Affordability of the MBA programs, I assumed that tuition fee for MOT will be $30,000 by the time of offering GMB.

According to the Associate Director of Segal.

SFU's GMB program fares very well in the first comparison using Reputation and Affordability (Figure 3), with UNBC program suffering due to its location. Malaspina is scoring well ahead of all other players in Affordability but poor in Reputation. UBC's program's premium price positions it at the highest Reputation among all competitors. SFU's status is particularly valuable in terms of Affordability, but it still needs some time to move up in the Reputation direction to build its brand image. Therefore, SFU seems to appeal to students who are committed to a reputable masters program but who do not have enough saving to pay for the high cost of their education. SFU GMB may lose the market to UVIC because UVIC has a better reputation for the same tuition cost.
When comparing program ranking resulting from using the Reputation and Flexibility dimensions in Figure 4, as well, the SFU GMBA program is very well positioned in the comparison chart. As shown, SFU GMBA program is behind UBC MBA program in terms of Flexibility. UBC’s position is a result of a number of factors including the variety the courses offered for each specialization (60 courses in total), timing of the part-time courses, and the number of courses that are offered each semester. As noted before, SFU still needs to work on the reputation of the new program offering, compared to other face-to-face MBA programs. It will have a flexible scheduling for students. As a result, SFU appears to appeal to students who still desire a reputable program but whose work or family commitments require flexible schedules.
Another comparison results from using Program Length and Affordability dimensions shown in Figure 5. In this situation, although SFU GMBA is behind Malaspina and TRU in terms of Affordability, SFU is the leader of program length by offering a 12 months intensive program. Nevertheless, Figure 5 clearly shows that for students whose cost and duration of the program are major selection factors for them, Malaspina University is the best choice.
The next comparison is Affordability and Flexibility dimension shown in Figure 6. For sure, targeted students for GMBA consider both affordability and flexibility of scheduling of the program. Therefore, the more evening courses and the greater variety of courses SFU can offer, the better SFU targets its desired segments.
Reputation and Program Length dimensions are presented in Figure 7. If SFU GMBA wants to survive in this competitive market, it needs to build its reputation by offering a high quality program while advertising effectively before the introduction of the GMBA program. Malaspina University’s MBA program is only one month longer than that of SFU. As mentioned earlier in the paper, Malaspina University is in the process of getting accreditation. It has built a very strong reputation for its MBA program in two years since its foundation to attract students in B.C. and internationals students. For SFU, who already has AACSB accreditation, building a strong reputation should be easier, but it needs more marketing effort.
The comparison involving Flexibility and Program Length in Figure 8 results from SFU GMBA program and SFU MOT program being very close as the rating of these two dimensions for these two programs are almost the same. There will be a possible risk that the new GMBA offering have a negative impact on the number of enrolment for MOT program as these two programs both have the same cost and length. Therefore, a careful consideration of the marketing of MOT and GMBA program can help students find the program that matches their interests in terms of the content of the program offering.
Overall, the strategic maps provide apparent explanations for the almost consistent enrolment levels of the existing programs offered by the seven universities who are the major players in GMBA market.

4.2.3 Impact of Proposed New Entrants

Appendix 2 presents the same strategic maps for SFU’s indirect substitutes in B.C. Comparison of the position of SFU with its competitors using the strategic maps for both direct and indirect substitutes will help predict the likely moves of industry members and the impact of proposed new entrants.

Based on the strategic maps of indirect and direct substitutes, SFU GMBA program is projected to lure 40 students from the other programs. The calculation of
estimated number of students in GMBA class in 2007 is presented in Appendix 5. However, a serious threat would be cannibalization of SFU's own MOT program, which is expected to lose 25 students as a result of the GMBA program introduction (see Appendix 5). Clearly, SFU will have to manage this threat before reaching any definitive conclusions on the introduction of GMBA.

4.3 Conclusions: Key Success Factors

From the preceding analyses of the industry and its competitors, a number of key factors contributing to success are apparent for the MBA industry. These factors are discussed in the following sections of the paper.

4.3.1 Program Reputation and Quality of Instruction

Program reputation and quality of instruction are critical to success in the MBA industry for SFU. In the past SFU successfully built a good reputation in B.C and this fact helps attract many students. Eighty percent of ten current SFU students who were interviewed identified reputation as the most important factor for choosing SFU. Education is an example of an experience good since consumers cannot evaluate the quality of the product before experiencing it (Weimer and Vining, 1992). Consequently, potential consumers rely heavily on information proved by past consumers to evaluate alternatives and make their selection. For the MBA market, recommendations of current students and of past graduates are key sources of information for prospective students (Director of MBA Programs at SFU, 2006).
4.3.2 Responsiveness

For future success in the MBA market, industry members will need to be responsive in two ways. First, a MBA program must be adequately flexible to meet the scheduling needs of working students. Responses to this need can range from complete scheduling flexibility, such as the one offered by University of Phoenix, to offering multiple fixed scheduling formats such as weekend and weeknights formats and optional summer school electives offered by the UBC MBA. Second, programs must respond to the educational needs of students and the industry. This will require ongoing monitoring of students and industry perception on curriculum content and regular and updating of core course content and electives offered. Additionally, the use of experienced business executives as lecturers and faculty will ensure that students are exposed to up-to-date practices. SFU’s successful past experience in educating adults in the EMBA program for number of years shows a potential success of its new GMBA based on the content of the program and quality of offering (interview with the Marketing Director of Segal, June 2006).

4.3.3 Marketing Effectiveness

With increasing competition for students, a program’s ability to effectively market its offering will be critical in the MBA industry. Marketing effectiveness will require an understanding of the potential consumer groups, how to reach those groups, what their educational needs and priorities are, and how those needs and priorities are changing through the demand of employers. Only then will a program be able to design and / or modify its offerings appropriately and to identify and communicate the potential benefits of its product to the MBA market.
4.3.4 New Location of Segal School of Business

SFU’s new location in Segal in the core of downtown Vancouver helps the new GMBA as well as SFU’s current available programs to increase the potential of attracting students. Vancouver Board of Trade general manager Darcy Rezac said that the concentration of SFU, BCIT, and UBC in downtown shows that there is a migration in educational institutions being more relevant to mainstream day-to-day business. As this message of being relevant is accepted by the general public, SFU will appear attractive as a university providing relevant MBA programs.
5 INTERNAL ANALYSIS: THE SFU G MBA PROGRAM

This section of the paper focuses on the SFU GMBA program’s strategic position within the MBA industry. First, an analysis is made of the current offerings and their target markets, and then evaluation is provided of the current marketing strategies. Then I assessed the opportunities and threats of the MBA industry as a useful context for reviewing the SFU GMBA program’s strengths and weaknesses. Next, I assessed the program’s competitive position relative to that of its competitor’s. Finally, the results of the internal analysis are used to identify the strategic issues to be faced by SFU’s GMBA program.

Please note that the discussion is this section (Section 5) is based on my limited understanding of SFU’s new GMBA program. In addition, I am not allowed to disclose all I know. This approach may make reading this section more difficult than the reader has expected.

As mentioned earlier, the design of this program is almost complete and is currently under approval. I still conducted internal analysis regardless because the design is not completely set yet and therefore the program is subject to change. Nevertheless, the change is not expected to be drastic from the original design.

When discussing cost, I did not take into account the financial impact of each strategy (details in Section 5.6) on other SFU programs. For example, I did not consider the possible cannibalization between the MOT program and the new GMBA program and
did not translate this impact into dollar amount as a part of the total cost of adopting the strategies. It would have been a great idea to consider the financial impact on other existing programs since this would have been a more accurate way of measuring the benefit SFU gets from launching the new GMBA program, but it is beyond the scope of this project. Furthermore, I also did not take into account the cost of faculty’s time and effort that may be required in launching the new program.

5.1 Current Products and Target Market(S)

5.1.1 Target Market

According to the Associate Dean of Segal, the current target market for the SFU GMBA is comprised of new undergraduate students who recently attained their bachelor’s degree, who have been in the labour market for at least two years, and who are thinking about changing the industry or moving to the management level within their current industry. According to the Associate Dean of Segal, the current goal of SFU is to attract students from B.C. in first few years and possibly widen the target market to other provinces and international students after a successful introduction of the GMBA program. These targeted students can be from any disciplines include engineering, business, science, and law.

Another target market is the new immigrants who came to Canada as skilled workers. These immigrants have undergraduate degrees and at least four years of experience in the same filed of their education and are seeking opportunities in the management level in B.C. These new immigrants filled, on average, more than 30% of the seats of MBA programs in the past. With increasing number of new immigrants to
B.C., it is worthwhile to desire a better marketing strategy to attract this target group. Based on historical data, more than 60% of students in the MBA program were men. Around 30% of students were international students (and these were not the new immigrants mentioned earlier in the same paragraph) (Interviews with Marketing Directors, 2006; Business Week Online, 2006).

Due to high tuition of MBA programs, these targeted students are mainly from high-income families or have full-time jobs in order to afford their tuition fees.

5.1.2 Market Segmentation

The target market has been further segmented by desired program format.

The weekday program targets those students who have enough financial support to pay the cost of a full-time MBA program while the weeknight or weekend format is for those who do not have this financial support.

The weeknight program targets at students or new immigrants who do not have that much saving to afford the tuition of GMBA program in the full-time format and who prefer a flexible schedule that allows them to work while studying. The weekend program, on the other hand, appeals to those targeted students who work out-of-town. The weekend program allows SFU to target a wider range of market in B.C.

5.2 Opportunities and Threats of MBA Market

5.2.1 Opportunities

A number of opportunities exists for SFU GMBA in the B.C. MBA market. First, there are limited choices of highly-reputable programs for students wishing to pursue
graduate business management education. UBC, UVIC, and SFU are the only high reputable program in B.C., according to current SFU students (I understand that there is a selection bias for interviewing current students, but my project sponsor did not wish me to interview potential students). Students’ choices of programs are even fewer when looking for programs that meet all of their preferences such as flexible schedules and industry-related content.

Second, there would be relatively low incremental costs, upfront, for SFU to offer a GMBA program if one ignores the financial impact of possible cannibalization from SFU’s existing programs as a result of launching the new GMBA program, and if one assumes the cost of faculty time and effort required is negligible. The existing core courses of the general business skills in the GDBA program can potentially be adapted. The specialized business skills courses that will be offered in the second semester of the GMBA program can be adopted from the current courses in the MOT and SMBA programs.

Third, the impact of employers’ demand and a growing perception that business managers need more business training create excellent opportunity for a program that offers a mix of business and industry-oriented courses. While the SMBA program had limited opportunity to offer flexible formats to meet students’ desires, the SFU GMBA program can offer three or four choices of specialization in the last semester. There is also a discussion going on in the faculty to offer an option to transfer to the MOT program after the second semester of the GMBA program.
Next, although SFU does not consider recruiting international students in the first year of its new GMBA program, the new governmental regulation allowing international students to work off-campus or part-time will be a big opportunity for international students to consider B.C. for their studies. Working off-campus will help international students in paying their tuition fees especially after the recent increase in MBA programs’ tuitions fees in B.C.

Finally, employers’ demand in B.C. is affecting the perceptions of job security and will likely result in an increase in demand for graduate management education as current employees are trying to improve their positions in their organizations. Although employer funding for such programs will likely be low or nonexistent, this should not present a significant problem since the Associate Dean of Segal confirmed that there will be a part-time option with evening courses for those who want to work while pursuing their studies. This option will give students an opportunity to work full-time while studying part-time.

5.2.2 Threats

The recent tuition increase in all MBA programs in B.C. has considerable negative impact on the number of enrolment in MBA programs (Merritt, 2005). On average, most of the universities offering traditional MBA Program in B.C. suffer from around 20% decrease in their MBA enrolment since 2003 (Interviews with Marketing Directors, May 2006). This tuition increase in addition to the recent reduction of governmental loans may create a threat for SFU’s GMBA program.
Moreover, in addition to increasing rivalry for students among existing industry members, there is a significant threat to ongoing success from new entrants and substitutes. The impact of telecommunication and distance learning techniques that improve the quality of distance learning programs may be a particular threat in this market. Increased in the acceptability of people for distance education will strengthen this threat as well.

A projected shortage of faculty will also pose a threat for the MBA industry. Despite opportunities to recruit, the aging population will make recruitment and retention of faculty increasingly difficult. Given the importance of instruction quality especially in face-to-face classes on the overall program reputation, this may be a significant concern in the future for some programs. This threat also applies to SFU’s GMBA program.

5.3 Strength and Weakness of SFU GMBA Program for Entering the MBA Market

In considering an expansion of its offering in the MBA market, the SFU GMBA program has a number of relevant strengths and weaknesses.

5.3.1 Strengths

The SFU graduate business programs including EMBA, MOT, and SMBA have a well-established identity and reputation within the B.C.’s MBA market. SFU is ranked by sixteen of current SFU students as second after UBC, in B.C., in awareness levels of its MBA program (interviews with current SFU students, May 2006).

The Segal campus provides a highly accessible location for GMBA students. Based on the target market, the percentage of potential students with a full-time job while
studying will be high. Thus, the location of the campus will be among the most important criteria for them to consider. The high profile of the downtown location is also an important contributor to the goodwill between the GMBA program and the business community.

5.3.2 Weaknesses

Although for graduate business programs, reputation is among the most important factors for students to consider in their school selection (Gerrencher, 1998), the reputation of the new program would need time to establish due to the increasing competition among MBA programs in general. A perceived successful experience in offering SMBA and MOT programs in the past may help solve this problem, but still it will take time to establish the new program in the market.

The second weakness of the new GMBA program is the need to recruit more than a certain number of students (at least 20) to recover the cost of the program in the first year. According to the Director of MBA program, although offering a high quality education is the aim of SFU, it does not mean that SFU should suffer financially for this new program.

Another weakness of the GMBA program is the late entry into the MBA market. Although the Associate Dean of Segal forecasted that the process of the GMBA approval will be finished by the end of 2006 and the program will be introduced in fall 2007, there is still a high probability that the proposed GMBA program needs further reviews and this indeed will postpone the introduction of the program. The longer it takes to enter
this market, the harder it becomes for SFU to market this product and build a good reputation.

Finally, the SFU GMBA program will be limited, at least in the beginning, in the level of scheduling flexibility it can offer to potential students of the GMBA. Given the need to significantly cover the costs from tuition revenues, it is likely that only a single scheduling format will be offered at the beginning. This limitation will significantly weaken the GMBA’s ability to compete on the dimension of scheduling flexibility, which was one of the most important criteria in the selection of the MBA program (Kiplinger’s Personal Finance Magazine, 1997).

5.4 Strategic Issues to be Addressed

The preceding discussion about the SFU GMBA strategic positioning and SWOT (strengths, weaknesses, opportunities, and threats) analysis can be summarized by outlining the strategic issues facing the SFU GMBA program. The major strategic issues are addressed as follows.

5.4.1 Building a Reputation for the GMBA Program

As shown in the strategic maps (Figures 3, 4, 5, 6, 7, and 8), reputation is among the first factors for SFU MOT’s success in the MBA market. If SFU wants to gain the same reputation for its GMBA program to attract students, more time and marketing effort should be spent on this new program. Given SFU’s small marketing budget compared with that of its biggest competitor UBC, establishing a reputation for GMBA in a short period of time will be a tough job (interview of Marketing Director, June 2006).
In addition, low enrolment levels can potentially be a significant factor hindering the program’s ability to cover incremental costs and to offer a good selection of electives to maintain students’ satisfaction. SFU must, therefore, find ways to transfer the outstanding reputation of its current MBA offering to the new GMBA program.

5.4.2 Maintaining Scheduling Flexibility

A key issue in designing the GMBA offering is the decision about which format or formats to offer. Based on the characteristics of targeted segments for this program, flexibility of scheduling appears to be among the first factors affecting potential students’ decision. Thus, dual format of GMBA will help increase the rating of the dimension of flexibility.

However, the GMBA will likely be unable to attract a sufficient number of students to warrant two formats, and the program will therefore need to find other ways to offer students the scheduling flexibility that they demand in a program.

5.4.3 Faculty Recruitment Challenges

One component of building a good reputation for the GMBA is the recruitment of respected and skilled faculty with high qualification given the projected shortage of faculty in general for the following years. The SFU GMBA program must consider the issue of faculty recruitment as a part of its aim in responding to the demand of potential students for full-time, part-time, and distance format.
5.5 Summary of SWOT Analysis

In generating alternative strategies it is useful to assess how the GMBA program's strengths and weaknesses relate to opportunities and threats of the MBA market. Figure 9 proposes a generic SWOT analysis framework that uses such a process to offer four broad strategies for consideration. Figure 10 customizes the framework to propose four strategic options for the SFU GMBA program in the MBA market. These four strategic options are SO strategy, ST strategy, WO strategy, and WT strategy, as illustrated in Figure 10. The following sections of this paper explain these strategies in detail.

**Figure 9  SWOT Analysis Framework**

<table>
<thead>
<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td>SO Strategy: Use strengths to take advantage of opportunities</td>
<td>WO Strategy: Take advantage of opportunities to overcome weaknesses</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td>ST Strategy: Use strengths to avoid threats</td>
<td>WT Strategy: Minimize weaknesses to avoid threats</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>External Factors</td>
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### Figure 10 SWOT Analysis SFU MBA Program in the MBA Market

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td>- well-established reputation - location, facilities</td>
<td>- late entrance to market - limited flexibility</td>
</tr>
<tr>
<td>- not many reputable programs</td>
<td>SO Strategy</td>
<td>WO Strategy</td>
</tr>
<tr>
<td>- low cost to expand potential new demand</td>
<td>Create GMBA with high quality of content</td>
<td>Significantly adapt existing GDBA and MOT to create GMBA</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td>ST Strategy</td>
<td>WT Strategy</td>
</tr>
<tr>
<td>- Tuition increase - entrants, substitutes - faculty shortage</td>
<td>Offer more options for specialty electives to attract students from variety of industries</td>
<td>Do not offer GMBA; continue to attract with MOT only</td>
</tr>
</tbody>
</table>

### 5.6 Analysis of Strategic Options

#### 5.6.1 SO Strategy: Create a High Quality GMBA

This strategic option proposes to capitalize on the SFU MBA programs’ reputation and excellent location to respond to the lack of choice for well-reputable programs that score highly in all areas of reputation, location, affordability, and flexibility of schedule. This strategy will likely attract students similar to those who are currently enrolled in programs at UBC (offering strong reputation and good location) and UVIC (offering reputation and affordability).

The competitive response to SO strategy may include increased marketing activity by UBC and UVIC in an effort to retain their market shares.
5.6.2 ST Strategy: Offer More Speciality Courses

This strategy attempts to avoid the market threats of declining numbers of potential students and increasing substitutes by maintaining the general MBA format but adding more industry-oriented electives. The incremental cost of this option is high because it costs a lot to attract qualified faculty with experience in a variety of industries. However, through the addition of industry-oriented electives, the SFU GMBA program may be able to attract more students from a wider range of educational background and work experience.

The distinctive disadvantage of the ST strategy is that the number of potential students who would be attracted to GMBA with specific industry-oriented electives may be too low to cover the costs of creating such new courses.

Competitive response to this strategic option would likely be minimal or non-existent since SFU would not be making a significant attempt to differentiate on the basis of industry content. Only UBC, offering 60 elective courses, would be threatened by this new offering. However, UBC’s high flexibility and high reputation would continue to be a competitive advantage over SFU’s GMBA anyway.

5.6.3 WO Strategy: Adapt MOT, SMBA, and GDBA to Create a GMBA

This strategic alternative proposes an adaptation of the existing programs to offer the new GMBA. This would require adaptation of most core curriculum courses. The advantage is that the incremental costs of adopting WO strategy will be low, but all core courses would require review and possible modification to incorporate the content of variety of industries.
A key issue in the WO strategy is the loss of scheduling flexibility. The MOT program, compared with other MBA programs in B.C., does not have a flexible format, and adapting the MOT format will result in low flexibility of the GMBA program. In addition, the SFU GMBA program’s will probably offer only one format for at least one semester. Thus, the lack of scheduling flexibility will prevent SFU from marketing its GMBA program successfully in the MBA market.

Competitors will probably respond to this new offering by continuing to differentiate on their strongest competitive dimension or dimensions. If potential students are strongly committed to only one or two evaluation criteria such as scheduling flexibility and tuition, this strategy may not be very successful for the SFU GMBA program. On the other hand, SFU may be able to attract a significant number of students who are dissatisfied with the reputation of Malaspina or TRU programs (since SFU is rated higher in reputation, see Figures 3, 4, and 7), these students may then consider SFU’s GMBA program.

5.6.4 WT Strategy: Continue with the MOT Program Only

The final strategic option recognizes the significant threats of tuition increase, new market entrants, and product substitutes while acknowledging the SFU GMBA program’s weaknesses of limited scheduling flexibility and late action in offering a new program. For this option to be successful, SFU must spend a significant amount of money and time in marketing MOT to attract more students to this program.

While such an increase in enrolment may occur, this option does not contribute anything new to the SFU MBA program’s current strategy. The risk of inaction is an
erosion of the program’s competitive position due to new entrants and substitute products. Moreover, failure to respond to marker demands for a general MBA is inconsistent with SFU’s past strategy as a reputable provider of high quality education.
6 RECOMMENDED STRATEGY AND IMPLEMENTATION ISSUES

6.1 Recommendation: WO Strategy

After examining the external and internal environments (see External Analysis and Internal Analysis earlier in the paper) of the SFU GMBA program in the context of a decision to offer a GMBA, a “WO Strategy” is recommended for two reasons. The first reason, as discussed before, is the low upfront cost of offering GMBA program by adapting the current MOT, GDBA, and SMBA programs (without considering the financial impact of possible cannibalization as a source of cost). The second reason is that the offering of new GMBA program will be easier by adapting the curriculum of existing programs. SFU, therefore, should modify the existing MOT, GDBA, and SMBA programs to offer a GMBA program.

6.2 Suggested Implementation: WO Strategy

Given the result of my research and interviews with current students, I propose a program as outlined in Figure 11. This implementation does not follow directly from external and internal analysis discussed earlier in the paper. Rather, given WO Strategy is recommended and based on my limited knowledge of the design of the new GMBA program, of which I am only allowed to disclose some information, I decided to suggest an implementation of the WO Strategy. To actually implement the WT Strategy as suggested in Figure 11, I recommend a further careful examination of all the factors involved.
Figure 11  Recommended SFU GMBA Program

<table>
<thead>
<tr>
<th>Program Name:</th>
<th>Simon Fraser University General MBA Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Format:</td>
<td>1- Weekdays, full-time</td>
</tr>
<tr>
<td></td>
<td>2- Evening, part-time</td>
</tr>
<tr>
<td></td>
<td>While offering courses in evening permits full-time employed students to participate in this program, a part-time option will attract more students by extending the single format offering of the GMBA to a dual format offering.</td>
</tr>
<tr>
<td>Program Length:</td>
<td>One Year full-time, two years part-time</td>
</tr>
<tr>
<td>Curriculum:</td>
<td>Adapt existing courses from MOT and SMBA to the extent possible. A faculty committee should be constituted to discuss design of core and elective courses to be offered.</td>
</tr>
</tbody>
</table>

6.3 Advantages and Disadvantages of the Suggested Implementation

The proposed program and scheduling format provide several distinctive advantages, explained below.

- The incremental cost of offering GMBA program can be low if existing courses from MOT and SMBA can be adapted. The curriculum can be expanded after the first year.

- The evening format, in which the classes will run after work hours, allows students to work full-time while taking GMBA. As mentioned earlier, these students are projected to be more than 50% of the total GMBA students (Raeis Zadeh and Rashid, 2006).

- If the interest level in GMBA afternoon classes continues to be high, the GMBA could effectively be extended to both part-time and full-time
formats. This part-time offering should have variety of online courses as well.

- SFU will attain all of the goals as mentioned in the introduction of this paper if adopting the WO strategy.

The WO strategy, on the other hand, has some disadvantages. First, this strategy will require some review and modification of existing core MOT and SMBA courses in order to meet the expectation of both the GMBA students and the industry. This will take time and consequently will result in the delay of the offering of the GMBA program. In addition, building a good reputation for the GMBA program requires both time (at least six months) and substantial budget for effective marketing and advertising of the program. According to Marketing Director of Segal, the total SFU business department’s marketing budget is only a quarter of that of UBC, and this difference in budget will give UBC a competitive edge to capture the B.C.’s MBA market.

6.4 More Recommendations

Regardless of which of the four strategic options outlined in Figure 10 is chosen, I recommend the following actions based on my analysis of the external and internal factors influencing the MBA market and based on my limited understanding of where SFU is going with the new GMBA program.

First, I recommend SFU GMBA to offer internships to its students. Reviewing the competitors’ program offerings reveals that 50% of B.C.’s public schools (including UBC) are offering around 8 to 12 weeks of internship or co-op to their students. Internships or co-op make job-hunting easier after graduation (Interview of current
students in SFU, June 2006). If SFU wants to satisfy the need of its students, it seems logical to offer an internship option for the GMBA students.

Second, I recommend less than $30,000 for SFU GMBA’s tuition. In terms of pricing, keeping the price less than $30,000 will give a competitive edge to SFU in the market. Figures 5 and 6 show that keeping the price of SFU GMBA the same as the price of UVIC’s MBA will position SFU closer to best possible area than its competitors. UVIC charges $27,500 for its MBA and I suggest that SFU offer the same price as UVIC.

Third, I recommend two or three areas of specialized courses in the last semester. GMBA students are from wide range of undergraduate disciplines; thus, offering two or three areas of specialization in the last semester will both allow SFU to attract students and at the same time have a wider range of students to select to admit into the program.

Fourth, I recommend the review of the issue of cannibalization between GMBA and MOT. This review is to identify potential concerns and opportunities for sharing resources including electives. Moreover, giving the students the option to transfer to MOT after passing the courses in their first semester will reduce the cannibalisation between GMBA and MOT. Because more than 30% of students in the MOT program have the same education and experience background as that of GMBA students, there is a possibility that this segment of potential MBA students have the same taste of interest for both programs. Therefore, avoiding offering a transfer option will result in a significant cannibalization of this two MBA programs at SFU. This cannibalization, later, will lead to a decrease in number of students in both programs and lead to confusion of the positioning of these two programs.
Finally, I recommend developing new marketing strategies to attract potential students. New marketing strategies will be needed to appeal to these diverse groups. For example, information sessions for undergraduate students especially in universities’ engineering departments and information sessions for new immigrants will help attract potential students to the GMBA program.

It is useful at this point to note that a GMBA would also be likely to attract potential students from other educational programs not discussed in this research. These include potential students interested in masters programs in other disciplines such as engineering and potential MBA students interested in programs offered by other institutes not discussed in this paper such as University of Seattle.

6.5 Conclusions

The new GMBA program represents an excellent opportunity for SFU to extend its current program offerings. The GMBA can respond to an apparently unfulfilled market demand for a local general MBA program that is more affordable than competitors such as UBC, more flexible than Univerity of Victoria, Thompson Rivers and Malaspina, and has higher reputation than Thompson Rivers and Malaspina University’s existing programs. Additional program growth opportunities are possible as almost all industries are looking to hire managers with business skills to fill the labour shortage due to retirement of the baby boomers. Therefore, SFU should respond to the potential demand by introducing its new GMBA program.

Based on external and internal analysis (see Sections 3, 4, and 5) and my limited understanding of where SFU is going with its new GMBA program, I came up with four
major strategic options (see Figure 10) and recommend adopting the WO Strategy. The low incremental cost of introducing the GMBA by adopting the MOT and SMBA programs makes WO Strategy relatively low risk. In addition, since MOT and SMBA have already been in place, adapting the curriculum from existing programs will not be too challenging.

Although not directly based on the external and internal analysis discussed earlier, I suggested an implementation. Please note that to implement my suggestion, one has to carefully re-examine all factors involved since this implementation is only based on my limited knowledge of what SFU would like the new GMBA program to encompass. Regardless of which strategy to adopt (the four strategies are shown in Figure 10), I recommend that SFU invest time and energy on marketing its new program since creating awareness is the first step to attract potential students.
7 LIMITATION AND FUTURE RESEARCH

This paper has several limitations. First, this paper did not investigate specific factors influencing students' decision to choose one MBA program over another. The ideal method for this investigation is to survey potential students who have shown interest in the offering of the new GMBA program. Numerous logistic difficulties prevented me from conducting the investigation. For examples, time constraints, inability to obtain detailed information about the GMBA program, and the complexity of administering such a survey posed serious challenges. In addition, these factors led to low interest of the management of SFU to conduct such a survey at this time. Therefore, I interviewed current students on their perceptions of current MBA programs in the market. Future research should consider surveying potential students so that preferences for MBA programs can be obtained. This information can help one design a good MBA program.

The second limitation of this paper is the possible inaccuracy in the numbers of enrolments of current MBA programs in the market. By the time of this research, I could not find any reliable source of data that included all enrolment statistics. Therefore, I gathered my numbers by contacting some of the marketing personnel in other universities and institutes. The time limitation of this research did not allow me to further verify the numbers. Thus, future studies should consider contacting all marketing personnel in order to obtain the detailed accurate data.
The third limitation of my paper is the lack of relevant historical data. Some of my recommendations are based principally on the findings from the literature and my interpretations of the interviews and conversations I conducted. As I had very limited historical data, my recommendations should be further investigated in the future. For example, I recommend focusing on recruiting new immigrants and I predict that it will instantly position SFU favourably in comparison to other competitors. I do not know if my prediction will be correct since the historical data I obtained did not include students’ countries of origin or their immigration status. I suggest future research be conducted by incorporating extensive historical data of students of MBA programs in B.C.

The fourth limitation is the lack of detailed information about the curriculum of SFU GMBA program. I interviewed the Associate Dean, the Marketing Director, and the Director of MBA program at Segal. As I mentioned earlier, because the development of the GMBA curriculum is not completed yet, disclosing the detailed information regarding the format and design of the GMBA program was not advised by the interviewees. Further clarifications about the format, cost, and time of offering the GMBA program will advance the marketing strategies I recommended in recommendations section (6).

Fifth, there may be selection bias in this project since I interviewed current SFU students instead of potential students. Because my project sponsor did not wish me to speak to potential students, I could only resort to current students. I understand that this approach would result in selection bias; since these students decided to come to SFU, their opinions of SFU would be better than that of those who decided not to attend SFU.
Sixth, I did not include the financial impact on other programs at SFU as a result of launching the new GMBA program when I analyzed the cost of each strategy. For example, I did not consider the possible cannibalization between the MOT program and the new GMBA program as a part of the cost of adopting a strategy. It would have been a great idea to consider the financial impact on other existing programs since this would have produced a much more accurate measure of the benefit of launching the new MBA program, but it is beyond the scope of this project. Future research should quantify the financial impact on other programs in order to accurately measure the benefits and costs of each proposed action.

Finally, I believe that there are two applied areas for SFU Business to focus on in the immediate future. First, SFU should find the most effective forms of communication with alumni and current MBA students. Second, SFU should find methods of effective marketing of the new GMBA program in B.C. Achieving these objectives needs further research, which will require extensive investment in money and time.
APPENDICES
Appendix 1  
Sample Interview Questionnaire

Total Market Size

1. How many people showed their interest in the new program? What is the duration of the survey?

2. What is the source of the data?

Environmental Scanning

1. What are the demographics and socio-cultural changes causing you to develop this program?

2. Have you accounted for macro economic determinants in developing this program? Do you think that elements such as economic recession, currency devaluation, etc have an impact on your program?

3. What are the political and legal factors that might affect your program? Is your program likely to be impacted by government educational policies, changing laws, and regulations?

4. Do you think that GMBA reflect the changing demographics of population in Vancouver? Does increased immigration, changes in life cycle (such as increasing singles and single parents), changes in sex roles, income, education, household size, ethnicity etc are being accounted for?

Industry Determinants

1. What is the market growth rate for the last five years for MBA programs in Vancouver? How have you projected it?
2. Is there any way that we can find statistical data showing what was the effect of starting MOT on EMBA?

Derived Demand

1. How have you determined that there will be a demand for GMBA program?

2. Have you projected your GMBA program demand for the next 5 years? If yes, how and what tools have you used?

3. What are your long-term plans for improving the program? What do you foresee to be an important addition to your program? Why?

4. How have you formulated your target market or what are the bases of determining your prospective Students/direct customers? What is their profile?

Cannibalization

1. What is the cannibalization effect on other programs? Any calculation as what is your strategy to protect it?

2. Indirect Substitutes

3. Do you think that your other MBA programs are indirect substitutes? Where would the prospective MBA students go if they do not get admission to any of the MBA programs in Vancouver? Is BCIT your indirect substitute?

4. What is your unique selling proposition or competitive advantage? Is it the course content, faculty, fees, duration, co-op programs, or student diversity? (It could be more than one).

Direct Substitutes

1. Whom are you considering as your direct competitors for GMBA program?
2. Is there any online version of that? What is the required background of the students?
   What is the average GPA required?

3. Where is the geographical location of our target market?
   ----Just Vancouver ---- Just B.C. ----- Just Canada

4. What are the characteristics of students in GMBA’s target market?
   Age, experience, background education, tests (GMAT, TOEFL, or IELTS)

5. How many students per semester will be accepted?

6. How many students per class are allowed?

7. How much is the tuition fee?

8. What is the length of the program?
   ---- One year ---- More

9. When do you think you will offer this program?

10. Are there any constraints to offering the GMBA?
    ----Funding ----Program approval ---- Curriculum development
    ---- Overlap with any other program in SFU (GDBA, MOT)

11. How much is the cost of offering the new program? How many students should be recruited to cover the cost of the new program offering?

12. Do we need to get any kind of approval from AUCC or SFU graduate program organization or something?

13. How long does it take, based on the experience, to prepare the new curriculum?

14. Do we need to recruit new faculty to teach the new curriculum?
## Appendix 2
Final Summary of Program Mapping Data-Direct Substitutes

<table>
<thead>
<tr>
<th>University</th>
<th>Reputation</th>
<th>Affordability</th>
<th>Flexibility</th>
<th>Program Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBC</td>
<td>70</td>
<td>12</td>
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<tr>
<td>SFU(GMBA)</td>
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<td>SFU(MOT)</td>
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<td>UVIC</td>
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Appendix 3
Rating of the GMBA Program and
Final Summary of Program Mapping- Indirect Substitutes

### Program Rating-Indirect Substitutes

<table>
<thead>
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### Final Summary of Program Mapping-Indirect Substitutes

<table>
<thead>
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<th>University</th>
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<th>Flexibility</th>
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<td>SFU(GMBA)</td>
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Appendix 4
Strategic Maps of GMBA Industry - Indirect Substitutes

Dimension Flexibility and Program Length

Dimension Reputation and Affordability
Dimension Reputation and Flexibility

Dimension Reputation and Program Length
Appendix 5
Calculation for Projected GMBA Enrolment in 2007

<table>
<thead>
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<th>University</th>
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<th>Affordability</th>
<th>Flexibility</th>
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### Direct Substitutes

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REFERENCE LIST


Associate Dean of Segal, SFU Business (June 2006), Personal interview.


Current SFU MBA Students, SFU Business (May, June 2006), Personal interviews.


Director of Marketing, SFU Business (May, June 2006), Personal interview.

Directors of Marketing in B.C. MBA schools (May, June 2006), Phone interviews.


Executive Director of MBA Programs at SFU, SFU Business (May, 2006), Personal interview.


