June 15, 2020

To the Krannert Community:

Let me start by again offering my thanks to our faculty, staff, students, alumni and supporters for your hard work in making rapid and necessary adjustments in the face of the COVID pandemic this spring. Preparing our campus for a safe return in the fall is a tremendous undertaking, and I appreciate all you have done and will do to make the crisis less painful for all stakeholders.

I’m writing to inform you that we are pausing our recruiting efforts for the residential two-year MBA program, and will not enroll a class to begin in Fall 2021. We will use this pause to examine the residential MBA program and its long term feasibility, assess changing market demand in a post-COVID environment, and consider a radical reshaping of the degree. I have discussed this decision with Krannert faculty leadership, President Daniels, Provost Akridge and the Board of Trustees, and all agree that is the right move at this time.

There are several reasons for this action. Nationwide, applications and admissions for full-time MBA programs are steadily declining as international students opt for study outside the U.S. and domestic students opt for online programs. Several other schools (including Iowa and Illinois in the Big Ten) have dropped their residential MBA programs, and many others have dramatically reduced the size of their MBA cohorts.

Following this national trend, applications for the full-time MBA at Krannert have dropped 70% since 2009. At the same time, increased competition for applicants, particularly domestic students, has resulted in escalating financial commitments for marketing, assistantships and scholarships. We now spend considerably more to recruit a class than we generate in tuition revenue from that class. That is simply not sustainable, particularly in light of significant financial adjustments that are necessary in the wake of the COVID pandemic.

At the same time as demand for the two-year residential program has declined, market demand for other modalities and other graduate degrees has skyrocketed. Krannert has enjoyed great success with residential one-year programs, and we have launched a number of new online programs. Our Online MBA melds technology with business and has attracted excellent students to its initial cohorts. Our top-10 online MS-Economics program is now the largest graduate degree program in the Krannert School. In the coming academic year we will launch online counterparts to our highly ranked residential programs in Business Analytics, Human Resource Management and Global Supply Chain Management. These offerings will serve the large and rapidly growing market of working professionals who do not wish to leave their jobs and relocate to West Lafayette to further their education, and will enable Krannert to be resilient in the face of the pandemic.

I understand the concern this decision may present for our current students and alumni of the full-time MBA (formerly MSM) program. Let me assure you that this decision is not being made lightly. The MBA program has a proud history and has produced many of our most successful alumni. This program pause does not change that fact. We are honoring all outstanding offers of admission and aid, and are committing to our returning second-year students and our incoming class that your experience will not be affected by this decision. You will receive
the same world-class teaching and experiential opportunities you anticipated and expected when you enrolled in the program.

We teach our students to engage in rigorous analysis of data when making business decisions, and to recognize the world as it is, not how we wish it to be. The data are clear that the business education world is changing, and we must adapt with it. It is our belief that the decision to pause recruitment for the residential two-year MBA program is the best decision for our school and will allow us to best redeploy our resources moving forward.

Stay well this summer, and we look forward to seeing you on campus soon.

Sincerely,

David Hummels
Dr. Samuel R. Allen Dean
Distinguished Professor of Economics