

BOARD OF HIGHER EDUCATION
REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Assessment and Accountability

NO.: AAC 11-04

COMMITTEE DATE: October 28, 2010

BOARD DATE: November 4, 2010

**APPLICATION OF HULT INTERNATIONAL BUSINESS SCHOOL, INC. TO
AWARD THE MASTER OF FINANCE AND MASTER OF INTERNATIONAL
BUSINESS**

MOVED: The Board hereby approves the application of **Hult International Business School, Inc.** to offer the **Master of Finance** and **Master of International Business**.

Authority: Massachusetts General Laws Chapter 69, Section 30 et seq.

Contact: Dr. Francesca Purcell, Associate Commissioner for Academic
and P-16 Policy

INTENT

Hult International Business School, Inc., a New England Association of Schools and Colleges-accredited, independent institution located in Cambridge, Massachusetts, filed articles of amendment to offer a Master of Finance (M.Fin.) and Master of International Business (M.I.B.). Hult has current approval to offer in Massachusetts the one-year Master of Business Administration (M.B.A.). Hult's petition to offer the two proposed programs in Boston—which are currently offered in its London location—is consistent with the institution's global mission. Hult offers these degrees as well as the Master of Digital Marketing and post-graduate diplomas in several locations outside of Massachusetts including London, Shanghai, Dubai, and San Francisco.

The intent of the proposed M.I.B. program is to provide students new to the field of business a pedagogical foundation in international business as well as basic business skills and training. The proposed M.Fin. program is intended to leverage a student's existing business training and knowledge and prepare them for employment in the global financial sector. Students entering the M.Fin. will be required to have an M.B.A. or a baccalaureate degree with a concentration in finance or economics and finance-related work experience. Students graduating from this program will be proficient in global trading, financial instruments, and portfolio management. Both proposed degrees target international students.

Despite the global recession and challenges in the financial sector, the demand for business education and the desire for specialization have remained relatively strong. Utilizing job growth projections of the U.S. Department of Labor, it is anticipated that the demand for professionals trained in business and finance will grow 10.4% between 2006 and 2016.

INSTITUTIONAL OVERVIEW

The institution was originally incorporated in Massachusetts as Arthur D. Little School of Management in 1997, as a division of the management consultancy of Arthur D. Little. The institution primarily focused on providing management training to employees of the firm's clients. As the consultancy business declined, so did student enrollments. The support from Arthur D. Little ended in 2002, whereupon Kaplan, Inc. overtook financial backing of the institution, and the Board approved the institution's request to change its name to the Concord School of Management and to re-title the degree of Master of Science in Management to the one-year academic degree of Master of Business Administration. It was Kaplan's intent to turn the school into an online program. However, when accreditation approval for this plan was denied, Kaplan withdrew support. In 2003, the institution found a new benefactor, Bertil Hult, the founder of EF Education First. In the same year, the Board approved another name change of the institution to its current name of Hult International Business School, Inc.

The mission and purpose of Hult is to provide practical business education for international students. Under a services agreement with EF Colleges, Ltd. (the parent company of EF Education First, located in Switzerland), Hult is responsible for its own operation and control, its academic mission, its admissions decisions, and for the provision of educational services. Hult has an additional services agreement with Hult International Business School, Ltd., a recruiting company and subsidiary of EF Colleges, Ltd., which is responsible for world-wide marketing and promotion, and collection of student payments. Hult International Business School, Ltd. is the financial guarantor of Hult. The contract between the parties ensures a commitment from Hult International Business School, Ltd. to cover the costs that Hult incurs for the delivery of its educational services.

ACADEMIC AND RELATED MATTERS

Admission Requirements

The target audience for the new degree is non-U.S. students. For both proposed programs, applications will be accepted for the fall term only.

M.I.B. Admission Criteria:

- *B.A. degree from accredited university*
- *2.67 GPA or better*
- *Official transcripts*
- *2 Letters of recommendation*
- *Statement of purpose addressing professional goals and career objectives*
- *GMAT or GRE preferred*
- *TOEFL required unless degree is from English-speaking school*
- *Minimum age of 21 years old*

M.Fin. Admission Criteria:

- *M.B.A. degree or M.B.A. candidacy (completing the M.B.A. before matriculating into the program), B.A. in Finance or Economics with Finance Concentration and minimum of 3 years of finance-related experience*
- *3.0 Graduate GPA*
- *Minimum "B" grade in B.A. or M.B.A. Finance courses*
- *Official transcripts*
- *2 Letters of recommendation*
- *Statement of purpose addressing professional goals and career objective*
- *No GMAT required with M.B.A. from accredited school*
- *TOEFL required unless degree is from English-speaking school*

Projected Enrollments

Hult anticipates a first-year total enrollment of 100 additional full-time students for both proposed programs. Besides recruiting international students directly to the proposed M.Fin., Hult anticipates an internal demand for the program from its current M.B.A. students who are interested in finance specialization.

Proposed M.Fin.

	# of Students Year 1	# of Students Year 2	# of Students Year 3	# of Students Year 4
New Full Time	40	50	60	65

Proposed M.I.B.

	# of Students Year 1	# of Students Year 2	# of Students Year 3	# of Students Year 4
New Full Time	60	100	120	140

Current Tuition and Fee Charges

Current tuition and fees charges for the M.B.A. (57 credits) is \$60,600. The proposed tuition and fees for both proposed programs (36 credits) is approximately half of this amount at \$32,850.

Curriculum (Attachment A)

Both proposed programs will utilize Hult’s existing case method teaching style to deliver curricula. The M.I.B. program (36 credits) will be completed in 12 months over four modules. Assuming that M.I.B. students will have had little or no business experience and course work, the proposed program requires a three week term of prerequisites courses, entitled “the toolbox” consisting of 60 contact hours.

The M.Fin. is designed as a 12-month program to be completed over three modules (September through August) for a total of 36 credits. Current M.B.A. students would have the option of satisfying up to 12 required M.Fin. credits with M.B.A. courses.

RESOURCES

Faculty and Staff

Five current, full-time M.B.A. faculty will teach in one or both of the proposed programs. Two of these faculty members will act as student advisors for the proposed program: one for the proposed M.Fin. and the other for the proposed M.I.B..

The majority of the faculty will be comprised of adjuncts, many of whom hold full-time faculty appointments at other Boston-area institutions. Many faculty members also commit to teach at Hult's other locations outside the United States. The program will be directed by current administrative staff.

Facilities and Library and Information Technologies

The program will be offered on the ground at Hult's campus in Cambridge, Massachusetts. Both proposed programs will utilize existing library and information technology resources and facilities. Neither program will be offered on line; however, students may have the opportunity to take courses at satellite campuses in London, China, San Francisco, and Dubai.

Fiscal (Attachment B)

Hult has detailed enrollment projection income and dedicated program expenses for the first four years of the programs.

EVALUATION

The proposed program was reviewed May 16-18, 2010 by a visiting committee comprised of faculty members Robert M. Brown, R. B. Pamplin Professor and Department Head, Department of Accounting and Information Systems, Virginia Polytechnic Institute and State University; Sue Newell, Cammarata Professor of Management, Bentley University; and Ben S. Branch, Professor of Finance, University of Massachusetts Amherst. The committee made several suggestions for improvement within the areas of planning and evaluation, faculty, financial resources and the academic program. Because the proposed programs will be taught primarily by part-time instructors, the committee indicated potential challenges with developing effective oversight of the program which is necessary to ensure program quality. The committee asked for further clarification of academic oversight and program evaluation, and suggested increased reliance on full-time faculty, as well as further refinement of budgeting to reflect all resources necessary to mount the proposed programs. The design of the academic program of both programs was also a source of comment. The original proposal designed the M.Fin. as a six-month program; however, the committee advised the school to expand the program to 12-months to be consistent with the

discipline's standards. Likewise, the committee felt that the original design of the M.I.B. toolbox was not reflective of the needs of the proposed population of students because it was crafted after the M.B.A. toolbox. The M.B.A. student pool is more experienced than the target M.I.B. population. The school responded appropriately to the committee's report. For example, the M.I.B. toolbox was redesigned for younger and less experienced students and the proposed M.Fin. is now designed as a 12-month program. Faculty oversight, methods of incorporating more full-time faculty, and program evaluation plans have been developed and clarified; and budgets for both programs have been refined. After reviewing the school's response, the committee expressed that the college's response was adequate in its intentions.

PUBLIC HEARING

The required public hearing was held on September 23, 2010 at the Department of Higher Education, located at One Ashburton Place in Boston, Massachusetts. No comment was offered in opposition to the proposed program.

STAFF ANALYSIS AND RECOMMENDATION

The staff has thoroughly evaluated all materials submitted by Hult International Business School, Inc. and finds that the proposal meets the requirements for NEASC-accredited institutions outlined in 610 CMR 2.08. Recommendation is for approval of the school's petition to offer the Master of Finance and Master of International Business.

ATTACHMENT A: CURRICULUM

Master of Finance Curriculum Outline

Required (Core) Courses in the Major (Total # core courses = 8)		
Course Number	Course Title	Credit Hours
MF 501	Ethical Practice in the Financial Sector	3
QTM 501	Quantitative Methods *	3
MF 502	Financial Institutions	3
MF 503	Corporate Finance*	3
MF 504	Capital Markets	3
MF505	Analysis and Valuation	3
MF506	Investment Management	3
MF 507	Global Trading Seminars	3
	Sub-total Required Credits	24
Elective Courses (Total # electives = 4)		
MF 508	Mergers and Acquisitions*	3
MF 509	Options, Futures, Derivatives*	3
MF 510	Alternative Investment Strategies	3
MF 511	Financial Economics	3
MF 512	Portfolio Management	3
MF 513	Real Estate Finance	3
MF 514	Internship	3 or 6
	Sub-total Elective Credits	12
Curriculum Summary		
Total number of courses required for the degree		12
Total credit hours required for degree		36
Prerequisite, Concentration, Dissertation or Other Requirements:		
B.A./B.S. in Finance or Economics with Concentration in Finance, 3-years of related experience, M.B.A. or M.B.A. Candidacy		
*Could be Waived with M.B.A. Course Credits		

Master of International Business: Curriculum Outline

Required (Core) Courses in the Major (Total # of core courses=11)		
Course Number	Course Title	Credit Hours
Toolbox		
TBX501	Basic Accounting and Finance	0
TBX502	Business Math	0
TBX503	Principles of Economics	0
TBX504	Presentation and Team Building	0
TBX505	Case Methods	0
Module A		
M.I.B. 501	International Accounting	3
M.I.B. 502	International finance	3
M.I.B. 503	International Marketing	3
M.I.B. 504	Global management	3
Module B		
M.I.B. 505	Global Operation	3
M.I.B. 506	Consulting Methods	1
M.I.B. 507	Project Management	1
M.I.B. 508	Global Citizenship	2
M.I.B. 509	IT for Business Managers	2
M.I.B. 510	Global Strategy	3
Module D		
M.I.B. 511	Action Learning Project (ALP Capstone Course is a required course)	3
Sub-total Required Credits		27
Elective Courses (Total # of electives=3)		
Module C	Two courses are required from Module C.	
M.I.B. 512	Elective 1: Supply Chain Management	3
M.I.B. 513	Elective 2: Negotiation	3
M.I.B. 514	Elective 3: Service Operation	3
M.I.B. 515	Elective 4: Management Practice	3
M.I.B. 516	Elective 5: National Strategy and Global Economy	3
Module D	One course is required from Module D.	
M.I.B. 517	Elective 6: Global Positioning Strategy	3
M.I.B. 518	Elective 7: Real Estate Finance	3
M.I.B. 519	Elective 8: Management Communications	3
Sub-total Elective Credits		9
Curriculum Summary		
Total number of courses required for the degree		14
Total credit hours required for degree		36
Prerequisite, Concentration, Dissertation or Other Requirements:		
Bachelor's degree or equivalent		
Be 21 years or older		

ATTACHMENT B: BUDGET

MIB Income/Expense

	2011	2012	2013	2014
Entering Students	60	100	120	140
Cohorts	1	2	2	3
Credit Hours Taught	36	36	36	36
Application Fees*	282,000	470,000	564,000	658,000
Tuition Income ¹	1,830,000	3,050,000	3,660,000	4,270,000
Scholarships	-366,000	-610,000	-732,000	-854,000
Total Income	1,746,000	2,910,000	3,492,000	4,074,000
Administrative Staff	150,000	165,000	165,000	200,000
Full-time Academic Staff	41,102	82,203	164,407	246,610
Ajunct faculty costs	405,000	780,000	630,000	885,000
Classroom rent	70,000	140,000	140,000	210,000
Career Services & Student Event cost	55,000	60,500	66,550	73,205
Campus Management	220,000	220,000	220,000	220,000
Professional fees	42,000	42,000	42,000	42,000
Other office costs	41,000	45,100	49,610	54,571
Marketing, print, Web	450,000	750,000	900,000	1,050,000
Overhead	137,000	137,000	137,000	137,000
Total Expense	1,611,102	2,421,803	2,514,567	3,118,386
Profit/Loss	134,898	488,197	977,433	955,614
Tuition Fee	30,500	30,500	30,500	30,500
Number of full-time faculty	1	2	4	6
Full-time faculty salary	129,600	129,600	129,600	129,600
Number of MIB classes taught by full-time facu	2	2	2	2
Number of electives offered	6	10	12	14
Average students/elective	30	30	30	30

MFIN Income/Expense

	2011	2012	2013	2014
Entering Students	40	50	60	65
Cohorts	1	1	1	1
Credit Hours Taught	36	36	36	36
Application Fees*	100,000	125,000	150,000	162,500
Tuition Income ¹	1,220,000	1,525,000	1,830,000	1,982,500
Scholarships	-244,000	-305,000	-366,000	-396,500
Total Income	1,076,000	1,345,000	1,614,000	1,748,500
Administrative Staff	85,000	85,000	93,500	93,500
Full-time Academic Staff	-	41,102	82,203	123,305
Ajunct faculty costs	270,000	255,000	270,000	300,000
Classroom rent	70,000	70,000	70,000	100,000
Career Services & Student Event cost	45,000	49,500	54,450	59,895
Campus Management	150,000	150,000	150,000	150,000
Professional fees	35,000	35,000	35,000	35,000
Other office costs	25,000	27,500	30,250	33,275
Marketing, print, Web	330,000	363,000	399,300	439,230
Overhead	90,000	90,000	90,000	90,000
Total Expense	1,100,000	1,166,102	1,274,703	1,424,205
Profit/Loss	-24,000	178,898	339,297	324,295
Tuition Fee	30,500	30,500	30,500	30,500
Number of full-time faculty	0	1	2	3
Full-time faculty salary	129,600	129,600	129,600	129,600
Number of classes taught by full-time faculty	0	2	2	2
Number of electives offered	6	7	8	10
Average students/elective	20	21	23	20