

8/15/06

Program Review Panel
FINAL REPORT
Leeds School of Business
2005

I. REVIEW PROCESS

A Self-Study report was written by division chairs, center directors, and program directors and approved by the faculty with the proviso that a diversity plan and strategic plan be added. An Internal Review Committee (IRC) composed of three professors and three students from other units analyzed the self-study and interviewed Leeds School personnel and students. An External Review Committee (ERC) consisting of two leading academics from other business schools reviewed the Self-Study and IRC report and met with school faculty and students and university administrators. This public document reflects the PRP assessment of and recommendations for the Leeds School of Business.

II. GENERAL DESCRIPTION AND SUMMARY OF THE SELF-STUDY

The Leeds School of Business is the largest and most comprehensive business school in the state. Its 75 regular faculty (55 tenured and tenure track, 20 instructors and senior instructors) and 22 lecturers/visiting faculty are organized into five academic divisions—accounting, finance, management, marketing, and systems—each of which offers undergraduate and doctoral degrees. Faculty from all divisions jointly offer both a full-time and a part-time (evening) MBA program and support a number of executive and leadership educational programs. In fall, 2004 undergraduate enrollment was 3,596 and graduate 177.

Comparative salary data indicate that full professors, at an average salary of \$124K, earn about 90% of the AAU average; associate professors, at \$114K, get 105% of that average; and Assistants, at \$111.5K, get 107%.

Faculty Research and Creative Work

The level of research productivity of the faculty is difficult to judge from the Self-Study report, which does not present a summary or include full vitae. Some data that are included suggest that research productivity is not emphasized at peer institutions. External research funding is not common. The school provides summer research support and teaching reductions for more than half of the tenured and tenure-track faculty, including all assistant professors. Standards for research evaluation in the divisions emphasize publication in the most-highly cited journals.

The latest overall research rankings (2000) placed the Leeds School at rank 38 nationally. Division rankings (by various external entities) are: Accounting, 24th, 2003; Finance, not reported; Management, 38th, 2000; Marketing, 35th, 2004; Systems, not reported.

The Undergraduate Program

Business undergraduates made up 11.5% of total campus enrollment in 2004. The 2004 *US News and World Report* rankings placed the Leeds School 25th among public institutions, and 41st overall. The Deming Center for Entrepreneurship has been ranked among the top six to fifteen such programs nationally.

Besides earning the BS in Business Administration degree, undergraduates may complete certificate programs in one of four specialty areas: entrepreneurship and small business management, international business, real estate, or tourism.

A 2003 comparison of student satisfaction with a group of peer institutions placed the Leeds School near the bottom, leading to a major effort to revise the curriculum and to increase the sense of community in the school. The Self-Study does not describe this initiative further.

While the Leeds School is accredited by ASCB, there is no reference to the accreditation process in the Self-Study.

Enrollment in the undergraduate program increased more than 40% between 1996 and 2004. In addition to freshman enrollment, there has been an increase in intra-university transfers into the school, despite a raising of the GPA requirement for transfer from 2.5 to 3.0. Total undergraduate SCH increased 4% between 1999/00 and 2003/04.

Student credit hour production is not reported in the Self-Study. Proportion of teaching provided by tenure-track faculty is also not reported.

The Graduate Program

Master's Programs

The MBA program was separated in 2001 into day (full-time) and evening (part-time) programs. The most recent *US News and World Report* ranking placed Leeds at 55th nationally.

Enrollments are not reported in the Self-Study. Admissions standards were tightened in 2001, coinciding with a national downturn in MBA applications, so enrollment has fallen. SCH production in the MBA decreased 38% between 1999/00 and 2003/04.

The school also offers an MS in Accounting, graduating 40 students per year. Placement results

for this program are very strong.

PhD Program

The PhD program has about 50 students, across the five divisions of the school. Over the last three years, 33 new students have been admitted, with an acceptance rate of 4% for the last class admitted. All of the 33 new students are fully supported, all but two from school resources. Students on stipend are expected to contribute about 10% of their time to teaching and 40% to research.

The placement rate for the program is excellent. Of 33 graduates over the last five years, 32 took tenure-track appointments at research universities, and the remaining one is in the military.

Executive Development Programs

These programs provide continuing professional development for executives and business leaders, and recent graduates from non-business programs who seek career preparation. About 150 students complete these programs per year. Leeds faculty provide planning and oversight, as well as some of the teaching resource (with additional compensation.)

The programs generated about \$80K in 2004 (net of direct expenses), which was divided with the Division of Continuing Education. Demand is healthy, with waiting lists for some programs, and new programs being planned.

Staff Support and Facilities

The school is served by 42 state classified staff, 10 professional exempt staff, and three professional research assistants.

The building occupied by the school was planned for an enrollment less than half the current level. Large courses cannot be offered in the building, and some supporting activities formerly housed in the building have been moved elsewhere on campus. Qualitatively the facilities are inferior to those of peer institutions, including some in the region.

Diversity

A partial draft Diversity Plan was added to the Self-Study report in February 2005, in time for consideration during the remainder of the program review process. According to this plan, work on diversity, including seeking faculty approval for a plan, was ongoing at that time. As indicated in the interim plan, the mission of the school includes an emphasis on diversity.

Numbers provided indicate that the faculty is about 65% white male, 18% white female, and 17% persons of color (not classified as to gender.) Breakdown by faculty rank is not provided.

Persons of color earned 13% of undergraduate degrees awarded in 2004, up from 7.9% in 1994. Persons of color earned 18% of graduate degrees awarded in 2004, up from 4% in 1994. Gender composition was not reported for undergraduates; about 32% of graduate students are women. Data on staff diversity are not reported.

The school operates the Leeds Diverse Scholars program, established in 2001. There are 108 student members, 86 of whom receive scholarship support, totaling \$159K in 2003-4. The school also has a number of minority outreach programs in the region. The draft Diversity Plan suggests other initiatives, including stronger mentoring of junior faculty.

Strategic Plan and Unit Requests

The Self-Study Report does not include a strategic plan, or a list of requests.

The report does make clear that the building is inadequate to the needs of the program, so that a significant expansion and renovation are badly needed. It also makes clear that the financial resources available to the school are inadequate, when compared to those of peer institutions, with the total budget for Leeds being less than half the median for the peer group. Adjusting for size, the Leeds budget per FTE and per student were the lowest in the comparison.

III. RESULTS OF PREVIOUS PRP REVIEW

The Self-Study summarizes the response to 16 recommendations from the 1998 program review:

1. Improve computer facilities: Done.
2. Improve integration of part-time faculty: Improved available space and increased representation on committees (2004).
3. Improve staff morale: Created a staff-development program.
4. Encourage cooperation across faculty ranks: Five papers have been published with senior and junior authors.
5. Strengthen faculty mentoring: Changes pending, as part of revision of bylaws.
6. Integrate graduate students in planning and governance: Some involvement, 2004.
7. Emphasize diversity: Established Diverse Scholars Program and Office of Diversity Affairs.
8. Pursue proposed "Task Force on Objectives and Resources": Abandoned.
9. New building: Some planning activities; renovations to meet immediate needs prioritized, given state financial problems.
10. Hire director for minority student program: Done.
11. Obtain comparative data on faculty salaries: Done.
12. Assess research and scholarly productivity: External review published in 2000.
13. Hire prominent scholars: Three have been hired.
14. Examine summer salary support: This has increased from \$213K in 2001 to \$950K in

2004, enabled by differential tuition.

15. Monitor the use of part-time faculty: SCH production by adjunct faculty has increased by more than a third since 1999/00, while SCH production by tenure-track faculty has fallen by a half, and SCH production by instructors has increased by more than 30%.
16. Enhance identity of MBA students: Hired consultant who developed a profile, with this profile being used in placement and recruiting.

IV. INTERNAL REVIEW COMMITTEE (IRC) REPORT

The IRC notes that the Leeds School may well be the best business school in the Rocky Mountain West. But they note a number of challenges.

Research profile and scholarly identity. There is a shared desire among the faculty for a broad-based scholarly vision that can help the school distinguish itself and provide the basis for an improvement in the school's research standing. Limiting publication to A-list journals limits the research opportunities of faculty. Research incentives have been given without transparency and without evidence of increased research productivity.

Resources. The need for new space is indisputable. Advising and career services are inadequate. The advising load is 650 students per advisor, compared with 400 elsewhere on campus. The library needs more team space, staff for open hours for research, and funds for key databases. Increased staff, space, and scholarship funds are needed for diversity programs. As teaching assignments for tenure-track faculty have been reduced to promote research, use of adjunct faculty has increased, especially for lower-division courses, leading to poor coordination of course content.

Student satisfaction. In the past, the undergraduate program has been neglected, leading to quality problems. Initiatives for improvements are in the works, but communication of them has been weak: students are not aware of them. The MBA program, with its current enrollment, may not be cost-effective, and the allocation of funds for it, especially for recruiting, needs examination. A distinctive intellectual identity for the program is needed.

The IRC advances the following recommendations:

1. **Planning.** The faculty should work together to define its intellectual vision, forming two committees, one to define the scholarly identity of the school, and the other to mount a seminar/colloquium series to promote scholarly discussion in and around the school.

2. **Research mission.** Faculty should be encouraged to publish in the journals that are appropriate to their sub-discipline. Faculty who publish quality scholarship in peer-reviewed journals should continue to receive financial incentives, but those who do not demonstrate a sustained research program, with regular publication, should not. Accountability for research

must be established. If summer-salary supplements are not increasing the amount of quality research, the funds should be reallocated. The formation of centers may promote interdisciplinary research.

3. **Administrative continuity.** Turnover in leadership has hampered the school's development of a coherent and consistent vision. New leadership should build on the progress made by the outgoing interim administration.

4. **Funding.** A new building seems imperative. Additional financial support is needed to improve advising, counseling, and diversity programs. New faculty lines are needed, targeted so as to reduce reliance on adjunct faculty.

5. **Undergraduate education.** The school needs to continue to analyze and to respond to problems in the undergraduate program. Improve coordination of syllabi among lower-division sections, and between lower- and upper-division courses. Space needs to be used more fully; classes should be scheduled on Fridays. The school should press efforts to improve the environment for persons of color and aggressively recruit female and minority students and faculty.

V. EXTERNAL REVIEW COMMITTEE (ERC) REPORT

The ERC notes that the situation of the Leeds School reflects conditions for public university business schools nationally: increased demand for undergraduate and executive education programs combined with the pursuit of higher rankings for MBA programs come up against the limited supply of PhD's in business leading to rapid salary growth. Where institutions cannot reallocate internal funds to cover salary demands, income from executive education programs has to fill the need.

The ERC identifies several strengths of the Leeds School: geographical setting; undergraduates potentially interested in improving the school, who could be a major asset; a solid faculty (with strong recent junior and senior hires) having ambition for the school; a good orientation towards research; potentially strong specialty programs in entrepreneurship and real estate; a strong undergraduate curriculum; and dedicated and competent lecturers and staff. They also identify several weaknesses: a funding model that is not sustainable, given the rising cost of business education; use of differential tuition to fund faculty rather than the undergraduate program; a budget that is half that of competing institutions; lack of enrollment controls, leading to undesirable increases in class size and use of non-tenure track faculty; lack of communication in the school and with its constituencies, especially about vision and mission and about information for new faculty, staff, and students; lack of faculty mentoring; facilities that are not only overcrowded but also lack amenities that are standard elsewhere, such as a career center with adequate interview rooms, dining facilities, and student lounges; lack of political allies, potentially available from the large undergraduate population, advisory boards, and the broader

Colorado business community; weak relationships with other campus units, including engineering; and dissatisfaction with the campus role in comprehensive review, leading to morale problems.

The ERC makes the following recommendations:

1. The school needs a new business model that allows it more financial control over its destiny. It should be able to control enrollment and to minimize subsidies drawn away from its programs. The school and university should consider a model that allows the school to a) manage program size within some guidelines established by the campus, b) recapture a larger portion of the tuition revenue created by the school's large investment in the undergraduate program, c) access the "for credit" market in the Denver area, d) relax the revenue sharing rule in the not-for-credit "extension" area to allow the school to capture all of the revenue (net of costs) it generates, e) reenergize the school's leadership team, the foundation and the alumni base/advisory board to raise endowment and other giving to levels of other major public business schools, and f) recognize that the undergraduate program is potentially the real strength of the school, and can be a source of national recognition and political influence.
2. A new building must be given high priority.
3. The dean should carefully consider how to enhance communication in the school at all levels.
4. Campus involvement in comprehensive review should be examined.
5. The dean should create a strategic plan that develops a new business model, as described above, reduced taxation of the undergraduate program, and realistic goals for the undergraduate, graduate, and executive education programs. The focus should be on undergraduate education and MBA/Executive Education in the Denver area.
6. The campus should support the new dean and his plans and recognize that the school can become a more important resource for the campus. Campus support is especially important in view of the negative effects of past faculty turnover and the school's lack of consistent direction and rewards for faculty.

VI. PRP ASSESSMENT AND RECOMMENDATIONS

PRP Assessment

The Program Review Panel concurs with the assessment of the IRC and ERC that the Leeds School is a leading regional institution with the potential for increased national prominence, and for increased contribution to the university as a whole. We also concur that the school faces very

significant resource challenges, reflecting the national situation in business education marked by faculty salaries driven upward by increasing demand and the small supply of faculty.

Competition for faculty, on the one hand, and lack of external research funding, on the other, lead to unusual arrangements for faculty incentives, quite different from those prevailing in other units. We concur with the IRC that these incentives should be tied to clear accountability and with the ERC that they should not be based on resources drawn away from the undergraduate program.

The ERC report refers to additional challenges, associated with the terms under which the school can participate in both the market for MBA programs in the Denver area and executive development programs. This is a complex matter, involving relationships with the Denver campus as well as with Continuing Education. But we concur with the ERC that these relationships should be examined with an eye to increasing the ability of the Leeds School to keep pace with other public university business schools. This examination must include a realistic appraisal of the revenue potential of the Denver market, consideration of the efficiency, wisdom (or the contrary) of creating marketing or administrative structures for Leeds operations separate from Continuing Education, and a comparison of Leeds programs and potential with those of longer-established programs elsewhere.

We concur with all parties that the current building is inadequate for a quality program.

The proportion of teaching by tenured and tenure-track faculty is decreasing, and problems are arising from the increased use of adjunct faculty. While additional faculty lines would be one way to deal with this, they do not seem easy to justify, given the decision to reduce teaching assignments, and the high associated costs. Improved coordination of teaching by current staff and control of enrollment are possible responses.

The school's graduate programs include some important areas of strength. The joint degree programs with other units are commendable. Placement results for the PhD program and the MS program in accounting are excellent and suggest that these programs could be expanded.

Past leadership turnover has created difficulties for the school. We are encouraged that the interim administration and the new dean have created a sense of optimism. The new leadership will need to forge a vision, and accompanying plans, as recommended by the IRC and ERC. We concur with the ERC that the vision should recognize the undergraduate program as a potential source of strength for the school and that resource allocations be such as to strengthen rather than weaken it. We hope that university and campus leadership can work to help the school obtain the new resources needed to realize its potential.

PRP Recommendations

To the School

1. Develop a strategic plan within the next year that recognizes the undergraduate program, as well as the graduate programs, as a source of visibility, influence, and future support for the school. The plan should include an intellectual vision for the school and its role in the state, the region, and the world. It should also include an analysis of the enrollment and research productivity of the divisions, to support resource planning.
2. Include a business model (resource management plan) in the strategic plan, developed in cooperation with campus and university leadership, described more fully in recommendations 1, 2, and 3 to the campus and university, below.
3. Drawing on strategic planning that explores the potential strength of the undergraduate program, address the concerns of its undergraduate students. These concerns should be considered as part of a broader reexamination of the undergraduate curriculum. A specific need is to promote better coordination of syllabi and courses, especially those courses taught by adjuncts.
4. Given that placement results for the PhD program and the MS program in accounting are excellent, suggesting significant unmet demand for these programs, consider expanding these programs as part of the school's strategic plan.
5. Develop a transparent and accountable system for allocating research incentives to faculty, plus a means of measuring returns on investment.
6. To increase research visibility, revise the evaluation of research publications so as not to restrict the frequency and breadth of publication.
7. Work to increase communication within the school, especially where new members and students are concerned.
8. Continue to develop the draft diversity plan, attending to classroom climate issues and to the desirability of diversity among faculty of domestic origin.
9. Strengthen mentoring of junior faculty.

To the Campus and University

1. Recognize that business education faces special challenges nationally, as called out

by the ERC. Helping the Leeds School deal with these challenges will require careful analysis of the resource situation for the school's operations, on campus and off. The analysis for on-campus operations should include a "balance of payments" study to determine how costs and budget relate to revenue from tuition.

2. Based on the results of this analysis, work with the dean and school to enable Leeds to keep enrollments for on-campus programs in line with resources. Enrollment control by numbers, and/or by raising admission and transfer standards, and linking resources to enrollment should be considered if warranted by the results of the analysis.
3. Work with the dean and school to assess the terms under which Leeds can offer MBA and executive development programs in Denver and programs now offered with Continuing Education. Planning should be based on consideration of the role of the Leeds School in the context of other business schools in the region. This examination must include a realistic appraisal of the revenue potential of the Denver market, consideration of the efficiency, wisdom (or the contrary) of creating marketing or administrative structures for Leeds operations separate from Continuing Education, and a comparison of Leeds programs and potential with those of longer-established programs elsewhere.
4. Authorize additional faculty lines if the school can obtain the resources needed to support them, and if they are targeted in such a way as to reduce the reliance on adjunct faculty.
5. Assist the Leeds School in obtaining funds from the state and other parties for a major expansion of facilities.

The Leeds School of Business should report annually to the provost on the implementation of the above recommendations.