

POETS & QUANTS

Inside Jack Welch's MBA school of tough love

At a time when many business schools are reporting declining enrollment in their full-time MBA programs, Welch's Management Institute is doing a brisk business. A look at Welch's approach to B-school.

By John A. Byrne

He's there in the flesh. Jack Welch, the legendary chairman and CEO of General Electric Co. Well, maybe not exactly in the flesh. But certainly live, unplugged, and on a computer screen, with his trademark tell-it-like-it-is persona, a trace of the Salem, Mass. accent still in his scratchy voice at the age of 78.

Sitting in front of a camera with an open blue shirt and a sports jacket, he's fielding questions from his MBA students.

"What would be a winning strategy for helping to get the U.S. economy growing at a faster pace?"

"What does it really mean to provide exceptional customer service?"

"Can you discuss skills on listening to and accepting candid feedback?"

Welch handles each question with casual self-confidence and personal anecdotes, often drilling down with follow-up questions.

Welcome to the Jack Welch Management Institute. This is Welch's online MBA program, and each quarter he shows up on webcam for little more than an hour to engage with students. All told, the executive MBA program consists of a dozen required courses, each 10 weeks long, delivered online with "synchronous opportunities" (Translation: You can do the class in real time if you're able to). Besides the quarterly Q&A videoconferences with Welch, video messages from him populate the school's website and he'll often respond to half a dozen messages on the bulletin boards two or three times each term.

At a time when many business schools are reporting declining enrollment in their full-time MBA programs, Welch's Management Institute is doing a brisk business. The institute currently has 538 active students, up by a healthy 36% in the past year. But Welch is far more ambitious, having a stated goal to enroll 5,000 students within five years, far eclipsing Harvard's 1,800 MBA candidates or Stanford Graduate School of Business' 800 students.

Students say they are drawn to the program because of Welch's name and reputation, the flexibility of studying online, and the low cost of the program. At \$36,000, it's considerably less expensive than the online offerings of highly ranked business schools, such as Indiana University, the University of North Carolina, and Carnegie Mellon, where the total cost ranges between \$60,000 and \$118,000.



Photo supplied by Jack Welch Management Institute.

Steven Scott, chief engineer for NASA Goddard Space Flight Center, says it wouldn't be possible for him to get an MBA any other way. Scott works long hours and travels frequently, making commitment to a traditional MBA program impossible. The same is true of Kathleen Thompson, 31, director of acquisition and integration for PGI, a web conferencing company. Thompson says she has taken classes from hotel rooms in Dallas, St. Louis, Kansas City, Denver, Chicago, New York, and Orlando — as well as from numerous airplanes 35,000 feet in the sky. "Thank God for GoGo Internet," she laughs.

What differentiates this online program from many others is its emphasis on the pragmatic. The curriculum is infused with Welch's core beliefs and ideas on business, from the importance of candor in managing employees to the more controversial differentiation policies he made famous at GE (GE). Welch wants the students, as he puts it, to "learn it on Monday, apply it on Tuesday, and share it on Friday."

The courses most heavily influenced by Welch's teachings are Leadership In The 21st Century, Strategy, and People Management. Those so-called signature courses come early in the curriculum, which ends with a capstone business simulation done with virtual teams of students. The program can be completed from a computer anywhere in the world — from a hotel room to an airplane flight — in two years. Most students, however, take one course at a time, requiring anywhere from 15 to 20 hours of work a week, which would allow them to pass through the program in two-and-a-half years.

The institute itself is run like a business, not an academic enterprise. Welch is constantly asking students what they think of

the program and how it can be improved. He treats them as customers as well as students. He also keeps close tabs on the institute's "net promoter score" (NPS) — used to gauge the loyalty of a firm's customer relationships. The institute claims a highly impressive score of 65% which would put it in a class that includes such companies as Apple (AAPL) and Google (GOOG). The average is 10% to 15%.

Customer satisfaction surveys at the institute are as common as final exams. "They ought to know that when they fill out a survey we are all over it," insists Welch. "We look at that NPS score like an animal. We want to find out every detail about it and we want to fix something whenever we have a score that is not at the top of the range. Everybody at our school is measured on it."

The latest satisfaction survey, completed on Oct. 31 by a sample of 94 current students, found that 93% said it was highly likely that they would recommend the program to others, while 98% said it was a valuable investment (with 27% saying it was the most valuable investment they have ever made). Perhaps even more surprising, 54% of the responding students said they have received a promotion, a raise, or some professional recognition since they started the program. One in four students said they are achieving significant career advancement since starting the Welch MBA.

From 2012 to 2013, the institute says that the average salary of its graduates has increased 20% since graduation to \$122,984. Based on the average pay boost, Backman says that the payback time for the Welch MBA degree is about 1.8 years.

Welch initially started his institute in 2010 with for-profit education provider Chancellor University. After two years, he moved the institute to Strayer Education Inc., a stronger player with deeper resources in the for-profit education market. So far, there are more than 130 graduates of the program.

It goes without saying that this is not anything like a two-year MBA with a summer internship that lines up a student for a new job at graduation. Online MBA programs are best suited for managers who want to learn the business basics and who generally want to advance in their own organizations. A Welch MBA won't have the cache of the imprimatur of a Cornell, Dartmouth, Yale, or Harvard degree. After all, applicants to Welch's institute do not have to take the Graduate Management Admission Test (GMAT) to get into the program, although they must have five years of professional experience and a 3.0 undergraduate GPA.

What of the often-stated notion that online learning is hardly equal to on-campus study? "Even the best schools are moving into the online space," argues Andrea Backman, dean of the institute, who has worked in the distance learning at DePaul University and the University of Virginia. "People aren't going to want to sit in a lecture hall for two years."

When Welch recruited Backman from the University of Virginia, where she was director of online and off-grounds programs, earlier this year, she asked him why he was so interested in online business education. "I'm not in it to make money," she recalls Welch saying, "but I want to rid the world of bad managers and I don't think there is a program out there that does this."

Just how involved is Welch in this enterprise? "He is incredibly

involved and students have access to him," says Backman. "I was hoping when I made the move that I would have a lot of interaction with Jack and get to learn from him. That has been 100% the case. The ability to get coached by Jack is way more than I anticipated."

The Welch curriculum is filled with case studies, role-plays, podcasts, business games and video snippets of counsel and advice from a number of executives, many of whom reinforce the Welch message and several of whom worked directly under him at GE. They include Boeing (BA) CEO James McNerney, who Welch once considered as his successor at GE, and Nielsen CEO David Calhoun, a former vice chairman of GE.

Backman says incoming students are assigned a "success coach" who helps students fit the program into their schedules. "We also have writing coaches for students, especially if they come from an information technology background or speak English as a second language." About 30% of the grades at the Welch Institute are based on discussion questions and student responses to them.

And the faculty? The institute says that its professors have taught at such places as Cornell, Northeastern, the University of Virginia, and Boston University. They have graduate degrees from Wharton, Harvard, the London School of Economics, and the University of Minnesota's Carlson School of Management.

Students include a wide range of managers and executives from small-to-mid-sized private companies to such major corporate players as Boeing, FedEx (FDX), Home Depot (HD), Marriott (MAR), Nielsen (NLSN), and Verizon (VZ).

When Thompson signed up for the program, she was initially concerned about whether she could bond with fellow students and faculty who were not in the same room. "It is a virtual experience but it is still intimate," she says now. "I'm a very social person and that was important to me."

Now into her third course — Financial Management I — Thompson still meets with her original study group at 9 a.m., using web conferencing software. Her fellow students are piped in from Egypt, Florida, Texas, New York, and Illinois.

Backman came away with several ideas to improve the program after a recent feedback session with students. She says the institute expects to launch shorter five-week courses, introduce more business simulations in classes, and explore the possibility of a graduation ceremony where Welch hands out diplomas in person.

During the recent videoconference, Welch was asked by one student for advice on how to accept criticism from a boss. In typical Welch tough-love fashion, he told the manager to buck up and take the heat. "You have to sit back and show the person giving you the candor that you are receptive and that you are not trying to get ready on the edge of your chair to combat the arguments," Welch instructed. "The only person that counts in this discussion is your boss. You have to show your boss that you are wide open to suggestions and you really want to learn. Suck it up and try to deal with the criticisms, even if you don't think they are valid."

Welch paused and reflected. "I got a lot of candid feedback in my career: Most of it was, 'You are too damn abrasive, you are too aggressive, slow down, be patient.' I never got all the way there, but I got a lot better at it." ■

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