MEMORANDUM

DATE: October 31, 2006

TO: Robin Forman
    Dean of Undergraduates

FROM: William H. Glick, Dean
       Jones Graduate School of Management

RE: Proposal for Undergraduate Minor in Business

The Jones Graduate School of Management proposes to offer a minor in business for Rice undergraduate students. The program would be administered by the Jones School and consist of six business courses taught by Jones School faculty. The courses in the program could be taken by any Rice undergraduate student (provided they satisfy the relevant prerequisites), not just those students with an interest in completing the minor. The program could begin in the academic year 2007-08.

The proposed business minor was overwhelmingly approved by the Jones School faculty at our September faculty meeting and the proposal has my strong support as well.

Why an undergraduate business program at Rice?

Rice has a strong tradition of providing exceptional undergraduate education in natural science, engineering, humanities, social science, music, and architecture. Our intent in proposing a business minor is not to undercut this tradition. The Jones School faculty firmly believes that undergraduate students are best served by majoring in areas other than business. The focus of undergraduate education should be on the opportunity for students to explore and pursue their passions.

Some undergraduate students, however, would benefit from the opportunity to complement these pursuits with a limited exposure to the basic functional areas of business education. One reason is the importance of business in the global community. If an objective of undergraduate education is to prepare students to be critical thinking, fully-engaged participants in the global community, then providing them with the opportunity to gain a basic understanding of business is consistent with this objective. Another reason is that many of our students will seek employment in the business world upon graduation. Although these students are best served by majoring in areas other than business, the opportunity to complement these studies with some basic business courses can enhance the immediate effectiveness of their careers.

Another benefit of offering an undergraduate business program relates to the competition for talented students. An increasing number of schools are offering undergraduate business programs, including private research universities such as MIT, Carnegie Mellon, the University of Pennsylvania, Johns Hopkins, Washington University, Emory, and NYU. Virtually every state university has an undergraduate business program, including top state research universities such as UC-Berkeley, Michigan, Minnesota, and Illinois. Because Rice does not currently offer an
undergraduate business program, we may be at a disadvantage in attracting some of the best students, even if those students are primarily interested in say science, engineering, or the liberal arts.

Comparison to Managerial Studies

Rice does offer a Managerial Studies program which provides students with an exposure to the academic disciplines that underlie business education, primarily economics and psychology. However, this program is not equivalent to a business program. The coursework in the proposed business minor is different in that it focuses on issues facing a manager and teaches students how to apply the tools of psychology and economics (as well as statistics and other disciplines) to deal with these issues. Although economics, psychology and other departments at Rice offer applied courses that are relevant to the study of business activities, the focus of these courses tends to be on the application of more basic material from those disciplines and not on the analysis of a specific business subject. The proposed business minor, on the other hand, draws on insights from many different disciplines to look at critical business issues from a more integrated perspective, with the courses taught by faculty who are actively engaged in business management research and teaching.

Guiding philosophy of the business minor

Our proposal calls for a program that would be administered by the Jones School and consist of courses taught by Jones School faculty. Holding the Jones School accountable is a central feature of the proposal because “ownership” provides strong incentives for quality. By giving the Jones School control over the coursework and administration of the business minor, the School will be able to manage it in a way that will make Rice proud to offer such a program. The coursework involved in the business minor will be highly focused, covering only the core functional areas of business education. As stated earlier, the focus of undergraduate education should not be on business; the intent of the minor is simply to provide students with some limited business courses to round out their education. There is explicitly no intention to expand the scope of the program to become a major or even a second major as is Managerial Studies. In keeping with this philosophy, the proposed minor includes no electives and allows students no choice. The completion of the minor requires students to successfully complete six specific three-hour courses in business. The length of this program conforms to the minimum size discussed in the proposal on minors approved last year by the Faculty Senate: “minors will generally consist of at least six 3 or 4 hour courses.”

Program prerequisites

Most of the courses in the program can be taken only by students who have successfully taken two prerequisites: one in statistics and one in economics.

1. STAT 280: Elementary Applied Statistics (or an equivalent course)
2. ECON 370: Intermediate Microeconomics (or permission of Program Director)

These prerequisites are necessary because microeconomics and statistics provide the foundation for many of the concepts developed in the business courses. Although a sufficient knowledge of microeconomics can be obtained by taking ECON 211 at Rice, many students receive Advanced Placement credit for their high school economics course, which provides them credit for ECON 211. The Jones School faculty believes that this AP credit is inadequate preparation for the business minor and they want to ensure that students taking the business courses have completed at least one microeconomics course at Rice. Therefore, since an explicit requirement of ECON 211 can be satisfied with credit earned from a high school economics course, the stated prerequisite is ECON 370 or permission of the Program Director, with the Program Director’s permission granted if a student has taken ECON 211 at Rice (or the equivalent course at an accredited university).

Although these prerequisites apply to most of the courses in the program, two of the courses (Business Communications and Financial Accounting; see below) can be taken by students without fulfilling either of the prerequisites.
Program requirements

The Jones School will offer six business courses, all of which must be successfully completed in order to complete the minor. Each of these courses is a full-semester, three-credit course. A course description for each course is provided in Appendix I.

1. MGMT 296: Business Communications
2. MGMT 301: Financial Accounting (currently ACCO 305)
3. MGMT 310: Leading People in Organizations
4. MGMT 343: Financial Management
5. MGMT 380: Marketing
6. MGMT 471: Strategic Management

The Financial Accounting course is similar to (but replaces) ACCO 305. The new course will be taught more from the perspective of a user (rather than a preparer) of financial statements. (However, the course will remain open to the same set of undergraduate students as currently.) Two other courses have similarities to courses currently available to Rice undergraduates but will cover some substantively different material with different learning objectives. The Business Communications course, for example, is quite different than MANA 404, the capstone course for the Managerial Studies program, which also covers some communications topics. MGMT 296 provides an introduction to business and focuses on the strategy and practice of effective communications in business situations. Consistent with our teaching of business communications in the MBA program, this course is intended to be taken early in the program so that these skills can be practiced in the context of the other functional areas. The Financial Management course (MGMT 343) addresses some of the same topics as ECON 448, but the new course will cover more applied analytical techniques and include many applications outside the area of corporate finance. In addition, both the finance and communications courses in this program will be taught by Jones School faculty which facilitates integration with the other business courses in the program.

The other three courses in the program will be new courses for Rice undergraduates. The Marketing course introduces students to one of the primary functional areas of business; the course on Leading People in Organizations covers both leadership and organizational behavior; and the Strategy Management course is a capstone course that integrates the functional areas with the fundamental concepts of business strategy. Each of these courses is critical to providing students with a well-rounded business education.

The course numbers assigned to these courses are driven by four considerations: (1) the two courses without prerequisites (296 and 301) start the sequence to encourage students to take these courses early in the program; (2) Financial Accounting is currently offered as a 300-level course, so the other courses (except MGMT 296, the introductory course) should be upper level courses as well; (3) Strategic Management is a 400-level course because it is a capstone course for the program; and (4) the second two digits of the course numbers conform to the course numbers used in our MBA program.

In addition to the program prerequisites, MGMT 301 must be successfully completed prior to taking MGMT 343 and students must successfully complete at least three courses in the program prior to taking MGMT 471. These prerequisites are necessary because: (1) the material in MGMT 301 provides a foundation for much of the material in MGMT 343, and (2) MGMT 471 will be taught as a capstone course. In any case, even with these restrictions, the vast majority of students should be able to successfully complete the requirements of the minor in two years or less.

The courses in the program will be staffed by Jones School faculty. The specific instructor(s) for each course will be assigned the spring before the academic year in which the course is offered, as is currently the practice for staffing courses in our MBA programs. Appendix II provides a list of the current faculty who would be qualified to teach each of the courses in the program.
Program management

A guiding principle is that the Jones School will manage the program; and a Jones School faculty member will be assigned to be the Program Director. The Program Director will be responsible for administering the program, recognizing students that have declared the minor, advising students, and reporting back to the University Registrar at degree audits.

Students do not need to declare the minor in order to take any of the courses in the program. The courses will be open to any undergraduate student as long as they have satisfied the necessary prerequisites and they are in good academic standing. However, enrollment in the program will be limited, with the number of sections offered of each course dependent on resources. In the first year of the program, we expect to offer one section of three of the six courses; each section will likely have a maximum enrollment of about 60 students, comparable to the core courses in our MBA program. In the following year, we expect to offer at least one section of all six courses. In the interim, all efforts will be taken to develop sufficient endowment to increase the availability of courses to meet student demand in the future.

In the event of excess student demand for a course, students will be admitted to the course based on a weighted lottery designed by the Program Director and administered by (or in consultation with) the University Registrar. The lottery will give advantage to students who have successfully completed a greater number of courses in the program and/or are closer to graduation.
Appendix I

Course descriptions for the proposed business minor

MGMT 296  BUSINESS COMMUNICATIONS (3)
Provides an introduction to business, focusing on the strategy and practice of effective communications in business situations. The course includes individual communication skills assessment and development as well as team-based oral and written communication instruction. Pre-requisite(s): none.

MGMT 301  FINANCIAL ACCOUNTING (3)
Covers the preparation, analysis and use of corporate financial statements. The course is aimed at both corporate managers and financial market investors who frequently need to interpret this information. Asset and liability valuation and income determination issues are addressed, as well as topics such as receivables, inventories, present values, tangible and intangible fixed assets, bonds, leases, shareholder equity, intercorporate investments, consolidations and cash flow accounting. May not be in any of the following Classification(s): Freshman. Pre-requisite(s): none.

MGMT 310  LEADING PEOPLE IN ORGANIZATIONS (3)
Introduces students to the sociological and social psychological processes that underlie individual and group behavior in organizations and explores different perspectives on how they can be effectively managed. Topics include leadership effectiveness, team processes, organizational change and innovation, job-related attitudes, work motivation, organizational culture and climate, and cross-cultural issues in management. May not be in any of the following Classification(s): Freshman. Pre-requisite(s): STAT 280, AND ECON 370 (or permission of Program Director).

MGMT 343  FINANCIAL MANAGEMENT (3)
Develops the basic concepts of corporate financial management and a set of analytical tools to evaluate financial decisions. The concepts of time value of money, risk and return, and market efficiency are introduced and used to examine how risky assets are valued by capital market investors and a framework is developed for evaluating corporate investment and financing decisions. The class is taught using a combination of lectures and cases and provides extensive hands-on experience with a range of financial management applications. Pre-requisite(s): STAT 280, AND MGMT 301, AND ECON 370 (or permission of Program Director).

MGMT 380  MARKETING (3)
An introduction to the role of marketing in organizations and the principal marketing decisions facing management. Topics include marketing planning and strategy; buyer behavior; development and management of products and services; branding; channels of distribution; sales, advertising and promotional methods; pricing strategy; and the development of integrated marketing strategies and programs. May not be in any of the following Classification(s): Freshman. Pre-requisite(s): STAT 280, AND ECON 370 (or permission of Program Director).

MGMT 471  STRATEGIC MANAGEMENT (3)
Capstone course for the business minor. The course examines the strategic management of businesses in market and non-market environments. Key topics include competitive and industry analysis, strategy formulation and implementation, and strategic planning. Case discussions of real companies are combined with readings concerning the key topics. Pre-requisite(s): Students must have completed at least 3 of the courses required for the business minor to enroll.
Appendix II
Jones School faculty in the functional areas of the proposed business minor

All of the courses in the proposed minor will be taught by Jones School faculty. The Jones School currently has 55 full-time faculty members, most of which are actively involved in research and teaching in the functional areas included in the business minor. Given this breadth, and the fact that the Jones School faculty overwhelmingly approved the proposed minor, it is unlikely that we will experience any difficulties in staffing the proposed courses.

Below is a list of the current Jones School faculty with expertise in each of the functional areas included in the business minor. Any of these faculty members would be qualified to teach the corresponding course in the business minor.

Business Communications (5)
Sandra Elliott, Elizabeth O’Sullivan, Elizabeth A. Peters, Rick Schell, Gale F. Wiley

Financial Accounting (5)

Leading People in Organizations (4)
Jennifer M. George, John Kimball Kehoe, D. Brent Smith, Jing Zhou

Financial Management (11)
Christopher T. Downing, Jeff Fleming, Gustavo Grullon, Evgeny Lyandres, Barbara Ostdiek, Bradley Paye, George Kanatas, Shane Underwood, Masahiro Watanabe, Yuhang Xing, James P. Weston

Marketing (8)

Strategic Management (7)
Haiyang Li, Douglas A. Schuler, Ronald N. Taylor, Carmen B. Weigelt, Margarethe Wiersema, Duane Windsor, Yan Anthea Zhang