

April 24, 2013



Leonard Jessup, Dean
The University of Arizona
Eller College of Management
McClelland Hall 417
1130 East Helen Street
Tucson, AZ 85721-0108

Email: len@email.arizona.edu

Dear Dean Jessup:

It is my pleasure to inform you that the peer review team recommendation to extend maintenance of accreditation for the undergraduate, master's and doctoral degree programs in business offered by The University of Arizona is concurred with by the Maintenance of Accreditation Committee and ratified by the Board of Directors. Congratulations to you, the faculty, the students, the staff, and all supporters of The University of Arizona.

One purpose of peer review is to stimulate further continuous improvement of quality programs. As noted in the team report, Eller College of Management is to be commended on the following strengths and effective practices:

1. They are noted for their long-standing strength in Management Information Systems (MIS), and this is borne out in their ability to attract extra-mural funding in this area.
2. The McGuire Center for Entrepreneurship is well-funded and continues to provide strong and innovative programming for Eller students.
3. The curriculum, and in particular the undergraduate curriculum, stands out in its development of experiential-learning opportunities, including international opportunities.
4. The Eller School's leadership is quite active at the campus level in supporting initiatives like the move to RCM or efforts to capture more value from the university's leading research in STEM fields.

Additionally, in the interest of continuous improvement, Eller College of Management should closely monitor the following items and incorporate them in your ongoing strategic planning initiatives:

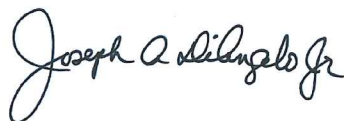
1. Please report on the progress in hiring of additional AQ faculty. (2003 Standard 9: Faculty Sufficiency and 2013 Standard 5: Faculty Sufficiency and Deployment)
2. Implementation of responsibility-centered budget model (RCM) that allocates more Eller-generated undergraduate fee revenue to Eller. (2003 Standard 5: Financial Strategies and 2013 Standard 3: Financial Strategies and Allocation of Resources)
3. The School should determine whether to hire additional AQ faculty at the University of Arizona South or consider excluding the University of Arizona South from the scope of future accreditation. (Criterion D: Scope of Accreditation, 2003 Standard 10: Faculty Qualifications and 2013 Standard 15: Faculty Qualifications and Engagement)

The University of Arizona has achieved accreditation for five additional years. The next on-site maintenance review occurs in the fifth year, 2017-2018. A timeline specific to your visit year is attached. Please note that your Maintenance Review Application will be due on July 1st, two years prior to your review year. This application initiates the maintenance process. In this application you will be expected to provide an update on progress in addressing the concerns stated above in addition to other relevant information for initiation of the next maintenance review.

Please refer to the [Maintenance of Accreditation Handbook](#) for more information regarding the processes for maintenance of accreditation. The handbook is evolving and will be updated frequently to provide the most current process improvements. Please monitor the website to make certain that you have the most current version.

Again, congratulations from the Accreditation Council and AACSB International - The Association to Advance Collegiate Schools of Business. Thank you for participating in the maintenance of accreditation process and for providing valuable feedback that is essential to a meaningful and beneficial review.

Sincerely,



Joseph DiAngelo, Chair
Board of Directors

cc: Peer Review Team

Richard K. Lyons, Chair, lyons@haas.berkeley.edu

G. Anand Anandalingam, Business Member, ganand@rhsmith.umd.edu

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SCOPE OF ACCREDITATION
Maintenance of Accreditation
March 2013

Name of Institution: The University of Arizona

Name of Business Academic Unit: Eller College of Management

List of Degree Programs Reviewed:

Undergraduate

- BS Business Administration
- BA Economics
- BS Commerce

Master's

- MBA
- MBA Evening (Main Campus, Phoenix, Satellite)
- MBA Executive
- Master's in Accounting
- MS Management Information Systems
- MS Management (Finance)

Doctoral

- PhD Management
- PhD Economics

MAINTENANCE OF ACCREDITATION TIMELINE

Visit 2017-2018 (July 1 – June 30)

13-14	14-15	15-16	16-17	17-18
<ul style="list-style-type: none"> Review and Refine Strategic Management Plan Complete Key Data and Accreditation Data Sections of the <i>Business School Questionnaire</i> for prior academic year 	<ul style="list-style-type: none"> Review and Refine Strategic Management Plan Complete Key Data and Accreditation Data Sections of the <i>Business School Questionnaire</i> for prior academic year 	<ul style="list-style-type: none"> Review and Refine Strategic Management Plan Complete Key Data and Accreditation Data Sections of the <i>Business School Questionnaire</i> for prior academic year July 1, 2015 - *Submit Maintenance Review Application with signed cover letter requesting maintenance review and preferred visit dates. 	<ul style="list-style-type: none"> Review and Refine Strategic Management Plan Complete Key Data and Accreditation Data Sections of the <i>Business School Questionnaire</i> for prior academic year Accreditation Coordinating Committee rules on exclusions and the scope of the accreditation visit 	<ul style="list-style-type: none"> Review and Refine Strategic Management Plan Complete Key Data and Accreditation Data Sections of the <i>Business School Questionnaire</i> for prior academic year Submit Fifth Year Maintenance Report
		<ul style="list-style-type: none"> *Submit List of Degree Programs including Catalogs (or online link in lieu of Catalogs) 	<ul style="list-style-type: none"> Work with AACSB to select Peer Review Team from peer and aspirant groups 	<ul style="list-style-type: none"> Submit Policies for Faculty Management, including Non-Tenure Track Faculty
		<ul style="list-style-type: none"> *Submit request for exclusion of degree programs including justification for the request 	<ul style="list-style-type: none"> Work with AACSB to set the visit date 	<ul style="list-style-type: none"> Submit Executive Summary including effective practices
		<ul style="list-style-type: none"> *Submit List of Comparison Groups (Peer, Competitive, and Aspirant) 		<ul style="list-style-type: none"> Accreditation Statistical Reports will be distributed to applicant and team members by AACSB upon request only
		<i>*Submitted together</i>		<ul style="list-style-type: none"> Work with Peer Review Team to prepare the Visit Schedule
				<ul style="list-style-type: none"> Peer Review Team Visit

TEAM VISIT REPORT – MAINTENANCE OF ACCREDITATION REVIEW

**University of Arizona
Eller College of Management**

I. Team Recommendation

A. Accreditation Recommendation

Extend accreditation for an additional five years with the next maintenance review scheduled for 2017-2018. Concurrence by the Maintenance of Accreditation Committee and ratification by the Board of Directors are required prior to the confirmation of the accreditation decision. Following ratification by the Board of Directors, the applicant will be notified. The applicant must wait for this official notification before making any public announcement.

B. Team Recommendation Review Schedule

The Maintenance of Accreditation Committee will meet Monday, March 18, 2013.

II. Identification of Areas That Must Be Addressed:

A. School's Response to Concerns From Last Review

Five areas were noted in the last review:

- 1) Hiring of additional AQ faculty at University of Arizona (UAZ) South;
- 2) Refinement of AQ and PQ definitions at UAZ South;
- 3) Continued development and extension of learning outcomes to all degree programs;
- 4) Development of a productivity-based budget model and minimization of taxes and charges in the executive MBA and Part-Time MBA programs;
- 5) Continued development of overall mission and strategic plans.

1) Hiring AQ faculty at UAZ South

AQ Associate Professor David Torres was hired in 2008 as Director of the Commerce Program at UAZ South. UAZ South remains committed to hire another AQ faculty member, and has tried, but as yet unsuccessfully. AQ percentage at UAZ South currently at 50%, which remains low given the importance of research in Eller's mission. This remains a concern for the current review.

2) AQ and PQ definitions at UAZ-South

David Torres, Director of the Commerce Degree Program, developed AQ/PQ standards for his program and were acceptable to the review committee.

3) Learning outcomes for all degree programs

The Accounting Department was most successful, having hired an assessment specialist and then developed a complete set of learning outcomes with performances measures and a feedback loop that motivated programmatic changes as well as changes in the learning objectives and measurement instruments. Other programs and departments have made progress, albeit to a lesser extent. Work in these other programs/departments included: 1) a committee representing each department and program including UA South that met monthly to develop learning outcome objectives for the undergraduate program core and each department's undergraduate and graduate programs; 2) improved data collection; 3) websites for all departments/programs describing their learning assessment activities (http://assessment.arizona.edu/eller/eller_college_management); 4) certification from the University for those department/program websites that met basic university standards; 5) Hiring of a specialist in program assessment for the Finance Department; 6) continuing data collection and use feedback loops to improve programs, metrics, and performance measures.

4) Productivity-based budget model and taxes on Executive and Part-Time MBA programs

Eller faculty participated in committees that developed a Responsibility Centered Management (RCM) budgeting plan that allows tuition funds to flow with teaching efforts. The initiative began in 2008 and changes in teaching activities between 2009-10 and 2010-11 resulted in additional budget for the college in 2011-12 of about \$1.5 million. Since then the interim administration put the budget system "on pause" for the budget allotted for 2011-12. The new President and Provost appear to be planning to complete the new budget system (cost pool allocations had not been set in place during the first two years). We understand that RCM budgets will be reinstituted (in a different form) sometime in the next 1-2 years.

5) Development of mission and strategy

The strategic plan for Eller was further developed through a collaborative process with a variety of stakeholders over several years and two Deans. In 2009-10, a committee of faculty from every department and program and several staff members spent six months in bi-weekly meetings developing a strategic plan that was agreed upon by representatives from the faculty governance committees, the National Board of Advisors, and the Department Heads, among others. When Dean Len Jessup joined in July, 2011, he spent his first year visiting all of Eller's constituencies including faculty, staff, students, alumni, and donors and discussed the strategic plan and his ideas for improving the plan. This included a two-day retreat dedicated to strategic planning for representatives from each department and program and a number of staff members. Although the mission did not change, the

vision and basic strategic plan did change. The current review team found the plan appropriate and compelling.

B. Recommendations for Next Review

- 1) Hiring of additional AQ faculty.
- 2) Implementation of responsibility-centered budget model (RCM) that allocates more Eller-generated undergraduate fee revenue to Eller.
- 3) Hiring of additional AQ faculty at the University of Arizona South or removing University of Arizona South from the scope of future accreditation.

III. Relevant Facts and Assessment of Strengths and Weaknesses in Support of the Team Accreditation Recommendation

A. Situational analysis

We organize our situational analysis around the three next-review recommendations above.

Hiring additional AQ faculty

By its own analysis, which we found defensible, Eller's current AQ percentage stands at 56%, on the low end for Eller's research-based mission. Importantly, Eller received a memo from Provost Andrew Comrie committing the campus to providing another 16 tenure-track faculty slots, funded by the campus, over the "next two to three years" (memo dated November 29, 2012). This should bring Eller to roughly 70% AQ, clearly a significant advance. It is important that this path or something close to it is realized over the next three years.

Implementation of RCM with greater revenues to Eller

As noted above, the University of Arizona's new President appears committed to implementing an RCM approach to campus budgeting and resource allocation within the next couple years. There are two basic elements to this with respect to Eller: 1) getting incentives right going forward for the relative sizing of, and investments in, programs and 2) setting an initial financial condition for Eller that keeps it competitive with its comparable peers and, preferably, provides an opportunity over time to join its aspirant group.

We believe that whatever form the University of Arizona RCM approach takes, it is very likely to achieve 1) – getting the incentives right, or at least much more nearly right than under current circumstances. This is a big positive for Eller. We are less convinced that the transition to RCM will satisfy 2) – setting a more enabling initial financial condition. Even with the Provost's commitment of 16 additional faculty slots, Eller is serving as a financial workhorse for the University of Arizona, to a much greater degree than its aspirant-group schools and to a greater degree than most of its comparable peers. For example, in round terms, Eller students apparently generate some \$65 million in fee revenue received by the campus, but Eller receives

only roughly \$25 million from the campus. The net, or \$40 million, represents roughly 80% of Eller's operating budget of about \$50 million. This 80% figure is high relative to peers and puts stress on Eller's ability to meet Accreditation Standard 5 – having a financial model that can support its mission.

It is of course rare for an external review team to convey that a campus' business school does not need more resources. We believe the situation at the University of Arizona goes well beyond this, per the startling "80%" figure noted above. As one of the US's fine state universities, the University of Arizona is facing its own financial challenges. It is unclear how much room it will have to adjust the magnitude of the cross-subsidy that Eller provides, which is why we flag it for future review teams.

The prior review team called out the importance of growing the part-time and executive MBA programs and ensuring that campus revenue sharing in those programs is sustaining for Eller. We believe that Eller now has productive arrangements with the campus on these fronts, as well as the new 501(c)3 arrangement for non-degree executive education. Eller's move toward an online MBA may also provide a financial fillip over time, though the economics of these programs across the industry is still getting determined.

AQ faculty at UAZ South

As noted, the percentage of AQ faculty at the University of Arizona South is estimated at 50%, quite low given the Eller mission. In addition, the program appears to operate with significant independence from many of Eller's systems and oversight. While hiring additional AQ faculty for this small program (graduating roughly 10 per year) is one way forward, there is also merit, in our judgment, in removing University of Arizona South from the scope of future accreditation. The latter route would surely raise institutional complications that are beyond our ability to evaluate.

B. Changes impacting Eligibility Criteria

The most significant changes are noted above, namely, that the UAZ Provost has committed to 16 new faculty slots and that the new UAZ President appears committed to implementing RCM, following the pause introduced during the launch phase by the prior President.

C. Strategic Management

The review team finds Eller's efforts in strategic management significant and compelling. The Eller College Strategic Plan was developed through a collaborative process with a variety of stakeholders over several years and two Deans. In 2009-2010, a committee of faculty from every department and program and several staff members spent six months in bi-weekly meetings developing a strategic plan that was agreed upon by representatives from the faculty governance committees, the National Board of Advisors, and the Department Heads, among others. When Dean Len Jessup joined the faculty in July, 2011, he spent his first year visiting all

of Eller's constituencies including faculty, staff, students, alumni, and donors and discussed the strategic plan and his ideas for improving the plan. This included a two-day retreat dedicated to strategic planning for representatives from each department and program and a number of staff members. Although the mission did not change, the vision and basic strategic plan did change. The following are the mission, vision, and strategic plan.

Mission Statement

The mission of the Eller College is to develop and support a community of leading scholars and learners whose knowledge, integrity, and entrepreneurial spirit will transform business and society; this is the Eller Experience.

Vision Statement

Through the Eller Experience, we will be recognized among the top-ten public business schools in the country, across all programs and disciplines. In pursuit of this vision, we will:

- Attract outstanding students, develop their talents, and prepare them to launch and pursue lifelong business careers and companies*
- Recruit and retain the very best faculty and staff*
- Nurture our diverse and close-knit community of scholars and learners*
- Continue to be self-sustaining in all that we do*
- Assist the University of Arizona, the City of Tucson, and the State of Arizona to become more self-sustaining through technology transfer and commercialization*

As part of the mission, visioning and strategic planning process described above, Eller is focusing on a handful of strategic initiatives where potential benefits appear particularly large, including:

- 1) Build fundraising capacity
- 2) Capitalize on the Eller brand
- 3) Enhance the undergraduate Eller Experience
- 4) Improve the Eller MBA Program
- 5) Significantly grow Executive Education offerings
- 6) Assist UAZ in ramping up tech transfer and commercialization
- 7) Grow capabilities and offerings with an additional building
- 8) Increase funding from multiple sources to attract and retain the best faculty and staff

This mission, vision, and set of strategic initiatives was rolled out to faculty, staff, university administrators, alumni and various external constituencies, as well as the National Board of Advisors. What information the review team has indicates that these efforts have received strong support from these various stakeholders.

The review team also assessed the school's portfolio of intellectual contributions (ICs) as presented in Table 2-1 within the context of Eller's mission. We find it consistent and supportive. We also found the morale and general productivity of Eller's junior faculty to be impressive. One element we call attention to on the ICs front is retention risk, particularly

among senior faculty. Addressing salary inversion to some degree, a problem not unique to Eller, will help. We offer suggestions to that effect below.

D. Participants

Several of Eller's programs have enjoyed significant growth, including the undergraduate program, the three specialized Masters programs (Accounting, Finance and MIS) and the Evening MBA program, the latter to a lesser degree. The Full-Time and Executive MBA programs remain quite small, with the latter recently decreasing in enrollments. Pressure on Full-Time MBA programs is common to many schools. The Executive MBA program size is more noteworthy. It warrants attention and is receiving it from the leadership.

The PhD program looks, at first blush, at bit large for the tenure-track faculty FTE. Breaking the roughly 140 doctoral students by department, though, shows that nearly half (63) are in the Economics Department, which has norms that correspond more to norms in economics within a pure social science setting. The review team is comfortable with the coverage and commitment to the PhD program.

On faculty qualifications and sufficiency, as noted above, our attention was focused most on sufficiency. The Provost's commitment of 16 additional slots brought important comfort. The school has ongoing high standards for establishing and maintaining academic and professional qualifications. With regard to retention of AQ faculty, morale among, and support for, junior faculty was commendable and should continue to support faculty sufficiency. Sufficiency will be further enhanced over time with further initiatives toward retention of the best senior faculty, addressed below.

E. Assurance of Learning

Given AOL was among the five principal considerations in the previous review, and given this is addressed in Section II above, we will be brief here.

Overall, we feel Eller has made great strides in the AOL area since the last review. Specific learning objectives are outlined publicly on the website and elsewhere. Evaluation against those objectives occurs in many ways, including outside evaluations, broad competency exams, embedded questions in courses, and various indirect measures such as surveys. One suggestion for ongoing improvement is to tilt measurement a bit more toward the "delta" of learning, i.e., how much learning occurred in the program or course rather than focusing more on a given proficiency level.

IV. Commendations of Strengths, Innovations, Unique Features and Effective Practices

A. Commendations for Strengths, Innovations, and Unique Features

Eller has many strengths. They are noted for their long-standing strength in Management Information Systems (MIS), and this is borne out in their ability to attract extra-mural funding in this area. The McGuire Center for Entrepreneurship is well-funded and continues to provide strong and innovative programming for Eller students. The curriculum, and in particular the undergraduate curriculum, stands out in its development of experiential-learning opportunities, including international opportunities. On the whole, Eller provides an enormous service to the University of Arizona, not just financial as noted above, or the provision of the campus' economics curriculum. For example, the Eller School's leadership is quite active at the campus level in supporting initiatives like the move to RCM or efforts to capture more value from the university's leading research in STEM fields.

B. Effective practices

Outstanding practices include, but are not limited to:

- 1) Interview process for undergraduates to enter major that uses alumni.
- 2) A prize to the faculty member with the best doctoral student placement.
- 3) Systematic financial support for development of lecturers and adjunct faculty.
- 4) Systematic use of course "labs," e.g., an analytics lab for marketing.
- 5) 10-week Global Cohort course for undergraduates.

V. Opportunities for Continuous Improvement

A. Relevant to the accreditation standards

- 1) Mission: Continue to stress the refreshed mission statement as the new Dean's own, with full commitment.
- 2) Intellectual Contributions: Retention is key – any initiatives that help address issues like salary inversion more systematically will add great value (suggestion below).
- 3) Financial Strategies: When negotiating revenue sharing, use hard data on comparable institutions when available and map into compelling terms (e.g., "every additional \$10m per year provided to the campus is the equivalent of about \$200m in Eller endowment.")
- 4) Admissions: Might there be a sufficiently strong boost to Eller's reputation from being a bit more selective in undergraduate admission to justify the tradeoff in access? Might this constitute an even higher service to the state of Arizona?

B. Consultative report on matters not related to the accreditation decision

- 1) Economics Department: Inclusion of campus Economics Department within Eller may be part of why Eller is treated financially by campus more like a social science department (i.e., not capturing so much of the revenue it generates).

Shifting the mental model need not require spinning off the Economics Department.

- 2) Financial Model: If Eller's "cross-subsidy ratio" is 80%, what is the equivalent ratio for Arizona State University? Might this comparison help?
- 3) Faculty Salary Inversion: Making progress will require both a system and resources sufficient to address it. Developing the system now might itself raise morale, even if resources are not yet available, and might engage faculty still further in helping to produce the resources. The system might start with a process for marking-to-market some percentage of particularly merit-worthy faculty as part of the normal review process. AACSB data by field from peer schools, expressed by percentiles, can serve as an objective basis, so long as Eller has a consistent way to map people into percentiles.
- 4) Brand: There are lots of "white walls" where the Eller brand might be enhanced.
- 5) Professional Faculty: There is likely to be high payoff to initiatives that make lecturers and adjunct faculty feel more included, e.g., periodic breakfasts with the Dean, periodic tailored email updates from the Dean or Associate Dean.

VI. Visit Summary

A. Descriptive Information

Eller has a full suite of degree programs. Relative to its aspirant group it is weighted strongly toward undergraduate education. This is particularly true once one accounts for the University of Arizona's Department of Economics being contained within Eller (unlike many other business schools) and the pre-major instruction in business-related courses that Eller delivers for the campus. Particular strengths include Management Information Systems (MIS) and Entrepreneurship (e.g., the McGuire Center). Tenure-track faculty is about 75 FTE. Importantly, Eller leadership recently received a written commitment from the Provost to augment Eller's tenure-track faculty with 16 new faculty slots, as noted above. Even with this commitment, Eller is serving as a significant financial workhorse for the University of Arizona, to a much greater degree than its aspirant-group schools and to a greater degree than most of its comparable peers. For example, in round terms, Eller students apparently generate some \$65 million in fee revenue received by the campus, but receive only roughly \$25 million from the campus. The net, or \$40 million, represents roughly 80% of Eller's operating budget of roughly \$50 million. This 80% figure is high and puts stress on Eller's ability to meet Accreditation Standard 5 – having a financial model that can support its mission.

B. Degree Programs

Name of Degree Program	Major(s), Concentration(s), Area(s) of Emphasis	Graduates
BSBA	Many	≈1000/yr
BA Economics		In above

MBA	Full-Time, Evening and Executive	≈220/yr
MS Accounting		In above
MS Finance		In above
MS MIS		In above
PhD Management		≈15/yr
PhD Economics	Many	In above
BS Commerce (UAZ South)		≈10/yr

C. *Comparison Groups:*

Comparable peers

Michigan State University
Ohio State University
Pennsylvania State University
Purdue University
Texas A&M
University of Illinois
University of Iowa
University of Maryland
University of Minnesota
University of Washington
University of Wisconsin

Competitive group

Arizona State University

Aspirant group

UC Berkeley
UCLA
Indiana University
University of North Carolina
University of Michigan
University of Texas
University of Virginia

D. *Visit Team Members (Visit January 27-29, 2013)*

Richard Lyons (Chair), Haas School of Business, UC Berkeley
Anand Anandalingam, Smith School of Business, University of Maryland
Richard Dietrich, Fisher College of Business, The Ohio State University
Terry Shevlin, Merage School of Business, UC Irvine

E. *Maintenance Review Visit Schedule*

Attached at end.

F. *Materials Reviewed*

Maintenance of Accreditation Report

- I. Schedule, Team Roster, and Application for Review
- II. Situational Analysis
- III. Progress Update on Concerns from Previous Review
- IV. Strategic Management
- V. Participants
- VI. Assurance of Learning
- VII. Appendices
 2. Participants
 3. Faculty Sufficiency and Qualification
 4. Effective Practices
 5. Centers and Institutes
 6. Miscellaneous
 7. Tables

Sources and Uses of Funds Table, FY07-FY12

Sources and Uses of Funds Table, FY07-FY14 (two years forecasted)

Fiscal Year 2013-14 Preliminary Budget Projections

Accounting Department AACSB Report 2012