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Skipping The MBA For Online Ed? How Far Has The Business Skills Category Come?

By Robert McGuire | September 2014

Business skills training is perhaps the second most active category in online learning, with new entrepreneurs entering the space frequently alongside popular MOOCs in business and entrepreneurship. Could these new online ed resources possibly get a slice of the giant MBA market or even lure away undergraduate business majors? And how will hiring and recruitment professionals respond to graduates from these alternative business skills? SkilledUp talked to some of the leaders building online business education -- both new startups and "veterans" like Udemy that have been on the market for a few years -- to get their take on the macro trends in this area.

In most speculation about the possibilities for online learning, the clearest go-to examples are in IT subjects like software development and UX design. "Technical subjects" are where the skills gap is widest, where the ROI is clearest and where you can find real-life examples of people hacking their education with new resources like MOOCs and coding bootcamps. And those subjects are where businesses offering alternatives to traditional degree programs are making money right now alongside the higher ed market.

Some have dismissed the MOOC phenomenon and online ed in general as relevant only in a hyperactive technology skills market. But what about verticals without the same natural synergy with online ed? Where else are viable business models emerging and potentially even challenging the dominant model?

Naturally enough, it's probably in business education itself, the most common subject for college majors and for master's degree. (365,000 bachelor's degrees and 187,000 master's degrees in business [were conferred in 2011](#).) For example, a look at the major online platforms, both free MOOC sources like Coursera and paid versions like Udemy and WizIQ, confirm that business skills run a near second in demand to IT subjects. Coursera has run 78 classes in business and management and many more in finance.

And apart from those large platforms, several smaller companies specializing in business-related courses have sprung up. These include places like 60 Day MBA, \$100 MBA, Fizzle, Strategyzer, Thrive15 and Online Marketing Institute. These typically offer a

library of highly polished short videos on an all-you-can-eat monthly subscription. Some of them also offer premium plans where students get real-time meetings with mentors or group discussions.

Compared to the coding vertical, the skills gap in business is less obvious, but the demand on the consumer side for these online education sources is clear. Frank Visciano, Director of Content at [Udemy](#) says where they see the most traffic, “both in terms of content creation and content consumption, tends to be in the areas of business, technology and entrepreneurship.”

The demand on the hiring side for online business education is less clear, but there is a vocal cry for more talent. Whether or not a skills gap among U.S. workers even exists continues to be debated (mostly because a variety of specialized skills and regional employment markets are lumped together into one discussion). But the business community has been loudly making its case. Readers may be familiar with the oft-cited (and disputed) survey from early 2012, “[Hiring and Higher Education](#)” from Public Agenda and the Committee for Economic Development, which laid out the frustrations employers have with the quality of college graduates being put into the job market.

Regarding business education more specifically, a survey from earlier this year from Hult International Business School finds that [C-level execs are pretty disappointed with the job-readiness of MBA graduates, too](#). And earlier this summer, [three other surveys of HR or C-level professionals were published](#) that emphasized anxiety about the talent pipeline in sales, management and leadership training.

Meanwhile, there is a lot of activity in business education in MOOC land. Among the elite MBA programs, Wharton School, University of Pennsylvania has been most prominent, offering enough courses in what they call a “foundation series” that a dedicated MOOC student could replicate much of the first-year MBA curriculum. Wharton has also [hinted](#) that they will eventually deliver a quarter of its traditional MBA content online. That will be a boon to individuals like Laurie Pickard who is attempting [an experiment in free online education she calls the No-Pay MBA](#).

So, as business skills training emerges as a prominent category of online learning, we have been wondering where it fits in the overall education marketplace and how much it is a challenge to traditional institutions, both educational and in hiring and recruitment. We talked to a few of the entrepreneurs involved in this area to find out more. As we’ll see, a lot of the growth in this area is due to an imperfect union of management and entrepreneurship education in traditional business programs.

Moving at the speed of business

Harman Singh, CEO and founder of [WizIQ](#), an online course builder and marketplace, says that one overlooked segment of consumers for business courses are working professionals who seek out business training on their own initiative as opposed to being sent by their employers.

“This is similar to the bring-your-own-device movement,” he says. “Traditionally, corporations set up their own training, plan it, arrange for the trainer, the cost, everything. Now we see professionals are going online and looking for courses for themselves. We were actually surprised with that trend. People are ready to pay out of pocket.”

One underlying driver of this market, Udemy’s Visciano says, is a precise and immediate need. “Folks come to Udemy saying, ‘I need to learn X today for Y reason,’” he explains. “They have very specific business purposes for the skills they’re trying to acquire.”

But the major driver of these emerging companies is that traditional education can’t keep up with changes in business, which leaves a lot of opportunity on the table. [Market Motive](#), for example, which specializes in online marketing courses, finds itself in the position of selling to universities that need updated curricula on digital and social media marketing for their classes. Udemy also sells courses to universities through its Udemy For Organizations program, though the schools prefer to keep this confidential, Visciano says.

Mark Lamkin, VP of Business Development at Market Motive, says, “The typical progression at a university is to put together a class in some aspect of digital marketing because their students are asking for it, and what they find is that this is an industry that’s not static. By the time you’ve completed the first semester, it’s probably out-of-date. It becomes a real challenge.”

And the challenge doesn’t let up for people finished with their classroom years, according to Visciano. “The skills you need to be relevant in the workplace are a moving target,” he says. “It’s moving faster and faster, depending on what industry you’re in, so there’s more of a need to keep fresh skills, not just if you’re staying on the same path but if you’re trying to change from one to another.”

That’s driving customers to look for nimbleness, he says, “And the marketplace model gives us a lot of nimbleness. The [bootcamp model](#) is a similar thing. You see General Assembly doing very well, because they’re almost a pop-up shop for education that focus on timely relevant skills. It’s much harder to move an institution with as much

inertia as university to do that.”

What can't be duplicated

Lamkin goes so far as to say that judging purely by the content of online resources alone, “it is possible to come up with something that would be potentially equivalent to a program through a college or university.”

But everyone acknowledges that, even though a surprising amount of the MBA and BA in business curriculum is now available online -- more cheaply and with more flexibility for more people -- there's more to school than seat time in the classroom.

That point is made by Karl Ulrich, vice dean of innovation at Wharton in [a presentation of his research into how MOOCs will challenge MBA programs](#). Two years of opportunity costs and \$100k-plus tuition get a student not only instruction but career services, “co-curricular activities” and an alumni network, all of which are arguably more valuable from the student's perspective than the content itself.

“Teaching and learning, the more traditional academic topics, are probably only a quarter or a fifth of the reason that students come and get an MBA,” Ulrich writes. “And that's the piece we think is most susceptible to change from this emerging new technology but that probably doesn't impact other elements of the MBA program.”

In other words, no one yet imagines that the entirety of an MBA experience can be replaced by online resources -- just the part that happens in the classroom in between bonding with peers at orientation and meeting recruiters at the finish line.

Nor can these startups duplicate the signal to employers that a sheepskin does, although “that is something that potentially could change over time,” Lamkin says.

The credential value of an MBA program, says Singh, is a factor particularly “in much larger organizations. They need to have those resumes on the table, because it matters in that business. In those cases, a MOOC or a WizIQ course on your resume wouldn't matter.”

Effect on hiring

Nevertheless, these new businesses are premised on the idea that the experience they offer has value in the employment market, and their leaders think their customers are improving their prospects.

For example, Lamkin says a job candidate with these new resources on their resume

would have a shot at Market Motive. “Whether their training comes through Udemy or from a prestigious Ivy League university,” he says, “we’re still going to do our own assessment. Within digital marketing, there are some industry credentials we’d be very comfortable with. Cisco has done a good job establishing widely recognized credentials which is a great way to know that someone meets at least minimum requirements.”

Visciano says, “I don’t think the MBA or the business degree is going to stop being a recognizable threshold for ability. It’s just that people are starting to look at other proxies for whether somebody is qualified. The burden of proof for evaluation is shifting to employers to evaluate those skills that are a match for the job. You’ll see job postings say the threshold is an MBA or functional skills in X, Y and Z areas. Getting the functional skills on a place like Udemy is another route.”

Dave Llorens, co-founder of [60-Day MBA](#), makes a similar point about the challenge this presents to employers with an anecdote about when he was presented with a strong candidate at his last company for an engineering position who had taken a non-traditional path. They were trying to figure out what salary to offer, and “the question had never arisen before,” Llorens says.

“But the answer is kind of obvious -- that it’s a meritocracy, especially in tech startups. You pay them the same. If that’s the future, then what are employers going to look at to figure out who has the same skillset? I don’t think anybody has the answer. VC firms are placing very large bets with the assumption that online ed will be big, but they don’t know what shape it will take.”

Entrepreneurship vs. consulting, management and finance

But 60-Day MBA isn’t concerned with people trying to improve their employability anyway. They are part of a new breed of startup aiming to peel off one particular segment of students their founders think business schools don’t serve well -- fellow entrepreneurs. Along with [Fizzle](#) and a growing number of other sites, 60-Day MBA specifically focuses on people who aren’t out looking for venture capital. (Food trucks and tutoring businesses come up a lot as examples of this customer base.)

Llorens explains, “If you look at the stats on how many MBA grads go back to a career and how many start businesses, it breaks down to something like 93 to 7 percent. For the 7 percent of people who are going to start their own business, you don’t necessarily need to spend two years and a whole bunch of money. You can get the distilled entrepreneurship training while you’re starting your business, which we think is the best way to learn. If you’re in academia, it’s tough to apply that knowledge.”

Similarly, Corbett Barr, co-founder of Fizzle, says it’s been 15 years since he was an

undergraduate major in business, “so maybe things have changed, but in my experience, that education prepared me to become a cog in a much bigger machine as opposed to build the machine itself. The entrepreneurship portion is really just a small sliver of the overall education you’re getting.”

Keeping it simple

This kind of skills training offers basic, need-it-today lessons on sketching a business canvas, getting sales, marketing and managing operations. Fizzle’s aim, Barr says, is “to help one individual with an idea and turn that into a source of revenue. A lot of people have this feeling they want to be an entrepreneur but they don’t know how to go about it. They have a lot of ideas, and they don’t know how to evaluate those ideas. So we help them walk through a framework to evaluate.”

Llorens says 60-Day MBA is so devoted to simplicity that “we keep out all the lingo. It’s more like ‘Money that comes in. Money that you spend.’ One of the most important modules we have is financial modeling. Very few people do that. They think it’s too complicated, and it’s not. You use a one-page spreadsheet. Almost every time somebody has two different revenue sources, they look at it and go, ‘Oh, I should be spending all my time on this one.’ All it took was penciling it out. That’s the kind of value we provide.”

Keeping it real

Another characteristic of this category is that all the students have already thrown themselves into the deep end or are strongly encouraged to do so with modules like the 30-day “Just Ship It” challenge on Fizzle.

“It’s not as if you’re going to take two years of education and then afterward start trying to apply theory to the real world,” Barr says. “People are out there trying to slay dragons around the business they’re creating.”

In this context, a diploma is probably less relevant to the student seeking business skills training. “A big part of our pitch,” says Llorens, “is, ‘Are you going to put your degree on your resume and hire yourself?’ It does have value, but does it have two years and a hundred grand worth of value? I just think it’s overkill.”

A challenge to higher ed?

Do these new forms of online business skills training have a chance to take market share from higher ed? That’s probably going too far, everyone I talked to agreed with, though

they point to isolated cases. Llorens describes a current customer who at first considered going back to school for lack of any better idea how to proceed in starting her own business. Now that she's a 60-Day MBA customer, that's one less student for the evenings-and-weekends accelerated programs less competitive schools use to attract working adults.

Singh says there's still a lot of cultural inertia propping up the MBA market, even more so in India where he is based and where many WizIQ customers are. Potential students in the U.S. may be turning away from degree programs, he speculates, "but not to a major degree. A lot of people want to learn the skills but don't care about the MBA. However, I don't think any major chunk of the market share is going away from the MBA school anytime soon. People in India will take online courses, but they won't skip an MBA for an online course. There is still a lot of social stigma of not going to college."

Visciano says one segment of MBA students that might be carved out in the future are people who go to school to figure out what they want to do. "What does the Chinese restaurant menu of options look like for what you can be when you grow up?" he says. "Business school is a way to test out a lot of different things and then pursue the path that fits you. Online learning can introduce you to all of those alternatives at a much lower cost."

Barr thinks entrepreneurship in general, rather than courses in entrepreneurial skills like his, do more to dent MBA enrollments. "You see a lot of young people starting companies as opposed to going to business school these days," he says. "And a lot of high profile people are very successful -- the kind of people who start Tumblr or Facebook or whatever the next hot startup is. I think that is drawing some market share away from business schools."

But that's only a small segment, he emphasizes, and if you look at the trends overall, "business schools seem to be doing well. There is a category of people who are just looking for career advancement, and those trends are very slow to change."

The businesses I spoke with seem more interested in partnering with higher ed than overthrowing it, anyway. As mentioned earlier, institutions are a growing number of the accounts for places like Market Motive and Udemy.

And they speculate about future ways to serve degree programs with enhancements like "pre-matriculation" classes, supplementary materials and alumni engagement. So far, universities are serving MOOCs to alumni as a kind of personal enrichment. But picture your alma mater letting you know you can keep up to date on an emerging skillset required in your profession through a third-party vendor they've partnered with.

The MOOC challenge to business programs

Naturally, higher ed leaders are paying particular attention to the free and open version of online business skills training. For example, one recent study by Christian Terwiesch and Karl Ulrich, is titled "[Will Video Kill the Classroom Star? The Threat and Opportunity of Massively Open Online Course for Full-Time MBA Programs.](#)"

They describe three scenarios where the MOOC technology of short asynchronous videos -- a feature now common in online learning far beyond MOOCs -- could impact business programs. In the most dire scenario, "the functions of a business school are unbundled and business schools as we know them are substantially displaced by alternatives."

That word *substantially* defines a result with less likelihood, but in the meantime, it's pretty clear that alternatives are emerging that unbundle the business school experience and offer up what entrepreneurs believe there is a big paying market for.

And in the short term, according to another Wharton professor's study, MOOCs are all upside for business programs. "[MOOCs Won't Replace Business Schools – They'll Diversify Them](#)" by Gayle Christensen, Brandon Alcorn and Ezekiel Emanuel, looked especially at the loads of enrollment data from Wharton's numerous MOOCs. They conclude:

"Rather than cannibalizing business school course offerings and executive education, open, online business courses appear for now to be expanding the overall reach of business education. Even in their infancy, business MOOCs from Wharton are reaching groups of students most commonly targeted for outreach by business schools: working professionals outside the United States as well as foreign-born and underrepresented minorities in the United States."

Harvard Business School apparently doesn't see the same potential. Like Wharton, HarvardX is replicating the introductory portion of its curriculum with a sequence in the "fundamentals of business thinking." But, bucking the MOOC trend, they are charging \$1500 for the three courses, targeting recent graduates without a business background. (For those following the "disruption" debate, [Clayton Christensen has said this is a textbook example of an incumbent brand making a short-term innovation while wrong-footing the long game.](#))

Future trends for business skills training

Singh feels strongly the pendulum will swing away from massive and asynchronous to intimate and real-time, anyway. WizIQ is heavily pushing a new feature that allows

instructors to build live online classes on the theory that this is what students most want.

Another trend he sees is people taking IT and coding courses as part of their business skills development. For example, he says, “several folks in our own organization who have nothing to do with programming as part of their career have taken such courses. The reason is that wherever there’s data, you need to learn operations on that data. Marketing folks want to take those courses, not because they want to become programmers, but because they want to do a better job at marketing.”

Llorens expects to see demand grow for people who can create and deploy online education to keep a company’s talent base growing and engaged. “You have to use every subconscious thing you can think of to make the course entertaining and engaging,” he explains. “That’s going to become ultra high value as a talent. There’s going to be somebody who’s in charge of user engagement for the class. If you’ve got folks who are really good at that, your platform will beat out the next one.”

Asked about what he thinks the long-term trends are, Visciano talks about the introduction of more working practitioners into education. “If you go to MBA programs, what you see is that the most popular teachers are teaching it from a place of experience,” he says. “It’s not somebody who’s teaching about fundamental theories. It’s somebody who has made a million mistakes and is bloodied and bruised.”

Online platforms like Udemy, he argues, have that ethic at their foundation. Classes sell if they are by “everyday experts, taking that practical knowledge, distilling it into a course and delivering it to the world. I think that is the direction things will go, both in MBA programs and in online learning -- the shift toward learning from people who know it and who’ve lived it.”

Lamkin says an explosion of new projects is bringing more innovation into the marketplace, “but there’s a downside to that. You and I could put our heads together and by this afternoon have our own school online and have some courses there. It might look good, but it may not actually be very good, so there is a risk that a person will take time to take courses and find out they may not be all that good.”

So the development he’s looking for is a way to evaluate online learning programs. “If you’re that end user, you definitely want to spend that time in a quality course that’s going to benefit them on a long-term basis,” he says. “That creates a need for an informed, independent organization that takes the time to go through the materials and have an unbiased ability to evaluate that material. Those types of resources will be more and more important going forward.”

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