



**Arthur D Little School of Management - world's only example of an accredited corporate university - sold to Kaplan after bankruptcy of parent company**

The Arthur D Little School of Management (ADL SOM), thought to be the world's only example of an accredited corporate university, has been forced to change tack after the bankruptcy of its parent consulting firm. Boston-based consultancy Arthur D Little (ADL) declared bankruptcy in February 2002, and the firm has now been broken up. On October 9 2002, it was announced that Kaplan, the US for-profit education company had acquired ADL SOM, in an undisclosed agreement. The School has undergone a name change and a change in degree offerings. Now re-branded as the Concord School of Management, ADL SOM has become the second graduate school in Kaplan's Higher Education division, partnered with its wholly online Concord Law School. Simultaneously, the school's single degree offering, the one-year Master of Science in Management, has been re-branded a Masters in Business Administration. Formerly not-for-profit, the School will now operate under Kaplan's for-profit model.

These changes call into question the future direction of the business school, which had previously promoted itself, at least in part, on links with its parent company- said to be what was the world's oldest consulting firm, founded in 1886. Founded in 1964 as the in-house management development arm of Arthur D Little consulting, the ADL SOM gradually grew into a conventional business school, offering masters degrees, recruiting primarily non-ADL international students and winning regional accreditation in 1976. However, a link with the parent company remained. The ADL SOM website cited its links to ADL as a major asset, providing "distinguished speakers, faculty, management consulting projects, guidance for students, ... and access to much of the firm's intellectual capital", as well as serving as a job destination for many graduates. ADL SOM is a highly ranked business school, placing among the top 30 international graduate business programmes in the United States, in a survey of MBA recruiters in 2001.

The question remains of how new ownership will affect the new Concord School of Management. Will it continue to develop as a small international business school, or will it be brought in line with Kaplan's higher education strategies? There are already a few clues to the School's future direction. With its name change, the Concord School of Management has been matched with the Concord Law School- one of the few 100% online law schools. Already, the Concord School of Management is recruiting for a new Associate Dean Online, suggesting that the currently residential school will soon introduce major online components into its programmes. Kaplan is clearly banking on the School's value and credibility independent of Arthur D Little, despite the long association between the two. The SOM also had a strategic alliance with Boston College's Carroll School of Management, sharing many electives. It is unclear whether the alliance will survive Kaplan's acquisition.

Kaplan itself, a test preparation company of 60 years standing (owned by the Washington Post since 1991), has rapidly moved into the postsecondary market since 1998. Kaplan is smaller- in terms of student numbers and revenue- than the leading for-profit higher education providers in the United States (e.g. DeVry, Apollo Group)- but has grand ambitions. It set up the Concord Law School and then purchased 41 proprietary undergraduate colleges in eighteen months. The US\$500 million company plans to build a portfolio of 100 colleges in the coming years.

Once the sale of the school is completed, Concord must undergo a review by the New England Association of Schools and Colleges to confirm the transfer of regional accreditation. It may be significant that the Concord School of Law does not have regional accreditation and indeed has been turned away by the American Bar Association on the grounds that the Association currently considers 100% online provision inappropriate for legal education.

It will be interesting to watch the Concord School of Management's future enrolments, in terms of numbers, delivery mode and clientele. From corporate university, to not-for-profit business school, and now to for-profit business school, the Arthur D Little School of Management/Concord School of Management turns another corner in its unique history.

### **Addendum**

On 6 November 2002, Kaplan announced its withdrawal from purchase of the former Arthur D Little School of Management. The School's ongoing accreditation depended upon approval by the regional accreditation agency, the New England Association of Schools and Colleges. Initial discussions suggested that the process would take at least six months. Kaplan decided that this stay on normal operations would further weaken the School- now in limbo following the expiry in September of the license to use the Arthur D Little name. The School is said to currently have only 26 students and is unlikely to recruit significantly until ongoing ownership and accreditation issues are resolved. These developments add to the debate about the efficiency and effectiveness of regional accreditation in the United States and suggest poor anticipation by Kaplan concerning the accreditation implications of transferring the School from not-for-profit to for-profit status. The School is approaching other potential buyers.