The Carlson School strives to be among the very elite (top 20) business schools in the world. It should (1) be a national focal point for management research and education, (2) be a leading institution in the creation and dissemination of management knowledge and practice that attracts top faculty as both researchers and educators, (3) offer programs that attract top student talent from around the world, (4) be viewed as a recruiting center with a pool of highly talented and educated students that businesses from around the world view as a source of new management talent, and (5) it should be a destination of choice for top management to gather, share and further develop their management skills and practices.

The Carlson School has achieved significant success. The Carlson School just recently broke the top 25 when it ranked 24th among business schools in the country according to US News and World Report. Our faculty is highly regarded and is among the top 20 faculties in American business schools. We have a first class facility, great relationships with our business community and enjoy commitment and support through participation in our programs. Our Board of Overseers includes the leaders of the Twin Cities business community and we are diversifying the board by adding more female and nationally known business leaders. The Board’s commitment to and involvement with the Carlson School continues to grow.

The Carlson School is a great school. But with this next level of investment, we can be an even greater school. We continue to focus our attention on raising the national reputation of the full-time MBA program in order to attract top student talent who will command high quality top management placements. We are working to provide better quality services to our evening MBA students in an effort to grow the program and be able to fund these Carlson School initiatives, focusing on staff, faculty and student satisfaction through diversity and mutual respect initiatives, bringing the school’s faculty and staff up to par in terms of their use of and the availability of technology, and we are developing an aggressive marketing strategy designed to promote the changes and improvements in the Carlson School.

The School’s core academic activities include the undergraduate BSB, the Full-Time and Evening MBA, and Ph.D. programs. While these programs are essential to the Carlson School and are our major priority, they are not self-funding and do not generate a profit nor do we expect them to. On the other hand, our other educational programs (degree and non-degree) provide important services to the business community and should at least be self funded and, where possible, generate profits. The School’s profits are used to provide funds to improve current programs and support faculty research activities.

The compact between the Executive Vice President and Provost and the Dean of the Carlson School of Management for 2002-03 includes the following:

Update – Major Long-Term Goals/Priorities from Previous Compacts

1. Build a Nationally Ranked Full-Time MBA Program

For business schools, the full time MBA program is the most common metric by which the public and the business community evaluate the performance and value of a business school. Therefore, it is essential that the Carlson School’s full-time MBA program be ranked as one of the best in the country. To do this, the School must recruit a high quality incoming class, provide them with the best faculty talent, deliver an integrated cutting edge curriculum using the latest technology, and provide them a wide range of top-flight job placement opportunities both regionally and nationally.

The foundation has been laid for the school to move to the next level and become a top 20 nationally ranked full-time MBA program. We recently cracked the top 25 in US News and World Report and are now ranked 24th among business schools.

Our student placement success is a key factor in the reputation and ranking of the school. Although our placement results did not increase this past year, we have done very well in comparison to our competition. The Carlson School US News and World Report ranking of 24th reflects a ranking of 6th and 8th respectively, in the % of students placed at graduation and 3 months out.

We plan to continue to increase the national reputation of the Carlson School’s full time MBA program by working on the following four goals. The details regarding these goals will be updated and revised when the new MBA Director comes on board in mid July, 2002.
Increase the size of the Full-Time MBA program to a competitive level. The current size of the MBA program is too small to capture managerial and operational economies of scale. In addition, in order to ensure full classes, full-time students must take many of their elective courses at night. Many national and Fortune 1000 companies will not recruit on campus because of the small graduating class size and lack of geographic diversity of the student body.

The school’s goal is to achieve an entering class size of approximately double its current size. To do this, the school needs to attract a more geographically diverse student body, attract more national recruiters, and maintain the level of quality of the students we admit.

We’ve made progress in increasing the size of our applicant pool through a variety of approaches. One is the purchase of a new software program that allows us to target searches for potential students and send them customized emails. We also designed three new direct mail pieces targeted at women, minorities and recent undergraduates.

The most proactive changes we’ve made are the addition of two programs called the Carlson Admission Action Group (CAAG) and Carlson School on the Road.

CAAG is a group of current students who channel their energy toward helping market the program by contacting prospective students to give them an idea of what they can expect of the program as well as taking students on tours and out for lunch while visiting the campus. Ideally, they’ll continue to work with these students if they choose to enter the program.

Carlson School on the Road is an integrated and synergistic, strategic marketing event in collaboration with the Dean, advancement, corporate relations, alumni relations, media relations, MBA Program recruiting and student programs, and the Business Career Center. The purpose of the initiative is to develop and enhance regional and national connections for the school with their key customers including: donors, alumni, corporate recruiters, potential and existing MBA students, and the press. An alumni reception will be featured in each city to introduce the new dean and his vision for the school and potential MBA students will be invited. The Business Career Center will build MBA student site visits to key companies around the alumni event as part of their national career placement efforts and the dean will have one-one-one meetings with key donors, alumni, corporate executives and media. This coordinated marketing event will assist the school in their strategic goal to nationalize the Carlson brand, increase alumni participation in our Carlson Career Network and fundraising efforts, increase the size and ranking of our day MBA program, and garner career connections for our MBA students.

A recently hired director of the full-time MBA program will begin July 15, 2002. It is our intention to have him review and fine tune our goals for growing the program.

Some measures that will determine the success of this goal are # of applications received; # of matriculates; quality of matriculates (GMAT score and years of work experience); satisfaction of our students, alumni, and recruiters; # of recruiters recruiting Carlson School students; and student placement rates.

Financial support for this initiative will come from both general Carlson School operating dollars as well as allocations from the B.E.S.T fund.

Improve the overall quality of student services for the MBA program. We intend that service quality excellence be a hallmark of the Carlson School. Our goal is to make student service quality a priority and practice of administrators, staff, and faculty. Excellent service quality will be the norm and expectation of our students.

We view service quality as being customer driven. Students are the best judges of the services/support they receive. We organize "listening posts" to learn of problems and opportunities: 1) student membership in various advisory

*The B.E.S.T fund is described in detail in section C-1 of this compact.
committees, 2) two meetings per year with the Dean at which students have an opportunity to ask questions and express their concerns about the program and the school, and 3) we meet monthly with the MBA Association officers. At these meetings we work to actively engage student input to prioritize and coordinate faculty attendance at events and offer advice and/or approval for various projects or events they are planning. This is also an opportunity to speak more in depth about certain issues of concern to the student and Administration.

Substantive Service Quality improvements in computer support, availability of equipment in the computer labs, the addition of wireless computing capabilities, and a refined process for placing book orders, which substantially increased the number of book orders and other related reading materials available at the commencement of classes, have been realized. Other service quality improvements are mentioned in section B-3 of this compact.

We will continue to work with the students and faculty to identify areas for improvement and implement changes as appropriate.

The measure that will give us most feedback with respect to the success of this initiative is student satisfaction. We are currently developing related service quality measures, which will be implemented this year.

**Improve participation in national events.**
The MBA office will attempt to increase the program’s presence in the national market by having students and staff members participate in national management & industry conferences and participate in and run national competitions. This participation provides leadership opportunities, builds networks, mitigates the impact of relative inexperience and promotes the Carlson MBA.

We have more than doubled student participation in case study and other related competitions and activities. Staff participation in conferences and organizations has increased substantially. We will continue to offer opportunities for staff and students to participate in national events.

Success will be measured by student satisfaction as well as name recognition, the later being difficult to measure. The Measures of Success project mentioned in new goal #7 will address this issue.

**Expand and perfect the enterprise initiatives.** Enterprises are student run businesses where students, faculty, and the business community converge to develop and manage real world business endeavors employing the principles provided in their MBA core and elective classes. These enterprises include on-the-job and classroom learning experiences. We hope to use these enterprises as a tool for recruiting students as well as a means of connecting students with job opportunities.

Three of the four planned enterprises are now running. The last of the three, Technology Solutions Enterprise, accepted its first class of students this year. The fourth enterprise is still being developed.

We plan to use allocations from the B.E.S.T* fund to supplement any necessary support that each enterprise does not generate.

Success of the enterprises will likely be measured by placement of the students involved, revenues generated, success of the projects worked on, and the growth of the funds in the Carlson Funds Enterprise. Student satisfaction and demand for the enterprises from both students and the business community will also measure their success.

Below is a description of each enterprise, the progress they made in 2001-2002 and their future goals.

**Golden Gopher Growth Fund (Carlson Enterprise Funds).** The Carlson Funds Enterprise will continue to maintain a financial market laboratory with the latest financial analysis software and real-time data access tools available for market analysis, a specialized curriculum for money managers, and feature students running investment funds for equity and fixed income money management. The emphasis of the enterprise is to show students how to apply the concepts and principles taught in the classroom to the management of a complex portfolio of securities.

The Golden Gopher Growth Fund has been renamed the Carlson Growth Fund. In addition, a new fund based on this same model was initiated, the Carlson Fixed Income Fund. Together these funds constitute one of three "enterprise" courses available to Carlson MBA students. The enterprise activity...
encompassing these two courses is referred to as the Carlson Enterprise Funds (CEF).

CEF is in its six year of operation with 16 students enrolled. The program will continue to be adapted to serve its purpose of attracting applicants to the MBA program and to placing students in high quality MBA positions. A major undertaking this year is raising the $10 million needed to effectively run a fixed income fund.

The Carlson Growth Funds charges an administrative fee for participation. This fee amounts to approximately $50,000 per year and is used to help fund general operations of the enterprise. In addition, they administer a foundation endowment from which approximately $40,000 in investment returns are used to support the enterprise.

New Business Development Enterprise (Carlson Ventures). The New Business Development Enterprise (NBDE) is part of the Center for Entrepreneurial Studies and provides students an opportunity to create new high potential businesses and to be involved in corporate renewal through new business initiatives. Students take a specialized curriculum in entrepreneurship developed jointly by the academic and business communities, and then work at the NBDE with successful entrepreneurs in the region, leading scientists at the University of Minnesota, and new business development units at such companies as 3M and Fuller to develop technology based businesses in areas such as medical devices, biotechnology and consumer technology.

The NBDE, recently renamed Carlson Ventures, is in its second year of operation. 20 top MBA students were selected from among 40 who applied. Many of the students, upon graduation, said the descriptions of their experiences in the Enterprise was a key factor in their interview process and led to their jobs in new business development within larger firms such as 3M, Medtronic, Honeywell and the Carlson Companies.

The program will be assessed throughout the year and improvements will be made again this year as appropriate.

Financial Support for this Enterprise comes in the form of a gift from 3M. The Enterprise also generates an equity position that in the long run will self fund the enterprise.

Carlson Consulting. This enterprise’s network of academic and industry professionals educates and mentors MBA students to help them (1) connect cutting-edge ideas and technologies from the classroom to real problems presented by clients, (2) learn to work collaboratively with clients to integrate strategy and technology, and (3) discover how to lead complex change initiatives. The enterprise is committed to helping our clients translate cutting-edge ideas and technologies into sustainable competitive advantage and creating expanded and enriched career choices for Carlson School MBA students.

Much progress has been made with the enterprise in fiscal year 2001-2002. Both an Academic and Professional Co-Director have been hired. Together they developed a vision statement for the enterprise, built a faculty council and Board of Directors to advise the enterprise and finally, admitted its first cohort of students, 16 high-quality MBA students who will begin the program in Fall of 2002.

The goal for fiscal year 2002-2003 is to have five to ten projects ready for the students to consult on. In fiscal year 2003-2004 the goal is to expand the program to approximately 24 students. In steady state, we expect about 40 full-time MBA students to be involved in this enterprise program.

The Brand Management Learning Enterprise.
Interest in this enterprise is bubbling up from the students. A committee of students has been formed and is working with Professor Michael Houston to develop a planning document. The planning document will address ideas for how the enterprise might work as well as the timing of acceptance of students and actual work on the planned consulting projects.

A focus group has been conducted to determine market interest and the types of projects considered suitable. Results of this study will be distributed shortly and work will begin on developing the enterprise.

2. Enhance the quality of the Evening MBA program in an effort to grow the program and increase its profitability.

The part time MBA program is one of the largest and highest rated programs in the School. It also generates the largest profit among all of the Carlson School’s academic program offerings. Analysis done last year suggests that we could both enhance the program and increase profit potential by increasing the number of students admitted and the quality of services provided to the
students. Our goal is to grow the program and generate more revenue for school initiatives.

This Spring the US News & World Report ranked the Carlson Evening MBA program 11th in the nation (up from 12th last year).

We generated more interest in the program by offering multiple information sessions, improving student services and adding staff to accommodate the changes. As a result, applications are up approximately 20%.

We will continue to work with faculty, staff, and students to identify areas of improvement and implement changes as appropriate. Options we’re currently exploring are offering weekend classes and adding to our current offerings in the summer.

Growth in the enrollment of this program will generate an increase in tuition and technology fee revenue, which we plan to use to continue to grow and improve Carlson programs.

The success of this program will be measured by student satisfaction, ranking, profit generated, career impact and size of the program. Other measures will likely be identified during the development of the “Measures of Success” project.

3. Improve the quality of internal service across the school

Our objective is to identify and prioritize services that need to be improved and put into place processes and procedures to make it happen. The Associate Dean of Administration, appointed last year, oversees the Office of Information Technology, Facilities Services and Human Resources and is responsible for services at the Carlson School.

**Improved services to students:** 1) new web-site for easy access to Carlson School and University information and services, 2) increased computer lab capacity, 3) the upgrading of all computers in student computer labs, upgrading and improved support of classroom technology, 4) the addition of wireless computing capabilities throughout the school, 5) much improved infrastructure and reliability of technology in support of our educational activities, and 6) improved student lounge facilities. In addition we have substantially improved processes that enhance the student learning experience: 1) a refined process for placing book orders which insures a 100% on time availability of texts and supporting educational materials, 2) improved facilities scheduling process which allows for a better match of students needs with our facilities, and 3) improved course scheduling that allows the development of program driven class schedules that better meet the needs of our student lounge facilities.

**Improved services to staff and faculty:** 1) improved service levels in HR, OIT and Facilities Management with a focus on what we can do as opposed to what we can't do, 2) improved access and response to staff and leadership, 3) improved coordination and information within our hiring processes through the implementation of information reporting systems, 4) improved personnel evaluation process and procedures, 5) improved policies and procedures for room reservations, and 5) improved building cleanliness, 6) improved availability and levels of support with regard to OIT services, 7) substantial progress in the design and development of the CSOM data warehouse, and 7), improved service measurement and reporting system pertaining to technical support requests.

We will continue the development of service quality systems, improve performance measurement and benchmarking throughout the Carlson School, and design and develop a personalized WEB site and applications for students, faculty and staff.

Faculty, staff and student satisfaction will measure the success of this program through various survey mechanisms. Our success in this area will also be reflected in our ranking.

4. Carlson Committee on Diversity and Mutual Respect

This committee was appointed and charged with advising the Dean on matters related to assessing and improving, where necessary, diversity and mutual respect within the Carlson School community.

The newly formed committee, made up of faculty, staff and students throughout the Carlson community, has made substantial progress this year in clarifying the role and goals of the committee. Further, we have hired an external consultant, Pro Group, Inc., to assess the culture at the Carlson School and to provide insight into the most appropriate follow-up action needed.
Through the end of this academic year 2001-2002, seven executive interviews, eleven focus groups, and an electronic survey distributed to over 3000 individual faculty members, students, and staff members have been completed. Significant time was invested in working with Pro Group to design relevant and appropriate focus group and survey questions/content.

In the summer of 2002, a preliminary report will be completed by Pro Group and presented to the Committee for its review.

Targeted activities to be completed in fall of 2002 are to include possible subsequent focus groups necessitated by the preliminary results of the survey, completion of the final report and recommendations from Pro Group, and presentation of those findings in an appropriate form to the Dean, Associate Deans, department heads, staff, and student groups. Prioritization of specific initiatives will be the Committee's primary objective for early fall, with implementation to follow.

A measure of success of this initiative will be faculty and staff satisfaction as well as retention rates of the same.

5. Information Technology Initiatives

For the Carlson School to be recognized as a premier business School it must have access to leading information technology and deploy it in the classroom, in its research, and in communication with prospective students, current customers, and alumni base. Furthermore, to remain competitive, the School must also develop distance-learning capabilities that can be deployed in regional programs such as the Evening MBA program and to the School’s family of international programs. Our vision in technology is to become a leader in the use of technology to enhance learning and research.

This initiative’s success will be measured in part by faculty and student satisfaction as well as faculty web presence. Other measures will include our technology budget as a percentage of the overall school budget compared to other top business schools, and student to lab seat and faculty to technology support staff ratios.

Financial support will come from general Carlson School operating dollars, allocations from the B.E.S.T* fund, other technology related gifts and student technology fees.

Examples of progress made in 2001-2002 include the following:

- **Carlson School Website.** A study of needs was conducted, a consultant was hired and the new Carlson School website was developed and went live in early January 2002. The system is now fully operational and supported by Carlson School staff. It provides a powerful and flexible web structure that can be easily adapted to meet changing and expanding needs.

- **Carlson School database infrastructure.** This project is intended to move away from the current silos of information and toward managing information as a school-wide resource.

  The process and procedures are in place to provide daily updates of information relating to students, employees, classes, student enrollment, student evaluations, and alumni. The data warehouse is now used to provide data for most new applications, including the Carlson School web site.

  Development projects are now evaluated and prioritized as they surface. A consistent methodology is being used, and a common set of development tools are in place. This will eliminate the problem of having systems that cannot be supported because the developer is gone, and leaving an undocumented system built with tools that are not supportable. A highly skilled development staff has been put in place through the addition of a project team leader, highly skilled web developers, and a database administrator. This has reduced the school’s reliance on expensive outsourcing for development activity without sacrificing quality of the development projects.

- **Implement a technology services quality assurance program.** The main component of the program will be the implementation of call tracking software. This software, that tracks customer requests, and provides measurements of effectiveness, was installed this past year.

- **Invest in state-of-the-art technology and tools.** Investment in support of education and research activities of the school is imperative
to the success of our programs and necessary for us to keep up with our competition.

Enhancements and improvements have been made to the technology available to students, staff, and faculty, including (1) Creation of a secure wireless network encompassing the lower 3 levels of the building, (2) Upgraded projectors in all of the classrooms in the building, and (3) The web platform has been upgraded to provide high speed web access with a redundant fail over capability to minimize or eliminate downtime.

Wireless capability has been expanded to most of the building. Wireless laptops are now available for students to check out and areas in the school are being remodeled to promote the use of laptops and wireless connectivity.

As technology changes, this will continue to be a major goal of the Carlson School.

- **Expand the role of technology enhanced learning in the school.**
  The school currently has a very strong web presence; over 85% of all Carlson School classes have a web presence. The goal is to move beyond the delivery of materials through the web. Investments will be made in faculty training and support in order to utilize technology to further improve the educational product of the school.

  Carlson faculty members have participated in the Bush program, taking advantage of the instructional technology resources to expand the instructional technology component of their course. A faculty advisory group has been formed and charged with defining the requirements for the school’s course management software.

- **Information Resources.** Information resources are required for a world-class business school. They will be expanded and made readily available to faculty and students.

  Development of a Carlson School intranet is underway with the goal of providing faculty, staff and students personalized access to the web in order to “push” the information, tools, and services that are relevant to the individual.

  Financial support for this initiative will come from both general Carlson School operating dollars as well as allocations from the B.E.S.T fund.

6. **Marketing Strategy for the School**

Our goal is to improve the perception of the Carlson School by potential students as well as recruiters and the business community.

The School commissioned a marketing firm to name and develop a marketing strategy for the Enterprises (the Carlson School MBA Program’s hallmark). At the same time, we began a search for a Director of Marketing who will be charged with the marketing of the school as a whole as well as playing an integral role in the marketing activities of all Carlson School Programs and Departments. We expect the new Director to be in place by the end of June, 2002.

The new marketing director will work with the marketing firm as well as Carlson School Administration to develop a plan of action for moving the school to the next level.

7. **Greater Operating Autonomy for IRC and HCM**

Implement a new fiscal and management system that will allow greater operating autonomy for the Industrial Relation Center and the Healthcare Management department for their respective programs. At the heart of these agreements is the establishment of fiscal performance goals, which each unit must meet. If the operating unit exceeds their performance goal, the unit and the School share the “profits.”

The goal has been accomplished. Both HCM and HRIR have plans in place to provide them greater operating autonomy while remaining integrated with and supportive of the Carlson School.

**New Long-Term Goals/Priorities**

*The B.E.S.T. fund is described in detail in section C-1 of this compact*
1. Change in Strategy for Advancement

As the School looks to act upon and successfully execute the goals and objectives detailed in the strategic plan, we will facilitate improved relationship building with the School's alumni and partners in the business community. These populations will serve as a resource for student recruitment, graduate placement, executive education assistance, business area expertise and long term financial support.

One initiative currently underway is the creation of the B.E.S.T. * (Board Endowment for Strategic Transformation) fund. Our goal is to secure contributions from our board members to create a 20 million dollar endowment, the proceeds of which would fund strategic initiatives to help advance the school’s reputation. A possible reorganization of the school’s Advancement department to better define development and alumni and community relation functions is also under review.

2. International Programs

We are positioning the International Programs Office as a clearinghouse for all international components of our programs and class offerings, creating value and a more global experience for our students and partners. The International Programs Office seeks to further diversify the opportunities for our students to realize a meaningful international experience during their time at the Carlson School. Additional investigation is currently underway to identify opportunities to increase financial independence and profitability.

3. Office of Instructional Support

The Carlson School is embracing the challenge to further raise the level of instructional excellence at the School. Using our recent academic advances as a stepping-stone, we intend to integrate students, faculty, curriculum and programs with state of the-art instructional technologies to heighten the level of both the teaching and learning experience.

This office will guide the School in all aspects of the initiative ranging from strategic planning, to actual incorporation of information technology into curriculum, to success measurement. The office will address methodology as well as teaching. It will include peer instructor and outside expert feedback. Participation will be voluntary but strongly encouraged.

As a down payment and investment in the Carlson School’s commitment to the undergraduate experience, the Executive Vice President and Provost has committed $100,000 recurring to this initiative. We intend for the School to become a hallmark of excellence in the area of technology enhanced learning within the University.

Although we are in the beginning stages of identifying metrics for our goals, we anticipate to be measuring our success through student and faculty evaluation as well as research productivity and comparative studies.

4. Identify Areas of Excellence in Research

We have identified a need to advertise the quality of Carlson School’s faculty and research at the University as well as nationally.

Our goal is to identify two areas we want to be truly excellent in academically and invest in them heavily.

5. Custom Programs in Executive Development (EDC)

The revenue we generate from our EDC program pales in comparison to our competitors. It is our intention to investigate ways of expanding our revenue generating potential by offering more custom programs. Measures which will determine our success are revenue generated, # of programs offered, and customer satisfaction.

6. Measures of Success

Now that the strategic plan has been developed and reviewed by the faculty and administration of the Carlson School and its supporters, we are in the process of developing a metrics system to measure and report on our progress on our ongoing operations and new initiatives.

Enrollment Management

1. Undergraduate Program

Enrollment Trends. (See attached spreadsheet) Applications of the Carlson School have doubled over the past five years and remain very strong. We expect a slight increase in the number of college age students in the next decade
that should further strengthen the interest in Undergraduate management education.

As the only accredited business school in the Twin Cities, we feel our program does not compete directly with other schools. The University of St. Thomas is planning to seek accreditation in the future and that could affect our applicant pool. However, given our strong national ranking (14th in US News & World Report), our program is very competitive. At this point, we are not concerned about losing enrollments to another school.

**Planned Changes.** The School is proposing to increase the size of this program by 50 percent to about 2400 full time students. Interest in this program, as evidenced by the quantity and quality of applications, makes this expansion possible without diluting the quality of the program. The Undergraduate Program has a long history and contributes significantly to the local and state economy.

New delivery methods will be necessary in some courses, for undergraduate expansion to be financially sound. We plan on changing the delivery of the core courses in the upper division from relatively small sections of 60 students to larger sections of about 150 students. This change in delivery requires additional, large, high technology classrooms that are currently in short supply in both our building and throughout the West Bank. We cannot deliver these types of courses in our current facilities.

**Goals.** Our goal is to maintain the school’s quality reputation and high graduation and retention rates, currently among the best at the University, while focusing on program expansion.

2. Full-Time Program

**Enrollment Trends.** We expect enrollments to increase slightly over the next three years due in part to the increase in our business school ranking. As we achieve some of our goals and improve the reputation of the school, we expect applications and enrollments to grow substantially.

**Planned Changes/Goals.** Plans and goals for the MBA program are described in detail in section B 1.

3. Evening Program:

**Enrollment Trends.** We plan to increase the program as market allows while maintaining the level of quality of the students currently enrolled in the program.

**4. Executive Program:**

**Enrollment Trends.** Enrollment has increased steadily over the past few years.

**Planned Changes.** We are undergoing a curriculum review, benchmarking other top programs and considering offering electives in the program.

**Goals:** In the next couple of years we expect to be able to add a third section of 45 to 50 students to the executive program.

5. Healthcare Management

**Enrollment Trends.** The Masters in Healthcare Administration (MHA) degree can be earned through full-time day, part-time, and distance education studies. (In response to market interest, the part-time option was initiated in Fall, 2001.) Enrollment in all three options has met the targeted numbers of 50 full-time, 10 part-time, and 15 in the distance education option. We anticipate stable program enrollment.

**Planned Changes.** Appoint a new Program Director for the MHA program.

**Future Goals.** (1) Assess the feasibility of a distance doctoral degree in healthcare administration, (2) Continually improve MHA Program quality, maintaining or improving its strong national reputation (ranked fourth in *US News and World Report*), and (3) Develop faculty and curriculum in the medical device, pharmaceutical, and other diversified segments of the health sector, in support of the MBA degree.

6. Human Resources and Industrial Relations

**Enrollment Trends.** Enrollment in the MA classes has increased slightly and undergraduate enrollments have increased significantly.

**Planned Changes.** HRIR anticipates further expansion of our on-line offerings as well as offering a class that focuses on HR from the executive perspective.

**Future Goals.** Maintain current enrollment levels and curriculum standards while increasing the quality of entering students.

**Facilities Issues**

The Carlson School is investigating the possibility of finding new space for an undergraduate building that would allow us to increase the size of our undergraduate program by 50% without altering the quality of the students we admit. We are requesting this additional space on the basis that new delivery methods will be necessary.
in some courses, for undergraduate expansion to be financially sound. We plan on changing the delivery of the core courses in the upper division from relatively small sections of 60 students to larger sections of about 150 students. This change in delivery requires additional, large, high technology classrooms that are currently in short supply in both our building and throughout the West Bank. We cannot deliver these types of courses in our current facilities.

**Financial Issues**

1. **Tuition** - The agreed upon tuition revenue estimate for CSOM is $26,647,200 for fiscal year 2002-03.

2. **ICR** - The agreed upon ICR revenue estimate for CSOM is $100,000 (49.5% of $202,020) for fiscal year 2002-03.

**Revenue Strategy.** Since the inception of IMG at the University, the Carlson School has taken an aggressive approach to our numerous professional program tuitions and to the level of student services and academic support provided by all tuition income. Coupled with growing development and educational sales programs, fiscal year 2001-02 revenues are expected to top $50 million for the first time. This is a 40% increase over fiscal year 1997-98 levels.

A vast majority of the Carlson School’s revenues come from four major sources; Tuition, State O&M funds, gifts & endowment earnings and educational sales. The following is a brief assessment of the recent past and future for each of these areas:

- **Tuition** has grown from $13.4 million in fiscal year 1997-98 to $22.1 million in fiscal year 2001-02, a 65% increase. This represents a growth from 38% to 44% of total revenues. We are planning on a 20% increase in tuition revenues in fiscal year 2002-03 as a result of extensive rate increases and some small, but important, enrollment increases. A 10% to 15% increase in fiscal year 2003-04 would be most probable based almost entirely on rate increases. However, in fiscal years 05 and 06 we would expect tuition revenues to again increase by at least 20% due to significant expansion of our undergraduate program, continued growth in the evening MBA program and, hopefully, an increase in the size of our entering Full-time MBA classes.

- **State O&M Funds** have grown from $8.5 million in fiscal year 1997-98 to $11 million in fiscal year 2001-02 (up 30%), but this growth is deceiving. In fact, during this period state funding’s share of the school’s total revenues has decreased from 24% to 22% and is expected to drop to 21% in fiscal year 2002-03 despite an actual increase of $250,000.

Looking at the history of state funding in conjunction with central assessments paints an even more somber picture. Under this approach, actual funding has remained a constant from fiscal year 1997-98 through fiscal year 2001-02 and is expected to drop by $600,000 in fiscal year 2002-03. We do not expect this trend to stop in the near future, and despite small increases in our state allocation, we anticipate the flow of funds and percentage of total funding to drop dramatically in the next few years.

- **Gift/Endowment Earnings** have grown steadily from $6.5 million in fiscal year 1997-98 to $8.8 million in fiscal year 2001-02 or 35%. Unfortunately, several recent actions will tend to curtail this growth over the next few years. Endowment distributions are being reduced by 9% (from 5.5% to 5% of the running average) and the lackluster performance of the markets over the past two years will be stagnating the running average calculations. Despite the restrained growth of endowment distributions, we consider outside support for Carlson programs to be strong. We have also taken action to put some of the school’s larger chair endowments to better use. Consequently, we expect steady (4 to 8%) growth in our gift and endowment revenues in the next 3 to 4 years. In addition to this “regular” income, we are developing a new strategic (B.E.S.T.) fund for special initiatives and we anticipate eager and strong support for our final undergraduate facility plans.

- **Educational Sales** have grown from 4.8 million to nearly 6.5 million since fiscal year 1997-98. As with gift and endowment earnings this is a 35% increase. We have set a goal to double our Executive
Development Center portion of this figure between fiscal year 2001-02 and fiscal year 2004-05 which should result in a 70% increase in overall educational sales revenues during this short period. While this does not necessarily translate directly into a similar level of available funds to the school, as there are considerable costs to generate the sales, it should substantially enhance funds available for student aid and student services toward which much of the income is directed.

The Carlson school does have other revenue sources, which are growing. Most notable are student fees for technology support and a new undergraduate administrative services fee being applied for the first time in fiscal year 2002-03 with the concurrence of the Provost. Student fees still do not comprise a substantial percentage of total revenues, however, they are increasing (after no growth for 4 years, tech fees have doubled in the past two years). We should look forward to slower but continued growth in future tech fees in view of the school’s primary need to provide state of the art technology support. Any growth in the undergraduate administrative fee will need to be assessed annually in conjunction with the University’s general tuition increase.

In view of the foregoing, the school can safely look forward to overall revenue growth in the 8-12% range for the next two years. Hopefully, that rate will then increase to 12-16% in the subsequent two years when the effect of a new undergraduate facility can be felt in both the undergraduate and graduate degree programs.

Compact Development

Much effort and consultation between the departments, programs and Dean’s Office Staff took place during the drafting of this version of this compact. Program directors were asked to provide goals and objectives for their units as well as progress made on previous goals. The Academic Department Chair (ADC) and Faculty Consultative Committee (FCC) will review and have input on this and all future versions.

Data Profile

For a display of planning data related to the Carlson School of Management, refer to a link off the University web site managed by the Office of Institutional Research and Reporting at http://www.irr.umn.edu. This site contains standard financial, staffing and student information.

(Creating a system of measuring progress toward our goals is described in the New initiatives section of this compact (#6)

I. Report Summary and Allocation Summary

No reports to be submitted prior to next compact development cycle.

<table>
<thead>
<tr>
<th>Historical Allocation Summary</th>
<th>FY1999</th>
<th>FY2000</th>
<th>FY2001</th>
<th>FY2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Initiative</td>
<td>146,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classroom Mgmt</td>
<td></td>
<td>40,000</td>
<td></td>
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<td>Electronic Commerce</td>
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<td>121,220</td>
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<tr>
<td>Business Minor Program</td>
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<td>125,000</td>
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<tr>
<td>Rochester-Executive Education</td>
<td>20,000</td>
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<tr>
<td>Freshmen Seminars</td>
<td>20,000</td>
<td></td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Digital Tech. Position</td>
<td></td>
<td></td>
<td>290,525</td>
<td></td>
</tr>
<tr>
<td>Virtual Wireless Lab</td>
<td></td>
<td></td>
<td></td>
<td>50,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$146,000</strong></td>
<td><strong>$326,220</strong></td>
<td><strong>$415,525</strong></td>
<td><strong>$183,000</strong></td>
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Central Allocation Summary – FY2002-03

<table>
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<tr>
<th>FY2003 Amount</th>
<th>Recurring</th>
<th>Nonrecurring</th>
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<tr>
<td>Undergraduate Education</td>
<td>100,000</td>
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</tr>
<tr>
<td>Computer Science Faculty (on worksheet)</td>
<td>100,000</td>
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</tr>
<tr>
<td>New Undergraduate Position (worksheet)</td>
<td>90,000</td>
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<tr>
<td>Digital Tech. Supplement (worksheet)</td>
<td>32,655</td>
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<tr>
<td><strong>Total FY2002-03</strong></td>
<td><strong>$322,655</strong></td>
<td><strong>$0</strong></td>
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## Undergraduate Enrollments, Degrees, Retention Rates, and Graduation Rates

### Enrollments

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall 1997</td>
<td>Fall 1998</td>
</tr>
<tr>
<td>Freshman</td>
<td>295</td>
<td>344</td>
</tr>
<tr>
<td>Sophomore</td>
<td>274</td>
<td>298</td>
</tr>
<tr>
<td>Junior</td>
<td>331</td>
<td>380</td>
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<tr>
<td>Senior</td>
<td>459</td>
<td>494</td>
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<td>Total Enrolled UG</td>
<td>1359</td>
<td>1516</td>
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### Undergraduate Degrees

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
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</thead>
<tbody>
<tr>
<td>Total Undergraduate Degrees</td>
<td>408</td>
<td>455</td>
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### Retention and Graduation

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Projected</th>
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</thead>
<tbody>
<tr>
<td>1st year retention</td>
<td>93.5%</td>
<td>93.0%</td>
</tr>
<tr>
<td>2nd year retention</td>
<td>91.2%</td>
<td>89.1%</td>
</tr>
<tr>
<td>4 year graduation rate*</td>
<td>56.9%</td>
<td>62.8%</td>
</tr>
<tr>
<td>5 year graduation rate*</td>
<td>30.0%</td>
<td>30.0%</td>
</tr>
<tr>
<td>Degrees/enrollment</td>
<td>30.0%</td>
<td>92.1%</td>
</tr>
</tbody>
</table>

### Registration Status - Undergraduate

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Projected</th>
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<tbody>
<tr>
<td></td>
<td>Fall 1997</td>
<td>Fall 1998</td>
</tr>
<tr>
<td>Continuing</td>
<td>1071</td>
<td>1129</td>
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<tr>
<td>New High School</td>
<td>391</td>
<td>278</td>
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<tr>
<td>New Advanced Standing</td>
<td>32</td>
<td>34</td>
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<tr>
<td>Inter-campus transfer</td>
<td>3</td>
<td>4</td>
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<tr>
<td>Intra-campus transfer</td>
<td>92</td>
<td>70</td>
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<tr>
<td>Re-admit</td>
<td>50</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
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<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>1642</td>
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</table>

**Notes:** Annual graduation rates based on the cohort of students starting 4 years or 5 years previous.
## Graduate and Professional Enrollments

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Projected</th>
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</thead>
<tbody>
<tr>
<td>Graduate students</td>
<td>1564</td>
<td>1622</td>
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<tr>
<td>Professional 1st year</td>
<td></td>
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</tr>
<tr>
<td>Professional 2nd year</td>
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<td></td>
</tr>
<tr>
<td>Professional 3rd year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional 4th year</td>
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</table>

## Non-Degree

### Graduate and Professional Degrees Granted

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Projected</th>
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</thead>
<tbody>
<tr>
<td>Masters</td>
<td>595</td>
<td>603</td>
</tr>
<tr>
<td>Doctoral and 1st Professional</td>
<td>15</td>
<td>12</td>
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## FYE Students

<table>
<thead>
<tr>
<th></th>
<th>Actuals</th>
<th>Projected</th>
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</thead>
<tbody>
<tr>
<td>Lower Division Undergraduate</td>
<td>158</td>
<td>169</td>
</tr>
<tr>
<td>Upper Division Undergraduate</td>
<td>659</td>
<td>716</td>
</tr>
<tr>
<td>Graduate and Professional</td>
<td>1,216</td>
<td>1,413</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,033</td>
<td>2,298</td>
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## Tuition Revenue

<table>
<thead>
<tr>
<th></th>
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<th>Projected</th>
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<tbody>
<tr>
<td>Tuition revenue</td>
<td>13,784,023</td>
<td>16,190,375</td>
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</table>

Assumption on undergraduate and graduate school rate increase: 11.25% 5.0% 5.0% 5.0%
Assumptions on professional school rate increases: 20% 10-15% 20% 20%