

## Revenue Management for a B-School

A perishable service is one that cannot be used after a certain point in time. Airline seats, hotel rooms, and rental cars are some of the examples of perishable services. On the same lines, a B-School will lose revenue if a seat remains unfilled by the time the academic year commences hence can be seen as an entity offering a perishable service. With increase in the number of B-Schools in the country, it has become important to adopt systems that ensure available seats are filled.

A number of institutions offering MBA program are finding it difficult to fill up their sanctioned intake given the mismatch between supply and demand.

There is also a spike in the cost of running a B-School given inflation, higher administrative expenses and the rising salary levels of faculty. Increasing the tuition fee is not a proposition many B-Schools can consider as it induces a risk of reduction in enrolment. Given these circumstances, Revenue Management has become a priority. A B-school can be looked as a specific case of revenue management under uncertain demand and limited capacity.

B-schools look at selecting the right student among the pool of eligible students who come with different abilities and competences. A right student is one who shows the potential to get placed after the program completion. It can be argued that the cost of training a student to make him industry ready is different. It becomes necessary to offer this right student a right price. Conventionally, B-schools charge a fixed tuition fee to all its admitted students. Ideally, they should charge a tuition fee based on the placeability index of an applying student. Can a B-school look at following a strategy of differential fee pricing as a technique of revenue management?

1. From the data provided in respect of the B-School under consideration, devise an approach that the institute can follow to attract potential placeable students for admission.
2. Identify the various costs incurred by a B-School in making a student ready for the job market.
3. Identify the merits and shortcomings of following a differential fee policy for admission.