

Q&A

The Head of the Class

After years of development, China's top business school has vaulted onto the global stage. Its dean tells us how.

By
Jonathan Dahl

Dr. **Yuan Ding** had just taken a break from his lecture in financial analysis at China Europe International Business School (CEIBS) when a group of executive MBA students approached him. The analysis sounded fine in theory, they commented, but would it really work in practice in China? The professor answered with a question—"Has anyone ever tested it?"—and a hypothesis was born.

Ding and his students began a case study of analyzing publicly traded companies in China to identify the top performers. And then Ding himself went one step further, launching in 2011 the Ding Yuan Index Neutral Fund, investing in the best Chinese companies, with an offsetting short position in the newly listed Chinese index futures. The result: a steady diet of double-digit gains, and in 2013 it was named the best hedge fund in China for generating a stable investment return.





The fund has since closed due to new regulations, but such exercises in real-world relevancy have been a key ingredient behind CEIBS' remarkable vault onto the global MBA stage. Virtually unknown outside of China a decade ago, the Shanghai-based school moved this year to No. 8 on the Financial Times Global MBA Ranking, besting many hallowed names, including Northwestern University's Kellogg School of Management (No. 12), Yale School of Management (No. 15), and Dartmouth College's Tuck School of Business (No. 16).

It was quite a leap for a school founded only in 1994. "In a remarkably brief time, CEIBS has established itself as one of the world's prestige players," says John A. Byrne, CEO and editor-in-chief of Poets & Quants, the leading website on graduate management education. "It's an incredibly ambitious school."

Given China's size and economic clout, the country has clearly needed a powerhouse B-school for some time. But for years, CEIBS focused on partnerships abroad at prestigious schools, where it sent students and attracted visiting professors. Today, as the country's own economy expands—opening doors to more multinationals and developing more homegrown innovative talent—so too has CEIBS shifted its own model of education.

Yet how does a school manage that, and how did it pull up its rankings so fast? We looked for some of the answers from Ding, who was appointed dean of the school three years ago, after nearly two decades of teaching in France and China. In fact, he was among the first Chinese nationals CEIBS recruited as full-time faculty. Here's an edited version of our conversation with him.

Yuan Ding



75% international faculty

18 research centers

19 chair professorships

20,000+ alumni around the globe

First business school in mainland China to offer full-time MBA, executive MBA and executive education programs

Only Asian business school to achieve global ranking for all three simultaneously

What attracted you to business education?

● I studied accounting in college, and then went to work in Hangzhou in the early 1990s in an accounting role, tracking foreign investment in the city. I also learned English, basically teaching myself. I applied to a China-France collaboration project in Beijing to study for a master's program, but totally in French. At the time, China had just opened the door to foreign companies, and French companies were coming to China to set up businesses. I had a very nice offer to be the CFO of a joint venture established by a big multinational from France, but I also received a scholarship from the French government to go to France to pursue my PhD studies.

And you chose the academic option.

● I went to France and studied in Bordeaux. [Ding received a doctorate in accounting from the Institute of Enterprises Administration at the University Montesquieu Bordeaux IV, France.] I then got an offer in 1998 from HEC Paris to teach courses in both French and English.

What brought you back to China, and specifically to CEIBS?

● In 2002, I saw an announcement within HEC for faculty in China. I spent summers in Shanghai, teaching at CEIBS, while keeping my full-time job in HEC Paris. Then

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came the big decision in early 2006. I resigned from HEC [he already had tenure] and moved back to Shanghai. It was a great opportunity for my family and me. With the expansion of the Chinese economy, CEIBS was changing its business model, with a main goal of establishing its own full-time faculty instead of having mainly visiting professors.

How has the student body changed over the years?

● When I taught in this program in 2003 [as a visiting HEC professor], almost all the MBA students were mainland Chinese. They all spoke English deliberately to signal the high quality of the education and to meet the needs of multinational companies that wanted [English-speaking] talent. But as of this August, 30 countries will be represented in our MBA program. The students are about 60 percent Chinese and 40 percent non-Chinese now, and we are seeing a big shift toward internationalization of the program. But in China,

we are sitting on such a huge domestic market, we still have a predominantly Chinese student body.

Without CEIBS, these Chinese students might be going to Europe and the United States for their education.

● When our program started, the biggest demand for business education was not from young talent, but from well-established professionals who were already in executive positions. At the time, some Chinese universities were teaching political economics, but there was no real business education through the 1990s and even into the middle 2000s. Seeing that big demand, CEIBS developed an executive MBA program in Chinese. Every year, we admit about 700 top executives [average age is about 40]. While it's the largest EMBA program in the world, it is still the most selective, taking about one out of three on average. In addition, about 200 students a year are enrolled in our full-time MBA program.

Reach

More than half of CEIBS MBA students are sent to almost 30 partner schools for international exchange programs. These schools are located in:



CEIBS also has collaboration and exchange programs with schools such as HEC, the University of Pennsylvania's Wharton School and Harvard. How does that enhance the MBA experience?

● These programs have been operating for more than 10 years, and they really helped us to build a reputation in China. When we partnered with Harvard and Wharton, for example, that gave us credibility. But notice I'm using the past tense—that was 10 years ago! Now the CEIBS brand is premier.

Do you see opportunities for more collaboration with other institutions?

● We have a new program with the École Hôtelière de Lausanne in Switzerland, which allows students to earn both our EMBA and their degree in hospitality. This is really tackling the new needs of the Chinese economy, which is moving quickly from being driven by investment in infrastructure toward a consumption-driven service economy—not just hotels, but big service concepts. We are also exploring partnership with US schools for new ventures.

As dean, you encourage your colleagues to serve

as advisors and board members in the business community. How does this benefit CEIBS?

● My colleagues gain a lot of insights and material that they can use in their classes—for example, the difference in leadership styles between Chinese and non-Chinese companies. Many Chinese companies follow a paternalistic leadership model. This is an advantage for making decisions quickly, but it can increase the risk if the boss makes a mistake. Typically, in Western companies that is very different.

What advice do you have for Westerners who want to do business in China today?

● China is a totally different place today. The market is becoming far more attractive. The opportunity is huge—a market that will be three times larger than the US market in 10 or 15 years. That will be the biggest market in human history. But Chinese competitors move very quickly, and Chinese consumer tastes are unique. To compete, non-Chinese companies need to create products with strong local appeal, which means conducting applied R&D in China.

How are boards of China-based firms different from Western-based firms?

● There is a fundamental difference in ownership structure. Even today, the majority of Chinese companies have a single, large shareholder, whereas most of the large multinational firms have more dispersed shareholding. But an interesting phenomenon is impacting that. In Southeast Asia, most companies remain under the control of the founding family for two or more generations because they tend to have large families. But in China, the one-child policy is creating a shortage of successors if the son or daughter does not want to take over the company. That could lead to more companies being publicly listed and more dispersed shareholding, as well.

As dean of CEIBS, and having taught in France, what is your perspective on the millennial generation, whether in China, France, the US or other places?

● The differences within the Internet-born generation are mostly superficial. Young people everywhere are very well linked, thanks to the Internet awareness of what is happening in other parts of the world. That makes them more synchronized. They are more idealistic around issues such as the environment and social responsibility. In China, the younger generation has suffered few of the hardships suffered by the previous generations, and they are more generous. I am deeply touched by their bigger hearts. ●