John Quelch discusses his first year as dean of CEIBS with **George Bickerstaffe** and **Matthew Wood**

In February 2012 John Quelch completed his first year as Dean of the China Europe International Business School (CEIBS) in Shanghai, China. It was a busy 12 months. Dean Quelch, one of the world's leading marketing gurus, a long-term senior member of the Harvard Business School faculty and former dean of London Business School, is presiding over a period of aggressive growth at CEIBS.

This will include doubling the size of the Shanghai campus, co-developing new facilities in Accra, Ghana, for the CEIBS Africa Programme and increasing capacity use in Beijing, where a new campus opened in 2010 and Shenzhen.

Other initiatives to raise the profile of CEIBS internationally have included the launch of a new Finance MBA programme, a co-ordinated PhD with IESE business school in Spain (to begin this year) and the opening of two new research centres – the Centre on China Innovation and the Centre for Entrepreneurship & Investment.

As the following interview makes clear, strengthening and deepening the full-time faculty has been a key goal. CEIBS has hired some top names including Professor George Yip, former Dean of Rotterdam School of Management and one-time colleague of Dean Quelch at LBS, and Professor Bruce McKern, former Stanford Sloan Master's Program Director at Stanford Business School.

Some of the recruitment tactics have the hallmark touch of Quelch's approach to marketing.

They include an advertisement last year in *The Economist* with the tag line "New dean needs 30 expert faculty now!"

In fact, says Quelch, total net recruitment this year will probably be closer to 10. "But we never said 30 in one year," he says. "And the main aim was to create a buzz. Building awareness is very important – we're not that well known."

That is one reason why CEIBS, a major sponsor of last year's Academy of Management meeting, a prestigious bun fight for business school folk, put its slogan, "China Depth, Global Breadth" on every room key card for the 8,000-plus delegates.

It also had executive search firm Saxton Bampfylde call 150 European faculty to uncover individuals who might be interested in joining CEIBS.

Expect more of the same or similar in the year ahead.

25

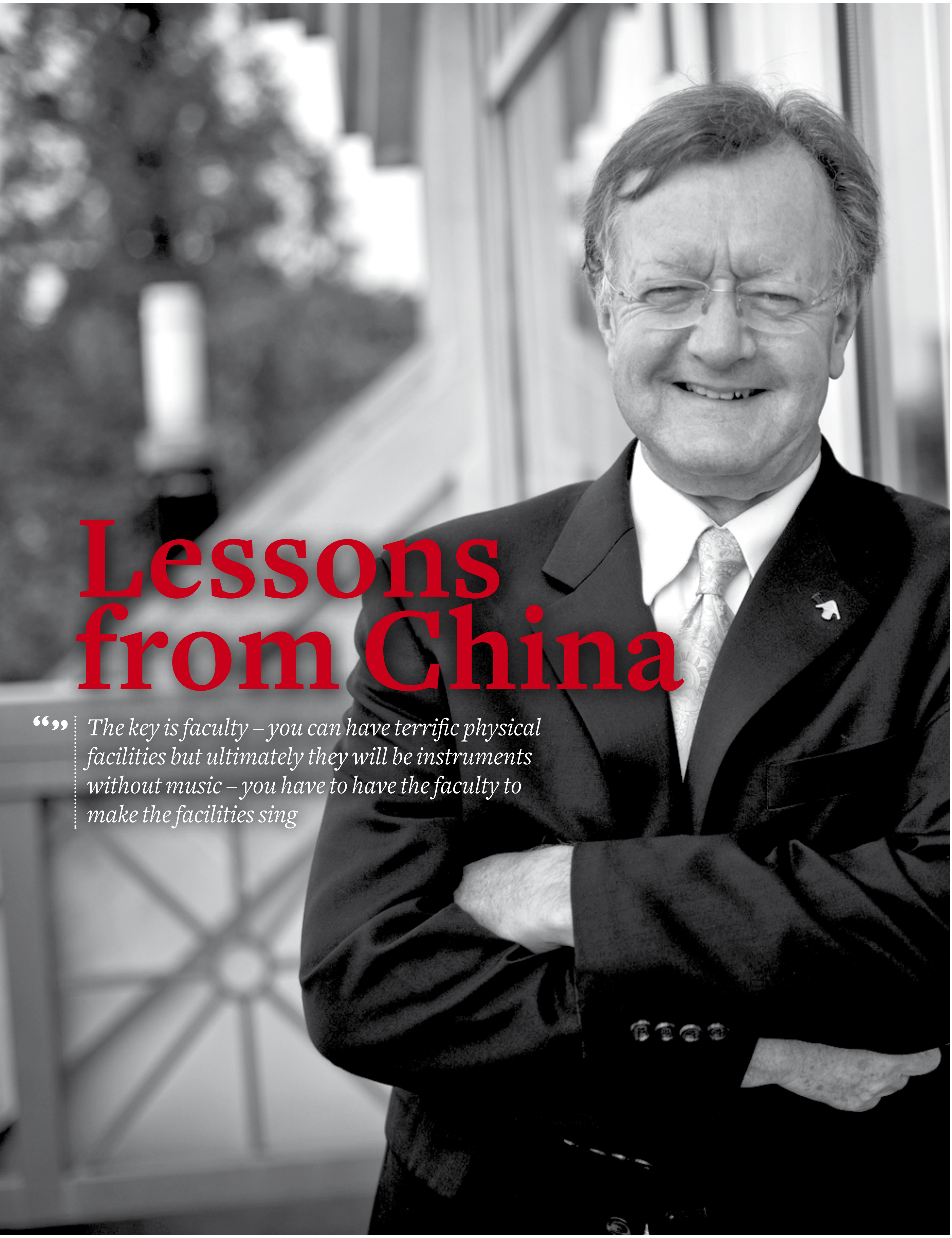
Professor Quelch has authored or co-authored more than 25 books on marketing and related topics

His latest book:

All Business is Local: Why Place Matters More than Ever in a Global, Virtual World

with Katherine Jocz

Published by Portfolio Penguin
February 2012



Lessons from China

“” *The key is faculty – you can have terrific physical facilities but ultimately they will be instruments without music – you have to have the faculty to make the facilities sing*

You have been at CEIBS for just over a year. What has been the biggest challenge?

The principal limitation on CEIBS is the size of the full-time faculty. Harvard Business Schoo has 220 faculty and graduates 900 students a year. We graduate 1,000 a year with 65 full-time faculty. So it doesn't take a rocket scientist to realise that our faculty is seriously stretched.

So building to 100 faculty is very important for us. Otherwise we are limited in our ability to serve our customers and take advantage of the many opportunities we have.

And we have to be in the idea-generation business and increase our research output. We have to give our current faculty more time and space in which to do research and obviously hiring more full-time faculty is part and parcel of achieving that.

1k

Currently CEIBS graduate 1,000 a year with 65 full-time faculty but are looking to increase that to a faculty of 100

That's part of your being a committed supporter of the concept that good faculty attract good students, who become supportive alumni and so on?

Very much so. To my mind, once you get that wheel spinning then everything starts to happen. Everything is self-reinforcing and it really is a virtuous circle.

But the key is faculty. You can have terrific physical facilities but ultimately they will be instruments without music – you have to have the faculty to make the facilities sing.

There are many beautiful business schools in the world but some of them have no stature whatsoever as sources of intellectual capital. So it's absolutely essential that, as a dean, you focus your effort on faculty first.

Being in China we benefit from a keen interest among many business school faculty to come to China. So we are blessed with a large pool of visiting faculty who come regularly to teach elective courses.

However, you cannot build an institution on visiting faculty. It's like saying to the CEO of a major company that, of his or her top 100 executives, half are only going to show up for a couple of weeks a year and the other half will be there full-time. It's preposterous. So we have made some very significant moves over this past year to try to boost the full-time faculty.

Your first year at CEIBS saw some quite aggressive expansion. Aren't you concerned about the global downturn's effect on resources?

Resources are always a challenge but they are not a major problem [at CEIBS].

In China we are talking about a pent-up demand for quality management education that we can't even scratch the surface of. Demand is very robust and that helps our pricing.

Regarding the full-time MBA programme, in which students and faculty are 50% Chinese and 50% non-Chinese, students in the West are looking at the downturn and wanting to ride it out by doing an MBA degree. But they are thinking, "why shouldn't I do it China, that's where the future is?"

Also, more and more Western companies are moving their Asian headquarters from places like Singapore and Hong Kong to Shanghai, which is increasing the applicant pool of Western students for CEIBS's Global Executive MBA.

Regarding executive education, we were up 25% in revenues in company–specific programmes last year and I expect to match that again this year. We are already the biggest supplier by revenue of executive education of any business school in Asia.

"In China we are talking about a pent-up demand for quality management education that we can't even scratch the surface of"

What is your aim – for CEIBS to be a global school in China or just a leading Chinese school?

Both. Our motto is "China Depth Global Breadth" – something that we came up with within a few weeks of my arriving at CEIBS to replace the similar but perhaps less pleasing to the ear "China-rooted Global Impact".

Normally, slogan or logo change gets everyone uptight. CEIBS accepted the new slogan because it was close enough to what they already had, was smoother sounding and also works terribly well in Chinese; it has the same kind of resonance and rhythm.

What we argue is that no global business schools can match us on China depth and no Chinese business school can match us on global breadth.

This positioning also leverages the joint-venture structure of the school, which has a balanced governance, which is 50% Chinese and 50% European; our MBA students are 50% Chinese; our faculty is 50% Chinese; our executive education is probably around 50% Chinese companies and 50% non-Chinese.

It reminds me very much of what I learned at WPP [an international marketing services agency]. If you look at international advertising agencies, the best performing subsidiaries are the ones that have 50% local business and 50% global business.

Why? International clients value the agency because they know local customers through their local clients. Local clients value the agency because they know best practices worldwide through their work for international clients. That's the same kind of philosophy we have.

That links back to what you say in your latest book – that the world isn't flat.

The world is flatter than it was but it is definitely not flat.

I wanted to reassert the primacy of local versus global – because 90% of all exchanges that take place between buyers and sellers every day are distinctly local, with little or no international aspect.

In addition, I find that in discussions about marketing the emphasis is always on brand-building, advertising and new product development with very sparse coverage of place or distribution, which always appears as the fourth P [in the Four Ps marketing mix model: Product, Promotion, Price and Place]. You never see Place any higher. But if you're working in China or India then Place is of paramount importance.

In China, to achieve national coverage, Coca-Cola has to reach two to three million individual points of distribution. How do you do that? Putting a national advertising campaign on CCTV is not the problem. The principal challenge is how do you organise the sales force, the boots on the ground and orderly distribution with no stock-outs across that number of distribution points?

All of our economic hopes are now placed on emerging economies. Almost all of these economies have fragmented distribution systems. So how do you achieve increased market share and increased growth? You have to have sales and distribution capabilities; the brand building and the advertising is comparatively easy.

You talked recently about the way business regards business schools and management education. What is that like in China?

Chinese businesses are very positive about management education. They know they need management talent and leadership capacity to handle and sustain the rate of growth.

There is admiration for American higher education and there is an assumption that Harvard and Stanford and the other leading American schools have over the past 100 years contributed greatly to American economic performance.

China is a very competitive society and credentials and qualifications are important.

But is China still a risk-averse country with no great commitment to innovation?

There is still a lot of risk aversion in China but it is most evident among people who are over 40 years old – people who as children might have been re-located with their parents, who might have experienced 1989 in a way that taught them not to step out of line.

I find younger people are much more open and adventurous – 500 million people on the internet each day who cannot be put back in the bottle.

Many Chinese ask "Can China innovate?" I have no doubt that when they are no longer to able to make money by imitating, they will turn to making money by innovating.

There is a certain amount of wishful thinking about the supposed inability of China to innovate that, if we are not careful, could come back to haunt us. **gf**

> *Many Chinese ask 'Can China innovate?' I have no doubt that when they are no longer to able to make money by imitating, they will turn to making money by innovating*