



# BACK TO SCHOOL

Business schools across Europe celebrated a bumper intake this autumn, with executives flocking for an MBA to defend themselves against the economic slowdown. But is an MBA the best course of action? If not, what are the alternatives?

**QUITTING A WELL-PAID JOB TO STUDY IS NEVER AN EASY DECISION, AND IT MAY SEEM ESPECIALLY foolhardy during the worst recession in decades. Yet increasing numbers of would-be senior executives are doing exactly that, signing up for MBA (Masters in Business Administration) courses in the belief that the better educated they are, the more money they will earn and the higher up the managerial ladder they will eventually go. First launched in Europe in the 1960s, MBAs were initially dismissed by many as extra dressing on an insecure manager's CV, but they are now regarded in some quarters as not only extremely useful, but perhaps essential for those seeking to get to the business top table.**

"The MBA is no longer going to be an option for young executives, but will be a requirement for young executives," predicts Luis M. Umaña Timms, academic director for the MBA programme at the Rotterdam School of Management (RSM), part of Erasmus University. He believes that over the next few years this will be increasingly true across upper middle and top management in all large companies.

"A couple of years ago, people still thought this was a trend that would reach a peak and would be gone," Umaña Timms explains. "But an MBA offers not just the theoretical knowledge you get from

an MSc, but additional skills – management skills, people skills. Companies are coming to realise that these skills are as important, or more important, than the theoretical knowledge.”

A similar point is made by Susan Roth, a director of business masters programmes at Cass Business School in London – ranked by the *Financial Times* as one of the top business schools in Europe. “Jobs are going to go to people with MBAs and masters level degrees first,” she insists. “So people want to make sure they have those.”

Roth recognises that the MBA has its critics, but she dismisses them. “I don’t know why it is so controversial,” she says. “I think MBAs are here to stay. No one says this about a law degree or a medical degree. A criticism is that there are too many MBAs out there, but I don’t think that’s true. It will raise the bar in industry and you will have better qualified people. It is the best business degree. It is the most versatile business degree. We have doctors and lawyers doing MBAs all the time – if you are a doctor and you want to run a hospital, you will need an MBA as well as your medical degree.”

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“I think the MBA is always a sure thing. You will never regret getting an MBA. It teaches you how business is done and that is true for any business. It is portrayed as the ‘trade degree’ of the finance industry, but that is not true. It gives you the ability to look at a financial statement and understand what the numbers mean in simple terms. It enables you to understand organisational behaviour and human resource management.” Roth, who previously worked at an American university, also believes that MBA education in Europe offers a broader dimension than that in the United States. “MBAs have a bigger emphasis in Europe than in the States on the people side,” she explains.

MBA numbers have been rising strongly since the first signs of the economic downturn. Cass had a 15% increase in applications, holding down its MBA full-time student numbers to 80 to ensure student quality remains high. RSM, too, found applications increased, with full-time numbers restricted to 112 to avoid facilities becoming over-stretched. Brussels’s Solvay Business School – another highly rated by the *Financial Times* – has



had a 20% to 30% increase in applications and is also restricting numbers to focus on quality.

Yvonne Langen, MBA programme manager at the University of Amsterdam, reports a 30% increase in MBA student numbers for the new academic year. She agrees this was partly driven by the recession, but says it is also about the school’s location and growing reputation for success. “We are based in Amsterdam, which is not just a nice city, but also a good place to work after the MBA,” she explains. “We give help to students to find a job – and about 98% do, so we are very successful.”

Luis M. Umaña Timms agrees with Langen, saying that while the economic crisis has led to an increase in student numbers, this is not the only

reason for the rise. “We have seen an increase from abroad on the full-time programme, especially from countries that have traditionally targeted the United States,” he explains. “Their immigration authorities have tightened their requirements, so that many applicants who have been accepted by [US] universities have been rejected for visas. Therefore many applicants have turned their eyes towards Europe.”

He argues that RSM has gained from what he calls its “value proposition”: “We focus on skills and complexity more than your average business school,” he claims. “We do look at finance, marketing, strategy, accounting and so on, but parallel to that, with our MBA we have a Personal Leadership

Development programme, which starts on day one and is completed on the last day. It is looking at personal and interpersonal skills – ‘EQ’ as well as IQ. It is about managing people across cultures, across countries, across continents. These things add a dimension to the MBA programme.”

Like the other top business schools, RSM is proud of the international diversity of its students. Of its full-time MBA students, there are 42 nationalities, with 94% drawn from outside the Netherlands. Such an international mix is common in the top business schools, and is a factor that students find very attractive.

“I met amazing people,” says Caroline Lucas, a 29-year-old, who has just started at merchant bank Kleinwort Benson after completing her MBA at Cass Business School. “I think we had about 30 different countries represented in our course of around 80 people. And I was with a community of people who wanted to learn and who wanted to share their own experiences, so I learned from my year’s colleagues and classmates.”

Lucas, who is from Britain, had been a fundraiser for the Navy League and other US charities. “I was living in [Washington] DC for four years or so, before coming back to London,” she explains. “I had a very corporate-minded boss at the Navy League, and she ushered me into the mentality that charities should be run like a business. I always wanted to do a business degree, so I decided to do an MBA and I wanted to come back to London where I was born. Cass gave me a great feeling. The education is second to none, and the breadth and depth of the MBA is incredible. Your teachers are actual practitioners: they say, ‘I have done this, my colleagues have done this, and this is what you need to learn and understand’. So it is a very practical and professional approach. And it was fun.”

The MBA course also enabled Lucas to understand and apply in another context her existing skills as a charity fundraiser. “I was used to working with high net worth individuals,” she explains. “I wanted to put together my new skills with my old skills.” As an ‘aspirant’ (trainee) private banker, that is what she is now doing.

Among all the optimism and signs of success, however, there are voices of caution, not least from those warning that some employers may not see the benefits of an MBA if a staff member wants a year of absence to study. Dr John McGurk of the Chartered Institute of Personnel and Development says: “Full-time MBA study is an excellent development opportunity for an individual. However, it is a luxury for employers who lose a key employee for a year plus, and often have to pay up to £30,000 (€38,000) for the more prestigious programmes.” He suggests that a part-time course may make more sense.



There’s also the allure of other courses. Many of the bankers who have been made redundant in the financial markets meltdown have already made a quick decision to go back to university – to study law. Not only have they seen first hand how the banks work, but they have decided that they’ve had enough and want to focus their efforts on a career they see as challenging, rewarding and safer than banking.

Even if a candidate wants to stay in banking, an MBA may not be the most suitable qualification. Chris Hickey, managing director of permanent recruitment for Robert Walters executive recruitment agency, supports an MBA in principle, but stresses it is not the only option. “It depends on whether you are talking about commerce, industry or finance,” he explains. “For financial services, corporate advisory or M&A, having a CFA (Chartered Financial Analyst) qualification probably has the same weight as an MBA, especially with the likes of a hedge fund. But an MBA from a good school does still play well with a commercial company. We do have a lot of candidates asking whether they should take a year out to get an MBA from one of the good schools, and it’s probably a better bet than sitting waiting for something to happen.”

Hickey also suggests that potential students should consider part-time study. “We are finding that more and more people doing executive MBAs are doing them in the evening,” he says. “That is more prevalent than taking a year out. It can be down to whether or not your employer sees the value of an executive MBA.”



**ENTERPRISE IN ANTWERP**

Run in cooperation with the Kellogg School of Management in Chicago – ranked the number one management school in the world – the Flanders Business School offers an MBA that places a unique emphasis on entrepreneurial activity among its students.

“The whole concept is based around entrepreneurship as a process that can be learned,” says Bruno Tindemans, the school’s dean. “Participants come with an idea for an entrepreneurial start-up, or for a new activity within their company, and they develop their idea in parallel with the curriculum.”

With three quarters of alumni starting a business or presenting an innovative activity to top management at the end of the course, the Flanders MBA is renowned for helping entrepreneurs bring their ideas to fruition.

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