

European business schools

## Insead out?

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### New schools and new rules are stirring things up

TIME was when INSEAD in Fontainebleau, near Paris, was the top business school in Europe, with no competition. In Europe the only schools that could call themselves rivals were the London Business School (LBS) and IMD in Switzerland. Its one-year MBA course is still famous for the experience of mixing with students from a wide range of countries. Internationally, it holds its head up with the top American schools, and its 33,000 alumni form a powerful network covering the top echelons of global business. But now the heat is on for INSEAD, as a crowd of rivals has come forward, including a new, generously funded school in Berlin.

HEC, the original French business school in Paris, with a proud 127-year history, now tops the latest *Financial Times* ranking of European schools, ahead of both INSEAD and LBS. In another ranking of the world's top 100 business schools by the Economist Intelligence Unit\* (a sister company of *The Economist*), INSEAD comes 17th. That puts it behind seven other European institutions, including Barcelona's IESE, Madrid's Instituto de Empresa and Cambridge University's Judge Business School, which all make it into the top 15.

One INSEAD insider says that the school is “rattled” by the latest rankings and by all the new competition. The school is obsessed with rankings, says an employee. Much management time goes on “gaming” the ratings to ensure a good score. The EIU rankings are based on student surveys asking about career openings, the overall educational experience, salary effect and networking potential. Those of the *Financial Times* look mainly at return on investment, in terms of the boost to a salary. Soumitra Dutta, dean of external relations at INSEAD, says that rankings “are not always most helpful” because of all the different methodologies used. In other words, they are a nuisance.

This week 30 executives from 13 different countries are entering their fourth month of the first executive MBA course at the European School of Management and Technology in Berlin (ESMT). Germany only got round to founding an international business school in 2002, and started small MBA classes two years ago. To be sure, a class of 30 students is puny compared with the 920 going through INSEAD this year. INSEAD's joint campus (it runs a parallel school in Singapore), has 143 teachers compared with ESMT's 22. But the infant German institution has the financial support to triple the size of its faculty within five years. Its backers span the alphabet of leading firms from Allianz and Axel Springer through BMW, Bayer and Bosch to Siemens and ThyssenKrupp. The president of ESMT is Lars-Hendrik Röller, a former INSEAD professor with a distinguished academic career on both sides of the Atlantic. He says the strength of the new school will be business and its interaction with technology and public policy.

INSEAD also had money on its mind when it appointed a new dean in 2005. Frank Brown is an American and a former partner in PricewaterhouseCoopers. A former INSEAD board

member, his brief as dean was to raise more finance for a school that has always struggled against the financial heft of the Americans. So far, says Mr Dutta, he has already raised some €170m of the €200m which the school wants to find by 2010.

INSEAD, LBS and IMD face new threats beyond uppity rivals like the Spanish schools and the universities of Oxford and Cambridge (both late to embrace business, but rich and rising fast). The forthcoming harmonisation of European university education, under what is known as the Bologna Accord, could also upset them. Europe's universities will soon all adopt a uniform Anglo-Saxon system of bachelors, masters and doctoral degrees. This is designed to produce greater movement of students around Europe, and has already generated 299 new management masters degree courses that students can follow straight after an undergraduate degree. It was HEC's success in these courses which helped it beat all the other business schools in the *FT* rankings. INSEAD and the other established names no doubt look down their noses at them—but perhaps at their peril.