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China develops a learning habit

By Patti Waldmeir



Organic growth: Tony Zhang, founder of Tony's Farm, the largest organic farm in Shanghai

Many of China's most successful entrepreneurs do not seem like the MBA type. They are swashbuckling, self-made men (and sometimes women) often with little formal education – let alone a graduate degree in business.

But increasingly, Chinese businessmen and aspirant entrepreneurs are gravitating towards the country's rapidly growing business schools, eager for a formal education in modern management and the network of contacts they need to make it work.

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Some have been in business for decades and have already made a fortune before registering for an [MBA](#) or Executive MBA (an MBA for working executives). Yet they are still willing to pay up to Rmb538,000 (\$85,000) to put the letters EMBA on their business cards, or Rmb150-350,000 for an MBA.

After rising at an annual rate of about 20 per cent for several years, MBA applications rose by 25 per cent last year to 90,000, according to the state

news agency, Xinhua.

Many yearn for the education they missed as children – in some cases, because of the Cultural Revolution which forced many to leave school. Others did receive higher education, but in the days when Chinese universities taught little in the way of business courses. “Now most Chinese universities have a pretty good business curriculum,” says Charles Chen, head of the EMBA programme at [Ceibs](#) in Shanghai. “But current EMBA students who started their career 15 or 20 years ago had nothing in terms of management knowledge, they learnt only by doing.”

Many entrepreneurs think they can no longer get by with on-the-job skills. “Before you could make a profit not because you did the right thing, but maybe you did the wrong thing while other people were doing things that were even more wrong,” he says. The current crop of EMBA students expects competition in China to intensify “so it will be more important to do things the correct way”.

Tony Zhang is one of those who is convinced that graduate business education is not just for investment bankers: he studied for an EMBA at Ceibs when he was already a successful entrepreneur with his popular Tony’s Restaurant chain. What could he possibly learn in business school that he did not learn on his mother’s farm or in his restaurants’ kitchens? “Classmates can be a mirror,” he said recently, sitting in the converted shipping container that serves as his ultra-chic office on the organic farm he owns outside Shanghai. “We can’t see our own weak points”.

His EMBA taught him what many in China fail to recognise, he says: “A lot of Chinese entrepreneurs blindly choose a business and then just make it bigger and bigger. They ignore the natural limits of the business.

“You might be able to carry 100 pounds of weight on your shoulder pole, but if you have to carry 300 pounds, it will crush you,” he says, using a suitably agrarian image for China, where farmers carry heavy burdens on opposite ends of long poles. Applying that lesson to the organic food market, he says the maximum penetration of such foods in China is five per cent – and he will not aim higher than that.
by doing.”

Mr Zhang insists that networking was not the main reason he opted for business school though, for many Chinese MBA and EMBA students, networking is paramount. Still, a quick look at the client list of Tony's Farm shows that the contacts he made were invaluable – starting with Ceibs itself, which buys vegetables from him.

But having a business degree is no longer the magic ticket to high salaries that it used to be, says Zhou Xinhua, who works in the internet industry and has an MBA from the [Wharton School](#) at the University of Pennsylvania. “A lot of companies now don't care about an MBA, they are much smarter than before,” she says, noting that an MBA is an plus – but only for those with experience in a relevant industry.

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And there is no longer the rush to go overseas to study, says the head of Ceibs' MBA programme, Lydia Price. Lynn Jiang, a Ceibs MBA student, chose Ceibs over [Insead](#) because she says if she starts a business in China, she will need a network in China.

Ms Zhou spent Rmb1m on her MBA and she still thinks it was worth it. “For that money, I could only buy a restroom in Shanghai,” with its stratospheric property prices, she says. With that as a yardstick, Chinese business schools have nowhere to go but up.

Additional reporting by Shirley Chen