FEATURE STORY: BUSINESS EDUCATION

Money tree

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Whether foreign schools set campuses in China or not, they need to invest in their alumni networks

To enter China or not to enter China? The question remains a vexing one for many foreign institutions. Given a string of failures, many foreign schools remain hesitant about setting up shop on the mainland, concerned about joint venture requirements, brand risk, financial issues related to profit repatriation and recruitment challenges for students and teachers alike. The hesitation appears to be mutual; the Ministry of Education has not approved a new joint venture in years.

But there is one China entry strategy that should be a no-brainer for foreign programs; establishing and supporting alumni networks here. The cost is minimal and the payoff is threefold: donations, networking and recruitment.

Dartmouth's Tuck School of Business, for example, is going to great lengths to encourage the development of its alumni clubs in Shanghai and Beijing, given that the investment is already paying for itself. Although there are only about 30 Tuck MBA graduates residing long term in Shanghai and 15 in Beijing, 70.5% of the school’s alumni in China made donations to the annual fund.

According to Dave Celone, director of development and annual giving, China grads are particularly generous. "The average donation rate at the top 10 business schools lands in the 20% range," he said. "But we tend to score way off the charts in terms of alumni giving. In 2009, we hit a 66.7% alumni giving rate. But the giving rate amongst our China alumni outpaced even that."

There is more to strong alumni networks than direct revenue from donations. Clark Callahan, executive director of the executive learning program at Tuck, said that having a strong alumni network also facilitates faculty research. Contacts in Chinese companies willing to talk with researchers or students are precious, especially considering how reticent business executives usually are with researchers they don’t know.

"There are two purposes for coming together: life-long learning and networking," Callahan said. "Alumni learn from the faculty, but our faculty members also learn more about Chinese companies. That informs their research, and often [the professors] can bring that to the classroom."
Self-starters

In some cases, institutions are catching up with their alumni's grassroots efforts, but progress varies markedly when it comes to leveraging these networks.

The University of Michigan (UMich), has almost 1,000 students living in the mainland and another 941 in Hong Kong. The alumni themselves took the initiative to create a network and groups have since sprung up in Hong Kong, Beijing, Shanghai and Taiwan.

Rick Fitzgerald, a senior officer in public affairs, says that UMich alumni in Asia have been very enthusiastic in their support of the school, although he was vague about the numbers. According to Fitzgerald, "giving to UMich by alumni in Asia is [just] beginning to grow."

Boston University (BU) also got off to a slow start. Sabrina Singh, assistant director of international alumni programs, estimates that 600 BU alumni live and work in mainland China with an additional 550 in Hong Kong.

It was only in 2008 that the university established a BUAAC (Boston University Alumni Association of China) chapter, with all the works: a launch ceremony, a networking event and a day-and-a-half conference. This also happened to be the first-ever worldwide business event for BU alumni. Now university administrators are working to strengthen their connections with the hundreds of graduates intent on working in China.

"We are beginning to work more closely with our faculty who travel to China for research or conferences," said Singh. "We would like to strength our alumni programming so that it incorporates what Boston University does best - educate. And we want alumni in China to feel that they are part of the university's strategic plan and vision for the future."

Recruiting station

There is another significant incentive: Alumni can prove to be a school's best recruitment officers in the burgeoning China market. As competition for tuition fees grows, schools need to use every marketing angle available to attract applicants. Word-of-mouth from enthusiastic alumni has the advantage of being free, credible and persuasive.

Callahan notes that Tuck has seen a steady increase in the number of Chinese MBA applicants despite a general decrease in Chinese seeking MBAs in the US since the
early 2000s. He credits the school's success to its strong alumni network in China.

"We invite prospective applicants to attend our mixers," he said. "Our alumni often help them to network, and they learn more about the school and our people this way."

It is a lucrative and entirely logical trend: The smartest schools are following the lead of their alumni and making themselves a part of China's plans to take over the (business) world.