



The campus at European University of Madrid; students at ESCP-EAP learn value creation and corporate governance; in Valencia ESTEMA uses bold approaches to global markets

# Business made in Spain

**SPANISH BUSINESS SCHOOLS ARE DRAWING RECORD NUMBERS OF FOREIGN APPLICANTS. ACADEMIC RIGOR AND GLOBAL OUTLOOK ARE ONLY PART OF THEIR SUCCESS. WHAT IS THE SECRET OF THEIR MBAs?**

It all began in the classroom. One day, program directors realized their student body had changed. When they looked up, most of the faces were foreign. As the number of outside applicants grew, so did the demand for global practitioners. In came a focus on e-commerce and telecommunications. Today, Spanish business schools are ranked among the best in the world. They compete for the back pages of *The Economist* and host informational sessions in Cairo and New York. In its 2005 survey, *The Financial Times* ranked IESE Business School number 12 in its global MBA survey. The statistics speak for themselves: 73% of IESE students are international, their weighted salaries upon graduation are \$97,000 and 96% of them are employed after three months.

The real competitive kick, however, came from an unexpected source: creativity. The questions inside the classroom are what make the Spanish MBA stand out. Forget stuffy lectures where students learn by rote from an indifferent teacher. Instead, questions are prompted by case studies. Why are 40% of chief executives sacked after their first 18 months? Why is an outside candidate a riskier bet than an internal promotion? Why is central bank independence key to economic stability?

**MADRID-BASED INSTITUTO DE EMPRESA (IE)** is no regular teaching facility. It is a dynamic institution with people avidly sharing ideas after years in the job market. IE churns out the type of corporate bosses that open new markets and see the world a little different. Ranked 14 by *The Financial Times* this year, IE students have weighted salaries of \$103,000 and the ratio of foreign students to Spaniards is 3:1. Whether it is accounting or operations management, IE students are taught to challenge clichés passed down in the world of entrepreneurship. A telecoms engineer with a doctorate in philosophy, for example, has been teaching organizational theory at IE. Now working at UN offices in Beirut, he is busy analyzing the structure of internal communi-

## CASE STUDY

### Estema: the high-growth MBA

Business strategy has always been a fickle field. At the end of the day, multiple factors can affect a corporate balance sheet. Predicting which ones they will be is a difficult task, but creative thinking is key. ESTEMA uses Valencia's high-growth manufacturing sector for a bold approach to global markets. The graduate center is located on the Mediterranean, at the heart of Spain's export-oriented industry. Founded in 1992, the private institution sought to stem a brain drain that threatened regional competitiveness in the last decade. Now, ESTEMA wants to turn Valencia's entrepreneurial acumen into an educational asset. Led by a board of

academics, ESTEMA's philosophy rests on three pillars: quality training, ties to local business and a global vision. The school boasts partnerships with over 30 institutions, including the Zicklin School of Business in New York. "Nowadays, you don't have to shop far afield for a good MBA," says Fernando Giner, head of the Business School. "Our goal is to design and teach programs that can anticipate company needs. We have the best professionals on board for that." ESTEMA offers full-time Masters degrees in Finance, Management and Human Resources. Its Executive MBA program is consistently ranked among Spain's best. The

academic year for all 12 programs begins in October and ends with a case study in July. Last November, Estema launched Valencia's first investment forum at the trading floors of the local stock exchange. The conference exposed firms to the scrutiny of local venture capitalists. A panel of ESTEMA eMBA students was in charge of evaluating the innovative projects. This is just one example of how the school has raised Valencia's investment profile. A Strategic Committee composed of personalities of international renown such as Antonio Garrigues Walker, Fernando Villalonga, Enrique de Mulder, Luís Batalla, Juan Bautista Soler and Mamen Lladro endorses this business school, from which over 400 managers graduate every year.

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cations at a Bahrain-based telecom. His area knowledge alone is priceless.

At ESTEMA, a business school attached to its namesake foundation in Valencia, the educational model owes a great deal to the regional manufacturing legacy. Trade links in the Mediterranean always set Valencia apart from other seaports. The MBA program here is no-nonsense and hands-on. At the end of the second semester, students are drilled in practical decision-making. ESTEMA is perfectly suited for those interested in a crucial sector like small and medium-sized enterprises.

**NOVEL THINKING** is largely the result of an encouraging learning environment. It takes analytical thinking one step further. And it might be giving Spanish business schools their edge. As CEO of an IT firm, Jorge Blasco is an inheritor of this culture. DS2, his company, revolutionized telecommunications by developing chips that can transmit data across the power grid. In 1998 he contracted a handful of enthusiastic engineers. Having spent years at work in the US and Europe, investors in his hometown realized his idea had wings.

"The process was simple. DS2 designed the chips, another company made modems based on our technology and the utility company implemented the service," says Blasco. This means customers can now access broadband Internet through existing electrical outlets. No extra wiring is involved. The chips developed by DS2 in Valencia are ten times faster than ordinary powerline technologies. In terms of features, they support video streams, including Triple Play (video, voice and data networks at home). And they are the only regulatory-compliant chips to transmit digital television signals. Two powerful industry groups, the Universal Powerline Association (UPA) and the Open PLC European Research Alliance (OPERA), have adopted DS2 technology. Market imagination first led Blasco to identify this niche market.

"We compete by being ahead of our time," says Miguel Carmelo, director of the European University of Madrid (UEM). Carmelo has noticed a shift from ideology-driven institutions to places that are guided by a more adaptive business environment with a focus on IT. His university has grown from 150 part-time students to 1,400 enrolled in full-time business administration programs. To maximize the use of technology in the classroom, UEM issues laptops to its staff. Syllabi are posted online and grades are accessed via mobile phones. UEM was also one of the first campuses in 2000 to provide Wifi access to its students. This means that IT is a seamless continuum, not an obscure add-on feature.

Carmelo thinks such matter-of-factness pays off. Faced with a glut of online content, it forces his students to filter information

and make quick, rational choices. However, even that is a hotly contested topic in the classroom. According to Carmelo, the subject might make for an interesting case study.

"I like to tell students that when they leave UEM, they should already have part of their résumé under their belts," says Carmelo. When applicants decide on an MBA program, they often consider market worth at the end of the academic term. For mid-career professionals, this entails a specialization in international economics or area studies. UEM uses its location in Spain to aggregate young talent. The school runs a program called Garcilaso which is part academic exchange and part recruitment strategy. About 10% of UEM's student body hails from Latin America. Named after Garcilaso de la Vega, a 16th century Peruvian humanist, the program values interaction with students from other countries as a tangible asset. "Latin America is our natural partner in terms of study abroad. Our university network is very wide there. At the same time, an emerging class of Latin American entrepreneurs is choosing European MBA programs," adds Carmelo.



**VISA RESTRICTIONS** after 9/11 have hurt the ability of US-based institutions to attract new talent. The long-term effects of this policy include a loss of competitiveness. Despite a strong euro, foreigners have found they can enroll with less bureaucratic hassles at European institutions.

Marco Fernandez, from the ESCP-EAP European School of Management, thinks this has helped improve the curricula and make his program more competitive. "The best thing you can get out of a business school is a quality education. This fact has heightened the importance of research. In the management field, research has a direct impact on output," says Fernandez.

ESCP-EAP has campuses in four different cities: Madrid, Paris, Oxford and Berlin. Founded in 1819, it was the first school to offer courses in business administration in Europe. Its merger with EAP in 1999 gave it an international dimension in the world of executive MBAs. The school runs five research centers in the fields of economic theory, distribution & e-commerce, technology, multicultural management practice and an area specialization in emerging markets. Special workshops on management ethics, value creation and corporate governance means ESCP-EAP has set very high standards for itself. "In terms of education, you need to be the best. That's what companies are looking for," says Fernandez.

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