



T U C K

# 2011 Deans Roundtable

Sao Paulo, Brazil

October 27, 2011



## Brazil Roundtable

### Attendees

Paul Danos (Tuck School of Business at Dartmouth, USA)  
Flavio Carvalho de Vasconcellos (EBAPE-FGV, Brazil)  
Kleber Fossati Figueiredo (COPPEAD-UFRG, Brazil)  
Maria Tereza L. Fleury (EAESP-FGV, Brazil)  
Claudio L.S. Haddad (Insper, Brazil)  
Santiago Iñiguez (IE Business School, Spain)  
Paulo Resende (Fundação Dom Cabral, Brazil)  
Vandyck Silveira (IBMEC-RJ, Brazil)

### Overview

The flourishing Brazilian economy has resulted in unprecedented demand for management education. Top tier business schools are thriving, but those of all levels feel fierce competition. Students of all backgrounds want business training, from undergraduates to seasoned executives. Many young Brazilians seeking business careers are interested in Pre-Experience Master's degrees, rather than a traditional MBA.

Despite the opportunities, business school leaders face a number of challenges. MBA program quality is often unclear to Brazilian students and employers. As a result, accreditation and certification organizations are needed. In addition, finding good faculty can be difficult. Hiring international academics is complex, due to visa regulations. As in the U.S. and Europe, most Brazilian business schools are leveraging technology for online learning. Although these new techniques level the playing field, they also change classroom dynamics and can disrupt group discussions.

Looking ahead, the top business schools in Brazil would like international recognition. They aspire to become management authorities for disciplines like entrepreneurship and sustainability. Although the philanthropic culture in Brazil is not well developed, corporate funding for research appears to be a promising option.

### Context

Deans from eight top international business schools gathered in São Paulo to discuss the current and future state of management education in Brazil. The roundtable was moderated by Dean Paul Danos from the Tuck School of Business at Dartmouth and Dean Santiago Iñiguez from IE Business School.

## Topic #1: The Economy and Higher Education

### Key Takeaways

Regardless of the economic climate, top business schools around the world are thriving. The panelists described the current state of management education in Europe, the United States, and Brazil.

- *Europe.* Economic growth is almost nonexistent. Unemployment is on the rise, but the demand for MBAs is steady. Business schools with a good reputation and a diversified portfolio of programs are coping well. Other schools, however, are looking for new growth opportunities.
- *The United States.* Although the U.S. is emerging from a deep recession, the top business schools have not been affected. The number of applicants continues to far exceed program availability. Elite schools, however, are facing political and societal pressures. Some question whether private institutions' endowments and operations should be taxed.
- *Brazil.* The Brazilian economy is at full employment and the country is experiencing unprecedented demand for qualified labor. Management education is thriving and fierce competition exists among Brazilian universities, as well as from international business schools that are entering the market. Top tier schools are in a good position, but many others must either enhance their programs or exit the market. To differentiate themselves, some business schools are looking at infusing management education into other fields, such as engineering. Despite the booming economy, employer subsidies for business education are limited.

### SANTIAGO IÑIGUEZ – IE Business School, Spain

Let me take the first question which is how the economic situation in Brazil is affecting higher education, and in particular, how it is affecting the different programs that compose your portfolio? In Europe, the growth is actually very limited. In Spain, the growth isn't even half a point at the moment. This is affecting employment very severely, and of course business schools are looking for other opportunities. In the case of IE Business School, we are very diversified so the crisis is not affecting us as much as other institutions in Spain and Europe. Just to give you some figures, 95 percent of our MBA students come from overseas so our student body is very diversified. In terms of portfolio programs, we don't rely on a single MBA program. We have undergraduate degrees all the way up to executive education. This diversification helps us to cope better with the crisis. In times of crisis, executive education is the first segment to be affected since companies cut their investments in education. Although the economic situation in Europe is very serious, some institutions like ours are coping with the crisis better than players elsewhere. The demand for MBAs is steady – program applications are still growing in Europe and elsewhere.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

In the U.S., it's a very flat economic situation coming out of a deep recession, but the very top schools were not affected by this much. The very top has a big global demand. A school like Dartmouth had twenty four thousand applications for one thousand positions and Tuck had about three thousand applications for two hundred and sixty positions. Executive education has been flat but it hasn't gone down. However, the business school sector is very mature and the economics affects different schools in different ways. The lower tiers of schools have seen more impact than those at the very top. What is changing in America is there's a big populous movement, similar to Latin America. A lot of judgments are made about rich schools versus poor schools, and rich people versus poor people. I think that more than ever private schools must be careful about how they spend their endowment and their money. I think there's going to be pressure in America to prevent all the benefits from going to the very top schools. It depends on how the politics work out, but there's more pressure now in terms of professors' salaries, how professors are treated, and the kind of teaching they do.

### MARIA TEREZA L. FLEURY - EAESP-FGV

I believe that Brazil is facing a window of opportunity, but we don't know how long it will last. Higher education is blooming and, in business management, we are facing fierce competition among the Brazilian universities, both private and public, and from international competition. We are seeing something similar to the United States. The very good schools and the schools in lower levels are experiencing good times. The problem is the schools that are stuck in the middle. FGV is in a very good position – the demand for undergraduate and graduate programs is very high, even for the MBAs. But we are facing fierce competition from the international schools that are coming to Brazil. For us, it is very important to be a partner with European and North American schools, not simply a supplier of students. We want to develop new ideas, new research, and new programs together. We can help partners understand what is unique in the Brazilian environment because we have very good researchers and practitioners. This partnership can be a win-win game.

### FLAVIO CARVALHO DE VASCONCELLOS - EBAPE-FGV

For the best schools in Brazil, the market is positive. This year, we had a thirty percent increase in applications for undergraduates and about forty percent for MBAs. We know that not every school has the same positive outlook and we face

a large divide. On one side, we have relevant schools which are very important because they contribute to the students' education. Yet, these schools have to be really good and compete at the international level. The dilemma for schools in the middle of the market is to be very good or be out of the game.

**CLAUDIO L.S. HADDAD – Insper**

In general in Brazil, the average education is very low. As the education market grows, the lower quality segment grows faster than the higher quality one. In Brazil, basic education has improved, but secondary and higher education is still low quality. Most of the elite schools, with the exception of those around this table and perhaps a couple of others, tend to be public schools which are completely free. Generally people who do well in secondary education want to go to public schools or to the schools here at this table and a couple of others. People with lower incomes go to private schools which concentrate more on the lower base of the requirements. The government has tried to compensate for this with two programs. One was called ProUni which was very successful. This program gave scholarships to poor people who attend private schools and reduced the schools' taxes. So the schools did not pay taxes and then, in turn, offered free tuition for a percentage of their students. There is another program which we are doing now with FIES that offers a credit for people who attend universities. In Brazil, there are no full time MBAs. MBA programs are really executive programs and those programs are sponsored by companies. Therefore there's a cyclical component in our MBAs programs.

**VANDYCK SILVEIRA - IBMEC–RJ**

Brazil is undergoing a boom in the demand for both qualified and unqualified labor. Never before in our history have we had such demand for qualified labor. What I see at IBMEC is the notion that a leading business school can become a polytechnic university. This is something that is critical for our development. We need to infuse the DNA of business which made us great into engineering, international relations, publicity, and all areas that are adjacent to business. The idea is to create people who have business acumen in many different disciplines. In Brazil, learning at the higher level is extremely academic even at the leading schools. So what we must do to differentiate ourselves is to integrate business DNA into engineering and other areas.

Another interesting aspect of Brazil is that we are at full employment. But even at full employment, executive education that is paid for by companies is very niched. Only a few schools have that kind of relationship. It's not as pervasive as in the United States and Europe. The responsibility for educating oneself transfers from the employer to the employee. When I started at IBMEC several years ago, 90 percent of our students had some level of subsidies. Today, the number of students with subsidies ranges between 75 percent to 90 percent. In addition, 35 percent of students have subsidies that are less than 50 percent of the cost of their education. This is very important. In the United States, Fortune 500 companies dedicate on average around 0.8 percent of net employee costs to education. In Europe, it is between 0.5 percent and 0.7 percent. In Brazil, it is a much smaller percentage.

**PAUL DANOS – Tuck School of Business at Dartmouth, USA**

At Dartmouth, which is very traditional, we now have a program where we teach business to the engineering classes. We also have a masters program in health delivery. Most fields want joint programs with business.

In the United States, it used to be that an executive MBA was funded by employers. Now, it's under 50 percent, and employers aren't paying 100 percent of the tuition. Companies do a lot more in-house training. The percentage that American companies spend on training is high but they're not paying universities as much as before.

**SANTIAGO IÑIGUEZ – IE Business School, Spain**

The same is happening at IE. The contribution of corporations has dropped dramatically given the crisis.

**KLEBER FOSSATI FIGUEIREDO - COPPEAD–UFRG**

We are a small, public school with no more than 900 students this year in all programs. We have undergraduate programs, executive education, in-company programs, Master's, and doctorate programs. The economic situation has not affected us in Rio de Janeiro. With two events over the next four years (the Olympic Games and the World Cup), the world wants to know Brazil and we have a lot of international partners. This year, we have 218 students from other countries, including France, Spain, Germany, the United States, and Russia who came to understand Brazil and to know Rio de Janeiro. One of the challenges for public universities is attracting professors because the salaries are very low. In addition, the selection process is very bureaucratic. It must be published in the newspaper and it can take as long as seven months to finalize a contract.

**PAULO RESENDE - Fundação Dom Cabral**

We are paid 100 percent by companies – it is a pure executive MBA program. As a result, our partner is not the student but companies. The majority of our students (95 percent) work for large multinational companies that operate in Brazil or big Brazilian multinationals. After the 2008 crisis, they reacted by sending more students to us because they wanted to retain these employees. In 2007, we had four applicants for every open seat and today we have eight applicants for every seat. We



TUCK  
AT DARTMOUTH

have an ethical dilemma because we cannot provide career counseling for students, but they want this type of support. In addition, we struggle to balance concept and context in the curriculum. Students want to learn broad concepts that can be applied at different companies, but the companies want the courses to be very practical and to focus on their specific context.

## Topic #2: Regulation, Standardization, and Accreditation of MBA Programs

### Key Takeaways

In Brazil, MBAs are not considered to be Master's degrees. Brazilian Master's degrees are classified as *Stricto Sensu* courses and students must defend a thesis. As a result, American and European MBAs are not acknowledged as Master's degrees in Brazil. Brazilian management education is offered through programs that are classified as *Lato Sensu* courses.

The *Lato Sensu* market is unregulated. Consequently, MBA program quality is unclear to students and employers, and no one knows how many MBAs are granted in Brazil. The panelists suggested that an association is needed to certify and rank business programs. The Brazilian Academy of Management is helping elite business schools to work together and is pressuring the Ministry of Education to reform the way MBA programs are classified.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

In Brazil, do all the MBAs have the same status, or are there some that are official degrees and others that are not official degrees?

### VANDYCK SILVEIRA - IBMEC-RJ

In Brazil, to earn Master's degree a student must defend a thesis. As a result, an MBA from Tuck or Harvard or Stanford or IE is not considered a Master's degree in Brazil. To get a Master's degree, there are certain regulations that require students to defend a thesis and take methodology classes. So it's a different animal. People get a business education through programs that are classified as the *Lato Sensu*. To graduate with a *Lato Sensu* degree, you must complete 260 hours of coursework. It is possible for someone in Brazil to list in a CV that they have three or more MBAs – for example, one in finance, one in marketing, and one in law. This is unique to Brazil.

### CLAUDIO L.S. HADDAD – Insper

Schools are regulated if they offer what are called *Stricto Sensu* courses. The *Stricto Sensu* is a Master's program, which is heavily regulated by education rules. There had been a large number of MBAs coming into the market and, in response, the regulations were tightened. MBA degrees can now only be offered by institutions which have *Stricto Sensu* programs, but the degrees are *Lato Sensu* programs.

### PAULO RESENDE - Fundação Dom Cabral

Today, we can offer MBA certificates with a stamp from the Ministry of Education. We are protected by law, but if we were not, we would be an outlaw when it comes to *Stricto Sensu* and *Lato Sensu*. This discussion about *Stricto Sensu* and *Lato Sensu* doesn't make much sense to me. I hope in three years we can discuss this subject and there will be a new law. The *Lato Sensu* programs are not official degrees.

### MARIA TEREZA L. FLEURY - EAESP-FGV

When a student graduates from a *Lato Sensu* program, they receive a diploma but they cannot apply to a PhD program with it.

### FLAVIO CARVALHO DE VASCONCELLOS - EBAPE-FGV

The *Lato Sensu* market is unregulated. As a result, we don't know exactly how many MBAs are granted in Brazil.

### SANTIAGO IÑIGUEZ – IE Business School, Spain

Given that you have different categories of Master's degree programs, would you like to see reform around program standardization? In the United States and Europe, networks have emerged like the Association to Advance Collegiate Schools of Business (AACSB) and the European Foundation for Management Development (EFMD) that push reforms. Is there a similar organization in Brazil or is it very decentralized?

### FLAVIO CARVALHO DE VASCONCELLOS - EBAPE-FGV

We desperately need another degree system. On one hand, the *Stricto Sensu* system is too tight and too administrative. Financially it's almost impossible to sustain for a private school because they have to pay high salaries. On the other hand, a lot of business programs are completely unregulated and we have no clear understanding of what's a good quality program. With *Lato Sensu*, we have top quality and low quality programs and no clear system to differentiate, other than perhaps the school's brand name.

**CLAUDIO L.S. HADDAD – Insper**

Better schools are trying to get national certifications. I am very liberal in the sense that everybody can issue whatever programs they want. The problem is that you need some associations that would say this is approved or it's not approved. Then we could have a system of rankings.

**PAUL DANOS – Tuck School of Business at Dartmouth, USA**

So there's no movement like the Bologna Accord where countries are trying to get together and conform degrees so that people can take part of a degree at one institution and part at another.

**PAULO RESENDE - Fundação Dom Cabral**

In Brazil today, you need credentials to offer an MBA program. But if you offer an undergraduate program, it's simple - there is no other requirement. If you have an undergraduate program, you can offer an MBA program and it doesn't matter what quality it is. We are fighting to be mature. We don't know how to get together and build a certification process among us.

**PAUL DANOS – Tuck School of Business at Dartmouth, USA**

The AACSB and GMAC started out being elite back in the 1930s, 1940s, and 1950s, but then they grew and they allowed more schools in. Now the AACSB has several hundred schools that are accredited. There's pressure from the lower tier schools to belong and now it's not as elite anymore.

**MARIA TEREZA L. FLEURY - EAESP-FGV**

I believe that the Brazilian Academy of Management is an important association and it's trying to get the elite schools working together and putting pressure on the Brazilian Ministry of Education. But in terms of the Lato Sensu, the MBA is in a very difficult situation. It's not working anymore.

## Topic #3: Pre-Experience Master's Programs

### Key Takeaways

Many Brazilian students seeking business careers are interested in a Pre-Experience Master's degree, rather than a traditional MBA. This trend is also emerging in the United States, where students want an entrée into the professional world after graduation. Top American liberal arts schools are considering a fifth year Pre-Experience Master's which offers business training and enables students to get analyst jobs at companies like Goldman Sachs, Microsoft, Citicorp, etc.

#### MARIA TEREZA L. FLEURY - EAESP-FGV

Business is one of the most demanded undergraduate programs in Brazil – there are currently approximately 1,800 Bachelor's level business programs. Something that is becoming more attractive for Brazilian students seeking local or international business careers is the Pre-Experience Master's, rather than an MBA. Coaching is an important aspect of these programs.

#### PAUL DANOS – Tuck School of Business at Dartmouth, USA

There's a similar movement in the United States. At the very best undergraduate schools, the students want to get into business earlier. There's a lot of pressure on the Liberal Arts general education. Tuck now teaches several business courses to undergraduates, even though we don't have a business major. There is growing demand for a 5<sup>th</sup> year Pre-Experience Master's that gets students into analyst jobs. In the past, companies like Goldman Sachs hired people with no business training, but that's getting more rare. They want some business training, even from a top liberal arts school. The students sometimes want a Master's degree right out of college, but not an MBA.

#### CLAUDIO L.S. HADDAD – Insper

The difference in Brazil is that we have profession-oriented undergraduate programs. An undergraduate student who studies business here learns things that are taught at the MBA level in the United States. Among junior professionals, there is a huge demand for programs to develop their business skills. We have a series of certificate programs targeted at those young people.

There is a tradition in Brazil for students to have internships at companies and employers value practical skills. However, employers are also looking for people with reasoning skills and who understand multicultural issues, so it's a bit of a paradox.

#### VANDYCK SILVEIRA - IBMEC-RJ

It's a matter of opportunity cost. Today, young people get to become millionaires and billionaires and open up their own companies very fast. You have the advent of a CEO like Mark Zuckerberg who is 27 years old. This is becoming more and more common in the world. This speaks to something I've been on a mission to get on the table – the idea of relevance. Unlike medicine or law, business has become relegated to publishing things for ourselves. The opportunities are here for us to create relevance in the way we learn. It's what happened in Silicon Valley – it's having academics in companies and executives in the academic environment in a full exchange. Nokia, for example, seconded a group of executives to work with student teams at a Finnish technology school. The graduate students work with executives to convert technological breakthroughs into commercial successes.



## Topic #4: Faculty and Research

### Key Takeaways

Brazilian business schools face different challenges than their American and European peers, when it comes to hiring and retaining faculty. The panelists made the following observations:

- *Formal tenure does not exist for faculty.* However, career professors are evaluated on teaching, research, and contributions to the school – similar to tenure track faculty in United States.
- *Relationships are important when hiring.* Because personal relationships are very important in Brazil, many business schools recruit locally for faculty. Professors care a great deal about the school's reputation and they usually want to work with people they know.
- *International academics want to teach in Brazil, but hiring them is challenging.* Many management professors are interested in teaching in Brazil, since the country's economic outlook is so strong. However, obtaining labor visas from the government is very difficult.

One commonality among business schools in Brazil and the United States is the use of adjunct and part-time professors. The Brazilian deans noted that adjuncts are essential in executive MBA programs, where students demand professors with a great deal of work experience. Dean Danos commented that many urban business schools in the United States hire retired or practicing professionals as adjunct faculty. Although this approach enables students to benefit from real world experience, it can create a two-class system where adjuncts do most of the teaching and elite, tenured professors focus more on research.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

At Tuck, we have 50 faculty—all of them are researchers and all of them are teachers. They all have to teach in the MBA program. The question then becomes does that classic training that they have and their publishing serve the students well when it comes to preparing for a career? Obviously, I would say “yes,” but I think it's an important issue when we think about who will be teaching our students in the future? What is the role of research faculty inside a university? Is it really teaching or is it a different type of education? Where is Brazil going in that respect?

### SANTIAGO IÑIGUEZ – IE Business School, Spain

At IE we recruit faculty at the very early stages, but it is a trial and error process. It has its advantages. When you recruit young people, you can accompany them throughout their careers and you pay lower salaries. But, then you go through a process of trial and error and some of them do not add enough value. We look for people who can combine the different facets teaching, research, and interfacing with the department.

### MARIA TEREZA L. FLEURY - EAESP-FGV

What we have been trying to do is to develop a knowledge flow focused on research. In our school, we have twelve research centers and around seven academic research groups. We try to have them work together, but it's very difficult. We have been successful in several areas, including entrepreneurship and sustainability. Entrepreneurship is a very important theme in Brazil.

### VANDYCK SILVEIRA - IBMEC-RJ

When I was at Duke, I learned that no one has ever retired from Goldman Sachs. Very serious, older executives are allocated once or twice a week to work on deals. They don't do the deals themselves, but they act as a repository of information. I've seen something similar at the University of Edinburgh's business school, the Drucker School, and Case Western Reserve. Executives with a lot of experience come back to tell their stories and develop cases. They are allocated to teach certain groups of students. There is a potential post-career opportunity for executives to have an important impact on business education. That talent should not be let go.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

In the big, American urban MBA programs, I'd say that a high percentage of the classes are taught by professionals. This occurs less often in rural areas. So it's already happening. They're called adjuncts and they're not part of the school's tenure structure. For example, they don't vote on faculty candidates and they don't get tenure. So in America many programs are being taught 50 percent by professional people that are semi-retired or are working in marketing, finance, and other functions. That system does exist but it's a two-class system: you have all the teaching assistants and adjuncts that teach a lot, then you have the elite professors who teach to some extent, but they do many other things too, including research.

**KLEBER FOSSATI FIGUEIREDO - COPPEAD-UFRG**

We have different types of faculty. In private institutions in Brazil, there is no formal tenure. However, we have something similar to tenure track professors. Those faculty teach, do discipline-based research, and get involved with our research centers. These tenure-like faculty are always evaluated on teaching, research, and contributions. Their promotion depends on those three variables. We also have a different type of faculty that we call adjuncts. They are full-time professors, but they may have a lower research load, higher teaching load, or may be more involved in managerial aspects of the school. In addition, there are part-time professors because in our executive MBAs programs, you need professors with a lot of experience. We try to hire professors in Brazil, as well as abroad. However, it is a nightmare getting labor visas.

**MARIA TEREZA L. FLEURY - EAESP-FGV**

In most schools, we have some very good, older professors and we have some that we want to retire. To define the right path for each individual is a challenge. Our faculty must communicate with undergraduate and even executive MBA students. In Brazil, personal relationships are very important, so we have to recruit locally for faculty and the reputation of the school is very important. Professors want to work with a group of people that they know. In addition, we have been trying to recruit internationally and have had success since Brazil is facing a window of opportunity.

## Topic #5: The Use of Technology

### Key Takeaways

Several of the business schools participating in the roundtable offer programs that are either completely online or provide an element of online learning. IE Business School has had considerable success with blended programs that combine classroom courses with online education. Dean Iñiguez believes this is the future for MBA programs, particularly those targeted at executives.

The use of technology in management education is clearly changing the classroom dynamics. This can have positive or negative consequences:

- *Technology levels the playing field.* At Tuck, the lectures for some core courses have been put online. Both the students and professors like it because students are all at the same level when they get to class for discussions and case analysis. Fundação Dom Cabral is using games and simulations to shift the power from professors to students in a productive way.
- *Technology often disrupts class discussions and puts pressure on the faculty.* Dean Resende noted that executive MBA students are very likely to challenge professors. When they have Internet access in class, they take time to double check facts, then revisit points that often derail the flow of class discussion. At Tuck, many professors feel some pressure to put some lectures online because most popular faculty members are using this progressive approach.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

Tuck has launched a distance program with our medical school, so now people who run hospitals around the world take a distance Master's degree in healthcare delivery. It's aimed at efficiencies in hospitals and it's our first big venture in distance education. It's the first degree for executives who are working full time that we've ever done. All the technology is now coming into the MBA. We're using it to teach our students on campus for different parts of the program. The technology is finally practical because the people on the other end don't need any special equipment. As long as one has a web-base, it works.

### SANTIAGO IÑIGUEZ – IE Business School, Spain

We are true believers in blended programs, which is mixing traditional formats, classroom, face-to-face, with online. We have been running blended programs over the past 12 years with great results in terms of satisfaction from participants, in terms of the methodology, and in terms of faculty participation. If you want to succeed with blended programs or online education you need to use the same faculty you have in face-to-face programs. You cannot just use adjuncts for your online programs. Your full-time faculty has to get involved in this process. We find that the future will probably be dominated by blended programs, particularly for executives. Since the full-time MBA is going remain the same size in the future, this is not a segment that will grow. But executive education will and the best methodology that suits executives' needs is blended programs. We are running a number of blended executive MBAs, one of them with Brown University which has been very successful and what we find is that the new generations demand this sort of methodology.

### MARIA TEREZA L. FLEURY - EAESP-FGV

We have an online program for MBA's but like we mentioned before it is the Lato Sensu, and we have programs that are very successful. We also have an international program through an alliance with Manchester Business School in the UK that was launched about one year ago. We're still in the infant stage, but we believe that the planned program is very interesting and most of our executives want to have those kinds of programs.

### VANDYCK SILVEIRA - IBMEC-RJ

We offer full distance learning. There's a blend of technologies and synchronicity between many of the classrooms that takes place, but it's all online. We also offer a blended program.

### CLAUDIO L.S. HADDAD – Insper

We don't have an online program or a blended program yet. We use online courses only for pre-matriculation for the MBAs.

### KLEBER FOSSATI FIGUEIREDO - COPPEAD-UFRG

We offer no more than 20 percent in a blend because the university doesn't accept online courses. In executive education, we have two or three courses focused on financial mathematics, statistics, and accountability and logistics. It's 80 hours of the 400 hours.

**PAULO RESENDE - Fundação Dom Cabral**

The executive MBA is not blended. Distance learning is only used for preparation for the next module -- home work and pre-reading. Something that is challenging us is the use of technology during classes. We are now experiencing iPad fever. We give the iPad to the participants for sustainability reasons - we want to reduce paper. But we've learned that the power within the classroom shifts because professors are losing control of the knowledge. Students challenge professors all the time. We are discussing how to turn this power shift in a positive way. We have to talk about a new methodology of teaching. We are transferring this challenge to the students. If they want to challenge professors, they must challenge with knowledge. We are using a lot of games and simulations, so professors are less stressed about this. Some of the older professors refuse to teach when there are iPads in class.

**PAUL DANOS – Tuck School of Business at Dartmouth, USA**

A couple of years ago at Tuck, we challenged professors to take the most basic of their core classes like economic models or statistics models, and teach them asynchronously. We gave them resources to put the content online. The students love it, and the professors like it too because the students now all are the same level when they get to class. We started with two or three classes, and now students want it for all the classes. It's the same professors that do the basic lectures in advance and it levels the playing field. Sometimes it takes a little longer for the students with poorer English skills or people who never had any quantitative courses to catch up. The professors now feel like they have no choice but to adopt this mixed model.

**PAULO RESENDE - Fundação Dom Cabral**

The dynamics of the classroom are something we need to worry about. The MBAs we deal with are executives and most are more than 35 years old. When they come to class, they have one inclination first - to challenge the professor. They think they know more than the professors. We tried to take out the question that assesses the knowledge level of the professor from the evaluation form. They came to us and said "I want to judge the professors' knowledge," because they are sure they know more than some professors. If they have access to the web in the class, when the professor mentions a certain company as a case, they immediately try to prove that the professor is telling the truth. This is okay, but it takes time for them to find the information and the professor is already 10 minutes ahead. It's a mess in terms of the dynamics the classroom.

## Topic #6: Sources of Income and Growth

### Key Takeaways

Business schools in Brazil and in Europe want to diversify their funding sources beyond tuition. However, the philanthropic culture in these geographies is not well developed, as in the United States. Generous alumni donations are rare. In Brazil, corporate funding for research is a promising option. Fundação Dom Cabral, for example, has succeeded in obtaining 10 percent of its knowledge generation budget from corporate donations. Similarly, COPPEAD–URFG has developed a research foundation where companies can contribute funds.

International recognition for Brazilian business schools is a challenge. The deans noted that to be relevant, they must focus on innovation and develop research based knowledge flows that are valuable to practitioners. Ideally, these schools would like to become authorities for management disciplines like entrepreneurship and sustainability.

### SANTIAGO IÑIGUEZ – IE Business School, Spain

What are the main challenges that you see in the future and what opportunities exist for fundraising here in Brazil. What is your business model in terms of income and where do you see growth?

### KLEBER FOSSATI FIGUEIREDO - COPPEAD–UFRG

Professors' salaries are paid by the government. But we need money to do a lot of things. For instance, it is impossible to obtain money from the government for accreditation and to receive auditors. It's very expensive. Our major emphasis is executive education and we have been recognized by the market. We have 24 professors and six of these chairs are funded 25 percent with money from companies to do research. This is a good mechanism to do research without aid from the government.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

Do you find that corporations will directly fund on an annual basis or do they give you an endowment? How does it work?

### KLEBER FOSSATI FIGUEIREDO - COPPEAD–UFRG

We have a foundation, so the money doesn't go to the government. There is a contract between the company and this foundation. The foundation manages the money and when I need money, I request funds.

### VANDYCK SILVEIRA - IBMEC–RJ

I think the big challenge for us is relevance -- how do we interact with executives in the real world and add value to them besides just training people. The other issue is internationalization and recognition beyond Brazil.

### PAUL DANOS – Tuck School of Business at Dartmouth, USA

Do you have many students from other countries in your program that are paying tuition?

### VANDYCK SILVEIRA - IBMEC–RJ

At IBMEC in Rio we have 35 Master's degree students from outside Brazil. One is American and the rest are Europeans. We also have 35 exchange programs and they're growing. However, instead of having 35 exchange programs with universities all over the world I'd like to have three which are very meaningful. There is a very fluid exchange between our students and our partners' students and professors, which creates a rotation between the campuses. If 35 people decide they are going to spend a semester in Rio or somewhere else in Brazil, I'd like to have a curriculum requirement that you go abroad. We have to work out the economics of this.

### CLAUDIO L.S. HADDAD – Insper

We are a not-for-profit institution and we don't intend to expand to other cities in Brazil or grow abroad. We see our mission as developing the highest quality education possible, considering of course the economic environment we are in. To do more we need money from sources other than tuition. At the moment, our budget is almost 100 percent tuition and we use fund raisers for extension and for our scholarship fund which is entirely financed by donations. In our first capital campaign in 2005, we raised about 30 million Reals, which for Brazil was quite something. Now we are involved in a new capital campaign because we are expanding our physical facilities and we have raised 10 million Reals so far. We're still trying to raise more, but people are not taking my phone calls any longer. One problem is that the culture of donations in Brazil is not well developed like it is in the United States. It is growing and must be developed, especially for non-profit institutions.

**FLAVIO CARVALHO DE VASCONCELLOS - EBAPE-FGV**

I think relevance is absolutely essential for us, but it's only part of the problem. The challenge for us is quality and first defining what quality is. We have to be relevant, but we have to link research with practice to open new possibilities of thinking and to define what's quality in education.

**MARIA TEREZA L. FLEURY - EAESP-FGV**

I think for us the main challenge is to put together tradition and innovation, because we are a very traditional business school in Brazil, almost 60 years old. We need to renew our portfolio of programs with a focus on innovation. We need to renew our faculty and put together a knowledge flow in terms of applied research and basic research that is relevant for both practitioners and for theory. In terms of internationalization, although we have two programs that are taught in English and they attract students from all over the world, we would like to have our undergrad program be more internationalized. It's important for our school, being part of the Latin American continent, to attract students from other Latin American countries and it's not easy because we have the Brazilian regulations and we have to have scholarships, but the fees are important to maintain this school. So I think the main challenge is this equation, tradition plus innovation.

**PAULO RESENDE - Fundação Dom Cabral**

Five years ago, we decided not to raise money any more for facilities, but to raise money for knowledge generation. When we first started our campaign, we had 10 companies giving us money and that was 0.5 percent of our entire budget. Today we have about 10 percent of our knowledge generation budget completely funded by 120 companies and our target in 2016 is to have a 30 million dollar package for companies. The way we do this is to have a company sign a contract to sponsor a certain topic for three years. The contract is renewed, of course.

**PAUL DANOS – Tuck School of Business at Dartmouth, USA**

Tuck is unusual even in America because of our high percentage of alumni giving. We have 110 years of history, and 9000 alumni who give back in a big way. Tuck has by far the highest percentage of giving -- 70 percent of all the alumni send us a check every year. We get the buildings and all of the professorships from gifts. Corporate gifts are only 5 percent of what we get. A few years ago, we recognized that we had to be more global and we had to be bigger. About 10 years ago, we decided to drive pure quality and not have multiple locations. So in the last five years, our classes are smaller and professors teach most of the classes. We try to have the faculty work with small groups of students and dig deep.

We've been very fortunate because our alumni love the school. We have our own dormitories, so they all live together and form a tight bond. It's the only top school with that large a residential life. It's a small scale, high quality strategy.

**SANTIAGO IÑIGUEZ – IE Business School, Spain**

The case in Europe is different. Very few European business schools attract substantial funds for their endowments. We all subsist on tuition and other income, mostly executive education, or contributions from corporations. In the case of IE, around 70 percent of our income comes from tuition for Master's degree programs, 22 percent from executive education, and the remaining 7 to 8 percent comes from contributions from corporations and sometimes individuals. We plan to launch our fund raising campaign soon. We have to learn from schools like Tuck. I'm in line with Maria Tereza, how can we balance innovation and success in the current portfolio of programs? The challenge is how to keep being a disruptive institution, with methodologies and new ways of knowledge. Faculty is another concern at IE and of course becoming a reference for knowledge generation. How can you become a reference worldwide in a number of fields, such as entrepreneurship?

**PAUL DANOS – Tuck School of Business at Dartmouth, USA**

It sounds like there's tremendous opportunity on the corporate side, I wish we had more of that at Tuck. I was in Korea recently and many business schools have a giant company as a sponsor. Corporations are going to grow and they will want to have relations with schools. How you do that is going to be very important.

## Biographies



### **Paul Danos**

*Dean, Tuck School of Business at Dartmouth, USA*

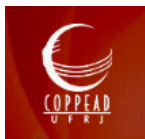
Paul Danos is the ninth Dean of the Tuck School of Business at Dartmouth College and the Laurence F. Whittemore Professor of Business Administration. He was appointed Dean of Tuck on July 1, 1995. Before joining Tuck, he was Senior Associate Dean and chaired professor of accounting at the University of Michigan. Dean Danos was Chairman of the Accounting Department at the University of Michigan from 1984–1991 and he also served as the Director of the Paton Accounting Center from 1988–1991. He received his PhD from the University of Texas at Austin in 1974 and BS and MBA from the University of New Orleans. He is a CPA and a member of the AICPA.



### **Flavio Carvalho de Vasconcellos**

*Dean, EBAPE-FGV*

Director of the Brazilian School of Public and Business Administration from Fundacao Getulio Vargas (EBAPE / FGV). Previously he was Professor of Business Administration School of Sao Paulo's Getulio Vargas Foundation (EAESP / FGV). In the professional has acted as a consultant specializing in applied research, working with companies such as ANEEL, CHESF, Furnas, Eletronorte and Eletrosul. He also worked in the U.S. as a consultant at the Center for Applied Research (Research Center created the Wharton School - University of Pennsylvania) and in Brazil as a consultant at McKinsey & Co. He has published about 40 articles in professional journals and presented over 70 papers in conferences scientific as well as publishing three books and several chapters in isolation, having received six awards for scientific merit of their work.



### **Kleber Fossati Figueiredo**

*Dean, COPPEAD-UFRJ*

Dean Figueiredo received his MSc in Business Administration from COPPEAD Graduate School of Business/ Federal University of Rio de Janeiro. He received his PhD in Business Administration from the Universidad de Navarra in Spain. His research interests include service operations and logistic services.



### **Maria Tereza L. Fleury**

*Dean, EAESP-FGV*

Maria Tereza is the Dean of Escola de Administração de Empresas de São Paulo da Fundação Getulio Vargas (FGV-EAESP). She has previously been Dean and Vice-Dean of FEA/USP (1998-2006), is a visiting scholar at IFM - University of Cambridge, IDS University of Sussex, IDE, Tokyo, and a visiting professor at ESSEC in France.

She served as a member of the advisory board of CNPq (National Council for Scientific and Technological Development - Brazil) and at present is the Director of ANPAD (Brazilian Academy of Management), of FAPESP Coordination (São Paulo Research Foundation), of the EUROMED Research Council, France, of the FIA Council (Fundação Instituto de Administração – USP), of the Council of the Medicine School Foundation (Conselho da Fundação da Faculdade de Medicina), of the Editorial Board of RAUSP and of the International Journal of Human Resources. She holds research scholarships from CNPq and FAPESP.

Maria Tereza's research and professional experience have been in the area of Business Administration: International Management, Competency Management and Culture and Learning.



**Claudio L.S. Haddad**

*Dean, Insper*

Claudio L.S. Haddad holds a PhD in Economics from the University of Chicago and is the President of Ibmecc Sao Paulo, Veris Educacional and Future Brazil Institute. A former full professor at EPGE (1974-79) he was also director of Central Bank of Brazil (1980-82) and Partner and Director of Banco Garantia (1983-98). Currently, he serves as a board member of Grupo Abril, Ideal Invest S.A., and Sao Paulo Museum of Modern Art. He is a contributor to Endeavor Brazil, Albert Einstein Hospital and serves as a visiting committee member at Harvard Business School. He writes by-weekly pieces for Valor Econômico.



**Santiago Iñiguez**

*Dean, IE Business School, Spain*

Santiago Iñiguez de Onzoño studied at Madrid's Complutense University and Oxford University, UK. Iñiguez de Onzoño is a Doctor of Law and holds an MBA from IE.

Iñiguez has worked as a management consultant and has played an active role in the field of quality control in executive education. He has been Director of External Relations at IE during which time he led international initiatives like the creation of the Sumaq Alliance, a platform for executive education comprised of IE and seven leading business schools from Latin America. Iñiguez is Professor of Strategic Management and, as of August 2004, is Dean of the school.

He currently combines his responsibilities as Dean of IE with his position of Chairman of EQUAL (European Quality Link), the consortium that integrates European business school accreditation associations, and he is a Member of the International Advisory Board of AMBA (Association of MBAs, UK). He is also President of the IE Fund in the US.

Iñiguez de Onzoño has published several articles and practical case studies on business management. Furthermore he is author and co-author of several books in the field of moral and political philosophy.



**Paulo Resende**

*Dean, Fundação Dom Cabral*

Process Development Leader, Leader of Graduate Programs, Committee Member of the Technical Center, Professor and Researcher at Fundação Dom Cabral. PhD in Transportation Planning and Logistics at the University of Illinois at Urbana Champaign - USA, 1995.



**Vandyck Silveira**

*Dean, IBMEC-RJ*

Vandyck Silveira holds a PhD in Economics from Claremont Graduate University in Los Angeles. He has extensive experience as an executive, having worked for companies such as Duke CE, Gallup, and the Rothschild bank, Merrill Lynch and MT Trust. In Ibmecc, he began as a teacher in the unit of Sao Paulo in 2000, where he coordinated the field of Executive Programs (CBA). He was Executive Director of the unit in Belo Horizonte between 2004 and 2007, when he left to become the Director of Business Development at Duke CE in England. In 2011 he returned to Ibmecc Educational Group to be the CEO.