

CEIBS' Start-up Culture

■ By Charmaine N Clarke



“Everybody wants to be Jack Ma. They all want to be entrepreneurs,” says CEIBS MBA Director Professor Chen Shimin with a chuckle. He’s talking about the roughly 180 students who enrol in the school’s 18-month full-time English-language-taught MBA programme each year. Usually more than 100 of them join the entrepreneurship club, making it one of the largest student organisations among each batch.

freedom, personal freedom, they have a very rewarding career, so this attracts a lot of young people,” he says. “And over time, at CEIBS, we’ve seen many successful entrepreneurs on our campus. So there’s the impression that, for an entrepreneur, an exciting future is always there.”

In fact this fascination with being your own boss isn’t just confined to CEIBS MBAs, and it’s not new. In 2013, according to the Graduate Management Admission Council (GMAC), 23 percent of prospective business school students across the globe were thinking of going into business for themselves. By the time they graduate, though, many of them realise it’s not as easy as it looks. “If you look at patterns across the top business schools, the percentage of students launching their own companies immediately after graduating from the MBA programme is small, around 5% or so. There may be variations from year to year; for example, during the dotcom boom the percentage went up,” says CEIBS Professor of Entrepreneurship Rama Velamuri, who is also Academic Director of the school’s Centre for Entrepreneurship and Investment. But realising it will be a lot of hard work doesn’t mean MBAs are giving up their dream of having their own company.

Reacting to the seemingly never ending thirst for information on all things start-up-related, the school administration added entrepreneurship as a concentration [area of focus] in the MBA programme. There was a soft launch with the Class of 2015 (the students who enrolled in 2013), and it became official as of the Class of 2016. Now, students can either choose a concentration in accounting, marketing, or entrepreneurship and Prof Chen expects there will be a dozen students in each category. But even those that don’t declare it as a major take a lot of entrepreneurship related courses. “I would say the primary reason for this interest in entrepreneurship is the Chinese economy. If you look at successful entrepreneurs there’s financial



They're just making sure they're ready. "The percentage steadily increases after graduation and about 15 years later, between 35 and 40% of the class is running their own companies; meaning they partially or fully own the companies they work in full-time," adds Prof Velamuri. Why this increase in the numbers later on? He thinks it's a combination of getting exposure to opportunities during years spent as an employee, saving enough money to launch a business, or having a working spouse who can help with the bills. Others simply get tired of the corporate politics that come with working for someone else.

But launching is just the first step, keeping a company afloat is another matter altogether. Over the years, CEIBS has taken a number of strategic steps to provide budding entrepreneurs with all the tools needed to become successful business owners. "To a great extent, CEIBS' launch, 20 years ago, followed the model of a start-up," says CEIBS President Professor Pedro Nueno who is one of the school's founders. "This is one of the reasons the school management has focused on entrepreneurship from the early days." CEIBS has a strong entrepreneurship faculty and Entrepreneurship Management has long been a core course. In most b-schools, it's an elective. "We have entrepreneurship in our academic DNA," says Prof Chen.

Add the Chinese government's push to encourage innovative entrepreneurs, a

vibrant entrepreneurship club at CEIBS, and great things begin to happen – like the recently launched MBA E-Lab. For years, students talked about setting up an incubator that would help them flesh out their business plans and take their projects to a level worthy of attracting VC funding. The MBA Class of 2016, with strong support from the very highest levels of the school and the MBA department, finally made it happen. Entrepreneurship Club President Edwin Guo, who is himself busy launching a food-related business, has been spearheading the E-Lab's day to day operations so far. He thinks it can be a useful platform to connect students who have ideas for start-ups with alumni who have the resources to help. "The original idea was to help MBA students from our batch who may have an idea but, if they don't get timely support, may likely just give up," explains Guo. The E-Lab will also be a platform that will get alumni's attention and keep them up to date on student's business ideas. And of course there's the fact that any b-school worth its salt has some sort of system in place to foster entrepreneurship among students and alumni. At CEIBS, the E-Lab now has two teams working on projects and new teams will be admitted with each fresh batch of students. Teams that get a spot in the lab – after winning a business plan competition – have a year to get to the next stage. Those that don't make it will be given the boot, a taste of what it's like in the real world. While in the lab, they will be given a lot of support and there will be regular checks to see if they are on track. Those that last until the end



Show me the money:

The HGI FINAVES China Fund works closely with entrepreneurs throughout the development of their project by providing seed funding as well as Series A investments. It can provide up to RMB300 million in the first phase of a project's development. The HGI FINAVES China Fund is dedicated to backing innovative high growth business ventures, support which fosters the future prosperity of China's economy. In selecting projects, priority is given to the early financing needs of CEIBS alumni enterprises.

CEIBS-CHENGWEI Venture Capital is a school-wide venture capital fund initiated by CEIBS and Chengwei Capital. The fund has three primary aims: providing equity financing for CEIBS students and alumni, promoting CEIBS students and alumni's entrepreneurial activities by leveraging business resources in and out of the CEIBS community, and supporting the school's efforts in teaching and research by financial return on the investment.

The US\$100 million Fund One will only invest in early or growth stage businesses founded or managed by CEIBS alumni. The investment size ranges from a minimum of US\$500,000 to a maximum of US\$15 million.



will then be introduced to an incubator that will facilitate everything from meetings with potential investors to road shows. Two potential sources of capital are funds available for ventures launched by CEIBS students and/or alumni – HGI Finaves China Fund and the Chengwei Ventures Fund (see related box).

“Now our E-Lab is just in the very first stage so we’re just focusing on helping students. But I believe that in the next couple of years it will grow into a real incubator and I think that’s the direction the school wants to go as well,” says Guo.

He’s right. In fact the school has hired Professor Vincent Chang to run the Lab and work closely with students who have a passion for launching start-ups. He will be on campus as of this September. “CEIBS has a lot of resources for entrepreneurship on and off campus. But we need someone who can bring it all together. A major part of Prof Chang’s responsibilities will be pushing student entrepreneurship,” says MBA Director Prof Chen. “My hope is that the Lab will eventually be expanded. Going forward I think it will play an important role at CEIBS.”

In addition to leading the MBA E-Lab, Prof Chang will also work closely with the CEIBS Centre for Entrepreneurship

and Investment (CCEI), which runs the very popular China Entrepreneurial Leadership Camp (CELC). To date, 210 entrepreneurs have been trained by the CELC programme and those participating in the on-going 4th cohort that ends next January are pretty impressive. They’re typically about 38 years old, almost 34% of them have already done a CEIBS EMBA or CEO programme, their average revenues are RMB535 million and they’ve already accessed – on average – about RMB561 million in financing.

Prof Chen is ecstatic about the potential synergies that can emerge between students with projects in the MBA E-Lab and more seasoned entrepreneurs in the CECL camp. For his part, Prof Nueno is looking even further ahead. “Today, Chinese companies are facing another entrepreneurial challenge – going global. CEIBS detected this need years ago and has made addressing it a priority,” he says. He’s betting on the next generation of entrepreneurs, the ones being groomed in CEIBS’ classrooms, at entrepreneurship club gatherings, in the MBA E-Lab and at the CECL camp to help take Chinese companies to the next level. “This is clearly an area of critical importance now, and CEIBS must contribute.”