Chicago move to spark London MBA battle

The University of Chicago Graduate School of Business’ decision to open a campus in the City of London this summer could be good news for bankers, but rival schools are braced for increased competition. The campus will be at Basinghall Street and will house 80 students on Chicago’s part-time executive masters in business administration (EMBA) course.

It will not be the school’s first foray into the European market. It has had a campus in Barcelona since 1994, which will close this summer.

Edward Snyder, dean of the school, said the transfer to London would raise the school’s profile among bankers: “It was a choice between the City and Canary Wharf. In Barcelona we were not positioning ourselves as closely as we wanted to the financial world.”

Business Week ranks Chicago’s business school as a top provider of MBAs for financial services professionals. The school counts senior Wall Street figures among its alumni, including Philip Purcell, chairman and chief executive of Morgan Stanley; Brady Dougan, chief executive of Credit Suisse First Boston; Warren Spector, president and chief operating officer of Bear Stearns; and Thomas Kalaris, Barclays Capital’s chief executive in the Americas.

Last year, Snyder said about 40 of 600 students on the full-time course spent their internships with London investment banks.

For rival business schools, Chicago’s arrival in the UK is a double-edged sword. While it confirms the City as an important location for global executive education, it means another institution will be competing for fee-paying students. Executive MBA courses are not cheap: Chicago’s costs €75,500 ($98,400).

Peter Calladine, a director of the Association of MBAs, said the school’s presence in London would be beneficial: "It’s a welcome move. London doesn’t have enough top business schools." Snyder added: "The effect of Chicago in the mix will be positive. It will confirm that London is a great place to study an MBA.”

Nevertheless, London Business School (LBS) is preparing for battle. Like Chicago, it offers part-time executive MBA programmes for students who continue working while on the course. Zeger Degraeve, associate dean of the course at LBS, said the school has altered its curriculum to make it more appealing. "We’ve made our programme more flexible and allowed for more choice. Students can take up to eight electives in their second year. At Chicago, they have a choice of two."

Degraeve said the LBS course offered superior networking opportunities and a higher standard of student. Executive MBA students benefit from contact with more than 1,000 students on the full-time MBA and other courses, while those at Chicago’s campus will be more isolated in London.

Other schools offering such programmes in the UK include the London School of Economics, which with New York University Stern School of Business and HEC School of Management in Paris, launched the Trium Executive MBA in 2001. Cass Business School, part of City University, offers a similar programme in the evenings. Insead, the French business school, also runs an executive MBA course that operates from Fontainebleau, near Paris.

There are bankers on most of the European courses. Insead’s class includes students from UBS and ABN Amro Asset Management. Chicago has representatives from Goldman Sachs, Deutsche Bank, Merrill Lynch and the Royal Bank of Scotland.

Adrian Baillie, an investment manager at Enterprise Private Equity and executive MBA student at LBS, said a part-time course was a way of building formal management skills, without taking time off.

"I’ve spent a lot of time in education and didn’t want to go back full time," he said.

However, a part-time MBA is not all banks' course of choice. The head of graduate recruitment at a European bank in London said the programmes are unsuitable for the industry: "If someone wants to do an MBA, they go away and do an MBA full time. The hours you work in an investment bank are not conducive to part-time commitments. When you get in at 7.30am and get home at 9pm, there’s no extra time to study." Banks such as Morgan Stanley support staff through MBAs on an ad hoc basis but do not encourage them.

Accordingly, 16% of students on the LBS executive course have a finance background, compared with 19% on the full-time course. At Cass, only 5% come from investment banking. A spokesman for the school said most investment banking students sponsored themselves and worked in less time-consuming roles, such as the back office.

Chicago Graduate School may therefore find moving its campus to London brings a disappointing response from bankers.

In Spain, some of its students may have reason to feel nostalgic for the city they left behind. Juan Enric Ricard, a director at IESE, another Barcelona-based business school, said the Spanish city had much to offer: "Executives like to come here for the weather, the dynamism and the culture."

A new tapas bar in Basinghall Street would probably make the transition easier.