
КАК КРИЗИС СОЗДАЁТ ВОЗМОЖНОСТИ ДЛЯ ВЫСШЕГО ОБРАЗОВАНИЯ

HOW DISRUPTION IS CREATING OPPORTUNITY IN HIGHER EDUCATION

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Quasquarelli created QS in 1990 while still a student at Wharton. The firm is a leading global provider of higher education and career information solutions. Quasquarelli takes pride in the fact that he has grown his original company and, after 24 years, works with 2,000 higher education institutions and 12,000 employers. QS produces the annual “Global 200 Business Schools: The Employers’ Choice and the World University Rankings” report.

Major changes are facing the educational system, he tells Knowledge@Wharton in an interview. “[But] the university as an institution will sustain.” QS partnered with Wharton’s SEI Center for Advanced Studies in Management on the Reimagine Education conference that began in Philadelphia on Monday.

An edited transcript of the conversation appears below.

Key words: higher education, mismanagement, problems of education.

Knowledge@Wharton: You founded Quacquarelli Symonds back in 1990. Could you tell us what your objectives were at that time, and how they've changed over time?

Quacquarelli: I founded QS while I was a Wharton student, so maybe I can give you a little bit of the history, because it's essential.

I came to Wharton with the intention of becoming an entrepreneur, and I spent my two years here identifying an opportunity. I realized that I was passionate about education, and there was an opportunity for me to produce publications and provide information in the education space. Wharton provided me with some support. The Entrepreneurial Center gave me a little office. I had a great team of students. They worked with me over the two-year period; we won the Moot Corp business plan competition [now called the Venture Labs Investment Competition] representing Wharton. And the business started. So our history is embedded in Wharton, and our mission from the outset hasn't really changed. It is to enable motivated young people around the world to fulfill their potential through educational achievement, international ability and creative development.

Those are three things that determine everything that QS does, and we are really passionate about it. We touch the lives of tens of millions of people around the world, and it's a really nice feeling if you know that you're helping people make the right education choices, that you're helping them progress in their career. That's what we're about.

Knowledge@Wharton: One of the biggest challenges for any new entrepreneur is raising capital. How did you go about that when you started QS?

Quacquarelli: I was lucky. I identified a business that could be cash positive very early on, and I was also lucky that I was at Wharton. I had lots of students who were willing to help me and didn't require being paid. So my capital was essentially the free time those students gave me. And I did pay them, eventually. Once the business started making a profit, I gave them part of it. We managed to raise money from corporate enterprises and some educational institutions to fund the initial projects, which were publications. I'd been an editor of some magazines at Cambridge University, and so that was my knowledge area initially. We produced publications and they made a profit from the get go. That was very helpful. QS has never had external funding.

"If you have the ambition to be a global company ... you have to really invest time in learning how people from different societies think, and to really appreciate how they think."

Knowledge@Wharton: What kind of publications were they?

Quacquarelli: Initially we published a magazine called *The MBA Career Guide*, which was about career opportunities for MBAs. We then extended it to a publication around diversity, so it was looking at the opportunities and

development paths for minority students in the U.S. We quickly extended to educational publications, looking at opportunities in business education and postgraduate education.

Knowledge@Wharton: Along with raising capital, the other big challenge for any new entrepreneur is picking a leadership team. Since you said you were working with a lot of students, how did you recruit your leadership team?

Quacquarelli: I'm very much a relationship-driven person. I looked for people I liked, who shared the passion about education, and who were excited about what I was doing.

It was really about sharing the idea, sharing the vision, and saying, "Do you want to help? Whatever little bit of spare time you can give me will be appreciated." Different people have different skill sets, and it really gelled. In fact, in the Moot Corp competition, we took that initial student management team down to Austin, Texas to present our business plan. And it was great – great camaraderie, great fun.

Knowledge@Wharton: During your entrepreneurial journey, what have been some of the key milestones and challenges, and how did you deal with them?

Quacquarelli: Any entrepreneurial journey has challenges. I'd like to say that I'm not a serial entrepreneur; I am a mono entrepreneur. I founded one business and I've grown it. The challenge has been to develop a business organically – self-funded – and managing and maintaining cash flow throughout that process. At the same time, we were also developing new businesses. QS today is the leading event organizer in the higher education space with more than 350 events and conferences. We have probably the largest research organization specializing in higher education worldwide – more than 300 university clients.

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We have web platforms – TopUniversities.com and TopMBA.com – that attract more than 30 million unique visitors. We also have a technology division, which provides software as a service to the higher education industry. Each of these businesses has been funded organically through our own cash flow. We've had to manage that very carefully. So, cash is always the key issue.

In terms of milestones, I think that in 1993 – shortly after I graduated – we decided to go into the events business. Achieving success in the events business was pivotal in helping the business go from being a small idea to an idea with global scale and global opportunity.

Knowledge@Wharton: What kinds of events are these?

Quacquarelli: We started in the MBA space. A principal event is the World MBA Tour. We also run the World Grad School Tour, which is the largest source of internationally-mobile, postgraduate students. We have the largest education conference in the Asian region, called QS Apple (QS Asia Pacific

Professional Leads in Education). We have the largest education conference in the Middle East – QS Maple. We also run a number of other conferences for the education industry. So it's both student recruitment and professional networking for the education sector. That, as a milestone, was pivotal in giving us a global scale and scope.

In 2002, I made the decision that I wanted QS to be not just a media company, but also an information and data company. I had a good friend, John O'Leary, who was the editor of *Times Higher Education* [in the U.K.]. We got together and said: "There's need for global rankings. University leaders are telling us they have no basis for comparing their performance across borders." So we spent two years with extensive outreach to those university leaders, identifying a suitable methodology. In 2004, we launched the QS World University Rankings. That has emerged as the most popular and most viewed university ranking system in the world. More than 100 million people view the QS rankings.

Knowledge@Wharton: Many different publications do b-school rankings.

What differentiates QS's rankings from those done by other publications?

Quacquarelli: QS has invested an enormous amount of time and mental effort to devise a system that is robust, stable, trustworthy and meaningful. We spent two years outreaching to university leaders to identify suitable metrics for the rankings. We have a system that is based on a global academic survey – more than 60,000 academics responded to our 2014 survey. We also have a global employer survey. More than 30,000 to 33,000 employers around the world have responded to our global employer survey. It's the largest employer survey that any organization in the world conducts.

"You have to create incentives that encourage team playing. It doesn't just happen as a matter of course."

We then look at bibliometric data in a lot of detail – the number of citations that universities are producing per faculty and some other metrics that are important for world-class universities. These metrics are meaningful. They're meaningful in a sense that universities have objectives to improve them over time. If they can see, through QS tracking, that they are making performance improvements against those metrics, that is a sign of success.

We estimate that more than half of the world's top 500 universities actually reference QS data in their strategic plans. I'm very proud of that. Universities are today much more actively engaged in international research collaboration. QS rankings are not the sole driver of that, but they are a factor in encouraging research collaboration. We see today that international research partnerships have produced twice the citations per faculty. That trend has brought about an incredible acceleration and a generation of quality knowledge.

Secondly, because we look at employer opinion, students know that they can look at our rankings and get a perspective on what employers think about university education. Not just overall, but we also produce tables for 30 different subject areas. For the prospective student audience, it's really valuable to understand that these institutions produce quality research. They're also provided employability needs for different segments of employers. That's valuable output.

Knowledge@Wharton: If you were to think about the almost 25 year path that QS has been on – 25 years next year – what would you consider the biggest leadership challenge you have faced? How did you deal with it and what have you learned from it?

Quacquarelli: There have been numerous leadership challenges. But the biggest challenge has been to have the majority or all of the QS staff follow the values that QS holds dear. Take cultural sensitivity. I've been preaching that since I founded the company. In the early days, people would say: "Nunzio, what are you talking about? What is cultural sensitivity?" But if you have the ambition to be a global company and you're operating in China, dealing with Chinese government officials one day and, a few days later, you're in Latin America dealing with the Latin mentality, you have to really invest time in learning how people from different societies think, and to really appreciate how they think. *Twitter* I've tried to cultivate that mindset in all the people at QS. It's a challenge. But I think people gradually, over time, have gotten it.

We also have a focus on innovation. Innovation is difficult. How do you champion innovation? We've grown organically. So we have to give people the time and the opportunity and the space to just think in non-productive activities. We have projects that don't have short-term profit objectives. If I had lots of other shareholders who bang the drum about maximizing shareholder value and achieving maximized profits in the short term, a lot of those innovations may not have come about.

Maintaining a customer focus is critical. One of the things that I really encourage us to do is to survey customers after every activity we undertake. So, at all our events, customers have an app that they can download and give us immediate feedback. We want that feedback. We take that seriously.

There are other values as well. Engaging my team with those values has been very challenging at times. The most difficult value has been team playing. Why? Because QS is a sales and marketing organization and, naturally, sales people tend to be quite independent and competitive. What I've learned is that you have to create incentives that encourage team playing. It doesn't just happen as a matter of course. You have to work at it. If you've got a constructive team-playing environment, you're going to thrive. If you don't maintain that environment, things start to unravel.

Knowledge@Wharton: I wonder if you could shift focus from your entrepreneurial journey in QS into the broader education market in which it operates. One of the things that has been quite striking in the past few years is the extent to which disruption has started to rock the education market – especially things like MOOCs, or Massive Open Online Courses.

If you think about some of these changes, to what extent do you think they represent a fundamental disruption for educational institutions? To what extent are they just a complement to existing educational activities?

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Quacquarelli: Let me quote [former secretary of defense] Donald Rumsfeld. There are known knowns, there are known unknowns and there are unknown unknowns. Some of the known knowns are: Demand for education is growing around the world, especially in emerging markets; the international mobility of students and academics is increasing at an even faster rate, and the cost of higher education is unsustainable for governments. The rate of enhancement of technology in e-learning is accelerating. These are drivers of change.

There are lots of unknowns, not the least of them how technology will shape future education. But given those drivers of change, I believe that disruption will come. But it will be complementary rather than revolutionary. Why do I say that? Well, we’ve had educational institutions since the time of the Greek agora, where bright people gathered together. It’s stimulating. As a collective group, you bounce ideas off each other, you learn from each other. [Former Wharton dean] Russell Palmer, when I was at Wharton at my inaugural talk, said: “You’re going to learn more from your fellow students over the next two years than you are from all our faculty, all your lessons.” And he was right. You need that gathering of bright people to stimulate and to grow and to push forward knowledge.

For that reason, I think the university as an institution will sustain. Secondly, I think that the teacher-student relationship and the delivery of knowledge by a human being are also sustainable. It’s relatively cheap and remarkably well-proven. It’s stood the test of time. I don’t think that’s going to go away. I think that blended learning is inevitably going to become part of the natural, everyday process of delivery of education. There may well be learner-learner models where – probably in the MOOC environment – you have learners sharing knowledge and teaching each other.

I think you’re also going to have to have more evaluation of the quality of e-learning. There’s a great deal of e-learning already out there, and a great

variety of quality, so I think there's a need for organizations like QS to actually look at how you validate and potentially rate those online learning programs.

Finally, I think that you'll probably see a return to more vocational studies delivered through online learning. Higher education is very expensive. In the developed economies, we will see a greater trend toward apprenticeships and vocational learning through e-learning platforms. Emerging economies are still at a stage where they want greater higher education outreach, and so I don't think that trend will replicate.

Knowledge@Wharton: What kind of threats do educational institutions face? And which institutions do you believe will be the most vulnerable?

Quacquarelli: I'm a believer in the sustainability of the university as an institutional concept. The brand of the university still has enormous value for the employer and for the student. Therefore, the leading brands will maintain preeminence. It will be much quicker for an institution to achieve acclaim and status than the 600 years it has taken Cambridge or the 400 years it has taken Harvard. I'm not sure that new entrants will achieve leadership, but I think new entrants can rise to promise quickly. An example is Hong Kong University of Science and Technology. It was established only 20 years ago and it is already a top 40 institution in the world and the leading university in the Asia-Pacific region by QS metrics.

Knowledge@Wharton: What kind of new opportunities does everything you've just described create for QS for the future?

Quacquarelli: When you have disruption, it does create opportunity. I think that QS as a trusted independent source of information in the education world will certainly look to provide guidance on the different e-learning platforms and programs. The market needs that.

As institutions look to evolve their strategies to remain competitive, or to increase their position in the global landscape, they will look to QS both for data and for strategic guidance. We have a consulting team within our research arm, which is progressing very well. We're seeing that demand. I also think that more institutions will be internationally engaged. If they seek to internationalize, then they will look to QS to support that internationalization program, whether it be through international student recruitment, or achieving greater brand recognition.

So those are obvious opportunities. When we look deeper, we will reflect on how technology is shaping the education space, and we'll see if there are opportunities for our technology division to be part of that. But that's a deeper discussion.

Knowledge@Wharton: If you were to dream ahead five to 10 years, what do you think QS will look like then?

Quacquarelli: Our vision is to be the leading media information brand in the world. Universities believe that if you want to have an impact in China, you need to align with QS, because QS rankings are the only thing that Chinese kids look at. We will continue to build our brand and its recognition in markets all around the world. It would be great if QS can engage more in supporting U.S. institutions to truly internationalize and change their focus. I hope that we continue to do a good job and that, in five years' time, remain the most trusted independent source of information in higher education space.