

AACSB

Business Education.
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LETTER FROM THE CHAIR



“Going forward we must continue to develop and nurture relationships with business so we remain connected to the needs of an evolving business world.”

Anticipating Disruption

To anticipate means not only to expect an event but to prepare for it. While we well know to expect disruption in higher education as well as in business, how can we prepare for it? It seems a contradiction to prepare for something we do not know will happen; however, we can—and must—take steps that rattle the foundations and traditions of business education that we have relied on for decades so that we ourselves are not rattled when we realize our models are not working, are not serving the needs of business and society.

Business schools today are harnessing new technologies—including artificial intelligence, virtual and augmented reality, and micro-learning—to educate learners through effective teaching practices. Educators are experimenting with new pedagogies, moving traditional schools away from rigid, overloaded curricula to more personalized experiential learning environments where students are motivated to learn. These adaptive learning initiatives offer benefits and challenges that companies can learn from as they develop new training delivery methods, allowing them to innovate and compete.

Going forward we must continue to develop and nurture relationships with business so we remain connected to the needs of an evolving business world. Armed with this information we can adapt our programs and create new offerings to help employees gain the skills and knowledge they need to succeed.

If we are to not only remain relevant to society but to flourish as major players on the global stage, educators must create and maintain strong ties to the business world we ultimately serve; we need to be flexible and willing to experiment, leveraging our research and education expertise. At the pace of technology development, we cannot afford to be anything but forward-thinking. If we take seriously our roles as change-makers and truly embrace the AACSB vision of transforming business education for global prosperity, we can demonstrate to the world that business schools are a force for good.

Caryn Beck-Dudley

2018–19 Chair, AACSB International Board of Directors

LETTER FROM THE CEO



“Lifelong learning holds great potential for collaboration and impact, with gains for business schools, business, and society.”

Evolving for Tomorrow

This past year has been one of reconceptualizing what business education can be, how it needs to grow and broaden not only in its educational offerings but in the diversity of its leaders and collaborators. AACSB has made tremendous progress in aiding this growth by creating opportunities that help business schools connect with business, by building a stronger Business Education Alliance that includes non-educational members, and by working tirelessly to expand its membership to more than 100 countries and territories.

More than two years ago, AACSB launched its Collective Vision, an initiative that identified five key opportunities for business schools to thrive going into the future. This past year alone we have made significant strides in capitalizing on those opportunities, providing platforms for schools to showcase their innovations, creating occasions for business schools to collaborate with practice, and elucidating the role of business schools in fostering a culture of lifelong learning.

AACSB focused many efforts this year on lifelong learning, exploring the topic through thought leadership, industry briefs, and collaborative studies. With significant crossover between business education and business practice,

lifelong learning holds great potential for collaboration and impact, with gains for business schools, business, and society.

We are now in an era where the ever-changing market and demands of business require that employees continually learn, adapt, and retool their skill sets to stay competitive, leaving behind the idea of higher education as a one-time experience. This new era has opened the door for education delivery to expand through technology, and provides access to more content and virtual training. But with this opportunity also comes the need for measuring learning outcomes, quality of programs, and comparing credentials. This disruptive force can inform how we shape the future of the industry.

These activities and insights signal a direction for business education that is more accepting of different perspectives, and one that is open to criticism and reevaluation of systems and operations that no longer benefit stakeholders. To not only prepare tomorrow's leaders but to be the leaders society needs, it is time for us to break the mold and build anew.

Tom Robinson

President and Chief Executive Officer

AACSB AT A GLANCE

Our network, connected.



Our presence, around the world.



Our impact, in business and beyond.



Serving
3m+
enrolled students

MISSION, VISION, VALUES



The mission of AACSB International is to foster engagement, accelerate innovation, and amplify impact in business education.



The vision of AACSB International is to transform business education for global prosperity.



Our values:
Quality | Inclusion and Diversity | Global Mindset | Ethics | Social Responsibility | Community |

As the needs of the workforce are changing to accommodate constant and unpredictable change, business education must also change its models of delivery to suit employees in need of continuous learning. The traditional “one-and-done” model in which students enter a degree program to gain the skills and knowledge necessary to become employed for a lifetime is becoming less relevant in a business world that demands regular upskilling and learning in order to have lifelong career success.

Embracing New Perspectives

Consequently, AACSB has shifted its definition of business education recipients from students to learners. Learners comprise a broader variety of individuals who pursue and benefit from the education business schools can offer, from first-time college attendees gaining core skills to c-suite executives looking to build on their credentials. Employees will need to enhance their education multiple times throughout their careers, and business schools have the potential to provide for their development through not only degrees but other credentials such as certificates, specializations, certifications, and badges—smaller programs that target the specific knowledge areas most needed in today’s workplace.

“Being part of the AACSB Business Education Alliance allows our business students and faculty to interact with thought leaders from industry and to jointly build dynamic curricular and community partnerships.”

—Marge O’Reilly-Allen, Chair, Department of Accounting Rider University

Business
Business Schools
Learners
Society



Americas
Europe, Middle East, and Africa
Asia Pacific

Working to fill knowledge and skills gaps on a more micro-level ties business schools ever closer to industry through connections with talent managers and chief learning officers, who can identify the competencies most needed for today’s employees, as well as tomorrow’s. Additionally, business schools can work with businesses on assessments used to determine areas for further development of their employees, which can help them discover specific learning pathways necessary for career success.

MISSION, VISION, VALUES



Valuing Member Input and Activities

Through their affiliation with AACSB, members benefit from this industry knowledge, as well as from other learning opportunities including professional development events, online forums, affinity groups, and leading perspectives and insights from a variety of media publications. But what makes AACSB truly special and powers all of its activities is the support of members and the active participation of volunteers. With this base of dedicated individuals, and through the collective strength of many, AACSB is able to achieve tremendous feats, to understand more about higher education and business practices worldwide, and ultimately to have greater impact on global society.

This past year saw great momentum in activity from AACSB's stakeholders. Board and committee members met regularly to discuss trending industry topics and the future direction of AACSB. Member schools submitted nominations for the Influential Leaders and Innovations That Inspire challenges, many of which were

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highlighted online and at conferences, enabling all members to benefit from shared knowledge and successes. And volunteers fueled countless accreditation reviews, global professional development events, and thought leadership reflected in AACSB publications and videos.

We recognize that AACSB, and the Business Education Alliance, is only as strong as its participants. Fortunately, we are a rock-solid organization because of the sincere commitment and enthusiasm for quality business education expressed by our members and volunteers. We look forward to another year of productive and collaborative activity.



AREAS OF STRATEGIC FOCUS: REGIONS

Connecting Board, Committees, and Advisory Councils

As a global organization, AACSB is fortunate to have perspectives and input from volunteers worldwide serving on its board of directors, governing committees, and advisory councils. In February 2018, AACSB's Board of Directors and Business Practices Council (BPC) convened to examine the association's evolving role at the intersection of business education and business in the context of lifelong learning and talent management. The group presented some challenges for learners and employers going forward, as well as opportunities for business schools to address those challenges. Key issues include developing in learners a lifelong learning mindset, closing the skills gap between what employers seek and what employees possess, and business schools exploring collaborations with businesses and new approaches to curriculum.

This past year the BPC also worked closely with AACSB's four regional advisory councils, with members representing Asia Pacific, Europe, the Middle East and North Africa, and Latin America. The councils met to discuss a diversity of topics and issues relevant to the educational and industry needs of each region.

"As an accredited small school, the Business Education Alliance opens doors for us in areas of thought-leadership, collaboration with global partners and access to best practices in business education. Where else can you connect with leaders from around the world around a common purpose—building the next generation of leaders?"

—Tanuja Singh, Dean and Professor of Marketing, Greehey School of Business, St. Mary's University

Considering Regional Perspectives

A strong focus for the Asia Pacific Advisory Council (APAC) was school rankings. Because the many AP subregions treat and participate in rankings differently, the group advised AACSB to refrain from collaboration with ranking agencies to avoid potential misperception of AACSB approval or endorsement on ranking methodologies. The APAC also offered thought-provoking session ideas relevant to the region.

The European Advisory Council (EAC) held discussions on how AACSB can seize diversity and inclusion opportunities with likeminded institutions and businesses in the European region, specifically working to define its mission and intended impact. In the interest of collaborative relationships, the EAC advised that AACSB open a dialog with its business members in different regions of EMEA to discuss the necessary competencies employees will need five years from now, a conversation that would serve the interest of both parties.



AREAS OF STRATEGIC FOCUS: REGIONS

Last year, the Middle East and North Africa Advisory Council welcomed seven new members. The discussions centered on bridging the gap between business and academia—particularly on ways the council could support business and educational recruitment and engagement in the region that complement AACSB staff activities.

A primary initiative of the Latin American and Caribbean Council was to help plan three consecutive events held in São Paulo, Brazil, this past April at host school Insuper: the Business Accreditation Seminar, Best Practice Speaker Series, and Assurance of Learning Seminar. A first for AACSB seminars, the Business Accreditation and Assurance of Learning Seminars were offered in Portuguese. The advisory council held a meeting concurrently with the events.

Enhancing Member Experiences

Americas

Membership in the Americas remained steady, at around 769 educational members. In addition to building and maintaining relationships with schools and organizations in the U.S., staff focused outreach initiatives on Canadian schools and associations as well as those in Latin America. In an effort to build greater community among member schools in Latin America and the Caribbean, AACSB created a Latin America and Caribbean Network on the Exchange. The digital platform is an area where members

from the regions can discuss local issues, learn best practices, and share resources with each other. The group welcomes and encourages members to post in Spanish and Portuguese.

Europe, Middle East, and Africa

AACSB's Europe, Middle East and Africa educational membership grew significantly by 8 percent in the last fiscal year, from 424 to 458 members. One of the highlights that took place in the region last year was the "ringing" of the London Stock Exchange bell on May 9. The London Stock Exchange Group welcomed AACSB executives Tom Robinson, Timothy Mescon,

AACSB's EMEA membership grew significantly by 8 percent in the last fiscal year, from 424 to 458 members.



AREAS OF STRATEGIC FOCUS: REGIONS



Stephanie Bryant, and Annie Lo to the opening ceremony, symbolizing the interconnectedness of business education and the global economy. In further homage of this synergistic relationship, Robinson and Mescon participated in the 2018 Gaidar Forum in Moscow, focusing on how to train business leaders in the digital economy. The forum brought together global experts in the areas of business education, economics, and executive leadership.



Asia Pacific

The Asia Pacific region saw a net growth of 2.6 percent in educational membership, from 343 members to 352 members in the past year, while the net growth in non-educational membership was more significant percentage-wise (400 percent), from 1 member to 5 members. AACSB launched two successful initiatives aimed at better supporting members in the Asia Pacific region this past year: the Monthly New Members Welcome Orientation Virtual Meetings, and the Eligibility Application Advisers Pilot Program.



The growth we have seen in both new member and accredited schools indicates a slight shift toward common overarching goals that business schools are aspiring to, creating a wellspring of potential. With the momentum set, AACSB will continue its outreach efforts, meeting with schools to understand their individual needs as well as educating them on the benefits of belonging to our global network.

Championing Diversity and Inclusion

In October AACSB named Juliane Iannarelli, senior vice president and chief knowledge officer, its new diversity and inclusion advocate. Over the past year, AACSB accomplished several notable activities:

- Hosted an inaugural Diversity and Inclusion Summit in November
- Featured diversity-related content at multiple AACSB conferences, in blog posts and AACSB Explores videos, and as the theme for an issue of *BizEd* magazine
- Updated guidance to accreditation standards in July 2017 to strengthen emphasis on the importance of diversity and inclusion to high-quality business education
- Joined more than 300 CEO signatories to the CEO Action pledge, and continues to offer staff professional development designed to support AACSB as an inclusive workplace

In addition, AACSB's member-driven Diversity and Inclusion Network Affinity Group convened at the Deans Conference and then jointly with the Women Administrators in Management Education Affinity Group at ICAM. In the coming year, we will continue to provide venues for members to explore these topics and to demonstrate our commitment to diversity and inclusion as part of our core values.

AREAS OF STRATEGIC FOCUS: QUALITY ASSURANCE AND QUALITY IMPROVEMENT



Regions	AACSB-Accredited		AACSB Educational Members		AACSB Non-Educational Members	
Americas	571	70%	769	49%	53	69%
Asia Pacific	114	14%	352	22%	5	6%
EMEA	131	16%	458	29%	19	25%
Global	816	100%	1,579	100%	77	100%

As of June 30, 2018



Today's businesses are in great need of quality accounting professionals who are competent, ethical, and technologically adept. In recognition of this need, AACSB saw an opportunity to revise its accounting standards and, notably, to bring in accounting practitioners to the accreditation process.

Accounting for Change

Over a year ago AACSB appointed an Accounting Accreditation Task Force to develop new accounting standards that would address inefficiencies in the process and ensure better alignment with the profession. The task force, comprising highly respected accounting academics as well as members of the accounting practitioner community, worked diligently for 18 months to streamline processes and consider ways to bring the practice and academic sides of accounting

ever closer together. The work resulted in several significant changes, which were ushered in by AACSB's new chief accreditation officer, Stephanie Bryant:

- Formation of an AACSB Accounting Accreditation Policy Committee (AAPC) to make recommendations on accounting standards and policies and promote best practices in accounting accreditation; this change resulted in renaming the Committee on Accreditation Policy (CAP) to the Business Accreditation Policy Committee (BAPC)
- The addition of an accounting practitioner to peer review teams already consisting of two accounting academics
- Elimination of redundancies with business accreditation standards, reinforcing that accounting accreditation is supplemental to, rather than separate from, the business standards

"The AICPA applauds AACSB working to integrate practitioners into the accounting accreditation process. The profession is rapidly changing, and by engaging practitioners in the process, we're ensuring that accounting programs are helping students develop the skill sets our profession will require in the future."

—Yvonne L. Hinson, Academic-in-Residence, Senior Director:
Academic & Student Engagement, AICPA

AREAS OF STRATEGIC FOCUS: QUALITY ASSURANCE AND QUALITY IMPROVEMENT

At AACSB's 2018 International Conference and Annual Meeting (ICAM) in Honolulu, the Accounting Accreditation Council voted overwhelmingly (96 percent approval) to accept the new accounting standards. Ten schools have volunteered to pilot the new standards in early 2019, with academic-practitioner review teams already lined up to begin in January. The process will be refined based on feedback from the pilot schools and AACSB will produce a white paper on best practices under the new model, with a particular emphasis on how best to integrate the practitioner into the team. By 2020, all schools that hold accounting accreditation will operate under the new standards.

Reimagining Business Accreditation

AACSB has also created another group, the Business Accreditation Task Force (BATF), whose mission is to reimagine the future of business accreditation and how it can bring the most value to learners and constituents. After a virtual meeting of the task force was held in August 2018, the first face-to-face meeting will take place at the 2018 Annual Accreditation

Conference in September. This task force, which consists of 15 deans from around the world, will be conducting listening sessions and focus groups globally to gather input on how we can make business accreditation even better.

Refining Organizational Processes

Changes have also been in the works for AACSB's myAccreditation platform, with new vendor Campus Labs. An updated user experience is on target for initial roll-out of the initial self-evaluation report (ISER) in January 2019, to coincide with the April 2019 Initial Accreditation Committee meeting. AACSB staff will demonstrate the new myAccreditation system at the 2018 Annual Accreditation Conference.

AACSB continues to refine its own processes and procedures toward certification of standards developed by the International Organization for Standardization (ISO). A pre-mock visit that occurred in June went very well. After another mock visit from an outside consultant, the official visit will occur in November and December 2018.



This year, 29 schools achieved initial accreditation in business or accounting, and 162 schools extended their accreditation. We congratulate all the schools on their hard work and thank the numerous mentors and peer review teams, without whom accreditation would not be possible.

AREAS OF STRATEGIC FOCUS: AACSB BUSINESS EDUCATION ALLIANCE

Strengthening the Network

Along with AACSB's new brand image last year came a redefined membership network that emphasized the interconnected roles of business educators and businesses: the Business Education Alliance. As part of this alliance, AACSB has worked to diversify its business membership by adding a new category—the associate business member—that includes non-degree-granting educational institutions, corporate training and development centers, certification providers, and executive education.

AACSB has further engaged its partner organizations toward important initiatives like responsible leadership, with the Globally Responsible Leadership Initiative (GRLI); continued pursuit of diverse representation of business education faculty, with The PhD Project; and support of quality improvement at schools in emerging countries, with the Global Business Schools Network, with whom AACSB completed its Global Improvement Network (GIN) pilot program in Africa. Through these collaborative projects, AACSB is able to help leverage business education as a force for good in global society.

"The AACSB Business Education Alliance dynamically links business education accreditation and improvement with innovation, engagement, and impact, as experienced by the members of a truly global and diverse community."

—Philip Vergauwen, Dean, Solvay Brussels School of Economics and Management

Connecting Job Seekers to Employers

In line with its purpose to create connections for business schools, AACSB launched its Career Connection platform, formerly BizSchoolJobs, in May. The new and improved site connects AACSB members not only to the best career opportunities in business education but to AACSB's events, blog posts, data, and *BizEd* articles relevant to professional development. AACSB Career Connection serves both higher education professionals looking to take the next step in their careers as well institutions seeking the brightest minds to educate and inspire future leaders. Since the site launch, new job-seeker registrations have increased by 69 percent and new employer registrations have increased by 44 percent.

Visit the new AACSB Career Connection at aacsbedu/careerconnection.



To the affinity group chairs and co-chairs who kept our members active and engaged in 21 unique interest groups, we extend our gratitude.

AREAS OF STRATEGIC FOCUS: AACSB BUSINESS EDUCATION ALLIANCE



Join the Movement... Become an AACSB Volunteer aacsbedu.org/volunteers

Accreditation Mentors and Reviewers
- Session Facilitators - Subject Matter Experts - Thought Leaders - Council and Committee Members - Focus Group Participants - Special Project Contributors



Broadening Volunteer Opportunities

AACSB has been active in its efforts to engage and recruit volunteers, who are the lifeblood of the organization. Among the initiatives taken this past year are the formation of a Volunteer Advisory Group, whose goal is to generate ideas for spreading awareness about volunteer opportunities, recognizing and rewarding current volunteers, and recruiting new volunteers. To aid in these activities, AACSB launched a Volunteer Portal on the Exchange, where individuals can create a profile, join the current pool of AACSB volunteers, and browse opportunities that match their interests and skill sets, and that now extend into areas beyond accreditation. Also on the Exchange is a revitalized Accreditation Volunteer Community, where members can post questions and comments and engage in general discussion about volunteer activities specific to accreditation. The community has garnered lots of interest among members, resulting in useful and insightful discussions.

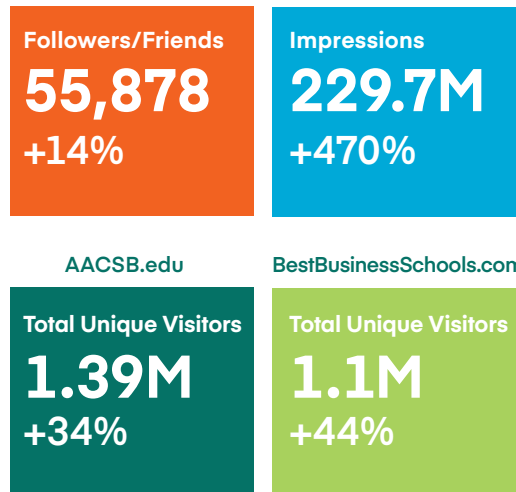


AACSB thanks the 58 advertisers, 59 sponsors, and 94 exhibitors who enabled our ambitious initiatives and activities throughout the year!

AREAS OF STRATEGIC FOCUS: ADVOCACY AND AWARENESS: INCREASING AACSB'S CIRCLE OF INFLUENCE

In 2017–18, AACSB completed its first-ever global brand awareness campaign, focusing on key messages that convey AACSB as a connector of talent to employers and a creator of opportunity for future leaders. Much of the campaign's success can be seen in numbers: it reached over 18 million prospective students and learners; 3 million businesspeople, including chief learning officers, human resources administrators, and recruiting professionals; and 1.7 million business educators—all across 20 countries worldwide.

Social Media Impact



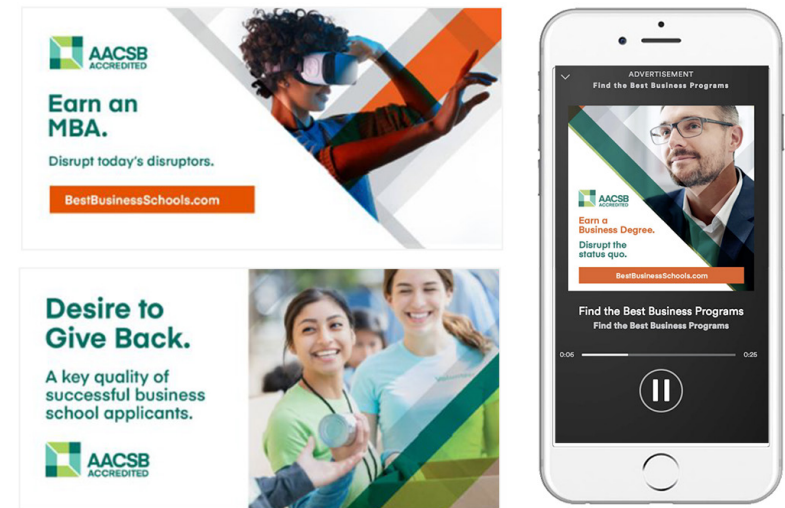
Leading the Movement With Brand Ambassadors

A further indicator of campaign success is in the participation of educational and business members as brand ambassadors. For the AACSB brand to be recognized as the symbol of quality in business education, AACSB encourages its esteemed members to display the accreditation seal and Business Education Alliance logo on their websites and in marketing materials, creating synergy with the brand awareness campaigns. A year after launching the new brand, 51 percent of accredited schools are displaying the AACSB seal on their websites as a signal of quality to the market. Additionally, more members are displaying the new Business Education Alliance membership logo to demonstrate connection to the world's largest association for business education.

"What I value most about AACSB is its untapped potential to actively market and communicate the value of a business education in a technology-driven economy. ... AACSB is the perfect vehicle for aggregating the voices of its members to make sure this is widely appreciated in a world that is questioning the value of higher education."

—Neil Braun, Dean, Lubin School of Business, Pace University

Brand Awareness Campaign



AACSB has reached over 18 million prospective students and learners, 3 million businesspeople, and over 1.7 million business educators across 20 countries worldwide.

AREAS OF STRATEGIC FOCUS: **ADVOCACY AND AWARENESS: INCREASING AACSB'S CIRCLE OF INFLUENCE**

As part of the brand campaign, AACSB launched a PR strategy to broaden media relations globally. AACSB's regional chief officers traveled thousands of miles to conduct interviews, give presentations, and meet with potential members and collaborators. The coverage from media tours as well as other awareness initiatives resulted in 415 media placements, with 55 percent in the Americas, 30 percent in EMEA, and 15 percent in AP.

Sharing Success Stories

While talking about the value of business education and accreditation is certainly useful in bringing awareness to new audiences, perhaps the best way to demonstrate value is through showing. This is one reason that three years ago AACSB created the annual Influential Leaders and Innovations That Inspire challenges. These initiatives allow member schools to showcase successful alumni and feature their most recent innovations in a variety of categories. This past year AACSB recognized 29 Influential Leaders representing nine industries and 11

countries at the February Deans Conference. These business leaders have significantly impacted the social, economic, environmental, and educational issues of our global society. Further, they exemplify the educational excellence provided by AACSB-accredited and member schools.

The 2018 Innovations That Inspire challenge, themed "Leaders on Leadership," recognized 30 members across 16 countries at ICAM in April. Additionally, AACSB increased awareness for 17 innovations specific to Europe, Middle East, and Africa regions at the EMEA Annual Conference in May. Innovations That Inspire not only increases awareness of AACSB and highlights member schools in PR and social media, but it also adds value to the Business Education Alliance through collection and sharing of best practices in DataDirect, where hundreds of submissions are now available for browsing.

Explore the innovations at
aacsb.edu/innovations-that-inspire.



Congratulations to the 58 member schools across 20 countries that were recognized in this year's Influential Leaders and Innovations That Inspire challenges!

View the 2018 honorees at
aacsb.edu/influential-leaders.

AREAS OF STRATEGIC FOCUS: PROFESSIONAL DEVELOPMENT

"AACSB is a real leader for leaders. For decades, I have returned from AACSB International conferences with new breakthrough ideas and the feeling of new opportunities. Its permanent search for excellency and innovations inspires!"

—Sergey Myasoedov, Vice-Rector and Dean, Institute of Business Studies (IBS-Moscow)

Last year was another active year for AACSB professional development events, with 15 conferences, 84 seminars, and 3 digital learning programs worldwide. AACSB's growing regional representation is evident in the number of events held globally: the Americas hosted 48 events, the EMEA region 32, and Asia Pacific 19. A total of 6,627 members and affiliates attended events in 2017–18, gaining insights from high-profile plenary speakers and knowledgeable subject matter experts.



Diversifying Content

Attendees learned best practices in today's most important industry topics, including data analytics, emotional intelligence, neuroscience, diversity and inclusion, new information technologies, and quality assurance processes, among others. And of course, event participants benefitted from the many and various networking opportunities that AACSB is increasingly known for in the global business education ecosystem.

In addition to infusing diversity and inclusion topics into key sessions at its conferences last year, AACSB held an inaugural Diversity and Inclusion Summit in New Orleans, Louisiana, last November. The event exceeded anticipated attendance numbers and was well received by participants. Plans for a second summit, to be held in Phoenix, Arizona, are in the works for November.



AREAS OF STRATEGIC FOCUS: PROFESSIONAL DEVELOPMENT



Partnering for Success

AACSB continued key partnership initiatives with its Aspiring Leaders Seminar, cohosted with The PhD Project; the Bridge Program, a collaboration with the Stern School of Business at New York University; and Co-Lab: Connecting Business Schools With Practice, which was hosted this year by Drexel University's LeBow College of Business. The Aspiring Leaders Seminar, having now completed its third year, aims to help graduates of The PhD Project—underrepresented minority faculty members in business education programs—achieve administrative and leadership positions in higher education institutions. Since 2006, AACSB's Bridge Program has partnered with member schools to prepare industry experts for careers in academia. This year's program graduated 27 experts from a variety of fields. The Co-Lab conference brought together a mix of influential business practitioners and academics to discuss successes and challenges in building mutually beneficial relationships.

Going Digital

In an effort to bring seminar offerings to an even greater audience, AACSB is increasing its digital learning portfolio. In addition to the digital seminar Online Teaching Effectiveness, held last year in February and June, AACSB is planning more digital learning opportunities in the coming year on the Blackboard® platform, with content development already in progress for the Online Continuous Improvement Review Seminar.



A total of 6,627 members and affiliates attended AACSB events in 2017–18, gaining insights from high-profile plenary speakers and knowledgeable subject matter experts.

AREAS OF STRATEGIC FOCUS: BUSINESS EDUCATION INTELLIGENCE

AACSB's Business Education Intelligence (BEI) efforts this past year touched on a wide variety of areas culminating in numerous achievements in research collaborations, industry publications, and data collection and reporting enhancements.

Co-Creating Research and Knowledge

In collaboration with the Executive MBA Council (EMBAC) and UNICON, the team produced a joint study on millennial behaviors related to digital learning, specifically on the experiences and expectations of the "digital generations" and how business schools can best serve those students. In another partnership, with *Chief Learning Officer Magazine*, AACSB published survey results on how employers can work with business schools to create lifelong learning opportunities. Continuing the theme of lifelong learning, AACSB published a thought paper on how business schools can develop new ways to assess and credential the future workforce throughout their careers so they remain relevant in an ever-changing business environment. Finally, a brief that resulted from discussions by AACSB's Innovation

"Being a member of the AACSB Business Education Alliance exposes IMD to the best and latest knowledge, data, and ideas in management education."

—Jean-François Manzoni, President and Nestlé Chaired Professor, IMD

Committee focuses on artificial intelligence as a disruptor in higher education and explores opportunities and challenges the technology presents to both business schools and businesses.

Celebrating a Milestone

On the topic of publications, AACSB celebrated a milestone 100th issue of the award-winning *BizEd* magazine. Since its launch in 2001, the bimonthly magazine has grown from a print-only publication with a limited geographical distribution to a fully immersive digital experience reaching more than 36,000 business school administrators and faculty and covering the ever-changing perspectives of the industry that help its audience stay relevant. Always inclusive of a variety of voices and opinions across the global business education landscape, the magazine continues annually to win awards in both editorial and design categories.

Enhancing Data Experiences

In the same spirit of enhancing longstanding association structures, AACSB updated its former Salary Survey to the new Staff Compensation and Demographics Survey, now more inclusive of the business school employment landscape and in better alignment with data already requested in the Business School Questionnaire. Additionally, AACSB has developed new benchmarking tools for survey participants, web tutorials for easier DataDirect use, and executive summaries of survey results to help members gain the utmost value from data collected. AACSB has also collaborated with three international business education organizations to participate in an abbreviated version of the BSQ, an initiative that both brings the value of shared data to schools in underrepresented areas of the world as well as contributes to our understanding of those regions.





AACSB Board of Directors

(as of June 30, 2018)



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Independent Auditors' Report and Consolidated Financial Statements



AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE
COLLEGIATE SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
AACSB International – The Association to Advance Collegiate
Schools of Business, Inc. and Subsidiary
Tampa, Florida

We have audited the accompanying consolidated financial statements of AACSB International – The Association to Advance Collegiate Schools of Business, Inc. (a nonprofit organization) and Subsidiary (collectively referred to hereafter as AACSB or the Organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



(1)

Board of Directors
AACSB International – The Association to Advance Collegiate
Schools of Business, Inc. and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AACSB as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Tampa, Florida
September 21, 2018

(2)

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**



	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,465,924	\$ 6,776,450
Accounts Receivable, Net of Allowance; \$43,000 in 2018 and 2017	192,392	201,198
Prepaid Expenses and Other Assets	558,282	722,100
Investments	18,105,305	17,000,206
Total Current Assets	26,321,903	24,699,954
PROPERTY AND EQUIPMENT		
Software and Equipment	2,311,313	1,626,629
Office Furniture and Fixtures	402,362	402,362
Leasehold Improvements	615,758	589,388
Software in Development	187,847	86,000
Total Property and Equipment	3,517,280	2,704,379
Less: Accumulated Depreciation and Amortization	(2,188,983)	(1,754,330)
Property and Equipment, Net	1,328,297	950,049
Total Assets	\$ 27,650,200	\$ 25,650,003
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,057,565	\$ 1,449,268
Accrued Expenses	793,142	683,123
Deferred Revenue	11,984,094	9,663,501
Total Current Liabilities	13,834,801	11,795,892
NET ASSETS		
Unrestricted	13,815,399	13,854,111
Total Liabilities and Net Assets	\$ 27,650,200	\$ 25,650,003

See accompanying Notes to Consolidated Financial Statements.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017**



	2018	2017
OPERATING REVENUES		
Business Education Alliance - Member Dues and Other	\$ 5,538,604	\$ 4,843,536
Quality Assurance and Quality Improvement - Fees and Other	8,173,462	6,835,942
Business Education Intelligence - BizEd Advertising, Research Support	612,500	636,363
Advocacy and Awareness - Advertising and Other	20,693	92,328
Professional Development - Registration Fees	6,065,144	6,204,905
Professional Development - Sponsorships and Exhibits	<u>1,218,485</u>	<u>1,153,640</u>
Total Operating Revenues	21,628,888	19,766,714
DIRECT PROGRAM EXPENSES		
Business Education Alliance	316,142	311,141
Quality Assurance and Quality Improvement	720,767	838,162
Business Education Intelligence - BizEd Production, Data, Research	676,226	787,336
Advocacy and Awareness	1,224,385	1,293,328
Professional Development	<u>3,022,796</u>	<u>3,077,095</u>
Total Direct Program Expenses	5,960,316	6,307,062
PERSONNEL	11,394,669	10,503,994
GOVERNANCE	682,756	612,087
INFORMATION TECHNOLOGY	1,911,650	1,722,771
FACILITY OPERATIONS	949,348	891,544
PROPERTY AND CASUALTY INSURANCE	102,382	96,036
BANKING AND INVESTMENT SERVICES	387,583	255,857
DEPRECIATION	436,235	413,949
LEGAL AND AUDIT	134,586	66,572
ALL OTHER SUPPORT SERVICES	<u>855,430</u>	<u>841,881</u>
Total Operating Expenses	22,814,955	21,711,753
CHANGES IN NET ASSETS FROM OPERATIONS	(1,186,067)	(1,945,039)
OTHER CHANGES		
Interest and Dividend Income	431,561	422,157
Net Realized Gain on Investments	455,553	341,653
Net Unrealized Gain on Investments	260,241	841,811
Loss on Asset Disposal	<u>-</u>	<u>(271,364)</u>
CHANGES IN NET ASSETS	(38,712)	(610,782)
Net Assets – Beginning of Year	<u>13,854,111</u>	<u>14,464,893</u>
NET ASSETS – END OF YEAR	<u>\$ 13,815,399</u>	<u>\$ 13,854,111</u>

See accompanying Notes to Consolidated Financial Statements.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**



	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (38,712)	\$ (610,782)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Bad Debt Expense	-	34,150
Depreciation and Amortization	436,234	413,949
Realized and Unrealized Gains on Investments, Net	(708,231)	(1,183,464)
Loss on Asset Disposal	-	271,364
(Increase) Decrease in:		
Accounts Receivable	8,806	(145,995)
Prepaid Expenses and Other Assets	163,818	(167,150)
Increase (Decrease) in:		
Accounts Payable	(391,703)	583,361
Accrued Expenses	110,019	72,126
Deferred Revenue	2,320,593	(305,025)
Net Cash Provided (Used) by Operating Activities	<u>1,900,824</u>	<u>(1,037,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(814,482)	(574,592)
Purchases of Investments	(28,380,249)	(1,963,920)
Proceeds from Disposition of Investments	27,983,381	1,566,882
Net Cash Used by Investing Activities	<u>(1,211,350)</u>	<u>(971,630)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	689,474	(2,009,096)
Cash and Cash Equivalents – Beginning of Year	<u>6,776,450</u>	<u>8,785,546</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 7,465,924</u>	<u>\$ 6,776,450</u>

See accompanying Notes to Consolidated Financial Statements.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

AACSB International – The Association to Advance Collegiate Schools of Business, Inc. (AACSB or the Organization) is a nonprofit organization whose mission is to foster engagement, accelerate innovation, and amplify impact in business education. AACSB maintains three global office locations: the Americas headquarters in Tampa, Florida, USA; the Asia Pacific headquarters in Singapore; and the Europe, Middle East, and Africa headquarters in Amsterdam, The Netherlands. The regional office in Singapore is a separate incorporated entity operating as AACSB International – The Association to Advance Collegiate Schools of Business, LTD. The Amsterdam office operates as a representative office of the Organization, and is not a separately incorporated entity. All three offices are staffed with individuals that primarily provide support and service to AACSB members in a) the Americas, b) Asia Pacific (AP) and c) the Europe, Middle East and Africa (EMEA), respectively. AACSB’s revenues and other support are derived principally from member dues and fees, which includes sponsorships from members and other outside organizations. Its activities serve a global network of educational institutions, corporate and nonprofit organizations.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. There are no donor-imposed restrictions on the net assets of AACSB; therefore the changes in net assets are classified and reported as unrestricted net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of AACSB International – The Association to Advance Collegiate Schools of Business, Inc. and AACSB International – The Association to Advance Collegiate Schools of Business, LTD (collectively referred to hereafter as AACSB or the Organization). The Organizations have been consolidated due to the presence of common control and economic interest as required under GAAP. All significant inter-entity balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

AACSB considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount billed to members. AACSB provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent and may be written off based on individual credit evaluation and specific circumstances of the member. AACSB extends unsecured credit to its members. The allowance for doubtful accounts is \$43,000 as of June 30, 2018 and 2017.

Investments and Investment Return

AACSB's investments consist of equity securities and fixed income securities reported at fair value. These types of investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

Investment return is composed of interest, dividends, realized gains and losses, and unrealized gains and losses on investments.

Nonoperating Income

Investment returns and loss on asset disposal are considered nonoperating income, and are reported as other changes in the accompanying consolidated statements of activities.

Fair Value of Financial Instruments

Fair value measurements for assets and liabilities required to be carried at fair value on a recurring basis are determined based upon a framework prescribed by GAAP. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements):

Level 1 – Financial instruments with unadjusted quoted prices listed in active market exchanges.

Level 2 – Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 – Financial instruments not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques. AACSB does not have any Level 3 assets.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

AACSB records property and equipment additions over \$15,000 at cost with an estimated useful life of three years or more. Depreciation and amortization are computed using the straight-line method over the estimated useful life of each asset class; with the exception of leasehold improvements and capitalized software which are amortized over the shorter of their lease term and licensing agreement, respectively, or their estimated useful lives. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Software in development is not depreciated until placed in service, at which time it is classified as capitalized software. The estimated useful lives of AACSB's long-lived asset classes are as follows:

Office Machinery, Equipment, and Capitalized Software	3 Years
Office Furniture and Fixtures	3 – 7 Years
Leasehold Improvement	3 – 10 Years

Depreciation and amortization expense totaled approximately \$436,000 and \$414,000 during the years ended June 30, 2018 and 2017.

Revenue Recognition

AACSB recognizes revenue when earned. Revenues from dues and fees are recognized in the period to which they relate. Amounts billed for the subsequent year's dues and fees that have been billed and collected as of current year-end are reported in deferred revenue.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities as described in Note 5. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

AACSB is exempt from federal income taxes under Section 501(c)(3) and is exempt from state corporate income tax under applicable Florida Statutes. Under certain circumstances, the Internal Revenue Code provides for taxation of unrelated business income. Such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. Management is not aware of any activities that would jeopardize AACSB's tax-exempt status.

Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined that AACSB had no uncertain income tax positions at June 30, 2018.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statement presentation to correspond to the current year's format. Previously reported net assets and changes in net assets were not affected by these reclassifications.

Subsequent Events

AACSB has evaluated subsequent events through September 21, 2018, the date the consolidated financial statements were available to be issued.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**



NOTE 2 CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject AACSB to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Credit risk related to accounts receivable is generally diversified due to the large number of entities comprising the customer base.

AACSB places its cash and cash equivalents on deposit with institutions which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses on its deposits with financial institutions.

NOTE 3 FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis at June 30, 2018 and 2017, are as follows:

	2018			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 10,337,676	\$ 10,337,676	\$ -	\$ -
Fixed Income Securities	7,055,750	19,363	7,036,387	-
Total Investments	\$ 17,393,426	\$ 10,357,039	\$ 7,036,387	\$ -
	2017			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 10,294,636	\$ 10,294,636	\$ -	\$ -
Fixed Income Securities	6,705,570	6,705,570	-	-
Total Investments	\$ 17,000,206	\$ 17,000,206	\$ -	\$ -

The following table reconciles the total investments measured at fair value to the total investments in the accompanying statements of financial position as of June 30, 2018 and 2017:

	2018	2017
Investments Recorded at Fair Value:		
Equity Securities	\$ 10,337,676	\$ 10,294,636
Fixed Income Securities	7,055,750	6,705,570
Total Investments Recorded at Fair Value	17,393,426	17,000,206
Investments Recorded at Cost:		
Cash and Cash Equivalents	711,879	-
Total Investments	\$ 18,105,305	\$ 17,000,206

NOTE 4 PENSION PLAN

AACSB's employees, after one year of service, are eligible to participate in a retirement plan administered by the Teachers Insurance and Annuity Association (TIAA). TIAA is a "portable" plan which provides for immediate vesting of benefits to the employee. Employees are able to contribute up to the maximum amount set by the Internal Revenue Service per year. AACSB contributes double the employee's contribution up to 5% of their base salary. Pension plan expense for the years ended June 30, 2018 and 2017 totaled approximately \$647,000 and \$609,000, respectively. Upon retirement, TIAA participants have options for payment of their vested benefits.

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**



NOTE 5 MANAGEMENT AND GENERAL AND PROGRAM EXPENSES

For the years ended June 30, 2018 and 2017, total expenses were \$22,814,955 and \$21,711,753 respectively. Of these totals, direct program expenses and program support personnel costs were \$15,258,333 and \$14,614,417, respectively. Program expenses include costs to service membership, manage the accreditation process, support innovative research, promote AACSB and advocate for AACSB accreditation, and deliver professional development programs to a global audience. General, administrative, and overhead expenses, including applicable G&A personnel costs, totaled \$7,556,622 and \$7,097,336, respectively. These costs include office facility and general operations, governance, management staff, IT systems and infrastructure, fiscal operations, insurance, and depreciation and amortization.

NOTE 6 COMMITMENTS

Operating Leases

AACSB leases office space in Tampa, Florida, Singapore and Amsterdam under separate noncancellable operating leases, which expire between fiscal years 2019 and 2030. AACSB also leases certain office equipment under noncancellable operating leases through 2021. Minimum monthly rentals range from approximately \$350 to \$66,000.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2019	\$ 847,363
2020	663,542
2021	952,361
2022	970,366
2023	990,903
Thereafter	6,399,147
Total	<u>\$ 10,823,682</u>

Rent expense for the years ended June 30, 2018 and 2017 totaled approximately \$915,000 and \$869,000, respectively.

NOTE 7 EMPLOYMENT CONTRACT OBLIGATIONS

AACSB has entered into employment contracts with certain key employees. These agreements establish the respective annual salaries and severance agreements. The employment agreements can be terminated at the sole discretion of AACSB without cause, by giving at least 60 days written notice to the respective employee. In that event, AACSB would pay these key employees an agreed-upon amount of salary as severance, provide for certain benefits, and reimburse relocation expenses, as defined by the individual agreements.



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