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China's Test Prep Juggernaut

Test preparation company New Oriental Education is helping a rising generation of Chinese students to ace U.S. college entrance exams

By [Daniel Golden](#)

On a Sunday afternoon in March, Morgan Meng, a broad-shouldered, mustachioed high school senior from Jinan in eastern China, wanders through an exhibit hall in Beijing, browsing tables stacked with brochures showing leafy campuses and smiling, multi-ethnic faces. Elsewhere at the "Colleges that Change Lives" fair, hundreds of Chinese parents and students overflow conference rooms where admissions representatives from the likes of Hendrix College in Conway, Ark., are promising small classes, mild winters, and Asian cuisine. For hundreds of American institutions, from obscure colleges to prominent universities, Chinese students, who typically pay full international tuition, have become highly desirable.

Meng has been admitted to the University of Illinois at Urbana-Champaign, where he plans to major in history. He's one of tens of thousands of Chinese undergraduates expected to attend stateside schools next year. Prosperous Chinese families see an American education as a sign of status that can help their children find jobs once they return home. In conversation, Meng responds to questions about his readiness for studying in America by saying, "Let me think." Then he waits for an interpreter to explain in Chinese. "I have the concern about English," he says haltingly. "I may read the textbook

smoothly. I can't always catch up with the professor. Their speaking speed may be faster. There may be some"—he turns to the interpreter, who suggests the word "slang"—"that it is difficult to communicate with classmates."

Still, the language barrier didn't stop him from scoring 680 out of 800 in writing and 590 out of 800 in critical reading on the SAT, which is given in English, in addition to 770 on the math portion. Like thousands of other students in China, Meng learned to game the test, earning a score that belies how modest his language skills actually are. By taking an intensive two-month, six-days-a-week course offered by New Oriental Education & Technology Group—sponsor of the college fair—he raised his overall score on the SAT from 1670 to 2040 out of 2400, making him an attractive candidate for a whole new league of American colleges. His score on the Test of English as a Foreign Language (TOEFL), which measures proficiency in reading, writing, speaking, and listening and is one of two tests international students may take to demonstrate their grasp of English, soared from 65 to 90 out of 120. Many universities, including Illinois, require a minimum TOEFL score of 79.

A rising generation of Chinese students whose ambition for a U.S. education exceeds their English fluency is acing the entrance tests, thanks largely to New Oriental. The test preparation company, which was once fined for stealing test questions, is frustrating college officials and faculty members, not to mention the kids who end up unable to follow some of their courses. While New Oriental has undoubtedly helped plenty of Chinese students gain access to education and careers they'd otherwise miss out on, the company has a growing number of critics who question if it really serves the best interests of the kids it helps to go abroad.

"Do I agree with their educational principles? No," says Paul Kanarek, senior vice-president for international business at The Princeton Review, a New Oriental competitor. "Do I think what they're doing is healthy for the students they serve? No. Are they setting these kids up for failure at U.S. universities? Definitely." **Chinese undergraduates are flooding into American colleges**, many of which are financially strapped. In 2009-2010, China passed South Korea to become America's largest source of international undergraduates, with 39,921. Because of China's one-child policy and increasing affluence, larger numbers of its students can afford U.S. colleges that cost far more than Chinese universities. In most cases, they aren't eligible for financial aid. They pay as much as \$50,000 a year in tuition and room and board at private colleges and up to \$35,000 at public ones. While their math skills are usually impressive, some can't follow a lecture or participate in a class discussion.

Not that it's stopping them. In the year ended Feb. 28, more than 200,000 students in New Oriental classrooms across China devoted weeks or months to cramming vocabulary words and learning shortcuts that help them respond with the accuracy of IBM's ([IBM](#)) Watson computer on English-language standardized tests—whether they understand the material or not. New Oriental delivers tiger test prep for tiger parents, dominating the fast-growing market for grooming Chinese students for U.S. entrance exams and fending off American competitors such as Washington Post's ([WPO](#)) Kaplan and The Princeton Review ([REVU](#)), which have been trying to elbow their way into the lucrative Chinese test preparation business. New Oriental's courses, which are taught primarily in Chinese, rely on

exhaustive dissection of old test questions to help inflate students' scores. And because they're so superbly trained to beat the exams, New Oriental students with shaky English not only get into selective U.S. colleges but also test out of the transitional programs many schools have for foreign students who don't speak English well.

"New Oriental seems to have cracked the SAT code," says Phillip Muth, associate dean for admissions at the University of Virginia in Charlottesville. Its 1,200 applicants from China this year had an average of 610 out of 800 on the SAT's reading section and 670 in writing, as opposed to 641 in reading and 650 in writing for U.S. applicants. In math, they achieved an average of 783, compared with 669 for U.S. students. When the students arrive on campus, Muth continues, "You can tell immediately that English isn't their first language."

Josh Ferchau, coordinator for international admission at Knox College in Galesburg, Ill., has seen Chinese applicants improve TOEFL scores 20 points in a month. "That's pretty incredible," he says. "I'm sure a lot of that can be attributed to how they prepare for tests." **Around scenic West Lake in Hangzhou, the capital of Zhejiang** province in eastern China, the magnolias are budding. Young couples push strollers, while seniors limber up with tai chi poses or play traditional musical instruments. Over green tea and spicy scallops, Xie Jinzheng, one of New Oriental's star teachers, explains how to beat the TOEFL's oral section.

The company seeks bright, gregarious college students and recent graduates such as 24-year-old Xie and encourages them to approach their classes with humor and passion. New Oriental has its own inventory of jokes, and it urges teachers to search for others on the

Internet or in books. New Oriental students post their favorites online, such as one teacher's quip that "PhD" stands for "permanent head damage," and "MBA" for "married but available." The company also motivates teachers to boost their students' scores by tying their compensation to student evaluations. Since the bonus is linked to class size, and some courses have as many as 300 students, popular teachers can earn more in incentives than in salaries. Students can also vote to banish teachers from their classes, à la *Survivor*, though it rarely happens.

Xie has taught the oral section of the TOEFL for New Oriental for three years. Searching for patterns and clues, he's taken the test six times and pored over websites where Chinese students share test questions. His research enabled him to sort the questions used to measure English speaking ability into categories such as "People," "Places," and "Events." He then designed speeches that students can memorize and recite with minor variations in response to any question. For instance, a typical "Places" item might require students to describe their favorite park. Xie suggests the response: "You know, there is a river in the park. After dinner, I want to walk along the bank, and the breath of fresh air can really refresh my mind."

If students are asked about their favorite restaurant, they substitute, "You know, there is a river next to the cafe. After a cup of coffee, I want to walk along the bank, and the breath of fresh air can really refresh my mind." For favorite country: "You know, I rent a house in America. Beside my house, there is a river. After dinner"

Such ingenuity has earned Xie near-perfect evaluations and, he says, raised his students' scores on the oral section, worth a maximum of

30 points, by 5 to 10 points. When asked if students actually learn to speak better English in his classes, he says: "That's the problem. Our education program is just for the test, not for life in America. Just to get high scores."

New Oriental teachers favor a similar one-size-fits-all strategy for the SAT's writing portion—preparing canned biographies of famous Americans or Europeans that can be applied to any topic. "They really don't recommend thinking on the spot and writing with your heart," says Lisa Wu, 22, a junior at the University of Virginia, whose New Oriental course helped her increase her SAT score from 1900 on a practice test to 2170. "SAT essays are really predictable. You can use the same example for different things."

Silu Wang and Zhu Xinyu, two Beijing teenagers who each scored 2200 on the SAT, say New Oriental deserves much of the credit. Zhu, 18, prepared essays on luminaries living and dead, such as Thomas Edison, Coco Chanel, James Cameron, J.D. Salinger, Howard Schultz, Woody Allen, and Florence Nightingale. She received the maximum score on the essay, she says. Zhu was admitted to the University of California at Los Angeles and the University of Virginia. She is a "wonderful student from one of the best schools in China" and excelled in an English-language phone interview, says Muth, the UVA associate dean of admissions.

Wang, 19, chose Steve Jobs as her preferred subject. "His experience covers a lot of topics," she says. "You can always use Steve Jobs."

On SAT grammar questions, Zhu and Wang followed New Oriental's advice to eliminate any answer containing the word "being" or a comma followed by "which." For reading comprehension, they

avoided any responses including "despair," "befuddle," "bafflement," or "apologize." Such tips are typically based on analysis of prior tests. "It sounds ridiculous, but it works," says Wang, who has been admitted to the University of Southern California and New York University.

Jia Wen, a 25-year-old graduate student in finance at Boston College, recounted some other odd New Oriental gimmicks she learned for the TOEFL's listening section. Her teacher told her to remember that if the answer choices involve food, for instance, hamburgers always taste better than pizza. And that girls in the passages are always more intelligent and harder-working than boys. "You don't need to understand," says Wen, who scored 110. "After many practices, you can recognize the correct answer just by looking at the choices."

China has used tests to discover talent and determine status since it introduced civil service exams 1,500 years ago. Each year 10 million high-school seniors compete for half as many university slots by taking China's nine-hour entrance exam, the intimidating Gaokao. They study as much as 14 to 16 hours a day for a year, and if all else fails, they occasionally cheat by hiring replacements known as "gunmen" to take the test for them or by using high-tech devices such as receivers in the shape of watches, belts, erasers, and ballpoint pens, according to student websites.

Following this tradition, some of New Oriental's SAT teachers recommend a maneuver that violates the rules. The SAT is given in 10 sections—seven are 25 minutes long, two are 20 minutes, and one lasts 10 minutes. Wu, the University of Virginia junior, says her teacher suggested that students who have trouble with reading but can breeze through math should interrupt math after five minutes and

flip back in the booklet to reading, even though returning to earlier sections is prohibited. Once the students completed the reading, they would return to math. That way, they would evade test monitors, who check for flippers at the start and end of the math period.

Flipping "is quite common," says John Zhang, a London School of Economics student who teaches at New Oriental during holidays. "A lot of the teachers I know give that advice." He adds that teachers omit the tactic from written materials because of liability concerns if a student is caught. If test center staffers catch someone flipping, they are supposed to direct the offender to the correct section and warn that another violation would be grounds for dismissal, according to the nonprofit Educational Testing Service (ETS) in Princeton, N.J., which designs and administers the SAT and Advanced Placement programs, and creates the TOEFL and Graduate Records Examination (GRE). While flipping is "basically cheating" under current rules, it should be permitted, Zhang says. "Every student has different strengths. If you're a really good reader, why not allow you to return to math to grab a couple more points?"

New Oriental's founder and chief executive officer, Michael Minhong Yu, says the flipping strategy is not part of New Oriental's teaching material and that the company does not advocate any violation of testing rules. "We don't see ourselves doing much, much better," than our competitors in improving students' scores, he says modestly. "Maybe a little better." **Like China itself, Yu, 48, rose from rural poverty in the Yangtze River Delta to cosmopolitan affluence.** He owned 18.5 percent of New Oriental as of Aug. 31 and was worth \$950 million in 2010, according to *Forbes* magazine. The son of

illiterate peasants, he failed China's college-entrance exam twice. He worried that if he flunked again, he would be stuck in the middle of nowhere. "I hated the country," he says during an interview in New Oriental's seashell-shaped glass headquarters in Beijing's university district. "I studied like mad." He did well on the test on his third try and enrolled at Peking University. When he failed to get a scholarship for U.S. graduate school, he became a lecturer at his alma mater.

Yu founded New Oriental in Beijing in 1993, after Peking University disciplined him for collecting income from teaching TOEFL classes on the side. He put up posters to attract students to his fledgling company. He had trouble obtaining government approval and finally persuaded reluctant officials to grant him a license by inviting them to one of his lectures. In 1994, Yu published a study guide. Its nickname, *Red Treasure Book*, was reminiscent of Mao Zedong's *Little Red Book*, which Chinese students followed 40 years ago. Yu's version contains thousands of English vocabulary words used on U.S. entrance exams and mnemonic devices for them: "I developed a new way of remembering words," he says. For example, Yu says, students could recall the word "charisma" by dividing it into "ch" for China, "ris" for rice, and "ma" for Mao. "In almost everyone's mind, Mao was charismatic," he says.

By 1995 he'd saved enough money to study in America, but he didn't want to abandon New Oriental. That December he visited the U.S. to recruit two former college classmates to work with him. Yu brought thousands of dollars in cash with him to demonstrate how successful his company was. Instead of teaming up with him, his friends returned to China and started their own test prep company that later merged with New Oriental. They later tried to challenge Yu's leadership on the grounds that he had never studied abroad and his

relatives had too much influence in company affairs, says Lu Yuegang, who wrote a book about New Oriental's early years. Yu prevailed in the ensuing power struggle.

As the company flourished, Yu's sudden wealth made him a target. In 1998 two assailants invaded his Beijing home, tied him to his bed and injected him with tranquilizers, sending him into a coma. They stole 2 million yuan (more than \$300,000) and left him to die. Miraculously, he lived. Some New Oriental teachers joke in their classes that Yu survived only because the drugs were made in China. After the incident, Yu, who earlier had relocated his family to Vancouver, Canada, so his children could be educated there, decided to make the move permanent for safety reasons. His attackers, who had committed other violent crimes, were ultimately executed in 2006.

New Oriental went public at \$15 a share in 2006 and now trades around \$125, with a nearly \$5 billion market value. Revenue from test-prep and other businesses, such as after-school tutoring, quadrupled to \$386 million in the year ended May 31, 2010, from \$96 million four years before; it rose 49 percent, to \$132.5 million, in the last quarter ended Feb. 28 from the year before. "We know what Chinese students are thinking about and their study habits," Yu says. "Kaplan and Princeton Review have come to China several times. Their problem is that they don't understand what Chinese students are thinking. Their methods are ineffective here." Kaplan is an investor in Beijing New Channel, a test-prep firm founded by a former New Oriental chief executive, while The Princeton Review wants to expand beyond its current clientele of expatriates' children at international high schools. "I am in awe of New Oriental's success in

a marketplace that fractured, that difficult, that competitive," The Princeton Review's Kanarek says.

New Oriental built its business on the TOEFL and graduate-school entrance exams, such as the GRE and GMAT, and introduced SAT classes in 2006. Twenty thousand students took SAT prep in China with New Oriental last year, representing at least a 90 percent share of that market, says Yu. The company originally gained renown for huge classes in which teachers used microphones and students in the back rows watched on overhead television screens; sometimes students from the hinterland slept in dormitories. The company now gives smaller and one-on-one VIP courses as well. It caters to Chinese-Americans by offering SAT preparation in English in Beijing and Shanghai during summer and winter vacations.

Yu says New Oriental is more effective than its competitors because it requires more hours in class than U.S. prep companies do and because its teachers cover ground faster. New Oriental students must learn at least 100 vocabulary words a day, as opposed to 20 or 30 at Kaplan or The Princeton Review. A typical New Oriental course lasts 60 to 80 classroom hours, compared with 20 to 30 in the U.S., he says, while more expensive courses for smaller groups may take up as many as 250 hours of class time.

The company has spread throughout China, in part because of shrewd marketing. It gives refunds to top-performing students and publicizes their success stories. It also cultivates local political officials. Xie, the teacher in Hangzhou, says the son of the city's vice-mayor is taking his class for free. When New Oriental expanded last year to Qingtian, a suburb of Hangzhou, it enjoyed low rent on middle-school classrooms in return for giving free classes to the

principal's daughter, according to Sophia Hou, a former New Oriental teacher in Hangzhou.

New Oriental has also mended its relationship with ETS, which sued New Oriental in a Beijing court in 2001 for infringing its copyright by obtaining 1,800 GRE questions. "We had to draw a line in the sand," former ETS general counsel Stanford von Mayrhauser says. During settlement talks in Washington, D.C., von Mayrhauser sat across from Yu. "I remember his saying, 'You're going to lose, no Western company can win in Beijing. Even if you win, you'll only get \$5,000,' " Von Mayrhauser says. "That pretty much ended the meeting." For once, a New Oriental prediction was off the mark. The court awarded ETS \$1.25 million in damages, which was reduced on appeal to \$750,000 in 2004, according to von Mayrhauser. Yu says that New Oriental doesn't comment on past litigation.

The two sides reconciled in 2007, when ETS gave New Oriental exclusive rights in China to incorporate an online TOEFL practice test into its courses. Yu says ETS realized he "is not a vicious person" and was only following standard Chinese business practices. He adds that New Oriental respects intellectual property rights even though it's losing 200 million yuan a year, or \$30.5 million, from Chinese competitors using its materials without permission.

The cultural preoccupation with testing manifests itself in other ways. Michigan State University in East Lansing unwittingly accepted several Chinese students who'd had someone take the TOEFL for them, according to Patricia W. Croom, the school's associate director for international admissions. The students were required to leave. And questions on U.S. standardized tests, which are often recycled to

ensure consistency of scores over time, are widely, if sometimes illicitly, available in China. While students who take tests such as the SAT and GRE sign a confidentiality agreement, many in China post questions on websites. Such sharing prompted ETS to suspend the computerized version of the GRE in China, Korea, and Taiwan in 2003 because scores kept rising as long as the same pool of questions was used. Chinese students' "knowledge of the tests is absolutely astonishing," says Mark Coggins, Kaplan chief executive for Asia Pacific. "Their analysis—What does the test do? How is it constituted?—is enormous." **Morgan Meng, who attended the college fair New Oriental** hosted in March, was one of 22 students in his SAT-prep course, which cost 40,000 yuan, or \$6,100. It involved the kinds of relentless drills that would have made a tiger mother proud. He spent five hours a day in class for 53 days. "I enlarged my vocabulary very much," he says. "I can read many essays quicker than other students." In addition, "they taught us many skills with filling blanks."

Test preparation was only part of Meng's New Oriental package. Because the government bars Chinese students from taking the SAT on the mainland, Meng paid 4,500 yuan, or nearly \$700, for each of three test-taking excursions New Oriental arranged to Hong Kong. For an additional 26,000 yuan, or \$4,000, he also hired New Oriental as his "agent" on his college applications. Most Chinese applicants to U.S. colleges employ agents to recommend schools, keep track of deadlines, assemble and submit forms, and sometimes even ghost student essays and teacher recommendations. Meng says the company helped him "promote"—by which he meant "improve," according to his interpreter—an essay that he submitted to colleges on the exploitation of cheap labor in developing countries.

At Illinois, where Meng plans to enroll, his language problems would likely not be addressed unless he flounders academically. While international students at the school have considerably higher SAT scores than domestic students, they go on academic probation at the same rate, according to Gregg Perry, Illinois's associate director for undergraduate admissions.

New Oriental wants to help students like Meng by offering extra tutoring and guiding them to colleges with strong English as second language programs. "It's tragic to have bright Chinese students who have worked to realize their dream of going to a U.S. college and can't keep up in class because their English isn't strong enough," says Annalee Nissenholtz, a St. Louis-based consultant to New Oriental.

Meng says he hopes to improve his English before he departs for college. "I'm a little flabbergasted to hear that he needed an interpreter," says Perry, who adds that he was unaware of New Oriental's existence. "There are a lot of kids in the U.S. who can't pull off his scores in reading and writing."

[Golden](#) is an editor-at-large for Bloomberg News.

China's Test Prep Juggernaut. By. Daniel Golden.Â Like thousands of other students in China, Meng learned to game the test, earning a score that belies how modest his language skills actually are. By taking an intensive two-month, six-days-a-week course offered by New Oriental Education & Technology Groupâ€”sponsor of the college fairâ€”he raised his overall score on the SAT from 1670 to 2040 out of 2400, making him an attractive candidate for a whole new league of American colleges. His score on the Test of English as a Foreign Language (TOEFL), which measures proficiency in reading, writing, speaking, and listening and is one of two tests i Test preparation company New Oriental Education is helping a rising generation of Chinese students ace U.S. college entrance exams More...Â China's Test Prep Juggernaut. Thread starter guest. Start date May 10, 2011. guest. Cyprus Company Formation. Entrepreneur. May 10, 2011. #1. Chinaâ€™s treadmill of standardized tests has produced, along with high levels of literacy and government control, some of the worldâ€™s most scarily proficient test-takers. Shanghai high-school students have dominated the last two cycles of the Program for International Student Assessment exam, leading more than one U.S. official to connect this to a broader â€œSputnik momentâ€ of coming Chinese superiority.Â At first, the school offered extra exam-prep courses outside the regular curriculum for a modest fee. When the government banned tuition-Âbased courses from public schools in 2004, the local administrators turned the entire public-school curriculum into an intensive cram course. (In 10th and 11th grades, students are allowed two elective hours per week â€” music, art or physical education.