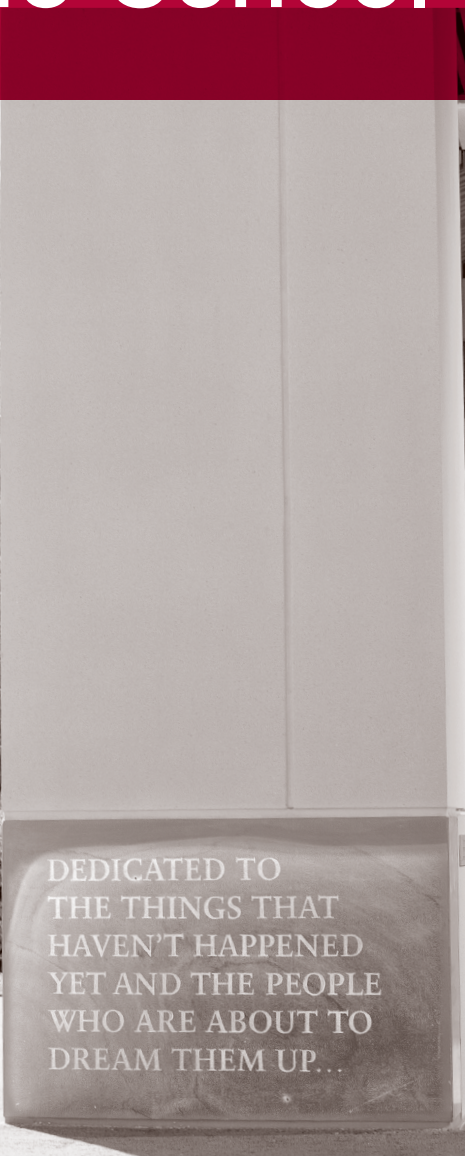




# September 2012 State of the School



# Annual Update from Dean Garth Saloner

## Dear Friends,

I feel privileged to connect with the Stanford Graduate School of Business community to highlight the achievements and opportunities I see for advancing the school's core mission. I am proud of the school's direction and of the progress we've made this year to enrich the Stanford GSB experience and to prepare students to lead lives of impact and meaning.

There has been a growing view among GSB community members, corporate leaders, and global decision-makers that business schools have a new opportunity, and perhaps an obligation, to expand their impact beyond the corporate milieu and into mainstream society. Many skills, sharpened by students through coursework in critical analytical thinking, leadership labs, and design thinking, can and should be applied to systemic global problems like health care delivery, public education, and sustainable development, to name a few. We believe these are management challenges at their core and can be solved by applying the business and management principles we teach at the GSB.

Applying management education concepts to a broader set of global problems was the subject of a speech I made last May to the Association to Advance Collegiate Schools of Business annual conference, attended by 1,200 deans and senior administrators from 54 countries. I shared the Stanford GSB's curriculum reform experience, the opportunities that resulted from this process, and how these changes led to the conceptualization and founding of the Stanford Institute for Innovation in Developing Economies (known as SEED) in November 2011.

While SEED is not what you would usually expect of a business school, it provides fresh insights about the ability of the GSB to build upon traditional management disciplines to make a powerful impact on

people's lives. We deeply appreciate the generous contribution of Bob and Dottie King that made it possible to create SEED and to bring its programs to cities and villages across the globe.

**“At the GSB, we strive to make a positive impact on the world one idea — and one leader — at a time.”**

We are making great strides as we approach the one-year anniversary of SEED. We are pleased to announce that Tralance Addy has been selected as its new executive director. Innovation hubs are being explored in Ghana, Kenya, and other locations. In addition, faculty member Jim Patell and his team are about to celebrate the 10th anniversary of teaching *Design for Extreme Affordability*, with a documentary on the course set to air on PBS next spring.

## Educating Change Agents

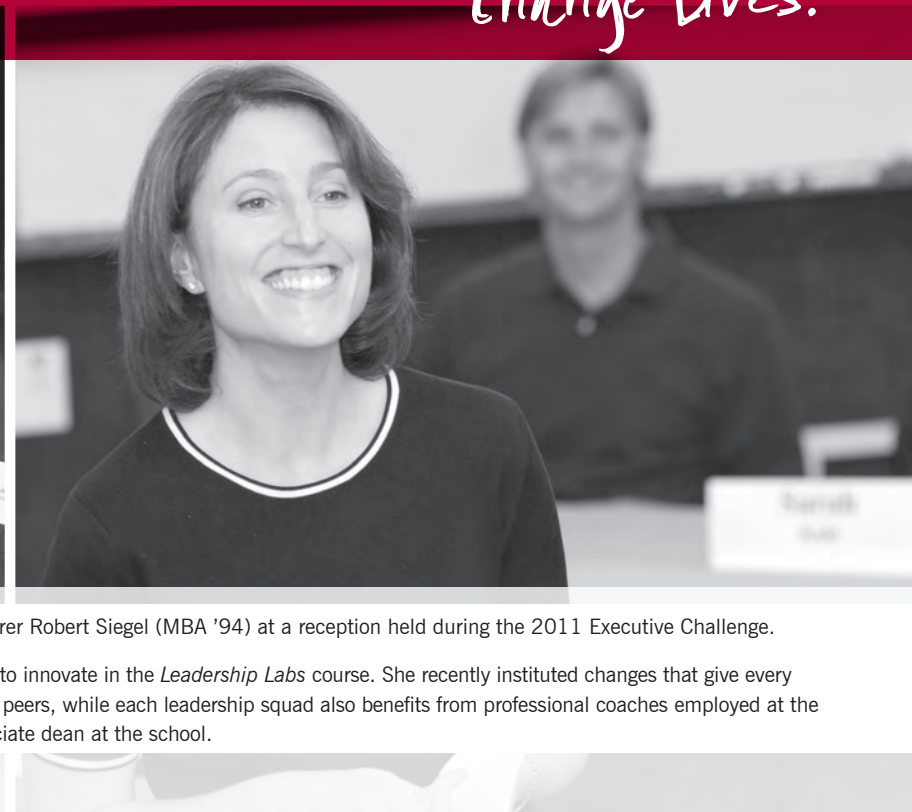
For more than 18 months we've called the Knight Management Center home. We are delighted by how easy it has been to meld the center, our team, and our programs into a cohesive institution for preparing students to bring powerful changes to the global community.

At the GSB, we strive to make a positive impact on the world one idea — and one leader — at a time. And while we talk about changing lives, changing organizations, and changing the world, it is our belief that active collaboration with our alumni, our colleagues across Stanford, and our partners across the globe is what makes meaningful changes happen every day.

*change lives.*



**Left:** Dean Garth Saloner (left) with GSB lecturer Robert Siegel (MBA '94) at a reception held during the 2011 Executive Challenge.



**Right:** Faculty member Lara Tiedens continues to innovate in the *Leadership Labs* course. She recently instituted changes that give every MBA student an opportunity to lead a squad of peers, while each leadership squad also benefits from professional coaches employed at the GSB. Tiedens was recently named senior associate dean at the school.



Today, the world is looking to the next generation of business leaders to be the stewards of the 21st-century global economy. We need leaders who can collaborate with integrity, who can integrate community in their corporate planning, and who can be bold and innovative in their strategic planning and vision for their companies and communities.

GSB graduates are emerging with a broader sense of what it means to be successful, and that it includes the importance of character, self-awareness, and a greater sense of community and social responsibility. These sensibilities, combined with leadership abilities, communication skills, and cross-cultural understanding, are integral to today's global business paradigm.

Nathan C. Hubbard, MBA '04, is among many alumni whose GSB experience has led to a personal transformation and equipped them with management skills to change companies, organizations, and institutions. After earning his undergraduate degree from Princeton, Hubbard spent a few years writing songs, recording music, and playing 250 shows a year with a band called Rockwell Church. He then spent four years working in the mobile industry before attending the GSB. Hubbard's role as an industry change agent began at Musictoday, where he eventually became CEO. He doubled revenue and led the company's efforts to help hundreds of musicians sell tickets and merchandise directly to fans. In 2006, Musictoday was purchased by LiveNation, the world's largest concert promoter, followed by LiveNation's 2010 merger with Ticketmaster. Under Hubbard's stewardship in 2011, Ticketmaster generated the highest operating income and cash flow in its history.

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## GSB Convenes Global Thought Leaders

It was a challenging year to keep abreast of global economic, social, and political events, but through a robust View From The Top speaker series and conferences like The Future of Media, TEDx, and others, the GSB organized a compelling lineup of corporate, government, and military leaders who provided insights on a variety of trends and topics.

We hosted British dignitaries, including former Prime Minister Tony Blair and former foreign secretary and current Member of Parliament David Miliband; current or former presidents from the republics of Turkey, Portugal, and Colombia; and CEOs of BlackRock, Caterpillar, Ferrari, Medtronic, and others. Author and journalist Thomas Friedman shared his views on the economic and societal challenges facing the United States, while retired U.S. Army General Stanley McChrystal shared his insights on decision making and goal setting for future change agents.

The most common themes they conveyed were the value of leadership, the importance of making tough decisions, and the ability to communicate effectively. These themes are not surprising, but coming from such a diverse set of leaders served as a powerful statement to our students about what is required to operate at the highest levels of different organizations.

## New Faculty Deepen GSB Scholarship

As we approach fall quarter 2012, we do so with 116 faculty, including a handful of new additions to our exceptional team. We welcome back Susan Athey, PhD '95, whose research focuses on the economics of the internet, marketplace design, and auction theory. She and Guido Imbens, an econometrician making fundamental contributions that are widely used in labor, public, and development economics, arrived at the GSB from Harvard in August. We are excited to have this husband and wife team join the economics faculty.

change organizations.



**Left:** Nathan C. Hubbard, MBA '04 and CEO of Ticketmaster, the world's largest retailer of concert tickets, is transforming the company's brand and reputation by strengthening ties between musicians and their fans. In 2011, Ticketmaster was named one of the most innovative music companies in the world by *Fast Company*.



**Right:** Clara Chow (far left), MBA Class of 2013, with staff from a partner NGO, dedicated part of her summer to Generation Enterprise, an incubator she founded to co-create and invest in low-tech consumer businesses employing at-risk youth in slum communities in Lagos, Nigeria. She then traveled to Cape Town to work at Knife Capital, a growth equity fund focused on creating a high-tech investment ecosystem in South Africa.

In addition, we are pleased to welcome back to the GSB Paul Brest, who is teaching *Impact Investing* in the fall quarter. Brest, the former dean of Stanford Law School, returns after serving as president of the William and Flora Hewlett Foundation. As he arrives, senior economist John Roberts is retiring after a distinguished career of more than 30 years on the Stanford faculty.

## Finance Gains Momentum at the GSB

The faculty members at the GSB are among the most talented in the world. Across every management discipline, our faculty reinforce this reputation as they continue to pursue innovative research and share their insights with students through teaching and one-on-one interactions. While I cannot highlight all of their accomplishments in this letter, I would like to mention a few of the advances of our finance faculty.

From financial regulation to entrepreneurial finance to risk management training, finance remains a top priority at the GSB. During the past year, a host of GSB faculty have dedicated their time to research domestic and international financial trends, while other faculty have created new ways to deliver experiential learning to students through hands-on classroom activities.

Financial regulation and good corporate governance remained a top priority for faculty member Anat Admati. Together with GSB professors Peter DeMarzo and Paul Pfleiderer, and Martin Hellwig from the Max Planck Institute for Research in Bonn, Germany, Admati presented a paper on “Debt Overhang and Capital Regulation,” an analysis highlighting the critical importance of effective capital regulation and high equity requirements for large and systemically important financial institutions.

Faculty member Darrell Duffie submitted financial research to the Commodity Futures Trading Commission, SEC, Federal Reserve,

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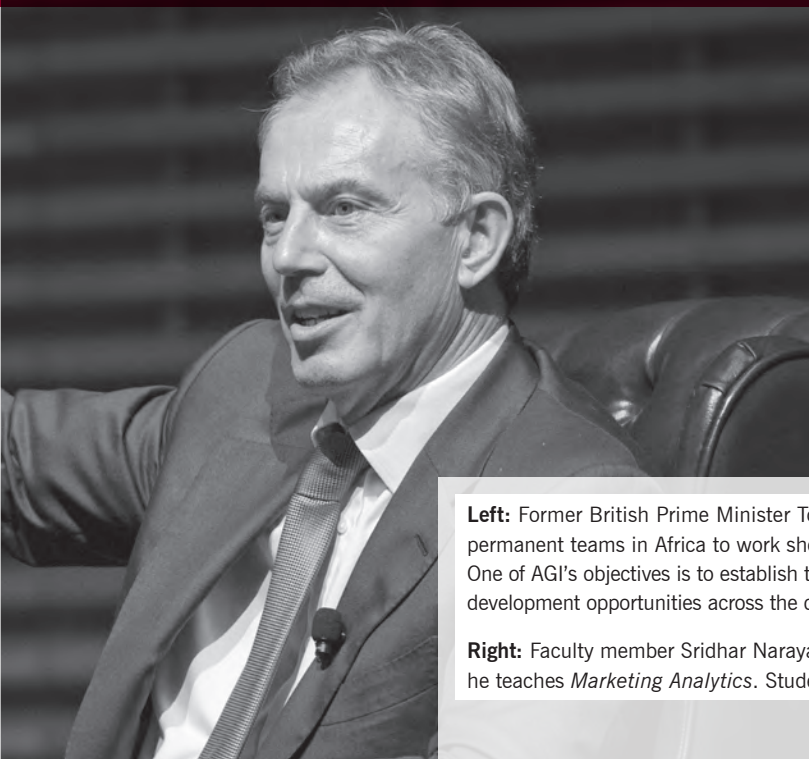
and FDIC regarding their proposed implementation of the Volcker Rule, which was frequently cited in U.S. congressional testimony. Duffie’s submission, drawing on his academic research, discussed the impact of the proposed Volcker implementation on corporate borrowing costs, and the potential growth of riskier non-bank market makers.

As we keep our eye on the trends of the future, we remain focused on strengthening the GSB’s core assets — its people and its programs — so that we remain competitive across all of the traditional disciplines of management education.

One of the most exciting developments for the fall quarter is the introduction of the school’s venture capital research team that allows us to teach students from the perspective of both entrepreneurs and investors. Finance faculty veterans Ilya Strebulaev and Arthur Korteweg will collaborate with new faculty members Josh Rauh and Shai Bernstein, who joined the GSB earlier this summer. With Korteweg and Bernstein teaching on the entrepreneurial side, Strebulaev teaching from the VC and corporate perspective, and Rauh, a nationally recognized figure on pension reform, developing a course covering specific industry verticals for venture capital, students pursuing finance careers will learn from some of the most forward-thinking scholars in the world.

Bernstein’s *Entrepreneurial Finance* class will introduce many of the concepts he explored in his recent publication “Does Going Public Affect Innovation?” which examines the behavior of

*change the world.*



**Left:** Former British Prime Minister Tony Blair spoke about his Africa Governance Initiative (AGI), which places permanent teams in Africa to work shoulder to shoulder with government leaders to mentor and share best practices. One of AGI’s objectives is to establish the conditions for innovation and entrepreneurship to take hold and fuel economic development opportunities across the continent.



**Right:** Faculty member Sridhar Narayanan has introduced online tutorials for students that have transformed the way he teaches *Marketing Analytics*. Students are better prepared and performing at a higher level.

**“By combining studies across academic disciplines, we believe students emerge with a stronger academic experience that better prepares them to pursue their professional interests.”**

companies after they complete an initial public offering, the issues they must consider to secure access to capital, and the opportunity cost to their companies once they go public.

In addition to facilitating a broader and deeper classroom experience for students, this summer we built the Stanford Venture Studio to encourage students, recent graduates, and alumni to brainstorm business ideas, share entrepreneurship concepts, and pursue start-up opportunities. The space is open 24 hours a day, occupies 3,000 square feet, and is located at the Knight Management Center on the third floor of Zambrano Hall.

On the broader front, the studio is already drawing students from across the university, which reinforces our efforts to strengthen academic collaboration with Stanford's six other schools. The GSB is working with the university to develop additional joint degrees beyond those already offered in conjunction with the schools of law, education, humanities and sciences, and earth sciences. By combining studies across academic disciplines, we believe students emerge with a stronger academic experience that better prepares them to pursue their professional interests. It is our goal to increase the joint degrees earned at the GSB each year from one in six today to one in four by 2020.

## Thank You for Propelling Us Forward


The momentum that is driving the GSB would not have been possible without the loyal support of our alumni community. As many of you know, the end of 2011 marked the close of The Stanford Challenge, a five-year fundraising effort by Stanford University aimed at securing the resources to enable the university to tackle the world's most challenging problems. Thanks to your incredible support, the GSB raised \$884 million from more than 15,000 generous donors. I am deeply grateful for, and humbled by, the depth and breadth of this support. Thank you!

From the construction of the Knight Management Center to establishing SEED, and from supporting our four research centers to driving curriculum reform, your contributions have made it possible for the GSB to continue the pursuit of excellence in education.

And despite the successes I have outlined, we recognize this is no time to be complacent. In the last year, we have positioned the GSB to remain at the forefront of management education. As we continue to strengthen our core, we are advancing our work to integrate education technology into our curriculum, expand distribution of digital content, and extend our global reach through these and other strategies. We strive every day to earn your continued support and investment in the GSB's mission over the months and years ahead.

## The Power of Online Education

We believe online education will become a staple of higher education, if it hasn't already. Across Stanford's seven schools and across the industry, we are seeing increasing experimentation, and indeed implementation, of education technologies that are



This fall, faculty member Charles Lee will teach *Alphanomics* using the Real-time Analysis and Investment Lab (RAIL), which allows students to conduct firm-level analysis and run risk management scenarios using real-time financial data. The course, geared toward students pursuing careers in public equity, begins with a 10-week investor start-up kit that requires students to manage, track, and present to their classmates the performance of their portfolios after a six-month “investment” period.



reaching and educating hundreds of thousands of students. We are focusing on the most effective ways to apply a unique curriculum and deliver a hands-on learning experience at the GSB. We want to make sure we are at the cutting edge of online education to determine how it can supplement our efforts to educate leaders, entrepreneurs, and innovators across our curriculum.

Online technology is already changing the classroom experience at the GSB. Marketing faculty member Sridhar Narayanan is refining a new pedagogy, based on using asynchronous technology, for his *Marketing Analytics* course. He has transformed the classroom experience by making tutorial videos that help students learn how to use software tools, analyze data, and develop plans of action.

Narayanan allows students to review the videos prior to, during, or after tackling problem sets. The tutorials allow him to spend more class time examining and discussing real-world business cases. They also allow him to teach each class at a faster pace and cover more material throughout the course.

## Pursuing Greater Global Reach

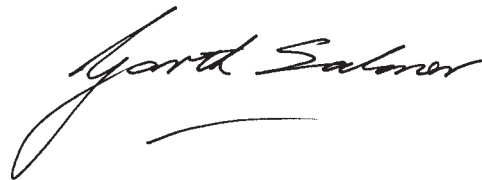
The inauguration of the Stanford Center in Beijing last March was an important development to support our global reach. It provides a base of operations at Peking University to facilitate faculty research, develop case studies, and scale our programs on innovation and entrepreneurship — including the Stanford Program for Research on Innovation and Entrepreneurship (SPRIE), SEED, and Stanford Ignite. Stanford Ignite is an eight-week program that teaches graduate students and technical professionals how to bring their research and ideas to market. The program, formerly known as the Program in Innovation and Entrepreneurship, will be offered in 2013 on the Stanford campus, in Singapore, and in Beijing.

While we won't open campuses across the globe, we are optimistic that through our relationship with Peking University, we will be able to refine the model, with the goal of establishing hubs in multiple cities across Asia, Africa, and Latin America in the next 10 years.

Every major institution struggles with charting a course to protect its core and extend its global reach. The GSB is no different. We are working carefully, thoughtfully, and deliberately to balance these two objectives. We want to make sure we stay true to our mission but use our strengths to test ideas and push the limits, where possible. Through the interest and support of students, faculty, staff, recruiters, and you, the alumni, who are a testament to our mission and champions of our future, we are poised to embark on another exceptional year.

Thank you for all you have done to be part of this incredible place. I welcome your thoughts and reflections at any time.

Warm regards,



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## REUNIONS AT THE KNIGHT MANAGEMENT CENTER

### 2012

October 4 – 7      Fall Reunions & Alumni Weekend  
MBA Classes 1962, 1967,  
1972, 1977, 1982, and 1992,  
All Sloan  
Half Century Club

### 2013

April 24 – 25      Half Century Club  
May 2 – 5          Spring Reunions – MBA Classes  
1998, 2003, 2008, and 2012,  
Sloan 2012  
June 20 – 23      25th Reunion – MBA Class of 1988

For more information:  
[alumni.gsb.stanford.edu/reunions](http://alumni.gsb.stanford.edu/reunions)

## EXECUTIVE CIRCLE SUMMITS

We invite you to attend the following Summits in 2012:

November 5          Dubai, United Arab Emirates  
November 8          Mumbai, India  
November 9          New Delhi, India

For more information:  
[www.gsb.stanford.edu/gipr/summits](http://www.gsb.stanford.edu/gipr/summits)

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