



STANFORD
BUSINESS

GRADUATE
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2014 Year in Review

A letter from Dean Garth Saloner

Dear Friends,

I am so pleased to share with all of you a summary of the progress we've made over the past academic year at Stanford Graduate School of Business. This letter outlines some of the work we've done to strengthen our core programs, extend our reach around the world, and integrate education technology into our curriculum.

We remain focused on attracting and educating high-potential individuals to the GSB so that we can transform them into change agents who can change the world. There has never been a greater need for people who have the skills and willingness to tackle the world's most pressing business, leadership, and management challenges.

The GSB: A Transformative Experience

As you all know, our community is small by design and tightly linked, which enables us to learn from one another and take advantage of our rich diversity of backgrounds and experiences. This past year more than 400 MBA1s came to the GSB from 300 companies in 80 industries. In addition, women represented 37% and U.S. minorities 22% of last year's MBA class. We continue to work hard to increase the representation of all groups at the GSB and appreciate your help with identifying and interviewing prospective candidates for us.

Our students also come from a wide range of socioeconomic backgrounds, with 52% receiving need-based fellowships and nearly 70% borrowing to pay for their education. Thank you for supporting the fellowships and scholarships that ensure qualified candidates have the opportunity to attend the GSB.



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Student clubs are an important mechanism for building community and bringing students and professionals together to network and socialize. The BBSA, the Black Business Students Association, now in its thirty-first year, is the oldest minority club at the GSB. This year the BBSA Gala drew more than 150 students, alumni, and friends to its "Celebrating Creativity and Community" event. Established nearly 20 years ago, the Hispanic Business Students Association unveiled its Latino entrepreneurship initiative in collaboration with the GSB's Center for Entrepreneurial Studies and Stanford University. The initiative would provide educational opportunities to more than one million Latino small business owners in the U.S. seeking to grow their businesses. Last April our Women in Management club organized its annual banquet and, for the first time, elected a male student to its advisory board. The Veterans of Military Service club brought together 200 people for its annual event, including 41 student veterans from the U.S. and abroad, to honor Stanford Board of Trustees Chairman Steven Denning, MBA '78, for his service to the military and the GSB.

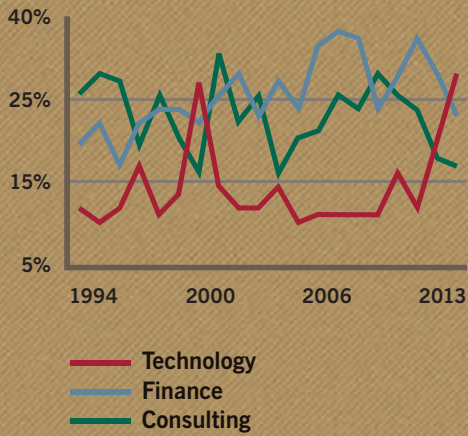
Our students benefit from the diverse perspectives within the business school and the fact that Stanford's seven schools are in walking distance to one another. There may be no better way to access ideas from engineering, medicine, law, Earth sciences, the humanities and sciences, or education than to have a joint or dual degree student from one of those schools share class time with our students.



Dean Garth Saloner is joined by Phil Knight, MBA '62, who served as the guest speaker at the GSB's 2014 diploma ceremony. As cofounder and chairman of Nike, Knight has been an innovator and a risk taker who for decades has inspired GSB students and alumni around the world. He is a tireless advocate of the school, including his generous support for the Knight Management Center.

Graduates' Career Preferences

1994–2013



Pete Flint, MBA '05, CEO of Trulia, was among a number of GSB alumni entrepreneurs making news this year. In July, Zillow acquired Trulia, an online real estate search company cofounded by Flint and Sami Inkinen, MBA '05. In addition to Flint and Inkinen, Greg Waldorf, MBA '94, and Theresia Gouw, MBA '94, serve on Trulia's board. Other GSB entrepreneurs making headlines included Leo Chen, MBA '09, whose China-based online beauty products retailer, Jumei.com, went public on the NYSE in May. This summer, Brian Spaly, MBA '07, CEO of Trunk Club, sold the clothing retailer to Nordstrom. In 2007, Spaly cofounded Bonobos together with Andy Dunn, MBA '07.

This academic year, nearly one in five GSB students will earn one of the six joint degrees we offer, including the MS in Electrical Engineering/MBA degree we established this year.

The proximity of the Schwab Residential Center to the Knight Management Center provides students with an immersive living/learning environment. In order to make that opportunity available to as many students as possible and to increase our capacity for year-round executive education, we are excited to announce the groundbreaking in November for a new residential facility next to the center. The building, which will be named Highland Hall, will provide housing to 140 MBA1s, with 60 additional rooms reserved for Executive Education program participants. When the building is completed in fall 2016, combined with the center, it will allow us to accommodate all first-year MBAs, except those with children, at the GSB.

Driving Continuous Program Improvement

While a good deal of our focus these days is on extending the impact and reach of the GSB, we simultaneously strive to improve our core on-campus programs in the MBA, MSx, PhD, and Executive Education programs.

The dynamism of the global economy has brought big shifts in the career preferences of our recent graduates. For the Class of '13, 18% of our MBA graduates took the entrepreneurial path, starting their own companies, compared with 11% in 2010. This is a far higher percentage than at other business schools and reflects, of course, the innovative culture and mindset that characterizes Stanford University and Silicon Valley. Another interesting trend is that, of the Class of '13 students who did not pursue startups, 26% went to work in the technology sector compared with 18% three years earlier. More students are pursuing jobs at startups or in the technology sector than at any time in GSB history.

Of the 82% who did not take the entrepreneurial path, a smaller proportion of our students went into the traditional business fields of consulting and finance, 16% and 21%, respectively. Those who chose finance tended to enter different fields than graduates did 10 or 20 years ago, when investment banking was the most popular path. Today more students choose to work in private equity, venture capital, and hedge fund firms.



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In order to meet our students' changing career interests, we constantly expand and refresh our elective curriculum. This year 28% of the electives we offer are new, and this academic year students may choose from more than 150 elective courses compared with 110 in 2009–10. Over the past four years we offered 234 elective courses. For example, during the winter quarter, faculty members Mohsen Bayati, Guido Imbens, and Brad Allen will team up to teach *Data for Action: From Insights to Applications*. The course teaches students how to evaluate opportunities and mitigate risks to drive growth by developing a holistic, multidisciplinary perspective on data and its uses.



Rodrigo Juarez, Class of '15, completed a 10-week internship last summer at Related California, a real estate developer focused on affordable housing. He worked with the firm's executive vice president, Lydia Tan, MBA '91, who shares a vision for how structural design can improve the quality of life for low-income families. Juarez spent the rest of the summer in Mexico working at a company he cofounded that designs and adapts homes for children with cerebral palsy.



Aulani Wilhelm, MSx '14, came to the GSB from Hawaii, where she worked for the National Oceanic and Atmospheric Administration, to balance her background in natural resource management with business entrepreneurship. Her interest in interdisciplinary problem solving led her to courses like *Startup Garage* and *Formation of New Ventures*. Last spring Wilhelm won an \$80,000 Social Innovation Fellowship from the GSB for her venture that focuses on access to clean water and reducing single-use plastic bottle usage on islands.

One of the biggest gains we've made in recent years is to improve collaboration between the MBA and MSx programs. Our MBAs, who arrive with an average of 5 years of professional experience, and the MSxers, with an average of 11 years in the workforce, bring complementary skills and ideas to our classrooms. For the first time, MSx students can now join MBAs in taking a broad range of elective courses. We also opened the Global and Social Innovation Study Trips to MSx students. These opportunities allow students to share their perspectives and, in turn, drive deeper learning. The MSx Program continues to thrive; this year 89 students are enrolled in the program, compared with 67 in 2011–12.

In line with our policy of doing a review of our academic programs every few years, last winter we completed an assessment of the PhD Program. Led by a faculty committee chaired by David Kreps, the review included an assessment by outside reviewers. We were gratified that the review confirmed the quality of the program that educates future faculty members for the profession at large.

We began the 2014–15 academic year with nearly 125 PhD students, compared with 110 in 2013–14, and we plan to expand the program over the next few years as our faculty grows. One of our priorities is to strengthen the pipeline of women and minorities seeking PhDs. To that end, this fall we initiated the GSB Research Fellows program, a post-baccalaureate opportunity for high-potential individuals to come to the GSB. The fellows conduct research with faculty, take doctoral classes, and experience the intellectual environment at Stanford.



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This summer we began a new series of custom Executive Education programs for private and public sector clients, which included management and leadership programs for Colgate-Palmolive, General Motors, and Intel Corporation. In partnership with the university, we created a multiyear program for the City of Redwood City to develop leadership skills for city employees, an entrepreneurship boot camp for local business leaders, and a speaker series aimed at business and community leaders.

Among the unique open-enrollment courses were *Customer-Focused Innovation*, led by faculty members Hayagreeva (Huggy) Rao and Robert Sutton; *Leading Change and Organizational Renewal*, led by faculty member Charles O'Reilly and Harvard faculty member Michael Tushman; and *Interpersonal Dynamics for High-Performing Executives*, taught by faculty member Carole Robin. We also offered a new open-enrollment course, *Mergers and Acquisitions*, taught by faculty member Ron Kasznik.

Staying Connected to Global Change Agents

We continue to expand our global reach in developed and developing economies for several reasons. Extending our program beyond the U.S. allows us to educate change agents wherever they are and in doing so bring our faculty and students closer to the corporate leaders, business cases, and management lessons that deepen their business acumen. In addition, making an impact abroad helps solidify our global reputation and ensures the very best students from all of these regions continue to think of the GSB as their destination of choice.



In March, the GSB joined Stanford's Freeman Spogli Institute (FSI) at the Stanford Center at Peking University (SCPKU) to organize a cross-cultural education and business forum that featured First Lady Michelle Obama, who led an interactive discussion with students at SCPKU and at the Knight Management Center.



Dillon Behr (right), a former member of the U.S. Special Operations Forces, is joined by 6 of the other 24 participants who completed Stanford Ignite's certificate program for post-9/11 veterans last summer. The four-week program at the GSB focused on teaching participants how to formulate, develop, and commercialize their ideas. Among the subjects covered by faculty included entrepreneurship (Yossi Feinberg), strategy (Bill Barnett), and the Total Venture Design framework (Chuck Holloway).

Our global expansion is supported by our continuing experimentation and deployment of education technology. Given our relatively small size, we must leverage technology to deliver faculty lectures to distant locations. In the past 12 months, the GSB has delivered academic programs in India, France, Chile, and Ghana, where more than 40 faculty members connected with nearly 400 students and program participants. In addition, we organized various events and conferences that brought our global community closer together. Last March, the Stanford Center at Peking University, for example, served as the venue for a high-tech, cross-cultural exchange event with First Lady Michelle Obama that brought together our MBA students, GSB alumni, and corporate and government leaders.

In Africa a cohort of 5 GSB alumni coaches completed their mentorship of 33 West African business leaders participating in the Transformation Program, organized by the Stanford Institute for Innovation in Developing Economies, known as SEED. The program is designed to help entrepreneurs scale their businesses and generate employment opportunities in the region. Last spring, we welcomed 30 new program participants to the regional innovation center in Ghana, and this fall 7 coaches will mentor the entrepreneurs in West Africa.

In the last year, 10 faculty members, including Collins Dobbs (leadership coach), J.P. Ferguson, Hau Lee, Jonathan Levav, Sridhar Narayanan, George Parker, Jim Patell, Madhav Rajan, Joshua Rauh, and Jesper Sørensen, have taught courses for SEED in Ghana. Faculty who plan to teach in West Africa in 2014–15 include Sarah Soule and Jin Whang. Participants have benefited from courses ranging from supply chain analysis to design thinking to accounting. In the process, our faculty have brought business case studies from these entrepreneurs to the GSB, where they are working to integrate their research into new courses. To encourage additional research, this past summer SEED, in collaboration with the Global Development and Poverty Initiative, known as GDP, awarded 14 grants totaling \$4.6 million to support SEED-related research in developing economies by faculty across Stanford.



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Building on the success of our two on-campus programs of Stanford Ignite, an immersive certificate program for entrepreneurship and innovation, we are increasing our presence within clusters of innovation around the world. In 2013, we launched the program in Bangalore, India, and Paris, France. In August and September 2014, Stanford Ignite expanded to Santiago, Chile, and Beijing, China. In addition, this year we worked with the U.S. Special Operations Command Care Coalition and the COMMIT Foundation to offer Stanford Ignite to post 9/11-veterans at the GSB for the first time. We deeply appreciate the support and ideas our alumni have provided to this program, which helps change the lives of veterans as they transition to the private sector.

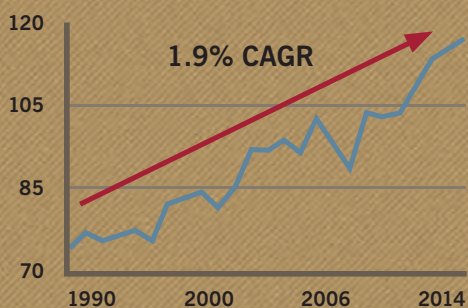
Innovating Through Education Technology

Education technology has become a powerful medium to enrich the student experience at the GSB and to extend our global reach in certificate and executive education programs outside the U.S. In all of its different forms, it is a new



Faculty member Jesper Sørensen leveraged education technology to increase student engagement and to ensure students learned the management principles that underlie the cases they study. He redesigned *Strategic Leadership*, a core course, by shortening it from 10 to 7 weeks and introduced online videos to frame the case study discussions. The changes provided greater context to the case and served as a guide for students to understand the connection between the specific case and general management principles.

Growth of Tenure-Line Faculty
1990–2014



pedagogy that faculty are using to increase student engagement, level set student knowledge, and preserve classroom time for the exchange of ideas with students.

Earlier this year, accounting faculty member Ed deHaan modernized a financial accounting course for MSx students. He created online content and flipped the classroom, which required students to study the core content and problem sets before class. These changes preserved class time so that students and faculty members could engage in robust discussions about the course material. In part due to these innovations, MSx students awarded deHaan the 2014 Distinguished Teaching Award in his rookie year!



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For the required *Critical Analytical Thinking* course, Senior Associate Deans Glenn Carroll and Paul Pfeleiderer are developing a suite of online materials that will create a common framework for all sections, including videos to support each session. These innovations are just a few examples of our experimentation with education technology that have brought fantastic results. One of the biggest benefits is that students have demonstrated they are better prepared to participate in lively classroom discussions with faculty members.

Faculty Growth Expands Reach and Impact

This fall we are pleased to welcome three new junior faculty members whose teaching and research focus on economics, finance, and private equity. In addition, senior faculty member Arvind Krishnamurthy joins us from Northwestern University. He is an emerging-markets specialist whose research in finance and macroeconomics includes the causes and consequences of liquidity crises. Currently, he is studying how central bank policy can help stabilize liquidity in financial markets.

Over the past 15 years, we have steadily increased our tenure-line faculty so that we can expand our impact and reach. We began the 2014–15 academic year with 117 tenure-line faculty, compared with 102 in 2009–10 and 87 in 2000–01. We have worked hard to attract and retain female faculty members in junior and senior positions. As we enter fall quarter, 31% of all our assistant professors are female, including two of three new hires. Women make up 54% of faculty members hired in the past two years, while the number of female tenured faculty has grown to 13 in 2014–15 from 8 in 2005–06.

We are extremely pleased to announce three new endowed faculty positions in 2014–15. In addition, Ron Kasznik was named to a faculty professorship for the first time. We appreciate the generosity of our alumni whose support helps the school to underwrite the costs of tenure-line faculty.

- Susan Athey** The Economics of Technology Professor
- Guido Imbens** The Applied Econometrics Professor
- Ron Kasznik** The Paul L. and Phyllis Wattis Professor of Management
- Carole Robin** The Dorothy J. King Lecturer in Leadership



Finance professor Anat Admati was recognized on *Time's* 2014 list of "100 Most Influential People" for her work on financial reform, which captured the attention of central bankers, global policymakers, and economists.



Accounting professor Anne Beyer received the 2013–14 Walter J. Gores Award, Stanford's highest award for excellence in teaching. Her recent work examines the properties of analyst and management earnings forecasts, as well as investors' reactions to different kinds of corporate disclosures.

Faculty Demonstrate Depth of Research

Stanford GSB faculty are at the forefront of academic research, and we are buoyed by the exceptional work taking place in every management discipline. I'd like to mention a few of the papers written by our active and engaged junior faculty, which represent a small fraction of the publications and work in progress.

In July, political economy professor Katherine Casey published "Debates: The Impact of Voter Knowledge Initiatives in Sierra Leone" with colleagues Rachel Glennerster and Kelly Bidwell of the Poverty Action Lab at MIT. She explores how providing information to voters about political candidates helps to elect better leaders, dampens ethnic rivalries, and strengthens democracy. The paper demonstrates that if political parties cannot rely on people to vote for traditional affiliations, such as an ethnic or religious group, they may be more likely to field candidates who pay closer attention to the policies constituents want. In addition, armed with more knowledge, voters may be better able to hold politicians accountable, making it more difficult for those elected to divert public resources.



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Finance faculty member Dirk Jenter's paper "How Does a Retiring CEO Affect Corporate Dealmaking?" finds that even a two-year difference in the age of the CEO has a striking impact on the likelihood that a company will be acquired. He concludes that firms with a 65-year-old at the helm were almost 40% more likely to get an acquisition offer than firms with a 63-year-old in charge and they were also more likely to be acquired. Jenter, who collaborated with Katharina Lewellen of Dartmouth's Tuck School of Business, made a surprising discovery. He found that shareholders were less likely to have a problem with retiring CEOs who were eager to sell than they were with younger CEOs, many of whom may have just reached the pinnacle of their careers and were reluctant to sell because they have too much to lose.

Marketing faculty member Szu-chi Huang published a paper on "The Unexpected Positive Impact of Fixed Goal Structures on Goal Completion." Her research examines whether the requirement to complete a set of actions in a fixed sequence influences consumers' willingness to pursue the goal. Huang, together with colleagues Liyin Jin of Fudan University and Ying Zhang of University of Texas at Austin, conducted four experiments. They found that although the requirement to complete all goal-related actions in a fixed sequences discourages consumers from adopting the goal, this rigidity is actually more effective in inducing goal completion.

New Umbrella Organization for GSB Centers

Few faculty members have had the kind of impact on entrepreneurship as Chuck Holloway and Irv Grousbeck. At a dinner last fall, we honored these icons for their leadership in driving entrepreneurship for nearly two decades, as they stepped down from their faculty director positions at the Center for Entrepreneurial Studies (CES). Under their leadership the number of sections of entrepreneurship courses has grown to 66 this year from 19 sections in 1996–97, the year the duo first started at CES.

Last spring, we completed a review and consolidation of our centers into a new umbrella organization we are calling CIRCLE (Centers and Initiatives for Research, Curriculum and Learning Experiences). One of our primary goals was to provide a flexible structure to support faculty interest in new research initiatives that might not be as long-lived or extensive as a center. The first of these new initiatives will focus on data analytics. Over the past few years, we've been building capacity in this area and are excited about the potential of these and future initiatives. As the data analytics initiative grows, we hope faculty will strengthen their collaboration with colleagues, advance their research, and develop new courses for our students.

CES, now led by faculty director Stefanos Zenios, and the Center for Social Innovation, under faculty director Dale Miller, continue in their existing structures. Our study trips and student-facing programs that were part of the Center for Global Business and the Economy have been integrated into the MBA Program. Also, some components of the Center for Leadership Development and Research have been spun out into separate initiatives. Our Initiative for Leadership Education and Development (I-LEAD) houses the leadership curriculum, the Executive Challenge, and leadership development opportunities for students and is led by Senior Associate Dean Lara Tiedens. The Corporate Governance Research Initiative is headed by David Larcker, the James Irvin Miller Professor of Accounting.

Alumni Are the Foundation of the GSB

We are extremely fortunate to have a strong alumni community that is the foundation of the GSB. Our community includes multiple generations and reaches across classes, industry sectors, geography, and ethnicities to stay connected to each other and to the GSB. We are bound to each other by our common experiences, yet each of us has a unique connection to the school and the people here. I am grateful to the 28,000 alumni who help keep us strong.

As we work to strengthen the school and extend our reach, we deeply appreciate the time you give to help us transform students into change agents who will change the world. Your service as mentors, guest lecturers, and volunteers is invaluable to our students. In addition, your organization of chapter events, leadership on boards, and participation in alumni activities has a monumental impact on our community.

Thank you for everything you do on behalf of the GSB!

Warm regards,



Garth Saloner
Philip H. Knight Professor and Dean
saloner@stanford.edu
www.twitter.com/saloner



Sandra Horbach (left), MBA '87, pictured with Sheila Dharmarajan, MBA '06, in New York at the GSB's "Business of Change" alumni event last April. In January 2014 Horbach became chair of the GSB's Advisory Council, a 65-member board that provides external perspective to the dean about the school's programs, strategic direction, and overall objectives. This year the board added 16 new members, and includes 18 women, 30% of its active members. Horbach is a global partner and managing director at the Carlyle Group, where she is head of the consumer/retail group. She currently serves on the boards of directors of Dunkin' Brands, NBTY Inc., CVC Brazil, and Vogue International.

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