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The Magazine of Columbia Business School
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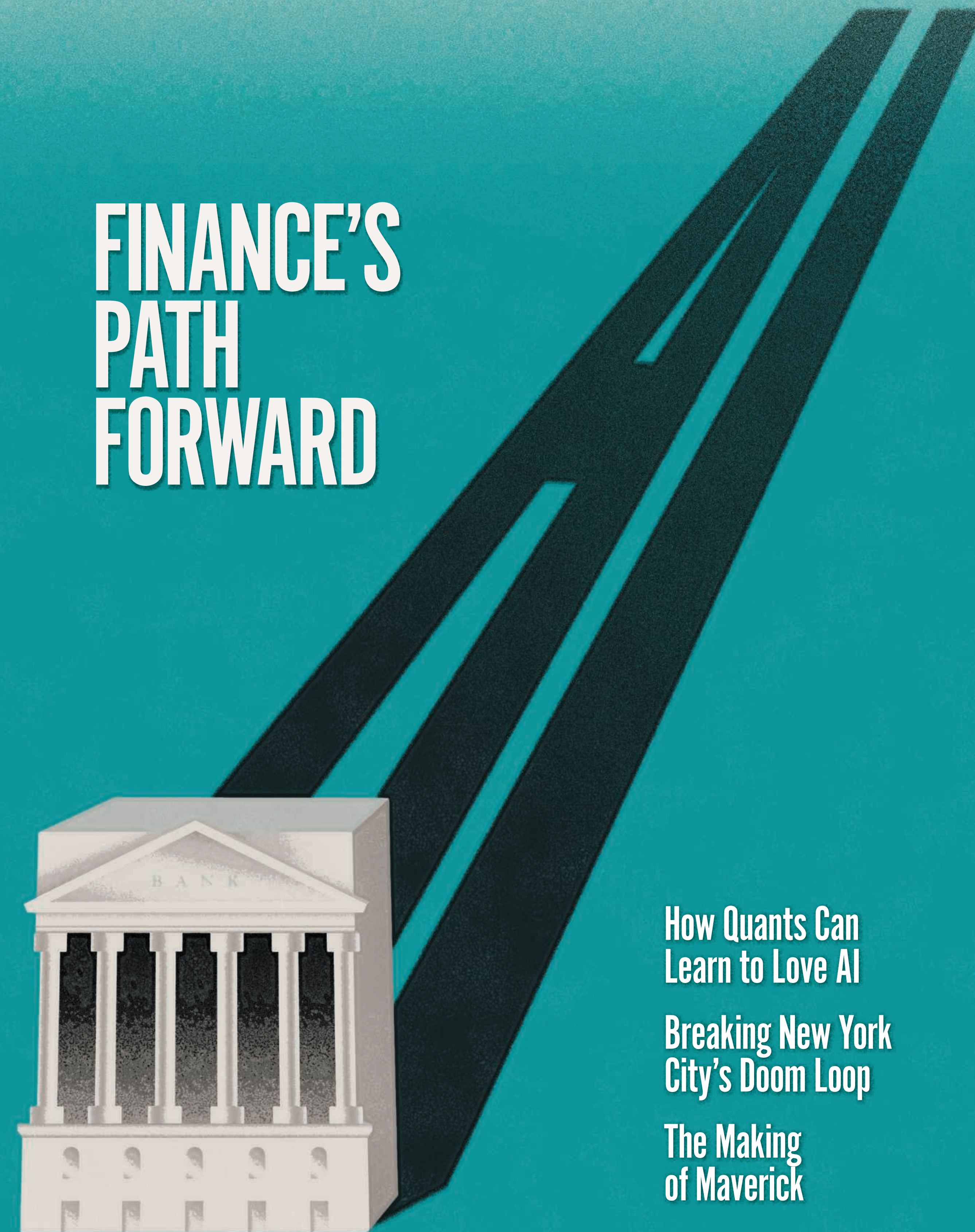
FINANCE'S PATH FORWARD



How Quants Can Learn to Love AI

Breaking New York City's Doom Loop

The Making of Maverick

From the Dean

Forging the Future of Finance

For over a century, Columbia Business School has stood at the forefront of new ideas, research, and best practices in finance and the capital markets. The foundation of that legacy was laid in the early 20th century when the theory and practice of value investing was pioneered by CBS Professors Benjamin Graham and David Dodd. As the finance industry continues to evolve, the School remains at the vanguard of its development, shaping the next generation of value investors and thought leaders in finance.

The most transformative technology of our time is artificial intelligence. It is revolutionizing almost every facet of society—from healthcare to education to how we do business. This is especially true for asset management, where top investment firms are using the technology to improve operational efficiency, communication, and cybersecurity.

The evolving role of AI in asset management holds the potential for increased efficiency, data-driven insights, and tactical investment decisions. It also poses an important question that many industries are grappling with now: How can we balance AI-powered efficiency with the need for human oversight and ethical decision-making? I can think of no one better to provide insights on understanding and utilizing AI than Professors Harry Mamaysky, Michael Johannes, Tania Babina, Charles Calomiris, and Kent Daniel, who is pushing the boundaries of AI in the field of quantitative analysis.

Beyond the world of AI, our faculty members are leading the way in other cutting-edge research. Of particular note is the work of Professor Stijn Van Nieuwerburgh, who has quantified the massive value destruction in regions that are heavily reliant on office occupancy and property taxes—what he calls the *urban doom loop*.

Other faculty members are helping advance our understanding of key issues impacting the finance industry, leading the way with essential, cutting-edge work. For example, Mamaysky's research on the influence of news on investor behavior is helping to improve our understanding of the financial markets, while Professor Jesse Schreger's work on sovereign debt and exchange rates has informed congressional panels examining the role of international financial institutions

in the global economy. Other faculty—such as Professors Tomasz Piskorski, who studies the $10 trillion US residential mortgage market, and Pierre Yared, who develops research on central bank policy—document and share important perspectives on the outlook for financial policy and regulation.

Private equity has long been a powerful force in the world of finance, and to stay at the forefront of this field, our Private Equity Program has been in a continuous state of evolution since its inception in 2007. One of the program's newest courses, Private Equity Finance, is designed to give students an insider's view of the essential aspects of corporate finance relevant to the private equity industry. Under the stewardship of Professor Michael Ewens, the course equips students with versatile skills to propel them throughout their professional journeys—and introduces them to some of the industry's most interesting players, many of whom are (of course) CBS alumni, such as Juliana Anderson '15 (Tailwind), Diego Donoso '12 (Apollo), and Elliot Feldman '16 (Cerberus).

Our connection to private equity runs deep, in particular through our esteemed alumnus Henry R. Kravis '69, co-founder and co-executive chairman of Kohlberg Kravis Roberts & Co. and a member of the CBS board. Henry is rightly regarded as a pioneer of the private equity industry, having spent more than four decades financing, analyzing, and investing in public and private companies, as well as serving on the boards of a number of KKR portfolio companies.

Finance is truly in our DNA, and it will continue to be a central part of our mission to develop leaders and enrich society through new research and ideas.

Costis Maglaras
Dean, Columbia Business School
David and Lyn Silfen Professor of Business

ColumbiaBusiness

Dean
Costis Maglaras

Editor-in-Chief
Roland Wyn Jones

Managing Editor
Carmen Marti

Contributing Editor
Jonathan Sperling

Project Manager
Romina DeNicola

Design
GSCreative

Contributors
Eileen M. Barroso, Eric Dillalogue, Erin Dodd, Catherine Downey, Kevin Erixson, Jesse Gale, Laura Graffitti, Katherine Haupert, Lara Hejtmanek, Brian Ho, Mackey Landy, Amy Lansky, Greta Larson, Keshia Mark, Cesar Martinez, Gabriel Mejia, Sami Mihali, Alex Nabaum, Sandra Navalli, Quadri Olanlege, Elaine Pofeldt, Kathleen Rithishorn, Traci Rosenthal, Monica Sambataro, Gracy Sarkissian, Jackie Sasaki, Kyle Schumacher-Picone, Charlotte Slota, Hannah Slow, Segovia Spelbrink, Kristin Svenningsen, Brandon Vallejo, Stephanie Walden, Lauren Westley

Editorial Office
Columbia Business School
665 W 130th St
New York, NY 10027

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FINANCE

Legendary Investor Ray Dalio: Make Your Work and Your Passion the Same Thing

Ray Dalio

Scan this QR code to watch a full video of the event.

For Ray Dalio, the path to career success began by simply "playing the game."

In Dalio's case, that game was investing: by the age of 12, he had already embarked on a successful investing career that would eventually lead him to found Bridgewater Associates, one of the largest hedge funds in the world.

At a fireside chat hosted by Columbia Business School's Finance Division, Dalio laid out his approach to investing, career growth, and the importance of learning from your mistakes.

"You're going to realize that the only way you learn is by having mistakes and experiencing and reflecting on those mistakes," Dalio said in a conversation with CBS Senior Lecturer Brian Lancaster.

Chief among Dalio's investing advice was the importance of diversification to mitigate risk. He suggested maintaining a portfolio of largely uncorrelated investments to hedge against significant loss. Dalio also argued for a granular investing approach, identifying sectors that are primed for growth as well as considering global macroeconomic factors.

Drawing parallels between his success in investing and his success as a hedge fund leader, Dalio stressed the importance of knowing one's personal nature and learning through experimentation and humility—something he experienced firsthand through the bear market of 1982, when he suffered significant losses.

"This was painful but maybe the best thing that ever happened in my life because it gave me the fear that I needed to balance with my audacity," Dalio said.

Similar to his investing philosophy, Dalio advised business professionals to view difficult moments in their careers as part of a larger game, gaining perspective and experience on the road to finding purpose and, ultimately, success. He stressed the importance of surrounding yourself with like-minded people who are able to challenge you.

Forming meaningful relationships throughout your career will help you create "radical truthfulness and radical transparency," Dalio said, as well as an appreciation for those with differing perspectives.

FACULTY

Professor Stijn Van Nieuwerburgh Wins Inaugural CBS Practice Prize

Columbia Business School has awarded its inaugural Practice Prize to Stijn Van Nieuwerburgh, the Earle W. Kazis and Benjamin Schore Professor of Real Estate.

Professor Van Nieuwerburgh received the award during a ceremony at the School in late April, where he was recognized for his work on the impact that remote and hybrid work has had on the commercial real estate industry and local economy. To describe this relationship, he coined the term *urban doom loop*—a reference to how declining office work in New York City has led to lower commercial property values, which in turn generate less tax revenue. This lack of tax revenue eventually leads to population loss and empty storefronts, as the quality of city services declines.

Policymakers and successful real estate corporations have used Van Nieuwerburgh's research to inform their decision-making and shape regulation around housing and development. His work has also been referenced by the Biden administration and cited widely in media outlets such as CNN, *The Atlantic*, and *The New York Times.*

DISTINGUISHED LEADERSHIP SERIES

Reid Hoffman on AI's 'Cognitive Industrial Revolution'

LinkedIn co-founder Reid Hoffman visited CBS in March to discuss the future of AI and the digital economy as part of an event hosted by Columbia Business School's Digital Future Initiative.

During a wide-ranging conversation with CBS Dean Costis Maglaras, Hoffman discussed the challenges of integrating AI into the global economy and managing the technology's explosive growth. He also made the case for policymakers to define specific outcomes rather than regulate AI with broad strokes and risk stifling innovation.

"What we are doing is creating the cognitive industrial revolution—the steam engine of the mind. AI greatly amplifies what we are capable of," Hoffman said. "The steam engine allowed you transport, logistics, and manufacturing. AI is now that but in cognitive and language characteristics."

Hoffman is well versed in AI's growth. In 2022, he co-founded Inflection AI, a studio dedicated to developing generative AI applications, such as the personal assistant Pi. He also serves as a partner at Greylock, a venture capital firm that has invested heavily in AI applications, infrastructure, and foundation models.

Hoffman warned that while there is value in open sourcing AI software to accelerate growth—something he became familiar with while serving on the board of Mozilla—bad actors can easily take advantage of its capabilities. While open source databases and web browsers are often benign, open source AI software has the potential to benefit election interference, cybercriminals, and rogue states. He added that the 2024 US election season will likely see the use of open source AI models to spread misinformation.

If open sourcing were limited to academic institutions or well-meaning entrepreneurs, Hoffman noted, he would support the practice. "But the problem with open sourcing is, once the model gets out of the barn, it's out there infinitely."

Reid Hoffman, left, with Dean Costis Maglaras

Scan this QR code to watch a full video of the event.

Dan Wang, the Lambert Family Associate Professor of Social Enterprise, speaks at Alleycon 2024.

STARTUPS

Tackling Tech's Burning Questions at Alleycon 2024

Alleycon 2024, CBS's premier technology, startup, and venture capital conference, took place in Manhattan's Financial District in February. The event, now in its fifth year, kicked off with opening remarks from Dan Wang, the School's Lambert Family Associate Professor of Social Enterprise and co-director of the Tamer Institute for Social Enterprise and Climate Change.

The conference's central theme was "Create." The organizers encouraged speakers and attendees to explore the ways in which technology—traditionally considered a disruptive force in the business world—must meet the moment and address seismic shifts in economics, politics, and global stability.

Keynote speakers included Andrew Yang, former presidential candidate and founder of the Forward Party; Ilir Sela, founder and CEO of Slice; and Nihal Mehta, co-founder of Eniac Ventures. Panels at the conference covered other prominent issues in business today, such as generative AI, the metaverse, the future of climate change, and innovation in the venture capital industry.

Yang's speech touched on his journey as a political candidate and how he sought to evoke meaningful conversation around poverty, economic stability, and other social justice issues. He also shared insight on finding the motivation to work hard, both as a political candidate and as an entrepreneur, noting that "the best entrepreneurs are fighting to solve a problem that they care deeply about."

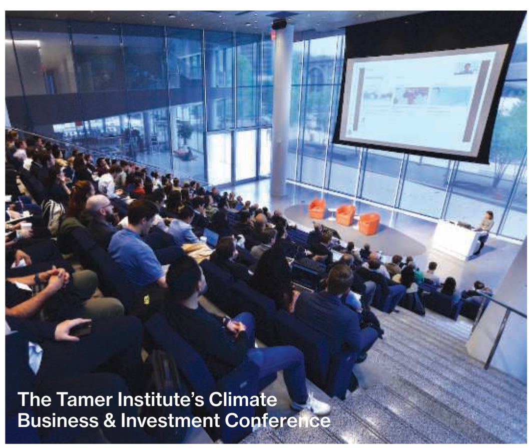
TAMER INSTITUTE

Meeting the Moment on Climate Education

A CBS center dedicated to addressing issues at the intersection of business and society is expanding to address the global climate crisis.

The Tamer Institute for Social Enterprise and Climate Change, formerly known as the Tamer Center for Social Enterprise, will expand its mission thanks to a generous donation from Sandra and Tony Tamer. This groundbreaking institute will build on a strong foundation and open the door for an increased volume of climate and sustainability research and teaching at CBS and give business leaders the tools to tackle the climate crisis.

"In this urgent moment for the climate crisis, effective business leadership is essential for our global response. The momentous elevation of the Tamer Institute will transform our capacity to address the climate crisis through our forward-thinking



The Tamer Institute's Climate Business & Investment Conference research and curriculum," says Costis Maglaras, dean of Columbia Business School and the David and Lyn Silfen Professor of Business. "We are tremendously grateful to Sandra and Tony Tamer for their vision and commitment to helping solve the dire impacts of climate change."

In addition to new research, the Tamer Institute expansion will provide a venue for University-wide interdisciplinary discourse on the climate crisis, including the Climate School, the School of International and Public Affairs, and the Fu Foundation School of Engineering and Applied Sciences.

The Tamer Center for Social Enterprise was established in 2015, thanks to a gift from the Tamers. The gift allowed for the launch of the Tamer Fund for Social Ventures, the expansion of the existing Loan Assistance program, the extension of the Social Enterprise Summer Fellowship Program to Columbia students beyond the Business School, funding for social ventures at the Columbia Startup Lab, and further development of the advisory network for Columbia's social entrepreneurs.

LEADERSHIP

Etsy's C-Suite Shares the Secret to Building Organizational Culture

From left: Josh Silverman, Colin Stretch, and Toni Thompson

Etsy C-suite members offered their insight on creating an effective organizational culture during an event hosted by the CBS Reuben Mark Initiative for Organizational Character and Leadership under the auspices of the Bernstein Center for Leadership and Ethics.

Etsy CEO Josh Silverman, Chief Legal Officer Colin Stretch, and Chief Human Resources Officer Toni Thompson spoke candidly with CBS's Adina Sterling, the Katherine W. Phillips Associate Professor of Business, as part of the C-Suite Conversation Series. The executives discussed how Etsy's symbiotic partnerships, with emphasis on human connection and adaptability, align and inform the greater vision and values of the company.

Thompson noted that while there is no "textbook way" to build a company's culture, the process begins with a series of guiding principles. At Etsy, those include embracing diversity, minimizing waste, leading with optimism, and committing to continuous learning.

"I think that is really the start: having intention around the type of culture you want to create but then keeping [the principles] top of mind and putting them into the practice of the organization," Thompson said.

When asked how Etsy's internal culture helps cultivate and maintain its more than 6 million sellers, Silverman highlighted the importance of agency, as well as promoting human-centric approach to leadership between sellers, buyers, and Etsy management.

"The core of Etsy is the human connection that happens when you buy something from someone who made it themselves just for you—the story that comes with that, the friendship that comes with that."

CLIMATE KNOWLEDGE INITIATIVE

Decarbonizing Steel: A Call for Transformative Action

CKI workshop

CBS hosted a workshop geared toward tackling soaring steel emissions as part of its Climate Knowledge Initiative. The event, which featured nine global steel experts, came as global steel emissions have more than doubled since 2000. Panelist Kyung-sik Kim said the leading reason for increased emissions is the growing level of steel production but also, more importantly, the copious amounts of coal used to manufacture it. When coal is combined with iron ore, it produces large amounts of carbon dioxide, or CO2.

"To see the future of steel, we need to look to the past," said Kim, who was a longtime senior executive at Korean steelmaker Hyundai Steel and currently heads South Korea's Steel Scrap Center. He noted that while societies have been making and relying on steel for millennia, the Industrial Revolution supercharged steel's usage.

Together, the panelists shared four key insights aimed at stymying global temperature increases and preventing the worst effects of climate change. First, they posited that multiple technologies for producing lower carbon steel exist—including electrolysis and clean hydrogen—though not without added costs. Second, they noted that steelmakers and sustainability must compromise on both cost and emissions when it comes to implementing regulation. As Chris Bataille, an adjunct research fellow at the Center on Global Energy Policy at Columbia's School of International and Public Affairs, said, "Decarbonization is not about just one technology or one part of the process."

Third, panelists called for a consensus definition of both green steel and green iron. While work to pin down exactly what green should mean started in the European Union and India, the conversation is far from global. Many panelists advocated for a production tax credit for green iron, but for that, a clear definition is needed, they said.

Last, the panelists recommended that a just transition for steel should include resources for educational and training programs. They specifically emphasized the need for educational programs to train people in new steel technologies in India and China, where the demand and development of steel is growing.

BOTWINICK PRIZE

Business Ethics Prize Goes to Delta CEO Ed Bastian

CBS's Bernstein Center for Leadership and Ethics awarded Ed Bastian, CEO of Delta Air Lines, the 2024 Botwinick Prize in Business Ethics in honor of his values-based leadership approach.


Ed Bastian, right, with Professor Modupe Akinola

The Botwinick Prize was established in 1989 by Benjamin '26 and Bessie Botwinick as a way to celebrate business leaders who exemplify the highest standard of professional and ethical conduct and decision-making across an array of industries.

During a conversation with Modupe Akinola, the Barbara and David Zalaznick Professor of Business and Bernstein Faculty Director at CBS, Bastian credited Delta's success to the company's hands-on leadership style that gives employees insight into the company's strategy from the top down. Notably, Bastian keeps his email address public and unchanged, inviting both employees and customers to reach out with concerns.

"I want to know what's going on. I want our people, I want our customers. I want our community to be able to reach me," Bastian said. "Culture then starts to revolve around that knowledge and that sense of accessibility and visibility from the top down," he added.

Bastian also touched on how he led Delta's response following the murder of George Floyd in May 2020. Later that year, after encouraging fellow CEOs to join, he committed Delta to the OneTen initiative, which aims to advance Black talent by hiring and training 1 million Black Americans with nontraditional backgrounds over the next decade. Bastian highlighted how Delta had altered its hiring specifications to attract such talented prospects by removing barriers to entry, such as four-year degree requirements.

While Bastian noted that a leader's "values are everything," he stressed the importance of tomorrow's business leaders simply "enjoying the experience" above all. "There's a famous saying that leadership can be lonely or that it's lonely at the top. If you're lonely at the top, you're a bad leader." Bastian said. "Do something that matters, something that you care about. Do it with others that you love, and you'll have a wonderful career wherever your path takes you."

AWARDS

CBS Campus Clinches Prestigious Prix Versailles Architecture Award

Henry R. Kravis Hall and David Geffen Hall, part of Columbia Business School's new Manhattanville campus, earned the 2023 Prix Versailles World Special prize in the campus category as part of the Prix Versailles awards.

The prestigious annual architectural competition chose the School's buildings based on a series of design principles held in high regard by the United Nations: innovation, creativity, sustainability, reflection of local heritage, and ecological efficiency.

The 492,000-square-foot campus, designed by Diller Scofidio + Renfro in collaboration with FX Collaborative, also received the 2023 Urban Land Institute New York Award for Excellence in Institutional Development and an Honor Award in the Architecture category from the American Institute of Architects New York.

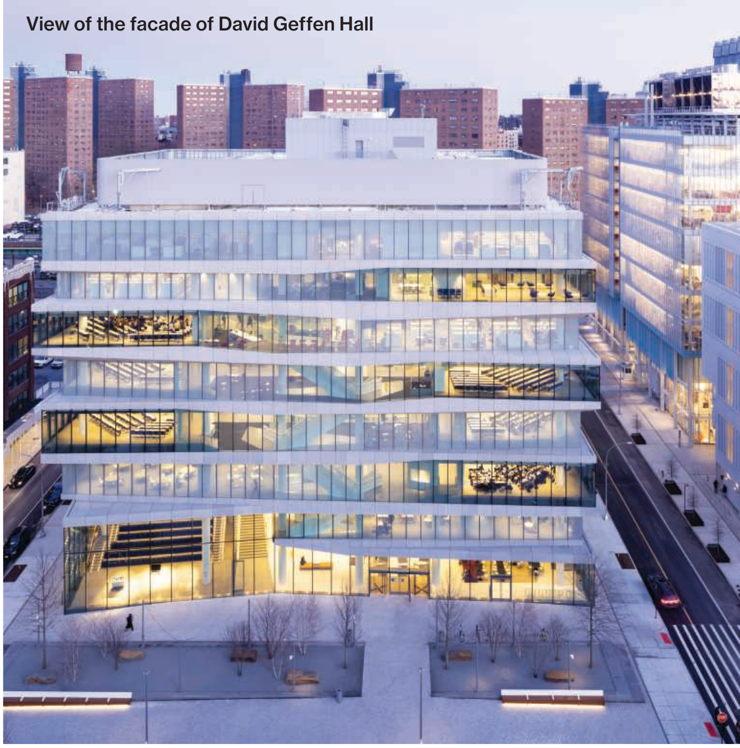
"Winning the Prix Versailles competition is another prestigious accolade the new Business School has earned, affirming the innovative design in its form, function, and environmental efficiency," said Hany Ayoub, deputy vice president of Manhattanville Development.

STUDENTS

Unprecedented Number of CBS MBA Students Placed in IB Summer Internships

CBS's first-year MBA class set a milestone this year, becoming the most-accepted investment banking summer internship class in the School's history.

The latest CBS data show that approximately 115 first-year MBA students accepted internships at 23 different investment banks. The landmark recruiting season follows the debut of


View of the facade of David Geffen Hall

OfferLink, the School's new matching algorithm aimed at aligning students and employer preferences for summer internships in the investment banking industry.

CBS's Dean's Office credited these outcomes to the "proactive efforts of students," as well as the collective effort of CBS faculty, the Career Management Center, the Investment Banking Club, and direct engagement with employers.

MANHATTANVILLE WOMEN'S INITIATIVE

Alumnae Fundraise over $400,000 in Honor of CBS Women in Asia

A group of Columbia Business School alumnae has successfully raised more than $400,000 to dedicate a cluster of study rooms inside David Geffen Hall.

The Women's Committee of the CBS Hong Kong Alumni Club spearheaded a campaign to dedicate a cluster of three study rooms in honor of CBS Women in Asia. The study rooms, located on the third floor of Geffen Hall, seat up to six students each and are nestled in a high-traffic location near the CBS board room—named in honor of the Women of CBS—the S. Steven Pan '88 Business Library, the Student Affairs Center, and the Uris Family Corner classroom.

The group originally targeted a fundraising goal of $250,000 to name a single conference room on campus. However, it surpassed that goal, raising a total of $411,650 from 47 donors across Asia.

The campaign came as part of the larger Manhattanville Women's Initiative, an endeavor undertaken by a group of alumnae that aims to celebrate the dynamic community of CBS women, their achievements, and their importance to the School by visibly representing them in the Manhattanville campus.

"When the School started fundraising for these two new buildings, it struck me that it would be a wonderful thing, as women were becoming more and more present in each class, to have a gift from women who had gone through the halls of Columbia Business School to honor all the women of our community—past, current, and future," said Shelly Lazarus '70, one of the founding members of the initiative, upon its launch.

"Women are half the universe. We want to get to a point where women are half the universe everywhere and of everything: half the students, the faculty, the CEOs, and half the giving," Lazarus added.

The Women's Committee of the CBS Hong Kong Alumni Club first rallied together in Hong Kong and then throughout Asia, hosting a multitude of fundraising and community events. The events featured CBS faculty and alumni who spoke on topics such as personal finance, mindful leadership, art, and fashion. In 2023, the group hosted a luncheon with CBS Dean Costis Maglaras, the David and Lyn Silfen Professor of Business. The event, which took place in Hong Kong, saw 50 alumnae in attendance from throughout Asia.

"It is a testament to the collective spirit and commitment of our alumnae in Asia that they not only met but significantly surpassed their fundraising goal," Maglaras said. "This success speaks volumes about their dedication to the School's mission, and we are grateful for the pivotal role they play in the CBS community."

Individual naming opportunities on the School's campus are still available. For more information, contact Sami Mihali at sr3514@gsb.columbia.edu

SILFEN LEADERSHIP SERIES

NBA G-League COO Portia Archer '98 Talks Disrupting Sports and Breaking the Glass Ceiling

When Portia Archer '98 joined the NBA in February 2020 as chief operating officer of the NBA G League, she made history, becoming the first woman and African American to serve in the role. At an event hosted by Columbia Business School's Silfen Leadership Series, she shared insight on

The Women's Committee of the CBS Alumni Club of Hong Kong welcomed Dean Costis Maglaras and alumni at an event held in April 2023.

her career achievements and how tomorrow's business leaders can succeed by building and nurturing relationships.

In her current role, Archer leads the operating activities and commercial growth of the league through oversight of content and media distribution, fan development and engagement, global partnerships, and strategic initiatives. During her tenure, the G League has experienced unprecedented growth and expansion in the United States and across the globe, including 32 teams and four new franchises.

Archer, who has also served in executive leadership roles at NBC Sports Group and the British Broadcasting Corporation, noted that continuously learning from the experiences of her peers has been important to her career success. She also said these relationships can be critical to breaking barriers in any field.

"Nurturing and developing relationships while you're here at CBS is one of the key things that can be used as a tool to break the glass ceiling," Archer said, noting the challenges women often face in male-dominated industries, such as pay parity and representation at the leadership level. Building relationships can often open the door to valuable employment opportunities and critical information about a particular role, according to Archer.

DIGITAL FUTURE INITIATIVE

Navigating the Workforce in the Age of AI

As it becomes increasingly common for today's professionals to work alongside AI technology, the need for them to meld technical skills with human skills is paramount, according to faculty experts at Columbia Business School.

That idea was at the heart of a CBS Digital Future Initiative panel discussion in March on the growing role of AI in the workforce. Moderated by Stephan Meier, the James P. Gorman Professor of Business at CBS, the event asked panelists to unpack what it truly means to be a skilled leader in the AI age.

The panelists, including Assistant Professor of Business Tania Babina, Adjunct Assistant Professor of Business Jeffrey Schwartz, and technology consultant Angela Jung '20, agreed that while these skills vary depending on the job's specific roles, one skill is certain to be valuable: adaptability.

"The ability to innovate, take calculated risks, and learn about next-gen capabilities is crucial," Jung said, adding that the "ability to ask the right questions and have a healthy dose of skepticism" is also important.

Schwartz, a professor in the School's Management Division, noted adaptability will only become more valuable as technology advances and the "half-life" of technical skills decreases.

Babina added that the ability to self-manage will also become more important, increasing the need for skills such as active learning, resilience, stress tolerance, and flexibility. As workers become expected to collaborate more and more with AI, the intersection of human skills and technical skills will be critical. That means skills in technology use, monitoring, control, design, and programming will be essential.

Regardless of AI, however, the most important thing for tomorrow's workforce is to prioritize growth and development opportunities, as well as the alignment of a company with values and compensation.

"What people are really looking for is an organization where they can actually grow," Schwartz said.


From left: Professors Stephan Meier, Tania Babina, and Jeffrey Schwartz

Scan this QR code to watch a full video of the event.

Scene@CBS

Andrew Yang, founder and co-chair of the Forward Party, speaks during Alleycon 2024.

Renée DiResta, research manager at the Stanford Internet Observatory, speaks at a Hub event on the spread of harmful narratives across social networks.

Xavier R. Rolet '84, former CEO of the London Stock Exchange, speaks during the 4th Annual Chazen Global Business Forum.

Former US Attorney General Eric H. Holder Jr. speaks during the Black Business Students Association's 2024 Elevate Conference.

CBS Green Business Club Co-President Chris Scanzoni '24, left, hosted Robert Habeck, vice chancellor of Germany and federal minister for economic affairs and climate action.

NBA G League COO Portia Archer '98 speaks during an event hosted by the School's Silfen Leadership Series.

Stephan Meier, the James P. Gorman Professor of Business, left, moderates a conversation between Professor Olivier Toubia, the Glaubinger Professor of Business, right, and Golnar Khosrowshahi '97, founder and CEO of Reservoir Media and DFI advisory board member, on GenAI and the human creative process.

CBS Dean Emeritus Glenn Hubbard, the Russell L. Carson Professor of Finance and Economics, left, joined Tano Santos, the Robert Heilbrunn Professor of Asset Management and Finance, to discuss the lasting legacy of Adam Smith on the 300th anniversary of the economist's birth.

The Empire State of Mind: Innovation in Hip Hop event explored the rich legacy of hip-hop, including the economic impact, entrepreneurial spirit, and influence of the genre on various industries.

Professor Michael Ewens teaches the Private Equity Finance course.

Closing the Deal in the Classroom—and Beyond

An ever-changing private equity landscape requires a state-of-the-art curriculum.

BY JONATHAN SPERLING

The private equity industry has been in a continuous state of evolution since its inception. From the days of leveraged buyouts and hostile takeovers to the current boom of venture capital and impact investing, today's business leaders are expected to know every facet of the industry, inside and out.

Enter Columbia Business School's Private Equity Program, an unparalleled network of CBS alumni, faculty, private equity professionals, and other members of the business community. The program, launched in 2007, bridges the gap between academic theory and leading practitioners in the private equity industry through research, events, and courses.

Thanks in part to its ever growing and accomplished alumni network, as well as experienced faculty members, the program is consistently on the cutting edge of the private equity industry, providing students with an unrivaled look into an industry that is only growing.

It Starts in the Classroom

Setting up students for success in the private equity industry starts with a solid overview. To give students this foundation, CBS offers a variety of private equity courses, such as Mergers and Acquisitions. The newest course among them, however, is Private Equity Finance, aimed at giving students an insider's view of the essential aspects of corporate finance relevant to the private equity industry.

Taught by Michael Ewens, the David L. and Elsie M. Dodd Professor of Finance, the course equips students with flexible skills designed to serve them throughout their careers, while also providing a state-of-the-art view of the current industry.

"If you had to pick one option in finance that was the most adaptable and dynamic, it's fair to say that private equity in the alternative asset space is the place to be," says Ewens.

Unlike traditional financiers, who work in environments that can be stagnant and reactive, private equity professionals are constantly asked to create new solutions to challenges such as deal structuring or funding negotiations, he says.

"Private equity is built to adapt to change," adds Ewens, who also serves as co-director of the Private Equity Program alongside Professor Donna Hitscherich, a senior lecturer of finance and a faculty leader at the Sanford C. Bernstein & Co. Center for Leadership and Ethics.

Ewens explains that the curriculum's unique format gives students a leg up in the industry. Mirroring the industry-standard private equity cycle, a series of six modules takes students through selection, valuation, and harvesting fundamentals. Students begin by learning the structure of private equity firms, the sources of value-add, and how to evaluate a target company, all while taking into account the needs of investors and management.

The class consistently hits on two themes. First, that investors in private equity firms—limited partners that include endowments, pension funds, insurance companies, and family offices—have demands for the funds they invest in. Second, students must constantly ask why potential buyout targets do not implement the changes brought by private equity investors themselves. In the next part of the class, students tackle funding negotiations, deal structuring, and valuation. Throughout, students are working with the leveraged buyout financial model to evaluate deals.

Once students grasp valuation and deal structuring, later modules cover regulatory frameworks that govern the private equity industry. After

Juliana Anderson '15

learning about closing a buyout transaction, the students take on a critical perspective: private equity as business owners. Here is where the private equity investor's company ownership allows for implementation of value creation plans.

The course's assignments build up to a final project that bridges the gap between the classroom and professional work. Students find a publicly traded company and prepare an investment committee memo for a take-private transaction, acting as hypothetical investment professionals in the class' "PEF Partners" fund.

> "My job in the classroom is to help address the what and the why. The guest speakers provide the how of private equity."
>
> **Michael Ewens, the David L. and Elsie M. Dodd Professor of Finance**

Students who complete the course can expect to have a deep understanding of the major players in the private equity industry, as well as the ability to evaluate investment opportunities and write an investment thesis. They will also be able to build valuation and capital structure models for leveraged buyout deals, weigh the pros and cons of different exit opportunities, and articulate the drivers of value creation provided by private equity ownership.

"My job in the classroom is to help address the what and the why. The guest speakers provide the how of private equity," Ewens says.

Learning from the Industry's Best

The new curriculum would not be complete without students learning from CBS alumni who have conquered the private equity field. Guest speakers featured in the classroom allow students to draw a straight line from theoretical classroom knowledge to industry case studies, explained by the private equity professionals who were actually involved in closing the deal.

"Beyond traditional due diligence and the underwriting process, an important part of working on any private equity transaction is developing strong alignment with management teams on value creation plans, supported by appropriate governance and incentive structures, in order to ensure all stakeholders are aligned and can benefit from success," guest speaker Elliot Feldman '16, senior vice president at Cerberus Capital Management, told students during a Private Equity Finance class.

In addition to Feldman, guest speakers in the class included Diego Donoso '12 (Apollo), Juliana Anderson '15 (Tailwind), Evan Einstein '19 (L Catterton), David Spiller '06 (Bain Capital), Michael Shmulevich '20 (Cerberus), Kate Hastings '09 (Welsh Carson), and Bruce Douglas '91 (CEO, EducationDynamics).

After a speaker presents an anonymized version of a deal, students are asked to write their own case memo with responses to the topic and how they would recommend the deal be approached. Additional assignments include work on investment selection and valuation.

"The alumni have the experience with the School and understand the unique way the School fits into the PE industry," says Ewens, who adds that the guest speaking component opens the door for important interactions between students and nine CBS alumni.

Research and Practical Applications

In late February, CBS invited PhD students and faculty to its second Columbia Private Equity Conference. The two-day gathering of academics was organized by Ewens and Assistant Professor of Business Emmanuel A. Yimfor.

The first day of the conference featured a PhD workshop, while the second day saw the presentation of five papers on contemporary research related to private equity, venture capital, and entrepreneurial finance. Academics from universities around the world, including Harvard Business School, Wharton, the London Business School, and the Frankfurt School of Finance & Management, were also in attendance.

The Private Equity Program, in collaboration with the School's Executive Education program, also hosts Deal Camp. The interactive, multiday learning event features presentations and panels moderated by CBS faculty. Attendees learn the fundamentals of private equity, from deal sourcing and fund formation to leveraged buyouts and the role of venture capital. Additionally, the program builds on CBS's course curriculum, teaching attendees through hands-on case studies and giving them the opportunity to network with established industry professionals.

The Birthplace of Private Equity

While CBS's private equity curriculum might be new, the School's connection to the industry goes back decades.

In May 1976, CBS alumnus Henry R. Kravis '69, then a partner at Bear Stearns, co-founded Kohlberg Kravis Roberts & Co. with George Roberts and mentor Jerome Kohlberg. Kravis would go on to serve as KKR's co-CEO alongside Roberts. Kravis has served as the company's co-executive chair since 2021.

KKR wrote the script for private equity strategy in the latter half of the century, specializing in multiple alternative assets and leading the leveraged buyout boom of the 1980s. Today, KKR is known as one of the largest and most successful private equity firms in the world.

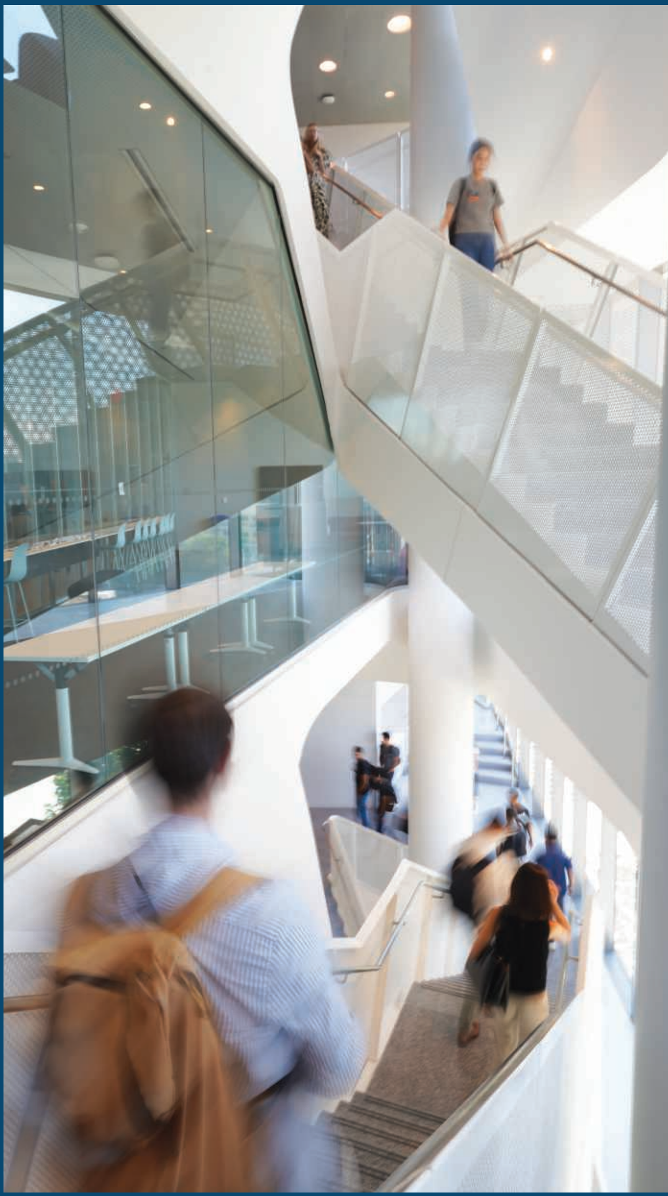
The School's Private Equity Program solidifies this decades-long legacy, placing it at the forefront of the industry's research while also bridging the gap between academic instruction and real-world experience. Currently, the program has a roster of 200 alumni mentors who regularly meet with students, including at weekly breakfast events. This gives students the opportunity to meet and learn firsthand from industry practitioners, giving them an important professional network on top of the skills learned in the classroom.

The Private Equity Program also hosts an annual Diversity, Inclusion, and Innovation Competition alongside KKR. The competition challenges students to identify and pitch a company as a leveraged buyout candidate. Finalists have the opportunity to present their findings to an investment committee composed of KKR executives.

"PE was born here," Ewens says, "so it means a lot that the course is being taught here." ■

Investigating Gender Inequities in Private Equity

Closing the gender gap starts by digging into the data.



Women are significantly underrepresented in the private equity industry, even more so than in comparable graduate-level professional fields. To better understand this complex gender gap, a group of researchers has begun to source comprehensive data to create a new database of investment professionals working in the private equity industry.

The researchers, which include Michael Ewens, the David L. and Elsie M. Dodd Professor of Finance and co-director of the Private Equity Program at Columbia Business School, and Emmanuel A. Yimfor, assistant professor of business in the Finance Division at CBS, will use the data to document the differences in career paths between male and female private equity professionals.

Phase 1 of the study, due for completion this fall, creates an annually updated dashboard highlighting industry progress on advancing gender equity in the industry. Paired with a written report analyzing the data, it will also allow firms the ability to compare progress on gender diversity with other firms and across geographies. So far, the study has found that women occupy just 13 percent of senior roles in private equity and 30 percent of junior roles.

Phase 2, which is set to begin later this year, will trace the step-by-step career trajectories of men and women in the private equity space, as well as promotion rates, industry exit rates, and more.

The database will be maintained by the Private Equity Program at Columbia and produce semiannual reports on both representation and career trajectories of men and women in the industry. ■

Community

Lessons from Bridging the American Divides

Amid unprecedented polarization, business leaders must foster constructive dialogue.

BY JONATHAN SPERLING

Division in America has been on the rise in recent years, and few areas of US public life remain untouched. Whether it's a discussion at a family gathering, over social media, or at a coffee shop, Americans are more polarized than ever. There is frustration that others "don't get it" and that they don't want to talk about it.

While these contentious differences are highly visible in social and political arenas, they have also permeated the business community, forcing companies to take stands, as such divides affect everyday business decisions and employee engagement. But today's wide-ranging divides—racial, economic, geographic, education, media, and others—have challenged business leaders.

Where do these divides come from? Why are they relevant to business leaders? And what can they do to address them? Answering those questions is the goal of Values in Action, one of Columbia University's latest initiatives aimed at closing the conversation gap.

> "Empathy is trying to understand why that person reached that conclusion. What is it about their lived experience that brought them to that conclusion? It doesn't mean you have to agree with them."
>
> **Bruce Usher, the Elizabeth B. Strickler '86 and Mark T. Gallogly '86 Faculty Director of the Tamer Institute for Social Enterprise and Climate Change**

At an event hosted by The Hub at Columbia Business School in February, students, staff, and faculty gathered to discuss how business leaders can better understand and address rising polarization. Dialogue Across Difference: Lessons from Bridging the American Divides was led by CBS's Todd Jick, the Reuben Mark Faculty Director of Organizational Character and Leadership at the Bernstein Center for Leadership and Ethics, and Bruce Usher, professor of professional practice and the Elizabeth B. Strickler '86 and Mark T. Gallogly '86 Faculty Director of the Tamer Institute for Social Enterprise and Climate Change. For seven years, Jick and Usher have taught a course of the same name aimed at a future crop of business leaders concerned about the increasing divides in this country.

"Two people can look at the exact same situation, filter that through their lived experience, and immediately jump to a different conclusion based on their intuitions. They then find the facts to support their conclusions, and now they are polarized," Usher said at the event.

He explained how humans are wired to make instantaneous decisions based on intuition and then seek out facts that back up these conclusions while ignoring facts that don't. While this way of thinking works well for simple and immediate threats, complex issues—such as climate change, immigration, employment, and healthcare—aren't served nearly as well.

Jick showcased research that found a majority of people prefer to avoid difficult dialogue about such contentious issues and often feel highly stressed and fearful of having such a dialogue. As a result, "unfriending" and distancing from those who differ from us becomes all too common. While this behavior may temporarily ease one's anxieties, polarization deepens and constructive dialogue all but dissolves.

Charting the Course

The Bridging the American Divides course was born out of a conversation hosted by Raymond Horton, the Frank R. Lautenberg Professor Emeritus of Ethics and Corporate Governance at CBS, and Glenn Hubbard, dean emeritus and the Russell L. Carson Professor of Finance and Economics. While discussing the rise of populism in America, just days before the election of US President Donald Trump in 2016, the professors posited that many Americans on the country's coasts were unaware of the sentiments of people living in the heartland. After Trump was elected, they knew something had to be done to bridge the gap.

The course features six weeks of lectures and discussions designed to give future business leaders a better understanding of the causes and consequences of the many American divides. Following the lectures, students take a multiday trip to Youngstown, Ohio, where they engage with residents working in local businesses and community, government, religious, and nonprofit organizations.

Usher noted that while it once was the role of government and nonprofit organizations to broker bipartisan conversation, business leaders "can no longer ignore these issues, whether they like it or not." Surveys show that business stakeholders—including customers, employees, and investors—are expecting CEOs to respond to many of the most contentious issues dividing Americans today.

"You really don't have a choice. You have got to be familiar with these issues and figure out how you want to address them," Usher said. As such, the course offers first principles and techniques for constructive dialogue that can bridge divides in opinions and views.

For example, Jick and Usher recommended a "listen to understand rather than respond" strategy to overcome the deep instinct to win, advocate, and persuade. Indeed, Jick stressed that business leaders and others must resist the goal of changing minds and the self-satisfaction in communicating their own viewpoints and instead elevate the goal of active listening. This requires the discipline to learn new speaking and listening skills.

Jick illustrated how language of "truth" polarizes while language of "here's what I see from my experience" enables dialogue. He added that this is mirrored by listening in ways that demonstrate an authentic desire and curiosity to understand others' life experiences and vantage points.

Jick illustrated how language of "truth" polarizes while language of "here's what I see from my experience" enables dialogue. He added that this is mirrored by listening in ways that demonstrate an authentic desire and curiosity to understand others' life experiences and vantage points.

Professor Todd Jick

Professor Bruce Usher

While many business school courses revolve around teaching students how to be analytical and reactive to a particular issue, the Bridging the American Divides course teaches empathy as a key building block. “Empathy is trying to understand why that person reached that conclusion. What is it about their lived experience that brought them to that conclusion?” Usher said. “It doesn’t mean you have to agree with them.”

Jick stressed that the course requires students to go beyond their comfort zone and natural affinity groups and reach out to people with opposing viewpoints, including one assignment to read media from “the other side.” Students say this is one of the keys to the course’s success.

By reaching out to the other side, students are better able to approach conversations around globalization, immigration, and job loss, as well as more structural divides, like race, income, geography, education, and media. Moreover, Jick and Usher challenge their students to become responsible and skillful leaders who model the principles of constructive dialogue, empathy, humility, and curiosity.

The Bigger Picture: Values in Action

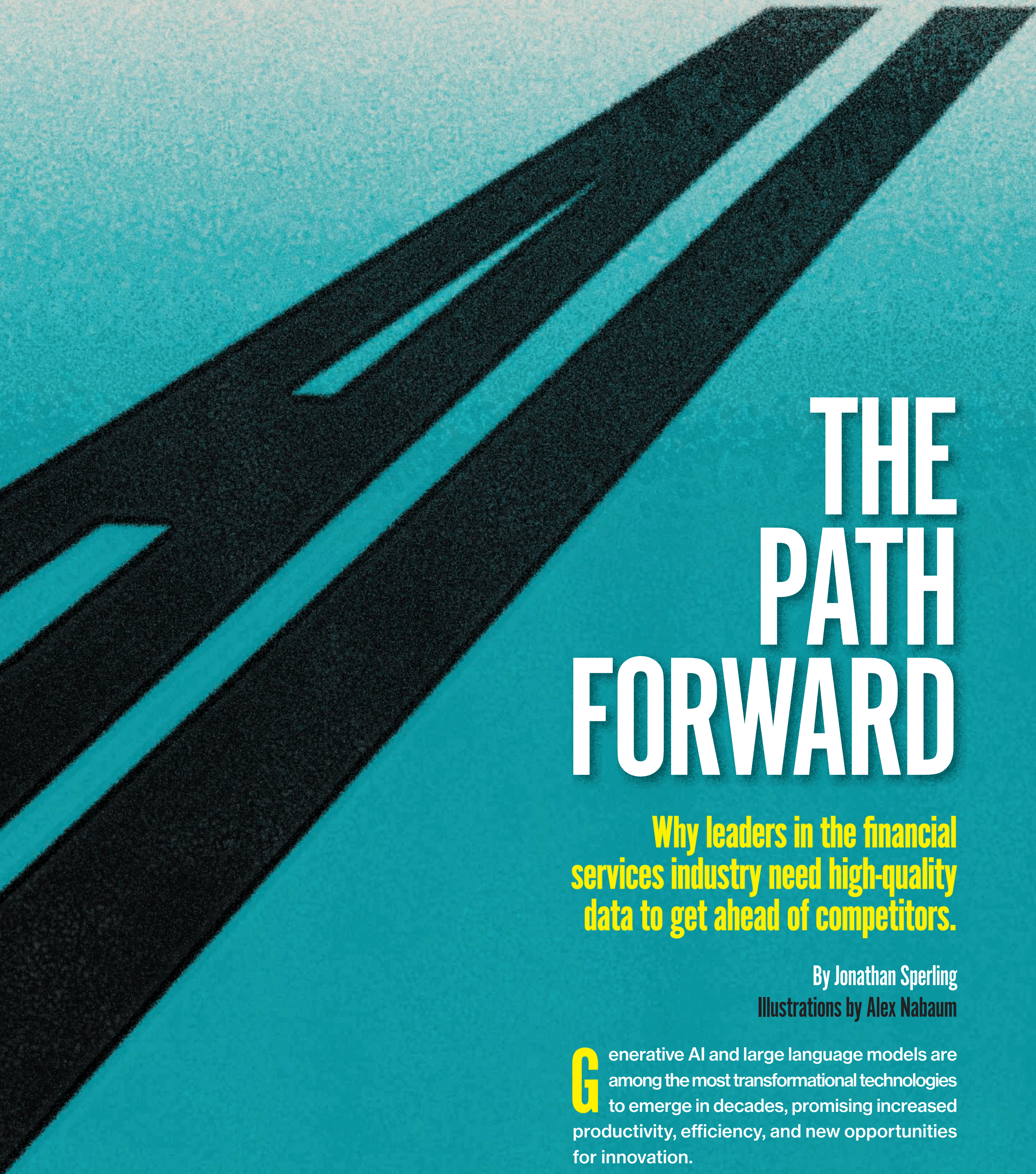
Columbia University launched the Values in Action initiative in December 2023, shortly after the start of the Israel-Hamas War. In doing so, the University is fostering a community where debates and disagreements are rooted in academic rigor, civil discourse, and, above all, compassion.

In addition to Dialogue Across Difference, the Values in Action initiative includes Listening Forums, hosted by Columbia’s Office of the President, and a new rapid response process aimed at making it easier for students, staff, and faculty to report hate speech, harassment, and other forms of disruptive behavior.

“Our community must be defined by both freedom of speech and mutual respect,” Columbia University President Minouche Shafik said in a video announcing the initiative. “Our conversations need to be rooted in academic rigor, scholarship, and civil discourse, not taunts and cruelty.”

Shafik’s message followed a letter signed by the deans of the University’s 17 Schools, which called for “courage, leadership, and mutual respect.” ■


BANK



THE PATH FORWARD

Why leaders in the financial services industry need high-quality data to get ahead of competitors.

By Jonathan Sperling
Illustrations by Alex Nabaum

Generative AI and large language models are among the most transformational technologies to emerge in decades, promising increased productivity, efficiency, and new opportunities for innovation.

Yet, even before the mainstream rise of ChatGPT and its cohort in late 2022, financial services stood at the forefront of the AI revolution: major institutional players such as JPMorgan Chase, Vanguard, and Morgan Stanley have used AI to assist with asset management for several years.

Now, both big and small companies are looking to use these technologies for everything from managing funds to hiring employees. Venture capitalists and startup founders alike rely on AI tools to build better products and make critical investment decisions. The market for AI tools in asset management alone is projected to hit nearly $12 billion by 2030, according to data from research firm MarketDigits. That means it is imperative for today's business leaders to be aware of AI's influence, its potential regulation, and how to leverage the technology to get ahead—and stay ahead—of competitors.

As AI's influence grows, Columbia Business School's faculty are at the forefront of research on how the technology will disrupt the financial services industry and how business leaders are using it to get ahead.

Industry participants have access to a wealth of information—financial data, news headlines, and company reporting, for example—yet they often fail to pay attention to much of it, even though it may be crucial, says Harry Mamaysky, professor of professional practice in CBS's Finance Division.

"Using AI, we can gain insights from this greater volume of information to understand the things that we should be worried about," he adds.

Mamaysky also serves as faculty director for the School's Program for Financial Studies, which promotes research in financial economics and quantitative finance. In addition, Mamaysky and his team manage the School's Master of Science in Financial Economics program.

CBS faculty members who specialize in researching the finance industry have analyzed the ethical issues and regulatory impacts of AI to better understand how companies in the space can better leverage the technology and why it is certain to change the industry forever.

DAVID VS. GOLIATH

As AI and finance become increasingly intertwined, both institutional players and smaller startups have invested heavily in making the technology work to their advantage. In February 2024, Bloomberg reported that industry giant Vanguard has experimented with using machine learning to manage several of its active stock funds to the tune of $13 billion. Two funds—the $7.8 billion Vanguard Strategic Equity Fund and the $1.5 billion Vanguard Strategic Small-Cap Equity Fund—beat peer funds and exceeded benchmarks in 2023.

Similarly, smaller financial firms, such as Live Oak and Five Star Bank, have adopted machine learning to help guide their credit and auto lending decisions. However, larger firms benefit the most, according to research by Assistant Professor of Business Tania Babina, who works in CBS's Finance Division.

In a paper forthcoming in the *Journal of Financial Economics*, Babina, along with fellow researchers Anastassia Fedyk, Alex Xi He, and James Hodson, found that larger financial firms in particular can capitalize on AI because they are able to generate more customer data than their smaller competitors. This creates a snowball effect, where already-large firms that invest in AI grow larger, gaining more sales, employment, and market share in comparison to their smaller competitors. Additionally, larger firms can further expand through product innovation and increased product offerings.

"The benefits from AI depend to a large extent on who owns big data—the key input to AI technologies," according to the paper.

Still, smaller firms shouldn't be counted out from leveraging AI technology to great success. A case in point is Maverick Real Estate Partners, a private equity fund manager that invests in distressed debt (see story on p. 38). David Aviram '06 and Ted Martell '06 began cultivating the firm's data infrastructure a decade ago. By collecting property data at the Manhattan County Clerk's Office, the two were able to develop a proprietary algorithm to detect promising leads. Today, the firm has invested nearly $1 billion in New York's commercial real estate industry, thanks in part to the quality of their data.

Effective AI users should be focused on collecting a large amount of high-quality data and dedicating resources to data organization. In doing so, these companies will have a better chance at monetization down the road, according to Michael Johannes, the Ann F. Kaplan Professor of Business at CBS and chair of the School's Finance Division.

Industry participants have access to a wealth of information—financial data, news headlines, and company reporting, for example—yet they often fail to pay attention to much of it, even though it may be crucial.

Harry Mamaysky

PROFESSOR OF PROFESSIONAL PRACTICE

"It's about getting your data and getting it organized," he says, adding that the role of data and its use can vary significantly depending on where you work. For example, the data-driven approaches used by a managing director at an investment bank would likely differ from those employed by someone running a private equity fund.

Still, he adds, the good news is companies across the financial industry are increasingly leveraging data analytics to generate revenue streams and make more informed, data-backed decisions, regardless of their specific business model.

ETHICAL ISSUES REMAIN

Countless headlines have revealed the ingrained biases of AI models in action, and according to Mamaysky, the financial services industry is by no means inoculated from the ethical concerns brought about by AI technology. A single model can have billions of parameters, creating complications and emergent properties that aren't always obvious.

"The models make hiring decisions; they make credit extension decisions. It doesn't really understand causality in the way that we think about causality. It understands correlations but doesn't know that there are mitigating circumstances," Mamaysky explains.

One of the most common concerns of industry players is hallucinations: errors in AI-based predictions due to insufficient or erroneous data that, in the case of the finance industry, can result in flawed models. Even when the amount of data is sufficient, training an AI on a large dataset can mean the model absorbs biases. That is because datasets are initially collected and created by humans, who consciously or unconsciously permit bias to creep in when collecting data.

Biases can also reflect historical inequities. For example, before the Equal Credit Opportunity Act of 1974, it was not unlawful for US creditors to discriminate against applicants on several inherent characteristics, including race and gender, as well as marital status. This often led credit managers to make unfair assumptions regarding marginalized groups' abilities to manage their finances as well as those groups' overall credit worthiness, according to a report by the New York State Department of Financial Services.

Though AI alone "has no innate sense of right or wrong," Mamaysky says, adept AI users should be vigilant when it comes to biases in a dataset, lest it impact the validity of any related models.

INCOMING REGULATION

Because consumer data is needed to produce AI modeling, regulators have started taking notice. In October, the US Consumer Financial Protection Bureau (CFPB) proposed the Personal Financial Data Rights rule. This omnibus regulation would shift financial service providers toward a policy known as open banking.

Open banking would grant new protections to consumers who have had their data misused by financial institutions. These protections would forbid financial institutions from hoarding a person's data and require companies to, at a customer's request, share data with other companies offering better products.

"With the right consumer protections in place, a shift toward open and decentralized banking can supercharge competition, improve financial products and services, and discourage junk fees," CFPB Director Rohit Chopra said in a statement announcing the rule.

Currently, consumer access to one's financial data is inconsistent across different financial institutions. A lack of norms in the market allows institutional finance companies to hide or obscure important data points, like prices. This, in turn, undercuts the ability of upstart financial institutions to compete, according to the CFPB.

Perhaps most critically, the rule would allow people to break up with banks that provide bad service and forbid companies that receive sensitive personal financial data from misusing or wrongfully monetizing it.

"From a government policy perspective, it is so important to think about who owns customer data—you or the firm you are buying from. That is where open banking policies that reallocate the ownership of data from firm to customer are coming into play."

Tania Babina

ASSISTANT PROFESSOR OF BUSINESS

> "With the right consumer protections in place, a shift toward open and decentralized banking can supercharge competition, improve financial products and services, and discourage junk fees."
>
> **Rohit Chopra**
> **CFPB DIRECTOR**

Babina analyzed early evidence of the impact of open banking policy using a hand-collected dataset of policies from 49 countries. She and her fellow researchers found that the implementation of open banking policies is associated with significant increases in venture capital fintech activity across many different financial products as well as greater financial knowledge among consumers.

"From a government policy perspective, it is so important to think about who owns customer data—you or the firm you are buying from. That is where open banking policies that reallocate the ownership of data from firm to customer are coming into play," Babina says.

The Personal Financial Data Rights rule will likely be finalized by fall 2024.

USING AI TO FURTHER FINANCE RESEARCH

In 2018, Mamaysky and Charles Calomiris, the School's Henry Kaufman Professor Emeritus of Financial Institutions and professor emeritus of international and public affairs, began researching how regulation can impact companies' growth, leverage, profitability, and equity returns. Assisted by then-CBS PhD student Ruoke Yang MPhil '17 PhD '19, the researchers developed language models to analyze when companies talk about regulations on corporate earnings calls.

The researchers began with a manual textual analysis of all quarterly earnings calls of publicly traded companies from S&P Global's Transcripts Data from 2009 to 2018. They then merged the conference call data with pricing and accounting data from the Center for Research in Security Prices and Compustat.

Initially, Mamaysky and Calomiris used a language model to analyze the data, counting how many times companies' leaders mentioned regulation in the earning calls. However, their methodology soon evolved to feed references to regulation into ChatGPT's interface. They then asked ChatGPT if it detected whether a sentence indicated increasing or decreasing regulation. The researchers eventually discovered that higher regulatory exposure resulted in slower sales, reduced profitability, and higher post-call equity returns for smaller companies.

Mamaysky notes that while the use of ChatGPT worked well enough, it was no replacement for experienced researchers, since it hasn't yet collected enough data. "GenAI is not that good at giving practical financial advice because it's too unstructured and too easy to overfit the data when you're making forecasts," Mamaysky says.

While GenAI's relationship with finance is still in its infancy, practitioners already know one thing for sure: AI is here to stay. That means savvy finance leaders must stay abreast of the technology's ethical and regulatory issues if they want to leverage it for success—and avoid getting left behind. ■

A Living Laboratory of Innovation

Financial education at CBS draws upon the dynamic and diverse expertise of its faculty and alumni.

BY ELAINE POFELDT

When Chijioke Asomugha '09 attended Columbia Business School, he thought deeply about the question, "What legacy will you leave behind?" Years later, he co-founded FVLCRUM Funds, a private equity firm that invests in lower middle market businesses in underserved communities. With FVLCRUM, Asomugha pioneered what he believes is still the only public welfare designated private equity fund, prioritizing job creation and impact in the communities of its portfolio companies, while generating non-concessionary returns for investors. The firm's ethos is built around reducing the racial wealth gap in America. "A key question FVLCRUM seeks to answer for our portfolio companies is how we can bring more diverse perspectives to the table," Asomugha says. "How do we grow this company in scale, not only in revenue but also in impact?"

By prioritizing job creation and purpose-driven investing, Asomugha challenged traditional finance norms. FVLCRUM's fund received approval from the OCC and Federal Reserve Board to raise equity financing from big banks, as well as other institutions. This approach was innovative. Large institutions such as banks are normally blocked by the Volcker Rule but, in this case, were allowed to invest in FVLCRUM because of the fund's forward-looking focus. Most of the $302 million the fund raised came from institutional investors, further distinguishing FVLCRUM among the many emerging private equity funds typically reliant on private individual investors.

Today, Asomugha is not only reshaping finance but also creating opportunities for fellow CBS alumni, including FVLCRUM investment associates Rebecca Bendetson '21 and Azul Modak '20. Asomugha's story is just one example of CBS alumni leading the charge in reinventing finance, reflecting the School's legacy of producing groundbreaking thinkers and innovators in the field. Here's a look at the cutting-edge developments and transformative initiatives emerging from the heart of CBS.

VALUE INVESTING

Glenn Greenberg ’73

Glenn Greenberg ’73 didn’t intend to pursue a career in finance. “I was an English major in college,” he said during a talk at CBS last year. “After college, I got a master’s in English, and somebody suggested I go to business school. I had nothing better to do and went to business school at Columbia.”

While at CBS, he discovered he loved investigating companies to find potential investments, a passion that put him on the path to a job at what became JPMorgan Chase and a celebrated career as a value investor. He now manages nearly $5 billion in assets at his firm, Brave Warrior Advisors.

Greenberg is among a number of celebrated value investors who got their start at CBS—and have returned to share their wisdom with the next generation of financial professionals. Currently, 47 fund managers teach at CBS’s Heilbrunn Center for Graham & Dodd Investing, created to impart the principles that Benjamin Graham and David Dodd detailed in their 1934 book, *Security Analysis*. “We’re at the center of bridging theory and practice,” says Meredith Trivedi, managing director of the center. “It’s really an apprenticeship model—learning by doing.”

Popular courses include Applied Credit Investing, taught by value investing legends Sheldon Stone ’78 and Bill Casperson of Oaktree Capital, and Modern Value, led by Tano Santos, the Robert Heilbrunn Professor of Asset Management and Finance and the academic director of the Heilbrunn Center. In addition, CBS has rolled out two new courses: Shareholder Activism as a Value Strategy, in the spring of 2024, and Activist Investing for Small Cap Companies, to be taught in the fall 2024 term.

The value investing program, built around a suite of seven classes, admits 40 students every year, connecting each with an industry mentor. However, all MBA students can get a taste of value investing: For the 2023-24 academic year, CBS offered 38 classes with 1,320 course seats for the MBA and Executive MBA population.

Much of the learning takes place outside the classroom. The annual “From Graham to Buffett and Beyond Omaha Dinner,” held at the downtown Hilton, for example, regularly draws students and alumni from the CBS community to soak up the annual message of Warren Buffett ’51 at the Berkshire Hathaway shareholders’ meeting. This year’s lineup of speakers included well-known CBS alumni Mario Gabelli ’67, chairman and CEO of GAMCO Investors, and David Samra ’93, managing director of Artisan Partners.

On April 30, CBS held the 17th Annual Pershing Square Challenge, the culmination of a three-month competition of about 40 teams of students from CBS and the Heilbrunn Center’s Applied Security Analysis course. Prior to that, in January, CBS hosted the first-ever Chazen and Heilbrunn Center United Arab Emirates Study Tour, in which 18 students met with executives from hedge funds, banks, and sovereign wealth funds in the region.

To spread the value investing gospel even further, CBS hosts the *Value Investing with Legends* podcast, which has had more than 1.2 million downloads. Guests have included investment gurus Charley Ellis, Ray Dalio, who recently spoke at the School, and Stone.

More than ever, it’s important for investors to think deeply about what drives value—and whether new shocks and disruptions are affecting a firm’s assets, earnings, and sustainability, said Santos in a recent video interview, noting that an understanding of these factors can help them find opportunity. Value investors are like firefighters, he said, because they “run to the fire when everyone else is running from it.”

PRIVATE EQUITY

Chijioke Asomugha ’09

FVLCRUM’s Asomugha was inspired to go into business by his mother, a pharmacist, and late father, a petroleum engineer, both Nigerian immigrants who started a successful independent pharmacy chain and home health agency in Los Angeles. “Before I could spell entrepreneurship, I said, ‘I want to do that someday,’” he says.

Early in his career, Asomugha joined Goldman Sachs as an investment banker. After completing his MBA at CBS, he joined private equity firm Cyprium Partners and later attained his operational experience from industrial technology firm ERICO, before co-founding a private equity firm in 2016. “I had realized throughout my entire journey that there are very few opportunities where the person on the other side of the business table looked like me. I wanted to create opportunities for diverse business owners and executives to benefit from exposure to equity capital,” he recalls.

Asomugha and his three co-founders now invest in companies like Burrell Communications, an iconic 50-year-old minority-owned marketing and communications firm in Chicago. Asomugha notes the fund routinely invests in minority-owned government contracting, healthcare and tech-enabled service businesses of scale that may have been untapped or overlooked by the capital markets. These companies can drive value and impact to underserved communities.

Asomugha believes the coursework he took at CBS in private equity and family business management gave him a strong foundation for his career. “The Private Equity and Family Business Management Programs provided me the opportunity to take a number of elective courses and really be around those who were shaping the industry,” he says. The Private Equity Program, run by Administrative Director Greta Larson and co-directors Michael Ewens and Donna Hitscherich, includes courses such as Professor Ewens’ Research in Entrepreneurial Finance.

CBS has taken the lead in fostering the connections that have allowed for networking and collaboration with industry professionals through a variety of extracurricular activities. For instance, since 2018, CBS has teamed up with private equity firm Kohlberg Kravis Roberts & Co. on the KKR Diversity, Inclusion, and Innovation Competition, in which teams pitch a company as a leveraged buyout candidate and present to KKR executives acting as an investment committee.

To help students keep their finger on the pulse of what is happening in the industry, Columbia faculty moderate discussions among private equity professionals, and about 10 times a year, the program hosts breakfasts with industry alumni. Approximately 200 alumni have signed up to mentor CBS students interested in the field.

VENTURE CAPITAL

Claire Biernacki ’20

Claire Biernacki ’20 is a principal with BBG Ventures, a New York City-based venture capital firm investing in companies with female and diverse founders at the early stage. After learning about venture capital on the LP side at Pomona Capital, she went to business school to explore a potential career at the early stage – across startups and venture capital and as a founder.

At CBS, Biernacki took advantage of the opportunity to intern at a different startup each semester; did startup consulting through InSite; and through the Lean Launchpad class, taught by Columbia University’s Senior Fellow for Entrepreneurship Steve Blank, she worked on an at-home-testing startup for several semesters. In addition, she took Professor Ed Zimmerman’s Foundations of Venture Capital class and served as co-president of the Venture Capital Club. After graduation, she joined BBG as the first non-partner and now often leverages her CBS network for sourcing and diligence.

She believes her experiences at CBS prepared her to navigate the current downturn in tech. “Companies will need to be disciplined in their approach to capital management,” she says. “I think my background in finance has always helped me to think about business fundamentals when investing, even at the pre-seed and seed stages, when you’re mostly betting on the team and market. I think CBS prepares students well for this given our historically strong finance reputation and curriculum as well as the more recent development in the tech ecosystem.”

Biernacki is not alone in her passion for the venture capital world. Nearly 500 students signed up for the Foundations of Venture Capital Course taught by Angela Lee, faculty director at the Eugene M. Lang Entrepreneurship Center, reflecting growing interest in the field. Known for its emphasis on experiential learning, the program offers a variety of practitioner-taught courses. In Foundations of VC, students are tasked with writing investment memos on actual startups, and in Building a VC Investment Thesis, they get feedback on their work from a panel of VC judges. It also offers a variety of specialized courses, such as Investing in Digital Health

Startups, Impact Investing, and PropTech and Real Estate Disruption.

The Lang Center has prioritized efforts to bring diversity to the entrepreneurial ecosystem, with 45 percent of the roughly 90 grants awarded to CBS companies in the past three years made to female founders and 19 percent to underrepresented minority founders. And because many startups will need to turn to the venture capital world outside of CBS for funding to scale up, the School is working to create a more inclusive environment there as well.

> **"During my tenure at Kleiner Perkins, I made it a point to annually host CBS student tours. My intention was to give back to the community by offering current students a tangible glimpse into the authentic world of venture capital."**
> **Alex Zhou '11**

CBS Professor Emmanuel A. Yimfor has devoted much of his recent research to closing the racial funding gap in private markets. He currently is investigating how many Black, Hispanic, and female founders are raising venture capital funds, raising funds to start new private capital investment firms, or sitting on the boards of directors for startups. Some of his work involves reexamining the ways in which diverse founders are identified in academic research.

"Once you start measuring these things more precisely, then you can start examining new issues," he says.

TECHNOLOGY INVESTING

Alex Zhou '11

When Alex Zhou '11 arrived at CBS, he spent much of his time in guest lectures, such as one with Twitter and Block co-founder Jack Dorsey and "The Coach" Bill Campbell, and engaging in events such as the Venture Capital Club's VC 101 and the Silicon Valley Trip during winter break his first year. Now, looking back, he finds those experiences shaped the future direction of his career.

"It was [the Silicon Valley] trip that paved the way for a summer internship at Kleiner Perkins, which in turn, set the stage for my subsequent role as a tech investor with the firm after graduation," Zhou recalls. "During my tenure at Kleiner Perkins, I made it a point to annually host CBS student tours. My intention was to give back to the community by offering current students a tangible glimpse into the authentic world of venture capital."

It's all part of being an active member of the CBS community, he adds.

Today, building on his previous experience at Kleiner Perkins in China and Silicon Valley, Zhou is a partner at Qiming Venture Partners, a venture capital firm managing $9.5 billion in assets. As an investor, he has backed a dozen companies that reached a $1 billion valuation, including UBTECH Robotics, Zhipu AI, and Roborock. Along the way, he has invested in several startups launched by CBS alumni, including an AI chip company in Asia started by Michael Zhang '07 and an enterprise specializing in AI synthetic data platforms led by Steve Xie MPhil '15 PhD '16. During his 12 years as co-chair of the Columbia Business School China Alumni Club, "alumni have regularly referred deals to me or discussed their entrepreneurial concepts with me," he says.

Zhou is among many CBS students and alums with a passion for investing in tech. CBS has embraced the trend with a wide range of offerings, such as Advanced Projects and Applied Research in Fintech, an interdisciplinary program that brings together theory and practice to unearth pioneering opportunities. The executive education program is rolling out new classes such as Value Investing in Technology and Future of Finance: Leveraging Fintech Innovation.

> "Columbia is uniquely positioned because of the quality of the science and the history of the school, from the Lamont-Doherty [Earth Observatory] to the Earth Institute to the Climate School. It's just a terrific cadre of people who are dedicated both to working on this crisis and to working together."
> **Mark Gallogly '86**

REAL ESTATE INVESTING

Scott Meyer '14

Scott Meyer '14, CFO of Fort Lauderdale, Florida-based developer PTM Partners, came to CBS after getting a taste of the real estate field as a property and asset manager for Hines in Washington, DC. "Although I was progressing in my career, I realized I had reached an inflection point where an MBA would be critical for further advancement," says Meyer.

He was immediately drawn in by the Paul Milstein Center for Real Estate's MBA Real Estate Program, which makes the most of CBS's location at the heart of global capital markets to provide an industry-led curriculum and research program. Admitting 40 full-time students each year, the program offers 14 courses on real estate, with three full-time faculty, more than a dozen long standing adjunct faculty, and more than 250 lecturers who work in global real estate.

"I have found my ongoing involvement with and support of the Paul Milstein Center tremendously valuable in both the founding and continued growth of PTM Partners," says Meyer, whose firm's 12-person team now includes three other CBS alumni: CEO and Chief Investment Officer Michael Tillman '11 ; Alex Cemaj '17, Vice President, Acquisitions; and Thomas Strand '17, Senior Vice President – Acquisitions and Capital Markets. "The CBS community has been an important component for our business' success, and being able to connect with former classmates, who are now spread out all over the country, has allowed PTM and myself to gain hyper-local market expertise and real-time data points," he says.

Even after years in the field, Meyer says he still finds CBS's offerings to be cutting edge. "Real estate is a cyclical business, which unfortunately poses a challenge for students looking for jobs today. But it's also a great opportunity to learn more about what causes distress and how to capitalize on a moment when prices are low," says Meyer. [CBS Professors] Ron Kravit and David Sherman both have tremendous industry experience across many cycles and are currently teaching Real Estate Distressed Investing, which brings in other industry professionals to teach a case about a real deal," he says. "That is a class I would love to take right now to learn from their perspectives and real-world experiences."

According to Meyer, PTM Partners will soon deliver the Edge Collective, a mixed-use development anchored by a 163-key Moxy by Marriott hotel in downtown St. Petersburg, Florida, and 2000 Biscayne, a 420-unit apartment community in the Edgewater neighborhood of Miami.

If there's one sector where the future of finance is evolving in real time, it's real estate finance. CBS is the academic home of thought leaders who are helping to forecast how trends such as remote and hybrid work and a high-interest-rate environment will impact both real estate markets and communities.

Stijn Van Nieuwerburgh, the Earle W. Kazis and Benjamin Schore Professor of Real Estate, has done groundbreaking research into the impact of remote work on the commercial office sector. His recent investigations look at how the work-from-anywhere trend contributes to what he calls the *urban doom loop*, whereby less demand for office space leads to lower tax revenue and either tax increases or spending cuts, leading to a "vicious spiral, where the city's fiscal health spirals down," as he explained in a recent video interview.

Students also have many opportunities to learn from real estate professionals active in the field, such as Mark Peter Davis '08, founder and managing partner of Interplay, and Marc Holliday '90 GSAPP and trustee emeritus, who attended the most recent annual CBS Real Estate Symposium, which brings together hundreds of executives. In addition, the CBS Real Estate Association, an active student club, has more than 200 members.

The center is also home to the Real Estate Circle, an alumni networking group, and CBS RE, a platform for CBS alumni in the real estate industry to share employment opportunities, research, events, and other resources.

CLIMATE FINANCE

Lise Strickler '86 Mark Gallogly '86

Lise Strickler '86 and Mark Gallogly '86 met while studying at CBS and, now married, co-founded Three Cairns Group, a mission-driven philanthropic firm focused on supporting scalable solutions to the climate crisis. Three Cairns recently launched Allied Climate Partners, a platform that aggregates capital to invest in early-stage climate projects and businesses in emerging markets.

During an appearance on CBS's *Capital for Good* podcast, Gallogly pointed to the university's unique ability to make a difference on climate. "I think Columbia is uniquely positioned because of the quality of the science and the history of the school, from the Lamont-Doherty [Earth Observatory] to the Earth Institute to the Climate School," he said. "It's just a terrific cadre of people who are dedicated both to working on this crisis and to working together."

Climate is an important and growing area of interest at CBS as well: The School is incorporating climate change cases, lessons, or exercises into all its core courses, according to Bruce Usher, the Elizabeth B. Strickler '86 and Mark T. Gallogly '86 Faculty Director of the Tamer Institute for Social Enterprise and Climate Change, who teaches at both CBS and the Climate School. Among them is the core Corporate Finance course, through which students learn about valuation through a new case written on a solar project.

During the current academic year, CBS also reorganized its climate curriculum, offering students its new Business and Climate Change course to teach the basics. Several hundred MBA and Executive MBA students participate in seven sections of the course, which is a prerequisite for three electives: Climate Finance, Climate Policy, and Climate Tech. The course includes a lecture and discussion on the topic of climate justice, while the Climate Finance course includes a case, lecture, and discussion on financing renewable energy projects in developing countries. Impact/ESG courses at CBS include Investing in Social Ventures, Impact Investing, and ESG Equity Investing. Other climate-related investing electives include Measuring and Managing Climate Risk, and Challenges in Measurement & Disclosure of ESG Data.

"I believe that our course offerings are probably among the most robust of any business school," says Usher.

Meanwhile, the Tamer Institute for Social Enterprise and Climate Change's new Climate Knowledge Initiative is becoming a clearinghouse of best practices on decarbonization. To help alumni build their careers in climate, the Tamer Institute created the Climate Practitioner's Network, which helps alumni leaders in the field stay connected to one another and on-campus talent. It focuses on knowledge sharing and best practices, relationships, and network and talent development. It also informs CBS's climate-focused community about events such as the annual Climate Business & Investment Conference, which took place in April; networking gatherings for practitioners, which debuted this past fall; and the student-run CBS Green Business Club.

As Strickler and Gallogly's experience illustrates, the climate-focused academic and professional field is evolving in real time, and the on-the-ground learning that's taking place at CBS is only the beginning.

David Aviram '06, left, and
Ted Martell '06 outside their
offices in Midtown Manhattan

THE MAKING OF MAVERICK

How two CBS grads became successful mainstays in the commercial real estate investment market.

BY JONATHAN SPERLING

The commercial real estate industry, by all accounts, is uncertain. A cocktail of factors—the COVID-19 pandemic, the advent of remote work, skyrocketing interest rates, overextended lenders, and declining cash flows—has led to what the Earle W. Kazis and Benjamin Schore Professor of Real Estate, Stijn Van Nieuwerburgh, referred to as "a train wreck in slow motion" in a *60 Minutes* television interview.

But any good entrepreneur knows that a market challenge comes with an opportunity. For Maverick Real Estate Partners, that opportunity has come relatively recently, but it has been more than a decade in the making.

Today, Maverick has closed nearly 200 distressed debt investments across New York City's five boroughs, more than any other investor in the market. The company, founded by Columbia Business School alumni David Aviram '06 and Ted Martell '06, didn't start inking $247 million deals with Blackstone and doing interviews with *60 Minutes* overnight, however.

Launched more than a decade ago, in the aftermath of the 2008 financial crisis, Maverick emerged after Aviram and Martell met at CBS while studying on the real estate finance MBA track. Martell had previously worked in the con-

"We felt like the Columbia network cemented the broader networks that we had. When you start a business in New York City without any money and get into real estate, it's a bit daunting. But we found some comfort in having those networks behind us."
Maverick co-founder Ted Martell '06

struction business, while Aviram had worked as an analyst at Bloomberg. The two met through the School's student-run Real Estate Association. They quickly became friends, often speaking with one another about real estate opportunities. Martell would eventually become president of the Real Estate Association, which is today supported by the Paul Milstein Center for Real Estate.

Later at CBS, Aviram and Martell would attend multiple study abroad trips run by the Jerome A. Chazen Institute for Global Business. Between trips to Washington, DC, London, Berlin, Hong Kong, and Shanghai, the two spoke further and realized they had entrepreneurial aspirations. Upon graduating from CBS, they formed Maverick, looking for real estate opportunities across New York City while maintaining their respective day jobs: Aviram as a vice president at a real estate investment banking firm and Martell as a project executive at a real estate developer.

Then came the financial crisis. While some investors saw the commercial real estate industry as hopeless, Aviram and Martell saw a path for Maverick. Quitting their jobs, the two opened up shop in a 300-square-foot office and got to work. Though neither of them had a formal background in distressed debt, they knew that an opportunity was there.

As the financial crisis unfolded, many private equity fund managers tightened their belts, decreasing investments during a period of unprecedented risk. Meanwhile, Aviram and Martell took an educated leap, developing a list of banks that had bad debt building up on their balance sheets. Relentless cold calling would lead to the duo getting in front of banks' special assets officers.

"The special assets officer would wheel a crate of documents into a conference room and let us pore over them for hours," Aviram says.

With its own proprietary deal flow coming directly from banks, Maverick was on the right track. There was just one problem: a lack of capital.

So Aviram and Martell got to work again, developing a list of private equity firms and cold calling potential partners. By the end of their first year in business in 2010, Maverick closed its first deal, a loan secured on a property located in a prime part of Williamsburg, Brooklyn. That deal was critical, because it not only allowed Maverick to keep the lights on but also taught Aviram and Martell how important it is to have capital at the ready.

Beginning in the 2010s, the two cultivated their own discretionary capital by raising funds from friends and family, followed in succession by increasingly larger funds backed by institutional investors. Simultaneously, they began crafting data infrastructure that would eventually become Maverick's bread and butter: the ability to pinpoint a distressed deal and understand what caused it to become distressed in the first place. After they spotted a mechanic's lien on a property, for example, they realized that mechanics liens were leading indicators of distress. Aviram and Martell sought out ways to find other mechanics liens, spending weeks in the basement of the Manhattan County Clerk's office at 60 Centre Street. There, they printed and scanned thousands of pages of documents and hired contractors to code them into a spreadsheet.

From there, the flow was set: Aviram and Martell would find out a mechanic's lien was filed on a particular property, cold call the property's lender, and start discussing a sale.

This tactic—cultivating a dataset, crafting lead lists, and executing on leads—formed Maverick's engine throughout the 2010s. Over time, the partners would lean further into automation, figuring new ways to ingest, clean, connect, and query data, creating lead lists for acquisitions analysts to source opportunities. The proprietary algorithms developed by Aviram and Martell set the stage for the company's data strategy team to streamline Maverick's data warehouse. This made for more efficient sourcing, underwriting, portfolio management, and investor reporting.

The two also credit the technical skills they learned from CBS's real estate curriculum—property underwriting and understanding capital markets—and their relationships with members of CBS's Chazen Institute and Real Estate Association with being the foundation for building Maverick in its early stages.

"We felt like the Columbia network cemented the broader networks that we had," Martell says. "When you start a business in New York City without any money and get into real estate, it's a bit daunting. But we found some comfort in having those networks behind us."

Today, Maverick is closing in on $1 billion in investments, thanks in part to a growing team of nearly 20 employees and perpetual improvements to its data infrastructure. While Aviram and Martell find their early years in the industry to be formative, one of their few regrets is that they didn't launch the company sooner.

"I think taking that leap, that was really the beginning of all the excitement," Martell says. "You could maybe say we weren't ready or maybe we didn't know enough to start a business. We took the leap because we trusted ourselves and our training. Sometimes, you just need to try." ■

The New Variable in Data-Driven Finance

Professor Kent Daniel shares insights on how AI can significantly impact quantitative analysis.

BY JONATHAN SPERLING

Quantitative analysis, more than any other sector in finance, is a numbers game. To be a successful quant means implementing a cutting-edge portfolio strategy backed by solid data. And with large industry players investing billions of dollars into AI in recent months, it's becoming more critical than ever for early and mid-career quants to embrace AI-human collaboration or risk getting left behind.

Columbia Business School's Kent Daniel knows quant inside and out. As the Jean-Marie Eveillard/First Eagle Investment Management Professor of Business, Daniel has taught courses in behavioral finance and capital markets and investments. Before joining CBS, Daniel worked with the quantitative investment strategies group at Goldman Sachs Asset Management. He became a managing director and head of the firm's QIS equity research effort in 2005 and a co-chief investment officer in 2009. He has also served as an associate editor for the *Journal of Finance* and director of the American Finance Association and the Western Finance Association.

To understand AI's current and future impact on the quant field, and how quants can stay ahead of the curve, *Columbia Business* spoke with Daniel, who is currently a research associate at the National Bureau of Economic Research.

CBS: A lot of business students, and those who are in the early stages of their careers, are wondering if AI is going to take their jobs. Is that something that could happen to quants?

Kent Daniel: My sense is no. I think AI will definitely take some jobs. If you're doing a routine job that requires no thought, for example, that can basically be automated. And if you're doing the equivalent of working in an assembly line in a factory, then those are the kinds of jobs that could be replaced by AI-based code. That is not going to be the case for the students that CBS produces.

You might read a lot about the idea that AI is going to be better than humans and that it will come to dominate humanity. When it comes to the implementation of a portfolio strategy, that's just a misperception of the way things work. Any AI-based system is going to be successful only to the extent that there are no better implementations around. It's going to be the case that if you can come along and design a better implementation, you're going to do better. Because anything that's inferior in a free market is going to be competed away. And I know that even when I was working in quant, people had the idea, "Oh, quant is the solution to everything. If you can do quant, you can rule the world," and that's just wrong.

If you have a bad quantitative implementation, you are going to lose to other implementations. It's all about the inputs, and there's a saying, "garbage in, garbage out." That's true for quantitative portfolio strategies, and it's true for AI strategies as well. So how precisely you train any AI-based system—what data you're using and how specifically you use that data—is going to determine whether it's successful or not.

It's even more pronounced in quantitative portfolio implementations because there's this idea that we've got so much data, and we'll design the AI system to go and look at the data and figure out what the best strategy is. Well, this is something that just doesn't work in financial markets because in reality, we have very little data. The reason is that the world is constantly changing. When you're designing a portfolio strategy, you're not competing against a static world where everybody continues to do the same thing. Everybody else is trying to implement and innovate new strategies.

CBS: So it's important to consider the externalities?

Daniel: Exactly. Unless you implement a strategy that is better than what everybody else is doing, you're not going to have particularly good performance. I think what our students will need to be successful is to understand all of these arguments, to understand the quantitative techniques that you need to use. If you don't know how to do that, you're going to be in trouble.

At some firms, you might hear, "Well, I'll just hire people who are good at using big data and that's how I'll deal with it." The problem is there are lots of people who have misperceptions about the way that you need to use data. You don't really understand that if you use big data the wrong way, you can convince yourself to do a lot of things that are wrong. And so really understanding the ins and outs of how to use data, make informed decisions, and use good judgment is incredibly important. And I think we're already [teaching that]—we've got a bunch of really good coursework. We do a good job training our students. And our curriculum is evolving continuously, so our students can continue to do really well on this dimension going forward.

CBS: Do you believe it is more about the quality of the data and how you use it or how one uses AI in general?

Daniel: An AI-based strategy that is implemented poorly and that doesn't use good data isn't going to perform well. On the other hand, to say, "I'm going to ignore AI. I'm not going to use it. I'm not going to pay any attention. I don't want to use all of the data out there"—that's also a very bad approach.

You need to be a really intelligent consumer and a really intelligent user of data and AI implementation techniques to be successful.

CBS: Is the introduction of AI into quant going to democratize the industry, or is it benefiting the larger players more?

Daniel: It will definitely change the industry. I think you may see some new entrants who are

“An AI-based strategy that is implemented poorly and that doesn’t use good data isn’t going to perform well. On the other hand, to say, ‘I’m going to ignore AI. I’m not going to use it. I’m not going to pay any attention. I don’t want to use all of the data out there’—that’s also a very bad approach.”

Kent Daniel, the Jean-Marie Eveillard/First Eagle Investment Management Professor of Business

doing things in a different and better way, and if the bigger players don't respond, then they could very easily lose any edge that they already have. So, in that sense, it could be a democratizing influence.

On the other hand, it could be that there are returns to scale here. So, to the extent that you can build a really good group who really understands this field, you can leverage those advantages and I think be super-successful. There are some good economies of scale, so it could go either way. One thing is for sure: If you're not paying attention to this while building a quant shop, you need to.

"You might read a lot about the idea that AI is going to be better than humans and that it will come to dominate humanity. When it comes to the implementation of a portfolio strategy, that's just a misperception of the way things work."

Kent Daniel, the Jean-Marie Eveillard/First Eagle Investment Management Professor of Business

CBS: Does AI open the door for quants to potentially neglect softer fundamentals such as the quality of a firm's management?

Daniel: There's an old joke about quants: You see someone looking under a streetlight at night and you ask, "What are you doing?" And they say, "Oh, I'm looking for my keys." And you ask, "Well, do you think you lost them under this streetlamp?" And the person says, "No, I lost them a couple blocks back, but there's no light there."

Historically, I think there's a little bit of a tendency to say, "What data do I have? How do I use that to make good decisions?" Not enough time is spent on thinking about how you can process "soft" data on management quality and things like that.

In my class, I will be focusing on how you deal with soft data. We'll take some of the top value-investing techniques that CBS is renowned for and ask how we can make them a part of a quant process. A good quant process should be able to incorporate all different kinds of data, but if they're tricky to quantify, people have often left them out. And I think management quality is a really good example of something that's important and can give you a moat, or a barrier to entry. If you can do a better job thinking about that than somebody else, then you are going to earn better returns.

CBS: What are the ethical issues in integrating AI into quant? Are there biases that can appear in the data?

Daniel: Standard quantitative processes use statistical techniques to identify correlations. A good example would be the admissions process for a university or a business school, where if you just rely on correlations and don't go in and process the data in a more thoughtful, deeper way, you are going to end up with lots of unintended biases. Part of what I want to emphasize in this course is that if you go and implement a statistically-based algorithm and don't think carefully about where these correlations come from, you're going to miss a lot of very valuable opportunities.

I spent a few years working in the quant industry, and it's as much about what can go wrong in

quant as it is how you do a quant process. A bias means that you are making decisions on the basis of some variable that is maybe correlated with something else but that doesn't really reveal the underlying truth about some situations. A really well-thought-out quantitative process should use all the data you can gather in the best possible way. I'm more optimistic that a process like that is going to avoid these unintended biases.

I think the way to do that is to think carefully about the way the quantitative process you have works, how it's going to process the data, and what the outputs are going to look like. It's just like any sort of regulatory work, any sort of legal issue: If you just rely on data that's very broad, and you don't dig down into the details with the goal of understanding the real relationships, you are going to introduce biases.

CBS: What advice do you have for those who are more established in their careers? How is AI going to affect what they do?

Daniel: You want to always do what's best for your customer—that's what makes a successful business. The businesses that look at every innovation and think about how they can use it to make their customers better off, to make better investment decisions, or to manage their financial future better are the ones that are going to succeed. ■

Inside the Groundbreaking Effort to Model and Measure the Data Economy

What's the dollar value of data? Traditional macroeconomic models fall short of answering this complex question—but new research is making strides.

BY STEPHANIE WALDEN

Ever since big data became a buzzword, it's been declared everything from "the new gold" to "more valuable than oil." But truthfully, there are limited frameworks for determining the dollar value of data, such as customer databases, transaction records, online user behavior patterns, or other information.

Laura Veldkamp, the Leon G. Cooperman Professor of Finance and Economics at Columbia Business School, is actively seeking answers to key questions such as: What specific features make data more or less valuable? And how is that value defined? "As a theorist, my role is to figure out the mathematical representation of an idea – to take a concept and formalize and quantify it," she says. "With that set of equations, we then have a basis for measuring things."

Such equations already exist for traditional financial assets. But when it comes to data, economists are in uncharted territory. "Data is a new asset class," explains Veldkamp. "As such, we need a new pricing theory. We've got models to price stock options, equities, and bonds, and to value firms. Right now, we just don't have any tools to price data."

The 'Commitment Conundrum' and Other Challenges

One challenge with data valuation is that macroeconomic measurement systems are often rooted in industrialist terms and metrics. "A lot of macroeconomic models take into account workers and capital and factories, and consider those factors to produce output that only one person can use at a time. I don't know anybody who works in that economy around here," says Veldkamp, who holds a PhD in economic analysis and policy. "In New York City, we live in a knowledge economy, and people work with data to produce actionable recommendations that potentially lots of people can use."

> **"Data is a new asset class. As such, we need a new pricing theory. We've got models to price stock options, equities, and bonds, and to value firms. Right now, we just don't have any tools to price data."**
>
> **Laura Veldkamp, the Leon G. Cooperman Professor of Finance and Economics**

Another core challenge when it comes to assigning value to data is that information is worth different amounts to different stakeholders. There are also nebulous and difficult-to-quantify consumer-facing factors at play, like the value of privacy. "If I'm going to buy a pair of socks on Amazon, should I be eligible for a discount because they're going to get data that might affect the shoes I buy next time? We're just really far away from knowing how to answer that," Veldkamp says.

Data also have some quirky features. For instance, the value of information drops as it becomes more accessible to more people. "It's more valuable to have a hot insider tip that only a few people know than to have information that's been broadcast online," she says. "These features make selling data problematic because when I'm trying to decide how to value it, what I'd really like to know is how many people you're going to sell it to." This leads to what Veldkamp calls a commitment problem for firms looking to sell datasets: They often can't provide prospective buyers with a fixed number of entities that will ultimately gain access.

Yet another complex issue is the lack of publicly available, disaggregated data—in other words, data that have been broken up into smaller and easier-to-parse sets. It's challenging for academics to study the value of data when so much of it is proprietary.

Early Findings in an Emerging Field

Veldkamp is undaunted by such challenges. Her recent research takes inventive approaches toward quantifying the value of data and attempts to lay the groundwork for future models.

For instance, a paper Veldkamp coauthored, "The Changing Economics of Knowledge Production," linked the salaries of data-focused professionals with the value firms place on data. "We looked at why it makes sense to hire this many people and pay them this much," she explains. "By measuring firms' hiring, we can infer the value of data without seeing the data itself." Veldkamp recently spoke about this approach, along with other emerging methods for assigning value to data, in a keynote address at the US Bureau of Economic Analysis spring finance meeting in Chicago.

Digging into how firms handle the "commitment conundrum," Veldkamp collaborated with the Brookings Institution on the paper "Data Sales and Data Dilution," finding that many are shifting to a subscription model when selling data. This method provides buyers with a degree of reassurance: "If the company oversells the data and it becomes less valuable, the buyer can just cancel their subscription," explains Veldkamp.

Other areas of Veldkamp's research focus on how "superstar" data firms—those with widespread ownership of and influence over data—impact the larger market landscape. "As data becomes more important, we should expect big data owners to make out like robber barons,"

Professor Laura Veldkamp

she predicts. "Eventually, all firms will be flooded with data, and there'll probably be more widespread ownership of it, but I think the inequality will worsen before it gets better."

The "robber baron" metaphor isn't the only comparison Veldkamp draws between historical events and modern realities. In "The Changing Economics of Knowledge Production," Veldkamp and her co-author compare the impact of the Industrial Revolution with current technological leaps in big data and artificial intelligence. By creating a model to contrast the change in capital intensity from the Industrial Revolution with the change in data intensity currently happening among firms adopting AI, the research found the AI revolution looks to be about half as large as the Industrial Revolution in terms of overall scope and scale.

That's still significant, Veldkamp notes. "The AI revolution might be half the size of the Industrial Revolution, but it's still big," she says, adding that "people who have the skills to work with this new technology are going to benefit." One estimate noted in the paper is that a worker in the financial sector with AI skills earns about $22,000 a year more than somebody without knowledge of AI.

"What this means practically for workers is that it's worth learning to use things like AI plugins for Python or TensorFlow," says Veldkamp. "These tools are going to have a ton of future value."

Building the Alphabet Before Writing the Book

Veldkamp emphasizes that we're in the early days of this type of research. Though MBA students may one day use data valuation models in their own business plans, such science is still in the foundational phase.

"I'd love to put together an MBA class on the data economy, but we're still at the point where we're figuring out how to measure it. We have to build the alphabet before we can write the book," she says.

Speaking of books, Veldkamp has her second in the works. In 2024, she plans to publish a textbook on the data economy, focusing specifically on academic resources for building a robust body of research on data valuation and the data economy.

"We first have to build up the tools so that people can do this research. Once we can generate knowledge and facts, we can go report them to the wider world," she says. "That's where we are right now: building the tools we need to build the understanding." ■

Reimagining the Future of New York City Real Estate

The rise of remote work, declining commercial property values, and the resulting decreased tax revenue demand bold solutions.

BY JONATHAN SPERLING

The state of New York City's commercial real estate industry was forever changed by the COVID-19 pandemic. The trend of remote and hybrid work has severely reduced office space occupancy to approximately 40 percent of pre-pandemic levels, according to commercial real estate leasing data. The decrease in occupancy has, in turn, led to a decline in commercial real estate values, dropping by as much as 50 percent in some areas of the city.

It's this lack of occupancy and devaluation of real estate that forms part of the theory behind the *urban doom loop*, a bleak phenomenon coined by Columbia Business School's Stijn Van Nieuwerburgh, the Earle W. Kazis and Benjamin Schore Professor of Real Estate.

The cycle works like so: As remote work continues to lower commercial real estate values, the city will collect less revenue from real estate taxes. As revenue decreases, municipal services are cut, leading those with the means to move out to do so, further reducing sales and income tax revenue. Businesses close, leading to empty storefronts, less foot traffic, and increased crime. As a result, people feel unsafe, leading to a mass exodus from the city, reducing office and business occupancy and restarting the doom loop.

"New York City has lost something like 400,000 people since the onset of the pandemic. So that's a big number," Van Nieuwerburgh says. "And if we don't stop this doom loop, this situation could sort of spiral out of control like it did in the 1970s in Detroit."

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>
> **Stijn Van Nieuwerburgh, the Earle W. Kazis and Benjamin Schore Professor of Real Estate**

But not all hope is lost. Van Nieuwerburgh joined CBS's Sheena Iyengar, the S.T. Lee Professor of Business, in hosting a roundtable workshop in December 2023 aimed at investigating and solving the root causes of the urban doom loop. Hosted by CBS think tank The Hub, the event included senior executives from real estate and banking, government policymakers in real estate and housing, tenants and community members, and academics.

The stakeholders pooled their knowledge to explore potential solutions for halting the doom loop, including new forms of affordable housing, ways to stimulate office conversions, new financing modes, and creative uses. At the end of the workshop, real estate developers, investors, and government policymakers voted on their top solutions:

1 Property Tax Abatement and Other Incentives

Many workshop participants were keen on reviving New York City's 421-g program, a tax incentive program that permitted developers to receive property tax exemptions and abatements when converting commercial buildings within Lower Manhattan into residential units. While the 421-g program expired in 2006, participants said a new form of the program would be necessary to outweigh the risks of conversion construction projects, which often offer less returns compared with ground-up development projects.

Participants also noted that for a modern 421-g program to be politically feasible, it would have to include an affordable housing requirement. The original 421-g program, which began in the 1990s, allowed converted buildings to be exempt from increases in assessed values for eight years and receive a 14-year property tax abatement, among other benefits. Units were mandated to be rent stabilized throughout the duration of these benefits but could be removed from rent stabilization after the benefits expired.

A new program could expand on the foundation laid by 421-g by offering set formulas for exemptions and abatements instead of a single required affordability threshold. Thus, the size of the benefit would be based on the share of affordable units. Participants also suggested that the affordability of units could be based on different area median income bands instead of a single AMI threshold for all units.

2 Increasing the Appetite for Lending

The creation of a lender credit program modeled after the Community Reinvestment Act of 1977 could spark the lending needed to kick office-to-residential conversions into high gear, according to many of the participants with financial and banking backgrounds. Many banks hesitate to lend for conversion projects due to the high risk involved. However, the implementation of a CRA-type program could sweeten the pot.

In the current commercial real estate market, capital is scarce and banks are much more likely to lend to ground-up projects rather than conversions. When the CRA was passed in 1977, it mandated that all banks that receive Federal Deposit Insurance Corporation insurance offer fair loans in the communities they operate in, to counteract redlining and act as a catalyst for housing development in low- and middle-income communities.

A recent revision to the CRA was passed in October 2023, with a phase-in process beginning January 1, 2026. The revision expands the program in a few key areas that could be used for office-to-residential conversion projects in New York City. For starters, the CRA will now provide for an impact and responsiveness review factor that "considers whether loans, investments, or services directly facilitate the acquisition, construction, development, preservation, or improvement of affordable housing in High Opportunity Areas." This includes all areas designated by the US Department of Housing and Urban Development as a "difficult development area," or DDA.

Nearly all of New York City's Central Business District census tracts are listed as DDAs, allowing conversion projects within these census tracts to count toward the CRA's impact and responsiveness review of community development financing tests.

Second, the recent changes to the CRA allow for the partial eligibility of credits on affordable housing projects that include less than a majority of affordable housing units. Under the revised rule, affordable housing projects with less than a majority of affordable units may be eligible for partial credits in proportion to the number of units that are affordable, as dictated by the local or state jurisdiction, as long as the project utilizes some form of government support, including property tax incentive programs.

Under the revised rules, were New York state to implement a new property tax abatement program in support of office-to-residential conversions with an affordability component, all projects would qualify for at least a partial CRA credit tied to the proportion of affordable housing units within the project.


Professor Stijn Van Nieuwerburgh

3 Reinvesting in Creative Spaces

As the vacancy rate of commercial real estate in Lower Manhattan increases and in turn the population there falls, the area's vibrancy and creative output will be affected.

Many participants with arts backgrounds noted how in years past, artists and the creative industries have been the first to use and repurpose underutilized spaces. They cited effective repurposing in many cities of former industrial and retail buildings into creative spaces.

Existing zoning and building codes may limit creative uses in some office buildings in New York City. However, the city government could create programs or pass legislation that lightens restrictions to allow more artists and creative industries access to underutilized office spaces. In time, creative uses could potentially bring additional benefits to neighborhoods, including increased foot traffic, more storefronts, and greater property tax values through increased residential demand.

Additionally, public spaces in these areas could further benefit from public realm investments, such as garbage containerization, increased outdoor dining space, public art displays, and beautification projects. ■

Professor Oded Netzer

Where Theory Meets Cutting Edge Practice

From the origins of value investing to understanding the impact of remote work, CBS has been driving financial innovation for over a century.

A hub for groundbreaking work in financial theory and practice, Columbia Business School has been at the forefront of shaping the field for a century.

Pioneering CBS Professors Benjamin Graham and David Dodd laid the theoretical foundations for value investing in the early 20th century. Today, the School's research continues to drive innovation, as noted by Dean Costis Maglaras, the David and Lyn Silfen Professor of Business.

"We aim to understand phenomena and then elucidate how they manifest in our financial markets, economy, or managerial and leadership behaviors," he says. "Subsequently, we develop frameworks to enhance business functionality and behavior."

Among the many examples of CBS finance faculty pioneering new theories and technologies are the following recently published works:

Banking

Rethinking Bank Deposits

Patrick Bolton and Neng Wang

Research by Patrick Bolton, the Barbara and David Zalaznick Professor Emeritus of Business, and Neng Wang, the Chong Khoon Lin Professor of Real Estate, challenges the conventional view that larger deposits are always beneficial for banks. Their work shows that deposit accounts, which require banks to accept any inflows and outflows, limit their ability to precisely control leverage. This inherent uncertainty destroys value when banks lack sufficient equity capital to withstand shocks. Bolton and Wang's dynamic theory of banking calls for a reevaluation of leverage regulations and offers fresh insights into the challenges banks face.

Understanding Risk Management

Sehwa Kim

Research by Assistant Professor Sehwa Kim and his team suggests some banks classify securities in ways that secure preferential financial accounting and regulatory capital treatment, rather than being driven by distinct economic motivations. To address this issue, Kim recommends limiting or eliminating the Held-to-Maturity (HTM) category of securities classification or at least increasing enforcement of the existing GAAP restrictions on transfers of securities in and out of HTM.

Predicting Behavior

Oded Netzer

Leveraging text-mining and machine learning tools, Oded Netzer, the School's vice dean of research and the Arthur J. Samberg Professor of Business, is breaking new ground in predicting human behavior. Netzer and his team analyzed over 120,000 raw text loan requests from an online crowdfunding platform. Their research revealed that textual data offer substantial predictive power in determining whether borrowers will repay loans, beyond the financial and demographic factors typically used in default prediction models.

Understanding Interest Rates and Bank Runs

Tomasz Piskorski

In a study focused on the period between the first quarter of 2022 and March 2023, Tomasz Piskorski, the Edward S. Gordon Professor of Real Estate, and his research team analyzed the impact of monetary tightening on the financial stability of all US banks. Their work shows that by March 2023, the US banking system's market value of assets declined by about $2 trillion. According to their analysis, these declines in bank asset values are due to an increase in interest rates as well as high levels of uninsured depositors, which significantly increased the vulnerability of the US banking system to uninsured depositor runs. A case study of the recently failed Silicon Valley Bank confirms the model's insights.

Capital

Updating Financial Statement Analysis

Shivaram Rajgopal

Shivaram Rajgopal, the Roy Bernard Kester and T.W. Byrnes Professor of Accounting and Auditing and chair of the Accounting Division, and his team have reevaluated how internally developed intangibles, such as research and development, are managed in financial statements. Rather than relying on uniform rules of thumb, their proposed approach suggests a more adaptable strategy by estimating capitalization and amortization parameters based on industry-year specifics. This will result in improved estimates of total assets and equity with enhanced associations to future returns and investments.

Digital Future

Measuring the Impact of Big Data

Laura Veldkamp

Laura Veldkamp, the Leon G. Cooperman Professor of Finance and Economics, and her team are using hiring and wage data from the investment management industry to assess just how disruptive big data technologies will be in knowledge creation. Calculating the likely long-run changes in output, factor shares, and distribution of income due to new big data technologies, the researchers predict the impact of big tech on today's economy will be similar to that of the Industrial Revolution on the agrarian economy.

Innovation

Analyzing Regulation and Innovation

Michael Ewens

The work of Michael Ewens, the David L. and Elsie M. Dodd Professor of Finance and co-director of the Private Equity Program, is shedding light on the connection between the presence of high-growth startups in a geographic area and restrictions on venture capital investment. The research found that in US regions where venture capital financing is restricted, fund sizes and the likelihood of follow-up investment declined, and startups tended to move out of the states impacted by those restrictions.

Investing

Understanding Pricing Dynamics of US Treasury Bonds

Wenxin Du

Research by Wenxin Du, the Henry Kaufman Professor of Financial Institutions, examines the dynamics of Treasury yields and documents how they have changed substantially since the global financial crisis. Du and her team suggest that post-crisis banking regulations can explain these changes.

Business Hubs Benefits

Daniel Wolfenzon

Research by Daniel Wolfenzon, the Nomura Professor of International Finance, found independent companies situated in regions with a high concentration of business groups do not benefit from that proximity. Rather, independent firms in regions with a high concentration of business groups suffer due to regional financing being directed toward affiliates of business groups, depriving independent firms of finance.

Markets

Managing the Media and Markets

Paul Glasserman and Harry Mamaysky

Based on studies of how quickly the stock market reacts to news cycles, Paul Glasserman, the Jack R. Anderson Professor of Business, and Harry Mamaysky, professor of professional practice and faculty director of the Program for Financial Studies, have identified factors that influence an investor's capacity to capitalize on the news, whether they are swift or slow to react. The researchers, along with Fulin Li of Texas A&M's Mays Business School, have created a model that can predict how quickly the market will react to news and a trading strategy that's earning high returns.

Real Estate

Studying the Impact of Remote Work

Stijn Van Nieuwerburgh

The work of Stijn Van Nieuwerburgh, the Earle W. Kazis and Benjamin Schore Professor of Real Estate, and his team shows that the surge in remote work during the COVID-19 pandemic has had repercussions for local public finances and overall financial stability. They found New York City office buildings will see a 49 percent decline in long-run value and, as a result of the pandemic, the value of the combined US office market has decreased $664.1 billion, with premium buildings benefiting from a flight-to-quality trend.

Regulation

Estimating Regulatory Costs

Kairong Xiao

Research by Kairong Xiao, the Roger F. Murray Associate Professor of Business, and his team shows how banks can strategically bunch their assets below regulatory thresholds to avoid regulations. The resulting distortion in the size distribution of banks reveals the magnitude of regulatory costs. Although the estimated regulatory costs imposed by the Dodd-Frank Act are substantial, they are significantly lower than the estimates self-reported by banks, the research found. ■

Professor Harry Mamaysky

Members of the Private Equity Club at the 30th Annual Private Equity Conference. Back row, from left: Grace Trammell ’25, Rachel Eichelberger ’25, Sanjana Mimani ’24, Andrew Chao ’24, Jack Gorman ’24, Sam Tedesco ’25, Austin Jansen ’25, Rami Asi ’25, David Shabotinsky ’25; front row: Michaela Tinkey ’25, Danielle Schwartz ’24, Stella Min ’24, Agnes Tan ’24, Celeste Booth-Clibborn ’25, Chloe Snyder ’25.

Members of the FinTech Club, left to right: Enrique Apellaniz ’24, Alexander Cyrus Talati ’24, and Juan Cruz Rabbat ’24

CSIMA Co-presidents Shin Lutondo ’24, right, and Tom Marmarelli Ashkenazi ’24

Venture Club event with, left to right, author Albert Wenger of Union Square Ventures, Venture Capital Club Co-president Jillian Damaris ’24, and Matt Weinberg ’19, partner at Max Ventures

From left: Investment Club Co-presidents Henry Truelove ’24, Boiketlo Mphahlele ’24, Zoe Coates Fuentes ’24 (VP of mentorship), Ife Adebayo ’24 (VP of mentorship), and Hunter Sechrest ’24 (VP of prospective students and alumni)

Nurturing Future Leaders–on and off Wall Street

There's a reason hundreds of students in the EMBA, MBA, MS, and PhD programs have joined professional finance clubs at CBS.

BY CARMEN MARTI

On any given night, Shin Lutondo '24 might be invited to attend a "dinner pod" hosted by the Columbia Student Investment Management Association (CSIMA).

One of five professional clubs focused on finance at Columbia Business School, CSIMA provides educational resources, skill-building opportunities, and networking activities for CBS students interested in investing.

At a recent dinner hosted by the club, Lutondo, club co-president, and other randomly selected members of CSIMA dined with value investor Chris Waller '18, founder of Plural Investing. The dinner pods are organized to connect first- and second-year students with young CBS alumni, "whose experience can be significantly helpful to us," says Lutondo.

At dinner with Waller, the students plied him with questions: How do you conduct research? How do you boost the entire organization? "It was an opportunity to interact and exchange ideas and information," Lutondo said, "And you never really know what may come out of it. If at least one person gets hired, it's worth our investment."

CSIMA is one of several CBS student clubs and leadership groups that plan events and activities, connect students with alumni and practitioners, and help them access resources and networks at the School. These clubs are open to students across all the School's degree programs, and while their missions and focus areas span diverse interests, a common thread unites them: equipping members with the skills, experiences, and relationships to secure coveted roles at prestigious companies.

And students do get hired through the opportunities provided by their clubs. They also find avenues for leadership and immersion in areas they're interested in and may plan to pursue.

"The finance clubs consistently impress me," says Scott Siegel-Ortiz, director of Student Life and Engagement, Office of Student Affairs.

"We have more than a thousand student club leaders who are truly dedicated to helping improve the experience here," he says. "We view them as partners. They're coming from full-time careers. They are smart and intuitive, and they are navigating an environment where they have to heavily lean on influence without power to get things done. They are essentially running mini-businesses."

The Office of Student Affairs does everything it can to ensure those ventures succeed.

"We're very high touch with our clubs," says Siegel-Ortiz. "We build relationships, help develop skill sets, and partner with offices like financial planning, development, and the Career Management Center to provide additional types of leadership training for students. It's an intense and vibrant community."

Under the professional finance club umbrella, there are four other groups in addition to Columbia FinTech and Blockchain. While they all provide events and networking opportunities, each club is run by second-year students, and has a unique mission, vision, and set of benefits.

Here's an overview of the major finance-related groups at CBS.

THE INVESTMENT BANKING CLUB

A Road to Wall Street

With 269 members this year, the Investment Banking Club is one of the smaller finance clubs at CBS. Co-president Boiketlo Mphahlele '24 says that may be because IBC is very clear about its purpose: "We have one mandate: getting people into Wall Street," she says. "There's very clear buy-in when you join the Investment Banking Club. And I think that's what sets us apart from a lot of clubs."

With the goal of job placement, Mphahlele and her co-president, Henry Truelove '24, run the IBC agenda around recruiting. "Students recruiting for investment banking need to dedicate a generous amount of time to recruiting events, particularly in the fall semester," Mphahlele says. The recruiting calendar starts with IBC preparation events, followed by presentations from numerous banks. During the semester, students attend various coffee chats and bank-hosted events. "Our location in New York is helpful because it provides easy access to most banks."

Dealing with that process is one of the biggest challenges in job seeking, but in IBC, the second-year students mentor the first years.

"This club could not run the way it runs without the board of second years who are dedicated to the mission, but also the broader second year community who volunteer their time," says Mphahlele. "I think that's what keeps this ecosystem going: a peer mission and a group of second years that are relentless at volunteering their time."

COLUMBIA STUDENT INVESTMENT MANAGEMENT ASSOCIATION

Making Connections

As co-president of CSIMA, Lutondo knew helping to run a club of more than 400 members would provide the perfect opportunity to develop leadership skills. In his 20s, he says, "I thought it would be a good way for me to step out of my shadow around people who are very well experienced in their careers but in a low-risk environment. Now, when I come out of business school, I'll be more prepared with soft skills like management, which is one thing I wanted to improve."

Lutondo got that chance this year when he and CSIMA Co-president Tom Marmarelli Ashkenazi '24 oversaw the 27th annual CSIMA Conference in February.

The event—which is organized in collaboration with the Heilbrunn Center for Graham & Dodd Investing for students, alumni, faculty, and the greater business community—drew nearly 450 attendees.

"I was really grateful for the entire experience," Lutondo says. "So many of our students worked really hard to put the conference together, and it was very much a success."

He says that's in part due to the cohesion of the community, which is built in at the start. Regularly, second-year students meet with first years for "office hours," where questions can be asked that, "perhaps felt embarrassing to ask in front of a professor." This peer-to-peer learning environment is the most important benefit of CSIMA, Lutondo says. "That is what really has made a difference. It makes what could be a much more stressful experience a lot more enjoyable because you're doing it as a group. There's a sense of camaraderie that comes with that."

PRIVATE EQUITY CLUB

Creating Value

Jackson Gorman '24 says the main reason he and Danielle Schwartz '24 joined the Private Equity Club and became co-presidents is "a deep passion for the industry." The club is "a really good way to get involved, to learn more, and to network with folks in that world," he says.

Gorman cites another pivotal reason for joining the club: It offers substantial value to students, and most of that value is helping students land private equity jobs. "To do so, we foster efficient, well-structured organizations," he says. "Our club hosts regular events and exercises careful budget management, investing resources in diverse and meaningful ways."

The club actively organizes educational initiatives centered on essential subjects like financial modeling and case studies, equipping members with the hard skills crucial for excelling in private equity interviews. In addition, the members organize social events, maintain a careers committee, and support a professional events group that schedules speakers for talks and panels. Gorman says that can mean going to New York to meet with big firms or a trip to London where last Thanksgiving the group took nearly 20 students to visit some of the city's biggest private equity firms.

"At the end of the day," he says, "the club does a lot." And that means Gorman and Schwartz do a lot, too. "Yes, it's a decent amount of work, but it's super-rewarding," he says.

VENTURE CAPITAL CLUB

Building the Columbia Name

Venture Capital Club Co-president Jill Damaris '24 says the club complements her experience as a Eugene Lang Entrepreneurship Center Venture Fellow. "I gained skills as a fellow that were enhanced by club activities such as networking opportunities and recruiting events in my first year," she says. "The second-year club members were excellent mentors throughout the recruiting process."

Damaris, now in her second year, and Co-president Jewel Stone '24 are leading the club's efforts to build the Columbia name in the VC ecosystem.

"We try to build relationships with VCs in the city," she says. "As a center of entrepreneurship, the city draws leading startups and VCs to New York. They are changing the industry, and we want to embed Columbia further in that conversation."

CBS alumni play a huge role, she says: "I am warmed by how much the alumni are willing to stay connected to CBS. It's instilled in you to help people here, to support those going through what you did. Venture capital isn't straightforward, so having people to rely on makes this ambiguous process easier."

COLUMBIA FINTECH AND BLOCKCHAIN CLUB

On the Cutting Edge

According to Enrique Apellaniz '24, "For tech startups, you can say that Silicon Valley and Boston may be the biggest hubs, but if you think specifically about fintech and blockchain, it's New York."

Apellaniz joined the Columbia FinTech and Blockchain Club to enhance his understanding of blockchain technology. As co-president of the club with his friends Juan Cruz Rabbat '24 and Alexander Talati '24, he oversees a range of activities geared toward career, education, and networking.

"New York provides great opportunities to bring in speakers or have coffee with industry leaders," he says. All the leaders in fintech are "one subway train away."

As far as Apellaniz is concerned, "one of the keys to the success of our club comes from being in New York and leveraging that opportunity. But the other thing is the team we have is absolutely amazing."

With a lot of events and a small board, he says, one thing they've done correctly is keep people motivated. "Everybody is super willing to work, and the results speak for themselves." ■

Photo: Brian Ho

Teaching the Slopes

Brett House, professor of professional practice, celebrates the 2023 closing weekend of the Whistler Blackcomb resort in Whistler, British Columbia, Canada.

BRETT HOUSE BEGAN SKIING on the ridgelines of southern Ontario and western New York when he was 7 years old and started instructing during his high school years.

Now an economist at CBS, House returned to ski instruction during the pandemic-induced shutdowns. Teaching people to ski provided a way to be social in a safe, outdoor setting while engaging in fun with a purpose.

House notes, “There are a lot of parallels between ski instructing and teaching economics. Both can be distilled down to a few key essentials that can make learning simple and enjoyable: explaining theory with relatable examples, providing low-stakes opportunities for practice, priming students to receive feedback, and enabling experimentation.”

For House, learning with the body complements learning with the mind: “I get enormous joy out of novel sensations from subtle changes in technique, creating community with other queer skiers, and navigating through wild, backcountry spaces far from ski lifts. My 86-year-old father is still out on the slopes. I want to keep skiing at least as long as he has!” ■