

External Review of the Columbia Business School

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This report is in response to a request by Provost John Coatsworth to provide an external review as part of a broader Academic Review of the Columbia Business School (CBS). To conduct this review we visited CBS for a day on October 19th during which time we met with the President, Provost, Dean, Internal Review Committee, senior faculty, junior faculty, students, and senior staff. We also reviewed the School's self-study report and a variety of other material provided to us (budgets, surveys, internal strategy documents, etc.). Finally, subsequent to our visit, we had several phone interviews with members of the CBS Board of Overseers. Our report is organized around the questions that were posed to us by the Provost.

• *Has the school established a compelling vision for its future? Does the school's vision position it optimally in its field so that it may recruit and retain leading faculty and attract top students? Has the school developed governing structures, culture, and processes that will achieve that vision?*

CBS is in the early stages of a faculty-led strategic review. We were privileged to hear the nascent thoughts of this committee in a group setting in which a number of senior faculty were themselves hearing these ideas for the first time. This gave us a rare opportunity to hear a range of faculty views being discussed in real time.

This is indeed an opportune time for CBS to undertake such a review. The decline in career opportunities and, consequently, interest, among current and prospective MBA students in Finance along with the contemplated move of CBS to Manhattanville represent significant external and internal changes that warrant consideration of a new vision for CBS. A key element of uncertainty as the faculty undertakes this review is the extent to which the decline in the financial services sector is cyclical versus structural. If it is at least partially structural, schools such as CBS for whom a focus on finance has been a core element of competitive advantage, must consider repositioning.

The early thinking that we heard is to take greater advantage of Columbia's location in New York City. The strength of New York in media, the arts, social enterprise and the not-for-profit sector, healthcare, international relations, fashion, real estate, retail, and the burgeoning entrepreneurship community provide a wealth of opportunities for CBS to diversify broadly. The School's tagline has been "bridging theory and practice". Indeed, every business school attempts to do that. However, the School's location in New York does give it an advantage in attracting top practitioners and in giving students access to these sectors, giving CBS a potentially sustainable competitive advantage if it can figure out how to tap that potential while maintaining academic rigor.

We agree, moreover, that, despite the changing MBA landscape, there is room in the market for some high quality broad full service MBA programs and that New York is an ideal location for one to succeed. Our impression is that students frequently choose CBS due to the excellence of Columbia and the location in New York. Given the breadth of student interest and the wide range of opportunities in the area, channeling students into a narrowly focused curriculum seems unwise. However, expanding the breadth of the program's excellence will require significant resources, and will require overcoming some daunting strategic challenges. Key to such an ambitious endeavor will be a strong consensus among the faculty that change is needed and a commitment to take the steps necessary to bring it about.

• Is the school's strategy likely to foster pre-eminence across a range of disciplines? Does it balance maintaining the stature of the school's top-rated programs with the goal of strengthening programs not as highly ranked? Is the school more likely to succeed by investing resources broadly across fields or by concentrating on specific areas of strength?

A strategic shift of this kind will require significant resources and must face a number of challenges:

- First and foremost, many of the areas of sector strength in New York are not supported by strong research underpinnings or faculty strength, not just at Columbia, but anywhere. Moreover some, such as entrepreneurship and social innovation, are areas where most leading business schools are trying to add faculty and competition for scholars is intense.
- Second, the move to Manhattanville will separate the business school from many of the schools and departments on which CBS might draw, such as economics for example, making it even more difficult to bring Columbia's broader academic resources to bear. All of our schools, for example, have pursued breadth by cooperating with other schools within our universities.
- Third, the entire curriculum will need to have more of a general management orientation. While the School has already attempted to broaden its focus beyond its historical core strength in finance (and, indeed, broaden the focus of its finance curriculum), much more will be needed. The challenge involved in this is not to be underestimated.
- Fourth, in working on overhauling the core curriculum, the School is trying to do better at what it has always done well. However, the "bridging" of theory and practice requires both a solid core curriculum and a coherent program of electives. While providing theory courses and practice courses is desirable, the challenge in all of our schools is creating a curriculum that truly integrates and bridges the two. We do believe that CBS is making strides in improving its core curriculum and student culture; however, we did not hear quite enough about ways in which each area could build a coherent complete curriculum.
- Fifth, it seems clear that building up faculty strength in additional areas will require resources. This is a challenge. CBS's contribution to the overall University budget as a fraction of revenue is large relative to what is required of any of our schools. Thus, generating additional resources from operations seems unlikely. Unless significant additional resources are raised, these changes may require some reallocation of resources from existing areas to new ones. We don't need to emphasize how difficult such changes are within schools.

In sum, we believe that the nascent vision has potential even though it faces significant strategic challenges. A key strength that the school has as it contemplates this shift is a high degree of faculty engagement and ownership of the school's future. Harnessing and sustaining this energy will be key to the success of the strategy.

• *In curricular matters, is there an appropriate balance between the core curriculum and practice curriculum? Does the core curriculum provide students with a rigorous business education that can prepare them for leadership throughout their careers? Has the curriculum evolved in ways that reflect and reinforce the most promising trends in the field of business education?*

The core at CBS is compact, elemental (e.g. no complex integrative courses), and weighted towards economics/finance. This maximizes student choice and is a good design for the historical focus of the school. We question, however, whether there is enough general management content. In particular, more coverage of organizational and human resource management issues seems necessary to support the proposed new vision.

A common danger of a small core and an elective curriculum with heavy practitioner involvement is inadequate rigor in the curriculum overall. This danger is reduced to the extent that classes are jointly taught by practitioner and tenure-line faculty or by ensuring that practitioners understand and draw on the core in their classes. It is particularly important that this be done well in a school for which bridging theory and practice is a desired distinctive competence. In hindsight we wish we had explored the elective curriculum in greater depth and do not feel qualified to opine on how well CBS is currently doing in this regard. Certainly, the recent efforts to shift talented teachers into the production of an improved core will have ramifications for the elective curriculum. It seems advisable for the school to review its elective curriculum when the core review is completed.

Most of our own schools undertook very significant and time-consuming curricular reviews and overhauls seven or eight years ago. We were pleased to see that a number of core curricular changes have been implemented at CBS this year and student reception appears to be very positive. Still, such changes are best characterized as incremental rather than sweeping compared to what other leading schools have done. This may actually be for the good. If the school does commit to a significant strategic shift it can then revisit the entire core in light of the new strategy.

• *How well does the school identify and respond to student concerns? What is the school's framework for ensuring student satisfaction? Is the school fostering a culture of entrepreneurship and innovation? Are there further steps the school should consider in addressing students concerns?*

We were asked about student satisfaction. While there are other transitory determinants of student satisfaction, long-term satisfaction is an outcome of a culture of student engagement and commitment. Maintaining a serious and engaged student culture can be a challenge at business schools, and we understand that this has been a particular challenge at CBS. CBS has undertaken recent steps to improve student culture, focusing on first year students in the core. The students that we met with noted substantial improvement in this area. Maintaining

consistently high expectations for student engagement and commitment after the core is completed is an important challenge, especially for a school with a diverse part-time adjunct faculty.

- *Is the school developing a broad portfolio of outstanding research across departments? Does it have the infrastructure in place to foster research at the forefront of its disciplines?*

The School clearly has many senior faculty who are highly productive and engaged, and care deeply about the School's future. Columbia Business School has had success in attracting junior faculty. All of our schools have had challenges in orienting new junior faculty to MBA teaching while allowing them to get a strong start as scholars. It was suggested by some junior faculty that this has been an area of concern due to the expectations of students, the expectations of the administration, and to the allocation of teaching responsibilities across the spectrum of junior versus senior faculty (e.g. new junior faculty teaching MBA core courses and/or teaching multiple different course preparations). It appears that the School has recently made positive steps in these respects; these have been noted with approval and appreciation by untenured faculty. Other than this (possibly inevitable) issue of time conflicts from the teaching enterprise, both junior and senior faculty were clear that they were well-supported in their research. Untenured faculty with whom the committee met, were universal in their affection for the School and their hopes to remain with it for the long term.

- *Is the school maximizing its fundraising potential? Are fundraising approaches aligned with core school priorities? How successfully has it managed to raise funds for its new buildings on the Manhattanville campus without sacrificing the quality of the education it offers its students? Has the school engaged in long-term planning that will position it to take advantage of its eventual move to new facilities in Manhattanville?*

While the School has apparently closed some large gifts for Manhattanville, these leave a significant gap remaining, and the net present value of gifts, which lessens their impact relative to what has been announced, does not seem well-understood by all faculty. There therefore seems to be some differences of understanding between faculty, students, and administrators regarding the timeframe for a move. There is also ambiguity as to when, and whether, other Schools will join the business school at the Manhattanville site. This complicates the business school's planning for both current programs, and for an eventual move, with respect to taking best advantage of the opportunity to collaborate with other schools at Columbia. Of specific concern in this regard is the connection with engineering, and with economics. We were not sanguine that the distance from the 116th Street campus and Manhattanville will be small enough, or bridged smoothly enough, to enable ready collaboration in educational programs or in faculty research. Thus, the consideration as to which schools will reside in Manhattanville looms large, and does not seem to have come to clarity. Accordingly, some of the elements of long term planning for the business school would be difficult to undertake in the context of these ambiguities. Turning this point around, to the extent that the School does engage in that long term planning (by choice or via university requirement) the more it seems likely to push the School to manage itself as an island, since the future locations of other schools and departments are uncertain.

While we understand that there is substantial dissatisfaction with the present facilities, we firmly believe that a strong CBS is at least as dependent on obtaining strategic resources for present and future programmatic initiatives as it is on new facilities. We are skeptical that sufficient resources for strategic initiatives can be achieved solely through the expansion of revenue-generating programs. Yes, perhaps new facilities will allow for the expansion of executive education programs. Certainly, the location in New York has created and will continue to create opportunities. However, executive education is a competitive and mature market. Furthermore, there are cautionary examples in the MBA world of the effects of massive expansion of such activities on faculty research culture. Finally, it is not clear that the financial arrangement between the University and the Business School creates substantial incentives for such expansion for the School. Thus, we believe the success of Manhattanville and future strategic initiatives is likely to depend on the success of fundraising. It is difficult for us to assess the fundraising potential for CBS. Clearly it has graduates who have succeeded in finance and as entrepreneurs. Unfortunately, it is quite likely that the “leading” donors have been tapped out and the challenge of reaching these goals with numerous gifts from smaller-capacity donors seems formidable. While limited to three individuals, our conversations with trustees did nothing to dissuade us from these concerns.

• Is the school taking advantage of its presence in New York City and the opportunities it provides? Are the Executive Education programs oriented optimally to take advantage of Columbia's location? Generally, has the School developed a robust network of linkages with local industry and other organizations to serve the needs of students, faculty, and alumni?

The School is very much mindful of the distinct role of New York City in the business community and appears to consider it carefully across the range of its programs. A specific assessment of executive education programs, with respect to content and to audiences, may perhaps go beyond the knowledge of this committee.

We had limited opportunity to explore CBS’s linkages with local industry. It appears that there are robust linkages between CBS and local industry in the area of financial services. However, the membership of the Board of Overseers and our conversations at the School suggest that linkages in areas outside finance could be more aggressively pursued.