Preliminary Report of the Provost’s Committee
to Review Columbia Business School

March 5, 2014

Columbia Business School has been and remains one of the greatest institutions of business education in the world. It boasts a world-class faculty, a strong and varied student body, distinguished leadership, successful alumni, and a powerfully engaged Board of Overseers.

This is a preliminary report to the Provost of Columbia University on the status of, and prospects for, the business school. We have had the benefit of literally scores of interviews with leadership at the University and School level, with all key constituencies within the Business School, including select members of the Board of Overseers. We draw on the abundance of wisdom to which we have had access.

Our inquiry ultimately focuses on a single question: Can Columbia Business School advance markedly in its stature relative to its peers? To accomplish this is no easy task. The Business Schools at Harvard and Stanford have immense resources and a considerable lead. Closer peer competitor schools, such as Wharton, Chicago, and MIT, have great advantages of their own. Moreover, Columbia Business School has had to seek advances in an exceedingly difficult environment. The recent financial crisis has been a stress for all of higher education. It also led to a persistent and possibly permanent slackening in employment opportunities in financial services, even now a mainstay for the Business School’s graduates. In this difficult climate, the Business School has had to fundraise for a once-in-fifty-years move to new buildings to rise in Manhattanville. And it has had to accomplish this without missing a beat in maintaining and raising the quality of its faculty and educational programs.

Our core question has a simple answer. Yes, we believe that Columbia Business School, headwinds notwithstanding, has a tremendous opportunity to advance relative to the competition. This requires three elements. The school must maintain the excellence in teaching and cutting-edge research that undergirds its current distinction. The school must complete the heavy lift of dramatically improved facilities promised in Manhattanville. The final piece concerns the one unique element that distinguishes CBS from all other business schools -- its presence in the great center of world business, New York City and in a leading Ivy League university. This cannot be simple branding. It cannot rest solely on having better access to business speakers than other schools. It must instead embrace its one unique advantage as never before. It can’t just be the Ivy business school in New York -- it must articulate in a thoroughgoing manner how its students and faculty can use this center of world business in ways impossible to do if not present in New York City.

The time of a move to Manhattanville is the ideal moment to forge a compelling and distinctive identity and to project it to the world.
The Provost asked the Committee to address seven questions, and we take these as a framework for discussing our preliminary findings.

1. **Vision for CBS**
   
   - *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 school developed governing structures, culture, and processes that will achieve that vision?*

CBS is completing a faculty-led strategic review. We have seen slides based on the review and met with the chair and some members of the strategic review committee. This review is timely given the likely move to Manhattanville and the decline, potentially structural, in career opportunities in the financial services industry.

This strategic review seems to propose a three-pronged vision for the school: (1) “Bridging theory and practice”, (2) “Very center of business” (i.e. better leveraging NYC) and (3) diversifying away from finance by focusing more on management (e.g. broad business thinking and synthesis, leadership, strategy and entrepreneurship).

Among the CBS senior faculty, there seems to be confusion about and some disagreement with this proposed vision. In absence of details about this vision and a clear implementation plan, some faculty are concerned that this vision could be a combination of slogans and isolated initiatives.

On (1), while CBS intends to better engage practitioners both inside and outside the classroom with more co-teaching with full-time faculty and experiential learning opportunities for students, and although NYC provides an advantage, it is unclear how CBS will do this significantly better than other business schools in order to differentiate itself from its peers who all aspire and claim to do the same.

On (2), the NYC advantage has been part of the vision for decades yet CBS has not fully engaged industries beyond financial services. We believe that a center-based strategy, leveraging and further strengthening CBS’s centers on value investing, real estate, entrepreneurship, media, social enterprise, and private equity, to name a few, still has tremendous potential. CBS should develop a clear plan to engage and project a presence with various industries in the tri-state area including the burgeoning NYC tech industry, media, real estate/construction, biotech/pharma and financial services/insurance/PE.

On (3), while focusing more on management education is important and may well be necessary, CBS should not lose its strength in finance and economics. We were particularly surprised to
hear about a freeze in hiring in finance and economics and a refusal to take advantage of what seems to be very significant opportunities to hire amazing talent at varying levels of seniority. This focus on management education seems to rely on senior faculty pivoting a portion of their time to areas such as entrepreneurship. This would require buy-in from the senior faculty for such a pivot, particularly given what seems to be a uniform belief that areas such as entrepreneurship and leadership are not yet mature academic fields and an absence of interest in following the Harvard Business School (and now Stanford Business School) model of allowing other paths to tenure than research (e.g. teaching, case writing and practice).

The proposed vision is unlikely to attract more top students than now and will probably do little to reduce the heterogeneity of expectations of the applicant and admitted classes.

Also, the proposed vision does not seem to include stronger links to Columbia University and its Schools. Although we heard both from the senior leadership of the school and the faculty a desire to better connect with other schools at Columbia and better leverage the university, there are no clear plans to do more than what is already in place.

Columbia Business School must develop a distinctive identity. This must go beyond simple slogans. This identity must express the faculty’s deep beliefs about what they aim to deliver to students in order to attract the right students, those who will value what in fact they will be given. Other business schools have succeeded in this – Harvard, Stanford, and Chicago’s Booth business school come to mind. Of course, this identity can’t simply be imposed from above. This must be shaped in discussion among the faculty and other constituencies, guided by the leadership. If this can be achieved, and communicated clearly to students and alumni, this may go a long way in establishing a strong student culture and alumni engagement.

2. Strategy across fields

- Is the school’s strategy likely to foster preeminence across a range of disciplines?
- Does the balance maintaining the stature of the schools 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?

At a business school, it is quite natural that investments in faculty over medium to long horizons will hew to the pedagogical needs of the students, hence will need to adjust to secular changes in those needs. One of the great strengths of Columbia Business School over long horizons has been finance. This is quite natural given the school’s location in New York City. Recent years have seen some slackening of job opportunities for MBA graduates in financial services, even as this remains the largest source of jobs for CBS graduates. One may argue whether or not this change is permanent; it is, in either case, sustained.
The changes suggest that some rebalancing may be in order, although the uncertainty about the permanence of the changes likewise argues for maintaining flexibility. Such adjustments are always difficult and never more so than in a premier program. The grave risk is that seeking adjustment through a hiring moratorium and attrition may lead to departures of the highest quality faculty, leading to a downward spiral in what needs to remain one of the great strengths of Columbia Business School. Indeed, we have heard reports that actual and potential Nobel Prize winners have been discouraged from seeking appointments in Finance and Economics at Columbia Business School, as have stars from the younger generation. Whatever the needs for adjustment, and whatever the current stresses on space, appointments of the highest order need to be examined closely if the quality of the faculty and the School are to continue to rise.

If there is to be a rebalancing of faculty and fields, a key question is how this should be pursued. Should Columbia Business School select one or a few additional fields in which it aims to be great, and thus complement its traditional specialization in finance? Or should it broadly rebalance its allocation of resources, greatly evening out the distribution across fields? Put another way, should Columbia Business School aim to be known as a school with tremendous power in a few fields or instead come to be known as a strong general-interest business school?

The School’s leadership has stated that it espouses the general interest business school model. This is an absolutely central question for the future of the School and deserves all its attention. The central problem is whether by spreading broadly, at Columbia Business School’s current or prospective scale, this would insure that it has some strength in many areas but is the leader in none. There is also the question of whether this strategy can leverage the sector specific advantages of being in New York City.

Even if one decided to pursue the alternative strategy of selecting a few areas in which to become the world leader, there is the question of how such a selection should be made. Ultimately, the strength of the school relies on the strength of the faculty and there is the danger of moving down in quality in order to fill a too finely targeted slot, cementing in mediocrity. It would be much better to identify a range of fields in which it may be possible to achieve greatness, and then allow competition across these fields, hiring faculty only as outstanding candidates become available.

Lastly, there seems to be discontent with the relative sizes of the different division groupings, with Finance and Economics representing about half of the School’s faculty. This expressed concern deserves a closer look.

3. Appropriateness of Curriculum

- 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 curriculum is a contentious topic at CBS, as at many business schools. We learned that there are three visions about the core: a tools core (statistics, microeconomics and accounting); a full-year core; and an essentials core that represents a middle vision. A minimalist tool core includes elements universally viewed as essential to business education and allows students maximal flexibility to pursue their interests. However there are downsides. Flexibility is not always a good thing, since students may need breadth of knowledge and required courses that may seem questionably relevant in the short run, but will prove very useful over longer horizons. The minimalist core may also be unattractive if it is a first step towards creating a one-year MBA, which seems to have major disadvantages. A full-year core creates major student dissatisfaction among a heterogeneous student base, especially with students who wish to specialize in a specific area and advanced students who are not allowed to place out of courses for fear of not integrating well within their cluster. The middle ground, the essentials core, seems more compelling; but in practice it has led to considerable conflict over what is to be considered essential.

The core curriculum has undergone three revisions in the past eight years. This is worrisome. There is broad dissatisfaction with these revisions from the faculty, who seem to unanimously believe that these revisions reflect in large measure turf wars between the divisions. Instead of discussing the future of graduate business education and the training and skills MBAs need, and then developing learning outcomes and designing the best core curriculum CBS could offer, the faculty representing each division seem to fight for their division’s market share in the core, protecting the number of teaching slots and faculty lines. Moreover the students we spoke to voiced their concern with negative early feedback from the latest revision and called for further revisions!

The repeated revisions of the core appear also to respond to concerns about declining satisfaction of students, as represented for example by the sharp decline of CBS to 13th in the Business Week rankings (20th in student satisfaction). However, the instability can itself be part of the problem because it reflects a lack of clarity about the identity of CBS, and an inability to communicate an identity to applicants so that they know what they will find when they arrive. If decisions on the core are driven by sectional interests plus heterogeneous and mercurial student demands rather than by a considered perspective by the CBS faculty on what is important for business education, the instability of the core may become a chronic problem. Compounding the problem are moves by Wharton and Harvard to offer the first-year MBA curriculum for free online through the Coursera and edX platforms.

With regard to elective courses, there are strong offerings in finance and economics, particularly on the sell side, in value investing and in investment management. Students expressed a strong interest in CBS providing more courses in other areas such as marketing, analytics and retailing. They also expressed their desire for a more structured curriculum in areas outside of finance and economics where they should not be given a cafeteria-style set of courses, but rather a well-
structured curriculum where courses build on each other and where they can attain more specialized or technical knowledge and be able to connect the dots. There also seems to be interest by students in more courses that use the case method, provided that faculty are better trained to teach with cases. Students suggested that readings for some courses seem simply to have cumulated over time making it difficult to know what is really essential.

Lastly, there is an opportunity to expand joint course offerings between CBS and other Columbia schools that involve cross-disciplinary co-teaching. There seems to be strong demand from MBA students for such courses if schools’ academic calendars were to be better coordinated.

4. Student Concerns

- 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 student concerns?

A major source of student dissatisfaction is facilities, and this dissatisfaction seems to percolate to other areas, including academics. A move to Manhattanville would alleviate a lot of unhappiness.

We discussed above some of the issues regarding the core curriculum. We believe that designing a stable and well-founded core is a central responsibility of the faculty. They must take a firmer hold of the core, basing it on a vision of what they truly believe is important for business education now and in the future. Then the school must attract those students who share that vision and who want to immerse themselves in the educational culture built around that curriculum. More coordination between faculty and admissions staff might be advisable.

Over the past several years, there seems to have been an over-reaction to student concerns and a lack of good management of student expectations. The faculty are unhappy about administrators not defending the faculty and not pushing back on student dissatisfaction. With the elimination of the position of vice dean for MBA programs and the restructuring of this position into two positions (a vice dean for curriculum and teaching who is a senior faculty member and an associate dean for MBA programs who is an administrator), there seems to be an improvement in this direction. Also, there is a desire to set the right expectations for MBA students at orientation, to better incorporate student feedback without over-reacting, and to push back when necessary.

Immediate feedback from students during the semester and in end of semester course evaluations sometimes lack perspective. Students, faculty and alumni all suggested that additional feedback should be solicited from students six months or one year after taking a course, as well as from young alumni.
5. Research and Infrastructure

- *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?*

CBS has a strong academic reputation and world-class scholars. The quality of its PhD programs is constantly improving. The current infrastructure, including research spaces and cubicles for PhD students, is inadequate. Furthermore, the PhD programs seem small and may need to grow in some areas.

In his “Going Forward” document of October 2013, the Dean mentioned the University of Texas, Dallas rankings to measure research productivity of CBS in terms of publication in top journals. The UTD rankings have seen a slow erosion of the CBS position, from number 4 for the 2001-2005 period to number 12 in the two most recent rankings, while over the same period, NYU’s Stern School’s rank has ranged from 2 to 6, with a current rank of 3. While these rankings favor large schools, the trend is of some concern. However, there are numerous bright spots in CBS faculty development, including the recent naming of Emi Nakamura and Ilyana Kuziemko among the eight Sloan Fellows in Economics for 2014.

CBS has long had the advantage of being located at the very center of Columbia University, and thus benefited from close ties to a variety of departments and schools, notably the Economics Department, the IEOR Department within the Engineering School, and Columbia Law School. The move to Manhattanville was necessitated by the imperative of increasing the space available to the business school. There is great concern that the move may tend to isolate CBS, with much weaker ties to departments and schools than it previously enjoyed, when such synergies are a crucial part of its identity. Attention needs to be given to measures involving both physical transport and programs (say, grouping some joint seminars into mini conferences) to cement intellectual ties and minimize the impact. We have not seen an academic plan that identifies which of the related schools and departments may eventually move to Manhattanville, and when. Such knowledge would help the Business School to know whether its isolated status is temporary or permanent, and thus how to adjust.

Lastly, the School has recently made strides in attracting diverse faculty. The attention to this important issue should be maintained.

6. Fundraising Alignment with Vision

- *Is the school maximizing its fundraising potential?*
- *Are fundraising approaches aligned with core school priorities?*
- *How successfully has it managed to raise funds for two 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?

CBS has greatly improved its fundraising. Over the past twelve years, annual fundraising grew from $21 million per year to $69 million ($47 million when excluding very large gifts). The annual fund is growing in double digits, participation in reunions has significantly improved and the 75 alumni groups (60 unique to CBS and 15 overlapping with the university) are quite active.

Overall, CBS raised over $670 million during the capital campaign including over $350 million towards the $500 million goal for Manhattanville. Yet, there remains an important shortfall and a maturity mismatch between cash outflows for construction and cash inflows from gifts pledged over a longer period of time. There was some concern expressed about potential donor fatigue, which would make the situation more challenging.

The move to Manhattanville is of strategic importance to CBS. Long-term planning for the new facilities has started. As mentioned above, it is critical that this long-term planning include a detailed plan that strongly links the new Manhattanville campus with the Morningside campus so as to not erode existing relationships with economics, law, engineering and other parts of Morningside.

CBS is a vital component of the University’s own long range future, and the buildings in Manhattanville, in turn, are vital elements of the Business School's future. If the primary obstacle to moving forward with the new buildings is liquidity, then we hope it is possible for the University to reach an agreement with CBS that allows it to move forward quickly (possibly with the help of a line of credit from donors), while providing the University with all assurances that CBS will remain shoulder to the wheel on completing funding of the project, whether from fundraising or operating surpluses. We understand that the University faces debt capacity constraints. Still it is critical for all CBS constituencies including its donors that the project be brought to completion in a timely manner.

Investing in a broader range of disciplines and operating larger buildings will necessitate increased resources. Meeting these needs will require an increased level of fundraising and likely more tuition. While we would agree that the size of the MBA program should remain the same in order to ensure improved satisfaction and rankings, CBS should consider growing the size of its EMBA programs (while improving quality) and dramatically increasing its non-degree executive program offerings. Increased scale provides greater opportunity for strength across a variety of fields as well as for greater richness within fields, which could be attractive for both students and faculty. Moreover, we heard concerns that despite a doubling of the square footage, the current plans for the new buildings would accommodate no more than a modest growth of faculty and very few visiting faculty.
Lastly, we heard significant dissatisfaction with the common cost and the annual rate of increase of common cost. The external review committee identified this as a serious handicap for CBS relative to its peers. This issue is outside the scope of our review.

7. Leveraging New York City

- 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?

By far the most distinctive characteristic of Columbia Business School is its presence in a complete Ivy League university in the world’s business capital, New York City. This is recognized in the business school’s slogan, “the very center of business.” The school has found a number of ways to take advantage of its presence in New York City, for example by having very high-quality adjunct professors drawn from business and by having many guest speakers in classes also drawn from the business world. This has been most successful in the area of finance, but has also been present in a variety of other areas, often through centers attached to the business school. But CBS’ faculty engagement with industry is less than we would expect. If it is to be strengthened, such engagement would need to be recognized and potentially rewarded at the time of promotion from associate professor with tenure to full professor. A particular area where full-time faculty involvement is needed is in strengthening the entrepreneurship program.

New York City has had a renaissance in the last twenty years. For many people, across the country and across the globe, spending time in New York City and at Columbia University is an extremely attractive possibility. This is an opportunity that should be seized upon. For example, Columbia Law School has successfully used a visitors program as a step to recruiting top-level faculty that it might not otherwise have had a chance of recruiting. The creative use of short and long-term visitors, drawn powerfully both by the intellectual power of the Business School and by the attractiveness of New York City, can be used to enhance the intellectual environment and as a recruiting tool. This is a key advantage that Columbia Business School has over its competitors. SIPA has benefited from the proximity to the United Nations and the presence of high profile speakers, particularly at the University’s World Leaders Forum. Such a high visibility program that would bring business leaders from around the world to Columbia is worth exploring.

While CBS’ EMBA programs have grown over the years, its non-degree executive education programs are surprisingly small compared to peers despite the NYC location. INSEAD, we are told, has non-degree executive education programs that are five times the size of CBS, and it is about to start offering programs in Midtown Manhattan. In contrast, several CBS programs are
run in Norwalk Connecticut. We heard suggestions that after the Manhattanville move is completed, CBS should consider whether developing non-degree programs closer to the center of business in Manhattan will allow it to capture a larger share of this market, and whether such a presence could also be attractive to other schools at Columbia. We were given examples, such as the University of Chicago and Northwestern, that may have successfully positioned themselves in downtown Chicago.

Finally, a business school is a school, but also a business: it should be constantly looking for new market opportunities, particularly those where it has a natural advantage. The competition for Columbia Business School is both global and local. In recent decades, the NYU Stern business school has narrowed the gap with CBS. Recently, Cornell announced that it will offer a one-year MBA program in New York City focused on technology. CBS should remain entrepreneurial in developing new market opportunities in Manhattan, where it should enjoy an enormous advantage.