

MBAs go micro

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With big-ticket jobs scarce, B-schools advise grads to think small—as in small business.



John Montgomery, left, joined Marley Hodgson at Mad Greens Jamie Kripke

Marley Hodgson couldn't believe his luck when the résumé of a top-notch local business school student landed on his desk last year. Hodgson, co-founder and CEO of Denver salad company Mad Greens, was looking for a vice-president for finance, and John Montgomery, an MBA student at the University of Colorado at Boulder's Leeds School of Business, fit the bill.

Prior to business school, Montgomery worked as a controller at restaurant chain Noodles & Co., helping it grow from 40 to 120 locations during his four years there. Hodgson hoped Montgomery would work similar magic with his fast-casual salad chain, which has eight locations in Colorado, around 100 employees and \$6 million in revenue. "I really liked him, so then the question was how do I make sure he jumps on board with us," says Hodgson.

Hodgson knew he couldn't pay Montgomery the \$130,000 to \$150,000 salary he'd command at a larger company. To entice him, Hodgson threw in extra vacation, an attractive bonus, and equity in the company. "We wanted to give him some skin in the game," says Hodgson. His strategy paid off a few weeks later when Montgomery accepted the offer. The company is now considering hiring another MBA for a job opening later this year.

Dent in Recruiting

For years, small companies have had trouble competing with the larger firms that typically hire business school students, but that is starting to change. With the recession making a dent in campus recruiting, career service officers are advising students to broaden their job searches to include small businesses. Students are heeding their advice, and companies now have "access to a lot more talent than they ever had before," says Tracee Petrillo, career services director at Babson College's F.W. Olin Graduate School of Business.

MBA grads may not be happy about it, but small and midsize businesses have advantages that their larger brethren don't—and it's not just that they're hiring. Small companies can offer perks that will be tempting to students, such as allowing students to sit in on board meetings or mentorship from a top executive. In smaller organizations, many MBAs will be able to rise quickly up the ranks. And the ability to have an impact is far greater at small companies than it is at huge conglomerates.

Such benefits can easily outweigh some of the disadvantages of working for small companies. Montgomery, for example, said he was willing to take a substantial pay cut to work at Mad Greens, a company where he felt he could have "my hands in all the cookie jars," says Montgomery. Since he started, he has had the chance to work in almost every department,

from marketing to operations, an experience that would be hard to replicate at a larger company. Says Montgomery: "It was worth the pay cut."

In many cases, going the small-company route is an opportunity for MBA grads to follow their passion or just to try something new. Stanford MBA student Kieran Furlong interned last summer with Solazyme, a 60-person South San Francisco biotech company, and accepted an offer with it in early November. Furlong, a former chemical engineer who worked for large multinational companies for nearly a decade before coming to business school, was eager to work for a smaller company, specifically one that focused on renewable energy. He knew he wouldn't get a signing bonus when he took the job at Solazyme, but he was able to negotiate a competitive salary, as well as stock options, and future equity in the company. "At the end of the day, I decided I've done the large corporate world before, let's try something different," he says.

Job postings down

Career services teams are doing their best to connect students with this previously overlooked class of employers. They have a big incentive: In a survey by the MBA Career Services Council, an association of business-school career officers, 46% of career-services officials said full-time job postings were down by more than 10% this winter as the market for MBA talent continues to dim.

At the urging of schools, many small and midsize companies are taking advantage of the poor market for MBA talent by doing things that the "big guns are doing"—everything from campus visits to posting positions on b-school job boards to calling up career offices and asking for referrals or recommendations, says Kip Harrell, president of the Career Services Council. Some are even asking schools to host small business career fairs, says Dan Marques, Babson's manager of entrepreneurial development, who's organizing one at his school this spring.

For students who are considering small or midsize companies, one downside is salaries, which are typically far lower than they would be for the finance and consulting jobs most MBAs gravitate towards at graduation. And the jobs themselves might be short-term gigs, since many MBAs will be tempted to jump ship when the economy rebounds and big companies—particularly big financial services firms—start hiring again. Says CSC's Harrell. "That will be the challenge when the economy turns around."

Flattery helps fetch them

To seal the deal, B-schools are encouraging smaller employers to use the personal touch. Andy Chan, career services director at Stanford's Graduate School of Business, recommends that schools use résumé books to pinpoint students they're interested in hiring. An e-mail or a quick phone call to the students will flatter them and help get their attention, he says. "The personal touch works, especially if it comes from the CEO of the company" he says. Other CEOs send staff to campus networking events or to speak before student clubs. At Mad Greens, Hodgson often invites students he's interested in to have lunch with him at one of his restaurants. He also sends staff to recruiting events at local business schools, even bringing samples of their salads and homemade dressings for students to taste.

For their part, students are reaching out to small companies using methods they might not have employed with big companies, who typically interview students at on-campus recruiting events. Dariush Afshar, a second-year Wharton MBA, e-mailed the CEO of the company he was interested in, a 10-person social media company called DotSpots. The two set up an interview in Los Angeles, and after several more meetings Afshar received a job offer. His new job: vice-president for business development. "He seemed to be struck by the level of homework and

research I had done," Afshar said of the CEO. "I didn't get this job through any formal recruiting process. It was really doing my own ground work."

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