

Succeeding in a recession

Garth Saloner, the new dean at Stanford Graduate School of Business, steers a steady course through the downturn.

Given the number of commentators who are fingering business schools as accessories to recent corporate misdeeds, any change of leadership at a top-tier institution must give rise to a temptation to trumpet clean breaks and fresh starts. Garth Saloner, shortly to be ensconced as Stanford Graduate School of Business's new dean, however, believes his institution has little cause for soul-searching. On the contrary, he reckons that the school, which launched a new MBA curriculum two years ago, can feel vindicated in the face of the current turmoil. "We were ahead of it," he says. "If we had designed the curriculum now we would have put in place precisely the same elements."

The school presciently switched the emphasis of its MBA programme towards ethics, leadership and, in particular, critical analytical thinking—something seemingly lacking at the top of many of today's struggling corporations. "The business leaders of the future are going to have to do much more than just master the basic functions and disciplines," he says. "They are going to have to understand all of the systemic elements that impinge on their ability to manage their organisations. That's a level of general management skills and a level of critical analytical skills that goes well beyond what we have traditionally tried to achieve in MBA programmes."

As head of the school's MBA programme task-force, Professor Saloner was key to pushing the changes to the curriculum through—a significant reason, he believes, as to why he was chosen from a long-list of over 100 candidates looking to take over Stanford's reins, from both inside and outside academia.

Professor Saloner is a Stanford man. He received his PhD in economics from the institution in 1982, returning as a faculty member in 1990. At a time when some prestigious schools are experimenting with deans from the corporate world, for Stanford continuity was the key. "This was not a turnaround situation," he says. "This was about building on what we had already accomplished."

He is succeeding Robert Joss, dean for the past ten years and considered among Stanford's most successful. Alongside implementing the new curriculum, Professor Joss oversaw the school breaking ground on a new \$100m campus as well as, in 2006, soliciting what was then the largest single donation to any business school—\$105m given by Phil Knight, the founder of Nike and a Stanford alumnus.

Mr Knight's donation has since been dwarfed by David Booth's gift to Chicago Graduate School of Business—worth up to \$300m—which led to the school being renamed in his honour. Raising funds has become, in Professor Saloner's words, "job one" for any business school dean. "A big fraction of our annual budget is funded through the generosity of our alumni," he explains. "The model is that current generations of students are beneficiaries of their generosity and then once they go out and become successful there is a tradition of giving back and so the cycle continues."

It is, he concedes, a tough time to be knocking on doors cap-in-hand. Alumni who have either lost their jobs, or face an uncertain future, tend not to be generous donors. There is a pleasant side-effect, however: "I have been a part of Stanford for almost 20 years and have wonderful relationships with generations of alumni; one of the joys of the job is that it does give you the opportunity to reconnect with students you have taught."

Where that next generation of students are going to come from is another matter. Anecdotal reports have suggested that the big American schools are failing to attract the number of lucrative foreign students they once did (see article). The downturn and new restrictions on where foreign students can work once they graduate, it is posited, have dampened enthusiasm. However this, Professor Saloner believes, does not credit students with an ability to think long-term. "This is a two-year, full-time programme," he says. "Most people that are coming believe—correctly I think—that the world, and the US economy, will look quite different in two years' time. Despite the current downturn, the US economy will continue to be the most important economy in the world. I think students take a longer perspective than the headlines in the newspapers."

Stanford's new campus is scheduled to open in 2011 and lies at the centre of the school's strategy. "The old-style MBA curricula were built on the large-aeroplane model—big, standardised, you fill the planes then you fly," says the dean. "That really isn't the spirit of our new model, which is much more customised, much more flexible and more intimate, and that requires that a different physical space."

An important part of that strategy is the promotion of a multi-disciplinary approach to management education, with many different schools—law, medicine, engineering and science—located on the campus. It is perhaps the area that the dean is most proud. "We have been working very hard to break down boundaries and to facilitate the freeflow of ideas, students and faculty across schools and disciplines," he explains. "I think that is going to be extremely important in management education going forward. The notion that you have just business knowledge and don't need to interact across those boundaries is going to change."

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