

Elite b-schools keep on building

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They're constructing bigger and more-elaborate campuses to attract applicants and professors and climb higher in magazine rankings.

The Yale School of Management crams students and faculty into 19th-century homes and former astronomy buildings linked by a rabbit warren of basements in New Haven. It's a far cry from the 40-acre Boston-riverfront campus housing Harvard Business School, which has a chapel, a health club, and its own art collection.

To catch up, Yale will erect a \$180 million structure designed by Lord Norman Foster, the architect of London's "Gherkin" tower. "You can't be in a dump if everyone else is in a spectacular building," says Sharon M. Oster, the dean at Yale, which has begun preparing the construction site.

Elite business schools in the U.S. are locked in an arms race of sorts, constructing bigger and more elaborate campuses to attract applicants and professors and climb higher in magazine rankings, says Matthew Spiegel, a Yale professor of finance. New buildings mean more office space for faculty and more classrooms for profitable executive education programs. Larger schools can also enroll more students, who pay up to \$80,000 annually in tuition and room and board.

While falling endowments at universities across the U.S. have forced construction cutbacks, business schools have been immune from the retrenchment, says Ronald G. Ehrenberg, an economist at Cornell University. "Graduates of business and law schools are often the wealthiest alumni," Ehrenberg says. "It is easy to raise the funds to build buildings from donors to those schools." To finance its new complex, for instance, Stanford Graduate School of Business secured \$105 million, the largest gift in its history, from Philip Knight, the alumnus who heads athletic shoemaker Nike.

The building boom for top management schools was triggered in 2002, when the University of Pennsylvania's Wharton School dedicated its \$140 million Jon M. Huntsman Hall in Philadelphia. The University of Chicago Booth School of Business began using its \$125 million Charles M. Harper Center in 2004.

This year the Massachusetts Institute of Technology's Sloan School of Management will open new facilities in Cambridge. Stanford's B-school also will expand into a new building next year. Yale, Columbia University in New York, and Northwestern University in Evanston, Ill., are raising money for similar expansions.

It's a self-reinforcing pattern: Better buildings enhance student satisfaction, and that can spur future alumni giving, making management schools even richer and better able to build even more-impressive campuses, says Robert J. Dolan, dean of the University of Michigan's Stephen M. Ross School of Business. Michigan opened a new, \$145 million building in January 2009.

The bottom line: Despite cutbacks in many college programs, top-tier graduate business schools are in the midst of a building boom.

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