

How To Rebuild A B-School

Jennifer Merritt

Carnegie Mellon's Dunn is shaking up the program - and starting to win back alums

Back in early 2001, Kenneth B. Dunn set himself a tough goal: to restore Carnegie Mellon University's business school to its once-lofty stature of the 1980s and early 1990s. He talked to students, consulted with professors, studied the school's course requirements, and benchmarked its offerings and resources against those of competitors. By the time he was done with fact-finding, Dunn had developed a strategy for the school to "own the space where business and technology intersect." Advertisement

And all that was before Dunn had worked one official day as dean. His July 1, 2001, start date was a formality, says Dunn, since he wouldn't be collecting any salary over \$1. For the 53-year-old retired Morgan Stanley (MWD) managing director and former Carnegie Mellon finance professor, giving back to the school that helped launch his career was always his plan -- but he never expected to run the place.

Today Dunn's well-laid plans seem to have borne fruit -- and then some. The B-school, once a star attraction on the Carnegie Mellon campus, is reviving its reputation for innovation and for providing its grads with analytical decision-making skills. First, Dunn quickly renewed ties with deans at premier Carnegie Mellon schools such as engineering and arts and sciences to help expertise flow back to the B-school. Then he shook the cobwebs off the MBA curriculum and redesigned it to encourage study in other university departments, with courses in everything from biotechnology to product design. He won unanimous support from the faculty and stirred up excitement among students, who had a sometimes chilly relationship with officials on the Pittsburgh campus.

Dunn's crowning achievement so far has been financial. On Mar. 19, the school was set to announce a \$55 million gift -- one of the largest donations ever to a B-school -- from 1982 alum David A. Tepper, president and founder of Appaloosa Management, a \$3 billion Chatham (N.J.) hedge-fund investment firm. In return, the school would henceforth be known as the David A. Tepper School of Business. (First Dunn had to win Mellon family support to change the name from the outdated Graduate School of Industrial Administration.) Says Tepper, 46: "If you're successful, you look back to see who or what helped you out..... It was the education I got, and when I really focus, it was the [options] classes I had with Ken Dunn."

Quiet Persuasion

At the same time, Dunn raised \$13 million more from executives with ties to the school, including Raymond W. Smith, former CEO of Bell Atlantic Corp. The money will support faculty research, help make further improvements to the curriculum and the campus, and pad the school's endowment, which at \$137 million is less than half those of its rivals.

That kind of connection, combined with Dunn's refusal of a salary, is a huge draw with potential donors. "His working pro bono makes people feel 'if he can give, then I can give,' and it makes everything he says to them very sincere," says Scott Richard, a managing director at Morgan Stanley, where Dunn was known as a man of character with a knack for quiet persuasion. Despite his successes, the self-effacing Dunn might raise even more money if he can overcome some lingering discomfort in asking for donations. "When I told him I wanted to give some money, he fumbled [his words] a little," recalls Tepper. "I told him: 'Ken, just ask. People expect you to.' He's getting better at it."

In some ways, though, the harder job has been revamping the school. Its reputation as an MBA for Internet-awed techies, especially in the dot-com heyday, had hurt the school after the bubble

burst and made Carnegie Mellon a second choice for many students. An administration known for being aloof to students didn't help much. Dunn immediately supported the establishment of a student government and began to solicit regularly suggestions from MBA candidates. He quickly won students' trust, says Justin Kaufman, a 2004 MBA candidate who also served as a student president. "He's always asking us what we need, always open to getting our input," says Kaufman. The reserved Dunn even attends students' regular Friday get-togethers and often invites them to his house, which overlooks the city.

The new dean needed all the goodwill he could garner, given the curriculum overhaul he had in mind. Early on, Dunn replaced the school's generic approach with courses that included classwork outside the B-school, thus giving MBA candidates exposure beyond the staples of finance, management, and strategy. One example: The Integrated Product Development class brings professors and students from the business school together with those in engineering and fine arts to create products. Most recently they focused on Ford Motor Co.'s (F) small SUV, the Escape. "They were simulating a practice that was very similar to the real world process at Ford where marketing people, technical people, designers, and engineers all come together to design a product the customer wants," says Stephen Lesh, Ford's program supervisor for the Escape. Ford has applied for patents for three products developed in last year's class -- all having to do with interior components, says Lesh.

An answer to outsourcing

The new curriculum contains an entire track of study for students interested in understanding the intersecting points of product development. Another track: biotechnology, in which students study science and management. Fostering such innovation across functional areas isn't just good educational practice, says Dunn, but is critical as more high-level jobs are sent abroad. "Our collaborative and interdisciplinary efforts...give people the skills that make outsourcing much less desirable," says Dunn.

Carnegie Mellon's B-school still has a ways to go to again be considered a strong competitor to the likes of Massachusetts Institute of Technology's Sloan School of Management. For one thing, Dunn will need to tap more deeply into the school's network of more than 7,200 MBA alums, making grads feel an affinity for the school again. And to find his grads jobs consistently, Dunn needs to attract a wider range of recruiters. He also will have to be careful to balance academics and his corporate style of management. But so far, Dunn is acing his toughest assignment.

Business Week - 29/3/2004