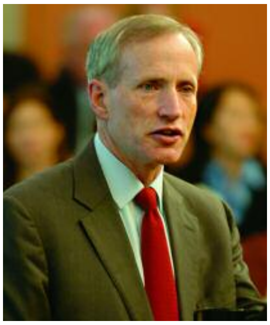
Seek Preparedness, Not Relevance, in Business Education


Dan Dry

I don't comment on other business schools and the views of other deans, but I'll make an exception for a good purpose. Jeffrey Garten, dean of the Yale School of Management until last year, expressed his frustration in making Yale's program relevant:

"[T]he ground has shifted so dramatically… It's extremely difficult to figure out what to teach in a two-year course to reflect today's realities, let alone what the world will look like 10 or 20 years from now when the graduates reach their stride in terms of their careers.

"What do you teach about corporate governance when the rules and expectations are changing so quickly? What do you teach about the global competitive landscape when countries like China and India are likely to fundamentally reorganize the way production and trade are conducted?"

Trying to be relevant is a tail-chasing exercise. Indeed, trying to teach the current or next big thing is the quickest way to ensure irrelevance.

We can appreciate Garten's question. A decade ago, we weren't focused on "opt-in media" or the importance of affinity networks to marketing. Nor did we anticipate the questions now being asked about how to measure risk and the real meaning of alpha and beta—supposedly well-understood concepts. And ten years ago, when I worked on projects with State-Owned Enterprises in China, the role of the Communist Party inside the SOEs was akin to that of a labor union. Now, I hear from **Mary Ann Tolan, '92 (XP-61),** CEO of Accretive Health, that top party leaders are being evaluated not on how well workers are being treated, but on their contribution to GDP.

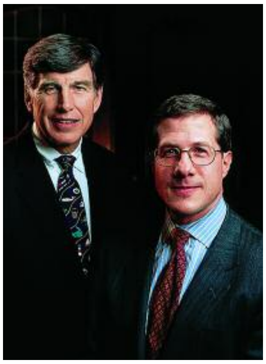
But the "relevance question" is the wrong one. Trying to be relevant is a tail-chasing exercise. Indeed, trying to teach the current or next big thing is the quickest way to ensure irrelevance.

The real question, to which Chicago GSB has the answer, is *how to be prepared in the face of change.* That's what the Chicago Approach to management education is about. The disciplines relevant to business—psychology, economics, sociology—do not change with new business opportunities. We apply those disciplines to a sufficiently varied set of business issues so that our students gain command over core knowledge and processes. Once you learn how three networks operate, it's a lot easier to understand a fourth, even if it is organized around how people trade timeshares. The challenge of understanding consumer demand in emerging markets can be understood in part as new product demand and certainly should not be separated from basic principles of how consumers make choices and learn. And when evaluating the rivalry between Google and Microsoft, the meaning of competitive equilibrium is highly relevant.

Hence, the Chicago Approach combines a deep commitment to discipline-based knowledge, the recognition that such knowledge must be updated and challenged on a continual basis, and a healthy dose of humility. Maybe it isn't humility. Maybe it is a level of intelligence that results in recognition that even world-class faculty cannot anticipate the challenges that business leaders will face in the future.

Edward A. Snyder
Dean and George Pratt Shultz Professor of Economics

Raising the Bar—and Our Campaign Goal



Matthew Gilson

Capital campaign co-chairs **Dennis Keller, '68,** (left) and **Andrew Alper, AB '80, MBA '81**

We're on a winning streak.

In this issue, you'll meet the winners of the 2006 Distinguished Alumni Awards as well as learn about faculty achievements in recent months. These winning ways extend to our campaign as well. As of July 2006, we surpassed $241 million. Our thanks to all of you who made gifts in 2005–06. In particular, we thank the GSB Council: annual-fund giving by members topped $1 million this year, a record amount!

And as you'll notice below, the bar is a bit longer, and the goal more ambitious: $300 million by June 30, 2008. Why? *Because we're playing to win.*

Long recognized as one of the preeminent business schools globally, Chicago GSB must build the resources—people, programs, facilities—that can sustain and enrich that leadership position in today's fiercely competitive environment. We know we can meet this challenge—our moment of truth—so that our business school moves into the next decade with a commanding competitive edge.

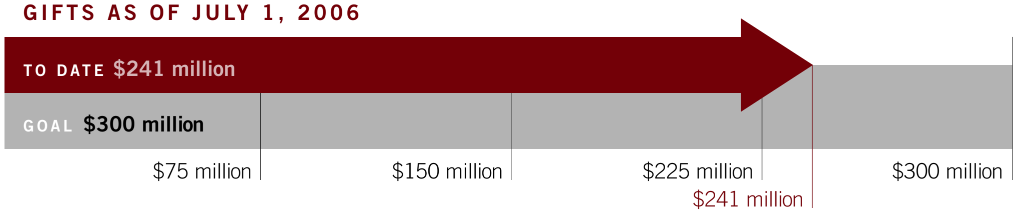
As the bar graph advances through the generosity of alums and friends, it drives progress across multiple GSB areas. Some highlights are:

- A major gift from **Richard Ryan, '66,** for the naming of the Becker Center on Chicago Price Theory (see "Ryan Gift Names Becker Center," page 8) plus lead support from many individuals including Betsy Gidwitz; **Ralph Gidwitz, '74 (XP-34); Ephi Gildor, '88;** Jim McWethy; and **Todd Warnock, '88.**
- New fellowships underwritten by **Ariel Capital Management,** the **Committee of 200, Lehman Brothers, Accretive Health,** and **American Express** that will promote wider access and opportunities for a diverse pool of MBA candidates.
- Internship and research funding from **Kathryn Gould, '78,** and renewed New Venture Challenge sponsorship from **Edward Kaplan, '70,** for the Polsky Center for Entrepreneurship.
- Marketing fellowships sponsored by council members **Lee Hillman, '79** (who co-chairs the steering committee at the Kilts Center for Marketing with **Jim Kilts, '74**); **Michael Lockhart, '75; Jerry Levin, '68;** and **Jim Lewis, '70;** as well as deputy dean **Mark Zmijewski.**

We're confident this momentum will continue to build. Yes, we've set the bar high, but—in true Chicago fashion—we're undaunted by the challenge. We play to win.

$241 million

GIFTS AS OF JULY 1, 2006



ON THE WEB **To read "Should the Purchase and Sale of Organs for Transplant Surgery Be Permitted?" or "How Food Banks Came to Love the Free Market" (Spring 2006), go to *ChicagoGSB.edu/magazine/spr06.***

Becker's Theory Limited

TO THE EDITOR:

Gary Becker's passionate advocacy on behalf of a free market in human organs is certainly right on target as far as it goes ("Should the Purchase and Sale of Organs for Transplant Surgery Be Permitted?", Spring 2006). Yet, when he fails to extrapolate from his conclusions, Becker quickly reaches the point at which his arguments fail to have any moral weight. In addition to being an economist, he also is a sociologist, a discipline that his idea neglects.

While the consensual contribution of replaceable or redundant organs from living donors (whether derived from altruistically motivated family members or the economic need for cash) might provide a workable solution to the shortage of kidneys and livers, Becker neglects the necessarily fuzzy area of end-of-life donations made on behalf of people in vegetative comas or those who have no available kin to consent to organ donation. Homeless people represent an invaluable warehouse of human hearts, lungs, and other organs that could be used. Does Becker propose that organs should be harvested from them as they expire in public hospitals where there is no formal consent for the procedure? Is this a means of having them pay their hospital bills with the proverbial pound of flesh?

As an economist, how does Becker propose to use the profits derived from the sale of organs from these nonconsenting donors? Does the "greed factor" enter into the decision-making process within hospital protocols and medical practice? What about the use of organs from living donors in Third World countries to whom five or ten thousand dollars would represent a lifetime of earnings?

Clearly there are issues that the article has not addressed, both on the economic surface and on the moral subsurface of his argument. It should be reconsidered.

Edward Lowenstern, PhB '45, MBA '46
Chicago

"Becker quickly reaches the point at which his arguments fail to have any moral weight."

Free Market Solutions in the Charitable World

TO THE EDITOR:

I was very pleased to see your article on the America's Second Harvest choice system ("How Food Banks Came to Love the Free Market," Spring 2006). As a member and chairman of the board of America's Second Harvest while this project was under way, and having been involved with the America's Second Harvest network for almost 20 years, I can attest to both the importance of the choice system and the sensitivity and skill with which the GSB participants helped implement it. As the article notes, market-based solutions are not obvious choices in the charitable world, and an open-minded approach on the part of the GSB went a long way toward helping with its acceptance by food bankers around the country. The system has been an enormous success.

Use of free market solutions in the charitable world is growing. Along with some America's Second Harvest colleagues and others, we have formed an organization called the Global FoodBanking Network that seeks to end world hunger by supporting food banking where it exists around the world and creating it where it doesn't. One of our pilot projects is in Ghana. Earlier this year **David Prendergast, '86** (mentioned in the article), and I traveled there and, after lots and lots of listening, developed a food banking model that relies on the time arbitrage associated with the pricing changes for harvested commodity products. That project is still in its infancy, but we believe that by utilizing a market-based solution to capture value, we can create a food banking system that will be self-sustaining and will help feed hungry people in Ghana and in other developing agricultural economies around the world.

The GSB should continue to look for ways to help charitable organizations find market-based solutions because those solutions are more likely to succeed over the long run, efficiently utilize resources, and provide greater return on investment.

William Rudnick, '97 (XP-66)
Chicago

SOUND OFF! What do you think about this issue? E-mail us at editor@ChicagoGSB.edu.