

# THE HINDU BusinessLine

## MBA programmes are becoming more 'experiential'

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MADHAV V RAJAN, Dean, Booth School of Business, and George Pratt Shultz Professor of Accounting, University of Chicago. - Bijoy Ghosh



### The good B-schools are innovating to meet industry and student expectations, says Madhav V Rajan, Dean of Booth School of Business

Madhav V Rajan, Dean, Booth School of Business, and George Pratt Shultz Professor of Accounting, University of Chicago, says management schools have to evolve to meet student and industry expectations. A commerce graduate from the University of Madras, Rajan went on to do an MS in Accounting and an MS in Industrial Administration, and a PhD in Accounting from Carnegie Mellon University. He took over as Dean of Booth School of Business on July 1.

Rajan, who was here to deliver the keynote address at the 6th annual Pan-India Booth Alumni Retreat (PIBAR), spoke to *BusinessLine* on management schools and other contemporary issues. Excerpts:

#### **Do you think the MBA in its present form needs to be restructured?**

MBA programmes have to adjust. They are adjusting, particularly the ones that have the flexibility to adjust. The way schools are trying to bridge it is by having more classes that are experiential in nature. It is not just that you are sitting in the class all the time, but you also have chances to apply that in practice. We have what we call lab classes. You take a class in venture capital or private equity. We allow you to go and work with a PE or a VC firm not during your class time but outside of that, to put into practice what you have learnt. The good schools are innovating.

#### **You have said management has to be adaptive, nimble and flexible...**

We cannot say that the core two-year MBA has to be the same that it was 30-40 years ago. Students now demand a lot more of application relative to a focus on just theory. Even if you are teaching a theoretical sort of finance course, they want to know where to apply this. One part of the flexibility comes from faculty adapting their course to make it more relevant to students. The other is, as a school, putting forward courses that students need.

If I talk to recruiters like Amazon, they would say — 'we would really like students to come in having known how to program in R. We really would like them to know something about machine learning.' It is up to us as a school to be innovative and make sure that is done. At Chicago we give innovation credits to faculty. If you teach a new class, you get a teaching credit for doing that and that has spurred a lot of innovation in terms of the classes that we have come up with.

We have a new course, for example, being offered this year in fintech. Ten years ago, nobody would know what fintech was. Now it has become a big area. As a school, the sort of curriculum that you put in has to be adaptive. We have to be organisationally more nimble. Universities are famously very bureaucratic and it is hard to get things done. I think we have to operate more like a business in many ways and figure out what are the things that are working and invest in them, and things that are not working, shut them down.

### **What new programme has Booth unveiled to keep up with the current requirements of the industry?**

Booth has been quite innovative. Most people think of Chicago Booth as a finance school. Our top concentration now is entrepreneurship, which has been a dramatic change in the past five years. We have an entrepreneurship centre called the Polsky Center which has become a magnet for students who want to learn how to set up new companies. We have a new venture challenge that we run which has become popular. One of the big innovations is just giving more courses in how you set up a small business, how you run it, what are the tools you need to manage it better.

The second big shift is something that really speaks to Booth's strength, which is that it has always been a place that believed in data. It has always been a place that believed in evidence and rigour and questioning. The world has moved to where Booth has always been. Which is the world of Big Data and Analytics. We have a lot of courses now in digital marketing and marketing analytics, programming in R, courses in artificial intelligence.

An interesting fact is the top employer for summer interns is Amazon. They have made it their stated goal that they want to be our number one full time employer too. They love the students who come out of Booth because they feel they are rigorously trained in data sciences and analytics. It has been really great from that standpoint that we have always been a finance school, but we now have three pillars: finance; consulting, which is strong, about 30 per cent of the students take jobs in the Mckinseys, BCGs and Bains; now technology has become a third pillar for us.

### **What percentage of your students become entrepreneurs?**

At Stanford, when I was running the MBA programme, it was 16 per cent of the MBA students. At Chicago, it is probably close to 4 per cent, which is sort of the norm at other schools. What is happening is, these are people taking jobs in companies, in many ways to say let us pay off our student debt. Let us learn a little bit about different types of jobs and then eventually I am going to start my own company. If we are to track them three-five years out, you will see many more of them working in start-ups or starting their own companies. They just don't do it right out of school. The external environment is different in Silicon Valley where the money is much easier and it is easier just to start ideas. In Chicago this isn't the case. This is true even if you look at the Whartons and the Harvards. I think 16 per cent is too many, 4 per cent might be too small. The ideal is somewhere in the middle.

### **What would Booth need to do to equip its students in fintech and healthcare?**

We have the best finance group in the world, particularly with Raghuram Rajan coming back to teach. We will see a lot of people play a big role in fintech. If you look at the finance industry, there are a lot of companies that are dominated by Booth graduates. You will see a lot of those big companies make big investments in fintech. Booth will play a role in that sector.

We have to deliberately invest in healthcare, which is a hard area. The ideal is to have students do an MD (medicine) and an MBA at the same time. Those joint programmes are hard to do, because the MD is not a monolithic degree. The way for us is to set up an MD-MBA joint degree and figure out how best to scale that. Increasingly, you need people who are doctors but also are able to run these big healthcare maintenance organisations and hospitals. That is the biggest sector of the GDP. It is 17 per cent of the US GDP. We need to consciously make investments to become better in that space.

It is good for students to do joint degrees. We now have a joint degree with computer science at Booth. You can get an MBA from Chicago Booth and an MS in Computer Science. That is scaling incredibly fast.

### **What does Chicago lack for it to have an entrepreneur ecosystem?**

It is less the school. The Silicon Valley evolved. Stanford did a lot in the beginning, but then it is a self-reinforcing thing. When they set up Silicon Valley, it was primarily semiconductors and things like that. Stanford did the smart thing of investing in engineering.

In Chicago they are making a lot of efforts to put that in, this innovation culture. What you need is a combination of a great engineering school and a great business school. Chicago doesn't have it, but Illinois does. Last week we announced a partnership with Urbana, one of the world's great engineering schools. They are going to be sending faculty to Chicago and the entrepreneurship centre at Booth is going to jointly do stuff with Urbana. Rather than Chicago setting up its own engineering school, take advantage of the fact that you have this amazing engineering school that is right next door. That partnership is a big step for us.

### **What is the big differentiator for Booth that Indian students would want to come there to study?**

The school has done the best job of continuing to teach rigour in its classroom. If you look at the MBA programmes, compared to when I went to Carnegie 30 years ago to now, programmes have become much more watered down, much lighter because students don't want the rigour. Chicago has done a remarkable job of maintaining the notion that this is still an academic discipline, you have to come here to study hard and the value is what you learn in the classroom. That is the single biggest differentiator. It has the most academically reputed faculty and that shows up in the classroom every day. The student culture is you show up very much to study. That is the big differentiator.

### **Is Booth now a magnet for Indian students? Are they coming there in great numbers?**

We get a significant number of Indian students. Not just to Chicago. Students come to our Hong Kong programme as well. We have an Executive MBA in Hong Kong and last year, that had 10 students from India out of a total of 70. Overall, if you add the MBA and the Ph.D programmes, 10 per cent of our students are Indian. Which is a remarkably high number. India is a key market for us and we want to do really well here.

### **What else will Booth do in India? Launch an outreach programme like Wharton has done here?**

We don't want to have a physical campus here. We are building a physical campus in Hong Kong. That is going to be our Asian centre. We have a centre in Delhi, but that is more of a centre for faculty to come when they are in India to do research. We are doing academic conferences there, but it is not going to be a place where we offer degrees. In Asia, Hong Kong is going to be our base for the long term. We will continue to do outreach in India. We will continue to try to raise money for scholarships for students from India and to encourage them to come to Booth.

### **What do you look for in a student's application package? Is it the GMAT score, or the brand of the company he has worked with?**

The brand of the company is really not that important. The academic scores are important, just from the standpoint of — do you think the student will engage when they come to Booth and be able to absorb the content and be a good user of it. We are looking for people for whom the education is going to be a springboard. Then we look at the recommendations and work experience to know if can they be leaders. Those are the main things that we look for.

Scores are important from that standpoint. If you look at our median GMAT, it has been going up steadily every year. But that is almost the price of entry. That by itself isn't going to get you in. You need a good GMAT score, but it is also what your recommenders say about how well you have done at work, if you are a good team player, if they think you can be a leader in the future. That stuff is critical for us.

**What is the biggest academic innovation that has come out of Booth in the past few years?**

It is not the innovation, it is what Booth has not done. Which is, it hasn't made its programme kind of an applied programme with people coming and telling war stories. The school has decided that what it wants to do is to have rigour throughout the curriculum. In many schools the core, the first year tends to be pretty rigorous. The second year tends to be a little softer. Booth hasn't done that. They have maintained rigour throughout and even in the final quarter students are taking classes like international corporate finance, taught by world leading faculty members and they are willing to put that effort and learn. The most amazing thing they have done is maintain the student culture of – you are here to study, you are here to learn, it may not be the most fun experience, but at the end of the day, this is the most valuable thing you are going to get out of it.