

FROM DEAN NOHRIA

JAN 2018

THE MISSION OF HARVARD BUSINESS SCHOOL IS TO EDUCATE LEADERS WHO MAKE A DIFFERENCE IN THE WORLD.

Together, we have worked to infuse that mission statement with meaning. When we say **to educate**, we of course think first and foremost about the extraordinary experience that occurs in our classrooms. Increasingly, we also highlight the transformational learning experience that our case method, field method, and now online programs provide to students around the world. What makes our education distinctive is that it builds on the enduring and new ideas our faculty members continually produce, which informs and influences the work of leaders and their organizations in many different arenas.

Leaders are people of competence and character—individuals who have the competence to make good decisions grounded in a general manager’s perspective and whose character demonstrates integrity, authenticity, and a willingness to be other-oriented rather than self-centered. Importantly, “leader” is not a title one gives oneself; rather, true leaders earn the trust and respect of others.

Making a difference is what our 80,000+ alumni do in their organizations and their communities by creating real value for society. HBS leaders contribute to society in many ways: as entrepreneurs, investors, consultants, managers, philanthropists, public leaders, or active and engaged citizens. Today, more than ever, the School’s graduates are making a difference in every corner of the world.

Finally, **in the world** encompasses the reality that our greatest challenges and most exciting opportunities exist in a global context and require a global perspective, and leaders willing to play a vital role in shaping solutions that span geographies, industries, and ways of thinking. At a time when the world has a pressing demand for good leaders, Harvard Business School should be one of the best sources of supply.



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WHAT DOES IT MEAN, THOUGH, TO BE A MISSION-DRIVEN ORGANIZATION?

Here, we are guided by a handful of core principles and beliefs.

- We strive to be a living model of the principles and concepts we teach and research. From a sustainable economic model to best-in-class organizational practices to investing in state-of-the-art physical and technology infrastructure, the School, in every respect, should exemplify a well-managed organization.
- Economic considerations alone should never drive our decision making. Instead, we must meet the proof of other, perhaps less tangible but equally important objectives: Will a potential new Executive Education program support the development of our faculty members? Can a platform like HBX extend the School's impact to a new audience? Might an initiative, such as the Healthcare Initiative, help a wider array of students thrive at the School?
- We should look to leverage and to benefit the rest of Harvard, recognizing that we are fortunate to be part of one of the world's greatest research and teaching universities and that the institution is undergoing a remarkable transformation as it expands into Allston.
- We must do all our work in the context of the School's community values, which include "an environment of trust and mutual respect, free expression and inquiry, and a commitment to truth, excellence, and lifelong learning."

Put simply, our mission is the foundation from which all the School's programs and activities are generated; it guides us every step of the way as we plan and execute our strategy. This deep grounding in our mission is not new, but rather is one of the defining characteristics of Harvard Business School since it was established more than a century ago.

It is against this backdrop that I'd like to update you, as I do each January, on the work underway here at HBS as we continue our efforts to advance our "five I" priorities of innovation, intellectual ambition, internationalization, inclusion, and integration.

INNOVATION IN THE SCHOOL'S EDUCATIONAL PROGRAMS

While many people quite naturally think “MBA” when they think of Harvard Business School, the reality today is that the School reaches students and participants at many stages of their learning journeys: from undergraduates who sign up for HBX in anticipation of their first job, to promising young scholars contemplating an academic career who apply to our Doctoral Programs, to aspiring mid-career professionals and seasoned executives who attend our Executive Education programs. Add Harvard Business Publishing to the mix—with its 7+ million HBR.org monthly visitors, 3+ million ManageMentor users, and 10+ million HBS cases distributed annually—and the breadth of the School’s educational footprint takes on new meaning. This is especially true as we pursue novel ways to combine online and on-campus offerings, leveraging the best content and the most engaging ideas across programs.

Doctoral education is crucial to building a pipeline of new faculty members able to carry out both the research and teaching that sustain business schools around the world. The **Doctoral Programs** at HBS—including PhDs in Business Economics, Organizational Behavior, and Health Policy/Management, as well as the DBA—comprise more than 125 students who, during their roughly five years on campus, learn rigorous research methods, are exposed to important managerial problems, and gain experience at becoming effective in the classroom. Last year, we enhanced the curriculum: strengthening students’ connection to the faculty, and including new program-specific research seminars and the requirement that all Doctoral candidates take two MBA courses. This year, we are exploring whether our DBA

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degree should be converted to a PhD in Business Administration moving forward, to reflect the scholarly rather than practice-oriented career paths of the students in the program.

innovation continues →

Executive Education continues to set the bar for leadership development programs, as we refine and expand our portfolio of offerings. Last year, for example, we launched successful programs on Women on Boards and on Mergers

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and Acquisitions, and in 2018 we are designing programs on Reimagining Strategy and Leading and Building a Culture of Innovation. We are also planning a pilot offering, The Reflective Leader, for MBA alumni at an inflection point in their careers; we hope this will be the first of a number of offerings for HBS alumni. Through these short, focused programs, our custom programs, and our comprehensive (or long) programs, we are engaging more than 11,000 executives around the world each year who are transforming their firms. Beyond this mission-centered impact, the programs provide an important connection to practice: There's no better test of a faculty member's latest thinking than bright and talented executives looking for ideas to solve challenges in their companies.

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As another measure of engagement and enthusiasm, 400 program participants from almost 40 countries convened for the second “HBX Connex” event, which allowed them to meet one another and their faculty teachers on the HBS campus. This year, new programs in Entrepreneurship, Becoming a Better Manager, and Reimagining Capitalism are launching, with work underway on programs on Leadership and Digital Strategy. The HBX Live platform, our virtual classroom, has begun to be used more extensively. We are well along our transformation from being a startup to navigating the challenges of scaling-up. While HBX has quickly drawn the attention of peer schools (and they are launching their own online initiatives), we aim to continue to lead in this rapidly evolving field.

In the **MBA Program**, our efforts have focused on helping students to gain access to a wider array of curricular opportunities, and to better integrate their learning through powerful capstone experiences. This begins for many students before they matriculate, when they take the suite of HBX CORE online courses on business analytics, economics for managers, and financial accounting. The program is required for those who lack a background in these subjects and, increasingly, a choice for others who wish to improve their mastery of the fundamentals of business thinking.

It continues with Field Immersion Experiences in Leadership Development (FIELD), the course we introduced into the first-year curriculum in 2011, that has students working in small teams to translate the knowing they gain in class into the doing and being of business leadership. In 2017, we moved the FIELD Global Immersion from the winter break to late spring so that the project work with global partner companies could

incorporate and integrate student learning from both semesters' courses.

With January now open, this year we are offering a suite of Short Intensive Programs, aka SIPs

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(as the acronym implies, not a full drink, but a taste). Last year, the success of the Startup Bootcamp—four sections—demonstrated that students would return to Boston in winter for an entirely optional educational experience. Our aim with SIPs is to allow students to sample electives they might not otherwise be able to take, provide some electives even to first-year students, enable first- and second-year students to take classes together for the first time, allow faculty members to try out new content and teach their passions, and engage alumni and other practitioners in offering real-world perspective. As one example, Suraj Srinivasan's SIP, Creating Value through Activist Investing, will bring in fund managers, institutional investors, investment bankers, and corporate executives and show students how companies and investors are engaging with one another to create (or destroy) value. Over 700 students have registered for the seven SIPs

offered in January 2018, an encouraging sign of their interest in this new offering.

Finally, the HBS Boardroom (at the end of year one) and Bridges (after year two) offer students

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the opportunity to synthesize and apply what they have learned and prepare for what comes next. In 2017, the Boardroom featured a case on BlackRock and asked students working in teams to present their recommendations to alumni serving the role of board members. Over 400 alumni participated and reported it was as meaningful to them as it was to our students. Bridges provides opportunities, at the end of the MBA experience, for students to prepare for their transition to the ranks of alumni: They gather over three days once again in section, hear from leading faculty at HBS and Harvard, reflect upon their time at the School and on what they hope to accomplish in their career and life, and meet fellow students moving on to the same industry or region.

Taken together, these enhancements—and those we will make in the future—are meant to ensure that the MBA Program remains a vibrant, challenging, and transformational experience.

INTELLECTUAL AMBITION FOR WIDESPREAD IMPACT

Our faculty members have a deep-seated curiosity about the phenomena and processes that shape companies, drive behavior (whether of employees, customers, investors, or the many other stakeholders of an organization), move markets, and influence the well-being of individuals and societies. Faculty members choose HBS because the School offers a powerful and unique combination of internally funded research, access to the most interesting companies (often led by our alumni), engagement with experienced managers in our educational programs, and a growing platform of vehicles through which to disseminate their work—including our classrooms, Harvard Business Publishing, Working Knowledge, and HBX.

Over the last year, the output of the faculty has been impressive: 163 journal articles, 261 field cases, 312 other cases and course development materials, 141 working papers, and 14 books. This represents research undertaken individually and often carried out over many years—imagine here efforts like Tsedal Neeley’s work on how the introduction of English as a *lingua franca* influenced the globalization of Japan’s Rakuten. Incorporating interviews with hundreds of executives across multiple subsidiaries, this project resulted in cases, articles, and, most recently, a book, *The Language of Global Success: How a Common Tongue Transforms Multinational Organizations*. Another example is George Serafeim’s pioneering work on whether companies and investors benefit from incorporating environmental, social, and governance (ESG) metrics into their practices; this research has yielded cases, book chapters, op-eds, and journal articles. Both Tsedal and George will become full professors in July in

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recognition of their outstanding teaching, scholarship, and contributions to our community. The intellectual ambition they have demonstrated reflects the aspirations of all our faculty.

We also advance our intellectual ambitions by encouraging faculty members to work together to pool insights from different disciplines, often under the umbrella of a School-wide project or initiative. One powerful example here is our Business & Environment Initiative (BEI), which counts more than two dozen faculty studying topics including energy innovation, sustainable

food production, and climate change. Earlier this year, BEI faculty chair Mike Toffel co-wrote with colleague Forest Reinhardt a *Harvard Business Review* article, “Managing Climate Change: Lessons from the U.S. Navy,” looking at that organization’s challenges as global warming increases the demand for military and humanitarian services, even as it impairs its ability to deliver those services. More broadly, the faculty have written almost 50 cases over the last five years which have collectively had a significant influence on how future business leaders, at HBS and other business schools, are taught about the role they can play in addressing environmental issues without waiting for political or policy changes.

While research output is one important way faculty members share and receive feedback on their work, a more real-time dialog unfolds during seminars held on campus each year. More than 1,500 participants came to HBS during 2016–2017 to take part in 17 conferences, including, for instance, “The Business and Economics of Space”—a two-day gathering of faculty, students, and practitioners hoping to spur scholarship on the opportunities that are being opened by space exploration through public and private entities (think NASA and SpaceX) and to create a focal point for research-driven discussions of the commercialization of space and the public policies that might enable or impede this emerging frontier.

We are particularly excited to see Klarman Hall taking shape and eagerly await its October 2018 opening; this new convening facility will employ architectural design and cutting-edge technology to create a truly spectacular space where interaction and engagement, rather than the one-way flow of information, is the norm.

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Already we have faculty members planning innovative events to leverage its capabilities, including a symposium to mark 10 years since the Great Recession.

Throughout, what characterizes the work of the faculty—as it has since the School’s founding—is the aspiration to generate ideas that have power in theory, in the classroom, and in practice, and that have an enduring impact on how leaders think and act.

INTERNATIONALIZATION FOR GLOBAL UNDERSTANDING

Earlier this year we celebrated the 20th anniversary of the California Research Center, the first of the School's outposts set up to facilitate the faculty's research and case writing, to strengthen ties to local organizations, and to deepen connections to alumni in the region. Today we have 14 centers and offices that span the globe, including recent additions in Singapore, Israel, and South Africa.

I still remember vividly, during my early years of teaching, how rare it was—outside of the Business, Government, and the International Economy course—to encounter a case study set in an emerging market. Today, well over half of new cases produced feature a global

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As a result, our educational programs, and particularly the MBA Program, have been fundamentally reshaped. During January 2018, for example, approximately 240 second-year students are participating in faculty-led Immersive Field Courses in countries including Japan, Africa, Israel, and the United Kingdom (as well as in the United States). Over the course of two to three weeks, they engage in intensive, team-based project work with companies, as well as activities that deepen their understanding of the social, economic, and political contexts in which these companies operate. These courses leverage the deep relationships our faculty have built with business leaders (including, many times, our alumni) and companies through their work.

Additionally, later this year, all first-year students will head out on the FIELD Global Immersions (FGIs), a week-long exercise that has them working with global partner companies on a new product launch. Building on prepara-

tory work they do in Boston before leaving, students—also working in teams—do a deep dive on the company, engage in market research (including customer interviews), and conclude with a presentation to the firm’s senior leaders. In the six years since the course was launched we’ve heard countless examples of students who rethink their summer internship or post-graduation career choices based on this experience; even if they have worked or traveled internationally before, the FGI shifts their sense of the impact they can achieve and the possibilities open to them.

Members of the faculty, in addition to the benefits they receive from the regional research centers and offices, deepen their understanding of global business phenomena through research fellowships (where they travel individually) and week-long immersions and shorter

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excursions (where they travel as a group). For instance, last year Meg Rithmire, a scholar of the comparative political economy of development, divided her time between Singapore and Shanghai studying the Chinese Diaspora; similarly, Chris Malloy, as part of new research on

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family offices, spent time in Hong Kong and Switzerland. And a group of 13 faculty members traveled together to Southeast Asia in June, engaging with companies that deal in sugar and bioenergy, rice, palm oil, tuna, paper, gemstones (Thailand produces 80 percent of the world’s jewelry), and data storage. Faculty groups also visited Mississippi’s Golden Triangle, Silicon Valley, Boston, and New York City; these shorter trips are particularly well suited to providing junior faculty members their initial opportunities for getting into the field. Faculty members who participate in these immersions find them to be powerful learning and bonding experiences.

Cumulatively, our aspiration is for Harvard Business School to offer its students and faculty members an unparalleled understanding of business issues around the world.

INCLUSION TO ENHANCE CULTURE & COMMUNITY

Harvard Business School's learning model is one that relies on diversity and belonging: diversity to ensure a multitude of perspectives and experiences in the classroom, and belonging so that every member of the community feels valued and respected. These are the cornerstones of all great academic institutions.

In MBA, our need- rather than merit-based approach ensures that any student who applies to HBS is able to matriculate, regardless of their background.

One of the most important ways we increase diversity at the School is through our financial aid programs. All Doctoral students, for example, are fully supported throughout their time in the program. In MBA, our need- rather than merit-based approach ensures that any student who applies to HBS is able to matriculate, regardless of their background. During 2016–2017, we awarded nearly \$39 million in total aid (including fellowships and other prizes) to almost half of all MBA students, with an average fellowship award of \$32,200. Last year, our commitment to financial aid enabled more than 90 students to matriculate at Harvard Business School who are first in their family to attend college.

Following an extensive review of our aid offer-

ings, one of the programs we launched in July 2017 and about which we are especially excited is the Forward Fellowship, designed for students from lower-income backgrounds who carry significant burdens or obligations as a result of their family background and circumstances. Paired with loan forgiveness programs that lower debt for graduating students going to regions or industries with lower starting salaries, we feel we have developed a unique portfolio of aid: one that helps us attract the best students and support them in pursuing the careers they desire. We are grateful so many of these programs have been enabled through alumni giving.

In April, we will mark the 50th anniversary of the founding of the African American Student Union (AASU). African American students have been at HBS as early as 1915, when Wendell Thomas Cunningham, the son of a former slave, matriculated. But representation in the class even into the 1960s was sporadic at best, until the five AASU cofounders advocated for change at the School. Their efforts worked, and the classes of 1970 and 1971 included 27 and 67 black students, respectively.

The aim of the commemorative activities—

which will include scholarly research, an academic symposium, an exhibit drawn from Baker Library's archives, a documentary film, and a special AASU50 alumni conference in April 2018—is to honor African American and black students and alumni at HBS over the past century and to help advance their role in business and society. We're working closely with alumni to plan local events from New York City to Washington, DC, and on campus will engage students through AASU50 case nights (using cases with

ing with our educational programs and across the School's constituents to raise and address issues—everything from how we acculturate participants in our Executive Education programs to how we sustain respectful yet probing and challenging, if not downright difficult, discussions in our classrooms. I continue to believe that work in this arena must constantly be adapted, refined, and carried forward.

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black protagonists), fireside chats, and other activities. We're delighted that the effort thus far has yielded, for the first time, a comprehensive dataset of the School's alumni from 1915 to 2015, enabling us to analyze, for example, industry choices, top employers, and career trajectories.

Finally, I am delighted that Jan Hammond became Senior Associate Dean for Culture and Community this fall. A pioneer in our efforts to become more inclusive, she is already engag-

INTEGRATION WITH HARVARD UNIVERSITY & WITHIN HBS

The Harvard John A. Paulson School of Engineering and Applied Sciences (SEAS) marked the topping-off for its new facility on Western Avenue in Allston earlier this winter. Seeing the steelwork of the new building completed makes the vision feel that much closer to reality. To bring it to life, we have been exploring ways to collaborate that would quickly capitalize on the excellence of SEAS and HBS. I am delighted to report the approval and launch of two new programs.

The first is a joint degree program that will confer a Master of Business Administration from HBS and a Master of Engineering Science from SEAS. The MS/MBA will start by enrolling about 30 students, typically those with an undergraduate background in engineering or computer science who aspire to be leaders of

A joint degree program with SEAS, the MS/MBA will start by enrolling about 30 students, typically those with an undergraduate background in engineering or computer science who aspire to be leaders of technology ventures.

technology ventures. Beyond course work at each School, students will take an Engineering, Design, and Innovation Management seminar, a Technology Venture Immersion, an Integrated Design course, and a Capstone course in which they work in a small team to build and launch a new product. The first cohort will enroll in fall 2018, and we are already seeing fabulous applicants.

The second is an online certificate program, the Harvard Business Analytics Program (HBAP), offered in conjunction with both SEAS and Harvard's Faculty of Arts and Sciences (FAS). Offered to experienced professionals, HBAP will help them learn new ways to analyze, interpret, and take advantage of the rapid changes in data science, not just reactively but predictively. Both synchronous and asynchronous content will be delivered via six courses and two seminars over nine months. The first cohort will launch in March 2018.

Both programs accomplish noteworthy objectives, including fostering deeper engagement across the two Schools' faculties, addressing an increasingly important audience and set of

topics, and spurring new content development—content that we expect will be integrated into our existing programs and courses.

By weaving together elements of Executive Education, HBX, and Harvard Business Publishing, and then adding in the outstanding HBS faculty, we can offer firms a unique and unmatched value proposition.

Within HBS, an initiative gaining traction is what we are calling integrated leadership development solutions: in short, an effort to better synthesize and leverage the learning and content platforms at the School to meet the needs of top-flight organizations as they seek to develop their staff, define and refine their strategy, and meet the challenges of the 21st century. By weaving together elements of Executive Education, HBX, and Harvard Business Publishing, and then adding in the outstanding HBS faculty, we can offer these firms a unique and unmatched value proposition. We want to do so in a way that builds on the excellence and results of these individual groups.

Finally, we continue to marvel at the ways the Harvard Innovation Lab, or i-lab, flourishes and thrives. The ecosystem, now comprising the i-lab, Launch Lab, and Pagliuca Life Lab, engages students, faculty, alumni, and staff from across the University. As one example of engagement, this year's President's Challenge received more than 460 applications (up from a still-remarkable 200 the year before), involving

students from every corner of the University—including 21 percent from Harvard College. Similarly, the Life Lab, which opened not much more than a year ago, already is at capacity, with 16 teams in residence covering diagnostic, consumer product/device, therapeutic, vaccine, and data analysis ventures that have collectively raised more than \$30 million since moving in.

THE HARVARD BUSINESS SCHOOL CAMPAIGN

The School's unique financial model draws on revenues generated from MBA tuition and fees, Executive Education tuition, and Harvard Business Publishing. The other significant revenue components, each derived from alumni generosity, include current use gifts (both restricted and unrestricted) and the endowment distribution—cumulatively comprising 27 percent of total revenue at HBS during FY2017.

I can't overstate the importance and impact of this alumni support, spurred by the Campaign we launched in 2014. When we began the Campaign, we set ambitious fundraising targets and the equally important goals of increasing alumni engagement and building the next generation of leadership. On every dimension, we have been deeply heartened to see the progress that has been made. From building the foundation for a culture of annual giving to the School, to support for HBX and the i-lab, to an incredible slate of Campaign leaders and volunteers, it is clear that the Campaign has mobilized our entire community, and we are well on our way to meeting, if not exceeding, a number of our goals.

But our work is not done. We have almost five months until the end of the Campaign in June 2018 and we have zeroed in on key areas where we especially hope to see additional support, including gifts to:

- Fellowships and financial aid, to ensure that every admitted student has the means to attend HBS.
 - Associate professorships, so that all faculty members in this rank are supported.
 - HBS-Harvard integration, to leverage the vision for One Harvard.
- To everyone, especially our alumni who already have supported the Campaign, thank you. For those who have not, I hope you will make a gift to ensure we end the Campaign on the strongest possible note. The legacy of philanthropy at the School is a legacy of transformation; each Campaign has positioned the School to seize new opportunities and meet new challenges, and we will continue to deliver on the School's mission because of your ongoing generosity. I know, together, we can prepare Harvard Business School for a new century of educating leaders who will make a difference in the world.
- The HBS Fund, which provides crucial support for both core activities and new initiatives; it has become an important venture fund for innovation at the School.

IN CLOSING, I hope you will join me in thanking Harvard University President Drew Faust, who earlier this summer announced her plans to step down in June. As Dean, I have benefitted time and time again from her extraordinary wisdom, her perspective (which, as an American Civil War historian, is vast), and her wise counsel. I always could count on her to ask just the right question to unlock a difficult challenge or reframe how to think about an issue. Moreover, she has been a true supporter of the School in all our endeavors, an incredible and brave leader of Harvard, and a constant voice in the United States and in the world reminding us all why institutions of higher learning matter now more than ever. We could have asked for no better friend and partner, and I wish her all the best in this next phase of her life.

Finally, my thanks go out to each and every one of you for the ways you bring our mission to life. Every day, I am grateful that the HBS community comprises individuals—faculty, students, staff, and alumni—who bring their best selves to the School and to the work we undertake together.

