

FROM DEAN NOHRIA

JAN 2015

I am writing to you, as I do each January, with an update on the work of the School. The year has been marked by a series of exciting beginnings, from the launch of HBX, an innovative online education platform, to the groundbreaking for the Ruth Mulan Chu Chao Center, a new hub for our Executive Education programs.

WE CONTINUE TO TRANSFORM HARVARD BUSINESS SCHOOL (HBS) TO MAINTAIN OUR PREMINENCE IN BUSINESS EDUCATION. AT THE SAME TIME, WE ARE INVESTING IN THE CORE STRENGTHS THAT HAVE DEFINED THE SCHOOL SINCE ITS FOUNDING,

including pathbreaking research, an outstanding faculty and talented staff, and a curriculum that prepares students from diverse backgrounds for a lifetime of leadership. And we are doing all of this against the backdrop of Harvard's capital campaign, an ambitious, multiyear effort to secure the future of the University.

Let me share with you our progress on the School's strategic priorities, innovation in our educational programs, the intellectual ambition to produce ideas that have power in practice, internationalization to increase the School's global reach and impact, creating a culture of inclusion, and integration across Harvard and within Harvard Business School—what we refer to, in shorthand, as the five Is.



HARVARD | BUSINESS | SCHOOL

INNOVATION IN OUR EDUCATIONAL PROGRAMS

In September 2012 we announced the formation of HBX, a new initiative representing our belief that we could create a transformational online learning experience worthy of the HBS name.

We were guided by a handful of key principles in our work:

- Our offerings should complement, not compete with, our existing programs;
- HBX should provide faculty a means of disseminating their ideas to a broader audience; and
- The initiative should be economically self-sustainable in a few years.

We zeroed in on two initial concepts: a technology platform to support a distinctive form of online pedagogy, and a new virtual classroom that would foster real-time, engaged discussions across geographical boundaries.

HBX Courses

We introduced two online courses in Spring 2014. The first, Disruptive Strategy (DSTRAT), was offered to managers in select companies. The second, CORE (Credential of Readiness), is an integrated suite of three courses—Business Analytics, Economics for Managers, and Financial Accounting—that, together, provide a primer on the fundamentals of business to undergraduate and non-business graduate

One undergraduate was so energized by the content that she worked straight through the entire first module, stating that she just couldn't pull herself away.

students, including young women and men pursuing studies in STEM (science, technology, engineering, and math) and the humanities/liberal arts. For both courses, the faculty thought deeply about how to foster the engagement that is a hallmark of the School, and

devised video cases, simulations, exercises, and tools that ensured active individual and peer-to-peer learning.

More than 600 students and early career professionals signed up for the initial CORE cohort and they quite literally threw themselves into the materials. One was so energized by the content that she worked straight through the entire first module, stating that she just couldn't pull herself away. We achieved, relative to traditional MOOCs (massive open online courses) where the majority of students drop out after the initial sessions, an astonishing 85 percent completion rate. Similarly, for DSTRAT, nearly 90 percent of participants said they would recommend the course to a colleague.

This year we will continue to develop and expand these courses and explore potential new offerings as well.

HBX Live

HBX Live, our virtual classroom, has run a number of successful beta sessions. With 60 high-resolution monitors arrayed to mimic the tiered horseshoe of an HBS classroom, a pit from where a faculty member guides the discussion, a back-of-house control room where technicians “produce” the session, and an intuitive interface that allows participants to engage with fellow students, early testers—students and faculty alike—report that the experience is almost more intense than the in-person analog. During the

Early testers of the HBX Live virtual classroom—students and faculty alike—report that the experience is almost more intense than the in-person analog.

coming year, we will gain further experience with this new space through HBX Live classes for alumni and for Executive Education participants (e.g., between on-campus modules).

Much more work remains to scale and extend HBX, but we are excited by early feedback and by the promise we see.

MBA FIELD

In the MBA Program, we continue to refine Field Immersion Experiences for Leadership Development (FIELD), the yearlong required course introduced in Fall 2011 that exposes students to the knowing, doing, and being of leadership. In the first module of FIELD, students learn to assess their personal leadership style, how to give and receive feedback, and how to work effectively in teams. In the second module, they develop their global intelligence through an exercise that pairs student teams

innovation continues →

with a global partner company in an emerging-market country. Then, in January, students travel to the country to interview local customers and executives, and to refine and present their ideas to the management team. Finally, the last module of FIELD integrates learning from across the required curriculum and asks students—again working in teams—to launch a new business.

FIELD has been an intensive and evolving effort, with each year bringing refinements as we seek to strengthen the learning experience for our students. In Fall 2014, we transitioned to new faculty leadership, an important milestone in demonstrating the sustainability of the course; cumulatively, more than three dozen faculty members and more than 100 staff members have been engaged, respectively, in teaching or supporting FIELD as program managers. Student satisfaction with FIELD is high, companies that provide global projects are pleased, and some of the new businesses conceived during the third module have gone on to become promising new ventures.

MBA Second Year

Next year, we will continue enhancing the second year of the MBA Program. We will increase the number of field method courses, starting with four to five this year and ultimately growing to about 35. Some of these elective field courses will provide students the opportunity to learn

about different roles or jobs they might pursue—whether as a product or brand manager, or a CFO or CEO in a large company, or a private equity or public markets investor. Others may

Taken together, the curriculum changes we have completed and those underway will ensure that our MBA Program remains an engaging and transformational educational experience.

provide opportunities to more deeply understand a sector, such as social enterprise or media and entertainment, or to delve deeper into a major global market such as China or Japan. We also will offer students a small number of skill-building workshops on topics ranging from computer programming to sales to advanced data analytics. Finally, starting this spring, we will introduce a capstone course called “Bridges” for all graduating students, which will tie together their two years in the program and prepare them to re-enter the workforce and join the broader alumni community.

Taken together, the curriculum changes we have completed and those underway will ensure

that our MBA Program remains an engaging and transformational educational experience—one that is worthy of a two-year program, and that is even better at preparing leaders who will make a difference in the world.

Doctoral Programs

The Doctoral Programs remain a vital area of the School as well, training students for academic positions at business schools around the world. This year, we will complete a full renewal of this program under the banner of Business Education for Scholars and Teachers (BEST), a curriculum aimed to prepare the next generation of faculty who are committed to research with rigor and relevance and to advancing business education. Our Doctoral Programs show continuing strength. Last spring, 11 out of 17 graduates accepted positions at top-tier institutions, and this fall we welcomed 25 new students to campus.

Executive Education

In Executive Education, we undertook a comprehensive review of our offerings, which now include comprehensive programs (multiweek programs such as the Advanced Management Program), focused programs (typically 3–5 days on topics ranging from governance to strategy), and custom programs (designed to meet a partner company's needs). As we grow this area of the School, we have carefully studied how this portfolio should evolve. Our guiding principle is to

educate practicing leaders so that they can learn and apply cutting edge ideas that will make them and their organizations more effective. Here, too, our mission is to create a transformational educational experience for leaders who will make a difference in the world.

We are in the midst of a multiyear effort to enhance the physical and IT infrastructure for Executive Education. In January 2014, we dedicated Tata Hall, a new residential building with 179 bedrooms as well as living group spaces, lounges, program offices, and two classrooms. Then, in April 2014, we broke ground on the Ruth Mulan Chu Chao Center, a facility that will serve as the welcoming gateway and hub of activity for the nearly 10,000 participants who come to campus annually. We also began an extensive renovation of Baker Hall, the first executive residence building opened in the 1970s. It will be reopened and rededicated as Esteves Hall in May 2015. Finally, we are implementing an ambitious new customer relationship management platform this year, creating a powerful technology backbone to support a broad range of core business activities.

INTELLECTUAL AMBITION

Last year, we marked a milestone in the School's history: the 100th anniversary of the publication by the Bureau of Research of the first "bulletin" on shoe retailing. Until this time, business schools had been largely viewed as trade schools. The School's founding of the Bureau of Research (today called the Division of Research and Faculty Development) and the Bureau's early projects were a conscious effort to bring the same academic rigor to the study of management as had emerged in other professions like law and medicine.

This early initiative demonstrated the pattern that would come to characterize research at HBS. As faculty went out into the field to gather data, it became clear that retailers were using widely divergent approaches to record keeping, with varying success. The bulletin offered a window into best practices—a standard classification of accounts—that quickly was adopted not just in the footwear sector, but by other retailers as well: Within four months, more than 15,000 orders for the findings were received.

Research with Impact

HBS faculty members today seek to achieve comparable impact with their work. Over the past year, they published 210 new field cases (and another 400+ teaching materials, including module notes and exercises). These were added to the case collection and distributed through our Publishing division; in FY14, nearly 10 million cases were purchased for use at

other business schools and in company training programs. This is a truly extraordinary number, and it's worth pausing to reflect on what it signifies: HBS faculty members are, in fact, shaping the curricula of management education—worldwide.

A similar trend is evident if you look at working papers and journal articles. Here, too, our faculty's work has enormous impact. Many organizations publish rankings of business schools based on assessments of their research influence. Whatever the method or measures used, the outcomes are roughly the same: HBS consistently ranks first or second.

Even as we celebrate these results, we are mindful that the study of management is evolving and will continue to evolve, and that our faculty must be able to adapt to this shifting environment. New fields of inquiry are emerging, like behavioral economics. New approaches

to inquiry are emerging, like the use of big data. Cross-disciplinary efforts to tackle society's most intractable challenges, from health care to sustainability, are viewed increasingly as the most likely to make a difference.

U.S. Competitiveness Project

The U.S. Competitiveness Project is a good example of such a cross-disciplinary effort to address a deeply important topic. Now in its fourth year, the project continues to provide a highly cited barometer on the health of the U.S. economy—reporting this last year that while U.S.-based firms have improved their competitiveness, the glass is half full, as the U.S. workforce has not yet seen broadly improving standards of living. The project has entered a new phase, launching deep dives and publishing reports on how business can play a role in improving K–12 education, in addressing the workforce skills gap, and in improving infrastructure. This year, we will convene a group to better understand how the United States can take full advantage of the opportunity to achieve energy self-sufficiency and the resulting competitive benefits. We are launching, too, a multiday workshop that will bring teams of leaders from various U.S. cities to HBS to engage with the findings from the project and explore ways they can take action to improve the competitiveness of their cities.

We have been focusing over the past year, more broadly, on how the School can most effectively invest in supporting the faculty's work—how we can be true intellectual venture capitalists.

Investing in the Future

We have been focusing over the past year, more broadly, on how the School can most effectively invest in supporting the faculty's work—how we can be true intellectual venture capitalists. Building on our study of faculty culture, and recognizing that our faculty is increasingly diverse, we are looking to augment the traditional discipline-based units that hire and develop faculty members with looser interest groups, networks, initiatives, and projects—fluid and flexible structures that may come together around a particular challenge or opportunity. The initiatives have proven an especially promising means for galvanizing teaching, research, and alumni engagement. Today the School supports more than half a dozen such initiatives, ranging from the relatively new Digital Initiative to the Social Enterprise Initiative, which last year celebrated its 20th anniversary.

INTERNATIONALIZATION

In the 15 years since we opened the first regional research center in Hong Kong (we now have eight such centers), the amount of new annual research output that is international in setting or focus has grown to 60 percent. This is a noteworthy transformation, particularly as I remember a time during the late 1980s when I could count on one hand the number of cases in the required curriculum of the MBA Program (beyond the business and government course) that covered global issues.

Today, while our presence is still deeply rooted in the United States, we are inherently more global. Over a third of our MBA students are citizens of another country, and a higher number than that have lived and worked outside the U.S. before joining the program. Roughly half of our Doctoral students, and nearly two-thirds of our Executive Education participants, come from another country. Over time, these demographics have reshaped our alumni population: We have tens of thousands of alumni living in virtually every corner of the globe, engaged in more than 45 international HBS alumni clubs (or one of the 190 Harvard Alumni Association clubs). Even our faculty is increasingly international, and growing numbers are engaged in research outside the U.S., global immersions, and global research fellowships.

Deepening Our Existing Commitments

As we think about the next phase of our in-

Over time, these demographics have reshaped our alumni population: We have tens of thousands of alumni living in virtually every corner of the globe, engaged in more than 45 international HBS alumni clubs.

ternational strategy, then, our objective is less about expansion than it is about deepening and leveraging the investments we have made thus far. Let me provide two examples.

Going back to the Asia-Pacific Research Center in Hong Kong, much has changed since we first opened the doors to a small office in 1999. Countries like Singapore, Vietnam, and Malaysia are growing in their economic sig-

As we think about the next phase of our international strategy, then, our objective is less about expansion than it is about deepening and leveraging the investments we have made thus far.

nificance. It became possible to establish a presence in mainland China as well. We are in the midst of rebalancing our centers to reflect this new reality: building the capability to support the faculty's growing interest in southeast Asia and adding staff focused on the unique business climate in China.

Similarly, we are seeking ways to tap the expertise of our alumni who serve on regional Global Advisory Boards (GABs) or as members of the new Global Leaders Circle (GLC). This past fall, these groups all came to campus for their biennial Boston meeting, and we used the opportunity to seek advice on the rollout of the HBX CORE offering internationally. We learned a tremendous amount about the need for targeted regional strategies, and at the same time generated enthusiasm for how this program might be helpful in elevating the readiness for management education within a country. The GAB and GLC

members also have been incredibly helpful in identifying or serving as global partner company sites for our FIELD 2 cohorts.

Executive Education

As we look ahead, we are working to devise a new strategy for our international Executive Education offerings. Clearly, there is a role for the School to play in meeting the rising global demand for management education. But we will need to carefully examine, given our limited resources (particularly faculty), how we can best serve these markets and our own objectives, and our Executive Education team is giving this careful thought. Leveraging the capabilities we are building through HBX, our online platform, provides another opportunity for prudently increasing our international reach.

Leveraging the capabilities we are building through HBX, our online platform, provides another opportunity for prudently increasing the international reach of Executive Education.

CREATING A CULTURE OF INCLUSION

As an academic institution, our efforts at creating a culture of inclusion—ensuring that everyone at HBS is able to thrive and do their best work in support of the School’s mission—fall into a handful of different areas.

Financial Aid

One area is fellowships and financial aid. As more of our peer schools compete for outstanding students by offering merit-based aid, and even as we explore mechanisms for attracting students to apply from a wider array of backgrounds, we remain at the same time steadfast in our commitment to need-based assistance.

We want to ensure that individuals with the greatest leadership potential are able to attend Harvard Business School, regardless of their means.

We want to ensure that individuals with the greatest leadership potential are able to attend Harvard Business School, regardless of their means. This translates into a \$28 million investment in fellowships in the MBA Program; during FY14, nearly half of all students received fellowships averaging nearly \$32,000. Importantly, even as the costs associated with deliv-

ering the program and the tuition and fees we charge have risen, the fellowship budget has outpaced or matched those increases.

In recent years, we have supplemented fellowships to incoming students with a loan reduction program for graduating students choosing jobs in countries or industries where their debt would be a significant burden. Taken together, we believe these programs make the School more economically inclusive. We also are working to ensure that once students enroll at HBS, they feel fully included in the campus culture. We are partnering with student leaders to explore how we might help them create affordable social activities that are fun and promote strong relationships.

Curriculum

A second area of focus is the curriculum: Do the cases and courses we teach reflect the diversity of our students, the companies they will join, and the communities in which they will live? In the same way we have been able to augment significantly the number of global cases taught in the School’s educational programs, we are focusing our efforts over the next three years on having at least 20 percent of the cases used in the MBA Program feature a fe-

male case protagonist. Our initial work has included, as a first step, simply raising awareness of the current gap. Speaking from personal experience as a teacher, for example, I know that of the dozens of cases I have written, fewer than 10 percent have had a woman in a leadership position. When I revealed this fact during a faculty meeting last spring, I could see that many of my colleagues were doing a similar calculation—and in the weeks following, I received numerous emails outlining plans for or drafts of new cases.

Past experience has shown us that simply writing more cases is insufficient; the real difference comes from cases that are used and taught, ideally in the required curriculum of the MBA Program where the reach is greatest, but also across all our educational programs. And the most effective cases are not necessarily those where women protagonists are dealing with gendered issues like work-life balance, but rather leading change and other strategic initiatives within an organization.

Research

The third area is research: Can we conduct work that will accelerate the advancement of women leaders who will make a difference in the world and promote gender and other types of equity in business and society? To support this aspiration and draw together the various faculty members doing related work in this arena for greater impact, we are launching a new Gender Initiative

Can we conduct work that will accelerate the advancement of women leaders who will make a difference in the world and promote gender and other types of equity in business and society? To support this aspiration, we are launching a new Gender Initiative.

at the School. You will be hearing more about it in the weeks to come; like other initiatives, it will foster research efforts, convene academics and practitioners through conferences and symposia, and seek opportunities to disseminate knowledge to a wide audience.

Finally, through the Culture and Community Initiative, we continue to apply what we have learned in self-examinations of our student and faculty cultures to ensure that our practices and norms enable all members of our community to thrive and reach their full potential.

Of course, inclusion encompasses many dimensions of diversity, and as we look ahead we are anticipating another significant milestone in the School's history: namely, the celebration of the 50th anniversary of the founding of the African-American Student Union.

INTEGRATION ACROSS HARVARD & WITHIN HARVARD BUSINESS SCHOOL

Harvard President Drew Faust, throughout her tenure, has extolled the merits of One University—a motto we have embraced in ways that complement our mission and further our strategic objectives.

I've spoken with many of you about a time when Harvard Business School existed in splendid isolation from the rest of Harvard; today, the reality is that our activities are deeply intertwined. We see this in the increasing numbers of HBS faculty who are teaching undergraduates, welcoming cross-registered students from other parts of the University into their courses, and engaging in our joint Doctoral Programs. We see this in the appointment of HBS faculty and staff members

We see integration, especially, as the activities of the University shift south from Cambridge toward Allston.

to leadership positions throughout the University: at the College, in the Provost's Office, and in key Institutes. And we see it, especially, as the activities of the University shift south from Cambridge toward Allston.

Harvard Innovation Lab

The Harvard Innovation Lab, or i-lab, which we launched in 2011 continues to enhance the ecosystem for entrepreneurship at Harvard. Since opening it has provided a classroom for nearly 50 unique courses representing eight schools within the University and enrolling nearly 3,000 students. It has hosted 500 student teams, sponsored challenges that annually engage more than 600 students, and housed 50 entrepreneurs and experts in residence who provide counsel and skills workshops that touch nearly one in five students at Harvard. More than 30,000 visits have occurred in total.

Alumni Launch Lab

This past fall, we extended the concept and opened the Alumni Launch Lab: 3,000 square feet to support approximately 15 teams/55 people, including longer-term space for high-potential teams with professional funding (whether for-profit or non-profit). We anticipate many benefits from this new facility, ranging from “capturing” talent within Boston and Cambridge that otherwise might move to a different city to facilitating alumni engagement and involvement with the i-lab and the University after graduation.

We anticipate many benefits from the new Alumni Launch Lab, ranging from “capturing” talent within Boston and Cambridge that otherwise might move to a different city to facilitating alumni engagement with the i-lab.

One HBS

Even as we look to foster relationships across Harvard, we are working to ensure that efforts within Harvard Business School are appropriately connected so as to achieve their full potential. It is too easy, as our own organization grows more complex, to develop centers of excellence—outstanding in their individual expertise, perhaps, but at risk of becoming isolated from one another. As one example, we focused largely on an external audience in developing CORE on the HBX platform. While that was appropriate, we now are taking the time to determine how the program might be used in conjunction with other programs at the School. Similarly, the arena of professional development and lifelong learning is one we influence through Executive Education, through Harvard Business Publishing, and through channels like Baker

Library’s Working Knowledge. Can we better coordinate our offerings?

HBS is fortunate to have many strong parts. Much as we are embracing the University-wide advantages that can be realized under the banner of One Harvard, we must be sure to realize as well the benefits of One HBS across our programs and our faculty.

EARLIER THIS YEAR, WE LAUNCHED THE HARVARD BUSINESS SCHOOL CAMPAIGN. WE ANNOUNCED AN AMBITIOUS \$1 BILLION FINANCIAL GOAL, TIED TO PROGRAMMATIC NEEDS THAT MAP TO OUR FIVE I STRATEGIC PRIORITIES.

I am pleased to report that by the end of 2014, we had raised more than \$780 million. This remarkable progress has only occurred because of the extraordinary generosity of our alumni, in every region of the world, who have rallied to support the School. I am deeply grateful to our alumni leaders and to our faculty and staff who have worked tirelessly on behalf of this campaign. An even more important objective of this campaign is our aspiration to increase significantly the rate of participation among the School's alumni. This is why capital campaigns matter: They represent an opportunity to engage the full HBS community in defining and supporting a shared vision for the future. Beyond the dollars raised, participation signals that you believe in that shared vision and affirm the important role the School has played in your life.

Our commitment to this endeavor will take us out on the road over the next two years for campaign events in more than 20 cities worldwide—in January 2015 alone, we hosted gatherings in Mumbai, Tokyo, Shanghai, and Hong Kong. In each location, hundreds of alumni turned out to catch up with one another and hear about the work of the School. While it is an ambitious schedule, I love these trips. Not only do they broaden our perspective on the opportunities and challenges facing business, they remind us of the impact HBS graduates are having in virtually every sector of the economy. On each of these journeys, what we hear are stories of

how HBS transformed someone's sense of what was possible. And what we see are the companies and communities HBS alumni are improving as a result of that transformation. A successful campaign will ensure that the School can continue to achieve this kind of influence for generations to come.

AS I REFLECT ON MY FIRST FOUR AND A HALF YEARS AS DEAN, I AM STRUCK BOTH BY HOW MUCH WE HAVE ACCOMPLISHED AND BY THE IMPORTANCE OF THE WORK THAT STILL LIES AHEAD.

What has made HBS distinctive this many years is a collective sense of responsibility for the institution—the fact that faculty, staff, students, and alumni all work together to ensure that the School remains a leader in management and management education.

THANK YOU FOR EVERYTHING YOU DO to help us realize our mission.

