

## BAY AREA

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## Stanford MBAs adjust attitude after dot-com demise

Mainstay firms recruiting on campus again

By Tanya Schevitz  
CHRONICLE STAFF WRITER

Between classes and with graduation fast approaching, Denis Houles sipped a glass of Cabernet and took in the sun as many of his Stanford business school classmates raced to check their e-mail or call business contacts.

Houles, 31, had landed a job in

December with a stable, traditional business: McKinsey & Co. He'll start at the prestigious consulting firm's London office in October.

"It was very easy to get a job. Stanford is a very good school. I've had probably 20 e-mails sent to me from people who wanted to interview me," said Houles, president of the Stanford Graduate School of Business Wine Circle.

It's tougher for those students still pursuing their high-tech dreams. When 365 students entered Stanford's Graduate School of Business in 1999, there was no end to the riches in sight. Today, as they graduate with their MBAs, they are facing a muted market.

Over the next year, The Chron-

## The Chronicle

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AFTER THE BOOM

icle will follow the fortunes of more than a dozen graduates, looking at the economy through their eyes as they experience the bumps of an uncertain market.

Most of the graduates do have jobs — by early May, 78 percent of students had accepted offers, up from last year. But many had to search longer or adjust their attitudes about acceptable positions, which might have come as a shock to students of one of the

nation's top business schools.

"If I didn't have my job, I would be terrified. I hate to say that because of my friends who don't have jobs, but I would be nervous," said Sarah Cragg, 28, who worked as a retail stock analyst at the investment banking firm of Robertson Stephens before school and will go back after graduation.

Cynthia Shore, immediate past president of the national M.B.A. Career Council Services, said students who did not find jobs in the fall are scrambling now and should not expect skyrocketing signing bonuses and salaries.

"This year, what I'm hoping for is as good as last year. Whereas for

the past two years, we've had increases of about 30 percent in salary. It is a really tough time," she said.

Many of the startups and high-tech companies that came to campus last year and wooed them with T-shirts and trinkets did not even show up this year.

"It is much more back to reality, a much more sober sight of the world," said H. Irving Grousbeck, who teaches management and entrepreneurship at the school.

Of course, business students are supposed to be schooled in economic realities and trained to be hard-nosed — useful traits in fiscally fickle times.

"There has been a huge

change in the (employment) taste preferences of many of our graduates, which I think is driven a great deal by the demand," said

George Parker, senior associate dean for academic affairs and director of the MBA program at Stanford's Graduate School of Business. "They are like bird dogs. They sniff where there are jobs."

Students are no longer writing up business plans on the backs of napkins with the notion that they can just run up the street to venture capital firms for millions in funding, Grousbeck said.

"They are not going to do some harebrained entrepreneurial

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## Stanford MBAs abandon their dot-com career paths

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thing," he said. "They are going to build their skills."

Many students left consulting work and returned to school for MBAs hoping to ride the high-technology wave. Now they are finding that two years later, they have to return to consulting.

When Geoffrey Willison entered business school, he hoped to work for a private equity firm after graduation. When he pursued technology sector jobs, he was surprised by what he found.

"A lot of the opportunities that I saw were shutting down pretty quickly," he said.

That's when he turned back to consulting and took a job at the Boston Consulting Group.

Dwight Gibson, 26, entered Stanford expecting to join a small networking technology company or a venture capital firm.

But as the market faltered, he reconsidered and took a consulting job with McKinsey & Co. in Chicago.

"There is just so much confusion in the market right now. I didn't think it was wise to make a bet on a smaller, younger company," he said. "My long-term plans haven't changed. I intend to pursue my entrepreneurial ambitions. I just need to prepare myself some more, get a little more seasoned."

But even consulting isn't the safe haven it used to be. Stories abound of students across the country who had offers revoked or start dates pushed back by months.

While Willison's start date wasn't set when he accepted a job

## Class profile

Stanford's 2001 MBA class is 29 percent female, 27 percent minority and 32 percent international, and has an average age of 26, with the range from 22 to 42.

## Placement of last year's MBAs

- Management consulting, 18%
- E-commerce/Internet, 14%
- Venture capital/private equity, 14%
- High tech, 24%
- Investment banking, 9%

## Salaries and recruiters

- Median total compensation, \$140,000
- Median base salary, \$95,000
- Number of recruiting firms, 1,170

With just preliminary figures in, this year it looks like the top five industries will be management consulting, investment banking, established high technology, venture capital and startups.

More students are going into Fortune 500 firms than in the past few years.

Source: Stanford Graduate School of Business

offer in February, he did expect to begin sooner than the Oct. 1 date he was later given.

"We have a 9-month-old baby, and we did just close on our house (in Boston), so it becomes a bit of a cash-flow issue," said Willison, 27. "At least, I have a job with a great firm and haven't had my offer withdrawn."

With graduates turning back to old-line businesses, many companies that had stopped recruiting at Stanford during the boom re-

turned this year. Enron Energy Systems Inc., which had not visited the campus in two years, hired seven students. Indiana pharmaceutical giant Eli Lilly & Co. hired five students, and other mainstay companies like General Motors and Clorox hired students as well.

But those who refuse to give up on their dream of being involved in technology or starting their own businesses are those who are floundering, trying to figure out what to do as the market sinks.

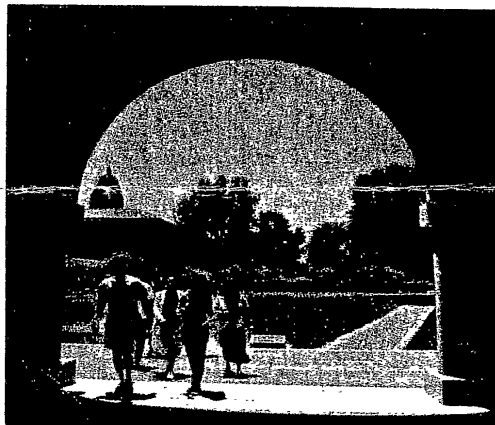
Many companies that Louis Goldberg, 27, looked at have stopped hiring or cut positions.

"Everyone knows Cisco is not hiring. I didn't even bother. There are kind of the safety-net companies in technology: Sun, Cisco, Oracle, Siebel, Microsoft. They've kind of gone away in terms of hiring," said Goldberg, who also had quit his consulting job. He moved to Silicon Valley from Atlanta in April 1999, seduced by the booming high-tech industry.

He had landed a job at software-startup Naras one week after his first contact with the company.

When Naras experienced growing pains, Goldberg said, he applied to Stanford, where he believed an MBA would give him the connections and entrepreneurial tools he needed to start his own venture. During his first quarter, he and a few classmates developed a plan for an Internet structure to automate the process of repairing vehicles for auto insurance.

The idea placed third in a field of about 120 entries in a business school contest. But by the time they fleshed it out and ap-



PAUL CHINN / The Chronicle

Courtney Vartan, assistant director of student affairs at Stanford University, helped MBA students rehearse for graduation.

proached venture capital firms in February 2000, the bar for funding had risen — and continued to rise until the bottom dropped out, and the golden spigot was shut off.

Of the high-tech companies that are still hiring, Goldberg said, "They've got three to four years of belt-tightening and rebuilding ahead of them. That is not necessarily that exciting to go into."

So, still smitten by the tech world, Goldberg has started on a business plan for providing wireless services.

Professors and students who are daunted by the economy's shift say they could see signs of a change long before graduation day. E-commerce classes that for several years had been packed suddenly had seats, students say.

And the topics chosen for class projects have changed this year. Phyllis Ferrell, 28, who is going back to work at Eli Lilly after graduation, said students in her

public-sector economics class voted to study topics like the electricity crisis, expansion of Medicaid programs and pharmaceutical pricing. That is a big change from last year, when students wanted to look at issues in Internet privacy concerns and Internet taxation.

"It is more back to the basics," said Stanford entrepreneur and management Professor Charles Holloway. "There are fewer opportunities where it is credible that an inexperienced team can actually create the business and start it up."

Goldberg said professors now emphasize that projects are just an academic exercise. In the past few years, he said, professors were helping students with good ideas get funding.

"Everyone now kind of takes potshots in classes at ... all the silly ideas that were funded," Goldberg said. "No one, of course, takes credit for the irrationality."

While professors at Stanford did not abandon the fundamental principles during the frenzy, some say the return to a normal market is a relief.

"Many of the things we know how to teach are probably more applicable in this kind of an environment," Holloway said. "So, in some sense, the students are perhaps paying more attention to the kinds of things that we had to teach here at the business school."

Rani Saad, 29, said that at the peak of the boom, he and some classmates thought they should have been learning more about the fads of the time. But in the long run, he realized that what they were learning was much more valuable.

"The long-term perspective of the school turned out to be sound, and it became clear to us very quickly because we were taught the fundamentals — and we were also taught to look at and analyze current trends," he said.

Many students say they may have missed out on the once-in-a-lifetime chance to participate in an unprecedented economic boom, but they learned a lot from watching the rise and fall from the ivory tower.

"A lot of us walked away at exactly the right time, even though at the time, we may have thought that we walked away at the worst possible time," Gragg said. "I think it has given us a lot of opportunity to step back and think."

It seems clear that in the end, Stanford's 2001 class of MBAs will still do well.

"All of us were a little anxious because things did kind of go off a cliff in terms of the stock market and layoffs," Parker said. "I thought, 'Whoa, this may be the first time that our students come up empty-handed.' That hasn't happened, but the frenzy is over."

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# Grads have wealth of experience, ambitions

Stanford University's MBA graduates face an uncertain economy as they enter the workforce. The Chronicle will follow these students during the next year, checking in with them periodically to find out how the changing economy is affecting them. All of them will be awarded a master of business administration degree from Stanford this month.

## ■ John Newsome

Age: 28

**Education:** Stanford University B.A. 1994 in Spanish literature; M.A. 1994 in modern thought and literature

**Professional experience:** extensive consulting experience in nonprofit and public sector

**Plans after graduation:** consulting in San Francisco for the Bridge-span Group, a nonprofit subsidiary of Bain & Co.

## ■ Patricia Simpson

Age: 31

**Education:** Universidad Catolica Argentina, Buenos Aires, dual degrees 1991 in business administration and accounting

**Professional experience:** management and Internet experience at accounting firm, founded Internet startup specializing in Internet consulting, business development for technology company

**Plans after graduation:** working for Adobe Systems part time now, still looking for a permanent job with a high-tech company; considering doing another startup

## ■ Isobel Gotto

Age: 30

**Education:** Jesus College, Cambridge University, B.A. 1993 in social and political sciences, M.A. 1996 in social and political sciences

**Professional experience:** fundraiser and administrator at a nonprofit, consulting in private sector

**Plans after graduation:** looking for a job in nonprofit arena in Bay Area

## ■ Chad Cooper

Age: 27

**Education:** Yale University, B.A. 1996 in urban studies

**Professional experience:** urban economic development

**Plans after graduation:** Deutsche Bank, real estate investment banking

## ■ Dirk Calcoen

Age: 31

**Education:** Leuven University, Leuven, Belgium, M.D. 1994; Harvard University, M.A. 1998 in public health

**Professional experience:** director of a program to treat river blindness in Africa for Doctors Without Borders, consulting



JEFF CHIU / The Chronicle

Yoav Samet, who will earn his MBA at Stanford this year, still plans to join a venture capital firm.



PENNI GLADSTONE / The Chronicle

Dwight Gibson will join McKinsey & Co. as a consultant.

**Plans after graduation:** Boston Consulting Group, San Francisco

## ■ Yi Feng

Age: 28

**Education:** Beijing University, China, B.A. 1994 in biochemistry and molecular biology; University of California at Berkeley, Ph.D. program in nutritional sciences, 1994-96, no degree

**Professional experience:** product management, sales and marketing

**Plans after graduation:** McKinsey & Co., Beijing, consulting

## ■ Jeanne Kwong

Age: 26

**Education:** Harvard University, B.A. 1996 in economics

**Professional experience:** consulting

**Plans after graduation:** Boston Consulting Group in New York



CARLOS AVILA GONZALEZ / The Chronicle

Sarah Gragg will start as a junior analyst at Robertson Stephens.

## ■ Arif Fazal

Age: 26

**Education:** University of California at Berkeley, B.A. 1996 in economics

**Professional experience:** content development and strategy for wireless startup, consulting, content and development strategy for startups and venture capital firms

**Plans after graduation:** looking for a job and wants a strong mentor wherever he goes; open to working with a venture capital firm but not on the investment side; wants to help portfolio companies; also open to doing operations, sales or finance

## ■ Yoav Samet

Age: 34

**Education:** Hebrew University, Jerusalem, B.Sc. 1991 in computer science and business administration, M.Sc. 1996 in computer science



PENNI GLADSTONE / The Chronicle

Geoffrey Willison will work for the Boston Consulting Group.

**Professional experience:** co-founded software startup, management in technology firms, venture capital

**Plans after graduation:** joining Polaris Venture Capital in Menlo Park as a principal

## ■ Phyllis Ferrell

Age: 28

**Education:** DePauw University, Greencastle, Ind., B.A. 1994 in economics and double minor in computational mathematics and East Asian studies

**Professional experience:** product management and strategic marketing for automotive supply and pharmaceutical companies, corporate finance

**Plans after graduation:** manager of primary care strategy for Eli Lilly

## ■ Victor Penev

Age: 31



PENNI GLADSTONE / The Chronicle

Despite the economy, Steve Norall says he would like to go to a startup or back to Oracle, where he is on leave.

**Education:** Pomona College, Claremont B.A. 1996 in international economic relations

**Professional experience:** analyst focusing on telecommunications, media and technology sectors, co-founder of local language Internet portal startup in Belgium

**Plans after graduation:** German media giant Bertelsmann AG in the junior executive program in New York

## ■ Rani Saad

Age: 29

**Education:** American University of Beirut, Lebanon, B.A. 1993 in computer and communications engineering; Virginia Tech, Blacksburg, Va. M.S. 1996 in civil engineering

**Professional experience:** software development, built and managed telecom startup, e-commerce manager for finance and marketing company, venture capital, working on startups in telecom and software

**Plans after graduation:** still looking around, interested in early stage entrepreneurial ventures

## ■ Sarah Gragg

Age: 28

**Education:** University of Oregon, Eugene, Ore., B.A. 1994 in political science, minor in business

**Professional experience:** retail stock analyst at investment banking firm, venture capital business and corporate development

**Plans after graduation:** Robertson Stephens, junior analyst, retail and consumer products group

## ■ Louis Goldberg

Age: 27

**Education:** University of Virginia, Charlottesville, Va., B.A. 1996 in economics

**Professional experience:** consulting, product manager for Internet business infrastructure startup, venture capital, director of busi-

ness development for supply chain software company

**Plans after graduation:** assessing whether to go back into a technology company or a company that uses technology as part of its business

## ■ Geoffrey Willison

Age: 27

**Education:** Dartmouth College, B.A. 1995, in government modified with economics

**Professional experience:** consulting, marketing and business development; intern in e-business solutions strategy, product management for software and services company

**Plans after graduation:** consulting at Boston Consulting Group in Boston

## ■ Steven Norall

Age: 29

**Education:** Dartmouth College, B.A. 1994 in computer science

**Professional experience:** software design engineer, technical consultant, programmer, business analyst for major technology company, strategic advising for venture capital firm

**Plans after graduation:** will either go to a startup that is still in research and development mode or back to Oracle, where he is on leave

## ■ Dwight Gibson

Age: 26

**Education:** Howard University, B.A. 1996 in computer-based information systems

**Professional experience:** business analyst, telecommunications, financial services, manufacturing and marketing, Internet manager, product and business development for content startup, corporate development for e-business company

**Plans after graduation:** consultant at McKinsey & Co., Chicago