

sponsorship

exits

influx

workshops

check

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curbside pickup

invites

coaching

updates

costs

priority shift

fields

of gathering

workshop

whiteboard

isolation

sanitizer

core values

inbox

uncertainty

SUMMER 2020

Stanford Business

A D A P T.

How we
came
together
when a
pandemic
forced us
apart.



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A LETTER FROM DEAN JONATHAN LEVIN

Values, Vision, and Historic Change

At their finest, institutions are places where people come together to take on generational challenges. In recent months, we have faced two of these challenges: the global coronavirus pandemic and the national uprising against anti-Black racism.

These events have compelled us to ask what solutions we, at Stanford GSB, can bring to the world and how we must transform ourselves internally. On both counts, I have been inspired and humbled by the response of our community. Let me share a few highlights.

At the beginning of March, we shifted the GSB to virtual instruction in the span of 60 hours. By the beginning of spring quarter, faculty were teaching more than 100 MBA, MSx, and PhD sections virtually. It wasn't what any of us would have chosen, but our faculty, staff, and students responded with resilience at every turn.

One student group, Team Positivity Contagion, responded to shelter-in-place orders by organizing dozens of virtual events "to preserve the GSB's uplifting social community during this moment of universal anxiety," as one founder wrote on Medium.

Other students started nonprofits, including ventures to help procure healthcare equipment from China, coordinate grocery deliveries and supplies to at-risk populations, and send donations to families impacted by the virus.

GSB alumni responded to our call to help create summer internships and full-time jobs for current students by offering more than 200 opportunities in just a few weeks. Alumni also spoke in classes, volunteered for student mentoring, and of course set examples in leading their own organizations through the onset of the pandemic.

Faculty responded with incredible innovation in their teaching and research and added new courses, including *Reflections on History in the Making*, *Business and Society Lecture Series: COVID-19*, and *Civic Workshop*. You will find many stories in this issue of the magazine on how the GSB community has responded to the pandemic.

At the end of May, the violent deaths of George Floyd, Breonna Taylor, Ahmaud Arbery, and other Black Americans forced us — both individually and collectively — to confront racial injustice. The multi-generational protests that followed the pain of their deaths signaled a moment of opportunity and urgency for the country to take action.

Again, the GSB community was galvanized by the desire to contribute to racial equity on our campus and across the country. Discussions with many members of the community led to a set of ambitious initiatives that were announced in July. These include collaborating with Stanford's other schools in hiring faculty who study the impact of race in America; creating a new financial aid fund to support students from less affluent backgrounds; building a more diverse portfolio of courses, cases, and guest speakers; and



Jonathan Levin is the dean of Stanford GSB and the Philip H. Knight Professor

designing a new Racial Equity Initiative in collaboration with an alumni task force.

I am excited to lead the school in this effort and to see what we will accomplish on our own campus and beyond.

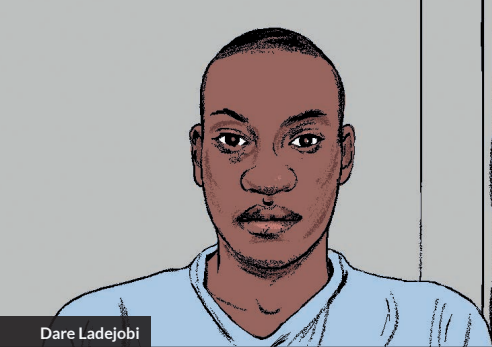
As we look ahead to the fall, we anticipate a year of both challenge and innovation. We will be developing new modes of hybrid learning and interaction and will be working to ensure campus safety and health. We will need to draw on the school's full resources of creativity, optimism, and resilience. I am confident that we will.

In preparing for an unprecedented year, we remain grounded in the school's core values and our continuing vision of educating leaders for society.

At a time of historic global challenge, it has never been more important to educate students to appreciate the power of business to innovate and create widespread opportunity, to take seriously their civic responsibilities, and to equip them as principled and purposeful leaders.

I wish you all health and optimism in the coming months. **GSB**

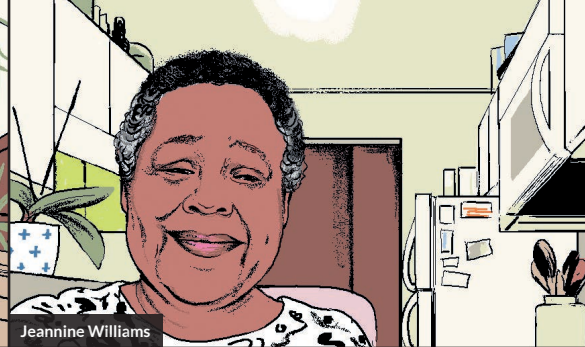
In preparing for an unprecedented year, we remain grounded in the school's core values and our continuing vision of educating leaders for society.



Dare Ladejobi



Grace Lyo



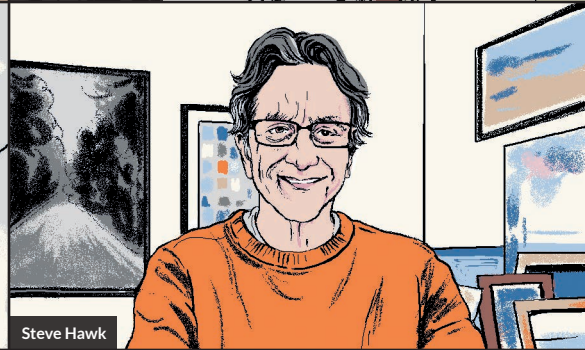
Jeannine Williams



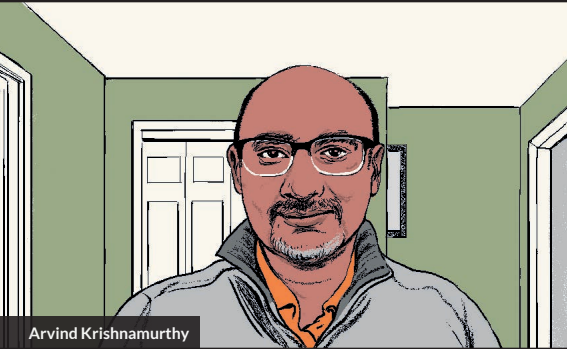
Sheila Dharmarajan



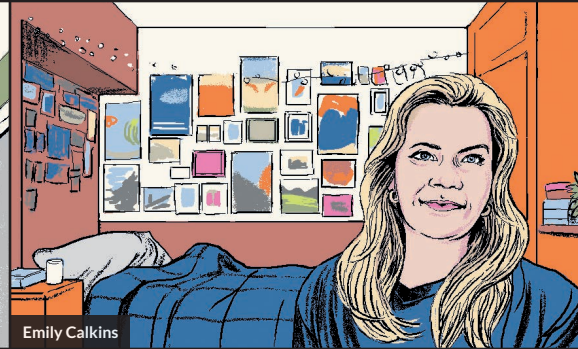
Jonathan Levin



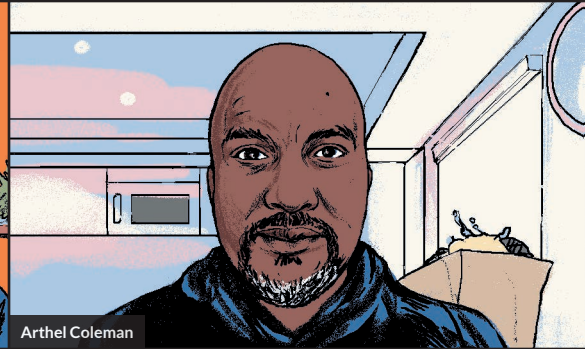
Steve Hawk



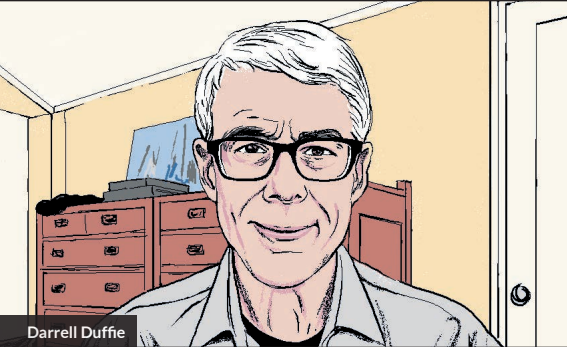
Arvind Krishnamurthy



Emily Calkins



Arthel Coleman



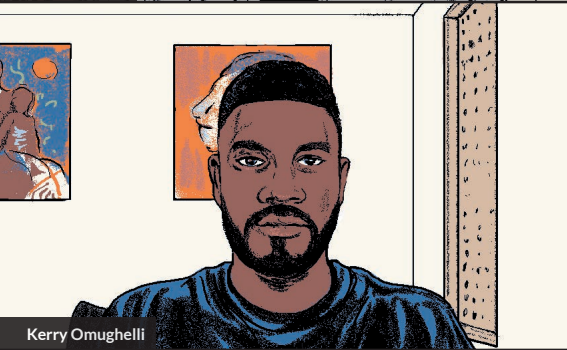
Darrell Duffie



Alan Chiu



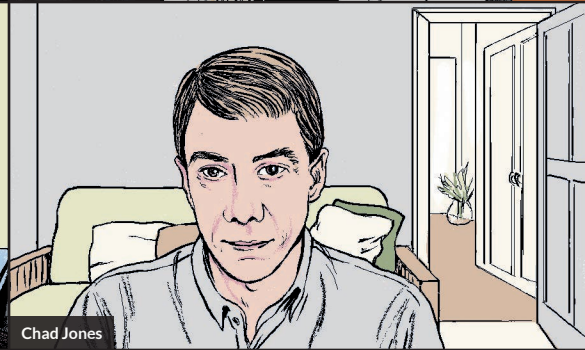
Karin Underwood



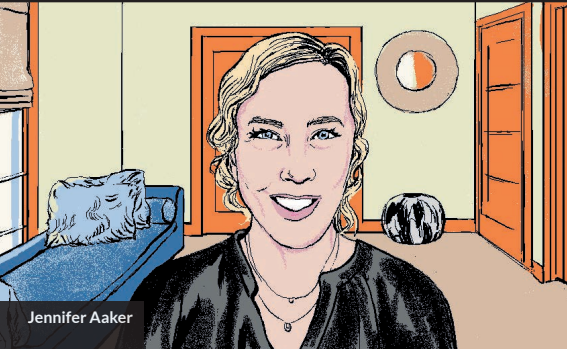
Kerry Omughelli



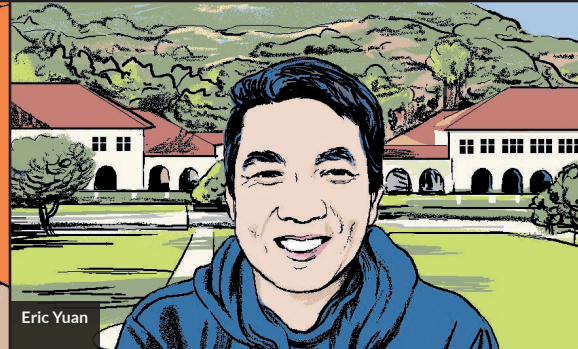
Jamie Schein



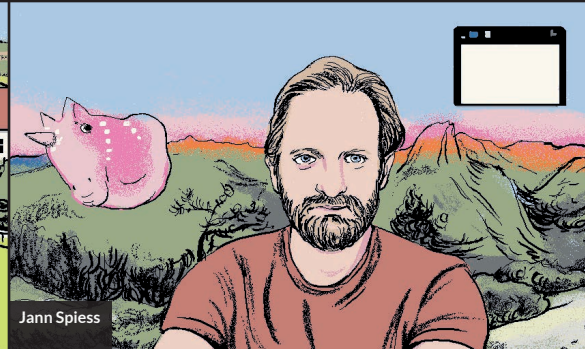
Chad Jones



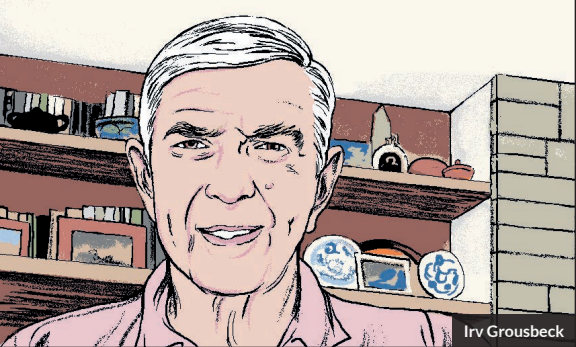
Jennifer Aaker



Eric Yuan



Jann Spieß



Irv Grousbeck



Stacy Brown-Philpot

“Lately, six of us started playing cards on Thursdays, just like we did at the GSB. The cards are merely an excuse to come together [virtually]. We’ve seen more of each other in the last two months than in the prior two years.”

– David Dodson, MBA '87, lecturer in management, page 124

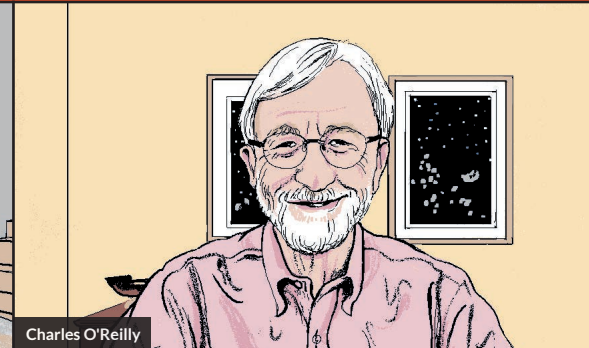


Kudzi Chikumbu

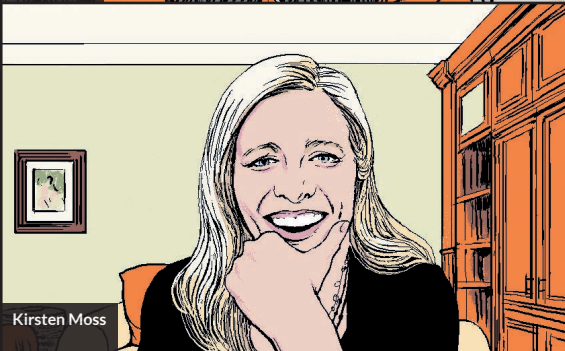
▶
“The pandemic has made our mission more critical than ever. We’ve seen it in the numbers. At the start of March, we were serving about 500,000 families; as of mid-May, we are serving nearly 1.5 million families.”
– Heejae Lim, MBA '15, founder and CEO of TalkingPoints, page 32



Heejae Lim



Charles O'Reilly



Kirsten Moss



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A LETTER FROM THE DEAN ¹

EDITOR'S NOTE ⁷

ON CAMPUS ⁹

BRIEFINGS ¹⁰

Lessons in civic engagement.
 Derrick Bolton returns.
 The post-pandemic job hunt.
 Sarah Soule's weird whiteboard.
 How to become "indistractable."
 Hard lesson, smooth landing.
 Books for sheltering in place.
 The AIDS Memorial Quilt.

INSIGHTS ²⁰

ORGANIZATIONAL BEHAVIOR

How Narcissistic Leaders Destroy from Within

MARKETING

That Money You Borrowed? Remember Who Owns It

FINANCE

Cryptocurrencies Could Eliminate Banking's Easiest Money-maker

ECONOMICS

Workplace Equality Is the Economy's Hidden Engine

VOICES ⁵⁸

Grace Kim MBA '99
Carter McClelland BS '67, MBA '73
Beth Parker LGBTQ EXECUTIVE LEADERSHIP PROGRAM '16
Aruna Ranganathan ASSOCIATE PROFESSOR OF ORGANIZATIONAL BEHAVIOR
Phillipe Diego Rodriguez MBA '20

WHAT MATTERS TO ME NOW AND WHY ¹²⁴

David Dodson MBA '87

CLASS NOTES ⁶⁵



FEATURES

How We Adapted ³⁰

When the COVID-19 pandemic hit, Stanford GSB had a single weekend to move its curricula online. To get it done, faculty and staff practiced what they teach: innovation. Meanwhile, scores of students and alumni took steps to help those in need.
Alexander Gelfand and Steve Goldbloom

The Crisis Management Playbook ³⁸

From launch to liquidation, how to lead with grace through a global downturn.

Eat, Sleep, Zoom ⁴⁸

In the months since his company became a global verb, Eric Yuan has never been busier. Or more exhausted. Or happier.
Steve Hawk

Adopt a 'Journey Mindset' to Move Forward ⁵⁴

To sustain the behaviors that helped you reach a goal, think about the achievement as a journey rather than as a destination.
Patrick J. Kiger



What's your **IMPACT** ?

Over the past 33 years, nearly 1,600 GSB alumni have provided pro bono management consulting services to some 730 nonprofit organizations in their communities through the Stanford Alumni Consulting Team. Whether serving alongside other alumni on project teams, encouraging nonprofits to apply for consulting services, or bringing Stanford ACT to their local communities, GSB alumni are changing the world, one project at a time.

To learn more, visit stanford.io/alumni-act or email info@stanfordact.org

STANFORD ALUMNI CONSULTING TEAM

Changing the world, one project at a time



STANFORD GRADUATE
BUSINESS SCHOOL OF

Alumni Consulting Team

EDITOR'S NOTE

Stories Told and Untold

TALK TO US

Have some constructive criticism? Some praise? Some story ideas? We're eager for your input. Please email the editors at stanfordbusiness@stanford.edu.

In March, as the COVID-19 outbreak began to upend the world, we set out to look for stories that would illustrate both the speed and breadth of the Stanford GSB community's response to the pandemic. It was an easy task, because the stories were everywhere. Alumni, current students, faculty, staff — people from all corners were doing impassioned work to help the school and society adapt.

For us, the hard part was figuring out what to omit.

One such untold story belongs to Sam Ulloa, MBA '05, who cofounded a company called Listo. Ulloa and his family immigrated to the U.S. from a small town in Mexico when he was young. Through Listo, he hopes to democratize access to financial services for low-income workers who find it hard to build credit. Their clientele is largely Hispanic.

"One of the reasons I started Listo was to make a difference in the community I grew up in," Ulloa says. "Many of our customers are frontline essential workers who don't have established credit. The vast majority don't have health insurance or life insurance, and they are getting hit particularly hard by the pandemic. Listo is stepping up."

Multiply Ulloa's story by several hundred, perhaps even several thousand, and you have some sense of the Stanford GSB community's global reach during this historic season. Our only regret is that we lacked the space to tell more of them. [GSB](#)

— *The Editors*

GSB WOMEN'S CIRCLES GO VIRTUAL

850+ GSB Alumnae

18 In-Person Regions Across
4 Continents

Worldwide Virtual Expansion

Fastest-Growing GSB
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Would you like to enhance your personal and professional journey as a woman with regular support from invested, inspiring peers? Come join our growing community of thriving GSB alumnae, who connect monthly to reflect on and share life experiences in a diverse, cross-generational Circle. Find out more during our Virtual Community Kickoffs in September and October 2020.

LEARN MORE: stanford.io/womens-circles

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Women's Circles

ON CAMPUS

A New Way of Coming Together



AGATA NOWICKA

Usually in this space (and on pages 2 and 64) we ask an illustrator to interpret some aspect of the Stanford GSB campus. But right now, as we go to press in mid-July 2020, a virtual sampling of the GSB family – its alumni, students, faculty, and staff – seems a fitting representation of the school as it exists today. Because now more than ever, one thing is clear: While the institution’s physical setting remains as important as ever, what matters most is the community that it brings together.

TOP ROW, LEFT TO RIGHT: Dare Ladejobi, MS '20, winner of the 2020 Social Innovation Fellowship • Grace Lyo, assistant dean and director of Teaching and Learning • Jeannine Williams, faculty assistant • H. Irving Grousbeck, the MBA Class of 1980 Adjunct Professor of Management • Christa Amsden, class notes editorial and relations manager • Stacy Brown-Philpot, MBA '02, CEO of TaskRabbit

SECOND ROW: Sheila Dharmarajan, MBA '06, head of business development/investor relations at ZMC • Jonathan Levin, dean of Stanford GSB and the Philip H. Knight Professor • Steve Hawk, editor of *Stanford Business* magazine • Mike Smith, MBA '86, cofounder of the AIDS Memorial Quilt • Maureen McNichols, the Marriner S. Eccles Professor of Public and Private Management and Professor of Accounting, and senior associate dean for academic affairs • Orlando Bravo, JD/MBA '97, founder and managing partner of Thoma Bravo

THIRD ROW: Arvind Krishnamurthy, the John S. Osterweis Professor of Finance • Emily Calkins, MBA '21, class copresident • Arthel Coleman, manager of Student Residential Services • Suhani Jalota, MBA '22/PhD '24, founder of the Myna Mahila Foundation • Paul Oyer, the Mary and Rankine Van Anda Entrepreneurial Professor and Professor of Economics, and senior associate dean for academic affairs • Sarah Soule, the Morgridge Professor of Organizational Behavior and senior associate dean for academic affairs

FOURTH ROW: Darrell Duffie, the Adams Distinguished Professor of Management and Professor of Finance • Alan Chiu, MS '20, cofounder and CEO of Enya and copresident of Stanford Angels and Entrepreneurs • Karin Underwood, MBA '19, founder and CEO of CoachMe • Kudzi Chikumbu, MBA '16, director of creator community at TikTok • Stephanie Tully, assistant professor of marketing • Lawrence Wein, the Jeffrey S. Skoll Professor of Management Science and senior associate dean for academic affairs

FIFTH ROW: Kerry Omughelli, MBA '21, class copresident • Jamie Schein, MBA '91, assistant dean and director of the Career Management Center • Charles Jones, the STANCO 25 Professor of Economics • Szu-chi Huang, associate professor of marketing and Business School Trust Faculty Scholar for 2019–2020 • Heejae Lim, MBA '15, founder and CEO of TalkingPoints • Charles A. O'Reilly, the Frank E. Buck Professor of Management

SIXTH ROW: Jennifer Aaker, the General Atlantic Professor • Eric Yuan, SEP '06, founder and CEO of Zoom • Jann Spiess, assistant professor of operations, information and technology • Brian Lowery, the Walter Kenneth Kilpatrick Professor of Organizational Behavior and senior associate dean for academic affairs • Kirsten Moss, assistant dean of MBA admissions and financial aid • Rebecca Taylor, associate director of student life

EDITORIAL

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Back to Class¹⁰ Panelists¹¹ Career Advice¹³
Office Artifact¹⁴ Peer-to-Peer¹⁵ Hard Lesson¹⁶
Recommended Reading¹⁷ Maker¹⁸

Briefings



BACK TO CLASS

Civics Lessons in Real Time

A last-minute addition to Stanford GSB's Spring 2020 curriculum, the course *Civic Workshop* was created by lecturer Keith Hennessey in direct response to the coronavirus pandemic. It is designed to train students how to participate in what Hennessey calls the “civic layer” — that array of domestic businesses and volunteer organizations that fill the gap between citizens and government during times of crisis.

Often, this layer proves to be more nimble and creative than government agencies when it comes to emergency assistance, Hennessey says. But the COVID-19 pandemic presents a daunting challenge for such groups: It not only creates dire needs, but also forces most helpers to stay physically separated from the people with those dire needs.

LISTEN

In a March 2020 episode of our *Think Fast, Talk Smart* podcast, Stanford GSB lecturer Matt Abrahams discusses how to practice good “virtual hygiene” when leading a meeting remotely. The key: Be ready for your closeup. Hear him at stanford.io/ThinkFast.

SPLIT THE CHECK During the pandemic, Doctors Without Borders received money from people who could afford to donate part of their federal stimulus checks.

COURSE NAME
GSBGEN 316:
Civic Workshop

INSTRUCTOR
Keith Hennessey

Hennessey assigned the class's 41 students the task of finding new methods for remote activism. The students formed 13 teams, each supporting a different coronavirus relief effort. Hennessey, who served as director of the National Economic Council in the administration of President George W. Bush, and his teaching assistants act mostly as advisors, helping the teams refine strategies and tactics.

“I’ve created the framework, but what is generating the interest and effort are the projects themselves,” Hennessey says.

One team has created a nonprofit called Gift Card Bank, which enables donors to contribute unused gift cards to people in need. Another group is working with Feed the Fight, which purchases meals from struggling restaurants in Washington, D.C., then donates the food to healthcare workers and first responders.

A pair of students, 2020 MBA candidates Erin Washington and Isabelle Fisher, are using a mix of email and social media to expand the donor base for Split the Check, an effort started by Keegan Cooke, the associate director of Startup Garage at Stanford GSB’s Center for Entrepreneurial Studies. Split the Check asks people to donate a portion of their federal stimulus checks to nonprofit organizations such as Doctors Without Borders.

Washington and Fisher say they were attracted to the course because they’re both interested in devising new methods to promote direct giving to organizations that are doing crucial work.

Hennessey says students are developing a new style of remote activism that could become increasingly important for future crises. “How do you help an organization when it all has to be done over Zoom and email and phone?” he asks. “For one thing, you’ve got to maintain a lot more contact to build that relationship, because you can’t shake their hand in person.”

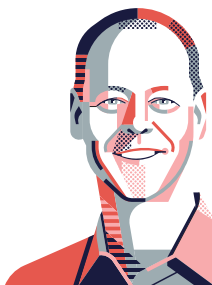
The class continued until mid-June, at which point, students developed plans either to conclude their efforts or to hand off what they’d developed to someone else. Some may ultimately publish their models online, so that other activists can learn from them, Hennessey says.

— *Patrick J. Kiger*

PANELISTS

Business, Society, and COVID-19

Voices from guest lecturers who remotely attended Stanford GSB’s *Business and Society* course, which was created for the Spring 2020 quarter in response to the COVID-19 crisis:



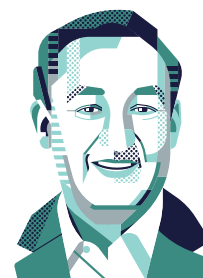
“When consumers first started hoarding in the middle of March, in 10 days we basically sold an entire year’s supply of bottled water. We sold over 100 million extra eggs. In a five-day period, we sold enough toilet paper for everybody around the world to have their own roll.” — **Walter Robb, former co-CEO and current board member of Whole Foods Market**



“The U.S. Treasury – and all treasuries – must open up their doors and put as much money as is needed into the public health response, in order to change the negative, doomsday mindset. Those big banks shouldn’t settle for answers from public health officials about what they think is possible. They should ask them instead what is absolutely necessary, and then force them to do it.” — **Jim Yong Kim, former president of the World Bank and cofounder of Partners in Health**



“With COVID-19, something unprecedented is happening. The sovereign state is suddenly king. It’s *my* borders. It’s *my* travel ban. It’s *my* PPE. People are frightened, so they turn to their borders as a defense. But we have to be very careful as we move forward that that doesn’t become our default. Because we have built important multilateral and international habits of cooperation that can help at times like this.” — **Condoleezza Rice, former U.S. Secretary of State and, as of September 2020, director of the Hoover Institution**



“You won’t be shocked to hear that there’s a pretty large percentage of people who say, ‘I ain’t wearing no damn face mask, and you can’t make me.’ That puts a lot of pressure on our people at the airport. So now we’re just saying, ‘Well, then fly with someone else.’ And it’s good that the entire industry is lining up on that, because then there’s no one else who’s going to let you fly if you don’t wear a mask.” — **Oscar Muñoz, executive chairman of United Airlines**

SEEN AND HEARD

“You should never be thinking about full time or zero time. I’m a firm believer in post-COVID half time in the office.”

— Economics professor Nicholas Bloom in a *New York Times* article “Is the Five-Day Work Week Over?” (stanford.io/WFH)

RECOGNITION



Mohammad Akbarpour, assistant professor of economics, was the winner of a 2020 Sloan Research Fellowship, which honors early-career scholars.

Billy Alvarado, MBA '00, was the recipient of the 2020 Porrás Latino Leadership Award, which celebrates the history and presence of the Latino community at Stanford GSB and honors and encourages leadership in business as well as in the greater Latino community.

Susan Athey, the Economics of Technology Professor, was the 2019 recipient of The CME Group-MSRI Prize in Innovative Quantitative Applications.

Ira Hall, BS '66, MBA '76, won the 2020 Ernest C. Arbuckle Award, which recognizes excellence in the field of management leadership.

Saumitra Jha, associate professor of political economy, was awarded the 2020 MSx Teaching Excellence Award.

Glenn Kramon, lecturer in management, was awarded the 2020 MBA Distinguished Teaching Award.

Arvind Krishnamurthy, the John S. Osterweis Professor of Finance, was awarded the 2020 Faculty Distinguished Service Award.

Matteo Maggiori, associate professor of finance, and two academic peers received the Central Banking Award in Economics for their work on the Global Capital Allocation Project.

Peter Mondavi, Jr., '80, MS '82, MBA '93, was a recipient of Stanford's 2019–20 Governors' Award in honor of exceptional volunteer service to the university.

For more, go to gsb.stanford.io/magazine.



EXTERNAL RELATIONS

Homecoming

Derrick Bolton returns to Stanford GSB with a new role – associate dean for external relations – and a new perspective.

For 15 years, Derrick Bolton, MBA '98, served as the Stanford GSB director of admissions.

In that time he and his team read more than 90,000 applications, ultimately selecting 6,000 students for admission. That group Bolton admitted includes more than 45% of the school's women alumni, and virtually all of those 6,000 received a call from Bolton personally to let them know they'd been accepted.

Bolton left the business school in 2016 to design and build the admission process for Stanford's Knight-Hennessy Scholars program. On June 15, he returned to Stanford GSB as associate dean for external relations, a job he takes on during unprecedented times.

What made you want to come back to Stanford GSB?

I love the GSB and have loved the GSB since my time as a student at the school. The entire time I worked in admission, I always enjoyed the art of reading applications and crafting each class, but I charged my battery by connecting with alumni. I used that as the fuel for selecting the next group.

What is it about working with alumni that attracts you?

Any day I have a chance to Zoom with alums is a good day. It's an extended family, and that has always brought me joy. And they always teach me something. Every time. Some are doing investing, some are focused on people, some are thinking about health care. Every time I have a conversation, I feel like I'm getting a little smarter. I love that I get to learn.

SERGIO MEMBRILLAS; HEL LOYON



BY THE NUMBERS

COVID-19 Response

8:19

Time (p.m.) on March 6, 2020, that Stanford Provost Persis Drell sent an email announcing that the university would move all classes online

60

Hours it took Stanford GSB to do so

90

Courses moved online in those 60 hours

124

Sections moved

What will you bring from your experience at the Knight-Hennessy Scholars program to Stanford GSB?

The four-year period that I spent at Knight-Hennessy was an education in Stanford University more broadly. I had a chance to build on ties with friends across the university and to meet faculty in different schools. I think it's natural in development and alumni relations roles that there should be strong ties across the university. In my new role here, I have a perspective as a GSB citizen first and foremost, but also an improved understanding of how we fit within the whole university.

Are there any changes you've been thinking about in terms of how the GSB relates to alumni?

Too soon to tell. I know the GSB has changed in four years, so first I have to figure out what the school is today. I'm having conversations with everybody in alumni relations and development, and of course with faculty, colleagues around the GSB, and alumni. The COVID-19 crisis has been revealing about some of our assumptions on gathering and communicating. For example, we never held virtual board meetings, which meant that the cadence for our meeting dates revolved around being able to gather in person. Now everyone sees that we can keep boards engaged without meeting in person. Also, reunions will remain a point of pride and focus for our alums, but we need to learn how we can nurture those bonds virtually.

What's something that people would be surprised to know about you?

I don't think there's much that would be really surprising. It's obvious I love education, so when I'm not at Stanford, my volunteer activities are primarily in the field of education, with Stanford Graduate School of Education; the Nueva School, where I've been a trustee for a decade; and the Making Waves Foundation, whose board I joined recently. One thing people might not know is that I'm

an Anglophile. Queen Elizabeth is just about my favorite person in the world. She reminds me of my mother — that stalwart, put-your-head-down-and-do-your-work attitude, duty and service, and always in gloves. That extends to Pimm's Cups, *Downton Abbey*, Jane Austen, Shakespeare, and even *Belgravia*, my current guilty pleasure. Oh my gosh, it's terrible, and you shouldn't miss it.

You seem to be a positive and optimistic person. What keeps you up at night?

I worry about the big things. Income inequality, sustainability and climate change, education. I worry about the health of our political system and the lack of civility in society more generally. I worry about opportunities for the next generation and their access to education. When I talk to people who perhaps don't think they belong here, I try to make them aware that Stanford is an option and the GSB is an option, and to encourage them to dream bigger.

How are you spending your free time during the pandemic?

Mostly on Zoom. I love to read, and I was hoping that it would give me a chance to tackle some of the books on my list, but that just isn't happening. I order so many books that I never read. My favorite day when I was a kid was Scholastic Day. I don't know if you...

Scholastic Books, the book form: "Mom, how many books can I get?"

Yes, exactly — the book form. That was my favorite thing. My mom was a reading teacher, so when Scholastic Day came, she was like, "Yeah, whatever you want." I could order literally every single book that was on the list. And when they arrived, that was my very favorite thing as a kid. Getting all those books. And I guess that notion has carried over, in a way, to my work here. When the students arrive every year, that's like Scholastic Day.

— Mary Duan



CAREER ADVICE

Finding a Job in a Shrinking Market

Assistant Dean Jamie Schein, MBA '91, director of Stanford GSB's Career Management Center, explains how her office is helping

graduating students — and any suddenly unemployed alumni — to navigate the post-pandemic employment landscape.

The CMC started a series of casual virtual meetups to keep student and alumni job searches going even as many companies have stopped hiring.

Schein offers two key pieces of advice:

1 Refine your targets If you have a specific goal, industry, or company in mind, assess your tolerance for risk. If you need to find work soon, don't hold out for the perfect job. "Their first post-GSB job may get them close to their career goal, but it may take another step or two to get where they want to be," Schein says. People considering careers in the travel or hospitality industries, for example, should look beyond airlines and hotels for less-impacted pockets of that industry. Also, consider companies that are actually growing as the result of the crisis.

2 Identify companies with cash They're more likely to be hiring than companies that were still searching for funding when the crisis hit — or that are trying to stretch their funding from prior rounds. The good news: "We continue to hear every day from students reporting jobs and internships, so there are companies still hiring."

Learn more at Stanford GSB's Alumni Career Services: stanford.io/career.

SERGIO MEMBRILLAS

119

Stanford GSB students and staff members who trained to become Zoom facilitators

1,933

Total hours spent by those facilitators helping faculty as of late May

0

Zoom-bombing incidents they experienced

200+

Alumni who responded to Dean Levin's April 20 appeal to find 150 full-time summer positions for students

70

Virtual social events organized in one week in March by a student group called Team Positivity Contagion

1

Number of those events that involved a TikTok dance workshop

OFFICE ARTIFACT

Sarah Soule's Refrigerator Whiteboard

Soule is the Morgridge Professor of Organizational Behavior at Stanford GSB

MY HUSBAND IS a middle-school math teacher, and now that we're both teaching from home, he was trying to solve the whiteboard issue. I woke up in the middle of the night and thought, "You know what? The refrigerator might work." And now we're both using it.

When I'm going into a Zoom conference, I say to my husband and son, "OK, I'm going to be on the whiteboard from 10 to 11, so that means you should get your food before or after that, because you can't come in and open the fridge." Lorraine, the cat, doesn't have any such rules. She's always meddling in my Zoom calls.

The formula I drew here is called a correlation coefficient. It's used to figure out if you're making correct or erroneous assumptions about the correlation between two data points. I'm a quantitative social scientist, so this is one of the fundamental statistical equations that I teach and use in my research.

It's a basic but important tool, because with the kind of observational research that I do, and that my students do, the data are messy. The world is messy. So we need to be able to say with some degree of certainty that what we are postulating from our observational data has statistical validity. For example, I've done research on the effect that protests have on companies' stock prices. Using this formula and then much more sophisticated regression models, we can figure out if there is support for our hypothesis – that is, that protests actually matter to stock price returns.

In a weird sort of way, I feel closer with my students these days, because we're seeing each other in our homes. Right now, I mostly work with PhD students, and traditionally it's not part of the culture to spend a lot of time with them out of the office. There may be a barbecue or happy hour once a term, but that's about it. Now we're having more social time, even if it's virtual.

Teaching remotely is also forcing us to break up our material into bite-size pieces. Before the pandemic hit, PhD seminars were run exactly as they'd always been run: You go in a seminar room for three hours with no break. Oh my gosh – three



hours on Zoom would be horrible. So this is making us rethink how we do PhD training and mentoring.

I did have a student ask me to open the refrigerator so they could look inside. This was sort of funny, because you can tell a lot about a person's lifestyle by simply looking at the contents of their fridge.

– Told to Steve Hawk

SOULE KITCHEN

"This new way of teaching is forcing us to think of innovative ways to convey material," says Sarah Soule. "In a weird sort of way, I feel closer to my students."



PEER-TO-PEER

Looking for Work? Be Open, Be Prepared, Be Fearless

In which students with questions learn from alumni with answers.

Katie Enna Hobson received her MBA from Stanford GSB in 2009, just in time for the Great Recession. She was able to land a series of jobs that helped her meet her long-term goal of becoming an arts executive — a career that she calls her “North Star” — by embracing “openness, preparedness, and fearlessness.” We asked her if she had any advice for current students, who are entering the job market as the world slides into another scary era of economic uncertainty.

Openness Before the recession, Hobson had laid out a plan to become an arts executive. Because she had previously worked in the arts industry at Christie’s, her plan immediately after graduation was to gain general management experience at a “traditional” business such as American Express — and ultimately leverage that experience into a management role in the arts. Once the Great Recession was in full swing, she realized she had to be open to alternative routes: “I knew that there were other ways that I could ultimately get there,” she says. She sketched out two alternative paths (going straight into the arts or joining an arts-adjacent industry like luxury retail), and then generated a list of organizations and alumni contacts that aligned with each of her proposed paths.



HOW CAN WE HELP?
If you have a business question you’d like answered, email us at stanford.business@stanford.edu.

Preparedness Before every informational meeting, Hobson researched the person and their company to pinpoint the parts of her background to highlight in the conversation. All of her post-grad job offers were the result of alumni contacts: “Their advocacy really helped, not only in terms of interview prep, but in terms of calling the hiring managers and pitching on my behalf.” Informational interviews often turn into job interviews, so always approach them as such, she says. “I was meeting with a retail company executive who gave me a business case question about a specific product,” Hobson recalls. “If I had read the press on the product, I would’ve been more prepared. I stumbled and realized it was a missed opportunity.”

Fearlessness “I cold-called over 100 people,” Hobson recalls. “I asked classmates and friends for help. I asked former bosses for help.” Even in the midst of widespread panic, Hobson found that many of her connections were willing to do what they could to help her. In return, she did her best to be a source of support for others. “Everyone was in the same boat,” she says. “I really saw my classmates rise to the occasion, and we all collaborated on it. We’d tell each other about job opportunities, and that has gone on throughout my career.” In her view, the Class of 2009 emerged as a special cohort bonded by scrappiness and the collective experience of surviving a crisis. In the end, she has good news: “Everyone, especially in the Stanford community, is going to want to help.” — Jenna Garden

HOW TO

Four Ways to Regain Control of Your Attention Span

If you don’t decide how to spend your time, someone — or something — else will. That’s a warning from Nir Eyal, MBA ’08 and a former Stanford GSB lecturer, whose book *Indistractable: How to Control Your Attention and Choose Your Life* offers advice on how we can “hack back” our attention spans. The key, he says, is to adopt new habits and slash the idea that we’re helplessly addicted when it comes to technology.

- 1** We like to blame our devices, but distraction usually comes from internal (rather than external) triggers. “Distraction isn’t a character flaw,” Eyal says. “We simply don’t have the tools to deal with our emotions in a helpful manner.” Take time to recognize your emotional discomfort, then learn the tactics to cope with it instead of reaching for distraction.
- 2** Make space for “traction.” Plan your day, even down to the minute. Block out time for checking social media or texting friends. “There’s no harm in scrolling Instagram, playing a video game, or watching Netflix — as long as that’s what you intended to do,” he says. “It’s when we do these things unintentionally that we get ourselves into trouble.”
- 3** Examine the notifications on your smartphone, your desktop, even your watch. “You should assess every ping, ding, and ring,” Eyal says. “Is that trigger serving me, or am I serving it?” Delete notifications that distract rather than inform or remind. And remove from your phone’s home screen all the apps that you might be tempted to check.
- 4** Prevent distraction by establishing pacts and contracts with yourself and other people. It sounds counterintuitive, but Eyal even recommends using technology (apps with timers, calendar tools, and internet or social media blockers) to help minimize technological distractions.

Read more at stanford.io/Indistractable.



HARD LESSON

How to Land Safely When a Business Won't Fly

December 2017. Horizontal rain lashed the loading dock of the forlorn warehouse overlooking San Francisco Bay. I loaded my car with what was left of the company that had been my dream. Silk pillows from Cambodia. Alpaca throws from Bolivia. Hand-painted bowls from Tunisia. Earlier that day, I had waited in our deserted office/showroom for the Craigslist crowd to haul away our carefully selected furnishings: now \$25 for a chair, \$30 for shelving. The espresso maker, my first purchase, came home with me.

Sounds like scenes from a bad movie, but I had been in love with my business, Artisan Connect, and what it stood for. It fused my interest in the world outside our doorsteps with my skills — and with my desire to make that world a better place. I'd launched it four years earlier with \$1.5 million from longtime colleagues and supporters. Our lofty vision was to help sustain artisans across the developing world by creating an online marketplace where they could reach American consumers.

The idea sprung from tragedy. My daughter and I were at ground zero in the 2013 Boston Marathon bombing and miraculously escaped serious injury. That harrowing incident caused me to rethink my career as a tech marketing executive. Encouraged by my daughter, I refocused on how I could pursue my passions and purpose.

Our mission was to provide income to people in rural villages by connecting them with buyers who would fairly value their exquisite

handicrafts. However, I brought no direct background in the core areas of logistics and e-commerce, and I grossly underestimated how difficult and costly it would be to source from far-flung regions.

I also attempted to build an engaging online brand during a time when the e-commerce world was changing radically. Free shipping and returns proved to be an insurmountable challenge. Then there were the common concerns of every startup — such as hiring people who possessed key skill sets I lacked — and where to find my next round of funding, especially given the nascent nature of social impact investing.

As a private pilot, I've been trained to always trust the instruments. Looking ahead, I realized that, though we were making steady progress, our revenue growth was too slow to take flight. I made the painful decision to shut down the company while we still had cash in the bank, effectively belly-landing the airplane. I helped my employees find new jobs, and I donated the company to a nonprofit to continue our social mission and provide my investors with a write-off. They kindly said they'd invest in me again.

My current company, Plan C Advisors, provides board directors with the strategic insights they need to catalyze climate action in their companies. We are completely virtual. I've assembled a global team of independent consultants with C-suite experience. We have no overhead and are bootstrapping the business. We share a passion for making the biggest impact we can on this vital topic, but no one is financially dependent on me. That's what used to keep me up at night.

Looking back on my career, I realize that what matters most to me is not financial success but the impact I make. Of course I hope that Plan C thrives financially, but I measure our success by each business leader we inspire to drive climate action in their organization, helping to create a more healthy, just, and sustainable world for all. — *Amanda North*

AMANDA NORTH, MBA '82, is the founder and CEO of Plan C Advisors, a consulting firm that helps business leaders address climate change by mitigating risks and building value for stakeholders.

CLASS OF 2020 CEREMONY DATE TBD

“The pandemic has shown how much the world needs leaders ... who make decisions based on data and reason, who act boldly, who demonstrate compassion and inspire others. You are those leaders.” So said Dean Jonathan Levin at a June “virtual celebration” for the MBA, MSx, and PhD Classes of 2020. A traditional ceremony will be held at a date to be determined. Watch videos of the events at stanford.io/2020class.

RECOMMENDED READING

Four Novels to Get You Through the Plague

Scotty McLennan believes it's important to look beyond case studies, biographies, and history books when examining business. He prefers the lens of great literature.

"It helps us get deep into the minds and hearts of people," says McLennan, who teaches a Stanford GSB course called *The Business World: Moral and Spiritual Inquiry Through Literature*. "And that's important during a crisis like COVID-19, because we see the human condition laid bare. It helps us see more than is otherwise seen and focus on what ultimately matters. We're having to live in a very different way right now, and we're recognizing the importance of our relationships, the meaning of our work, and how we can come together as a country."

Here, McLennan recommends some novels that offer lessons for people whose personal and professional lives have been upended by the pandemic.

O Pioneers!

by Willa Cather

"It's about an entrepreneurial woman in the late 1800s in a hostile environment on the Nebraska prairie. She has a future-oriented way of thinking about how that could become a more rich land that would benefit not only her and the Midwest but the whole country. She exercises substantial leadership to bring people together and does it in the face of resistance from her two brothers, who think a woman can't really figure this out. But she's able to envision a future and build a community. She's good to employees. She's good across religious and ethnic differences. And she ultimately forgives a guy who kills her brother. She's

a wonderful example of the best of the American spirit and maybe the best of the human spirit."

The Great Gatsby

by F. Scott Fitzgerald

"Gatsby is set in a very positive, wealthy Jazz Age environment. It's almost frivolous to think one would teach that during the coronavirus. But I recently realized that it was published in 1925 and is set in 1922. That's just two years after the end of the Spanish flu epidemic, which killed 50 million people worldwide, 30,000 of them in New York City. And although World War I is mentioned, there is nothing in *Gatsby* about the Spanish flu.

"How can that not even be mentioned in the book?"



A lot of people apparently felt shame coming out of the Spanish flu, about what they didn't do to step up and help others at the time. And many people just felt so ravaged by what it had done to their families and communities that they wanted to forget and move on. It's important to take two lessons from that. One is hope, because there *will* be a better day when we look back on this whole era. Second is the question of where we go from here. How are we going to be different and act differently with each other? *Gatsby* turns out to be a better mirror to these times than I thought."

The Death of Ivan Ilyich

by Leo Tolstoy

"The whole idea of terminal illness in the book is about how people around Ivan deal with his dying. At a time like this, death is very much present, and when you understand that I think you live a better and fuller life. You appreciate what really matters. What

Ivan needs is love and affection, and nobody is giving it to him. Not his family. Not the doctors. The guy who really steps in is a servant named Gerasim.

"I'm thinking of all of the unsung heroes who are providing our food, and bagging and delivering our groceries, and all of the nurses and health workers and EMTs out there. Gerasim is taking out Ivan's bedpan every day and dealing with all of his aches and pains, and he's happy to help and not afraid of death. He doesn't find his work a burden."

The Bonfire of the Vanities

by Tom Wolfe

"This is a good one to read if you just want an escape. Wolfe does such a great job satirizing everybody, not just Sherman McCoy, but all the people around him. You've got everything – greed, adultery, race, and social issues. It's almost 700 pages, but it's so funny and engaging. Only Wolfe can do that."

SEEN AND HEARD

"The impact [of COVID-19] is sweeping, with 86% of Latino-owned businesses reporting immediate negative effects."

– From a March 2020 Stanford Latino Entrepreneurship Initiative survey of 224 Latino-owned firms (stanford.io/SLEI20).

MAKER

AIDS Memorial Quilt

Mike Smith, MBA '86

ALL THOSE YEARS AGO in San Francisco, in the early and mid-'80s, it was a really dark time. I had just finished Stanford GSB and taken care of a friend and classmate who died during school, and I moved up here heartbroken and a little bit lost. I stumbled into the middle of an epidemic.

The Castro District back then was horrible. You'd walk down the street and pass dozens of people with AIDS and you knew you might never see them again. And the country didn't seem to be responding or caring. When some friends and I started the AIDS Memorial Quilt, it was a way to be heard at a time when we all thought we were going to die alone and forgotten.

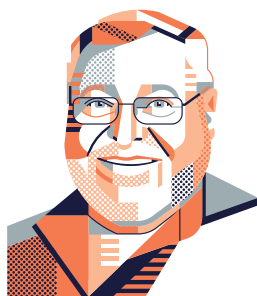
The Quilt started as a protest banner, but it has become a national treasure. More people have worked on the Quilt than built the pyramids. It's an American institution now. The last time we displayed them all together was in 1996, at the National Mall in Washington, D.C. It was a mile long and 200 yards wide and took 11,500 volunteers to assemble.

I never thought it would become my life's work, but it has.

COVID-19 is the second pandemic of my life, and I don't think I'm the only one around here with a little bit of post-traumatic stress these days. Suddenly here we are again with a virus you can't see. Randomly affecting people. Putting everyone's life on hold.

So now we're making masks. We may make 2,000 or 3,000 masks, and that may save some lives. But my greater hope is that people will see what we're doing and realize that they, too, can do something worthwhile — that it's easy to be helpful if you want to be. And that's what I'd like to be remembered for. For being a catalyst rather than for just doing some sewing.

— Told to Steve Goldbloom



Mike Smith, MBA '86, is cofounder of the AIDS Memorial Quilt.

ALEKSANDAR SAVIĆ (ILLUSTRATION)

Photo by Elena Zhukova





LOOKING TO HELP

Gert McMullin, who'd been very involved in sewing together the Quilt for years, had a bit of a meltdown when COVID-19 hit. She just couldn't stand that she couldn't be up close with people, especially those who were sick. She was isolated in her apartment and I was isolated here. Finally she said, "I'm going to go into the workshop and start making face masks and we can give them away." I talked to an old friend at Bay Area Community Services, which runs housing programs for transitional, marginally housed folks, including seniors and young adults, and they were desperate for masks. Any kind of masks. So we thought, "OK, this is it. We don't have to be doing something medical-grade. We can still be useful."

THE COMFORT OF QUILTS

Cleve Jones came to me in 1987 and said he had this crazy idea for a quilt. The longer we talked, the more I realized that a quilt was just what we needed — a way to reach Middle America with something that isn't threatening but feels warm and comforting. You think of your grandmother when someone says quilt. Today, we have 48,000 panels. Each is a tribute to someone who died of AIDS.

MORE THAN FABRIC

We weren't prepared for the beauty of the stories, the heartfelt quilt panels we were getting — not just from the local gay community, but from parents all over the country. It was about so much more than just the fabric. We inspired people to express what they were going through. To tell their stories.

To see a video of Mike Smith discussing the history of the AIDS Memorial Quilt, go to stanford.io/MikeSmith.

Insights

ORGANIZATIONAL BEHAVIOR

How Narcissistic Leaders Destroy from Within

When the person at the top is malignant and self-serving, unethical behavior cascades through the organization and becomes legitimized.

BY LEE SIMMONS

What traits do we look for in our leaders? Ask someone what distinguishes a forceful leader, in business or politics, and they're likely to mention self-confidence and charisma. Great leaders, we say, are bold and strong-willed. They have a vision for creating something new or remaking a company or a country. They challenge conventional wisdom and are slowed by neither self-doubt nor criticism.

These are the individuals whom corporate boards tend to select as CEOs, especially in times of upheaval, when the status quo is failing. They're adept at self-promotion and shine in job interviews. Then, once they're in power, we find out who they really are.

Sometimes they're as good as their promise. But many turn out to be not just confident but arrogant and entitled. Instead of being bold, they're merely impulsive. They lack empathy and exploit

others without compunction. They ignore expert advice and treat those who differ with contempt and hostility. Above all, they demand personal loyalty. They are, in short, raging narcissists.

Charles A. O'Reilly, the Frank E. Buck Professor of Management at Stanford GSB, studies how the personalities of leaders shape the culture of organizations and the behavior of those who work in them. In a paper with Jennifer Chatman of the University of California, Berkeley, he reviews the literature on narcissistic leaders, encompassing more than 150 studies, and draws some somber and urgent conclusions.

"There are leaders who may be abusive jerks but aren't really narcissists," O'Reilly says. "The distinction is what motivates them. Are they driven to achieve some larger purpose? Do they really want to make the company or the country better, or accomplish some crazy



CHARLES A. O'REILLY

is the Frank E. Buck Professor of Management at Stanford GSB.



goal like making electric cars mainstream and maybe colonizing Mars along the way? Or is it really all about their own aggrandizement?”

When their self-admiration has some basis in reality, narcissistic leaders can achieve great things; that was certainly the case with Steve Jobs at Apple. But over the past decade, researchers have grown increasingly concerned by the destructive effects of narcissists on organizations. Cautionary tales abound, from Enron to Uber to Theranos.

True narcissists, O'Reilly says, are self-serving and lack integrity. “They believe they’re superior and thus not subject to the same rules and norms. Studies show they’re more likely to act dishonestly to achieve their ends. They know they’re lying, and it doesn’t bother them. They don’t feel shame.” They are also often reckless in the pursuit of glory — sometimes successfully, but often with dire consequences.

But even worse, narcissists change the companies or countries they lead, much like bad money drives out good, and those changes can outlast their own tenure, O'Reilly says. Divergent voices are silenced, flattery and servility are rewarded, and cynicism and apathy corrode any sense of shared purpose in a culture where everyone’s out for themselves. In the extreme, they can destroy the institution itself.

Why Do We Empower Them?

Anyone who was bullied as a kid is familiar with the consoling notion that bullies don’t really *believe* they’re better than us — they’re just compensating for low self-esteem. They present as confident and assertive to mask some inner pain, and we take solace in their secret suffering, maybe feigning pity for their brokenness.

Unfortunately, that generous assessment is not always true.

“That’s the classic case of *vulnerable narcissism* recognized in psychiatry,” O'Reilly says. “But in the last decade or so, there’s been an outpouring of research on what’s called *grandiose narcissism*. These individuals have high self-esteem. They are much more agentic, more extroverted, and really more dangerous. And evidence shows that they’re achieving high positions in organizations, getting promoted and making more money than normal people.”

Such individuals seek positions of power where they can be admired and can demonstrate their superiority. And they tend to gain those posts because they look like prototypical leaders. “There must be 20 or 30 studies that demonstrate this,” O'Reilly says. “If you gather a group of strangers and give them a task, those who are more narcissistic are much more likely to be selected as leaders.”

O'Reilly thinks we may especially tend to choose narcissistic leaders in times of turmoil. “In the last few decades, big companies like automakers and banks have been threatened by technological disruption. So you could imagine that in anxious times people are looking for a hero, a confident person who says, ‘I have a solution.’” They may be the only ones who *are* confident in such times.

“By the way,” he adds, “I haven’t researched this, but I think venture capitalists love these people. For their business model, which is to invest in 10 companies hoping that one pays off big, it makes sense. If I’m a VC and I see one startup that’s headed by an introverted

engineer and another that’s led by someone who says, ‘Yeah, I’m going to change the world, and if you don’t get it, then you’re a bozo’ — I’m going to go for the visionary spiel.” In a way, it’s an investment model predicated on grandiosity.

Tallying the Damage

Because narcissists are fundamentally driven by their own self-interest, lack empathy, and are less constrained by ethical standards, they can cause tremendous harm once in power and can even put the organizations they lead at risk, O'Reilly says.

Field studies have shown that narcissistic CEOs are more likely to engage in fraud and other types of white-collar crime, manipulate earnings, and pursue aggressive tax avoidance. And a 2013 study of U.S. presidents found that those who scored higher on the narcissism scale were more likely to abuse their authority (not to mention, on a personal level, their marriage vows).

Along with Bernadette Doerr of UC Berkeley, O'Reilly recently published the results of three experiments showing that narcissistic people in general have lower levels of integrity — meaning their words and deeds do not align — and that that they are more likely to lie, cheat, and steal in order to prove their special status.

Ascending to a position of power only reinforces these tendencies, O'Reilly says. “Being elected or appointed to office validates their sense of entitlement. At the same time, even without narcissism, power disinhibits — it encourages people to indulge their worst instincts — so now you’ve got the two working together.”

And when narcissists do achieve some success, it reinforces their belief that they know better than others, so that they feel even more justified in ignoring the advice of experts and relying on their own instincts. “Success chips away at their hold on reality,” O'Reilly writes in his review.



A PARTICULAR PATHOLOGY

In recent years, Charles A. O'Reilly has done extensive research into “the potentially destructive consequences” of narcissistic leadership. Links to articles written by and about him can be found at stanford.io/oreilly.

Not surprisingly, studies also show that narcissists' belief in their superiority is based on scant evidence, validated neither by objective measures of intelligence or competence nor by performance reviews from peers or subordinates. One recent paper on corporate decision-making found that grandiosity in leaders was associated with greater risk-taking but not better financial returns.

As a result, narcissists often feel they don't receive the admiration and credit they deserve, and they can seem pathologically consumed with resentment. That can take the form of petulance, aggression, unhinged public rants, and abuse of underlings. Narcissistic CEOs often involve their firms in costly litigation. In the narcissist's worldview, other human beings must be either acolytes or enemies.

But the gravest danger posed by such leaders is that their malignant influence guides the behavior and expectations of others — and ultimately shapes the culture of the organization or polity in their own image. Studies of businesses show that self-serving, unethical behavior at the top cascades through the organization and becomes legitimized, or at least normalized.

"Once they're in power, narcissists consolidate their position by firing everyone who challenges them," O'Reilly says. In their place rise a plague of toadies, opportunists, and enablers equally guided by self-interest and short on scruples. "You end up with these individualistic cultures with no teamwork and low integrity.

"Once they're in power, narcissists consolidate their position by firing everyone who challenges them," O'Reilly says. In their place rise a plague of toadies, opportunists, and enablers.

We've documented this in a bunch of Silicon Valley tech firms."

When you join a new company, you figure out how you need to behave to fit in, he says. "If you see that the path upward requires you to scheme, suck up, and withhold information, then you have a choice: You can either do the same or not, in which case you're going to be excluded and probably eliminated."

He points to the struggles of Uber CEO Dara Khosrowshahi to turn the company around after its founding CEO, Travis Kalanick, was forced out. "Once you create these cultures, it's very hard to change them. There are long-term consequences."

Follow the Trail

O'Reilly's hope is that by pulling together the lessons from what is now a large body of research on narcissistic leadership, we can learn to better distinguish between real transformational leaders and the self-dealing look-alikes who exploit our hopes and fears to gain power.

If you're evaluating candidates for high office, you really need to look beyond the self-presentation, he says. "Too often, when boards select CEOs, especially outside CEOs, they do it through interviews. But interviews play to the strength of a narcissist. And you can't just look at performance, because they can fake performance" — blithely taking credit for others' work and even falsifying results.

"What would really be far more illuminating would be to go talk to the people who've worked for them and with them in the past. You have to get data from people who have seen that person operating. But that typically isn't what happens."

It's up to the hiring teams and voters who select leaders, O'Reilly says, to do the proper background checks: "We're not helpless. The information is out there."

And as research shows, the stakes are high — because, as O'Reilly says, "These people aren't going to change." **GSB**

MARKETING

That Money You Borrowed? Remember Who Owns It

A new study shows that many people go into debt because they disregard that the money is not really theirs.

BY DREW CALVERT

In 2019, U.S. consumer debt reached an all-time high, surpassing levels last seen during the 2008 financial crisis. Such debt takes many forms, including mortgages and student loans. But credit card debt alone exceeded \$870 billion, and most of that is the result of discretionary spending. Why are so many Americans needlessly putting themselves in the hole?

The answer might lie in the psychological profile of the debtor, according to Stephanie M. Tully, an assistant professor of marketing at Stanford GSB. In a recent paper, Tully and her coauthors found that not all consumers feel the same way about available financing.

On one side of the continuum are those who perceive borrowed money to be entirely their own, and thus are more



STEPHANIE M. TULLY

is an assistant professor of marketing at Stanford GSB.

willing to spend it freely. On the other side are those who perceive such funds as decidedly *not* their own. This latter group is more likely to see the money as belonging to the bank, and thus more conservative about how they spend the money.

“What we found is that people’s feelings about the ownership of money can predict their interest in taking on debt,” Tully says. “It seems some people are fine with going into debt as long as it doesn’t *feel* like debt.”

The idea of psychological ownership of money came to the research team when they realized that consumers often use more costly forms of borrowing like credit cards rather than cheaper options such as personal loans. The researchers wondered if funding through credit cards felt less like debt than other forms of borrowing.

“There are times when debt can be beneficial,” she says. “You invest in a home or higher education. But the choice to go into debt over discretionary purchases isn’t a rational calculation, and for many it’s suboptimal.”

The Psychology of Borrowing

Tully and her coauthors, Eesha Sharma of Dartmouth and Cynthia Cryder of Washington University in St. Louis, are the first to explore the “psychological ownership of money” and its link to consumer debt. “Nobody’s really tried before to measure this feeling of ownership and its effects on borrowing habits,” Tully says.

The researchers found that the sense of psychological ownership — a concept first used in management literature to describe employee attitudes toward organizations — is distinct from such factors as debt aversion, financial literacy, income, and self-control, and that it’s even more predictive of one’s willingness to incur debt. The more consumers feel a sense of ownership over borrowed funds, the more likely they are to *use* those funds.

To demonstrate this, the researchers conducted eight studies that used various methods to measure psychological ownership of money. The first pair of studies presented each participant with a real ad (one used an Amazon credit card ad, another used a personal loan ad from American Express), measured psychological ownership of the available financing, and then gauged their interest in the offer.

Another group of studies compared perceived ownership across debt types (credit cards, lines of credit, loans, and payday loans). In other experiments, the researchers offered identical borrowing options using different language, the variable being the marketing literature’s emphasis on “ownership.”

In the first two studies, as predicted, those who scored high on the “psychological ownership” scale were more willing to incur debt. The second group of studies showed that the *type* of debt also matters. Credit, for example, inspires feelings of ownership more than loans. And it turns out that psychological ownership is malleable: When marketing language for borrowed money *de-emphasized* ownership, there was less interest in the offer.

Crucially, it’s not that participants failed to understand the terms of the credit card or loan offer. Everyone in these studies knew that the money had to be repaid; they differed only in how much they felt the borrowed money was theirs.

A final pair of studies found that differences in psychological ownership across debt types even manifest in online searches.

“When people are considering credit cards, which are high in psychological ownership, they are more likely to use

search terms, such as ‘spending,’ that reflect they feel like the money is theirs,” Tully says. “But when they search for loans, which are low in psychological ownership, they are more likely to use search terms, such as ‘repayment,’ that reflect they feel like the money is owed.”

Beyond Financial Literacy

There are many possible reasons why some consumers have a higher sense of psychological ownership over borrowed money. Research has shown that certain borrowers see their credit limits as an indicator of future earnings, which suggests that such people feel they are borrowing from their future selves, as opposed to a lender. It might also be that some are deceived by “motivated reasoning,” a cognitive bias toward processing information in a way that confirms preexisting beliefs or emotions. After all, the money helps produce desired outcomes.

“We hope to explore this further,” Tully says. “The purpose of this paper is really to understand that people experience different degrees of psychological ownership toward borrowed money and that it influences their behavior.”

The research also has implications for those designing products or programs that push financial literacy, many of which have had mixed success, especially at a time when fintech innovations have led to more lending options, and therefore an overall increase in loans.

“This research suggests that it may be less about understanding the details of compound interest and more about basic attitudes,” Tully says. “If you can change the way people think about borrowed money from an early age, that could make an impact across their lifetime. Credit card companies do a great job of making us feel like they’re granting us access to our money. They’re not. It’s important to understand that this is debt.” **GSB**

“It seems some people are fine with going into debt as long as it doesn’t feel like debt.”



FINANCE

Cryptocurrencies Could Eliminate Banking's Easiest Money-maker

Banks earn big profits by paying minuscule interest on deposits and charging large credit card fees. Digital currencies are about to disrupt that.

BY EDMUND L. ANDREWS

If the measure of a currency's importance is how much it's used to actually buy and sell things, digital currencies like Bitcoin and Ethereum have barely gotten off the ground. And Facebook's proposed entry, Libra, has run into a wall of skepticism.

But don't be misled, says Darrell Duffie, the Dean Witter Distinguished Professor of Finance at Stanford GSB. Unless banks come up with much faster and cheaper ways to transfer money, he predicts, digital currencies in one form or another are likely to upend the industry's business model within the next decade.

"The future is coming, and it will be very disruptive to legacy banks that don't get with the program," Duffie says.

The disruption won't necessarily come from the likes of Bitcoin. It's more likely to come from a "stablecoin" that's

pegged to the dollar or some other major currency. It could also come from a digital currency offered by a central bank — and most of them are looking at such possibilities. Or it might come from tech companies, like Facebook, that find ways to circumvent the banks.

One way or another, Duffie says, banks are likely to lose their easy access to low-interest deposits — and easy profits — within 10 years. Banks also earn large profits on credit card interchange fees collected from vendors, who pass many of those costs on to customers.

"At some point, new payment methods will trigger greater competition for deposits," he says. "If consumers have faster ways of paying their bills, and merchants can get faster access to their sales revenue without needing a bank, they won't want to keep as much money



DARRELL DUFFIE

is the Dean Witter Distinguished Professor of Finance at Stanford GSB.

in accounts that pay extremely low interest.”

The Low-Interest Windfall

At the moment, consumers and businesses keep large sums — about \$14 trillion in the United States alone — in deposit accounts that pay an extremely low average rate of interest. Why? A key reason is that bank customers still overwhelmingly rely on their deposit accounts to make and receive payments. Depositors are also notoriously slow to shop around for better deals from other banks.

As a result, banks reap huge profits. On average, banks currently pay less than 0.1% interest on checking and savings accounts, and only slightly more on one-year certificates of deposit. By contrast, the amount banks earn from routine overnight loans has climbed from 0.3% in 2015 to more than 2% today.

For the banks, that widening spread has meant billions in extra revenue at virtually no extra cost. Banks also earn large profits on credit card interchange fees collected from vendors, who pass many of those costs on to customers.

[Duffie notes that he has a potential personal stake in this issue: He is an unpaid board member of a proposed “narrow” bank, called TNB, that would take deposits but not offer any payment or credit card services. The firm’s goal is to offer higher interest rates than normal banks, but it has yet to win regulatory approval or open for business.]

Cryptocurrency Transfers: Faster and Cheaper

Meanwhile, bank payment systems are slow and expensive compared with digital currencies and other new technologies. Checks take several days to clear, and

vendors need to wait a long time to get paid when customers send their payments electronically. Wiring money can be faster, but it costs \$25 just to send \$200 from Cleveland to Cincinnati. International wire transfers routinely cost more than \$50. By contrast, transfers using the most efficient cryptocurrencies can be completed in a few seconds or less, at a tiny fraction of the cost.

Duffie says banks should not expect this state of affairs to last.

Central banks are acutely aware of the issue. According to a recent survey by the Bank for International Settlements, most of the world’s central banks are doing research on digital currencies that they themselves could create or support.

Sweden’s central bank, the Riksbank, recently floated the idea of an “e-krona.” Any resident would be able to open a personal account at the Riksbank and make payments by directly transferring the “e-krona” to someone else’s account. That would have cut commercial banks out of the process, which may be why the central bank has backed away from the idea.

But Duffie says that’s just one approach. Banks already pay each other with a digital currency, in the form of electronic deposits that they hold at their central bank — in the U.S., that’s the Federal Reserve. If non-bank payment companies were allowed to set up similar accounts at central banks, they

would be able to bypass commercial banks for at least part of the payment process. Duffie notes that the central banks of both Canada and Singapore have tested this approach.

The Chicken, the Egg, and Libra

Meanwhile, Facebook has electrified both central banks and commercial bankers with its proposed cryptocurrency, Libra. To be sure, Facebook has run into a storm of skepticism tied to concerns about privacy and the potential for money-laundering and other illegal uses. Several big initial supporters, including Visa and Mastercard, have backed away.

But Duffie says Libra could have a huge impact, for better or worse, if regulators allow it to go forward, because it would immediately be available to the social network’s 2.4 billion users.

“There’s a chicken-and-egg problem with new currencies, because nobody wants to use one until a lot of other people are using it as well,” Duffie notes. “But as soon as Facebook releases Libra, it would start out with 2.4 billion potential users. There’s nothing else coming along that can easily get those scale effects.”

Even if Libra never launches, Duffie predicts that the combination of technology, economics, and public pressure will undermine the grip that conventional banks now have on the worldwide payment system.

The European Union recently ordered commercial banks to provide data to non-bank payment companies that would allow them to compete more directly. In the United States, the Federal Reserve is exploring the possibility of launching a fast-payment system of its own.

“The smartest banks will be on the front edge of this, but others will be reluctant to cannibalize their very profitable franchises,” Duffie says. To the latter, he sends this warning: “The future is coming, and it’s not good.” **GSB**

One way or another, Duffie says, banks are likely to lose their easy access to low-interest deposits — and easy profits — within 10 years.

ECONOMICS

Workplace Equality Is the Economy's Hidden Engine

In 1960, 94% of doctors and lawyers were white men. Today that number has fallen to 60%, and the economy has benefited dramatically because of it.

BY DYLAN WALSH

In a song from 1989, Laurie Anderson interrupts herself partway through to give a mini-lecture on wage parity between men and women. For every dollar that a man makes, she explains, a woman makes 63 cents. A half-century earlier, that figure was 62 cents. “So, with that kind of luck,” she says, clearly troubled, “it’ll be the year 3,888 before we make a buck.”

It’s a raw take on a problem that economists have studied deeply. “There’s a huge literature in labor economics on discrimination and wages and labor force participation,” says Charles I. Jones, the STANCO 25 Professor of Economics at Stanford GSB.

As a macroeconomist, though, Jones recognized a striking gap in this line of inquiry. “People have said things like ‘discrimination reduces wages by X amount,’ but no one has tried to add up the effects and find out the aggregate consequences of these problems in the labor market.”

With three colleagues, Jones did just this, recently publishing the findings in the journal *Econometrica*. The results

are remarkable: Conservatively, 25% of growth in U.S. GDP between 1960 and 2010 can be attributed to greater gender and racial balance in the workplace, the researchers found. The number could be as high as 40%.

Reallocating Talent

In 1960, roughly 94% of doctors and lawyers in the U.S. were white men. Fifty years later, this number was closer to 60%. By modeling the way in which this skewed distribution changed, Jones and his colleagues were able to uncover how balance in the workplace contributes to GDP.

The mathematical model they use rests on a single, straightforward assumption: The distribution of talent for most professions is the same for men and women of all different races. (Exceptions exist in occupations that require physical strength, like construction.) Given this assumption, the demographic profile of, say, lawyers should mirror the gender and racial demographics of the United States.

“The 94% figure, of course, is really, really, really far from that,” Jones says, “which suggests that in 1960, you had all these not-very-talented white men who were doctors and lawyers and lots of extremely talented people from other groups who were excluded. In the past 50 years, these groups have been changing places.”

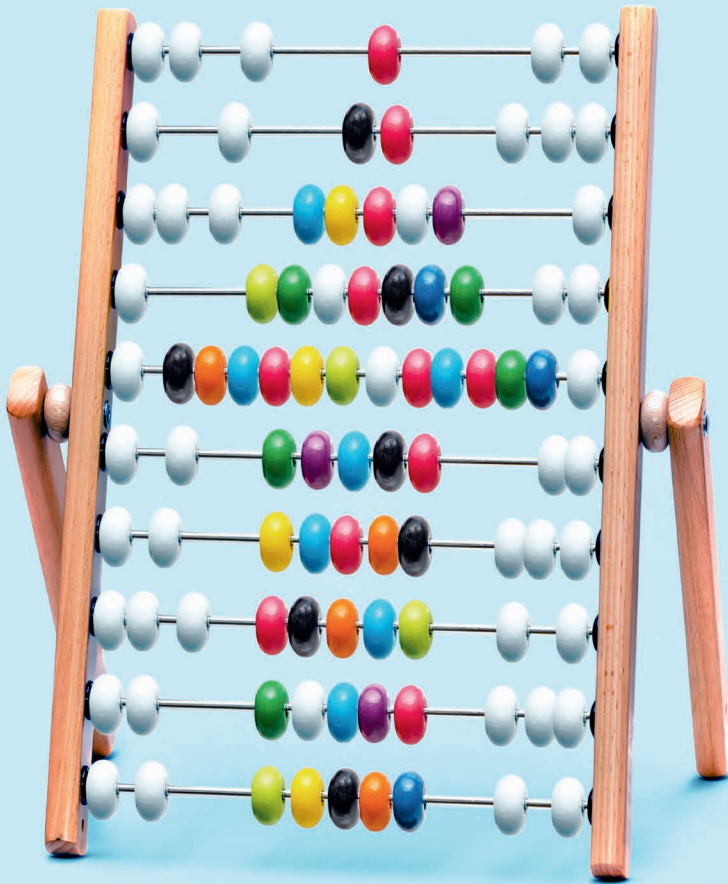
This replacement of mediocrity with talent, Jones says, is what accounts for an increase in GDP. It also leaves a mark on the take-home pay of white men, accounting for a roughly 12% drop in their earnings.

There was, of course, a cost borne by many of those white, male professionals as they were forced to compete with a more diverse labor pool, Jones notes. But on the other side of this “cost” were remarkable gains: Greater opportunity accounted for 29% of earnings growth among Black men, 51% among Black women, and 77% among white women between 1960 and 2010.



CHARLES I. JONES

is the STANCO 25 Professor of Economics at Stanford GSB and the Charles and Melissa Froland Faculty Fellow for 2019-2020.



“In 1960, you had all these not-very-talented white men who were doctors and lawyers and lots of extremely talented people from other groups who were excluded. In the past 50 years, these groups have been changing places.”

Reducing “Friction”

Jones and his colleagues describe barriers to employment as “frictions.” These can take any number of forms. They can be outright discrimination from employers unwilling to hire women or minorities. They can arise through lack of educational opportunities for particular groups. And they can reside in social norms that, for example, dissuade women from entering the workforce.

“Over the last 50 years, more than a quarter of all growth in the U.S. GDP is attributable to these declining barriers in the labor market,” he says. “If we ask where, specifically, that growth came from, much of it is from women moving out of the home sector and working in the market, especially in highly skilled occupations.”

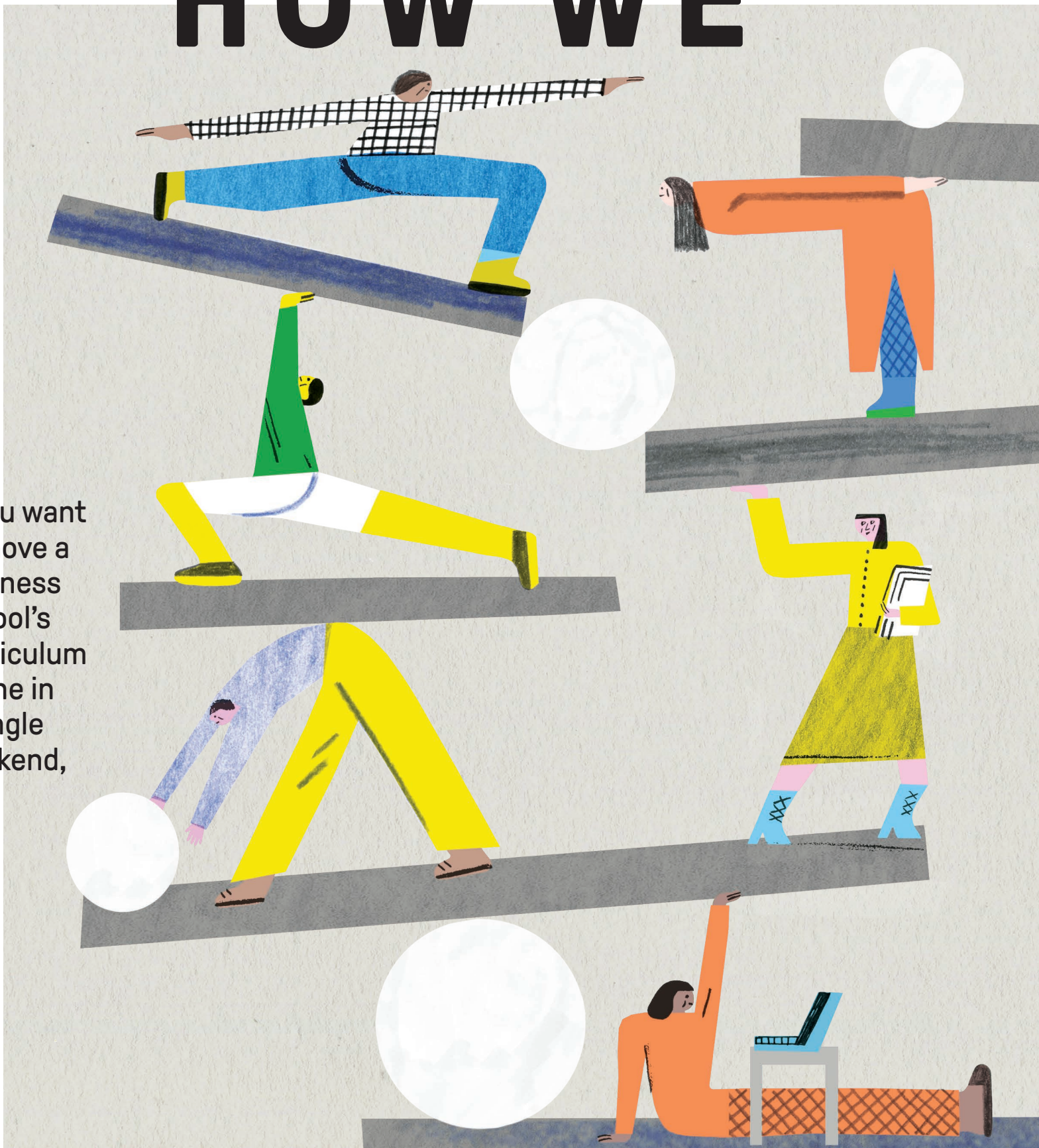
Interestingly, despite the gulfs in employment prospects — a woman in 1980 was 250 times more likely to be a secretary than a lawyer — Jones found that the wage gap remained relatively stable across professions. That is, both female lawyers and secretaries historically made about 30% less than their male counterparts.

“Discrimination really shows up in specific employment opportunities,” Jones says. “But it shows up on average in wage differences.” The reason for this is that early female lawyers were exceptionally talented — the Sandra Day O’Connors and Ruth Bader Ginsburgs of the world — and their monumental talent offset some of the financial discrimination that they faced.

“The key insight, though, and what I find interesting and surprising is this: Looking back at the world in the 1960s, it is stunning how big the differences were in terms of men and women and Blacks and whites in the workplace,” Jones says. “We’re far closer to an equitable balance today, and it’s important to be aware that such gains aren’t simply good for the groups that most obviously benefited, but for the economy as a whole — for all of us.” **GSB**

HOW WE

If you want to move a business school's curriculum online in a single weekend,



BY ALEXANDER GELFAND ILLUSTRATIONS BY IRENE SERVILLO

ADAPTED



you
better
practice
what
you
teach.

FIRSTNAME LAST

STUDENT & ALUMNI INTERVIEWS BY STEVE GOLDBLOOM PORTRAITS BY AGATA NOWICKA

At 9:34 p.m. on Friday, March 6, Grace Lyo was relaxing on the couch in her Menlo Park apartment watching a movie when she got a text from her boss, Brian Lowery.

“Urgent! Are you available?” wrote Lowery, a professor of organizational behavior and a senior associate dean for academic affairs at Stanford GSB. “Check your email. Come into Zoom.”

Lyo, an assistant dean who leads the Teaching and Learning Hub, which provides teaching support to Stanford GSB faculty, was surprised to learn that an emergency Zoom meeting of all senior staff was in progress. She checked her inbox and understood why: At 8:19 p.m., Stanford Provost Persis Drell had sent an email announcing that in an effort to reduce physical contact and prevent the spread of COVID-19, all classes at the university would move online as of Monday morning.

“Oh, wow,” Lyo thought. “This is going to be an interesting ride.”

At 11:01 that same night, Stanford GSB’s senior staff sent an email to the entire faculty notifying them of the

shift, and on Saturday morning, Dean Jonathan Levin tracked a Google spreadsheet as instructors indicated whether they could in fact move their courses online for the last week of winter quarter.

“I sat there watching for an hour as faculty populated this Google Sheet, and every single one of them wrote in and said, ‘I got this,’” he recalls.

Not that some didn’t need help. The school was relatively well poised to go digital: It already had an online business program (Stanford LEAD) with its own dedicated support staff, along with Lyo’s team of experts in course design, digital content, and instructional technology. But there were no fully online degree programs, and many faculty members had little to no experience with remote teaching and learning.

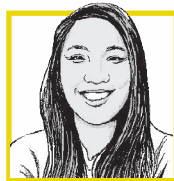
Yet faculty and staff nonetheless managed to lift 90 courses comprising 124 sections online in just 60 hours. Over the weekend, Lyo’s Teaching and Learning team laid the groundwork for a brand-new website with a built-in support-request system and an entire library of tips and best practices for remote course delivery, while

Heejae Lim, MBA ’15

When I was eight, I moved from Korea to England. I did not speak a word of English. I went to a public elementary school that was full of Korean immigrants. My mom became the parent leader in the community, translating for all the Korean parents who did not speak the language. That had a huge impact on me.

We know that helping teachers connect with families, especially in low-income immigrant communities, can be crucial to student success. But we also know that family engagement is really hard if you’re new to the country. If you don’t speak the local language and have limited education, where do you even start?

I started TalkingPoints while I was still a student at the GSB. Our role is to bridge not just language barriers but also cultural and educational barriers. The COVID-19 pandemic has made our mission more critical than ever. We’ve seen it in the numbers. At the start of March, we were serving about 500,000 families; as of mid-May, we are serving nearly 1.5 million families, and we now support two-way



HEEJAE LIM is the founder and CEO of TalkingPoints, a nonprofit that uses a multilingual family-engagement platform to help parents connect with teachers and become more engaged in their children’s education.

translation in 100 languages. We also saw an eightfold increase in communication volume in March and April. We believe this growth trajectory will continue.

COVID-19 is exacerbating inequities in the education system, especially in underserved, diverse communities, so we’ve decided to provide free access to our platform during the pandemic. And what we’ve seen over the last few months is not only are we enabling distance learning, but we’re also facilitating access to fill other needs among the most vulnerable populations.

For instance, schools are using TalkingPoints to tell parents where to pick up free meals and lunches for their children, as well as how to access health care and unemployment benefits.

The future of education remains murky, as with so many things in this new COVID-19 world. But it’s clear that a remote learning environment will continue to be important.

It’s also clear that families now have more potential to be true partners in their children’s education. There’s a tremendous amount of goodwill and empathy being

built between parents and teachers right now. Everyone is in it together.

I’m also grateful for the support we’ve been receiving from the Stanford GSB network. I’m always eager to hear from professors and alumni who want to help us reach more people.

I find this work so meaningful. Our teachers and families are what keep us motivated, and my team and I get up every day excited to make a small contribution. ●



simultaneously responding to a flood of faculty queries. When Monday morning rolled around, the team held the first of over 10 Zoom training sessions for faculty and their support staff, and Stanford GSB became a strictly virtual enterprise.

“It was surprisingly smooth,” Lyo says. “With the caveat that everybody was working like crazy.”

For months, senior administrators at Stanford GSB had been monitoring the spread of COVID-19 across China and Europe. They even executed the first pandemic-related action by the university, performing what amounted to an emergency repatriation of 25 Chinese students who arrived on campus for the Stanford Tsinghua Exchange Program (STEP) just as American air carriers began suspending flights between the United States and China. In retrospect, the STEP incident turned out to be a drill for what was to come, says Margaret Hayes, an associate dean who oversees the Stanford MBA and MSx programs.

Both the school and the university had for decades engaged in extensive emergency planning. Although the

emergency everyone expected was an earthquake rather than a global pandemic, the preparation had paid off. An operational command and a policy group were formed the week of March 9, and the senior staff met almost continuously in the dean’s conference room to manage the rapidly evolving situation.

“It felt like we were in there all day, every day, each of us with our own bottle of hand sanitizer close by,” says Sarah Soule, a professor of organizational behavior and senior associate dean in charge of executive education.

Hour by hour, some new question would arise: What if the county orders the residence halls emptied? How far in advance should executive education programs be postponed? What about spring quarter? And the deans would be forced to run scenarios and render decisions with scarce information and a great deal of uncertainty.

“It was like a war room in there: crisis after crisis, patch one up and move on to the next,” says economics professor and senior associate dean Paul Oyer.

Students, meanwhile, faced their own set of challenges. For most, the first hint of the gathering storm

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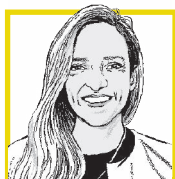


Karin Underwood, MBA '19

I founded CoachMe because I saw the gap in health disparities that low-income Americans face. They face a 10-year gap in life expectancy compared with those who are wealthy. A large amount of that gap is driven by health-related behaviors, like diet, exercise, and lifestyle.

I feel lucky that we were able to incorporate as a nonprofit and receive funding through the Stanford Social Innovation Fellowship, because it allows me to wake up every day and think, “What is the best thing that we can possibly do for patients during this time?”

Since the first week of COVID-19, CoachMe has seen a doubling in engagement with coaching, and being patient-first means adapting to the needs we see emerging. We’re doing more coaching around anxiety and stress – 20% of our patients are experiencing mental health challenges, and about 40% are struggling with financial concerns. We’re connecting people with food banks and with nonprofits that can help them find rent relief. We’ve really tried to meet patients where



KARIN UNDERWOOD is the founder and CEO of CoachMe, a nonprofit that provides low-income Americans with access to remote health coaching to better manage their diabetes. Trained coaches help individuals change health-related behaviors, which are one of the root causes of disparities in health equity.

they are, which is at the center of health coaching and at the heart of our response.

It’s been gratifying to see that some of the core health-improvement skills our coaches offer, like helping people adapt to their circumstances and take steps to find healthier routines, are just as effective during the pandemic.

But in many ways, what we do has changed a great amount. Given that about half of the patients we work with are now facing serious financial difficulties, the pandemic has affected their ability to control their sugar levels.

If you’re Hispanic, which many of our patients are, you’re three to six times more likely to acquire COVID-19 than the general population is. We also know that minority populations are more likely to have severe levels of chronic disease.

That is what we’re tackling.

From an economic perspective, our patients are essential workers. They’re the janitors and construction workers, the people who are still going to work and putting themselves at risk. And if not, they’re staying at home with a loss of income.

There’s a patient whom I’m personally coaching. She works at a restaurant and lost her job the first week of COVID-19. Now she’s home with her family. I helped her identify some new physical activities, like doing Zumba with her grandchildren. They’ve started calling her the “fun grandmother.” So it was gratifying for her and helped her reduce stress and find joy.

Some people wait until they are rich and famous to create good in the world. I get to do that for my job, every day. It’s a true gift and something I don’t take for granted. ●

came as long-planned spring-break getaways gradually collapsed under the weight of ever-mounting travel restrictions, program cancellations, and constraints on public gatherings.

In mid-February, MBA Student Association Co-President Emily Calkins, MBA '21, and a group of friends began reevaluating their plans for a once-in-a-lifetime trip to India with an Indian classmate as their guide — a trip they postponed and ultimately canceled in early March after digesting the latest guidance on international travel. It was, Calkins says, “the first of what now feel like millions of conversations in which groups of friends navigate what they do and do not feel comfortable with.”

The move online, however, was of a different order of magnitude, and the shock of that initial shift was further intensified when Santa Clara County issued a shelter-in-place order on March 16 and the school announced that the entire spring quarter would be held online as well. Trapped in their residence hall suites and pass-down houses, deprived of in-person contact with classmates

“
It’s been a hard transition, mostly because the traditional experience of being here is so amazing.”

and faculty, worried about the prospect of falling ill and about loved ones who already had, and bombarded by news of a cratering economy and dwindling job prospects, some began questioning the wisdom of having enrolled in business school at all, even as they mourned the loss of a pre-pandemic world that seemed to have vanished overnight.

As days turned into weeks, the loss of connection and community that defines the Stanford GSB experience emerged as the single greatest concern among students and faculty alike. Whether it involves engaging in lively in-class debate, comparing notes on startup seed funding over coffee at Coupa at TA Associates Café, or sketching a business plan with future partners while lounging on a bench in Town Square, personal interaction is a key to the school’s unique culture.

“The magic of Stanford is the people,” says Calkins.

Suddenly, however, most of the contact those people had was through videoconferencing, text messages, and email: channels in which impromptu conversations and serendipitous encounters are largely nonexistent.

Xue “Xander” Wu, MS ’20

My hometown is Wuhan, and my memory of it is very deep. I grew up with my grandma and a lot of friends. I remember riding my bike to school every day. I remember the trees and the shade during summer. Whenever I was stressed or unhappy, I would ride down the street and feel much better.

When I saw the news and pictures from Wuhan after the coronavirus hit, I couldn’t believe it. It made me feel homesick, like I couldn’t do anything. I had lots of emotions and wanted to do something. I almost felt like I lost my memory. But I also felt hope because the people of Wuhan are strong.

Wuhan2020 was initiated on January 25, and I joined the community that first day. Its mission was to gather developers and designers to save Wuhan.

For example, we wanted to build an information platform to help doctors who needed critical personal protective equipment, such as masks, face shields, and protectors. We wanted to share that information across the internet and see



XANDER WU joined Wuhan2020, an open-source community of internet developers and designers who came together in the earliest stages of the COVID-19 outbreak to build solutions designed to fight the spread of the virus and help those infected by it. Wu went on to initiate and organize Hack for Wuhan, an online hackathon.

who could help. It attracted more than 3,000 developers.

I was trying to think of some creative ways to motivate people and see how we could better incentivize developers to create more valuable solutions. I had done some research work at Stanford about innovation behavior. I am a superfan of design thinking, and the most important component in design thinking is empathy.

Finally, we decided to run a hackathon, Hack for Wuhan, which we ended up completing in two weeks. It attracted about a thousand participants from 33 countries. I wanted developers to make solutions that were user-centric. That means solving real needs rather than making something that only makes the developer feel valuable. I wanted to push people to call doctors and family members and ask questions to help inform their digital solutions.

One project that really impressed

me was a game that adopted this idea of empathy. You choose your role as a volunteer or delivery guy or doctor, then you role-play to see what it feels like to fight the virus on the front lines. It gives you the opportunity to experience a day in the life of a doctor. Hundreds of people rushed into our chat group to help develop that game. That was a fantastic moment.

What drives people to come together? I think it’s in people’s nature to want to do something during a catastrophe — to help and do something positive.

My hope for Wuhan is that everyone gets well and stays safe and becomes positive again, because Wuhan people are very strong and positive. And for my family and friends, I just hope they can carry on with confidence and have a happy life.

As for me, I just hope to get back to Wuhan as soon as possible. ●



“It’s been a hard transition,” says Calkins, who has been all but confined to her suite in Schwab Residential Center for months, “mostly because the traditional experience of being here is so amazing. Nothing compares to it, so you’re keenly aware of how different any substitute is.”

Yet in what may someday be regarded as a case study in managing disruption, the same community that found itself imperiled by social isolation and technological intermediation rose up as a body to protect and preserve its internal cohesion, often by leveraging the same digital tools that appeared to threaten it in the first place.

Faculty quickly began exploring ways of introducing a sense of intimacy and immediacy to their Zoom classrooms by exploiting features like polling and breakout sessions and creating online opportunities for the kind of informal encounters that the school’s physical campus — now a ghost town with yellow caution tape plastered across every potential gathering place — normally encourages.

Roderick M. Kramer, a professor of organizational behavior, established an online coffeehouse and made



Brian Anderluh, MBA '94, and Lee Zimmerman, MBA '94

BRIAN: We’ve seen our share of crises over the past 20 years. Every year we hold a manager retreat and we say, “We don’t know what it’s going to be this year, but it’s going to be something.” There have been floods, droughts, hantavirus, smoke, lightning, bark beetles, and fires. We thought we’d seen it all. A global pandemic was not on our list.

The hardest part was immediately facing the cash-flow crunch. We were in the midst of gearing up for peak season, with lots of costs on the books, and then revenue just stopped. And not only does revenue stop, but then you get cancellations and you have to start returning people’s advance deposits. So there’s millions of dollars going out the door that was already in your account. We were scrambling to just make sure we had capital in place to fund ongoing operations, service our debt, and ensure our stability.

LEE: The problem in the hospitality business is that you’ve got huge fixed costs. And they don’t go away when you’re not operating. Fortunately, we have a lot of staff housing. Once we realized we had to shut down, it was a great relief to be able to, in the same announcement about closing, tell our staff that we would provide food and shelter for them at no cost and ensure their stability.

BRIAN: We discussed whether to furlough folks or lay folks off. We eventually decided to lay most everyone off and allow them to live and eat with us for free. Then we had our youth intern program staff work with those laid-off employees to make sure they were seeking all the available

relief benefits, which are hard to access and require jumping through a lot of hoops. Once everyone received their \$1,200 checks, as well as their state and federal unemployment checks, there was a lot more comfort.

LEE: We were super concerned initially, because a lot of our staff, as well as our youth interns, don’t have great savings habits, and they historically haven’t had a lot of assets to begin with. We’re always trying to encourage them to build a bit of a nest egg and cushion. When we’re operating, we have full-time social service staff on-site dedicated to helping our interns succeed at work and in life. They’re out experiencing nature, which expands their view of what’s possible. We also work with interns one-on-one to help them develop the life skills they need as they move into adulthood.

BRIAN: In the past, when bad things happened that were unique to our business, I often felt like we were on our own. Maybe people heard about a big fire in Yosemite, but they didn’t really understand the impact on our business. Now, everyone is feeling this. Small-business owners have a unique connection. We’re all familiar with the cash-flow crunch. When will you be able to open? When will demand come back? It’s really hard right now. We feel fortunate to have access to resources and to be able to ride this through, because a lot of businesses don’t have those resources and won’t be able to reopen. It’s devastating.

LEE: Fortunately for us, Yosemite’s allure, with its grandeur and wide open spaces, will always be there. So when we finally get to reopen, we know people will be excited to return. ●



BRIAN ANDERLUH and **LEE ZIMMERMAN** met as roommates at Stanford GSB. They’ve been business partners ever since and now are co-owners of the Evergreen Lodge and Rush Creek Lodge outside of Yosemite National Park. The resorts, which include a paid internship program for at-risk urban youth, were forced to temporarily close in mid-March due to COVID-19.

himself available for hours on end after every Zoom session to answer questions, address concerns, or simply befriend lonely students. “Every time he wrapped up class and said, ‘I’ll be in virtual Coupa Café,’ everyone’s heart just swelled a little bit,” Calkins says.

New courses like *Reflections on History in the Making*, which allows students to document and process their own pandemic experiences, and *Civic Workshop*, which has small teams of students launch projects to help communities affected by COVID-19, were quickly developed.

“We’re trying really hard to turn lemons into lemonade and use this as an opportunity to innovate in ways that we wouldn’t necessarily have done had the pandemic not forced us to,” says Soule.

Students, meanwhile, developed their own coping mechanisms. Operating under the name Team Positivity Contagion (motto: “Save lives. Avoid organizations. Don’t travel the world.”), one group began organizing virtual activities through Slack and Zoom. Within a

week, more than 300 students had participated in more than 70 events, ranging from TikTok dance workshops and high-intensity workouts to cookie-baking demonstrations and Harry Potter trivia nights.

In the bedroom that now serves as her office, using a vintage television tray as a desk, Soule has been using the experience of the past few months to re-envision what an executive education course can look like. The latest iteration, which she hoped to unveil this summer, includes regular Zoom touchpoints with faculty members and coaches, weekly group study sessions built around such activities as reflective journaling, book circles, and wellness exercises — and a final on-campus reunion should social distancing guidelines allow it.

“We are all grieving the loss of what was,” she concedes, “but it’s important to remember the positive: We’re going to learn a lot from this, and we will be innovating — and therefore doing what we teach.” **GSB**

“**We’re going to learn a lot from this, and we will be innovating — and therefore doing what we teach.”**

Suhani Jalota, MBA '22/PhD '24

In India, a nationwide lockdown was announced in mid-March. A lot of Myna Mahila’s regular activities had to be paused, but being based in the heart of the epidemic in some of Mumbai’s densest slums, we had a responsibility to provide relief to families there.

It’s very challenging for the government and most external organizations to support vulnerable populations in the slums, since diseases spread quickly in these hotspots. And with no travel allowed to or from them, it’s become very difficult to gain access.

So, we created an eight-point plan to tackle COVID-19. We provide sanitary napkins and food and ration relief, reaching more than 8,000 girls and providing food kits to more than 60,000 people. We also repurposed our sanitary napkin manufacturing to produce face masks for people in the slums by empowering unemployed women at home to use their stitching machines. We’ve made more than 7,500 face masks in less than a month.

I’ve been working in slum communities since I was 15 years old, with many



SUHANI JALOTA founded and runs the Myna Mahila Foundation, a Mumbai-based women’s health and employment non-profit. Its mission is to create women leaders in urban slum communities. She is pursuing a PhD in health policy at Stanford School of Medicine in addition to her MBA at Stanford GSB.

of the same women who went on to help found our organization in 2015, so we’ve established trust in the community. We had a simple goal of giving women agency and giving them a voice to talk about difficult subjects, such as menstrual hygiene, unemployment, sanitation, sexual assaults, domestic violence — all of the issues that hold women back here.

Growing up, I watched my father provide relief programs to families affected by earthquakes and make social development policies with the government. My mother works with an organization providing scholarships to underprivileged girls to attend school. So working in the development sector was only natural for me.

At Myna Mahila, when we first started educating college-age girls and boys about menstrual hygiene, it was shocking to hear how many of them have no idea that menstrual cycles are linked to pregnancy. They consider menstrual blood to be impure blood, and women are treated as polluted and dirty during their periods.

Surprisingly, men have become huge advocates of our programs, and they are helping to break the taboo for girls around



menstruation. We launched a program for brothers to give gifts to their sisters on *Raksha Bandhan*, a Hindu holiday celebrating the brother-sister bond. Brothers attended our workshop and were gifted menstrual management kits to pass on to their sisters — including sanitary napkin packets, underwear, disposal bags, and more. They also vowed to protect and support their sisters even during their period.

Since COVID-19 hit, we’ve expanded as an organization, hiring more people. Not because we have more money. We don’t. But because there’s such an alarming need for our support and reach in slum pockets. Our team is working now more than ever. It’s been heartwarming to see how everyone has stepped up to the challenge. We’ve never been closer to each other or to those we serve. ●

Rajan Patel, MBA '16

When COVID-19 started to hit, the first step we took as an organization was to listen.

We got in touch with our students and tried to understand their experience. There was an acute need. Parents were being laid off and had no means for income to support things like rent and food. Like so many people, students felt anxious, disconnected, and even hopeless. We realized we had an opportunity to actually do something about this.

One of the big problems is the shortage of personal protective equipment for frontline workers. That's when we thought, "What if we leveraged our young makers to be the ones who could actually build and deliver this safety equipment to our local community?" Not only would students feel engaged and empowered in response to COVID-19, but also we'd be able to pay students one dollar for every face shield that they build.

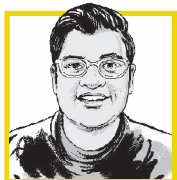
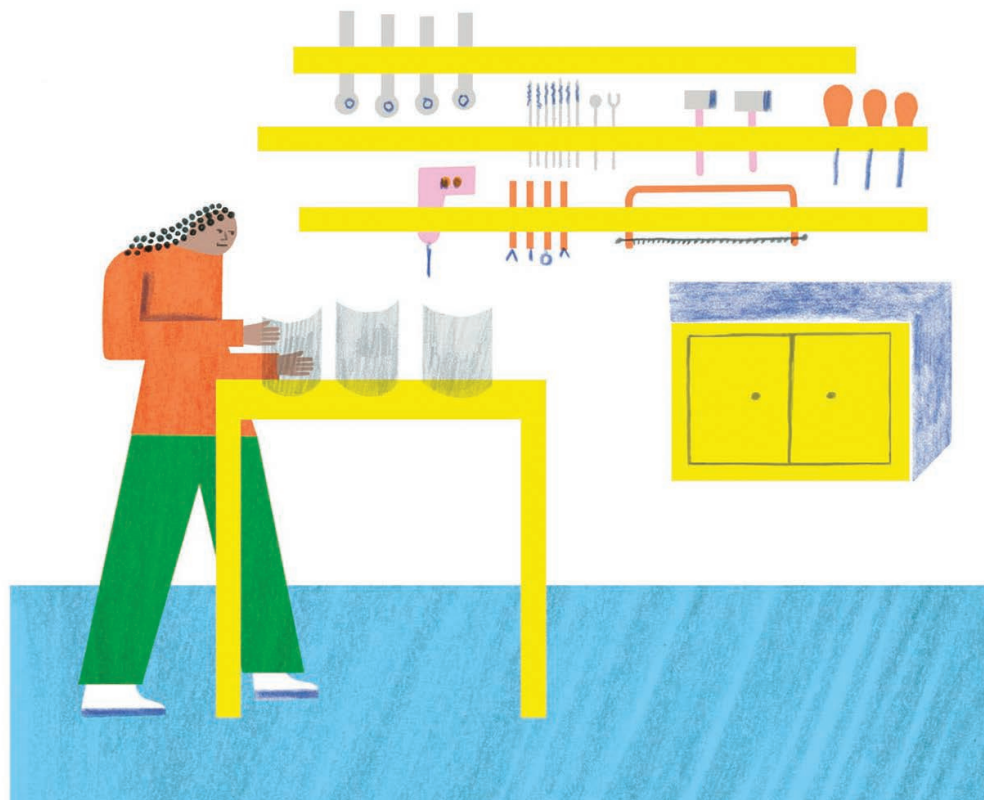
It's been just about a month now, and we've already manufactured over 5,000 face shields. We have orders from primary health centers, local grocery stores, and other essential businesses. We have an order of 2,500 units from a local fire department. Our face shields are being used right now.

I'm lucky to have grown up in a very loving family, with my parents and my two grandparents. They emigrated from India to the U.S., where I was born. So much of what I am today is because of their love and hard work.

My parents ended up living the American dream. They raised us, worked hard to support our family, and were able to send their son to Stanford. They thought, "Rajan, you will have so much opportunity to earn and support the family after college."

But I went through a transformation in college and decided that my goal was to become a social entrepreneur. I graduated with an engineering degree from Stanford and ended up moving to India, the country they left, to help start a nonprofit [Embrace, which provides low-cost incubators to prevent neonatal deaths]. I chose to do work that I cared about and that made the world a more fair place, rather than maximize my earning potential. And that has definitely been a conversation between us.

At the same time, I try to let my family know that the greatest happiness I've had



RAJAN PATEL is the cofounder and CEO of Dent Education, a nonprofit that empowers under-resourced youths in Baltimore to harness their innate creative potential to shape the world around them. "In our programs," Patel says, "young people build stuff, create value, and make a dent."

in my life is because I have the privilege of being able to choose and create my own life. And that is because of what they've given me. Working with the students in Baltimore, I realize how fortunate I am to have this kind of agency and opportunity. And I am grateful that my family has been so supportive, in many ways, of my choices and my work.

A lot of the work we do at Dent comes from re-creating my own personal experiences. When I entered Stanford as an undergrad, I wanted to be a doctor. I was a good test-taker who excelled at math and science but was not creative. I hadn't even heard of the word "entrepreneurship."

When I first took a class in what's called the PRL, the Product Realization Lab, I walked into this brick firehouse and got intimidated. It was filled with huge machines. It smelled like oil and grease. I'd never heard many of the words that people were using, and I actually tried to drop out of the class after the first session. My coach, Craig Milroy, said, "Look, I've been doing this for over 40 years, and you can do this. Every human being is a maker."

And it was there, and through my experiences in design and engineering

courses, that I realized not only my potential to actually build things, but also that I could build stuff that solved problems. Understanding that changed my entire worldview.

The students with whom we work are coming from communities in Baltimore that have been historically oppressed and under-resourced. But they have all the traits of what it takes to be an entrepreneur. They are resourceful. They are creative. They know how to hustle. They know how to look out for others and build community.

What they don't always have is the outlet to express themselves in a productive way. So at Dent we teach them how to use design thinking to understand a problem in the community and come up with creative solutions.

With our Made@Dent PPE initiative, our goal in the next two months is to create 50,000 face shields for frontline workers in need. Beyond that, we're building an infrastructure to leverage our existing assets — namely, our young creative makers and innovators. If they can build face shields in a time of a global crisis, what else can they build that will be needed? ●

The Crisis Management Playbook

From launch to liquidation, how to lead with grace through a global downturn.

ILLUSTRATIONS BY MICHAŁ BEDNARSKI

When the coronavirus pandemic tanked the economy, we set out to compile a crisis-leadership handbook. Here, Stanford GSB experts discuss how to launch, how to adapt, how to listen, how to care, and how to minimize the harm when it's time to shut down.



LAUNCHING

Lecturer Jim Ellis moderates a panel of alumni who dared to start businesses during the 2008 financial crisis.

BY MAGGIE OVERFELT

The COVID-19 pandemic has caused a special type of heartbreak for entrepreneurs looking to start new businesses. In addition to dealing with the many health and social issues brought on by the virus, they have faced the abrupt collapse of a near-perfect set of conditions for startups: a robust economy, eager investors, and unprecedented levels of venture funding.

The National Venture Capital Association warns that even though the investment community entered 2020 with a record \$120 billion in capital available for startups, it won't be nearly enough to offset the negative impact of the financial crisis as VCs redirect their investments away from high-risk, illiquid upstarts.

You can find hope, though, by combing through history, says Jim Ellis, a Stanford GSB lecturer who received his MBA from the school in 1993. Many of the world's most innovative and notable companies were born during downturns, Ellis pointed out during a panel discussion in

late April that examined how such founders and investors weathered the 2008–2009 financial crisis. Three Stanford GSB alumni joined Ellis to discuss how they navigated their operations through the Great Recession: Patricia Nakache of Trinity Ventures (MBA '91), Skybox Imaging founder John Fenwick (MBA '09), and William Shaw (MS '08), who founded the Colombian airline VivaColombia.

Dozens of students and recent graduates attended the online Q&A session, at which Ellis and his guests offered practical advice on how to find funding and keep a young business afloat during a global pandemic.

Be a Painkiller, Not a Vitamin

During the crisis, VCs are likely to be more focused on supporting existing portfolio companies, while non-traditional investors, who helped to fuel the gangbuster growth of the startup sector over the past few years, are pulling back. Even so, some investors are still looking to fund the next big thing, and startups searching for money must cut through the noise, Nakache said.

“We did not stop investing in 2008–2009, partly because we learned our lesson from the dot-com bubble

CAUTIOUS TIMES

Unlike in bull markets, when VCs might make bets beyond their comfort zone, during downturns they focus on domains where they've had past success.

[of 2000], when we slowed our investing to a trickle, with just two or three investments a year,” she said. “When we looked back at 2000, we felt like we missed out.”

A decade ago, when money was tight, the companies that caught her eye were those that were very early stage and “focused on a value proposition that was a painkiller and not a vitamin,” she said. As an example, she pointed to Trinity’s 2009 seed investment of \$1.25 million in ThredUp, whose mission was to attract a new generation of consumers to secondhand clothing. In creating a marketplace for gently used clothing during a recession, ThredUp allowed sellers to monetize their closets while creating value for consumers looking for a deal.

Today, ThredUp has more than a thousand employees and sells more than a million items of clothing every month, said Nakache. “That team is battle-hardened. They’ve been through the wringer so many times that they are navigating today’s crisis without a glitch,” she said. That means being extremely capital-efficient, which is a lesson ThredUp learned when it received its seed round. Operating on a smaller pile of cash requires strict planning and discipline, which helps founders stay hyper-focused on meeting milestones, said Nakache.

Seek Those Who Get You

As an entrepreneur looking for funding, it’s important to research the VC landscape and identify firms that seem like a good match based on their investing history and how much they typically spend in different rounds. But the rule applies even more during a financial crisis.

“In a prolonged investing bull market, investors start dabbling in areas outside their comfort zone,” said Nakache. “But now? You see people revert to areas where they’ve been successful in the past or where they feel they’re domain experts. You also see them invest in domains that are relevant to the times.”

Obvious funding targets today will be companies authentically tackling change in biotechnology, public health, and the medical supply industries — think contact tracing and personal protective equipment. For the next big wave of technology growth, Nakache said to look for ideas that address problems that need solving right now. In 2009 it was mobility; today it’s likely to be software and other tech platforms that facilitate remote work and remote consumer services, she said.

Companies working on riskier propositions might have to work harder to unearth contrarian investors, but they do exist. Fenwick, who enrolled at Stanford GSB after a stint in the Air Force, remembered spending months in the spring and summer of 2009 slogging up



JIM ELLIS, MBA '93, is a lecturer in management at Stanford GSB. He is also the deans' liaison for lecturers and teaching development and the MBA Class of 1973 Lecturer for 2019–2020.

Many things bode well for startups right now, with everyone working remotely and vast amounts of talented people looking for work.

and down Sand Hill Road pitching Skybox Imaging, which aimed to put satellites in space.

“None of them had heard a story like ours, but we figured it was just like any relationship — it’s all about the fit,” said Fenwick, who had little to no expectation that he would ever get a yes. “We eventually found our A-round investors, who had just finished raising their black swan fund. We were their very first investment. Our timing was absolutely impeccable in the story we were trying to tell.”

Harness Free Advice

Money will be hard to come by over the next few quarters, but that doesn’t mean it’s necessarily a bad time to start a company. Many things bode well for startups right now, with everyone working remotely, vast amounts of talented people looking for work, and less competition.

Slogging through rough times can also translate into a good story to tell investors once the economy is back on track. “Doing something from scratch, particularly when your alternative is being unemployed for a little while, seems to me more reasonable,” said Fenwick. “In six months of trying to get our company off the ground, I knew it was likely to fail, but I figured at that point the economy will have recovered and I could resume my job-interview roadshow with a really good story to tell about all the lessons that I learned.” He eventually sold Skybox Imaging to Google in 2014.

If you do land a meeting with an investor, don’t expect money right away — and take advantage of any guidance they give. “If somebody says, ‘No, I’m not interested,’ ask why,” said Shaw, who had a marathon search for capital in 2008 for VivaColombia, his low-cost airline. “If they came up with a pretty good reason, we’d address it in a slide for the very next pitch presentation,” he said. “It took us about 100 presentations to get funded.”

Shaw is now CEO of Interjet, Mexico’s third-largest airline. He also sits on the board of Nigeria’s Green Africa Airways, which is looking to raise its series B round. He advised young companies trying to sustain themselves to make sure they’re taking care of employees and concentrating on payroll. Paying employees 50% of their salary, rather than laying people off, can go a long way for folks who aren’t spending as much during the downturn.

“This is the new normal for the next three to six months,” Shaw said. “As an entrepreneur, you’re going to go through highs and lows in the same day — everything I learned about stretching and bootstrapping is valid today. Remember that this is not a sprint. It’s a marathon.” **GSB**

ADAPTING

Professor Stefanos Zenios shows how design thinking can rescue even long-established firms when markets plunge.

BY DYLAN WALSH

Sam's Chowder House, named one of the 100 most-scenic restaurants in America, sits on a bluff overlooking Half Moon Bay. It is a multi-story wood building with terraced decks and seating for hundreds. On March 15, the company sent an email to patrons announcing that shelter-in-place policies would be closing the dining room indefinitely. Another email came two weeks later announcing 150 employees had been laid off.

This was personally distressing news for Stefanos Zenios, a professor of operations, information, and technology at Stanford GSB and codirector of the Center for Entrepreneurial Studies. Sam's is one of his favorite Bay Area restaurants, and he was sad to see the establishment suffer.

But from a management perspective, Zenios was more engaged than distressed. He soon realized that the restaurant's response in the weeks to follow — offering curbside pick-up options, clearly communicating hygiene precautions, and creating a new online ordering system — exemplified the kind of agile thinking that he discusses with his students in Stanford's Startup Garage. As best it can, Sam's Chowder House is working around the economic hole created by the coronavirus pandemic.

"They're a great case of how companies today need to and can be adaptable," Zenios says. And the world of startups with which he's so familiar provides a valuable blueprint for reorienting and stabilizing companies when the economy has plunged into such novel territory.

Quickly Define the Problem

Solving a problem requires first understanding it. Managers from different parts of a company, Zenios says, must make time to meet and share, from their distinct vantages, how the pandemic is placing pressure on the business. One manager may be struggling with shifts in consumer behavior, another with problems of supply, a third with fractured partnerships.



STEFANOS ZENIOS

is the Investment Group of Santa Barbara Professor of Entrepreneurship and Professor of Operations, Information & Technology at Stanford GSB.

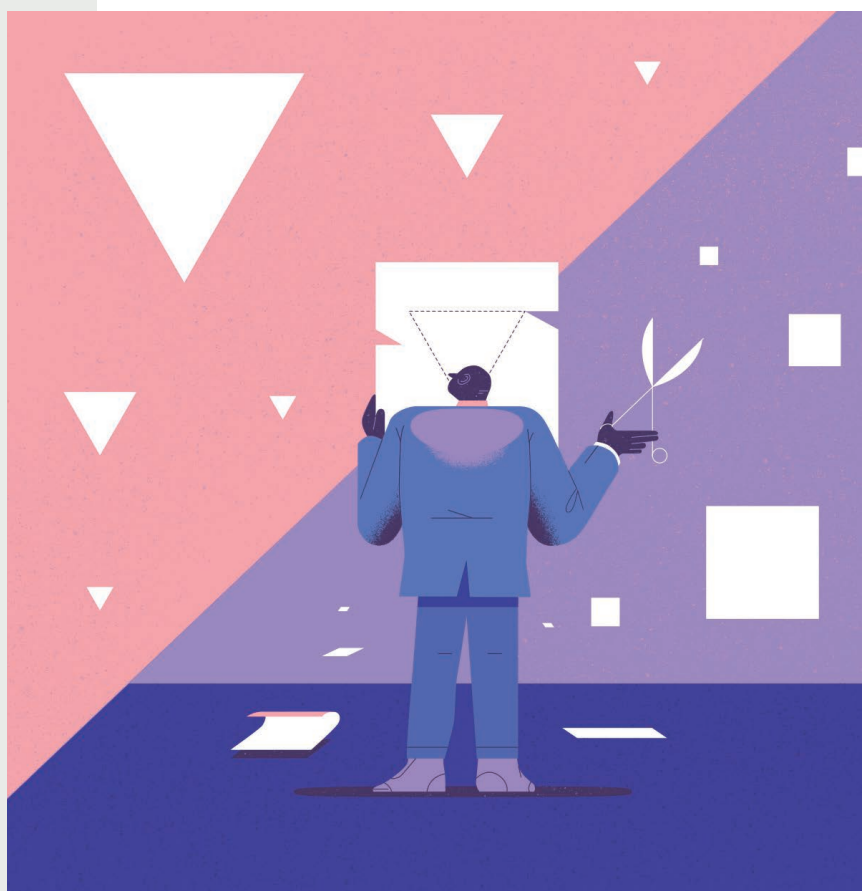
Part of this process, he emphasized, is drilling into details by asking *why*. If shelter-in-place policies have been lifted, but customers aren't returning, ask *why*: Is it because they aren't aware the store is open? Is it because they fear getting sick? Is it because they have less discretionary income? Probing for specifics clarifies potential solutions.

Once problems have been defined, Zenios advises, they should be sorted into a 2x2 grid. The horizontal axis describes how readily your company can address the problem; the vertical axis describes how much benefit will derive from addressing the problem. Companies should be looking for problems that sit in the upper-right corner — those that are both actionable and likely to help the business recover.

Zenios is emphatic that this exercise should take no more than one hour. "More than that and people start overthinking and overanalyzing, even though they don't — and can't — know the exact problems," he says. The point is to be flexible, not exactly right. "In the current environment, where things are rapidly changing, you don't have the luxury of nailing the problem precisely."

A Bias for Action

Then take these problems and search for solutions. This search, Zenios says, should be tailored to suit the particular dynamics of each team. For instance, extemporaneous



brainstorming often works well among extroverts, while introverts might instead be given a day to think in private and write out their thoughts.

When potential solutions have been collected — and they should be collected indiscriminately, with nothing ruled out prematurely — then companies can go back to the 2x2 grid to determine which solutions are both possible to execute and promising in their impact. With a cluster of ideas in the upper-right corner, Zenios said, move quickly to experimentation.

“You want a bias for action,” he says. “Bring the ideas in front of your customers and see what their reaction is. Do they like what you’ve proposed? Are they engaging with the ideas, perhaps in unexpected ways? Monitor what these interactions look like and then determine whether you’re actually solving the problems you defined.” Do this, he insists, through observation, not surveys.

Safety Inspires Innovation

Zenios also insists that the overarching mandate to keep employees and customers safe from a highly contagious respiratory infection, which are generally perceived as an impediment to business, should instead be used to catalyze innovation. It may seem counterintuitive, he says, but a strict safety mandate creates a filter through which every idea must pass, and it can inspire novel forms of employee and customer interaction.

The process of sprinting from problem to prototype, endemic in the world of startups, is often stifled in mature businesses because they fear the prospect of failure. But this mindset must be jettisoned: If virtually no passengers are flying on your planes or riding in your rideshares, if virtually no customers are walking into your stores or dining in your restaurant, then there is only upside to testing novel ideas.

“This environment demands experimentation,” Zenios says.

Finally, success at the outset should be measured by one metric alone: customer engagement. Are customers enthusiastic about the new product or service? Are they using it?

“Once you get an enthusiastic response, you can take a step back and begin to quantify what you’re seeing,” Zenios says. Collect and analyze data spinning out from the new process and see what it says about the bottom line. “All of that of course becomes valuable later on, but at the beginning you just want to measure engagement.” **GSB**

LISTENING

Ask people what they want, listen hard, and engage deeply, says crisis-leadership expert David Demarest.

BY ALEXANDER GELFAND

David Demarest knows a thing or two about operating in high-pressure, high-stakes environments.

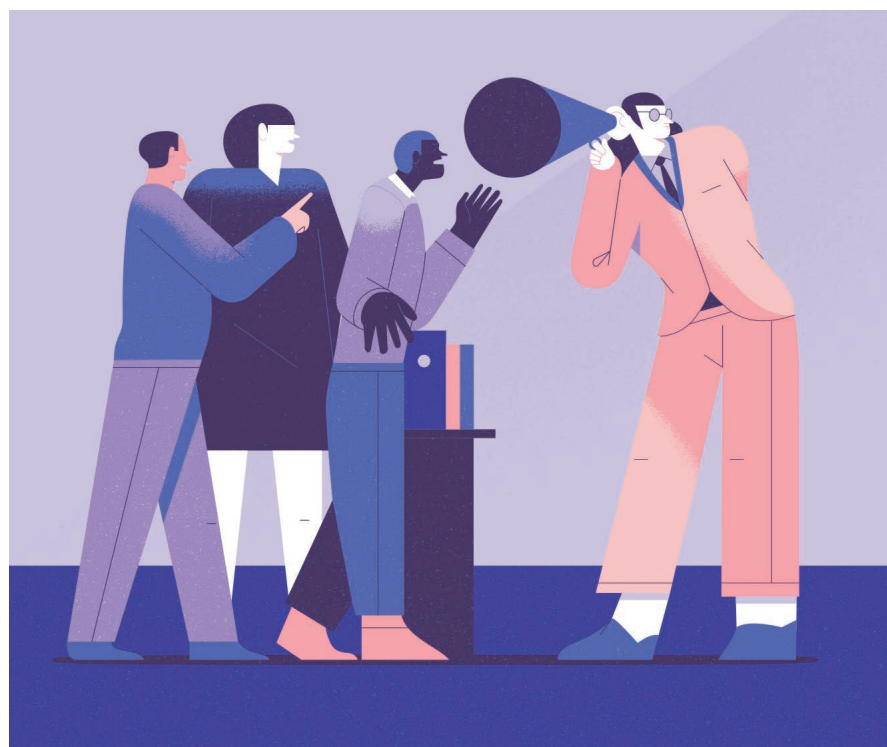
Beginning in 1989, he spent four years as White House communications director for President George H.W. Bush, working directly with the president and the cabinet during a period that saw the dissolution of the Soviet Union, the invasion of Panama, and the first Gulf War.

Demarest went on to fill senior executive positions at Bank of America and Visa, then spent 14 years as Stanford University’s vice president for public affairs. Since retiring in 2019, he has continued to teach classes at Stanford GSB on leadership, strategy, and communications — including *Leading in Turbulent Times: Managing Reputation and Political Risk*, an executive education course that helps business leaders anticipate and develop strategies to address critical beyond-market forces.

In a recent interview, Demarest laid out some key concepts for dealing with the coronavirus pandemic: how to respond in the moment, how to plan for the future, and how to deal with the uncertainty that is always inherent in an unfolding crisis.

Keep Your Finger on the Pulse

All organizations have multiple constituencies: employees, shareholders, customers, and others. So one of the first things to do in a crisis is to have your finger on the pulse of each constituency. It’s crucial to understand what their needs are — and what their fears are.



That gives you the beginnings of a roadmap for addressing the crisis on their terms, as well as yours, Demarest says. How does the problem at hand affect each constituency? And how can you manage the flow of information to those constituencies so that they have more security, more clarity, and less anxiety?

Communicate Clearly – and Don't Guess

Clarity brings certainty, and certainty lowers anxiety.

Demarest recommends asking yourself how clear you are being in your communications. Are you sending mixed messages? Are you properly defining reality? Are you speculating when you don't have the right information upon which to speculate? Offering opinion instead of facts?

There are many unknowns about the pandemic and its long-term effects. Rather than speculating in the absence of solid information, simply communicate what you know. Lay out the steps you will take today and tomorrow. Keep your eye on the ball, and don't borrow trouble by overthinking about a thousand future variables.

There's a famous scene in the movie *Apollo 13*. Astronaut Jim Lovell and his team are on their way back to Earth from the moon, and their chances of survival are low. One of Lovell's fellow astronauts is feverishly working on some calculations, and he's certain that they're going to ricochet off Earth's atmosphere and be lost forever in space. He's totally freaked out and he starts badgering Lovell about this thing that he thinks he's just figured out. Lovell basically says to him, "Listen, that's step number one thousand. We're on step three. Let's focus on the problem at hand and try to wrestle that to the ground."

Don't Just Announce. Engage.

Most companies are already making sure that their customers know they are on top of the coronavirus crisis, and that's great. But if they would allow themselves to continue that line of thinking and move toward true engagement — asking how their organizations can actually help in their communities, for example — they could raise their connection with their stakeholders to another level.

In other words, says Demarest, don't think about the connection you have with your stakeholders only in terms of, "We're going to tell you what we're doing, and you're going to like the fact that we're on the ball and we're making adjustments to this or adjustments to that."

Instead, solicit a deeper level of engagement. Tell them, "If you have ideas about how we can better serve you, please let us know. If there is an issue that you think



DAVID DEMAREST
is a lecturer in
management at
Stanford GSB.

At some point the crisis will pass. Will you be ready for that moment? Put a few of your bright minds to thinking about where you will be six months from now.

our company could help your community address, tell us about it."

Rather than just telling stakeholders what you're doing, try asking them how your firm can help them accomplish what they need to accomplish during this crisis.

And while you shouldn't use a crisis as a marketing platform, you *can* use it to communicate something important about your company — especially if your company is doing something for the public good.

Think Ahead

Leading in a crisis is sometimes paradoxical. So, yes, you've got to focus your team on the urgent issues directly in front of you, and it's natural to have an "all-hands-on-deck" attitude when working through a crisis.

But at some point, Demarest notes, the crisis will pass. Will your organization be ready for that moment? Put a few of your bright minds to thinking about where you will be six months from now.

John F. Kennedy once spoke of history as having "no present, only the past rushing into the future." The future will be here perhaps sooner than you think, and you had best prepare for it. You have to navigate the current circumstance, but also imagine the future.

Stand by Your Core Values

Core values are timeless. And when a crisis hits, an organization that is totally situational — that responds to situations but doesn't have a clear sense of what it stands for — is in trouble.

What's more, in the aftermath of the crisis, a company that stood by its values and weathered the storm will be in a better position to attract talent as well as investors and business partners. There are ripple effects when companies don't just say what they're going to do, but actually do what they say.

Shut Up and Listen

In or out of a crisis, leaders need to be good listeners. Demarest insists that they need humility as well as confidence, listening skills as well as speaking skills.

David Cote, the former CEO of Honeywell, was once asked to recount some of the leadership lessons he'd learned over the course of his career. One of them was, "Your job as a leader is to be right at the end of the meeting, not at the beginning of the meeting."

Understanding that you can elicit better information and ideas from people by not being overbearing — by listening rather than talking — is key to being a good leader under any circumstances. **GSB**

CARING

For employers, best practices during a pandemic are no different from before: Take care of your people.

BY JEFFREY PFEFFER

C OVID-19 has seemingly changed everything. Many people who are lucky enough to have jobs now work from home. Children go to school at home, with parents expected to provide oversight and help with learning. College students and older kids have returned home to shelter in place.

One result of all this being at home: Multitasking is now the new normal. A CEO who has children ages three and six told me that she (with help from her husband) was simultaneously running a company, a daycare center, and a school.

But expecting individuals to do their jobs with the same level of concentration and performance is insane. People are finding it harder and harder to get things done — and for good reason. Not only are they tackling tasks in different work environments (likely with fewer interactions with bosses and colleagues), but also they are trying to do so while being bombarded with dire updates about health outcomes and the state of their retirement accounts.

When I went looking for advice about how to manage workers through what is, one hopes, a temporary albeit highly stressful situation, I was struck by how many of the recommendations seemed like general best practices. Here's what I heard from a handful of companies navigating this new work/life reality.

Try to Avoid Layoffs

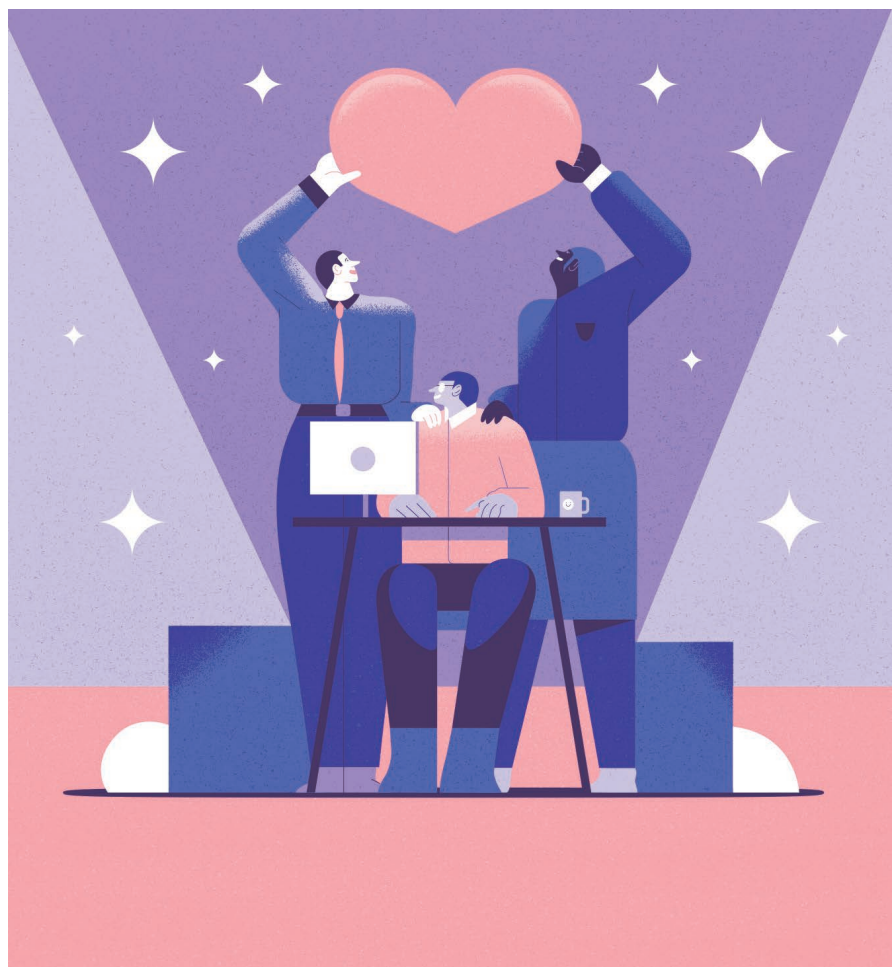
Job loss raises the risk of premature death by 63%, negatively impacts both physical and mental health, and about doubles the suicide rate. But is it possible to retain employees in such difficult economic times? Of course it is — because layoffs are, in part, a choice. They are also a consequence of how leaders run their business. During the 2008 recession, for instance, Whole Foods laid off fewer people than Stanford University, which has a multibillion-dollar endowment. After 9/11, Southwest laid off no one, unlike its peers in the airline industry.

More recently, in response to the COVID-19 pandemic, 24 Hour Fitness laid off every one of its 30 director-level people, general managers and area managers, according to a former employee. In most cases, the layoffs were effective immediately — with few people getting even 90 days of severance and most getting nothing. Meanwhile, Lifetime Fitness, a private-equity-owned competitor, announced that all of its C-level folks would work for no pay so that layoffs could be avoided, according to that same source.

As you can imagine, sidestepping layoffs allows companies to retain talent that can spring into action when things recover. (As that former 24 Hour Fitness employee wondered, “Who is going to run the place when they reopen?”) It also generates gratitude and extra effort from the team. Jim Goodnight, cofounder and CEO of software company SAS Institute, which avoided layoffs during the 2008 downturn, noted that employees found ways to save money and enhance productivity once they felt secure. Taking care of your people is always a good idea.

Prioritize Wisely, Define Urgency, and Provide Backup

Too much of organizational life is filled with busywork, unnecessary meetings, and forms and processes that don't add value. But a crisis is a great time to redesign how we work. One reason for the crazy hours that



This article originally appeared on Cornerstone OnDemand's ReWork Blog.

have become all too customary (and are mentally and physically detrimental to our health) is that we believe everything is equally urgent — even though, of course, it is not. Better prioritization helps employees focus on what matters most (both personally and professionally) and clears away distractions, setting them up for greater success.

In practice — and in response to COVID-19 — that might mean immediately putting all of the long-term, noncritical projects, such as completing 360-degree performance reviews, on the back burner so that people can focus on the most mission-critical tasks. In fact, that's exactly what Sarahjane "SJ" Sacchetti has done as CEO of Cleo, a company that offers virtual support and resources to those "on their journeys through life as parents."

But shifting priorities alone isn't enough. Employees often feel under the gun because some critical task falls squarely on their shoulders. (No wonder people often work while sick.) Under Sacchetti, Cleo changed the system of individual accountability, so that for important projects, there were at least two people — and frequently more — who shared responsibility. That way, if pressing issues came up in their lives, they could easily cover for one another. Not only does this provide a sense of support among workers, but it also ensures that important tasks are always completed.

Embrace the Connection Between Work and Family

Pretending children don't exist during business hours has never been a realistic solution. "Every day is 'Bring Your Child to Work Day' because that's what's on employees' minds," Sacchetti says. "While they're at work, parents are thinking about daycare pickup, the fact that their child has a behavioral issue, how they're going to create a nutritious meal." This precarious balancing act has been made more apparent by the pandemic, but it's long been an issue that companies have failed to adequately address.

A report from the Center for American Progress noted that 90% of fathers and 95% of mothers experienced work-family conflict, which studies show leads to



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The current crisis changes nothing about what good leaders and good companies should always be doing. It just makes those actions more urgent.

greater absenteeism, more turnover, reduced labor force participation (particularly for women), and reduced productivity. The COVID-19 crisis is a perfect time to finally remediate family leave, paid time off, and other policies that could smooth the divide — and lead to better outcomes for both individuals and companies.

Assess How People Are Doing

Without data, it is impossible to manage anything, including employee well-being and engagement. That's why it's critical to be smart about gathering feedback. Recently, Gallup published five "pulse" survey questions that any company can use to make sure they're meeting the needs of their workers during this crisis. If management is failing to properly communicate or build confidence among employees, they can rethink and test out new strategies and practices before soliciting more feedback down the road.

Meanwhile, global design company IDEO instituted a tracker so they could identify the whereabouts of employees — whether they were at home, caught in a remote location, or staying with other family members — to better support them in their work. Armed with that knowledge, the company was able to provide equipment (at no cost to the employee) as well as social support and referrals to mental health professionals. In general, assessing people's well-being and checking in on them is a clear signal that an organization cares.

Unleash Their Creative Energy

Now is potentially a great time to challenge employees to reimagine processes that have been done a certain way "just because." (Think of all those wasted hours at unproductive meetings.) IDEO's head of HR, Duane Bray, for example, shared that the company crowd-sourced ideas from employees for how it could move its mostly in-person design research methods online. Encouraging workers to think outside the box may well lead to superior business solutions that can simultaneously make everyone's lives easier.

Reducing economic insecurity and stress, eliminating non-value-adding activities, giving people back-up, recognizing employees' familial responsibilities, assessing how workers are doing (and providing support), and examining the possibility of working in new ways are all sensible suggestions. Not just during the COVID-19 crisis, but all the time. In that sense, the current health crisis changes nothing about what good leaders and good companies should always be doing. It just makes those actions more urgent. **GSB**

PURPOSEFUL NURTURING

"Assessing people's well-being and checking in on them is a clear signal that an organization cares," writes Jeffrey Pfeffer.

LEAVING

A Q&A with management lecturer Robert Siegel on how to close shop with grace.

BY MARTIN J. SMITH

Robert Siegel has peered into the post-COVID-19 future and concluded that anyone hoping for a quick recovery is likely to be disappointed. Which means a great many businesses will fail.

“We can say that with 1,000% certainty,” says Siegel, a lecturer in management at Stanford Graduate School of Business, “and there are many reasons why.”

First, he says, a vaccine almost certainly won't be widely available for at least a year. In the interim, hotels, restaurants, and airlines are going to be running well below capacity.

“There'll be fewer jobs, and fewer jobs means less money flowing into the economy,” he says. “It's impossible for things to bounce right back.”

As a general partner at XSeed Capital and a venture partner at Piva, Siegel researches strategy and innovation in companies of all sizes, with an emphasis on technology. We sat down with him to ask a few questions about what a good leader should do if the current pandemic proves to be an extinction event for their firm.

What are the sure signs that it's time to close a business?

I'm assuming a leader has already cut expenses, reduced travel, and resorted to salary cuts, furloughs, and layoffs. The way bankruptcy law works in the United States, they have two payments they are legally obligated to make: to employees, for the work they've done and money they are owed, such as vacation pay; and to the government, for taxes. Everyone else is a creditor. At the point where you can no longer pay the government or your employees, your company is insolvent. And you can generally see that coming. Not everyone is on top of the details, but a good leader should be.

So that's when the tough stuff starts.

There's the analytical part and the emotional part. The analytical part is actually the easier side. A leader has visibility into his or her sales and fundraising pipelines, and also their cash burn. And there will come a point when they don't have clarity on future cash availability.



ROBERT SIEGEL,
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in management at
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“Some leaders come off as heroes, others as villains. Good leaders during shutdowns think about everyone else first and put themselves last.”

And the emotional side?

That's much harder. Any great entrepreneur and business leader wants to keep fighting valiantly against the odds. The hero's journey is the narrative told repeatedly in the press about the business leader who fought through it all when everyone thought they were doomed. We celebrate those people. If you look at Stanford GSB alumni, all of whom are smart, driven, ambitious, and successful, losing is not a normal state of affairs. So emotionally processing that is not a trivial issue. You go through the grieving process. It's a death, and a strong leader needs to be able to navigate both the analytical and the emotional sides of it.

Are there factors related to the current crisis that a company leader should consider when weighing their viability options?

Near term, the lack of visibility as to what's coming is what makes this so hard. How long until a vaccine is widely available? Even when a vaccine does become available, how long until we get back to some sense of normalcy? Is it 12 months? Twenty-four months? Thirty-six? That's a long time, and a lot of variability. What's particularly hard about this current crisis is that it's not just an economic cycle. It's hard to believe that just 90 days ago we were dealing with the lowest unemployment levels in the last 70 years. Our students were graduating into a bold job market. Now it's gone from literally the best job market to one of the worst. But what's unique about this is that it's going to come back — we just don't know when. We've dealt with pandemics in the past and beaten them. As a species we're pretty resilient. But for someone who's running a company, the time frame is everything. How long can you keep the lights on?

Can you give an example of a company that closed its doors gracefully?

I don't want to use the name, but there was an early online business that was one of the first companies whose IPO didn't pop during the internet bubble. When the market changed and they could see that there was no way for them to make it work, management decided — just seven months after going public — to shut the company down and sell the assets to get as much money back to investors as possible. The key thing about going through a wind-down is making sure you understand the various constituencies — investors, shareholders, employees, customers, suppliers — and how to communicate that news. In that particular situation, the leader had the ability to conduct herself with grace and dignity

even as she was being vilified in the press because she had made the decision to shut it down. It was the right decision at that moment, because the world was collapsing.

How about one that fumbled that transition?

The company that recently laid off 406 people in two minutes via a Zoom webinar. That's just not handling things with grace and dignity.

What could they have done differently?

They may not have been able to do it in person because of COVID, but you want to have personal messages to people, and you want to be transparent as to what's going to happen to their benefits, their salaries, their severance, and what resources you're going to make available to help them find new jobs. It's about clear communication and treating people with respect.

Are there risks to hanging on too long?

There are legal risks for sure. In the U.S., board members can be held personally liable for taxes owed to the government and for employee salaries and back pay. But there's also the emotional side. Have you given people enough time to find other jobs, especially if you know the closure is going to happen? Often a leader will be trying to sell the business, and they want to have a team in place as part of the sale. How do you handle that? You want to be open with the employees, but if you're too open, the risk is that they'll all leave and you won't get anything for the company.

Are there common mistakes that owners make when facing that grim option?

Lack of planning. What you don't want is people thinking, "Oh my god, this was decided the night before." You don't want to be slipshod, with a lack of communication and empathy.

Is there a single most effective thing a business owner should do to ease the impact on employees?

Communication. And do whatever is possible to help the employee transition to the next role. Now, many companies may not be in a position to do that last thing. And sometimes it's hard to find the time and energy to do those things when the world is collapsing. But the more of those things a leader can do, the better it tends to go.

Some leaders have to choose between restructuring under Chapter 11 or dissolving via Chapter 7. What factors should guide them in that decision?

Is the business no longer viable, or is it merely in need of economic restructuring? Leadership has to determine whether it's not viable as currently structured, or just simply not viable.

How much responsibility should leaders feel toward creditors in those situations?

U.S. bankruptcy law allows business to fail with grace, so the individuals involved will have the ability to get going again later and not get burned personally for years and years. The rationale is that the system encourages people to take risks and to try new businesses. The downside is that creditors sometime don't get paid for goods and services that they've provided. The laws are different in other countries, where bankruptcy is not acceptable, legally or culturally. Those parts of the world often have less entrepreneurship and less risk-taking because of their structures and cultural norms. It's best if everyone can get paid what they are owed, but that isn't always possible.

What mistakes have you seen leaders make that damage their own reputations when their businesses fail?

Pay themselves huge bonuses before bankruptcy. Treat employees poorly. Lose their temper and react emotionally in anger. Reacting emotionally in a vulnerable way is revered, but doing so with anger is not. You can be angry at your bad luck and that the universe is not fair, but you don't get to lose your temper with people.

How can they protect their reputation?

Treat people with empathy, because your reputation will follow you, especially in a world so filled with social media. When some businesses close, the leaders come off as heroes, while others come off as villains. The big thing is that good leaders during shutdowns think about everyone else first and put themselves last. [GSB](#)



Eat, Sleep, Zoom

In the months since his company became a global verb, Eric Yuan has never been busier. Or more exhausted. Or happier.

BY STEVE HAWK

ILLUSTRATIONS BY KEITH NEGLEY

If you think you have Zoom fatigue, imagine being Eric Yuan. Even when he's not actually Zooming — and he Zooms a lot, Zooms as much as anybody — he's thinking or talking about Zoom, the company he founded and runs.

From January to May 2020 — a historic moment for humankind and also the moment Zoom entered the global lexicon and took on new meaning

BRINGING HAPPINESS TO THE MASSES

"The purpose of life is about happiness," Eric Yuan says. "And sustainable happiness comes from making others happy."



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both as a verb and a symbol of change — Yuan says he has done nothing but “sleep, eat, and Zoom.”

“To be honest with you,” he admits, “even *I* get tired of Zoom meetings sometimes.”

As for the business itself, Yuan remains energized and enthused, despite the exhausting challenge of managing a growth rate that has been jaw-dropping even in an industry awash in exponential ascents.

Zoom doesn’t disclose user numbers, but some figures are public, and they tell a tale of explosive growth triggered by the pandemic: In January 2020, the Zoom app averaged about 56,000 daily downloads on the Apple App Store. Within two months, as the COVID-19 outbreak forced a tectonic shift in the way people communicate, those downloads surpassed 2 million. Per day.

Yuan attended the Stanford Executive Program in 2006, when he was leading the engineering team at WebEx, a pioneering web-conferencing company. When he looks back at his summer at Stanford GSB, he remembers being intoxicated by its culture of entrepreneurship.

“The day I left the GSB, I can tell you what I was thinking,” he recalls. “I wanted to quit WebEx to start my own company. I remember the exact moment. Seriously. It was around lunchtime. Unfortunately, WebEx had sponsored me [for the executive education program], and I couldn’t really quit right then. But I knew in that moment that I would start a company down the road. No matter what.”

Yuan was raised in China’s Shandong Province. After earning a master’s degree in mining engineering, he moved to Silicon Valley in 1997, eager to be part of the first dot-com boom. When WebEx hired him, at age 27, the company had fewer than 20 employees.

At WebEx, Yuan learned the importance of customer satisfaction. The company differentiated itself from other web-conferencing services by being inexpensive and cloud-based. Corporate customers simply had to download the software — no hardware required — which meant the service had to be flawless. The product did well enough that Cisco bought it in 2007 for \$3.2 billion, and Yuan stayed on as part of the sale.

He eventually grew disenchanted with Cisco because he felt the company was inadequately committed to keeping its video-conferencing customers satisfied. He left in 2011 to launch Zoom, with the intention of building a better, simpler, and more effective video-conferencing solution to “bring happiness” back to WebEx customers. WebEx cofounder and former CEO Subrah Iyar was among his early investors.

For its first nine years, Zoom, like WebEx, was a B2B play, designed almost exclusively for corporate clients. Although the video-conferencing field was already crowded with intimidating players — Microsoft (Skype), Google (Hangouts), Cisco (WebEx) — Zoom quietly became the dominant brand, and its revenues began to double annually: from \$60 million in 2017 to \$151 million in 2018 to \$330 million in 2019.

But that growth curve now looks almost flat compared with what happened in early 2020. Almost overnight, as governments around the world issued shelter-in-place orders, tens of millions of people began to use Zoom not only to work, but also to teach, perform, worship, newscast, party, and even get married.

In five months, from December 2019 to April 2020, the number of daily meeting participants using the platform grew from 10 million to over 300 million. The company’s revenues jumped to \$328 million in the first quarter of its 2020–21 fiscal year, and by early June it was projecting that sales will reach nearly \$1.8 billion by year’s end — a fivefold jump over 2019 sales.

Yuan credits the company’s continuing success to its singular goal of keeping customers happy by giving them a simple, “frictionless” communications experience: Push one button, boom, there’s Grandpa.

“Happy” is a word that Yuan uses often, and the concept of happiness — for clients, for employees, for

“I really do not think about competitors, because competitors are out of my control. My rule is, always focus on your customers, on your users. That’s number one.”

himself — appears to reside at all times near the top of his consciousness.

“The purpose of life,” he says, “is about happiness. And sustainable happiness comes from making others happy.”

Yuan gave two exclusive interviews to Stanford GSB in May 2020. The first was with marketing professor Jennifer Aaker, webcast live to students as part of the newly created *Business and Society* course. The second was with *Stanford Business* magazine. We’ve edited and combined the two conversations into a single interview here.

You must not be getting a lot of sleep these days.

You are so right. Probably this is the busiest time in my career, the past two to three months.

Is the lack of sleep a matter of you just having so much work to do every day, or is it a function of things waking you up at night because you’re worried?

It’s both. Because when you work from home, you tend to be busier. You have nothing else to do. Right now, for me, it’s just sleep, eat, and Zoom.

Are you worried about more black swans?

Not really, but there is a concern that so many things are completely out of our control. For instance, what if there’s no vaccine for the next two years? When can we go back to the office? To work from home like this every

day for two years with social distancing, that would be horrible — for everyone.

What’s the first thing you think of in the morning?

How to make sure our employees still feel happy — including myself. I always tell our employees, “When you wake up, the first question you should ask about yourself is, do you feel happy or not? If you feel happy, please come to work. If you do not feel happy, please stay home to figure out the root cause.” During this pandemic, many Zoom employees and their family members have been impacted. As CEO, my number one job is to make sure our employees are happy. I think about that a lot.

What have been the product’s biggest challenges during this period of explosive growth?

Security and privacy. You know, we built the service for business enterprise customers, and I don’t know any other company in history that had to go almost overnight from being an enterprise business to suddenly serving so many first-time consumers. It was totally unexpected.

With enterprise customers, we would do official onboarding with each company’s IT team to talk about our security features and to help them decide which ones to enable and which ones to disable. When we started



getting so many first-time consumers using Zoom, we should have done a better job at making it easy for them to access our security features.

For instance, two months back, if you joined a Zoom meeting, the meeting ID number was displayed on the video window — that was to make it easy for coworkers to join in. However, some people got excited and shared images of their screens on social media — during the meeting. If the meeting had no password, guess what? Anyone could Zoom-bomb into it. So we had to fix that.

How were you able to develop such a huge capacity so quickly?

A lot of it has to do with data centers. We host our service on many data centers, but we only had enough capacity to cover twice our peak-time usage. When the pandemic crisis started, the growth was so huge that there was no way for us to survive if we used only our own data centers. Fortunately, I'd been part of the WebEx team during another burst in growth — in 2001, after the 9/11 attacks — when we learned a hard lesson. I knew that if you only have your own data centers, it's really hard to be scalable. So with Zoom, we were able to move to the public cloud, first with Amazon, and then later we added Oracle. When the pandemic hit, we were adding 5,000, sometimes 6,000 servers per day to scale up our service. Good news: We survived.

What enabled Zoom to be so agile?

Number one, it's all about trust. When you build a business and you recruit a team, if there's no trust, there's no speed. At Zoom, we've sort of made it mandatory that everyone should read a book called *The Speed of Trust* [by Stephen M.R. Covey]. Because every day is full of problems, and if trust exists, people get together more quickly to fix them.

How do you think Zoom has changed the way people connect?

It goes back to trust and the power of video. When I was still at Cisco, many of the people on my team worked remotely, and it was hard to build trust, even after three years. We communicated often, but it was through email or chat or phone calls. They still didn't really know who I was, and I didn't know them. When we started using video, I realized that it's a much better way to engage and build trust. Without video, people always think, "I can listen to you while I also do something else." That's human nature. But when you

ZOOM GOES BOOM

Zoom launched its software in 2013 as a B2B enterprise, and its early clientele was almost exclusively corporate. Revenue grew steadily: from \$60 million in 2017 to \$151 million in 2018 to \$330 million in 2019. The business exploded in early 2020, when worldwide shelter-in-place orders changed the way we communicate. Zoom's revenue jumped to \$328 million in the first quarter of FY21, and sales could reach \$1.8 billion by year's end — a fivefold increase over 2019.

56,000

daily downloads of the Zoom app were reported by the Apple app store in January 2020. By March, that number surpassed 2 million — per day.

100,000

schools across 25 countries were given free access to Zoom's platform when the COVID-19 pandemic hit.

10

million daily meeting participants were reported by Zoom in December 2019. (If one person uses it twice in one day, that's counted as two daily meeting participants.) By April 2020, that daily figure had topped 300 million.

5,000+

servers were being added each day to Zoom's cloud-based data centers at the height of the pandemic.

\$36

per share was Zoom's stock price at the time of its IPO in April 2019. Fourteen months later, in June 2020, it hit \$250.

turn on the video, everything changes. People are more engaged, and it's easier to build trust. That's why video is the future of communication.

What's the most interesting use of Zoom that you've experienced in the last couple of months?

There's so many new uses, it's hard to pin one down. Happy hours. Health care and telemedicine. K-12 schools. Zoom marriage is now legal in New York. That's one I'm proud of.

Is there one specific anecdote where you thought, "Oh my gosh, our goal here is to bring happiness to our customers, and this is the pinnacle moment of that?"

The first time they used Zoom for *Saturday Night Live* — wow. Tom Hanks was on the show, and I'm a huge fan of Tom Hanks. I felt like a dream had come true. I think that also might have been the moment I realized that Zoom had become a verb people were using.

People report being fatigued after spending long hours on Zoom. Why do you think that is, and how should it be addressed?

One reason is because when you work from home, you tend to have more meetings. Quite often they are back to back to back. And you do not have time to stretch yourself between meetings. In April, when things were so very busy, I had 19 Zoom meetings in a peak day. To be honest with you, even *I* get tired of Zoom meetings sometimes. One thing I do that seems to help: We have a daily sync-up meeting, and before the end of the meeting, we pick out one person to share a happy story, any happy story. That's one way to help fix the problem. Also, go outside and play basketball.

I think there's also a way for us to add some features to address that. Maybe after I've been in a call for 45 minutes, it could automatically pause and tell me, "Eric, it's time to relax for two minutes. I'm going to share with you either a cool virtual background, or maybe some kind of fun element."

"We truly believe that, in the future, video and voice are going to converge into one service. Phone-based systems will be combined with video conferencing; it will be the same system."

"Here's a music video" or something.

Exactly. Play music. I think that's feasible.

What current or future features are you most excited about?

The number one feature I like is our virtual backgrounds. Quite often I talk to customers but I cannot be there physically, so for my background I always use a photo from the customer's physical space — you know, their headquarters or something. That's why right now I'm using the GSB campus as my virtual background. It makes me feel like I'm there.

We have some other cool features in the pipeline, like real-time language translation. It might take years of effort, but imagine a world where *you* only speak English and *I* only understand Japanese or Mandarin, but we can still talk to each other through Zoom.

We also truly believe that, in the future, video and voice are going to converge into one service. Meaning, for a lot of enterprise customers, their phone-based system will be combined with video conferencing; it will be the same system. That's a huge opportunity.

We're also thinking about ways that others can build businesses upon our platform. So, for instance, say you're attending a wedding ceremony on Zoom — with one click, you can send a gift.

Are you worried about the many competitors that are looking to come after you?

I really do not think about competitors, because competitors are out of my control. My rule is, always focus on your customers, on your users. That's number one. I just want to focus on something that can be in our control, and that's talking to customers. Talking to the team. Understanding the customer's pain points and building solutions for them.

So the sleeplessness you talked about — competitors aren't part of that?

No.

They're not keeping you up at night?

Seriously, not at all.

One last question: What do you want your legacy to be?

Someday in the future, when they write the COVID-19 story, I hope they remember there's a company called Zoom that did the right thing for the world to help people stay connected. [GSB](#)



Adopt a ‘Journey Mindset’ to Move Forward

To sustain the behaviors that helped you reach a goal, think about the achievement as a journey rather than as a destination.

BY PATRICK J. KIGER

ILLUSTRATION BY SARA WONG

After we’ve worked hard to meet a goal — whether it’s losing 20 pounds through a fitness and diet regimen or upping our game at work to meet ambitious sales targets — there’s an innate human tendency to pat ourselves on the back and then slack off on the behavioral changes that led to our success.

A NEW MEASURE OF SUCCESS

Once you’ve achieved a goal, think less about what you accomplished and more about how you got there, say Jennifer Aaker and Szu-chi Huang.

Sometimes, this urge to ease up on effort can be a positive thing, argues Szu-chi Huang, an associate professor of marketing at Stanford GSB, whose research focuses on motivation. “It potentially is functional,” she says, “because a lot of the time, disengagement from an achieved goal helps you to focus on other goals.”

However, for endeavors where the real challenge is not only achieving results, but also sustaining them in the future, slacking is detrimental. “For weight control, relaxing the effort is completely dysfunctional, because people gain the weight back,” Huang says. “When they forget what they learned, it’s as if their success didn’t even happen.”

That led Huang and her coauthor, Jennifer Aaker, the General Atlantic Professor at Stanford GSB, to ponder what would help people retain the lessons they learned while achieving a goal and continue to put those lessons to use moving forward.

“This question is critical because it helps us to redefine success — by moving us from focusing on the short-run win associated with attaining a goal to the longer-term benefits associated with continued improvement after the goal has been achieved,” says Aaker.

As it turns out, the secret to maintaining hard-earned achievements may be to change how we think about them, Huang and Aaker explain. Instead of focusing only on the goal that’s been attained, we should reflect on the steps taken to achieve it — and to think metaphorically about the entire effort as a journey rather than as a destination reached.

The Experiments

In a paper published last year in the *Journal of Personality and Social Psychology*, Huang and Aaker explain how they put their hypothesis around the “journey mindset” to the test, conducting six experiments involving more than 1,600 subjects participating in activities ranging from dieting and fitness to executive training courses. Across each study, they found that thinking of an achieved goal as a journey led to a greater likelihood of

subjects continuing the behaviors that enabled them to attain their goal.

In one study, adults who recently had reached a significant fitness goal were asked to describe their experience of attaining it. Some were asked to reflect on their achieved goal as a journey, while others were prompted to liken it to a destination, and a third group was given no reflection exercise. Later the participants were asked to choose between access to a free online home fitness program or to a free comedy program. Those who had described their success as a journey were much more likely to pick the fitness program, which would help them maintain their health moving forward.

Similarly, subjects who succeeded on a calorie-tracking diet program reported that they felt greater personal growth and were more likely to continue their diet regimen after being asked to reflect on their goal success using a journey metaphor, as compared with those who were instructed to reflect on goal success as a destination or who were not prompted with any metaphor.

The researchers also designed a 14-day walking program and had volunteers download a Pacer mobile app used to track steps taken to reach their walking goals. The participants stated their walking goal, tracked how far they walked, and then, after reaching their walking goal, were given the opportunity to continue tracking their steps for three more days. The exercisers who were guided to think about completing the program as a journey walked close to 5,500 more steps during the three additional days than did those using a destination metaphor. That’s a 55% increase in steps.

In a final study, the researchers recruited a group of business executives who had successfully completed a Stanford Seed executive education program in Ghana. The graduates went through a 30-minute exit interview in which they were guided by the interviewer to contemplate and discuss the learning experience using either the journey metaphor, the destination metaphor, or no metaphor at all. Six months later, the executives answered a follow-up survey that asked questions about



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2019-2020 at Stanford GSB.

Journeying Through the Pandemic

As people across the United States and the world struggle with the challenge of living in societies ravaged by the COVID-19 pandemic, the journey mindset described in the recent paper by Szu-chi Huang and Jennifer Aaker could prove to be a useful tool. Thinking in terms of a journey rather than a destination can help virus survivors and health care providers cope with post-traumatic stress.

Such a mindset can also increase the likelihood that people who learn measures for protecting themselves against the virus — and future contagions — will continue to practice those behaviors.

As Aaker points out, at its core the journey mindset is about personal growth in response to challenges. “Looking back at negative experiences as well as positive ones fuels progress moving forward,” she notes. In addition to her work with Huang and research that she and colleagues published in 2019 on learning from negative experiences, she cites Stephen Joseph’s 2011 book, *What Doesn’t Kill Us: The New Psychology of Posttraumatic Growth*, along with research in the aftermath of the September 11 attacks, to show how soldiering through a catastrophe can lead to personal transformation.

“The people who experience moderate to high levels of post-traumatic stress following a crisis

are also the ones who grow the most psychologically as a result of the trauma,” Aaker says. “This finding is surprising because we so often hear about post-traumatic stress leading to PTSD. But that’s only part of the story. Those who grew were able to make meaning out of tragedy. They dug deeper into themselves to make sense of what happened and how it changed them.”

Adoption of the journey mindset can be taught through a regimen of guided visualization, diary-keeping, and other exercises. Huang and Aaker also have contemplated the use of new technology, such as artificial intelligence applications that would learn from users and provide useful feedback and reinforcement during the journey.

specific operational practices they had put in place after graduating. Those who had been guided to think of the program as a journey were more likely to report that they had put their learning into practice — such as adopting accounting practices preferred by top-tier investors or improving supply chains to help their companies scale.

Long-Term Success

“Adopting the journey mindset helped them apply what they had learned in the program, increasing the likelihood of putting their learning to work and facilitating longer-term success,” Aaker explains. “This finding is important particularly because implementation is often challenging.”

The findings suggest that the journey metaphor helped people think more about the actions they took during the journey — where they started and the ups and downs along the way — which leads to a feeling of personal growth from both the wins and the losses. “In contrast,” Huang says, “the destination metaphor did not build such connections and focused people instead on the present success and value of achievement.”

As Aaker puts it, “Seeing the change you’ve made in the past fuels positive behaviors moving forward.”

But this doesn’t mean that the destination mindset is without value — it can be beneficial during the actual pursuit of a goal. “When you’re working through something, thinking about destination can help you sharpen focus and work harder,” Huang explains. “But after you accomplish the goal and feel successful, you need to shift mindsets and take a moment to think about what you’ve learned along the journey.”

Envisioning success as a journey might seem like an intuitive concept, but it doesn’t come naturally, the researchers explain. “When not prompted, people tend to think about their success as a destination reached, which leads to disengagement and relaxation,” Huang says. That means the switch to journey-style thinking may require a deliberate process, involving techniques that involve reflection and a growth mindset.

More broadly, Huang thinks that visualizing personal progress and valuing small accomplishments along the way could help sustain those who might otherwise lose hope of ever returning to their normal everyday lives.

“As we think about navigating COVID-19 and how it has impacted our lives, a focus solely on the destination can result in frustration,” Huang says, “because if a problem is not solved right away and we fail at reaching our destination, all seems lost.”

“A journey mindset helps us focus on the growth we accumulate along the way. Perhaps we are connecting with old friends and family more. Perhaps we find a different way to get work done. Perhaps we learn how to cook at home. Perhaps

we pick up a new hobby. All of these are skills and lessons that we can carry on even after COVID-19.

“Once people learn how to best cope with these challenges, the journey mindset can reinforce such growth and thus sustain people’s mental health in the future — especially when future triggers or stressors occur.”

Aaker says it’s important for people to reflect back on the first few months of the outbreak and note what they’ve learned about themselves and others while navigating the experience: “Success does not exist in isolation,” she says. “It has a past and it needs to be sustained into the future.”

Aaker and Huang also emphasize that the pandemic journey cannot be completed alone, and

Learning from Wins and Losses

“One way to achieve that is going through a reflection or post mortem activity after one has achieved a goal, such as completing a corporate training course,” Huang suggests.

“But it can even be done on an annual, weekly, or daily basis,” Aaker adds. “Reflect back on the last year — what were the wins or high points, what were the losses or setbacks, and what did you learn from each? Look at how professional athletes improve by watching playbacks, learning from both their high points and mistakes so they can be more effective moving forward. Similarly, it can be beneficial for us to take notes, photos, or clips marking milestones on the path toward a goal, so we can more easily look back once the goal is achieved.”

But even if you don’t have a current success to reflect upon, Huang says you can use the journey metaphor to get more value from your past experiences. “Close your eyes and think about the last success you had, something you’re really happy about or proud of, something you hope would reoccur,” she says. “Start thinking through what you did right and wrong, what you learned, and where you are today. By bringing it back to the front of your mind and rethinking the process, you may see a path to your next success.”

Aaker concludes: “These studies are important because they shed light on fundamental questions, such as what is success and how do we achieve it? Most assume success is about what you’ve accomplished — the recognition, status, or money — and is associated with the fleeting feeling of happiness you experience once you achieve a goal or destination. However, another metric of success is based on the behaviors you sustain once you achieve the goal — the goal-supporting activities that enable you to maintain or even advance your accomplishments, allowing you to make progress in important domains of your life. In this light, a better metric of success is how much you feel you have grown, learned, and your ability to change your habits moving forward. And adopting a journey mindset helps foster *that* type of success.” **GSB**

that we need others to support and challenge us. “Learning how to leverage our family and friends helps us sustain our goal success,” Aaker says.

When people get to the point where they ignore or avoid social information, Huang notes, staying connected to their social network can help them regain the motivation to move forward.

It’s important to recognize that the COVID-19 crisis might not have a clear-cut resolution, the researchers caution, and might instead be a harbinger of a future in which people increasingly will have to cope with pandemics. If that turns out to be true, the lessons learned and progress achieved through the journey mindset may help people survive what is to come. — *RJK*

Voices

Grace Kim⁵⁸ Carter McClelland⁶⁰ Beth Parker⁶¹
Aruna Ranganathan⁶² Phillippe Diego Rodriguez⁶³



Grace Kim, MBA '99

IN 2015, GRACE KIM'S 14-year-old son, Dragon, died instantly after a massive tree branch fell on his tent during a family camping trip to Yosemite National Park. At the funeral home, Kim and her husband, Daniel, pledged to honor their son's memory and his love of life. Shortly after, the Dragon Kim Foundation was born.

Kim, a former marketing executive who's managed multi-million-dollar marketing budgets of billion-dollar brands, now dedicates herself to the nonprofit full-time. The program funds service projects designed by California high schoolers based on their interests and passions. Teams have led a robot-coding workshop at a children's hospital and curated an art show for a woman who survived the Holocaust. The top three projects compete in the Dragon Challenge — Kim's version of the TV show *Shark Tank* — for a chance to win an additional \$5,000. Stanford GSB Dean Jonathan Levin served as a judge at a recent competition.

HOMETOWN

Irvine, California

EDUCATION

MBA, Stanford University, '99
AB in Economics, Harvard University, '94

PROFESSIONAL EXPERIENCE

Cofounder and Executive Director, the Dragon Kim Foundation
Senior Product Manager, Allergan Pharmaceuticals
Brand Manager, Yahoo!

How did you make your way to Stanford?

I spent some time working as a consultant and learning about different fields, but I knew I wanted to focus on marketing. So I studied marketing at Stanford GSB, then spent 15-plus years in consumer marketing. Sometimes I feel like a creative person trapped in an MBA body. I'm a photographer and a writer, and marketing has been a great way to combine creativity with straitlaced business skills. I started at Yahoo!, then moved to Allergan, where I ran a multimillion-dollar marketing budget. I created TV, print, and online ad campaigns and did shoots with celebrities. I loved it.

“I love that we're enabling students to tell stories that have gone untold.”

Everything changed in 2015 during a trip to Yosemite. What happened?

It was August 2015. Dragon was 14 and our daughter, Hannah, was 13. Yosemite has always been a place our family has vacationed. So we went camping there and told Dragon he could bring a friend along. My husband, Hannah, and I were in one tent, and Dragon and his friend Justin were in another. In the middle of the night, I heard this thunderous crash. I knew a tree had fallen and it sounded like a really big one. I remember running out of the tent and grabbing my glasses and tennis shoes to check on the boys to make sure they were OK. The tree branch was several stories high, and the boys were killed instantly. It's been devastating.

When and how did the Dragon Kim Fellowship Program take shape?

We were in the funeral home. It's surreal when you're being asked to choose a coffin for your son. It's a really traumatic experience. A friend of ours who was with us said, "You have your whole life to mourn Dragon. Now would be a good time to honor him." Dragon loved math and science. He also played water polo and the trombone — he really loved music. At first we thought, "What if the foundation focused on helping other kids find a love of music"? But then we took a step back. We always told our children that our job was to expose them to a lot of different things, and their job was to find what they love to do and to pursue it with gusto. So we decided to focus on helping other kids pursue their passions. It's an Asian tradition to give money at weddings and funerals. We used those funds to establish the Dragon Kim Foundation.

What was the first project the foundation funded?

Before Dragon died, he started planning a project to provide free music classes to underserved elementary school kids in the Santa Ana Unified School District as part of their after-school programming.

The foundation's first project was to bring that dream to life. Now, we have high school kids volunteering as the music teachers. That was always Dragon's intention.

How did the foundation evolve from there?

After that, we funded scholarships for high-performing high schoolers. As part of the interview process, we asked kids, "If you didn't have to worry about money, what project would you pursue?" We got amazing answers. High schoolers have this fire in their belly. We thought that if we could step in and give them training to create a project, there would be a multiplier effect, in that we could help activate these high schoolers, and they would then go on to help others. We launched the fellowships in 2017. Last year, our third year of the fellowship program, we sponsored 20 project teams of 41 Dragon Fellows.

How do the fellowships work?

Winning teams get three full weekends of leadership training in the spring and up to \$5,000 to put toward their project, which they execute in the summer. They give us a project budget, and we connect each team with a business mentor.

What's your favorite part of running the foundation?

Being able to work with the students. I needed a place to put all of the energy and love that I had for Dragon. It's been so rewarding working with the other dragons, as we call them, to guide them, mentor them, and make their dreams come true.

What are some projects that stand out?

I love that we're enabling students to tell stories that have gone untold. Holocaust survivor Trudie Strobel made these amazing tapestries, but they hadn't been seen by the world. Two Dragon Fellows, Maya and Lila, got to know her as part of their bat mitzvah project and wanted to mount an exhibit for her tapestries, which remind us of the Holocaust and

the consequences of giving in to hate. As another example, two other teens, Isabella and Sophia, are Native American sisters from the Cahuilla tribe. In the indigenous community, a large number of women and girls go missing — 10 times the national average — and Isabella and Sophia thought it was important to bring this issue to light. They wanted to tell the story of missing indigenous women, so they produced a play, which they've performed half a dozen times, to almost a thousand people. We also have several Dragon Fellows and scholarship recipients who are now students at Stanford. Some of them are first-generation college students, and to have played a role in their being at Stanford — a place so close to my heart, and Dragon's dream school — has made me immensely happy.

How are you applying lessons learned at Stanford to your current work?

One thing Stanford GSB is very good at is teaching interpersonal dynamics — having people understand their personal leadership style. That's one of the things we do with our students. On the first day, we talk about emotional intelligence, and on the second day it's "MBA-in-a-box": how to create a budget, develop a business plan, and market your project.

What do you think Dragon would say if he could see what you've accomplished?

He would have been thrilled to see us enabling these other high schoolers to pursue their hopes and dreams.

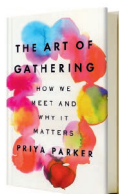
Where do you go from here?

We're still a small organization, but we're growing. Our money comes from grants, individual donors, and from generous corporate sponsors like the Disney Foundation and the Wells Fargo Foundation. This year, we were able to open up the fellowship to all of California. Our goal is to expand to the whole country, offering 100 fellowships every year.

— Martin J. Smith

Recommended Reading

"It's ironic to be so intrigued by this book at a time when everyone's isolated at home," Kim says. "It's about how to turn gatherings into opportunities for real connections."



**The Art of Gathering:
How We Meet and Why It Matters**
by Priya Parker
Riverhead Books
2018



WAIT, THERE'S MORE

To read our full interview with Grace Kim, go to stanford.io/GraceKim.

Carter McClelland, BS '67, MBA '73

WHEN YOU LOOK BACK over Carter McClelland's wide-ranging career, it's clear he had Forrest Gump's uncanny knack for turning up at pivotal moments in business history. McClelland (BS '67, MBA '73) was among the first 300 employees at Morgan Stanley in the mid-1970s. Because of his engineering background, he was chosen to help found the firm's technology practice — and thus was part of the team that took Apple public.

"They looked around the room for a Californian with an engineering degree," he recalls. "They only had one." McClelland recently received the Stanford GSB 2019 Excellence in Leadership Award, which recognizes senior executives who've made significant contributions to the corporate world and the community.

McClelland was singled out not only for his many professional accomplishments, but also for his extensive work with Stanford since his graduation. He was a member of the Stanford GSB Advisory Council, and for 33 years taught *Business 321* with Jack McDonald. He's also a board member of Stanford PACS (Center on Philanthropy and Civil Society), which works to improve philanthropy, strengthen civil society, and effect social change.

With offices in San Francisco and New York, his Union Square Advisors is a leading technology-focused investment bank that offers strategic advice and executes mergers and acquisitions.

LOCATION

Greater New York City area, NY, USA

EDUCATION

MBA, Stanford University, '73
BS in Aeronautical Engineering, Stanford University, '67

PROFESSIONAL EXPERIENCE

Morgan Stanley
Chairman of Securities at Bank of America
Chairman, Union Square Advisors

The tech focus at Union Square is pretty narrow. Are there specific rewards to that?

We looked at where people pay fees for technology mergers and acquisitions. For instance, software is probably half of the entire tech mergers and acquisitions market. Internet and digital media is second, and IT infrastructure is third. We're looking to maximize the impact we can find in getting involved in M&A transactions, so we went after the sweet spot in the market.

What was the broader business model for Union Square?

The idea was to find bankers who really understood technology. Every firm has some of them, but we wanted to be known as the smartest people in the room to help CEOs and boards assess the landscape and make smart decisions.

You've retained entrepreneurship as one of the cornerstones at Union Square. Why?

Most companies we work with are founded and still run by entrepreneurs. The point we make is, "We live in your shoes. We know the stresses and strains of building something from scratch. We get it." It makes us scrappier.

Why do you remain so deeply involved with Stanford alumni organizations?

I simply wouldn't be where I am today if hadn't attended Stanford. Also, one of the biggest issues in business right now is workforce displacement through technology, and Stanford sits at the epicenter of all that and is an important part of the solution. A stunningly high percentage of the undergrads coming out of Stanford have studied computer science. They're modifying their curriculum to make sure people going down that path don't just become coders for the next food-delivery app, that they really understand the broader context in which they work. I hope in some small way I can help Stanford continue to have a major impact on the world. — MJS



Taking Aim at Inequity

McClelland says his work as cochairman of the nonprofit Echoing Green, which provides seed capital to social entrepreneurs, is vital during a time of COVID-19 and rising awareness of racial injustice: "We have been thrust into the conversation of inequities that exist in our country today."



WAIT, THERE'S MORE

To read our full interview with Carter McClelland, go to stanford.io/McClelland.

Beth Parker, LGBTQ Executive Leadership Program '16



BETH PARKER'S KNACK for telling people's stories initiated a career that has spanned nearly two decades and won her numerous industry awards as a TV news journalist.

Today, as chief communications officer for the Sheryl Sandberg and Dave Goldberg Family Foundation — better known as LeanIn.org — she's doing what she says is her most important work yet: highlighting the stories of all types of women in the workplace in an effort to bring diversity to businesses worldwide.

Making sure that everyone has a seat at the corporate table is an idea that was solidified by her time at Stanford GSB's LGBTQ Executive Leadership Program, which Parker attended in 2016.

You had a long tenure in journalism — 17 years. What did you love about it?

I love people. Telling people's stories has always been compelling to me. They joke at work that I like talking to strangers. I came up doing general assignments and eventually lots of investigative reporting. I had a front-row seat to a lot of the huge current events that shaped our nation in my adult lifetime, and I feel very fortunate for that.

Toward the end of my journalism career, though, I was doing more and more feature reporting because not only was that interesting to me, but I found that people weren't getting enough of that. These weren't stories about famous people; they were stories about regular people and seemed to resonate so much more with viewers.

ELENA ZHUKOVA

LOCATION

Oakland, California

EDUCATION

SEP, Stanford University, '16
BA in Journalism,
Ithaca College, '98

PROFESSIONAL EXPERIENCE

Chief Communications Officer,
Sheryl Sandberg & Dave
Goldberg Family Foundation
External Communications
Leader, PwC
News Reporter, Channel 5 DC,
WTTG-TV

How did you figure out your next step?

I went to a bunch of friends and said, "I'm thinking of leaving journalism. Can you introduce me to people who are smart and interesting?" Over two years, I had coffee with 42 strangers. I eventually got hired by a woman I knew from my son's preschool. She was the head of communications at PwC and understood what a journalist could do in a way that not everyone did.

Any takeaways from Stanford's LGBTQ Executive Leadership Program?

The design-thinking class opened my eyes to the idea of looking at things from different angles and having a broader point of view when you're thinking through a challenge. A direct outgrowth of that was a weekly call I started for my team at PwC. People would jump on the call when they needed help brainstorming about something — a social media post, a project, whatever. We set aside time for people to be creative. It ended up being one of the favorite things we did each week. People felt energized by it.

How does the LGBTQ program differ from a more mainstream course?

It's about the shared experience of being LGBTQ. We had a day where we went around and told coming-out stories. It just happened organically. Sharing those experiences and realizing that you're not alone is incredibly powerful if you are deemed an "other" by society. Another thing that stood out was hearing stories of how many of the men in the class had these experiences of having been passed over for a promotion or not gotten a job because they were told they didn't have "executive presence." This made me think: What *is* executive presence? The idea that the loudest person in the room isn't necessarily the one with the best ideas — and nudging the quieter people on a team — is something I've really paid attention to and brought to my work.

— Maggie Overfelt



WAIT, THERE'S MORE

To read our full interview with Beth Parker, go to stanford.io/Parker.

“Realizing that you're not alone is incredibly powerful if you are deemed an 'other' by society.”

Aruna Ranganathan, associate professor



IN A WORLD WHERE nearly everyone works for a living, Aruna Ranganathan explores the many facets of labor: the satisfaction it can bring, how it affects the economic decisions we make, and our emotional attachment to what we do. An associate professor of organizational behavior at Stanford GSB, Ranganathan is creating research with low-income workers in India that's breaking new ground in the study of the ways people identify with their work. Her findings — the idea that work can be inherently enjoyable and a source of fulfillment — may change the way we think about earning a living.

Ranganathan spent an international childhood in India, the Middle East, and Singapore, and traces her interest in labor to one autumn when she was a middle-schooler in New Delhi. It was the season of Diwali, the festival of lights, and she had just learned that the fireworks factory near her school employed children.

"Here I was at age 12 or 13 going to school and enjoying learning, while nearby there were children my age leading very different lives, who spent the whole day working," she recalls. "I think it was the first time I thought about what it meant to work."

Ranganathan followed her interest to the Sauder School of Business at the University of British Columbia in Vancouver, where she studied human resources and labor relations. She received an MS from Cornell University's School of Industrial and Labor Relations in 2008, and an

HOMETOWN

New Delhi, India

EDUCATION

MS/PhD, Sloan School of Management, Massachusetts Institute of Technology, 2014
MS, School of Industrial and Labor Relations, Cornell University, 2008
BCom, Sauder School of Business, University of British Columbia, 2006

ACADEMIC AREA

Organizational Behavior

MS/PhD in management from MIT's Sloan School of Management in 2014. Her desire to expand her study of work in India's developing economy led her to join the faculty at Stanford GSB. "I felt that at Stanford I'd have the intellectual freedom to pursue my research interests, even though my agenda was atypical for a business school professor," she says.

It was at MIT that Ranganathan began studying the highly skilled but low-paid workforce of Indian plumbers, who were almost exclusively members of a single ethnic group from eastern India.

"That was my first research project where I began to explore the tension between meaning and money," Ranganathan says. "I remember being fascinated by how strongly their identity was tied to being a plumber from Orissa — and to being part of a broader community. It was a core part of who they were."

One day, while exploring India's handicraft markets, Ranganathan noticed something odd. Artisans were discounting their goods for her — a visitor from abroad — while quoting higher prices to her local assistant. Her subsequent eight-month research project in the southern Indian city of Channapatna showed that artisans, even very poor ones, felt enormous emotional attachment to their creations and cared deeply where those items ended up.

Her unexpected findings had to stand up to some skepticism, says her mentor, Susan Silbey, a professor of sociology and anthropology at MIT.

"This is counterintuitive, counter to common economic theory — that you charge what the market will bear," says Silbey. "Labor of love' is something that philosophers and novelists might write about, but we did not have a great deal of systematic, empirical evidence for how prevalent it is — until Aruna wrote about it. And at first, people didn't believe her; they were too rational, too economic. But when she did her experiment, she proved it perfectly." — *Beth Jensen*

Relaxing Amid the Chaos

When asked what she's been listening to or reading or watching during the pandemic, Ranganathan replied, "I've been listening to the 'Daily Calm' by Tamara Levitt almost every morning on the Calm app. It's 10 minutes long and has helped me find strength in these difficult times."



WAIT, THERE'S MORE

To read our full article about Aruna Ranganathan, go to stanford.io/Ranganathan.

Phillipe Diego Rodriguez, MBA '20

PHILLIPE RODRIGUEZ'S INTEREST in space and aviation, born amid his cluttered play area as a child, was nurtured by a grandfather's tales of World War II and flowered during science camps. Today, the 25-year-old Stanford GSB MBA graduate is looking forward to a career he hopes will make the most of his dual interests in physics and business.

Tell us how your family influenced your pursuit of higher education.

My parents always thought college was important, and all my life they've been really supportive of my academic pursuits. My dad had some schooling at California State University, Northridge, and had to work two jobs to help his parents out. My mom graduated from Cal Poly Pomona with an accounting degree and also worked to help her parents. My grandparents didn't go to college at all. When I got into Cal State, Fullerton, my parents didn't want me to have to worry about working, so I could graduate in four years. When I expressed interest in going to an MBA program, they were behind it because no one in the family had done so.

What did you do during the two years between your undergrad degree and enrollment at Stanford?

I worked for the U.S. Air Force Space and Missile System Center. I started in the GPS Directorate, then I went to work in the Remote Sensing Systems Directorate. All of these were in contract management roles,

HOMETOWN

Hacienda Heights, California

EDUCATION

MBA, Stanford University, '20
BS, California State University, Fullerton, '16

PROFESSIONAL EXPERIENCE

Diversity and Inclusion Intern, SoFi
Senate Aide, U.S. Senator Kamala Harris
Contract Specialist, U.S. Air Force Space and Missile Defense Systems Center

negotiating with contractors, putting out requests for proposals, working with program teams and engineers, ensuring compliance — all of that.

But you were obviously interested in aerospace before working there.

Yes. It goes back to when I was really little, like four or five years old. My grandpa would tell me World War II stories — he served in the U.S. Navy. One of the first toy planes I got was a die-cast F-117 Night-hawk. It looked really cool, and I ended up amassing a collection of aviation-related toys. I read books on aviation as well. That got me interested in military technology and how it has influenced the course of technology we see today.

You've said you're interested in "new technological innovations and the processes by which they are created." Are there any inventions that still make you say, "Wow"?

I'm stuck between the Space Shuttle and the manned reconnaissance jet called the SR-71 Blackbird.

Both aviation accomplishments.

So much is involved. All of the technology and processors and equipment — the intricacies and nuances that we can't see. Clearly, a lot of development and innovation occurred to even get those vehicles off the ground and to enable communication under extreme conditions, whether it's under massive gravitational force for the Space Shuttle or soaring at incredible speeds high above Earth in the SR-71.

Any experiences at Stanford that have had a particularly strong impact?

Every week and every day is an experience in itself. In one of my first weeks here, a classmate was opening a protein snack bar. She got chocolate on her hand and said, "The product design of this chocolate bar is not conducive to the user experience." I remember thinking, "Who says this?" This place is something else. I've been amazed by the caliber of the discussions. — MJS



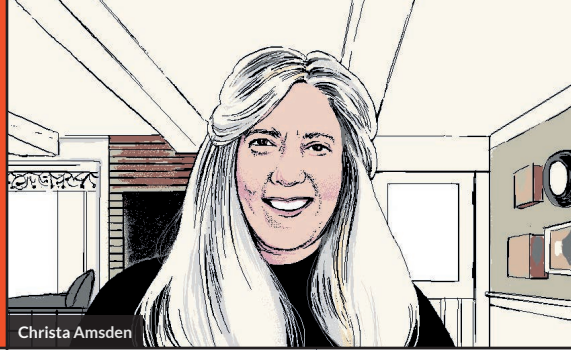
KIEFER HICKMAN

"A GSB classmate was opening a protein bar. She got chocolate on her hand and said, 'The product design of this chocolate bar is not conducive to the user experience.' I remember thinking, 'Who says this?'"

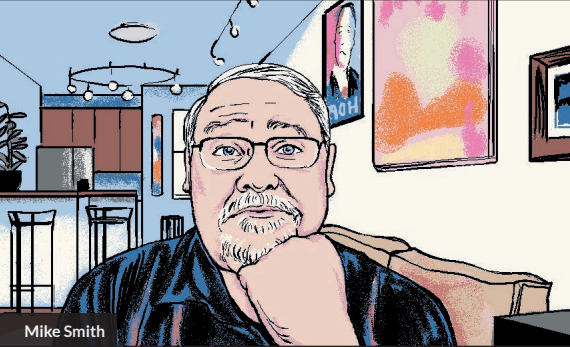


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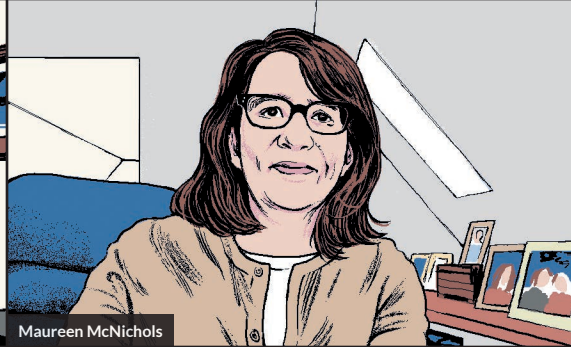
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Christa Amsden



Mike Smith



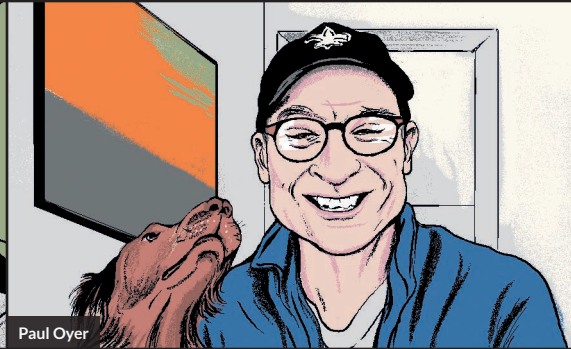
Maureen McNichols



Orlando Bravo



Suhani Jalota



Paul Oyer



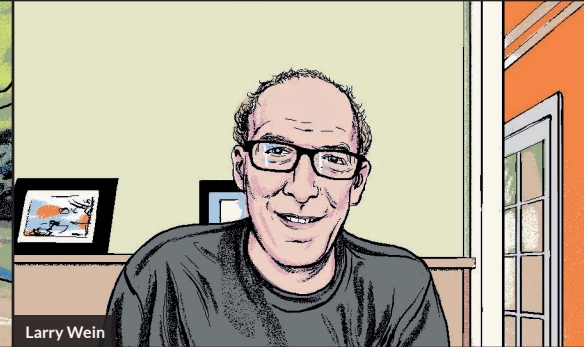
Sarah Soule



Stephanie Tully



Larry Wein



Szu-chi Huang

◀
“As we think about navigating COVID-19 and how it has impacted our lives, a focus solely on the destination can result in frustration ... [but] a journey mindset helps us focus on the growth we accumulate along the way.”
— Szu-chi Huang, associate professor of marketing, page 54



Brian Lowery

Illustration by Agata Nowicka



Rebecca Taylor

WHAT MATTERS TO ME NOW AND WHY

David Dodson, MBA '87



Sometime in late March, yesterday's inertia ceased to dictate the path of the next day. I stopped flying on planes. Every in-person meeting on my calendar had been deleted. I went to bed with my emails answered.

This had happened before. Since graduating from Stanford GSB in 1987, I'd had a half-dozen life transitions. But this was different, because it happened to me and everyone I know at the same time. Perfectly synchronized, we woke to less wealth and more time. We'd been told "you can't buy time." Turns out we just had.

My wife, Wendy, and I soon ran out of uses for this newly purchased time. The closets were clean, the garage finally swept, the cat's claws clipped. Wendy said we needed to "change up the mix," her polite way of pointing out that we had fully run out of new things to talk about.

As a solution, she suggested a Zoom date with friends. I emailed the idea to a GSB classmate, asking if he and his girlfriend had any time the following week. It turned out they were available any day, at any time. It used to take a month to find a date to get four people in a restaurant at the same time. Now all we had to do was throw a dart at the calendar.

The first night started out like most of the conversations we'd had over the last 33 years: "How you doing? The kids are all good? Great to catch up." It was hard not to glance at an incoming email while some-

one was talking. Old habits die slowly.

But afterward, Wendy and I noted that while Zoom wasn't the same, the last time the four of us had actually eaten a meal together was ... who knows? So we made plans to do it again.

Midway through our second call, we all grew bored of talking about COVID-19, and there was no reason to ask how the kids were doing — they were doing exactly the same as last week. The problem with seeing friends regularly is that you have to learn how to talk about real stuff.

Which made me remember how, growing up, our neighbors would sometimes just come over unannounced and we'd move to the backyard with our iced tea. That's what is happening to me now, except instead of a knock on the door it comes in the form of a Zoom invite, and the iced tea is a little stronger.

In order to have more of these dates, my wife and I decided to keep Central Time. That way we're hungry and thirsty at the appropriate time in any U.S. time zone.

Lately, six of us started playing cards on Thursdays, just like we did at the GSB. The cards are merely an excuse to come together, and because we can't completely figure out how the app works, at the end of a night we more or less estimate who owes what to whom. We've seen more of each other in the last two months than in the prior two years.

For me, the COVID-19 crisis has come at relatively low cost compared to the hardship felt by most. But that can't change the fact that I was forced to exchange something I had chased for years with something I now find matters more. For that, I am thankful. Which explains why, after last week's card game, instead of scheduling a single calendar event, I decided to create a recurring invite. And at the place to indicate an end date, I selected "never." **GSB**

RECONNECTING

David Dodson, MBA '87, is a lecturer in management at Stanford GSB. In 1999, he cofounded Sanku (formerly known as Project Healthy Children), which addresses micronutrient deficiencies among mothers and children in the developing world.

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“I lifted the glass ceiling as high as I could. Then, **Stanford** helped me break it.”

— SUSAN HARMAN, MBA '79



Susan is a member of **Legacy Partners**—a visionary group who’ve chosen to remember the Graduate School of Business in their estate plans. Their gifts ensure that future GSB students have the kind of life-changing experiences Susan had and go on to “change lives, change organizations, and change the world.”

Two time-sensitive factors make it advantageous to explore a planned gift to the Stanford GSB—charitable contributions made in cash to charities like Stanford can be deducted up to 100% of AGI in 2020 and historically high estate tax exemption amounts that may change in coming years.

For information on how you can leave your legacy, contact the Office of Development at GSBlegacypartners@stanford.edu or 650.723.3356. Or visit us online at gsb.stanford.edu/giving/legacy-partners.

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Fearlessness, ¹²Virtual Bonding, Ce
Face Masks, War Room, Graceful I
³⁰Travel Bans, *The Great Gatsby*, St
Humility, TikTok Dancing, Breako
Tom Hanks, ¹⁵Scrappiness, Split the
Gratitude, Risk Tolerance, ThredUp
Food Kits, ²⁸Workplace Equality, Cu
Zumba, Evergreen Lodge, Recurrin
Team Positivity Contagion, Remote
Baking Demonstrations, Safety Ma
Teaching and Learning Hub, Fixed
³⁸Bootstrapping, Feed the Fight, Pri
AIDS Quilt, ¹⁶Belly Landing, Face S
Labor of Love, Leo Tolstoy, The Art
PPE, ⁴⁸*Saturday Night Live*, Civic W
Being Indistractable, Refrigerator
Racial Equity Initiative, *Apollo 13*, I
Hoarding, ²⁶Cryptocurrency, Hand
Mumbai Slums, Hack for Wuhan, C
Bark Beetles, Willa Cather, MBA-in
⁴⁴Layoffs, Narcissism, Economic Un