The 473rd Convocation
Address: “Remarks”
By Andrew Alper
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When Dean Snyder called to invite me to be your alumni convocation speaker, at first I was flattered and honored. My pride quickly turned to bewilderment, however, as I thought to myself, “Wow, that’s a sign of the times when business school graduates want to hear from a dollar-a-year bureaucrat.” Then I realized that, given the tough corporate job market, you probably wanted to hear about the difference between the public and private sectors. So, here it is. The private sector, Wall Street in particular, is a dog-eat-dog world. The public sector and politics is exactly the opposite.

I’m seldom at a loss for words, but I must admit it is a challenge to figure out what to say to six hundred business school graduates and their loved ones—especially in an economy like this, which is the toughest I have seen since I graduated twenty-two years ago.

As I reflected on this challenge, I realized that I have been through some pretty ugly cycles on Wall Street and have observed how different people have handled them. So I thought what I would do is provide my perspective on the environment we are in and share with you some suggestions on how to navigate these roiled waters and your careers.

I’m certain your experience is somewhat disorienting. You grew up, went to college, and worked before business school in a period of unprecedented growth. Most of you graduated from college during the height of the dot-com boom. It was a period of unlimited optimism and promise. Unfortunately, it was also largely a fantasy. To add insult to the injury of a burst bubble, the world will never forget your first month at the Graduate School of Business. September 11 changed the world in many ways and certainly deepened our economic malaise. One-third of you don't yet have jobs, and the economy is still weak. Many of you are probably kicking yourselves and can't believe how unlucky you are.

Well, I have a different point of view—I think you are incredibly fortunate and well positioned. I'll explain why. First, success in business depends largely on competitive advantage and relationships. You have just received the best business education available. You have been taught how to think, not what to think. Your peers graduating with you today will go on to achieve great things. Many of you will be influential business and civic leaders. This education and these relationships create a powerful competitive advantage—especially in a tough market.

Second, it is always better to enter the job market in a trough than in a peak. This may be a bit counterintuitive but, empirically, opportunity is the greatest when the outlook appears the bleakest. The reverse is also true. Think about it. Members of the M.B.A. class of 1999 graduated on top of the world, yet many of them have spent the last three years underemployed. Let me illustrate this point with my own experience.

I graduated from the GSB and joined Goldman Sachs in 1981. Nine other M.B.A.s began with me in Goldman's corporate finance department that year—the largest class ever hired at the time. By the time I reported for work in September 1981, things were bleak. The Dow was at 750 and the prime rate was 19 percent. The yield curve was inverted and there were no deals anywhere in sight. My colleagues and I were all convinced we had blindly followed the herd into a dead end. The old pros convinced us that the roaring 1970s would never be repeated.

Luckily, the old pros were wrong. By early 1983, a bull market began that would essentially last for seventeen years with a few scary interruptions. By the mid-1980s, Michael Milken and Drexel Burnham had figured out how to structure and market junk bonds, fueling an M&A frenzy the likes of which the world had never seen. There was more money raised during the 1980s than was raised in all periods prior to 1980, and it was a great time to be on the Street.

But the eighties ended with a bang. The excesses of the junk bond fueled boom and the S&L crisis brought the economy to its knees. Drexel went bankrupt and the country entered a deep recession. In August 1990, Saddam Hussein invaded Kuwait, and the U.S. went to war. Sound familiar?

In the midst of this mess, I was fortunate to become a partner of Goldman Sachs; though it didn't seem like such a good deal at the time. As partners, we were required to invest in the firm and were subject to unlimited personal liability. One of my closest mentors at the firm, a man who became a partner in 1980, told me he was proud of me and happy for me, but that he was certain my generation would not do as well as his did. He said, "The eighties were an aberration never to be repeated. I wish you well, but the economics of the business are permanently changed."

Once again, the opportunity was the greatest when things seemed the darkest. The 1990s were a period of rapid growth and globalization. The scale of the business changed dramatically and great wealth was created—measured both in dollars and, more importantly, in experience.

Like the eighties, the nineties party ended badly, and we are still suffering from a nasty hangover. Despite the doom and gloom, I'm quite optimistic. I'm not an economist, but to me the economy feels like a tightly coiled spring waiting for a catalytic event to unleash its potential energy. Inventories and staffing levels are low. Capital expenditures have been deferred. Operating leverage is quite high. When the all-clear siren sounds, the rebound could be quick and dramatic.

So here we sit again, deep in a trough looking up at phenomenal but unknown opportunities. The question is how should you position yourself to take advantage of these opportunities. I don't have a magic bullet to offer you, but I will share my perspective on career management and give you three pieces of advice.

Your career path is not likely to follow a straight line. You *will* get a job, and you don't have to assume that your first job out of graduate school will be your last. Never take a job—especially your first job—for money. Your first job should be something that will teach, expand, humble, and exhilarate. The most important thing is to choose something that will become part of your life in terms of experience, character, and relationships—and something that will help you acquire the basic skills that will serve you throughout your life.

It's also important to be honest with yourself. Lying to others is immoral. Lying to yourself is just plain stupid. Figure out your strengths and limitations. It is great to work hard to reach a stretch goal, but hard work can't always make up for the natural limitations we all have.

I can't tell you the number of people I have seen join investment banks because they thought it was the thing to do. They kill themselves to succeed but struggle in a downward spiral. They might be great consultants or marketing experts or CEOs, but the truth is if you are five feet five inches tall, no matter how hard you work you will not become a center in the NBA.

If you are not good at finance, analysis, and negotiating, you are not going to do well on Wall Street. It may sound obvious, but my first piece of advice is to be honest with yourself and play to your strengths.

One of my colleagues has a sign on her wall that says, "Luck is the residue of hard work." I normally dislike slogans, but this one always catches my eye and resonates. My career jumps have often come through field promotions—when someone senior to me moved on and an opportunity suddenly opened up. As an aside, these field promotions usually occur during difficult times, underscoring the earlier theme.

There is no doubt that luck—being in the right place at the right time—played some role in my successes, but I also know that I consistently worked my tail off at Goldman to make sure I wasn't in the wrong place at the right time. So one question I think you should ask yourself is how to sustain your intensity level. The answer is simple—make sure you are having fun, which is my second piece of career advice. I spent more than twenty years at Goldman loving my job, and that made sustained hard work a true pleasure.

Too many people treat their careers like chess matches. They are always thinking several job moves ahead and are always dissatisfied with the here and now. They waste valuable energy plotting and planning. For them, career strategy becomes an unsatisfying end in itself. In my experience, the best opportunities find you when you are minding your own business. They find people who are passionate about what they are doing now, not what they may be doing next year.

Find something you really enjoy doing and do it well. Take ownership. Your goal should be to consistently surprise and delight people with your work. Assume everything you do is important—especially the little things. People expect the big things to be done right. It is when you sweat the details on the small things that people take notice. One of my first bosses gave me simple and valuable advice. He said to always ask yourself, "Did I make a difference? Would the project have gotten done or gotten done as well without me?" It always amazes me how many people just go along for the ride without really contributing. A little initiative and elbow grease—especially on the little things—goes a very, very long way. If you are having fun and making a difference, opportunities, money, and responsibility will find you.

My third piece of career advice is to invest in yourselves—in your human and reputational capital. Human capital is, thanks to Gary Becker, straightforward and well understood. You have already made a wise investment in your human capital by attending the GSB. It is an investment that will pay generous dividends and, in this case, dividends do matter.

Reputational capital is partly how you comport yourself—your ethics, integrity, and generousness of spirit. It is also partly the quality of institutions you have been associated with—your resume, if you will. It is therefore in your interest to get involved and help us keep the GSB strong.

When I graduated, the late Nobel laureate George Stigler gave us the pitch to get involved and contribute. It went something like this: "Your class," he said, "is among the best the GSB has ever seen. Unfortunately for you and your children, there is something called regression towards the mean. That suggests that while you are exceptional, your children will be closer to average. Therefore, if you want them to attend the GSB, you will have to become a major benefactor—they won't make it on their own—and you better begin now." I thought this was a little heavy-handed—amusing but heavy-handed.

I hope my pitch is more subtle. It is in your personal interest to get involved and contribute to the GSB. Involvement provides an immediate return in the form of an amazing network of alums and interesting and informative programs. Support also provides a *long-term* personal benefit. The future reputational value of the GSB will be a function of how it is perceived in the future, not how it is perceived today. When I was at the GSB, the Kellogg School of Management was considered a second-tier school. Over the last twenty years, Kellogg has remade itself and is now considered one of the top business schools in the country. When employers see the resumes of my peers who attended Kellogg in the early eighties, they don't think the person attended a second-tier school; they say, "*Wow*, you attended Kellogg." It is up to all of us to maintain and improve the GSB wow factor on our resumes.

There are many ways to give back to the GSB. Get involved in your local alumni club. Interview applicants and help sell the school. Be an advocate within your company to help us improve our corporate relationships. Support your peers and other alumni. Talk up your experience at the GSB and, yes, be generous with your financial support.

There is a career path to involvement. I started out by being responsive when development officers called. I think I contributed $250 my first year out. I then agreed to participate in a few committees to choose award recipients or organize regional fund raising. I was always active in GSB recruiting for Goldman Sachs. Eventually, I was invited to join the Alumni Board of Governors, the Council on the Graduate School of Business, and the University Board of Trustees. Over the years my involvement has grown, but one thing has stayed constant. I always get back more than I give to this great institution.

I know that on this topic I am preaching to the converted. Your wonderful class gift of $168,471 with 92 percent participation is a strong and inspiring vote of confidence in the GSB and its leadership. I encourage you to stay involved and keep giving back to the GSB.

I also encourage you to find ways to give back to your communities. The skills and relationships you have developed here and will hone over the coming years can make a huge and necessary impact in the charitable and civic world. I have personally never worked harder or had more fun than I am today—working to rebuild New York City's economy. Like most great opportunities, this one found me while I was minding my own business. I wasn't considering leaving Goldman Sachs or Wall Street. I got the call to duty from my GSB roommate's business partner, who is now deputy mayor of New York. We got to know each other negotiating deals on opposite sides of the table. Our mutual respect grew into friendship, and when Dan became deputy mayor he asked me to join him.

I guess this brings me full circle. If you play to your strengths, have fun, build relationships, and invest in your human and reputational capital, I guarantee your future will be bright, exciting, and rewarding.

With that, let me congratulate you and welcome you to the family of Chicago GSB alumni. I look forward to following your successes and contributions in the years ahead. Thank you for inviting me to share this exciting day with you and your loved ones, and good luck.

Andrew Alper, A.B.'80, M.B.A.'81, is president of the New York City Economic Development Corporation and a Trustee of the University.