

**Address to Finance Track Graduating Students**  
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A lot can happen in three years.

Three years ago most of you were in the process of considering whether or not to go to business school, or perhaps deciding which schools to apply to. And as you may recall, we were in a recession in the Spring of 2008, even though the full force of the financial crisis was still a few months away.

Business school applications go up in recessions, for two reasons. First, with job opportunities down, the opportunity cost is lower; the second reason is that nobody wants to graduate from business school during a recession, and since recessions don't usually last more than a year or two, if you apply during a recession there is a pretty good chance you will be graduating into a recovery.

I am guessing that a few of you knowingly timed this perfectly, and your entire business school experience has gone right according to plan. You got the summer internship you wanted. Your internship generated an offer at the end of the summer. And here you are, about to embark upon the career of your dreams. If you are one of these people, I have a name for you. I'm going to call you confident planners.

I'm guessing that others of you haven't had it so easy. Perhaps you weren't sure that you wanted to go to business school. Perhaps you had doubts or

anxieties about making career choices during that first semester when the pressure to “show your commitment” was so intense. Maybe you didn’t get the internship you wanted or didn’t get a full time offer at the end of the summer. Or maybe you decided what you always thought you wanted to do wasn’t for you after all. But you made it through. You adapted. And most of you have jobs you are looking forward to, and those who don’t will soon, I am confident. I have a name for this group, too. I am going to call you anxious opportunists.

I have some questions for both the confident planners and the anxious opportunists to ponder. What do you think is going to happen in the next three years? Is it possible that the economic or regulatory environment could change as much in the next three years as it did in the last three? Is it possible that some major firms could cease to exist or have significant layoffs? Or, to turn it around, might some of the best job opportunities in three or five years be with companies that you never heard of and perhaps don’t even exist yet?

What I’m getting at with these questions is that who is a confident planner and who is an anxious opportunist could get all mixed up in the next few years. The world you think you are entering may not exist, or your anticipated role in that world may not exist, in a few years. This may seem like an odd send-off message, but my message is unabashedly positive. My message is this: as MIT Sloan Finance Track grads, you have a competitive advantage in a world where the deck gets reshuffled every few years. I will cite three reasons why I think this is true.

First, I would like to repeat something that Professor Merton said when he spoke to my Introduction to the Practice of Finance class last fall. He was asked the question, what finance jobs are likely to be in demand in the future? He answered by saying he doesn't know what *jobs* will be in demand, but he does know that the skills you learn at Sloan will be demand. Industries will restructure and jobs will be redefined, but the *functions* the finance sector plays in the economy will be needed more than ever, and those with the right skills will be in demand, Professor Merton said.

I know some of you were frustrated at times because finance education at Sloan is more skill-based and less career-focused than at some of our peer schools, and I think legitimate points have been raised, awareness of which will help the faculty do a better job. But the core philosophy remains the same. We teach skills that will stand the test of time, skills that transcend the particular way industries and jobs happened to be organized at the moment. I expect that all of you will learn this over and over again as you progress in your careers, and that as you do, the full value of your Sloan degree will become more and more apparent.

Second, I would like to repeat something Richard Bookstaber said in his keynote address to Investment Management Conference last Friday. He said that when he first entered the industry in the 1980s financial innovation was mostly a good thing – it allowed for a more efficient distribution of risk-bearing in the economy. However, in more recent years, he said, financial innovation has been more about gaming the system, about getting around rules and regulations, and this, he believes, is harmful to the economy. When he said this, I couldn't help thinking about the mission of MIT Sloan,

which, as you know, is to develop principled, innovative leaders who improve the world. This is an extraordinary mission for a business school. What we are about is improving the world, and this requires drawing a distinction between good innovation and harmful innovation. So as the world's economy gets reshuffled again and again during your careers, I hope you will be mindful that finance has the potential to do great good and great harm. I believe your Sloan education has given you conceptual tools which will help you make this distinction, and that over the course of your careers, you will find your appreciation of these issues to be a key part of your value proposition to the world.

Finally, I would like to say something about being an alum. I've often heard it said that Sloan doesn't do enough to organize its alums. I don't know if this is true or not. What I do know is that being an MIT Sloan alum is an extraordinary asset, and that the value is enhanced by being involved. I encourage you to stay in touch with your classmates, to attend alumni events, and to be prepared to be tapped on the shoulder. I and others will be coming after you to speak at Finance Track events, at club events, or to mentor future students. Welcome to the community.

Thank you.