

Some Thoughts for Graduating MBA Students

What I wish I knew when I was a graduate student

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I enjoy many aspects of teaching at the Yale School of Management. Classrooms are energizing, and students continually challenge me to dig deeper into complex business topics. At the same time, interacting with faculty peers is a wonderful opportunity to sharpen my thinking and incorporate their many areas of expertise into my entrepreneurship-focused curriculum. Another rewarding and gratifying aspect of teaching is connecting with students outside the classroom. Students frequently schedule time to discuss their career plans and general life choices with me. This tends to happen with more frequency in the spring semester when the reality of graduation is rapidly approaching.

These conversations are fascinating and fun for many reasons. Students are grappling with significant decisions: careers, geographic relocations, entrepreneurial ventures, and the challenges and opportunities of two-career couples; in short, they are keen to move forward from the intellectually rich bubble of Yale to the next chapter of their lives. Hopefully, Yale SOM fulfills its mission of preparing students to become leaders in business and society and to live fulfilling, well-rounded lives where their personal and professional selves are integrated.

When students approach me for the first time, our conversations tend to be career focused. Which job should they pursue? What do I think about consulting versus finance? How do they get their entrepreneurial ideas off the ground? These are all essential topics, and I am happy to help in any way. As I observe many students who seem to be optimizing their professional selves while shortchanging other dimensions of their lives, I routinely nudge the conversation into a broader discussion of their life plans and how their careers fit into that context.

I have had these conversations so often that I hoped putting my thoughts into writing could help more students think about some of the common issues and questions I typically address. I am writing this note not to avoid having conversations with students, as I enjoy these immensely and hope that, in some small way, I am positively contributing to their decision-making process. Rather, I decided to write down my thoughts in order to make the conversations more productive by giving students some ideas to reflect on before and after we meet. I also wish to address those students who are not at Yale as well as those who are but are too diffident to discuss some of the confusing topics that every student thinks about.

A quick comment on the right answer in these conversations – there is none. There might be a right answer for you, but there is no one right answer for everybody. My purpose in talking with students is only to help them find the right answers for themselves – and whatever that answer is, I offer no judgments whatsoever. The purpose of the conversation is to help students find their own unique voice and path that works for them.

Where Do You Want to Be When You Are 40?

When students connect with me, they often issue a cascade of information and questions about their career and life choices. All are worthy of deep thought and consideration. To me, it often feels like students are making decisions and pursuing opportunities serially rather than in context or as part of a bigger plan. Typically, I let them release their data dump of information and questions, and when they come up for air, I try to get them to pause and elevate their thought process by asking the following simple question: where do you want to be when you are 40 years old?

Most MBA students graduate at roughly 30. Thinking about life in increments of a decade is sensible, as students should be able to get somewhere reasonable in that time frame. Asking a student about where they want to be at 60 is asking about a period of life too far off to be relevant, and a single year is often too near to make significant progress. A decade is feasible to consider and, to some extent, plan for.

Asking a student where they want to be at 40 is likely unwelcome, as family, friends, professors, and even random acquaintances pepper students with questions about what they will do after graduation—and here I am asking you to think about life a decade from now. When I was in your shoes, I remember dreading this type of question as well. It is actually quite tricky and intimidating, as there are a great many paths in our lives and careers. Many are good; some are even great. Because there are a plethora of options, you need to integrate your professional and personal needs, and therein lies the difficulty.

Wherever it is you want to be when you turn 40, you must start planting the seeds now, at 30. You cannot engineer where you want to be at 40 when you are 38; by then, it will be too late. Most students tell me that, at 40, they want to be engaged in some entrepreneurial activity, which is delightful to hear as a faculty member who teaches entrepreneurship. However, if you intend to be in full-on entrepreneur mode at 40, you need to get started soon.

I also ask students to think more specifically about their career ambitions and ponder what they want the other aspects of their lives to look like. For example, do you want to work for someone else, or do you want to work for yourself? How much control over your time do you desire? Do you plan on getting married or having children? Do you want to travel a lot for work? Do you want your professional life to be a reflection of your values and vision, or someone else's? How much autonomy and creativity do you want in your professional life? These are probing questions that are worthy of deliberation now to ensure that, at 40, you wind up where you want to be. Despite my emphasis on contemplating their personal lives, students tend to view this exercise very vocationally. They zero in on what they want to be at 40, viewing the world through a career lens.

Adam Grant, a professor at the University of Pennsylvania's Wharton School, recently had this to say about asking students what they want to do after graduation:

My first beef with the question is that it forces kids to define themselves in terms of work. When you're asked what you want to be when you grow up, it's not socially acceptable to say, "A father," or, "A mother," let alone, "A person of integrity." This might be one of the reasons many parents say their most important value for their children is to care about others, yet their kids believe that top value is success. When we define ourselves by our jobs, our worth depends on what we achieve.³

When I was your age, people would ask me what I wanted to be after graduate school. While it seems like a fairly innocuous question, it may be precisely the wrong one to ask a young person. The right question is, "Who do you want to be when you are 40?" This question reflects Grant's orientation on the individual as a person and not an individual defined exclusively by their work. To that end, asking students who they are now gets to the essence of how they see themselves—their core, their character, and what type of person they aspire to be. As this question

begets no reflexive or straightforward answer, it is much deeper and more challenging than “What do you want to be?” To find happiness and know what you want to be, you must first understand who you are going to be. Graduate school is a fantastic venue to discover that, in addition to picking up all your hard MBA skills, like how to do a discounted cash flow analysis after calculating the weighted average cost of capital.

In my classes, we talk a lot about the interplay between strategy and execution. Simply put, strategy is about where the trains are going, while execution is about how they get there on time. Getting somewhere on time—or what you will be, in this metaphor—is not possible unless you first know where you want to go—or who you are.

Before you leave Yale’s blissful cocoon, you should define (or reaffirm) your values. By firmly establishing your values, you will not only know where you want to be at 40, but what you are willing to do to get there. Students often spend endless hours honing their resumes, hoping that the smallest tweak in phrasing will land them a coveted and prestigious job after graduation. It might, but before you graduate, I encourage you to spend at least as much time reflecting on your values as you do on your resume. Resolutely established values will keep you on track, like guardrails on a highway, through your first job and help you land where you want to be at 40.

Where Do You Want to Be at 6:00 in the Evening?

One question I often like to ask students as they contemplate their futures is where they want to be at 6:00 p.m. How students answer this question is revealing and can say a lot about their values and aspirations. At its essence, this question is about whether students are exclusively focused on their careers or have considered work-life balance as well.

I encourage you to structure your life so that your career fits into it, and not the other way around. If you put your career first, it can too easily eclipse the rest of your life. You will then inevitably compromise the personal life you built around your career. If you put your personal life first, you might compromise on certain career choices, but you will have a career built around personal priorities. There are always tradeoffs. To figure out what works for you, be intentional, consider your values, and deliberate what matters most to you and why.

When you contemplate where you want to be at 6:00 p.m., you might consider that different careers will put you in vastly different places, both physically and psychologically. At 6:00 p.m., you might be coaching your child’s soccer team, volunteering at a community event, sitting down to dinner with your family, working in a different state, relaxing your mind and improving your body at the gym, frantically checking your phone for work updates, dining out with your spouse, or settling in for a second round of work at the office. You control the choices you make that will result in what you are doing at 6:00 p.m.

It can be challenging to assess how you are doing outside of work honestly. There is typically very little feedback and no metrics, which makes deceiving yourself easy. You will be inclined to think you are doing a great job at everything, and you will likely feel that you value your family, friends, career, health, philanthropy, and spirituality. A simple exercise to help assess where your priorities truly lie involves taking a look at your calendar and checkbook. If your calendar displays only a few hours with your kids on the weekend and your checkbook shows no money pledged to philanthropy, your children and charity are likely not your top priorities – which is fine if that is what you intended. Your calendar and checkbook fully reveal what you concentrate on and allocate resources to. At any stage of life, this illuminating exercise can help determine what you actually value.

Therefore, where you choose to be at 6:00 p.m. says a lot about your principles and priorities. At the office, your career must be a top focus. At home with your children, family is your concern. Jogging with friends, relationships, and exercise take priority. There are implications around where you choose to be at 6:00 p.m. Perhaps, having

that high-flying job and being home at 6:00 p.m. is impossible; maybe you are unlikely to be a big earner if you want to be home by then.

Two final thoughts on the 6:00 p.m. concept. First, your 6:00 p.m. might actually be 8:00 p.m. or 11:00 p.m. The point is to know your boundary between your professional life and your personal life and to try to adhere to the boundary. Second, it is common for graduating MBA students to take an initial job or two that can be all-consuming with late working hours. This is often done to learn, gain experience, earn some money to extinguish student loans, and further credential a resume. These are all valid concerns and reasons to relax the 6:00 p.m. ideal for a few years. The key is to make sure a few years does not become a few decades.

On Accumulating Wealth

By this point in my discussions with students, they wonder if I am ever going to say anything about wealth or success. After all, this is a business school. Wealth and success are indeed important, though maybe not as much as students think. If students do not have their values in place and are only focused on wealth accumulation, they might wind up at 40 with exactly that: wealth but not much else.

When I talk with students, they often say they are eager to accumulate wealth. I understand that desire. Students think financial independence will make them happy and allow them to live prosperous lives. I used to tell students that money was not that important until one brave student, Mike C., accused me in class of being just another old guy who has made it saying money does not matter that much. Since that occurrence, I have tried to refine my message.

You can think about acquiring wealth in successive stages. A certain degree of wealth can be game-changing. You do not have to take an undesirable job out of necessity. You can live where you want. You can afford your children's education without sacrificing other opportunities. This level of wealth can give you independence, time, and freedom. Even higher levels of wealth can undoubtedly allow you to live opulently, indulge in luxury, and perhaps not work at all, but I am going to argue that these indulgences can, at times, be unfulfilling. Acquiring more and more wealth tends to have less and less utility. While obtaining that first chunk can be quite important—and that number is different for everyone—it might not be worth fixating on the subsequent layers of wealth. Mike C. appreciated this more nuanced and refined message.

When thinking about money and wealth, I encourage students to use an accounting analogy and think about their balance sheets rather than their income statements. An income-statement orientation focuses on earning a lot of money and incurring expenses—money comes in, and cash flows out. A balance-sheet orientation is focused on accumulating wealth and equity and having that wealth work for you instead of you laboring for it. This is a subtle but crucial shift in thinking. If you have a balance-sheet mindset and are capable of accumulating some wealth, your sustenance will not be dependent on your labor because your wealth will be working for you. You can also work in a vocation for passion and fulfillment (like teaching!) rather than in a career that is more about paychecks than satisfaction and self-actualization.

The very best way to become a balance-sheet person is to own equity in something. Most people who accumulate wealth and live a balance-sheet orientation do so by owning and growing capital over a long period, not by working for a paycheck. If you want to have some wealth and move from income statement to balance sheet, you should figure out how to build equity as soon as possible.

The Years Between 30 and 50 Are Magical. Who Do You Want to Give Them to?

When students speak with me, they often describe their entrepreneurial plans and dreams, which I love to hear, and then tell me about the job they intend to start after graduation, which is usually in consulting or finance. I am often perplexed by this. Students say they want to jump into the arena of being an entrepreneur but want to delay that start until some point in the future.

What confuses me most about this is that the 20 years after your MBA graduation are genuinely a magical time. You are young, talented, and ambitious. You are bursting at the seams to prove something. You have the necessary skills. It is a priceless period in your career and life. You are more valuable and capable than you realize. As I write this, I am 53, and I am still filled with energy and ambition, but not like when I was 30. With each passing decade, you slow down a little bit. Think of the next two decades as your prime. You will be able to move mountains and do amazing things with your intellect, ambition, and energy. It is a golden era for everyone.

Students need to, therefore, consider who they want to give their next 20 years to. Do you want to give them all to one corporation or firm? Do you want to give five years to somebody else and keep 15 for yourself? Do you want to keep all 20 years for yourself in your own entrepreneurial venture? There is no correct answer for everyone. However, starting an entrepreneurial project at 45 is undeniably harder than at 30, even though you will have more experience and wisdom. Furthermore, as the bulk of the economic rewards are deferred, they may not appear until you are deep in middle age. The intellectual and emotional satisfaction will likely manifest rapidly after entering the arena, but you will have missed more than a decade's worth of those benefits.

If you want to become an entrepreneur, the first couple years will be challenging. They will be difficult whether you do it now or ten years from now, even with some consulting and Fortune 500 experience. Sure, you might be more qualified, but only marginally. If you are 90% ready to be a CEO now, working for someone else might boost you to 95%. On the other hand, you will likely have significantly more personal responsibilities (e.g., spouse, children, mortgage) that could dissuade you from taking a new career risk.

I believe that if you desire to be an entrepreneur, the sooner you become one, the better. You have everything you need now, especially if you use the models we examined in class on how to de-risk an entrepreneurial project and increase the probability of a successful outcome. Make your rookie mistakes in your early 30s and get past them. Start compounding your equity now. This magical period of optimism, ambition, and energy does not last forever. Take advantage of it!

Entrepreneurship as a Path to Fulfillment and Wealth

Students often approach me with some entrepreneurial inkling, and I wholeheartedly believe they are on the right path. When contemplating post-MBA steps, I think becoming an entrepreneur is one of the most compelling, exciting, and satisfying gigs imaginable. This is especially true when students begin to rigorously assess what they want their lives to look like, where they want to be at 6:00 p.m., what their values are, their interest in accumulating wealth, and how they might build a fun, rewarding, and intellectually satisfying career. Being an entrepreneur has a lot of pros, and it is a great avenue for a lot of people. It can also be a path to a desirable career-life balance and personal satisfaction.

Entrepreneurship gives you a high degree of control and responsibility. You have the privilege and opportunity of building, leading, and serving an organization. This can be hugely challenging, exhilarating, and rewarding. It enables you to use all your energy and creativity to serve your customers and employees. There is tremendous pleasure in architecting an organization that is growing, creating jobs, and valued by customers. Being an entrepreneur is a marvelous way to exercise and synthesize all your formal education, personal experiences, and

values. You get to tinker with people-based issues, sales, operations, technology, strategy, and finance—all in the same day. You get to see how all the pieces of the puzzle fit together. Sometimes, you will wrestle with having too many puzzle pieces or too few. You are the ultimate problem solver, motivator, and leader. It is thrilling on most days and daunting on others.

Being the CEO of a small or medium-sized enterprise is one of the greatest opportunities I can envision. In addition to deploying all your skills, you can build the business around your personal values, vision, and life needs. When you are in control of an entrepreneurial venture, you can throttle the growth rate up or down to meet your personal objectives – whatever they might be. You will work hard for sure, but that work can be more flexible. Dinner at home at 6:00 p.m.? That can be done, even if it requires some more work after the kids are in bed. Travel to the Topeka office? It needs to be done at some point in March, but the third week works just as well as the first, and you can plan around seeing your daughter star in her school play on a Wednesday evening.

If you are interested in creating social impact through your work, that is terrific – and I genuinely admire aspiring young entrepreneurs who define part of their success as having a positive social impact through their business activities. Being an entrepreneur is a fantastic way to make positive social changes, no matter what kind of company you lead. When you create quality jobs, treat people with respect and dignity, and train and upskill your workforce, you are creating positive change. Entrepreneurs have significant influence, if not the final say, on the demographics of their executive teams, the sustainability of their operations, how accommodating their company is to working parents, and countless other factors that have profound impacts on people and communities. Entrepreneurs are powerful agents of positive change if they choose to be.

Harvard Business School Professor Clayton Christensen focuses his students' attention on the good they can do with their careers, saying that "[m]anagement is the most noble of professions if it's practiced well. No other occupation offers as many ways to help others learn and grow, take responsibility and be recognized for achievement, and contribute to the success of a team."⁴

If being an entrepreneur provides all of this autonomy, work-life balance, and fulfillment, why is every graduating MBA not doing it? First, choosing to be an entrepreneur often involves making a current income tradeoff. You earn less money while the business is in its embryonic form. This trade often results in more equity once the company gets traction, which is the balance-sheet versus income-statement mentality at work. Sacrificing short-term current income for long-term equity accumulation is a route to building wealth, and being an entrepreneur is a fantastic vehicle for this type of wealth buildup. It allows you to compound over extended periods in a tax-advantaged format. If aspiring entrepreneurs can claw their way into material ownership positions in a \$1 to \$10 million EBITDA business (or greater), life can be wonderful.

Second, building the next Silicon Valley behemoth unicorn, the entrepreneurial path most MBAs think of, involves significant risk and often ends in a binary fashion – huge success or miserable failure. I would argue being the CEO of a \$1 to \$10 million EBITDA business is more attractive both on a risk-adjusted and on a lifestyle-adjusted basis. It is unlikely you will create the next Uber, and if you do, it may come at the expense of the most important relationships in your life. Elon Musk describes “nearly [missing] his brother’s wedding ... and [spending] his birthday holed up in Tesla’s offices.”⁵ So while the entrepreneurship path I espouse, acquiring a small business as a launching point, does not optimize for fame or a spot on the Forbes 400 list, it does optimize for happiness, relationships, balance, fulfillment, and the first layer of wealth—all while tilting the odds of a successful outcome in your favor.

If this alternative picture of an entrepreneurial life resonates with you, if it sounds as attractive to you as it did to me, I vehemently assert that you can do it! Entrepreneurs of this ilk are not superheroes. They are not equipped for this pathway at birth. They are just like you, except that they jumped into the entrepreneurial pool. They took that first terrifying step. Remember, you do not need *that* much prior experience to be a CEO. Despite the learning

opportunities in my MBA syllabi, the job is mostly common sense. That is partially because nothing truly prepares you to be a CEO other than being a CEO. You have an excellent education and substantial pre-MBA work experience. Now is likely the best time to start. You are young and have fewer responsibilities. You can take bigger risks. In one of my entrepreneurship courses, I close every session by emphasizing to my students - you can do this! I genuinely believe that there is no secret to being an entrepreneur; it is mostly about doing it, and if you are ever in doubt, just think about me and know that if I could do it, you surely can, too.

Optimize Happiness and Relationships

Even though most students reading this know me as a business school instructor, what I want most for each of you has very little to do with business or even entrepreneurship. I do not really care whether you achieve unrivaled financial success, but I deeply hope that you find happiness. Although I say *find* happiness, what I really mean is that I hope that you *earn* happiness. I define happiness as enduring satisfaction, contentment, fulfillment, and joy. Contrast the pleasure of eating a hot fudge sundae with the profound satisfaction of learning an instrument or foreign language. The former is typically consumed in a matter of minutes, while the latter is mastered over years, decades, or even a lifetime. Happiness is hard work and takes time; it is not easy or fleeting, like a hot fudge sundae.

Achieving happiness does not happen by some stroke of luck, nor is it beyond anyone's grasp. There is no set of circumstances that would either preclude or ensure your happiness. Happiness is about peace and harmony in your relationships, health, finances, career, and spirituality.

When you move on from Yale, I hope you put happiness right at the top of your list when thinking about your values and how you want to build your life and career. Happiness is what the game is ultimately about and can serve as your life foundation and goal.

A critical part of happiness is building meaningful and enduring relationships with your nuclear family, extended family, and friends. Deep and sustaining relationships will fill you with more happiness than a big bonus check and will be a reserve of emotional resources for when life inevitably presents setbacks and failures. The single most essential relationship in your life is the one with your spouse or life partner. If you are not married, pick wisely – this will be the most significant decision you will make in your life. If you are married, nurture and invest in this paramount partnership – most of your life's happiness, or misery, will flow from this relationship.

Relationships are the glue that help your life stick together over time. The word relationship is defined as the way two or more people are connected. It stems from the Latin word *relationem*, which refers to a bringing back and a restoring. Positive relationships are exactly that – they bring you back to your center and are restorative, replenishing, and invigorating. If you want to be happy, have deep and meaningful relationships, especially with your family.

As Harvard Business School Professor Clayton Christensen explains, “Our careers provide the most concrete evidence that we’re moving forward ... In contrast, investing time and energy in your relationship with your spouse and children typically doesn’t offer that same immediate sense of achievement ... It’s really not until 20 years down the road that you can put your hands on your hips and say, ‘I raised a good son or a good daughter.’ ... People who are driven to excel have this unconscious propensity to underinvest in their families and overinvest in their careers—even though intimate and loving relationships with their families are the most powerful and enduring source of happiness.”⁶

The relationships you have built at Yale are a valuable part of your educational experience. You can continue to learn from your friends over your lifetime, and they will push you to be a better person. This has been proven by

the famous, multi-decade, longitudinal Harvard Grant Study. Researchers discovered patterns of happiness and life satisfaction. Following several hundred men for many decades who are now over 75 years old, they drew a link between the strength and warmth of one's relationships and health and happiness in old age. The study showed that people who do the best are people who leaned into relationships with family, friends, and community.⁷

Conclusion

I hope this essay catalyzes you to think about your life after Yale more deeply and holistically. You are academically prepared and have all the necessary tools to be vocationally successful. You are ready to be a leader in business and society. You alone control your values and the path you will travel. Some of the choices you make today will impact where you will be at 40 and at 6:00 p.m. They will influence whether and when you choose to be an entrepreneur, how you accumulate wealth, and what role relationships and happiness will play in your future.

You are in the very best spot imaginable: the beginning. With so many exciting personal and professional moments ahead of you, you will find satisfaction and fulfillment. I hope this brief note helps you find your path, your happiness, and a fully integrated and robust professional and personal life.

I look forward to discussing these topics with you outside of class.

This case has been developed for pedagogical purposes. The case is not intended to furnish primary data, serve as an endorsement of the organization in question, or illustrate either effective or ineffective management techniques or strategies.

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Endnotes

¹ Case writer, Yale SOM MBA 2020.

² Eugene F. Williams, Jr., Lecturer in the Practice of Management.

³ Stop Asking Kids What They Want to Be When They Grow Up. The New York Times. April 1, 2019.

⁴ How Will You Measure Your Life? Harvard Business Review. July – August 2010.

⁵ Elon Musk Details ‘Excruciating’ Personal Toll of Tesla Turmoil. The New York Times. August 16, 2018.

⁶ How Will You Measure Your Life? Harvard Business Review. July – August 2010.

⁷ The Secrets to a Happy Life, From a Harvard Study. The New York Times. March 23, 2016.

Additional Resources

Building a Life – Howard Stevenson <https://www.youtube.com/watch?v=wLn28DrSF68>

How Will You Measure Your Life by Clayton Christensen

Just Enough by Laura Nash and Howard Stevenson

Triumphs of Experience: The Men of the Harvard Grant Study by George E. Vaillant

The Road to Character by David Brooks

Springboard by Richard Shell