

News monitored for: ISB

Business Standard

ISB continues to make rapid strides in spite of high-profile exits

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WHAT do Adi Godrej, Lloyd C Blankfein, Michael S Dell, Vinod Khosla, Vikram Pandit, Anil Ambani, Rahul Bajaj, Yogesh Deveshwar, Lakshmi Mittal, Kiran Mazumdar Shah and GV Prasad, among others, have in common?

Well, they are all associated with the Hyderabad-based Indian Business School (ISB). In fact, one can compile a short list of Indian and global luminaries by merely looking at the members on the governing and executive boards of this premium business school.

This could perhaps be one of the reasons why the image of the decade-old institute has not been dented despite the stepping down of Rajat Gupta, the school's high-profile co-founder and former managing director of McKinsey & Co, from the chairmanship of the governing and executive boards following the initiation of insider trading proceedings against him by the US Securities and Exchange Commission.

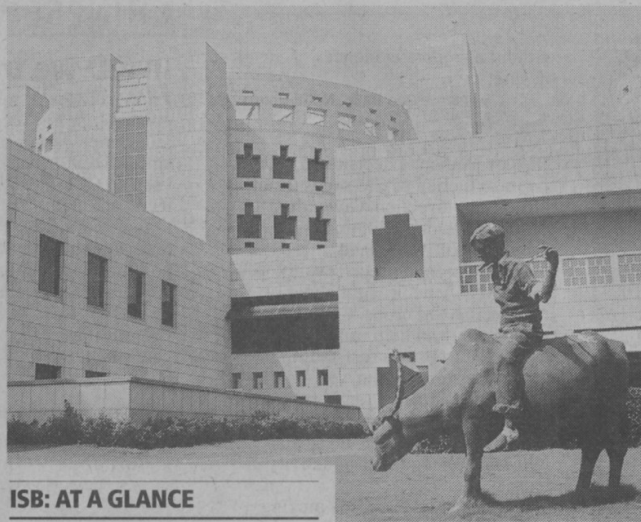
Even the exit of former dean Mendu Rammoan Rao in 2009 and former director and McKinsey consultant Anil Kumar last year has made no difference to ISB's reputation as one of the top global B-schools.

"The big achievement in the last few years, which we have realised ourselves because of these setbacks, is that ISB has become a robust and strong institution not dependent on any individual. The instances in 2009 (Rao's resignation) and 2011 (Gupta quitting) just proved this," ISB Dean Ajit Rangnekar told *Business Standard*.

Rangnekar's confidence stems from the fact that in 2008 ISB became the youngest school in the world to be ranked among the top 20 B-schools by *Financial Times*. Its rank moved up to number 15 in 2009, 12 in 2010 and 13 in 2011.

Meanwhile, from a class of 126 students in 2001, the number of those who joined the school's postgraduate programme increased to 574 by 2011. Today, the school boasts of 3,500 alumni spread over 25 countries, of which 150 have become entrepreneurs.

ISB was conceived in 1996 by a group of business leaders and academics who recognised the need for a



ISB: AT A GLANCE

- Pioneered the one-year full-time Post Graduate Programme in Management in India targeted at experienced professionals
- Grew from an initial class of 126 students in 2001 to 574 in 2011
- In 2008 became the youngest school in the world to be ranked among the top 20 B-schools by *Financial Times*
- In 2009 Dean M Ramamohan Rao stepped down after he, as an independent director, chaired the Satyam Computer Sciences board meeting that approved the purchase of companies owned by Satyam's founder
- In 2011 ISB's co-founder and chairman, Rajat Gupta, quit after being accused of helping Galleon hedge fund chief Raj Rajaratnam with insider information
- Is setting up its second campus at Mohali in Punjab

globally ranked business school in Asia. The concept was carried forward without any time lag. In less than a year, an executive board was formed. Shortly thereafter, academic associations were obtained from the world's two leading business schools — Kellogg School of Management and the Wharton School.

The Andhra Pradesh government, headed by then chief minister N Chandrababu Naidu, welcomed ISB by allotting it 250 acres of land, and the school started operations in 2001. The London Business School also extended its academic association to ISB just before the launch of the first postgraduate programme.

Rangnekar says this is the best year for the ISB in its decade of operations. "Today, we are larger than we ever were. Our student numbers and our executive education and research output have been the biggest," he adds.

For the ISB's 2011 class, the number of offers increased from 541 in the previous year to 661. About 100 students got more than one offer. The average outgoing cost-to-company (CTC) was 2.3 times the average incoming CTC (of the students who joined the school). There was a 35 per cent hike in the CTC levels of the international offers with 83 offers being made by 73 companies from across the globe.

The best year despite the Rajat Gupta episode? Yes, of course, Rangnekar says. "The first thing, and this is something that we should honestly be very clear about, is that Rajat Gupta is not the executive chairman. So, Rajat Gupta has no role to play or had no role to play in

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the running of the institution. There are 32 directors on the board and Gupta was the chairman of that," he explains.

But is ISB not the brainchild of Gupta? "Well it was Gupta's idea. He brought a large number of institutions — both global and Indian — together and people contributed not just money but time, effort and insights. The whole vision of ISB is Rajat's. But ultimately one person never creates a huge institution. An institution is created by a large number of people. And certainly in the implementation, especially in the last five to seven years, the local team has been fully responsible. And it remains," Rangnekar says.

Seeking to play down the school's association with the two episodes pertaining to Gupta and Rao, Rangnekar draws an analogy between what happened to the National Association of Software and Service Companies (Nasscom) and ISB. "When the Ramalinga Raju episode (accounting fraud at Satyam Computer Services) happened, did anybody blame Nasscom or say that Nasscom's reputation had suffered? Raju had been a former chairman of Nasscom and nobody ever said that Nasscom's reputation had suffered or that it was a bad year for Nasscom. That is the right thing to do, because what Raju did had nothing to do with Nasscom or the work he did for Nasscom," he argues.

Rangnekar argues that the same analogy applies to ISB -- first, whether Rajat Gupta gave insider information has not been proven; besides, whatever happened was a personal matter (of Gupta's) in the US, and has nothing whatever to do with the work he has done with ISB. "Therefore, why are you singling out ISB when no such thing (like loss of reputation) was said about Nasscom? Why this difference? This is what I find perplexing."

Even in the case of Rao, Rangnekar says the same logic applies. "Unfortunately, sometimes the media gets carried away. Nobody accused Rao of having any *malafide* intentions or said he was involved in the Satyam scam. He was an independent director and chaired that ill-fated meeting (which approved Satyam's decision to purchase companies owned by Raju's family at inflated rates). So, the worst that people can accuse him is of bad judgement. Again this is nothing to do with ISB," he points out.