Convocation Address to the Incoming Wharton MBA Class of 2028

Prof. Jules van Binsbergen
Lauder Chair Professor and Anthony L. Davis Director, The Lauder Institute
Nippon Life Professor in Finance, The Wharton School

Good evening, and welcome to Wharton.

Congratulations. Many of you have spent the last few years as the smartest person in the room. I am pleased to announce that we have solved that problem, and after a week of pre-term, you know it. Look to your left and to your right: one of them ran a company, one of them speaks four languages, and one of them will someday try to recruit you. Coming to Wharton is a value-creating decision for you. For now, you will have to take my word for that. By December, you will be able to check my assumptions yourselves. And that, in one sentence, is what the next two years are about.

I'm a finance professor here and the director of the Lauder Institute, which means I spend half my life thinking about capital markets and the other half thinking about how geopolitics and geoeconomics are reshaping the new world order. Today I want to talk to you about both. But mostly I want to talk to you about why you should take the next two years, the academic part of the next two years, very seriously.

I know what you've heard. You've heard that the real value of an MBA is the network. The classmates. The recruiting. The LinkedIn posts that begin with the word "humbled" and then go on, at some length, to explain why the author should not be. And yes, the network matters. Some of the people sitting next to you right now will be your co-founders, your investors, your references, and in a few cases your future spouses.

But I want to make the unfashionable argument this evening. I want to argue for the classroom. And I want to do it by telling you about my inbox.

Every professor on this stage receives, on a weekly or even daily basis, emails from spectacularly talented young people. Undergraduates from top universities. High school students who have already founded two nonprofits and a crypto fund. They write to us and they offer something remarkable: their labor. For free.

"Dear Professor, I love your research and I would love to assist with it. I am proficient in Python, R, Stata, and have the utmost dedication."

And here is the strange thing, the thing that should make you sit up: we almost never say yes.

Think about that. This stage is full of business school professors, and more than a few of us teach finance. The first lesson in our discipline is that there is no such thing as a free lunch. And apparently we believe it, because when something that looks exactly like a free lunch shows up in our inbox, offering to clean our data at a price of zero, we politely decline.

Why? Not because these students aren't brilliant. Many of them are genuinely dazzling, and some will be our colleagues one day. We decline because of a brutal little equation that governs all serious work: the cost of verifying the work exceeds the cost of doing it ourselves.

If a research assistant hands me a statistical analysis, I cannot simply admire it. I have to ask: Was the data cleaned correctly? Were the outliers handled sensibly? Is that standard error clustered the way it should be? Does that suspiciously beautiful result exist because the world is beautiful, or because a merge went wrong in row 3567? Checking all of that, line by line, takes longer than running the analysis myself. Free labor, it turns out, can be the most expensive labor there is.

The work isn't valuable because someone did it. It's valuable because someone can vouch for it. And vouching requires expertise.

You see where I'm going, because you have all met the newest, most eager research assistant in history. It works nights. It works weekends. It never asks for a letter of recommendation.

And AI is genuinely remarkable. I use it. My colleagues use it. Some of you may have used it to write your application essays!

But AI has exactly the profile of my inbox full of eager undergraduates: dazzling, fast, tireless, confident, and confidently wrong just often enough that every output must be checked by someone who actually knows the material. AI does not know when it doesn't know. It delivers its errors with the same serene assurance as its insights, like a consultant.

Some of you were consultants. You chuckled or laughed out loud. Good.

Here's the point: AI has not lowered the value of expertise. It has raised it. When the cost of producing analysis drops to nearly zero, the scarce and valuable skill becomes judging analysis. Anyone can now generate a ten-page memo on any topic in thirty seconds. The question the world will pay you for is: is the memo right?

And you cannot judge what you do not deeply understand. You cannot check the regression if you've never run one. You cannot spot the flaw in the valuation if you've never built one

honestly, from the first assumption to the last footnote, and been wrong, and figured out why.
Let me put this differently. I'm a pianist. As an undergraduate, I studied piano at the Royal Conservatory in The Hague. And let me tell you what 95% accuracy sounds like at the piano.

It sounds terrible.

Ninety-five percent sounds impressive as a statistic. It's an A in most courses. But in a Beethoven sonata, or a bebop line at full tempo, 95% accuracy means a wrong note every few seconds. It means the audience spends the entire performance flinching, waiting for the next small disaster in a soulless performance, like passengers on a flight with intermittent turbulence. Nobody leaves humming the melody. They leave grateful it's over.

Music demands something close to 100%, because every error is audible and errors compound. One stumble unsettles the next passage, which unsettles the one after that. And in addition to technical perfection, the audience cares deeply about who delivers it and with what conviction. It convinces because of the soul that is behind it. And that soulful part can only come through after the technical part of the performance is nailed. When the instrument has become a true extension of yourself.

Now, and this is important, not everything in life is a Beethoven sonata. If I'm choosing where to get lunch, 95% accuracy is heroic overkill. If a marketing team is brainstorming taglines, a wild, half-wrong idea might be exactly what's needed. Different settings require different levels of rigor and soul, and knowing which setting you're in is itself a form of judgment. One of the quiet skills you'll build here is calibration: knowing when "roughly right" is a virtue and when it's malpractice.

But corporate decision-making at the level you aspire to? That's the sonata. When you're allocating billions of dollars of capital, restructuring a company that employs forty thousand people, deciding whether to enter a market or exit a country, the stakes are enormous, the errors compound, and everyone can hear the wrong notes. In those settings, 95% is not an A. It's a lawsuit. It's a write-down. It's a headline. And only a technically perfect soulful performance will allow you to lead.

So here is my actual thesis, the thing I want you to carry out of this hall.

The future does not belong to AI. And it does not belong to people who ignore AI. It belongs to the combination: the best machines paired with the best analytical sensitive minds, people who can generate original ideas, frame the right questions, and judge the output the machine hands back. People who can look at a beautiful, fluent, confident analysis and

say: "This is wrong, and here is why." Or, just as valuably: "This is right, and I'll stake my name on it."

That second sentence, I'll stake my name on it, is what you're really here to earn. Machines don't stake anything. Interns can't yet. The willingness and the ability to vouch: that is the product of serious study.

And competition makes this point sharper, not softer. Every rival you will ever face, every firm bidding against you, every classmate interviewing for the same job, has access to exactly the same AI you do. In finance, we know what happens when everyone has the same information: it gets priced in, and the return in excess of the benchmark, the so-called alpha, goes to zero. AI is being priced in as we speak. When anyone can produce a fluent memo in thirty seconds, a fluent memo is worth nothing. A level playing field is not an invitation to relax. It means the game will be decided by the things that do not level: your ideas, your judgment, your willingness to vouch. So the arrival of AI is not a reason to differentiate yourself less. It is a reason to differentiate yourself more.

And that is what these two years are for. When your finance professor makes you derive something you could have asked a chatbot to derive, she is not being cruel. She is building the muscle you will need when the mistake is buried in a merger model and worth two hundred million dollars. And when Lauder pushes you to understand the geopolitics behind the headlines, it's because a 95% understanding of a culture is not enough. Supply chains, sanctions, and elections have a way of hiding their surprises in the missing 5%, and the world prices in every off-color cultural mistake you make in a negotiation; it cares about every note.

So here is my ask, and it is simple. Go to the parties. Join the treks. Build the network. Truly, do. But do not let anyone convince you that the classroom is the price of admission and the network is the prize. They have it backwards. The network is wonderful, but it will only take you so far. An introduction opens a door; it cannot walk through it for you. And remember what vouching means. Every time someone in this room recommends you, they are staking their name on you. The best way to repay them is to make sure they never regret it. That takes knowledge: the thing no one can take from you, no market can crash out of you, and no algorithm can replicate, because it lives in your judgment.

Two years from now, you'll sit in this hall again, in regalia, and someone will hand you a diploma. Make sure that when they do, it certifies something real: that you are a person whose work does not need to be checked, because you are the person who does the checking.

One last thing. I joked earlier that we solved the problem of your being the smartest person in the room. Here is the truth behind the joke: you have the capacity to become that person

again, the expert, the leader the world turns to when the stakes are highest, and we are here to give you the tools. But tools do not swing themselves. None of this happens without your maximum effort. Nothing worth fighting for ever does. Your future, and ours, is in your hands.

Welcome to Wharton. I'll see you in class.