Simonomics On When Trade School Meets Wall Street

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Simonomics*: A regular look at the global economy from a former staff columnist at* The Wall Street Journal.

Imagine a scene of industrial lathes spinning, sparks flying from a welding torch and flames shooting up from workbenches. It's a classic industrial workshop, just like the one where I studied for five years during high school in northern England. In a sense, it was like a trade school. We were learning the skills for the workplace, but the relevant jobs had mostly disappeared before we even finished. Now, it's relevant again, because of increasing calls to encourage more studying at trade school rather than college.

The problem is that trade school is seen as a dumbed-down version of what the more prestigious academic route offers. It doesn't have to be — what I learned casting molten aluminum, or lathing steel, at age 16 was no less rigorous than the degrees I later earned. The essential element of trade school is that it prepares students for the workplace in ways that traditional universities increasingly don't. Take, for instance, Johns Hopkins University, where professor Steve Hanke has long offered a course with one sole aim: to prepare students, with training directly related to workplace needs, for a job on Wall Street. "They all get their first choice of job," he says, pointing to the latest batch of 20 students, who are still at JHU but are headed to Wall Street. Eight are set to go to JPMorgan, while four have landed jobs at Morgan Stanley; some have gotten gigs at Goldman Sachs and Credit Suisse, among others.

How does that happen? The students all work in an open-plan office, designed to facilitate communication. Hanke likens it to the method that Raphael used to teach apprentices: “I teach them how to sweep the floor, mix the paint, etcetera” — or, more precisely, the modern equivalents. What actually gets taught is the esoteric methods Wall Street uses to value companies, like the Hanke-Guttridge discounted cash flow model with Monte Carlo simulations. Students tackle different valuation exercises again and again and again. Another edge: mixing a few graduate students, such as a 17-year-old studying for a math Ph.D., in with undergrads.

This approach isn’t limited to finance, where starting salaries can easily top six figures. Other fields can, and do, embrace it. I had the good fortune to take a rather small and specialized program in business and economics journalism at New York University. The course, which was created by former *Fortune* writer Steve Solomon and included story critiques by media veterans, involved learning all the techniques of writing and reporting that are relevant to the way editors really work. Plus, there was information on the law and how to conduct investigations. As with the Johns Hopkins group, there was a mix of students — recent college grads, others with years of general reporting experience and a few, like me, with deep business backgrounds. Many of us got jobs at publications like *The Wall Street Journal*, *Forbes* and *Bloomberg*, with substantially better salaries than we would have otherwise.

And then there’s the trickle-down effect. Like Hanke’s program, Solomon’s was the first of its type. But eventually other schools, including the City University of New York, set up similar courses. The courses are vastly less expensive, especially for local residents. Could trade school meets rigorous academia work more broadly? Hanke thinks so, and he’s probably correct.