

*MIT Leaders for Global Operations*  
*Draft proposal for capital endowment campaign*  
*May 2016*

## **LFM, LGO and industry evolution**

LGO started 28 years ago as the MIT Leaders for Manufacturing program to bolster U.S. manufacturing by applying what were then cutting-edge tools such as lean manufacturing, just-in-time manufacturing and TQM. As time went by, cost minimization, transportation networks and outsourcing/offshoring became more central, so LFM and its industry partners became leaders in teaching and applying expertise in operations and supply chain management.

Now we're in the age of Industry 4.0 dominated by the Internet of things, robotics, additive manufacturing, and online distribution networks. Big data and business analytics are taking center stage. Armed with LGO's academic and industry internship learnings, graduates are uniquely equipped to take charge in this evolving business environment. While many in industry can only watch the incredible flows of data coming in, LGO students and projects help companies focus on what's important strategically and in operations. Leading in such diverse organizations as Google's worldwide operations and energy production for the cloud, Boeing's commercial airplanes division and Amazon's entire consumer business, LGO graduates bring their MIT training into uncharted territory and define success in new ways.

## **LGO and MIT going forward**

As the business world moves forward, LGO is keeping pace with a roster of industry partner companies that's expanded to include companies in energy, health care, pharmaceuticals, high-tech manufacturing and retail. LGO's reach extends even farther, as several of its partners—Danaher, American Industrial Partners, and Li & Fung—collectively own or broker relationships among hundreds of other companies and facilities to which they apply LGO's expertise.

In spring 2016, MIT launched the [MIT Campaign for a Better World](#) with the goal of raising \$5 billion to amplify the Institute's distinctive strength in education, research and innovation. The vision and goals for the campaign align perfectly with those of LGO: fostering hands-on problem solving, delivering new tools and solutions, and "restlessly reinventing itself," in the words of MIT President Rafael Reif. The LGO campaign, as part of the broader Institute campaign, aims to ensure that LGO will apply its unique management, analytic and technical strengths to contribute to the nation's economic foundation.

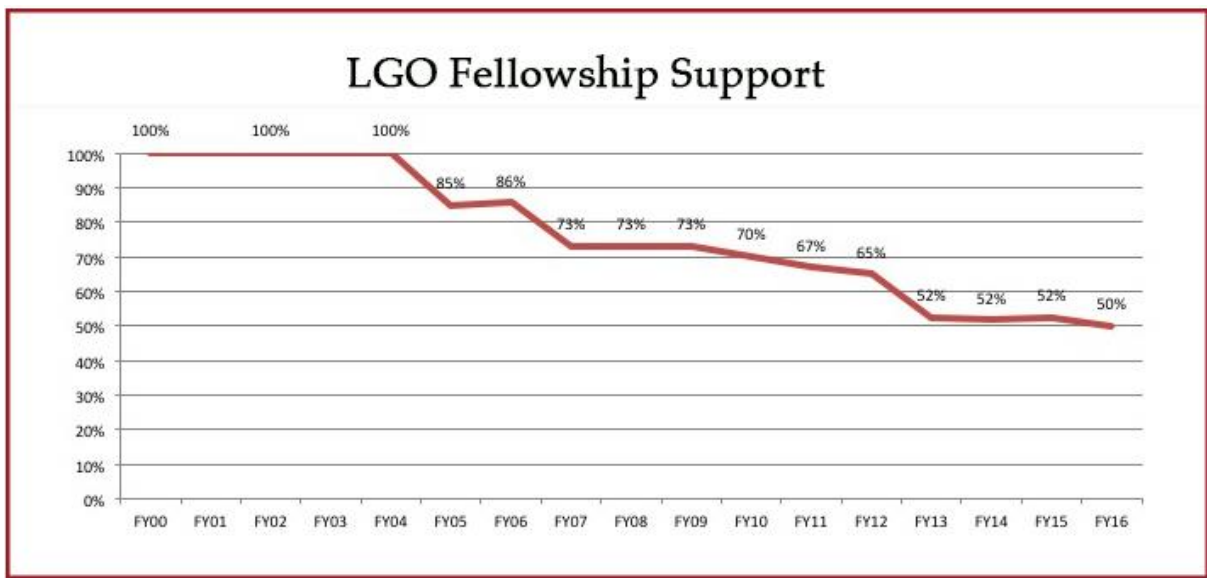
## **Benefits for the entire LGO network**

An a former LGO student and alumnus, you know the value of the LGO network at every stage of your career. When you meet fellow LGO alumni, you know before even speaking to them that they have a unique set of professional and personal qualities with the potential to benefit your organization, whatever business you may be in—not just manufacturing and operations but finance, product management, HR, etc. LGOs bring world-class operational and analytical thinking to every role and industry they occupy.

## The need

LGO is facing increasing competition for top-notch students from newer graduate programs in data analysis and business analytics. At the same time, our fellowship support has been dropping as a percentage of student costs due to the rate of MIT tuition increases, even though income from partner companies has increased as well. In the early days of LGO, students received 100% tuition support from their LGO fellowships, but in 2016, only 52% of student costs are covered by fellowships. The gap between what we can reasonably charge partners (who provide the vast majority of the program's income) and what students must pay out of pocket is widening every year.

We need to increase fellowship offers so we can keep attracting the students with the best qualifications and greatest potential. We don't ever want to lose an excellent candidate to a competing program because we can't meet his or her funding needs.



With two classes of approximately 50 students on campus, the program seeks 25 fellowships that will draw from both endowed and expendable funds. LGO's leaders believe this is a feasible target that, once achieved, will position the program as one of the most prestigious and desirable of its kind in the world. LGO will also be a prime example of the Institute's increasing focus on programs at the intersection of research and industry.

The following table demonstrates the LGO campaign's goals in identifying leadership gifts across a range of giving levels.

Fellowship type	Giving level	Campaign goal	Naming opportunity
Endowed full tuition: program	\$5 million	1	Donor names LGO fellowship program
Endowed full tuition: individual	\$1 million	6	Donor names individual fellowship
Expendable full tuition: individual	\$100,000	18	—