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The Offices

Normally the Booth School of Business at the University of Chicago is a research hotbed. You can almost feel those scientific frontiers creak as they are pushed ever outward. Except, that is, for a few months in the spring of 2002. During that period, research, at least among the tenured faculty members of the school, took a pause. Offices needed to be picked.

The task at hand was seemingly simple. After years in charming but cramped and rustic quarters on the university's main quadrangle, the business school was building a new home two blocks away. Designed by the world-famous architect Rafael Viñoly, it was to be a stunning, modern edifice with a spectacular atrium. The site was across the street from the famous Robie House, the first home built by Frank Lloyd Wright, and Viñoly had paid subtle homage to Wright in designing the corner of the building that faces Wright's iconic house. The palatial building was full of light, and virtually everyone was looking forward to the move. All that was left to do was to decide who would get which office. What could go wrong?

There are many possible ways to assign offices, but the deans settled on an unusual process. There would be an office draft. Faculty would receive a time slot to pick, and then choose any open office, with full knowledge of all the selections made up to that point. This all seems fine, but there remained the important question of how the order would be determined. Seniority seems like one obvious choice, but there is a famous saying around Chicago that you are only as good as your last paper. Strike seniority as a possibility. A lottery was also not seriously considered; office locations were too important to leave entirely to chance.

The deans decided that the selection order would be based on "merit," and the judge of that merit would be Deputy Dean for Faculty **John Huizinga**. He already had the duty of negotiating with new faculty members over the terms of their contracts, as well as that of dealing with any current faculty members who were unhappy with their teaching assignments, pay, colleagues, students, research budget, or anything else. In spite of several years on the job, John was greatly admired by the faculty, who considered him an honest, if at times blunt, straight shooter.

The other deans had the sense to make it clear that this job was going to be handled solely by John, to whom all complaints should be taken. After considerable deliberation, he announced how the picking order (and pecking order) would be determined. First, there would be a certain number of categories (bins, they were called, a term from statistics). John would decide how many bins there would be, and which faculty members would be assigned to each bin, but the order within each bin would be determined by random drawing. The number of bins was not announced, and has still not been revealed. As we will see, this created some ambiguity about the process.

On the day of the draft, faculty members would have fifteen minutes each to select their office. They would do so with the aid of one of the architects working on the project. The building was a steel cage at this point, so it would not be possible to go see the offices, but architectural drawings and a scale model of the building were made available. Two other rules of interest: offices could not be traded and, after one senior faculty member inquired, the deans emphatically ruled out the possibility of buying an earlier draft pick from a colleague. This ruling, and the fact that the school decided not to simply auction off the draft picks, reveals that even at the University of Chicago Booth School of Business—where many favor an open market in babies and organs—some objects are simply too sacred to sell in the marketplace: faculty offices.

It appeared most of the faculty had expected a process vaguely like this, and nearly all the senior faculty were content in the knowledge that they would be chosen to make one of the early picks. A few weeks of calm ensued.

In time, all the faculty members received an email announcing that the draft would occur in a few weeks, and that our time to pick was, say, from 10:15 to 10:30 a.m. on a Wednesday. The email gave no hint about the pecking order. We were in the dark . . . for about thirty minutes. Anil Kashyap, a hyperenergetic senior faculty member in the finance and economics groups, took it upon himself to make the draft order known to everyone. An email went out asking people to reply with their time slot. Within hours, the basic outline of the draft order became clear.

Seniority had not been ignored altogether. All the tenured full professors would choose before the (untentured in our system) associate professors, who would pick before the assistant professors, who would pick before the adjuncts, and so forth. The order of the picks within the groups of untentured faculty members seemed clearly random, and at that point the junior faculty went back to work, trying to get tenure and have a chance to do work in one of those senior faculty offices someday. Meanwhile, all hell broke loose among the senior faculty members.

John has never revealed to me (or anyone else, as far as I know) exactly how the draft order for the senior faculty was determined. What follows is my best guess.[†] I believe that there were three full-professor bins. The first bin (bin A) had about a dozen people who were considered stars and/or were the obvious senior figures in their respective groups. There was at least one faculty member from each faculty group, such as accounting, economics, and so forth, but there were several people from finance, which is by far the largest department. So far, so good. No one would have complained if **Gene Fama** had been given the first choice. He was the most distinguished faculty member in the draft pool.

Bin B contained most of the rest of the tenured faculty, and bin C consisted of faculty members who were no longer doing active research. In a classy move, John had slotted himself as the last tenured faculty member to choose. I believe that John selected people to be in the first bin with several purposes in mind. One was to reward those who had made significant contributions to the school. Another was to scatter the star faculty members around the building; the most attractive offices were those in corners and as such they were far apart, since the five-story building takes up an entire city block with faculty offices spread over the top three floors.

The most distressed people were the ones in bin B who thought they deserved to have been in bin A, and then got unlucky in the lottery within their bin. There were several people in this category, but the angriest of them all was “Archie.” Someone else from his department, “Clyde,” had been included in bin

A, and he had lucked into the second pick. Meanwhile, Archie was picking near the end of the second group, after two of his much younger colleagues.

To call Archie furious at this turn of events is a serious understatement. He was hopping mad, or jumping mad if there is such a thing. He was corybantic, if that means anything to you. As far as Archie was concerned, the entire draft had been rigged and the considerable evidence to the contrary would not sway him. The first pick had gone to **Doug Diamond**, one of the most respected and likable members of the faculty but not a household name outside of academia. Fama was third. I remember thinking at the time that the only person who was truly happy with their spot in the draft was Doug. But no one was as unhappy as Archie.

About a day after the draft order was pieced together, Anil Kashyap got back to work and decided that it was essential to test how this draft would play out. Someone with a high pick might be interested to see the “neighborhoods” that could develop out of the later picks. We conducted a “mock” draft via email. A spreadsheet was passed around by email from Doug, to Clyde, to Gene, and so forth, on which everyone would indicate their choice of office.

Someone circulated floor plans but the faculty demanded more information, specifically the size of each office and whether the office had a thermostat. There were thermostats in about one in three offices and, at least in theory, the occupant of the office could control the temperature with the thermostat. I suggested to John that they install “placebo” thermostats in the rest of the offices to make everyone happy, and based on my experience with the thermostat in the office I chose, the placebos would have been equally effective in controlling the temperature. The mock draft took days to complete, leading to loud complaints of “Where the hell is X, doesn’t he read his email?” Everyone was captivated by the exercise, so we ran it again to see if things would change. This was important!

Finally, the day of the draft arrived, and we began making picks at 8:30 in the morning. The only early hiccup was when someone picked an office that someone below him had claimed in a mock draft, producing a “That was my office, you bastard!” It seems that the endowment effect can occur even for an office that was selected in what had been clearly labeled a practice exercise. Then, something strange happened. Picking at 1:15, the finance professor Luigi Zingales had his eye on a fifth-floor office near where his corporate finance colleagues were congregating. Luigi is suspicious by nature—he attributes it to his Italian upbringing—and he questioned the estimated square footage of the office he had selected.

The architect tried to put him off, but Luigi persisted. She hauled out the real floor plans only to discover that he was right. The office he had selected was 20 square feet smaller than indicated. (The offices are all large, mostly between 180 and 230 square feet.) Luigi quickly switched his pick to a larger one nearby, and went back to his office to share his discovery. Naturally, he had not mentioned his suspicion to anyone before making his choice, lest he lose his competitive advantage. Word travelled quickly. People who had picked earlier were descending on the office that was being used for the selection process, demanding that their office be remeasured. Other mistakes in the office size estimates were found and people wanted to switch. Mayhem! John, who was out of town at a conference, was finally reached, and sometime around 3 p.m. the draft was suspended for remeasurement.

It took a few days for the new measurements to be announced, and this time the unhappy people included some with early picks. A few of their offices had “shrunk,” and they wanted to switch to offices that others, lower in the draft, had taken. John now weighed in via email. The draft would start over the

following week. People were free to switch their picks; however, *they could not choose any office that someone had already taken, even if that person were drafting later.* More uproar. Around this time, John wandered into the faculty lounge during lunchtime wearing a pair of plastic Groucho Marx glasses, as if he were there incognito. It brought the house down, but the ranks of the pissed off did not laugh quite as loudly.

Postmortem

A year or so later, we moved into the new building and for the most part all was well. In hindsight, the most remarkable thing about the entire fiasco is that, except for the nine corner offices, the rest of the offices are pretty much the same. They are all nice, much nicer than what we had in the old building. Sure, some are a bit bigger than others, and some have slightly nicer views, but many of the differences that are now apparent were not fully appreciated at the time of the draft. For example, the offices on the fifth floor were grabbed early, perhaps on the basis of a flawed “higher is better” heuristic, but there is no view advantage to the fifth floor versus the fourth, and it has the disadvantage of being served by only one of the three elevator banks in the building, and the busiest one at that. The offices along the north face of the building have the nicest views, including the Chicago skyline, but were not among the first offices picked.

If the north exposure, with its neutral light and attractive views, was the value buy in this market, the overhyped commodity was square footage. The difference between an office of 190 square feet and one of 210 square feet is not a noticeable difference. Most people who visit the school don’t even realize that offices differ in size. But if the only thing you are staring at on a spreadsheet is a list of offices with their measurements, this factor is bound to be overweighted. If there is a number, people will use it.

In hindsight I think that some of the furor created by explicitly ranking the faculty members could have been mitigated if the process had been a bit more transparent. For example, it might have been a good idea to make the number of bins public. This would have at least reassured Clyde that he had not been deliberately slotted into one of the later picks.

I also put a bit of the blame on the architect, Rafael Viñoly, and his team. Although they had dutifully spent hundreds of hours talking to students, faculty, and administrators about how the building would be used, and the result is a space both aesthetically pleasing and highly functional, no one told the architect how the offices would be assigned. Had he known, he might have avoided corner offices altogether. One small change he could have made, even late in the game, was to make the office that Doug Diamond took a bit smaller. Doug’s office is on the fifth floor, on the northeast corner, and, to rub salt in the wounds of the unlucky, it is the biggest office of them all. At the time I suggested that, if possible, the architect should chop some of his office off and give it to one of his neighbors, so that there would be a less obvious first choice. But he was only an architect; the term “choice architect” had not yet been invented.