



## Harvard and HBS: The Next 100 Years

- Speaker: **Jay O. Light**, George F. Baker Professor of Administration, Dean of the Faculty

### Overview

Throughout the past 100 years, Harvard Business School has been at the forefront of business education. As the institution looks ahead to the next century, there are key areas where new work is planned. The School must become more global, and must devote attention to knowledge-based businesses. In addition, it must collaborate with other schools at Harvard, and cultivate a faculty and student body that can react to economic crises like the current one.

### Context

Dean Light discussed Harvard Business School's history and highlighted key focus areas for the future.

### Key Takeaways

- **Harvard Business School began as a “delicate experiment” during a time of deep recession.**

The founding of Harvard Business School in 1908 was an act of courage during uncertain economic times. (It was begun as a five-year “delicate experiment” that many at the University thought was doomed to fail.) There were already many two-year business schools in existence. However, these institutions were basically trade schools. Harvard proposed a radically different approach: taking university graduates who had worked for a year or two and training them to become the leaders of America.

There were many questions about whether the core qualities of leadership could be taught and how best to teach them. The School knew that it did not want to use the traditional lecture format. Although Harvard Business School experienced some difficulties during its first decade, the School came into its own in the 1920s. The case method was developed as a form of participatory learning. In addition, a research methodology was created where research was closely tied to actual business practices, and during this time, the business school separated from the Economics Department and built a new campus.

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*“From the beginning, Harvard Business School was different from other universities and other business schools.”*

— Jay O. Light

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- **In today’s crowded marketplace of MBA programs, Harvard Business School remains distinctive.**

Today, MBA programs are the growth market of higher education. In 1966, just 9,000 MBAs graduated worldwide. In contrast, last June there were 156,000 MBA graduates in the United States alone. There are a great variety of MBA programs, ranging from one-year programs to 16-month programs, weekend programs, evening executive programs, and even MBAs that can be purchased online.

In this crowded marketplace, Harvard is distinctive. This is due to several factors: The faculty is close to business practices and is committed to teaching; students are engaged, responsible for their own learning and for teaching others; the MBA Program provides a learning model, rather than a teaching model. Supporting HBS’s distinctive environment is a residential campus that fosters a unique sense of community.

- **The intellectual agenda for Harvard Business School must become even more global.**

During the 1960s, there were only a handful of women at Harvard Business School, and the majority of students were from the United States. Today, one-third of students carry international passports, and the majority of American students have had international assignments. The faculty is also extremely international and diverse.

While the global nature of the people in Harvard Business School’s community is important, the institution also realizes that it must develop new ideas about globalization. To support this effort, the School has opened six research centers around the world. At these centers, research assistants work under the guidance of faculty to create cases and conduct research. Last year, there were 160 global cases produced, as well as 40 pedagogical pieces and 80 research papers with a global focus.

Harvard Business School also offers leading executive education programs in places like China, India, and Europe. During January, MBA students participated in immersion programs in multiple countries. Programs like these are helping the School build the same strong network abroad that it has created in the United States. Even with the many global activities that are underway, the School must strive to become even more global in the years ahead.

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*“It’s [the focus at HBS] all about leadership, but the definition of leadership is changing as we move to a more global world.”*

— Jay O. Light

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- **In coming years, knowledge-based businesses will form the backbone of the economy and must be a primary area of focus at HBS.**

Looking ahead, knowledge-based businesses, such as health care and science-based businesses, will be important segments of the economy. These are areas that Harvard Business School is already taking steps to promote.

— *Health care.* Health care is the third most popular career choice for Harvard Business School graduates, behind consulting and financial services. HBS and Harvard Medical School have launched a five-year, joint MD/MBA Program. The business school has also started executive education programs for medical leaders.



— *Science-based businesses.* The business school has initiated an innovative course called Inventing Breakthroughs and Commercializing Science. Small teams study cases about how important inventions of the past were brought to market. They then find current ideas within Harvard University and determine how they would commercialize them.

One success story from this course is the Diagnostics for All project. A team composed of individuals from Harvard Business School and other Harvard schools is commercializing an ultra-low-cost way of diagnosing diseases. The Diagnostics for All business plan won both the Harvard Business School Social Enterprise Business Plan Contest and the MIT \$100K Entrepreneurship Competition. The team's idea is currently being pursued as a nonprofit venture, with funding from the Gates Foundation and other organizations.

▪ **In many ways, the business school is at the center of Harvard.**

Over time, Harvard has been acquiring land in the Allston-Brighton neighborhood. Within 30 years, the plan is to move some of the University's professional schools to the region around the business school. This will place Harvard Business School at the geographic center of the campus.

At the same time, HBS is taking on an increasingly prominent role in the University. HBS is focused on and engaged in collaborating with other parts of Harvard. The broad agenda for the professional schools is attacking the most important societal problems of our time. Leadership is an important component of how these problems are solved, and it is what Harvard Business School knows how to address.

▪ **Moving forward, focus must be placed on cultivating a faculty and student body that can react effectively to economic crises.**

Reflecting on recent events, those at Harvard Business School did not realize how fragile the global financial system had become until the current crisis emerged. In the short run, the financial system must be stabilized. Several members of the faculty are actively involved in these efforts.

Looking ahead, there is a significant amount of surgery that needs to be performed on the financial system. This work includes determining how capital should be injected, how toxic assets should be purchased, and what the near-term fixes must be.

In the years ahead, our financial systems will look very different from today. The people who will lead and map out those changes are the current Harvard Business School students. As a result, the School and faculty have a duty to prepare students for the challenges yet to come.

▪ **Harvard Business School must continue to promote the five elements that are essential for leadership.**

There are five key elements needed for effective leadership. They are:

- *Developing judgment.* With strong judgment, leaders are able to look at a complex situation, work out the right priorities, and determine the right questions to ask.
- *Having an entrepreneurial perspective.* When leaders have such a perspective, they are not constrained by the current situation. Entrepreneurial vision enables leaders to redefine challenges and turn them into opportunities for growth.
- *Using good communication skills.* Strong communication and listening skills support leaders in responding to organizations in compelling and persuasive ways.
- *Behaving with integrity.*
- *Having the courage to act.* After all the analysis is done, leaders must have the courage to make decisions and move forward.

These leadership skills cannot be instilled through lectures. But they can be instilled by doing three cases per day, every day, for two years. Putting students in situations where they are forced to make decisions and act based on imperfect information helps shape the key leadership skills that are required for tomorrow's business leaders.

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*"At the end of the day, it's all about committed faculty and engaged students who learn from each other—and a learning process, not a teaching process, that transforms students."*

— Jay O. Light

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