



HBS Past and Present

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Overview

From its tentative beginnings in 1908, Harvard Business School has grown into a teaching-, research-, and publishing-focused global enterprise with remarkably diverse students and faculty and highly accomplished alumni. Eight enduring themes have characterized Harvard Business School from its earliest years, and remain as integral as ever to the way the School thinks and operates.

Context

Professor McFarlan presented a timeline with the key events in Harvard Business School's past 100 years and defined eight enduring themes that are deeply rooted in HBS.

Key Takeaways

- **Harvard Business School was founded on the idea of helping people make a decent profit, decently.**

Harvard Business School's roots extend back to 1895, the year that intense debate began at Harvard about offering a business education at the University. The notion of a Rail-roading School was rejected, but in 1906, a funding drive began for Harvard's "Graduate School of Business Administration." In 1908, a five-year experiment commenced as part of the Department of Economics.

It was in this context that Harvard saw the emergence of business management as a profession and saw an opportunity to develop business leaders. The School's seminal mission provided direction and legitimized the pursuit.

"To train people to make a decent profit—decently."

— F. Warren McFarlan, quoting HBS's first dean, Edwin Gay

The business environment in the United States at the time of the School's inception was very difficult. This was just one year after the financial crisis of 1907. Upton Sinclair's indictment of the meat-packing industry (*The Jungle*) was underway, as were Theodore Roosevelt's Trust Busters. And the times were very different. Women didn't vote and Harvard's African-American students lived in Pullman Porter quarters at the rail yard.

The School opened in the fall of 1908 with 15 faculty and 84 students, only one-fourth of whom returned the following year. Eight students went on to graduate in 1909 (they were the first Harvard graduates to ever receive their diplomas in English, not Latin). In 1909, the School's first two foreign students enrolled, representing another enduring theme—globalization. Permanent status was

achieved in 1912 as HBS was separated from the Department of Economics.

- **Eight common themes, rooted in HBS's history, characterize the institution still today.**

Deeply rooted in Harvard Business School's fiber are eight enduring themes:

1. *Making a decent profit, decently.* The School's founding mission, to train leaders who "make a decent profit—decently," remains as relevant and integral to the way HBS thinks and operates today as in 1908. Today the mission is summarized as "Leaders who make a difference."
2. *Case-method research.* In 1920, Dean Donham adopted the case-study method to business, thinking at the time that a law school-like library of business cases could serve as a repository of precedents to inform business decisions. That model didn't work, but cases as a teaching method did. From 1920 to 1947, almost 19,000 case studies were written. From 1945 to 1960, HBS helped to establish 20 business schools around the world, promulgating the case method.

"We are a field-oriented, case-method research school—it's how we do our research; it's how we do our teaching."

— F. Warren McFarlan

3. *Deep research impact on practice.* The establishment of HBS's Bureau of Business Research, in 1911, began the School's longstanding research tradition. An explosion of research output began in the early 1950s, and research continued to expand (e.g., in 1977, HBS professors published 29 books and 153 articles). In 1983, HBS's 75th anniversary, the School rededicated itself to an even deeper research focus. From the 1990s through the present, six global research centers were opened to do research and write cases.

"From the School's earliest origins, it has been a research school in a research university; that's deep in our tradition."

— F. Warren McFarlan

4. *Publishing outreach.* In 1922, the first issue of the *Harvard Business Review* appeared. In 1960, its well-known article "Marketing Myopia," by Ted Levitt, was published. Since then, more than 850,000 reprints have been sold. In 1980, Michael Porter's *Competitive Strategy* was released; it has now sold more than 3 million copies. During the 1980s, Harvard Business School Publishing was created.



“One of the earliest traditions of the School was communicating our ideas in a broad way.”

— F. Warren McFarlan

5. **Faculty from diverse backgrounds.** In 1920, Shakespeare scholar Malcolm McNair joined the HBS faculty, becoming a “truly great retail professor.” That hire began the School’s long tradition of recruiting faculty from diverse backgrounds who were attracted to HBS’s agenda and shared the characteristic of being highly original, creative thinkers. An example of HBS’s renowned faculty is Georges Doriot, who first offered his famed manufacturing class in 1926. Doriot is considered the father of venture capital and modern research and development.
6. **Technology-friendly.** HBS has always explored emergent technologies. The first computers arrived on campus in 1966. In 1980, Harvard became just the second school in the country to issue computers to all students. In 1993, every aspect of campus life became transformed by creation of Harvard’s intranet. Today HBS employs 110 IT staff.
7. **Globalization.** HBS has “embraced globalization every step of the way,” enrolling foreign students and offering courses related to business abroad as early as 1909. Since the 1940s, the School has sought to export its case-focused teaching method to business schools around the world. During the 1960s, the School’s International Teachers Program began. In 1973, HBS’s first international office was established in Vevey, Switzerland, and over the next decade 30 faculty members spent two years there, returning with permanently altered perspectives on the world.

The early 1980s saw rapid growth in the number of students from Asia. Today, both the faculty and the student body are truly global, and will be even more so going forward. HBS’s global focus is supported by six global research centers, in Hong Kong, Mumbai, Paris, Buenos Aires, Tokyo, and Palo Alto.

8. **Remarkable leaders as alumni.** Of all of its deep traditions, HBS takes the most pride in its alumni and their extraordinary achievements.

Other Important Points

- **Executive education.** The MBA Program was closed in 1943 and 1944 because of World War II. But many faculty stayed at HBS during this time and participated in teaching military programs. This led to the recognition of the value of offering mid-career education, which over time blossomed into various executive education offerings.
- **Educational partners.** In the 1960s, the business school worked with the law school to create the MBA/JD program. This set the stage for many joint programs and partnerships with other Harvard schools.
- **New offerings.** Beginning in the 1990s, HBS added entrepreneurship as an area of study and received funding from John Whitehead focused on the area of social enterprise.
- **The Hawthorne Effect.** An example of the research engaged in by HBS faculty members was research at Western Electric’s Hawthorne Lab in 1928. The purpose of this research was to assess how changing the lighting in a factory affected the performance of workers. The researchers saw that increasing the amount of light improved performance, as did decreasing the amount of light. The conclusion had nothing to do with lighting. It was about the recognition that when workers receive attention, they perform better. This was the first of HBS’s forays into organizational design.
- **HBS Shanghai.** The HBS Club of Shanghai was launched in 1934—and then suspended in 1942. The club was re-launched in 2006. An HBS research center in Shanghai is taking shape and a classroom is likely to follow.