



New Business

ENTREPRENEURIAL PURSUITS AT HARVARD BUSINESS SCHOOL

A Half-Century of Teaching Entrepreneurship

by Jeffrey Cruikshank

Can entrepreneurship be taught?

If so, should it be treated as a specialized interest within a broader MBA curriculum?

Or should it be at the very heart of the curriculum?

These are questions with which the Harvard Business School has been wrestling for at least a half-century.

Over time, answers to these questions have cropped up many places. One place is the second year of the MBA Program, where an elective course, first called Management of Small Enterprises (MSE), has consistently immersed students in the perils and prizes of entrepreneurship since 1947.

It was the brainchild of Myles L. Mace, who began teaching at HBS in 1938. Upon returning to Harvard after World War II—during which he had been struck by the number of GIs who hoped to start their own businesses—Mace proposed a second-year course focused on starting a small business. "Fine," said Dean Donald K. David, worried about course offerings for an unexpectedly large second-year class. "Go ahead."

Mace's course, which enjoyed high enrollments from the start, was the first to explicitly lay claim to the field of new businesses. But Professor Georges F. Doriot's Manufacturing class had been dealing with entrepreneurial issues since 1937. Although Doriot avoided the term "entrepreneurship," his course proved a breeding ground for entrepreneurs (see related story below).

By the late 1950s, student interest in entrepreneurship remained high, but faculty interest was flagging. Clearly, entrepreneurship at HBS needed a new champion. That champion emerged in the person of Professor Frank L. Tucker. Tucker was hired in 1957 for his strong finance background and worked in that area during his first several years at the School. Gradually, however, he gravitated toward entrepreneurship. Involved in several small-business trade associations then holding seminars at the School, Tucker was soon coordinating these events.

Within a few years, Tucker's moonlighting went mainstream. In 1963, he took over Management of New Enterprises (the successor to MSE). Over the next six years, enrollments rose steadily. Tucker benefited from good economic times, which gave his students the courage to contemplate entrepreneurship. But Tucker also was a tireless promoter of his adopted field. He counseled students on entrepreneurial challenges, proselytized among his faculty colleagues, and advised the student entrepreneurship club. With Professor A. Richard Dooley, moreover, he pushed to create an executive program addressing the concerns of small business presidents and owners. Eventually convened in 1972 as the Smaller Company Management Program (and today known as the Owner/ President Management Program, or OPM), this initiative has since benefited thousands of entrepreneurs.

For all these reasons, Tucker's 1972 retirement came as a blow. Once again, the perils of relying on a single individual to carry a subject were underscored. Meanwhile, student interest in entrepreneurship was increasing. (A 1970 Student Association survey, for example, showed that 70 percent of first-year students planned a career in small businesses!) But it had been decades since a new course in entrepreneurship had been added to the curriculum, and now—despite overwhelming student interest—the entrepreneurship curriculum was again at risk.

Into this breach stepped a young assistant professor named Patrick R. Liles, who sparked a revolution in the entrepreneurship elective. Over time, Mace's course had drifted, becoming focused on the operational challenges of small businesses. Sidestepping the hurdles associated with launching a new course, Liles simply added a tag line to the end of the course name—Starting New Ventures—and initiated a fundamental change in the face of entrepreneurship at HBS.

Liles's focus was dealmaking. He cast transactions as the driver that moved the entrepreneurial process forward, emphasizing valuation, negotiation, and so on. This was an approach that students found novel and compelling. Although Liles enjoyed significant success in terms of both enrollments and rankings, he stayed with the course for only three years. His departure from the field underscored a long-standing faculty maxim: Teaching entrepreneurship was a dead end.

This deserves explanation. In academia, promotions are won through research, as well as teaching. But effective research needs a context—a supportive constellation of intellectual peers, refereed journals, colloquiums, and conferences. This framework simply didn't exist in the field of entrepreneurship. As a result, talented young academics with an interest in entrepreneurship usually placed their bets on more established academic fields.

So innovations in entrepreneurship continued to come out of left field. In 1967, for example, a real estate course called Urban Land Development, taught by Professor Phil David, first appeared in the course catalog. It was an immediate success and, despite its seemingly marginal role in an MBA curriculum, enjoyed increased enrollments every year. Why? Because David was a skillful teacher who focused on real estate deals in a comprehensive way. Students enjoyed dealing with problems that were big enough to wrestle with, but small enough to get their arms around.

In 1972, David passed the torch to Howard H. Stevenson, a young assistant professor. Only three years out of the HBS doctoral program, Stevenson was hardly a real estate expert. But he recruited William J. Poorvu, a local real estate developer and entrepreneur, and together they redeveloped the course, naming it Real Property Asset Management.

This course (along with a seminar added the following semester) was a direct precursor of the current HBS entrepreneurship courses. It offered a systematic and integrated framework to explain the dynamics of an industry. Students in the class examined every significant aspect of a real estate venture: the people, their incentives and past history, the environmental and regulatory context, the available resources, and the property.

The approach was successful, but in 1978, Stevenson, who worried that entrepreneurship would always be an academic stepchild, left HBS. Under Poorvu's leadership, real estate continued in its popular ways, but the broader field of entrepreneurship again floundered. From 1979 until 1983, only two entrepreneurship courses were available, and all too often these were listed in the course catalog as "Instructor TBA."

But people were working behind the scenes to revive the struggling field. A turning point came in 1980, when Harvard President Derek Bok named John H. McArthur the School's Dean. Having made the case to Bok that HBS needed to focus more on entrepreneurship, McArthur was soon leading the School in that direction. One of his first steps was to recruit Howard Stevenson back into the fold, promising him his full support.

Upon his return, Stevenson decided to begin with a clean slate. Why? He felt that until entrepreneurship had the benefit of a systematic and compelling framework, it would remain impossible to research and teach.

Reinvention was needed. In the end, Stevenson, along with a small cadre of colleagues, came up with a substantially new vision. Entrepreneurship, he argued, should be understood as a management approach, rather than an innate person-ality trait or instinct. Stevenson described a set of behaviors that helped define the entrepreneurial manager, including the tendency to seek out opportunities, a willingness to act quickly, an ability to negotiate a multistaged commitment of resources, a skillful use of resources, and an interest in building a network rather than a hierarchy.

It was a subtle but profound shift: Entrepreneurship consisted of educable skills and attitudes, and therefore could be both researched and taught. Just as important, entrepreneurship was as applicable in larger, more mature companies as it was in start-ups.

Working within this framework, Stevenson designed a new second-year course called Entrepreneurial Management. First offered in fall 1983, it drew heavily on his prior conceptual work, and also on the model of the earlier real estate courses. Students flocked to the elective in large numbers.

Other faculty members, notably William A. Sahlman, developed additional aspects of entrepreneurial theory, and offered new courses based on those advances. Again, these courses were extremely popular with students. (Entrepreneurial Finance, Sahlman's offering, was heavily oversubscribed every time it was offered.) In addition to a stronger conceptual base, two other factors helped "grow" entrepreneurship at HBS in the 1990s. The first was strong support from Dean Kim B. Clark, who made it clear that he believed strongly that the managers of the 21st century would have to be increasingly entrepreneurial. The second was an unprecedented economic boom, which once again heightened student interest in all things entrepreneurial.

All of this growth has been reflected in faculty numbers as well as course offerings. For many years a neighborhood of only one or two people, the entrepreneurship faculty, grouped as the Entrepreneurial Management unit in 1996 (and now called the Entrepreneurial and Service Management unit), has grown to more than two dozen. Throughout the 1990s, numerous entrepreneurial courses were added to the elective curriculum, while The Entrepreneurial Manager became a required course in 2000 (see related story, "It Can Be Taught"). But just as important, former area head Stevenson and current heads Bill Sahlman and Myra M. Hart have labored to build bridges to other faculty groups, serve on doctoral committees, and "seed" their ideas on campuses around the world. Thus they are building for the future.

What is the future? All academic fields wax and wane over time, and entrepreneurship won't be immune to these cycles. But history also tells us that once a set of useful and powerful ideas permeates the MBA curriculum, those ideas tend to persist over the long run, influencing, and being influenced by, other good ideas. By that measure, entrepreneurship at HBS has worked its way to the core, and is destined to endure.

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