Capitalism Campaign

Harvard business school (HBS), established in 1908, on September 21 formally launched its first capital campaign. The timing might not seem propitious: the aftermath of the late 1990s stock-market bubble, recession, and widespread financial and accounting chicanery have given unwonted prominence to business matters.

In fact, those problems—acknowledged in the principal speeches made during the campaign kickoff events—highlight some of the issues facing scholars and students of management and leadership within private enterprises. They lend an extra urgency to the school’s work. The $500-million campaign, planned well before the current headlines, aims at sustaining HBS’s mission by keeping its research, teaching, and students abreast of the effects of globalization, technology, and entrepreneurship on business practice.

“We’re at an inflection point,” says Howard H. Stevenson, putting those fundamental forces in context. He speaks expansively of the “three billion people who have come into the market economy in the last 12 years,” creating enormous opportunities for private enterprise. Stevenson, the Sarofim-Rock professor of business administration and the intellectual godfather of entrepreneurial studies at HBS (see “Conceiving a Curriculum,” March-April 2001, page 38), is attuned to possibilities like that. At the same time, he says, “The capacity to communicate has enlarged the reach” of businesspeople and consumers, so the “demand for knowledge about how organizations work is soaring.”

In his other HBS role, as senior associate dean for external affairs, Stevenson has spent much of the last two years listening to alumni and faculty colleagues, helping to conceive the campaign. Everywhere he sees “how technology impacts the world of management” and the resulting difficulties of managing “the globalization enabled by the technology” across different languages, cultures, and even life goals. When he was a student (M.B.A. ’65, D.B.A ’69), he says, it might have been interesting and sufficient, to understand a manufacturing plant in Milford, Connecticut; today, it requires utterly different knowledge to understand a manufacturing operation in Sichuan, China (which may be connected electronically to suppliers and customers around the world). Then, he notes, his M.B.A. class had just eight women; today, HBS students need to be

Benedict H. Gross, himself an engaged teacher, will now oversee the faculty’s wholesale review of the undergraduate curriculum.
as diverse and global as possible.

Given those realities, Stevenson sees entrepreneurial behavior as imperative everywhere in business—in starting new companies, in adapting existing firms to rapid flux. And he finds the case for change compelling for HBS, too.

Dean Kim B. Clark makes it clear that such change will be grounded in the school’s essential mission of “educating leaders who make a difference in the world.” So even as it adapts, he says, “There is much about the school that needs to stay the same” in a changing world. HBS still sees its future as a residential teaching community informed by the best possible research and command of business practice.

Expounding the campaign’s five principal goals, Clark begins in a place outsiders might find surprising: the need for funds for financial aid. Pursuing future leaders, he says, “compels us to seek out the very finest students we can find” and make it possible for them to attend “no matter what their circumstances.” Support for a world student body is a $100-million campaign goal.

Traditionally, HBS (like the law school) has counted on graduates’ future income to fund their professional education: it has offered relatively limited fellowships and focused primarily on helping students borrow the money for their M.B.A. years. (“Harvard’s Financial Aid Failings,” July-August, page 70, reports on financial aid across the graduate and professional schools.)

That formula now falls short. First, Stevenson points out, HBS today enrolls students from some six dozen countries as part of its global strategy. But “a poor kid from Mexico who has no life experience that it’s a good investment” could easily be dissuaded from applying, he says. Second, the cost has become progressively daunting—well over $100,000 in tuition, fees, and living expenses for the typical two-year program; with only limited fellowships (averaging $8,000 annually), the math can look prohibitive.

Third, even for students who use debt financing, a multithousand-dollar annual repayment obligation (on the current average debt of $70,000) can become “a huge barrier in their job choice,” Stevenson
says. “We think people ought to follow their passions. Many of the best jobs don’t pay best at the beginning.”

Clark’s second priority is the flip side of bringing people to HBS to study. “It has to do with our international work,” he explains—a simple phrase embracing vigorous efforts to project the faculty out into the global marketplace. Above all, that means ramping up and sustaining international “case writing, research, and engagement with the world,” for which the campaign seeks a second $100 million.

“Since 1989,” Clark says, “we’ve seen unbelievably massive changes in the world’s economy”: the Soviet Union’s dissolution, the opening of China, the emergence of new nations, deployment of new electronic technologies and their capital-market analogues (financial engineering, new forms of contracting and investment-management tools, freer and larger capital flows), and more expansive movement of people. From a school perspective, all that makes it imperative to “test our ideas against a broader range of experience,” he says, and to expose students to the learning that comes from seeing such experiences as vividly as possible.

To date, HBS has opened small offices in Asia, Latin America, and Europe. Modeled on an earlier outpost in Silicon Valley, the centers facilitate research by visiting faculty members and case writers, who help prepare the problem-based materials used in HBS classes. They also establish beachheads from which to attract international businesspeople to the school as visiting lecturers or participants in classes and workshops.

Clark sees what the school has done so far as temporary expedients. He expects internationalism “to be a fundamental, sustained part of the institution,” with extensive case writing (international cases typically cost several tens of thousands of dollars to create, twice the domestic cost—and a one-semester course can easily run through two dozen cases); more faculty members as well as research fellows recruited from outside the United States; and “much more” fundamental research by HBS professors.

Equally transforming, according to Clark, will be the use of technology in education, a change in which he judges HBS “has just scratched the surface so far”—even though HBS is perhaps the most wired of Harvard schools, with multimedia case studies already in class use. Technologies emerging in software, processing, and communications, he says, “are allowing us to do things that are central to our mission, and that can be done in no other way.” In the not-distant future, Clark envisions multimedia student presentations with real-time market information, participant reactions, simulations, and what he calls “chunks of reality that provide the context and rich sources of data” with which students must engage—not just reading about how managers and employees interact, for instance, but hearing their tone of voice and watching their body language.

Accordingly, the campaign seeks $120 million to support investments in technology and “deepening the learning experience.” One priority is an “instructional technologies center” where faculty members can develop and test new teaching tools for use on campus and in executive education. A parallel teaching center—

Military Recruiters Get Official Welcome

For more than 20 years, military recruiters have been banned from working through the Law School’s Office of Career Services because of the armed forces’ discrimination against gay men and lesbians. The Judge Advocate General’s Corps had nonetheless recruited at the school, as guests of the Harvard Law School Veterans Association, a student organization. Federal law makes part of a school’s federal financing contingent on its allowing military recruiters on campus. In 1998 the U.S. Air Force considered the law school’s practice and determined that allowing recruiters to work through the Veterans Association satisfied the provisions of the law. Military recruiters had faced no official impediments elsewhere at Harvard.

Last year the air force revisited the question and in May informed Dean Robert C. Clark that the law school was no longer in compliance. Threatened with the University-wide loss of $328 million of federal funding, in August Clark reversed school policy and agreed to officially host military recruiters. (The first were expected in October.) He announced his decision in a memo dated August 26. (It may be read in full at www.law.harvard.edu/news/2002/08/26_military.html.) “I have personally struggled with this issue,” Clark wrote, “because I recognize the pain that some members of the community (especially our gay and lesbian students) will endure because of the change in practice. For many of us, a policy of nondiscrimination on the basis of sexual orientation reflects a fundamental moral value.” At the same time, wrote Clark, “most of us reluctantly accept the reality that this University cannot afford the loss of federal funds.…”

At press time, law school students and faculty members were said to be pondering various protests and possible legal actions.

Yale Law School, responding to a similar challenge from the U.S. Army, announced in October that it would temporarily suspend its ban on military recruiters while it determined whether the school’s policies satisfied legal requirements. The school has allowed recruiters to come to the campus if the meetings were initiated by students.
like the Bok Center in the Faculty of Arts and Sciences—will help professors master the tenets of case instruction and refresh their skills as new technologies enter the course routine. Finally, HBS, like all Harvard schools, faces the costs of continuously upgrading its campus networks and electronic infrastructure.

The people who will do that technologically enabled teaching and ever-more-complex research are the focus of the campaign’s fourth element, a $100-million priority. In selecting and training professors, “HBS follows a differentiated strategy relative to most business schools,” says Srikant M. Datar, Dickinson professor of accounting and senior associate dean for faculty development. He cites the intense focus on field research, aimed at work that will have both a real impact on management practice and a vivid classroom effect. He also notes the rigors of case instruction (versus, say, lectures): any given class discussion can go in myriad directions; the cases being taught are often brand new; and, given the students’ preparation, the pressure on teachers not “to be at a significant information disadvantage” when entering the classroom.

Multiskilled faculty members like that are built, not born. Datar says HBS seeks out superbly talented young candidates, most of them versed in the school’s disciplines, and then invests heavily in supporting their research, grounding it in wide fieldwork, and critiquing their teaching. With pleasure, he recounts the nearly 10-year process of bringing along a brilliant young scholar of sophisticated modeling techniques, exposing his theoretical work to diverse practical settings, and gradually allowing him to rethink his basic assumptions—by which time he was made a tenured member of the faculty.

The campaign aims to sustain that level of costly development across the faculty. Thus, in Datar’s view, spending on instructional technology and libraries is part of keeping the current faculty members—about 200 full-time equivalents—technologically adept; current and global in their research; and skilled in counseling the highly diverse student body.

The campaign further hopes to endow five to 10 new full professorships and twice that many junior faculty posts, and to fill of relative austerity, Howard Stevenson says. Then, if they secure an academic appointment, they might work for a decade before their earnings match current starting salaries at premier consulting firms. Moreover, the $300,000 or so that HBS invests in each doctoral student now comes from unrestricted funds; a dedicated endowment would allow the school to deploy its general funds as new priorities emerge. With more resources, HBS might also expand doctoral enrollment; it is not unusual today for D.B.A. students to find no other members of their small cohort in the same specialty or subfield, depriving them of the valuable peer learning that is central to the larger M.B.A. program.

The campaign’s final component is perhaps the most tangible: an $80-million investment in the school’s Allston campus. The residential “transformational educational community,” says Stevenson, is an “article of faith” at HBS—particularly for M.B.A. students who study together as a group and create relationships that “endure throughout their lifetimes.” For all the talk about virtual learning, Clark emphasizes the centrality of coming together on a campus, where students interact with one another and faculty members, gaining the “discovery of self, of principle, and of interrelationships that are the warp and woof of the experience here.”

Some physical plans have already been realized in new buildings counted as part of the capital campaign: Spangler Center, an expansive hub of student activities, dining, and social life; and Hawes Hall, a classroom building opened last spring (see “Classics, Old & New,” March-April 2001, page 64, and “Brevia,” January-February 2002, page 70, respectively. C. Dixon Spangler Jr., M.B.A. ’56, a member of Harvard’s
Board of Overseers, chairs the campaign’s 20-man advisory committee.) On the drawing board are a stem-to-stern overhaul of Baker Library, new faculty and research fellow offices, a pair of executive-education buildings, and renovation of student dorms. (The library, still configured as it was built in the 1920s, would transfer many of its collections to a new below-grade “vault,” allowing new academic space to be created within and beyond the existing structure.)

The executive-education facilities would replace Kresge dining hall and the lawn behind it, projecting toward Soldiers Field Road to form a minicampus with McArthur Hall. As with the M.B.A. program, Clark insists that in executive education, technology-based instruction “is not a substitute for classroom education, for face-to-face interactive discussion.” (M.B.A. students now take basic skills courses in accounting and finance on line before enrolling for their on-campus education.)

The campaign’s goal is ambitious, even though half the funds sought had been raised by the formal kickoff. HBS has not conducted a comprehensive capital drive before, and very large gifts will need to accompany successful annual-fund appeals to raise the full $500 million, particularly by the targeted conclusion in 2005—a sprint, as such things go, especially in uncertain times.

In his remarks at the campaign dinner on September 21, President Lawrence H. Summers alluded both to HBS’s academic strengths and to contemporary challenges. He remarked on the “increasingly analytical and intellectual quality to business and policy,” making “the kinds of understanding that come from a place like this...more directly important to more people in leadership positions than they ever have been in the past.” At the same time, he said, “some things...don’t change: the nature of human greed, the tendency towards excess, the need for character in difficult situations.” In that light, he hailed HBS for providing its students not only “an intellectual experience” but also “an experience of character building.”

Dean Clark, who followed, reviewed the campaign goals, but placed special emphasis on the latter theme, remarking on the world’s need for leaders “who have strong values, who are competent, who inspire trust in other people.” He quoted at length from the school’s values and learning initiative, launched five years ago “to instill in every member of this community the values that we believe are essential to effective and principled leadership”—among them, “the highest standards of integrity, respect for other people, and personal accountability.” He ended on a highly personal, emotional note, pledging to the audience of friends and supporters of the school that “I will live my life in a way, and lead this school in a way, that will inspire your trust and your confidence.”

In a tangible nod to the times, the campaign case statement includes an unusual section on HBS finances—a useful tool in the fundraisers’ kit, to be sure, but also an exemplary response to the rising demand for “transparent” disclosure by businesses. It reveals that HBS is a roughly $300-million enterprise; the large publishing operation, which produces Harvard Business Review and sells case studies to other schools, accounts for about one-third of those revenues. Academic activities—the M.B.A. program, executive education—generate 43 percent. Distributions from the existing $1.3-billion endowment, which the campaign hopes to augment significantly, are

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**Veritas Values**

**Promoted by** the Harvard Committee on Employment and Contracting Policies—the group formed in response to the “living wage” protests in the spring of 2001—the University has adopted a “Statement of Values.” The statement, endorsed by the Academic Advisory Group (president, provost, and deans), “identifies a set of basic values that should inform work at Harvard,” wrote President Lawrence H. Summers in a cover letter when the text (below) was disseminated in late August.

Harvard University aspires to provide education and scholarship of the highest quality—to advance the frontiers of knowledge and to prepare individuals for life, work, and leadership. Achieving these aims depends on the efforts of thousands of faculty, students, and staff across the University. Some of us make our contribution by engaging directly in teaching, learning, and research, others of us, by supporting and enabling those core activities in essential ways. Whatever our individual roles, and wherever we work within Harvard, we owe it to one another to uphold certain basic values of the community. These include:

- Respect for the rights, differences, and dignity of others
- Honesty and integrity in all dealings
- Conscientious pursuit of excellence in one’s work
- Accountability for actions and conduct in the workplace

The more we embrace these values in our daily lives, the more we create and sustain an environment of trust, cooperation, lively inquiry, and mutual understanding—and advance a commitment to education and scholarship, which all of us share.

Within the Harvard community, sharp differences in culture and status have long divided faculty members from others, and professional staff employees from clerical, technical, and support workers. The employment committee’s recommendations on salaries, benefits, and educational opportunities for unionized service employees were meant to address some of the more glaring differences (see “Living Wage: Next Stage,” March-April, page 58). So was its call for a statement of values that would cross boundaries in the University workforce.

In promulgating the statement, Summers wrote, “All who work at Harvard, regardless of rank or position, contribute in vital ways to education and scholarship.” To ensure that policies and practices align with this principle, he also announced a plan to appoint an ombudsman available to “anyone in the University community concerned about workplace conditions.”
A Slightly Grayer Faculty

The unique institution of tenure gave higher education a loophole when the 1970 Age Discrimination in Employment Act (ADEA) was amended in 1986 to make mandatory retirement illegal. Colleges and universities were still allowed to set mandatory retirement ages because they were dealing with tenured employees. But that exemption expired in 1994; since then, faculty members choose when they will retire, if at all.

Some observers conjectured that the change in the law would clog up the employment pipeline with elderly professors who refused to retire, and lead to a “graying” of faculties nationally—especially at large research universities, where professors tend to be passionately involved in their work. Eight years after the change, Harvard’s Faculty of Arts and Sciences (FAS) does seem to be graying slightly, but the dire impact that some predicted has not yet arrived in Cambridge (see “Scholarly Senescence?” November-December 1996, page 62).

Compare data from 1991 and 2002 on the age breakdown of tenured FAS members, currently 440 strong (see graph). In 1991 there was no tenured professor older than 70; in 2002, those aged 71 to 75 made up 5 percent of the faculty, and another 1 percent were between 76 and 80. Eleven percent of the current professorate are between 66 and 70, compared with 8 percent in that range in 1991. Meanwhile, the youngest group, aged 40 or under, shrank from 11 percent in 1991 to 5 percent today.

The average age at retirement from 1994 to 2001 was 69. Of those faculty members who have turned 70 since 1994, 27 percent have remained active. One’s area of scholarship seems to affect the decision to retire. “In the humanities, most retire at 70 or close to 70. More tend to stay on after 70 in the natural sciences, with the social sciences in the middle,” says the FAS’s associate dean for academic affairs, Vincent Tompkins, Ph.D. ’91. “At that point in their careers, what the humanists seem to want most is time. Scientists want continued access to space and grant support, without which they cannot do research.”

Some scholars—especially scientists—worried that a grant’s chances for approval diminish if the principal investigator is listed as “emeritus.” Hence, in 1997 the University created the title “research professor,” carrying the same rights and privileges as professor emeritus. Appointments as research professor, which exist in all disciplines, can be renewed annually for up to five years after retirement. Today, “The vast majority of science faculty who retire use the research-professor title,” Tompkins says.

Space, in short supply throughout the sciences, is closely linked to retirement issues. “We want to be sure that lab space, for example, is being used as intensively as possible,” Tompkins says, “and if faculty research is tailing off, it’s a problem.” All departments allocate offices for emeritus professors, but not necessarily the same ones they had while teaching; in some cases, the retired teachers may have to double up. Space could become a greater concern in departments—like some of the life sciences—where the shortage might prevent hiring additional faculty members to fill all of the allocated positions.

Thus far, FAS has not experienced dramatic enough change in its faculty retirement patterns to warrant any systematic early-retirement program. Such policies can be expensive, and “the results [elsewhere] have been mixed,” Tompkins says. Harvard does offer professors the option of taking their last two years before retirement at half-time, to create a more gradual transition, and “a healthy number make that choice,” he says. He adds that “FAS has not felt the pinch so much because we’ve been in a growth mode. Two years ago [former FAS dean] Jeremy [R. Knowles] said that he wanted FAS to grow by 60 positions in the next 10 years. That means adding six positions a year on average, and we’ve done that.” Furthermore, “Age is not necessarily or consistently a good indicator of scholarly productivity, University citizenship, or effectiveness in the classroom,” Tompkins says. “So as an institution, we’ve got to be careful to approach issues like faculty retirement in a careful and nuanced way.”
Rethinking the Divinity School

“The university is very healthy as a whole. The immensely successful Rudenstein presidency has placed us in an excellent position to face some radical challenges in the next few decades. From what I’ve seen of President Summers’s initiatives and momentum, I have a feeling that all of the faculties will be involved in an era of real change—and opportunity—and that the Harvard of 30 years from now is going to be a lot stronger and probably a lot different. The only thing that could persuade me to become a dean, late in my career when I have a couple of unfinished books that I’d like to be working on, is my belief that this will be an era when Harvard is in one of its periods of renewal and re-creation. It’s an honor to be a small part of that.”

So says William A. Graham, who became dean of Harvard Divinity School in August, after serving as interim dean since last January. Now 58, he has had plenty of opportunity to study up on Harvard. He earned a Ph.D. in comparative history of religion and Islamic studies from the Faculty of Arts and Sciences (FAS) in 1973, and has since risen through its professorial ranks to become Albertson professor of Middle Eastern studies and professor of the history of religion.

Last spring, as interim dean, Graham went with his faculty on a retreat. Subsequently, he organized them into three task forces, which began in September to evaluate all of the school’s degree programs, except for the doctoral program, which is administered jointly with FAS. These include the three-year master of divinity program, which has about 150 students, most of whom are in training as Christian ministers. The largest program, with 200 students, is a two-year course of study leading to the master of theological studies degree, which may be pursued for a wide variety of reasons—by a potential academic as a run-up to the doctoral program, by a journalist wishing to study ethics. The third task force is reviewing the one-year master of theology program.

“It’s possible that a program could be abandoned,” says Graham, “or completely revised and changed in length and content. Almost everything is on the table in these discussions, and I expect them to be quite lively. But what I think I saw last spring—and one of the things that encouraged me to reorient my own plans for the next five years or more—was a real willingness of the faculty to rethink what we’re doing here.”

Harvard has unusual strength in world religions, “a strength that most divinity schools, with the exception of Chicago, probably can’t match,” says Graham. “Perhaps we should build on that strength.” Yet others wonder what the place of non-Christian religions should be within an ostensibly Christian divinity school.

Graham comes to his new job, and the puzzles that face the school, with the tools of a strong scholar and an experienced academic leader. A student of the history of religion and a comparativist, he is author of an influential work on the oral uses of written texts in Hinduism, Christianity, and Islam, Beyond the Written Word: Oral Aspects of Scripture in the History of Religion. He speaks Arabic, French, and German fluently, and gets along with a dictionary in Greek, Latin, Dutch, Italian, Turkish, Persian, Sanskrit, and Pali (a Buddhist scriptural language). He speaks with strong geniality in English, with the slight Southern accent of a native North Carolinian. (He did his undergraduate work at the University of North Carolina at Chapel Hill.)

Graham has taught a wide variety of courses over the years, many of them cross-listed at the Divinity School. Because of his new responsibilities, he has had to cancel two of them this year, an Arabic reading course and a Core offering that had more than 300 students the last time out: “To Far Places: Literature of Journey and