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## Executive Education and the Managerial Revolution: The Birth of Executive Education at Harvard Business School

The managerial revolution drove the rise of business schools in the United States and business schools contributed back by graduating professional managers. Before World War II, however, the effect of an MBA degree was modest, causing great concern to leading business schools. Harvard Business School—in order to increase this impact began in the mid-1920s to develop nondegree programs for potential top executives. In 1945, by drawing on the experiences of certain short-lived programs and the extraordinary situation during the war, Harvard Business School launched its Advanced Management Program, which became a global role model for executive education.

In business history literature, the story of business education in the twentieth century has been primarily about the development of universities and business schools as degree-granting institutions. The importance of shorter, nondegree courses and the patchwork of organizations such as colleges and for-profit commercial schools offering education in business in the nineteenth and early twentieth century is widely recognized.<sup>1</sup> A general trend, however, has been to present the twentieth-century history of business education as a process of this patchwork being replaced by degree programs at the university level. Further, the institutionalization of business education within the university system has been interpreted as a result of a journey from the world of practice to the world of academia—or as a tension between Mercury, the Roman god of merchants, and Minerva, the goddess of science, to use the metaphor from Lars Engwall’s study on the development of business education in Sweden.<sup>2</sup> In Engwall’s interpretation, Mercury illustrated the strong links to business practice and Minerva the links to the academic communities and norms. The balance between these two worlds shifted gradually, with substantial national variations.<sup>3</sup> In the American edition of this story, World War II was a turning point that “dramatically intensified intercourse between science and management,” resulting in the what the historian Robert Locke has called “scientization” of management as a discipline and the institutionalization of business education within higher education.<sup>4</sup>

However, what has been neglected in this broad narrative of the transformation of business education in the twentieth century is that the process of scientization and the institutionalization of business education marked not only a transformation from a practical approach to an academic one, but also a *great divide* between two parallel sectors, which here are called two different logics within the business schools. One of these logics, which has been a focus of historical research, has led to the rise and development of a series of degree programs, from bachelor’s and master’s degree programs to Executive MBAs and PhD programs. The other logic, which from the 1960s began to be labeled “executive education” in the United States, led to a new sector of shorter, nondegree courses and programs within the framework of the business school as an institution.<sup>5</sup> The former sector enrolls students based on their grades or enrollment exams; the latter basically on their hierarchical position within an organization. Finally, the former sector as it developed from the 1950s built on academic knowledge while the logic of the executive programs built on experiential knowledge.<sup>6</sup>

This article discusses how we can explain the divide between these two logics and how this divide was legitimized by the university system. This divide is of vital importance for the understanding of the tension between practice and science in postwar business education. However, apart from some minor chapters and paragraphs in anniversary books on various business schools, this divide has, with few exceptions, not captured the interest of business historians.<sup>7</sup> This is a paradox, for two reasons: first, one of the main intentions of executive education has been to contribute to the formation of the business elite by training the top executives of firms; second, this part of the business schools' activities has been sustainable and important, at least at the top business schools.<sup>8</sup> Thus, we could argue that the growth and strength of modern executive education challenge both the perception that business education suffered from a general trend of institutionalization into the university system, and the perception of formal university degree diplomas as the symbolic device most valuable to one's success when attempting to climb to a top management position.<sup>9</sup>

This article will contribute to the understanding of these overall questions by investigating the background of the executive program that served as the main role model for other executive programs, the Advanced Management Program (AMP) at Harvard Business School (HBS) in 1945. How was it possible for HBS—which at the same time was striving to be accepted by the academic community within Harvard University—to launch AMP, a thirteen-week, on-campus nondegree program for “men who are or soon will be in top management positions,” which would act as the main post-war role model for executive education in the United States and internationally.<sup>10</sup> By 1969, around fifty university executive education programs in the United States had been modeled after the AMP program at HBS.<sup>11</sup> At the same time, similar programs had been set up in countries such as Canada, France, India, Japan, Nicaragua, the Philippines,, Switzerland, Turkey, and the United Kingdom.<sup>12</sup>

The AMP program set the direction for modern executive education, not only in the United States but also globally. The focus of the article is, however, limited to analyze the background for this program, and it is based on HBS' archives as the main source. Its main forerunners were the Special Sessions for Executives at HBS, which were offered from 1928; Business Executive Discussion Groups at HBS, from 1935; and the Sloan Fellowship at MIT, from 1931, a fellowship program that financially supported a small number of potential top executives to study at the institute.<sup>13</sup> Finally, the transformation of HBS to a nondegree military academy in business

administration during World War II was also decisive for the launch of an executive program. To understand the institutional power of this new logic within university business schools, we approach the question from the perspective of the managerial revolution—a major transformation that was almost complete within American big business in the 1940s, except for one crucial matter that neither the business community itself nor the business schools had a satisfactory answer to: how to train and prepare men for top executive positions.<sup>14</sup>

### The Managerial Revolution and the Rise of the Professional Manager

The main outcome of the managerial revolution was the creation of managerial hierarchies.<sup>15</sup> While one dimension of this revolution, the separation of ownership and control, has been widely studied—beginning with Berle and Means’s seminal study in 1933<sup>16</sup>—less attention has been paid to the creation and rise of the new professions of middle managers and top executives. According to Alfred D. Chandler’s *The Visible Hand*, the multi-unit modern enterprise was followed by the professionalization of management, including both middle managers, who managed such operations as accounting, cost control, production, and marketing, and general managers, who were the top executives. Strong growth in professional societies, journals, university courses, and management consultants, as an expression of this professionalization, characterized the first two decades of the twentieth century. Even though Chandler emphasized the function of the new professional managers more than the creation of these professions, he located the new university business schools—the Wharton School of Commerce and Finance at the University of Pennsylvania being the first, in 1881—among the main providers of knowledge of this professionalization due to their role as educator of future managers. In the Chandlerian interpretation, the managerial revolution “drove the rise of the business schools in the United States.”<sup>17</sup> Further, the purpose of these schools was to provide the revolution with its cadres, both the middle managers and the top executives of large firms. Chandler illustratively characterized the planned contribution of HBS (established in 1908) to the managerial revolution by quoting the first dean of HBS, Edwin F. Gay, who said that the purpose of introducing a course on business policy to the MBA students was “to develop an approach to business problems from the top management point of view.”<sup>18</sup> Also, in recent studies of the history of business education in the United States, including the book *From Higher Aims to Hired Hands* by HBS professor Rakesh

Khurana, the early development of business schools was seen as an interplay between two institutions, the business schools and the management profession, with each shaping the other.<sup>19</sup> However, as Louis Galambos also argued, the social processes that brought professionals into power as top executives were complicated and more difficult than Chandler indicated. One reason for that was that many of them were not well educated but trained on the job.<sup>20</sup> What was so complicated and difficult in the social process that brought professionals into power? What was the role of the U.S. business schools in this process?

In terms of content, the new MBA programs that emerged rapidly across the United States following the launch of the first master's degree program in business, at Dartmouth College in 1902, had a focus that fit well with what we could assume were the required skills for professional managers. In the interpretation by the Wharton School of Finance and Economy of what skills were needed, this meant study programs with portfolios of courses focusing on specialized business studies, with its successful program in accounting as an example. The focus at HBS, however, was more on general management.<sup>21</sup> HBS started its first program in 1909, with three mandatory courses—Accounting, Commercial Contracts, and Economic Resources of the United States—plus several business-related electives. Soon, courses covering what could be described as general management topics were developed, including Business Policy, a second-year course aimed at integrating several perspectives and disciplines by assessing business problems from the point of view of top management.<sup>22</sup>

However, the understanding of the relationship between business schools and the managerial revolution cannot only be based on a functional approach. All in all, the contribution of MBA programs was modest. Universities in general and business schools in particular both played a minor role before World War II in preparing graduates for top executive positions. The typical professional top executive in this stage of the managerial revolution had reached the position not because of education or training but by working as a full-time salaried manager. These top executives were professionals within the framework of the organization, or what Galambos calls “organizational professionals,” and they had not yet started to climb to top positions by moving from one organization to another.<sup>23</sup> Research on the background of top U.S. executives in this period shows that they were primarily sons of businessmen.<sup>24</sup> The managerial revolution brought a different type of executive to the top; several studies show that their educational level was higher than that of the general population.<sup>25</sup> Still, among top executives in 1925, only around

25 percent had a first degree from a college, primarily in liberal arts, and 15 percent had a degree at the graduate level.<sup>26</sup> According to Mabel Newcomer's study of American big business in the first part of the twentieth century, on-the-job training was the best way to qualify for top executive positions.<sup>27</sup>

Prior to World War II, U.S. business schools played a modest role in providing the managerial revolution with its top executives for several reasons. One was the variety in profiles among the increasing number of new business schools and programs. While there were fewer than ten university business schools when in 1902 Dartmouth launched what would become the new standard of education for businessmen, a master's degree program, by 1922 there were more than 140 business schools in the United States.<sup>28</sup> However, the replacement of a patchwork of courses and programs inside and outside the university system with a more streamlined university degree was a slow process, and the changes took place gradually. During the first two decades of the twentieth century, high schools and private commercial colleges were still dominant actors among the providers of various business-related courses, before universities and collegiate business schools gradually gained their long-term domination.<sup>29</sup> In the first ten years of Northwestern University's Kellogg School of Management, established in 1908, most of the students took only single courses, often in the evening. Between 1912 and 1919, six hundred to one thousand students were enrolled each year, yet only four of them graduated from the Bachelor of Business Administration program. The majority held clerical jobs, and fewer than 10 percent worked as managers.<sup>30</sup> Even the dean of HBS, Wallace B. Donham, regretted in 1927 that business school graduates had a low reputation among the upper class.<sup>31</sup> While it might be true that, as Khurana argued, the strong growth of large American firms in the 1920s meant "employment opportunities for business school graduates were enormous," the business schools impact on the formation of the top management profession in this period was modest.<sup>32</sup>

Another reason why relatively few business school graduates reached top executive positions prior to World War II was that such processes take time. Several comparative international studies have shown that the system for recruiting business elites, or top executives, is a very stable institution, albeit different from one country to another, which changes very slowly. While e.g. German industrial enterprises preferred engineers as top executives in the twentieth century, French preferred graduates from the best "grandes écoles".<sup>33</sup> A third reason was that growth and optimism in the U.S. economy were set back by the Great Depression, which—in a

short time perspective—did not favor any radical changes in the promotion system for top executives. In addition, many businesspeople were skeptical of both the universities' potential contribution to the business society and the idea of executive development and training. Almost no in-house training in management existed before the war.<sup>34</sup> Nor did the business community regard the new business schools as elite institutions. In the 1930s, for example, Wharton was clearly a predominately middle-class, rather than elite, institution.<sup>35</sup>

One effect of the Great Depression was, as Peter Drucker underlined, that young executive talents were depressed and had no chance to develop by climbing to new positions because new positions were few.<sup>36</sup> Due to the changing balance between business and government and the increasing role of the government in U.S. business during the Great Depression and the New Deal, many CEOs also felt that the government imposed regulations that restricted the space in which to maneuver their firms.<sup>37</sup> The policymakers also questioned much of the underlying philosophy of business and put pressure on business schools.<sup>38</sup> HBS Dean Donham noted in his annual report to Harvard University's president for 1933–1934 that the extent of governmental intervention in business had increased: “The present situation is of course abnormal,” he wrote, but “at the same time [there is] little in history of such movements to indicate a reaction so complete as to re-establish the old relationship.”<sup>39</sup>

Among some progressive HBS professors, such as Dean Donham and Philip Cabot who strongly in the role of higher education in transforming U.S. business, an impatient concern emerged. HBS would have failed its societal obligations if the school did not respond actively to the enormous need to assist top and middle managers in their efforts to complete the process that later was known as the managerial revolution. This process would take too long if the school focused only on MBA graduates who could be top executives in a future that lay decades ahead. Therefore, they argued that HBS should also approach top executives directly. Among these progressive professors was Philip Cabot, who in 1934 proposed to the dean a series of weekend seminars with thirty to fifty top executives from large U.S. corporations so that the school could have a more immediate influence on business practice than could come from the long-range training of MBAs.<sup>40</sup> At that time, HBS had already organized a six-week program for business managers outside its degree programs, called Special Session for Business Executives, with mixed results. The program was definitively a forerunner to modern executive education for top executives, although it lacked the top management focus. It was, according to the announcement

of the special sessions, “an experimental effort on our part to open the facilities of the School to young executives.”<sup>41</sup>

### Special Session for Business Executives

Special Session for Business Executives was designed to offer executives a short program of six weeks—which after two years was reduced to four weeks—“in an attempt to extend the usefulness of the Business School to industry and to provide a place for business executives to broaden their training in their field of interest.”<sup>42</sup> The initiative came out of a less successful one in 1927: a summer program in Public Utility Management and Economics for teachers in business subjects in colleges and high schools. Due to a lack of demand by teachers in business, HBS opened the program to businessmen as well. Twenty-eight businessmen attended, compared with only five teachers; thus, the program’s profile was changed when it was launched as a permanent offering in 1928.<sup>43</sup>

From 1928, six or seven different six-week programs—or sessions—were offered concurrently each year, including Accounting Policies, Business Policy and Law, Finance, Marketing, Retail Store Management and Economics, and Railway Transportation. These were courses—taken from the MBA second-year course catalogue—that HBS regarded as relevant for young men already in management positions who did not have the time or the opportunity to complete an MBA. The courses rotated, and after some summers, a young executive could accumulate a portfolio of courses, much like an MBA graduate, but without getting any degree. The intention was not to grant a degree, or to increase students’ factual information about a field, since they already had this from practice. Participants attended “rather for the purpose of reappraising their own jobs and their accustomed methods of dealing with business problems.”<sup>44</sup> By underlining the quality of managerial experience as a substitute for factual information, the organizers touched upon a theme that would later characterize modern executive education.

Driven by a general optimism among young businessmen in the late 1920s, HBS had no problem in filling the classes. In 1931, HBS reported that more than five hundred businessmen from three hundred firms had attended classes during the three first summers.<sup>45</sup> They came from all over the United States, and some even came from abroad, from Havana, London, Montreal, and Leipzig.<sup>46</sup> The participants were, as intended, basically young executives who had not reached any

top positions. The average age was thirty-four, and only 50 percent had a college degree.<sup>47</sup> But then the program stopped due to the Great Depression and decreasing demand. In 1931 the Special Session program was put on hold with further intakes postponed.<sup>48</sup>

In 1936, the program was relaunched, but with less success primarily since new initiatives had been launched. The problem of recreating an initiative that had seemed so promising before the Great Depression changed the agenda for education and training of executives did not mean that the idea of offering shorter-term education to executives had lost momentum. Others followed what HBS had started. In 1931, the same year that HBS halted its special sessions, MIT announced a program for young executives: the Sloan Fellowship program was a twelve-month program for young executives. It was smaller and only seventy-two were enrolled in total from 1931 to 1942.<sup>49</sup> It emerged as a nondegree program but by the mid-1930s had already changed to a degree program.<sup>50</sup> The idea of offering nondegree programs for executives had strong support among the dean and faculty of HBS, however. After some difficult years, HBS again experienced success, but this time with a much more ambitious initiative than the Special Session. This program, which would reach top executives in large companies, was organized from 1935 by Philip Cabot.

### The Business Executive Discussion Groups

Cabot was a professor with strong relationships both with the business community, especially in Massachusetts, and with Wallace Donham, dean of HBS from 1919.<sup>51</sup> After graduation from Harvard College in 1890, Cabot went into business. Over the next thirty years, he gradually came to occupy several managerial positions. From 1904 to 1910 he managed real estate trusts, and from 1910 he was head of a group of electrical power companies at Turner Fall, Massachusetts as well as trustees of other companies such as Washington Water and Power Company, Spokane, Washington. From 1912 he was a Boston based partner of White, Weld & Company, a New York investment banking firm. Due to health problems, he resigned in 1918. In 1924, when Cabot recovered, Dean Donham persuaded him to bring his business experiences to HBS as a lecturer, and later a professor, in public utility management for the school's MBA students. Cabot soon became a popular teacher, not only because of his teaching skills, but also because he strongly encouraged students to think for themselves. He raised ethical and provocative questions, and he had a strong sense for the human side of business. In many ways, he was a

philosopher of business with strong links to other thinkers from the business community who tried to conceptualize the new role of top executives, like Chester Barnard, and to scholars with a new interest in the human side of business, like Elton Mayo—men who both became strongly involved in Cabot’s initiative from 1935.

In 1934, when Cabot suggested to Dean Donham that HBS should organize a series of up to ten weekend seminars for a group of thirty to fifty top executives, Cabot drew not only on his external networks and good relationship with the dean, but also on the fact that he had been involved in the Special Session for Business Executives program. In fact, he had been responsible for the 1927 summer seminar, Public Utility Management and Economics, that preceded the Special Session program.<sup>52</sup> Cabot stated several times that he had never done anything in his life more gratifying than his Special Session teaching.<sup>53</sup> This time, however, he was much more ambitious. The format and content of the new initiatives could be understood within two contexts: one was the new relationship between business and government that came out of the Great Depression and the New Deal; the other was the managerial revolution.

Cabot referred explicitly to the new business-government contexts when he contacted Dean Donham to get his support for the initiative. Cabot described the purpose of the new initiative: “to deliberate on the problems arising from the new relationship between government and business and to provide a background for an understanding and discussion of national affairs.”<sup>54</sup> This ambition was also reflected in the program. In subsequent years, large groups of executives met for up to ten weekends, and the topics shifted from one weekend to the next. Among these weekend seminars, several addressed topics within a broader business-governmental context, like National Planning, Labor Relations, the Social Security Act, Collective Bargaining, and Socialism, Communism, and Fascism. To illustrate his dedication to the idea of provoking participants to reflect and participate in a free and open debate, he typically invited a representative from the Communist Party and a fascist to present their ideologies.<sup>55</sup>

Cabot’s connection to the transformation of American big business—the transformation later labeled the managerial revolution—was expressed in several ways, including his more philosophical thinking about the role and situation of the top executive. In Cabot’s understanding of this transformation, large American corporations had gone through a big change. Ownership and management had separated. This had created a new type of top manager, the lonely manager. In a period of crisis, this feeling of loneliness made the top executive vulnerable. Cabot thought it

was the job of HBS to defend the new business elite, the professional manager, and to help him cope with the challenges caused by the Great Depression. “As a school of business administration, our job is to endeavor to outline the problem to businessmen, and help them to adjust themselves to the new conditions,” he wrote to a friend.<sup>56</sup>

The role of the top executive as a lonely man, lacking family ties to the owners and under pressure from the Great Depression, was also the focus of a speech Cabot gave to executives at General Motors, one of the companies that had gone through the great transformation, introduced the professional manager, and regularly sent executives to Cabot’s program: “For the fact is that the senior executive has a minimum of freedom; he must bear not only the whole weight of the business structure which he guides but also part of the weight of the Great Society which he and his business serve. Compared with the senior executive, the worker at the bench is a free man, living on the surface of the enterprise.”<sup>57</sup>

To cope with these challenges and the loneliness, Cabot believed. HBS should offer the new professional manager something that developed his understanding of the broader complexity of society, like the weekend session on Socialism, Communism, and Fascism mentioned above. In this respect, Cabot was in line with the top manager and management philosopher Chester Barnard, who was frequently invited to his weekend seminars. According to Barnard,

the dominant social obligation of the business executive is to make the business profitable but I suggest that he cannot afford to focus his whole attention on economic problems. . . . [He also needs] to understand the human problems of the group of men and women who make up “the organization.” What I am urging . . . is the necessity in large-scale enterprises of understanding “the society” or “social structure and all its work.”<sup>58</sup>

Another way to cope with the loneliness of the new group of top executives, whom Barnard described as living “cloistered lives, like monks or college professors,” was to offer them such weekend seminars as Social Structure of the Firm, Leadership, and others with topics related to the functions of leadership.<sup>59</sup> Barnard—a top executive himself, as president of New Jersey Bell Telephone Company, and the author of *The Function of the Executive* (1938)—enjoyed dialogues with Cabot and other professors from Harvard University, his alma mater, about leadership and organization as well as this executive weekend program.

Another frequent guest in these seminars was Elton Mayo, who was appointed Professor of Industrial Research at HBS in 1926. While Cabot and his colleagues showed no interest in

including topics related to Frederic Taylor's scientific management, Cabot actively tried to include in the program the other stream of thought that aimed at introducing a scientific foundation for management teaching and practice in the interwar period, industrial relations—later known as human relations. Mayo, due to his research on the late-1920s Hawthorne studies and his 1933 book *The Human Problems of an Industrial Civilization*, was one of the founders of the human relations movement. Together with a group of researchers, including his master's student and later professor of human relations at HBS Fritz J. Roethlisberger, Mayo developed a scientific foundation for the practice of management as a profession. Donham, who had come from an eighteen-year career in business, had since his appointment as HBS dean in 1919 been concerned with identifying a basis in science for the professionalization of business. Not only did he support Mayo strongly, but, being unhappy with the quality of social sciences at Harvard University in general, he put Mayo in contact with scholars at Harvard University's School of Medicine as well as the School of Public Health, and an informal network among scientists interested in behavioral and social problems emerged. Among them was Lawrence J. Henderson, a trained medical doctor, who had established the Fatigue Laboratory of physiological and sociological research at Harvard University.<sup>60</sup>

Starting in 1936, Cabot's seminar became an arena for Mayo and his group to communicate their theory and ideas to the business community all over the country, or, as Roethlisberger said, "Cabot at this time must have felt that Mayo's diagnosis of the ills of modern industrial civilization wanted an audience of responsible businessmen."<sup>61</sup> Mayo presented a new anti-Tayloristic model for top executives which involved a redefinition of the businessman's basic tasks. The top executive was no longer a producer of goods and a manipulator of capital and resources; rather, he was primarily the administrator responsible for determining and executing policies involving actions in human cooperative organizations. This idea was especially well-suited for top executives as general managers. Dean Donham was very enthusiastic about this process of redefining of the executive's basic tasks, which he perceived as at bringing social sciences to the point of action.<sup>62</sup>

The Business Executive Discussion Groups turned out to be a success. Cabot and his colleagues managed to fill the seminars year after year, attracting not only sufficient numbers, but executives from the firms that he wanted to reach, namely, large modern corporations with professional managers, like AT&T, ITT, J.P. Morgan, Standard Oil, and United Fruit. In addition to sending potential top executives as students, these firms sent top executives to lecture. One

example was New Jersey Bell Telephone Company, the company where Barnard was president; he regularly sent other executives from the company to the program.<sup>63</sup>

The sessions went on until Cabot died, in the fall of 1941 at the age of sixty-nine. By that time, however, the Business Executive Discussion Groups had changed from a program for potential top executives in preparation for positions as professional leaders to a seminar for businessmen in general, restricted to the New England region, on how to cooperate with the government in wartime. Due to the war and pressure from Washington, Dean Donham had asked Cabot in 1940 to change the format of the program. The number of participants should be increased but geographically limited to local businessmen. The purpose should be to make the local business community understand the seriousness of the crises and to provide them with tools to support the national defense.<sup>64</sup> Cabot would regret the change, but he loyally followed Donham's order to make the program a tool for the federal government and its need to mobilize the business community in wartime. "In a sense, it is a disappointment to me because I greatly enjoyed the type of Discussion Group which we had in the past," he wrote to a friend. "Nevertheless, I am 'a soldier under orders.'"<sup>65</sup>

In 1941, several seminars related to national defense topics were organized, but Cabot seemed to have lost enthusiasm. Men from his old network encouraged him to use the seminar to start principle discussions on planning for the postwar economy, but Cabot was pessimistic, feeling that "the economic science has totally broken down."<sup>66</sup> History seemed to repeat itself. In the same way the Special Sessions for Business Executives had not survived the Great Depression, the Business Executive Discussion Groups did not survive the war. It may seem that external shocks killed the initiatives offering nondegree programs at HBS for the executive cadres of the managerial revolution. However, what also happened was that new courses and programs emerged as a result of the war. Among these was a program that would lead directly to the announcement of the Advanced Management Program (AMP) in 1945.

### The Transformative Power of the War

The mobilization of American society during World War II had a strong impact on HBS and other American business schools.<sup>67</sup> HBS changed its orientation toward war service, as its regular MBA program was suspended from January 1943 to the fall of 1945.<sup>68</sup> "Harvard today is

a military academy,” said Donald K. David, the dean appointed in 1942, in a speech to the Petroleum Club in Dallas in March 1943. “[The] university cannot meet its obligation of today by hiding behind academic walls and let others carry on a fight in which its continuing existence is at stake.”<sup>69</sup> The faculty’s focus changed from the education of young MBA students to the training of officers and businessmen involved in the war economy. In a turbulent situation, many felt that the cancellation of the MBA program, the flagship of HBS, threatened the school’s growth and development as an academic provider of knowledge to the development and transformation of U.S. business. What this exceptional break in routine also did, however, was to create space for reflection and for the planning of new programs and changes to the existing MBA program. When the war ended, Dean David happily reported to the university’s president that the MBA program had been revised. While the old program had focused on graduating men who were more interested in staff positions within large organizations than in the operating challenges of small and growing enterprises, the new MBA program would graduate men with a focus on management control and managing by involving subordinates. He could also report that HBS had trained 6,400 men in its nondegree wartime programs.<sup>70</sup>

American business schools had for many years been helping the armed forces to train some of their officers, and at HBS, 190 active-duty officers graduated from the MBA program between 1920 and 1939.<sup>71</sup> When war broke out, the government quickly mobilized many of the business schools, including HBS, Wharton, and the business schools at Columbia University and Stanford University, in developing programs to train officers and businesses for the war economy. At HBS, several new programs were launched.<sup>72</sup> Among the programs introduced in 1940–1941 was a twelve-month program of training for the defense industry, which led to the degree of industrial administrator. The requirement was the same as for the MBA program; with more efficient teaching and a shorter vacation, a student would get almost as much content as an MBA graduate, but not the MBA degree.<sup>73</sup> The ambition from the beginning was to avoid canceling the MBA program, and in the following year 287 students were enrolled in the Industrial Administrator program and 393 in the MBA program; placement statistics showed that 87.2 percent of graduates went into active military service or operations within the war industries.<sup>74</sup>

When the MBA program was suspended in January 1943, it was not only because of the pressure on faculty from these military programs, but also to start preparing for the transition to peace.<sup>75</sup> Dean David used several occasions to discuss with the business community and the

business school community how business education should change. The programs should take into account that executives should manage through people, as Mayo and his colleagues had advised; the trust between business and universities had to be improved; and HBS should offer new programs for executives. “Clearly we cannot return . . . to our normal curriculum. If we’re honest most of us would admit we should not—even if we could—go back to the old program. We start with a clean slate,” David said to dean-colleagues at the annual meeting of the American Collegiate School of Business in April 1944.<sup>76</sup>

The main result of this preparation phase was a new short program for nonmilitary potential executives, the War Industry Training Course. Based on experiences from the military programs, its intention was to train businessmen for executive positions in war production industries.<sup>77</sup> The target group was men between thirty-six and sixty who already had proven themselves capable leaders in peacetime occupations—for example, as sales executives or within finance—and who could be retrained to fill management position under wartime conditions. In February 1943, 150 participants were enrolled in the fifteen-week on-campus program; the program, paid for by the United States Office of Education, covered the topics of accounting, industrial purchasing, personnel and management control, and production organization and engineering.<sup>78</sup> With the War Industry Training Course, HBS also established the principle of not grading the students. Originally, HBS had wanted to give them grades so the students could get a sense of where they stood; however, the students did not want this, and grades were dropped right from the first class.<sup>79</sup>

The first session of this new course started in February 1943; the seventh started in January 1945. The eighth, to begin in September 1945, was announced as the “Eighth Session Advanced Management Program.”<sup>80</sup> In other words, HBS’s new AMP was a direct continuation of its War Industry Training Course. By 1944, HBS faculty had already concluded that the war industry training program was so successful that it should be made permanent after the war. According to Dean David, the wartime program had demonstrated the ability of HBS “to assist senior and general executives” as well as to prepare less-experienced executives for top executive positions.<sup>81</sup> The new thirteen-week AMP would be well suited to train “a limited number of specially qualified men” in modern management skills and techniques, in working in top management groups, and in working according to the new tone of government-business relationships.<sup>82</sup>

## Conclusion

In 1936, Edward R. Stettinius Jr. gave a talk to HBS alumni. On the role of HBS in creating the new professional manager he said, “You have done and are doing your historical part in making ‘the oldest of the arts’—business administration—into ‘the newest of the professions.’”<sup>83</sup> Stettinius was well situated in the center of the managerial revolution, and he was well qualified to see the transformations that was taking place. At the time of his HBS talk, he had held executive positions at GM and at the largest U.S. corporation, US Steel, where he became president two years later. He then went back to public service, becoming U.S. Secretary of State in 1944. The transformation he witnessed was a long process of connecting the American business school to the development of the professional top executive in order to complete the managerial revolution in the United States. At the time of Stettinius’ talk, the contribution of MBA graduates was still modest, but by approaching men who were already in top positions or who had great potential to become top executives, HBS had undertaken the first initiatives that made the school an active partner in the formation of the business elite in the United States.

By drawing on the first attempts, in the 1920s and 1930s, to create what would later be called executive programs, and by transforming the school into a nondegree military academy in business administration during World War II, HBS became part of a transformation that lifted the United States out of depression and created new employment during the war.<sup>84</sup> It also became part of a broader societal movement that redefined the role and character of the top executive. In the 1930s, many observers, including Peter Drucker, claimed that business schools failed to prepare graduates for top management positions.<sup>85</sup> During the war and the immediate postwar years, this critical attitude toward the function of business schools changed due to a new belief in the function of executive education. Drucker observed this change and said in 1952, “Fifteen years ago, . . . business seemed to believe that ‘Executives are born, not made.’ That attitude is changing rapidly. Now there is a sudden boom in ‘Executive Development.’”<sup>86</sup> While (to name one example) Stanford Graduate School of Business—which also was part of the governmental program to mobilize U.S. business schools for the war economy—terminated its war programs when the war ended, HBS carried on its war program with minor changes under a new label: Advanced Management Program. Launching this program in 1945 was a major step for HBS in becoming a role model for executive education not only in the United States but also globally.

By establishing the AMP, HBS cemented two logics of the business school as an institution. One logic was the two-year length of academic degree-granting programs at the master's degree level in the U.S. model. Enrollment was based on grades and other formal requirements, and grading was used as a main selection mechanism for the labor market. The other logic consisted of shorter, nondegree programs of several days or weeks. Enrollment was based on the candidates' positions within their corporations. Students were selected based on recommendations from the top management team of their firm, and grading was not used because the students had already been selected by firms as top or potential top executives.

The introduction of the second logic was legitimized by two strong transformative forces, one in business and the other in the academic community. The first was the managerial revolution, and the introduction of executive education was an attempt by the business school to meet the need of American businesses for highly qualified professional top executives. Therefore, the perception that the managerial revolution drove the rise of the business school in the United States could be rephrased to say that the managerial revolution drove *the rise of executive education* in the United States. The second transformative force that legitimized this divide between the degree and the nondegree logic was the process of introducing science in [AU: Another word?] the business schools, which, especially from the 1950s, began to transform the institution.<sup>87</sup> This may be a paradox, since executive education represented a logic opposite to the academic degree logic. However, within a legitimization perspective, it is difficult to see how the birth of executive education at HBS would have been possible if not for the strong connections to and contributions from scholars like Bernard, Mayo, and Roethlisberger. These men made strong efforts, supported by Dean Donham, to make a science of their own and others' experiences as top executives. Whether they succeeded is another question. More fundamental is that the governing bodies at HBS believed that these men would succeed in creating a science of management. These two forces pushed the idea that business schools should participate in the qualification of top executives directly, through short courses, and not only by teaching young men who chose the long and uncertain way through MBA programs and who may become top executives one day in the future.

ROLV PETTER AMDAM is professor of business history at BI Norwegian Business School. His main research interests are the internationalization processes of firms and the global development of executive education. His publications include "Globalization and the

Development of Industrial Clusters: Comparing Two Norwegian Clusters, 1900–2010,” *Business History Review* (2015) (with Ove Bjarnar). In 2015, Amdam was the Alfred D. Chandler International Scholar in Business History at Harvard Business School.

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<sup>1</sup> See, for example, Michael W. Sedlak and Harold F. Williamson, *The Evolution of Management Education: A History of the Northwestern University J. L. Kellogg Graduate School of Management, 1908–1983* (Urbana, 1983); and Steven A. Sass, *The Pragmatic Imagination: A History of the Wharton School, 1881–1981* (Philadelphia, 1982).

<sup>2</sup> Lars Engwall, *Mercury Meets Minerva: Business Studies and Higher Education—The Swedish Case* (Oxford, 1992).

<sup>3</sup> Robert R. Locke, *The End of the Practical Man: Entrepreneurship and Higher Education in Germany, France, and Great Britain, 1880–1940* (Greenwich, Conn., 1984); Robert R. Locke, *Management and Higher Education since 1940* (Cambridge, UK, 1989); Lars Engwall and Vera Zamagni, eds., *Management Education in Historical Perspective* (Manchester, 1998); Rolv Petter Amdam, “Business Education,” in *The Oxford Handbook of Business History*, eds. Geoffrey Jones and Jonathan Zeitlin (Oxford, 2008).

<sup>4</sup> Robert R. Locke, *The Collapse of the American Mystique* (Oxford, 1996), 26. See also Mie Augier and James G. March, *The Roots, Rituals, and Rhetorics of Change: North American Business Schools after the Second World War* (Stanford, 2011).

<sup>5</sup> The first time “executive education” was used in a title of an article is, to our knowledge, in Roger Sonnabent, “Executive Education,” *Advanced Management—Office Executive* 1, no. 9 (1962).

<sup>6</sup> On academic and experiential knowledge in business schools, see Augier and March, *The Roots, Rituals, and Rhetorics of Change*, 190–215.

<sup>7</sup> See, for example, John F. Wilson, *The Manchester Experiment: A History of Manchester Business School, 1965–1990* (London, 1992); Tracey Palmer et al., *MIT Sloan: Celebrating Our Past, Inventing the Future* (Cambridge, Mass., 2014); Sedlak and Williamson, *Evolution of Management Education*; Sass, *Pragmatic Imagination*; Sandra Epstein, *Business at Berkeley: The History of the Haas School of Business* (Berkeley, 2016); and Jeffrey L. Cruikshank, *A Delicate Experiment: The Harvard Business School 1908–1945* (Boston, 1987). One exception is Matthias Kipping, “The Hidden Business Schools: Management Training in Germany since 1945,” in *Management Education in Historical Perspective*, ed. Lars Engwall and Vera Zamagni (Manchester, 1998).

<sup>8</sup> To take one example, HBS’s revenue in 2015 from executive education was \$168 million, compared to \$120 million from degree programs. HBS Financial report 2015.

<sup>9</sup> On the function of the MBA degree as a symbol, see, for example, E. Vaara and E. Fay, “How Can a Bourdieusian Perspective Aid Analysis of MBA Education?,” *Academy of Management Learning and Education* 10, no. 1 (2011): 27–39.

<sup>10</sup> On HBS’ search for legitimacy, see Rakesh Khurana, *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton, 2007), chapt. 1.

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- 11 Philip T. Crotty, *Professional Education for Experienced Managers: A Comparison of the MBA and Executive Development Programs* (Boston, 1970), 2.
- 12 *Harvard Business School Bulletin*, selected issues 1945–1970, located at Baker Library, HBS.
- 13 Palmer et al., *MIT Sloan*; Cruikshank, *Delicate Experiment*. The two HBS programs lasted for some years; the Sloan program still exists, but it changed from a nondegree executive program to a degree program in 1938.
- 14 It is a story of businessmen, as women were not accepted at HBS's AMP program until 1963.
- 15 Alfred D. Chandler Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977).
- 16 Adolf A. Berle and Gardiner C. Means, *The Modern Corporation and Private Property* (New York, 1933).
- 17 Richard Whittington, "Introduction: Comparative Perspectives on the Managerial Revolution," *Business History* 49, no. 4 (2007): 399.
- 18 Chandler, *Visible Hand*, 467.
- 19 Khurana, *Higher Aims to Hired Hands*.
- 20 Louis Galambos, "The Role of Professionals in the Chandler Paradigm," *Industrial and Corporate Change* 19, no. 2 (2010): 386-7.
- 21 Sass, *Pragmatic Imagination*, chap. 5.
- 22 Melvin T. Copeland, *And Mark an Era: The Story of the Harvard Business School* (Boston, 1958): 21-7, 42-6., 21ff, 42ff.
- 23 Galambos, "Role of Professionals," 387.
- 24 Frank W. Taussig and Carl S. Joslyn, *American Business Leaders: A Study in Social Origins and Social Stratification* (New York, 1932). See also Walter Friedman and Richard Tedlow, "Statistical Portraits of American Business Elites: A Review Essay," *Business History* 45, no. 4 (2003): 89-113.
- 25 Friedman and Tedlow, "Statistical Portraits," 95–99. See also Robert A. Gordon, *Business Leadership in the Large Corporation* (Washington, D.C., 1945).
- 26 Mabel Newcomer, *The Big Business Executive: The Factors That Made Him, 1900–1950* (New York, 1955), table 24.
- 27 *Ibid.* Newcomer's study was based on 284 executives in 214 corporations in 1900, and 319 executives in 238 corporations in 1925.
- 28 Carter A. Daniel, *MBA: The First Century* (Lewisburg, Pa., 1998), 71.
- 29 Edwin G. Knepper, *History of Business Education in United States* (Bowling Green, Ohio, 1941), esp. p. 43; Michael Whitney Sedlak, "The Emergence and Development of Collegiate Business Education in the United States, 1881–1974", PhD diss, Northwestern University, 1977.
- 30 Sedlak and Williamson, *Evolution of Management Education*, 21-30.
- 31 Khurana, *Higher Aims to Hired Hands*, 46.
- 32 *Ibid.*, 177.
- 33 For example, Michael Mayer and Richard Whittington, "Euro-Elites: Top British, French and German Managers in the 1980s and 1990s," *European Management Journal* 17, no. 4 (1999): 403-8; Locke, *End of the*

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*Practical Man*; Ragnhild Kvålshaugen and Rolv Petter Amdam, “Stability and Change in Managerial Elites: The Institution of Management Education in Norway from 1936 to 2009,” *Management and Organizational History* 9, no. 3 (2014): 272-87.

<sup>34</sup> Philip T. Crotty and Amy J. Soule, “Executive Education: Yesterday and Today, with a Look at Tomorrow,” *Journal of Management Development* 16, no. 1 (1997): 4-21.

<sup>35</sup> Sass, *Pragmatic Imagination*, 165.

<sup>36</sup> Peter F. Drucker, “Executives Are Made Not Born,” *Nation’s Business* 40, no. 10 (1952): 34-7.

<sup>37</sup> Louis Galambos and Joseph A. Pratt, *The Rise of the Corporate Commonwealth: U.S. Business and Public Policy in the Twentieth Century* (New York, 1988).

<sup>38</sup> Crotty, *Professional Education for Experienced Managers*.

<sup>39</sup> Harvard University, *HBS Annual Report, 1933–1934*, 175.

<sup>40</sup> Copeland, *Mark an Era*, 328.

<sup>41</sup> Clinton P. Biddle, assistant dean, letter to firms, 30 Jan. 1928, box 1, Summer School: 1928–1930, Executive Education Printed Material, HBS Archives, Baker Library, Harvard Business School, Boston (hereafter, HBS/EEPM).

<sup>42</sup> *Harvard Business School Bulletin* 13, no. 3 (May 1937): 234.

<sup>43</sup> Draft for dean’s report, 25 sept. 1928, box 1, Special Session for Business Executives—1928, HBS/EEPM

<sup>44</sup> *Harvard Business School Bulletin*, May 1937, 234.

<sup>45</sup> John C. Baker, assistant dean, letter to companies, n.d. [1931], box 9, Special Summer Session for Business Executives, Course Outlook etc. 1931, Malcom P. Naird Papers, HBS Archives, Baker Library, Harvard Business School, Boston (hereafter HBS/Naird).

<sup>46</sup> Catalogue 1930, box 1, Special Sessions, HBS/EEPM.

<sup>47</sup> Kenneth R. Andrews, *The Effectiveness of University Management Development Programs* (Boston, 1966), 17.

<sup>48</sup> Catalogue 1936, box 1, Special Sessions, HBS/EEPM.

<sup>49</sup> Andrews, *University Management Development Programs*, 17.

<sup>50</sup> Palmer et al., *MIT Sloan*.

<sup>51</sup> “Philip Cabot,” *Bulletin of the Business Historical Society* 16, no. 3 (1942).

<sup>52</sup> W. B. Donham to Charles D. Jackson, 2 Dec. 1927, carton 4, Summer Sessions: 1927, 1928, Philip Cabot Papers, HBS Archives, Baker Library, Harvard Business School, Boston (hereafter, HBS/Cabot).

<sup>53</sup> *Harvard Business School Bulletin* 11, no. 2 (Feb. 1935): 114. See also Cruikshank, *Delicate Experiment*, 187–190.

<sup>54</sup> Cabot quoted in Andrews, *University Management Development Programs*, 20.

<sup>55</sup> Note, Monthly discussion Group Meeting, 16–17 Feb. 1935, carton 5, Business Group, Feb. 1935, and several notes in the following folders in the same carton: Business Group, April 1935, Business Group, Dec. 1936, and Business Group, April 1936.”, HBS/Cabot.

<sup>56</sup> Cabot to Mr. Conant, 3 Dec. 1934, carton 5, Business Men’s Group: Jan. to April 1935, HBS/Cabot.

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- <sup>57</sup> Note, 13 Sep. 1938, carton 1, General Motors Corp Talk to Executives, HBS/Cabot.
- <sup>58</sup> Chester I. Barnard, *The Functions of the Executive* (Cambridge, Mass., 1938), 7.
- <sup>59</sup> *Ibid.*, 8.
- <sup>60</sup> Robert M. Smith, *The American Business System and the Theory and Practice of Social Science: The Case of Harvard Business School, 1924–1945* (New York, 1986); Fritz J. Roethlisberger, *The Elusive Phenomena: An Autobiographical Account of My Work in the Field of Organizational Behavior at the Harvard Business School* (Boston, 1977).
- <sup>61</sup> Roethlisberger, *Elusive Phenomena*, 86–7.
- <sup>62</sup> Smith, *American Business System*, 223–37.
- <sup>63</sup> Parvin M. Russel to Cabot, 19 Dec. 1939, carton 6, 1939–40 Business Executive Discussion Group Speakers, HBS/Cabot.
- <sup>64</sup> Cabot to E. Farrington Abbot, 23 Jan. 1941, carton 6, Correspondence A: 1941, HBS/Cabot.
- <sup>65</sup> Cabot to John F. Foster, 9 Dec. 1940, carton 6, Letters re: New Group 1941, HBS/Cabot.
- <sup>66</sup> Cabot to Albert M. Chandler, 10 Apr. 1941, carton 6, Correspondence C: 1940–41, HBS/Cabot; see also Albert M. Chandler to Cabot, 8 Apr. 1941, carton 6, Correspondence C: 1940–41, HBS/Cabot.
- <sup>67</sup> Khurana, *Higher Aims to Hired Hands*, 198–201.
- <sup>68</sup> Harvard University HBS annual reports 1943–1945.
- <sup>69</sup> Donald K. David, “Speech, Petroleum Club, Dallas, Tex., March 1943”, box 6, Petroleum and Executive Speech, Donald K. David Papers, HBS Archives, Baker Library, Harvard Business School, Boston (hereafter, HBS/David).
- <sup>70</sup> *HBS Annual Report, 1944–1945*, 212.
- <sup>71</sup> Khurana, *Higher Aims to Hired Hands*, 198.
- <sup>72</sup> Cruikshank, *Delicate Experiment*, 209–13, 223–63.
- <sup>73</sup> *HBS Annual Report, 1940–1941*, 239–50.
- <sup>74</sup> *HBS Annual Report, 1941–1942*.
- <sup>75</sup> *HBS Annual Report, 1942–1943*, 173–89.
- <sup>76</sup> Donald K. David, speech, ACSB meeting, Chicago, 27–29 Apr. 1944, box 6, American Collegiate Schools of Business Meeting, HBS/David; see also Donald K. David, (RPA: There is no title) speech, box 6, Education for Full Employment, Alumni Club, May 1945, (RPA: name of the folder, there is no city mentioned), HBS/David.
- <sup>77</sup> *HBS Annual Report, 1943–1944*, 207–8.
- <sup>78</sup> “War Production Retraining Course, Announcement for the course starting February 1, 1943”, Box 1. War Production/Industry Training, HBS/EEPM
- <sup>79</sup> Roethlisberger, *Elusive Phenomena*, 110–11.
- <sup>80</sup> “Announcing the Eight Session Advanced Management Program; September 19 to December 19, 1945”, box 3, , HBS/EEPM.
- <sup>81</sup> *HBS Annual Report, 1944–1945*, 215.

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<sup>82</sup> “Announcing the Eight Session Advanced Management Program; September 19 to December 19, 1945”, box 3, HBS/EEMP.

<sup>83</sup> Edward R. Stettinius Jr., “The Selection and Development of Executives in American Industry,” *Harvard Business School Bulletin* 12, no. 1 (1936): 50.

<sup>84</sup> Winton Alva Scott, “The Need for a Basic Approach in Executive Development” (master’s thesis, University of Texas, 1957).

<sup>85</sup> Sedlak and Williamson, *Evolution of Management Education*, 163.

<sup>86</sup> Drucker, “Executives Are Made,” 34.

<sup>87</sup> Locke, *Management and Higher Education*.