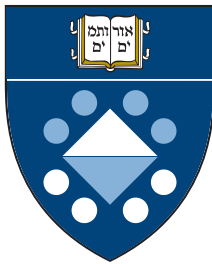


THE BIRTH OF THE SCHOOL

REFLECTIONS ON THE FOUNDING
OF THE YALE SCHOOL OF MANAGEMENT
DELIVERED TO THE
CHARTER CLASS OF 1978

WILLIAM S. BEINECKE



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At SOM Alumni Weekend in 1983, William S. Beinecke spoke to the Yale SOM Charter Class of 1978. A businessman and philanthropist who served on the Yale Corporation for many years and helped shape many parts of the University, Mr. Beinecke was a driving force behind the creation of the School. In his talk to the Charter Class, he described with an insider's perspective the process of discussion and debate, over two decades, that led to the founding of the Yale School of Organization and Management, now known as the Yale School of Management. His remarks, as transcribed at the time for the SOM alumni newsletter, follow.

LADIES AND GENTLEMEN OF THE CHARTER CLASS:

As the following recollections and comments will describe, the Yale School of Organization and Management came into being after a period of incubation which lasted almost twenty years. The story begins in the mid-1950s, with a growing conviction among a number of Yale alumni that Yale should give serious thought to establishing—as they called it—“a business school.”

For many—myself among them—this conviction was a product of personal experience. Following the outbreak of World War II, we had witnessed in the speeding up of U.S. business and industry an often swift evolution from single-product enterprises under the leadership and control of founding entrepreneurs or single families to public ownership, diversified product lines, and institutionalization that created a growing need for the organizational and operat-

ing techniques customarily referred to as “modern management.” We believed that this trend would continue to surge for years to come – as indeed it has. We felt that Yale could and should play a direct role in shaping a development of such obvious importance to the capitalistic system and our national life.

We were confident that Yale – being Yale – could make an equally and, in time, a uniquely valuable contribution to the education of managers, just as the Yale Schools of Medicine, Law, and Divinity had done for many generations of doctors, lawyers, and preachers.

What I have described was not an organized movement but a diffused body of opinion that hoped to bring about constructive action in what it saw as Yale’s best interests. Our view of those interests was not universally shared, however – the leading dissenter being the president of the University, A. Whitney Griswold.

If ever a man was a darling of the gods, that man was Whitney Griswold. He possessed an intellect both powerful and supple. In character and convictions, he was determined, forthright, and confident. Yet, to balance these intimidating virtues, he had something even rarer: an effervescent personal charm. His smile was warm and engaging. His conversation sparkled with wit and good humor. He loved to sing songs and play the banjo.

President Griswold was dedicated, heart and soul, to academic humanism and to Yale. In his view, the purpose of an education – especially a Yale education – was to strengthen one’s powers of thought and instill a knowledge and appreciation of civilization and civilized values. In this he saw no place for what he sometimes referred to as “a trade school for businessmen.”

Furthermore, President Griswold could count on some powerful allies. At that time, the Yale Corporation included among its sixteen members the heads of three of the country’s most important compa-

nies: Irving Olds of United States Steel, Brewster Jennings of Mobil Oil, and Juan Trippe of Pan American. They were all firmly in his corner, along with two of Yale's greatest past and potential benefactors – John Hay Whitney, also a trustee, and President Griswold's Yale College classmate, Paul Mellon.

It is a comment on President Griswold's powers of leadership that these five tycoons – who collectively commanded the loyalty of millions of employees and shareholders, not to mention billions of dollars in assets – were in educational matters proud to be commanded by him.

A man must be appraised in the context of his times. Whitney Griswold graduated from Yale College in the fateful year of 1929. His studies in the Graduate School, his acceptance into Yale's history department, his steady climb up the faculty ladder until his appointment, in 1949, as Yale's sixteenth president took place in a period of economic depression, followed by wartime and postwar economic turmoil. For two decades, American higher education, Yale included, had to live on uninterrupted short rations.

With that background, it was inevitable that President Griswold viewed Yale's finances as what we today would call a zero-sum game. That is, any funds required for new educational programs would have to be withdrawn from current programs. He set forth his priorities clearly. Yale's strength, glory, and mission as a university were bound up in the liberal humanities. Having been underfunded for years, they must be given their full due, with no diversions or sideshows.

President Griswold died well before his time, at fifty-six. He was succeeded by Kingman Brewster, whom he had persuaded three years earlier to leave the faculty of the Harvard Law School and accept appointment as University provost, Yale's second-ranking officer.

The two men, separated in age by less than thirteen years, had much in common. They were at one in their devotion to Yale and its continuing improvement. They shared a liking for sailing and summers on Martha's Vineyard. But there were differences, too – the most important to this narrative being that President Brewster was a strong academic expansionist. He wanted not just a better Yale but a bigger, more diverse, more universal Yale as well.

And he is not to be faulted in this. A great university is poorly served by a leader who looks at the place as Theodore Roosevelt looked at the Grand Canyon – saying, “Leave it alone. You cannot improve upon it.”

Furthermore, the times favored expansion. When President Brewster took office in 1963, the country had been blessed with prosperity for nearly fifteen years. Gifts to Yale from alumni were increasing sharply. Foundation giving was moving into high gear. This rising tide was soon to become a flood with the huge new federal subsidies to higher education – especially leading research universities like Yale – resulting from the Great Society legislation of the Johnson administration.

From every corner of the University came proposals for the disposition of this largesse. But the new president had his priorities, too. The humanities had had their day under his predecessor. President Brewster – trained in the law, skilled in journalism, and with a gift for advocacy and debate – was interested in government, economics, and the development of public policy. He sought a greater role for Yale in helping to make our system work better.

In his early annual reports one can find phrases on the order of “Yale needs to do more in the social sciences” and references to Yale’s mission of educating future leaders in, among other fields, management.

You will look in vain, however, for the word “business.” Presi-

dent Brewster's interest was not confined to the private, profit-making sector but included the not-for-profit and public sectors as well. His focus really was on institutions – especially the large, bureaucratic organizations which increasingly dominate American society. Fortune 500 corporations, of course, but also federal regulatory agencies, municipal school systems, hospitals, universities, centers for the arts, and so on. Though their goals differ, in their need for capable and far-seeing management, large institutions of every kind are much alike. It is important to society that this need be met – and an opportunity and an obligation for Yale to educate men and women to meet it. Thus ran President Brewster's reasoning – familiar now to everyone in this room.

Nevertheless we appreciated the difference in his outlook from what President Griswold's had been, and felt that at last we were getting somewhere.

Furthermore, this time *we* had an important ally. John Perry Miller, long a professor of economics at Yale and in the mid-1960s dean of the Graduate School, had come to believe as we did. As a hard-working and effective fund-raiser for a variety of academic programs, Professor Miller was personally acquainted with many Yale alumni who occupied important positions in American business. He recognized the great value to Yale of their efforts, influence, and financial support. The Yale experience of business leaders of the 1950s and 1960s almost always had been as undergraduates. But Professor Miller was convinced that by the mid-1980s and certainly afterward, a preponderance of American business leaders would hold advanced degrees. He believed it essential for many reasons, including future Yale fund-raising, that a body of loyal alumni should exist who had earned those advanced degrees at Yale.

The Brewster-Miller approach was to appoint a sequence of committees on the social studies at Yale – first a University Council

committee composed mostly of alumni, then a faculty committee, and finally parallel faculty *and* alumni committees, on which I had the honor to serve, to implement the recommendations of the first two committees. For the purpose of these remarks, the most important conclusion of those bodies was that for proper teaching and study of the management of institutions – whether public, private, or not-for-profit – several academic disciplines would have to be involved. For example, to understand the workings of a big-city school system would require specialized knowledge from such varied departments as economics, government, administrative sciences, and sociology. Public health might also have a contribution to make and perhaps psychology as well.

But there was no way under the departmental system prevailing in the Yale Faculty of the Arts and Sciences for such a diverse group of specialists to be gathered together on the kind of formal and continuing basis necessary to attract students and generate useful results.

The solution, as the committee I served on recommended, was to create such a forum, and this was done. It was called the Institution for Social and Policy Studies.

John Perry Miller moved from his post as dean of the Graduate School to become the first director of the ISPS. It was in the beginning to be a house with three wings, so to speak: Urban Studies, Education Studies, and Management Studies. For each set of studies, faculty members were to be borrowed from their regular academic departments for part-time teaching and study. Other specialists would be brought to Yale from the outside as adjunct professors with term appointments. A degree program would be set up and graduate-level students would be encouraged to apply. The studies themselves would be in no sense theoretical but deal with existing

conditions and institutions. One of the first was a non-degree program for potential superintendents of large city school systems.

The ISPS was an innovative idea at the time – the late 1960s – when academic innovation was much in fashion. It went well from the start. At the outset, however, only two wings of the house were occupied: Urban Studies and Education Studies. Management Studies was delayed because a proper assortment of faculty could not be recruited in time.

For me and many others, this was a keen disappointment. It was our hope and belief that the Management Studies wing of ISPS – if it proved successful – could within a couple of years be separated from the other two and set up on its own as the “business school” which we so long had wanted. Now we would have to wait a little longer before the stepping-stone would be in place.

As we waited, our disappointment deepened. When the ISPS opened its doors in the fall of 1969, student unrest was sweeping across American college campuses. The established institutions of society – the presidency, the armed forces, university administrations, the corporate world – were being stigmatized as self-serving oppressors deserving of almost any outrage that could be perpetuated against them.

Yale students contributed their share to the tumult. But despite some extreme and dangerous provocations, Yale was *not* torn apart by violence as were Columbia, Harvard, Cornell, and so many others. The fabric was stretched, but it did not break – for which one man above all was responsible. With almost unerring insight, President Brewster made masterly use of his powers of persuasion so that – at Yale – common sense, decency toward others, and regard for the University prevailed over the powerful forces of disruption then at large. No one has ever done more for Yale than he did then.

One thing he did not do, however, was give a go-ahead for the Management Studies program. In the context of the times, any such move would have been branded as proof that Yale had become the lackey of corporate America.

So once again we had to wait—this time for a couple of years. Meanwhile the ISPS had developed its own style and way of doing things. As manifested in completed or ongoing urban and education studies, its approach was specific and concentrated—tightly confined to the problem being studied. Its orientation was toward *ad hoc* academic study rather than career preparation. Consequently, John Perry Miller and his associates in ISPS had concluded that to be successful, a program for the education of managers should be organized as an independent school with its own dean and faculty rather than as a degree program with ISPS. Otherwise they feared the best faculty and students would not be attracted.

The stepping-stone having thus crumbled, the choice lay between crossing the stream without it or not crossing the stream at all. John Perry Miller remained firm in his conviction that a full-fledged “school” should be established—but with no faculty, no financing, not even any housing at hand for one, the long-sought goal remained remote. As the boom times and expansionist outlook of the 1960s faded into the distance, the prospect of reaching it *ever* became more bleak with each passing month.

I like those movies where the Indians have the wagon train surrounded, the settlers are about to be massacred, and suddenly the United States Cavalry appears on the crest of a hill, the bugle sounds the charge, and the day is saved.

Nothing so spectacular as that saved our day. In fact, it was a commonplace thing. An elderly gentleman died. He was my father, Frederick William Beinecke, of the Class of 1909 Sheffield. He loved Yale and, with his brothers Edwin and Walter, had over

the years shared his good fortune with Yale. Most recently, he had helped finance the ISPS, because of where he and I had hoped it was heading.

In his will Yale was named heir to one-quarter of his estate. At his death, several previously established trusts also went to Yale.

That occurred in 1971. It took well over a year for everything to be sorted out – by which time it was clear that quite a tidy sum was involved. Not enough to endow a new school. Not enough to make it financially independent – as I’m sure your Alumni Fund agents keep reminding you. But enough to get a school started.

Meanwhile, the Yale Corporation had undergone significant changes. I was a member. William H. Donaldson, later your dean, was a member. There were others, too, who felt about a new school as we did. And so, in the spring of 1973, with President Brewster in the chair, with John Perry Miller impatiently waiting in the wings, with Fritz Beinecke’s bounty in the bank, and with many hundreds and even thousands of Yale alumni hoping for a yea vote, I had the honor of moving for the establishment by the Corporation of a Yale School of Organization and Management, and the satisfaction of having the motion carry.

The cake came out of the oven just in time. Within weeks of the day when the vote was taken, war broke out in the Middle East, to be followed by the Arab oil boycott, the ascendancy of OPEC, and a long run of heavy economic weather, from which – one hopes – sustained recovery at last is on the way.

The effects of all this on Yale’s budget and Yale’s endowment were so serious that the status quo ante has not been fully restored yet, although President Giamatti is getting there. In any case, there is no doubt in my mind that if the vote to establish your School had been delayed for a further six months, the decision would have gone the other way – and you and I would not be here tonight.

As the Duke of Wellington said of the Battle of Waterloo, “It was a damned near-run thing.”

Much more had to be done, of course, before the School was ready to admit its first students – yourselves. What happened in the next three years, in fact, was even more difficult to accomplish – as well as more important to the School and to you – than what I have described. But I played no part in that, and will leave any comments on it to Bill Donaldson, whose accomplishment it so singly was.

Before closing, however, I have been asked to state briefly what I think will be most important for the School and its alumni in the future. I see three problems as towering above all others.

One is the need to curb the alarming growth of the world’s population, with its dangerous potential for generation strife over inadequate resources.

One is the need to increase the supply and broaden the distribution of food throughout the world, so that an adequate diet is available to even the least favored of humanity.

One is the need to limit, reduce, and in time end the arms race which now endangers life as we know it on this planet – and ultimately persuade all nations to renounce armed warfare as a means of settling their differences.

Those are three rather obvious statements. Almost everyone of good sense and good will would subscribe to them. What have they to do with this School? Why do I make them to you?

In my thirty-odd years in business, few things have surprised and disappointed me more than the attitude many businessmen have about the world beyond their businesses and their careers. It is hard to say which is greater – their ignorance or their indifference. Even men of the highest capacity will, without regret, limit themselves to a two-course curriculum – they major in bottom-line and minor in golf.

This is, first of all, a disservice to themselves. It limits their imaginations and can turn them into terrible bores.

It is also a disservice to their companies. The events of the day – even minor and remote ones – can come to have devastating effects on corporate earnings. What does it say about the alertness and sophistication of the American business community that, in industry after industry, it is being proved that foreign companies understand and serve the American market better than American companies do?

But the greatest disservice is to America itself. Our business leaders are among the ablest, most energetic citizens we have. We can use their brains and drive in every important thing that needs doing. Their lack of interest, their non-participation, their narrowness mean that the United States is a less successful, less rewarding, less happy country than it can be and should be – for us and for them, too.

Those failings are what President Griswold so detested. He scorned what he called trade schools and blocked the establishment of this School because he feared it might teach, to borrow Oscar Wilde's phrase, "the price of everything and the value of nothing" – sending its students into the world with wrong, distorted, overly self-serving standards for living their lives.

President Brewster believed that this did not have to be, and that at Yale it would not be. Speaking for myself and others for whom this School represents the fruition of our highest hopes, I will say that important as it is for you of the Class of '78 to achieve much in your careers as managers, it is equally important for you to achieve much as citizens and as cultivated men and women.

Only if you and your successors strive equally for *all* those goals will this School be truly a success. Only then will *you* be truly a success.

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