

**INTERVIEW #1 WITH  
WILLIAM POUNDS  
FORMER DEAN  
MIT SLOAN SCHOOL OF MANAGEMENT  
March 17, 2010 and March 24, 2010  
MIT Sloan Oral History Series**

M: Bob McKersie  
P: Bill Pounds  
W: Alan Weber

**March 17, 2010**

M: Bill, I guess the place to start, which would help us have this down on tape, is what you were saying earlier about the succession of leadership of the School, starting with Penn and Eli Shapiro.

P: Much of what I will say is hearsay. I was not there. I came here in 1961, and the School I think started in 1952. So that's 9 years it had been going on.

As you know Penn Brooks was the first Dean. He was a graduate of MIT, and a decorated veteran of WWI, which he was quick to point out to you. He had spent his career at Sears Roebuck in Chicago.

I'm under the impression that Eli was the Associate Dean under Penn.

MIT had acquired this building from Lever Brothers, and the school was up and running by the time I got here. I was recruited from where I was working in a paint factory in Cleveland by Howard Johnson. I did not have a Ph.D. I came with the understanding that I would have a light teaching load until I finished up my thesis at Carnegie. I came and joined what we now call the Operations Management Group, which is not the title at the time. It was called Production Management at the time. Ned Bauman led the group. He became my very close friend.

I was a bit shocked when I arrived here. Howard asked me which group I wanted to join. Finance, Marketing, Accounting – and fresh from Carnegie, I said “I don't care. I'm interested in all those things.” I was quickly admonished, and told, “You have to belong to a group or you won't make it here.” I thought that told me something about the organization, which was not entirely positive, and which, by the way, I never fixed in any serious way. But it is fact.

Another anecdote in that direction – not long after I was here, I had met a number of people, that I liked including Ed Schein and Dan Holland both of whom were full professors. So Helen and I decided to have them to dinner. That was probably an untoward thing to do, but we invited them to dinner. They came to our house in Newton—not the house you remember but an earlier one—and they had never met!

W: And there weren't very many faculty here then.

P: Right. I introduced them. That told me something too.

W: How did you come to Howard's attention?

Int. w/B. Pounds  
3/17/10

2

P: Well, Carnegie was hot in those days. The idea that business schools could be somewhat more academic was an idea thought to be good at the time ONLY (as far as I could tell) by Carnegie and MIT. Harvard thought it was a joke, I think, and I suspect several others did too. I mean, a lot of people who don't know about business, and didn't even ask. So I don't know for a fact, but I'm sure Howard called Carnegie and said, "Do you have anybody?"

They said, "Oh, we have this guy who was here for a while, and he's gone off to work in a paint factory in Cleveland, and he's done everything except the thesis. He's one of those - one of us."

At Carnegie, I had studied under Franco Modigliani, and did all the math and economics that they had. But the longer I was at Carnegie, the more I began to see that math and economics while interesting don't answer any of the important questions of the world, and I was interested in that. So I began to drift toward Herb Simon. Thus when I arrived here, I could be all things to all people. I could talk to the economists and the OR guys and I was right there, - into all that stuff. But I was very sympathetic to the stuff that was not so mathematical; I was interested in decision making and organizations. I suspect that was at least a consideration in my selection as Dean. I was not offensive to anyone.

M: What year was it you were selected as Dean?

P: 1966. I got my Ph.D in 1964, I think. So it was a quick switch.

M: You didn't move through the Associate Dean chair?

P: No, no. I got promoted to Associate Professor, and then I got tenure, for reasons that are still a little misty in my mind, but I was given tenure as an Associate Professor. Then I was named Dean and immediately promoted to Professor.

W: That paper, "The Process of Problem Finding," was that the basis of your dissertation?

P: No, it was not. My dissertation was on an important subject, as it turns out but I wasn't quite aware of that at the time.

W: What is the issue?

P: Well, the issue that I was interested in was how people respond to changes in the world, changes in circumstances. So I had people play a game, assuming that they would play it in a certain way and come to a stable state. And then, without informing them, I was going to change the state and study how they adapted to the fact that things had changed. It was not very good, by my own standards. But I got my Ph.D. and became dean.

M: Well, becoming dean after being here 5 years and being relatively young...

P: I was 38.

Int. w/B. Pounds  
3/17/10

3

M: ...as deans go, what was your thinking about becoming dean of this... what, in your own mind, were the challenges?

P: I'm telling you what I thought, not what I SHOULD have thought (chuckles). I thought being a dean would be interesting. I had no idea what it was. And I did not have any burning passion of what I was going to do. I figured I would see what comes. I was unaware I was being considered. I had just recently gotten tenure, which came as a bit of a surprise to me. But I didn't know. I knew there was lots of talk. The circumstances were a little bit complicated.

Jay Stratton was retiring as president, and Jay was going the old-fashioned way. He was 65 and was going off to be president of the Ford Foundation. And of course, as we all knew, they had a big search going on for a new president. Meanwhile, Howard announced he was leaving MIT and going to work for Federated Department Stores. Sloan needed to find a replacement for him.

I was way below the radar. I was just reading about these things. But I talked with people and they told me that the Sloan School immediately formed a committee to think about who might be the next dean, but they couldn't find anybody at MIT to talk to because MIT said "until we get a new president, we can't think about that."

Charles Towns was the logical successor to Jay Stratton. He had been provost, Nobel Laureate, a solid state physicist – a good guy. So everybody assumed Charlie Towns would be the next president. It turned out that didn't happen. The MIT Corporation stewed about this for several months.

Meanwhile, the Sloan School was perking along, knowing Howard was leaving. I don't know whether he had actually left yet. And then to everyone's surprise they chose Howard to be President. It took a little while for the dust to settle. Seems to me they named Howard in January or sometime like that. And it was in March sometime that he called me, took me to dinner over in Boston, and asked me if I would be dean. I didn't have any idea how that happened.

But I will say one thing that was kind of nice. After I said that I would, Charlie Towns called me because he was still here and on his way to Berkeley, I think. He called me and asked me to go to lunch, and I said, fine. And he said – I can only assume it's true – he said that they had come to same conclusion before Howard did. That was a nice thing to say. Whether it was true or not... anyway... So then I was dean.

M: Now, Howard would have had an Associate Dean?

P: He did. It was a fellow named John Winn.

W: Oh yes, I knew John Winn.

P: John Winn had been a Sloan Fellow, from the Air Force.

W: Right, he was Howard's....

P: ...right-hand man. And totally loyal to Howard. He was Howard's fella. A straight-arrow kind of good guy.

But anyway, Howard went, and he didn't take John with him right away. So when I came in, John was here, and John had been Associate Dean, so I had the opportunity to work with

Int. w/B. Pounds  
3/17/10

4

John. And John, of course, did it Howard's way. That was John. He was not the most flexible guy in the world, and heaven knows, I needed instruction. So John and I got along fine. He was not exactly my style, but he was a good guy, and we had a good time together.

And I kind of held my finger up to the wind to see what this was all about. As far as I could tell, things were going OK. I didn't see any great threat on the horizon.

The big thing that happened, which I think happened roughly simultaneously to all this, is that someone decided to go back to Alfred P. Sloan for some more money. I think they got \$3 million. And they decided to change the name of the School from the School of Industrial Management to the Sloan school of Management.

W: That's when Mr. Sloan passed away, wasn't it?

P: Sometime after that he passed away, ...

W: 1967, I think...

P: ...and there was some hope that there might be some more money coming.

W: Anyway, I had whatever money there was – it wasn't a lot. I don't remember how much, and we had this change of name.

So one of my early thoughts was to add some dimensions to our recruiting and our public image by saying that "We want to really be a School of Management, one with interests in the management all kinds of things." I think I had four items: healthcare, education, public management/non-profits, and industry. So we put that in the brochure, saying we were interested in people who had career interests in all those directions.

And to be honest, that really worked well. We got some interesting people, and the people, as I recall, went out and did some interesting things. In the case of Sloan Fellows they were people in their thirties, so they were more likely to stick with their last. If they were medical, they were going back into medicine; if they were in education...etc.

In the MBA case, we also recruited across the board, but the problem there was, that when they came out of our program the money was all on one side. And that has been Yale's experience when they followed us in that direction.

M: The late 1960s was a very troublesome time. How did that impact you in the Sloan School?

P: The political events of the late 1960s started at Berkeley. The war in Viet Nam was a major stimulus but not the only one. Many thought that Clark Kerr hadn't handled it quite right and if only they had been there, everything would have been OK.

And then it migrated eastward and Cornell had a big event, all related to the war, and to women's rights and other things.

M: Cornell was 1969, I know that. I wasn't there, but I know it like the back of my hand.

P: Well, 1969 was late in the cycle, because it arrived at MIT in 1968 or 1969. Harvard had their big event in 1968 or so. So by the time it got to MIT, it had had had lots of exposure. But

Int. w/B. Pounds  
3/17/10

5

like everyone else, we had assumed, of course, “Not us! Too bad about these other places.” We’re perfect. No issue here.

When it finally did get to us, of course, there were big issues here because MIT in those days – vastly more than it is now – was supported very heavily by the DoD, it was half our revenue. And we were doing work on all those evil programs. We were developing guidance systems for the MIRV missile system, a multiple warhead guidance system; we were developing guidance systems for submarines and Poseidon and all those missile things at what was then called the Instrumentation Lab under Stark Draper. And we were doing all the stabilized gun platforms and stuff for the Vietnam War. So we were engaged in what we came to call “war-related research.” But we were contracted to do work on these things, which were high on the list of the evils that people were complaining about.

So when it came to MIT, the folks felt they had finally got to a place they needed to shut down. So it attracted a crowd, both internally and externally, of people who thought this was a great target.

I remember the big first event at MIT was on March 4, and I have to confess to this day every March 4, I think “March 4. I remember that day.” That was the first big demonstration. And there were many demonstrations after that one. There was a soldier who had gone AWOL from the Army. He went into the Student Center, and of course he was defended to the death by students who surrounded him by barricades and one thing and another. And there he was.

Howard was president, and we used to have Academic Council meetings on Tuesday mornings, but those days we had AC meetings every morning. We’d shape up at the dock at 8:30 and see where we were. In this case somebody was assigned the task of calling the Cambridge Police and saying “We’ve got this guy, and we’d like him out of there.”

The Cambridge Police said, “Hmmm, that’s not our business, that’s the Army’s problem.”

So then somebody was assigned the task of calling the Army, and he said “We have a deserter here.”

They said, “How do you know he’s a deserter?”

Nothing....

So this guy sat over there for a long time. Nobody wanted to touch him.

Anyway, we had a number of such incidents. One of my big moments was a big march that took place down the street behind 100 Memorial Drive [Amherst Street] toward the Hermann Building where Ithiel Pool, Max Milliken and people who were basically hawks on the war had their offices. The marchers said that they were going to have a trial of these guys and find them guilty of war crimes. This was all known. So part of one of our meetings was how we were going to defend the Hermann Building, which was built like a fortress. So you couldn’t have a sturdier thing for them to attack. I can still remember somebody, in a fit of genius, put an American flag—which had never flown over the Hermann Building in its life—up so it was standing up on the top of the building somewhere. And at one of these endless meetings we had, somebody said, “You know, maybe we ought to take the flag down. We haven’t had a flag there before.” And the guy who was running the buildings and grounds said, “Not so fast. We have welded the door to the roof!” So they weren’t going to get to the flag.

Anyway, so the day came when this march was to be, and we got a restraining order from the court against this gathering on our property. I was assigned the task of going to an office overlooking the courtyard? And I was given a microphone and about 1000 watts of amplification, and BIG speakers. And when the marchers got to the curb, I was supposed to

Int. w/B. Pounds  
3/17/10

6

begin reading this restraining order. And when I spoke into this microphone, you could see that the sound blew their hair back! A guy I knew who had an office way down in the Hayden Library told me later that he could hear every word! I spoke like the voice of God!! It was really funny. Anyway, it kind of slowed them down, and there was never a trial. [laughs] They kind of milled around with their Vietcong flag and finally went away.

W: There was a bombing over there, right?

P: Yes, there was. In the Hermann Building. Somebody put something up in the ceiling and blew it down. I think it was in a restroom or something like that.

W: And then you did the Draper...?

P: I did labs, yeah. That was actually a more interesting thing. I don't know if we have time for all that.

W: We may have to have a followup. This is has been a good trial for us.

P: That was a very interesting exercise. The question was: why the hell were we running the Instrumentation Lab and the Lincoln Lab? Why was MIT in that business? Why are we doing it? And of course, it was a rhetorical question because the people who asked it knew we shouldn't be doing it, and the people who were doing it, knew we should. Anyway, in those days we had faculty meetings that overflowed Kresge Auditorium because Howard had allowed students and staff, as well as faculty, to sit in on these meetings with the understanding that the faculty voted. At one of those meetings it was SRO. People were hanging from the rafters. And Howard is credited – I think fairly – with holding the whole place together, and avoiding total rupture.

So I can still remember – I think he spoke with me beforehand – he decided that he couldn't withstand the heat any longer, and he would appoint a panel to think about these two big labs. And he asked me if I would chair it. He had picked 22 people. Two by two, like Noah's Ark, there were 2 members of the Corporation, 2 alumni, 2 people from each lab, there were 2 grad students, 2 undergraduate students, on and on. And it ended up as this long list of people. I don't know if the numbers are exactly right, but it was a large group and very diverse – at least politically.

M: This is sometime in the 1970s, right?

P: No, April 1969. The weather was getting nice, and when he announced this at the faculty meeting, there was a general sigh, sort of "Ohhh god, a committee..." you know, "He's just putting it off until summer comes, and nothing's going to happen." etc. Then he revealed these names, many of which he hadn't even talked to, including Noam Chomsky, and Vicky Weiskof, and names that you would remember. And he said this committee was going to review MIT's policy toward these laboratories.

It was on a Friday afternoon that we had this meeting and I got up and said that I looked forward to working with this group, and that we would meet in the Schell Room, which at that time was across from the Dean's office here at Sloan, at 9:00 am, the next morning, which was Saturday morning. I said I looked forward to seeing everybody there. And at 9:00 the next

Int. w/B. Pounds  
3/17/10

7

morning, almost everybody showed up. They all came. And I started by saying, "Everybody thinks this is a joke, they just think this is dust in the air until we get to summertime and then we can get on with our business." And I said, "I don't really think it's a joke. I think it's a fair question to ask: What role should universities play in the world? I think we ought to think about that. So it is my intention that this committee will meet all day, every day, until we have a report, starting today. And that means Saturday, Sunday, Monday, Tuesday, Wednesday – straight."

There were a lot of raised eyebrows around the room saying, "I'm going to school, I'm a student, or I'm teaching classes." And I said, "Well, you have to do what you have to do, but we're going to meet."

Noam Chomsky was giving a series of lectures at Oxford, and he said, "I have to give these lectures at Oxford." I said, "Noam, if you want to come back between lectures, we'll pay your way." So he went back and forth.

Anyway, we met – every day, all day, for 36 days. We went to Washington, we went to Congress, we met the guy from Arkansas who was head of the Foreign Relations Committee. Senator Fulbright, we met with him. We went to the Pentagon and met with all kinds of folks there.

The device that I used to get us started was purely invented on the spot. I said, "Why don't we go around the table and everybody say what they think. Start. What do you think? Here we are. What do you think universities ought to be doing?"

Well! Endless speeches. People went on and on and on. We listened to every one of them. Any questions? Thank you, Bob. Alan, what do you think? That took almost two weeks, all day. Everybody said everything they could think of.

And it was an era of deep distrust on all sides. Outsiders thought this group was off somewhere, and I said "Anybody can come and sit in. Can't speak, but they can come and sit in." And I hired a court stenographer to write down every precious word, and we had it typed up and available in every library at MIT the next morning. So if you wanted to know what had happened, there it was, these big piles of paper. And it's all in the file somewhere. I haven't seen it for years.

Anyway, we went at it hammer and tongs, and in the end – the question was: should a university be engaged in things that count - things that make a difference in the world? And there were people who thought no. Universities should teach and do research and publish and write and talk, but they shouldn't do other things. Then the question came up: What about a medical school? In a medical school, they treat people, and people live and die, and it's part of the education, they do real things. I remember we invited in deans of medical schools, presidents of universities that had medical schools and said "What is a university doing in the medical school business?" So we had debate, lots of things to talk about.

Anyway, we finally appointed a little committee. I remember Gene Skolnikoff was one of the authors who tried to pull together what he perceived to be the consensus. And essentially what we said was: Universities might differ in their choice, but we thought that MIT should be involved with things that matter, carefully and thoughtfully, but we shouldn't avoid things just because they counted. That was said in a kind of bureaucratic, committee style, not ringing prose.

I invented a phrase that I think helped a lot, which introduced this report. It said something to the effect that "Except in the matters covered in addendums to this report, the Committee adopts the following:...." So what we produced was a Committee report that maybe

Int. w/B. Pounds  
3/17/10

8

didn't quite get it all, but it allowed people to add anything they wanted to say at the end.  
[chuckled] That kind of fuzzed it up.

W: And that led to Draper being dropped, right?

P: Nope not quite. What it basically said was MIT should stay in this business. And I carefully avoided any reason. Because half the committee wanted to do it for patriotic reasons, and the other half wanted to do it because "the world is evil and it's better that it be done here where we can watch, than under a mountain somewhere." So we could agree it should be done here, but in some sense, for the opposite reasons. And we stayed away from the reasons. And that way, everybody could say "it should be done here."

But we did draw the line and said "We should do research and development, but we should not do manufacturing or installation. That is, we shouldn't bolt things into helicopters or missiles." So we said MIT should be in this business because it was worthy of our attention, for reasons we didn't specify, and essentially people bought that.

We finally moved our meetings out to Endicott House, and we met there every day. And I can still remember – the last day we had the final draft and we voted, line by line. It could have gone "yes" to "no" right on that spot. But we said, "Does anybody have a problem with the first sentence?" And we went through the whole thing.

M: That's a great story. I was aware in general terms of what you had done, but not this great detail.

P: But by the end, we were all friends. All the political stuff had been poured out, and everybody knew each other. I see people to this day.

We had a graduate student named Johnny Cabot who was extremely articulate, a Ph.D. candidate in biology, who led a lot of the big meetings at MIT. Not a rabble rouser, he was deeply disturbed by the war. And when we went to the Pentagon, he came with us. We went to lunch there, and you know they have airplanes diving and bombing, and ships firing guns, that's how the Pentagon is decorated. He became physically ill in that setting, and had to leave. He was so upset. People felt really strongly.

W: So I hope we can pick up from here, and have another meeting? I would also like to get to your similar comments you have made in the past about concern about this school being a service function versus the MIT family. How it fits within MIT and such.

P: I'd be happy to talk any time.

END OF INTERVIEW #1

**INTERVIEW #2 WITH  
WILLIAM POUNDS  
FORMER DEAN  
MIT SLOAN SCHOOL OF MANAGEMENT  
March 24, 2010  
MIT Sloan Oral History Series**

P: Bill Pounds  
M: Bob McKersie  
W: Alan White

W: I'm interested in why the Sloan School was established in the first place, from the perspective of MIT. In other words, what interests of MIT were involved in seeing the creation of the School and why? And how the School was seen through the years, as much as you've experienced that, Bill, that brings us up to some point. Because in the time I've been some changes in the way the School is viewed....

P: I can only share my limited view of all this. I wasn't present when all this started, but I took the same kind of interest in it that you did. So I'll tell you what I have derived from all that. Other people might have a slightly different view.

But if you think about it, MIT numbers its courses in order. Number 1 is Civil Engineering, #2 is Mechanical Engineering ... by the time you get to #6, it's Electrical Engineering. Interestingly, what is now Sloan has a low number: 15. Mathematics is #18! For many years, Mathematics wasn't a department at MIT, it was a service activity. It taught engineers mathematics. The idea that it should have a degree, or have graduate students, didn't come along until much later. So Sloan was early. I think the year was 1914, or thereabouts.

It arose (I was told) out of the fact that able students, came to MIT thinking they might be interested in science or technology or whatever, but having arrived here discovered that they were really interested in a slightly different kind of career. Course 15 was organized to provide such students an option. And of course, there was (and maybe still is) the widespread view that the people who were really good stayed with science and technology, and the weaker folks drifted into the "easy" courses in management. There may have been some truth in that, but I'm not sure it has ever been true. At any rate MIT concluded at that time, long before my time, that they should offer such a course. They called it different things at different times. One name I remember was something called "Business and Engineering Economics". In that course students could study broader subjects. So MIT has had an undergraduate degree in what we now call Management, starting a long time ago, now coming up on 100 years.

Penn Brooks, the first Dean of Sloan, may have been a graduate of maybe the first class of that program. And it is almost embarrassing how much of MIT's endowment has come from students who graduated from that program. When I was dean, we considered (I have to say, briefly) the idea of shutting down our undergraduate program on the grounds that if you graduated at 22 with a degree in management, you were hardly, by experience, prepared to undertake real managerial work. Some thought that maybe we should focus more of our attention on graduate students, etc. etc. But the overwhelming accomplishments of that

Int. w/B. Pounds  
3/24/10

10

undergraduate program argued against it, so we never really pursued that idea with any great enthusiasm.

Sometime while I was dean, somebody found the application for admission to MIT submitted by Jim Killian in the early twenties. Jim, of course, ended up being both President and Chairman of MIT. He had come from North Carolina to study textile engineering, which of course was a big industry in NC in those days. Jim ended up graduating in Course 15—his highest, and as far as I know, only earned degree. And he later became President Eisenhower's first Science Advisor. And as I have said his highest earned degree was a Bachelor's in Course 15. Of course, with Course 15, you studied chemistry, physics, calculus and everything else before you got to management. That's just an anecdote of course but it says something about both MIT and Course 15.

The next event was the beginning of the Sloan Fellows program. Alfred Sloan saw that in the company he knew best, General Motors, people came up through specialties in marketing, or research, or manufacturing, or sales, or whatever. And as they were in their mid-30s, if they were on the fast track, they would acquire responsibilities for which they had neither been educated nor in which they had any experience. So he thought that a program aimed at people in their 30s, appropriately selected, offering them a broad exposure, would be a very sensible idea. And MIT, of course, undertook that program in association with Course 15. I think there were 6 Fellows in the first class, and it gradually grew.

M: That was back in the 1930s?

P: It started in 1931 or 1932.

W: Actually I think the program started in 1931. I think the person who conceptualized the program and talked with Sloan about it was Erwin Schell

P: That's right. Schell was running Course 15, and I think some combination of the two put the idea together.

W: They thought of it together. It was the world's first executive education program.

P: And I think in those days it was not a separate program. You came to MIT and you could take almost anything you wanted. Several MIT programs have started that way.

W: Interesting how they did that, though. They had a national competition to select the first Sloan Fellows.

P: I didn't know that.

W: Yeah, it was on the front page of the *New York Times*. They really did it right.

P: I remember Kodak was in the first class, and of course GM—all the big American companies. But interestingly, almost none of those companies currently exist in the form they did then.

Int. w/B. Pounds  
3/24/10

11

At any rate, so the SF program probably evolved slowly into a degree program. I'm not quite sure when the degree was added to that program. I'm sure it's in the records somewhere but I don't know. Might have started right away, but I doubt it.

At any rate, that was the next event.

It's interesting to note that every step of the development of management at MIT started because somebody came to MIT with an idea. It wasn't MIT's idea that we do these things. The undergraduates came and said "We want to study something different." Mr. Sloan and Schell came and said, "We want to serve a different group." It didn't fall out naturally from a strategy of MIT. It was kind of patched on the side.

The next event was when Mr. Sloan—in 1952, I think, said that MIT should have an MBA program - but not one like the other MBA programs at that time. It should be distinctive for MIT, it should add a dimension that was not available in other places. And again, MIT said OK. I don't think it was MIT's idea to do that. And so MIT bought this building with half his money, and the other half they used to supplement the faculty that was already on board teaching Sloan Fellows and undergraduates.

So that was the beginning of a new Master of Science in Management degree program – not an MBA. The program was quite different from those offered by other schools in that the faculty—who were recruited largely by Eli Shapiro—were largely drawn from the academic disciplines. They were not people experienced in business. They were economists, sociologists, historians, applied mathematicians. They conceived a program that was quite academic in its character; covered a broad array of topics but at a very serious professional level in each one. I think the name of MIT and the location and a lot of other things allowed Eli to attract some very talented people to what you would think of as a new kind of business school where they would otherwise not have considered going. That wasn't a natural thing for such people to do.

And, I think another effect was, it attracted quite different students, students who would not otherwise have gone to a business school. They were attracted by the ideas and what was talked being about.

I speak about this somewhat on the basis of my experience at Carnegie, which was going through the same evolution simultaneously. The idea of going to a regular business school just seemed like the worst idea in the world to me. I talked to people who went to those schools and was sure I didn't want to go there. But then someone said, "Well, Carnegie is different. It's a really good place." So I went back to Carnegie with that idea in mind.

M: So Bill, would you said that the faculty that Eli recruited for the MBA program, were quite different from the faculty who had been teaching in Course 15 before this?

P: Yes, some of them. I think Eli raised the academic standards considerably. We had – I only knew a handful of the people who preceded this transition – but those who had preceded this and taught in Course 15 were a bit "folksy" in their style. I met a number of them, good people, they had developed good courses, they were popular with the students, but they were not academics, for the most part, the ones I knew and met. But the ones that Eli brought were. So it was a substantial change in direction. And the net result was, it attracted a different kind of student. If you want to think extremely broadly about the effect of these schools—and of course the idea that the schools might become more intellectually close to their universities,

Int. w/B. Pounds  
3/24/10

12

spread from Carnegie and MIT and possibly Chicago—it spread back into the schools that had originally thought that was the worst idea in the world. You know, Harvard and we compete these days for identical faculty appointments, Stanford, and Wharton, and all – we are all very close together these days in our tastes as to what faculty should look like. But in those days, we were real outliers, and in some ways I kind of regret we are not still as outlier as we might be. But we’ve all kind of converged on a common view.

So the next event was beginning of... we bought this building and we came a separate school, the School of Industrial Management in the beginning, and then with the next injection of funds from Mr. Sloan, we named the school for him, as was appropriate.

W:           What year was that?

P:           I think it was 1965. Because I became dean in 1966, and it was already the Sloan School. The thing that I did, when I first arrived, was to the change in the name. I suggested we should concern ourselves with the management of all kinds of important activities in society. I began to talk up the management of healthcare, the management of education, the management of public services more generally—in addition to business. We began an active recruiting exercise primarily among the executive programs to bring a wider variety of professional people into those programs. And we let the word out that we were looking for MBA students who were interested in managing a museum or a hospital or something other than business and that they should come to Sloan. This was 20 years before Yale started up their program with essentially the same idea. Actually they talked a lot with us as they were getting organized.

M:           You were implying earlier with Course 15 that maybe some of the folks at MIT might have looked down on those who went into Course 15, as kind of a “couldn’t cut it with the heavy-duty stuff.”

P:           Right. When I was an undergraduate engineer at Carnegie, I thought exactly that!

M:           Was some of that same feeling present when the Sloan School was established?

P:           I think it exists to this day.

M:           Say a little bit more about the reality of that back then. Because here’s a school being established, and is it going to get its recognition by being compared to other business schools? Or is it going to try to stand on its own vis-à-vis some of the other really high prestige departments at MIT, including Economics?

P:           I think it was seen as a separate entity, and to some degree still is - although when faculties were appointed all Schools were treated the same way. I was involved in that process for many years. As you may know MIT has a practice in every department of consulting people outside the department. So if you happen to be in economics and were being proposed you for promotion, either to tenure or professorship or whatever, we would write to economists all over the world and say, “Is this person a serious person?” And so we didn’t just write the business schools. We wrote to people who were in the middle of their disciplines around the world,

Int. w/B. Pounds  
3/24/10

13

including our own people here. We did our best to keep the standard of individual accomplishment academically very high, hoping that we could persuade them to concern themselves with the practical problems of management.

But I don't think that our efforts were totally persuasive to our colleagues in other parts of MIT who had no idea what we did. They always thought well of us, but they had no idea what we taught or what our students did, etc. So I think that remains a problem for the School – to get MIT more broadly to know what we do here.

There was a time – I don't think we still do it – where somebody had the good idea that in the month of June, after commencement and before summer school started, there was an opportunity to offer a course limited to MIT faculty members. It started with biology because biology was seen as a kind of new science. So they got the guys in biology who said “Let us tell you about biology...” and they attracted a big crowd.

Well, Andy Lo and somebody else organized a course a year or so after that on corporate finance. It drew a big crowd, and Andy and his colleague did a great job. They produced a notebook full of materials. Of course, the analysis was well within the grasp of anybody at MIT. It seemed exotic in the financial world, but it was hardly exotic. Shortly after that was offered, I was at the Faculty Club (when we still had one), and Asher Shapiro, who was an good old boy in the mechanical engineering department - a really good guy but of the old school, a solid engineering guy. I happened to sit down next to Asher at lunch and he said, “I attended that course organized by those kids from your school,” and I said, “Really?” I expected a needle. He said, “If I were younger, that's what I'd do.”

So, we don't do enough of that. We could carry our flag a little higher.

W: Is that the one he did on financial engineering?

P: Yes, “Financial Engineering Made Difficult”, or something like that.

W: Yes he did it during IAP.

P: No, that time he did it in June. I don't know that they do that any more. Maybe they do...?

Anyway, then we had a Masters Program program.

Then while I was dean, I was running short of money, and we were being inundated with demands so I went to the Academic Council and said, “I want to raise my prices and collect a premium for our programs.” No deal. They wouldn't do it. They said, “You have a lot of out-of-course students, students from other departments that want to go to Sloan, and we're not going to charge them any extra, and you can't have students paying one level, and blah, blah, blah,....” So I said OK, that was probably right.

But then I discovered that we could charge almost anything we wanted for a summer term. So I said I was going to run a Masters program 12 months. We already ran the Sloan Fellows Program and we charged a different tuition there. So I said I would start a new program and charge a premium tuition during the summer term. And they said OK. So we started what I called an Accelerated Masters Program - where students came in June and graduated the following June—very much like the Sloan Fellows, and for people with more experience, but not quite as much as Sloan Fellows.

Int. w/B. Pounds  
3/24/10

14

It's been interesting for me to run into graduates of that program years later who are now really quite accomplished people, and who have done a lot of good things. They tell me, at least, that they would never have had the opportunities they have had if they hadn't done that program. They couldn't have afforded two years out of their lives, but they figured they could spend one.

M: Just the fact that you had to go to Academic Council is so different than say a comparable question over at Harvard Business School, where decisions like that are done locally.

P: Anyway, we're part of MIT, and I respect that, and they thought that that was OK. Anyway, that program started and functioned all the time I was dean. But shortly after Abe took over, after me, I think they were running into problems staffing it for the summer, which was a problem with the SF program also. So they decided to drop it, so it ended. I think it was a modestly good idea, but it stopped.

The School has now expanded substantially the size of its student body. Interestingly, my impression is it has expanded its faculty only very modestly. Current faculty is in the neighborhood of 100, and I think it was about 80 or 90 when I was there. The expansion of students has been a factor of 3 or 4....

W: Yeah, our allowance now is 117, but we're not at that number; it's about 106.

P: Well, when I was here, I think it was 80 or 90. It was a big number. We had a faculty/student ratio of around 6, I think. We really couldn't afford it.

W: What's really increased – and you've made this observation – is staff.

P: It's now huge. But also students.

W: And students too. But part of it, as you pointed out, that business schools are competing more on services to students than in many other ways, than in academic ways. Even our staff is, on a ratio basis, lower than other schools. Stanford is the best comparison. They have a lot more staff than us.

P: We continue to add staff. I see many appointments going through these days.

W: We do, we are adding people. More in communications, and things like that.

P: And maybe wisely. I have no opinion about that. It's what we're doing.

W: And we're more than financially viable.

P: Well, I think that Dick Schmalensee deserves a lot of credit for that.

W: For the financial? You have to go back to Glen Urban also. Lester really started it, to a large extent, then Glen. But Glen squirreled away a lot of resources. And Dick, when he came in, went to the Institute and got this special credit.

Int. w/B. Pounds  
3/24/10

15

P: A treaty, basically. Well, I tried and didn't succeed on any of those things.

W: No. They said they would do it when Dick went as a "pilot experiment" only. And that's with a great provost, Bob Brown. A lot of provosts wouldn't have done it, I'm sure. But Bob Brown was different.

P: Well, anyway, I think it was a great step for the School. But in a way, the School, in that sense, remains different from the other parts of MIT. Other deans don't get that.

W: No, we're the only school.

P: So the School, you see, is still distinct, almost but not a real part of MIT. And it's distinct in another way too, maybe in a more important way. In science and engineering, faculty raise money for their research. At Sloan, it is cachet do little of that. Now, on one level that's a luxury that our faculty benefit from; but I think it is a systematic disadvantage for us as well. And if I could think of a way – I don't know of a good way to do this, and there are several obstacles – but I mention this for the record for whenever anybody wants to think about it. In Engineering and Science, in order to do your work you respond essentially to proposals that grow out of various government agencies. And through a process that I don't understand in detail, your proposal is reviewed by good people that organize for that purpose. There's a peer review process that allocates those funds competitively. And the fact that MIT wins so many contracts is a testimony to the ability of our faculty. But it requires the faculty to SAY what they want to do. Whereas, if simply say "do whatever you like," I would say that you are under slightly pressure to come up with a persuasive case for what you want to do.

My impression from visiting informally with many faculty, as you know I do, is that many of the faculty at Sloan these days are underemployed. They are busy, busy, they teach a lot, they do research, but I find the research less compelling than I find in other parts of the MIT campus in terms of the questions they look at and the results they produce. I think it has to do with our independence and our wealth.

W: I think it also has a lot to do with the change in climate, external climate, because the external world and where funding would come from, really wants consulting more than research. The sense is that it's a much more competitive external world.

P: But Alan, I think that's a joke. I don't doubt it's a competitive world, but our faculty want to do what I will call "academic research." They don't want to work on an applied problem. They say that's consulting, with a kind of sneer. Well, what is management? It's like people in medical schools say "those are sick people. We don't work with sick people."

W: Well, you look at an area like executive education, which used to be an open enrollment, but now what the companies want, really, is consulting. Executive education is largely a consulting.

M: When it's done for a particular company....

Int. w/B. Pounds  
3/24/10

16

W: Yes. Which is where all our growth is, where our emphasis is now.

P: But you know, Alan, in our world that's like medical school. Medical schools work with sick people, and are concerned with practice, not just DNA, not just the chemistry of your bowels.

W: Yes, we should be a professional school.

P: We say we are a professional school, and we're not quite. And that's partly because we can afford not to be. And we choose not to be. And that makes us quite different from other schools at MIT.

I think the schools that have to justify their existence to the world have a better track record along these lines. Even the science schools, where you would say they should be independent, they should pursue anything they want, they have to make the case that the science they're doing is going to make a difference. And we have escaped that, and avoided it. I think that's the systematic disadvantage.

M: So we are different than the other schools at MIT. But going back to Sloan, I can remember that one of our deans was very concerned about Sloan as a brand, and wanted at one point to somewhat separate Sloan from MIT. And we resolved that, we are now MIT Sloan. But there was a period there, you will remember how this tension played out. The feeling that the HBS is very separate from Harvard; Stanford BS is very separate from Stanford. They are free-standing. Wharton is separate. Are we benefiting? Or are we somehow overshadowed by the rest of MIT? Well, we resolved that.

P: Yes, I know. The thing that contributed to that, of course, was that MIT never added us to their list. We were a great university organized around science and technology. Management was never mentioned, even by Howard Johnson, who had come out of Sloan. And that's because the brand IS science and technology. I think the president who decided that MIT is science, technology, architecture, humanities, management, etc., would be fired by The Corporation.

W: They would have lost their focus.

P: So the brand is a dilemma. And we are the beneficiaries of MIT's brand, but it's a kind of 3-cushion shot to get to Sloan from that. No President has mastered that shot.

M: And you know this, Alan, from all the work you do on the international circuit. MIT is so well-known internationally - to be from MIT is golden.

W: Sloan means nothing. It's MIT.

P: Exactly. Now, I think my friend David is working on that problem, and is making some progress. And he's not at all fighting the MIT brand, but he's trying to amplify it and I think in just the right way.

Our alumni suffer from this because people say "Where did you go to school?"

Int. w/B. Pounds  
3/24/10

17

They say “We went to MIT Sloan.”  
People say “I didn’t know MIT had a business school.”  
That’s been the answer for 50 years.

W: It’s changed a lot.

P: Beginning to change. And there’s a real possibility there.  
I’m often surprised—I’m never quite sure I believe it—when I say Sloan now and  
people say “Oh, that’s a great school!” But I think there’s work still to be done.

M: What else do we need to cover?

W: What about your perception, while you were dean, of what the purpose and  
importance of the School was, Bill?

P: Well, I think I may have said this in the last interview, but I assumed when I was  
appointed dean, it would be revealed to me what role Sloan played at MIT. Howard was  
president, I presumed he had worked this out with whoever it was, Jay Stratton maybe, and they  
were on the same page. I was surprised and somewhat chagrined to discover that there was no  
such page. Nobody ever told me what my job was. I accepted the position as dean, and that’s the  
last conversation I had with Howard on that subject for 14 years including Jerry Weisner and  
everybody else. In the beginning, I kept looking over my shoulder thinking maybe somebody  
would tell me what I’m supposed to do in this job. Nobody ever did. And of course, the longer I  
had it, the better I liked that because I kind of made it up. And working with people like Alan  
and Peter and Abe, I thought we should all work to make the program and the education and the  
research ever better – make a difference in the world - and attract the best students - and the best  
faculty. That’s what we set out to do. And I believed that served the interests of MIT. I assumed  
it wouldn’t hurt MIT. But it wasn’t my assignment. Nobody gave me an assignment.

W: You know, that’s so much in the culture.... “We will hire good people, and they  
will figure it out.”

P: And that’s right where we are, and it’s been that way all along. I suspect if you  
interviewed the deans of the other schools, they’d tell you the same thing.

M: A question that Joanne Yates wanted to ask, she uses the term “inflection points,”  
whatever that means. I guess a turning point, a challenge. Certainly your earlier example of  
going to the faculty council to try to raise tuition would be an inflection point. Other deans  
might have had an inflection point around a tough tenure case. Certainly Abe, in terms of getting  
the building next door refitted, that was probably a major event while he was dean. Were there  
such mileposts or markers?

P: Well, there may have been. I mentioned the Accelerated Program was a  
modest.... I think our international programs and travel added a dimension to all our program. I  
think Howard had that idea, but it literally started on my watch, where we took SFs to other parts  
of the world. I think it was prescient. You can sit in the classroom and talk about the importance

Int. w/B. Pounds  
3/24/10

18

of cultural differences, but it's different if you sit down with people in Mexico and meet people who are smart as you are, doing things that are exactly on your subject. And you do that in Germany, and France... I think we spread the idea of management education to many parts of the world through that process and our students learned a lot from that experience

W: Certainly in Russia.

P: I've been pleased to see that that's continued with Masters students now travel all over the world. I think that's been a good development. But it was strictly local, that was something we just invented and did ourselves. That was never an MIT idea.

Oh. I neglected to say that several "parallel" programs, like the Leaders For Manufacturing (after my time), were developed with Engineering. Others worked on those programs, I did not. They didn't happen on my watch. But my impression is that the same thing has happened to those programs that happened my idea about bringing people with diverse interests into our programs. Somehow the business management side always came to dominate those programs. In the joint programs it was always hard to maintain a balance between the engineering and the management side.

And it was difficult to maintain a balance between the medical, education, public, and the private side, partly because the money was all on the private side. Everyone came to want to work for Goldman Sachs. "I always thought I wanted to manage a symphony orchestra, but I think I'd rather run a hedge fund." And that pressure, or temptation, existed in all those programs, and it made it hard to make in those kinds of mixtures. And I think it still does. It's still a dilemma. You can fight it, as we did, by recruiting against it and kind of press it. But if you relax for a minute, it snaps back.

M: Another question would be: on The Corporation, there are always going to be business people, maybe even graduates of earlier versions of Course 15. When you were dean, you must have had some interplay with the Corporation.

P: Mostly in the Visiting Committee, not so much the Corporation. But I think it's fair to say that the Corporation may have passed on advice to the president that Sloan was a bit academic. Many of them had gone to MIT, and some of them had gone to HBS, and they discussed practical matters and they look around the world and they see lots of people from Harvard running big companies. I suspect there was a little feeling that Sloan was a little too academic in its style. And I think the Visiting Committee was always very gentle and nice, etc., and I never was explicitly criticized for our style. But I think it was there.

W: Bill, you have said that a good way to estimate how an organization is doing is to look who's coming and who's going. So when you think back over your time, how do you feel in that regard?

P: I would say it depends on the domain. If you just ask when the big impact came out of Sloan came, it was in economics and finance, mostly finance. We had the best finance group in the world here. We had Merton and Scholes and Black and Lo and a whole group of people who were just really outstanding. MacAvoy, Thurow – you could almost name them. They were young and energetic and up-and-coming people.

Int. w/B. Pounds  
3/24/10

19

I happened to be there at the time, but I assure you they didn't come because of the dean. They came because of Paul Samuelson. Samuelson, who had thought deeply about these issues and was prepared to interact with people who were interested in pushing them, was the attraction. They came to Sloan because there wasn't room for them all in Economics, and we were close to Economics.

I can remember when Bob Merton came up for promotion to Assoc. Prof. The afternoon of the discussion of the Personnel Committee, Paul Samuelson RAN into my office to say "Are you talking about Bob Merton today?"

I said, "Yes."

He said, "Do you have time for a letter?" And he ran back to his office and wrote a long, impassioned letter about Bob. Not that he needed to, we would have promoted him anyway.

But we were very close. We had an outstanding group, and we could have had anybody in the world. In fact, when we invited Lester to come here as an Assoc. Prof. without tenure, from Harvard, they offered him tenure instantly. And he came and told me that. So I said, "well, they know you better than I do. My offer is still the same". And he came. Not because of me, but because he wanted to be here.

And MacAvoy, who was about to leave for Stanford and had already made a down payment on a house, came to my office and said, "Is Thurow coming here?"

I said, "Yes, as far as I know."

He said, "Can I stay?" And he stayed!

This will tell you how long ago it was. I said "Paul, how much did you pay for the down payment on the house?"

He said, "\$500"

I said, "We can cover that."

M: One interesting transition when the School was established, a couple of people moved to the Sloan School full time from Economics, like Charlie Myers, Abe Siegel, Doug Brown. That happened in Industrial Relations. Did that also happen in Finance?

P: In two cases, I think. One was Paul MacAvoy, who was a micro economist, interested in regulation and stuff like that. And the economists were going macro. So they came. talked to me, and we moved MacAvoy from Economics to Sloan.

The other one was Peter Temin, who was at Sloan as an economic historian and they were attracted to that idea, so we moved Temin to Economics.

So it worked both ways.

And Dan Holland was here, always in Sloan.

And Franco was in Sloan. He had a joint appointment, but his budget was in Sloan.

And another guy who moved was Bill Battiglia. He was the head of the Department of Literature and Linguistics in the School of Humanities, head of the department. I invited him to come and teach senior executives, and he loved it. And they loved him. So he came and said, "Could I move to Sloan?"

I said, "Absolutely, we'd be happy to have you."

And he came. He was a wonderful fellow – he also brought his budget with him! I would have been happy to pay but I didn't have to.

Int. w/B. Pounds  
3/24/10

20

Overall far better people were coming than going across the school. If that's a good indicator – and I think it is – we were doing all right.

M: Anything else you want to ask?

P: Let me mention one other thing that I think is possibly important.  
When OPEC came along, we had a lot of people both in Economics and Sloan, who had worked on energy policy for many years. Maury Adelman was the principal one. But Dick Schmalensee was interested, and some other young people. But we were not going anywhere. We were continuing to write good papers for economic journals.

And I have to say, I recruited Jake Jacoby from Kennedy School to come and help us organize for a new effort on energy policy research. And Jake came as a full professor with the understanding with me that his task would be to try to pull this group together and to try to have a bigger impact on the world. I know that's been tried by others on other topics - and sometimes by me, - with less success. But in Jake's case, it was a great success. The people who were doing the work loved Jake because he did things they didn't want to do. He added value on the research side. But his principal value was he pulled them together and made them feel part of an important thing.

It's back to my point about raising money and making a positive case for what you want to do. Jake helped people do that. Unfortunately, it's the only area that really did it.

W: CISR....

P: And CISR, you are exactly right, Alan. Jack Rockart did exactly the same thing, and did a great job. It illustrates what can be done if we could do that in several other areas.  
The area that has not done that is the 5th floor.

M: Yes, and it requires a person who has the confidence of the discipline-based people, but yet also enjoys working with the practitioners, and building bridges.

P: In an earlier time – and you would know this even better than I – that was true in labor economics. You know, the John Dunlops, the Abe Siegels, the Clark Kerrs were deeply involved in the labor movement.

M: Well, Tom Kochan is still....

P; But we still have not ... You know, they were a force, that group with Charlie Myers. But now we have a specimen in Tom Kochan.

M: Well, the group that Tom has put together is still quite connected.

P: Well, you may be exactly right. I'm less aware of it.

W: He focuses these days on individual research instead of building institutions.

Int. w/B. Pounds  
3/24/10

21

M: Well, our group has just put out a book that was a team effort studying Kaiser Permanente and its coalition.

P: That's good, I'm glad to hear that.

END OF THE INTERVIEW #2