For 50 years, the Harvard-IESE Committee has observed the emergence of management practices and concepts that continue to shape our world.

LAST INSIGHT

Witnesses to Our Future

by Carlos Cavallé

IN OCTOBER 1963, representatives from Harvard and IESE came together to share experiences and improve the quality of management education on both sides of the Atlantic. Leaders from both business schools have met annually ever since, to reflect on emerging business models and best practices.

As we mark the 50th anniversary of the Harvard-IESE Committee, three concepts stand out in my mind as having marked the evolution of the management function over the past five decades, and that will no doubt continue to influence the decades to come.

STRATEGIC THINKING. The field of strategy, historically a mainstay of the military, did not feature heavily in business until the ‘60s. Indeed, the concept of corporate strategy did not truly emerge until the publication of Harvard Prof. Kenneth R. Andrews’ book on the subject in 1971, which is still used in business schools to this day.

In the 1980s, strategic thinking continued to develop with Michael Porter introducing the concept of competitive advantage. He identified five forces that determined competitiveness and suggested three generic strategies available to companies to achieve competitive advantage: differentiation, cost leadership and segmentation.

Business schools were especially concerned about how to transfer such thinking to senior managers. In The Leadership Factor, John P. Kotter argued that the role of the leader required answering two key questions – “What is our mission?” and “What is our vision?” – and then, having decided that, defining the strategy to get there.

BUSINESS ETHICS & SOCIAL RESPONSIBILITY. “Above all, do no harm.” These words of the Hippocratic oath summed up the responsibilities of any professional, according to Peter Drucker, who during this period began to explore business in social terms and the obligations of a company toward its workers. Although he felt that business did not warrant its own specific set of professional ethics, because personal ethics were enough to deal with any situation that should arise, he is nonetheless credited with opening up a new conversation around corporate social responsibility.

Since its founding in 1958, IESE has always treated ethics as a core part of business education. Harvard created an ethics department in 1970 under the encouragement of dean Lawrence E. Fouraker. But the idea of social responsibility and values in business management did not receive the widespread attention it deserved until the ‘80s, when R. Edward Freeman expounded stakeholder theory. The role of ethics in organizational performance is even more timely in today’s post-crisis world.

GLOBALIZATION. The past 50 years have undergone dramatic political, economic, regulatory and technological shifts, which have lowered market barriers and fueled globalization. The Harvard-IESE Committee experienced these firsthand, not just because our clients have internationalized, but because we have been globalizing ourselves.

The new globalized landscape raises challenges that managers must learn to navigate. One of the most lucid writers in this field has been Pankaj Ghemawat, formerly of Harvard and currently of IESE, whose research reveals that we may not be as globalized as we think, and that companies must adapt their strategies and mind-sets to get the most out of doing business across borders.

Amid such dramatic changes, the Harvard-IESE Committee has always been there, surveying the horizon and adapting business education to the needs of each new generation. Whether it’s strategy, ethics, global leadership or any other area yet to arise, you can be sure we’ll keep charting the course ahead.

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