

**INTERVIEWER:** Today is October 27, 2009. I am Karen Arenson. We are talking with William Pounds, professor emeritus and former dean of MIT's Sloan School. During the turmoil over Vietnam in the late 1960s, he took on the unenviable task of leading a review of MIT's policies on two special research laboratories whose funding came from the Department of Defense in large part. Besides being at MIT for nearly 50 years, he also served for 10 years as senior adviser to the Rockefeller family and as the top executive of a number of their entities, all of this while remaining as a part-time professor on the MIT faculty and commuting between Boston and New York. Bill, thank you for talking to us. Let's start with the path that brought you to MIT way back. Where are you from? Where did you grow up?

**POUNDS:** Well, I grew up in Pennsylvania. And I have the distinction of having been born on a farm. I would think that would work well if I ever chose to run for political office, but that has not occurred to me. I grew up in Pittsburgh. My parents were school teachers, public school teachers, so I didn't fall very far from the tree. I went to Carnegie Tech in those days because it was the local school, and the expense of going away to college wasn't even on the agenda. And I commuted by streetcar in those days. And I got a degree in chemical engineering having little idea about what that was.

And when I graduated I went to work for Kodak, which in those days was a well-ordered monopoly, a very, I think, high-quality organization. And I was there, I don't know, maybe I'm going into too much detail here, but I was there for a year when the Korean War began. And I was first in line because I had just missed the Second World War. So in a fit of enthusiasm, I went off and signed up for Navy flight training. And I went into the Navy and I became a carrier-based fighter pilot during the Korean War, which was great fun. I recommend it to anyone.

**INTERVIEWER:** Flying.

**POUNDS:** Flying. Exactly. And I was in what now seems like flying ancient airplanes, but I was in during the transition from props to jets, so I ended up flying all kinds of airplanes including one that was supersonic, but in the latter days of my naval career.

**INTERVIEWER:** What made you choose chemical engineering?

**POUNDS:** Simple, I was going to high school and a chemistry teacher in high school was thought to be the hardest and most challenging, and I enjoyed his classes very much. And my father had been an engineer, and I was good at math and those things, so I thought well maybe I'll be engineering. And then you need an adjective, so "chemical" sounded good to me. I had no other attraction.

**INTERVIEWER:** And what did you do at Kodak? What kind of work were you doing?

**POUNDS:** Well, at Kodak I joined a pool. I didn't think of it that way at the time, but Kodak hired prospective, I suppose you would say managerial types, often engineers. But I'm sure they hired other kinds of people. And they put us in a large department that did projects all over the manufacturing facility, which in those days was called Kodak Park, which is an enormous enterprise. And the people there would be assigned to projects, fixing things in Kodak Park, making new organizational arrangements, establishing wage rates. They still paid on a piecework basis, designing workplaces and materials flows and all those kinds of things. I quite enjoyed it. And from there I enlisted in the Navy and away I went.

**INTERVIEWER:** But you were in the management core. You weren't doing engineering really.

**POUNDS:** Well, it was called industrial engineering. It was kind of general purpose. I don't know what you would call it. Work, I suppose, project work.

**INTERVIEWER:** And when you were in college or high school, were you a leader? Were there the early seeds of heading things?

**POUNDS:** Well, I'd been president of my fraternity in undergraduate school. I suppose my only leadership qualification. And so I went in the Navy, and I went through all that. And when I graduated, in those days you earned rights for education, GI Bill kind of rights. So I thought maybe I should go to graduate school, but I had no idea what I might want to study. And while I was in the Navy, I ended up getting married, which worked pretty well. I'm now up to year number 55 in my marriage. And I tell my wife it may work out, and it seems to be working very well. Anyway, I had a great time in the Navy and lived through it, which not everyone does. I didn't go to Korea but went to the Mediterranean.

**INTERVIEWER:** How did you end up in the Mediterranean?

**POUNDS:** Well, they had a fleet in the Mediterranean, and when I came out of flight training, they asked if I had any preference between the Atlantic or the Pacific. And I said, if it's all the same to you, I'll go to the Atlantic. Anyway, I flew --

**INTERVIEWER:** Did everybody get a choice, or were you at the top of the class?

**POUNDS:** They probably asked everyone. I don't know how everyone else turned out, but it turned out well for me. Anyway, when I got out of the, as I said, when I got out of the Navy, I didn't know quite what to do and so I decided to go back to Kodak. And I had been on leave for all those years, four years, not that that did me a lot of good, but they took me back happily and I went back to work.

And while there, I got exposed to some people who were doing what we now think of as operations research. They were using mathematics to build models of various things and with no more training than I'd had, which was simple engineering calculus. I discovered, and sort of fell into, several projects which seemed to have a very large payoff with relatively little effort. And I thought maybe if I understood this stuff, I could really save the world or become rich and famous or whatever.

And so I decided to think about going back to graduate school to study that. Since I had gone to Carnegie, and I made my decision late in my eligibility for the GI Bill, I inquired in several places. But only Carnegie came up with a quick answer, which was they would admit me, having applied I think in July for admission in September. So I decided to go back there. And where I went was into the graduate school, what they call the Graduate School of Industrial Administration, which was essentially their business school. As it turned out later, very similar to Sloan in some ways, in taste and style. I didn't know any of that at the time, of course.

I was a little squeamish about going to business school because as an engineer, everyone knows that people who are really smart are engineers or scientists, and the people who go to business school are not necessarily the intellectually elite. So I went there and discovered to my horror that I had to study things like accounting and marketing and finance and organizations and things like that. And I remember going to the dean and telling him that I had been around awhile and I knew pretty clearly what I wanted to study, which was math and economics. And I found myself in these classes and I didn't want to do that. And he nicely told me that I had come to the wrong place, because where I was those courses were required. So with possibly the world's most negative attitude, I entered all those classes. And over time I gradually learned something, which is a risk you run if you go to college, I guess.

At any rate I discovered that there were a lot of what seemed to me to be quite interesting problems in the world that were not obviously amenable to mathematical modeling or economic analysis. And when I was at Carnegie, there were two sort of leading faculty members there. They had really quite a remarkable faculty at that time. Franco Modigliani, who ultimately came here to MIT, was at Sloan, represented the sort of rational man end of the world. And Herbert Simon, who was also at Carnegie, had the idea that people were not as smart as economists thought they were. And therefore he invented a term, just sort of loose, called bounded rationality, which means that people do their best to be rational but they're not very good at it, and so they make lots of mistakes and do foolish things. And the longer I was at Carnegie, the more I drifted away from Franco toward Herb as a kind of patron and ended up being interested in what turns out to be the early days of kind of cognitive modeling. You know, how do people cope with a world that is hopelessly more complicated than we can understand?

So that was the evolution of my study at Carnegie. And because I considered myself elderly at that time, I thought maybe I should go to work. My wife was working and helping pay my way, and my GI Bill was paying my way. I thought it was perhaps time I earned my keep, and so I decided to leave and take what we might call a real job. And when I'd said that -- oh, and I had, along the way I discovered that if I claimed a possible interest in a PhD, I could take almost anything I wanted, whereas if I was a candidate for a Master's degree, I faced much more rigorous curriculum requirements. So I said maybe I'm interested in a PhD. And so I then took things that I liked, although they included all those requirements, I might say. And I was --

**INTERVIEWER:** Were some of the things that you were then taking, these were courses that Simon was giving?

**POUNDS:** Well, mostly in the early days it was mostly to take more math and economics. So rather than ending up with an MBA -- or I forget what they titled it at that time -- but it was effectively an MBA. I got a degree in math, a master's degree in mathematical economics. And when I announced I might leave to take a job, they said, well, why don't you just take the PhD, like, exams. I had only been there less than two years, and so I said I had nothing to lose, so I took the exams, and to my horror I passed them. And then I didn't know what to do, but I stayed a little while longer and met the language requirement and some other requirements for the PhD but made no progress at all on a thesis. And I took a job with Pittsburgh Plate Glass Company in a paint factory in Cleveland. And we made automobile finishes for General Motors for the most part. And I went there thinking I would do my thesis on the job.

**INTERVIEWER:** What were you supposed to do for them? What kind of job?

**POUNDS:** Well, this little enterprise in Cleveland had been run by, or was run and owned by, a gentleman who I discovered was a little bit tyrannical in his management style, I discovered. Most of the people when I went there didn't speak to each other or much to him. It was a very, very, complicated social situation. And he had developed a business that had access to the General Motors paint business. And PPG, which was in the paint business, wanted access to General Motors, so they bought the business from him. And he was an irascible old duck, and he had made a lot of money out of the purchase, so he was pretty independent and was not happy with the folks at PPG particularly, or for that matter almost anybody else.

So I was sent up to cope with him, and he thought he hired me to cope with them, the people at the corporate headquarters. So I was working in effect as his assistant, whatever that meant. Nobody really knew. At any rate I was there for a couple of years, during which time I made absolutely no progress on any thesis. I decided that I would do that for two years and not pursue the PhD at all, and at the end of that time I would think about it, and if I liked what I was doing, I would declare victory and continue that. And if not then I would think about something else.

So 18 months into my service there, I was contacted by Howard Johnson, who was then dean of the Sloan School here at MIT. And he had discovered my existence through Carnegie. And he was looking for people who had the kind of academic training that I had had, the math and the economics. But I had something that was more valuable than I realized at the time. I had not only that training, but I had had actual manufacturing experience, both at Kodak and at PPG. And he wanted me to come, as it turned out, to teach about production management, which in those days was sort of an extension of OR.

**INTERVIEWER:** Do you think he was calling around to business schools to look for somebody with just that --

**POUNDS:** Yeah, exactly. And there weren't too many of those folks. And, you know, I don't know that we've ever hired another one.

**INTERVIEWER:** And it didn't bother him that you didn't have a thesis under your belt?

**POUNDS:** Well, he invited me to come up, and I talked with him. And he wanted me to come, and he made an offer that I could come as an assistant professor and with a light teaching load until I got my thesis finished. And that sounded like a pretty good idea to me. So I went back to Charlie, my boss in Cleveland, and with my hat in hand I went in and I said, Charlie, I'm going to leave. And he said, what the hell are you going to do? And I said, I'm going to go to MIT. And I didn't know what to expect. He said, Bill, that's the smartest thing you ever did. And it turned out he was a graduate of MIT. I never knew that. We didn't have a lot of small talk.

**INTERVIEWER:** This was Charlie --

**POUNDS:** Reed, the guy that owned this business. And it turned out he had been at MIT and spent a year after he graduated working with -- what was in effect then wasn't a separate school -- the head of the management department at MIT, whatever it was called. And he said it was the best year of his life. I never heard Charlie so enthusiastic about anything. And he was just ecstatic about the possibility of my going there. I couldn't get over it. Anyway, that was a happy ending for my work in Cleveland.

**INTERVIEWER:** Did you have to take a big pay cut to go from industry?

**POUNDS:** A little bit. Well, yeah, exactly. Might be 25 percent or so. And there wasn't much involved at either level, but --

**INTERVIEWER:** So why were you willing to do that? [INTERPOSING] An interesting move.

**POUNDS:** Yeah. I've been thinking about this interview a little bit and asking myself how to explain it all. And I've come up, and I'll repeat this reasoning, I think I was curious. I knew I could do what I was doing in Cleveland. And PPG had another and bigger job in line for me which sounded a little bit the same. And I knew I could do what I had done at Kodak because I'd been pretty good at that. And I had never had any contact with a university as a professor. Actually, I had done a little teaching when I was at Kodak because I began teaching a course in OR having only had these sort of casual visits with my friend. And with the proceeds of that I can still remember I bought a little sailboat, which served some useful purpose.

At any rate, I thought, well, it might be a nice idea, and who knows what. I could finish up my PhD and then we'll see. But I was not what you would call a driven academic. I was not seeking an academic career. I was thinking about the next step. So I came to MIT in 1961 and taught and made progress on my thesis and finished that up at Carnegie, of course. I got the degree at Carnegie under Herb Simon and some people there.

**INTERVIEWER:** And it was in some area of mathematical economics or of operations research?

**POUNDS:** No, it was more aimed at cognitive things. I was interested in how people chose to do what they do. It was not a great thesis. I don't recommend it to anyone. But it served its purpose, I guess. So I came to MIT in '61 and taught and --

**INTERVIEWER:** What were you teaching?

**POUNDS:** I taught manufacture, what we called in those days production management. It was essentially factory operations, inventory control, scheduling optimization.

**INTERVIEWER:** Was that interesting to you?

**POUNDS:** Yeah, it was all mathematics. It wasn't management. It was essentially applied mathematics. You would have a mathematics problem, but you would say the foreman faces the following problem, and then it was a math problem. Anyway, I finished up my thesis in '64 and then I was promoted to associate professor. And I think I may have gotten tenure for reasons that I find hard to understand now. But in '66 I was invited to become dean. So I had been there something like five years, and looking back I think it was probably too soon. I didn't really have a very clear idea of what that meant, but I was curious. And as I lived around MIT I found it a little hard to understand from time to time, and I thought it would be nice if someone drew back the curtain and I could see the underlying scheme. So I thought, well maybe if I become a dean, they'll reveal the plan to me. Well, I did that and discovered there was neither a curtain nor anyone behind it.

**INTERVIEWER:** Was there an Academic Council then that met weekly or regularly?

**POUNDS:** Yes, there was. Howard Johnson had hired me at Sloan, and then I served, as I said, about five years. And he became president. And then it was he that invited me to become dean. A very nice thing that someone did for me was Charlie Townes had been provost at MIT. He was vastly above my pay grade. I didn't ever meet him, but we had similar names, Townes and Pounds. And in those days we had a human telephone operator at MIT. So you called MIT and say I want to speak with professor. And I sometimes got his calls and he sometimes got mine.

At any rate, after Howard invited me and I agreed to serve as dean, Charlie called me before he left for Berkeley, I think is where he went. And he had been provost then. And J. Stratton had stepped down as president, which gave Howard the opportunity to become president. And Charlie had been, as I said, provost, but they decided not to think about the dean question until they settled the president question.

Anyway, Charlie called me one day and took me to lunch and told me that if that transition hadn't happened, they had thought that they would invite me to be dean, too. So whether that -- I'm sure it was true, but it was a nice thing for him to tell me. So then I became dean and a member of the Academic Council, and I then served as dean for a long time. And during that time I did the work on that panel that you've mentioned about, the two big laboratories.

**INTERVIEWER:** What were your first impressions about MIT when you came?

**POUNDS:** Well, it was, I suppose you would say when I came I had very little impression of MIT other than that it was an honorable and admirable place full of self-admiration. That's true of every organization I've ever been in. And of course I was looking for clues as to what was going on in my immediate neighborhood, so I suppose I was more interested in my colleagues at Sloan and that enterprise, which was interestingly very comparable to what was going on at Carnegie.

Both schools, Carnegie and Sloan, were start-ups after World War II. The establishment business schools, Wharton and Harvard and others -- but those were the two big ones -- had existed for by that time 50 years starting around the turn of the century and were established and vast alumni groups and established teaching methods. The case method had been perfected at Harvard.

And it was in the middle '50s or late '40s that the Ford Foundation took an interest in business education as a general proposition. And they hired a couple of academics to write a report about it because business education was a vast enterprise in the United States. Not just at the graduate level -- in those days the MBA had not become as fashionable as it is now -- but at the undergraduate level, it was enormous. At the big state schools there were thousands and thousands of students in so-called business programs. And the reports were in many ways very similar to a report that had been written on medicine around the turn of the century, the Flexner Report, which had described medicine as a kind of backwater activity practiced by barbers and bleeders and those kinds of people and regretting the fact that it was not able to take advantage of insights that existed at the universities. And therefore it proposed that medicine somehow move as a profession closer to the university. Started at -- Johns Hopkins was the first and then at Harvard and the others.

Well, the reports in the mid-'50s or late forties on business education was virtually word for word what was said in the Flexner Report. It said business education was third-rate. It attracted the weakest students, the weakest faculty, the weakest programs, made no contribution to the profession, et cetera, went on and on at some length. Not commenting directly on the graduate schools. I think that Harvard and Wharton probably didn't deserve that kind of treatment, but it was sort of all of a piece. And at Carnegie the Mellons, and at MIT Sloan, decided to give a chunk of money to both places to establish a new program. And in light of these reports, both places decided to become academic, that is to not hire ex-businessmen and not hire experienced practitioners, but rather to hire academics, people out of economics, out of sociology, out of computer science, out of sociology, out of a lot of fields, hoping that ideas flowing out of those enterprises could somehow enlighten businessmen in the practice of the profession, business being a somewhat less well-defined profession than others.

And so both at Carnegie and at MIT, there was a kind of competitive lean away from the established methods. So the case method was seen as a kind of quaint anachronism at that time. And we talked, as I said, basically applied mathematics and the sciences to our students in economics and other disciplinary matters.

**INTERVIEWER:** Was Sloan pretty separate from the rest of the campus at that point? I mean, I know physically the building has always been at one end, but you talked about not really having a sense of the rest of MIT --

**POUNDS:** I think it was fairly distinct and I think it's, you know, we've made a lot of progress in that direction, but it's still sort of a little bit remote. There are close ties, sort of, by individual faculty who work closely with things. And I suspect it's an ongoing opportunity to kind of build it more closely into the MIT system. The same was true at Carnegie.

**INTERVIEWER:** Although, interestingly, if you look at Wharton or Harvard, those business schools are somewhat separated too.

**POUNDS:** Totally, yes. I have been in this business a long time, and I often say it's interesting if you look at where business schools are located. They are always on the edge. They're out on the edge somewhere and haven't yet, I guess, penetrated the soul of the university, which is unfortunate. I think an ongoing opportunity. But it's a complicated problem.

**INTERVIEWER:** So Howard brought you into MIT and Sloan. Did you become close to him in those years before he went off to become president?

**POUNDS:** Yeah, I was a young junior assistant professor, junior associate, not that I was so young, but I was junior. And I got to know Howard a little bit. But when he became president I didn't have any special access to him. He had a lot of other things on his plate and so did I. And I was unable to perceive any advantage I had from the fact that I knew him. And I remain a close friend. And his wife and my wife are very good friends.

**INTERVIEWER:** Do you have a sense of why they picked you as dean? Was there a mandate, did they sit you down and say here's what we expect of you or would like of you?

**POUNDS:** Well, you might guess such a conversation took place, but I can report to you that in my 14 years as dean I never had a serious conversation with an MIT president about the school. **INTERVIEWER:** I understand that you did some traveling with him, maybe when he was still dean of the Sloan School and that you had a rather unusual trip to Colombia.

**POUNDS:** Right, that's true.

**INTERVIEWER:** And I wonder if you can tell us about that.

**POUNDS:** We the school -- there was a fellow named Charlie Myers who was a professor at Sloan. And Charlie somehow got in contact with folks in India. And the Ford Foundation in those days kind of ruled the world or at least thought they did. They had lots of money and they were very big in so-called economic development. And they had a vast enterprise in India and were putting a lot of money into India. And they had, I can't remember his name now, but a man who kind of was the raja of the Ford Foundation in India, an American.

But somehow it worked out that India should start up two business schools supported by not only the government of India. In those days the US was giving food to India, which India paid for in rupees, which had to stay in India. So the thought was we could use those rupees to start these business schools. Now they weren't our rupees. I suppose they were in some way the US government's rupees. But they decided to start these schools. And as it's turned out, they chose Harvard to start one near Bombay and MIT to start one in Calcutta. And so I used to travel with Howard -- I went to teach in that there, not actually in Calcutta, but in Kashmir, where we ran a special summer program, which Indian executives came I think more for the temperature than the intellectual excitement.

But anyway so we had done a lot in India, and one time we were contacted by an alumni group, which is very strong in Bogota. And Colombia is saying, what are you doing in India? Why don't you do something like that in Colombia? And so Howard gave me the task of going to Colombia. And we went together the first time, but then after that he kind of turned it over to me.

But the time we went, the first time we went down and we were in Bogota, and of course in the tropics it gets dark at 6:00 year-round. There's not much of a seasonal variation. So we were going to dinner somewhere, and it was at a time of wild radical activity in Colombia. Maybe that's not news, but it was certainly true at the time. Anyway, we're in our London Fog rain coats in this taxi, in the dark, going along looking all the world like CIA agents. A man stepped in front of the taxi with a machine gun, stopped the car and walked around to my side. I was sitting in the middle, and Howard, and Ed Kuh was sitting on the other. He went out, you know, and Howard said, don't get out. I said, Howard, I think I'm going to get out. Anyway, they searched the car, and we were okay and away we went. But it was a colorful time.

**INTERVIEWER:** Did that curtail your travels?

**POUNDS:** No, no no, no. Anyway, I did that with Howard, and then I was responsible for getting the school started in Calcutta. That didn't take a lot of my time, but it took some people.

**INTERVIEWER:** So you were tapped to become dean of Sloan. What kind of agenda did you fashion, or how did you know what to do? They weren't saying, here's what to do, and you hadn't been there doing it, so?

**POUNDS:** Those are very fair questions. The answer is I had the experience at Carnegie and the experience I had at Sloan. I had a great admiration and respect for my faculty colleagues. I basically sat down with them and said what shall we do, and I didn't have a clear vision of what to be done. At Kodak I had discovered that organizations are well-intended enterprises. They try to do whatever they're trying to do. If they're trying to make good film and they're trying to perhaps even make money doing that. But the way they do it is the way we do most things, is they do the best they can. And I discovered that at Kodak somewhat to my chagrin. I assumed that business was a smoothly functioning machine, and when I discovered there that it was not only not smoothly functioning but was susceptible to sort of elementary analysis that could improve it substantially. But then the longer I was exposed to it, I realized that it isn't all numbers, either. And therefore you could make some improvements that way, but there were other dimensions to it all.

And of course I discovered the same thing at Sloan. I began by building myself a little model of how our faculty were allocated and who was doing the most work, and I shared that with the faculty to their horror. And of course it was highly uneven. Some people were carrying enormous amounts of the load and others somewhat less. And over time, it was interesting, without any effort, just sharing that information, those loads evened out. And I kept track, least squares variations. And pretty soon people, sort of, were all pulling evenly. But of course you can't tell people what to do in a classroom, so what we were teaching was a mix of what we sort of said we were trying to do and what they decided to do. And that's how it works.

And on the research side, Sloan, for complicated reasons, doesn't acquire or doesn't seek much sponsored research. And therefore we don't have the benefit of clients telling us what to do, which MIT follows religiously. And therefore the Sloan faculty are quite free to do whatever research they want, and the dean is expected to find a way to pay them. So that was the nature of the job. And I was quite happy and proud of what the faculty were doing. The students seemed to find the program satisfactory. The students we attracted were first-rate, and the jobs they got when they graduated were first-rate, and the feedback we got was very positive. And I thought, well, that's not so bad. And that's what we did.

**INTERVIEWER:** Did you ever try to analyze the school in light of the Ford Foundation report and say have we achieved what they were hoping for?

**POUNDS:** Well, we achieved it largely through the appointments we made. That is, we made people -- we had made appointments of people who would have been equally attracted to purely academic departments. We essentially used academic standards for our faculty. We filled in around the edges with people who were so-called lecturers and others, and every now and then we'd sweep them all out and say we're going back to the pure strain, and then gradually it would come back again. But we didn't slavishly follow that advice, but certainly we were on the academic side of business schools, as was Carnegie.

**INTERVIEWER:** At some point later there was a perception that there wasn't enough critical mass in the Sloan School, or not enough of its graduates out in the world to make a dent, and that it ought to grow larger. Was that something that weighed on you or was it --

**POUNDS:**

That was later. That was later. I think maybe that occurred to Lester or maybe Glen. I leaned a little bit the other way coming from Carnegie, which was even smaller than we were. We had a kind of golden age. We had a very high faculty-student ratio, very relatively small, you know, MBA program, somewhat larger, not larger than the MBA but a fairly large proportionate PhD program. And so I thought that was, as long as we could afford it, a good way. And I was inspired in part by MIT's economics department, which we were very close to and benefited from enormously. And that was an accident of history. They happened to be in our building, and we shared our tastes and styles. And a lot of our faculty came to Sloan to be close to economics. And the boundaries were almost nonexistent. People drifted back and forth.

Franco Modigliani was actually on the Sloan School budget. I paid his salary, my old professor. But he was of course a leading figure also in the economics department. And I keep a kind of private book, which wouldn't pass any accounting measure, of some of Sloan's accomplishments. And I count -- now I've got my count up to five Nobel laureates out of Sloan. Now, they don't all count, and you wouldn't check it out at Oslo, but Franco, of course, was one. But he did -- I count him at Sloan since he was there, but he did it for work he did at Carnegie. In fact, I think my wife typed that paper when I was a graduate student there.

At any rate -- and then Scholes and Black, Scholes and Merton won it. But their partner, Fischer Black, who would clearly have won it if he had lived, was dead. So I count Fischer Black, so that's up to four. And just recently Oliver Williamson won it, who was an undergraduate at Sloan. But it's interesting, he studied a lot of things, but the thing he got his prize for was the kind of thing he started to study at Sloan about how organizations work. And of course, not only Franco, but Herb Simon also got a Nobel Prize. So it's almost an oxymoron for a business school to get Nobel prizes. It doesn't seem like the business we're supposed to be in. And I suspect there may be those who think it suggested that we weren't really a business school after all. But we had pretty good faculty, I think, and good students.

**INTERVIEWER:**

You mentioned that one of the things that brought you to Howard Johnson's attention was the fact that you had this combination of academic training, but also the industrial experience. And you also mentioned that one of the things you did was something you had done in industry, which was just to sort of keep track and look at how resources were being allocated. Any other things you brought from the business world or perceptions or things that shape what you did at Sloan because you had spent some years in industry?

**POUNDS:**

I guess I brought a kind of respect for what people do in industry. They do interesting work, not always fully appreciated either by themselves or by academics. And so I thought that working on their problems was a kind of honorable calling and encouraged, to the degree I had an influence, our faculty to work in that direction. And I worked as consultant to several organizations. But after I became dean, I began to be approached by companies not so much interested in me but in my title -- thought they could decorate their annual report by having a board member -- the dean of the Sloan School at MIT can't hurt.

And so I began to be invited to go on corporate boards. And once again, I went there not particularly out of any understanding of what they did, but out of curiosity. I can't imagine what a board does and what function it serves, and what role does it play, if any, in an organization. I had no idea. And it seemed how else am I going to find out since nobody knows. And so I went on a number of corporate boards, again to discover how it works. And I found that interesting, and as you would naturally, you become identified with the organizations you're working with and you do what you can to help them or urge them along. And I was intended to be instructive -- constructive. And I served on some of those boards for almost 30 years, a long time.

**INTERVIEWER:** What were some of them?

**POUNDS:** Well, I was on the board of the Sun Oil Company, which was a modest size, middle size oil company, not big by oil company standards. I was on the board of General Mills that made Wheaties and Cheerios and all those things. I was on the board of Stop & Shop, which was a kind of local family business run by the Rab family here in Boston. I was on the Putnam mutual funds, George Putnam. Now there's a case, another case. Howard had been on that board and decided that he would do something else, and George asked him who he would recommend, and he I think recommended me. And George came, I'd never met him, and he wondered if I would be willing to do that. And I had no idea what a mutual fund was other than sort of the general outline. And so I said sure. And then I was on some little companies, little ones around Boston, start-ups.

**INTERVIEWER:** So that was an education in itself?

**POUNDS:** It was all a bit selfish in a way. I was trying to learn how it works. And I shared that a little bit with my faculty colleagues. And it's interesting, academics really have a terrible disadvantage in that they can't observe a lot of the things that are really important in organizations without playing roles that are not easily available to them. You can't easily sit in a board room. And among other things, it's endlessly boring because you -- not much happens from day to day. And so we have theories of what goes on in corporations for that matter, management of the corporation, that we guess about as a result of the data that leaks out, you know, earnings reports, and annual reports and 10Ks and all that financial information. But if you ask many academics about how companies are managed, that's all they know. And I'm very sympathetic because it's not easy to get access to that. And that's what I gained by all that.

**INTERVIEWER:** So looking back, it seems to make a good deal of sense for a business school dean to have dipped into the real business world, not just at the level you were at as an employee, but from the board perspective as well across quite a variety of industries. I mean, you were in consumer retailing and oil and finance.

**POUNDS:** Finance, exactly. And I would say my academic colleagues were not exactly anxious to hear my tales from the field. But I hoped I was helpful in putting a little perspective in what they did.

**INTERVIEWER:** Do you think it helped you relate to the students, and particularly the executive students as they came through?

**POUNDS:** I think so. Yeah.

**INTERVIEWER:** What about your undergraduate students, were they curious or interested? Did they have any clue? Or were you not even teaching undergraduates at that point?

**POUNDS:** I didn't teach undergraduates. I don't think there's any doubt that among all the students at Sloan, and I suspect at MIT, the most able students we have are undergraduates. We have outstanding students I suppose at every level, but I think the undergraduates are possibly the most promising sample we have. But I have to confess, I didn't directly interact with undergraduates very much. We had excellent faculty who were deeply devoted to undergraduates, and so I was not in doubt about what good we were doing for them. But I didn't play a big part of that.

Now, there was always the debate at Sloan whether we should discontinue our undergraduate program. Most of our competitors didn't have one. Stanford, Chicago. Wharton does. Harvard does not. And, you know, you could make an argument that people in their late teens and early 20s are not likely to enter into a management career when they graduate, so maybe it would be better to delay their exposure to those issues till a little bit later. And we debated formally whether to stop it and got testimonial from alumni saying don't do it, and this was the most important thing in my life and on and on. And I must confess, we were also impressed by the proportion of MIT's cash flow that flowed from graduates, of course. 15. It was somewhat disproportional. And it was hard to argue we were doing them any harm. So we did our best and they were some of our I suspect most able students.

**INTERVIEWER:** If you had a child who wanted to study business as an undergraduate, would you say that's a good thing, or would you say put it off?

**POUNDS:** I have learned that you counsel your children at your peril.

**INTERVIEWER:** How about your grandchildren?

**POUNDS:** No, no. Even more peril. They're not waiting for advice from their grandfather.

**INTERVIEWER:** Or a neighbor? I mean, do you think it's a --

**POUNDS:** Oh yeah. No, it's a first-rate program. You know, if that's what they think they're interested in. I would certainly encourage them to do that.

**INTERVIEWER:** You wouldn't say go learn a different discipline or broaden out --

**POUNDS:** If they said they wanted to study early Greek mythology, I would say maybe that's a good idea too. I think everyone should study what they find of interest.

**INTERVIEWER:** I'd love to touch on your experience in the midst of the anti-Vietnam protests on campus when the issues of war research at MIT and especially at two of its labs had become a flash point and Howard Johnson tapped you for another more, probably unexpected, assignment to chair this advisory panel to review the work of the instrumentation lab and Lincoln Lab and their relation to MIT.

**POUNDS:** Correct. And the defense department.

**INTERVIEWER:** When did you learn that president Johnson wanted you to do this? Do you recall?

**POUNDS:** Well, this was in 1969, and looking back it was easy to see from the kind of headlines and events that the protest movement was peaking then. It was about to decline. But it was at its most violent point. I think oftentimes those kinds of things peak with violence, and then the violence tends to drive away supporters and it gradually fades. Whether that will happen in Afghanistan and Iraq we will see.

At any rate, here during '69, there were many demonstrations of all kinds. And Howard decided to appoint this panel, so-called, to review these laboratories. Occurred sometime in April, I think, toward the end of the year. And I remember we were appointed late in April, I think. Spring was coming and it was good weather for demonstrations, so there were lots of demonstrations. And he 22 people to invite to join this panel. Somewhat large for an effective group, but two by two. It was like Noah's ark of, you know, conservative and radical students and faculty and staff members from the laboratory, members of the Corporation, alumni, faculty, on and on. Just every shade of constituency was represented. And the question was we had these two big laboratories. What, I suppose, what should we do, if anything, about that? And I think that it was greeted with a certain amount of cynicism by the community, who thought, you know, a soggy committee going off was just a way of kind of patting people on the head and saying there, there, you know, and pretty soon summer will be here and you'll forget all about it.

So he appointed us in a big standing room only faculty meeting at Kresge. In those days staff from the laboratories and students were allowed to sit in on those meetings, although presumably not to vote. Although I don't remember very many votes. At any rate, this was announced. And I had learned about it only earlier that week, and I had no instructions as far as I knew. And I got up and said that I would peek and we would meet, this committee would meet the following morning, which as it turned out was a Saturday morning. This faculty meeting took place on a Friday afternoon. And I said we'd meet in a certain room at 9:00 the following morning. And I hoped my colleagues on that committee would come.

And the next morning, to my surprise, almost everyone showed up. There were lots of statements about, you know, this was a kind of scam and this wasn't going to amount to anything and I'm not going to serve and one thing and another, but everybody came. And so I said that everyone thought this was a kind of idle exercise, but I didn't. And I thought we might be able to do some good and maybe shed some light on important questions. And so I said we would meet all day, every day, until we had a report. That started today, which was Saturday morning. So we would meet from 9:00 till 5:00 every day, that means Saturday, Sunday, Monday, Tuesday. And we met for 36 days.

**INTERVIEWER:** Did you get any push back from the committee members over this?

**POUNDS:** Of course. You know, they were saying, oh God, it's impossible. And I said, well, I know it's hard. Noam Chomsky was one of the members of the committee, and he was giving a series of lectures at Oxford in Cambridge, or Oxford in England. And I said that I hoped he could attend our meetings and that I would see that if he wanted to fly back and forth between his lectures that we would pay for that. And it turned out he did. He came back and forth.

There was endless suspicion of what was going on in this committee, and we allowed people to sit in if they wanted to, but not speak. I hired a court stenographer to record every precious word by these people, which is in a file here at MIT somewhere.

**INTERVIEWER:** How many boxes of words?

**POUNDS:** Big, big file, I think. Many words, I'll tell you. And we had the transcript of what we said in every MIT library the day after our meetings. So it was a major effort. I didn't inquire about the budget. Somebody presumably paid for all that. But we met and concluded in the end that we ought to keep the laboratories, which came as a big surprise to a lot of people.

**INTERVIEWER:** Because this included Noam Chomsky and other radical --

**POUNDS:** Yes, some of them who kind of emerged out of this hermetically sealed activity, which they were busy all day every day in this committee, they were asked, how could you possibly do that? And the answer is I kept us on the track of saying what should MIT do? Don't tell me about the why. First we took a week or so to go around the table to find out what everybody's philosophical views about war and peace and the university and truth and research all the other kinds of profundities. And after we had all shared our deepest insights into that world, the question remained, well now in light of all that, what does MIT do about these two laboratories?

**INTERVIEWER:** Did you have any input in choosing the members of the panel?

**POUNDS:** None, none at all.

**INTERVIEWER:** Did you know anything about the laboratories before you were approached to take on this assignment?

**POUNDS:** Not very much, other than, you know, vaguely I knew they were largely sponsored by the Air Force at Lincoln and the Navy at Draper. But both had a mix of contracts. But they were virtually pure military contractors.

**INTERVIEWER:** Did you do -- I gather you had a day or two maybe between the start of the deliberations, and having found out that you were not only on it but expected to chair it, how did you use those days?

**POUNDS:** I don't think I had those days as I recall. It was almost instantaneous. But we took a long time, many days, to go around the table and have people talk about their view of the university and what it was about and what it was for. And I remember -- and as I think back, the real issue, the fundamental issue, once you got around the corner of the war and people's attitudes toward that, was whether universities should be engaged in what I'll call real work, that is to say, work that affected people's lives. Obviously if you were in the military business, you might affect people's lives. And there were people on our panel who thought that the university should remain, in effect, in the intellectual domain. It should write, it should speak, it should advocate, it should teach. But mucking about in the world was not the university's business.

And then someone pointed out what about medical schools? Medical schools are in the university, perhaps not from the beginning but for 100 years, and what they do. And there was even debate in the committee as to whether a university ought to run a medical school. So we invited in, we had lots of people come, deans of medical schools to talk about how do they feel about this and the university and so forth. So we pursued every avenue over our period together.

And I think the real conclusion that we came in with this panel was that obviously universities will vary in their judgment on these matters. Some will decide they want to be isolated, separate from the world. But we thought that MIT, among other things, should be a place that was prepared to engage in things that counted, that mattered, recognizing that there will be a range of opinion about the wisdom of doing that and perhaps even the wisdom of the influence we might have, but that we should do it, and perhaps with some internal supervision or some kind of internal review, but being prepared to step up and do some things as well as just talk about them. And that was the conclusion that we came to-- that we should stay in these businesses.

Now if I had allowed it, I think the panel would have divided, maybe not quite evenly but almost, on why we were to keep them. There was one school of thought that we should keep them because it was good work and we were serving our nation's interests, and we could do it better than anyone else, therefore we went under some obligation to do it. And they saw the work as wholly constructive. There were other members of the panels who thought the work was evil, it was war related, it had terrible effects on the world, but that if it were not being done at MIT, it would be done under the cover of darkness somewhere, and it would have less supervision and less admirable control. And so the two groups could agree that the work should stay at MIT for almost opposite reasons. And as long as we didn't ask them to agree on the reasons, they could agree on the conclusion. So that's how we came to the conclusion.

**INTERVIEWER:** Were you surprised that you were able to get a consensus? I mean, did you -- was that your goal, to get one?

**POUNDS:** Well, yeah, my goal was just to come as close as we could to a unanimous result. And I gave people a little bit of an out. And I said that we would produce a report. And to be honest, on the last day of our work together, we had a draft, and then a draft, and a draft, and we got down to the final version. And we literally sat around the table, and I said, first paragraph, all in favor? Second paragraph. You know, we could have changed from yes to no right there. And we went through it.

But I did permit people to say if there are issues that you think our report misses, you are invited to add an addendum. They can put a postscript on our report over your their names, or if there are more than one of you, under their names, and comment on the report. And several people did. And of course you could imagine that would have been quite negative. They could have said this whole thing is terrible and so forth. But if you read those disclaimers in a way, they were very mild toward all those details. So the report came through pretty well.

**INTERVIEWER:** At the front end, how did you think about how you were going to go about this?

**POUNDS:** I'm sure I must have given it some thought, but I have to say, it was mostly intuitive. It just seemed to me that we needed to spend some time cutting through all the rhetoric, of which there was an endless amount. And once people expired on that dimension, then we could get onto the questions of what should we do. I was thinking earlier as I was describing how I got here, I would describe my taste as closer to engineering than science. At Kodak I was interested in how to make things work better. And I've always thought of organizations as devices. They are assemblies, of very complicated components, people, and technology and facilities and architecture and all the rest. And that arrangement is what works. And the world largely depends on organizations to do its work. There are a few people who are artists and they work without much support. And I admire what they do. But most of the work of the world is done for better or for worse through organizations. And they don't work very well, but they work as well as we can make them work. And therefore anything we can do to make them work better seems to me to be a worthy cause.

And that's how I see the Sloan School. It's an enterprise aimed at producing people who are capable of making whatever part of the world they may be involved in work better. And I largely see these poor souls who are driven by lack of opportunity into terrorism as simply lacking opportunity. It's the best job they can find. They strap explosives onto themselves and pursue a cause, but I can't help but think there are more constructive ways to lead your life if they had that opportunity. And so I'm a big believer in trying to make organizations accessible to people so people can get jobs and get professional opportunities.

**INTERVIEWER:** Did you come into the panel in the '60s with strongly held political views or strongly held views about the war?

**POUNDS:** I just wanted everything to work better. No, I didn't. I was, you know, I read the same newspapers everyone else did. I was probably equally pessimistic that we were going to accomplish what we perhaps had set out to do there. I also had some sympathy for the poor folks who were running the country. It's a very complicated job. But I was not what you would call a radical or very confident a critic. If asked I would've tried to help do it better, but I was not asked.

**INTERVIEWER:** Was the discussion always civilized? I mean, once you gave people the right to state what they believed at the front end?

**POUNDS:** It was civilized but not always -- I don't know what you would call it -- not always very "effective." I can still remember one time in a fit of openness, we had a meeting of the committee on the stage of Kresge Auditorium. And anyone who wanted to come and sit in the audience could come and observe. And a few people came. I don't know, several hundred maybe.

Anyway, that meeting, as I recall, Viki Weisskopf who was kind of the dean of the physicists, kind of pure European, full of civilization, got into a long discussion with a fellow named, I think it was Paul Cusick or one of his workers, who was an accountant here at MIT. I think it was Paul Cusick, who was maybe the comptroller or something of MIT. And they got on the subject of overhead. And because in the laboratories, we charged overhead. And with MIT, hugely profitable because of this overhead that we were collecting. That was the debate. One of the many things we talked about. And they conducted a long conversation, during which neither one understood a word the other one was saying. Paul didn't understand the questions and Viki didn't understand the answers, and it just went on and on and on and on. It was an exposure of a gap that still exists.

**INTERVIEWER:** Did you feel like the student radicals felt like they could really participate comfortably in the committee?

**POUNDS:** Absolutely. We became --

**INTERVIEWER:** They didn't say you're ruining my image?

**POUNDS:** Yeah, I mean, we became friends. Johnny Cabot was the most articulate of the students. He was a graduate student in biology, felt enormously deeply about the war and its evils. But we had I think six -- I can't remember now -- four or six undergraduates and four or six graduate students, maybe four of each, I think. And they were, as I say, two by two. They were picked sort of from the conservative side and the radical side. And we had our share of both. But they were full participants in my recollection.

And I remember years later I was in a restaurant here in Cambridge with my wife, and we were having dinner. I think it was a Chinese restaurant of some kind. The light was kind of dim. And Helen looked across the room and said, there's Johnny Cabot over there. She had met these people. And by golly, there he was, looking like all the rest of us a little bit older. And so I walked over and said, John. Oh, Bill, how are you doing, he said. Are you still doing those evil things at the Sloan School? I said, yeah, John, we're just doing the best we can to save the world. But we were good friends. And the political color was not a big problem.

**INTERVIEWER:** How did your family react to your announcement that you'd been charged with this and you were about to start meeting daily and all day and so forth?

**POUNDS:** They thought I was meeting with somebody daily anyway. They didn't care.

**INTERVIEWER:** So it didn't take much --

**POUNDS:** It did take a lot of time, though.

**INTERVIEWER:** Well, you finished in less than two months.

**POUNDS:** Yeah, well, that's right.

**INTERVIEWER:** Did Howard Johnson have any input into shaping the final results or did you get a reaction from him?

**POUNDS:** [INTERPOSING VOICES] Remember. I'm sure, I would call him from time to time and tell him where we were and what we were coming up with. And I have no doubt he heard from other members of the committee that I didn't even know about. So I'm quite sure he was aware of what was going on. But there wasn't -- I don't remember close --

**INTERVIEWER:** Did he have a representative who attended your meetings every day, other than you as the chair?

**POUNDS:** No, not that I was aware of.

**INTERVIEWER:** How satisfied were you with the final report?

**POUNDS:** I was very satisfied. I thought it was a sensible conclusion. And as you know, the so-called Instrumentation Laboratory which then became the Draper laboratory, we recommended keeping both. But we drew a line at R and D. And we were prepared for a good bit of D, but we said we didn't think MIT should cross the boundary into manufacturing, installation, and test. That is, that maybe that wasn't our business, that we should stay on the other side of the line. And Draper, for reasons that I understood and even had some sympathy for, felt that they couldn't do that work at the level they wanted to without that kind of activity. And so I think it was a year or so after we drew that line that they concluded they couldn't observe that. And so they chose to separate from MIT, and they built the buildings that now exist. And as far as I could tell, things went on almost just the same. I mean, they had a new board for their enterprise, and I think there were a lot of MIT people on the board. I think students continued to work in the labs there. I think faculty continued to work with them. I'm not sure it disrupted their work all that much.

**INTERVIEWER:** I wonder if the overhead went to MIT's balance sheet as easily.

**POUNDS:** Well, you know, the problem with MIT, one of its problems, is that the government rules doesn't allow MIT basically to make very much money. And so we've even had people look into the profitability of these laboratories. They're not profitable. So getting rid of them doesn't hurt you very much. There's a kind of a balance. Essentially what the government says is they want to bear their share of the overhead, the indirect cost. So if your academic program expands, which is one of the reasons I think our academic program has not expanded, because it's expensive, then it bears more of its share of the overhead and vice versa. So as you leave -- as a big chunk of contract research leaves, there's a growth in overhead for the academic side.

**INTERVIEWER:** What kind of reaction did you get once the report was done, both from the administration and from others? Praise? Criticism?

**POUNDS:** Maybe it's a selective memory, but I don't remember a lot of criticism. I remember we got a very nice positive editorial in the *New York Times*, your old institution. I think it said something like common sense at MIT, which I considered high praise. And they reviewed our results. The document we produced wasn't an example of the highest quality prose in the world. It looked like it had been written by a committee, which of course it had. But it got the job done, I think.

**INTERVIEWER:** Did you do the drafting?

**POUNDS:** No, no. I appointed a committee, three people I think. And as I recall, the one that I remember was Gene Skolnikoff I think Gene maybe did it, at least as I remember now, the major work on the draft.

**INTERVIEWER:** And was this one of these balanced sub-committees with a radical and a conservative and then somebody kind of in the middle?

**POUNDS:** I don't remember. I was just looking for a writer at this point. We had all this talk and everybody had been there, and so trying to capture what was said is impossible.

**INTERVIEWER:** As you look back would you do anything differently?

**POUNDS:** I haven't thought about it in a long time so I have no regrets, I guess.

**INTERVIEWER:** Or do you think MIT should have done anything differently?

**POUNDS:** Well, MIT has come back to the question several times. I think they've had at least one and maybe two committees essentially with the same assignment with a good bit less fanfare. And as far as I can tell, they've come to roughly the same conclusions.

**INTERVIEWER:** Coming back to organizations running smoothly and doing as well if they can, do you think part of the key here was that you let people talk about their views at the front end --

**POUNDS:** I think it helped a lot.

**INTERVIEWER:** -- and in some ways, why does that work? And does it work in lots of settings, or was there something unusual about this one?

**POUNDS:** I don't know. You would need an academic to answer that question. I think it helped, yeah. People felt they had been heard. You know, they shared their views and, you know, when you hear all these things, there's always a risk you might learn something. And some of these were quite remarkably talented people who had, whether they had thought endlessly about this before, were quite articulate in terms of their views of this. I suspect it even affected me. I mean, I learned something from the process. And I know that some of the students were affected by what they heard there. It was not by design, but it happened. And they were affected. They learned something that I suspect affected their lives. And that could have happened to maybe any of us.

**INTERVIEWER:** How much did it affect you in the years afterwards? I mean, did it just sort of end and then the summer came and the new school year and it was almost as if it hadn't happened?

**POUNDS:** Almost. You know, I would say I didn't stay engaged in carrying out the recommendations. I kind of submitted the report and went back to work.

**INTERVIEWER:** Did you get requests to talk about it?

**POUNDS:** Not much, no. I don't think people --

**INTERVIEWER:** MIT Corporation, were you expected to present it to them?

**POUNDS:** I can't now remember. I think it's possible I did meet with a corporation, but it was not a big thing.

**INTERVIEWER:** So, you came back to the Sloan School, and I guess by then you'd been dean about four or five years.

**POUNDS:** Yeah, that's right. I was still early in my tenure there.

**INTERVIEWER:** What were the years going forward like? Anything particularly notable?

**POUNDS:** Well, we were active. I think, just kind of keeping all the wheels on the wagon takes a certain amount of attention. You know, running a big organization, not that it's very big, it's like a big department almost. I think, I suspect it was about the size of the electrical engineering department or something like that. So the fact that it was a separate school kind of was almost an accident.

**INTERVIEWER:** What do you think the most important contributions you made during your deanship were? Anything that you're particularly --

**POUNDS:** I can't claim very much. If I try to indicate where I think I put most of my attention, was essentially in the selection of faculty, which is about all you can do in a university since you have relatively little direct control over what people do. It's really selection of people and then encouraging them to do what they do best. That seems to be the task. I have to confess I liked my colleagues and we got along pretty well.

**INTERVIEWER:** I think the school during your years maybe also became more international and you may have introduced some international trips?

**POUNDS:** Well, that's right. At that time I would guess we were overwhelmingly domestic and interestingly -- I've thought about this recently -- we were -- the students who came were out of the vast, big US bureaucracies. You know, Kodak, Boeing, Caterpillar Tractor, the big aircraft companies, AT&T, Bell Labs. The big, big, sort of the '50s organizational men were largely the Sloan fellows. And they were largely men. And they came out of the middle of these big enterprises. And their work and their careers were essentially domestic. They had responsible jobs and they were enormously important institutions.

It was clear that the world was becoming more energetic and active, and it was important that people who might lead these enterprises would be well aware of what was going on. And so every business school had courses in international management, whatever that means. And their texts were usually kind of soggy tomes describing the work that went on in Mexico and Europe, and it wasn't very uplifting or perhaps even very informative. So we began to organize trips for the Sloan fellows. These are the middle management folks, 30- year- olds, 35- year- olds, to go to London, Paris, Milan, and Frankfurt, which was seen extremely exotic. I mean, for them, London was exotic. And of course they discovered that foreign languages are spoken in other places. And I think when we began, less than 20 percent of the students had passports, which of course they had to get for this trip. And sometimes they would invite their wives to not come along on the trip, but be there for the weekends and other things.

Anyway, it was more important I think than we realized at the time. Because they learned that there were contemporaries of theirs, equally able and equally ambitious, who were working on problems very much like the ones they were working on, and therefore might in due course become very serious competitors. And they ate it up. I mean, they loved it. Because we would go on these trips and we would have meetings with big names of folks, but often in these organizations, there would be a lunch or something where they would meet with peers, you know, from British Petroleum or Saint-Gobain or one of the big Italian companies. And they were just astounded at the talent. I remember one time we went to Mexico in the later days when we finally got bored with going to Europe. We'd begun to branch out and go other places. They came away from Mexico thinking, look out, these guys are coming.

And we even negotiated arrangements whereby we could visit even the old Soviet Union back in the bad old days of the Soviet Union. I negotiated an arrangement whereby the students, the Sloan fellows, could visit Moscow and meet with the planners in Gosplan, the people who ran the economy. And they would have lunch with these people. And they would say, you know, guys, why don't you just let the prices float? Why do you keep these prices with all these lines of people? You know, the prices. And the people they met would say you're absolutely right. We know that. We know how to do it. And they would say, well why don't you do it? And they would all say those old revolutionaries up there. Said that's what the revolution was about. They were going to run it their way. Anyway, it was very, very useful.

**INTERVIEWER:** And this was for the mid-career fellows. Did you have any thought that it would be useful to try to introduce it either for the MBA students or even the undergraduates?

**POUNDS:** Well, there's no question it would have been equally useful. And of course over the years since I was there, that's largely happened. The problem was largely economic. These mid-career people are largely sponsored by their corporations and they could pay. Many of the master's students and I couldn't pay because the numbers were bigger and the logistics were more complicated. But the benefits would have been equally great, I think.

Now of course we import all places. So we now have -- you don't have to go to Nicaragua to know what's going on. We have Nicaraguans in the program. I taught a course at Sloan I think a year or so ago, and I always kept track. I think I had maybe 70 students and 29 countries. I was very impressed.

**INTERVIEWER:** Have you stayed in touch with many students over the years?

**POUNDS:** You know, it's interesting, not many. And it's kind of random. I mean, often it will be one student, you know. I may pick out a student to do something for me in class and a bond forms, and we keep track. And when I go to Milan, I have dinner with him. But it's a handful. It is not a large number.

**INTERVIEWER:** Right. What made you decide to step down from the post in 1980?

**POUNDS:** Well, you know, it was probably a little late. I had been doing it for 14 years by the time I stopped. And I would have to say as an outside observer, it was time. I probably should have done it sooner. I remember I was on the board, as I told you, at Putnam. And we became aware that a naval officer, very senior naval officer, was about to retire from the navy and he was going to come back to Boston. And somebody on the board knew of this through a family connection I guess and thought maybe we should bring him on the Putnam board. So I was assigned the task of talking with him. And he was a very impressive man. He had been superintendent of Annapolis, then the commander of the Nautilus submarine that first went under the North Pole. He was commander of the Pacific fleet. And he was roughly my age, which was 50 or a little more at that time.

So I interviewed him. I almost saluted him. I was lieutenant junior grade when I left the Navy. Anyway, I said, Jim, why are you getting out of the Navy? And he said that if he stayed in the Navy and he became chief of naval operations, which is the senior military task in the Navy, he said he would be out of the Navy at age 56 by arithmetic. And he thought that if he was going to do something else, he had to get out before that. I think he had been -- somebody had whispered in his year about this, one of the industrial guys who'd been on the board at Annapolis.

Anyway, that was his answer. And I thought to myself, maybe he's telling me something. I'm the same age and I've been doing this a long time, and if I'm going to do anything else -- and I don't know that I really want to do anything else -- maybe I'd better get on with it. So I began to think seriously about getting out. But to be honest, I dilly-dallied for awhile not wanting to make the plunge. But I did it.

**INTERVIEWER:** Well, you were still pretty young.

**POUNDS:** Well, I was in my --

**INTERVIEWER:** Early 50s?

**POUNDS:** Yeah, early 50s, yeah.

**INTERVIEWER:** And did you have any thoughts? I mean, did you start looking around to see what else there might be to do?

**POUNDS:** I took a year off to let my successor blame all the evils in the school on me, and worked on the AT&T antitrust suit, which was fun for me. I learned something about the law and testifying and all of that, which I didn't know very much about. And I thought I would come back and be a professor. I wasn't quite sure professor of what. But I thought I would come back. But I didn't have a very clear idea other than that. I was not concerned. I thought it would work out but I didn't know what it would be.

**INTERVIEWER:** The AT&T antitrust suit. What did you think about AT&T's role as the essentially monopoly supplier with the government approval?

**POUNDS:**

Well, I wasn't asked my opinion on that, and I don't know whether I had a very strong one. I was approached by AT&T to be an expert witness, so called. Back to my origins on manufacturing activities at AT&T, at Western Electric. And the thing the lawyers were worried about was if AT&T is a monopoly, with which everyone agreed it was, and it was because it would legally a monopoly, was it earning monopoly profits? And the answer was you could demonstrate it was not earning. It was not setting prices in a way that was earning unusual profits. Reasonable return on assets. The next question was, well, maybe it's not earning profits because it's burning up the excess profits in sloth and inefficiency in its operations and that if it operated more efficiently, then it would be profitable and therefore that society was in some sense paying for this. So I was asked to comment on the operating efficiency of Western Electric, which was an essentially impossible task, which I happily undertook.

I think they had previously hired McKinsey for this purpose and McKinsey had given them a proposal that I think involved 20 man-years of enterprise and high billing rates. And when they talked to me, I was unaware of that. But I knew they had a big project that they had decided to abandon. And I said, in my case you only get what you see. I don't have anybody behind me. And that may cause you some concern if it ever gets to a trial. So anyway, I did that. And I ended up to my horror actually testifying in that case. I don't think it affected the outcome particularly one way or the other, but it was a good experience and I learned a lot.

**INTERVIEWER:** And your next project turned out to be the Rockefellers, yes?

**POUNDS:**

Right. While I was taking my year off after I was dean, I was -- I had for many years while I was dean been approached by various people about other jobs, both in the government and in industry and in other universities. You know, college presidencies and things like that. And I always interrupted those conversations by saying I don't want to know about this because it's probably a better job than I have and I think I'm going to stay here. And so when I stopped being dean, the next one of these calls that I got, I said, I started my speech saying that I liked what I was doing. And then I realized that I wasn't going to do that anymore.

So I went and talked with a head hunter in New York, had breakfast with him. And he had a job in mind that I had no interest in at all, and then he said well I have another job that you might be interested in. And then I went and talked with David Rockefeller. And I wasn't sure I wanted to do that. It was a kind of a family, a semi-feudal job, the wealthy family and they had their retainers in this office who kind of took care of them and did things they didn't want to do, like balance the checkbook and pay the taxes and do all kinds of other things.

And I wasn't all that attracted to that idea, but I liked David and I said that I would be willing to try it with him for six months with no deal either way, no commitment. But I would continue to teach at MIT. I had started to teach after I stopped being dean. I knew I wanted to be at MIT, so I started to teach a course. And I said I was going to teach a course at MIT and I was going to stay on my corporate boards and that would give me at best maybe three days a week in New York. And if he was uncomfortable with that that we would have to figure something else.

So we tried that for six months and at the end of six months, he said we'll just -- it will be fine. And I said, okay, we'll try this. But it really filled me up with, I mean, it was really almost a full-time job. And what I was doing at MIT took some time, and the boards took some time, so I was a little bit busy. But I did that for 10 years, a long time. And I really enjoyed the courses that I taught. They were enjoyable and I have to confess, I also enjoyed the boards I was on. And then we did some interesting things in New York, so I was fully engaged but I was happy with all those things.

**INTERVIEWER:** What in the end became interesting about the Rockefeller job?

**POUNDS:** Well, the difference of course is in many, many organizations, you're working for some faceless owner somewhere. If you work at Kodak, there's some shareholder somewhere. You don't know where they are. If you work at MIT, you work for a kind of faceless group of colleagues, academic peers in other institutions, et cetera. This, again, a curiosity is you working for people whose interests are directly involved in what you do. You are directly working for someone, which is different than many of us experience. I would argue neither better nor worse, but it's a different kind of arrangement, and kind of strips away all the fuzz around organizations, where you kind of loosely connected with people whose interests are involved, you can fantasize that you're serving them well, but if you're working for someone face to face, the ambiguities go down.

Now offsetting that is I wasn't just working for one person. I was working for, as we said, the family. The so-called brothers generation included only David and Laurance at that point. The others had all died. And then it was the children of the brothers generation who were on the order of my age or a little younger-- there were 25 or more of those. And then they had an endless number of younger children, some of whom were sort of younger teens or 20s. So when I say I was working directly for people, the answer is I was working for a group of people, but each one I was working with directly.

And I learned a little bit about how that family ran. And I came away with a very, actually quite a high opinion of how they conducted their affairs. They were the beneficiaries of course of great wealth and while they didn't ask my opinion, but I had to say, I thought they used their advantage enormously constructively. They could have eaten it or drunk it or sailed it or done all kinds of foolishness. By and large they were well-intended serious people trying to do good work. Which, opinions can vary about that, but I thought they did pretty well.

And they had a few problems that I thought needed attention, and they agreed with that. And not all of them agreed as to the solution. But one of the problems was that they had most of their assets in situations where they could act independently, so they didn't have to agree with each other on what they should do. They could do whatever they wanted with their shares of IBM or Exxon or whatever they may have owned or their trusts owned. But they had several assets that they owned jointly, which is often the source of great difficulty in families, when they can't agree what to do with something they jointly own. Which was an interesting situation and not simple.

And the three assets were varied in size. One was Rockefeller Center, which they owned outright. The second was a big piece of land north of New York City where their homes were located, but where the land was jointly owned. And then the third was the office that I ran, which of the three was the least significant. It was a tiny little activity. But it was an enterprise of the family, and therefore opinions might vary as to whether it was doing a good job and whether they wanted to continue to use it and so forth. And I tried to work them and me through all three of those. I had relatively little to do with the land problem. They had lawyers and real estate people --

**INTERVIEWER:** Under their homes, that land?

**POUNDS:**

That land. And they worked out a way of giving in fact a big chunk of it to the state as a state park, which they had done in the case of Acadia and the Grand Teton National Park, several parks in the Caribbean. And they've given a lot of parks. And ended up with a tax treatment that they were looking for, which was not a major issue but it was considerable. And the big one, the big lump was -- and the office was so small as to not be significant economically, but it was important to them because it provided many services. But the big one was Rockefeller Center and how to deal with that. And it was big enough and opinions were sufficiently divided that it could have been destructive in the sense that they could have been in court and spent a lot of money sorting it out.

But there, again, I learned something from all this. I always advise my wealthy friends not to leave anything to their children in common, which they pat me on the head and say thanks for the advice. But they do it consistently and it is always a disaster. There may be one exception to that in the history of mankind, but not 100. At any rate, it turned out that Rockefeller Center didn't really belong to any family member because it had been given by its builder, John D. Jr., to a trust for the benefit of the family. And he had named non-family trustees. And the non-family trustees, who were a very distinguished group of people, the president of the University of Chicago, the president of Princeton, Paul Volker, you know, a bunch of very senior -- George Putnam was one -- very senior and experienced, knowledgeable people had all the votes. The family could express their views, but the trustees were charged by John D. to decide. And I was not a formal player. I was kind of -- I met often with the trustees and they would often look me deeply in the eye and say, Bill, what does the family want? And I would smile and say the family wants a whole lot of different things. And it's going to be up to you to sort all that out. And they did. And we came, I think, to a happy conclusion. I think the family is enormously better off for what we did.

**INTERVIEWER:** So all this time you were still teaching. And you taught one class --

**POUNDS:**

I did. When I stopped being dean and I was then going to work in New York, I knew I wanted to keep my oar in the water at MIT. So I figured I would teach a class and do some other things. But mostly I would conduct this class. And I decided to undertake something which business schools never undertake. And that is I decided to teach about management. And management is something that we use on the front door but we don't talk about much inside. We talk about finance and marketing and organization and economics and capital markets and all those kind of things. But how you actually run a business is -- occasionally we will dabble in a case or something where Mr. Jones is president of a company and he is wrestling with the following problem. But actually giving the students some contact with real management experience is hard to do and is done imperfectly. And I'm sure it was done imperfectly in my class.

But I designed this class riding the shuttle back and forth to New York, and I finally revealed I was going to teach this. And I forget what -- issues in corporate -- or no, it was applied corporate analysis. Totally meaningless term. I used to say "applied" meant that it was possibly useful, and "corporate" meant that maybe tend toward the private sector. And "analysis" was for the faculty. I figured they would like to think I was teaching analysis. And it was a very, very interesting course. And I keep encouraging some of my colleagues to continue it.

But it involved 20 students that I divided into groups of five and assigned to each of four companies that I had made private arrangements with. And I told the students, each group of students, that they were the management of that company. They were not consultants or advisors or academics. They ran it and they referred to their company as us, and we, not they. And they could discuss what we are going to do, not what they should do, what we are going to do. Those words are very hard to get through the lips of most of us because we prefer the passive voice. I think maybe they should rather than this is what I'm going to do. Because it is a different arrangement. So the class had these five groups of companies, real companies. And we had 20 students so that every student group was five "managers". The 15 or the left over and I were the board of that company. And so every student sat on three boards and was the manager of one company. And I was the unelected chairman of four companies. And the class consisted of board meetings. So I would call the board meeting to order and say you are the management of the Caterpillar Tractor Company. Proceed.

**INTERVIEWER:** So these are real American companies?

**POUNDS:** Real American companies. And the deal I had with the company was that the CEO was aware of this and would support this idea and give the students a point of contact in the company and agree to meet with the students at the end of the term with his troops. Some of his troops. However many he could get together.

And the assignment to the students was that you are now responsible for, let's say, Caterpillar Tractor. I did 64 different companies over the years. But you're responsible for Caterpillar Tractor. And the assignment is you're going to have five board meetings, one every two weeks over the course of the term. And in the last board meeting you have to identify what the principal issue facing your company is and what you're going to do about it. That's the assignment. You get there any way you like.

And I'd made the argument that if you're running anything, you can only accomplish a very few things. And the trick is to pick the right things to accomplish. And if you decide you want to accomplish washing the windows and mowing the grass, they're demanding things but they may not make a big difference. So the trick is to pick things that are important that you can do. And in a way it's a course about diagnosis. Here you have this Caterpillar Tractor Company and you learn about its situation in the world. But now what are you going to do? What is your particular cut as to what to do?

And I paid, because I had access through my boards, kind of free money. If I gave, say, five or 10, maybe 20 thousand dollars to the school, it would be matched by my boards, by my corporate boards. So I could multiply my contribution by maybe five or six. And that added up to maybe 40 or 50 thousand dollars. And I could pay my students' travel with that. And I made a deal with the dean to finance my students through this exercise. It was a good idea.

**INTERVIEWER:** And these are MBA students?

**POUNDS:**

MBA students. And so they would have their board meetings, and I was chair. And the students would ask questions. After the board meeting they would ask lots of questions. And I would give them avuncular advice as to how to cope with the issues they were talking about. But it was a remarkably real experience. I was at the same time sitting on real boards, and I would say these meetings were as real as they could get. I mean, they were acting exactly as they would act if they were running the company, with similar insight. They had a view as to what the question would -- just as the CEOs I saw it working. But they were uncertain about it, just as the CEOs were. And they had to sound confident just as the CEOs did. It was a very, very real experience, more real than they knew, I suspect.

Anyway, then at the end of the term, they would go to their own board room and meet the executives. So we went to Caterpillar Tractor. We went to Peoria. And all the executives showed up, and we were in the board room of Caterpillar, and I would say thank you for putting up with all this. It's an educational exercise. We don't promise that we're adding any value to Caterpillar, and we thank you for your help. But the meetings were really quite interesting. And I can remember almost every one of them. Just, for example, at Caterpillar they said, you know, Caterpillar is a big successful company. They had just come through a bad period where the dollar got so strong that Komatsu was kind of eating their lunch in the international market. But it was beginning to right itself, and they'd put a lot of money into technology in Peoria.

Anyway, the students' conclusion was that Caterpillar was like the old IBM. It was a big equipment business, you know, the big mainframes, that's what Caterpillar made. And they were worried -- the students were worried about the little guys eating up from the bottom the way people had eaten into the bottom of IBM. And they said we're going to build a new plant outside Peoria, and we're going to compete with Deere and all the other guys that were making small equipment, because we want to hold them off, aren't going to give them a free attack on our bottom edge. Well, that was a very interesting idea. And so they finished their presentation. It was more formal than that, but not a lot.

And finally they got finished and the chairman, who I knew was an accountant originally, he said, you know, you just put, I don't know, 20 million dollars or 100 million dollars into facilities here in Peoria that are underutilized. I mean, you can build, you have all the equipment in the world right here. Why are you going to build a plant outside? Well, they stuck to their guns and said, well, we're not going to do it in Peoria because it's a new business and we're -- and he kept pounding away at them and they stuck to their guns. And finally the president -- he was the chairman, I think. They had a separate president. And both of these are all the old guys at Caterpillar. The other guy said, Charlie, what they're telling you is they want something out from under us. So this is very real. And the conversation among the people at the other end of the table over the students' interpretation of what they had heard them say -- because they interviewed these people as they went along -- was very powerful. Anyway, it was a fun course.

**INTERVIEWER:** Did you have to use a lottery to select students?

**POUNDS:** Yes, we used a lottery. We did exactly that.

**INTERVIEWER:** To what extent can the management principles you're talking about be applied to a place like MIT, and are they?

**POUNDS:** Well, I don't know -- this was really an experiential course. This was a course in which we worked towards a diagnosis of these companies. But I told them at the beginning, I didn't know how to do it. That is, you have to derive your answers from your own experience and what you found there and kind of assemble it. I think that same thing is true at MIT. If the group of students came here, they would go around and talk to people. People would point in every different direction, and they would sort out and decide what the biggest issue at MIT was. I think you'd do the same thing.

**INTERVIEWER:** And do you think management then can be developed, good management. It's a kind of learning by doing.

**POUNDS:** Well, it is a mixture, you know, it is not what I once thought it was. It is not exactly susceptible to formal analysis, I think. But formal analysis helps. Don't throw that away. It's partly a function of experience and the facts on the ground, which is very important and hard to teach. So you teach a sort of sensitivity to the facts on the ground. And it's a function of values. What you think is important and what's useful to do with your life and with your organization. And it's a mixture of all those. And we're better at teaching the first part, the formal analysis part. It's hard to give people context, but travel and opportunities to work on projects like this one give people experience. And values, that's even harder. That kind of comes with the student. But they learn values from who they meet with in their faculty and other students. I think we work a little bit on all three of those.

**INTERVIEWER:** Thank you for elucidating that and the other matters and taking time to talk with us.

**POUNDS:** Enjoyed it. Thank you.

**INTERVIEWER:** Enjoyed it too. Thank you.