The existence of deteriorated housing in some of our urban areas and "pockets of poverty" containing too many of our citizens causes some people to voice dissatisfaction and propose radical changes of our free enterprise system. Yet it is this very system which has been the leading edge in creating the greatest nation in recorded history; it provides the hope for any kind of sensible solution to these problems.

Any society as complex as our own — which finds its members as a whole enjoying the best health and highest standard of living in the world — is inherently unable to move forward evenly without some dislocations and disparities. The wise will see it as having worked so well for so many that, rather than stall or alter its progress to permit a kind of catching up, all segments making up our free enterprise system should be encouraged to broaden their activities and know-how even faster so that their techniques and skills may be applied to alleviate and reduce existing problems.

This means that the challenges which lie on those calendar pages ahead of you MBA's at Harvard and others of your generation are so great that only well-trained, high-quality executive and business leadership is going to be able to cope with even some of them. You will never be able to do what you have to do rapidly enough or completely enough to satisfy the world which waits for you — a world that will be the hardest taskmaster, the most expectant, the most demanding and the most critical in the history of Mankind.

Business has always been the greatest job maker, job trainer, payroll maker and meeter — and yes, tax provider — of all, and it will have to be even more so in the future.

A free enterprise system, with its entrepreneurs, its incentives, and its ability to motivate people, is a well-tested and successful methodology. It is not perfect, but it is the best system that has ever been envisioned by man. The wealth and strength of America is its own testimony to this.

Government can best guarantee desirable progress for all its citizens by continuing to broaden the environment within which business can inspire men and make them creative, whether it be at the low level of skill upgrading or up into the higher reaches of systems analysis and action-orientations being addressed to metropolitan, state and national needs.

The spread of know-how can create individual well-being and even degrees of individual wealth. But the mere spreading about of money without better skills and education being left in the wake of its passage is the equivalent of throwing gold dust into the teeth of a desert sandstorm.

For when the wind stops blowing, only the desert remains.

Charles B. Thornton
Chairman and Chief Executive Officer
Litton Industries
Member of the President's Commission on Civil Disorders, 1968

# THE BUSINESS SCHOOL AND

### Introduction

In the spring of 1969, administrators, faculty members, and students at a well-known Eastern school of business were engaged in several separate and joint discussions on the nature and extent of the American urban crisis. More particularly, they were curious to know the scope of the School's involvement in efforts to resolve some of the problems that plague urban centers.

Though located in a large metropolitan area which is somewhat representative of the current state of America's great cities, the School was nevertheless isolated from most of the symptoms of urban illness. Only the stench of a nearby river, the noise of continuous traffic on an adjacent expressway, and the occasional whiffs of polluted air that drifted over the campus disturbed its otherwise splendid and serene isolation from the harshness of the surrounding metropolis.

In spite of — and, perhaps, because of — this isolation, concerned individuals from all segments of the School's community were busily exploring ways in which resources and prestige of the School could be channeled more munificently and more effectively into a resolution of the more basic urban problems.

This case is organized into three parts: Part I is a general survey of the more distressing symptoms of the urban illness; Part II includes a brief summary of what the School and its constituents are doing to contribute to the development of a cure for these maladies; and Part III contains a performance appraisal of the School's efforts and proposals which suggest directions in which the School may move.

As with all cases developed for use within the School, this case was not designed to illustrate either effective or ineffective handling of an administrative situation; however, unlike other cases, this one is prepared to serve as a stimulant for further institutional soul-searching and action.

### General Survey of the Urban Crisis

The phrase "urban crisis" has been used to denote nearly every problem of contemporary America from traffic snarls to junkyards to racial violence. Actually the urban crisis is a series of different but interrelated problems which have converged on the cities to create a very complex network of urban breakdowns. A complete listing and description of all the aspects of the urban crisis is without the scope of this case. What is presented are the more universal and immediate urban maladies which serve as indications of the range of troubles which the cities are facing.

With more than 70 percent of the nation's 200 million people living in urban areas on 1.3 percent of the total land area, we have indisputably become an urban society. By the year 2000, if present trends continue, 208 million people will be jammed into cities and suburbs on 3 percent of the U.S. land area. Forty-three million people will reside in smaller cities on 1 percent of the area, and 57 million people will rattle around in the open spaces of the remaining 96 percent of the country.

This tremendous increase in urban population is sufficient in itself to cause serious problems for the already overburdened

# URBAN PROBLEMS: A CASE STUDY

cities. But the problem is compounded by the fact that many Americans still tend to believe, with Thomas Jefferson, that cities are "pestilential to the morals, the health and the liberties of man." Even though we are a highly urbanized society made up of diverse people, pluralistic in belief and habit, who live by exchanging the products of very different and highly specialized skills, a strong anti-city bias remains. It is an outgrowth of the citizenry's outdated image of itself as a loosely knit and lightly organized society of independent agrarian people. While our image of ourselves has remained dangerously static, the physical and social characteristics of our environment has been dynamic. This is the primary reason why urban woes have been allowed to grow to their current monumental dimensions.

It is the basic presumption that urban life is inherently inferior to rural or suburban life that lies behind the failure of Americans to accept the challenge of building great cities worthy of human habitation. Thus, the cities have been allowed to develop as they would — without planning, without meaningful attempts to preserve or improve their physical environment, and without the public concern that would enhance their vitality and attractiveness as desirable places to work, live, and play.

Part of what is wrong with the cities can be seen and smelled. In a survey published by the U.S. Public Health Service, four of the nation's largest cities — New York, Chicago, Philadelphia, and Los Angeles-Long Beach — were listed, in that order, as the dirtiest in terms of air pollution. Authorities say there is no such thing as a "clear" day over any of the nation's metropolitan areas.

Every city with 50,000 or more people now has dirty air; and nearly continuous belts of it have crept out from the cities to cover the open regions between urban centers. Urbanites literally inhale a portion of their own garbage each hour of the day.

With an astounding 133 million tons of aerial garbage being dumped into the U.S. atmosphere each year, it is no wonder that the air we breathe has become a witch's brew of foul-smelling, evil-looking gases and aerosols. Besides offending the eyes and noses, these substances impair health, erode masonry, discolor clothing, and — by limiting visibility — pose hazards to land and air travel. Deaths occasionally occur, as was the case in a 1967 Thanksgiving Day smog crisis in New York City in which nearly 80 persons were killed.

Transportation sources, mainly the ubiquitous automobile, contribute well over half the pollution matter; and manufacturing, electric power generation, space heating, and burning of refuse contribute the remainder. With the number of automobiles increasing at a rate twice that of the population increase, questions of how to handle the additional traffic and air pollution must be answered. Vehicles contribute 89 percent of Los Angeles County's air pollution, for example, and pour 7,000 tons a day into the air above San Francisco.

Anyone who has had occasion to sit on the grass beside the Charles River has a good feel, and an even better "smell", for the water pollution problem which is another aspect of the continuing deterioration of the urban environment. What has happened to the Charles is illustrative of what is happening to fresh

water bodies across the country. To walk anywhere close to some of the nation's water bodies is an experience no one should be forced to undergo. Channel banks are crated with oily or tarry substances; there's an ungodly collection of floating debris; and the stench is sometimes unbearable.

Chief despoilers are community sewage and industrial waste. Many municipalities and companies still view pollution as the inevitable result of human activity. By 1970, it is predicted that polluted organic waste from industrial sources will equal domestic waste from the entire U.S. population of over 200 million. And unless far more and much bigger municipal sewage-treatment plants are built, one expert predicts, the equivalent of domestic waste from an 85 million population will have to be dumped untreated into rivers and lakes by 1970. Already Lake Erie, for example, is so polluted that experts say that even if all pollution were controlled, it would take 25 years for the lake to return to a theoretical "clean" state.

In the field of rapid transportation — perhaps more than any other — limited funds, limited imagination, and inadequate planning have led to limited and inadequate solutions. The

up suburbs to the urban poor and create an urban lifestyle which appeals to the middle class.

It is apparent that (1) cities lack the tax base to construct needed mass transportation systems, (2) states and the federal government are compromising their ability to finance mass transportation by their continued emphasis on expressways to suburbia, and (3) certain groups — such as the growing group of senior citizens and the urban poor — are without adequate means of transportation.

Much of what ails the cities has come to acquire distinct racial overtones. But, as stated in *Fortune* magazine, "never forget that 95 percent of what's wrong with the city developed before the crisis in race relations. The 'Negro problem' represents a crisis within a crisis, a specific and acute syndrome in a body already ill from more general disorders."

The intensified drive of black Americans — increasingly concentrated in large urban centers — to assert their humanity and to destroy the ruthless system of exploitation under which they have existed for the past several centuries has focused the nation's attention on all the deplorable conditions which are



transportation crisis in and around urban centers has several causes including (1) an automobile registration rate which is twice the population growth rate, (2) poorly planned city streets and expressways, (3) a dearth of efficient rapid transit systems leading to and through the cities, and (4) the ever-growing ring of suburbs which daily empty their automobile traffic into the central cities.

What is at the crux of the traffic snarls in urban areas is the inefficient distribution of jobs and residents, which necessitates a large amount of cross-commuting. The white-collar jobs are increasingly being concentrated in the core city while the blue-collar jobs are expanding in the suburban areas; yet, the middle-class which holds most of the downtown jobs are moving further into suburbia and the urban poor who work the blue-collar jobs have remained concentrated in the cities. Attempts to improve urban transportation systems, then, must simultaneously open

threatening to bring our cities to a grinding halt. But these conditions preexisted the sudden flurry of interest in the black man's plight and the rash of ratiocination in the press. It is because the race crisis has begun to press hardest at the metropolitan level — that level at which U.S. society's ability to cope was already weakest — that many have labelled the urban crisis a strictly racial crisis.

At the core of the race crisis in America, particularly urban America, is white racism. The National Advisory Commission on Civil Disorders arrived at this apparently shocking conclusion just last year, but black Americans have been publicizing this fact for at least a century and probably much longer. White racism has manifested itself in a number of ways, all of which have been carefully recorded in statistics and reports — (evidently for use by our posterity since it seems that the present generation of Americans have become immune to the condi-

tions which the numbers highlight).

White racism has manifested itself in pervasive discrimination and segregation in employment, education and housing, resulting in the continuing exclusion of great numbers of blacks, Puerto Ricans and other minority groups from the benefits of economic progress. The Riot Commission found that unemployment and underemployment were found to be grievances in most of the cities which it investigated. The grievances were expressed in terms of joblessness or inadequate jobs and discriminatory practices by labor unions, local and state governments, state employment services and private employment agencies. All the other grievances which black Americans in urban areas have — e.g. poor schools and limited educational opportunities, deteriorating or dilapidated housing accompanied by high rents, demeaning and inadequate welfare systems, the brutality of urban police forces, poor relations facilities —were found to be reasonably accurate descriptions of the ways in which black Americans experience urban life in particular and the total white system in general.

These are the factors which lie behind the "riots" — more
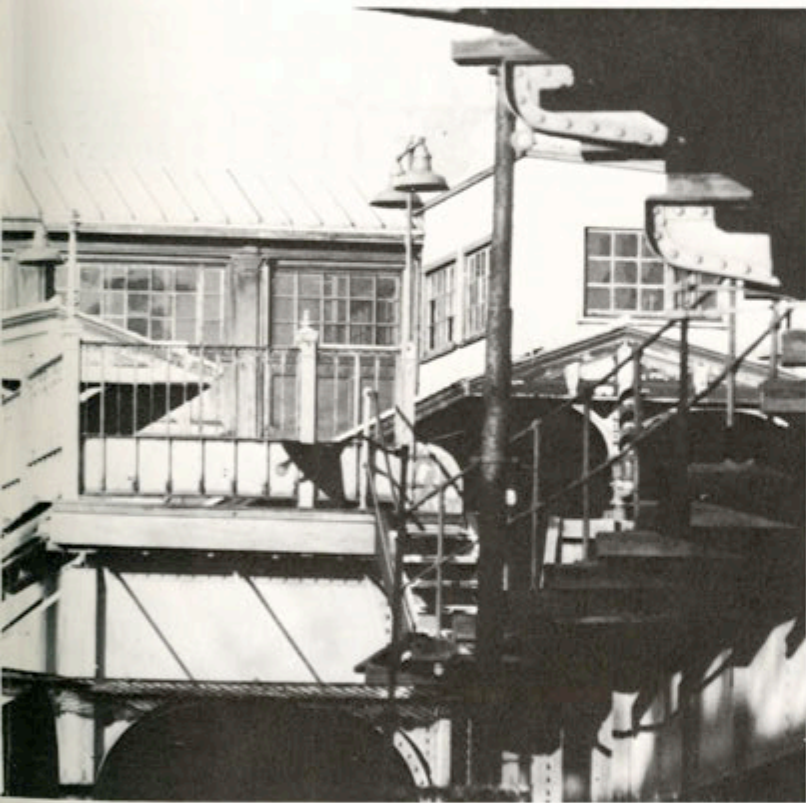


aptly termed "revolutions" by urban blacks. And there are other factors. The late Civil Rights Movement failed to usher in the utopia in race relations that many had hoped for and predicted. Frustrated hopes, combined with the frustrations of powerlessness, have caused many blacks to doubt the practicality of such Civil Rights goals as "integration." Indeed, the drive for integration has been superceded by an enhanced racial pride among blacks and by a new emphasis on "Black Power."

The new mood which the phrase "Black Power" symbolizes is one of aggressiveness. Black Americans are tired of roaming the land like Jeremiah, lamenting that things are a mess and should be put in quite different order. Energy is now being directed toward *putting* things in different order. Black Americans are no longer vying with Job for the eternal patience award. Instead there is a decisive element of immediacy in black demands for justice and for an equitable share of the nation's

progress.

The "Black Power" mood has caused black people to look inward: into themselves to re-discover their identity as a black PEOPLE of which they can be proud; into each other to discover common strengths and to learn how to eliminate common weaknesses; into their own communities to upgrade and control all aspects of their communal life; and into their priorities to re-assess their goals and to determine new ways of achieving that which they deem desirable.

While some blacks and white fret continuously over so-called "black Jim Crowism," "reverse racism," and "ghetto segregation," the new black movement toward a more equitable distribution of power and control continues. And all signs indicate that it will continue until white racism is eliminated as the dominant factor determining the position, status and progress of black Americans. To those who denounce this New Movement goes the burden of presenting a more realistic strategy for improving the condition of black people.

Since the mass of black people are now more concerned with developing the communities in which they presently live than in trying to escape to the anesthetizing suburbs, much effort is being directed toward the acquisition of "Black Power" in the economic sense. The new emphasis on business development and home ownership in black communities is indicative of the fact that black citizens are serious about owning and controlling their communities. Black people are increasingly aware that ownership implies control, and control is one basis for power and influence — which are the forces that make politicians, school boards, police forces, and welfare officials listen and act in accordance with the desires of black people. The use of economic power as a means of achieving political influence and social status is a time-honored principle of Americanism — examples of which are readily found in minority groups such as the Jews and in movements like that of organized labor.

The proper interpretation of "Black Power" is that black people are determined to re-define the black-white relationship in America, deferring indefinitely the dream of integration. Black urban dwellers have started to exercise power and control right in their own communities — fully aware that if power and control cannot be exercised at home, it stands dim prospects of being exercised away from home.

Any predictions about the prospects for success of the New Movement are necessarily contingent upon a variety of factors which no one can accurately gauge. Certainly one crucial variable upon which the fate of the New Movement rests is that of an increased educational and skills level within the black community. Related to this are two other variables: (1) technical and financial assistance from various institutions in the larger society and (2) a continuing sense of black consciousness among black Americans. The first is necessary because of the dirth of both types of resources in black communities, and the second is necessary because only a strong sense of identity with and obligation to the community will lead skilled blacks back into the areas which sorely need their new skills.

Technical and financial assistance are being channeled into the community by individuals, private organizations, businesses, and governmental agencies; but greater coordination would considerably increase the effectiveness of much of this assistance. The question of black consciousness appears to be substantially answered, at least among black collegians. Gone are the days when black students were so happy to get to college that they would take anything offered, no matter how remote from the realities of their situation or the needs of their people. Black college students around the nation are demanding courses and programs which will adequately prepare them to cope with the network of problems which black communities face.

Finally, the New Movement toward self-help and community control by community residents has to enlist the support — or

at very minimum neutralize the hostility — of the larger society. So far it appears as if white liberals and traditional "Negroes" have issued the most damning and inflammatory statements about the new strategies. Since these people do not constitute anything close to a majority of the American population, their hostility can be essentially ignored. One can only hope that the larger society will eventually embrace constructive "Black Power" as the only reasonable alternative to further violence and bloodshed.

If present trends continue, most of the nation's largest cities will have predominantly black populations by 1980. As this situation develops, the urban crisis will increasingly become another complex component of the black-white problem. This trend toward black central cities ringed by white suburbs is already putting a damper on the nation's commitment to revitalize the cities. Whatever may happen, it is certain that the cities cannot be made fit for black Americans without, simultaneously, being made fit for *all* Americans.

## Current Efforts of the School and its Constituent Groups

The School's present involvement in the general area of urban affairs can be divided into three parts: (1) the official programs of the School; (2) the efforts of individual professors and administrators and (3) the efforts of students.

## The Official Programs of the School

The official programs of the School can be broken down into three general areas: curriculum development and course redesign work; programs relating to minority group students; and joint projects with representatives of the Roxbury black community.

Plans for a second-year concentration area in urban affairs are underway, and new courses and case materials are being developed for this area. Professor Paul R. Lawrence's seminar — Organizational Development in the Inner City — will likely be viewed for many years hence as the core course in this area, since his was the first course on this side of the River *specifically* designed to give the student the opportunity to deal with organizational problems in the ghetto *from the viewpoint of ghetto leaders*. This different orientation is a welcome relief from the major orientation in other urban-related courses which require the student to take the position of a businessman or manager superciliously scanning the urban mess and then deciding what actions to take.

Other instructional offerings relating to the black community that may be forthcoming next year include a seminar on small business in the ghetto, a seminar in low-income housing, and a greatly redesigned course called Black Power and the Business Community. These courses will augment such existing urban-related courses as Technology, Business and Modern Society, Urban Land Development, and Corporate Planning in the Urban Environment.

Professor Richard S. Rosenbloom's course in Technology, Business and Modern Society deals with the whole area of the systems approach to urban regeneration, rehabilitation of the hard-core unemployed and underemployed. Professor Maurice D. Kilbridge teaches a new interdisciplinary graduate seminar on urban planning with the support of several departments in the larger University. His seminar investigates how such management sciences as mathematical analyses and computer-based simulation models may be applied to solving the modern problems of the cities. Assistant Professor David L. Birch is offering a course on Corporate Planning in the Urban Environment which focuses on such issues as housing, education, population movement, and social unrest in the cities.

In addition to the creation of new courses on urban problems,
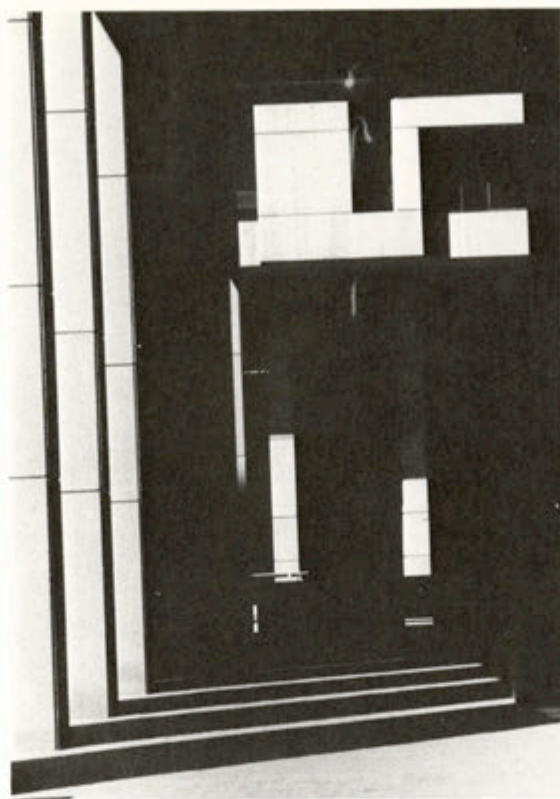
The new Boston city hall.

the faculty and administration is exploring ways in which some existing courses — e.g. Human Behavior in Organizations and Planning in the Business Environment — can be broadened to encompass more racial and urban material.

Another area in which the School is making progress is in minority group student recruiting. With the voluntary assistance of seven blacks already enrolled in the M.B.A. Program and with the enthusiastic support of Dr. Anthony G. Athos, then Director of Admissions, successful recruiting trips culminated in the registration of 27 blacks and one Mexican-American last fall. Recruiting efforts have continued this year with the aim of increasing the enrollment of all minority group students. Efforts are also underway to increase the amount of financial aid to make the recruiting efforts worthwhile. These efforts in minority group student recruitment will add considerably more color, character, and "soul" to the School scene.

The Matthews Committee — composed of both faculty and administration members — has been charged with the responsibility to investigate ways in which the School can most effectively use its skills to contribute to the solution of problems of minority group students. The School has also backed a joint venture with Northeastern University and the Stop & Shop Foundation which is designed to identify the special business education needs of blacks and to recommend to the sponsors a basic curriculum designed to fit those needs.

Probably the most venturesome project the School has yet undertaken is a management education program for small businessmen in the Roxbury community. This pilot program was started last September and is jointly sponsored by the School and the Small Business Development Center (SBDC) of the Joint Center for Inner City Change. The SBDC has responsibility for determining the structure of the program and for recruiting the students, and the School provides the faculty and teaching materials. Professors M. Colyer Crum, Theodore Leavitt, and Steve Starr are very much involved in this effort and are currently exploring ways to improve its effectiveness.

## Unofficial Faculty Projects

Unofficial faculty projects range from Professor Thomas C. Raymond's work with the Executive Development Program for Welfare Administrators (1967 and 1968) to Professors Rosenbloom, Kilbridge, and Seiler's work with the U.S. Chamber of Commerce on Urban Leadership Workshops. Professor John I. Reynolds, David L. Birch, Paul R. Lawrence, George C. Lodge, Paul Cherington, Robert W. Merry, Bertrand Fox, Phillip Davidowitz, Jay Lorsch, Joseph L. Bower, M. Colyer Crum, and several others are devoting increasing amounts of their time and special expertise to seeking ways and means to overcome the stubborn problems of urban areas. Several faculty members are members of F.U.N.D., an organization of white professionals who are dedicated to the support of constructive black power.

## Student Involvement

Students are also demonstrating active concern about big city problems. The Public Affairs Forum schedules speakers who are involved in urban problems to provide the student body greater exposure to specific urban problems. This spring a new Urban Affairs Seminar is being offered as a result of widespread interest among first-year students in this whole area. Also, individual students in the second-year of the M.B.A. Program and some in the Doctoral Program are engaged in significant research projects in the urban affairs area.

Perhaps the best known activity in which students have involved themselves is the Business Assistance Program (BAP), started in the fall of 1966 by a group of MBA candidates under the leadership of Roger D. Feldman and Robert L. Blumberg. The BAP, currently chaired by A. Leroy Willis (MBA '69), was underwritten by a three-year grant of $46,500 from the Ford Foundation and is designed as a free consulting service to help black proprietors introduce sound, modern methods into their operations. The group, which is neither supported nor controlled by the School, has grown from a 16-man consulting organization with 8 clients in 1966 to a 115-man organization with nearly 60 clients this spring. Clients range from the typical small retail outlet to larger businesses such as Freedom Industries and AFRAM Associates.

In spite of problems which have arisen — such as the difficulties of utilizing full-time students as part-time consultants — the Program has been an unqualified success. It continues to expand and involve more students and even professors in its efforts to alleviate some of the business and even housing and basic social problems in the local black community. Notably, administrators of the Program have been contacted by MBA students from Schools across the nation who seek advice on how to start similar programs in their urban settings.

Students find the Program exciting because it enables them to put their high-powered business training to practical use, and it provides them with the opportunity to observe first-hand the reality of urban problems. Clients, of course, benefit from access to the skills and expertise which the students offer.

## Appraisal of Current Efforts and Possible New Directions

It appears that most students, faculty members, and administrators who are interested or involved in urban problems are encouraged by the efforts presently being made at the School but would like to see the School step up its efforts in this area. There is an air of excitement around the campus as constituents search for new and better ways of making the School more relevant to the many problems of the cities.

It is argued by some, for example, that if the School can sponsor management training programs for trade union officials and education programs for international teachers, then it can also do more to improve the administrative skills level of ghetto businessmen. Although there isn't much significant opposition to this argument, there is concern that available institutional frameworks into which the School can channel its technical resources are not wholly satisfactory. Investigations for suitable conduits for the School's resources continue, and expectations are that the scope and impact of programs such as the management education project in Roxbury will be greater next year.

Perhaps the chief criticism that the writer and others would hurl at the School is that the pace of progress, but not necessarily the *desire* for progress, can be pitifully slow. Even when one takes into consideration the School's lack of experience in urban affairs and its start from a zero base, one cannot help but feel that there is an unnecessary high degree of "risk aversion" among nearly all constituents of the School. The magnitude of the urban crises — and the fact that it is having a great impact on the entire populace — should be sufficient to compel institutions and individuals to move beyond pilot efforts and myriads of discussions to programs large enough in scope to have significant impact on the problems that cities face.

Whether this slowness is due to silent, but strong opposition within the faculty or administration or to just plain institutional inertia is not fully known. However, as the 1968-69 school year moves toward a close, decisions about where the School will go from here will have to be made. They can be made with the explicit objective of the School's becoming a leader in applying its technical and teaching resources to the problems of the cities, or they can be made with the objective of the School's doing only as much as is necessary to avoid criticism. What decisions will be made and how they are actually implemented can be influenced by those faculty members, administrators, and students who, in the phraseology of the Urban Coalition, "give a damn."

*Clifford L. Darden*