

A R T I C L E S

Do Business School Professors Make Good Executive Managers?

by Bin Jiang and Patrick J. Murphy

Executive Overview

Despite suggestions that business school professors do not understand what actually accounts for the performance of business organizations, the evidence is anecdotal at best. We review past work, develop expectations, and provide large-scale evidence for examining the validity of such suggestions. We accessed extensive data provided by Dun & Bradstreet and procured detailed information from 765 leading public and private North American businesses. Analysis of 215 closely matched pairs showed that companies with former business school professors as executives generated significantly greater revenues per employee than counterparts with non-former professors as executives. Companies with former professors in vice-president positions had the best performance in the sample, signifying the value of correspondence between academic expertise and functional business area. Companies with executives who had exited academic careers early performed better than companies with late career exit counterparts. The performance of companies with executives who were professors at top-ranked business schools was the same as other companies with executives who were professors at non-ranked business schools. We observed controls to mitigate effects from organization size, industry sector, and geographic location and executed several auxiliary analyses to assess the validity of principal findings. Finally, we interviewed a sub-sample of executive manager participants by telephone and collected qualitative data from them via surveys to further interpret the results and diminish alternative explanations. Our findings suggest that the fashionable idea that business school professors are unable to “walk the walk” is a popular myth.

Every systematic science, the humblest and noblest alike, seems to admit two distinct kinds of proficiency; one of which may be properly called scientific knowledge of the subject, while the other is a kind of educational acquaintance with it.

Aristotle (*Parts of animals*, I, 1)

Business school professors like to think their academic expertise would generate value in the business world. A business school professor might think twice about the practical relevance of

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his or her expertise, however, based on publications addressing the importance of business academia to practice (Danko & Anderson, 2005; Ghoshal, 2005; Mintzberg & Gosling, 2002; Mintzberg & Lampel, 2001; Pfeffer & Fong, 2002). These contributions have caught the attention of academicians across the domain of business studies with a healthy scrutiny of business education. In recent years, the line of research has spirited itself into questions that go beyond the value of business education and address the credibility of business school professors (Bennis & O’Toole, 2005). Yet, despite the attention, no empirical inquiries go beyond the educational product of business schools to focus on the “producers” with the benefit of data. Thus, there are

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no defensible findings pertaining to the familiar stereotype that business school professors cannot make it in the real world. Formally evaluating how well the professors who teach students to manage businesses could actually manage businesses themselves is one way to examine relevant evidence.

To understand how and why a company performs as it does, it is necessary to consider its executive management (Hambrick, 2007). In this article we present research on doctorate-holding business school professors who exited academia and became executive managers. These individuals, as top management team (TMT) members, make key decisions about strategic direction and operations that directly influence the performance of their companies (Helfat, Harris, & Wolfson, 2006; Finkelstein & Hambrick, 1996). As such, large-scale and systematic observation of the performance of companies managed by them is a means to evaluate their demonstrable understanding of what drives business and organizations. To investigate whether or not business school professors add unique value in this capacity, we accessed an extensive and heterogeneous sample of companies provided by Dun & Bradstreet (D&B). Our undertaking was guided by an exploration of the conceptual background and development of study expectations. Though our contribution is not intended to be exhaustive, it sheds important new light on a bigger picture. Insofar as the notion applies to business academia, our findings bear upon that well-known adage, “those who can, do; those who can’t, teach” (e.g., Mailer, 2004, p. 60).

Can Those Who Teach, Do?

As Aristotle’s observation in 350 BCE shows, the gap between theory and practice is an ancient one. We are interested here in the same gap, as it currently divides the domain of management (Van De Ven & Johnson, 2006). In this context, speculation about how well academicians really understand what practitioners do is almost legendary. Even so, many of the conjectures about the issue are based on popular opinion. What is known suggests executives do not consult professors when formulating or implementing strategies (Abrahamson, 1996). Just as well, professors do not consult executives when developing

research questions or interpreting findings (Rynes, Bartunek, & Daft, 2001). The theory-practice gap thus distances the professors who teach and research business and management from the executives who practice it.

Business academicians and seasoned practitioners tend to conceptualize management based on scientific and experience-based knowledge, respectively. A survey of didactic management books shows that academicians and practitioners alike make contributions to what we know about management.¹ Yet their respective proficiencies are not valued equally, at least in the business world, because the pedagogical activity of academicians seems unrelated to business activity in companies. For instance, there is the common perception that business school professors “can’t identify the most important problems facing executives and don’t know how to analyze the indirect and long-term implications of complex business decisions” (Bennis & O’Toole, 2005). It has gone largely unnoticed that these perceptions are based on opinions about what business students need, and not on evidence of what works in business. Moreover, in academia or business, such general assertions are precarious without systematic examination of relevant evidence. For example, they can lead to unknown consequences by promoting unsubstantiated judgments about business academia among readers who take such assertions at face value (Vermeulen, 2005). Whereas there is rationale behind the popular opinion that business school professors *cannot* manage, to be sure, there is also rationale for the notion that they *can*. We formulate arguments for both sides in what follows before presenting our empirical study of the issue. We begin by making a case for why a business school professor would not make a good executive manager.

Why Professors Cannot Manage

Business academia is thought to have a misguided perspective on management because it emphasizes

¹ Pfeffer and Fong (2002) reported that academicians authored 19 (17.76%) of the 107 most influential management books listed in *Business Week* during 1991-2001. Yet, management books authored by non-academicians were cited about half as often overall.

scholarly rigor instead of what is important to the performance of companies. Scholarly achievements of students in business schools (e.g., course grades) matter little to eventual career success (Pfeffer & Fong, 2002). Professors themselves are seen as specialized experts trained for analysis, statistics, depictions, and mathematical thinking instead of management decision-making in uncertain business environments. Their academic activity is merely a proxy for the knowledge that managers glean from experience (Ghoshal, 2005). Many practitioners feel, especially at first blush, that professional academia is unrelated to how business works. For instance, professors seeking to earn tenure are advised to avoid exposure to actual business so they can focus instead on academic rigor (Von Glinow, 1997). In addition, it is common for tenured business school professors, with doctoral degrees from business schools, to have never held professional jobs in business organizations (Bennis & O'Toole, 2005). The products of their academic activities are journal articles that are read by other professors and doctoral students instead of practicing managers.

It is arguable that embracing rigorous scholarship in business schools comes at the cost of a realistic view of business. An academic orientation leads to expertise and activity that are highly specialized and apply narrowly to management, which actually entails a broader exposure to functional business areas. From here, the argument goes, what professors do best is removed from what executives do when successfully managing companies. The hallmarks of executive management are shrewd judgment, thought following action, and learning about business by doing it. Tacit knowledge related to these practical activities distinguishes successful managers (Armstrong, 2005; Gunz, Jailand, & Evans, 1998). By contrast, academic activity involving quantitative analytic skills is antithetical to the leadership and communication competence required to be an executive.

Ever since the business boom and talent shortage in the US after WWII, companies have viewed management as a profession that is learned through experience. Although executive development programs have always preferred managers with college degrees, pure

education has never been enough. Future executives are created through job enlargement, counseling, job rotation through different functional areas of an organization, and special project work (Moffit, 2004). Executives with traditional educations are widely thought to learn "the right things" through practical experiences (Hogan & Warrenfeltz, 2003). Those values remain strong today.² Accordingly, in management theory, models of performance based on skills have given way to managerial competencies (Tett, Bleier, Guterman, & Murphy, 2000). Measuring managerial performance in terms of competence reflects the fact that while most management decisions do not come from books, managers also do not just shoot from the hip. Instead, prior experience helps shape their decision-making schemata. Pure theory will not work very well when one must determine the best channel to market, which supplier would make the best strategic ally, or how to allocate resources in ways that foster growth in specific areas of the business. Experienced managers make such decisions with greater competence and self-efficacy when they have seen similar issues before, including in other companies.

Business school professors have narrower business exposure than executives, which arguably limits their managerial competence in general. The experience of an executive manager does not usually involve intense specialization in one area. Instead, more general experience based on lateral career tracks across different kinds of companies is common, especially in environments marked by competition, mergers, and restructuring (Stehl, Smith, & Omura, 1990). Considerable breadth in prior experience prepares a manager for making executive decisions that satisfy multiple stake-

² Contemporary corporations reflect this perception. Rather than sending future executives to MBA programs, many companies prefer in-house development programs for fast-tracked managers. We know one large corporation that explicitly refuses to send fast-tracked managers to earn MBAs, preferring to spend more money per participant on a corporate university (with international travel and high-profile speakers) despite objections from some participants about the quality of the experience. The TMT has made it clear that they want to keep managerial education relevant by anchoring it in practice, specifically their own business, and not academia or books.

holders. Indeed, experiences in a cross-section of business contexts facilitates promotion to the executive ranks, where influence increases and specialization decreases (Cappelli, 2005). By contrast, business school professors do not rotate through jobs in different functional or divisional areas. It is somewhat less common for business school professors to make lateral moves to facilitate career progress because it is important for them to make sustained contributions in light of distinct local norms (Gist, 1997). As such, the logic of a lateral career track and experience breadth as a means to move up (or down) in the ranks is different in business academia. Some professors are exposed to cross-sections of companies in their business consulting activity, but that exposure does not include firsthand experience with (or responsibility for) management decisions. Even when professors launch entrepreneurial ventures or commercialize innovations, many cases are outside the business school, in areas of science or engineering. Oftentimes in those instances a new TMT is assembled and the professor who recognized the opportunity is shifted to an informal role because of influence from investors or other stakeholders (Shane, 2004).

The performance criteria of professors and executives are different. Earning tenure, which is what many professors care about most, does not require business experience or field work. Actual business activity can hinder an academic career. Good publications are essential to finding and keeping good academic jobs, and achieving them requires maintaining a research orientation (Murphy, 1996). The best performing professors are those who have generated influential publications that are cited widely. By contrast, maximizing operational effectiveness, which is what many executives care about most, requires demonstrable understanding of business organizations. Operational effectiveness is a result of management decisions that structure and prioritize time, include a strategy, communicate clear goals, institute controls, and focus jointly on people and tasks. It is not a result of weathering harsh peer-review processes and publishing one's work, conceptualizing novel research projects and managing all phases of them, incurring quantifiable citations by other

scholars, and earning high student and peer-evaluated teaching effectiveness ratings (Gist, 1997). Rather, executives have long reported that the ability to command such performance derives from interpersonal competence, building on early leadership experiences, and lessons learned serving as a manager (Dowling, 1978). Though performance is complex in both domains, to be sure, the underpinnings of executive performance are less objective. For instance, even if a company outperforms competitors and incurs gains in performance and shareholder value, how can an executive demonstrate that he or she has maximized its operational effectiveness? Resolving such uncertainties in organizational life requires more than past experience. Indeed, as with education, just having experience is not enough. Business works and companies perform when executives extract from past experience only what is meaningful, use it to make sense out of the present, and seek new kinds of experiences that offer opportunities for development.

Why Professors Can Manage

In this section we again turn to past work in order to make a case for why a business school professor would make a good executive manager. It has been noted explicitly that no amount of experience will ever prepare a rising manager for all of the challenges he or she will face as an executive (McCall, Lombardo, & Morrison, 1988, p. 122). Executives face seemingly impossible scenarios, such as resolving unforeseen crises when 100% of their time is already spent on existing activities or avoiding external forces that can spell disaster for their organization. The business world is wrought with uncertainties and requires personal interpretations that can, and often do, lead to colossal mistakes (Hambrick, 2007). A keen sense of one's limits is very important in such circumstances.

Good theory enables professors to understand and transcend the limits of their own abilities. Professors understand that good theory can help resolve complex and uncertain business issues when commonsense is unreliable (Baumol, 1993). Because the boundary conditions of most theories are evident, it is straightforward to acknowledge the questions that a theory cannot answer (House,

Javidan, Dorfman, & du Luque, 2006). Theory enables one to parse cause and effect from intricate arrays of information. When a theory is germane to the phenomenon in question, it is instrumental for sorting out the causal linkages. Good theory thus enables professors to work in a way that is exceptionally smart. Making decisions about complex problems amidst uncertainty (and dealing with mistakes) is second nature for them. The scientific method, academia's basic paradigm for developing theory, is emphatically more than experiments and trials and errors. The paradigm also promotes constructive attitudes toward uncertainty because it helps professors identify mistakes and, more importantly, learn from those mistakes. It is how professors examine and eliminate flawed concepts before they lead to bad ideas and unknown consequences. By embracing a logic that is critical of new ideas, professors develop a high understanding of the problems those ideas are intended to resolve. By not oversimplifying probabilistic arguments, professors develop solutions for complex problems. Business school professors with doctorates usually have a worldview that reflects this orientation on a deep level. As such, they discard bad ideas with shrewdness. Executives benefit from this orientation because misguided business concepts make for lost company resources and poor organizational performance. Like their counterparts in academia, executives must also identify and discard bad ideas in their organizations, which are sometimes entrenched, and replace them with new and better ones. They must also effectively communicate such ideas to all members of the organization.

Professors take serious professional risks when investing significant resources in a project that will likely never be published or time in elaborating a system of thought liable to be rejected by the academy. Yet, they have multiple options for achieving these performance outcomes based on effective management decisions. In business contexts, these decisions can include different types of corporate restructuring, production process modifications, or adjustments to supply chain activities. In academic contexts, effective management decisions are reflected in processes such as hiring new and permanent colleagues, adopting large-

scale project methodologies and procedures, and choosing collaborators with whom to teach or write. In both domains, better performance comes from good management decisions. The logic involves making those decisions in spite of uncertainty and the substantial likelihood of failure. Professors know that success as an academician involves coping with situations outside one's control, self-confidence, recognizing opportunities, persevering through adversity, solving problems innovatively, shouldering full responsibility, coping with ambiguity, and being tough when necessary. These same experiences describe key events in the lives of executive managers (Lindsay, Homes, & McCall, 1987, p.227).

For the most part, professors are far more educated than executive managers. The cognitive ability and conscientiousness needed for completing a doctoral-level education are antecedents of performance regardless of the job in question (Barrick & Mount, 1991; Schmidt, Hunter, & Caplan, 1981; Tett, Jackson, & Rothstein, 1991). Although intellectual prowess is thought to occupy a narrow sort of expertise, it is arguable that a business school professor could manage a functional business area well because its specialization reflects that of his or her academic area. In fact, the areas of executive management in organizations reflect the departments in business schools and the editorial boards of academic journals (Rynes, Hillman, Ireland, Kirkman, Law, Miller, Rajagopalan, & Shapiro, 2005). Of course, too much specialization as CEO (or too little specialization as VP) is liable to result in executive decisions that hinder overall performance (Bailey & Helfat, 2003). But whereas specialized expertise may lead to neglecting certain organizational areas as a CEO, where breadth is important, the depth of such expertise may lead to exceptionally effective management decisions as a VP in an appropriate functional area. Poor dimensional fit between executive position and expertise based on depth as well as area can result in poorer performance for a whole company (Finkelstein & Hambrick, 1996).

Despite lack of formal theory about how or why a business school professor might perform as an executive manager, we have offered arguments that hold expectations pertaining to our research

question. It was important to develop expectations for this research because, as will be shown, the study data are complex. These expectations helped determine which variables to select and what kinds of interrelations followed logically from our conceptual examination. Our principal study outcome in this research was the performance of companies. We define this outcome and digest our study expectations before presenting our data and procedure.

Company Performance and Study Expectations

Company performance is not a natural condition that happens automatically or thoughtlessly. It is an outcome that results from executive decisions that align organizational members, activities, and resources with effective strategies and objectives. Whereas organizational members drive productivity with purposeful work behaviors, executive management is necessary because members do not always have perspective on what is best for the business. When members *do* know what is best, effective executives choose to delegate decision making as necessary. External factors such as market shifts and the actions of competitors can and do impinge upon company performance. However, decisions by executives are the most direct drivers of organizational responses to those factors. Company performance entails elements within and without an organization but it derives from organizational action that follows executive management decisions. Productive operations offer evidence of executive management competence and companies with higher productivity usually outperform others in the same industry (Cascio, Young, & Morris, 1997).

Executives have a richer range of past business experiences, but professors are deeply knowledgeable about more specific functional areas of business. Business school professors thus have more specialized expertise and are more educated than most executives. As such, former professors may have especially keen insights about specific business issues. In instances where they are members of the TMT, the overall result for the company is better executive decisions and performance. *We*

expected that companies with former business school professors occupying executive positions performed better than other companies. Moreover, to the extent an individual or TMT would influence the performance of a whole company, we expected this effect to be less reliable in large companies.

The dimensions of academic expertise reflect functional business areas. The breadth of managerial competence and performance criteria are narrower for a VP than for a CEO with responsibility for multiple areas of a company. Professors occupy specialty areas in business schools that reflect VP position requirements (e.g., marketing, finance, accounting). *We expected that companies performed better with former business school professors occupying VP positions.*

Business school professors become increasingly familiar with academia as they build experience in a business school. Senior professors are adjusted to academia as a career. Younger ones are more likely incurring the socialization processes associated with entering a university or earning tenure. As well, they are likely to have more recently completed a dissertation that familiarized them with cutting-edge ideas about business in a specialized area. The research undertaken for their dissertation will have acquainted them with some current business practices. *We expected that companies performed better with former business school professors (as executives) who exited academia early in their careers.*

Top-ranked business schools generate the most influential business scholarship. These schools are the most sought after by companies to train their executives. Yet, business school rankings are highly correlated from year to year and just a small percentage of the total number of schools has ever been ranked. Additionally, the topple rate³ in the rankings is low and educational pedigree appears to be declining in importance in the business world.⁴ Even so, ranked schools clearly have the

³ We adapted the term "topple rate" from finance and economics. It is the degree to which the set of best-ranked companies changes over time in industries where new ideas and technology emerge often. A high rate indicates vibrant and active environments and a low rate indicates lower degrees of innovation and less new idea generation.

⁴ USA Today (Jones, 2005) reported that research at the Wharton School showed the percentage of Fortune 100 CEOs with Ivy League

Table 1
Example of MDD Record

Company	
Name	First Support Services, Inc.
SIC	84779901 (facilities support management services)
revenues (3 rd quarter 2005)	\$6,970,100
number of employees	600 core; 1,950 field offices / joint ventures
Ownership	Private
zip code	75254 (Dallas, TX)
Executive manager	
management title	Executive Vice President, Chief Financial Officer
Name	Gary L. Billions
academic area	Accounting
year / academic career stage at exit	1996 / assistant professor
former university	University of Alabama in Huntsville

best reputations and relationships with companies in the business world. *We expected that companies performed better with former professors from ranked business schools as executives than companies led by professors from non-ranked schools.*

Study Data and Procedure

Our study data were provided by D&B. As of the fourth quarter of 2005, D&B maintained detailed information for 68 million active companies globally. Our sample derived from the Million Dollar Database (MDD) and we collaborated with a D&B Relationship Manager to ensure maximum utilization. The MDD contains information on approximately 1.6 million North American public and private companies with more than 20 employees or annual revenues exceeding \$1 million. The data are collected, aggregated, edited, and verified continuously for accuracy via automatic and manual checks. For each company, the MDD notes eight-digit SIC classifications, number of employees, annual revenues, legal status, ownership type, principal executives and biographies, and other specific data. The last update before our study was the third quarter of 2005.

The MDD is navigable by key search terms and a variety of parameters. To identify companies

with former business school professors as executives, our research team searched executive biographies for terms such as “professor,” “marketing,” “accounting,” “economics,” “finance,” and “management.” We then examined each search result individually to ensure the case was from a business school and not from another area of a university. That process yielded an initial sample of 217 companies with former or current business school professors in executive positions and the salutation “Dr.” in biography text. These cases represented a range of areas, including accounting, business administration, international business, business law, economics, finance, management, and marketing. For each one we recorded the executive biography, SIC codes, annual revenues, number of employees, ownership type (public/private), and zip code. Table 1 shows a brief example of data from an MDD record.⁵

Next, we created a sample of control cases. We selected control factors to mitigate error stemming from (1) industry sector characteristics, (2) local geographic factors, and (3) company size. For each case we accessed the MDD again and searched for identical organizations without former or current business school professors in executive positions. To control for error when searching the immense MDD, two research assistants worked independently using the same approach to construct a

educations decreased from 14% in 1980 to 10% in 2001. During the same period, the percentage of CEOs with public university educational backgrounds increased from 32% to 48%.

⁵ This information is presented with permission.

control group. Each assistant procured control cases based on industry (SIC code), geographic location (zip code), and size (number of employees). Once all the pairs were created, they were compared in order to eliminate algorithmic and data entry errors. Several iterations of this process produced at least one control for all sample cases and multiple controls for about half of the cases. The overall number of controls per sample case ranged from one to five. Under our guidance, the research assistants combined records in instances where multiple controls were found, averaging revenues and employee counts respectively, to construct controls case-by-case. This systematic method for building a control group enhances reliability and helps mitigate random error effects (Denis & Denis, 1993) and is conventional in finance and operations management research (Barber & Lyon, 1996; Hendricks & Singhal, 2001). Non-control cases remained singular to maximize the fidelity of specific observations (Hays, 1994, p. 338). The final data sample derived from 765 total observations with 548 in the control group. Finally, the entire research team scrutinized every matched pair independently and determined them to be practically identical in all but two instances, leaving 215 cases.⁶

Operationalizing Study Variables

We operationalized company performance based on company revenues divided by membership. A common index of productivity, this performance outcome reflects resource inflows while controlling for company size. Although this index of productivity cannot be measured with accounting data, Lowe (1998) showed that it is associated with outcomes such as return on assets (ROA), stock price, return on equity (ROE), and net worth. Those outcomes are also important company performance indicators. However, they derive from possessed capital (invested, equity, and debt) and accounting and financial policies for

⁶ Such high case-by-case scrutiny was intended to prevent unobserved heterogeneity from influencing the performance outcome. Paired observations matched all eight digits in SIC code and varied by no more than 15% in membership. Five-digit zip codes were identical in 90% of cases. If any company still had an appreciable difference from its control (e.g., an older and more established brand), we dropped the case.

Table 2
Frequency Statistics*

	Frequencies	Percentage
Academic area		
Accounting	10	4.7
Business Administration	50	23.3
Economics	47	21.9
Finance	37	17.2
Management	23	10.7
Marketing	36	16.7
Other	12	5.6
Career stage		
Early	54	36
Middle	38	25.3
Late	58	38.7
School ranking		
High	79	37.4
Regular	132	62.6
Management title		
CEO	117	53.2
VP	53	24.4
Board member	47	21.7

*Column frequency totals do not always equal 217 due to missing data.

discontinued production units, bad debt allowances, or capitalization of R&D expenses (Lundholm & Sloan, 2004). Such factors are outside the scope of our study and were not available in the MDD.

For each former business school professor, we recorded academic specialization, academic career exit stage, ranking of his or her business school, and current position title. Academic specialization was reported as “business administration” for 50 cases, a more general orientation than marketing, accounting, or finance. We recorded ownership (public / private) as reported in the MDD. We coded academic career exit stage to reflect early (1-6 years), middle (6-12 years), and late (>12 years) career stages. We consulted *US News and World Report’s* 2006 business school rankings and coded a case as ranked if the former professor’s business school appeared in the top 50. We recorded executive title as listed in the MDD (VP, CEO, Board Member). Table 2 provides frequency

Table 3
Descriptive Statistics (N = 217)

	min	max	mean	sd
Revenues (values in thousands)	236	150,000,000	1,700,000	1,200,000
Employee <i>N</i>	3	307,476	4,819	24,398
Revenues / Employee <i>N</i>	8,000	2,301,300	218,660	297,180

Table 4
Paired Sample Test for Mean Differences in Company Performance (N = 215)

	Sample case	Control
Mean	217364.38	177853.56
Variance	297254.10	197849.44
df	214	
Critical/obtained <i>t</i> value	1.652/1.897	
<i>p</i> value (one-tailed)	.029	

statistics and score distributions.⁷ Table 3 shows descriptive statistics based on company performance data.

Professors Versus Non-professors

We executed a series of analyses to evaluate our performance expectations. First, we used paired *t*-tests to examine the performance of companies. Second, we ran an auxiliary non-parametric analysis of median differences based on a second control sample to generate additional supporting evidence. Third, we executed a logistic regression analysis to examine specific characteristics of cases, including academic area, career stage at exit from academia,⁸ executive position, business school ranking, and whether the company was public or private. Fourth, we undertook correspondence analyses to illustrate relations of academic area and career stage at exit with executive position. Fifth, we analyzed qualitative data provided by executive participants in our study via interviews and surveys.

The paired *t*-test [$t(1, 214) = 1.897; p = .029$] is reported in Table 4. Results are consistent with the expectation that companies with former business

Table 5
Wilcoxon Signed Rank and Quantile Paired Sample Tests for Median Differences in Company Performance: Former Business Professors (Case) versus Professors From Other University Areas (Control) (N = 27)

		Median difference test		
		Case \neq Control	Case < Control	Case > Control
Wilcoxon				
sum ranks	259			
mean	189			
sd	41.623			
z-value		1.00	1.694	1.670
<i>p</i>		.095	.955	.047
Quantile				
proportion	.50			
lower	8			
higher	19			
<i>p</i>		.052	.990	.026

school professors in executive positions perform better than other companies in general. We examined whether the effect was contingent on company size by replicating the analysis on sub-samples of smaller (<2,000 members; $n = 178$) and larger (>2,000 members; $n = 37$) companies. Results are consistent with the expectation that the effect is more reliable in smaller companies [$t(1, 177) = 2.477; p = .020$] than in larger ones [$t(1, 36) = -0.149; p = .441$].

We then examined companies run by former professors from university areas other than the business school. This auxiliary analysis investigated whether business school expertise accounted for performance and not merely the personological factors (e.g., intelligence, conscientiousness) associated with completing a doctoral-level education or high academic proficiency. We accessed and searched the MDD again and constructed 27 paired observations based on the same controls. Due to the small sample size we executed Wilcoxon signed rank and quantile tests for median differences between former professors from business schools versus their counterparts from other university areas. Table 5 presents the results, which show that companies with former business school professors as executives perform better than those with ones from other university areas as executives.

⁷ Missing data in the sample, as noted in Table 2, also account for varying sample sizes in subsequent tables.

⁸ The average time since exiting an academic career was comparable across career stages.

Table 6
Logistic Regression Results for Company
Performance (N = 145)

	β	SE	Wald (z-value)	df	p
Academic area				6	
Accounting	-.317	1.043	-.304		.761
Economics	.528	1.826	.031		.975
Finance	.007	1.128	.006		.995
Management	1.527	1.435	1.064		.287
Marketing	1.027	1.135	.761		.447
Academic career stage				2	
Early	.249	.148	2.063		.039
Middle	.153	.214	1.303		.193
Executive title				2	
CEO	-1.070	1.169	-.406		.760
VP	.644	1.200	1.889		.058
Ownership	.736	1.011	.728	1	.467
School ranking	-.415	.809	-.513	1	.608
Constant	1.021	1.456	.702	1	.483

Next, we executed a logistic regression analysis to examine specific aspects of companies in the sample. Table 6 summarizes the results.⁹ Due to turbulent variable scores, we operationalized performance as a dummy variable indicating whether a company performed better or worse than its control. Results ($\beta = .644$; $p = .058$) showed companies with former business school professors in VP positions performed the best of all, consistent with expectations. Results ($\beta = .249$; $p = .039$) also showed companies led by executives who exited academic careers early performed best, again consistent with expectations. Finally, results ($\beta = .292$; $p = .540$) showed business school

⁹The data violated parametric statistical analysis assumptions. We executed a (1) multiple regression analysis with the presence of a former professor on the TMT added as an independent variable and regressed company performance on that set. We also executed the analysis using (2) natural logarithmic and (3) inverse transformations of company performance scores. Finally, we (4) regressed difference scores based on case versus control performance on the set reported in our study. In all of these instances, skewness, kurtosis, and outliers in the company performance score distribution confounded the regression equation and solution. Multiplier differences between skewness indices and their standard deviations were (1) 27.24, (2) 5.27, (3) 23.15, and (4) 18.46 (values exceeding 2.0 indicate asymmetric distributions). As such, those regression analyses were inappropriate (Tabachnik & Fidell, 1996, p. 82). We thus dichotomized the company performance variable and utilized logistic regression, which does not carry the same assumptions as linear regression (e.g., multivariate normality, equal variance/covariance matrices across groups) and is robust to the clear violations of those assumptions by our study data.

ranking had no relation with company performance, which was not consistent with expectations.

To analyze the data more fully and illustratively, we undertook two correspondence analyses (Bendixen, 1995; Greenacre, 1984; Hair, Anderson, Tatham, & Black, 1992) to help assess expectations for academic specialization, career stage at exit, and executive position. Figure 1 shows relations between academic area of specialization and executive position. Coordinates representing former professors with general backgrounds in business administration plot closest to the point representing CEO, whereas points representing more specialized areas are more proximal to the point indicating VP, indicating correspondence based on competence breadth, and consistent with study expectations. Table 7a presents a contingency table for academic area and executive position. Table 7b shows the two-dimension solution accounted for approximately 72% and 28% of the total inertia, respectively. Table 7c reports the contribution of row and column point representation in the two dimensions, with greater positive or negative magnitude indicating importance to dimension representation and higher representation reflecting variable category reliability (Underhill & Peisach, 1985). Figure 2 shows results for academic career stage and executive position. Early academic career exits are most proximal to the CEO coordinate, middle-career exits fall closest to the VP coordinate, and late-career exits are closest to the board member coordinate. Table 8a presents a contingency table of academic career stage and executive position. Table 8b shows the two-dimension solution accounted for approximately 92% and 8% of the total inertia, respectively. Table 8c reports the contribution of row and column point representation in the two dimensions.

In the final stage of the empirical procedure we contacted all the executives in our initial sample for assistance in explaining study findings via telephone interviews and surveys. Given the lack of theory and prior empirical work in this area, this kind of systematic qualitative data offered a useful complement to our results. Once the statistical analyses were complete, our graduate assistants

contacted the offices of the 217 executives via the telephone number in their MDD record. Either the actual executive or an associate was informed that their business was a sample case in a research project on the performance of companies run by executives who were formerly business school professors. Participants were asked to review study findings and provide insights via e-mail to help explain the results. We presented findings to them as four survey items based on our four study expectations. Of the 217 cases, five (2%) had invalid telephone numbers, 19 (9%) verbally agreed to receive the survey, and ten (5%) returned usable responses via e-mail. Eight participants responded to all four items. Survey respondents were split evenly in terms of the company performance outcome. Three participants contacted us directly with interest and voluntarily shared insights in telephone interviews, and two of those participants maintained involvement until conclusion of the project.

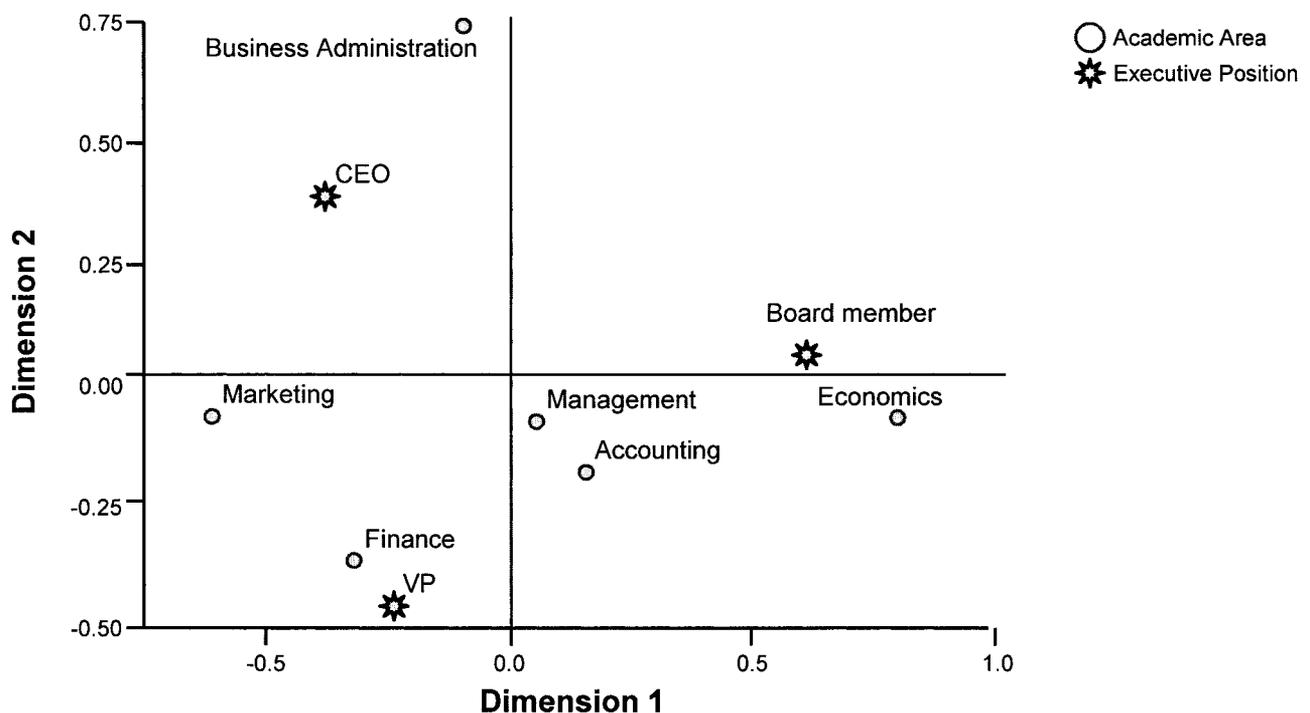
The four survey items and all 34 responses to them are included in the Appendix. Participant

expectations were about 76% consistent with our findings overall. Participants were divided equally over the finding that companies with former business school professors as executives performed better than their counterparts. Participants regarded the finding that companies with former professors as VPs performed better than other companies to be 75% consistent with their expectations. Participants regarded the finding that companies with early academic career exits as TMT members performed better than other companies to be 88% consistent with expectations. Participants regarded the null finding that companies with former professors from top ranked business schools as TMT members did not perform better than other companies to be 100% consistent with expectations. Table 9 presents survey response frequency data in a contingency table. We show the results of Fisher's exact test for association (Hays, 1994, p. 863), indicating no relation between participant interpretation of findings and the performance of their own companies.

As noted, three executives initiated contact

Figure 1

Correspondence Analysis (N = 203)



with us by telephone. One is VP of Finance in a medium-sized company. She remarked, “I am a better manager today and was more able to advance up the line because of my experience in academia.” This executive spent four years as an accounting professor and, before earning tenure, took an industry job as an individual contributor in the late 1980s. She is currently earmarked to become the CEO of an \$80 million business.

When describing the aspects of her academic experience that facilitated her managerial career success, she explained:

It’s challenging to be a business school professor. I was nervous when I started teaching because when I was younger I was introverted. So I prepared a lot for my classes. I had planned to stay in academia but took a job in industry for the pay. I learned so much about finance and accounting by teaching them. When I became a manager in the finance organization I had already learned how to effectively communicate concepts in understandable ways in MBA classrooms. So I was a natural at making presentations to large groups and communicating with clients, the executive team, employees, and staff. It’s not just finance expertise from my academic experience that made me an executive. It’s communication skill – the ability to make complex concepts understandable.

Table 7a
Contingency Table of Prior Academic Area and Executive Management Position Associations (N = 406)

Prior Academic Area	Executive Position			
	VP	CEO	Board Member	Active Margin
Accounting	9	31	10	50
Business Administration	6	12	5	23
Economics	3	4	3	10
Finance	11	22	3	36
Management	12	20	5	37
Marketing	10	22	15	47
Active Margin	51	111	41	203

Table 8a
Contingency Table of Academic Career Stage and Executive Management Position Associations (N = 300)

Academic Career Stage	Executive Position			
	VP	CEO	Board Member	Active Margin
Early Career	10	39	5	54
Middle Career	9	26	3	38
Late Career	13	35	10	58
Active Margin	100	32	18	150

Table 7b
Dimensional Inertia

	Singular Value	Inertia	Proportion
1	.192	.037	.716
2	.121	.015	.284

Table 8b
Dimensional Inertia

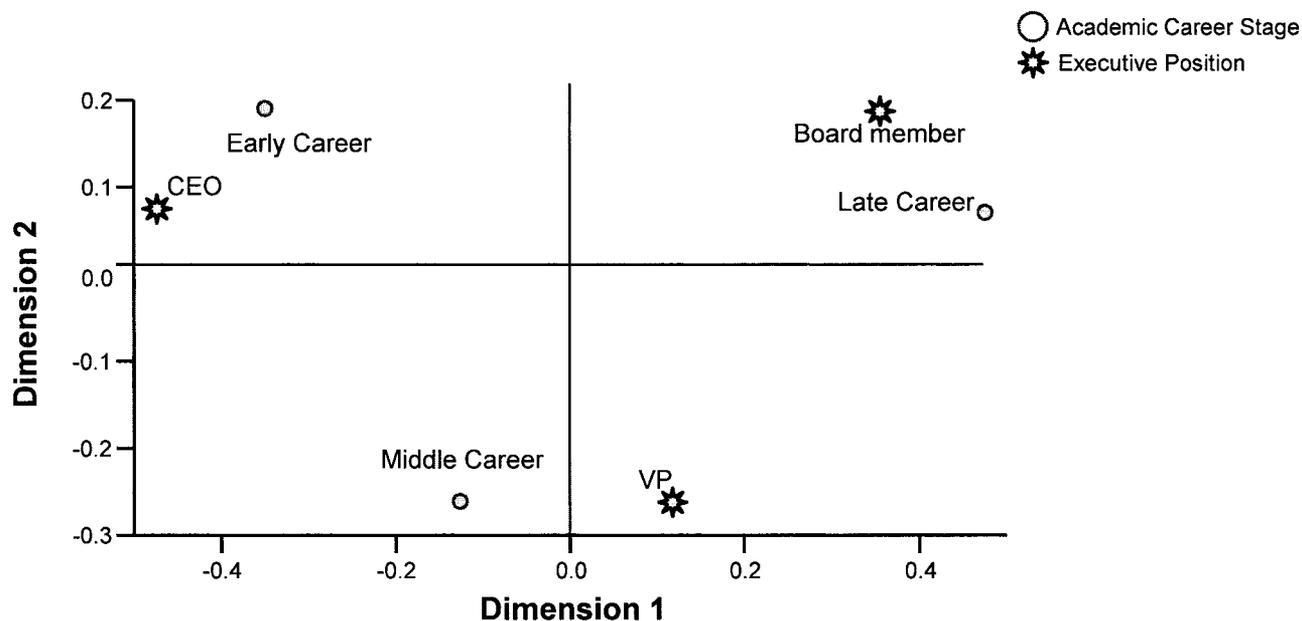
	Singular Value	Inertia	Proportion
1	.122	.015	.917
2	.036	.001	.083

Table 7c
Point Coordinates in Two Dimensions and Representation

Category	Dimensions		Representation
	1	2	
Row Points			
Accounting	.160	-.179	.001
Business Administration	-.092	.742	.011
Economics	.801	-.066	.021
Finance	-.319	-.361	.006
Management	.059	-.074	.000
Marketing	-.610	-.063	.012
Column Points			
VP	-.237	-.455	.012
CEO	-.377	.391	.015
Board Member	.615	.064	.024

Table 8c
Point Coordinates in Two Dimensions and Representation

Variable Category	Dimensions		Representation
	1	2	
Row Points			
Early Career	-.350	.190	.005
Middle Career	-.126	-.261	.001
Late Career	.476	.071	.009
Column Points			
VP	.118	-.262	.009
CEO	-.474	.075	.001
Board Member	.356	.187	.006

Figure 2**Correspondence Analysis (N = 150)****Table 9****Frequency Data for Participant Interpretations of Study Results by Company Performance and Tests for Association (N = 34)**

Findings consistent with participant expectations	Organizational performance		Fisher's exact test		
	higher	lower	left tail	right tail	two-tailed <i>p</i>
Case companies perform higher than control companies			.897	.500	1.0
Yes	3	2			
No	2	3			
VP case companies perform better than other companies			.786	.786	1.0
Yes	3	3			
No	1	1			
Early academic career exit case companies perform better than other companies			.500	1.0	1.0
Yes	4	3			
No	0	1			
Ranked business school case companies perform no better than other companies			1.0	1.0	1.0
Yes	4	4			
No	0	0			

Discussion and Conclusion

Our original purpose was to examine how well business school professors demonstrably understand what drives business performance. The critical spirit of prior research on program design, curricula, course content, and alumni career tracks has generalized to address the legitimacy of business school professors. In response, we explored the issues, developed study expectations, procured extensive data, and carefully analyzed a large sample of actual cases. The research generated evidence for examining the performance of former business school professors as executive managers. Qualitative data from executives via telephone interviews and e-mail surveys facilitated interpretation of the results. Our study is intended to help circumscribe debates about the educational product of business schools and suggest boundaries for some noted implications of those debates. In what follows we discuss principal findings and offer some alternative explanations of them.

Our first principal finding was that companies managed by former business school professors generated greater revenues per employee than companies managed by non-former business school professors. In addition to observing several control variables, we undertook two auxiliary analyses to reduce the possibility that this finding was spurious. In line with the view that one or few executives cannot influence the performance of a whole company absolutely, the first analysis showed the effect was more reliable in smaller companies.¹⁰ The second one suggested the effect was associated with former business school professors, not professors from other university areas. The analyses were designed for business school-relevant expertise to account for this effect instead of omitted variables related to the intelligence or motivation of individuals able to earn doctoral degrees and become university professors. Of

course this finding is not based on professors who stayed in business academia. However, almost all doctorate-holding business school professors go through similar hiring processes based on academic selection criteria. If a current executive manager was previously hired as one, it is reasonable that he or she would then share some of those criteria with current business school professors. Yet, we cannot determine with logical certainty whether business school professors who work for companies are systematically different than those who do not. We acknowledge the possibility that those who decide to join businesses may just be better suited for that pursuit.

The first principal finding may also be a result of business school professors having the luxury of being selective about joining companies they believe will perform well. If so, this alternative explanation admits that business school professors still understand business, but it is a different kind of conclusion. Additionally, it is possible that the better performing companies in our sample preferred to hire professors to be executives. We doubt this alternative explanation based on our own observations and experiences in industry. Indeed, popular business literature also asserts that professors know little about business and are poor at “subjectively analyzing multifaceted questions of policy or strategy, or examining cases that require judgment based on wisdom and experience” (Bennis & O’Toole, 2005). Several comments provided by the executive managers in our study, reported in the Appendix, reflect similar views.

Our second principal finding is that professors make especially valuable contributions as VPs in company TMTs because their domain expertise corresponds to common functional business areas. Whereas professors lack the generalist orientation of a CEO, the logistic regression and correspondence analyses in our study both supported the notion that VPs and professors are similarly specialized. It is worth noting that in practice, VPs frequently guide and counsel CEOs. They serve as sounding boards, give focused insights, and help CEOs make better management decisions. Indeed, not only did companies with professors as VPs perform the best in our sample, but professors also tended toward VP positions in the correspon-

¹⁰ These results reflect two established and competing perspectives on organizational performance outcomes. The first principal finding reflects tenets from upper echelons theory (Hambrick & Mason, 1984) because the analysis assumes executives have considerable influence over company performance. The finding of the first auxiliary analysis reflects tenets from population ecology (Hannan & Freeman, 1977) and new institutional theory (DiMaggio & Powell, 1983) pertaining to the strong influence of norms and external forces as drivers of company performance.

dence analysis. This result is particularly strong as such an effect is generally difficult to discern statistically. We believe dimensional correspondence between academic expertise and VP position requirements helps account for this finding and holds promise for future research on the importance of business academia to practice.

Our third principal finding suggested that executives who exited academic careers earlier managed better performing companies. Our initial explanation is that recency of expertise and greater knowledge of current scholarship make for better performance as an executive in a specific business area. We can offer several alternative explanations for this finding. First, younger faculty members may have not yet become accustomed to being a professor in a business school. Thus, once they entered a company, it required less adjustment in terms of orientation and inertia. Second, early career exits may have been more likely to discover that work in a university did not suit them. Thus, their performance as an executive may have been better because the career was more attractive to them and they were willing to develop new skills and competencies. Third, younger faculty members are sometimes more recently from the business world (i.e., before undertaking their doctoral program). For example, one may have chosen to go back to school to earn a PhD from a college of business, and then become a professor, but ultimately recognized that he or she was more competent in a business organization. Fourth, early career faculty members are pre-tenure. The early academic career exits may have sought positions in industry for reasons related to the pursuit of tenure. For instance, they may have been denied tenure and thus pursued a career in industry, or perhaps they made a personal choice not to undertake the process of earning tenure.

Our fourth principal finding holds that companies managed by professors from the highest ranked business schools performed no better than those managed by professors from other business schools. The data revealed a tendency for former professors from top ranked business schools to become executives at larger public companies instead of smaller and privately owned companies. But the results also suggested that executive influ-

ence is weaker in those positions. Alternatively, it is possible that professors who leave top ranked business schools do so because they are not contributing to scholarly research. If so, they may not differ significantly from their counterparts at non-ranked schools, which might also explain the non-significant result for school ranking.

One interesting anecdotal finding is that, apart from expertise in a content area, business school professors seem to have a unique sort of communication competence that facilitates performance as an executive manager. In addition to interpersonal communication contexts, communicating complex concepts clearly to large and diverse audiences is a vital part of executive management. In companies, if information about mission, strategy, and culture is not communicated through various media in a way that all members understand, it drives agency loss and raises the likelihood that members will perform in extraneous ways. Students in business schools do not seem to develop the communication competence associated with knowing what is going on in one's company and sharing ideas with other company members (Pfeffer, 2005). Ironically, however, business school professors may develop such competence at a very high level, enabling them to make complex notions understandable to all kinds of organizational members.

Executive managers learn from past experiences when they draw the right lessons from those experiences. But experience alone is not enough. Given the rigorous training professors receive in order to design research that objectively parses error and data, one final supposition is that they may be particularly competent at delineating patterns in complex management and organizational experiences. They may also be especially capable of continually developing innovative questions that lead to information useful for executive decision-making amidst uncertainty.

Limitations

How well a business school professor could manage a business is the subject of large speculation in popular business culture. Yet, there has been a lack of formal investigation, and the small number of actual research studies suggests that the cases in

our study might encompass reliable aspects that we did not observe. We sought to circumvent such extraneous sources of variance by articulating a conceptual scope and collecting, coding, and analyzing the data with multiple controls. Distinct but parallel sampling, data, and analyses generated congruent results. Our study should not raise concerns above and beyond those that are common in similarly large-scale empirical research. Regardless, our findings are best regarded in light of several limitations in addition to the alternative explanations noted above.

First, the data source only offered recent company information, not historic company performance data tracked over time. It is thus possible that performance was spurious during the period from which we drew our data. We could not detect variance accounted for by changes in TMT composition, industry trends, or similar kinds of upheaval. We sought to minimize such effects with a heterogeneous data source, meticulous construction of a control sample, qualitative input from study participants, and other mechanisms. We also attempted to mitigate systematic but unobserved effects with auxiliary analyses and qualitative data from participants. However, case studies and focused empirical studies that trace fewer variables and track performance longitudinally will offer especially valuable contributions to this line of research. Additionally, the MDD is an exceptionally large data source and not always completely up to date with its company information. Coverage and reporting for some companies is more complete than for others, and diversification in industry sector classification can vary from case-to-case. Though this aspect would apply to almost any dataset like the MDD, it is still notable here.

Business studies such as ours benefit from a range of company performance measures. Annual revenues per employee is just one of many possible outcome variables. This company performance outcome follows from common executive management decisions about structure and control systems that pertain directly to members. Other indicators such as ROA or ROE do reflect company performance in unique and important ways. However, the companies in our sample featured a range

of organizational forms in which the carrying value versus market value of their assets varied widely. Moreover, as two-thirds of the companies were private, key accounting or market data indicating costs, stock shares, or expenditures germane to these indicators were unavailable.

Some readers may wonder about the use of paired comparisons to examine variance in company performance instead of a more straightforward examination of mean differences. As indicated in Table 3, the distribution of the company performance scores was exceedingly asymmetrical. The standard deviation is much larger than the mean. Examining these companies with a non-paired approach would have assumed a great deal of unobserved heterogeneity to be homogenous. The control factors we observed are associated with important company differences, including structure and communication (size), local markets and distribution networks (geographic location), manufacturing versus service and labor intensive versus high-technology operations (industry sector). These differences bear directly on executive management decisions and practices. Paired comparisons were therefore a more appropriate method for minimizing the effects of unobserved heterogeneity and accurately explaining variance in company performance. Relatedly, the use of a dummy variable for the performance outcome in a logistic regression analysis warrants attention because continuous variance is lost in the recoding. However, the logistic regression allowed us to avoid a futile attempt to explain variance in a vastly skewed score distribution. Though an analysis of continuously valued outcome scores was preferable to us because it would have yielded richer results, unalterable violations of analysis assumptions precluded that option. Future studies can make greater contributions based on continuous scalings of performance, as long as the data do not violate statistical analysis assumptions.

Lastly, though our solicitation of qualitative input from participants was intended to facilitate interpretation of the results, the information warrants circumspection. These self-report data from executives are susceptible to social desirability biases as the participants were probably inclined to manage external perceptions. Due to the formal-

ized nature of our telephone and e-mail communication with them, and as they were aware their company was a case in our empirical study, impression management may have influenced their responses to the interviews and surveys. Therefore, studies in this area can improve upon ours by seeking a larger variety of quantitative and qualitative data.

Future Research

More studies are needed to delineate the linkages between business academia and practice. Relations between company experience and university experience offer one avenue for future research. Are professors who work in companies and universities concurrently able to find synergy between the two? In our data, 43 of the original 217 cases still taught in business schools part-time. Although the data did not allow us to index their exact levels of such activity, the advantages (e.g., live case studies) and hindrances (e.g., inadequate attention to one job or the other) of functioning in both domains simultaneously are of special interest.

Our study raises the important question of why professors leave business schools to join companies in the first place. Perhaps such cases perform in a way that leads to greater opportunities in the business world. It is worth examining whether the professors who leave business schools have reliably mixed performance profiles, such as high outreach or excellent teaching combined with middling research activity. Engaging this question promises to yield an expanded perspective on the place of the increasing scientific research orientation in contemporary business academia. Along similar lines, future studies could investigate the inverse of what we studied, mirroring our research design and examining whether executive managers make good business school professors. Finally, it is reasonable to ask whether being *trained* as a professor versus actually *being* a professor adds unique value to performance as an executive.

Our study addresses an important gap in the domain of business studies. Arguments that business school professors cannot “practice what they preach” are salient because business schools emphasize the real-world application of what is

taught to their students. We are hopeful that our findings reduce some doubt about the practical legitimacy of business school professors based on notions reflected in business publications and popular culture. Investigations of the specific linkages between theory and practice are especially worthy of pursuit in the Academy of Management. We call for more studies of the evidence and closer examination of the mechanisms by which academic expertise adds value to the business world.

Appendix

Text from E-mail Survey

Please send your responses by [two weeks from send date]. We conducted a study of 217 companies run by executive managers with prior professional academic experience. You were included in our data sample, drawn from the D&B MDD Database (see <http://mddi.dnb.com/mddi/>).

Based on your own experience, please help us interpret four findings. We want to know if you have any insights that might help us explain them. Please type whatever you'd like after each of the following (1–4) and send your responses as a reply to this e-mail message.

Survey Items and Participant Responses

Item #1. *Companies with former business school professors on the executive management team outperformed companies (based on revenues/size) run by executives without prior experience in academia.*

Executives from Companies Performing Better Than the Control Case

- If the academics had significant business experience before moving to academia, then I believe that they will have benefited from a period away from executive responsibilities, and come back to the business world refreshed and with great determination to succeed. They presumably would also be able to select their next business challenge with care and more thoughtfully. If the former academics had no prior business experience, then I find this amazing.
- Yes, this has been my experience. As a professor you have many opportunities to set up situations you ask students to resolve, i.e., case studies. As the professor you have to evaluate how each student goes about solving or finding a solution to the situation. As a business executive you constantly have to evaluate

performance. You find yourself evaluating the performance of many different individuals just as you did as a professor. My experience in evaluating student performance has been a great benefit to me in evaluating performance in my own company. I always have to evaluate whether I have the right person in the right job.

- I don't have the insights required to answer your questions.
- If you did control for the age at which the ex-prof left university for the real world, your conclusions are generally consistent with the outcome that I would have expect.
- To make a fair comparison, you should control for CEO intelligence by confining the non-business school group to comparably educated CEOs.

Executives from Companies That Performed Lower Than the Control Case

- I do not agree. I went to University. Professors would not do well in our company.
- First, you have self-selection. What type of business professor will move to a business setting in the first place and then be seen by practicing executives to have the skills to be selected by them? Perhaps the "best" leave academia and then the "best" are selected. Second, if you are alert in academia it is surprising how much you learn through multiple sources, including the collective wisdom of students. That comprehensiveness of knowledge plus the philosophies, models, structures, and processes combined with being able to respond quickly on your feet all enable you to have far-reaching input in a business.
- I can only speak for my own experience. In my case, I entered academia full time after retiring from a 25-year business career that began as an attorney and culminated as a CEO and President for nearly six years. I was a full-time faculty member for just one year and then asked to take my present position at [company name omitted]. When I made the switch to academia, it was my belief that it was a permanent switch. During my year in academia, I had ample opportunity to reflect on my years as an executive and think deeply and systematically about what I had done that worked and didn't work, mistakes I had made, and, generally, what I realistically could improve if I returned to being an executive.

That opportunity for reflection, in my opinion, has made me much better as a CEO/President than I would have been without the experience in academia. Additionally, the year in academia exposed me to different ways of thinking about business problems. Finally, after dealing with undergraduate students (albeit in their final semester), I learned to be more patient.

- Business school professors are not good risk takers or visionaries, after all, logical mind counts. Also, it might depend on the type of business.
- The rare combination of being an able researcher as well as communicator is the best recipe for success as a former academician who goes to work in a business organization as a top manager. Probably only 30% of the faculty members at [business school name] could actually work well in teams.

Item #2. Companies with former b-school professors in VP positions performed higher than other companies in our sample (e.g., with former professors in CEO or Executive Board Member Positions).

Executives from Companies Performing Better Than the Control Case

- Applying latest techniques, which may have been analyzed in academia, a skill could be brought to the executive table. An experienced CEO can use the academic skills of her/her VPs.
- Again, executive management is largely a people business. My experience with students and their individual abilities has proven to be a real asset to me in my corporate life. Also, I learned communication skills as a professor that have proven to be of great benefit to me in my business life.
- Please explain your findings better. Do you mean former Business Professors contribute more when they are VPs than they do when they are CEOs? (A "peter principle" for former business school professors)?
- I think you need to separate and distinguish between what I would call "first generation companies" - those that were founded by the former b-school professor or by a team that included him/her as a member, from established firms where the ex-faculty essentially rose through the ranks to a senior management position or was recruited out of academia for such a position. Your

results do not surprise me as to firms in the first category, but I would be surprised if you obtained statistically significant results in the case of established companies.

Executives from Companies That Performed Lower Than the Control Case

- B-school academics sometimes have an ability to “scale-up” to a philosophical level, which can be valuable when communicating about business issues facing an organization.
- Do not agree.
- My guess is that the academics are better technicians than they are leaders. Look at typical MBA courses, and the use of teams in work. Students are trained as middle managers and that aligns with what business professors do (and perhaps are).
- I would discount any apparent benefit from having academics on a board of directors. In my experience, they are no better or worse than directors from other professions. As to the superior benefit of having academics in VP positions as opposed to CEO positions, perhaps the superior benefit is due to this: a VP has much better ability to focus on a single area or tight family of common areas. Academics tend to focus very narrowly. A CEO, in contrast, spans the entire scope of a company’s operation. If a finance professor becomes Treasurer, I would expect the academic expertise to immediately transfer value to the responsibilities of a treasurer. If a management professor becomes CEO you might expect the same thing but I believe there will be more attenuation. The management professor, as an academic, was probably focused in a very narrow area. Also, and perhaps more importantly, an effective CEO must be much more than an effective manager.

Item #3. *Companies led by executive managers who exited academia during early academic career stages (i.e., 0-6 years) outperformed companies led by those who exited later academic careers.*

Executives from Companies Performing Better Than the Control Case

- I guess they entered the executive ranks early enough, so that they were still malleable. They used their smarts to transition into good executives.
- This is not a surprise to me. Usually those of us that

exit early, I left after four years, are more aggressive in our performance because in most cases we are trying to build an estate, i.e., family, home, stuff like cars, boats, etc., investments that will be there for retirement. Professors that exit later in their careers may have vested retirement or other investments to fall back on and may not be as willing to work as hard as those of us that exit early.

- An academic background may be minimally beneficial without sufficient industry-specific experience so the practitioner knows how to apply the business training.
- Those who left academia to form companies are likely a different population than those who remained in faculty positions. For example, they are likely to have been more entrepreneurial, risk-takers, aggressive, creative, etc., than your “average” professor. They may also have been less patient with and less interested in the usual academic politics (Woodrow Wilson, when president of Princeton, observed that the reason academic politics are so vicious is because the stakes are so small). And quite frankly, I do have great difficulty believing that someone who was in academia for many years and who leaves to become a senior manager or officer of a big firm would be all that qualified - or have the temperament - to be effective or successful.

Executives from Companies That Performed Lower Than the Control Case

- Do not agree.
- I would expect in most cases that the culture of academia is far different and in some respects even antagonistic to the culture of a competitive business. The longer a person is part of a particular culture the more likely it is that that person has become comfortable with that culture and learned how to succeed within that culture. Intuition tells me, all else equal, that an older person will have more difficulty with culture change than a younger person. Finally, a young person who leaves academia likely is making a deliberate choice to switch careers and thus there is an element of commitment, of not looking back that might not be the case with an older person who perhaps achieved tenure and can return. Finally, in my opinion, up to six years is plenty of time for a person to accumulate the benefit (and then transfer the benefit) that an academic experience can bring

to a position in a competitive business and probably not long enough that the disadvantages of the academic experience have become inculcated.

- This is hard, but it is reasonable to expect that “high-performing” academics quickly see external opportunities and in their business jobs will be more (1) accepted and (2) able to adapt than older academics who may be more fixed in their ways.
- You cannot teach old dogs new tricks.

Item #4. *Companies run by executive managers from prestigious, top-ranked business schools performed no better than companies led by executive managers from non-ranked business schools.*

Executives from Companies Performing Better Than the Control Case

- The comparison is not the quality or prestige of the school, but the difference between management and academia. A top-ranked academic does not translate into a top ranked executive. Management is a more practical skill.
- Again, the finding does not surprise me. The top-ranked schools may allow you to get your foot in the door, but the actual performance is up to the individual. Probably after two or three years you would see little difference in the performance of these individuals regardless of the business school they may have exited from.
- Business-school prestige doesn't measure the management capacity of its professors.
- I am also not particularly surprised that you find little specific relationship between the prestige of the institution and the relative success of the ex-prof after leaving it. But once again, this may relate more to the first generation versus established firm issue. Start-ups are not impressed by the pedigree of their founders. Many incredibly successful start-ups were founded by entrepreneurs who dropped out of college, whereas established firms (and particularly Fortune 500 types) do look for pedigree in senior management recruits.

Executives from Companies That Performed Lower Than the Control Case

- I think it is about leadership. I do not feel that selection by business schools is heavily weighted to proven leadership. Rather, it is about (tested) tech-

nical capabilities and perhaps teamwork (including sports).

- I do agree.
- This definitely does not surprise me. In a competitive business the highest value is taking action (ethically) and achieving desired results. I have not seen any reason why a person from [ranked school name] should be any more action oriented than a person from [non-ranked school name]. And I can think of lots of anecdotal reasons why the person from [non-ranked school name] might be more action oriented than the person from [ranked school name]. Knowing what to do is important but not as important as always being ready to do it. I can hire [ranked school name]-trained consultants to help me figure out what to do, but my business succeeds or fails by the action taken to get it done.
- Arrogance is the common enemy!

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