

In Memoriam

ALFRED D. CHANDLER JR., 1918–2007



The *Review* mourns the passing of Alfred D. Chandler Jr., for many years the Isidor Straus Professor of Business History at Harvard Business School and by universal consensus the most influential scholar the field of business history has produced. In the view of many people, it was Chandler who established the subject area as a rigorous one for inquiry.

Professor Chandler's deep involvement with the *Business History Review* began when he first joined the editorial advisory board in 1954, the year the journal changed its name from the *Bulletin of the Business Historical Society* to its current title. He published in the *Review* for over half a century, beginning with "Patterns of American Railroad Finance, 1830–50" in 1954. His final submission, "Commercializing

Photograph of Alfred D. Chandler Jr., 1981, from the *Harvard Business School Bulletin* (December 1981). Courtesy Harvard Business School Archives, Baker Library.

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High-Technology Industries,” a response to an article by Thomas P. Hughes, appeared in 2005.

In all, he wrote nine articles and ten book reviews for the *Business History Review* (listed below). But his own writings are only part of the story. The *Review* also carried responses to his work. In the Winter 1990 issue, Chandler’s *Scale and Scope: The Dynamics of Industrial Capitalism* was the subject of a special section put together by Steve Tolliday, the journal’s editor at the time. It included essays by seven scholars from four countries.

In the Summer 1997 issue, editor Thomas K. McCraw assembled a special issue of *BHR* devoted to historiographical questions in business history that included Richard R. John’s essay, “Elaborations, Revisions, Dissents: Alfred D. Chandler, Jr.’s, *The Visible Hand* after Twenty Years.” But even this account of the contributions, both by and about Chandler, leaves out an important aspect of his influence: the approximately 200 articles that appeared in *BHR* that referenced Chandler’s writings, nearly half of them mentioning *Visible Hand*. These articles cover a great range of subjects—including corsets, Silicon Valley entrepreneurs, videocassette recorders, the Bell system, Siemens, barbed wire, credit-reporting agencies, the tire industry, and Progressive Era regulation—that testify to the startling breadth of his impact, not only on the journal itself, but also on the entire field of history.

The *Business History Review* will publish a full tribute to Alfred Chandler and his work in the near future. Here we print two appreciations: one by Geoffrey Jones, the current Isidor Straus Professor at Harvard Business School, and one by Mira Wilkins of Florida International University. These remarks were originally presented at the Business History Conference in Cleveland in June 2007.

—The Editors

Alfred D. Chandler Jr.’s publications in
Business History Review

ARTICLES

“Patterns of American Railroad Finance, 1830–50,” vol. 28, no. 3 (Sept. 1954): 248–63

“Management Decentralization: An Historical Analysis,” vol. 30, no. 2 (June 1956): 111–74

"The Beginnings of 'Big Business' in American Industry," vol. 33, no. 1 (Spring 1959): 1–31

"Recent Developments in American Business Administration and Their Conceptualization" (with Fritz Redlich), vol. 35, no. 1 (Spring 1961): 1–27

"The Railroads: Pioneers in Modern Corporate Management," Special Transportation Issue, vol. 39, no. 1 (Spring 1965): 16–40

"The Structure of American Industry in the Twentieth Century: A Historical Overview," vol. 43, no. 3 (Autumn 1969): 255–98

"Anthracite Coal and the Beginnings of the Industrial Revolution in the United States," vol. 46, no. 2 (Summer 1972): 141–81

"The Emergence of Managerial Capitalism," vol. 58, no. 4 (Winter 1984): 473–503

"The Competitive Performance of U.S. Industrial Enterprises since the Second World War," Special Issue: Competitiveness and Capital Investment: The Restructuring of U.S. Industry, 1960–1990, vol. 68, no. 1 (Spring 1994): 1–72

COMMENTARY AND MISCELLANY

"Hard Data on Hard Coal: A Reply," vol. 53, no. 2 (Summer 1979): 255–258

"Response to the Contributors to the Review Colloquium on *Scale and Scope*," vol. 64, no. 4 (Winter 1990): 736–758

"Competitiveness and Capital Investment: The Restructuring of U.S. Industry, 1960–1990," Introduction to Special Issue: Competitiveness and Capital Investment: The Restructuring of U.S. Industry, 1960–1990, vol. 68, no. 1 (Spring 1994): ix–xiv

"Commercializing High-Technology Industries" (Autumn 2005): 595–604

BOOK REVIEWS

Ford: The Times, the Man, the Company by Allan Nevins, vol. 28, no. 4 (Dec. 1954): 387–89

Great Enterprise: Growth and Behavior of the Big Corporation by Herrymon Maurer, vol. 30, no. 2 (June 1956): 228–30

Altgeld's America: Chicago from 1892–1905. The Lincoln Ideal versus Changing Realities by Ray Ginger, vol. 33, no. 3 (Autumn 1959): 467–68

Administrative Vitality: The Conflict with Bureaucracy by Marshall E. Dimock, vol. 34, no. 4 (Winter 1960): 501–3

Pattern in Organizational Analysis: A Critical Examination by Sherman Krupp, vol. 36, no. 2 (Summer 1962): 233–35

Gantt on Management: Guidelines for Today's Executives by Alex W. Rathe, vol. 36, no. 4 (Winter 1962): 479–80

The Age of the Manager: A Treasury of Our Times by Robert Manley; Seon Manley, vol. 37, no. 3 (Autumn 1963): 279–80

The Automobile under the Blue Eagle: Labor, Management, and the Automobile

Manufacturing Code by Sidney Fine, *American Government–Business Issue*, vol. 38, no. 2 (Summer 1964): 280–81

The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914 by Mira Wilkins, vol. 45, no. 2 (Summer 1971): 223–24

The Evolution of Management Thought by Daniel A. Wren, vol. 47, no. 3 (Autumn 1973): 393–95

Geoffrey Jones

Isidor Straus Professor of Business History
Harvard Business School

I FIRST MET AL CHANDLER at the Business History Conference in Wilmington, Delaware, in March 1987. It was the first time I had presented a paper at the Conference or, indeed, anywhere in the United States. I was quite unknown in this community. My topic was obscure: British banking in Iran. Yet Al sat, engaged, in the front row with my friend Mira Wilkins and, when I had finished speaking, he even asked a question. It turned out to be a fateful encounter: thirteen years later, Al was instrumental in bringing me to Harvard Business School, where I now hold the chair he once occupied.

This meeting was also, for me, the beginning of a journey of discovery about Al himself, not just about his research. The more I learned about Al, the more I appreciated how much he had accomplished, despite being dyslexic. Through the course of many subsequent encounters, Al was transformed in my mind from the Pulitzer Prize-winning historian and legendary doyen of business history into a mentor, who inspired as much by his ability to maintain his humanity and balance as by his scholarship and accumulated awards. Despite his patrician origins and privileged background, which included being a classmate of John F. Kennedy at Harvard, the “real” Al was remarkably approachable, always curious, and capable of keeping things in proportion. Once, in response to my invitation to attend a conference in the United Kingdom, he replied that he was unable to do so because the date coincided with the peak of duck-hunting season, which “he couldn’t possibly miss.”

The main tenets of Al’s work are familiar to everyone in the field of business history. He lived long enough to see people holding post-

Chandlerian conferences. His work has been qualified and challenged, a process I am sure will continue, just as I am certain that Al's legacy will endure. The reason is that Al laid down the ground rules for business historians to follow if they want their voices to be heard. I will identify four of these rules from Al's work.

First, we must follow our own agendas, rather than respond to those set by others. Al never wasted much time criticizing others. He did not even mention "Robber Barons" in his early works, at a time when this epithet for the creators of large American firms was still in use. Similarly, he ignored the widespread assumption by contemporary neoclassical economists that firms were no more than uninteresting black boxes.

The second ground rule is not to stand still. I believe that the radical evolution of Al's work over time will become increasingly apparent. First, there was the big transition from his initial focus on the M-Form, in *Strategy and Structure*, to his embrace of the broader concept of organizational capability, before he finally took up the subject of networks and learning nexuses in his recent, undervalued studies of electronics and chemicals.

The third rule is to go global, as Al did. While *Strategy and Structure* has a purely domestic focus, by 1980, at the latest, Al had become convinced that topics needed to be addressed from a comparative, international perspective. This passion pervaded his more recent published work. Three years ago, he funded, out of his own pocket, two annual fellowships at Harvard Business School, which allowed international business historians to spend between two and six months on our faculty.

Finally, as Al demonstrated, if business historians want to be heard, they need to ask questions to which people want answers, and their answers must be in the form of plausible generalizations. Al's work is so majestic because he asked big questions: Why did big business grow? How was it managed? Why did the United States become the world's biggest economy? Fundamentally, he was interested in how entrepreneurship and management shape the wealth of nations. Al showed the way: if we want to be heard, we must ask the big questions, just as he did.

Our profession has lost its foremost scholar. But he has left us with an extraordinary legacy: not only his exemplary research, but also the road map he drew for us to follow, so that our own work, like his, will reach scholars far beyond our own community and shape research agendas for the decades ahead.

Mira Wilkins

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AL CHANDLER influenced the discipline of business history more than any of his many illustrious predecessors. In seeking to explain how large-scale firms adapted managerial structures to business strategies, he enriched our knowledge of the history of the United States and other advanced countries from the late nineteenth century through the first seven decades of the twentieth. As the environment changed in the last decades of the twentieth century and into the twenty-first, Al adjusted his thinking to meet the times. He was always open to new ideas and approaches. This was a man who nurtured and supported his younger colleagues and friends, while they, in turn, admired him immensely, marveling at his enthusiasm and his ability to update his views to reflect changing conditions. His insights were deep and profound—and consequential.

Al understood that business was an important actor and that the study of business history made a major contribution to our knowledge of the modern world. To the question, “Why is business history important?” Al might have responded, “Because management has mattered.” The largest and most influential businesses ought not be studied merely in terms of inputs and outputs, or through the lives of individual robber barons or industrial statesmen. Leadership and entrepreneurship did count, but to understand these enterprises, it was necessary to look at the way they were administered. Al focused on giant companies, for, in his view, these were the ones that transformed and were transforming the U.S. economy (and the economies of other advanced nations). How did these firms behave? How had they become so big and how had they sustained their large-scale operations? Al studied mergers. More important, he emphasized internal growth, vertical integration—backward sometimes into production of raw materials, and also, more critically in his view, forward into distribution. He looked at technological requirements that demanded scale.

His earlier work was more technologically oriented than the later publications. He understood that in key industries there were economies of scale and efficiencies in large-scale output. Yet, in tandem with production, there had to be the distribution of the goods. There had been a great deal of discussion by economists and business historians of mergers and acquisitions; Al was more concerned with firms’ inter-

nal growth as managers figured out how to achieve strategic goals. Size created a dilemma. Management of large enterprises was not automatic. Big businesses had to be run by managers (rather than by owners), and managers did not own enough stock to exercise control, in the traditional sense. As firms grew in size, there were limits to individuals' coordinating and controlling the various operations. Management structures were essential, if strategies were to be achieved. In his brilliant *Strategy and Structure*, published in 1962, Al looked at four case studies of firms and how they coped with the problems of management. He put these in context and explained the rationale behind the multidivisional form that was becoming the norm in post-World War II managerial organizations—at the time Chandler was writing.

Chandler's initial presentations of the business history of managerial structures coincided with John Kenneth Galbraith's discussions of technostructures, Peter Drucker's description of the importance of management, and Robin Marris's writings on the economic theory of managerial capitalism. A new edition of Adolf A. Berle and Gardiner C. Means, *The Modern Corporation and Private Property*, had just appeared. Chandler's work was published when the mainstream field of business history had repudiated the notion of robber barons but had substituted hefty individual business histories that provided narratives, rather than analyses.

Chandler believed in narratives. He believed in process. He believed in getting the facts right. He stressed the importance of looking at primary sources and archival data. In all these facets, he was an excellent historian. Yet his reach extended beyond these basic requirements. Chandler's insights were fundamental. They dealt with significant questions. Chandler recognized that the management of large enterprises deserved careful attention. His interest was in how large, dominant firms came to terms with the limits to size. The days of the old competitive structures seemed past. Big business was the norm. Could big business be efficient? How could that be achieved? Chandler argued that good managerial structures were essential for firms' strategies to succeed. New technologies required scale, but that was not enough: production, distribution, and management became the trio that cried out for analysis. With well-designed managerial structures, costs could be lowered and efficiencies introduced. Big business could gain profits, not from the predatory behavior of monopoly or oligopoly power, but instead from the new technological processes that brought cost reductions (and lower prices). This, however, could only occur if there were appropriate managerial structures in place. Chandler pushed his readers to consider what good management meant.

In these early days, everyone who read or listened to Chandler was

excited by what he was saying. *The Visible Hand* (1977) followed *Strategy and Structure* with a more comprehensive appraisal of the rise of big business in America. The “invisible hand” of Adam Smith was part of history. Now, the “visible hand” of management had replaced it. There had been a managerial revolution in America. Chandler’s influence spread internationally as individuals asked, “Did the emergence of the multidivisional structures that Chandler applauded apply to the evolution of firms in all advanced countries?” In 1990, Chandler himself made the applications in *Scale and Scope*, a book that was subtitled “The Dynamics of Industrial Capitalism.”

By the early 1990s, Al’s contributions had achieved global acclaim. So influential had he become that many business historians, in the United States and around the world, believed that, in order to write about modern, large-scale enterprise, they first had to establish themselves within the Chandlerian framework. Others, and I include myself in this category, felt that the Chandlerian approach greatly enriched our academic understanding, complementing and enlarging our own visions of what business history was all about. For me personally, in the early 1960s when I first met Al and in the years that followed, I found an obvious application of the multidivisional enterprise paradigm to the multinational one. In dealing with the history of multinational enterprise, I too was considering businesses that became big, and I needed to understand how they were managed on a worldwide scale. Al’s perceptions were invaluable to me in conducting my research. Many other business historians counted Chandler as a friend and learned from him. Some came to reject what they perceived to be the “Chandlerian synthesis.” No matter where we stood, we all read and debated Chandler.

Chandler put business history on the map—in the United States and around the globe. He was, and continues to be, widely read and cited. By the early 1990s, moreover, Chandler had diffused our discipline to a broader audience, as he came to be admired beyond the fields of business history and history in general. Business history became relevant for students of management. Chandler had an impact on fields from sociology, to political science, to international relations, to economics. He was a great scholar and a marvelous individual. His contributions will endure.