“We felt like we were initiating something great,” says Sir John Egan of his class of 1968, the first business postgraduates London Business School produced. “It was all wonderfully exhilarating and everything was very exciting and new.”

That first class was part of the new breed of trained managers that the great and good of Britain hoped would inspire an economy in the doldrums. And they needed to get good jobs because if the fledgling business school was going to make an impact, it would be to influence through big companies.

**Ambassadors for management training**

Armed with their two-year MSc, the precursor to an MBA, the ‘great majority’ of the 39 students who sat their final exam that year went off to work for manufacturing firms with a few entering merchant banking, management consulting and advertising, according to the School’s annual report. And they spread the message of what trained managers could do.

After first joining General Motors, Egan himself went on to lead a turnaround of Jaguar cars from a symbol of British manufacturing decline with productivity at 20 per cent of its German rivals in 1980, to a modern, cutting edge luxury car manufacturer with a well-educated workforce that was worth £1.6 billion when it was sold to Ford ten years later.

**Professionalising management**

“London Business School came out of the notion that management needed to be professionalised in the same way as lawyers and accountants, and that would help Britain’s economic performance,” says the current Dean Sir Andrew Likierman who first joined the School in 1974. “Up to then a lot of British management was very amateur and there was a cultural assumption that amateurism was fine.”

Many leading industrialists and academics had been trying to challenge this cultural assumption and start proper management education in the country. And in 1963 they got ammunition in the form of a government report into higher education led by Lord Robbins in which he said the country had “nothing comparable to the great business schools of the United States”, and recommended that at least two major postgraduate schools should be set up.

**Influential Lords**

A handful of business and management organisations then funded a study by Lord Franks to work out how to do it. After talking to universities and major companies such as Esso, Ford, ICI, Merrill Lynch, Rio-Tinto-Zinc, Shell and Unilever, Franks spelled out the framework for the schools and recommended one school should be associated with the University of London and the other with the University of Manchester. Another committee, chaired by Lord Normanbrooke, estimated how much the schools would cost. The government agreed to fund half the capital and running costs. And an appeal to businesses raised £5 million to be split between the two schools. Leading businessman and government advisor Lord Plowden was appointed Chairman of the Academic Planning Board of London’s new business school.

One of the Board’s first tasks was to find a principal for the school. It issued a notice to the press saying: “He should preferably be someone who has had experience both in academic work and in business.” That demand was famously shortened by The Observer to the headline: “Wanted: Egghead Tycoon”.

**A filing cabinet and a secretary**

The advert was spotted by Canadian Arthur Earle who at the time was Managing Director of Hoover, based in the UK, and was looking for a new challenge. Earle had a passion for education and had studied throughout his working life, becoming one of the few leading businessmen at the time with a PhD to their name. He got the job and moved to an office organised by Plowden, where his only equipment was an empty filing cabinet and his only staff member was the former civil servant William Barnes as the School’s secretary. The pay was low for a former business leader but the offer included a home in the School … first at the temporary premises on Northumberland Avenue, near Trafalgar Square, and later at the current Regent’s Park building.

Earle made his first two appointments: Harold Rose as Professor of Finance and through him, Sir Jim Ball as Professor of Economics. He visited America to see what the “great business schools of the United States”, mentioned in the Robbins report, were doing. And he got a letter from a former contact, Alfred Sloan, head of General Motors and a key figure in the creation of the business school at MIT. Sloan offered to help financially through his Foundation and that connection led to London Business School setting up the only Sloan programme outside the US.

**Missionary work**

But outside the bubble of supporters, Earle still found a lack of enthusiasm for management education in the UK. “I made a seemingly endless number of speeches to different business groups,” he says, “and my
feeling was people weren’t terribly interested and it would take some time.”

One of Earle’s early appointments, William McIntosh, who stood down as General Manager of British operations for Mars to become the School’s first Professor of Marketing, was also aware of the challenge. In 1965 he told The Sunday Telegraph that modern business needed a more scientific approach saying: “The emphasis (today) is much more on analysis and discussion rather than on hunches by big shots.”

The School tried to spread the word by holding business lunches for executives where the MSc students would tell them about what they were learning and what they were capable of. Meanwhile a growing number of companies were sending their managers on the School’s executive education programmes of six week and 12 week courses.

The ladder to success
Gradually the School became accepted. “When it was found that the wares we were offering on the market were well approved, then people started to get interested,” says Earle. “Because businessmen themselves started thinking: ‘Oh dear, this is something I should be doing with my own son.’ So that filters around.”

The professionalisation of British management had begun. When in 1988 the first MSc class met for a reunion dinner, many were directors and managing directors in major engineering, oil, car, consumer goods and television companies along with banks and accountancy firms.

And by the late 1980s the School’s students had changed too. About a third of students on the full-time MBA programme came from abroad. The number of women had risen from just one in that first class, to 25 per cent. And there was a growing tendency for MBAs to enter consultancy and finance.

The pioneers
Looking back it’s hard to believe that Earle and his small group of pioneers were able to set off from just one empty filing cabinet in a temporary office to build London Business School into the world leader it is today. But Earle, now aged 93, thinks the timing was right. “I wouldn’t begin to claim that it was due to what I did,” he says. “but I believe that it’s due to the fact that Lionel Robbins was dead right: we needed a school like this. Just as almost everybody would agree the US needs schools like Harvard and MIT and Stanford, these places are needed and they create their own success. And that’s what London Business School did.”

Arthur Earle was Principal of London Business School from 1965 to 1972.

Lord Plowden was Chairman of the School’s Academic Planning Board and then Chairman of the Governing Body from 1963 to 1976.

William Barnes was Secretary of London Business School from 1964 to 1971 and wrote the first history of the School, Managerial Catalyst.