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Wanted: CEO, no Ivy required

Fewer of today's corporate leaders come from Ivy League schools



Sara Lee via AFP

Barnes: Sara Lee CEO
an Augustana grad.

By Del Jones
USA TODAY

Imagine how far Brenda Barnes would have gone had she graduated from Harvard, Princeton or Yale.

No need, Barnes says. Attending Augustana College in Rock Island, Ill., "made me CEO of Sara Lee," she

says. With a workforce of 150,400 and 2004 sales of \$19.6 billion, Sara Lee is the largest corporation with a female CEO.

"We alums at Augustana, we say there might be other schools that open more doors," says Barnes, who declines most interviews but was quick to come to the phone to talk about her alma mater. "Once we get in the door, we stand up better than anybody."

Statistics back her claim. Between World War II and the early 1980s, just about every major company shopped for future CEOs in Cambridge, Mass., Princeton, N.J., or New Haven, Conn. That hasn't been the case in recent executive suite shake-ups. (Related chart: Colleges attended by top CEOs)

Last week Hewlett-Packard replaced Carly Fiorina with Mark Hurd, who got a business degree at Baylor University ('79) on a tennis scholarship. Taking over at Walt Disney in October is Robert Iger, an Ithaca College graduate ('73), who replaces Michael Eisner of Denison University ('64) in Granville, Ohio.

A study by executive search firm Spencer Stuart found that the percentage of CEOs at Fortune 500 companies who were educated at Ivy League schools declined from 16% in 1998 to 11% in 2004. Even the Harvard MBA shows signs of erosion. Among large-company CEOs who have MBAs, 28% received their degrees at Harvard, according to the 1998 study. By 2004, that had slipped to 23%.

A survey by the Wharton School at the Ivy League's University of Pennsylvania indicates the trend extends back 25 years. In 1980, 14% of CEOs at Fortune 100 companies received their undergraduate degrees from an Ivy League school. By 2001, 10% of CEOs received undergraduate degrees at one of the eight Ivies: Brown, Columbia, Cornell, Dartmouth, Harvard, Princeton, University of Pennsylvania and Yale. The percentage of CEOs with undergraduate degrees from public colleges and universities shot up from 32% in 1980 to 48% in 2001.

Barnes isn't the first to hit the CEO lottery out of Augustana, a Lutheran liberal arts school overlooking the Mississippi River. There are QCR Holdings CEO Doug Hultquist ('77) and Noodles & Co. CEO Aaron Kennedy ('85) and retired Deere CEO Robert Hanson ('48). Murry Gerber, CEO of gas company Equitable Resources, graduated the same year ('75) as Barnes.

"It isn't Ivy League status that we rely on for our reputation. It is the accomplishment of our graduates," says Augustana President Steven Bahls.

Augustana churned out its CEOs even though it has just 2,200 students. Another example where size doesn't matter: Pacific Coast Baptist Bible College in San Dimas, Calif., has an enrollment of 108, yet produced David Edmondson, who takes over as RadioShack's CEO on May 19.

Perhaps the ultimate slap on Ivies: Michael Dell for the first time passed Bill Gates as the most admired executive, selected last month by entrepreneurs at the Inc. 500 conference. Neither Dell nor Gates graduated from college, but at least Harvard could take a measure of pride in counting Gates among its dropouts. Dell dropped out from the University of Texas.

The trend is a pet peeve of FedEx CEO and Yale graduate ('66) Fred Smith. "I've

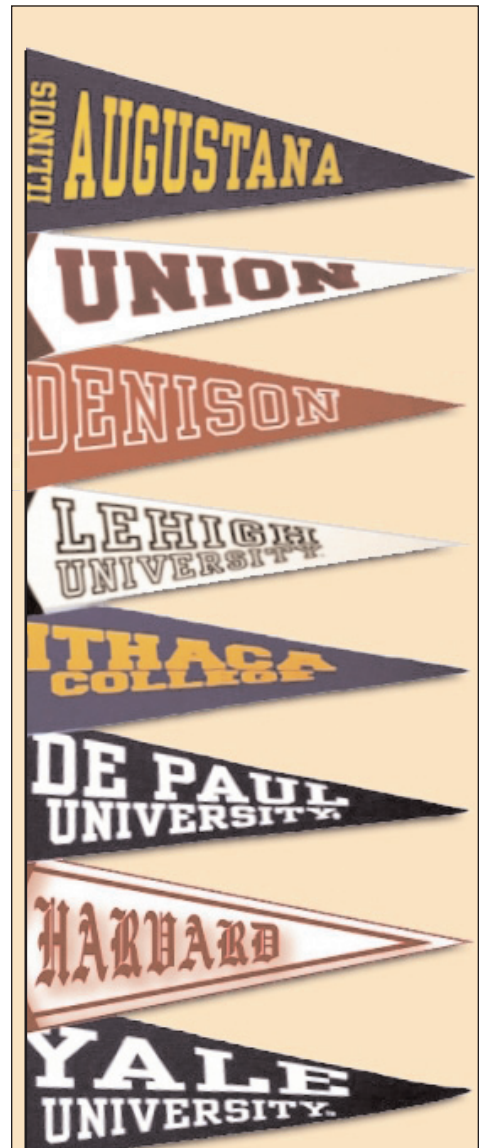


Photo illustration by Keith Simmons;
pennant source: Collegiate Pacific

Move over Harvard: Non-Ivy grads are winning more CEO posts these days.

talked to (Yale President) Rick Levin about this many times," says Smith, who blames Yale's de-emphasis of business in favor of disciplines such as history, economics and government.

There are other reasons behind the trend. Non-Ivy colleges and universities, both public and private, have gained stature, allowing recruiters to do more fishing at non-Ivies to avoid the "sense of entitlement" they encounter on Ivy campuses, says Jeffrey Sonnenfeld. He, by the way, has three Harvard degrees and is now an associate dean at Yale and founder of The Chief Executive Leadership Institute. Not every student at the non-Ivies is CEO material, "but you don't have to fish blindly," he says.

More Ivy graduates are interested in large corporations, but he suspects some "reverse snobbery" may hold them back because companies have non-Ivies doing the hiring, Sonnenfeld says.

The best CEOs today have a rapport with the rank and file, says Bill Zollars, CEO of trucking firm Yellow Roadway and a University of Minnesota alumnus ('69). "People who go to the University of Minnesota are used to being with people of all socioeconomic backgrounds," he says. "It's just as important to talk to (employees) one-on-one as it is the investment community and bankers."

Trend away from Ivies grows

If anything, the CEO trend away from Ivies is intensifying. So far in 2005 there have been 24 new CEOs named to run Fortune 1,000 companies, according to public relations firm Burson-Marsteller. USA TODAY found only one, Corning's soon-to-be-CEO Wendell Weeks, with an Ivy League degree, a Harvard MBA ('87).

Weeks went to work for Corning after getting his undergraduate degree from Lehigh ('81). When he gave CEO James Houghton notice that he was quitting to go to Harvard, Houghton — who happens to be the third of four generations in his family to attend Harvard ('58, MBA '62) — offered to pay his tuition and salary if Weeks promised to return to Corning. Weeks, who replaces Houghton as CEO on April 28, says he had to turn down



By Jason A. Cohn for USA TODAY

No Ivy, and proud of it: Murry Gerber is CEO of gas company Equitable Resources. He went to Augustana. "I don't believe someone from Augustana College would end up with the mess of Enron, to put it bluntly."

lucrative offers from headhunters to keep his promise.

Few of his fellow Harvard students went into industry, Weeks says, and instead opted for the higher starting salaries at investment banks. When asked if that hurts corporations and U.S. competitiveness, Weeks laughs and uses self-deprecating humor: "I've yet to see the study that proves that Harvard creates value."

In 2004, there were 99 new CEOs named at Fortune 1,000 companies. While eight had Ivy credentials, five of those were from Harvard's Advanced Management Program, which is intensive and expensive (\$52,500), but takes 10 weeks to complete.

Just one of the 99 has an Ivy undergrad degree: the CEO of auto parts maker ArvinMeritor, Charles McClure, went to Cornell ('76) for mechanical engineering. But when McClure decided to get an MBA, he went to night school at the University of Michigan ('84) while he continued to work full time.

McClure says it's an accomplishment to be accepted at an Ivy League school. "I also have a lot of respect for people who go to school at night," he adds.

Kellogg CEO Jim Jenness got both his undergraduate and MBA degrees at DePaul ('69 and '71). "An Ivy League education is certainly something to be proud of, but there are plenty of top-notch leaders who hail from excellent schools from all parts of the world, including the Midwest," he says.

Clarence Otis, CEO of Darden Restaurants

(Red Lobster and Olive Garden), got a law degree at Stanford ('80), but he credits his liberal arts education at Williams College ('77) for critical thinking skills. "You get intellectual engagement with the faculty. That's not always available at Stanford or an Ivy League school," he says.

Yellow Roadway's Zollars worked with several Ivy Leaguers when he started at Kodak fresh out of the University of Minnesota. He doesn't recall one of them climbing as high up the ladder.

The ethics of non-Ivy schools

When Barnes first graduated from Augustana, she worked stints as a waitress and a postal clerk before landing a \$10,000-a-year job at Wilson Sporting Goods. There, the promotions were frequent.

"The things that contribute most to leadership were things I did not learn from my (geology) major," says Equitable Resources' Gerber, who got to know business and economics major Barnes at Augustana. Gerber says, among other things, he was introduced to existentialism and "making good with your life while you're on this planet. I don't believe someone from Augustana College would end up with the mess of Enron, to put it bluntly. We don't turn out those kinds of people."

Others cited ethics as the backbone of their educations. Baxter International CEO Robert Parkinson, who in 2002-03 was

dean of Loyola University's Chicago School of Business, says when he got his MBA from Loyola ('75), it was one of five programs to offer a course in business ethics. Loyola's "Jesuit tradition is educating the whole person," he says. Adecco Group North America CEO Ray Roe credits his years at West Point ('67) for his "strong base of principles, code of conduct and ethics."

However, it's not as if the Ivies are producing more CEOs who push ethical or legal lines. Hank Greenberg, who left in scandal last month March at American International Group, went to the University of Miami ('48) and New York University Law School ('50). Harry Stonecipher, fired by Boeing last month after having an affair with a subordinate, graduated from Tennessee Tech ('60); WorldCom's just-convicted Bernie Ebbers graduated from Mississippi College ('67); Tyco International's Dennis Kozlowski went to Seton Hall ('68); and Enron's Ken Lay has degrees from the universities of

Missouri ('64 and '65) and Houston ('70).

Martha Stewart, however, is an alumna of Barnard College ('63), an all-female liberal arts affiliate of Columbia University, one of the Ivies.

Of course, the Ivies have pumped out top-notch CEOs. General Electric CEO Jeffrey Immelt has a Harvard MBA ('82). Microsoft CEO Steve Ballmer, a friend of Gates' at Harvard ('77), stayed on to graduate. Sharon Patrick, who took over as CEO of Martha Stewart Living Omnimedia in 2003, has a Harvard MBA ('78). But Patrick then was replaced last year by Susan Lyne, a University of California, Berkeley dropout.

Times have changed, Sonnenfeld says. Had Gates been a product of the 1960s, he likely would have finished Harvard and gone on to develop software products for IBM. Gates may even have made IBM CEO after 30 years.

But the best and brightest of the 1980s started doing things other than getting on the corporate fast track. Now, those decisions are being reflected at the top.

Fewer Ivy League CEOs

Percentages of CEOs at *Fortune* 100 companies receiving undergraduate degrees from:

1980

Ivy League:

14%

Other private colleges:

54%

Public college or university:

32%

2001

Ivy League:

10%

Other private colleges:

48%

Public college or university:

48%

Source: Wharton School, University of Pennsylvania

By Robert W. Ahrens, USA TODAY