



## Policy on Outside Activities of the Faculty

January 2014

### ***Background***

The mission of Harvard Business School (HBS) is to educate leaders who make a difference in the world. Faculty members accomplish this mission by creating managerially relevant knowledge, teaching the art and science of general management, and communicating important ideas to people around the world.

HBS faculty members share a *primary interest* in advancing the School's mission and core values. These values include assurance of personal and institutional integrity; independent, objective, and ethical scholarship; accountability for actions and conduct; and preservation of the School's standing as an institution worthy of public trust. Arguably, the School's greatest asset is its reputation for scholarly integrity in the creation and dissemination of knowledge, a reputation that benefits all members of the Harvard community.

In an effort to create and disseminate managerially relevant knowledge, the School encourages faculty members to engage with outside organizations through a variety of activities ranging from research and teaching to consulting and other advisory work. The School and its faculty have a long tradition of managing involvement with outside organizations responsibly. The School's formal policy on this subject dates back to 1927, with the last revision occurring in 1994. The current revision aims to address significant changes in the nature and amount of outside activities available to faculty members; to incorporate and harmonize new policies at the School and the University<sup>1</sup>; and to highlight concerns for potential conflicts of interest and commitment.

### ***Guiding Principles***

The policy is based on the following principles:

1. *A faculty member's primary commitment is to the School.*<sup>2</sup> As a result, faculty members should not allocate too much of their time and energy to outside activities. These activities should support or enhance, not detract from, the faculty member's work for the

<sup>1</sup> This policy was reviewed and approved by the faculty in October 2013. It should be read in conjunction with the HBS Conflict of Interest (COI) Policy and the HBS Policy on Involvement in Faculty and Student Ventures.

<sup>2</sup> See the Harvard University *Statement on Activities of Holders of Academic Appointments* ([http://www.provost.harvard.edu/policies\\_guidelines/academic\\_appointments.php](http://www.provost.harvard.edu/policies_guidelines/academic_appointments.php)), which indicates that a faculty member's "primary professional duties are to Harvard, and that outside professional activities will not conflict with obligations to one's students, to colleagues, and to the University as a whole."

School and should at all times be regarded as subordinate to School obligations and responsibilities.

2. *Outside activities benefit a faculty member's professional development by providing exposure to the practice of management.* Consequently, when engaging in outside activities, faculty members should consider their primary objective to be professional development. Contact with outside organizations can be particularly valuable given the School's commitment to studying and being at the forefront of business practice. Such activities can generate opportunities for field research and case studies, and provide a testing ground for new theories, frameworks, and ideas. Outside activities are defined to include *pro bono* activities and involvement with charitable and other nonprofit entities. The School encourages such activities because they can benefit society and contribute to a faculty member's professional development.
3. *Outside activities are subject to administrative control by the Dean.* As part of this process, faculty members must receive approval for certain types of activities before undertaking them. They also must provide confidential annual reports to the Dean on their outside activities. The Dean's Office is responsible for monitoring activities and ensuring compliance with this policy.
4. *A faculty member should not improperly involve the University, the School, or the School's resources in outside activities.*
5. *A faculty member should not directly compete with the School's educational programs or intellectual property through outside activities.*
6. *In any outside activities, a faculty member is expected to preserve the School's mission, core values, and reputation.* While it is the faculty member's responsibility to understand and comply with the School's policies, no set of formal policies can cover all circumstances that may arise as opportunities for outside activities emerge and evolve. Faculty members are expected to use good judgment in carefully evaluating which activities to pursue. They are encouraged to inform and seek advice from the Dean for activities or questions not covered by current policies.

Given these principles, the following faculty policies on outside activities have evolved and are now affirmed:

### ***Definition of Outside Activities***

Outside activities are defined as time and effort devoted to:

1. A paid activity for any individual or organization outside Harvard Business School or Harvard University;
2. Any activity at Harvard Business School or elsewhere in Harvard University for which a faculty member receives incremental compensation but does not receive administrative or teaching credit (for instance, teaching in a custom executive education program); or
3. Significant *pro bono* work provided to any individual or organization outside of Harvard University. Examples include board directorships, leadership or administrative positions, and advisory positions at nonprofit organizations that take up a significant amount of a

faculty member's time. *Pro bono* work that exceeds 10 days per year for a single organization is typically deemed significant.

Generally, involvement in or time spent on academic journals (e.g., as an assistant or associate editor or a referee), academic conferences (e.g., as a speaker or discussant), or non-profit research organizations (e.g., NBER) is not considered an outside activity.

### ***Limits on Outside Activities***

Faculty members are limited to one day per week for outside activities. This implies a maximum of 52 days per calendar year for full-time faculty members (the "52-day limit"). These days should be spaced out during the year to avoid prolonged absences from the campus, and they cannot be accumulated from year to year or averaged across years.

This limit does not apply to faculty members with part-time appointments. Instead, their outside activities are limited to the percentage of time not devoted to the School. For instance, a faculty member with a 40% appointment would be permitted to spend the remaining 60% of his or her time on outside activities. Typically, this arrangement would be specified in the faculty member's appointment letter.

Time applied to outside activities includes all time spent on or in connection with the activity during the year. For instance, it includes time devoted to traveling to conduct outside activities if such time is not spent on School-related activities as well as time spent in preparation for and follow-up on outside activities whether billed or not. Faculty members who receive compensation for travel time must count that time toward the 52-day limit.

Outside activities should not interfere with a faculty member's obligations to students, colleagues, or the School more generally. Moreover, faculty members should avoid outside activities that prevent them from fulfilling their academic and administrative obligations such as teaching in the School's educational programs (particularly the Required Curriculum of the MBA Program) or attending promotion meetings, research seminars, and committee meetings. In addition, faculty members should not classify outside activities as work-related activities so as to circumvent HBS or HU policies (e.g., on compensation or alternative residency arrangements). Nor can outside activities be used as a rationale to decline the full range of assignments ordinarily expected of faculty members.

Several considerations underlie this policy and the decision to limit time devoted to outside activities:

1. Time spent on outside activities in excess of the 52-day limit is likely to detract from a faculty member's educational, research, and administrative responsibilities.
2. This time allocation, well directed, is sufficient to promote beneficial professional development and to provide ample supplemental income.
3. The 52-day limit is an upper bound. In their own and the School's best interests, individual faculty members may well devote fewer days to outside activities.

## **Potential Conflicts of Interest and Commitment from Outside Activities**

Certain types of outside activities have heightened potential to generate conflicts with the School's interests or to impede a faculty member's ability to meet School responsibilities.

In weighing these issues, it is helpful to distinguish between activities requiring the personal, real-time presence of a faculty member, such as classroom teaching, and activities that do not, such as preparation of videotaped lectures. Both types of activity can create conflicts of interest, but the former type is more likely to take up faculty time and thereby produce conflicts of commitment as well as conflicts of interest.

The following policies govern activities that require faculty presence:

1. *Teaching*: "Teaching" refers both to conventional in-person classroom experiences and to distance learning delivered in real-time with faculty-student interaction.<sup>3</sup>
  - a. Teaching in programs offered by HBS or Harvard University for which faculty members receive incremental compensation but not teaching or administrative credit (e.g., most HBS custom executive education programs) is permitted subject to the 52-day limit on outside activities described above.
  - b. Teaching in open-enrollment or custom programs offered by another educational institution is discouraged because it advances the interests of an organization that competes directly with HBS. Faculty who wish to pursue such activity must get approval in advance from the Dean.
  - c. Teaching in open-enrollment programs offered by an entity other than an educational institution, such as a corporate learning organization or an alumni club, is discouraged and must be approved in advance by the Dean.<sup>4</sup>
  - d. Teaching in custom programs offered by a single organization other than an educational institution, such as an in-house program delivered by a single company or organization, is permitted with no restrictions other than the 52-day limit on outside activities. However, entities representing multiple organizations or firms such as an industry trade group or professional association would constitute an open-enrollment program and be subject to the rules in part c above.
2. *Management Responsibilities and Ownership Positions*: Managerial responsibilities in a business venture, particularly senior leadership positions, have the potential to shift a faculty member's primary commitment away from the School. The same is true of an

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<sup>3</sup> As outlined in the *Statement on Activities of Holders of Academic Appointments*, full-time faculty members should not teach a course, or a substantial portion of a course, at or for another university without the advance permission of the Dean and the Corporation. Although giving occasional lectures is considered an important aspect of citizenship in the academic community, in practice, commitments like these should not extend beyond 2-3 sessions or appearances. Teaching in another Harvard University degree program is permitted, but requires the advance approval of the Dean as part of workload planning at the School.

<sup>4</sup> For a small number of open-enrollment programs that employ largely or exclusively HBS faculty members, the Senior Associate Dean for International Development oversees the use of a Memorandum of Understanding (MOU) for Affiliated Programs. This agreement lays out conditions to ensure mutual benefit to the institutions and entities that offer these programs *and* to HBS and its faculty, and to avoid situations that could harm the School. Even when an MOU exists, faculty members must get approval in advance from the Dean to participate in these programs.

ownership position representing a substantial portion of one's total net worth. Faculty who wish to pursue such activity must obtain approval in advance from the Dean.

3. *Expert Witness*: Serving as an expert witness or as a litigation consultant may involve substantial risks to both the faculty member's and the School's reputations. In addition, because judges, tribunals, and courts set schedules, it may be difficult for a faculty member to meet all of his or her School obligations. For this reason, faculty members who wish to pursue this kind of activity must get approval in advance from the Dean.
4. *Directorships*: As the business community and society have come to understand the importance of good corporate governance, the ethical and regulatory obligations of directors have grown substantially in recent years, especially in public companies. As a result, directorship responsibilities can interfere with a faculty member's ability to contribute effectively to a wide range of School activities. The likelihood of such conflicts increases as the number of directorships increases. Therefore, commitments involving more than three directorships of public, private, or nonprofit organizations must be approved in advance by the Dean.
5. *Consulting*: Faculty members are free to engage in consulting within the 52-day limit on outside activities. For any consulting engagement that presents potential conflicts of interest, faculty members must get approval in advance from the Dean and properly disclose—verbally and in related work products—all potential conflicts.
6. *Public Speaking*: Faculty members are free to engage in public speaking within the 52-day limit on outside activities. Such activity sometimes involves the retention of publicity agents to deal with outside parties. Publicity agents, however, may have interests that conflict with a faculty member's professional development. They may also propose relationships or activities that create potential conflicts of interest, conflicts of commitment, or other problems from the School's perspective. Accordingly, faculty members must get approval in advance from the Dean before retaining a publicity agent for speaking engagements.

Activities producing outputs that do not require faculty presence as part of the distribution process are governed by the following policies, organized by the nature of the content:

7. *Traditional Written Output* (whether distributed in printed or electronic form): Producing this kind of output is typically not considered an outside activity as defined above.
  - a. *Cases, Teaching Notes, Module Notes, Subject Notes, and Course Notes*: It is the School's longstanding and continuing practice to assign the rights for such material to the President and Fellows of Harvard College and to publish it through Harvard Business Publishing (HBP). This generates income for the School that supports the research and course development activities of the faculty. As HBS expands into field-based learning and pedagogy, we expect faculty members will assign the rights for related materials to the President and Fellows of Harvard College and publish it through HBP as they do with case-based pedagogical material. When such material is produced using resources from HBS *and* from other parts of Harvard (e.g., schools, centers, or programs), the HBS faculty member(s) associated with this joint effort should make every effort to ensure that HBP has full, non-exclusive rights to it.

- b. *Books and Textbooks*: Faculty members are free to consider a wide range of publishing outlets for their books. As a courtesy, however, faculty members should notify HBP if they are writing a book and offer HBP the opportunity to compete for publication and distribution rights.
- c. *Articles for Scholars, Practitioners, and Other Audiences*: Faculty members are free to consider and utilize a wide range of publishing outlets for their articles.
- 8. *New Forms of Content* (including but not limited to videos, podcasts, online lectures without real-time interaction, software, and computer simulations): Producing this kind of output *may or may not* be considered an outside activity. Creating this kind of content represents a complex and dynamic arena with rapidly evolving forms of output and distribution channels. It may also involve relationships with parties who can misuse the School's resources or damage the School's reputation. Accordingly, faculty members should act with caution when developing this kind of content and considering various distribution options for it. Importantly, policies here will continue to evolve as the School and the University develop new online channels such as HBX and edX.

When deciding where to distribute new content, faculty members have a collective interest in HBP's success—as noted in part 7a, HBP generates income for the School that supports the research and course development activities of the faculty. As the leading distributor of faculty course materials and an important funding source for faculty research, HBP is vital to the School's mission. Although faculty members may consider a wide range of potential outlets for this kind of content, they should give HBP a fair opportunity to compete for it. When publishing output through channels other than HBP, faculty members should seek publishers who distribute output widely. Before engaging a publisher or content provider who develops or tailors content for the exclusive use of educational programs that compete with HBS or HBP (e.g., a corporate learning publisher or an online university), faculty members must get the Dean's approval.

In all activities, faculty members should avoid publishing content that would diminish the pedagogical value of the School's case library, courses, programs, or other intellectual property.

When engaging in outside activities, faculty members are free to sign contracts including confidentiality agreements. Because these contracts are between the individual faculty member (not the School) and the client, signing such contracts does not require the Dean's approval. Nevertheless, when signing a contract, faculty members should exercise caution, making sure not to impair their ability to teach, conduct research, or participate fully in the School's administrative roles and educational programs. Faculty members are encouraged to understand and limit the rights they assign to publishers and content providers, and to be particularly mindful of content aggregators who may be approaching multiple HBS faculty members to create, in effect, an HBS branded entity or channel.

### ***Use of the School's Assets, Resources, and Personnel***

In the interest of avoiding any improper use of School assets, resources, or personnel in

connection with outside activities,<sup>5</sup> the following guidelines apply:

1. *School Name:* Faculty members should never use the School's (or the University's) name, shield, or logo in marketing materials, in advertisements, or in any other way in outside activities. The only appropriate use of the School's name is to identify a faculty member's affiliation with the School. Outside organizations have long abused this policy to promote educational programs or products, or to imply that the School endorses a particular company or venture. It is the faculty member's responsibility to clarify the School's policy and to ensure, proactively, that all advertisements or other promotional materials comply with this policy.
2. *Faculty Assistants and Other HBS Staff:* Faculty members should avoid assigning outside work to their faculty assistants or other HBS employees (e.g., members of the central research staff or IT specialists). If faculty members need assistance with outside activities, they are expected to make arrangements to have their work done outside of business hours, at their own or the client's expense, and in a way that does not interfere with School activities or colleagues. HBS staff are under no obligation to assist with outside activities.
3. *Research Assistants:* The School's employment agreement with full-time research assistants prohibits them from undertaking any outside work unless they negotiate an explicit exception in advance. Faculty members should exercise caution in involving part-time research assistants in their outside activities. It is very easy for research assistants to become seriously distracted from their primary jobs in response to even subtle pressure from their faculty mentors to join them in outside activities. The same policies and warnings apply to Research Associates.
4. *MBA, Doctoral, Post-Doctoral, and Other Students:* When engaging students, faculty members must abide by the School's Policy for Involvement in Faculty and Student Ventures. For ventures not under their substantial control, ownership, or management, faculty members should exercise caution in involving HBS students in their outside activities. It is very easy for students to become seriously distracted from their educational purposes in response to even subtle pressure from their faculty mentors to join them in outside activities.
5. *Non-tenured Faculty Members:* While collaboration between tenured and non-tenured faculty members on outside activities is permitted, the employment of non-tenured faculty members by tenured faculty members in outside activities (as opposed to an outside party contracting with both of them individually) has the potential to raise conflicts and should be avoided.
6. *Meeting Facilities:* Meetings that cannot be accommodated in a faculty member's office must be held off campus. The School's conference rooms, classrooms, function rooms, and other spaces should not be used for outside activities.

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<sup>5</sup> Although HBS executive education custom programs are treated on some dimensions as outside activities (e.g., count toward a faculty member's 52-day limit), they also are treated as part of the executive education program portfolio with respect to use of School resources. It is appropriate, for example, to use HBS classrooms and conduct custom program-related meetings in HBS conference rooms.

7. *Other School Resources* (e.g., extensive copying or mailing expenses, proprietary databases, computing facilities): Whenever faculty members use School resources for outside activities in a way that imposes incremental costs on the School, they should reimburse the School. Faculty members should be aware that some resources—including databases and software such as CapitalIQ and Factiva available through the library, for example—are licensed to the School for educational purposes only, and cannot be used to support outside activities. Faculty members should not use the School's letterhead in connection with outside activities and are encouraged to use a non-HBS email address for their outside activities.

### ***Reporting Procedures***

To inform the Dean about outside activities, all faculty members are required to complete:

- A confidential annual report to the Dean describing all outside work performed during the prior year. For each activity, this report should specify the nature of the work, the actual time consumed, and a description of any course materials or research generated from the activity.
- A confidential annual report to the Dean describing proposed outside activities for the next year. For each activity, this report should specify the nature of the work, its implications for professional development, and the number of days of activity anticipated. The report should also describe potential conflicts of interest or commitment for any of the activities that require approval in advance by the Dean.

To oversee and enforce the School's policy on outside activities, and to upgrade the quality of outside activities undertaken by faculty members, the Dean should:

- Use the annual reporting process to explain and interpret the policy to new faculty members.
- Review, every three to five years, the quantity and quality of the faculty's outside activities and report findings to the faculty.
- Privately question those individuals who may be violating the policies on outside activities, especially by exceeding the 52-day limit, as well as those who are approaching the 52-day limit. Faculty members who find that they are becoming overcommitted to outside activities are encouraged to discuss their situation with the Dean.
- As needed, engage or hire senior advisors to counsel the Dean in making the judgment calls that will inevitably arise in interpreting and administering these policies.
- Devise a process for reviewing and revising this policy after it has been in effect for a year, and then for reviewing the policy on a regular basis thereafter (e.g., every 3-5 years).

*This policy should be reviewed and revised as needed after it has been in effect for a year, and then reviewed on a regular basis thereafter (e.g., every 3-5 years).*