



“I tell students at Babson Institute, Webber College and Utopia College there are three really important days in their lives—namely (1) the day when they select their ancestors; (2) the day when they select their wives or husbands; and (3) the day when they select their life vocations.”

—Roger W. Babson

The Founding Father

Dr. George B. Stevens' final stop on his busy round of house calls on July 6, 1875, was to the home of Gloucester's leading dry-goods merchant, Nathaniel Babson, whose wife, Nellie, was in labor. Working by the light of a kerosene lamp, the doctor brought into the world a healthy, squalling baby boy. Under these humble circumstances life began for Roger Ward Babson, for so his parents named this native son of Gloucester who was destined to become its most renowned citizen.

Work, like death and taxes, was a certainty in the life of the Babson household. Young Roger learned that lesson early. No sooner had he passed the toddler stage than his mother kept him busy with chores around the house; and when he was big enough, his father put him in charge of taking care

of a pair of horses that he kept stabled in a neighbor's barn. Those two horses loomed large in Roger Babson's memories of his childhood.

The wholesale side of Nathaniel Babson's dry-goods business took him on day trips to neighboring towns, delivering orders by horse and buggy to small shopkeepers along his route. Roger remembered as "one of the pleasantest features of my boyhood life" spending many a summer afternoon happily perched beside his father and taking in the sights as the horse clip-clopped along the dusty roads of Cape Ann, a small maritime region tucked into the northeast corner of Massachusetts.

To most boys, summer afternoons spent dropping off bundles of dry goods to country stores and listening to the small talk of their owners would seem a pale substitute for the joys of baseball or the swimming hole; to Roger, the excursions were exhilarating. They were his initiation into the world of business, which even at this early age intrigued him; and they meant happy hours in the company of his father, a normally taciturn man, who wiled away the hours on the road talking to his son about the work ethic and business matters.

Left: Babson family members gathered in July 1924 for the 50th wedding anniversary of Nathaniel and Nellie Babson, seated center, parents of Roger Babson. Roger Babson is seated to his father's right, his wife Grace is at center back, their daughter Edith is front left.



Roger Babson's parents, Nathaniel and Ellen Stearns Babson.
Right: Sign from Nathaniel Babson's business, circa 1870.

Roger Babson, at age two.



Nathaniel Babson's homespun lessons on the importance of hard work took root. One summer, Roger landed a part-time job lugging water to a Chinese laundry for the less-than-handsome remuneration of one cent per five buckets. Business picked up when the circus came to town and hired the boy to haul water for the elephants at a penny a bucket. Not only was the pay better, the job combined business with pleasure, since Roger got to see the circus for free. He also got in trouble with his father for having rushed off early to the job without having breakfast with the family. That lapse terminated his career as a water boy. "Roger," his father announced, "will stop this nonsense of carrying water for Chinamen and elephants. Tomorrow morning he will go to work."

A man of his word, Nathaniel Babson early the next morning marched his son up the road to grandfather Babson's farm, where the boy was set to work hoeing seemingly endless rows of potato plants. Toiling in the fields under a broiling sun for twenty-five cents a day was a penance that taught Roger little other than that he would much rather be doing something else. Working alone, however, did have one compensation: It gave him plenty of time to think; and what he thought about most was how to escape his bondage.

An opportunity soon arose. His grandfather ran a milk-delivery business and during the summer months he supplemented his income by selling fresh vegetables along the route, which necessitated his hiring a second man to handle the produce end of the business. One day, the hired hand failed to show up for work, and Roger volunteered to take his place on the wagon, an offer his grandfather readily accepted. This was not only an opportunity to get out of the fields; it was also Roger's first real chance to test his aptitude for salesmanship, and he made the most of it. He returned to the farm later that day, having sold out the entire consignment of veg-





The house at 58 Middle Street, Gloucester, Massachusetts, where Roger Babson was born in 1875.

etables, a feat that earned him a promotion on the spot. From now on, no more hoeing weeds for two bits a day; his job was peddling fresh produce house to house from the milk wagon.

His initial success, it turned out, was no fluke. Roger Babson was a born entrepreneur, and since his income consisted solely of the commission on what he sold, he rapidly expanded operations by drumming up new customers along the route. To meet the rising demand, he took over the entire truck farm operation, growing his own vegetables on a parcel of land that his grandfather set aside for him for that purpose.

Roger Babson, like his father, believed that experience was the best teacher. As far as he was concerned, the experience gained at his grandfather's farm taught him more than he learned in any school, including his alma mater, the Massachusetts Institute of Technology. From the day he took over the produce line for his grandfather, he was pointed toward a career as an entrepreneur. Peddling vegetables had opened his eyes to the fact that there was more profit in selling than in producing. Even more important, he had come to realize during those

summer months that he was far happier working for himself than for others, a realization made the more valuable because it had come so early in life.

Other than marriage, family, and religion, no decision or circumstance in Roger Babson's life in his estimation ranked as high in importance as his choice of a career; and he had reached that decision based on the work experience of his youth. Too often, he thought, those who lacked work experience graduated from high school or college unaware of their own aptitudes and interests and fell into the trap of taking the first job that came along; and even though unhappy with the career path they had stumbled onto, they tended to follow it for the rest of their lives. Too many lives were blighted in this fashion, yet the safeguard against an unfortunate career choice was readily available: working summers or after school in a variety of jobs. As Babson saw it, what was true for him as a boy was true for every youngster: The boy or girl who experiments with "different lines soon finds out [the type of work] for which he or she is best fitted."

Common sense knows no boundaries, either in time or place. Babson's thinking on these matters



It was while in high school that he came to realize how much more he preferred the role of leader to that of follower.

Left: Roger Babson, in the uniform of the Gloucester High School Cadets. Showing leadership qualities at an early age, he rose from private to captain in the cadets.

Right: The personal bibles of Nathaniel and Roger Babson.

was drawn from experience, not books, yet it came close to matching the ancient Greek concept of equality: All people are endowed with different capacities and aptitudes. Those left free to develop the gifts that they are born with will excel in the exercise of them when matched in competition with those less gifted by nature.

Embedded in his reflections on the necessity of early work experience was the kernel of the idea that led to the creation of the Babson Institute—namely, to provide practical training for young men who already had job experience and who had their minds set on careers as business executives.

While Roger Babson's early employment had proven invaluable, the same was not true of his early schooling. His formal education began in a private school near his home where his parents had enrolled him, no doubt anticipating that the young scholar would distinguish himself. And distinguish himself he did, albeit in a fashion that caused his parents more grief than satisfaction. Roger, by his own admission, was "an unruly youngster [who] did not get along well," an assessment that his first-grade teacher undoubtedly shared in full, since his

parents had to withdraw him from the school at the end of the year. Transferred to the more regimented environment of a local public school, the boy came under the watchful eye of one Miss Frances Davis, a harsh disciplinarian whose reputation for being "very free with her whippings" proved painfully true. Roger kept careful count, recording the singular fact that Miss Davis honored him that year with "a near record 47 whippings." Not surprisingly, the following year found him carving his initials in the desk of still another school.

During the final year of grammar school, the high-spirited boy suffered a nervous breakdown that prevented his return to school after the Christmas break. It proved to be a blessing in disguise, for it brought him closer to his father. A hardworking, upright man, Nathaniel Babson spent many hours with his son over the next several months talking about many things but most of all about the importance of living a moral and healthy life. These were lessons Roger would not have learned in school, and, coming as they did from so revered an authority as his father, they made a lasting impression on the youngster. "Whenever con-

sulted today on educational matters,” Babson wrote in his later years, “I advise that more attention be given to the building of health and character, and less to the teaching of higher mathematics and foreign languages.” As his father taught him, so he taught others.

When Roger returned to school the following year it was as a changed person. No longer content to play the disruptive nonconformist, he made his peace with school authorities, and for the first time in his life, he began to apply himself seriously to the rigors of formal education.

The turnaround produced positive results, particularly so in high school. They were years of rapid growth—physical, mental, and spiritual—of parties and dating, and of the keen sense of pride and pleasure that comes from special achievement. Out of his class work came an awareness of the personal strengths and interests, in particular, an aptitude for “statistical work of all kinds” and a talent for “the business side of each job,” that would serve him well in a long and distinguished business career.

It was while in high school also that he came to realize how much more he preferred the role of leader to that of follower. “I never liked taking back seats,” he explained. Where others excelled in sports or in the classroom, Babson exercised his penchant for leadership in the Gloucester High School Cadets, joining as a private and rising through the ranks to captain. His crowning achievement came in his senior year, when the company under his command, competing against units from five city high schools, won the coveted regimental first prize.

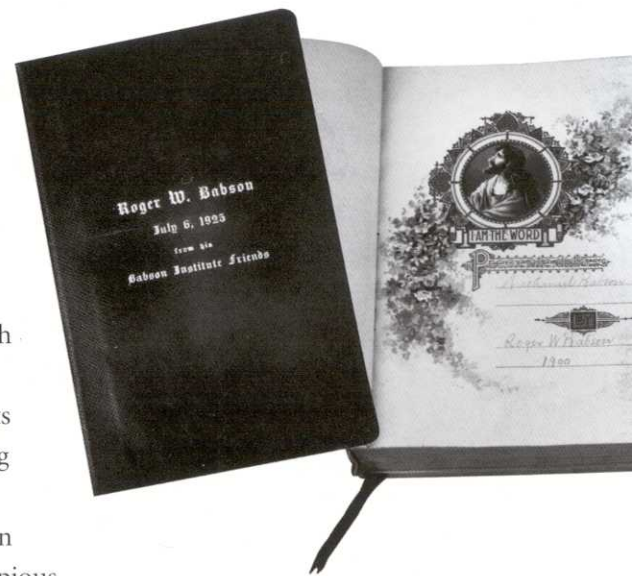
None of this would have been possible without the teachers who had contributed so much to his development. “The one group that will never go out of business,” he said, “are parents and teachers.” Schoolteachers, he had come to realize, and not school buildings or textbooks, make education work, an observation that moved Babson to elevate teachers to a niche just below that of parents and preachers in the pantheon of major contributors to the community.

Religion—like family, work, and education—played a conspicuous role in Roger Babson’s life.

Gloucester in the days of his youth was a wide-open, rambunctious, seafaring town, swarming with sailors and fishermen. Rum shops carried on a booming business on every corner of the commercial center of town, catering to the appetites of a rough, footloose clientele. Equally accommodating were the houses of ill fame, including one, aptly tagged “The Busy Bee,” located on a corner opposite the end of the street on which the Babsons lived.

Arrayed against the darker forces of the community was the church group to which the Babson family belonged. Social functions for its members centered around Gloucester’s Protestant churches. Church-sponsored picnics, suppers, concerts, and other entertainments attracted throngs of the faithful year-round. Highlighting the church social calendar were the strawberry festival in June, the harvest festival in October, and the Christmas and Easter church concerts. A pronounced strain of puritanism permeated the social attitudes of the church group, circumscribing the kinds of entertainment available to members. There were no church-sponsored dances, for example, nor stage plays or card games, such activities being strictly off-limits to a God-fearing people.

Roger Babson was reared in a pious home. His father, a deacon of the Congregational Church, was a deeply religious man, and his mother, whose fundamentalist convictions were as firm as they were unexamined, was active in church affairs. As might be expected of the son of two pillars of the Gloucester Congregational Church, Roger shared his parents’ beliefs, and apparently never questioned them. He delighted in the social events revolving

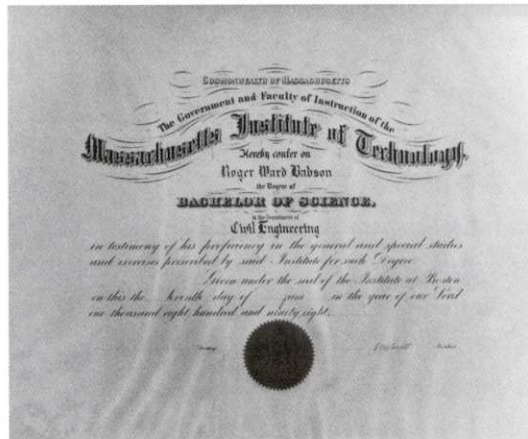


around his church and experienced no difficulty conforming to its strictures. Neither he nor any of his friends, for example, smoked or drank. He was, in a word, strictly orthodox in outlook and behavior. But he had absorbed his religion in much the same fashion as he breathed air, without much thought or emotion.

His casual attitude toward religion changed dramatically the day he attended an old-fashioned revival meeting at the Gloucester Methodist Church and emerged a “born-again” Christian. It was, he said of his epiphany, “the greatest event of my life.” He was fifteen years old, and for the rest of his days, he remained “an emotional, praying Christian.” Whatever his worldly endeavors in subsequent years—whether in business, politics, or education—they bore the imprint of his religious convictions.

Young Babson’s newly acquired evangelicalism opened up opportunities for him to exercise his talent for leadership. He joined the Gloucester chapter of the Christian Endeavor Society, a popular Protestant youth group, which required its members to speak at every meeting. “You may be sure,” said Babson, who even as a boy enjoyed the lime-light, “that I grasped the opportunity [to speak before the group] like a drowning man would grasp a life preserver.” His flair for public speaking and talent for persuasion propelled him rapidly upward through the ranks of the organization to its top post, that of president of the parent body of all the Christian Endeavor chapters on Cape Ann.

Babson graduated high school in 1894, intent on attending college in the Far West. Like most young people at this stage of life, he wanted to spread his wings. His father, however, made short work of that notion. “It is the Massachusetts Institute of Technology or nothing,” he informed his son. And so it was that Roger enrolled at MIT, the nation’s leading school of engineering.



By his own admission, Babson was a lackluster student, barely scraping by and almost failing to graduate. His academic difficulties stemmed in large measure from lack of interest in the curriculum. He had matriculated to

MIT and had majored in civil engineering only at the insistence of his father; but during his college years he had never lost sight of his ultimate goal: to make his mark as a businessman. Ironically, it was Nathaniel Babson who had first stirred that ambition in his son on their travels together by horse and buggy around Cape Ann.

Below: Roger Babson, at age 19, when he entered the Massachusetts Institute of Technology and (above) his diploma, class of 1898.





In the kitchen of this house at 17 Seaver Street, Wellesley, Roger Babson held the first stockholders' meeting of the Babson Statistical Organization. The house is still owned by Babson College.

Another source of dissatisfaction for the young MIT student was the way the school's curriculum was taught. A friend once remarked that Roger Babson became the leader of every group he joined, "because he knew the all-important fact—the direction." Babson's thought processes made the difference. While his fellow group members busied themselves sifting through the details of a project to extract tactical responses, Babson focused on the composite and drew from it a strategy that the rest were willing to follow because it made such good sense. At MIT, however, the administration and the professors set the direction on educational matters and therein lay the problem—he disagreed with the direction.

Like that other famous Yankee rugged individualist, Henry David Thoreau, who coined the maxim, Roger Babson marched to the sound of his own drummer. Even as a youthful college student, Babson stood outside the mainstream, regarding conventional wisdom and expert opinion with a healthy skepticism. Much of Babson's outlook—his pride in ancestry, his commitment to the work ethic, his fondness for the homespun homilies and

traditions of Yankee New England—was shaped by the past. He was well aware, however, that he lived in a rapidly changing world; and to him the challenge was to fathom from the direction of change some of its ramifications. He preferred, he said, the vantage point from the front of a train where he could see what lay ahead to that of the caboose where the view was of ground already covered. It was the new, the innovative, the possible that intrigued him most.

Sometimes his fertile imagination and daring carried him away. Everett Stephens, who served as Roger Babson's right-hand man at Babson Institute for twenty years, passed on this gem:

I'm so happy to have worked for him [Roger Babson], because they don't make them like him anymore. He was a man with a tremendous amount of ability. He was not afraid to try new things. For example, once down in Gloucester, he decided he was going to put chocolate over lobsters and sell bits of lobster with chocolate on them. [Actually, it was chocolate-covered fish fillets.] I can't imagine anything worse, but he was like that. He would take chances.



Grace Knight Babson as a nurse. She trained at Massachusetts General Hospital and at Lynn Hospital.

Part of his attraction for Grace, Roger joked, was that “instead of telling me how wonderful she was, she let me tell her how wonderful I was.”

Not surprisingly, Babson found the curriculum and instruction at MIT uninspiring, focused as it was on what was already known or thought to be known. Not even the ablest of the professors in the nation’s leading technological institution anticipated any of the major new industries that emerged in the early twentieth century. Babson was taught that “heavier-than-air machines could never fly,” only to thrill a few years later to the news of the historic flight of the Wright brothers’ plane at Kitty Hawk, North Carolina. That Babson’s instructors should have missed the impact of the airplane or the radio in the early years of the twentieth century was understandable since neither had been invented when he was a student. But it was quite another matter for them to have remained oblivious to the possibilities of the automobile, the phonograph, or the motion-picture camera, whose prototypes were already on the market in the 1890s. Babson’s friend, Thomas Edison, best captured their mutual spirit of healthy skepticism regarding expert opinion when he observed: “Babson, remember that we don’t know nothin’ about nothin’.”

Upon graduating in 1898 at the tail end of a depression, Babson counted himself among the fortunate when he landed a position at a major investment house in Boston. His elation, however, proved short-lived. No sooner had he embarked on his duties than he noticed a wide discrepancy between the prices his company was charging its customers for certain bonds and the much lower prices that these bonds were commanding on the open market. He brought the matter to the attention of the company president who seemed more irritated than pleased by the revelation and referred Babson to another member of the firm. Put off again, Babson kept pressing his superiors for an explanation for the “fictitious prices.” For his trouble, he was “clean plumb fired.”

Babson was soon back to work, selling bonds in New York and Worcester, after which he took a position with another Boston investment house. He found time in the midst of a busy schedule to court Grace Margaret Knight, the daughter of a Congregationalist minister, whom he had known

since childhood. Part of his attraction for Grace, Roger joked, was that “instead of telling me how wonderful she was, she let me tell her how wonderful I was.” They were married in 1900 and moved into a small house in Wellesley Hills. A civic-minded young woman, Grace Babson was active in community affairs and devoted to the ideal of helping others. She shared her husband’s public and private life and contributed much to some of his more notable achievements in business and education.

In the fall of 1901 Babson took a business trip to Buffalo and while there came down with a fever, forcing him to cut short his visit and return home. His wife took one look at him and immediately summoned the doctor. The diagnosis was grim: an advanced case of tuberculosis, a dread scourge which at that time was the leading killer of people between the ages of fifteen and forty-five. Babson was twenty-six years old, and he was in a fight for his life. The disease had fully penetrated one lung and was attacking the other. There was no known

cure. His doctor told him his one chance for survival was to follow a regimen of complete bed rest, a nutritious diet, and plenty of fresh air. Babson would have to relocate to the wide open spaces of the West where he could live year-round in the open air.

Family and friends despaired for his life. “As good as dead,” they thought, when they saw Roger and Grace Babson off at the train station. Babson thought otherwise. He was well aware of how sick he was, but he was full of fight. “Better,” as he was fond of saying, “let grass grow under your feet than have it grow over your head.” It was a bitter and prolonged struggle, and he paid a steep price—it cost him a lung. But it did not cost him his life.

For Roger Babson living meant work. Even as a boy, he enjoyed work. “Work,” he said, “is exactly what we make of it by the way we think about it.” Done right and with a purpose, it imparts a sense of accomplishment, and, “when all is said and done . . . the one great satisfaction in life [is] to accomplish

The Babsons’ former home at 31 Abbott Road, where classes were held the first year, 1919-20.





things.” His condition precluded physical exertion, but it did not prevent thinking and planning.

As sick as he was, Babson decided to return to the East. His family and friends were there, and, what was more, it was the logical place for him to reenter the security business once he was sufficiently recovered. It was in the East that he had begun his career in securities, and it was in the East that he would rebuild that career. Besides, he rationalized, there was as much fresh air in the East as in the West.

That settled, he and Grace returned to the little house in Wellesley Hills where they had lived prior to their departure for the West. Convalescence proved a tedious, painfully slow process. Confined to the sick bed for months, Babson lived mainly on a diet of milk and eggs. The windows of the house were kept open in all seasons, even on the bitterest winter days when the mercury plunged below zero. Frustrating though it was, the Spartan regimen worked. Gradually, the convalescent began taking his first steps, first to the kitchen and then to the back yard.

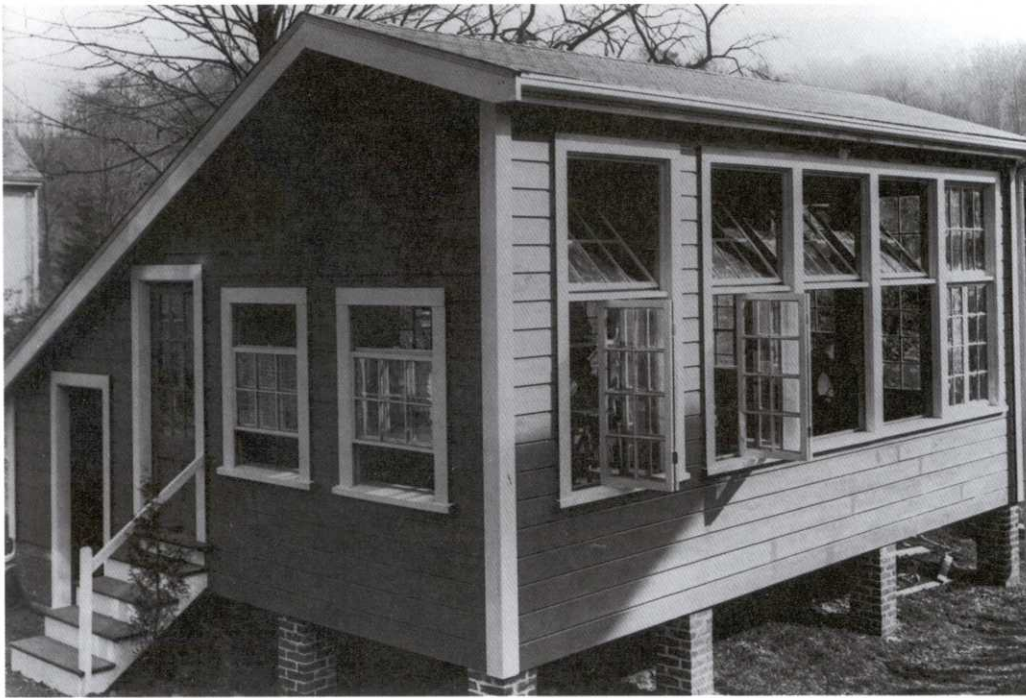
Some two years into his convalescence, the patient risked a night out to attend a lecture by

Booker T. Washington, the renowned black educator. Washington touched on two themes in his talk. First, black Americans had to surmount the handicap of racism in their quest for equality, and second, success crowns the efforts of those who master one job, be it carpentry, bricklaying, or bookkeeping, better than anyone else in their line of work.

The lecture struck a responsive chord. If Booker T. Washington and other African-Americans could overcome the handicap of racism, he could overcome the handicap of poor health. Babson returned home that evening convinced of that and equally convinced that “if you will concentrate on one thing, and know more about that one thing than anyone else . . . , you at once become independent, irrespective of color, sex, health, poverty, or any other handicap.”

Recuperation had its compensations as well as its trials. It gave the patient plenty of time to think, and what his mind churned over most were ideas on how to become once again a productive human being:

I was faced with the problem of devising some scheme which would enable me to make a living by



Above: The fresh air office Babson built behind his Seaver Street home as he recovered from tuberculosis.

Left: Working with windows open even in frigid winter weather, Babson and his secretary had to bundle up in heavy woolen robes.

working out-of-doors in the country. It needed to be a line of work connected in some ways with securities, upon which my education and five years of experience had been concentrated. If physically able, I would have gone at once to Wall Street as an investment advisor; but under the circumstances I was forced to the difficult task of getting Wall Street to come to me.

Perusing monthly reports of railroad companies and banks, Babson was struck with the thought that even as he read, legions of statisticians all over the country were hunched over their desks scrutinizing the same data and drafting similar statistical reports for their companies. Here was a need and Babson perceived how to meet it. A single statistical organization operating in the capacity of a central clearinghouse for these companies could compile and interpret the relevant data, thereby eliminating wasteful duplication and the need to employ in-house statisticians to perform the work. To keep costs down, the charge for the service would be spread evenly among subscribers. In short, the investment service that Babson envisioned would do the necessary statistical work for its clients faster,

cheaper, and more efficiently than they could do it for themselves. Still another advantage: he could run the company from “his open-air bedroom just as satisfactorily as [from] a desk in Boston.”

The thought was the father of the deed. In 1904, Roger and Grace Babson withdrew \$1,200 of their own savings and put it into a start-up company which they incorporated in the kitchen of their home. It was a humble beginning, and it was by no means an instant success; but the Babsons never borrowed money to keep the company going nor did they ever again add another penny of their own money to the original investment other than what came out of the company’s profits. Initially called Babson’s Statistical Organization, Inc. and later renamed Business Statistics Organization, Inc., the B.S.O. was the forerunner of the world-renowned Babson’s Reports.

Lining up subscribers proved more difficult than anticipated. It involved selling a new product, in this case a statistical service that no one had ever used before. Direct mailings brought in seven subscribers, but to land the crucial eighth (which was needed to reach the break-even point), Babson him-



Roger Babson's first business office, in Wellesley Hills on Washington Street.

self made the rounds of Boston's banking houses, trudging the city streets for weeks and making his pitch to prospective clients despite his delicate condition. His persistence paid off with the signing of the crucial eighth subscriber. Each of the eight paid \$12.50 a month for the service. On a monthly gross of \$100, Grace and Roger Babson had to run the business the same way they ran their home—frugally. Business and living expenses came to \$95 a month, leaving a positive cash flow of \$5. Incredibly, the company survived its first year, if only just barely, on a \$1,200 annual gross and \$60 net!

Working at home kept expenses to the barest minimum but it did create problems. Wellesley in those days was a country town, a bit out of the way for Boston financiers who were accustomed to relying on city sources for their statistical data rather than “sending into the woods” for them. Moreover, working conditions at the home office were less than ideal; in fact, they bordered on the primitive. At the insistence of their boss, employees of the B.S.O. worked in the back room of a small frame house which served as home, office, and clinic, all in one. Doors and windows in the work area

remained open year-round. Winter conditions were especially severe. His secretaries had to wear sheepskin boots and warm woolen robes with hoods while they worked, and because it was too cold to remove their mittens, the only way they could type was to pound the typewriter keys with a tiny rubber hammer, specially designed for that task by their employer. Babson himself wore an enormous woolen coat with a heating pad attached to the back.

Notwithstanding these conditions, the company began to grow, slowly at first and then with gathering momentum as word of the service spread through Boston's financial community. Babson credited two factors for the turnaround: The B.S.O. was the first statistical service company “to enter the investment supervisory field in a mass way,” and thus had the market to itself during its formative years; and the company met a need, a quicker, cheaper, and more efficient and informative method of providing data and analysis on securities for banks and investors. Once the bankers and investment brokers realized the advantage to be gained from the application of relevant business statistics to the vagaries of investments and business perfor-

mance, the rush was on. This demand enabled the B.S.O. to branch out beyond Boston and eventually to expand its operations via a network of statistical agencies into more than a score of cities in the United States and Canada. Within the span of a single decade, the company had grown several thousandfold, counting its subscribers in the thousands and its annual revenues in the millions. Company profits exceeded those of all of its competitors combined.

Babson was justifiably proud of his creation. He had taken a touch-and-go operation and built it into the largest business statistical advisory company in the world, dispensing to its clients facts, figures, analyses, and projections bearing on their particular businesses and on financial investments and business conditions in general. Started from scratch, Babson's Statistical Organization, Inc. stands as a monument to its creator's fertile imagination, business acumen, and pioneering spirit.

At about the same time that Roger Babson had begun "peddling statistics" in Boston, another statistician, John Moody of New York, conceived the same idea and began publication of Moody's *Manual for Public Utility and Industrial Companies*. "History must record," Babson said of his and Moody's pioneering work, "that we revolutionized the collection, compilation, and publication of financial statistics." And indeed they had. The path-breaking work of the two men in the field of advisory services for investors gave rise to a major American business enterprise—the financial services industry.

When Babson launched his financial statistical research company at the age of twenty-nine, there were virtually no publications relating to business forecasts. Indeed, few people other than economists were even aware of the existence of the business cycle. Babson attributed the boom-bust pattern of the economy to Sir Isaac Newton's law of action and

Roger Babson at Babson's Reports, 1936.





Sir Isaac Newton.

reaction: for every force in nature there is an equal counterforce. As he saw it, business fit neatly into Newtonian mechanics. The cyclical “ups and downs” of the economy, he wrote, “operate according to definite laws.” His pseudoscientific notion, that the laws of physics account for every rise and ebb in the economy, had no more validity than the ancient beliefs that the stars govern the destinies of men or that base metals could be transmuted into gold or silver. But just as astrology gave birth to the science of astronomy and alchemy to chemistry, so, too, did Babson’s efforts to explain the economic cycle in terms of the law of action and reaction lead to the breakthrough that revolutionized the business of economic forecasting.

Close study of the history of cycles led him to the realization that over the long haul the economy “is always going upward,” and that “business spiral” more accurately describes the overall pattern than does “economic cycle.” Out of this insight came the Babsonchart, a fine-tuned method for forecasting business trends based on close statistical study that elevated business and investment forecasting above the realm of guesswork. Where other forecasters

pegged their recommendations to investors for buying and selling on estimated highs and lows of the business cycle, the Babsonchart divided the cycle into four phases—recovery, prosperity, decline, and depression. By matching the current phase with a comparable stage in the past (which was ascertained by consulting old volumes of the *Commercial and Financial Chronicle*), Babson provided the basis for more accurate business forecasts.

Babson, through his introduction of charting economic trends, took the forecasting business out of the dark ages and into the twentieth century. In the process he had earned a reputation in business circles as the nation’s preeminent financial guru. He was in constant demand as a lecturer, speaking to audiences all over the country on statistics, economics, and investments. Businessmen and investors alike eagerly awaited his annual economic forecasts, hailing their author as the “Wizard of Babson Park” and the “Delphic Oracle of Business.” Such hyperbole notwithstanding, Babson’s path-breaking work in the application of carefully researched data to the forecasting of business and economic trends and his equally vital role in the development of the financial services industry contributed to the financial and industrial growth of the country. For these achievements he deserves an honored place among the outstanding pioneers of modern business practices.

Roger Babson, it has been said, was “a Yankee genius with his eyes on the future.” It is an apt description that not only captures the essence of the man but also helps account for the major contributions that he made to the advancement of modern business practices in the early twentieth century. He was also a multifaceted man. Not content to confine his talents to business alone, he turned his attention to the field of education and again made a lasting contribution.