

Interview

Isidro Fainé,
Chairman of “la Caixa”

M. Á. Ariño and P. Maella

Do The
Right Thing

X. Oliver

Change Comes
From Within

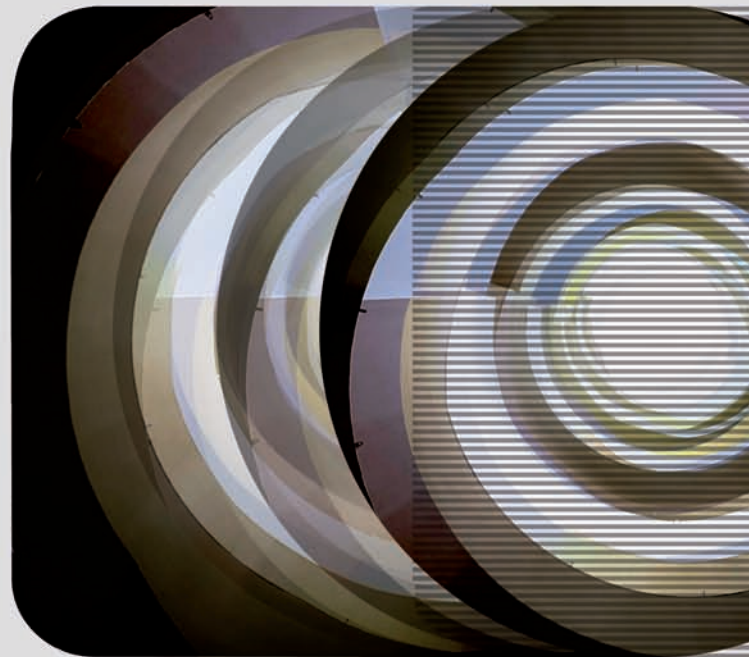
S. Sieber and E. Káganer

Doing Business
on the Social Network



**INTANGIBLE
ASSETS
WHAT'S YOUR
REPUTATION
WORTH?**

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ISIDRO FAINÉ (PDG-I-74)

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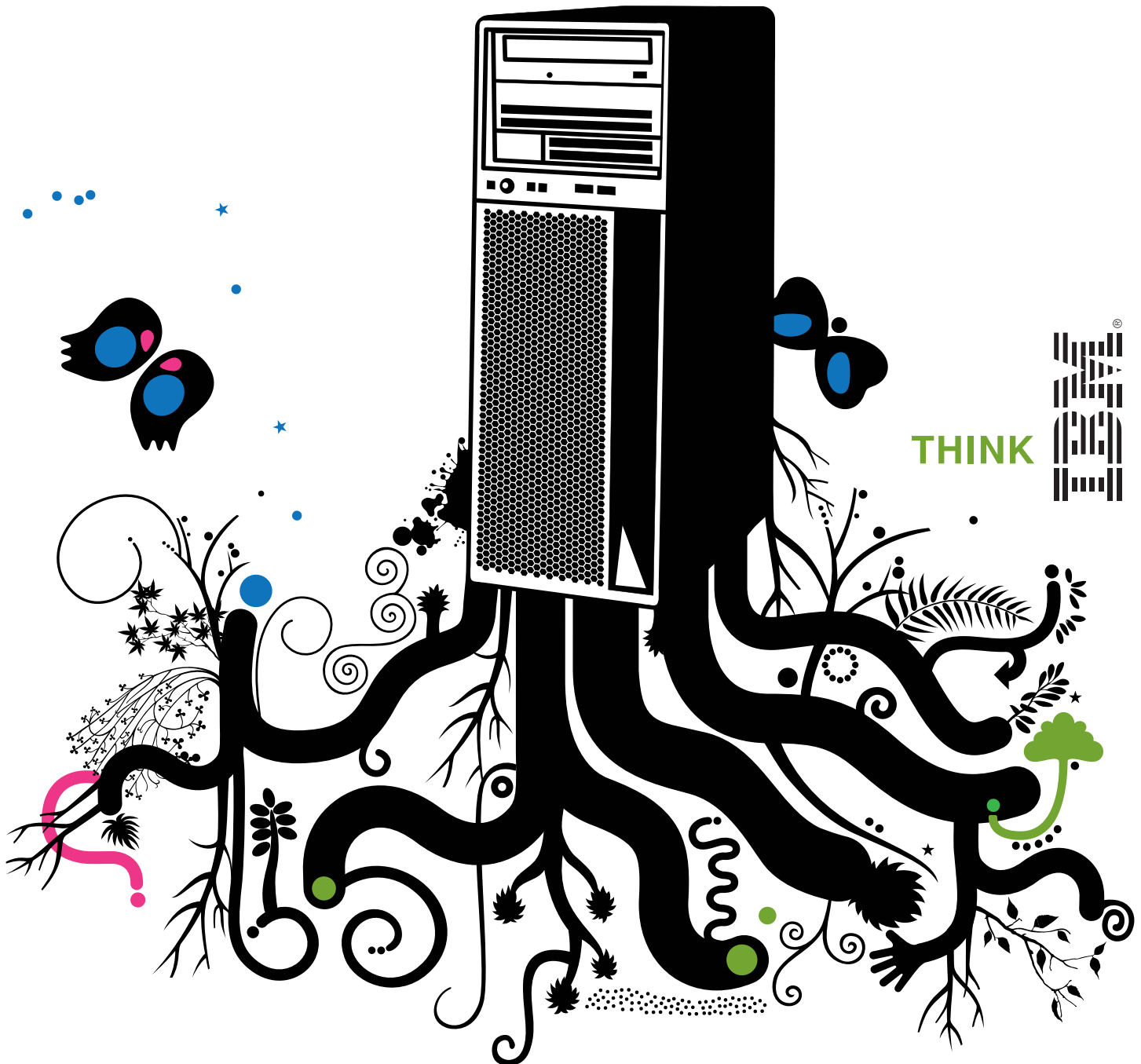
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THE IMPORTANCE OF BEING HONEST



ANTONIO ARGANDOÑA

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A good reputation has always been prized, both by individuals and institutions, and these days the media plays a significant role in making and breaking reputations. An innate sense of justice makes people complain loudly when their good name becomes the object of undeserved attacks. Businesses, too, know they have to gain their reputation, defend it when it is at risk and win it back when it has been lost. Corporate reputation is our cover story, following on from the annual conference on this topic held a few weeks ago at IESE. It was an opportunity for experts and alumni to discuss an issue that combines ethics and strategies, communication and business culture, along with questions about the role of business in society and, of course, financial results which reflect, one way or another, the impact of these intangibles.

We also invite you to read the fascinating interviews in this edition of the magazine with **Isidro Fainé**, President of “la Caixa”, and **Mario Greco**, CEO of Zurich Global Life. We also feature articles by **Miguel A. Ariño** and **Pablo Maella** on the art (or is it a science?) of good decision making, and **Xavier Oliver** on the changing habits of consumers (that is, ourselves), and by **Sandra Sieber** and **Evgeny Káganer** on the impact Web 2.0 is having on organizations. There are also accounts of IESE events, such as the annual “Doing Good and Doing Well” conference, the victory in the MBA Case Competition and some of the most interesting meetings, seminars, short programs and continuous education sessions. We also report on what IESE is doing in New York.

The design principle for the Sydney Opera House
revealed itself just after lunch.



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RICOH

WHAT'S YOUR REPUTATION WORTH?

INTANGIBLE ASSETS

STEPHEN
BURGEN



A good reputation is
priceless, but the question is how
to protect a vulnerable asset whose value resides
not just in the performance or quality
of the product but in how the business
is perceived by its many and varied stakeholders.

Commitment on the part of top
management is essential in maintaining
a good reputation, because if they
don't see it as having strategic
value, it won't be given the necessary
priority. Furthermore, the behavior
of senior management has a
significant impact on the
public perception
of the company.



PEOPLE WHO KNEW SOMETHING WAS WRONG AT TOYOTA PERHAPS DIDN'T TELL THEIR BOSS SO THAT HE WOULDN'T LOSE FACE."

What's in a name? More and more, it would appear. As social responsibility is one market value that seems certain to go on rising, a good reputation is a priceless, if unquantifiable, asset. Having a good name is one thing, keeping it in an age of ever greater scrutiny is another. And however well you manage your business, a reputation can be seriously damaged by forces beyond your control because, while corporate reputation is built from the inside, it is sustained in the perception of outside interest groups. When your good name hangs in the balance, for whatever reason, how you manage the crisis is crucial and you may even emerge with your reputation enhanced.

The value of reputation goes beyond purely economic variables. It lies, according to **Jordi Canals**, the dean of IESE, in businesses understanding that it is "necessary and essential that they cease being merely commercial institutions" and remember that they are also social institutions.

Reputation is the sum of many intangible parts, among them a good public image, a reputation for honesty, quality products and services, good management and social responsibility. Although corporate social responsibility is a component of reputation, it is only a part of it: CSR is in the company's hands, while rep-

utation is a matter of public opinion. Public opinion can prove difficult to shift since it is based as much on subjective factors as on concrete experiences. Mobile phone companies, for example, are regularly ranked among the worst businesses in opinion polls. Regardless of whether they deserve their bad reputation, the fact remains that telephone companies – along with certain airlines – are among the businesses that the public simply loves to hate. On the other hand, it is fashionable to sneer at Ikea but, according to the New York-based Reputation Institute's rankings, it is the second most reputable company in the world, after the Italian chocolate maker Ferrero.

HARD TO BUILD, EASILY DESTROYED

● Losing a bad reputation is difficult, losing a good one all too easy. As **Warren Buffet**, the third richest man in the world, remarked: "It takes 20 years to build a reputation and five minutes to ruin it." Some events are outside your control, but the way in which you respond to them is not, and a well-managed response can save a threatened reputation. Take the example of Perrier. In 1990, traces of benzene were found in bottles of Perrier water at a North Carolina plant. It is not clear how the benzene got there nor how much of a health risk it posed. What is clear is that the company's response was confused. It issued a variety



THE MAIN ADVANTAGE
OF SOCIAL MEDIA IS
THAT MEDIUM-SIZED
BUSINESSES THAT
COULDN'T AFFORD
TO ADVERTISE HAVE A
HUGE PLATFORM."

of conflicting explanations and, while dismissing it as an isolated incident, at the same time recalled 160 million bottles. In the process, Perrier lost the public's trust and has never recovered its market position.

FROM LAUGHING STOCK TO TOP MODEL

● On the other hand, the Czech carmaker Skoda has shown how to turn a reputation around. Dumping cheap, unreliable cars on the European – and especially the U.K. – market during the 1980s made it a byword for poor quality and the butt of jokes (Why does a Skoda have a heated rear window? To keep your hands warm when you push it.). Then VW took it over in 1991 and within a few years the company was synonymous with reliability. In a *Top Gear* magazine poll in 2005, in which readers were asked to rank 159 cars, Skoda models were the only three European cars in the top 10 – the rest were Japanese.

This may be about to change as Toyota, hitherto one of the most reputable companies in the world, has seen its name seriously damaged over its handling of a recall of thousands of vehicles with faulty brake and accelerator pedals. "Toyota was considered an example of best practice and was the originator of the continuous improvement concept, just in time and lean production philosophy," says IESE's **Philip Moscoso**. "These con-

cepts have been influential way beyond the car industry. Now they have problems they weren't supposed to have. They had focused on reliability – not on building sexy cars – but recently they decided to go for growth in a bid to become the world's biggest carmaker."

He says that in order to keep pace with this rapid growth, they had to increasingly sub-contract, which affected their famed culture of quality control. The company's reputation has been damaged not so much by the technical problem – recalls are not uncommon in the car industry – but in Toyota's apparent foot-dragging in response to it. "The problem, I believe, is a cultural one, the Japanese fear of losing face," says **Moscoso**. "People who knew something was wrong perhaps didn't tell their boss so that he wouldn't lose face, and that made them slow – too slow – to react." He thinks it will probably hurt them more in the U.S. than Europe, but in the short term Toyota has, in effect, lost its reputation through fear of losing it.

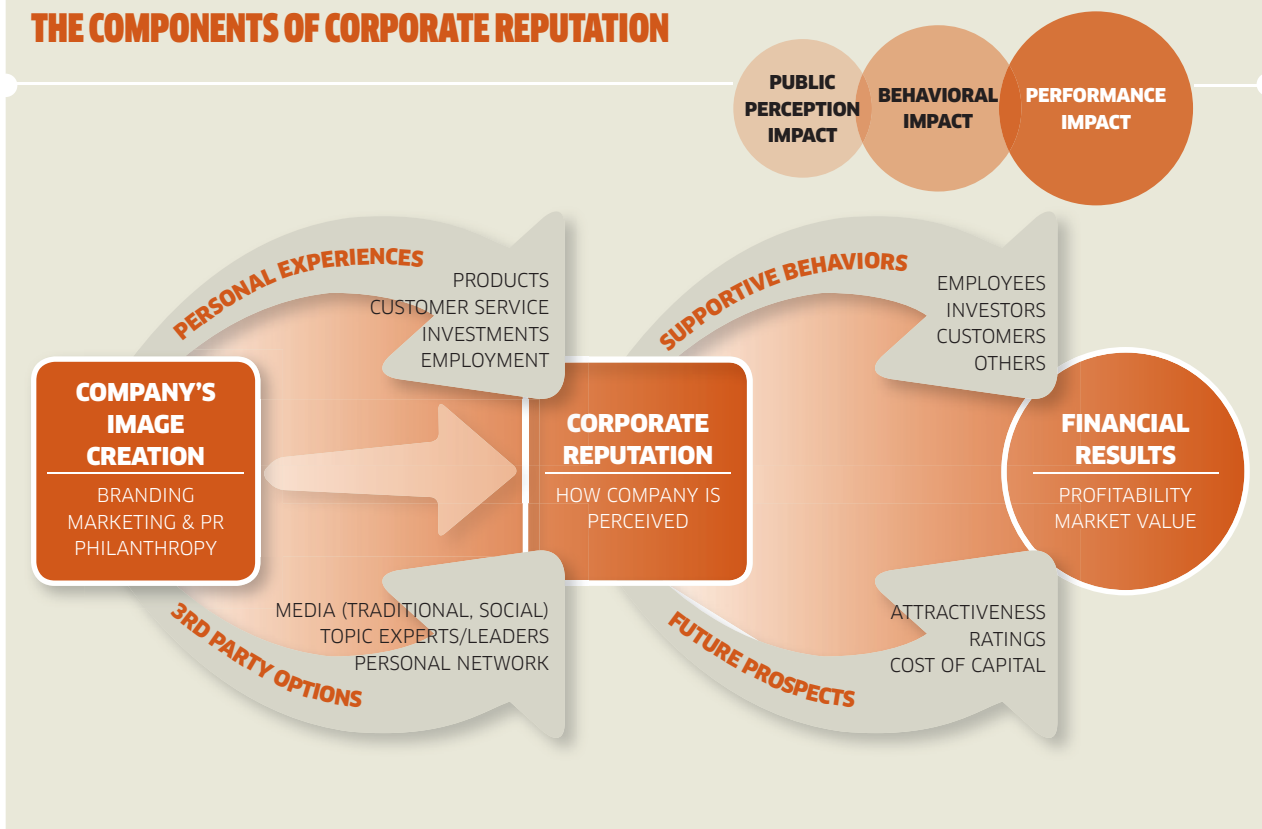
REPUTATION STARTS AT THE TOP

● Commitment on the part of top management is essential in maintaining a good reputation, because if they don't see it as a strategic value, it won't be given the necessary priority. Furthermore, the behavior of senior management has a significant impact on the public perception of the company. However, when it comes to convincing a skeptical director, "the biggest obstacle continues to be the difficulty of translating the value of intangibles into financial terms", says **Juan Manuel Mora**, vice-president of communications at the University of Navarra. If you can't manage what you can't measure, how can you quantify the value of something as intangible as reputation?

According to the Reputation Institute, it can be measured and has a direct impact on results, because a good reputation means lower costs (doing things well costs less in the long run) and because it has a positive impact on stakeholders. In what is known as the virtuous circle, a good reputation produces favorable behaviors among consumers, such as high consumption, recommendations and a desire to work for the company. It also helps attract talent, all of which have a direct or indirect effect on financial results. According to the RI's scale, if a company's reputation rises by 5 points, recommendations on the part of clients will go up by 6.5 percent.

Good leadership in terms of reputation will ensure that managers and staff will make decisions in keeping with the image the company wishes to promote. With luck it will also avoid the situation Starbucks found itself in when exhausted rescue workers at the site of the September 11 attacks in New York asked for water and a Starbucks employee charged them \$130 for 72 bottles of water which they had to pay for out of their own pockets. This is the sort of story that starts whizzing around the Internet before you can say click. The company quickly issued an apology and reimbursed the \$130.

THE COMPONENTS OF CORPORATE REPUTATION



TRANSPARENCY AND THE INTERNET

Thanks to the Internet and social networking, purveyors of urban myths and conspiracy theories can now reach beyond their traditional bar-stool audience and have their stories circulating among millions of people within a matter of hours. In the late 1990s, for example, a story started going around that fashion designer **Tommy Hilfiger** made racist remarks on the **Oprah Winfrey** show and that as a result, she kicked him off the program. **Hilfiger** counter-attacked, as did **Winfrey**, pointing out that he had never appeared on the show in the first place, and yet two years later the story was still circulating.

THE REVENGE OF THE GUITAR HERO

Then there was the case of **Dave Carroll**'s broken guitar. Last year, the singer accused United Airlines baggage handlers of damaging his \$3,500 guitar. The company didn't deny it, but they were not forthcoming with compensation either. After nine months without any satisfaction, **Carroll** warned them that he would write a song about the incident, which he did. The song "United Breaks Guitars" was viewed by eight million people on YouTube. United's somewhat lame response, in which they offered to donate \$3,000 to a charity of **Carroll**'s choice, got 85,000 hits.

Some have been slow off the mark, but companies are waking up to the power of social media. **Carolina Alberio**,

head of external relations of Repsol, says the oil and gas company employs an agency "to listen to everything that is being said online about the company and find out what various interest groups are saying."

"The main change that has come with the Internet is that companies are losing the power to influence individuals," says IESE marketing specialist **Julián Villanueva**. "They are more vulnerable than before, and they have to take this into account. It is not clear whether they can manipulate opinion on line. ...and the main challenge is figuring out how to play by the new rules." Studies show that what customers want is for companies to listen to them via social networking sites and blogs, but they don't want to be offered any unsolicited information such as advertising.

It is clear how easily and rapidly a reputation can be damaged via new media, but it has its advantages. **Villanueva** says: "The main advantage is for medium-sized businesses that couldn't afford to advertise or get attention from journalists under the old model. They were out of the game. Today they have a huge platform from which to spread by word-of-mouth and a better chance to build a reputation."

A MODEL RESPONSE TO AN ENDANGERED REPUTATION

If perhaps a good reputation is difficult to measure, a bad one soon gets around. "Bad news makes good

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THANKS TO THE INTERNET AND SOCIAL NETWORKING, PURVEYORS OF URBAN MYTHS AND CONSPIRACY THEORIES CAN NOW REACH BEYOND THEIR TRADITIONAL BAR-STOOL AUDIENCE AND HAVE THEIR STORIES CIRCULATING AMONG MILLIONS OF PEOPLE WITHIN A MATTER OF HOURS.

THE KEY TO A GOOD CORPORATE REPUTATION

- Excellence. Do things well and try to do them better
- Coherence and consistency between what the business says and does
- Commitment from senior management
- Inclusive management, involving all departments
- Identify and listen to all interest groups (stakeholders).
- Integrated and strategic understanding of the business
- Global view of the business and the organization
- Think long-term and don't expect immediate results
- Establish concrete, measurable goals

headlines,” says **Joan Fontrodona**, academic director of IESE’s Center for Business in Society. On the other hand, a well-handled crisis can actually enhance a reputation. The classic example of this was Johnson & Johnson’s handling of the Tylenol affair. In 1982 a malevolent person contaminated capsules of the analgesic with cyanide and seven people died as a result. The company’s market value fell by \$1 billion. In 1986 it happened again, and this time the company recalled all the Tylenol and didn’t put it back on the market until it had designed a tamper-proof package. The enormous cost of the recall was offset by the PR benefits of being open and putting the customer’s interests first, even though the origin of the problem had been completely beyond their control. Within a few months the repackaged drug had regained 70 percent of its market share and Johnson & Johnson improved its reputation.

According to **Mora** “a real reputation is acquired through actions, when promises become realities. This implies a change in the institutional communication paradigm but also perhaps in the management paradigm, which needs to become more transparent, connected, participatory and responsible.” Reputation is a function of doing business well – it is not an add-on.

BE CAREFUL HOW YOU CHOOSE YOUR FRIENDS

- Reputation is capital and needs to be wisely spent.
- In this respect, you need to be careful the company you keep, especially when it comes to sponsorship. The Santander Group has enhanced its name by sponsoring first the McClaren and now the Ferrari Formula 1 teams, but PepsiCo must regret putting its reputation in the hands of **Michael Jackson**. First, in 1984, they faced embarrassment when the singer was rushed to hospital after his hair caught fire while filming a Pepsi commercial, then in 1992 they broke off with the singer after allegations of child abuse surfaced, even though they were unproven.

A HOLE IN ONE OR A SHOT TO THE BUNKER

- More recently, revelations of **Tiger Woods’** “off course” activities sent his sponsors running for cover. The golfer was earning \$100 million from endorsements but the consulting firm Accenture, AT&T and Gatorade (owned by PepsiCo) have all dropped him, while others such as Gillette and Nike are so far staying the course. They may well be rewarded for keeping their nerve. Having promised to mend his ways, **Woods** announced that he was returning to professional golf.

Despite what **Scott Fitzgerald** said about there being no second acts in American lives, everyone loves a comeback. **Sean McManus**, president of CBS News and Sport, predicted that **Woods’** return would be “the biggest media event other than the **Obama** inauguration in the past ten years.”



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DECISION MAKING

DO
THE RIGHT
THING**MIGUEL Á. ARIÑO**

Professor of Managerial Decision Sciences, IESE Business School

**PABLO MAELLA**

Lecturer in Managing People in Organizations, IESE Business School

Making decisions and putting them into practice is the key task of management. Many factors come into play, some of them outside your control, such as luck or the effect of decisions taken by third parties, and as a consequence decisions don't always produce the desired results. Nevertheless, in the long term, good decisions will bring better results than bad ones.

DECISION ANALYSIS • STRATEGIC MANAGEMENT

We learn to walk by walking. We learn to swim by swimming and we learn

to take decisions by... decision making? Not exactly - you can be making decisions all your life and not get any better at it. You know when you can walk or swim and, therefore, whether you've learned how to or not. It's not the same with decisions. It is possible to make a good decision without achieving the desired result, and vice-versa. This means that it is not possible to know if you have decided well by looking at results. This may seem rather surprising, but that's the way it is.

Kenneth Lay, the former CEO of Enron, decided to fiddle the company accounts to show fictitious profits in order to increase his personal wealth. By doing so, he boosted both the share value and his personal wealth, as he received a large part of his compensation in the form of stock options. Given that at the beginning he achieved his objectives, it could be concluded that he had made a good decision. However, it was not. It wasn't a bad decision because he ended up in jail; on the contrary, he





ended up in jail because it was a bad decision. The opposite also applies: sometimes we make good decisions without achieving the desired result. To demonstrate this in class we offer students the chance to take part in a game. The game consists of showing them a container in which there are 99 white balls and one black one. You take out a ball, and if it is white you win €1,000 and if it is black, you lose one euro. Naturally, everyone agrees to take part in the game. Someone takes out a ball and it's black. They have not achieved their objective (the €1,000 that were up for grabs) and yet everyone agrees that they've made the right decision and that they would take part again under the same conditions.

MAKING GOOD AND BAD DECISIONS IS NOT THE SAME AS BEING CERTAIN

- Evaluating whether we are
- making good or bad decisions, or if we are learning to make better decisions, is not easy. It's not possible to know simply by looking at the consequences of our decisions. This is because the consequences of our decisions depend on many factors, one of which is our decision. But there is also the question of luck, decisions made by other people that also affect us, and decisions that we ourselves made some months ago without realizing that they would affect us now as well. The consequences of our decisions are also affected by external factors beyond our control. Often these factors cannot be anticipated. We usually can't predict that a war will be declared in our principal market or that it will be struck by a devastating hurricane.

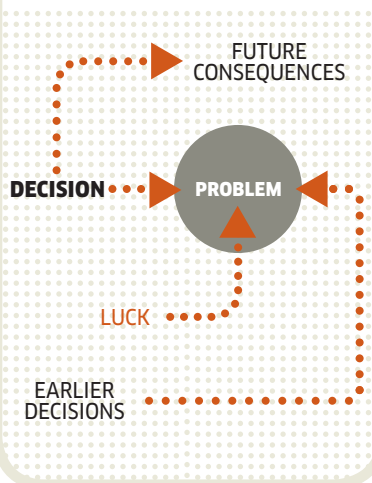
On the other hand, decisions that we make now will also have long-term consequences, and we may be happy with a decision we have taken because the immediate consequences are satisfactory but which may have disastrous consequences in the medium term.

BELIEVING THAT GOOD DECISION MAKING CONSISTS IN BRINGING ABOUT THE DESIRED RESULTS IS TO RAISE DECISIONS TO THE LEVEL OF MAGIC.

THE PRINCIPLES OF DECISION MAKING

- **Identify your objectives**
- Assess the problem realistically
- Do not kid ourselves, thinking that things are as we would like them to be instead of how they really are
- **Be clear about what is the relevant** information in each situation
- Recognize that uncertainty exists and know how to manage it
- **Be creative** about alternatives
- Bear in mind that our decisions may also bring about undesirable or unforeseen consequences
- **Be convinced** that what we have decided must be acted upon, bearing in mind that not everything is rational and that **emotion and intuition** also play a part – for better or worse – in our decisions

These principles must be followed in order to guarantee that we are deciding well, without forgetting that no decision-making process infallibly guarantees the desired results.



IS IT POSSIBLE TO LEARN TO MAKE BETTER DECISIONS?

● Decision making is complex and observing the results of our decisions doesn't allow us to judge whether we are deciding well or not. In these circumstances, what can we do? How can we improve our decisions? There are a number of things to say in this respect. Firstly, stay calm. People worry too much. They think that good decision making leads to good results and when that doesn't happen, they think they have done something wrong. On the contrary. Believing that good decision making consists in bringing about the desired results is to raise decisions to the level of magic, divination or tarot.

MANAGING UNCERTAINTY AND UNDERSTANDING OTHERS' DECISIONS

● With any decision there is uncertainty, and if there wasn't, there wouldn't be a problem. But that's the way uncertainty is: uncertain. It's not knowing what will happen, and therefore when we make decisions we cannot know what is not known because it is uncertain. Coming to terms with this in our daily lives, both personal and professional, is very important, as it frees us from much tension and anguish, and from the need and the responsibility of knowing what cannot be known. We are responsible for the factors under our control and those that we may possibly influence, but that is all. We have to free ourselves from an unjustified sense of responsibility. Being conscious of the fact that the consequences of our decisions are affected by luck, by external circumstances beyond our control and by decisions taken by third parties helps us keep things in perspective.

Internalizing this fundamental principle will also help us to avoid being unfair to our subordinates or people who work with us. Often things don't turn out as planned for reasons beyond an individual's control. In such cases it is unfair to blame subordinates for something that is not their fault. A paradigm of incompetent

management is to judge the actions of others using information that was only available *a posteriori*, which the person who took the decision did not know was going to happen. In hindsight, everyone knows what should have been done. That is why you have to bet on football games before the matches have been played.

The fact that decisions cannot be judged by whether the consequences are positive or negative doesn't mean that it doesn't matter what you do. Even though we cannot establish a direct line between results and good decisions, taking together all of the decisions made in the long term, good decisions lead to better results than bad ones.

Furthermore, if the criteria for evaluating whether we are making good or bad decisions are the results, we still cannot know if we are making good decisions or not until we have acted upon them and seen what happens. That is to say, we can't judge whether the decision is correct until we have seen the consequences. But it is management's responsibility to know if a decision is good or not before execution. Knowing this *after* the decision has been made is too late.

WHAT IS GOOD DECISION MAKING?

● So, what is good decision making? Deciding is a process, and there are both good and bad processes for making decisions. And it is possible to assess whether a decision-making process is effective or defective.

There is a series of principles for correct decision-making. While it is never possible to guarantee that any one decision will bring good results, following these principles will guarantee that you are making decisions well, that you are learning to make them better each time and that over the long term you will get better results than you would using a faulty process.



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CONSUMER BEHAVIOR

CHANGE COMES FROM WITHIN


XAVIER OLIVER

Professor of Marketing,
IESE Business School

It often appears that social change is being driven by technological innovation but, while technology has an undeniable impact on the way we live, it can be argued that the changes that have most affected modern life are those related to tradition, belief and politics.

The media never tires of telling us that society is changing at breakneck speed and constantly talks about new technologies that allow us to do things faster, more effectively, more efficiently, and to be more self-assured and healthier. Whether it is a car or an airplane, a detergent or yogurt, medicine or a lock, technology offers us a range of innovations which we continue to accept almost without realizing it and which produce clear changes in consumer behavior. These are factors that are outside changes derived from the innovation itself.

What we have to ask ourselves, however, is whether these changes in consumer behavior are really profound. We know that some have made radical changes in the way that we work, sleep, drive, eat, obtain information and amuse ourselves that would have made our grandparents blanch. I imagine that if my grandfather had taken a ride on the Dragon Khan roller coaster at the Port Aventura theme park he might not have survived the experience. The adrenaline rush that we feel today cannot be compared to the one they used to experience. Other changes have perhaps been more fleeting and afterwards we have returned to our origins.

But I am convinced that the changes that have most affected modern life are those related to tra-

dition, belief and politics. These are dizzying changes that have occurred over a single generation. And I venture that it is precisely these changes that have brought about the modifications in consumer attitudes mentioned above.

MOBILITY AND THE FAMILY

● If we look at tradition, the idea of family, friendship and personal relationships, it is clear that we have taken on board ideas that a few years ago would have been unthinkable. One example is job mobility. Young people at university see leaving their city of origin as a necessity and think little of it with regard to family life or their social group. Like superheroes, it seems they are ready to go where no one has gone before. They can launch themselves into the unknown without batting an eyelid because they are convinced they can find their way back.

And this changes their way of seeing the world, communicating, having relationships, wanting, appreciating and loving. It shouldn't surprise us that more people live on their own, because this tendency to "leave" after the experience of living in a group encourages people to choose a solitary life free of conflict. Single-person households are different from others in terms of consumption, entertainment and hobbies, as well as how they spend disposable income. It seems to me that change on this scale has changed the way we live, consume and think much more rapidly than any new product or service has.

We should ask who is capable of changing the way in which we look at the world, given young people's eagerness to go abroad and the fact that many established professionals have accepted that moving from city to city according to what their employer wants is not such a bad thing. If we can understand this, we will find it easier to understand people and to interest them in our brands. Because by understanding their essential outlook we can help them to overcome their uncertainties, anxieties and burdens. Can a brand do this? Few other things can.

SHALLOW THINKING

● It is we ourselves and our fundamental attitudes that are changing. Influenced by contemporary social and economic thinking, we have changed the way we look at the world and when we stop to reflect, something we do less and less because life does not let us stop, we are surprised by the shallowness of our convictions and impulses. We follow an ill-defined philosophy because we are not trapped by ideology the way we were and, for many, ideals are mere aspirations for money, status, symbols and well-being.

All of which suggests that the changes we are seeing are profound and related to attitude and not simply to behavior, and attitudes are what determine the way we consume goods and services. I'd like to say a few words about the changes that I believe are taking place in our lives.

LACK OF BRAND LOYALTY

● The first change: it's more or less all the same to me because I'm the one who decides. Lack of brand loyalty is regarded as socially acceptable behavior. Now that many have abandoned beliefs, politics and tradition... what will happen to the Maria biscuit brand? We talk a lot about commodities and the truth is that more and more brands are considered unimportant. Very few products interest us and very few brands say anything to us. The second change: there are brands that I love. I sometimes find it difficult to write love instead of ap-



preciate, but the truth is I love them. I have fun with them, I am loyal to them, I sell them to my friends and acquaintances, they fill my life and help me to overcome a thousand uncertainties.

They are brands that have understood me, that touched my soul, that helped me without asking anything in return, that don't ask for my money, only my happiness. Who could resist that? Those who understand this change in the consumer's deepest attitudes are making great brands. If we take Zara as an example, we can see how by understanding people, it has managed to become the second biggest fashion brand in the world.

These two changes and what flows from them are marking our lives as consumers, because only they derive from changes and needs in our innermost selves. If we understand that, we will be successful.

**SINGLE-PERSON
HOUSEHOLDS
ARE DIFFERENT
FROM OTHERS
IN TERMS OF
HOW THEY
CONSUME.**

SOCIAL MEDIA

DOING BUSINESS
ON THE SOCIAL
NETWORK**SANDRA
SIEBER**Associate Professor of
Information Systems,
IESE Business School**EVGENY
KAGANER**Assistant Professor of
Information Systems,
IESE Business School

Web 2.0 technology will become omnipresent in all areas of business and consequently there will be a need for a global management framework that takes into account not only strategy but also users and the impact of the technology.

INFORMATION TECHNOLOGIES • STRATEGIC
MANAGEMENT

Blogs, online social networks, micro-blogging, wikis, and other Web 2.0 (or social web) technologies have long become the mainstay of personal online experience. Organizations, on the other hand, had been reluctant to venture into this unfamiliar territory. Many viewed Web 2.0 as yet another potential workplace distraction, while others dismissed it as a new dotcom bubble – high on hype but low on revenue prospects. It seems, however, that this situation is shifting. Organizations of all sizes, representing a wide range of industries and geographies, are starting to explore how Web 2.0 may help them enhance their business capabilities.

In this article, we explore the shifting nature of enterprise use of Web 2.0, identify key challenges and risks associated with this shift and suggest that organizations need a comprehensive governance framework to ensure a smooth transition. Our arguments are based on the results of a global study carried out between April and October 2009. The study involved in-depth telephone interviews with over 100 senior and middle managers responsible for spearheading Web 2.0 initiatives in their respective organizations.

**THE SHIFTING LANDSCAPE OF
ENTERPRISE USE OF WEB 2.0**

Web 2.0 is bleeding into the enterprise. Web 2.0 initiatives can now be seen in all major areas of the value chain, yet their number and, more importantly, their level of maturity varies significantly from one area to another. Given the origin of Web 2.0 in the consumer web, it comes as no surprise that marketing, PR and sales dominate Web 2.0 portfolios at most organizations. Today, companies regularly employ public and private online social networks, blogs, micro-blogging services and video-sharing services, among others, to engage customers and external stakeholder audiences.

Marketing, PR and sales, however, are not the only enterprise Web 2.0 activities today. Companies are starting to take a closer look at how they can leverage Web 2.0 tools and platforms to enhance their capabilities in core areas of the value chain. Customer and supplier relationship management, human resource management, service delivery, product development and innovation all are seeing a significant upswing in Web 2.0-enabled initiatives (see sidebar, p. 20). And although many of these initiatives remain in the very early stages of development (we classified their maturity as either adolescent or infant), organizations believe they



hold a tremendous potential to drive business value.

NEED FOR BETTER GOVERNANCE

● As the spread of Web 2.0 across the enterprise continues, corporate initiative portfolios of the future will become much less skewed towards stand-alone communications-based initiatives, such as those taking place

in marketing and PR today. Instead, a major emphasis will be placed on providing a seamless, flexible collaboration environment encompassing core business processes throughout the enterprise. As a result, Web 2.0 technologies will become ubiquitous in the workplace, much like traditional business applications are today. This shift, which is already gaining momentum at

MATURITY OF DIFFERENT TYPES OF BUSINESS WEB 2.0 INITIATIVES

| Initiative Type | Stage of development | Description / Examples | Public |
|----------------------------------|----------------------|--|--|
| PR & Marketing | Adult | Broadcast/converse with stakeholder audiences, co-opt influencers | Customers, media, capital markets etc. |
| Sales | Adult | Generate leads, discover new opportunities, drive web traffic | Current & potential customers |
| Customer Relationship Mgmt | Adolescent | Listen, support/solve problems, educate, transfer support tasks to the community | Current customers (B2C & B2B) |
| Human Resource Mgmt | Adolescent | Identify/collect info on job candidates, promote company image | Current & potential employees |
| Service Delivery | Infant | Enhance collaboration on projects/service engagements, co-create/share knowledge | Customers (B2B), business partners |
| Product Development & Innovation | Infant | Solicit ideas/feedback to incorporate into existing/new products/services | Suppliers, business partners (peers) |
| Other | Infant | Urgent messaging, event mgmt, charity, teaching, e-democracy | Various |

more forward-looking organizations, will present companies with a new set of challenges and risks. Dealing with these will require a move from the ad-hoc governance of Web 2.0 initiatives prevalent today to establishing a comprehensive, enterprise-wide governance framework. Such a framework will need to address four broad areas, related respectively to strategy, users, technology and impact:

- **Strategy:** Companies need to develop a strategic vision for the use of Web 2.0 tools across the enterprise focused on business drivers, not tools availability. They need to establish mechanisms – that is, processes and organizational structures – to make sure that individual initiatives that are being launched are aligned with the vision.

- **Users:** Here the challenge is to find the right balance between establishing user control mechanisms

to address security, confidentiality, compliance and legal concerns and allowing enough flexibility to preserve the emerging free-flow nature of the Web 2.0 environment. To accomplish this, organizations will have to adapt their internal policies and provide ample user education. Besides, they should leverage the transparency of the Web 2.0 space to foster accountability and trust.

- **Technology:** Organizations need to take a much more proactive approach to managing the enabling Web 2.0 technologies. Informed decisions have to be made about standards and tools that are being deployed to ensure their fit with the overall enterprise architecture as well as future flexibility. In addition, issues of scalability and security need to be given serious consideration as firms decide whether to opt for public-cloud solutions, private-cloud solutions or a combination of the two.

- **Impact:** Demonstrating business value of Web 2.0 initiatives is key to securing broad organizational buy-in and guaranteeing the long-term success of enterprise Web 2.0. Nonetheless, pinning down direct financial benefits of Web 2.0 initiatives has proven problematic for most organizations. An alternative approach would be to focus on capturing improvements at the function or capability level (e.g. higher customer satisfaction due to peer community support) and then try to quantify these.

It remains to be seen how much of a “revolution” or “evolution” Web 2.0 will bring about in the enterprise. But it seems clear that companies will not be able to simply opt out of the shift towards socialization of the online space, which today transcends many business processes and functions. The choice that organizations must make is whether to take a proactive stance and craft their own strategy on how, when and where to engage in Web 2.0, or wait until their customers, employees and investors take the reins and demand it.



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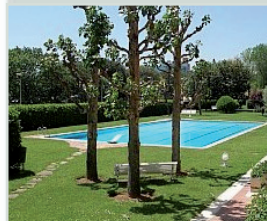
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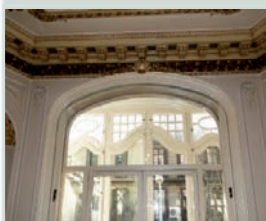
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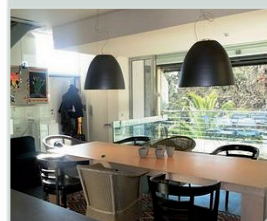
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IESE INSIGHT LOOKS AT NEW WAYS TO PLAY THE GAME



IESE INSIGHT, ISSUE 4

When the game gets tough, change the game. That's the message of the latest edition of the *IESE Insight* management review. The cover dossier provides game-changing strategies for managers to innovate their business models, which not only generate profit and growth, but can even end up fundamentally reshaping an entire industry and redistributing a lot of money in the process.

Among the authors, **R. Edward Freeman** of Darden poses an exercise for managers to stretch their moral imaginations, and **Bruno S. Frey** of the University of Zurich shares new research on what makes people happy. IESE's **Guido Stein** and **Javier Capapé** attempt to explain the factors behind the failure rate of CEOs who earned millions and reached the pinnacles of their careers, yet ended up no better off for it.

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A Model Auction for Toxic Assets

XAVIER VIVES



How effective are auctions in providing liquidity and removing toxic assets from balance sheets? IESE Prof. **Xavier Vives** examines the debate on the ideal format for auctions and the quandary facing governments: how to avoid overpaying for toxic assets while managing to remove them from the balance sheets of troubled banks. **Vives** proposes and examines a model of a uniform price auction, where bidders compete in demand schedules. The author's model also accommodates supply bids for an inelastic demand, that is, reverse auctions. Reverse auctions serve a price-discovery purpose, enabling the Treasury and banks to optimize their decision making around buying and selling.

MORE INFO: *IESE Insight*

MAKING THE MOST OUT OF PRIVATE EQUITY

HEINRICH LIECHTENSTEIN & HEINO MEERKATT

● This study looks at how private-equity firms – and, by extension, all owners – can make their companies more competitive. To find an answer, they drew on their database of 3,000 capital commitments to private equity and conducted 20 in-depth interviews with limited partners who invest in private equity, as well as analyzing more than 100 academic articles examining the link between ownership type and governance practice and performance.

FULL ARTICLE: *IESE Insight*



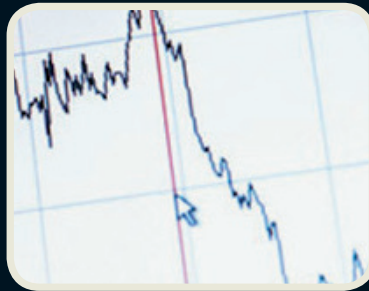
ACHIEVING SCALE IN THE CONTEXT OF POVERTY

CHRISTIAN SEELOS
AND JOHANNA MAIR

Achieving scale in markets where poverty is widespread is a daunting task for firms seeking to grow in these areas of the world. In their paper, IESE Professors **Christian Seelos** and **Johanna Mair** explain how innovation can jump start inclusive growth in emerging markets. They argue that “closure” is a key organizational competence for firms seeking to generate scale. They also link organizational closure with scaling, a connection

that could have important implications for firms as they develop their business strategies.

FULL ARTICLE: *IESE Insight*



Wired Up for Dynamic Competition

LUIS CABRAL

In the wireless communications sector, consumers are lost and replaced at a dizzying rate. To survive, companies must compete for new customers through network entry prices. In his recent article, IESE Prof. **Luis Cabral** takes a look at factors that affect competition between two proprietary networks. He puts forward a new model of competition, and analyzes various forms of regulation and their impact on profits and market dynamic.

MORE INFO: *IESE Insight*

ALTER THE ARCHITECTURE BEFORE THE HOUSE FALLS DOWN AROUND YOU

FABRIZIO FERRARO

What should you do when the whole architecture of your industry is suddenly up for grabs? Taking the example of Lew Wasserman, the outsider who changed the Hollywood landscape, and the music industry's faltering response to file sharing and downloads, IESE Prof. **Fabrizio Ferraro** looks at how you can change industry architecture to your advantage. He argues that industries are not only shaped by external shocks but by the decisions that managers make in response to them. While the prevailing architecture may constrain competitors, shocks provide opportunities for entrepreneurs.

MORE INFO: *IESE Insight*

DELAYS AND RISK

MANEL BAUCELLS AND FRANZ HEUKAMP

Time and probability are critical factors in all business decisions, whether they involve investing, saving or choosing a partner for a new entrepreneurial venture.

In their recent paper published in the journal *Theory and Decision*, **Manel Baucells** and **Franz Heukamp** present an experiment they made between two risky prospects. In the trial, a delay is added. The experiment confirms the notion that delays are perceived as sources of uncertainty.

SMART JOBS THAT TEACH US TO LEARN

DOUGLAS T. HALL AND MIREIA LAS HERAS

What we need are smart jobs, jobs that can stimulate learning and growth to make jobs and careers more productive and fulfilling. This is the view of **Douglas T. Hall** and **Mireia las Heras** in a recent paper on reintegrating job design and career theory.

DOING GOOD DOING WELL CONFERENCE

MOVING FROM NICHE TO MASS MARKET

Social enterprise sector believes greed is history but the future is looking good



A record number of people participated in IESE's Doing Good and Doing Well Conference in February. The student-run conference, now in its seventh year, attracted some 600 people, including MBA students, business leaders and academics. The opening keynote speaker, **Rodney Schwartz**, founder of ClearlySo, set the tone when he said: "Investment banking as a career is over. The future is in social entrepreneurship." Other keynote speakers included **Michel Camdessus**, former managing director of the IMF, and **Vicky Colbert**, founder of Escuela Nueva, a pioneering rural education initiative. The organizers said the contribution from **Zein Abdalla** on how PepsiCo views corporate social responsibility was particularly important as it allowed students to see that there is also an opportunity to develop these ideas with-

in big corporations. One novelty was the organizer's decision to offset the carbon footprint of the conference. Participants and speakers were also encouraged to offset their own travel in keeping with the example set by the organizing committee.

The theme this year was "From Niche to Mass Market: Taking Responsible Business to the Next Level." In this regard **Schwartz** said that, while there was no absolute necessity for social businesses to scale up, he would like to see the sector grow as a percentage of GDP. At present it represents a minuscule proportion but, on the other hand, he said the social enterprise sector is "booming" and growing faster than the economy, and so will create jobs. **Schwartz**, who spent 20 years as an investment banker on Wall Street and in the City of London and worked for, among others, Lehman Brothers, kissed it all goodbye in 1997 to set up his first social

enterprise, Catalyst Fund Management & Research, a venture capital firm investing in social businesses. Out of this grew ClearlySo, a marketplace for social business and enterprise. One of its specialties is organizing “speed dating” sessions where 15 social entrepreneurs and 15 investors are brought together and rotate their partners every four or five minutes.

On the question of whether you can do well while doing good, he said it is difficult to measure because social enterprise introduces a third factor into the typical risk/return model, a factor that is hard to quantify. “How can you compare complex elements as diverse as clean drinking water in Chad with providing good education in Sri Lanka?” he said.

For **Michel Camdessus**, the longest-serving head of the IMF and now honorary governor of the Banque de France, the key word for the future is “responsibility.” He said that the financial crisis was brought about through behavior that is “deeply rooted in a culture where the seduction of money induces a collective blindness.” Since the 1960s, he said, the drive has been to earn and consume more. “Man was reduced to a simple economic function,” he said. “Consumption became destiny. Greed has subliminally become politically correct.”

He called for a new paradigm, claiming that the market had shown that it was not capable of self-regulation. “The idolatry of money and the ethical rejection of managing financial affairs led to the catastrophe,” he said, adding that corporate social responsibility would replace the frantic search for short-term gain. Responsibility will become a key economic, environmental and social value, and social values such as responsibility, solidarity and citizenship have economic value in themselves.

Schwartz said he had little faith in our political leaders, whom he described as “like parents in a dysfunctional family – they can’t look after us because they’re always doing something else” – and said the future lay in individuals taking power to bring about change. He cited pioneering social entrepreneurs **Anita Roddick**, founder of the Body Shop, and **Muhammad Yunus**, the Nobel Peace laureate who, with \$7 of seed capital, created the micro-finance sector and went on to prove that “lending money to small groups of women in the developing world was better business than big banking.”

In addition to the keynote presenters, more than 100 speakers took part in the panel sessions on topics that ranged across the role of innovation and technology, healthcare, water scarcity, renewable energy, venture philanthropy and the problems of the emerging megacities. The social entrepreneur workshop, cleantech seminar and the career forum were, say the organizers, particularly successful.

MORE INFORMATION
www.iese.edu/videos



Vicky Colbert, founder of Escuela Nueva.



Zein Abdalla, CEO of PepsiCo Europe.



Michel Camdessus, former managing director of the IMF.



Rodney Schwartz, founder of ClearlySo.

IESE MBAS SHINE

School Scoops Top Prize in MBA Case Competition

IESE won the MBA Case Competition sponsored by the school and Roland Berger, held in February

The members of the winning team are **Anna-Marie Harling, Eric Laux, Michael Dallala** and **Patricia Riopel**. Schools sending teams to the competition this year were Kellogg, Chicago Booth, Ivey, Michigan, CEIBS, LBS, RSM and IESE.

The MBA teams tackled a case focused on Walmart's market entry strategy in India. After a qualification round, the teams from Kellogg and IESE were selected to present in the finals.

The jury, consisting of two Roland Berger partners, the Center Manager from the Asia Case Research Centre and an industry expert from Indolink consulting, commended all the participating teams for the overall quality of the presentations.

In picking IESE as the winning team, the jury cited the team's comprehensive solution and the fact that it took into account all the relevant factors in a highly complex case. The team's in-depth answers during the Q&A were also highlighted.



The winning team together with the organizers.



All of the students, professors and judges who took part in the competition.

IESE VCIC Team Finishes as Runner-up in Finals

This year's IESE VCIC Team, composed of **Bruna Campassi, Lauren Thomas, Rahul Jain, Thorsten Groene** and **Naresh Tanna** finished 2nd in the European Finals, only marginally beaten by Oxford's team. The team ended its run after months of preparation and winning IESE's local VCIC competition. While Oxford invested in an internet/Ebay type of investment, the IESE team decided to move ahead with a biotech invest-

ment. Although IESE was perceived to have the strongest negotiation session and also built rapport with all of the entrepreneurs, Oxford won because of a flawless due diligence session. It was a great learning experience and the team had a great time working together. Furthermore, this year's team plans on debriefing the VCIC organizing team in order to make sure next year's IESE team prevails as the European champion.

A LOT MORE THAN A POST-IT:

Paul Rosso Talks About 3M's Drive to Innovate

Today it is a multinational company creating new products in fields as diverse as solar and wind power, dentistry, touch-sensitive screens, fire extinguishers and - of course - a range of sticky tape, so it comes as a surprise to discover that a business as innovative as 3M started out as a mining company. **Paul Rosso**, 3M's vice president Europe, Middle East and Africa, traced the company's unusual development at the 1st International Meeting on Business and Management Innovation hosted by IESE, in collaboration with the Fundación Española para la Ciencia y la Tecnología.

The company was founded in 1902 to mine minerals for grinding wheels. When the mineral proved of little use, the company moved into the sandpaper business and was soon supplying the automotive industry with wet-and-dry sandpaper. When the demand for two-tone cars increased, a young lab assistant at 3M invented masking tape, thus facilitating the paint-spraying process. From that point on, adhesives became its core business. The company now has more than 40 technology platforms working in a wide variety of fields.

"Our goal is to increase the rate of new products and thus encourage a culture of innovation," **Rosso** said. "But they are not innovations if they are not of help to society." As a measure of the company's innovativeness, he said that 30 percent of income in any given year comes from products introduced over the previous four



Paul Rosso, vice president Europe of 3M.



years. "We ask people to spend 15 percent of their time on something that interests them, aside from the project they're working on," he said. As a result, he said, the company became involved in wind technology before it was clear there was a market for it.

He described the company as "customer-centric and innovation driven" and said that management was assessed every year for its leadership attributes, which he listed as: thinking from the outside, pushing for greater innovation, developing and teaching others, making courageous decisions, leading with passion, energy and urgency, and keeping to the 3M values of honesty and integrity. Employees who have come up with a successful new product compete for a Golden Step award.

CIIF

Reviving Consumer Demand

"People aren't consuming. If we look at the number of people who are unemployed and those who fear for their jobs, we see a large part of the population that isn't consuming," said **Juan J. Toribio**, president of the Centro Internacional de Investigaciones de Finanzas (CIIF) at the organization's 17th Annual Symposium. "If there is no consumer demand, production falls, causing more unemployment. Therefore we have to break the circle: there's no work without consumption and there's no consumption because there's no work."

Prof. **Antonio Argandoña** threw in a hot potato when he said that if it was so important to increase consumption, "why doesn't the private sector get more credit from the banks?" To which **Toribio** responded: "Banks don't give you credit, they lend you money. Your credit is your own, and if you lose it, they won't give you money."

Alfredo Pastor, professor of economics at IESE and a former secretary of state for the economy in the government, added that "if the banks weren't so much a part of the crisis, things would be different." **Argandoña** warned that "the financial system won't rescue itself until it has rescued the real economy."



Prof. Juan J. Toribio.

AFTER THE STORM... BUSINESS 2.0

Scrimping on Food but Splashing Out on Apples

Conference discusses the often erratic behavior and spending habits of consumers

● Consumer behavior is shifting markedly in the wake of the economic downturn, with more people purchasing private-label items in order to pinch pennies.

Many low-income consumers, however, continue to invest in expensive discretionary goods, said **Barbara Arimont Lincoln**, the head of development, recruitment and training at Nestlé.

In IESE's recent all-day workshop for some 40 business leaders, "After the Storm...Business 2.0," **Lincoln** described how 400 Nestlé employees visited low-income families in Paris to gain a better understanding of the problems they faced and the reasons why so many of them were turning to private-label products.

"What amazed us was that many of the families had high-priced durables such as plasma televisions and Apple computers and yet were spending



Prof. Mike Rosenberg.

considerably less on essentials such as food," she said.

The workshop, moderated by IESE Prof. **Mike Rosenberg**, featured various panel discussions and presentations by IESE faculty members and invited speakers.

Lincoln's comments came during the workshop's first panel session, in which IESE Professors **Bruno Cassiman**, **Jorge González** and **Pedro Videla** fielded questions. A lively debate ensued covering issues such as con-

sumption behavior, emerging markets and business ethics.

For her part, **Karen Morris**, the chief innovation officer of Chartis Inc., observed that class and social standing were very important in the U.K. in determining one's consumption of food and other essential products. "The U.K. middle class spends enormous amounts on food, especially organic produce. The lower classes just don't have that sort of income."

"Also, connectivity – and hence computers and mobile applications – are no longer an optional or luxury item among young generations. They are absolutely paramount," she added.

On the issue of consumer patterns, **Bruno Cassiman** said that analyzing customer behavior had grown so complex that even anthropologists are now being called on to shed light on what is going on. **Renato Mosca**, an EMEA training manager for Zegna, echoed **Cassiman's** comments, adding that, "the fact that for each individual, consumption behavior can fluctuate enormously according to factors such as mood, environment, age or even time of day, has huge implications for segmentation practices."



Antoni Castells, Catalan finance minister.

Prospects in Spain Germans Meet at IESE

● On January 22 the German Chamber of Commerce in Spain brought together on IESE's Barcelona campus a group of German business people who are working in Catalunya. They were welcomed by Prof. **Marc Sachon**. The guest speaker

was **Antoni Castells**, the Catalan government's finance minister. The meeting reviewed the economic situation in Spain and in Catalonia in particular, given that 60 percent of German businesses in Spain are based there.

Alumni Present Ten Projects in Search of Finance

● The investment forum held in April, which was organized jointly by CEFIE (the Entrepreneurial Initiative Center), FINAVES and the Network of Private Investors and Family Offices, focused exclusively on projects put forward by IESE alumni.

Eight of the projects were looking for start-up capital: Manducatoria, an online restaurant search service; Attila, a corporate information service; Confidence, a trade fair information service; iTrustU, a service to recover lost objects; HotelServe, an online service for the hotel sector; NYCycling, a sustainable transport program; New York Spirit Exchange, catering services; and Global Media Stock Exchange, financial services for the audiovisual market.

On the other hand, two projects, Bloospring (development, software commercialization, online marketing and outsourcing of business processes) and Zoom Torino (the first interactive zoo in Italy) presented projects that require finance in order to grow.



Prof. Juan Roure, Luis Martín Cabiedes, Antonio González Barros and Rodolfo Carpintier.

The day began with a special Continuous Education session in which Prof. **Pedro Nueno** identified the different types of investment: risk capital, private investors and private equity. **Javier Relats** (MBA '97) of Aïta and **Juan Manzanedo** (MBA '96) of Logisfashion, both of which are involved with FINAVES, also took part.

In the afternoon, in a round-table discussion led by Prof. **Juan Roure**, three of Spain's most active Inter-

net "business angels" – **Antonio González Barros** (PADE-I-01), **Luis Martín Cabiedes** and **Rodolfo Carpintier** – shared their experiences as investors. They all agreed on what made an attractive proposal: a solid business plan, scalability, a team rather than just an idea, tenacity, commitment, enthusiasm and common sense, as well as differentiating between a viable project and one worth investing in.

"STRONG BRANDS DURING THE CRISIS" MEETING

Brands that Understand the "consumer ecosystem"

❖ "Brands have to begin thinking about the consumer, their context and ecosystem because adding value here increases the brand's value." This was the crisis strategy outlined by Prof. **Erich Joachimstaler** if brands want to maintain and increase their value. He was speaking at a meeting organized in April by CIEC and

Condé Nast publications in Madrid. Consumer confidence in brands has fallen by half, falling from 52 percent in 1997 to 25 percent today. "It is very difficult to develop brands when we have lost consumer confidence. That is why we have to redefine our strategy in order to regain that confidence and to continue to grow," the professor

said. To achieve this "we must think of ways of improving the consumer's life by becoming a part of it, widening the context and developing the role of the brand within it". Once this has been achieved, we must develop, understand and focus ourselves on the "consumer ecosystem."



William Ford

**IESE NEW YORK
JUNE 17**

William Ford is the next guest on the *Wall Street Journal* Viewpoints Executive Breakfast Series, which is sponsored by IESE. The executive president of one of the world's biggest car companies, with 210,000 employees and 90 factories across six continents, will share his experience with other directors taking part in the session which will be held on June 17 in New York.

Graduations

MBA graduation Barcelona

The graduation ceremony for the more than 200 graduates of the 45th MBA program was held on the Barcelona campus on May 7. The address was given by **Kasper Rorsted**, CEO of Henkel.

G-EMBA graduation

Barcelona The graduation ceremony for the monthly G-EMBA will be held in Barcelona on June 11.

SHORT FOCUSED PROGRAMS

The Innovation Architect: Creating Breakthrough Companies

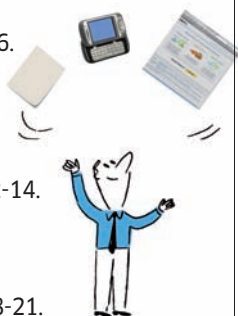
New York, May 5-6.

Advanced Digital Media Strategies

New York, May 12-14.

Getting Things Done

Barcelona, May 18-21.



MEETINGS

16th International Symposium on Ethics, Business and Society.

Every two years researchers and directors who want to see ethics integrated into business management meet on IESE's Barcelona campus and this year the dates are May 13-15. Professors such as **Robert G. Kennedy** of the University of St. Thomas and **Paul H. Dembinski** of the University of Fribourg will participate in a symposium titled "Facing the Crisis: Towards a New Humanistic Synthesis."

14th Meeting of business people from the food and drink sector

The crisis has provoked increasing conflict between food producers and distributors. The meeting will be held in Barcelona on May 27 under the heading "Food Wars: The Brands Counterattack. How to Rebuild the Sector in the Future."

6th Banking meeting

will take place on June 1 on IESE's Madrid campus.

9th Energy sector meeting

will be held on June 8 on IESE's Madrid campus.

16th Telecommunications sector

meeting, which will be held on June 16-17 on IESE's Madrid campus, will analyze the impact of the avalanche

of information created by the multimedia world.

UEFA Champions League: a successful economic and sporting strategy

The meeting, organised by the VI International CSBM Forum, takes place on IESE's Madrid campus on May 18. Speakers include **Jaime Lissavetsky**, the Spanish Secretary of State for Sport, as well as various figures from the world of professional football, including **David Taylor**, **Arrigo Sacchi** and **Andoni Zubizarreta**.



Proposals and values for a new economy: sociological, political and ethical fundamentals

The conference, which is to be held on IESE's Madrid campus on May 20, is an open dialogue on the real questions we face in a world of accelerating change. Among the speakers are Prof. **Stefano Zamagni** of the University of Bologna, Prof. **Enase Okonedo**, dean of Lagos Business School and **Alberto Durán**, president of the ONCE Foundation for the blind.

Don't miss it!

BARCELONA
MAYO 29

On May 29 the Alumni Chapter is holding an MBA five-year reunion on IESE's Barcelona campus. MBA graduates from 1975 to 2005 have an unmissable opportunity to meet up with their former classmates.



IESE Summer School

BARCELONA JULY 5-9



IESE offers an intensive, one-week program aimed at giving university students a close-up view of the business world. IESE Summer School also offers a unique sneak preview of what it would be like to be an MBA student at one of the world's top-ranked business schools. The program will take place from July 5-9, and early registration is encouraged. Undergraduate students, as well as recent graduates, are eligible to apply.

PROGRAMS

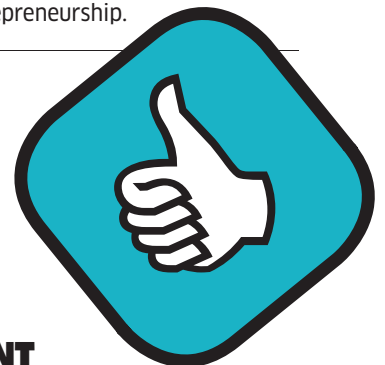
Driving Government Performance

In a program organized jointly with Harvard Kennedy School, between May 18-21 the challenges facing political leaders will be discussed on IESE's Madrid campus.

Global CEO 2010 Now in its third year, the prestigious program organized jointly by IAE, IPADE and IESE will spend five days reflecting on and identifying key aspects of decision making for senior executives. The program will take place from June 21-25 on IESE's Madrid campus.

CFO Forum: The program, whose aim is to discuss and analyze in an exclusive forum the challenges and opportunities facing financial executives, will take place in Madrid on May 26, October 21 and December 2.

Workshop on Health Care Bringing together a select group of academics and policy makers from the U.S. as well as from Europe to discuss key issues related to U.S. health care reform at IESE's New York Center, June 11. The European Entrepreneurship Colloquium (EEC) 2010, will be held in July at IESE's Barcelona campus. It will focus on interactive methods of teaching entrepreneurship.



TALENT DEVELOPMENT: THE KEY TO COMPETITIVE ADVANTAGE

Barcelona, Nov. 9-12

Successful companies understand that their employees' abilities are a crucial source of competitive advantage. Maximizing this asset requires a sophisticated understanding of leadership competencies and strategies to enhance them.

Isidro Fainé (PDG-I-74)

Banking on the Social Good

Your professional career has been marked by a capacity for hard work, perseverance, tact and, I suppose, an ability not to miss opportunities. What advice would you give to your children – four of whom are IESE alumni – in their professional careers?

The best advice I can give to my children, both in life and in work, is the same as my parents gave me. Since I was a child, they inculcated in me five values: hard work, responsibility, honesty, respect for others and the absolute importance of being as good as your word. I try to transmit these values, which have helped me to grow both as a person and professionally, to my children and my colleagues.

In any case, now that they're grown-up, I don't have to give them much advice and then only when they ask for it. The important thing is that these five values are part of their daily lives.

What do you see as the essential virtues of good leaders of large corporations and what do they have in common?

In any organization, regardless of the sector or the size of the business, management must try to achieve its objectives in a way that encourages overcoming problems, with perseverance and constant innovation. The latter is more important now than ever, given that without innovation there can be neither personal nor collective progress. Education plays a key role in innovation and in keeping up to date with society's needs. A leader must also be able to communicate passion for what they are doing, without forgetting the values that unite the organization.

At the same time, these days it is more important than ever for management to have the capacity to attract and hold on to a committed team of talented people because, in the current environment everyone has to raise their game professionally. I also believe that ethics must be a part of our day-to-day work. Ethics is the basis of the growth of people, companies and society as a whole.

Do you think IESE offers something along the lines of what you have been saying?

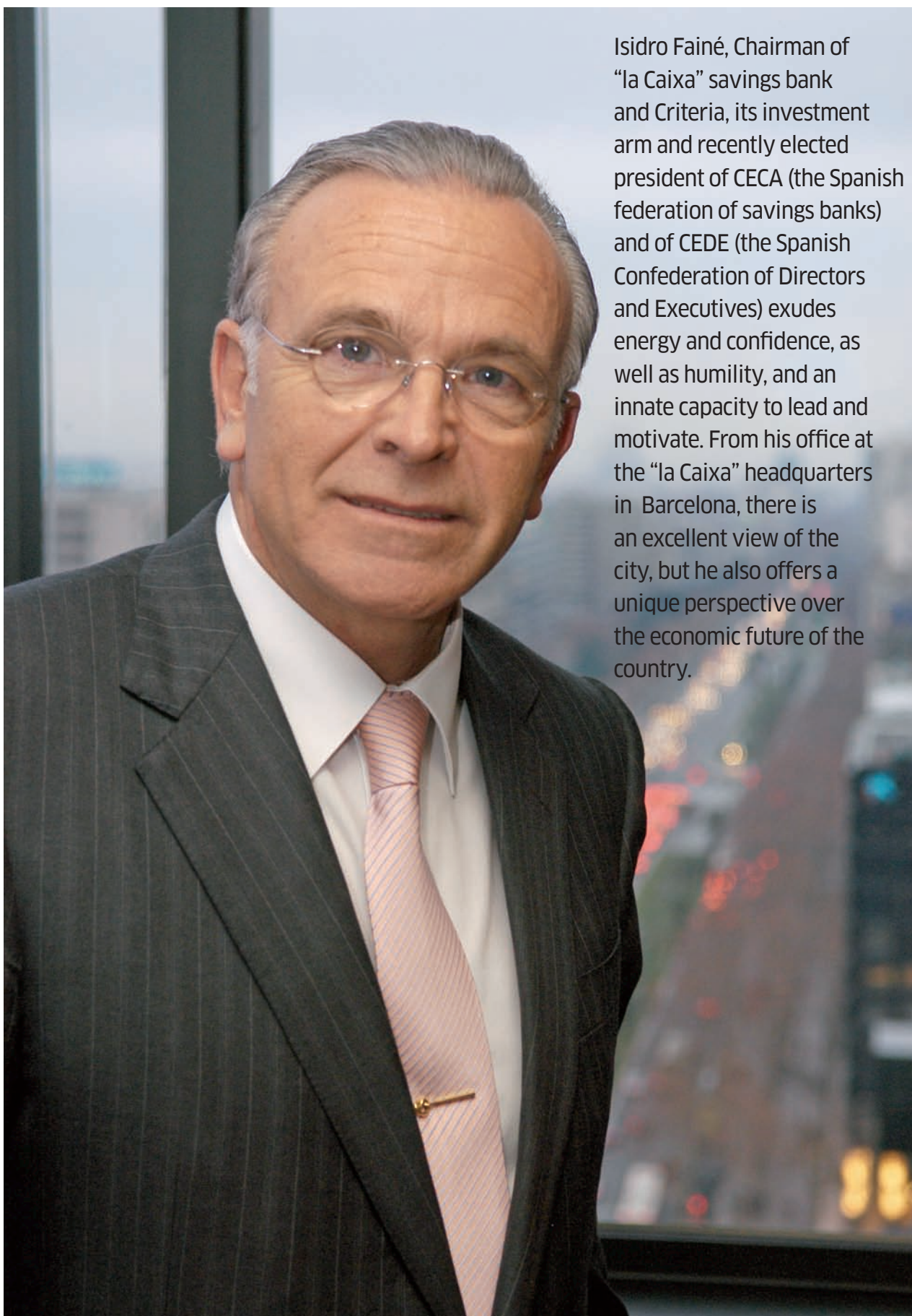
Judging by the professors that I know, at IESE the quality is very high. In addition to this high quality, from the very beginning IESE has taught that ethical behavior is an intrinsic part of management and not something that is added on. There is now a renewed interest in these issues, but it has not always been easy to remind directors that they need to be constantly learning and rooted in solid, ethical values.

For this reason, they have to regain the place they lost in a world that is continually more global and interconnected and in which the consequences of our decisions have an effect across the board in any organization. Ethical values cannot be negotiable at any stage of life, neither in the personal nor the professional arenas.

How do you combine the presidency of a large corporation with different business models and an international profile?

The "la Caixa" Group model is defined by its founding values, which are embodied in the most recent strategic plan. A fundamental pillar of this plan is the sphere of small businesses, in which we are leaders and in which we have increased our presence. We are also anticipating a rapid rise in specialization, through the commercial and small and medium-size business bank, as well as personal and private banking. All of this is complemented by the prudent but growing internationalization of "la Caixa" and the development of Criteria as the investment arm of the group.

Thanks to profits from our financial activities, we continue to expand the Obra Social (the charitable foundation of "la Caixa"), for which we will set aside €500 million in 2010, the same as last year, thus maintaining – despite the unfavorable economic situation – our unwavering commitment to social causes.



Isidro Fainé, Chairman of “la Caixa” savings bank and Critería, its investment arm and recently elected president of CECA (the Spanish federation of savings banks) and of CEDE (the Spanish Confederation of Directors and Executives) exudes energy and confidence, as well as humility, and an innate capacity to lead and motivate. From his office at the “la Caixa” headquarters in Barcelona, there is an excellent view of the city, but he also offers a unique perspective over the economic future of the country.

How do you manage the global-local aspect of globalization?

Globalization should be seen as a source of opportunity. In our case, it involves the challenge of helping our clients through their process of international growth, which we do through our branches in other countries, our representative offices, and the agreements we have with our partners and financial institutions around the world.

What is your strategy to get out of the crisis?

Aside from macroeconomic questions, businesses have a key role to play in the recovery and their strategy must be based on certain premises. Firstly, they must rationalize their processes and rein in costs. They must also be more outward looking towards markets with greater relative growth, because our companies are still not very international and there are great opportunities in Asian markets. For this reason, it is important to plan on the basis of the market, not the company. Innovation and quality must be at the center of the strategy. At the same time, management has a fundamental role to play in guaranteeing success in confronting the current situation.

Real leaders are leaders all the time, in bad times and good. If they've done their work well during the good times, they will be prepared for more difficult situations. This is when we see the strengths and weaknesses, strategic vision or the lack of it, and the solidity of institutional values. The strongest will survive, but so will those who are most able to adapt to change.

What measures must be taken to ensure that we don't have another financial crisis like this last one? And what lessons should the directors of financial institutions learn from what has happened?

I believe that a real and lasting recovery must be based on wide-ranging institutional reform to increase the productivity and efficiency of markets and improve the labor market.

But beyond the financial crisis and the economy in general, the future of our country really rests on the capacity of various economic forces and in particular the capacity of businesses and those who run them to respond to the present challenges. The financial crisis that led to the bankruptcy of Lehman Brothers has also shown the need for collaboration between national regulating bodies. One of the main lessons has been the need for greater transparency, in an ever more global and interconnected environment, in order to avoid the situation where a lack of information leads to uncertainty that intensifies the volatility of financial markets and damages the sector.

Furthermore, I believe that the direct relationship between financial bodies and their clients should never be left in the hands of intermediaries and that it is fundamental to personally assess clients and offer them products suited to their needs. We will come out of this situation stronger if we are capable of learning from our errors.

A HUMANIST LEADER: "TIME FOR ACTION"

The crisis has cast doubt on many socio-economic models. What's your view on these changes?

We face ever-more complex situations and a new frame of reference into which traditional ways of working don't fit. It is time to be realistic, and time to combine idealism with pragmatism. To do this, we must aspire to a certain type of utopia. The changes we are going through affect social, political and economic structures that produce confusion in the media and the corridors of power. Globalization, together with technological innovation that has made obsolete what have hitherto been good working practices, has left many people feeling lost in a world where relativism is used to justify everything. Like **Jack Welch** said, ideas and numbers. There's a tendency towards the subjective and utilitarian, with the idea of the common good pushed to one side.

So how must society change to get out of the current crisis?

Without doubt we have to move towards a new humanism in which people are conscious of and responsible for their role in society, in spite of the current complexities. A universal consciousness, a sense of humility, the culture of hard work, the re-evaluation of work, a balance between rights and duties, inspiration, creativity and excitement should lead us to act in a way that is based on a new, intelligent and much needed humanism.

We have a responsibility not just to our families and our businesses but also to future generations. We have to return to respecting people and their

freedoms and free people from the bonds that prevent them being what they need to be. We have to get our priorities right, in terms of right thinking, good judgment and, above all, the time for action. We must stimulate the energy that is inside us all, including moral energy and the ethics and aesthetics of people themselves.

What are the obstacles to regaining this social initiative, what you yourself call "time for action"?

Ideally, society will rid itself of rigidity so that it can make decisions in the spirit of creativity and intuition required to face up to this accelerating change, which is hitting us like a tsunami. We need a big dose of imagination, emotional intelligence, empathy and intuition to achieve the necessary social model.

We face a big paradox: on the one hand we tie entrepreneurs' hands, whether they are a business people or directors. The majority of social functions in modern society are institutionalized and, largely, bureaucratized. On the other, we demand results, responsibility, innovation and ingenuity to get us out of this jam. We need a degree of freedom of action that simply isn't possible today.

Freedom must be based less on laws and regulations and more on human behavior subject to conscience and personal responsibility, which is unlimited, while bearing in mind that this attitude is part of a moral, ethical and aesthetic personal code. And this attitude must fit in with the knowledge society and with the spread of knowledge to all parts of our global society.

A 360° VIEW OF THE PUBLIC SECTOR



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CALCULATED RISKS

Mario Greco, the CEO of Zurich Global Life, talks to IESE professor Ahmad Rahnema about the impact of the financial crisis and growing life expectancy on the insurance business



Despite an overall fall in the industry, Zurich's final results for 2009 show a 6 percent increase. How did you manage this?

We were very pleased with the 2009 results. The company took an appropriate position when the crisis started. We were very defensive. We launched a lot of initiatives to protect, not just the share value but also policyholder values, so we were able to launch new products, new initiatives all around the world. The company remained pretty profitable.

Zurich had to make huge payouts after the September 11 attacks and since then some companies have included so-called terrorist clauses in their policies or insurance contracts. In the wake of this crisis, do you expect any new clauses to be introduced?

I wouldn't expect to see new clauses, but I think there are at least three different features of the insurance business that might change over time. First of all, really, the credit exposure was never thought of as something risky, because the idea was that companies don't easily default. We have seen a lot of defaults in the past 12 to 18 months, many more than we ever expected, so I think there will be much more attention to defaults and credit exposure. The second thing which I guess everybody learned through the crisis is that whenever you provide guarantees for long-

term returns or services to customers you really have to be aware of what can happen in detail of the distribution of probabilities that you are facing, because many of the guarantees which were given were normally acceptable ones, but not acceptable in the distribution details. So I think everybody will be much more careful about this. And the final thing is that if you move into directors and officer coverage, which was seldom used in the past, it immediately became important during the crisis because a number of board members, director and officers were caught up with responsibilities or issues about responsibilities. And again, I think this type of product and service will be offered in the future and a more cautious approach will be taken than in recent years.

Lots of analysts and experts say that 2010 will probably be the year that we start to see the light at the end of the tunnel. What's your view?

We'd like the tunnel to be short, but in fact we think it's pretty long. We are seeing some signs of improvement in the economy. Asia is doing much better than a year ago. Even the United States is slowly moving in the right direction. However, we are still very concerned about Europe. We think that the adjustment process in Europe will still take much longer. So, altogether, we think that the restructuring of the world economy will take quite a long time.



What is your view on the increasing demand for stricter regulation of financial markets and the financial industry?

I think we need different regulation. I'm not sure we need more, because in fact in some areas we have too much regulation. I think that it's inevitable that when governments save so many private companies and so many financial institutions, they then ask for more control so as to avoid it being repeated, but I think we also have to be very careful that by doing this we don't destroy the free market.

Consumer behavior has changed and investors are more risk-averse, which must be good for the insurance industry. Are consumers looking for a specific kind of product, such as credit default swaps?

Consumers have still not settled anywhere. In a sense, they are still changing their preferences and their modes. But we have seen a lot of changes over the past 12 to 18 months, depending on the news, depending on the reaction of the government. Certainly the most common one is that they have become very cautious about risk and I would say that today the greediness and the appetite for quick and big income streams is gone. Even in Europe people are saving more for the long term. I think the overall picture is that customers are trying to secure their wealth and they are very well aware of the



CUSTOMERS ARE TRYING TO SECURE THEIR WEALTH AND THEY ARE VERY WELL AWARE OF THE FACT THAT WHATEVER THEY LOSE TODAY WILL TAKE YEARS AND YEARS TO RECOVER.

fact that whatever they lose today will take years and years to recover.

Does this manifest itself differently between individual customers and corporate customers?

Yes, it does, because corporate customers are very much in the game of saving money and reducing costs, and maybe even under-insuring. Individuals are more long-term oriented and they prefer to continue insuring themselves.

Looking at general trends, such as the aging population, the low birth rate and also the high rate of unemployment in most European countries, the public system may not be able to meet demand, so the alternative would be the private welfare system or social insurance. What is your view?

There are two trends that we see as relevant. One is the trend toward longer life. This we expect to continue because of medical progress and the better quality of life we have. So we will live longer, though not necessarily better. So this is where we need to find solutions that will give everybody an even better quality of life, and when I say better, I don't mean from the medical standpoint, but with regard to the needs and resources that people need during their lifetime. So insurance can help with this, although this is a market that is growing and developing. It never existed before. But we expect this market that is based around longevity to be relevant in the coming years. The other phenomenon that we hope will not last for that long is the fiscal crisis facing many governments. We hope that over time the government will be able to manage this in a way that will not create further recession.

Negotiating the Global Learning Curve

Students with years of business practice under their belts discover how much more there is to learn when they study for a Global Executive MBA where they come together with fellow business people from all over the world working in fields as diverse as banking, retail and human resources.

As its name suggests, IESE's Global Executive MBA attracts business people from around the world and from all types of backgrounds and enterprises. Students, who already have on average 12 years of business experience, say the opportunity to mix and exchange ideas and experiences with people working in different fields is one of the most valuable aspects of the course. The classes of 40 students typically comprise people from 25-30 countries, with an average age of 37. We talked to students who are doing or recently completed a G-EMBA about how it is helping them in their careers.

As an Indian who grew up in East Africa and has since lived in England, the U.S., Switzerland, Singapore and Spain, **Nikhil Nathwani** seems the ideal candidate for a Global EMBA. "I was born in Kenya because my father was

40 students of 35 nationalities working
together around the world - that's
the Global EMBA Experience



Susana Elvira
Spanish
Maersk Line



Natalia Bochkova
Russian
DHL



Nikhil Nathwani
Indian
Desigual

in Uganda and when Idi Amin threw all the Indians out, he decided to stay in East Africa instead of going to England like everyone else. My grandfather was brought to Uganda during the British Raj to build the East African railway. I lived there until I was 17 and went to study hotel management in Switzerland I was there for three years before I moved to the States to get my bachelors at Johnson and Wales University in Providence, Rhode Island (which is where he met his Spanish wife). I started working for Hilton hotels as a trainee and I was there for three years when I realized I'd taken the wrong path in my career."

After a spell with The Body Shop, he joined the fashion retailer Desigual, where he is now co-head of retail. "I was with them for four years as a retail manager. I joined them when they had three stores and I opened 37 stores during that time." Before returning to Desigual he went to Switzerland, where his family own The Body Shop franchise.

➤ "THE G-EMBA HAS
ALLOWED ME TO
SEE MORE CLEARLY
THE GOALS I WANT TO
ACHIEVE AND PUSHED ME
TO RETHINK WHAT I WANT
IN MY LIFE."

NATALIA BOCHKOVA

"I've always wanted an MBA but I got married young, at 24, and was a father at 26. I was traveling all around Asia and the States and everywhere else. When I moved to Switzerland, after the first year I got the business back on track. I had a lot of evenings free and it felt like the right time to do what I wanted to do – an MBA. I chose IESE because I wanted to go to a school in the top five in the *FT* ranking."

Nathwani has almost completed the course, which he says has been a valuable experience. "It's been very useful for me. I think what the G-EMBA has given me is a more rounded perspective. I'm not just talking about the retail business but business in general. The G-EMBA gives you a new perspective and opens your mind."

Susana Elvira, who is Mediterranean regional human resources director for the Maersk shipping line, decided to apply for the course because she says she thinks "it is a personal responsibility for everyone to look at their own employability. And I'm not talking about getting a title from a good business school or building your CV, but more about knowledge, about keeping yourself up to date."

When she decided to do a Global EMBA, she considered London Business School and Columbia in New York, as well as IESE. "I knew I wanted an international profile, so I wanted to be sure that the businesses represented in the class were diverse enough and interesting enough. The coaching process that you go through when you submit your application was very personal at IESE. I thought I got very good answers to my questions." She also says she enjoys the mix of nationalities and backgrounds of her fellow students.

Not everyone gives up a well-paid job at an international company to work in an Irish pub in order to improve their English, but that's what **Elvira** did when she quit her job in human resources at L'Oréal to spend a year behind the bar in Dublin. "In terms of my life experience, I'm so glad I did it and I would do it again," says **Elvira**, now lives in Genoa, which she says reminds her of her native Barcelona, "with the hills behind and the sea on the other side."

"One of the things that made me think about doing an MBA is that I've been working for Maersk Line for eight years now. I personally believe it is one of the best places to work, even if we have gone through a difficult transformation in recent years, still the opportunities are amazing, and your career takes you to very different places and experiences. But naturally, the learning is more internally focus and I was missing a bit of an outside perspective. In the future I want to work for Maersk Line, as I do today, because I want to, not because I need to. To me doing the MBA at IESE means investing in my development and my competence as a professional, and thus, is an investment in my own freedom of choice."

Natalia Bochkova (G-EMBA '09), who completed the course last year, says, "The Global Executive MBA's Silicon Valley module made me realize how exceptional it must be to have the opportunity to build something from the ground up."

➤ "I JOINED DESIGUAL WHEN THEY HAD THREE STORES AND I OPENED 37 STORES DURING THE FOUR YEARS I SPENT THERE."

NIKHIL NATHWANI

➤ "I KNEW I WANTED AN INTERNATIONAL PROFILE, SO I WANTED TO BE SURE THAT THE BUSINESSES REPRESENTED IN THE CLASS WERE DIVERSE ENOUGH."

SUSANA ELVIRA

Bochkova, who is DHL country manager for Ukraine, describes the headaches that working in logistics there and in Russia entails. "In the case of Russia, the biggest challenge is covering the vast distances between places. To make matters worse, the condition of many of the roads, especially those in the country's more remote regions, is far from adequate. And although there is a rail system in the country, many of the cities in the far north and east are not connected."

She says the MBA has boosted her personal development. "Participating in the Global Executive MBA has allowed me to see more clearly the goals I want to achieve and has pushed me to rethink what I want in life. It also taught me how to manage my time much more efficiently. In addition, the courses on management and control were very useful, as was the program's emphasis on work/life balance. It became very clear to me how the wrong goals and priorities can effectively ruin your life."

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MEDIA CONFERENCE

BUSINESS MODEL TO SAVE FREE PRESS

Bill Baker sounds alarm for print journalism



William F. Baker “discovered” Oprah Winfrey.

● The potential collapse of professional journalism in the United States and the world poses huge dangers for democracy, said **Bill Baker**, a veteran of U.S. public broadcasting and a recent visitor at IESE Business School.

“A world without a free press means you can’t really have a democracy,” he said. “In America and in the rest of the world, the printed press are the basic purveyors, people who gather the news.”

As fewer people read newspapers and turn to other media forms, however, the survival of print media has been called into question, he said.

“Even though most people get their news from television and the Internet, 96 percent of the news they actually get was generated by the print press,” he said, yet “the print press is dying. There are about 1,000 jobs a month being lost in the print press in America.”

VIALE APPROACH NEEDED

● Various models have been put forward to fill the gap left by commercial journalism, such as not-for-profit journalism or changing copyright and anti-trust laws so that newspapers may

converge to charge a common fee for their services. However, a more viable approach is desperately needed.

“Basically, it all comes down to monetizing this information on broadband and the Internet, and no one has come up with a solution to that yet,” he said. “We will have to come up with a business model. That’s shocking—business will have to save our democracy—but that could very well be the case.”

Current trends point to on-demand video, he said, mostly through the Internet. But it is not yet clear how people will go about paying for this, because the public is used to getting information without paying for it. A viable model must be created so that professional paid journalists can still exercise their profession, for the benefit of society.

“It’s nice to have citizen journalists,” he said, comparing them to having a “citizen brain surgeon” work on his brain. “I don’t know if I want a citizen journalist being the principal source of my news and information.”

“I don’t want a citizen journalist being the main source of my news”

BBC BENCHMARK

● The United Kingdom’s BBC presents the most viable model for professional journalism, where an independent authority is supported by a “television tax.”

In the U.K., \$6 billion goes into the public media, providing jobs for some 5,000 paid journalists, he said. By comparison, public media in the United States employs just three or four hundred journalists.

In the interview, **Baker** also discussed his role in “discovering” talk show host **Oprah Winfrey** at the beginning of her television career. His experience as a successful television producer had given

him insight into what types of personalities are able to connect with the public. To be successful on camera, people have to be able to connect individually with viewers, on a highly personal level, rather than the audience as a whole.

In the end, decisions about hiring are generally creative and artistic ones, he said.

“WE WEREN’T POOR, JUST BADLY MANAGED”

**Liberian president
talks about
rebuilding her
country after 30
years of economic
free fall**

● **Ellen Johnson-Sirleaf**, the president of Liberia and Africa’s first woman head of state, addressed IESE students as part of IESE’s Continuous Education program. The title of her talk was “Africa: The Last Chance?” She joked that she hadn’t chosen the title and said a better one would be, “Africa: *Your* Last Chance.”

Sirleaf, a Harvard-trained economist, talked about the work of rebuilding her country almost from scratch after the devastation of the civil war, which she said had “destroyed all the gains we had made since independence.”

Her government inherited a country that had seen “30 years of economic free fall since the 1980 coup,” with no electricity, no running water and where nearly all the housing and infrastructure had been destroyed. On top of this, there was a \$4.9 billion debt that had not been serviced since the early 1980s that had now been reduced to \$1.7 billion and would be paid off by the end of the year.

With unemployment running at over 70 percent, job creation is the priority and the focus is on agriculture and small to medium-sized en-



Ellen Johnson-Sirleaf addresses the IESE meeting.

**“Our greatest
achievement has
been the restoration
of hope”**

terprises, which, she claimed, create more jobs than large inward investment. However, that investment is also welcome as Liberia – “We’re not poor, we’ve just been badly managed” – seeks to exploit its extensive iron and gold reserves, in addition to developing the rubber and palm oil industries.

The civil war, she said, had left people with no means of making an honest living, with the result that “extortion and corruption had become a way of life.” She admitted that Liberia, one of Africa’s smallest nations, with a population of only 3.6 million, has a long way to go before it can be on a par with other African countries. “Our greatest achievement is the restoration of hope,” she

said. “If people think they have a future, that’s half the battle won.”

President **Sirleaf** was accompanied by **Richard Tolbert**, the chairman of Liberia’s National Investment Commission. **Tolbert**, a former vice president of Merrill Lynch in the United States, was keen to point out the investment opportunities in his country. His take on the title of the talk was “Africa, Your Best Chance,” and he assured the audience that the government had introduced wide-ranging business reforms to eliminate red tape and speed up the process of establishing new enterprises. He added that Liberia is part of the ECOWAS market, a group of 16 West African countries covering a population of over 200 million people. He invited investment in mining and rubber, as well as in the housing sector and infrastructure projects.

CONTINUOUS EDUCATION PROGRAM, MARCH 18, BARCELONA

THE GLOBAL CRISIS IS ONLY JUST BEGINNING

Financial Times' Martin Wolf takes a pessimistic view of future

● **Martin Wolf** painted a sobering picture of the future of the world economy during a special presentation to IESE alumni. Armed with a bevy of statistics reflecting current global imbalances, he argued that the United States and other countries continue to race down a path of unsustainable debt.

He disagreed with those who say the crisis is over: "My own view is that it's just beginning."

If Western governments do not change course, the result could be the collapse of the global financial system, stated **Wolf**, who is the chief economics commentator at the *Financial Times*. To convey this point, he flashed a slide that juxtaposed an image of Edvard Munch's famous painting *The Scream* with that of Wall Street.

Wolf began by describing the origins of the meltdown, which he traced back to 1982 with the economic crisis in Latin America. A series of "gold rushes," such as the dot-com bust – which quickly drew capital, then dramatically crashed – have contributed to economic instability. **Wolf** cited various macro- and microeconomic forces that interacted to spark the current global recession.

Emerging markets have become exporters of capital

But the root of the latest chapter of the crisis has been the interaction of various macroeconomic forces – such as the emergence of global imbalances and extraordinary reserve accumulation in the 1990s and early 2000s – and microeconomic forces, such as subprime lending.

One of the most striking features of the current economic scenario, however, is that fast-growing

emerging markets such as Asia have become exporters of capital, a phenomenon that continues to have staggering effects, since developed countries are unable to absorb such high inflows. In reality, emerging countries should be net capital importers, he said.

"We now have a government crisis," rather than a financial crisis, as more Western countries move toward insolvency, he said.

"We do not have a private financial sector in the developed world. It's an illusion," he said. "It was always an illusion."



Martin Wolf, chief economics commentator at the Financial Times, with IESE Prof. Pastor.

MANGO FOUNDER SAYS GLOBALIZATION IS KEY

Europe looks to emerging nations



Antoni Esteve
CEO of Esteve

Isak Andic
Founder of Mango

Antonio Argandoña
Professor, IESE



Pedro Videla
Professor, IESE

Alfredo Pastor
Professor, IESE

Rafael Villaseca
CEO of Gas Natural Fenosa

● Heads of three major companies – **Isak Andic** of Mango, **Antoni Esteve** of Esteve and **Rafael Villaseca** of Gas Natural-Unión Fenosa – agreed that international expansion will be a central part of their growth strategies over the coming years.

The three shared their perspectives during a special Continuous Education session, “Creating the Company of 2020: A New Impetus,” moderated by IESE Prof. **Pedro Nuevo** this week. The event took place at IESE’s Barcelona campus and was opened by the school’s dean, **Jordi Canals**.

For **Isak Andic**, the future of fashion retailer Mango, which has stores in some 100 countries, in-

cludes a continued presence in Europe, entry into emerging countries such as China, Russia, Mexico and Turkey, and unfaltering growth.

Meanwhile, Esteve, a third-generation family-owned pharmaceutical firm, is focusing on three key strategies looking ahead to 2020: strong innovation, continued internationalization and diversifying into activities that make the company more competitive.

Villaseca, for his part, stressed that “size matters,” and that his company, Gas Natural, faces the challenge of successfully integrating Unión Fenosa, the company it acquired last year.

Overall, however, the company’s goal is to continue growing, focus-

ing on Latin America as an important region of opportunity, as well as on the vital issue of environmental sustainability.

The session also included a roundtable discussion with IESE Professors **Pedro Videla**, **Antonio Argandoña** and **Alfredo Pastor**, on the theme, “Economic Policies Necessary for Long-Term Growth.”

Following the contraction of global GDP in 2009 – the first since the 1930s – the year 2010 has started down the path to recovery, driven by Asia and emerging countries, said **Videla**.

The United States will be the next country to exit the crisis, he predicted, followed by Europe and Japan.

ECONOMIST
VIEWPOINT

THE SHAPE OF THINGS TO COME

The global economy in 2010 will be U-, V- and L-shaped, following the shape that economic recovery takes around the world, said **Daniel Franklin**, executive editor of *The Economist*, speaking at IESE.

His presentation, moderated by IESE Prof. **Juan J. Toribio**, was part of the IESE Continuous Education Program in Madrid. Growing economies such as China, India and Brazil will be characterized by a V shape, as the downturn was swift, but it did not actually halt growth, said **Franklin**.

The United States' recovery will be U-shaped with the recession lasting for some time. In the end, economic stimulus packages, as well as strong government and bank intervention, will help lead the country slowly, but possibly solidly, out of recession, he said.

Franklin was not as optimistic about Europe, predicting a slow, L-shaped recovery for the Euro Zone. He also forecast a rise in interest rates and a new real estate bubble bursting, this time in China.

E-CONFERENCE: www.iese.edu/alumni



PROSPECTS FOR ENERGY CONSUMPTION

Demand From China and India May Rise to 40 Percent

"World energy consumption will continue to rise, especially after the crisis," **Antonio Llardén**, the chairman and CEO of Enagás, the Spanish natural gas infrastructure company, recently told IESE students. "The only way to ensure that future energy growth is sustainable is through a combination of fuel efficiency technologies, energy-saving measures and renewable energies," he said. **Llardén** spoke during a session of the MBA program's Global Leadership Series. The main driver of energy consumption growth will be increasing demand from the BRICs and other emerging countries. "If current trends continue, China and India alone will contribute more than 40 percent of energy consumption by 2030," he said.



TELEFÓNICA'S OPERATIONS IN LATIN AMERICA

GAYO REPORTS FAST GROWTH IN 13 NATIONS

● **Emilio Gayo**, Telefónica's director of operations, told a session organized by the Latin American Business Club of IESE's MBA program why the company is so successful in Latin America. It is behind only General Motors and Walmart in the market, generating between 1 and 2 percent of GDP in the 13 countries where it is active.

The first thing, **Gayo** said, is to establish a presence, sometimes using local partners, which is what the company did from 1989 to 1999. This was followed by so-called Operation Veronica, in which shares were bought in the main Latin American operators. This phase lasted until 2002. The key moment came between 2003 and 2005, when the company invested in networks and infrastructure in 13 countries: Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela.

THE FUTURE OF HIGH-SPEED MOBILE CONNECTIONS

VODAFONE SEES BEAUTIFUL FUTURE

● **Vittorio Colao**, the CEO of Vodafone, in an address that coincided with the Mobile World Congress in Barcelona, spoke to IESE students on the future of the telecom industry. Describing his company's "beautiful future," he insisted that by connecting more, people's lives were improved, and added that through high-speed connections, "everyone can share all the world's knowledge and that way we can make a better society." However, he said that one of the main challenges facing the industry is that prices are falling on average 10 to 15 percent a year. The future lies in high-speed mobile data and telecom companies facing the choice between providing "pipelines" for information and providing some of the data themselves. He said it was not yet clear how companies could capture part of the value of the data they carried.

Prof. Argandoña Third Most Prolific Researcher

IESE professor **Antonio Argandoña** is the world's third most prolific researcher in the field of business ethics, according to an article "Business Ethics Research: A Global Perspective," which appeared earlier in the year in the prestigious *Journal of Business Ethics*.

Prof. **Domènec Melé** was ranked number fifteen. The ranking analyzes the work of university researchers over a period of ten years (1999-2008). The University of Navarra, IESE's alma mater, was ranked sixth in the world for research on business ethics.

Prizes for IESE Cases

FIAT AND TATA JOINT VENTURE

❖ IESE professors **África Ariño** and **Pinar Ozcan**, together with **Jordan Mitchell** and **Brian Hohl**, won the EFMD award for the best case on business opportunities and challenges in India. "Fiat's Strategic Alliance with Tata", sponsored by KPMG, analyzes the joint venture between Fiat and Tata to produce cars, engines and transmissions for the Indian market and the concern of Fiat executives that both companies would be able to establish a mutual and lasting collaboration. The study looks at Fiat and Tata's corporate background and provides an in-depth description of how the two sides came together, including the entire pre-operational negotiation process.

APPLE IPHONE

❖ IESE professors **Sandra Sieber** and **Josep Valor** were awarded the 2010 ECCH European Case Award in the category Knowledge, Information and Communication Systems Management for their case "Apple's iPhone: Calling Europe or is Europe Calling?" The authors **Jordan Mitchell**, **Sieber** and **Valor** analyze the launch of the iPhone in Europe. The iPhone has changed users' relationship with information, creating an ecosystem for content creators, applications and telephone companies, within which Apple has succeeded in creating value for all of them. In the first two years after it was released, 52 million iPhones were sold, capturing 14 percent of the smartphone market. Sales of the device accounted for 18.5 percent of Apple's turnover in 2009.

APPOINTMENTS

PROF. JAVIER DÍAZ-GIMÉNEZ

❖ Has been appointed Professor in the Economics Department.

PROF. MARTA ELVIRA

❖ Has been appointed Professor in the Department of Managing People in Organizations.

PROF. JUAN MANUEL DE TORO

❖ Has been appointed Professor in the Marketing Department.

PROF. VÍCTOR MARTÍNEZ DE ALBÉNIZ

❖ Has been appointed Associate Professor in the Production, Technology and Operations Management Department.

PROF. JOSÉ LUIS MORAGA

❖ Has joined IESE as Professor in the Economics Department in charge of Institució Catalana de Recerca i Estudis Avançats (ICREA) research.

PROF. PHILIP G. MOSCOSO

❖ Has been appointed Associate Professor in the Production, Technology and Operations Management Department.

PROF. GUIDO STEIN

❖ Has been appointed Associate Professor in the Department of Managing People in Organizations.

MARÍA COELLO

❖ Has been appointed director of the Corporate Information Unit.

XAVIER MASATS

❖ Has joined IESE's Operations Division as assistant director.

FERNANDO RAFART

❖ Has joined IESE's IT division as director of Planning and Projects.

JOSEFA SUBIRATS

❖ Has joined IESE's IT division as Senior Demand Manager.

YOU'RE IN THE NEWS

ARE YOU IN THE NEWS?

We are interested in all your latest news.
Send your comments to revista@iese.edu



PADE-I-09. **Giorgio Maritan** brought together fellow graduates on January 29 for a visit to Barcelona's Science Park where the director, **Fernando Albericio**, talked

about the Park's stages of development and future expansion. They later took part in the virtual development of a new medicine in the OpenLab.

AMP '05

José I. Nieto was named vice president of the strategic consultancy A.T. Kearney Iberia, where he has worked since 1996.

EMBA '87

Ignacio García-Nieto was recently named president of the Círculo del Liceo. **García-Nieto**, an economist and lawyer, is also the treasurer of the board of friends of the Fundación Orfeo Català – Palau de la Música Catalana.

EMBA '02

Antonio Núñez was named president of the Alumni Association of the Harvard Kennedy School of Government. **Núñez** has a degree in business

studies from C.U.N.E.F., an MPA from the Harvard Kennedy School, an MBA from IESE and a doctorate in fundamental rights and political freedom. During the past eight years he has been involved with IESE as head of the Special Programs, Custom Programs and Open Programs departments.

EMBA '05

Sebastiaan Scholte, currently head of marketing & special projects at Cargolux Airlines, will assume his new role as CEO of Jan de Rijk Logistics from April 19 onwards. **Scholte** previously worked at the senior management level for Aeromexpress in Mexico and Europe, and for Cargolux Airlines in Latin America and Europe.

MBA '90

Enrique M. Rodríguez Balsa was awarded the Human Resources Digital Literary Prize which the Human Resources Digital online publication presents for the best new article written in 2009 for his article "Tú, sí que sobras" (You, yes you are surplus).

MBA '00

Jordi Gutiérrez has been named head of training at Élogos. He has been at the company for three years in the capacity of office director-general and was previously head of banking and securities at GEC-Grupo UOC.

PADE-A-09

Manuel Mirat has become head of

management at Digital Plus with responsibility for commercial areas, marketing and developing new business. He has been part of the Prisa Group since 1997, when he took over as finance director.

PDD-II-96

Gonzalo Landaluze has become vice president of sales for Software AG España. He has an Industrial Engineering degree from Madrid's Universidad Politécnica (1986) and a PDD from IESE.

PDD-3-04

Antoni Olivé read his doctoral thesis "Formal Analysis Versus Trial-and-Error in Strategic Innovation: A Business Model Approach" on February 26 at the Universitat Politècnica de Catalunya. The thesis examined how entrepreneurs and businesses design their business models. He was helped by Prof. **Joan E. Ricart**, who also formed part of the doctoral tribunal. He was accompanied by his program director **Antonio Asensio**.

PDD-4-06

Lourdes Capdevila is the new director of Newland Property Management.

PDD-A-04

José A. Primo has been named director-general of Lafarge Cementos. He joined the company in 1984 and was industrial director in Morocco.

PDG-I-87

Enric Monturiol announced that his business BTTW is opening new offices in central Barcelona. BTTW, established a year ago, is a social media, participatory marketing and 2.0 communication agency that specializes in developing dialogue between brands and end-users.

PDG-I-99

Luis M. Jaureguizar has made Bauhaus Capital Partners the Barcelona partner of the international consultancy M&A which specializes in renewable energy. Their work centers on seeking investment projects for solar parks and wind farms for the investment funds managed by Bauhaus CP.

PDG-II-92

Concepción Pérez announced that she has exclusive Spanish rights to the best-selling honesty test Amitai, an information system that assesses people's behavior.

PDG-IV-88

Rafael Mateo has taken over as director-general of Acciona Energía. Starting from general management at Endesa, Chile, **Mateo** has made his career at Endesa where he has held various posts in a number of countries.

PDG-2-06

Jordi Sanabra has been named the estate agent Caja del Mediterraneo's representative for Catalonia, Aragón and northern Spain.

PDG-A-02

Marcos de Pedro has been appointed president of Neoris for Europe, the Middle East and Africa. **De Pedro** joined Neoris in 2005 as director-general of Neoris Spain.

PDG-A-05

Santiago Sainz, previously the head head of development for Ford Spain, has been appointed the company's head of marketing.



EMBA '06. Rafael Hurtado has been named investment director in the Asset Management department of the Banco Popular group.

IN MEMORIAM

SLAWOMIR SKRZYPEK (AMP Warsaw '09)

Died on April 10 at the age of 47 in the plane crash that caused such distress in Poland. He was at the time the governor of Poland's Central Bank and was traveling with the Polish president, **Lech Kaczynski** and a number of senior government figures en route to Smolensk. Masses have been held for **Skrzypek** on the IESE campus and in Warsaw.

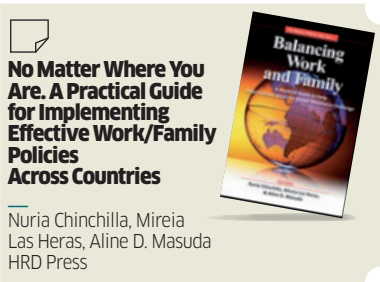
JUAN ANTONIO SAMARANCH (PADE-I-62)

As we were going to press we received the sad news of the death of **Juan Antonio Samaranch**, honorary president of the International Olympic Committee. **Jordi Canals**, the dean of IESE, said that **Juan Antonio** "will always be a role model as an effective leader and a man of vision capable of bringing people together. He knew when to take responsibility and carried out his duties professionally and with great dignity."



IMPLEMENTING WORK / LIFE POLICIES

Family Business



In a new book, IESE professors show how family-friendly policies are not only good for business but can be introduced anywhere.

● When flexible, family-friendly work policies are introduced, absenteeism drops by an average 30 percent. Although many would acknowledge facts like this, putting work/life policies into practice is no easy feat, especially for multinational organizations, which must take into account the political, cultural and social complexities of each country or region in which they operate.

In *No Matter Where You Are*, the authors outline five key policy areas for transforming businesses into responsible enterprises. As the book title suggests, these policies can be implemented anywhere.

1. Flexible workplaces (“flexplace”) and flexible working hours (“flex-time”).
2. Professional support and advice.
3. Care for wider family members in the form of day care for children or care for elders.
4. Services, such as on-site dry cleaning and delivery, to maximize free time.



Prof. Nuria Chinchilla



Prof. Mireia Las Heras

5. Fringe benefits such as health care, insurance plans and travel packages.

U.S.: A LEADER IN FLEX PRACTICES

● According to a 2003 study, 55 percent of U.S. companies allow employees to work at home occasionally and over 30 percent on a regular basis. An estimated 23 million American workers currently “telecommute” either full or part time. Telecommuting reduces real-estate costs for the company and commuting costs for employees. It also helps companies retain talent and maintain a healthy gender balance in the workplace.

This was the experience of IBM, which implemented a telecommuting strategy in its marketing, support and service departments to reduce overhead when it hit tough financial times in 1995. As a result of its “flexplace” program, IBM reduced its real-estate costs by \$56 million and employee productivity

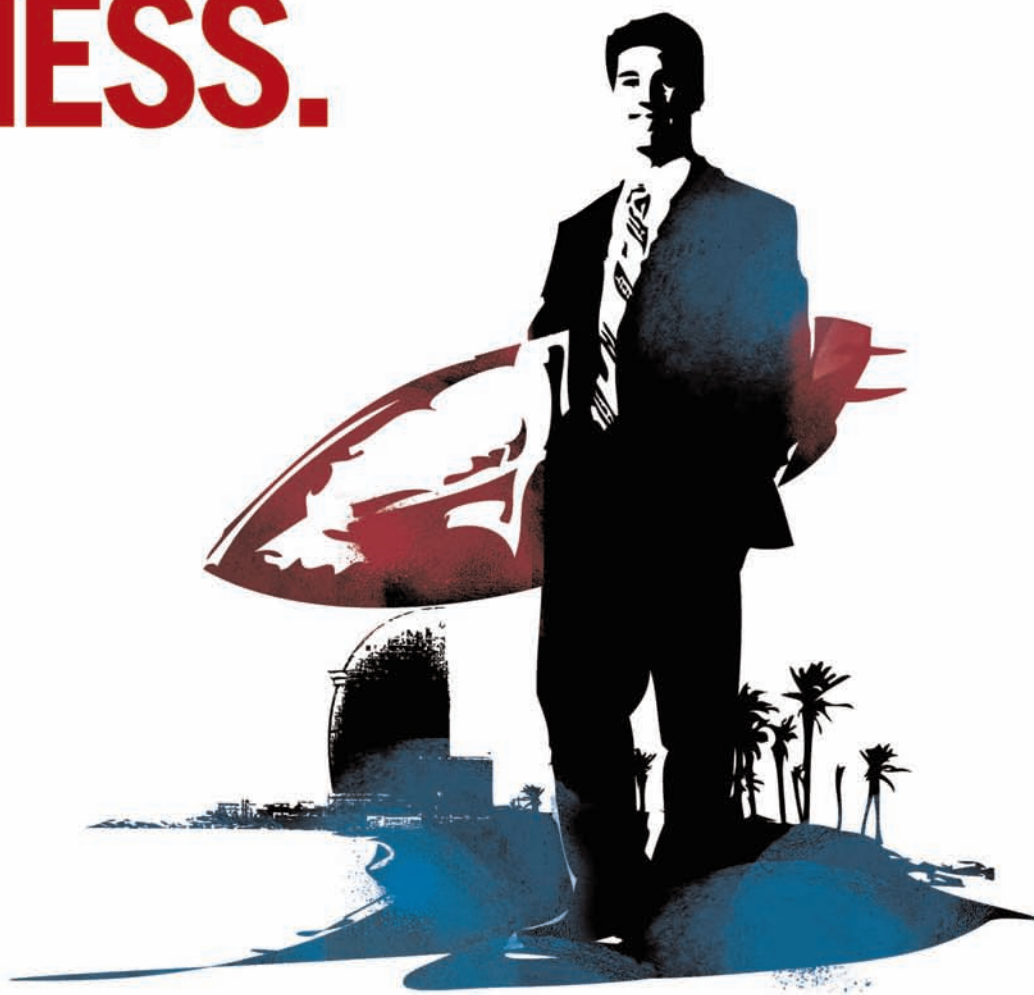
went up by 10 to 20 percent during the same period.

In the case of Europe, it is harder to generalize. Scandinavian countries are pioneers in terms of setting work/life policies at government level, such as both parents having the right to take up to 18 months’ maternity/paternity leave. Portugal and Spain, on the other hand, score poorly due to long hours of over 45 hours per week, compared with 35 for France and 36 for Holland, coupled with awkward timetables that extend the afternoon until 8 p.m.

ASIAN MODEL

● In Asia work forms a fundamental part of the culture, as does the importance of the family network. As one Asian general manager summed it up: “Our most productive people are aged 30 and over and most likely married with family responsibilities. Work and family relationships should not be viewed as a conflict, but as an integral whole.”

THIS SUMMER, LET'S DO BUSINESS.



This summer vacations, college students have a one of a kind opportunity to **start making the right decisions for their careers** in the business world.

IESE's Summer School is a unique preview of the **MBA experience**. We feature a full week program in Barcelona involving academic sessions, teamwork and lectures, using the **case study method** to help students learn, while enjoying **social activities** and living unforgettable experiences.

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NEW YORK CENTER IESE'S AMERICAN DREAM

The dream has come true and IESE's New York center is a reality. The school occupies seven floors of a building in the heart of Manhattan, where it will teach and carry out research into business administration. But this is just a start; we need the help of all alumni to fulfill IESE's American ambitions.

IESE New York center is ready. After months of work, the alterations to the Chalif Building are complete and the countdown has begun for the official opening, which

is expected at the end of summer, when IESE will become the first European business school with a center in the United States.

CEMENTING THE RELATIONSHIP WITH THE UNITED STATES

● IESE has strengthened the relationship with America, which began in the early days of the school's history. In the 1963-1964 academic year, with the support of Harvard Business School, IESE launched the first two-year MBA course in Europe. IESE also established alliances with other leading American schools to offer joint pro-



“WE ARE CONVINCED THAT OUR AMERICAN ADVENTURE WILL HELP TO BUILD THE IESE WE ALL WANT, MORE HUMANE BUSINESSES AND, ULTIMATELY, A BETTER SOCIETY.”

grams at the highest level for U.S. executives living and working in different countries.

The center will offer high-level training to U.S. executives and, as New York is a world capital, will benefit the entire IESE community, which will grow as a global school. The new center will also offer support to IESE alumni with interests in the United States.

THE INTERNATIONAL AND SOCIAL DIMENSION

● The human dimension of companies, the ethical side of business, management based on an integrated view of the company and the capacity to produce new ideas and develop a global profile – these are the principles on which IESE was founded and it is in this spirit that it is establishing itself in the United States. “We are an international school, and we teach from an international point of view, unlike U.S. schools which focus on American business,” said **Jordi Canals**, the dean of IESE. “We are convinced that our ‘American adventure’ will help to build the IESE we all want, more humane businesses and, ultimately, a better society.”

The involvement of alumni will help promote this sense of community in North America and give substance to IESE’s American dream. To this end, IESE will soon launch a campaign directed at alumni born or residing in the United States to thank them for their support and remind them that they can play a key role in this adventure.



The Carlyle Group is continuing to step up investments in China and keeping pace with the country's projected growth over the next few decades, said **David M. Rubenstein**, managing director of the investment firm.

"We're the largest private equity investor in China," said **Rubenstein**, in an interview this week as part of *The Wall Street Journal's* ViewPoints breakfast series, co-sponsored by IESE Business School and BCG.

After World War II, the U.S. represented 48 percent of the world's GDP. That has now fallen to 21 percent

The Carlyle Group has 45 Chinese professionals working in the country, which has had the biggest economy in the world for 15 of the last 18 centuries, he said.

"China is regaining its position as a dominant economy in the world," **Rubenstein** said in the interview conducted by WSJ Deputy Editor **Alan Murray**.

The U.S. will continue to be the largest economy on the planet until about 2035, when China will surpass it, he said. The Asian giant's domestic market is now 70

DAVID M. RUBENSTEIN

THE CHALLENGE OF CHINA

David M. Rubinstein, managing director of the Carlyle Group investment firm, took part in the *Wall Street Journal's* ViewPoints breakfast series.

The Carlyle Group has 45 Chinese professionals working in China, which has had the biggest economy in the world for 15 of the last 18 centuries and is regaining its dominant position.

percent export-oriented, and 30 percent consumer-oriented, a ratio that will shift to 50/50 in the future, he said.

"We can't invest enough money in China, in our view," he said.

Following World War II, the U.S. represented 48 percent of the world's GDP, a percentage that has now diminished to 21 percent. As a global firm, he said, the Carlyle Group has to follow shifts in world-wide GDP.

When **Murray** asked whether China's communist system of gov-

ernment was a concern, **Rubenstein** countered that business decisions cannot be made solely on political principles. Moreover, every country has its problems, including the U.S.

Most importantly, China's culture is not going to change "overnight."

"I think it has been good for China to have Americans invest there," he said. "I think it's been good to have Chinese educated in the U.S. and the flow of cultural exchange has been good."

It's good to have Chinese educated in the U.S. and the flow of cultural exchange has been good



THE LATEST ON
IESE'S ALUMNI
CHAPTERS

CHAPTER NEWS

VIENNA

January 18

In January Austrian alumni were able to enjoy the conference "Social Entrepreneurship" given by IESE's **Johanna Mair**. The event was organized by IESE and ICEP, and the group thanks **Gordian Gudenus** and **Bernhard Weber** (AMP-Munich '09) for helping to organize the event.

MUNICH

January 21

Sandra Sieber addressed the German Chapter on "IT-enabled innovations and disruptions: Lessons learned from the entrance of the iPhone in the mobile industry." The session focused on the iPhone's impact on business and the lessons that can be learned from Apple's business practices. The Chapter

thanks **Alfonso Alamilla** (PDG-2-08) and Tech Data Europe gmbh.

March 24

The Germany Alumni Chapter hosted a conference "The Factors Behind the Failure Rate of CEOs" led by IESE's **Guido Stein**. Professor **Stein** discussed the many factors behind the failure of CEOs and attempted to demonstrate the increasingly complicated careers of today's CEOs. The Chapter thanked **Alexander Mettenheimer** (AMP-Munich '05) and Merck Finck & Co for co-sponsoring the event.

SOFIA

January 21

Bulgarian alumni met in the capital to listen to IESE professor **Antonio Argandoña**, who talked about the current economic situation.

The Chapter thanks professor **Argandoña** and **Gonzalo Sanz Sánchez** (PDD-ZGZ'04) for their support and enthusiasm in making the event possible.

TOKYO

January 21

The IESE Members Chapter, together with the Tokyo Leadership Forum, organized an event in Tokyo with guest speaker **Stefan Huber**, ministerial advisor and assistant head of the European Union delegation in Japan. The theme was "The Forming of the European Union and the Christian Tradition."

March 25

Japanese alumni held a session with **Takashi Inoue**, president and CEO of Inoue Public Relations,



Quentin Delory (MBA '08), Prof. Luis Cabral and Noelle Sadler (MBA '07)

who talked about "Public Relations – How Does It Relate to Us?"

HILVERSUM

January 28

- The Netherlands Alumni Chapter met at the headquarters of Nike European Operations in Hilversum for a session by professor **Marc Sachon** on the Nike Football Team Sports case. The academic part of the event was a big success, thanks to professor **Sachon's** charisma and his ability to bring dynamism to the discussion of the case. The alumni also had an opportunity to revive memories of their time at IESE. During the ensuing cocktail hour, participants were able to exchange views about the case and about future events. The IESE Alumni Association thanks **Nortpool Furlani** (MBA '07) for his support and Nike European Operations Netherlands for co-sponsoring the event.

NEW YORK

January 28

- U.S. alumni met at the Santander Group's New York

headquarters for the conference "The Evolving Business Model of the Music Industry," which was addressed by IESE's **Luis Cabral**, who spoke about changes in the music industry. Prof. **Cabral** said that MP3s and iPods had revolutionized the industry and cited performers such as **Prince**, **Kanye West** and **Madonna** to illustrate the changes the sector is going through. The Chapter thanked **Pablo Nuñez** (MBA '05) and Banco Santander for helping organize the event.

March 18

- IESE professor **Eric Weber** took part in the encounter organized by the U.S. Chapter "Strategies for Controlling Costs: What Works and What Doesn't." During the session Professor **Weber** explored the different successful and unsuccessful approaches taken by business to control costs, which work and which don't, as well as the main causes of success and failure. The Chapter thanks **Germán Voss** (G-EMBA '03) and BBVA New York for helping organize the event.

CHILE AID FUND

The Alumni chapters of IESE and ESE, the Chilean business school with links to IESE, in collaboration with the bank BCI, have set up a fund to help those affected by the earthquake. The initiative illustrates the particularly close relationship that exists between Chilean alumni and their alma mater. The president of the Chilean Chapter personally thanked people for their messages of support and appealed for help. "As you know, thank God, all of the IESE and ESE alumni living in Chile are fine. However, many people in the country are living in terrible circumstances."

DONATIONS: www.iese.edu/alumni

FRANKFURT

February 4

- The German Chapter met at the headquarters of Odgers & Berendtsen in Frankfurt for the Continuous Education session "Mission Critical Leadership" led by IESE's **Mike Rosenberg**. The session began with a greeting from former alumnus and host **Ludger Birkendorf** and from **Rudi Repgen**, director of IESE's Munich office. Later, Professor **Rosenberg** led a session attended by several members of the German business world based on the case "Hewlett-Packard Barcelona Division," which was received with much interest. The Chapter thanks **Ludger Birkendorf** (AMP-Munich '05) and Odgers & Berendtsen for sponsoring the event.

MIAMI

February 4

- IESE's Professor **Luis Cabral** visited U.S. alumni at PricewaterhouseCoopers' Miami headquarters where he talked



1. Prof. Argandoña with the participants in the Sofia session.

2. Participants chat after the session.

3. A session in New York.

SAN JOSÉ (U.S.A)

February 17

● The U.S. Alumni Chapter met at Cisco's headquarters in San José, California, where 60 participants from more than 20 countries listened to IESE professor **Sandra Sieber**. Professor **Sieber** opened the session with a discussion about a global study on the impact of social collaboration on business and the conclusions of the study. She was followed by Cisco Systems' **Harbinder Kang**, whose talk about Cisco's experiences was received with great enthusiasm. The event provided a good mix of content, networking opportunities and the chance to try out an innovation: the Cisco TelePresence (TP). The demonstration of the TP was one of the high points of the event. Participants were impressed by the three-way connection with Cisco's offices in Singapore, Sydney and San José and wanted to know more about how it might be applied to

their business. The session showed the ease of interaction, personality, character and excitement of using the TP. The IESE Alumni Association offers particular thanks to Cisco for the use of their facilities and for the demonstration of the TP.

LONDON

March 2

● The U.K. Alumni Chapter heard a talk by **Matt Kingdon**, co-founder, president and chief enthusiast of ?What If! The Innovation Company, who led the session "The Essential Ingredients for Successful Innovation," which focused on innovation and was moderated by IESE professor **Joaquim Vilà**. The Chapter thanks **David Gani** (MBA '05) and ?What If! The Innovation Company for their support in organizing the event.

BOGOTÁ

March 3

● The alumni met in the capital to hear the session from IESE's **Steven Poelmans** "Inspirational Leadership." The conference centered on the need for leadership in a time of crisis.

about "The Evolving Business Model of the Music Industry." The discussion centered on what the music industry has to do, given that its former practices are now obsolete. The Chapter thanks **Isaac Freiters** (G-EMBA '04 and SEP-Miami '09) for his help with the event.

March 24

● Professors **Javier Estrada** and **Pedro Videla**, along with **Ken Roberts**, the president of World City, spoke to alumni about the position of the Latin American market within the new world economy and the opportunities for corporations and financial institutions. The meeting was organized jointly by FIBA and World City.



SAN JOSÉ (COSTA RICA)

March 4

● IESE professor **Steven Poelmans** visited U.S. alumni in San José, Costa Rica, where he gave a conference on “Inspirational Leadership.” Professor **Poelmans** analyzed the key aspects of good leadership and singled out coaching as one of the most useful leadership styles.

ZURICH

March 8

● Swiss alumni listened to ● **Pablo Cardona** give the talk “Victorinox: a Case of Building the Virtuous Circle of Trust?” in which the CEO of Victorinox Carl Elsener also took part. **Peter Franconi** of the private bank Bank Vontobel was also present. The alumni thank **Bence Andras** (AMP-Munich '07) for his help and Bank Vontobel for the use of its premises.

BUENOS AIRES

March 10

● Alumni from the Argentina- ● Uruguay Chapter met in Buenos Aires, where they were greeted by the director of the Alumni Association

Mireia Rius. IESE professor **José Ramón Pin** gave a paper based on case “DPO-143 Coaching in the Banco Granadero-BBVA,” in which a section head in a bank faced his first 180° evaluation and had to carry out a self-diagnosis. The discussion then turned to how he dealt with the results and the passive role played by his coach. IESE Alumni Association thanks **Ramiro Castillo Marín** (MBA '98) and Havas Media for helping organize the event.

LISBON

March 10

● The Portuguese Alumni Chapter ● held a meeting in Lisbon where IESE professor **Luis Cabral** gave a paper on “O novo Modelo de Negócio dos Sectores dos Media e Entretenimento,” which focused on the digital revolution in the media and entertainment industry and the changes this implies for the industry. IESE Alumni Association thanks **Nuno Carneiro** (G-EMBA '10) and Millennium Bcp for helping organize the meeting.

SÃO PAULO

March 11

● IESE professor **José Ramón ● Pin** visited Brazil Chapter

alumni for the conference “¿El líder, se hace o se nace?” (Are leaders made or born?). Various aspects of leadership were discussed in response to this question. The IESE Alumni Association thanks **Fátima Lima** (PMD-Brazil '08) and Mapfre Seguros for helping organize the meeting.

PARIS

February 1

● Dîner du Premier Lundi: ● February 1, 2010: “Viadeo: a platform for leveraging your personal network”. In her abstract, **Ira Reynolds Soto Maïor** said: “With representatives on all five continents, the Viadeo Group is a company that offers network development solutions and business opportunities at both local and global level”. **Ira Reynolds Soto Maïor**, European MBA Sales Manager, gave us an insight into the workings of this company and provide us with an opportunity to learn more about business networking. The Chapter thanks **Gloria Perrier-Châtelain** (EMBA '93) & SA.

March 15

● The France Alumni Chapter ● heard IESE professor **Pedro Videla** lead a session on the world economic situation.

MOSCOW

March 23

● The Russia Alumni Chapter ● held a conference at which IESE professor **Laureano Berasategui** spoke about “Managerial Decision Making Under Uncertainty,” which focused on decision making in times of crisis. The Chapter thanks **Andrei Smirnov** (G-EMBA '07) for co-sponsoring the event.

GLOBAL EMBA ALUMNI DAY

STUDENTS AND PROFESSORS REUNITED IN BARCELONA

● In March IESE celebrated Global EMBA Alumni Day. Alumni and participants met with old friends and professors, and made new connections as well.

Global EMBA is constantly organizing events to keep its participants connected and to spread the word to new participants interested in joining the program. In March, IESE welcomed back Global EMBA Alumni for its annual Global EMBA Alumni Day. Taking place at IESE's Barcelona campus, with sessions from Professors **Miguel Angel Ariño** and **Sandra Sieber**, the day also included a presentation about innovating the Global EMBA program. **Maria Puig**, Executive Director of the Global Executive MBA, welcomed participants to the reunion. Sessions included one on Current Perspectives on Strategic Decision Making and another on the Use of Social Media in the Enterprise. Global EMBA open days were scheduled for June 7.

A day to meet
old friends
and make new
connections



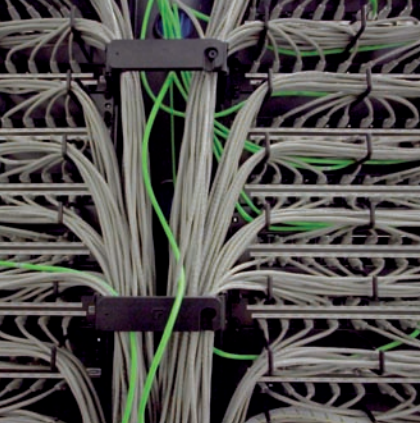
MBA GOLF TOURNAMENT Rub of the Green

● The Barcelona MBA Golf Tournament was held in Pals on the Costa Brava in March, shortly after freak snow storms had brought much of Catalonia to a halt. There was still plenty of snow on the ground but it was a sunny day and, as the golf course is close to the beach, it was like an oasis in the desert, with the difference being that the desert was snow and the players were on the green land.

Altogether 51 people attended, among them 13 MBA students, four

Executive MBA students, three IESE staff and ten family members. The tournament is very well organized and a lot of fun for all, with everyone ending up in the clubhouse for the prize-giving and delicious food.

Claudia Herrman (MBA '10) won the ladies scratch and **Gonzalo Gutiérrez** (MBA '11) won the gentlemen's scratch. The tournament was sponsored by, among others, IESE, Golf Platja de Pals, Resort La Costa, Font Vella, Danone, Vueling and Codorníu.



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BETTER SERVICE, BETTER QUALITY FOR MEMBERS

“It’s an exciting challenge: as the profiles of IESE alumni become more internationally diverse, advances in technology allow us to be closer to graduates who are far away from us. This is a great advantage,” says

Mireia Rius, the director of IESE’s Alumni Division.

“But we continue to prefer face-to-face contact with our alumni and that’s why we are organizing even more events in different locations,” she says.

IESE’s Alumni Association is one of the most active in the world, with a significantly high affiliation rate. During the 2008-2009 academic year, the association boasted 13,831 members. *Forbes* magazine recently ranked IESE second in the world in terms of alumni satisfaction.

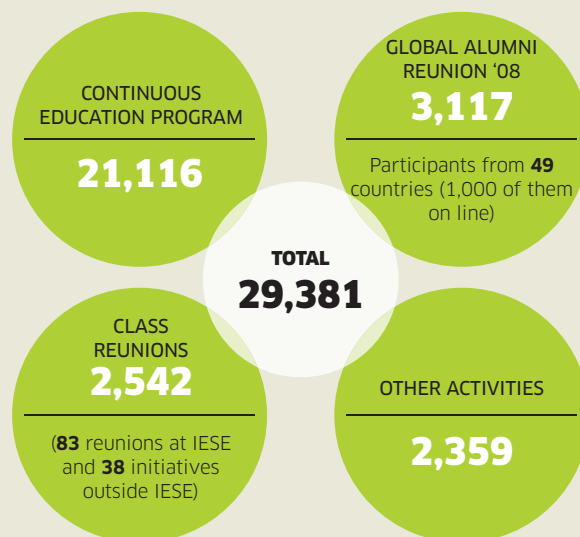
The association currently includes graduates from 90 countries who are active in 32 different chapters around the globe. More than 200 educational activities and meetings were held last year in some 30 international cities. In total, around 30,000 people took part in these events.

NEWS

● Last year, the association launched a series of initiatives to optimize communication with alumni. Among these projects was the design of a new portal and a new alumni directory; strengthening of the Continuous Education Program, with a greater number of sessions and new formats; the creation of new virtual communities; the launch of a new management review, *IESE Insight*; and the development of new content and professional guidance services, such as the SUCCEED platform.

Next year, the association plans to maintain the same high level of activity of the Continuous Education Program and enhance various online tools in order to make online education even more effective (such as e-conferences). Other goals include holding education events to foment relationships among alumni and offer capacity-developing services through the e-Talent project.

Association Participation in 2008–2009



New Alumni Portal

MORE THAN 8 MILLION PAGES VISITED
IN 2009

56,900 VISITS TO
THE SECTION “CAREER
SUPPORT”

39% MORE ALUMNI
VISITED THE SITE THAN IN
2008

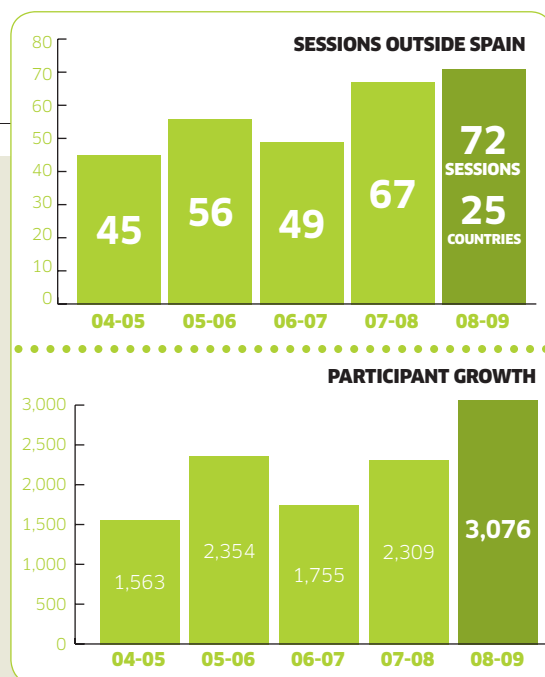
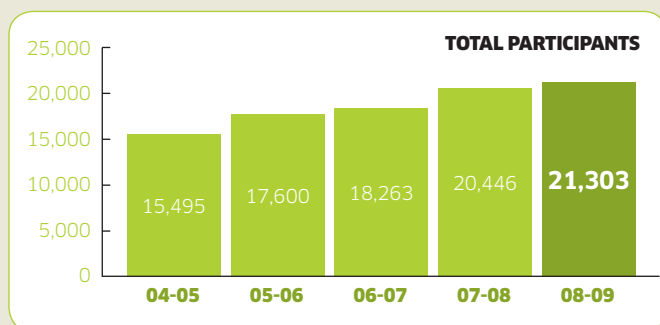
MORE THAN 22,800 ALUMNI
RECEIVE THE NEWSLETTER

1,500 CAREER
OPPORTUNITIES OFFERED

E-CONFERENCES:
81 SESSIONS BROADCAST
38 NEW SESSIONS
18,390 VISITS

THE FIGURES ARE IMPRESSIVE AND REFLECT, WITHOUT A DOUBT, THE EFFORT THAT THE ALUMNI ASSOCIATION IS MAKING TO BECOME A KEY CHANNEL FOR ONGOING EDUCATION FOR ALL IESE GRADUATES.

Continuous Education Program



IN THE 08/09 YEAR
190 sessions

SPECIAL SESSIONS
26 sessions
5,296 participants
14 cities

INTERNATIONAL
ALUMNI
COMMUNITY
4,220

TOTAL
ALUMNI
COMMUNITY
30,511

37.4% TOTAL NUMBER
OF PARTICIPANTS OVER
THE LAST 5 YEARS

96.8% GROWTH IN
NUMBER OF PARTICIPANTS
OVER THE LAST 5 YEARS

42% AFFILIATION RATE

The Big Picture

On Feb. 9 the Executive Committee of IESE's Alumni Association met in Barcelona, with a video-conference connection in Madrid. All alumni had the opportunity to hear about the previous year's activities and suggest new initiatives. The Research Excellence

Awards were also presented during the meeting to the following faculty members: Pinar Ozcan, for the best published article; Beatriz Muñoz-Seca and Josep Riverola for best book; and Joan de Dou and Alberto Ribera for the best course.



Competition, Business and Education



CARLOS CAVALLÉ

Emeritus Professor of Strategic Management, IESE Business School



JORGE SOLEY

Senior Lecturer of Financial Management, IESE Business School

Seasoned executives frequently tell us that they fret about the quality of education received by young employees entering their firms today. Young managers usually have technical knowledge, but their personalities often do not mesh with the values, virtues and culture of the company, especially when one compares them to the previous generations of managers.

In an effort to address this profound change, these business leaders often suggest that current education should try to improve capacities such as a solid work ethic, sense of responsibility, commitment and respect for authority. It should also seek to develop personal determination, the ability to work as part of a team; and a drive for lifelong learning, which is of vital importance in the business world now.

One could indeed conclude that there is a certain gap between what formal education provides students before they embark upon their careers and the increasingly demanding business environment today. Some people believe that measures should be taken in the family domain, and in compulsory education, which is the family's extended arm, since this is precisely where values and virtues sprout, take root, grow and develop. These values later support the professional and personal lives of young people.

Universities should also broaden their focus to extend beyond concepts and technical knowledge. There is a need for human and humanistic

education, which reflects the fact that people are the beginning, center and end of all economic and professional activity. The same could be said for vocational training, which - for various reasons - has come to be regarded as "second class education" in some countries, such as Spain. (It must be noted that this has not occurred in other places, such as Germany and Denmark).

In this scenario, what role should companies play? In the first place, more solid bridges should be built between universities and companies, since they are two worlds that are mutually dependent on each other. The university generates and disseminates new knowledge and the company uses it for its purposes through developing better services and by adding value. But this is all carried out by people. And people have to adapt to companies, integrate within their cultures and values, and help these companies adjust to changes of all sorts. Companies and universities need to get to know each other better.

To do this, they must collaborate on more challenging projects. Chief among these is the human education of university students who will be our business leaders of tomorrow and, equally important, agents in the inevitable changes ahead in a global world. It is an ambitious undertaking, which will require efforts on both sides to work. But it shouldn't be difficult, with the conviction that education is the most important factor in competition.



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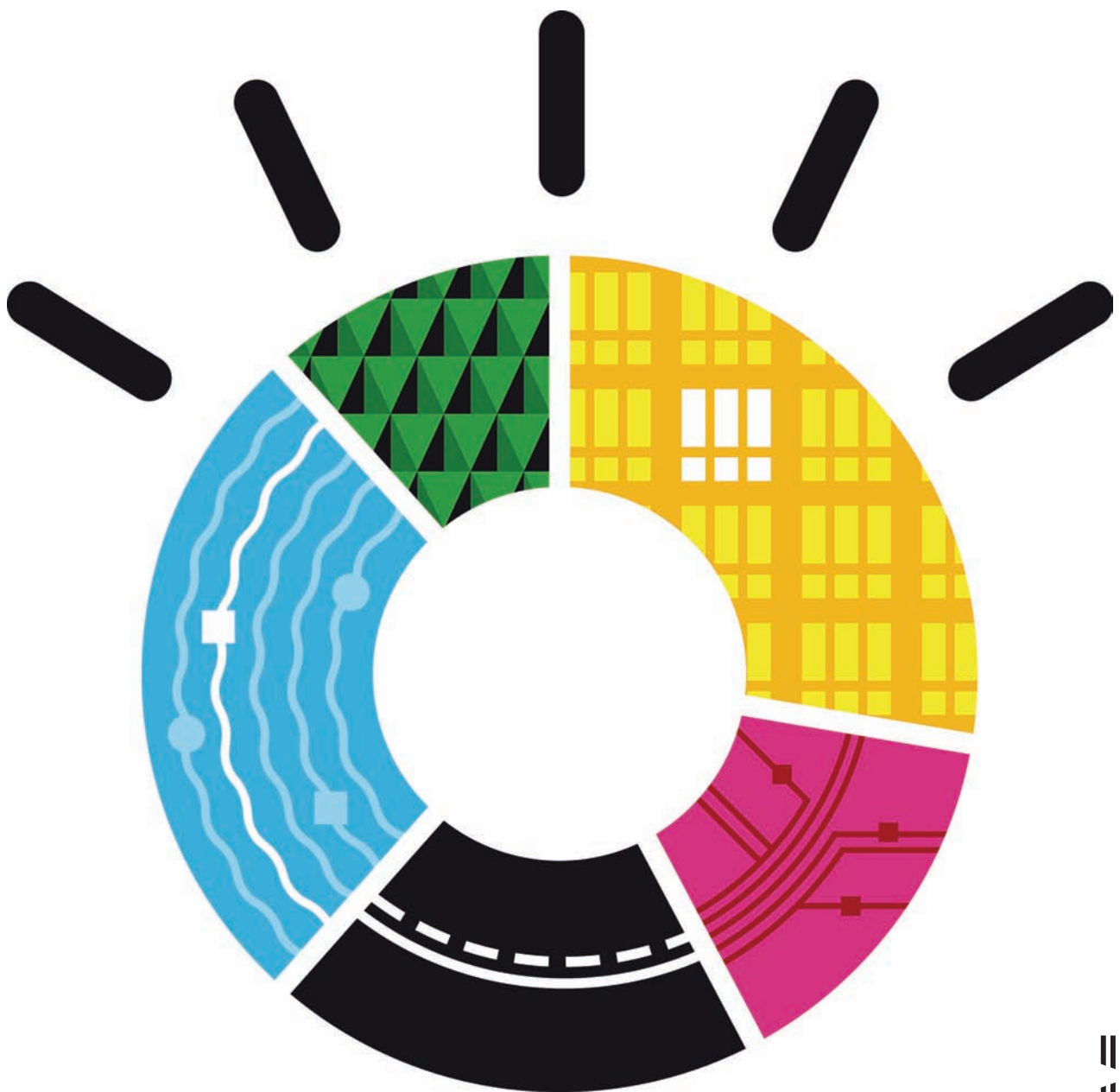
power to you



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sits idle in distributed environments.
A smarter planet needs smarter
infrastructures to lower costs, improve
service and manage IT security.

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THINK 