

Christoph Zott
How to Innovate
in Business Models

Domènec Melé
What is the Root of Ethical
Behavior in Business?

IESE MBA 50th Anniversary
Reaching Out to the
Global IESE MBA Family

EMBRACING THE POWER OF EXCELLENCE

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Insights from the 2015 Global Alumni Reunion in Munich



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EUSEBIO DÍAZ-MORERA
(MBA ’69)

“INVESTING
AND HAVING
PATIENCE
ARE THE
SAME THING.
EVERYTHING
ELSE IS
SPECULATION”

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SPEAKING OF EXCELLENCE...



ANTONIO ARGANDOÑA

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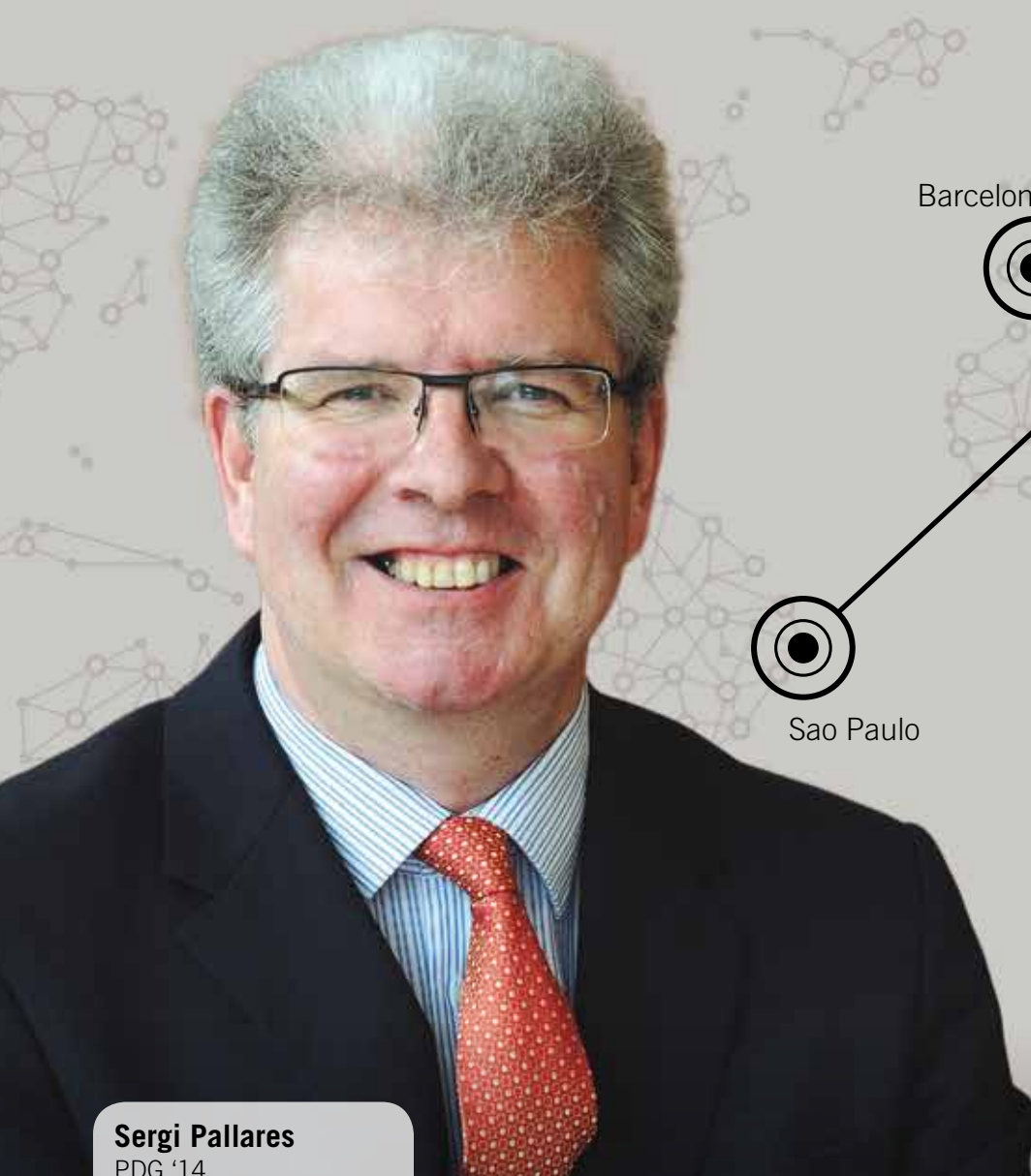
In some circles of our society, the idea of excellence is frowned upon. It sounds elitist, as though we're trying to race to the head of the pack. In these contexts, people shy away from excellence. They ask, "Who am I to judge?" saying, "Every person has his or her own set of values." But in our companies, we have no choice but to judge and evaluate, because the quest for excellence is inherent to business. Not out of pride, but out of necessity. As human beings, we are driven to strive every day to reach our fullest potential. And in a company, when we stop striving for excellence, we show a lack of respect for society. Because if there's one place where we need to talk about efficiency, growth and responsibility, it's in business.

We spoke about excellence at the 2015 Global Alumni Reunion, as we see in the cover story of this issue of the *Alumni Magazine*. And in these pages, we examine excellence through a variety of lenses. **Christoph Zott** adopts the perspective of innovation. **Domènec Melé** offers the perspective of ethics. Our interview with **Eusebio Díaz Morera** (MBA '69) leads us into the world of finance.

As a backdrop, we have the MBA's 50th anniversary, which reminds us of IESE's bid for a program aimed at fostering both excellence and humility, as some prominent alumni discussed in Barcelona on November 30. From his MBA experience, **Díaz Morera** notes the connection between professional work and personal fulfillment and the importance of good management. And **Jordi Mercader Miró**, also MBA '69, notes, "I remember they made you work really hard, but they taught you well. They made you feel special." So yes, let's speak of excellence.

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and Spanish*

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Alan is one
of the Career Advisors
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Sergi Pallares
PDG '14



International Business Advisor at Adeem Al Sahra Trading



"I coincided with Alan when finishing the PDG and he helped me orient my professional transition according to the goals that I had defined. Alan created the right atmosphere for working in-depth on the objectives, guiding me during the entire process and helping me achieve results within the planned timeframe."



GLOBAL ALUMNI REUNION 2015

EMBRACING THE POWER OF EXCELLENCE

New paradigms in digital technology, macroeconomics, geopolitics and corporate culture are reshaping the business world. Leaders must commit to the concept of excellence in order to embrace the opportunities that are arising, while avoiding the potential pitfalls. This was the theme explored at IESE's 2015 Global Alumni Reunion, which took place in Munich from October 16-18. Under the title, "Expanding Impact: The Power of Excellence in Business," the event brought together 1,000 alumni and thought leaders. Its academic directors, Profs. Heinrich Liechtenstein and Marc Sachon, convened panels that explored key issues facing companies today. Which changes pose new risks and which promise new rewards? And, above all, how can the concept of excellence impact on the business landscape of tomorrow?





1. From left to right: Herman Daems, chairman of the boards of directors of BNP Paribas Fortis and KU Leuven; Paul Achleitner, chairman of the supervisory board at Deutsche Bank and IESE professor Pedro Videla.

2. From left to right: Tony Barber, Europe editor of the *Financial Times*; Jaime Caruana, general manager of the Bank for International Settlements; Janne Haaland Matlary, professor at the University of Oslo; and IESE professor Núria Mas.

WE HAVE UNDERSTOOD THAT FOCUSING TOO MUCH ON GROWTH CAN BE DANGEROUS”

Paul Achleitner, chairman of the supervisory board at Deutsche Bank

ASK YOURSELF THE QUESTION, ‘DO I ADD VALUE TO MY COMPANY?’”

Herman Daems, chairman of the boards of directors of BNP Paribas Fortis and KU Leuven

“We’re here to discuss the power of excellence in business. This is the impact of the purpose of the school: the possibility of inspiring excellence,” said Dean **Jordi Canals**. Speaking at the Welcome Reception of the Global Alumni Reunion at the BMW Welt on October 16, Prof. **Canals** laid out what was to be the main theme of the three-day event and questioned how deeply the value of excellence had been understood by some leaders in both the private and public sectors. “Excellence is not cheap,” he said. “It is costly in terms of commitment and dedication. We should push from the business side to do more... and better.” Prof. **Canals** underlined the need to place emphasis on excellence in terms of ethical values, not just quality of products or services.

This theme was explored further the following day in a panel discussion involving **Paul Achleitner**, chairman of the supervisory board of Deutsche Bank and **Herman Daems**, chairman of the boards of BNP Paribas Fortis and KU Leuven, and moderated by professor **Pedro Videla**. In a climate defined in recent times by corporate scandal, both agreed that a move towards a more ethical model of



IT'S NOT ENOUGH TO FOCUS ON YOUR OWN HOUSE. YOU HAVE TO ENSURE THE WHOLE NEIGHBORHOOD IS IN ORDER"

Jaime Caruana, general manager of the Bank for International Settlements



governance was critical. "When people talk about corporate governance they think they are talking about rules and structures, when in reality we are talking about behavior and culture," said **Achleitner**. "And culture is what people do when no one is watching."

He drew parallels between the current aftermath of the late 20th-century financial revolution and the 19th-century industrial revolution; both, he said, had made people rich, but involved behavior patterns that were, in hindsight, unacceptable. The aftermath of the 21st-century digital revolution would, he said, see common aspects of today's corporate behavior judged unfavorably. As an example, he cited the terms and conditions on web pages, asking, "How many people understand them? Is it right to then sell their data?"

According to **Achleitner**, things are "better today than they were in the past." In the wake of the Libor affair, he said, Deutsche Bank had "learned a good deal." "We have understood that focusing too much on growth can be dangerous – that you need to fix your back office and infrastructure and ensure you have a system in place to catch issues. It's this back-office capability that will sustain your future growth," he said. The role of the board in defining and driving corporate culture was raised by

Daems, who called for a shift from "ticking boxes to focusing on people." Acknowledging the challenges facing boards today – from intense scrutiny and bureaucracy to damaged credibility – he nonetheless issued a challenge to board members: "Ask yourself the question, 'do I add value to my company?'"

Board members should fully understand the strategic issues of the business and that's key even for independent directors, according to **Daems**. The chairman's function goes beyond board meetings, said **Achleitner**: "Any board does meet 6 or 10 times a year, but there may be issues coming up every day or week. The person that should check between meetings is the chairman. The job of the chairman should be to ensure that the board is effective and lives up to its responsibility."

THE THREE BIGGEST RISKS TO STABILITY

- The challenges and opportunities of macroeconomic
- geopolitical changes were addressed by a panel that included **Jaime Caruana**, general manager of the Bank for International Settlements. **Caruana** said that by taking a long-term, global view, "events that seem isolated can be seen as being parts of the same movie, one that's been playing since before the economic crisis."



PEOPLE ARE BECOMING PART OF THE INNOVATION ENGINE. CONSUMERS HAVE NEW EXPECTATIONS”

Bruno Di Leo, senior vice-president of sales and distribution for IBM

He identified three big risks, the first of which was a too-slow transition to the “new normal,” involving “holding interest rates too low for too long.” This mistake, in his opinion, would affect pension funds and the profitability of the financial services industry and lead to lower productivity. The second risk was the \$9.6 trillion debt issued by borrowers outside the US, much of it issued in US dollars by corporations in emerging markets. “If the dollar moves up and you have issued debt in that currency, you’re in trouble,” he warned. This would lead to tightening conditions and failing growth. He also said that despite post-crisis deleveraging in some pockets, such as households in the US, UK and Spain, debt overall has continued to grow, especially that of some financial firms, which threatens stability.

A third risk, geopolitical fragmentation, could complicate these debt issues enormously, he said. Although the “inward-looking tendency” towards protectionism in trade and currencies had been moderated successfully up to now, it would always be there and could be a major risk in the case of trade or financial fragmentation.

Speaking alongside **Caruana** was **Tony Barber**, Europe editor of the *Financial Times*, who noted that despite a “growing sense of insecurity around the world,” the world

has actually become wealthier over the last 20 years, with less acute poverty in developing countries, especially China and sub-Saharan Africa. This growing wealth, however, driven by the interconnectedness of media, transport and supply chains, has created “losers as well as winners. This inequality has generated discontent, leading to the destabilization of some existing political orders.” His views were echoed by the member of IESE International Advisory Board (IAB) and professor at the University of Oslo **Janne Haaland Matlary**, who warned that we were facing “some ugly realities with state security firmly back on the agenda.”

Caruana argued that the best “vaccine” against these risks is “humility, in terms of how much we know. The world is a complex and hard-to-understand system. Tail risks exist. You think you’ll be OK when bad things happen but that’s not usually the case. The truth is that the rooms are crowded and the doors are getting narrower,” he said. “We need to be prepared, ex ante, and build room to maneuver.”

It was equally vital to understand the effect that decisions taken by large economies have on neighbors, he said. “It’s not enough to focus on your own house. You have to ensure the whole neighborhood is in order,” he concluded, in a session moderated by professor **Núria Mas**.



3. From left to right: Bruno Di Leo, senior vice-president of sales and distribution at IBM; Charles-Édouard Bouée, CEO of Roland Berger; María Garaña, vice-president of the business solution division of Microsoft EMEA and IESE professor Sandra Sieber.

4. From left to right: Michael Heinz, member of the board of executive directors at BASF; Hans J. Langer, founder and CEO of EOS; and IESE professor Marc Sachon.



DIGITAL DISRUPTION MEANS A DIFFERENT WAY OF WORKING

● Change of a different kind was forecast by **Charles-Édouard Bouée**, CEO of consultancy firm Roland Berger. “A double revolution is under way: technological and sociological,” he said. In this rapidly shifting environment, he believes that corporations need to develop a new mindset. “It’s not the time to be defensive: it’s time to be aggressive and aspire to be a leader.”

Bouée estimated that the potential net gain to European firms of the digital transformation wave could be as much as €1.25 trillion, and cautioned that there would also be a price to pay for missing the opportunity. He urged firms to have a lighter management footprint – to be more agile – and to provide answers to crucial questions on data and security. “People are now prepared to give information to companies they wouldn’t give to governments, but who’s going to take care of that data if companies collapse?” he said.

The issue of data security was also addressed by **Bruno Di Leo**, senior vice-president of sales and distribution for IBM and member of the IESE IAB. “There is a huge opportunity to make the economy more efficient,” he said, “but it urgently requires regulation.” He added,

AN INVENTION IS JUST
AN IDEA. AN INNOVATION
IS WHEN THE CASH
REGISTER RINGS”

Michael Heinz, member of the board
of executive directors at BASF

IN GERMANY WE HAVE
CREATIVE COMPANIES.
INNOVATION INCREASES
THEIR POTENTIAL”

Hans J. Langer, founder and CEO of EOS



“People are becoming part of the innovation engine. Consumers have new expectations of companies and governments.”

In the double revolution mentioned by **Bouée**, the sociological changes empowered by technology mean that individuals now have new expectations of companies and of the value of the services provided by governments. As an example, **Di Leo** cited health care, which was driving the development of next-generation cognitive computing and artificial intelligence. Doctors, he said, read on average only five or ten papers in their career on any given disease and on average make a correct primary diagnosis only 43 percent of the time. Computers can access a high percentage of the 25 million papers that are published each year and can already help doctors to avoid expensive errors. This new health care technology paradigm, said **Di Leo**, would change the rules of engagement for pharma and governments.

Di Leo and **Bouée** were joined by professor **Sandra Sieber** and by **María Garaña**, vice-president of the business solution division of Microsoft EMEA, who urged business leaders to avoid becoming “lost in the details of digital. We should focus on the forest, not the trees and ask how technology is going to impact customers.”

In the tech sector, she said, companies need to understand that their customers “don’t care about the technology itself, but about how it affects profit and loss. It’s not about getting information, it’s about making it work for you.” **Garaña** said there are five core technology “must-haves” that all companies should integrate to drive business results. These are cloud, mobile, social, big data and security. “Technology is no longer the facilitator of the business. It’s the engine of business,” she concluded.

FEWER HANDS, MORE BRAINS

● Technology is also the engine of Industry 4.0, which ● draws together multiple concepts such as the Internet of Things and the Internet of Services within the vision of the “Smart Factory.” Two perspectives on these innovations in manufacturing were provided by BASF board member **Michael Heinz**, and **Hans J. Langer**, founder and CEO of 3-D printing pioneer, EOS, in a session moderated by professor **Marc Sachon**. **Heinz** gave an example to explain Industry 4.0: “We used to replace broken pumps in our factories,” said **Heinz**. “The next step was preventative: replacing them after a certain number of hours of use. The third step was monitoring them so the pumps tell us when they need to be replaced. But the next step is that

**SAID AT
THE GLOBAL
ALUMNI
REUNION...**

**“WE’RE VERY PROUD TO
HOST THIS GLOBAL ALUMNI
REUNION IN GERMANY, NOW
THAT THE SCHOOL HAS A
CAMPUS IN MUNICH”**

**Georg von Boeselager (AMP Munich ’08),
President of the Germany IESE Alumni Chapter**





6

the pumps talk to each other to optimize the efficiency of reactions and increase yields.”

Employees in the future will need different skill sets. “As things get more complicated, they will require people who are better educated, who can work with sophisticated processes,” said **Heinz**. **Langer** agreed, summing it up succinctly by saying “Fewer hands, more brains.” New technologies will empower creative people to do things that they couldn’t before, according to **Langer**. “We in Germany are successful exporters. We have creative companies and engineers. Innovation increases their potential,” he said.

The changes will, however, require innovations in management. “When we spread technology and product innovation around the world, we have to make sure we are not duplicating work,” said **Heinz**. “We need new ways of working with each other, and new IT learning solutions. An invention is just an idea,” he said. “An innovation is when the cash register rings.”

ENTREPRENEURIAL EXCELLENCE IN ACTION

- This year’s Global Alumni Reunion highlighted examples of entrepreneurial excellence in an entertaining and informative setting: a simulated funding pitch with audience participation.

5. From left to right: Michael Altendorf, co-founder and CEO of Adtelligence; Pablo Graiver, founder and CEO of TrialReach; Antonio Rami, co-founder and COO of Kantox; Rainer Strohmenger, general partner of Wellington Partners; Hendrik Brandis, co-founder and partner of Earlybird Venture Capital; and IESE professor Rob Johnson.

6. On Saturday, the academic sessions were attended by hundreds of alumni at the ICM.

Antonio Rami, co-founder and COO of foreign exchange platform for businesses Kantox; **Pablo Graiver**, founder and CEO of medical trials patient-matcher TrialReach; and **Michael Altendorf**, CEO and co-founder of personalized customer intelligence solutions provider Adtelligence presented their projects to two investors: **Hendrik Brandis**, co-founder and partner of Earlybird Venture Capital, and **Rainer Strohmenger**, general partner of Wellington Partners, in a session introduced by Prof. **Rob Johnson**.

After hearing the presentations and follow-up Q&A sessions, alumni were invited to use the reunion’s custom-built smartphone app to “invest” virtual funds in the project with most appeal. The winner, netting more than 3.4 million virtual euros from alumni, was TrialReach, which matches patients to medical trials.

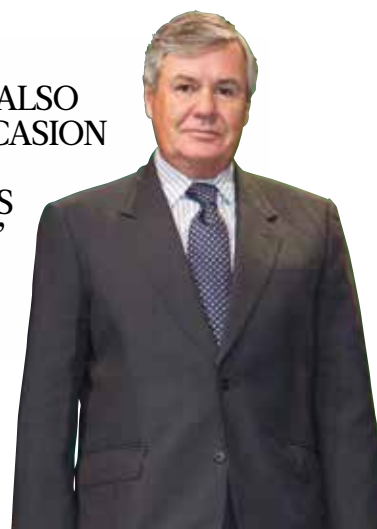
/// IESE IS LUCKY TO HAVE THE SUPPORT OF THE GLOBAL COMMUNITY OF ALUMNI ”

Prof. Jordi Canals,
Dean of IESE



/// THE REUNION IS ALSO AN EXCEPTIONAL OCCASION TO STRENGTHEN PERSONAL RELATIONS AND BUSINESS LINKS”

Jorge Sendagorta,
President of the IESE Alumni Association





INSIDE LOOK AT COMPANIES AND THE CAMPUS CONNECTING WITH INNOVATION AND CULTURE

Activities at the 2015 Global Alumni Reunion went beyond a packed academic program and connected alumni to Munich's business culture via visits to three of the city's leading innovative companies – BMW, GE and Electro-Optical Systems (EOS). Other alumni explored the city's iconic Allianz Arena, home of the Bayern Munich soccer team. Cultural events gave alumni the chance to discover the new IESE Munich campus and give back to society through charity fundraising, among other activities.

"The smaller and more complex the part, the better." These are not the words you'd expect a manufacturer of industrial parts to say, but EOS is no traditional manu-

facturer, as IESE alumni discovered during a visit to EOS headquarters in Munich. Facilitated by IESE professor **Marc Sachon**, the visit afforded a chance to interact with EOS' vice-president and head of strategy and business development, **Nikolai Zaepernick**, and to see the 3D printing machines up close and in action.

Founded in 1989 by **Hans Langer**, the company has become the global market leader in 3D printing processes for metal or plastic components designed for industrial use, mainly in the automotive, aerospace and medical sectors. During the tour, IESE Alumni were able to see the abundant design possibilities – from fuel injection nozzles and flexible hinges to hip replacements and dentures, demonstrating the limitless applications possible both in shape and



7



10



8



11



9

1., 2. and 3. Alumni enjoyed a guided visit to the facilities of the 3D-printing company EOS. 4. At the visit to the BMW facilities, alumni had the opportunity to sit at the wheel of various vehicles. 5. The open days at the Munich Campus included tours of the facilities, which included a history of the school in Germany. 6. More than 500 alumni gathered at the BMW Welt for the Welcome Reception. 7. International media covered the Global Alumni Reunion. 8. The Bayerischer Hof hotel hosted the gala dinner, with more than 500 alumni. 9. The gala dinner was an occasion to reconnect with former classmates. 10. The ICM hosted the academic sessions. 11. The Solidarity Run, held on Sunday at the Maximilianslagen, raised funds for the charity Mary's Meals.

material. The beauty of the technology is that it eliminates the need for molds. **Zaepernick** told IESE alumni that after decades of evolutionary innovation, metal 3D printing had now developed enough to be market sustainable and truly take off. Indeed, the company has expanded from 300 to 750 employees in just over five years.

He is confident about the future and envisages the machines moving closer to the market. So, rather than having a factory that ships to the world – manufacturing spare parts in Germany, for example, and sending them to clients around the globe – the EOS 3D technology can be used to send designs digitally and then manufacture them in situ. Besides reducing the need for stock, this would contribute to reducing the carbon footprint and boost sustainable business practices overall.

He advised the alumni to look for where their customers experience pressure and pain, because “when you can come up with solutions that address your customers’ pain points, that’s when you really add value.”

GIANT-SIZED INNOVATION

- **Dietmar Tourbier**, technology leader at GE Europe, led another group of alumni around the Munich R&D

facilities of the North American-based industrial company and explained, “Here we mostly don’t invent technology: we make it feasible for business, just as the founder of our company, **Thomas Edison**, did with the electric bulb.”

The company’s European research center is one of nine around the world, located in Munich to attract European graduates and to innovate close to GE’s businesses and to its business partners. “Munich is very attractive to young professionals and we’re surrounded by small companies capable of manufacturing prototypes very quickly,” said **Tourbier**.

Alumni toured the imaging and biomedical technologies lab and learned about GE’s advances in composites manufacturing. Although GE is a technology giant, it aspires to innovate like a start-up. “In the past we’d have developed a technology for 10 years and then sold it. Now we launch it and update it,” explained **Joerg Stromberger**, global strategy leader for electrical technologies & systems. To foster innovations, GE uses a process called “FastWorks” that deploys small, multidisciplinary teams to develop a “Minimum Viable Project” that are tested with clients and presented to those responsible for investment. This agile process of constant redefinition requires a cultural shift for management

COVER STORY



1. Jordi Calvet, Philippe Vezio, Wendy Shen, Miguel C. Reis, María Navarro, Odile Panciatici, Yolanda Serra, Humoud Al-Mannai and Jorge Tejeda. **2.** Stefan Suessenguth, Cosmina Pirlea, Jennifer Hsu, Oliver Seyfried, Saline Kuan and Andri Christian Stocker. **3.** Maria de Queralta Puig, Miguel Angel Tovar, Susana Armingau and Francisco José Gil. **4.** Henning Kluever, Eduardo Díaz del Río, Rainer Grasberger and Jake Meisenbach. **5.** Björn Rettig, Félícia Soumah, Néstor Oller, Eva Fernández, Christian Seller, Brigitta Belinová and David Howes. **6.** Federica Ravaglia, Timo Grund, Savita Hinger, Willem Glorie, Chandni Chamria and Aditya Vikram Chamria. **7.** Romeo Grzebowski, Danuta Czajka, Iwona Szmitkowska and Kamil Górecki.



MORE
PICTURES OF THE
GLOBAL ALUMNI
REUNION AT
[HTTP://BIT.LY/
GAR2015](http://bit.ly/gar2015)



8. Víctor Escaño, Mayank Sharma, Fan Yang, Fuk Ting Wong and Carlos Seguí. 9. Julia Finkeissen, Marcin Diakonowicz and Ann-Kathrin Duborg. 10. Ruchi Biyani, Manish Kabra and Anjaney Borwankar. 11. José Carlos Portela, Isabel Roldán, Ma. del Carmen López, Paco Martínez, Cristina Latorre and José López. 12. Yong Wu, Sangwani Mabheba and Michael Doucleff. 13. Javier Paluzie, Marcelo Tenza and Carlos Maiz. 14. Óscar Villanueva, Jesús Labena, Enrique Ortiz, Alejandro Cebrián, Max Radt, Lars König and María Granero.

COVER STORY



15. Eghosa Oriakhi and Cornelia Gale. 16. Alexander Feischl, Tobias Thelen, M^a Angeles Gómez, Jaume Núñez and Leonhard von Harrach. 17. Pedro Plaza, Gloria Minguella, Margarita Agusti and Miquel Alsius. 18. Elena Santodomingo, Mercedes Erdozain and Laura Martínez. 19. Patrick Schaufuss, Franz von Plettenberg, Ana von Plettenberg, Joseph Bello and Wolf Thyssen. 20. A Mass in honour of alumni who had passed away was held in the Church of the Sacred Heart. 21. Theo Doll, François Geinoz and Bence András. 22. Manuel Garayo, Wenyan Huang, Ricardo Lobera and Yin Hung Cheung.

but the change is being led from the front by GE's CEO **Jeff Immelt**. The impact of FastWorks was evident to those who attended the visit. "I'm really surprised – it was fascinating to see how such a mammoth company is dealing with innovation," said **José Gabriel Chimeno** (PDG '95).

A SPORTING CHANCE FOR SOLIDARITY

● Alumni who visited the Allianz Arena saw the 75,000-seat stadium from pitch-side as they sat on the manager's bench and took a VIP tour behind the scenes at one of Europe's greatest sports facilities. Meanwhile 73 alumni chose to participate in a different kind of sporting action on Sunday by joining a Solidarity Run that raised €1,460 for the Mary's Meals charity (www.marysmeals.org.uk). The money will be put to use in the Mwazowala Primary School in Dowa, Central Malawi, where it will provide meals for 101 children for a year, helping them to stay in school and have a brighter future.

Those who prefer motorized means of getting around were able to visit Munich's Transport Museum. As well as seeing historic trains and automobiles, the 23 visiting alumni also explored Munich's responses to the 21st-century challenges of traffic and mobility.

Alumni interested in cars and motorcycles were able to take a look around the BMW production facilities in the north of Munich, in a guided visit that took place on Friday. That evening, the Welcome reception was hosted at

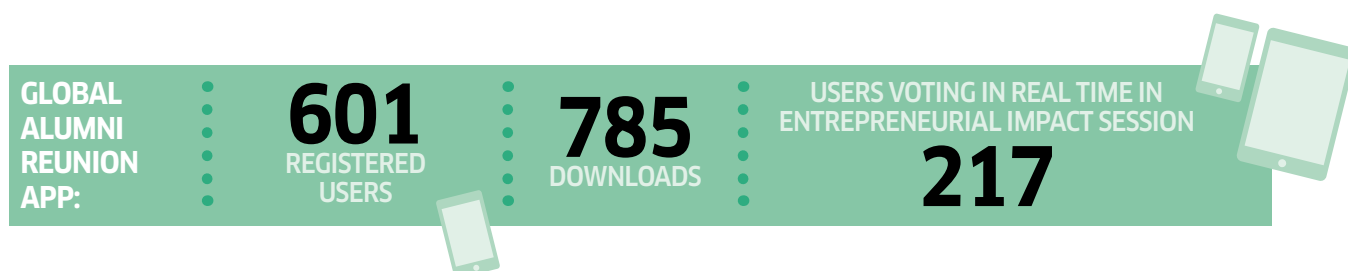
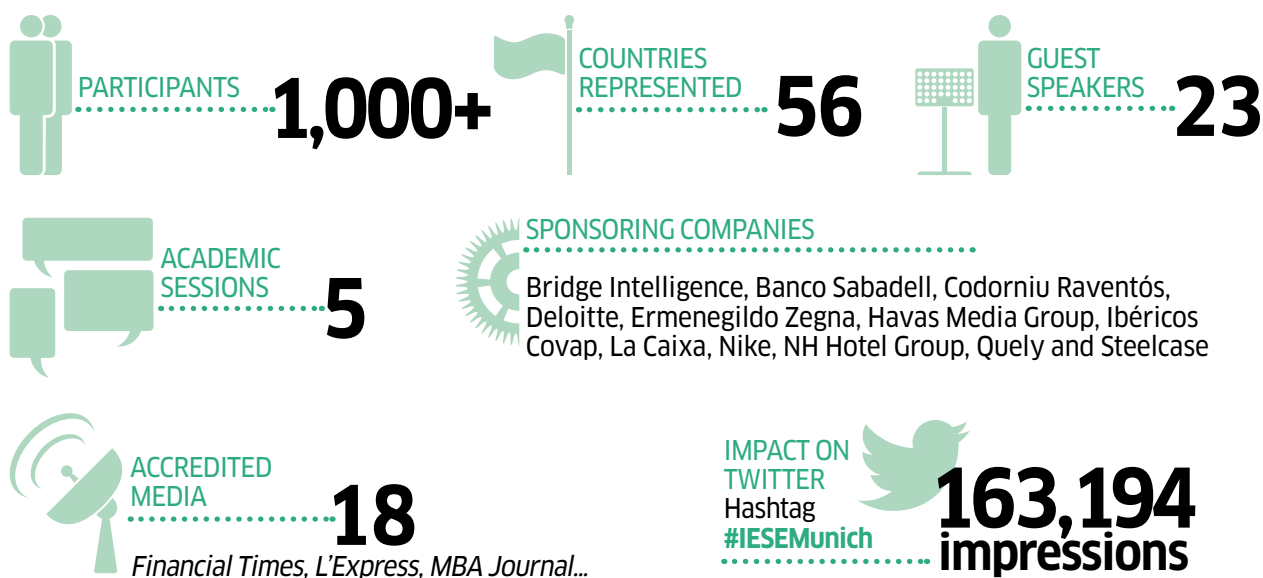
the nearby BMW Welt, an impressive exhibition facility for BMW vehicles.

MUNICH, A NEW HOME FOR IESE ALUMNI

● At the reception, and speaking to more than 550 people, ● **Georg Von Boeselager** (AMP Munich '08), president of the Germany IESE Alumni Chapter, described the new campus in Munich as a "a milestone in IESE's history" and noted that the local alumni chapter had grown to more than 500 members – more than 1,000 if Austria and Switzerland were included – since the previous Global Alumni Reunion here in 2006. He pointed out that Munich was a city of arrivals and beginnings, and emphasized its start-up culture. "There's a number of reasons why I think that IESE has made a good decision by opening a new campus in Munich," he said. During the Global Alumni Reunion weekend, alumni had the opportunity to get to know the IESE's new Munich campus first-hand. More than 350 alumni enjoyed guided tours of the campus on the Friday and Sunday, learning about the building's history and new state-of-the-art facilities.

There were also occasions to reconnect with former classmates, such as the Gala Dinner at the famous Bayerischer Hof hall, attended by over 500 alumni. To commemorate deceased alumni, a Holy Mass was held at the Church of the Sacred Heart with Dr. **Christoph Bockamp**, vicar of the Opus Dei Prelature in Germany.

GLOBAL ALUMNI REUNION 2015 IN NUMBERS



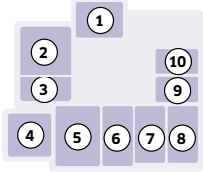
OUR CAMPUS IN MUNICH

The Munich campus comprises a main building with four floors; one of which is a semi-basement with direct natural light. Behind this building is an annex, which houses an additional classroom. The complex is located in the heart of the Bavarian capital.

MAIN BUILDING

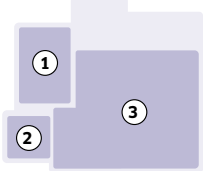
2
247.7 m²

① ② ③ ④
⑤ ⑥ ⑦ Offices
⑧ ⑨ ⑩



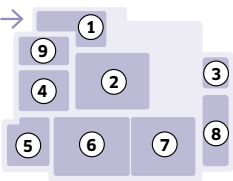
1
252.1 m²

① Hall
② Workroom
③ Classroom for up to 75 people



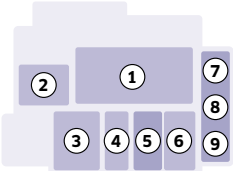
0
266.8 m²

① Entrance
② Hall
③ ④ ⑤ Offices
⑥ ⑦ Multi-purpose room
⑧ Chapel
⑨ Visitors' room



-1
278.7 m²

① Hall-Catering
② ③ ④ Workrooms
⑤ ⑥
⑦ ⑧ ⑨ Offices



ANNEX BUILDING

1
69.81 m²

① Terrace
② Classroom for up to 20 people



0
97.81 m²

① Dining room



-1
31.81 m²

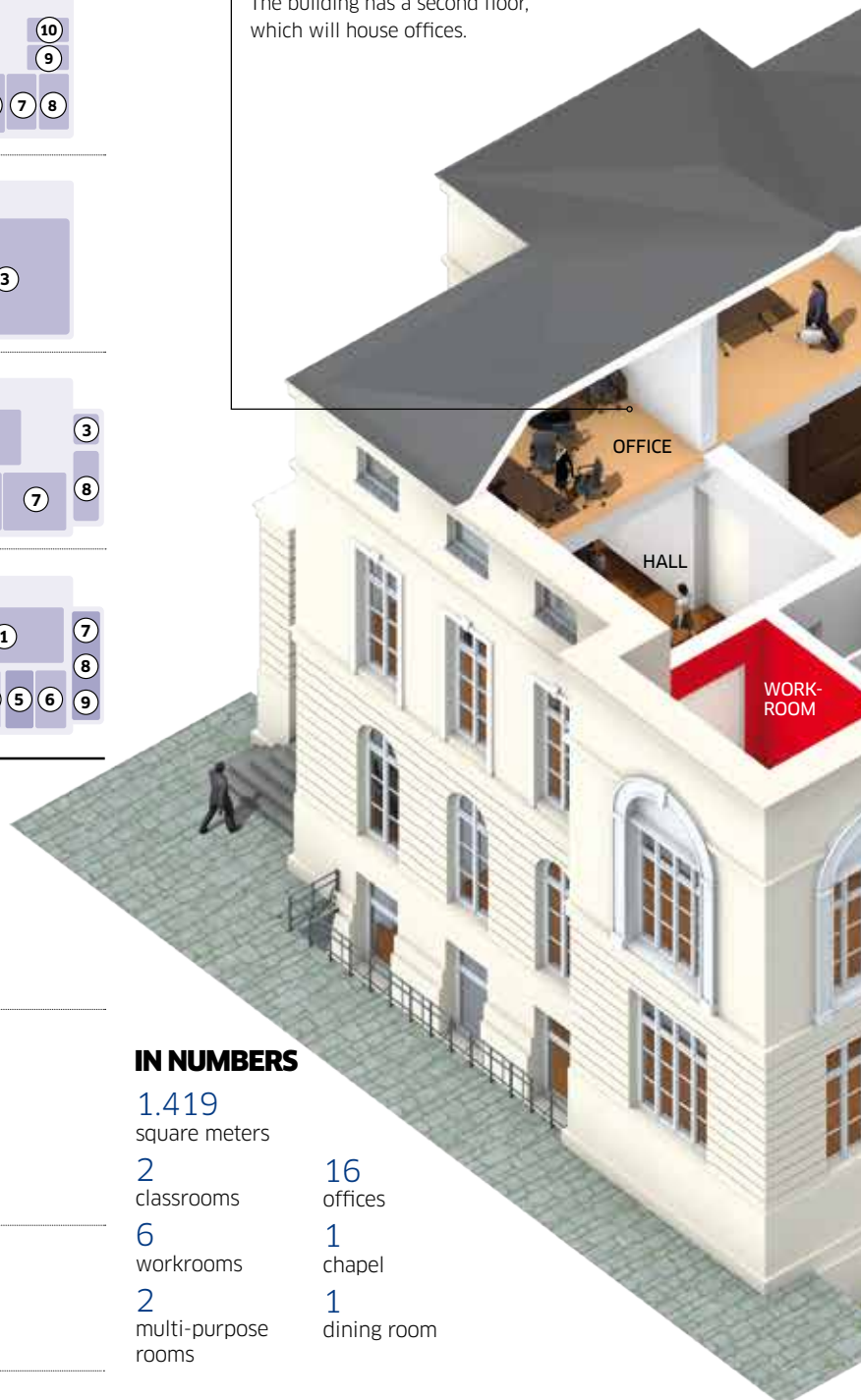


FUTURE PLANS

- The campus will house two research centers: one dedicated to family businesses and the other to studying manufacturing and innovation.
- It will also be used to teach a module in the World Executive MBA.
- New custom programs in Germany will be taught on the campus, in addition to the Advanced Management Program and Program for Management Development that IESE already teaches on the site.
- The campus will be used to promote new executive education programs in the German market.

EXPANSION

The building has a second floor, which will house offices.



IN NUMBERS

1.419
square meters

2
classrooms

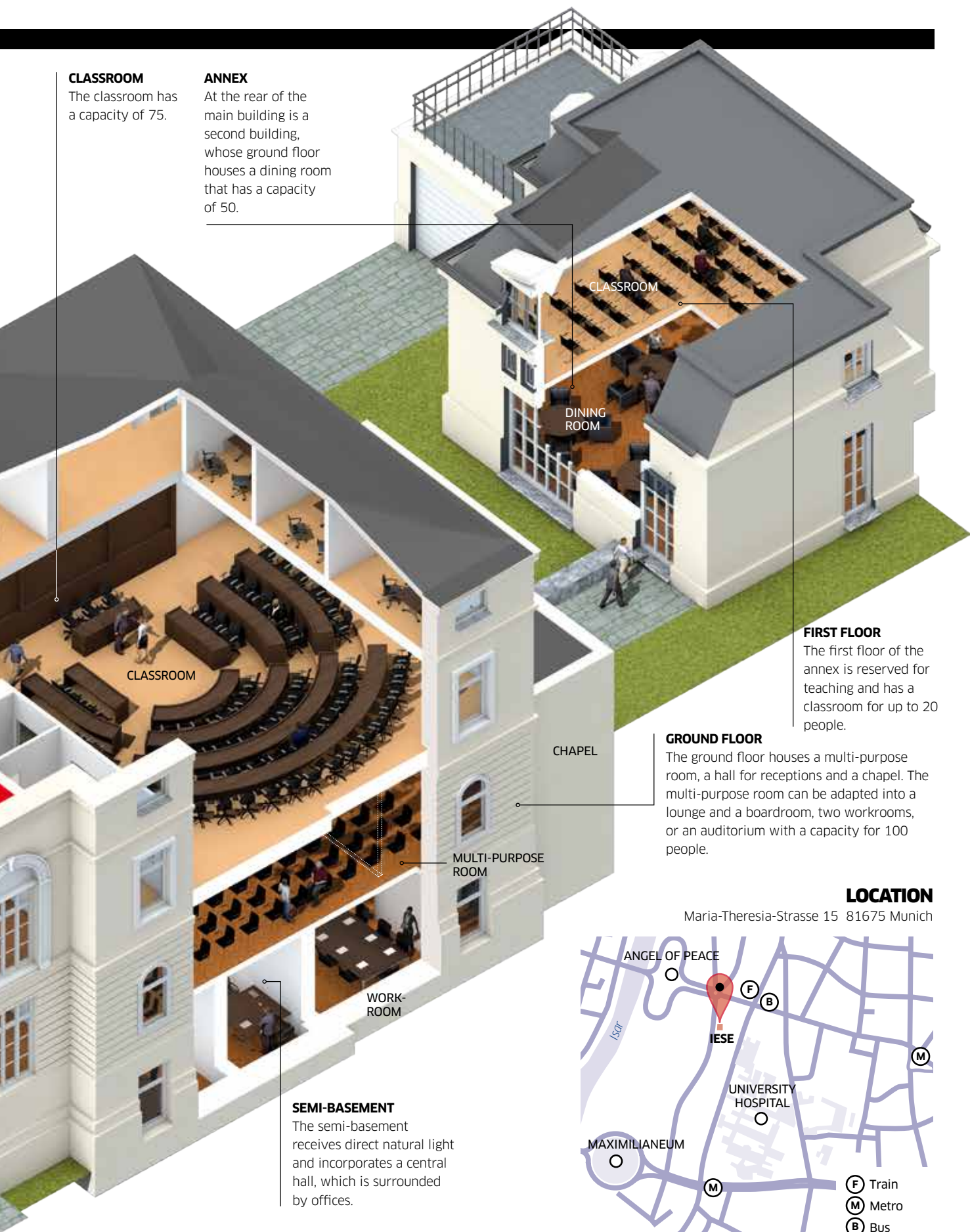
6
workrooms

2
multi-purpose
rooms

16
offices

1
chapel

1
dining room



CLASSROOM

The classroom has a capacity of 75.

ANNEX

At the rear of the main building is a second building, whose ground floor houses a dining room that has a capacity of 50.

CLASSROOM

DINING ROOM

CLASSROOM

CHAPEL

MULTI-PURPOSE ROOM

WORK-ROOM

SEMI-BASEMENT

The semi-basement receives direct natural light and incorporates a central hall, which is surrounded by offices.

FIRST FLOOR

The first floor of the annex is reserved for teaching and has a classroom for up to 20 people.

GROUND FLOOR

The ground floor houses a multi-purpose room, a hall for receptions and a chapel. The multi-purpose room can be adapted into a lounge and a boardroom, two workrooms, or an auditorium with a capacity for 100 people.

LOCATION

Maria-Theresia-Strasse 15 81675 Munich



CHANGING THE WAY THE COMPANY DOES BUSINESS

HOW TO INNOVATE IN BUSINESS MODELS



CHRISTOPH ZOTT
Professor of
Entrepreneurship, IESE

Entrepreneurs and companies can benefit radically from an innovative business model, but frequently lack the expertise required to build one. With this need in mind, IESE Prof. **Christoph Zott** and Prof. **Raphael Amit** of the Wharton School developed a step-by-step approach derived from the world of design that applies across a range of industries. The model is flexible and can be used both for new ventures and established firms.

STRATEGY • BUSINESS MODEL • INNOVATION

When we think of innovation we usually think of new products, applications or services,

but this kind of innovation is often expensive and time-consuming, and has uncertain future returns. Great innovations can be found at all levels of business and sometimes in unexpected places – not only in new products or services, but also in processes and systems.

One such example of a significant source of innovation is, increasingly, the business model. Business model innovation (BMI) does not involve changing products or services, it is a reconfiguration of how the company does business. It might bring together previously unconnected players; it may link current players in new ways, or it can introduce completely new players or mechanisms.

The value of this type of innovation to stakeholders can be tremendous. Economist Intelligence Unit analysts even conclude that how companies do business (as defined

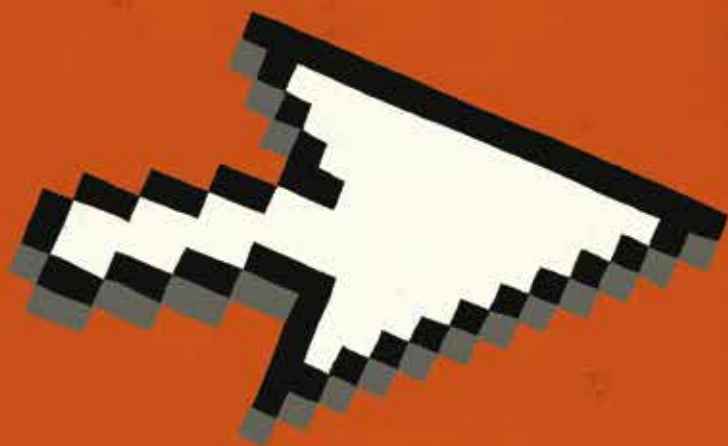
in their business model) is often as important, or even more important, than what it does.

CHOOSING A BUSINESS MODEL

The business model is fundamental to a firm's strategy. It is one of the most strategic choices that entrepreneurs and managers can make, because it defines how the firm embeds itself in its context in terms of the networks of companies and institutions and customers that surround it. It stakes out its friends and foes, and helps firms make crucial decisions when it comes to anchoring their competitive advantage.

Take the case of Israeli start-up FriCSO, which developed a friction-reduction technology. They had three very different business models to choose from. As machine manufacturers, they could embed the technology in machines and sell them to resellers and suppliers; as an R&D company, they could license their technology to machine manufacturers; and as a service provider, they could provide an outsourced service to resellers and suppliers in manufacturing.

Each option is very different in terms of costs, core capabilities,



TO QUALIFY AS A BUSINESS MODEL INNOVATION, A NOVELTY NEEDS TO BE EXPRESSED AT THE SYSTEM LEVEL, AND IT MUST BE NEW TO THE WORLD

competition and potential partners. In the manufacturing model it would compete against other established and powerful machine manufacturers. In the licensing model it would partner with them. Each model had different capital requirements –the machine manufacturing model required significant investment, for instance.

Three converging trends have been driving companies to bring innovation into their business models: the digitization of business, the increasing numbers of digital natives who expect a slick online experience, and the increasing importance of customer input and feedback. These developments have spurred firms to fundamentally rethink and reshape the ways they do business. Innovating at the level of the business model is one way to do just this.

BUSINESS MODEL INNOVATION

- The business model is an activity system adopted by a firm to meet market needs and create value for stakeholders, whereas business model innovation (BMI) is the design and implementation of an activity system that is new to the firm, or new to the product-market space in which it competes, and recalibrates how it does business in that space.

Modifying an activity alone without changing the entire activity system or the way the company does business does not constitute business model innovation. So implementing new technology does not qualify. Take the adoption of injection-molding technology for making candles. This is a technological innovation that makes manufacturing more efficient, but it is not BMI.

BMI redefines an existing product or service and how it is delivered to the customer. Take the example of Dell. Dell implemented a customer-driven, build-to-order business model, which replaced the traditional build-to-stock model of selling computers through retail stores.

Some consider that BMI enlarges the economic pie by attracting new customers or encouraging existing

customers to consume more. Amazon did this through business model innovation.

The newness, novelty or innovativeness of the business model can be in its content (its organizational activities), its structure (exchanges), or its governance (partnerships). And because of the interconnected nature of the business model, a change to any of these parts can lead to further changes at the system-level, resulting in changed functionalities and performance prospects.

Take Apple, for example. In the early years Apple designed, produced and sold hardware. The value in its business model was in the sale of hardware. But once Apple introduced the iPod, it drastically altered its business model by expanding its reach into the music industry and intellectual property realm to claim a stake in how its hardware was used. iTunes was a further breakthrough, which saw Apple convince the music industry to sell by the song while taking a share of every download. All this changed how the company interacted with its product-market space. It continued to produce devices but was involved with the content for those devices. And of course this led to enormous benefits to stakeholders.

THE FIVE-STEP PROCESS

- So how can business models be innovated? Business model innovation has been relatively neglected and no generalizable process has emerged. In view of this missing link, we looked at the design process model for inspiration to fill the gap.

This BMI process is drawn from the design process model used by the California design firm IDEO. While the original purpose of the business model was to design new products, it has also been used to design services and entirely new businesses. The process has enormous versatility, which makes it a good framework for BMI.

There are five stages that make up the design process:

- 1 **Observe.** How do customers use your product, whether it is hospital services, trains or cell phones?

Observation means heading to the source, not to market research experts. The designer needs to develop a deep understanding of the customer experience, especially of the problems customers face when buying and consuming products and services. To increase the chances of generating novel ideas, designers need to be keen observers. New ideas are more likely to come from spotting the incongruous detail in a mechanic's shop than by hiring expert consultants or asking statistically average people to fill out a questionnaire.

All business model stakeholders, (suppliers, partners, and the firm itself) not just end-users, need to be taken into consideration. In business model innovation, the observation stage is broader and more complex than it is for the design of new products or services.

2 Synthesize. Take stock, share and make sense of the data received at the observation stage. In BMI, this means gaining a holistic understanding of the challenges and influences of the design process. It means asking important questions: who are our customers? What are their needs and goals? How can we help them solve their problems and where are we falling short in doing this? To what extent do we rely on strategic partners to conduct activities for us? There needs to be a strong sense of the market gap. Synthesis is an attempt to move forward, create a response to the problem and generate solutions.

3 Generate. Create potential design solutions; brainstorm. This may involve modifying an existing business model in novel ways or creating an entirely new business model from scratch.

4 Refine. Evaluate and concept-test the various proposed solutions. Experiment on a small scale to make sure the innovation is moving in the right direction. This process brings concepts to life; it is a low-risk way to explore different directions. Customer and stakeholder involvement here is crucial as the designers can present their prototypes and observe reactions and get feedback.

The stakeholders experience the concepts in a tangible way and the firm can gauge where best to dedicate its resources by classifying the alternatives and evaluating feasibility, viability and desirability. Thus the firm can narrow down the choices for new business model designs and achieve focus and clarity of details.

5 Implement. The last stage of the process involves selecting the design that is the best fit. Once the new or modified business plan has been chosen, the firm must make necessary organizational and strategic adaptations. Before a full-scale launch, it can be wise to create a small-scale experiment for the selected business model, allowing customers and other important stakeholders to experience the new model over a period of time, to test key assumptions. Apple did just this in its first location in Tysons Corner Center, Virginia in 2001, before launching its retail stores more widely.

The five stages of business model innovation are linked in a closed loop. Business model innovation design teams may cycle through the process multiple times, even skipping steps, before converging on a new business model design. That design will be novel in terms of its content, structure and/or governance, but to qualify as business model innovation, that novelty needs to be expressed at the system level, and it must be "new to the world."

Business model innovation can span firm and even industry boundaries. The creative process that leads to BMI involves outside-the-box thinking. It involves re-combining resources and capabilities for new innovative outcomes bringing value creation opportunities for the firm and its stakeholders.

This kind of mindful business model design is a first, crucial step toward breakthrough BMI, and it can be considered a firm-level capability. As such, it could become an invaluable tool to help CEOs, entrepreneurs and general managers think more proactively about the way their company is doing business.

BUSINESS MODEL DESIGN COULD HELP CEOS, ENTREPRENEURS AND GENERAL MANAGERS THINK MORE PROACTIVELY ABOUT THE WAY THEIR COMPANY IS DOING BUSINESS

MORE INFORMATION:

Zott, Christoph; Amit, Raphael, "Business Model Innovation: Toward a Process Perspective." In: Christina E. Shalley, Michael A. Hitt, and Jing Zhou. "Oxford Handbook of Creativity, Innovation and Entrepreneurship." Oxford, UK: Oxford University Press, 2015. pp 395-406 (Oxford Library of Psychology).

INDEPENDENT OR INFLUENCED DECISIONS?: THE ROLE OF MANAGEMENT

WHAT IS THE ROOT OF ETHICAL BEHAVIOR IN BUSINESS?



DOMÈNEC MELÉ
Emeritus Professor
of Business Ethics, IESE

What leads us to do right or to do wrong? Our personal qualities play a big role, but external elements present in organizations can also influence our behavior. Companies can develop incentives and guidelines on using power to encourage their members to act ethically.

BUSINESS ETHICS • ETHICAL BEHAVIOR •
MORAL CHARACTER

In 30 years dedicated to business ethics, I have had the opportunity to witness many positive behaviors in business management. I have observed efficient managers who act with integrity and honesty against all odds, showing respect and taking care of the people around them, and encouraging their growth as professionals and human beings. But I have also seen and studied many instances of deplorable behavior.

In both of these cases, we face the same question: What is the root of ethical behavior? Does it stem from a person's internal capacity to resist wrong and to do right, or does it stem from external factors?

A simple response would be to say that it depends on both things. Psychological and sociological studies have shown us a number of factors that influence moral behavior, and we can apply this knowledge to draw conclusions about good management.

INTERNAL FACTORS

James Rest, well known for his work on moral psychology, pointed out four key components of moral behavior. A person who has developed all four components is morally mature and will exhibit moral behavior. The elements are: a) moral sensitivity, b) moral judgment, c) moral motivation, and d) moral character.

• **Moral sensitivity.** This element is the ability to recognize the ethical aspects of a situation that should be taken into account in deciding how to act. People with moral sensitivity realize how an action or decision will affect the wellbeing of others. They also can detect dilemmas and realize that they must be resolved.

With practice, moral sensitivity can be increased. On the other hand, moral sensitivity can decrease if people are obsessed with economic outcomes or if they systematically neglect ethics in decision-making. In such cases, moral sensitivity can disappear or the person may only appear to display it in those cases in



BUILDING AN ETHICAL COMPANY REQUIRES SELECTION AND PROMOTION PROCESSES THAT EVALUATE CANDIDATES' MORALITY

which an unethical solution would be prohibited by law anyway.

- **Moral judgment.** This element is the moral evaluation of an action or decision and the resolution of the dilemmas it poses. To execute moral judgment, a person uses ethical principles, as well as sincerity and practical wisdom, to evaluate a situation. A virtuous person with a reasonable training in ethics will make better moral judgments. Moral judgment comes from a sense of duty that drives one's own conscience and determines whether an individual will carry out an action or avoid it.

- **Moral motivation.** Moral motivation is the impulse underlying a person's decision to follow moral judgment. For example, we might be led by our conscience and sense of duty to respond to a situation in a certain way, or we might be motivated by our potential contribution to society or our growth as a human being. A person's moral motivation can also involve certain ideals, such as acting in accordance with his or her religion or in accordance with God's will.

All people have a spontaneous motivation to do right and avoid doing wrong, but this motivation can be more or less developed in each individual. When moral motivation is strong enough, it can allow a person to overcome conflicting motives, and, for example, refuse to participate in a dirty but lucrative business deal.

- **Moral character.** Moral character is a set of lasting positive habits or traits, traditionally known as "virtues." A person's character develops over their life through decisions freely made and actions carried out. In the business context, the traits that stand out include justice, truthfulness and courage. Moral character provides an inner strength to act with promptness, ease and joy.

Moral character is the most important of the four elements, because it strengthens moral sensitivity, fosters good judgment and facilitates the motivation to do good.

EXTERNAL FACTORS

- Sensitivity, judgment and moral motivation can be influenced by factors that are external to the person and that, to a greater or lesser degree, are present in any business organization. Various studies highlight the following: a) power and leadership, b) incentives and evaluation criteria, c) organizational culture and d) codes of conduct and accountability.

- **Power.** Formal or political power deriving from a person's position can have a strong effect on behavior in the company. Other forms of power and leadership can also be very influential. Power may generate fear or motivations that lead people to act in one way or another. This happens when employees fear reproach or punishment, or on the other hand, when they anticipate acceptance or a reward. Leadership can be transformative, affecting sensitivity, judgment and motivation, and leaders can set an example for employees.

- **Incentives and evaluation.** A specific form of the exercise of power is reflected in the system of incentives and performance evaluations. Effective incentives can motivate behavior. However, when systems of incentives, evaluation and monitoring focus exclusively on numerical results, they are unlikely to produce a moral motivation in behavior.

- **Organizational culture.** This element includes convictions and shared values, as well as an organization's own way of doing things. A culture with solid ethical values, involving moral integrity and respect for others, can foster a greater moral sensitivity and have a positive motivating effect. By the same token, a culture lacking in values – for example, one that harshly penalizes failures or tolerates bribery – does not encourage moral behavior.

- **Rules of conduct and accountability.** Compliance standards, codes of conduct and accountability procedures can also influence the sensitivity, judgment and motivation of company members.

However, these tools have little effect unless they are implemented consistently throughout the whole organization. Moreover, their influence is restricted to a limited number of aspects that do not cover all behaviors.

THE MILGRAM EXPERIMENT

● There has been much debate on the real influence of external factors on the moral behavior of people in organizations. Some points of view place so much emphasis on external factors that they deny that a person's character can influence his or her behavior. Writers adopting this point of view tend to allude to Milgram's famous 1961 experiment, whose results have been replicated in similar experiments on numerous occasions.

In this experiment, volunteers were pressured to administer electric shocks of increasing strength to people located in an adjoining room every time the latter answered a question incorrectly. Unbeknownst to the volunteers, the people receiving the shocks were in fact actors and the shocks were simulated. The actors responded to each simulated discharge with shouts, which the volunteers could hear. The 'Experimenter' ordered the volunteers to continue, adding that the procedure was legal and that nothing bad would happen. At the end of the experiment, volunteers would receive a promised reward.

Around 60 percent of participants followed orders, even those discharges that they believed were potentially lethal. Subsequent re-studies have yielded similar results.

Although the percentage is high, we cannot ignore character and other components of moral behavior. A rigorous interpretation of Milgram's must point out that 40 percent of volunteers refused to continue because their conscience did not allow it and they had enough courage to say no. It is also likely that those who followed orders to the end also realized that it was not acceptable to

administer electric charges causing the death of innocent and defenseless people. They likely rationalized that it was only an experiment or they worried that they wouldn't receive the promised reward if they didn't follow instructions. Perhaps they were lacking courage to refuse to continue.

PRACTICAL CONSEQUENCES

● If we examine the elements of moral behavior and the external influencing factors, we can draw some useful conclusions for management:

① All human beings have some ability to recognize moral quandaries, to apply moral discernment and to motivate themselves to do good, although these abilities can be more or less developed in different individuals. All people possess a moral character, which can be stronger or weaker. Building an ethical company requires selection and promotion processes that evaluate candidates' morality.

② Moral behavior depends on each person. However, the less developed the moral maturity of company members, the greater will be the influence of the business environment on their behavior.

③ Employees and managers may be afraid to act right or express their moral judgments when the organizational environment doesn't encourage it. Nonetheless, moral conscience does not disappear when we get to work, but it can abate. The moral character of each person is always present and it pushes people to act right and to fight the tendency toward greed and excessive ambition.

④ Some business policies and practices can reinforce or promote moral behavior. In particular, the effective exercise of power and leadership, well-designed incentives and evaluations and the right organizational culture play an important role. Compliance standards, codes of business conduct and accountability procedures, when implemented well, can also help.

THE EFFECTIVE
EXERCISE OF
POWER AND
LEADERSHIP,
WELL-DESIGNED
INCENTIVES AND
PERFORMANCE
EVALUATIONS,
AND THE RIGHT
ORGANIZA-
TIONAL CULTURE
CAN ENCOURAGE
MORAL
BEHAVIOR

*IESE Insight***Walk the Talk:
Managing With
Integrity**

Recent scandals have seen a legal crackdown on mismanagement. But no amount of legislation will ever be enough if

executives don't also change their corporate cultures and practices to favor integrity. The CEO and the board, especially, must lead by example. This is the focus of the latest *IESE Insight* magazine, in which IESE professors call for ethics and integrity to become part of everyday decision-making. In discussing the growing prominence of the compliance function in multinational companies, guest editor **Antonino Vaccaro** calls for a bigger role: the Chief Integrity Officer. Managers need to behave less like police and more like "change agents," putting integrity into practice particularly in emerging markets where local standards need to be reconciled with headquarters'. Also in this issue, IESE's **Fred Krawchuk** urges the creation of Strategic Integration Units to help leaders deal with VUCA (volatile, uncertain, complex and ambiguous) conditions. **Jaime Caruana**, of the Bank for International Settlements, elaborates on the main risks facing managers today. "It's in everyone's best interest to think about the repercussions of what you do," he says. In other words, more than going in the same direction, make sure you're going in the *right* direction.

TO SUBSCRIBE TO THE MAGAZINE:
www.ieseinsight.com/review

**U.S. Investors
Drive European
VC Market**

HEINRICH LIECHTENSTEIN AND MICHAEL BRIGL

Venture capitalists in Europe need to think big, with larger funds that cross borders. This is the conclusion of a study that shows that while U.S. private investors are more active than ever in the Old World, Europeans themselves have backed off.

What is keeping private European investors away? According to the authors, current regulations are an obstacle. The authors recommend changes to increase transparency and unity in the European VC market.

MORE INFORMATION:
IESE Insight / Finance

**BEYOND EFFECTIVENESS**

RAFAEL ANDREU, JOSEP RIVEROLA, JOSEP MARIA ROSANAS AND RAFAEL DE SANTIAGO

● The authors analyze the behaviors of companies as they execute projects and propose a model that accounts not only for profit maximization but also for learning and capability development within the company.

They classify companies' capabilities in terms of three key areas – effectiveness, attractiveness and unity – concluding that firm stability and longevity are highly dependent

on managers' ability to estimate the true profile of their companies. While this may sound like common sense, the authors offer an additional insight: Wrong perceptions can lead to choosing projects that may actually cause a firm to lose capabilities. "When managers consider only effectiveness, ignoring attractiveness and unity, things get worse," they warn.

MORE INFORMATION:
IESE Insight / Accounting and Control

What Do Our Everyday Purchases Have to Do With Ethics?

CARLOS RODRÍGUEZ LLUESMA AND PABLO GARCÍA RUIZ

Consumption is obviously part of life, but what about its negative consequences? How do we make the right choices? For the authors, the key question is whether consumption leads to our moral development as human beings. They explore the world of ethical consumption in a chap-



ter of the *Handbook of Virtue Ethics in Business Management*. Their thesis is that ethical consumption can help us realize our human potential and forms part of the quest for a morally good life. In short, we are what we consume, in a moral sense as well.

MORE INFORMATION:
IESE Insight / Business Ethics and Corporate Social Responsibility

A NEW MANAGEMENT MODEL THAT PRIORITIZES KNOWLEDGE

BEATRIZ MUÑOZ-SECA

● Professor Muñoz-Seca proposes moving beyond the three big management models of the 20th century (just in time, lean and agile). Her technical note, “A Model for Configuring Operations in Service Companies,” presents Service Problem Driven Management (SPDM), a model that emphasizes knowledge.

Muñoz-Seca suggests three action levels: operations strategy and making the strategy concrete; designing the operational structure; and operations. She also details 22 steps with corresponding tools for implementing the SPDM model. But she emphasizes that these steps aren’t set in stone; each organization should adapt them to its own reality.

MORE INFORMATION:
IESE Insight / Services and Operations Management

CASE

Michael Kors: Time for a New Strategy?

ALICE TOZER, VERÓNICA ARRIBAS,
FABRIZIO FERRARO AND ANDREA BALDO

Michael Kors’ 2011 IPO – which raised 944 million dollars – marked a fashion industry milestone. But investor confidence has ebbed in 2015 after a drop in the company’s North American sales. In May, the company’s stock plunged 24 percent. Is this a simple case of market volatility or a sign that the company needs a new strategy?

MORE INFORMATION:
www.ieseinsight.com/review



IESE-COLUMBIA DEBATE ON MACROPRUDENTIAL POLICIES

BUILDING A SOLID BANKING SYSTEM FOR THE COMING DECADES

Macroprudential policies and tools, such as stress tests, are being used to manage risk in banking. But are they doing more harm than good? Experts from around the world gathered in New York to debate the way forward for the financial sector.

The financial crisis led to myriad regulations and strategies for preventing a repeat of such a collapse – including macroprudential policies, which seek to strengthen the resilience of the financial system as a whole.

Many questions remain as to how these interact with monetary policy and microprudential policies at individual banks, whether tools (such as stress tests) have been designed and used adequately, and what their long-term consequences will be. To address these complex questions, IESE and Columbia University's School of International and Public Affairs (SIPA) jointly gathered a distinguished group of banking executives, regulators and academics from around the world at Columbia's Italian Academy in New York on November 12.

Under the heading "Next Steps for Macroprudential Policies" and the academic direction conducted by **Juan J. Toribio**, from IESE, and **Patricia Mosser**, from Columbia University, the event featured speakers including **Dong He**, deputy director of monetary and capital markets at the IMF; **Mervyn King**, former governor of the Bank of England; and **Nellie Liang**, director of the Office of Financial Stability

1. **Sandie E. O'Connor**, chief regulatory officer at JP Morgan Chase & Co.

2. Professor **José M. Campa**.

3. **Paco Ybarra** (MBA'87), global head of markets at Citigroup.

4. **Claudio Raddatz**, director of the financial policy division at the Central Bank of Chile.

5. **Rafael Salinas**, chief risk officer at BBVA.

6. Professor **Juan J. Toribio**.

7. **Nellie Liang**, director of the Office of Financial Stability Policy and Research at the US Federal Reserve Board.

8. **Mervyn King**, former governor of the Bank of England.



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Policy and Research at the US Federal Reserve Board. IESE professor **José M. Campa** also participated in panels. In his opening remarks, IESE dean **Jordi Canals** said: “This is a fascinating time, where pressing issues such as macroprudential policies will be set for the next few decades.” To promote the free interchange of ideas, the event was held under the Chatham House Rule, which establishes that participants may not reveal the identity of any particular speaker.

BUFFERS AGAINST CYCLICAL BUSTS

● It was agreed that though macroprudential policies are increasingly used, especially in emerging markets, a full framework for these policies, which can be “fuzzy” and hard to define, is still far from being established.

The industry’s ambition to identify and design macroprudential tools currently exceeds its understanding of how they work. One speaker discussed some data indicating that the policies are “buffers against cyclical busts,” but are seldom sufficient to stop them, as it can be difficult to hold on to any given course of action and “lean against the wind.”

Several of the banking executives in attendance agreed that macroprudential policies have made their institutions safer and better poised to withstand system-wide upheavals. Minimum standards for capital requirements have left banks with more assets and cash, and policies in place to “pay for their own funerals,” without interruption of service to companies or financial injections from the government. It is now both “difficult and safe” for big banks to die.

Stress tests, which run scenarios to see whether banks can withstand adverse conditions, are the most widely used macroprudential tools. Speakers debated whether stress tests are technically accurate and helpful. The so-called “fetishization of bank balances,” leaving out other factors in revenue risk, was called into question; while the risks built into stress test models were themselves seen to be “at risk of changing.” Concerns included the “Kafkaesque” nature of the more qualitative stress tests, a secretive process seen

as insufficiently insulated from politics; and a fear that firms will “back-engineer” their processes to pass tests, while ignoring other risks. Suggestions included employing a “multiple ratio approach including leverage ratio” when building models – using market indicators of risk, and publicly disclosing data from regulators.

While regulators can’t be expected to be “completely prescient about the next crisis,” it was decided, they nonetheless have an important role in identifying the early signs of one. For global banks, geographical diversification is a key goal, meaning they are subjected to stress tests from individual countries, which may not assess their overall strength around the world.

PRUDENT OR RISKY?

● While some speakers praised the “stability” generated by macroprudential policies, they shared serious concerns about other consequences resulting from their deployment. There was consensus that regulations discourage diversification, encourage the “homogenization of balance sheets,” and decrease trader confidence. Some spoke of how regulations create distortions in the market and “herd” behavior.

As for capital requirements, finding the right balance was a theme of discussion, as banks must operate under some risk in order to serve their purpose. One speaker went as far as to say that regulatory changes have severely challenged the business model of banks, and that pushing them too far could make them disappear; in turn destroying the ability of financial markets to work well.

The rise of “shadow” banks was discussed as another consequence of regulations, with many speakers predicting that the regulatory pendulum will soon swing away from the big banks and toward these other financial intermediaries. More scrutiny of macroprudential policies is needed, attendees agreed, along with a more “forest versus trees” analysis of the financial system as a whole.



IESE MBA 50TH ANNIVERSARY

REACHING OUT TO THE GLOBAL IESE MBA FAMILY

New York, Milan, Singapore and Miami hosted events to celebrate the first half-century of the MBA program.

Some 50 years ago, around 30 mostly young, male engineering and economics graduates walked up Avenida Pearson in Barcelona to embark on IESE's maiden two-year MBA program, the first of its kind in Europe. Half a century later, on the other side of the Atlantic, alumni gathered at IESE's New York campus on November 9 to join faculty and business leaders in celebration and reflection.

Dean **Jordi Canals** was joined by president and CEO of Estée Lauder Companies, **Fabrizio Freda**, and former chairman of Puig, **Mariano Puig** (PDG '64). The panel, moderated

by **Ivan Lansberg**, academic director of Family Enterprise Executive Programs at Kellogg School of Management, found common ground on how to create long-term value. "Family companies are more long-term oriented than other public companies," said **Freda**. "And I personally believe that a long-term orientation of capitalism is one of the most important contributions we can make in the world."

For **Freda**, family companies are more authentic. "This authenticity is increasingly valuable in today's flat world. Family companies are so much more interested in long-term quality because their name is on the door or the product," he said.



Puig agreed with him. “In 100 years, we’ve had good and bad moments. When the company was losing money, our suppliers, backers and employees carried on because they saw that the family was involved and committed,” he commented. “We have generated wealth by adding value to our products. We want buying our products to be a pleasure for people,” he added.

The idea resonated with Dean **Canals**: “You see that family businesses like Estée Lauder and Puig have a long-term sense of purpose. We have a purpose: We want to develop leaders who have a deep, positive and lasting impact on other people, working for companies and society with professional excellence, integrity and a sense of service,” he said.

PASSING THE MANTLE

● For family companies, succession plans can be far more complicated to negotiate than for publically listed firms, though. “Family companies do well to understand when the moment has arrived to join forces with professional managers who can do what the company can’t do internally,” said **Freda**.

Freda helped spur the company’s growth from annual revenue of \$6 billion in 2009 when he joined, to \$11 billion today. Central to this growth was a strategic shift to global diversification. In 2009, 65 percent of Estée Lauder’s revenue came from its home market in the U.S. Now that figure is 37 percent.

“Becoming global is about developing the ability to be locally relevant wherever you are in the world,” **Freda** stated. “We put in local management wherever we are, and we don’t standardize – we listen to local consumers,” he added.



A LONG-TERM ORIENTATION OF CAPITALISM IS ONE OF THE MOST IMPORTANT CONTRIBUTIONS WE CAN MAKE”

Fabrizio Freda, president and CEO of Estée Lauder Companies

Globalization is a challenge that the school has consistently responded to. The current cohort of IESE MBA 2016 candidates is 84 percent foreign, compared to just 15 percent 50 years ago. Women make up over a quarter of the graduating class of 2016, compared to zero in the first intake.

Dean **Canals** said that the MBA program is “the engine” that has driven the internationalization of the school, an



1. From left to right: **Mariano Puig** (PDG '64), former chairman of Puig; **Ivan Lansberg**, academic director of Family Enterprise Executive Programs at Kellogg School of Management; and **Fabrizio Freda**, president and CEO of Estée Lauder Companies, at the celebration on IESE's New York campus.
2. **Romaine Seguin**, president of UPS International in the Americas region, and **Jordi Canals**, dean of IESE, at the event held in Miami.



expansion that has taken IESE's reach both in MBAs and executive education to "cities and countries all around the world." This drive and IESE's sense of purpose led to the establishment of the New York campus, which hosted the event, right in the heart of Manhattan in 2007.

Back over the Atlantic in Milan, Italy, **Marco Drago**, chairman of De Agostini, made similar observations regarding family businesses at an IESE MBA 50th Anniversary celebration on October 1, presented by Prof. **Franz Heukamp**, associate dean for MBA Programs. "Inno-

vation. Diversification. And a clear roadmap to generational transition. These are the key factors to our success throughout the years," **Drago** said.

The company's corporate governance system has been modified in recent years: "The key revolution has been managing the relationship between the family and the company in changing times. Defining the new strategy required long discussions, but I think that our family has shown incredible strength and wisdom with this delicate period of transformation," he told participants.

De Agostini, a publishing, media and finance group, faces the challenge of constant change in content delivery: "Innovation in tradition has always been our motto," he said. "Today the market is changing faster than ever, and anticipating new trends is vital," the group's chairman said. This, coupled with diversification of products and markets, has put the company in great shape for the future.

LEADERSHIP IN ASIA

Central to De Agostini's success was strong management. And for **Su-Yen Wong**, CEO of the Human Capital Leadership Institute (HCLI), specifically nurturing Asian business leaders is paramount. HCLI is a semi-governmental organization tasked with building strong Asian leaders to blaze a trail within the region as well as on the global stage.

"The economic growth in the coming years is going to be driven by Asia, so there is a real need to develop a pipeline of Asian leaders to rule effectively," **Wong** told alumni and friends at an IESE MBA 50th anniversary event in



**INNOVATION,
DIVERSIFICATION AND
A CLEAR ROADMAP
TO GENERATIONAL
TRANSITIONS ARE
THE KEY FACTORS TO
OUR SUCCESS"**

Marco Drago, chairman of De Agostini

3. The chairman of De Agostini, **Marco Drago**, discussed the case of his family business, founded in 1901, at the celebration in Milan.

4. **Drago** and Prof. **Franz Heukamp** were the speakers at the event, titled "Leadership for tomorrow's world: Lessons from family business. The De Agostini case."

5. Alumni attending the conference.

Singapore on November 3. **Sunny Verghese**, co-founder, group managing director and CEO of the multinational agribusiness Olam International, also shared his experiences. Prof. **Heukamp** moderated the event.

To develop Asian leaders, **Wong** believes in increasing the number of perspectives: “It’s about bringing in views from business and from academia, as well as from policy makers. This provides a holistic view of what it takes to lead in an Asian environment,” **Wong** said.

MOTIVATION IS THE MOTOR

● **Verghese** described Asian business leaders’ strengths and weaknesses. “Asians are already excellent at execution and very good managers. But they need to work on their capacity to inspire and motivate,” he told participants at the Singapore event.

Dean **Canals** was joined by president of UPS International in the Americas region, **Romaine Seguin**, at an

MBA 50th anniversary celebration in Miami on November 10. Like **Verghese**, **Seguin** zeroed in on the importance of motivation. “Learning how to mobilize your people and get what you need to get done under difficult circumstances – that’s a great sign of leadership.”

Seguin’s remarkable career at UPS began three decades ago driving and unloading trucks in the wee hours of the morning. She believes that it is her “powerful sense of commitment,” the bedrock of a strong education and a willingness to grab opportunities with both hands that have got her from the loading bay to the corner office.

“The foundation of my own leadership, and the one piece of advice I give to upcoming managers and students is this: never say no to an opportunity. You never know where it will take you.” It is a timeless piece of advice, appropriate for both those pioneering MBA candidates who graduated in 1966, as well as the graduating class of 2016, half a century later.



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THERE IS A REAL NEED TO DEVELOP A PIPELINE OF ASIAN LEADERS TO RULE EFFECTIVELY”

Su-Yen Wong, CEO of the Human Capital Leadership Institute



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6. Sunny Verghese, co-founder, group managing director and CEO of the multinational agribusiness Olam International.

7. Su-Yen Wong, CEO of the Human Capital Leadership Institute.

8. From left to right, **Sunny Verghese**, Prof. **Franz Heukamp** and **Su-Yen Wong** at the conference “Developing Asian Global Leaders,” held in Singapore.



MBA EXPERIENCES: AN IMPACT ON TOP MANAGEMENT

Becoming a leader isn't just about accumulating knowledge; it's about developing as a human being. This was one of the key themes developed during a celebratory event held on the Barcelona campus on November 30 to mark the 50th anniversary of the IESE MBA. The MBA programs director, **Franz Heukamp**, chaired a panel of distinguished alumni.

The panel members, who are now prominent senior executives from the worlds of banking, finance, consultancy and recruitment, offered personal insights into how to make the most of the MBA and what it takes to become a successful business leader. Introducing them was IESE Dean **Jordi Canals**, who said: "We are convinced that through good management we can have a transformational impact on people, companies and society." This

positive impact was illustrated by **Cristina de Parias** (MBA '91), head of BBVA Spain and chairwoman of Catalunya Caixa. Her return to IESE after 24 years, she said, had reminded her of a valuable lesson. "You have to be open to guidance from every source during your two years as an MBA. It's not just about being a straight-A student; open yourself up to be a straight-A person."

Personal integrity was a concept also taken up by **Cristina Badenes** (MBA '98), partner at private equity fund management firm Meridia Capital. "It's simple but essential," she said, and added that, when recruiting, the most important thing is to find candidates who have a good set of values, as specific skills and knowledge can be taught. **Antonio González-Adalid** (MBA '75), CEO of investment company Cartera Industrial Rea, agreed, and said that although he now only recruited at the executive level,

“I don't care if you're the smartest person on Earth.

You need to be open and have a growth mindset.”

Alejandro Beltrán (MBA '98)
Managing partner at McKinsey & Company Iberia

“Emotional intelligence and insights from working alongside MBA peers and faculty are more important than functional skills.”

Kristoff Puellinckx (MBA '96)
Board member and managing director of Delta Partners

“Be curious and always ask for feedback.”

Pablo Sagnier (MBA '90)
Partner at Egon Zehnder International



The event, titled "Impact of the MBA on top management: some personal experiences," brought together current MBA students, renowned alumni and faculty.

the selection criteria remained the same: to identify "good people who will be behind you in critical situations." And while an emphasis on functional skills remains valuable, it's the emotional intelligence and insights gained from working alongside peers and faculty on the MBA that were deemed "more important" by **Kristoff Puelinckx** (MBA '96), co-founder, board member and managing director of the advisory firm Delta Partners. "You're not just coming to a center of business but a center of human values," he said.

SMART BUT NOT HUMBLE ENOUGH?

● "Most MBAs are smart, but not everyone is humble," said **De Parias**. "In fast international markets you need to change strategies quickly. You may need to lead or follow, depending on the moment. You need values, passion and flexibility – the ability to compromise and work in teams." IESE had helped her prepare for the reality of managing international teams, she said. "Teamwork was the main driver of my growth. What you learn is humility, flexibility and respect for the full scope of diversity."

Pablo Sagnier (MBA '90), partner at executive search firm Egon Zehnder International, said that teamwork had

also driven his career and helped him to grow as a person: "I learned to be humble, to listen, to collaborate with others and to know myself better." **Alejandro Beltrán** (MBA '98), managing partner at McKinsey & Company Iberia agreed. "IESE puts emphasis on people. It's a journey and it starts here," he said. "The first step is building foundations: problem solving skills, trustworthiness, teamwork. Develop them at IESE and apply them afterwards," he advised.

THE GROWTH MINDSET

● Having the potential and desire to keep learning was described by **Beltrán** as key to success in business. "I don't care if you're the smartest person on Earth," he said, "You need to be open, to have a 'growth mindset.' We all have unconscious biases and see the world through our own lenses."

This point was expanded upon by **Sagnier**, who said that leaders have moved on from an era of simply needing a 'kill or be killed' survival instinct, through an era of expertise in sectors and functions, and now on into an era of strategic vision. The next era, he said, would be one that prioritized growth potential: the ability to adapt to change in a dynamic, flexible world. Developing this would be rewarding, he said, but not easy. "Know yourself," he advised, "Be curious, and always ask for feedback."

Badenes was keen to point to the value of the case method in developing curiosity and analytical thinking capabilities. "IESE taught me to think critically," she said.

IESE MBAs, said **Puelinckx**, have already opted to play in the "Champions League" by choosing a top-ranked business school. Now, he said, it's a question of setting longer-term objectives. "Go for your goals and keep going for them without calculating or measuring your efforts," he said. "Making things happen is good. But making a difference is better. Ask yourself every week and every year: If I weren't here, would it make a difference?"

“Recruitment criteria are to identify good people who will be behind you in critical situations.”

Antonio González-Adalid (MBA '75)
CEO of Cartera Industrial Rea

“What you learn through teamwork is humility, flexibility and respect for the full scope of diversity.”

Cristina de Parias (MBA '91)
Head of BBVA Spain

“IESE taught me to think critically.”

Cristina Badenes (MBA '98)
Partner at Meridia Capital

MORE THAN 700 ALUMNI SIGN UP FOR NEW ONLINE SERIES

IESE Alumni Digital Series: Making Progress in Digitalization

IESE has launched a new format of exclusive sessions for alumni. The Alumni Digital Series boasts an approach that combines on-campus classes with online sessions on a platform specially designed to guarantee the learning experience, and is adapted to the student's lifestyle with the aim of reaching more students as effectively as possible.

The Alumni Digital Series addresses pertinent business topics and includes three sessions taught by different IESE professors. The sessions are held in different cities around the world, so alumni can attend in person or view the session on the online platform.

Javier Muñoz, director of the Alumni Association, explained, "Each session is produced to be viewed and streamed online. The content of these sessions also includes discussion forums with personal learning goals to ensure alumni participation and motivation."

The first blended course was held from October 29 to December 3, 2015 on the topic of the digital transformation occurring in companies all over the world. The course, "Embracing a Digital Mindset," was attended by 782 participants and the sessions were taught by Professors **Javier Zamora**, **Sandra Sieber** and **Evgeny Káganer**.

Timothy Go (MBA '12), an assistant vice-president at Marketing Convergence, participated in the sessions from the Philippines. In his opinion, the Alumni Digital Series



A total of 782 participants registered for the first course and 20% of them are active users.

provides a "fantastic opportunity" for online learning. He went on to say, "The platform has some very interesting features, such as the discussion panels, where participants can interact with other participants.

We can also watch the videos whenever and wherever it suits us. All in all, I think it's very positive to be able to learn about the latest trends with IESE because the world keeps changing all the time."

MUCH MORE THAN SESSIONS

For each course, alumni receive assignments in the form of missions to ensure they apply the course content directly in their company. To encourage its use, the platform also has an area where participants can monitor their progress, as well as a leaderboard that showcases the participants who have obtained the most points by completing missions and expressing their opinions on the discussion panels.

In addition, the platform contains a selection of recommended reading material and a news channel with headlines from the international press on topics related to the subject matter of the course.

Upcoming sessions in the Alumni Digital Series will be on corporate sustainability and digital marketing.

BLENDED FOCUSED PROGRAMS BEGIN

IESE's portfolio of Focused Programs also boasts some new features, such as the first blended program, which will be held in July 2016. This format will be used for other Focused Programs and will kick off with "Traducir la creatividad y la innovación a resultados" ("Turn creativity and innovation into results"), a program taught by Professor **Joaquim Vilà**. The program will consist of three phases combining on-campus and online sessions. More information is available at: www.iese.edu/innovacion

RESEARCH TO CONCENTRATE ON HOW TO REDUCE ENERGY POVERTY IN AFRICA

New Chair on Energy and Social Development, in Partnership with Fuel Freedom Foundation

Fighting energy poverty in Africa is one goal of the New Chair on Energy and Social Development, created by IESE in conjunction with the Fuel Freedom Foundation. This not-for-profit organization encourages the use of alternatives to fossil fuels.

Chair-holder **Ahmad Rahnema**, IESE deputy associated dean for faculty and director of the financial management department, explains that the new chair was conceived as a platform for research on energy aimed at reducing energy poverty in developing countries.

The chair's first project, "emPOWERing Africa," will study ways for African countries to use locally produced fuels that are cleaner than gasoline, such as ethanol, methanol and butanol. Shifting to these kinds of fuels would lower product prices in Africa, now elevated by the cost of fuel transport. The project will also examine logistics, in order to mitigate "the adverse effects of poor infrastructure, weak regulation, and weak capital flows," said Prof. **Rahnema**.

Another program focus is domestic energy consumption. Some 600 million Africans lack access to electricity. Most of them cook and heat their homes with fire and rudimentary wood stoves, practices that carry the risk of premature death and pollution. One solution would be the production of alternative fuels that would substitute wood and manure. "The introduction of non-polluting alternatives such as methanol, solar-powered stoves and similar innovations could act as a means of reducing

the incidence of pollution-induced diseases," affirms Prof. **Rahnema**.

The chair will also address the potential use of natural gas as a fertilizer and the development of agro-industry. In addition, the program will explore ways to improve electricity production. It will seek cheaper and cleaner alternatives to diesel generators, through the use of renewable energy.

The new chair will also foster "the dissemination of knowledge and experiences to facilitate cross-learning among markets, governments and firms in emerging countries," said Prof. **Rahnema**.

The initiative is another step forward in IESE's involvement in Africa. The chair will collaborate with IESE associate Strathmore University to collect data for case studies on local resource development. The results will be shared with influential leaders in energy management.

The chair will also expand business opportunities, boosting job creation and socioeconomic development. According to Professor **Rahnema**, this component of the program is key for accomplishing its main objective: reducing energy poverty.

**The chair will
"facilitate cross-
learning among
governments and
firms in emerging
countries"**





30TH IESE AUTO INDUSTRY MEETING

CRASH-PROOF, EMISSION-FREE AND CONNECTED CARS

The advances in autonomous cars, the development of green technologies and the existence of new competitors will affect the development of the automotive industry.

I'm sure cars won't be flying in 30 years' time, but they'll be doing pretty much everything else." With this prediction, **José L. López-Schümmner**, chairman of ANFAC and CEO of Mercedes-Benz Spain, opened the first session at the 30th

IESE Automotive Industry Meeting, held in Barcelona on November 4 and 5.

It was 1985 when founding presidents, Prof. **Pedro Nuevo** and **Joan Llorens**, member of the board of STA, and then president of SEAT, decided to organize what would become one of the industry's leading conferences.

The 30th edition was an opportunity to reflect on the huge changes that the industry has seen in recent years.



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1. **José L. López-Schümmner**, chairman of ANFAC and CEO of Mercedes-Benz Spain.

2. **James D. Farley**, chairman and CEO of Ford in Europe.

3. **Jacques Pieraerts**, vice-president of communication, external and environmental affairs of Toyota Motor Europe.

4. **Peter K. Welch**, president of the US National Automobile Dealers Association (NADA).

5. **Prof. Marc Sachon**.

6. **Frank Torres**, managing director of Nissan Motor Ibérica.

Organized by KPMG and chaired by Prof. **Marc Sachon**, it brought together some of the sector's leading players to anticipate how the industry might evolve in the coming decades.

THE CAR OF THE FUTURE

● Experts envision a future in which cars serve a multitude of functions. They'll be crash-proof, thanks to autonomous driving technology, and emission-free, thanks to alternative drive systems (electricity and hydrogen fuel cells). They'll also be connected, thanks to the proliferation of devices and networks and the Internet of Things.

With Tesla, Google and Apple already making waves in the market, new competitors will emerge over the coming years. "Apple's entry into the market presents a threat to the automotive industry," warned Prof. **Sachon**. Despite its lack of factories, Apple is preparing to enter the market with a car that is "small, autonomous, electric, made for large cities and 100 percent adapted to the passenger's iPhone," explained Prof. **Sachon**.

There will also be new practices, such as car-sharing initiatives, which will come about in response to the private mobility needs of a world population largely concentrated in megacities.

"Every business model is ripe for disruption," said **Lukas Neckermann**, managing director of Neckermann Strategic Advisors. For some time now the industry's main companies have been preparing for the model based on vehicle manufacturing and sales to evolve towards a greater focus on smart mobility solutions.

ZERO ACCIDENTS, ZERO EMISSIONS

● In terms of technology, the two priorities for manufacturers are: putting an end to fatal road accidents

and doing away with polluting emissions. According to **López-Schümmner**, autonomous cars hold the key to ending fatal road accidents: "We will see huge advances in autonomous cars. The technology is practically ready, although there's still some way to go in terms of legal and ethical aspects." For instance: who would be held liable in the event of a collision, the manufacturer of the autonomous car or the driver?

Nevertheless, the companies are convinced that autonomous cars are the future and they are investing heavily in them. "Billions and billions of dollars are being pumped into these technologies," said Prof. **Nueno**. He cited the example of Volvo, which is not only opting for this technology, but also has announced it will accept liability for all accidents involving its autonomous cars. It maintains its commitment to make deaths in its vehicles a thing of the past by 2020. Nissan's goals are similar: "zero accidents, zero emissions," explained **Frank Torres**, managing director of Nissan Motor Ibérica, emphasizing his company's commitment to autonomous driving and the manufacture of electric cars.

WITHOUT LOSING "THE MAGIC"

● There will be more to the cars of the future than just technology though. **James D. Farley**, Ford's chairman and CEO in Europe, stressed the importance of the emotional factor, of regaining and passing on that "magic" feeling of freedom and pleasure to the millennial generation, the same feeling that drove their parents to buy a car as soon as they were able. "Magic" that Apple has created with the iPhone, with technological excellence a factor, but also brand differentiation: "this is where the battle for the future of commercial vehicles will be won or lost," he concluded.

22ND HEALTH CARE INDUSTRY MEETING

EVIDENCE FOR A HEALTHIER SYSTEM

Building a more efficient and sustainable health system requires a change of strategy. Better management of information, coupled with scientific advances, makes it possible to add more value at a lower cost.

The same medical and technological advances that prolong life expectancy also generate a considerable amount of information. How can all of this research and big data contribute to improved health care? Will it help optimize a health system serving a population that is increasingly demanding and living longer? The use of systems supporting scientific evidence-based decision-making was among the trends discussed at the 22nd Health Care Industry Meeting, held on October 27 at IESE Barcelona. Chaired by Prof. Núria Mas and co-organized by Cándido Pérez, partner of KPMG Spain, the event featured the participation of its founding president, Pedro Nueno, along with noted speakers.

PUTTING OUTCOMES IN THE CENTER OF THE SYSTEM

● Prof. Mas said that the health care debate often revolves around issues such as the optimum number



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of beds per patient, or days of hospitalization – which are important, but cannot be the ultimate goal. She believes that one key to improving health care is “to focus the analysis on the impact on the health of the population and use evidence to learn what works and why.”

Jaime Vives (PADE '08), president of Roche Diagnostics in Spain, said that thinking about the health-care system in terms of the evidence and results is a “relatively new concept.” He added that this “constitutes a fundamental change in the way health care is dispensed.”

The benefits of this approach were highlighted by **Andrew Dillon**, CEO of the National Institute for Health and Care Excellence (NICE) in the United Kingdom, created to improve the British health system through its guidance. **Dillon** said: “No doctor can stay up to date on all of the information available these days. An evidence-based system helps them create a process in which the information is interpreted and expressed concisely.”

Dillon advocates this new concept because “it yields a better health-care system and a better outcome for patients.” He says, “Instead of talking about the price, now we can talk about the value added.”

David Ikkersheim, partner of KPMG Healthcare Netherlands, agreed: “Paying for value is basically tying the payment to the outcomes achieved, so if you do very well on the outcomes that matter to the patient, you got a higher reward in terms of market share, or a better price,” he said.

This should contribute to greater sustainability in health systems despite the financial difficulties seen in many countries. The speakers all echoed the sentiment that, despite all the challenges, the future is promising. There are numerous reasons for this positive outlook.

Víctor Grifols, president and CEO of Grifols, noted that the health care industries are increasingly efficient and “capable of solving problems that used to be extremely costly.”

According to **Belen Garijo**, member of the executive board and CEO of Merck’s Healthcare Division, one of the most promising areas is precision medicine: “It’s a huge opportunity for the future to adapt and learn more about the areas in which we are going to produce more value for the same money,” she said.

THE TIP OF THE ICEBERG WITH BIG DATA

Technology is another major driver of innovation, with big data taking center stage. **Haig A. Peter**, executive consultant and cognitive computing ambassador at IBM Research Zurich, put numbers to what he regards as “a real tsunami” of information, whose potential is still untapped.

He said that each person during their lifetime will generate an amount of data on their health history that is equivalent to the content of 300 million textbooks. This volume of information will be useful for extracting data that should help improve decision-making, he added.

In this sense, **Luis Campos**, GM of GE Healthcare for Spain and Portugal, said that currently only 3 percent of the available information is being employed in a useful way. He wondered about the possible improvements that could be made if 10 percent or 25 percent were used.

Despite the magnitude of the challenges posed by the massive amount of information, Peter concluded: “Welcome to the cognitive age. This is just the beginning of something exciting, so here we go.”



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1. **Lluís Donoso**, director of the Diagnostic Imaging Center at the Hospital Clínic in Barcelona; Prof. **Núria Mas**; **Adolfo Fernández-Valmayor**, managing director of organization, processes, ICT & digital at Quirónsalud; **Margarita López Acosta**, manager for Sanofi Iberia; and **Jaime Vives**, president of Roche Diagnostics in Spain.
2. **Víctor Grifols**, president and CEO of Grifols.
3. **David Ikkersheim**, partner at KPMG Healthcare Netherlands.
4. **Andrew Dillon**, CEO of the National Institute for Health and Care Excellence (NICE).
5. **Haig A. Peter**, executive consultant and cognitive computing ambassador at IBM Research in Zurich.
6. **Cándido Pérez Serrano**, partner of KPMG Spain and co-organizer of the Meeting.
7. **Belén Garijo**, member of the executive board and CEO of Merck's Healthcare Division.

From Words to Facts: Thirty Social Projects Around the World

● Since its launch in March 2015, the Social Entrepreneurship Network, led by Profs. **Antonino Vaccaro** and **Joan Fontrodona**, has collaborated on more than 30 projects with social enterprises and NGOs from Europe, Africa, Asia and Latin America.

The platform connects IESE students, alumni, professors and other members of staff with institutions and entrepreneurs in need of support for their social initiatives. “We must say, we’re impressed by the enthusiasm of the participants,” said Prof. **Vaccaro**.

One of the volunteers, **Isabel Villamor** (MBA ’16), went to Colombia during her time off to work with the Belgian NGO ACTEC on a project that provides support to local entrepreneurs. “It was a great opportunity to apply what I’ve learned in the MBA and contribute to a budding project like this with so much impact. I saw first-hand how this project is helping to improve education and the microenterprise landscape in Medellín,” said **Villamor**.

LOOKING INTO THE FUTURE

● According to Prof. **Vaccaro**, the objectives are: “First, grow with the support of alumni from all over the world. Second, promote a culture of responsibility and activism in the economy. Third, prepare the components to inspire the traditional economy to become truly socially committed,” he says.

You can participate in the Social Entrepreneurship Network by registering at: <https://socialinitiative.iese.edu>



More than 100 participants working for companies such as Akzo Nobel, Deloitte, Deutsche Bank, Morgan Stanley, Munich Re, Unilever, Puig and Primark, among others, took part in the program.

FAST FORWARD PROGRAM

Global Insights for Positive Leadership

● “Grow with principles not rules,” said Prof. **Frederic Sabrià** in a session of the Fast Forward program analyzing how organizations can thrive through positive leadership. Crafting strategy in a complex world and managing innovation were the themes of the other parallel tracks included in the program, which gave 105 participants from around the world the opportunity to explore global trends affecting business and share their insights.

In most innovative companies, “boundaries are being clearly dismantled,” said Prof. **M^a Julia Prats**, who discussed the barriers to innovation and the strategies to overcome them. “Nowadays, progress is creating jobs, but not many of them

and not for everybody,” said Prof. **Alfredo Pastor**. He evaluated the effects of globalization to demonstrate the kinds of jobs being lost and those most likely to be around 50 or 60 years from now. The focus on open collaboration was clear throughout the program. “It’s not just about what I say, but what you can share with each other,” Prof. **Prats** emphasized.

The program included more than 50 sessions offered by 35 speakers, including **Sheena Iyengar**, professor at Columbia Business School; **Alex Cruz**, CEO of Vueling Airlines; and **Igal Aisenberg**, authority on innovation in agriculture and former CEO of Netafim. The Fast Forward program ran from September 28 to October 2 on the Barcelona campus.

“Grow with principles, not rules”

FINAVES STORIES: LAUNCHED IN 2008, WORLDSENSING NOW HAS CUSTOMERS IN MORE THAN 30 COUNTRIES

A Sensor That Connects the World

When Ignasi Vilajosana (SEP '16) founded Worldsensing with his brother Xavier, along with Jordi Llosa (PDD '15), the project only made sense from a technological point of view. Seven years later and after receiving the support of Finaves, the company operates globally and has an annual turnover of four million euros.



Ignasi Vilajosana, co-founder and CEO of Worldsensing.

● For any 21st-century entrepreneur, inventing a technology that is disruptive and pioneering and has multiple applications in the Internet of Things sounds like a dream come true, but reaching this goal without adequate management education and a clear market position presents a major challenge.

This is the situation in which the three founders of Worldsensing found themselves in 2008 when they devised a long-range, low-consumption communication system. As CEO **Ignasi Vilajosana** explains, "A cell phone can connect to a wi-fi network at 20 meters and work for eight hours. Our wi-fi network has a 15-kilometer range and a battery charge that lasts for eight years. Obviously we can't send videos, but we can send data from sensors in real time."

"We quickly realized that it was essential to have specific knowledge for each sector. That's because, even if the technology is the same, installing the network in a mine is completely

different from installing it in a city. And offering the network in Russia is completely different from offering it in the UAE," added **Vilajosana**.

"From this perspective, we have developed two business areas: cities and industry. In the first area, we have focused on parking lots that use Fastprk, a technology that detects free parking spots. We also offer a network of antennas on highways and in cities that scan cell phones in order to obtain macro mobility data. In industry, we apply our technology to maintain large infrastructures and in seismic exploration for petroleum and gas deposits," said **Vilajosana**.

CONTROLLED GROWTH

● For its first two years, Worldsensing was more a university project than a business. But in 2010 winning the IBM SmartCamp for entrepreneurs brought the company its first round of funding. This development propelled the company toward progressive professionalization,

something that was consolidated in 2013 when IESE's Finaves seed capital fund provided a second round of capital to the company. "The support of Finaves was not only key at an economic level – it also brought us prestige and an institutional vision."

The company has gone from five people to 42 in a short time, with offices in Barcelona and London. "We have grown in sales and market penetration. To manage this development, you need support and the best education in business management. My time at IESE has been indispensable, and my initial experience with the Learning to Grow program helped me use business analysis methods to carry out a plan for the company. Now I'm enrolled in the SEP program in New York, and I find the approach to be very effective. The focus on upper management, the experience of other participants and the international perspective will be of great value to a company like ours," says **Vilajosana**.

MUNICH CAMPUS HOSTS SESSION WITH EXECUTIVES

Critical Mass in Female Employment Drives Bottom Line

Companies can achieve a greater diversity of views by adopting the inclusive approach of the three “F”s: female participation, family perspective and flexible work arrangements. This was the recommendation given by Prof. **Nuria Chinchilla** at the meeting “Women in Leadership: Closing the Gap,” organized by the MBA program on October 16 at IESE Munich.

Alexandra Borchardt (PMD ’13), managing editor of the German newspaper *Süddeutsche Zeitung*, moderated the session. Three other alumnae also participated: **Sahil Tesfu** (MBA ’13), engagement manager at McKinsey; **Lucía Camarena** (MBA ’94), B2B digital propositions product and go-to-market management at Telefónica Germany; and **Smriti Sinha**, head of CEO office at Visa Europe (Exchange MBA ’10).

Prof. **Chinchilla** stressed that: “When you have a critical mass of women, you start to see real improvements in the bottom line. Furthermore, businesses need to be aware



Smriti Sinha (Visa Europe); Sahil Tesfu (McKinsey); Lucía Camarena (Telefónica Germany); Prof. Nuria Chinchilla and Alexandra Borchardt (*Süddeutsche Zeitung*).

of the direct link between greater flexibility and productivity. This is something that both men and women need to work on – and that affects them both.”

When discussing the challenges faced by women in the business world, the panelists cited the “glass ceiling.” “Sometimes it’s just easier to move up the ladder by changing

jobs,” said **Camarena**. **Tesfu** added that, “Working with a sponsor within your organization can help women advance towards leadership.”

Education is also a key component of career development. “An MBA can be an excellent tool in developing leaders, both male and female,” said Prof. **Franz Heukamp**, director of the MBA program.

New Fellowship for Female Executives

IESE and *Plan W* magazine have awarded the first fellowship for female executives attending the PMD Munich-Barcelona. This new initiative from IESE and the magazine of the newspaper *Süddeutsche Zeitung* covers tuition and is aimed at women with over 10 years of professional experience whose work has a positive impact on society.


COLLABORATION AGREEMENT BETWEEN ICWF AND MENSA

Promoting Intelligence in the Organization

IESE’s International Center for Work and Family (ICWF), directed by Prof. **Nuria Chinchilla**, has signed a collaboration agreement with Mensa, a society for people with high IQs. The aim is to develop practices and models of organization and management to get

the most out of intelligence in organizations to benefit their employees and society as a whole. Having the capability to manage enterprise intelligence can become a competitive advantage, as it enables an understanding of complex environments and decision-making.

Walk the Talk: Managing With Integrity

- 
- The Keys to a Positive Business Culture
 - Make Way for the Chief Integrity Officer
 - Navigating the Realities of Emerging Markets

Plus...

- Taking ideas from the edge and bringing them into your core
- The ups and downs of managing hierarchies
- Michael Kors: Time for a strategic rethink?
- 6 keys to make waves with innovation

Jaime Caruana,
General Manager,
Bank for International
Settlements

**“It would be
devastating for
the global economy
if countries failed
to work together.”**

**FREE access with your Alumni
Association user name and password!**



GLOBAL HR THINK TANK: SHAPING THE FUTURE OF TALENT MANAGEMENT

Executive Learning Next Up for Disruption

Just as technology is radically changing our behaviors outside the workplace, there is growing awareness that digitalization can bring a paradigm shift to how business leaders learn. Prof. **Evgeny Káganer** and **Giuseppe Auricchio**, director of IESE's Learning Innovation Unit, talked about how technology is changing the way executives gain knowledge at the third annual Global HR Think Tank, held in Barcelona on October 1 and 2.

They advised HR practitioners to implement "omni-learning," a holistic approach linking everywhere that "teachable moments" occur. The reflection resonated with participants. "Something that I was seriously impressed by was this idea that you can't avoid learning," commented **Wolfgang Hallama**, senior consultant at Munich Re. "What I take home is to implement more learning circles and learning networks," he said. Fifteen professors and experts shared



More than 120 HR executives took part in the HR Global Think Tank.

information with 128 senior HR executives via sessions on other key talent management issues, such as organizational culture, the attributes of today's leaders, the implications of employees' subjective age, and more.

It's not just faculty providing fresh insights, however: participants also benefit from the cross-pollination

of ideas with their peers. "You learn a lot from other people, what they are doing in their organizations," said **Caroline Mac Sweeney**, EMEA manager for learning and development at Crown Europe.

MORE INFORMATION:
www.iese.edu/global-hr-think-tank

COACHING LEADERSHIP FORUM

Coaching: Identify Your Purpose



"Leaders as superheroes' is no longer relevant," said Prof. Kauffman.

"Vision-based coaching gives way to vision-based leadership," according to **Carol Kauffman**, Harvard professor and founder of the Institute of Coaching (IOC). "It's all about being aware of your personal values and those of the organization," she said.

Prof. **Alberto Ribera**, academic director of IESE's Coaching Unit concurred: "Stick to your values and your purpose. Without values you lose direction." Prof. **Kauffman** debunked the myth of the leader as omnipotent

superhero. Instead, executives should embrace fallibility and build self-knowledge as tools to leverage personal strengths, she said at the IOC's Leadership Forum.

The event landed in Europe for the first time on October 12-13 thanks to the collaboration between IESE and the Harvard-affiliated IOC. The Forum facilitated a rich dialogue among 32 executive coaches from 12 different countries and 10 CEOs and executive VPs of human resources.



Evgeny Kaganer: "Companies need to start thinking about how to add value for their customers."

IESE'S FIRST FOCUSED PROGRAM IN ASIA

Demystifying the Digital World

“Today, everyone across all sectors, from media or luxury goods, wants to talk about it. Yet there is still a lot of confusion as to what it actually is, and how to make sense of it. In Asia, digital is different from in other parts of the world. And there are a lot of exciting things happening here which we can learn from,” concluded Professor **Evgeny Kaganer**. He joined Professor **Paddy Miller** to present the program “Digital Mindset: How to Innovate Your Business for the Future” in Singapore. This Focused Program –

IESE’s first in Asia – took place on October 27 and 28 and brought together 15 executives, who discussed the tools necessary to take advantage of the opportunities that the digital revolution offers to business.

Ilona Simpson, group IT head of Aston Martin Lagonda in London, explained, “Digital is a phenomenon that over the years has become more complex, and the veil of mystery around it has become opaque. The course was a very intense experience but helped to demystify it.”

“The time is right to invest in China”



China is still an excellent market for foreign investors, in spite of the country’s seeming financial difficulties, according to Professor **Pedro Nueno**. In an October 6 session of the Alumni Learning Program at IESE’s Madrid campus, **Nueno** explained his hypothesis that plunges in the stock market, the yuan, imports and the Chinese GDP were results of policy decisions designed to improve quality of life for the population and prevent political unrest. “It’s better for the GDP to grow at 6 percent, well distributed through the entire population, rather than at 7.5 percent concentrated among the rich. This is the path to employment, consumption and social stability,” he argued.



Professor Pedro Nueno at the session.



New Focused Program brought jointly by IESE and the University of Michigan Ross School of Business.

Learning From Positive Leadership

Results improve when leaders stop focusing on weaknesses and shortcomings in order to adopt a positive approach based on strengths. This is one of the key concepts of positive leadership, a

concept pioneered by professors from the University of Michigan Ross School of Business. They will join together with IESE professors to teach a new Focused Program, “Becoming a Positive Leader: Accelerating Individual and Organizational Change.” Co-organized by the two schools, the program will take place April 25-28, 2016 at IESE’s Barcelona campus.

MORE INFORMATION:
www.iese.edu/bpl

CROSSROADS | AGENDA



Alumni Reunions

- **BARCELONA**
- Five-yearly MBA, EMBA & GEMBA, May 28, 2016
- **MADRID**
- MBA, April 19, 2016

Alumni Governing Board

BARCELONA & MADRID, FEBRUARY 8, 2016

The class presidents and vice-presidents, as well as the presidents of the regional chapters, will gather at the meeting of the Alumni Association's Governing Board to discuss the Association's projects for the future. The annual report of the Association will also be presented at the meeting, which will conclude with the awarding of Research Excellence Awards to IESE professors.

Industry Meetings

13TH ENERGY INDUSTRY MEETING

Madrid, February 10, 2016

2ND IESE-IPADE FOOD & BEVERAGE MEETING

Mexico City, February 18, 2016

2ND REAL ESTATE INDUSTRY MEETING

Madrid, February 25, 2016

16TH FASHION & LUXURY GOODS INDUSTRY MEETING

Barcelona, March 15, 2016

6TH INSURANCE INDUSTRY MEETING

Madrid, April 7, 2016

2ND CHIEF FINANCIAL OFFICERS MEETING

Madrid, April 28, 2016



FOCUSED PROGRAMS

International Real Estate

Barcelona, March 1-3, 2016

Building and Leading High-Performance Teams

Barcelona, March 15-17, 2016

Excel in Leading Your Sales Team

Barcelona, April 5-7, 2016

Develop Your Communication Skills: It's How You Tell Them

Barcelona, April 12-14, 2016

Becoming a Positive Leader: Accelerating Individual & Organizational Change **NEW**

Barcelona, April 25-28, 2016

International Alumni Learning Program

MUNICH, FEBRUARY 2

Session with Prof. Christoph Zott

MILAN, FEBRUARY 16

Session with Prof. Núria Mas

DÜSSELDORF, FEBRUARY 19

Session with Prof. Pedro Videla

VIENNA, FEBRUARY 26

Session with Prof. Sebastian Reiche

MUNICH, APRIL 5

Session with Prof. Stefan Stremersch

ZURICH, APRIL 5

Session with Prof. Anneloes Raes

BRUSSELS, APRIL 16

Session with Prof. Bruno Cassiman



Program dates are subject to change. For the latest information see: www.iese.edu/agenda

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Eusebio Díaz-Morera (MBA '69)

“Investing and having patience are the same thing. Everything else is speculation”

Eusebio Díaz-Morera holds a bachelor's degree in economics and he is a graduate of the MBA Class of 1969. After graduating from IESE's program, he began working at a wealth management firm. He was chairman of the Caja de Barcelona, Banca Catalana and the Cadí Tunnel. He was also vice-president of the Círculo de Economía. Since 1989, he has been chairman of EDM, a leading company in investment management.

Eusebio Díaz-Morera is on the board of directors of companies such as Cementos Molins and Miquel y Costas & Miquel. He is married and has three daughters, one of whom also holds an MBA from IESE. In this interview, he shares his views on investment and the causes of the financial crisis.

The website of EDM, the company over which you preside, states that the company's investment management “is oriented toward the creation of value over the long term. We look beyond fashions and short-term market trends in order to concentrate on analyzing companies.” Could you expand on this idea?

At EDM we concentrate on private equity on quoted shares. Most of the people that started this business project came from corporate finance and we believe that it's



important to create value – but that’s an ambiguous term. From our point of view, value is the continued development of the company, not the performance of its shares. We spend as much time as we can analyzing companies themselves, rather than their short-term movement in the market, which is unpredictable. We shape an investment portfolio by looking at the traits of the companies and not on the opinions of markets or the expectations of central banks. A company’s short-term market value can differ greatly from its intrinsic value, and this provides opportunities for profit. But in the long term, the market’s opinion of a company ends up matching the profits that the company makes.

Of course, with our approach to investing, time is important: the investor has to be patient. Investing and having patience are one and the same thing. Everything else is speculation.

Does it seem right to you that investors demand better results, quarter after quarter, from the executives of publicly traded companies?

Our company is designed to work as a team, both at the commercial level and the investment level. We reject the notion of “star” executives or managers that’s so popular in the media. We construct portfolios through consensus. At the same time, the best companies are those whose leaders base their decisions on long-term thinking. I don’t trust managers that make decisions based on the short term, because they often do so at the expense of the long term. I think that everything in life requires a lot of continuous effort. Few people have a magic wand that lets them get what they want right away.

You have spent 45 years working in the financial sector. Do you think that the crisis that began in 2008 had a structural cause? Has it been resolved?

It’s a very complex issue, with deep causes. Some are linked to the financial sector and others to the way we conceive of the economy overall.

The financial sector has grown more than the real economy. The origin is the fact that some chose to make up for slow growth in productivity by going into debt. As a consequence, between 1986 and 2007, the weight of the financial sector doubled in the S&P 500, which is the most representative of the New York Stock Exchange. Let’s remember that in 1986 the U.S. Federal Reserve Bank reinterpreted a section of the Glass-Steagall Act. This measure

had been approved after the 1929 Great Depression, and it prohibited financial entities from being investment banks and commercial banks at the same time. The 1986 decision was the first liberalizing step, which ended with the repeal of the Glass-Steagall Act in 1999. When it became legal to pursue both activities simultaneously, the stage was set for the acceleration of investment banking, which is more profitable than commercial banking, but also riskier. Now the Volker Rule is trying, with some difficulty, to return to the previous situation.

I think this was one of the structural causes of the financial crisis. It’s obvious that a traditional commercial bank cannot obtain a high double-digit return on its own funds. In the future, return rates will be more modest.

Another important point is that the authorities have concentrated more on establishing rules than on ensuring compliance. I think that much of the current regulation that attempts to remedy the crisis will be ineffective if there isn’t close supervision.

If the crisis was the result of a slow process of accumulating problems, the solution also will be slow. Now the goal is to make banks more solvent, if less profitable. In any case, we are headed toward single-digit profitability in the financial sector.

You are also a board member in several industrial companies. In the world of management, ideas about leadership change over time. In your opinion, leaving aside trends, what are the basic traits of a good manager?

I hate trends. I like industry so much because it is less influenced by trends. Today there is too much emphasis on models and strategies and not enough on the daily implementation of company operations. I don’t know a single company with excellent operations execution that has made strategic errors. On the other hand, I know managers who are very focused on strategy and pay little attention to operations and who have made serious mistakes.

What are the biggest mistakes that today’s managers make? How can they be corrected, or, even better, prevented?

Today I see and hear quite a few managers, especially young ones, who talk too much about money and not enough about passion and the long-term commitment to a career. Perhaps it’s a sign of the times, or maybe it’s related to the idea that in order to build a résumé, a manager has to move through a lot of positions. In my case, life shaped my



WE ARE HEADED TOWARD
SINGLE-DIGIT PROFITABILITY
IN THE FINANCIAL SECTOR

➤ THE BEST COMPANIES ARE THOSE WHOSE LEADERS BASE THEIR DECISIONS ON LONG-TERM THINKING



résumé, not the other way round. You have to let life carry you, opening and closing doors. Of course, living means having projects, but normally a project takes time.

You were part of the fourth graduating class of IESE's MBA, in 1969. What has been the most important outcome of your IESE experience?

Two ideas have had a lasting effect on me. First, professional work is a non-detachable part of personal fulfillment: feeling useful, satisfied, and excited makes life meaningful.

Second, management is important in any area of life: business, politics, associations or sports. By management, I mean defining certain objectives and achieving them efficiently by making good use of limited resources. It's true that in some activities you also have to keep other components in mind. For example, in politics charisma and inspiration are also important. But without good management the results will be disappointing.

What would be your advice to recent MBA graduates?

For starters, they should follow their instincts rather than following the latest trends. And also, they should have the humility to be aware that it's one thing to say what should be done and another to carry it out successfully.

For six years (1999-2005) you were a member of the Governing Board of the IESE Alumni Association.

What motivated you to dedicate time and energy to that task?

The school's current dean, **Jordi Canals**, and then president of the Association, **Rafael Villaseca**, who had worked with me at the Cadí Tunnel, encouraged me to participate. I didn't hesitate. It was the best thing I could have done: dedicate time to the institution where I spent two wonderful years of my life.

Your daughter María also attended the MBA program and graduated in 2006. Did your experience at the school influence her?

After receiving her degree in economics, María worked for several years at Goldman Sachs in London. At a certain point, she wanted to take a new career path and she asked my advice. I recommended that she do an MBA. Since IESE's MBA is the one that I know best and for me the best, I suggested that she enroll here. Of course the final decision was hers.

What is the best professional advice that you have ever received?

It works outside the professional realm, too. "Having others accept that you are right is as important as being right. Getting there takes a lot of work, and you won't always be successful." The person who offered me this advice was **Josep Tarradellas**, during his presidency of the Generalitat de Catalunya, when he returned from exile.



Jordi Mercader Miró and Jordi Mercader Barata at the offices of Miquel y Costas in Barcelona.

MERCADER FAMILY: A SHARED TOP MANAGEMENT EDUCATION

“AS A IESE STUDENT, THEY MADE YOU FEEL SPECIAL”

● The pursuit of excellence, management based on knowledge of the highest level, social commitment... these concepts exemplify how the Mercader family views the role of an executive.

Jordi Mercader Miró (MBA '69), chairman of Miquel y Costas, has a Ph.D. in industrial engineering. He has served as chairman and managing director of several large firms, including: INPACSA, the Spanish shipping company Bazán, Instituto Nacional de Industria, Aguas de Barcelona and CaixaBank; as well as being a member of the IESE Alumni Association's executive committee.

“When I graduated in the mid '60s,” recalled **Mercader Miró**, “an engineering career was normally associated with technical jobs. IESE offered us a unique opportunity in Spain to

expand our knowledge and provide considerable differential value. That assured us excellent career paths and a variety of challenges in both the private and public sectors.”

One such challenge came in 1990, when the paper manufacturer Miquel y Costas was going through tough times and called on **Mercader Miró** to preside over the company and turn things around. He did just that and the company flourished. So much so that **Jordi Mercader** to this day remains with the company – with his son having followed in his footsteps.

Jordi Mercader Barata (MBA '03), also chose industrial engineering. After a few years with companies in the industrial sector, he decided that an MBA was the key to advancing toward positions of greater responsibility. “I chose IESE because 30 years after my

father graduated, the school stood out for its international diversity. To take advantage of that, I went for an exchange program in China. That was one of the best decisions of my life, both academically and personally,” he says. After working for BBVA in Madrid, **Mercader Barata** joined Miquel y Costas, where he is now board member and managing director.

Despite the generational distance between them, father and son share the same company and philosophy – as well as close ties and a fondness for the school: “I remember they made you work really hard, but they taught you well. They made you feel special. That may be why students have such a good relationship with the institution, because you don't usually see that with other schools,” says **Mercader Miró**.

**JOSÉ F. BERTRÁN, ENTREPRENEUR
BEHIND THE CREATION OF TWO
IESE CHAIRS**

“It is my duty
to give back
to society
everything
I have
received”



Prof. Mª Júlia Prats, José F. Bertrán and Prof. Pedro Nueno.

“If you help a worker, the worker will be very grateful to you. But if you help an entrepreneur, all workers benefit.” These words of **José F. Bertrán** reflect the spirit that encouraged him to create IESE’s Bertrán Foundation Chair of Entrepreneurship. “It is my duty to give back to society everything I have received,” he said, in an event marking the arrival of new chair-holder **Mª Júlia Prats**, IESE professor of entrepreneurship and doctor of business adminis-

tration from Harvard University. **Prats** takes over from Prof. **Pedro Nueno**, who had held the chair since its creation in 1987, a time when “no one knew what entrepreneurship even meant,” recalled Prof. **Nueno**. “We hope to remain a point of reference,” said Prof. **Prats** in the ceremony held October 14 at the Barcelona campus. **Bertrán** is also the creator of the José Felipe Bertrán Chair of Governance and Leadership in Public Administration.

SALVADOR ALEMANY (PDD '74), CHAIRMAN OF ABERTIS

“Overcoming the fear of
losing helps us win”

❖ The chairman of Abertis says that leading is more about recognizing the effort than the outcome and accepting the occasional failure as the result of action. “We have to work with our sights set on the benefits of success, not the unpleasantness of failure,” he said. “Overcoming the

fear of losing helps us win.” Having a company is about “developing your full potential,” and thinking about medium- and long-term sustainability. These were some of the thoughts that **Alemany** shared with MBA and EMBA students at a Global Leadership Series session on November 20 at IESE Barcelona.



Salvador Alemany, chairman of Abertis.

YOSUKE YAGI, EXECUTIVE VICE-PRESIDENT IN CHARGE OF HR AND GENERAL AFFAIRS FOR LIXIL

“Change is easy”

✦ Positive thinking is essential for success, according to **Yosuke Yagi**, executive vice-president in charge of HR and general affairs for LIXIL. For him, “change is easy,” since it’s all about attitude. “If you think change is going to be difficult – then it certainly will be,” he said to MBA students in a session held October 30 at the Barcelona campus.

Yagi has led a revolution that has transformed this Japanese construction material and household equipment company into a worldwide operation, with the acquisition of firms such as GROHE.

AURORA CATÁ (MBA ’89 AND PADE ’03), SEELIGER Y CONDE PARTNER

“WE ARE FACING A NEW SCENARIO IN WHICH VALUES TAKE PRECEDENCE”

● “We are facing a new scenario in which we must assign precedence to values and giving the best of oneself,” said **Aurora Catá** (MBA ’89 and PADE ’03), Seeliger and Conde partner, at the IESE Alumnae Breakfast “Women in Power,” held October 7 on IESE’s Barcelona campus.

A board member for Antena 3 and Banco Sabadell, **Catá** urged companies to find solutions so that age won’t be a deterrent to job mobility in management positions. In certain positions, age is an advantage: “It’s a mistake to exclude people older than 50,” **Catá** argued.



Bernardo Quinn, global director of HR for Telefónica, shared key points from his book *Salvados in Extremis* (LID Editorial).

BERNARDO QUINN, GLOBAL DIRECTOR OF HR FOR TELEFÓNICA



“It’s important to be clear about what we need to stop doing”

“It’s as important to know where to set our priorities as it is to be clear about what we need to stop doing,” said **Bernardo Quinn**, global director of HR for Telefónica, in a session of the Alumni Learning Program. Professor **Francisco Iniesta** moderated the September 30 session at the Madrid campus. According to **Quinn**, any company that’s in trouble should take three steps: identify the problem, involve all members of the organization, and execute the solution consistently. “It’s important for us to be transformed as companies and adapt to the change, keeping sight of who we are and what we do,” added the Telefónica executive. The process should be led by a strong leader, but “everyone working at the organization should understand that change begins with each of them,” he said. “For a transformation process to succeed, there needs to be a level of energy that can be derived from two main elements: a sense of urgency throughout the organization and a vision for the future,” concluded **Quinn**.

BILL MCDERMOTT, CEO OF SAP

“LEADERS SHOULD REALIZE THAT NO ONE’S PERFECT”



● Good leadership is distinguished by the “people part,” said **Bill McDermott**, CEO of SAP. “You have to build great teams, coach people, give them direct and honest feedback, nurture them and challenge them. And you have to hold them accountable.” Responsibilities that should account for 80 percent of leaders’ time and call for a high degree of ‘emotional intelligence’ from senior management.

According to **McDermott**, SAP as an organization has a high IQ, but he stresses that a company’s success also hinges on its emotional intelligence (EQ): “Knowing how to make the human connections is essential. Identifying and harnessing what it is that helps you connect with your customers, your colleagues, your peers and others.”

The first non-German citizen (he is from the US) to be appointed CEO at SAP, **McDermott**’s journey to leadership has taken him from opening a corner store in Long Island to working for the likes of Xerox, Gartner and Siebel Systems.

McDermott, who appeared at the Alumni Learning Program on November 17 at IESE Barcelona, said that he learnt the importance of teamwork at Xerox. “I was given the company’s worst-performing team to manage. We were based in Puerto Rico, and right at the very bottom of the league in terms of performance.” He managed to reverse his team’s fortunes within 12 months. By the end of the year, Puerto Rico was occupying the number one spot. He credits the turnaround with connecting at a human level with his team. “As a leader, you should realize

that you don’t have all the answers, and that no one’s perfect. You have to listen to people – they always know. Trust your people,” he said.

PLAYING THE HAND YOU’RE DEALT

● **McDermott** has faced a serious personal challenge recently, losing an eye in an accident that could have cost him his life. Difficult as it was to overcome, the accident has challenged him to value his good fortune. “I lost sight, but in a sense I gained vision,” he says. “You are the sum total of all the experiences you’ve gone through. And whether you have a lucky hand or an unlucky hand, it’s how you play it that really matters.” He left the MBAs and alumni with a thought: “Celebrate what you are, and don’t waste time being disappointed in the things you’re not.”



The CEO of SAP shared some of the challenges he has faced at the helm of the German multinational company, in a session moderated by Prof. Eric Weber.



THE LATEST ON
IESE'S ALUMNI
CHAPTERS

CHAPTER NEWS

Mexico City

SEPTEMBER 2

● The Regional Chapter of Mexico, headed by **Gérard Schoor** (MBA '91), welcomed alumni in Mexico City for the first meeting of the academic year. The event featured a presentation on the country's economic potential.

NOVEMBER 4

● Alumni gathered in Mexico City to learn more about Mexicanos Primero, an initiative promoting the

right to quality education in Mexico through instruments for citizen participation and activism.

London

SEPTEMBER 3

● Prof. **Evgeny Káganer** gave a lecture in London titled "Unlocking big data's big secrets - Why every company needs a data experience designer." He talked about the importance of managing big data in any company striving the utmost to meet customers' needs and improve customer satisfaction.

Paris

SEPTEMBER 7

● Alumni joined together in the French capital for the first Dîner du Premier Lundi of the academic year.

Brussels

SEPTEMBER 21

● **Laurence Battaille** (MBA '95), president of the Regional Chapter of Belgium-Luxembourg, organized a dinner to celebrate the start of the academic year with alumni.



Sao Paulo

SEPTEMBER 24

● In today's world, business economy demands efficient governments. The policy of public administration is a key factor for the economic efficiency of enterprises in a globalized economy. Speaking in Brazil, Prof. **José R. Pin** explained what these governments should be like and what companies can do in their political relations so that the governments will help rather than hinder entrepreneurial activity. The

London

NOVEMBER 12

● At this alumni meeting in London, senior lecturer **Alberto Ribera** used the example of architect Antoni Gaudí and his iconic work, the Sagrada Família basilica, to understand the main characteristics of positive leadership, including purpose, vision, passion for excellence, resilience and the ability to get the best out of people.



session was organized at the ISE campus in Sao Paulo.

NOVEMBER 10

● The alumni met again at ISE Sao Paulo, this time to attend a conference on Brazilian economy, titled "Investment in innovation and entrepreneurship in Brazil," led by **Ricardo Engelbert**, a professor at the institution. The speakers were **Anderson Thees**, founding partner of Redpoint eventures, and **Maria R. Spina**, executive director of Anjos do Brazil and founder of MIA (Mulheres Investidoras Anjo).

Buenos Aires

SEPTEMBER 25

● After traveling around Brazil, Prof. **José R. Pin** visited the University of CEMA (UCEMA), where he gave a lecture on the relationship of executive power and firms, titled "How can the government help the business economy? The Four-Leaf Clover Scheme."

NOVEMBER 25

● Alumni gathered to attend a conference featuring two sessions: **Federico Procaccini** (MBA '06), director of Google in Argentina, presented "Innovation in communications," and **Luis Dambra**,

professor at IAE, gave a talk on innovation and risk-taking titled "Experimentation as a means of innovation. The key is to take risks and accept mistakes." The session took place at the IAE campus in Buenos Aires.

Lima

SEPTEMBER 25

● Prof. **Manuel Alcázar** (MBA '91) at the PAD School of Management in Peru hosted a conference titled "What is a person?"

Porto

OCTOBER 8

● Alumni from the Regional Chapter of Portugal, led by **José Gabriel Chimento** (PDG '95), kicked off the academic year with an event in Porto.

New York

OCTOBER 20

● IESÉ's New York campus was the meeting point for alumni attending the conference "The political economy of thriving societies."

Singapore

OCTOBER 28

● Prof. **Paddy Miller** traveled to Singapore to talk with alumni about the leadership crisis and the requirements for being a good leader in today's world.

Amsterdam

OCTOBER 13

- The first dinner for alumnae in Amsterdam featured the participation of Prof. **Nuria Chinchilla**. Attendees of the event, organized by **Cindy Hondong** (GEMBA '14), got to enjoy the cuisine of **Adrienne Eisma**, a private chef who has worked in Michelin-starred restaurants.



Panama City

NOVEMBER 16

- The capital of Panama hosted a networking session for IESE alumni attended by Prof. **Heinrich Liechtenstein**.



Bogotá

OCTOBER 29

- The Regional Chapter of Colombia, headed by **Luis Fernando Londoño** (MBA '03), organized its annual IESE alumni meeting in Bogotá. The special guest on this occasion was **Javier La Rosa** (MBA '00), president of Chevron Colombia, who spoke about his company, his industry and his career.

Santiago (Chile)

OCTOBER 29

- Alex López**, head of Sartia, was in the Chilean capital to give a lecture with advice for executives on LinkedIn, titled "Five LinkedIn pointers for managers: A strategy for professional and company positioning."

He told alumni how to research and leverage networks and applications to build relationships with current or potential customers; how to be relevant to them; how to offer them value through networked contacts; and how to ultimately capture their interest and build their loyalty to

the company, and capitalize on the value created in the process. The event was organized at the Bci headquarters.

Shanghai

NOVEMBER 9

- In today's volatile and uncertain world, it is often difficult for us to gauge the impact of macroeconomic events in our everyday business. How is business in the largest economy of Asia affected by the decline in the Chinese stock market, the historic fall of oil prices, the Greek debt crisis or Japan's "Abenomics"?

Profs. **Pedro Nuevo** and **Pedro Videla** gathered with alumni in Shanghai to share their knowledge about the current economic context and its implications for Chinese business leaders.

Lisbon

NOVEMBER 11

- Alumni in Portugal hosted their monthly dinner conference, this time in the capital city. This month's guest speaker was IESE lecturer **Mario Capizzani**.

Dubai

NOVEMBER 16

- IESE Assistant Prof. **Sebastien Brion** traveled to Dubai to give a talk to alumni on "The transparency dilemma: Managing emotions and engagement in the transparent organization."

Andorra la Vella

NOVEMBER 16

- In the face of speculative trading or so-called financial economics, there are increasingly more voices calling for the economic system to be based on the generation of services, products and real added value. For some, this is inseparable from quantitative growth, i.e., the increased demand for raw materials and energy. Meanwhile, those who realize the limitation of these resources, seek formulas for achieving qualitative growth. With that in mind, the new economic and socioenvironmental challenge would be to grow without consuming, or at least without wasting resources. Sociologist and ERF president **Ramon Folch** discussed this trend during a session moderated by Prof. **Josep M. Rosanas**. This event was organized in collaboration with the Crèdit Andorrà Chair of Markets, Organizations and Humanism.

Tokyo

NOVEMBER 26

- Based on four decades of experience in the senior management of leading global organizations, his experience from more than 150 visits to Japan since 1982 and his academic work, Prof. **Jan Oosterveld** spoke about several issues involving change and internationalization related to Japan, offering some practical recommendations to attendees.

NOVEMBER 27

- Attendees of this meeting in Tokyo took in a lecture titled "Corporate family responsibility: the way for more female leadership and sustainable growth," presented by Prof. **Nuria Chinchilla**.

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

IF YOU ARE AN ENTREPRENEUR
Don't forget there is a group on LinkedIn

 IESE Entrepreneurs & Venture Capital Hub

EMBA '04



After holding various commercial and sales positions in Latin America, Spain and the

corporate offices, **Óscar Carrera** has been named commercial director for South Europe by Nokia Networks.

EMBA '05



Francisco Lobo is now head of Europe procurement & supply chain management (B2C & B2B) of BP

Fuels, overseeing all retail assets.

EMBA-C-12



Eduardo Hernando was named managing director of Eley Hawk at its headquarters in

Birmingham, United Kingdom.

GCP '12 & PADE-I-98

Luis Badrinas was named coordinator of the social security commission at ADECOSE, in addition to his existing role as partner and CEO of Community of Insurance.

GCP '14 & PADE-1-02



Agustí Cerdón is the new CEO of Grupo Zeta.

MBA '87



Máximo Buch was named board member at Noatum Ports, Noatum Container Terminal

Valencia, Noatum Terminal Polivalente Sagunt and Marmedsa Noatum Maritime.

.....

José M. Vara was named managing director of Institutional Relations at Deoleo.

MBA '90

The mutual guarantee society of the region of Valencia has appointed **Iñigo Parra** as a member of its board of directors.

MBA '91 & PADE-A-05



Javier Corral was named director of commercial strategy and operations for Spain and

Portugal at Bristol-Myers Squibb.

MBA '93



Juan Arrizabalaga was named chairman of Altadis.

.....

Javier de Paz was named Managing Director and Global Leader for Telecom & Media and Digital Strategy at Wit Consulting.

.....

Alberto Sarrias is the new director of the commercial division at Engel & Völkers in Barcelona.

MBA '96

Diageo appointed **María Andrés** as its new CFO.

MBA '00



Manuel Ausaverri is the new director of strategy, innovation and partnerships at Indra. He is also

chief of staff for the company's chairman and CEO.

MBA '01

Merkamueble Europe appointed **Antonio Picamill** as its CEO.

MBA '04



Catherine L'Écuyer published *Educar en la realidad* (Plataforma, 2015), a book about the use of new

technologies in childhood and adolescence. The author argues that the best preparation for using new technologies happens in reality, i.e., the best preparation for the online world is the offline world.

.....



Elsa Galindo is the new Research Director for JLL Spain.

YOU'RE IN THE NEWS

MBA '10



Rachelle Samson Oribio is founder and director of the first Tech-stars++ program. It is a

partnership between 11th and the Mayo Clinic of Rochester (US), which leverages new technologies for enhanced patient care.

PADE-A-03



The Dutch group Boskalis International appointed **Rafael Llamas** director of business

development for Latin America, Spain and Portugal.

PADE-A-08

Esther Galiana was named board member of the international Bankers Association for Finance and Trade (BAFT), and co-chair of the Europe Council for BAFT, in addition to her position as the head of financial institutions at BBVA Corporate & Investment Banking.

PDD-2-04

Agapito González is the new vice-president of professional services of Unit4 for Southern and Eastern Europe, Africa and Asia-Pacific.

PDD-D-09

Javier Escobar was appointed head of equities at Banco Santander Europe and president of Santander Investment Bolsa (the group's securities firm).

PDG-A-15

César Sánchez is the new vice-president of Airbus for South Eastern Europe.

PDG-B-04

Álvaro Lorente was named international general manager of SENER.

PDG-B-11

Carlos Olave was named director of human resources at LG Electronics Europa.

PLD '14 (SPRING)



Federico Minichilli was named regional sales director of Refinish Systems for France and southern Europe at Axalta Coating Systems.

SOCIAL INITIATIVES

MBA '10

Marissa Muller spent the summer touring, solo, across America on an electric bicycle that was charged by the sun. The purpose of her solar bike adventure was to engage the public, showcase clean energy and an alternative form of transportation and talk about healthy living. "We all have the potential to participate in a climate solution and it is as simple as getting out of the car, riding an electric bike and harnessing the power of the sun," said **Muller**. She believes her 3,300-mile journey (the equivalent of riding three times from Barcelona to Copenhagen), was made possible thanks to the MBA. "While at IESE I learned how to take a rather lofty goal and create a strategy to make it a reality: commit to the goal, create an action-oriented plan, build a support network, add a timeline and focus all your attention on seeing it through. This process is what helped transform this dream into a reality," she says.



ENTREPRENEURS

AMP '12



The company Value Management Consulting (VMC), whose managing partner is **Benjamín Lorente**, created the Value Management Institute (VMI) to offer training. Its courses are recognized by the European Governing Board for Value Management.

EMBA '02



Santiago Ramas and **Pedro Tabuenca**, members of the same graduating class, created a company called Smart Sensor Technology, which manufactures and sells an

innovative system for detecting pollution via hydrocarbons. The company was awarded first prize at Sodercan's 7th contest for technology-based startups.

PDD-III-95



Domingo Cabeza founded DC Asociados, a strategic consulting firm aimed at helping SMEs to compete and optimize both their supply chain and their value creation process.

PDD-C-13

Mónica Sacristán launched an online shop called Good Food. It also provides information on the properties of the products and how they help keep our bodies healthy and strong.

WELCOME TO THE ALUMNI ASSOCIATION EXECUTIVE EDUCATION GRADUATIONS



AMP '15 Spring

President:
Una Steinsdóttir
Vice-president:
Giorgio Miano



PMD-1-Brasil-2015

President:
Alecsandro Araujo
de Souza
Vice-president:
Rodrigo Suassuna

ALUMNI CAREER ADVISING

CAREERS WITHOUT BORDERS

Just two months into the academic year, 350 members of the Alumni Association have already had a personal coaching session with a career advisor. Thanks to their proven background as headhunters and executives of large companies, the team of 13 international professionals is able to provide guidance to those looking to internationalize their career or pursue other objectives. The cost of the annual session is included in the membership fee.

There are numerous reasons why alumni seek out the services of Career Advising. These include: new job searches, preparing for promotion, designing career plans and personal branding. The desire to internationalize their career is another motivation for them to ask for professional guidance. “The IESE Career Advising service could help alumni think around the many facets to interna-

tionalizing their career,” says **Joanna Moss**, an advisor in London. The first step is to consider: What is my brand? What are my values? What am I good at? What makes me stand out against the competition? What are my aspirations? This process of self-awareness will “help the alumni decide whether internationalizing a career would be beneficial for them or not and more importantly, make them aware of whether they are ready to take this step,” explains **Moss**.

They should also be clear on what internationalizing a career means to them: “Does it mean working for an international company in your country and opening yourself up to opportunities of working abroad or are they thinking of moving physically abroad?” asks **Moss**. “Internationalization is also a process of expanding your frame of reference and may not necessarily require living and working abroad,” says **Alan McFarlane**, one of the advisors.

IESE's alumni career advisors provide face-to-face service in Madrid, Barcelona, New York, Munich, London, Vienna, Zurich and Sao Paulo, and online everywhere else in the world.



10 STEPS TO INTERNATIONALIZING YOUR CAREER



BEFORE CHANGING COUNTRIES...

- 1. Think of your career as a journey:** each move must make sense and be consistent with your ultimate goal.
- 2. Have a clear purpose:** What motivates you to internationalize your career? What would you like to achieve?
- 3. Do a SWOT analysis:** Identify your strengths and weaknesses in the context of working internationally, and the opportunities and risks that this change would bring to your life.
- 4. Do not make the decision in isolation, or in a hurry:** This change will have a huge impact on your personal and professional life. Plan it with enough time.
- 5. Seek support:** Talk to people who can help you map out and execute your career plan. Request a session with a member of the IESE Alumni Association's Career Advising team.

ONCE IN YOUR DESTINATION...

- 6. Become integrated:** Don't live in an expat bubble – open yourself up to the rewarding experience of living as a local.
- 7. Discover the local culture:** Learn the language, even if you don't need it for work. Explore the country or the region beyond the city where you work.
- 8. Be receptive:** Be respectful of other ways of doing things that might be very different from yours.
- 9. Be clear about your expectations** and learn to manage your emotions.
- 10. Actively maintain your network** to facilitate your next move to wherever that might be, including home. Let people know how you are doing, share your learnings and how they are contributing to your development.

McFarlane adds that “many will see such a period of working abroad as a means to an end. Others will see it as an end in itself and have a strong personal motivation to explore the world, other cultures and ways of doing business.” They should be clear about their motivation for taking this step, and consider the time horizon: Are they making a career decision or is this a short-term move? Would they envisage a solo assignment or are they prepared to relocate their families?

“The careers service could offer a program that helps alumni work through this process and support them through it to ensure that they consider every aspect,” says **Moss**. “We can help you think through and clarify your motivations, aspirations and approach to internationalization. Many appreciate the opportunity to explore these and other matters with an independent person who has

no agenda for them,” says **McFarlane**.

A SERVICE WITHOUT BORDERS

“I have sessions with alumni from all around the globe,” explains **McFarlane**. The sessions take place on the Barcelona, Madrid, Munich and New York campuses, as well as in London, Vienna, Zurich and Sao Paulo. For those located farther away, there are also sessions via Skype. The service is expanding its international reach. In fact, the 2015 Global Alumni Reunion included the first meeting between advisors and international alumni.

To maximize the session, **Moss** encourages alumni to ask themselves why they are requesting the service and what they hope to achieve. She says that “the clearer they are with their expectations, the greater the probability of a successful and rewarding meeting.”

“The IESE careers service could help alumni think around the many facets to internationalizing their career.”


JOANNA MOSS,
ADVISOR

“Internationalization is also a process of expanding your frame of reference and may not necessarily require living and working abroad.”

ALAN MCFARLANE,
ADVISOR

YOU CAN APPLY FOR A PROFESSIONAL ORIENTATION SESSION AT: WWW.IESE.EDU/CAREERADVISORS

Comparisons Are Still Odious



JOAN DE DOU

Senior lecturer of the department of managing people in organizations, IESE

“Where are you working now?” This is a very common question when two people who know each other get back in touch after time apart, such as might happen to IESE alumni. But the answers can vary, depending on who is asking the question. The person on the receiving end of this question may give an evasive answer – after making a quick comparison – if they feel their professional position could be considered “inferior” to the other person’s, but it’s a different story if they feel they have a more prestigious position.

In his book *Happiness*, **Richard Layard** – economist, professor emeritus at the London School of Economics and a member of the British House of Lords – argues that the two root causes of a person’s unhappiness are often complacency (not knowing how to enjoy what one has) and comparisons. But what does it mean to make comparisons? How does it affect us?

There are many studies that validate the expression “in the kingdom of the blind, the one-eyed man is king.” What would you prefer: to earn \$100,000 in a social milieu in which your “equals” earn \$120,000? Or earn \$80,000 in a setting in which everyone else earns \$70,000? The answer tends to be \$80,000.

The conclusion is a simple one: the actions of those who check the \$80,000 box are influenced by their peers. And when people are overly concerned with comparing themselves with those around them, it can have extremely negative consequences for them as individuals and, therefore, on their personal and professional lives as well.

In order to get the complete picture, two factors need to be considered: firstly, the context

in which a person finds him- or herself is ever-changing, and secondly, each person’s perception of it will vary. As such, decisions driven by comparisons are often amiss.

Let’s turn to the corporate realm. An employee observes coworkers who belong to the same professional group, and compares him or herself to those coworkers. One, for instance, seems to be very in tune with their superior. Another performs better thanks to a more aggressive personality. The first employee might react by trying to imitate his or her peers, but does not possess the requisite qualities of empathy or pushiness. This person is therefore incapable of controlling the influence that comparison with their environment has on them personally, on their behavior and on their professional output.

At the source of comparison lies a lack of assuredness in oneself. An insecure person will depend on the opinion of others to gain a feeling of happiness, however superficial and fleeting, since it is purely based on remarks, such as from a coworker or a superior. In the business world, everyone must be aware of the role they should play and what their capabilities are.

It may be obvious to some, but in order to start solving the problem it must be accepted that people tend to compare themselves with others and that this attitude affects them in many ways. Many people are not aware of this, and thus live enslaved and inhibited by their insecurities, because there will always be someone seemingly better or more fortunate.

And, of course, it’s essential to have solid convictions upon which we can build our sense of security – this should form our personal measuring stick. Using someone else’s only creates a constant sense of frustration.

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