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ALUMNI
MAGAZINE

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Compensation: Common Shareholders

Inés Alegre, Miguel A. Ariño and Miguel A. Canela Big Data: Where to Begin? Special Feature: New Chancellor of the University of Navarra

SHOULD NEVER STOP LEARNING

How to make sure your career continues to move forward







IESE Global Alumni Reunion November 17th, 2017 MADRID

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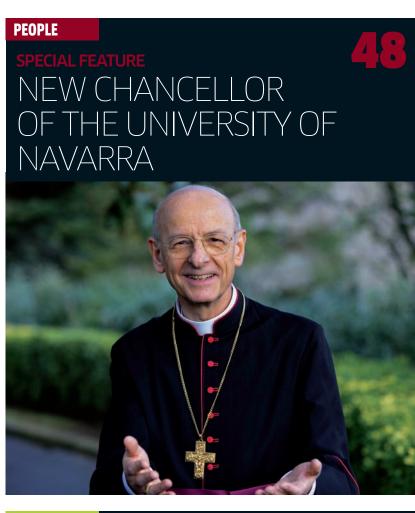
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E D I T O R I A L

GRATITUDE AND RESPONSIBILITY



ANTONIO ARGANDOÑA Editorial director of *Alumni Magazine* argandona@iese.edu ESE is a center of excellence, humanity, social responsibility and Christian spirit that reaches many realms and locations." This praise comes from the new Chancellor of the University of Navarra, Msgr. Fernando Ocáriz, to whom we are grateful for the interview he gave to the *Alumni Magazine*, published in this issue. His praise is also a reminder of a responsibility, because our university's highest authority is tasked with ensuring that IESE's mission is fulfilled.

The interview offers a range of management ideas that are simultaneously profound and useful. The chancellor's insights are the fruit of his technical, humanistic and theological education and of his experience in Opus Dei governance, alongside Msgr. **Javier Echevarría**, who died last December, and to whose memory we also dedicate these pages.

Leading is a very complex task. Circumstances change constantly, and human action reveals just how multifaceted we are. Every leader leaves a unique stamp on whatever he does, but when I read the interview I can't help finding significant overlaps with Msgr. Fernando Ocáriz's predecessor and with those that came before, the Blessed Álvaro del Portillo and Saint Josemaría Escrivá. This is to be expected, because all of them were driven by the Christian spirit that inspires the work of IESE and whose values emerge throughout the interview: serving all people, promoting freedom, taking others into account, feeling responsible for everything that affects society and giving importance to ethical principles.

The cover story reminds us that being a leader means being willing to learn continuously, and it shows us how IESE tries to make this possible for everyone. In Crossroads we echo the lessons of the Doing Good Doing Well conference, because social responsibility isn't just an added bonus, tacked – more or less voluntarily – onto a job well done. Our interview with **Paco Ybarra** describes good leadership in multicultural environments, which requires knowing how to listen to others and rethinking one's career frequently. Professors **Miguel Antón** and **Mireia Giné** find new explanations for the salary growth of upper managers, and professors **Inés Alegre, Miguel A. Ariño** and **Miguel A. Canela** tell us how to handle the challenge of big data. And, as always, your news closes the magazine. Thank you very much!



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COVERSTORY

Why we should Never Stop Learning

"Learning is either a continuing thing or it is nothing." This bold statement by **Frank Tyger**, columnist for *The Times* for 34 years, captures the essence of learning: it is ongoing. Professionals and managers must keep up to date through continuing education to adapt to an increasingly globalized world in which technology is constantly expanding. They always have IESE at their side to meet this challenge.



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C O V E R S T O R Y

he fear of unemployment has been a constant of capitalist societies of the last two centuries. This anxiety is sometimes rooted in a succession of economic crises and other times in more structural and longer-lasting aspects like the emergence of new technologies or industries.

The work environment is changing at a pace that we have never experienced before, and entire professions and careers are expanding and contracting at an extraordinary speed.

And the changes won't fade when the economic situation stabilizes. As Prof. **Alfredo Pastor** explains in a recent article in the magazine *IESE Insight*, "The fact that employment isn't rising and falling in line with production, that the share of labor in the GDP shrink and that there are disproportionate drops in salaries and employment across different industries, indicate that structural changes are under way".

In this new environment, digitalization and automation are the main players, not only because they're determining the shape of the labor market for this new era, but also because they're evolving at a pace that's difficult for the majority of institutions to keep up with. "The return to economic normalcy – if it occurs – won't solve these problems," adds Prof. Pastor. "According to some studies, there is a real danger of routine work being taken over by computers or machines, given that it can be automated quickly and cheaply. One study suggests that in the U.S., this means that 47 percent of the 400 million jobs that exist in the country are at a high risk of disappearing."

Non-routine work is more protected, because it's much more difficult and costly to automate crafts and manual tasks or intellectual work that depends on creativity or social skills. "Some studies suggest that digitalization won't lead so much to the elimination of jobs as to the restructuring of tasks. Computers won't simply replace workers, but increasingly they will complement their

work. So, when technology is introduced, low-skilled employees will take on tasks that involve creative and social intelligence, and acquiring these skills requires a greater investment in education and training. In order to facilitate this adaptation, managers should stay alert and be as dynamic as the technologies that are revolutionizing the world," Prof. **Pastor** explains.

THE RISK OF EXCESSIVE SPECIALIZATION

Managers have two responsibilities: on one hand, determining how the company should adapt to this new era marked by digitalization, and on the other hand, planning their own professional trajectories in order to adjust to the current context and fulfill their objectives.

According to Prof. **Antonio Argandoña**, although it may require constant effort, it's important not to lose sight of that second front. "A good example is the paradox of **Glenda**," he explains, "a manager who was so good that she became trapped in her position because no one wanted to lose her, but also because the skills that she had taken great pains to perfect for 10 years prevented her from acquiring the ones that she needed in order to take on more important roles."

Many managers lack sufficient time to design strategies for fulfilling their career aspirations when they pour themselves into tasks that have garnered them recognition for their work. So what can they do? "Develop as leaders in order to increase their impact," argues Prof. Argandoña. "Escape the trap of efficiency, draw on their multicultural backgrounds and take advantage of all the training opportunities."

ALWAYS ON THE LOOKOUT

Given these circumstances, we can no longer take for granted that undergraduate or graduate education will be sufficient to sustain a career. And employees can't expect companies to invest in every facet of their development, given that mobility is the rule: people change jobs, industries and even careers with much greater frequency

There is a real danger of routine work being taken over by computers or machines"

Alfredo Pastor, IESE professor

"Live as if you were to die tomorrow. Learn as if you were to live forever"

This quote from **Mahatma Gandhi** offers an important lesson on time management, a key challenge for managers who consciously plan their own long-term development while handling their companies' unrelenting day-to-day life. "For me time management is a genuine difficulty. I handle it with the help of a second line of managers whom



I trust and to whom I can delegate," says **João P. Costeira** (AMP '04 and GCP '13), COO of EDP Renewables in Europe and South America. **Alejandro Climent,** (EMBA' 10), general manager of Cobega, says that "many courses clash with board meetings, so I need to plan my training in advance, and I look for the programs that best fit my working schedule". In a recent article in *Forbes* magazine, Prof. **Cosimo Chiesa** offers the key to efficiency and stress management: "Time management is in reality life management." Prof.

Chiesa explains, "We should determine what is most important in our lives and then learn to prioritize. The sad thing is that a lot of people spend most of their time doing things they don't enjoy and that aren't relevant to achieving their long-term goals."

In an article published in the magazine *IESE Insight*, Prof. **Nuria Chinchilla** also addresses the topic of time management and the spread of hurry culture in the business world, asking herself, "Exactly where are we running to?" She argues that our schedule should be an instrument of "commitment to ourselves to build our lives. Our behavior reveals what's important to us." The teachings of these two professors leave us a series of tips to help executives master the art of time management:





Prioritize.

Specify our objectives, separating tasks that can be delegated from those that can't. One approach is to keep a time diary of all of our activities for an entire week. This will give us an outline of how we use our time, and we'll see whether or not it fits our priorities.

Plan

Start by dividing up and scheduling projects and tasks over the long- and mid-term, and then add in the easier or more routine tasks.

Set realistic and specific goals.

Expecting too much of ourselves, being perfectionists, having unrealistic or unachievable goals, being too controlling, and refusing to delegate are a range of stressors that complicate time management.

Be proactive.

A manager should act like an orchestra director and not like a marionette responding to external stimuli. Managing time proactively helps us detect and avoid time sinks.

Leave blank space.

Schedule in breaks and avoid filling our entire workdays with tasks. Uncommitted time slots can act as a buffer for the unexpected.

Learn to say no.

Learning to say no to something means saying yes to what really matters.



C O V E R S T O R Y

Managers should escape the trap of efficiency, draw on their multicultural backgrounds and take advantage of all the training opportunities"

Antonio Argandoña, IESE professor

than in earlier decades. We all need to be life-long learners in order to compete in this new economy. But where to begin?

Senior lecturer Luis M. Calleja has studied executive career trajectories, and he recommends, among other things, "discovering who we are and what we can do. And then doing it. It's about figuring out our mission in life. What has traditionally been called 'finding a calling."

According to Prof. Calleja, with the increased life expectancy and the variety of possible careers, "that search often leads us to consider undertaking a second career. The reason could be having made a bad choice in the past, or in the present, putting being before having, wanting to do what we really like, realizing that we've gone as far as we can go in our company, or discovering that we're not well placed on the promotion ladder."

Whatever the reason, the most important thing is "to be clear that we have to reject the idea that 'If I haven't done it by age 45, I'll never do it;' at that age, the best may still be yet to come. If we decide to make a professional turn, it's not enough to choose something that merely seems interesting: it should be something that we're passionate about. This is the only way we'll be able to face this new beginning with enough energy and enthusiasm," he concludes.

As multiple neuroscience studies have shown, the brain needs to be emotionally stimulated in order to learn and,

in addition, it learns best when interacting with other people. This is, to a large extent, the foundation of the case method. Prof. Pedro Nueno ended one of his PDD classes admitting to his students that during his course he had tried to "get a smile out of them every 10 minutes and a belly laugh every 20." The idea is to break the mold and leave monotony behind, capturing students' attention through a key phrase, a striking image, or a provocative claim or by placing them at the center of the debate.

All of the students who have passed through IESE's classrooms have had this experience. Using the case method is more popular than ever in education. The method is analytical, practical, team-oriented, participatory and open, enabling professors to apply many of the lessons from neuroscience that are informing the field of education today.

CONTINUING EDUCATION: ALUMNI LEARNING PROGRAM

Aware of the importance of continuing education, the IESE Alumni Association makes a priority of providing alumni with tools to stay abreast of the latest trends. In this way, the Association supports managers along their career paths, offering them the most appropriate education at each step of their careers.

In the large portfolio of offerings, the Alumni Learning Program (ALP) particularly stands out. Each year, this



program organizes events, sessions and talks on the most significant trends in the global spheres of the economy and business, where attendees both learn content and take advantage of intensive networking opportunities.

These sessions are given by IESE professors and special guests in a range of cities around the world. SAP CEO, **Bill McDermott**, president and CEO of Estée Lauder Companies, **Fabrizio Freda**, and UPS International Americas Region president, **Romaine Seguin**, were some of the invited speakers at the last course's ALP.

In addition, alumni can follow many of these sessions via online broadcasting, no matter where they find themselves. This tool makes it possible for alumni to participate live, asking questions and answering online polls.

Last academic year, 226 ALP sessions were held in 29 countries with a total of 32,796 participants. Seventy percent were in-person sessions, while 30 percent were online. Moreover, 54 of the sessions have been made available to alumni as e-conferences. In the same year, IESE held a specialized Alumni Learning Series exclusively in online format. The series was conceptualized as a complete learning experience, accessible from any device and at any time, and it included ongoing development activities between sessions through a discussion forum and specific exercises.

Karin Nemec (GEMBA '11), founder of Imagination Lab, participated last year in the ALP Digital Series with the goal of learning about the latest trends in the digital transformation. "I love gathering new ideas to enhance my vision of innovation and discovering how other companies are breaking the mold of traditional business," she highlights. "The course was very well organized and I thoroughly enjoyed participating in the classes. Also, at that time I began to develop new disruptive ideas in the context of digitalization, like models for a shared digital economy that would contribute to reducing CO2 emissions and

a global private digital bank designed for expats in

Africa and China," she adds.

ONLINE KNOWLEDGE CAPSULES

The Alumni Association is working on another tool for continuing education: the online knowledge capsules, coming soon exclusively via smartphone or tablet. Foundations of Innovation, which will be available on an educational app, will condense the core of IESE's knowledge on innovation into brief sessions taking no longer than ten minutes each to complete.

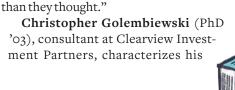
According to Alumni Association director **Javier Muñoz**, "Our goal in this case is to help alumni meet the key challenges of innovation in business through reading, observation, and the discussion of related content."

The school's knowledge portal, IESE Insight, provides alumni with more than 500 articles about business management and the latest research results. Each month Association members can read IESE economics department professors' take on the current economic situation. Finally, the new alumni app provides access to the school's latest research, as well as the Association's networking services.

FORGING A PROFESSIONAL PATH

In order to help alumni guide themselves at decisive moments of their careers, the Association also offers a career advisory service, which includes face-to-face or online professional guidance sessions with the school's global network of consultants. **Bob Marino**, one of IESE's international advisors, explains that the best time to participate in this kind of session is "one or two years before you want to make a change in your professional career.

Once the sessions begin, true revelations emerge; for example, participants realize that they have more energy when their jobs are aligned with their values. Or they discover that they have more career options



C O V E R S T O R Y

experience at the career advising service as very valuable. "The most important thing was realizing that I had several realistic options available to me and that I could address them systematically with the right strategy," he notes.

THE PERFECT COMPASS AT A DECISIVE TURN

When a manager sees a clear need to break free from the professional routine he or she is trapped in, it's time to choose a new direction. To take this step, managers should reflect on their professional development in order to enhance their own leadership skills and to make decisions that will have a positive impact both on themselves and on their surroundings.

In this regard, management programs offer intensive skill development, but participants won't properly incorporate these skills into their business practices unless they're reinforced with personal support that makes it possible for participants to attain their goals.

For this reason, IESE offers managers an individualized analysis process, which it has developed through years of experience. "Today, learning to know yourself better is one of the keys of programs for management development. At IESE, we address this issue when the program has already been under way for a while and we see that it's the right time to introduce the possibility of complementing academic course sessions with coaching," notes **Alberto Ribera**, senior lecturer and academic director of the IESE Coaching Unit.

"This process usually begins with a thorough skills test, for which the school has pioneered its own diagnostic tool, the IESE Leadership Competences Assessment 360°. Based on the results, the coach helps the participant identify areas for growth, and together they design and execute an individual action plan, a process that takes three or four sessions," explains **Ribera**.

IF YOU'RE NOT GROWING YOU'RE DYING

Thanks to an ever-expanding range of specialized and personalized programs, IESE responds to the needs of managers from around the world at all stages of life and career, offering them a global vision of business and education centered on specific sectors and skills. The programs

cover everything from early career (the MBA student) to the most advanced phases (the senior advisor). On the way, they offer industry-based skills, management development and custom programs for companies with specific needs.

"The more progress I make, the more I realize that I need to expand my knowledge," says João P. Costeira (AMP '04 and GCP '13), COO of EDP Renewables in Europe and South America. "The world is changing at a breakneck pace and our businesses are too, so it would be very short-sighted to think that just updating my knowledge on industry trends would be enough to enable me to be a good leader."

"The first time I studied at IESE I chose the school because of its location and its international reputation. I needed a full perspective on business management. After a time, I joined my company's board of directors, which took me from an Iberian perspective to being present in a dozen countries on three continents. That's why I decided to participate in a second program at IESE, in order to acquire a global vision of the economic reality worldwide with a strong emphasis on cultural aspects," he explains.

In addition to adapting its education to each step along a leader's path, IESE is also focusing its efforts on innovative pedagogy. Through the Learning Innovation Unit (LIU), created in 2011, it studies changes in pedagogical models, which are hugely influenced by the advance of digitalization.

For IESE, incorporating digital resources into its programs is not an end in itself but rather a tool for going one step beyond. Thanks to blended models (online and in-person), which are already being introduced in some programs, a group can be prepared much more efficiently in order to bring out the best in each student in classroom discussions. For example, by making the material for the next session available to participants online. Or by giving them access to intensive lessons through a Massive Open Online Course (MOOC) to get them up to speed on program prerequisites, ensuring that participants start the course on a level playing field.

One of the most recent examples of this transformation are the changes introduced in the latest editions of the PDG program, which, while still committed to the case

The more progress I make, the more I realize that I need to expand my knowledge"

João Paulo Costeira, (AMP '04 and GCP '13), COO of EDP Renewables in Europe and South America

method and classroom interaction, has introduced significant innovations in order to adapt to the current needs of managers. Among other resources, the new modules incorporate case preparation video clips, found on the program's online platform. Also, cases available in audio format make it possible for participants to gain an initial familiarity with cases before they sit down to prepare

them. The online platform also includes schedules, content and tools for group discussion.

IESE's portfolio of focused programs also highlights its first hybrid programs (see side piece).

The MBA programs have also introduced new tools to improve the learning experience. Since its inception, the Global Executive MBA has combined in-person modules

Focused on education: quality for busy schedules

Education?

I don't have time

This is the immediate response of many managers when they think about expanding or updating their knowledge. Far from being an excuse, it's a reflection of very demanding schedules that make it frankly difficult to clear a spot for a new activity. IESE is fully conscious of this challenge, and in response, for the last 30 years the school has offered programs ranging from two to four days, each centered on a specific business topic. These are the focused programs.

New trends

These intensive courses are designed for managers, allowing them to immerse themselves in a specific topic, facilitating their access to continuing education and helping them enhance their skills. The programs are also a way of finding out about the latest trends in business management. The IESE professors who teach in the programs are in direct contact with the day-to-day realities of business, because in addition to teaching and conducting research, they also perform consulting work for companies.

Dynamic hybrid formats

Can you really learn in such a short time? Without a doubt this is an ambitious goal, which the school responds to by immersing the student completely in the program through a hands-on approach. Far from relying on lecture-based classes, the program favors the exchange of knowledge and experience among participants. The training activities include the combined use of the case method, role-play, simulations, video feedback and coaching sessions.

Hybrid formats are also being incorporated into the focused programs. Programs like Liderando proyectos estratégicos (Leading Strategic Projects) and Winning Negotiation Strategies are taught in a learning environment that combines online and in-person methodology in order to take full advantage of knowledge and action-oriented practices. Five focused programs incorporate these virtual modules. The virtual modules usually begin two weeks before the in-person one, with the goal of optimally preparing participants for the on-campus sessions. In some cases the virtual modules continue after the face-to-face segment. But technology is just a tool for achieving the program's goal: promoting significant change in the company and in the participant. Participants play an important role in this process, given that during the program, each participant develops his or her own personal action plan to put into practice the next day.

Personalized training itineraries

In addition, the school helps participants generate a training path that includes various programs and that leads to IESE's Executive Education certificate. With the help of an advisor, participants design their own personalized development plans in line with their individual interests and goals. The certificate is awarded to participants who complete at least four programs successfully.

In line with the internationalization of the school, the focused programs are available at more and more IESE sites. IESE's expanding portfolio has already made four programs available in New York and two in Munich.

IESE's focused programs are organized into six key areas:

- * Strategic Management
- * Leadership and People Management
- Marketing and Sales Management
- * Finance
- * Operations
- * Industry Specific

MORE INFORMATION:

The upcoming focused programs are listed in the agenda of this issue (page 46). This information is also available at www.iese.edu/sfp

Know what?

The Alumni Association offers more than 220 sessions of the Alumni Learning Program each year.

Activities designed to help alumni and members continue learning and growing as global leaders, such as talks on key areas in business management.

There are more than 500 articles available through IESE's knowledge portal.

The IESE Insight portal gathers IESE research results. Each trimester, it publishes a magazine containing innovative ideas and interviews with the world's most important business leaders.

You have access to more than 50 e-conferences.

Sessions available on video dedicated to the most recent trends in leadership and knowledge resources, with renowned speakers in the areas of economy and business management.

IESE offers 12 massive open online courses (MOOCs).

Through the Coursera platform the school offers two specializations, Foundations of Management (five courses) and Claves de la dirección de empresas (Keys of Business Management, one course), and six additional MOOCs.

We are building our first knowledge capsules on an educational app.

"Foundations of Innovation" will condense the core of IESE's knowledge on innovation into brief sessions taking no longer than 10 minutes each.

with online training. The Executive MBA has for the last two years offered the Executive Simulation (EXSIM), which enables managers to reinforce their knowledge and skills and the values necessary to manage their businesses responsibly and successfully. After training for months using the case method, students complement their perspective on management with a weeklong teambased simulation exercise. Similarly, the MBA features a Capstone Project, in which the students design solutions for real companies' real problems.

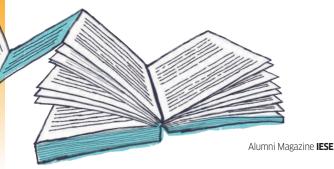
In terms of online education, IESE offers a wide range of MOOCs through the Coursera platform. In September, it added a new management course, Foundations of Management Specialization, which allows inexperienced professionals and entrepreneurs to familiarize themselves with essential management skills. MBA students were also able to participate in this MOOC before starting the program.

In addition to all of these practical applications, the school is also exploring new ways of addressing the field of omnilearning, "a concept that suggests that learning happens across various physical and situational contexts: classroom, home, workplace, customer site... The goal of this approach is to identify relevant learning moments in the different contexts and integrate them into a coherent learning journey. The classroom still plays a core role but becomes just one context out of many," explains Prof. **Evgeny Káganer.**

IESE alumni can always count on the school's support as they face new business demands and seek to fulfill their personal and professional aspirations. The Association is poised to help them move forward on their current career paths or forge new ones, with learning as a constant.

Omnilearning is a concept that suggests that learning happens across various physical and situational contexts"

Evgeny Káganer, IESE professor





UPCOMING FOCUSED PROGRAMS

INDUSTRY 4.0: THE FUTURE OF MANUFACTURING

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THE FASHION AND LUXURY GOODS INDUSTRY

May 10-12, 2017 Barcelona

EXCEL IN LEADING YOUR SALES TEAM

May 23-25, 2017 Barcelona

DEVELOPING LEADERSHIP COMPETENCIES

May 16-19, 2017 New York

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I D E A S

THE EFFECT OF COMMON SHAREHOLDERS ON LISTED COMPANIES

AN ADDITIONAL CHALLENGE FOR EXECUTIVE COMPENSATION: COMMON SHAREHOLDERS



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IESE

Some CEOs' compensation packages keep growing, sometimes even when the company's results don't grow with them. How is this possible? The increasing presence of common investors in listed companies in the same sector has a lot to do with it.

LEADERSHIP AND MANAGEMENT • COMMON SHAREHOLDERS • INVESTORS • CEO • SALARIES

magine that a company's performance hasn't improved – or even that it's worsened - in the last year. If you were a company shareholder, would you be in favor of raising the CEO's salary? Common sense and economic theory on optimal incentive provision would advise against it. However, according to data by Proxy Insight cited in the New York Times, investment fund managers like BlackRock, Vanguard and Fidelity vote in favor of the compensation packages they are presented with 96 percent of the time, without considering whether compensation levels are linked to company performance.

How can we explain this seemingly contradictory situation? The study that we conducted with professors Florian Ederer (Yale School of Management) and Martin Schmalz (Michigan Ross) links upper management salaries with the growing presence of common inves-

tors with an interest in listed companies of the same sector. These investors have no incentive to reduce salaries if these salaries ease the competition among the companies they hold.

A common way to offer incentives to managers is to link their salaries to company performance. The drawback of this approach is that sometimes performance is positive because the industry is doing well or because the cost of oil has fallen. In this case, a shareholder can think, "I'm paying the CEO for sheer luck!" For this reason, shocks (whether positive or negative) that don't depend on the CEO's work tend to be filtered out.

Instead, managers should be paid more when a company performs better than its competitors (following what is known as the relative performance evaluation). That's to say, we pay the CEO more when his or her company is doing well, but less if competitors are also performing really well.



I D E A S

INVESTORS WHO
HOLD SHARES
IN MULTIPLE
LISTED
COMPANIES
EARN MORE
PROFIT FROM
INDUSTRY
PERFORMANCE
THAN FROM
COMPANY
PERFORMANCE

This approach to compensation gives managers a clear incentive to compete aggressively and achieve better results than the rest of the sector's firms. This competition can take many forms; for example, the price war. However, a price war becomes unlikely when a given sector has a large overlap in ownership - that is, a high proportion of "common" shareholders. In this scenario, common shareholders maximize the value of their portfolios when the companies they hold compete against each other less aggressively.

One way to lower competition is to rely less on the relative performance evaluation in compensating managers; that is, companies don't penalize managers when their competitors do well. I'll pay you more if you perform well, but I'll also pay you more if everyone else performs well! In this way, all the competitors keep the share of the pie and common shareholders maximize the value of their investment portfolios

COMMON SHAREHOLDERS TRENDING UPWARD

But who are these common shareholders? They tend to be investment fund managers, like the American firms BlackRock, Vanguard and Fidelity, which have major stakes in thousands of publicly traded companies. The objective of these firms is clear: maximize the value of their entire portfolio, more so than the performance of each of the companies within it. Therefore, they prefer a scenario of less competition among their holdings, so that no one loses. In this sense, their right to vote gives them great power to influence certain decisions, like those about compensation packages for executives.

In reality, it's not completely accurate to say that with these actions common shareholders aren't incentivizing high performance. It's just that instead of linking CEO salaries to the performance of the company they lead, they link them

to the overall sector results. The reason is obvious: because they have shares in multiple listed companies, shareholders obtain greater benefits from the performance of the entire industry than of a single company.

These practices are related to the change that is underway in the ownership of many publicly traded U.S. companies (and also those of other countries). For example, the fund manager BlackRock is the main shareholder of one in five listed U.S. firms, including the largest competitors inside a single sector. Another case is the investment fund Fidelity, which is the largest shareholder of one in ten listed companies, generally having between 10 and 15 percent ownership. To give an idea, Bill Gates owns five percent of Microsoft shares, a tiny proportion compared to that of the company's five largest common shareholders, which together hold over 23 percent ownership.

For companies of a single industry to share investors is a relatively new phenomenon. Some investment firms, like BlackRock or Vanguard, have grown so much that they are now among the top ten shareholders of many companies. Twenty years ago, these large investors didn't have such a major proportion of the markets, which made it much less likely that companies would share stockholders. On average, the presence of common shareholders has nearly doubled in the last 20 years in finance, construction, manufacturing and services.

HIGHER SALARIES, LOWER COMPETITION

To understand the effect of common shareholders on CEO salaries, in our research we analyzed the total compensation (including the value of stocks and stock options) of the top five executives of all S&P 1500 companies, which cover approximately 90 percent of U.S. market capitalization, and of another 500 listed companies, from 1993 to 2014. We studied the relationship between compensa-

tion and company performance, rival firm performance, market concentration measures and common shareholders of the sector. We also analyzed interactions among the variables of profit, concentration and common investment.

This approach allows us to estimate both the relationship between executives' compensation and the performance of their own companies and the relationship between their compensation and the performance of other companies from the same sector. We also estimate the impact of the presence of common shareholders. In order to show that the relationship is causal - that in effect the overlap of ownership leads to a change in manager compensation - we used an unexpected change in the ownership structure of many publicly traded companies, a scandal in 25 families of funds in 2003 in the United States.

These funds were accused of illegal operations, which was a major blow to the world of investment funds. As a result, many individual investors withdrew money from the involved funds and took it to others. That is, there was a reshuffling in the property structure of many companies that had institutional investors. This experiment allows us to see how "surprise" changes in shareholding structure can affect executive compensation.

Our study demonstrates that an increase in the proportion of common shareholders leads to an increase in executive compensation. One fact: in sectors with few common shareholders, executive salaries are 50 percent more sensitive to changes in company performance than in sectors with a high concentration of common shareholders.

In reality, the presence of common shareholders influences not only incentives but also base salary. Our research shows that base compensation – the part that doesn't depend on performance or the market – is also higher in industries with more common investors.

THE BRIGHT SIDE AND THE DARK SIDE OF COMMON OWNERSHIP

This isn't the first time that the presence of common shareholders in companies of a given sector has been linked to diminished competition among them. Other studies, like that of our colleague José Azar, an IESE faculty member, have identified the anti-competitive effects of common ownership. His research links the presence of common shareholders to the price increases in the banking and airline industries.

The underlying economic reason is simple: if investors have holdings in not one, but in two or more companies that compete in the same industry, these shareholders earn greater profits if the companies cooperate instead of aggressively competing among themselves. For example, if there were a price war in banking, the overall profit margin of companies in this sector would suffer, which in turn would harm management firms with a stake in the sector. But it would benefit customers, who would enjoy lower fees.

The concentration of shares in the hands of a few common investors can be dangerous because it can encourage oligopolies. We know that the lack of competition can also have a negative impact on consumers. In fact, shareholders benefit from higher profitability in the sector, but society can also benefit from greater cooperation among companies if it leads to improvements in services. The presence of common shareholders is on the rise, given that passive funds will keep growing and the consolidation of the asset management sector will likely continue. We hope that our research will help us to understand better the possible effects of common shareholders on corporate decisions and the possible implications for consumers and society at large.

MORE INFORMATION:

Antón, M.; Ederer, F.; Giné, M.; Schmalz, M., "Research: Index Funds Are Fueling Out-of-Whack CEO Pay Packages," Harvard Business Review, October 18, 2016 THE CONCENTRATION OF
SHARES IN THE
HANDS OF A
FEW COMMON
INVESTORS CAN
ENCOURAGE
OLIGOPOLIES

I D E A S

HOW TO GET THE MOST OUT OF DATA ANALYSIS

BIG DATA: WHERE TO BEGIN?



INÉS ALEGRE Assistant Professor of Managerial Decision **IESE**



MIGUEL A. ARIÑO Professor of Managerial Decision Sciences,



MIGUEL A. CANELA Associate Professor of Managerial Decision Sciences.

Google, Amazon and Netflix have been pioneers in the use of big data. But today, many other companies are taking advantage of the potential of massive data to improve their processes and design new features. Big data can help you make better business decisions and this article explains how.

BIG DATA • DECISION ANALYSIS • STRATEGY • DATA ANALYSIS



e've all heard of big data by now, but what exactly is it and what is it for? Does my company have big data? How can big

The expression "big data" suggests large volumes of information, impossible to process using ordinary data analysis systems. But with big data, it's not just a matter of size but also other characteristics, which experts describe in three Vs:

- **1 Volume.** We're used to hearing about megabytes and gigabytes. A gig is a thousand megs. With big data, we're talking about much higher orders of magnitude, which can reach terabytes (a thousand gigs) or even exabytes (a billion gigs). Big data involves large volumes of data that are difficult to manage with conventional software on a personal computer.
- 2 Velocity. In some applications of big data, the data is generated continuously and it has to be processed in real time, or within a shrinking window of time. This is what we call streaming data.
- 3 Variety. Often the data is not structured. When we talk about databases, what comes to mind is a

collection of tables, with rows and columns, mostly filled with numbers. With big data, we also handle unstructured data, which can be numerical, textual (like comments on Facebook, Twitter or a company blog), or multimedia (like photos and songs). It can come from many different sources and be saved in different formats (csv, jpeg, pdf, and



Technology for working with big data was first developed at companies such as Google, Amazon and Netflix, but its expansion to organizations of all types and sizes has been unstoppable, resulting in improved processes and new features. Let's look at a few examples.

• Two of the industries that use big data most are banking and phone companies. Banks use customer data that they collect through credit card purchases and account transactions in order to decide which products to offer each customer. Phone companies use data on phone use to predict which customers are most likely to change companies and then plan a custom marketing campaign to try to convince them to stay.

• A company's website continuously generates an infinite amount of

I D E A S

THE FIRST STEP
TO USING BIG
DATA COMES
BEFORE DATA
COLLECTION.
WE NEED TO
ASK OURSELVES
WHAT QUESTION
WE WANT TO
ANSWER

data. Each time someone visits a site and clicks, there's a record of what time the person enters the site, for how long, when that person leaves, what page he or she came from, and so on. The company can design experiments to find out where to position the information it most wants visitors to see; the results can be used to maximize visitor retention.

- The Macy's chain has achieved a 10 percent sales increase in the last three years by using big data in logistics operations and pricing. Macy's collects real-time data on sales and available stock in each of its stores and adapts prices and sales dynamically for more than 73 million items.
- Using real-time data, a well-known fast food chain monitors the number of people that are waiting for service. When the line is long, screens advertise products that are quick to cook and serve. When there's no line, they advertise products that take longer to cook but have a higher profit margin.
- A U.S. airline is interested in developing a customer satisfaction rating system that will enable it to compare itself with the competition. The standard is the American Customer Satisfaction Index (ACSI), which appears once a year. A very low-cost alternative involves collecting Twitter messages that mention each company. Each week there are about 10,000 tweets mentioning each of the U.S.'s main airlines. There are methods for diagnosing in aggregate and with sufficient reliability the degree of satisfaction that customers express through their comments. The technique is called sentiment analysis. It makes

it possible to measure customer satisfaction for each airline on a weekly basis. In this way, the airline can detect trends in customer perception of the services offered by the airlines and take measures based on this information. This technique is very useful for monitoring a company's popularity and public image, as well as how these shift over time.

Strategies related to pricing, customer service, benchmarking, customer retention and marketing are only a few examples of ways big data can have a real impact on the bottom line. In most cases, there is no need to collect new data; the data we already have is sufficient.

For example, a bank has data on account transactions or credit card purchases of each of its clients. A supermarket knows what kinds of products are bought by customers who have a customer loyalty card. A company has data on its employees, its customers, its products and its supply chain. Other data can be extracted with relative ease from social networking sites or from public information.

CREATING A BIG DATA MANAGEMENT PLAN

If my company wants to use big data, where should we start? The first step, which is taken by management (that's you, reader), comes before data collection. We need to ask ourselves how we'll use the data. What questions do we want to answer? What data do we need in order to answer the questions adequately? And once we've performed the analysis, what will we use it for? What decisions will we make and what impact will the have on the company?

The second step is to identify the resources that we need to use this data in the way that we want. The resources fall into three categories:

A Hardware. It's important to be cautious with investments in hardware. Cloud computing providers offer a wide array of features, and pay-as-you-go billing allows us to buy only as much storage as we



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need. There is therefore no need to consider making major investments at the outset.

B Software. It's important to be cautious here too. Most software used for the management and analysis of big data is open source. Considering the great capacity for innovation showed by the open source community, it's reasonable to expect that it will continue to be the main developer of big data software in the coming years.

© Personnel. As with many other issues, human resources are the critical factor, for several reasons. First, the demand for qualified personnel exceeds the supply. Second, it's important to distinguish three

essential stages. In the first, management is responsible for developing a strategic vision and identifying opportunities. Without this input, data analysis doesn't make sense. At a more technical level, it's important to distinguish between data engineering and data science. Then, the data engineer, also called data architect, develops tools for the collection, storage and circulation of data. Data scientists are in charge of analysis. However, in a small organization or one with moderate data volume, the line between these two roles may be blurred.

Finally, let's not forget the phase of evaluation, reflection and decision-making.

IN MOST
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ALREADY HAVE
IS SUFFICIENT

MONETIZING BIG DATA

We opened this article with a series of basic questions about big data. Answering them will be the objective of IESE's Focused Program "From Big Data to Big Profits: Strategies for Monetizing Social, Mobile and Digital Data," which will take place on the Barcelona campus on July 6-7 2017. Organized by the department of managerial decision sciences, the course features guest lecturer **Russell Walker**, clinical professor at Kellogg School of Management, Northwestern University and author of the book *From Big Data to Big Profits*. In the following interview, Professor **Walker** gives some ideas on how to take advantage of big data and talks about current trends.

Some firms think that big data is just something for big corporations or tech firms, such as Google. How can a small company or a firm that operates in a traditional industry seize the potential of big data?

Big data and the analytics to process it are increasingly available to small and mediumsized firms, too. With the creation of customer digital platforms, mobile apps, small businesses can easily find themselves working with big data on orders and customer behaviors. Operational data from sensors and automated processes bring even more data. For all firms, leveraging big data and analytics is about understanding their customer and operations in detail.

• Which company areas or departments can benefit most from big data?

Historically, the marketing efforts of organizations have been the major users of big data and analytics, and marketing is still a critical user. This is because opportunities to learn from customer behavior are valuable and critical to the enterprise. Today, we see many firms, especially digital firms, being built on the strategy of creating new data and using it to disrupt markets. So, the strategy and operations teams are now important users of big data and analytics, too.

• Big data is the present, but also the future. In your opinion, how will this field evolve in the next few years?

As firms become more reliant on big data and the insights that are created from it, more of the algorithms will be moved over to automated processes. Artificial intelligence, machine learning and deep learning will allow continued exploration of big data, with less human time. This will change how firms leverage data, but will only make the data worth more. We are still in the nascent phase of using big data. It is an exciting time to be investing in data. Expect more value to come from it in the future.

Russell Walker, clinical professor at Kellogg School of Management



What Can Businesses Do to Combat Youth Unemployment?

SANDALIO GÓMEZ, EDUARDO GÓMEZ, CARMEN BARDI, JAVIER BARÓN, LETICIA HENAR, MARÍA JESÚS PÉREZ AND TERESA GONZÁLEZ

Preventing dropouts; creating flexible, practice-oriented educational environments; and encouraging on-the-job training are some measures proposed in the report "El camino hacia el empleo juvenil" (The path toward youth employment). The document, published by Observatorio Empresarial Contra la Pobreza, shows what companies and other social agents can do to fight youth unemployment. According to the authors, companies should take these recommendations seriously, because their competitiveness and mid- and long-term viability are at stake.

MORE INFORMATION:

IESE Insight / Leadership and People Management

CASE Etnia Barcelona: Bet on 3D Technology or Wait? EDUARD CALVO, ALEJANDRO LAGO AND FREDERIC SABRIA The advantages of 3D printing include stock optimization and unprecedented product customization, which have led glasses manufacturer Etnia Barcelona to consider adopting it. But should the company stop its current production plans and bet on a technology that will take three years to be fully up and running? PARTICIPATE IN THIS CASE FORUM: www.ieseinsight.com/review

SUPPORTING WORK-FAMILY BALANCE IS ALWAYS BENEFICIAL

MIREIA LAS HERAS, SPELA TREFALT AND PABLO IGNACIO ESCRIBANO

The benefits of supporting work-family balance are clear: with just a few hours of training, managers can boost job performance and improve talent retention. A study of workers in Brazil, Chile and Ecuador – countries with different cultural, social and economic contexts – shows the evidence across borders.

The research won Emerald Publishing's 2016 prize for the best article published the previous year in Management Research: The Journal of the Iberoamerican Academy of Management.

MORE INFORMATION:

IESE Insight / Leadership and People Management

HOW TO ENCOURAGE COLLABORATION BETWEEN CORPORATIONS AND START-UPS

JULIA PRATS, PAU AMIGÓ, XAVIER AMETLLER AND ADRIÀ BATLLE

What do established firms and start-ups have in common? Although they have different processes and cultures, both can benefit from working together on innovation. As explained in the document "Corporate Venturing," opportunities for collaboration are varied and can be combined: an incubator, an accelerator, a hackathon, a strategic alliance...

To establish these kinds of programs, firms should set objectives, choose the most appropriate type of collaboration and define the organizational strategy and the necessary allocation of resources. This report also offers practical advice on to how corporations and startups can build bridges.

MORE INFORMATION: IESE Insight / Entrepreneurship

Search Funds Still on the Rise

LENKA KOLAROVA. ANTONIO DÁVILA. **ROB JOHNSON AND PETER KELLY**

Search funds continue to grow, and in 2015 they reached a new peak in international activity, with 11 new funds and six acquisitions. This data comes from the third biennial study published by IESE and Stanford Graduate School of Business.

The research brings to light this form of entrepreneurship, which operates through investment vehicles designed to finance entrepreneurs - often recent business school grads - who are looking for companies to buy and develop.



IESE Insight

Strategies to Reach the Changing Consumer

IESE Insight BUSINESS

The latest IESE *Insight* – guestedited by IESE marketing professor Julián Villanueva

-tackles three

marketdriven

changes of concern to executives today. Villanueva outlines a step-by-step process for implementing digital transformation, while IESE's Iñigo Gallo reveals the dos and don'ts of using experiential marketing to touch consumers' hearts, not just their heads. A third piece shares a method to mine big data - something that executives need to get more skilled at doing for themselves. This issue also analyzes how CEOs actually spend their time versus their stated priorities. And on the launch of the SEAT Chair of Innovation at IESE, Tony Dávila interviews SEAT Chairman Luca de Meo on the future of mobility.

www.ieseinsight.com/review



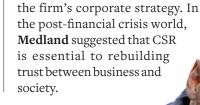
C R O S S R O A D S

DOING GOOD DOING WELL CONFERENCE 2017

A GOOD TIME TO HARDWIRE DOING GOOD INTO YOUR FIRM

Business leaders, investors and MBAs gathered at the Barcelona campus for talks, panels and workshops on Doing Good Doing Well (DGDW). ompanies looking to hire the top twenty-to thirtysomethings had better get their CSR (corporate and social responsibility) house in order. According to Deloitte, almost 90 percent of millennials think that "the success of a business should be measured in terms of more than just its financial performance". And they'd better act fast: by 2025, millennials will represent around three-quarters of the global working population, according to research by Prof. Guido Stein.

Companies need to go beyond window-dressing to convince younger candidates of their CSR credentials, though. "Social engagement is no longer a marketing tool – a means of demonstrating a corporate conscience," said **Dina Medland** of *Forbes* at the Doing Good Doing Well conference on February 24. Instead, CSR 2.0 needs to be the operating system that underpins



Goal: Build the Most Important Pediatric Oncology Center in Europe



Pediatric Cancer Center Barcelona IESE, together with the **Leo Messi**Foundation and the Barça Foundation,
boosted the #paralosvalientes
(#forthebraves) fundraising campaign,
developed by San Juan de Dios Hospital
from Barcelona in order to create the
leading pediatric oncology hospital in
Europe: San Juan de Dios Pediatric
Cancer Center. The campaign goal
was set at 30 million euros allowing
donations starting from €1.



The panelists Lisa Hehenberger, Anna Inglés, Jaime Pérez, Tom Kagerer and Teddy Kim.

STAKEHOLDERS AND SHARED VALUE

Johnson & Johnson is one company reassessing its commitment to society as well as its shareholders. "We're driving a radical shift to broader stakeholder primacy," said **Michael Bzdak**, director of corporate contributions at the pharmaceutical and consumer goods giant. "This means recalibrating our key performance indicators to include healthy communities as a measurement of success," he said at the MBA student-led conference.

And just as millennials can spend their money on a free-trade latte, the B [benefit] Corp certification movement in the United States helps them identify for-profit employers committed to creating a positive impact on society and the environment.

Certification can also help responsible companies get onto impact investors' radars. Impact investors such as Mustard Seed back financially compelling enterprises with a social function.

Panellists said this niche sector of the venture capital industry is at an inflection point. "The real challenge is

making impact investing more mainstream as a concept," said **Teddy Kim**, senior associate at Mustard Seed.

Alexandra Mitjans of social entrepreneurship network Ashoka suggested that more collaboration between large businesses and entrepreneurs could be a fast track to the mainstream. "We are inheriting a world full of complex problems that call for complex solutions. A way forward is to leverage the 'lion' power, or financial clout, of corporations together with the 'giraffe' or wider perspective of social entrepreneurship to create a kind of hybrid value chain."

NH Hotels' "Hotel With a Heart" campaign operates at this nexus. The company offers low rates to NGO employees at its hotels in Europe and Latin America, as well as donating rooms to parents whose children are long-term hospitalized.

"We have seen substantial gains in trust and reputation as a result of sharing our story," said **Marta Martín**, VP of internal communications and corporate responsibility at NH Hotels. A clear example of doing good and doing well.



At the Doing Good Doing Well conference, **Andrés Morales**, pediatric oncologist at San Juan de Dios Hospital, unveiled the project. The SJD Pediatric Cancer Center Barcelona will have the capacity to treat 400 patients per year. In addition, it will take advantage of cutting-edge technology. IESE and the Clínica Universidad de Navarra have worked together for over 50 years. In the last 30 years, the school has also conducted health care-related research and developed managers in the health care management sector. IESE will contribute not only in the fundraising campaign but also in the design of the center's strategy and educational programs.

Get involved in this campaign!

Make your donation starting from €1 at www.paralosvalientes.com and promote it among your friends, family and workmates. If you are interested in finding out more about how to get involved, please email paralosvalientes@sjdhospitalbarcelona.org for further information.

Let's all fight together to **stop childhood cancer** once and for all.

C R O S S R O A D S

IESE'S U.S. ADVISORY COUNCIL MEETING

A VIEW FROM THE U.S.:

GLOBAL MANAGEMENT, ECONOMIC PROSPECTS AND CHANGING MEDIA

The U.S. Advisory Council members reflected on how to manage globally, the U.S. economy and politics and the media's approach to news in three sessions with MBA students

oing international isn't easy, but managers with a clear understanding of the political context who can unite their employees, listen to locals and adjust to the market stand the best chance of success. These were some of the key messages from the panel "Geopolitical Leadership: What it Takes to Manage Globally in Today's Business Environment", in which Claire Huang, board member of Scottrade and Jay Ireland, president and CEO of GE Africa shared views with MBA students.

"Be creative," **Ireland** said. "Be flexible. Take risks." Prof. **Mike Rosenberg**, the session's moderator, noted that factors such as diplomatic tensions and conflicts, and national and local elections, have a direct impact on doing business in a globalized economy. That requires understanding complicated political realities. For **Huang**, it's best to know what's going on, but she recommends steering clear of local politics. "Stay neutral, but understand the context," she said.

IS THE ECONOMY IMPROVING?

The consequences of political change on the economy were also highlighted in the session "The U.S. Economic and Political Outlook in the **Trump** Era". Speakers on the panel, moderated by prof. **Eric Weber,** included **Thomas Castro,** president and CEO of El Dorado Capital, **Fritz Folts** (MBA' 91), managing partner and chief investment strategist of 3 Edge Asset Management, **Alan Glazen,** founder and CEO of Glazen Urban

and **John Schmitz**, president of Prime Transatlantic. The **Trump** administration's policies are still too hazy to make anything resembling a clear prediction on what will happen to the U.S. economy in the coming years, though his picks for top policy makers are a tentative cause for hope. This opinion was shared by some of the speakers, who regarded the appointees as reasonable and experienced professionals – with views often at odds with **Trump**'s campaign promises. **Folts** said it is unsurprising that capital markets are gaining, since they are anticipating lower taxes and increased spending. However, **Glazen** said that **Trump** so far has created obstacles for small businesses and inner cities.

Tom Kane, former president and CEO of CBS, also spoke to MBA students March 17 on the Barcelona Campus, where the members of IESE's U.S Advisory Council were attending their annual meeting. He debated "Why Is the Issue of 'Fake News' upon Us?" with **William Baker,** IESE professor and president emeritus of New York's Channel Thirteen. They admitted that the media have a serious credibility problem. The solution, they believe, is for the profession to uphold higher standards, and for the public to become better educated and informed.

The speakers said that opinion-as-fact may sell, but it would be a mistake for cash-strapped media to pursue that path. "They need to get the trust back or they are just another social media," said **Kane.** It's also important that people are trained to be critical thinkers. "Ultimately, fake news represents a failure of our education system," said **Baker.**



U.S. ADVISORY COUNCIL

IESE opened the New York center in 2010 and the following year, the U.S. Advisory Council met for the first time. The council provides the school with advice for the long-term development of activities in the United States, and includes U.S.-based business and civic leaders.

William F. BAKER WNET

Court DV

Gerry BYRNE

PMC (Penske Media Corporation)

Thomas H. CASTRO El Dorado Capital

Carmen DI RIENZO

DiRienzo Consulting Fritz FOLTS

3EDGE Asset Management

Alan GLAZEN

Glazen Urban

Francis J. HAGER

Opp CAP Group

Franz HEUKAMP

IESE

Claire A. HUANG

Scottrade Financial, Foster Farms and Fisherman Foundation

Jay IRELAND

GE Africa

Tom KANE

CBS Television Station Group

Kate O'SULLIVAN

Microsoft Corporation

Carlos PADULA

Stelac Advisory Services

Juan PUJADAS

PwC

Edward T. REILLY

American Management Assn. International.

Tom ROGERS

WinWiew and TRget Media

John SCHMITZ

Prime Transatlantic

Christopher VOLLMER

PwC Strategy&

Eric WEBER

IESE

Kathryn WYLDE

Partnership for New York City

LEFT: Claire Huang, Jay Ireland and prof. Mike Rosenberg.

RIGHT: Prof. William F. Baker and Thomas Kane.







Thomas Castro, Fritz Folts, Alan Glazen, John Schmitz and prof. Eric Weber.

C R O S S R O A D S



ll the alumni tools in the palm of your hand." That's the great advantage of the new application from the IESE Alumni Association, says **Pedro Clavería** (PDD '11). The director of business intelligence and big data at Serikat said that, thanks to the new app, everything is easier now: "I don't have to go on the website, which took longer."

"The app permanently connects you to the alumni world," says **Carlos Ciria** (PDG '16), CIO - director of IT & organization at Penguin Random House Spain. And it can be done "effortlessly on the fly from your smartphone, so you can use it whenever you need it," he adds. The app

allows you to customize content based on interests and geolocation. That way, the users do not miss anything that might be of interest to them, but without receiving any unwanted information.

App users can see the latest updates on new alumni services and projects, and check the schedule of events. **Clavería** appreciates being able to enroll in activities quickly and easily, with a single tap, and being able to see who will be attending. Registration is "very agile," agrees **Ciria.**

There are other features as well, such as the ability to join a session using a QR code or interact with other participants using the app. "Getting a complete view of events

and participants in a dynamic way" is a feature highlighted by Ramón Martín (PDG '09), CEO of Ricoh Spain.

LIFELONG LEARNING IN YOUR POCKET

Thanks to the app, continuous learning is now easier. Registration for the Alumni Learning Program sessions can be done anytime, anywhere. There are more than 120 e-conferences available for learning about the latest trends in business management and leadership from IESE professors. "That lets me take advantage of downtime and use my tablet to watch a session I couldn't go to," explains Clavería.

The content offering includes all of the articles published for IESE Insight, featuring the results of the latest research by the IESE faculty.

NETWORKING JUST A TAP AWAY

To Martín, the key added value of the app is in the directory and search fortune. directory and search features. He says the option to "get the updated directory for my class" has been most helpful of all. Access to the directory for the entire alumni community is also the most valuable feature of the app for Dominik Anke (EMBA '16), strategic business development consultant. "It is a helpful networking tool to keep in touch with people you meet at the Alumni Learning Program sessions, without having to ask explicitly for their personal details, because you just know where to find them."

Now, alumni are just a tap away from contacting the more than 45,000 managers from 123 different countries who have passed through IESE classrooms. All members of the Alumni Association can update their profiles and, by doing so, increase their visibility, view the profiles of other alumni and connect with those who have similar interests. The app "allows me to be in contact with people who have similar interests to mine," says Clavería. As president of his class, he feels the app has "great potential for keeping the group together and staying in touch."

And this is just the beginning. "There are lots of opportunities to expand its functionality," says Martín. The Alumni Association is already working on adding further improvements to the app in future updates.



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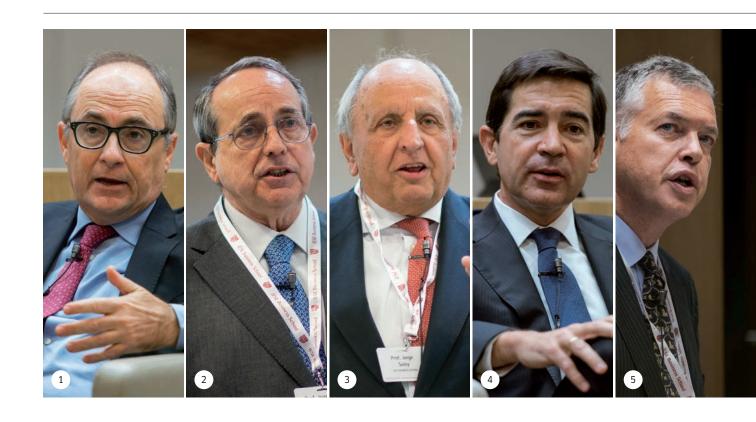
THE FUTURE OF BANKING

REINVENTION FOR GREATER PROFITABILITY

Monetary policy, fees, digitization, big data and customer trust were among the key concepts at the 12th Banking Industry Meeting.

estoring profitability is the chief concern right now in the banking industry. Having survived the crisis, financial institutions now face a competitive, high-demand atmosphere in which the challenge is to provide better, more efficient service to their customers while still earning money.

That challenge is rife with difficulties, as highlighted at the 12th Banking Industry Meeting on December 15, an event hosted at the Madrid campus, organized by IESE's International Center for Finance and sponsored by EY.



This forum, under the academic direction of Prof. **Juan J. Toribio**, was attended by the then deputy governor of the Bank of Spain, **Fernando Restoy**, and the CEOs of the major Spanish banks.

Most participants commented on the need to reinvent themselves in a financial environment defined by greater regulatory burdens, low interest rates, new competitors and the need to increasingly embrace the processes of digitization. The political and international landscape was set by the United States, China and the United Kingdom.

CHANGING POLITICS AND BUSINESS MODELS

Prof. **Toribio** pointed to China's trend toward the expected "adjustment" and suggested that "the expansionary policies of **Trump**, coupled with fiscal deficits, will result in higher real interest rates and appreciation of the U.S. dollar." Regarding Brexit, he said that "we must avoid at all costs any inkling of distrust toward the euro."

In the opinion of Prof. **Jorge Soley**, "due to the political uncertainties and banking problems in some countries, EU regulators are delaying the implementation of the European Banking Union, particularly the creation of the European Deposit Insurance Scheme," he said.

"In this case, the challenge in banking is to know how to adapt to keep profitability at attractive levels," said **Alberto Placencia**, partner at EY Spain.

Meanwhile, **Restoy**, speaking on behalf of the Bank of Spain, recommended a number of things, including a more diversified business model with a broad range of financial services that generate new fee income to offset

the decline in traditional revenues. His suggestion resonated with the audience, with other participants echoing his sentiments. The CEO of Banco Santander, **José A. Álvarez**, said "you can't charge fees that don't pertain to a real service," and **Peter Staal**, CEO of ING Bank in Spain and Portugal, said price should no longer be the sole focus, insisting that "the quality of service and customer experience also matter."

Digitization emerged as the other major challenge for the future. While the speakers concurred that traditional branches are still vital for attracting and advising customers, they also acknowledged that digitization is transforming structures and business models alike. "The core essence of banks will remain the same. What we have to reconsider is how to improve on the things we do now," said **José Sevilla**, CEO of Bankia. **Carlos Torres**, CEO of BBVA, said the challenge is "to digitize the customers' trust so they perceive the same security whether they're going to a branch or carrying out transactions on their smartphone."

In this tech-driven environment, "data architecture" is vital for making customers' lives easier and helping them plan their economic activities. "By using and analyzing different algorithms, we can figure out their real needs, from retirement funds to mortgages," said **Pedro Larena** (MBA '85), CEO of Banco Popular. And in focusing on this area, banks are also committed to monetizing big data. "In the future we will participate in creating collaboration platforms with other developers to create models for aggregating data on purchases and consumption," said **Jaime Guardiola**, CEO of Banco Sabadell.









- 1. Fernando Restoy, then deputy governo of the Bank of Spain
- 2. Prof. Juan J. Toribio
- 3. Prof. Jorge Soley
- **4. Carlos Torres,** CEO of BBVA
- 5. Peter Staal, CEO of ING Bank in Spain and Portugal
- 6. José Sevilla, CEO of Banki
- Pedro Larena, CEO of Banco Popular
- 8. Jaime Guardiola, CEO of <u>Banco Sabadell</u>
- 9. José A. Álvarez, CEO of Banco Santander

C R O S S R O A D S



Professor Juan L. López Cardenete with Miguel Arias Cañete, European commissioner for climate action and energy, and Jesús Navarro, Deloitte Spain partner and meeting co-organizer.

uan L. López Cardenete, IESE professor and academic director of the 14th Energy Industry Meeting held February 9 in Madrid, explains in this interview the challenges of energy transition and the process of decarbonization, to which nearly all countries have committed themselves since the signing of the Paris Agreement in 2015.

What is your assessment of the Paris Agreement?

It's a triumph of humanity. In addition, it was a good decision to opt for the creation of a global climate governance and not to try to get countries to commit to a path to a decrease in CO₂ that they're not in a position to follow.

But the ultimate goal of decarbonization is to prevent a temperature rise, correct?

Without a doubt, but the approach had always been to try to build commitment from the bottom up. Now it was done in the opposite direction, by creating a top-down mechanism to bring together different countries' plans with an essential objective: keep Earth's temperature from rising 2° C above pre-industrial levels by 2100.

So, the goal would be to combine sustainability, competitiveness and safety?

The big news from 2016 is that the price of solar power has dropped dramatically, so that now it's truly competitive; and the price of wind power has continued to fall. The debate now is over how to integrate technologies that today can be considered competitive and predictable, but that currently aren't manageable, without impairing the safety and robustness of the current electric systems of developed countries. In any case, even with a fully decarbonized electric system, almost 70 percent of greenhouse gas emissions

would remain. Electricity isn't the only thing that pollutes. We have to remember transportation, heating and cooling systems and the petrochemical industry, among others.

Of all the measures designed to promote decarbonization, which in your opinion are the most effective?

The most important one is to hold each individual responsible for the problem. It's not just up to the business world; climate governance also requires a commitment from citizens. We talk about awareness, but it's much better to provide economic indicators, in terms of a carbon price or a carbon tax. Efficiency offers the greatest potential impact for decarbonization. Let's not forget that there's no cleaner, more competitive or safer energy than the energy that we don't use because we don't need it.

What is your opinion of the EU Winter Package?

The EU is moving in the right direction and it's doing four very important things: putting the customer at the center of the system; recognizing the importance of efficiency; asking how to integrate renewables into the current electric system; and counting on market systems to reduce supply costs. We still need to find a way to store renewable electricity in a competitive way. We're still at the stage of science. Next we'll have to go through the technological and commercial stages and socialize people into using renewables without wasting resources that humanity doesn't have.

Will decarbonization bring benefits to companies?

It will be a path full of opportunities, but also sacrifices. However, it will be a blessing for the 1.2 billion people who don't have access to electricity. In addition, in that rural world, it is indeed possible to make development compatible with clean energy.

ANNUAL WOMEN IN LEADERSHIP CONFERENCE

Toward Intergenerational Collaboration

The application of new paradigms, such as balancing personal life and work, requires the fostering of understanding between people of different ages within organizations.

"I think 30 percent of people involved in strategy must be under 30, so that business leaders are able to access new knowledge, insights and networking competencies," said Annemieke Roobeek, professor at Nyenrode Business Universiteit and member of the Board of KLM Royal Dutch Airlines, at the start of the second Women in Leadership conference, organized annually by MBA students. Roobeek added that, "the time is now for broad-minded leadership to embrace long-term visions that stimulate innovation, inclusion and change; and this includes embracing diversity."

TIME FOR CHANGE

"The times they are a-changin'," said Roobeek, quoting the words of the latest winner of the Nobel Prize for literature, Bob Dylan, to illustrate how one generation can inspire those that follow: "Boomers are fading out, which is good because their institutions are stuck and they are not helping us. We're really seeing that we've come to the limits of existing paradigms of energy, transport, and so on, and this is when you see universities coming up with bright new solutions," said the professor.

Regarding the work of academic institutions, Prof. **Carlos García Pont**, director of the MBA program, added: "We've done a lot, but there's still a

lot of work to do. Through the IESE statement, "A World to Change," we're assuming responsibility for this change in the years to come."

In the interactive session "Programmed for Success," the representatives of Microsoft delved into the importance of millennials, and the changes in perspective with this generation. "Work-life balance no longer exists," said technology evangelist **James Whittaker.** "It used to exist in our parents' day, but now we all carry around these tiny screens. I do personal things at work and work things at home." What is more important now is to achieve "a worklife in balance," said Dona Sarkar, principal program manager at Microsoft. "This is when you think: I can't wait to go to work and solve problems today."

IT TAKES TWO TO BALANCE

Balancing professional obligations and personal life was also a recurring theme during the conference, held January 25 on the Barcelona campus. "That's the challenge: to bring together work and family life," said Rosario Martín de Cabiedes (MBA '80), Europa Press board chairwoman. For Natalie Danti (MBA '02), country lead for Essential Health Pfizer in Switzerland, the key is the unity of the couple: "There must be mutual support and the same kind of values."

The time is now for broad-minded leadership to embrace longterm visions that stimulate innovation. inclusion and change" Annemieke Roobeek, professor at Nyenrode **Business Universiteit and** member of the Board of KLM Royal Dutch Airlines A work-life in balance is when you think: I can't wait to go to work and solve problems today" Dona Sarkar, principal program manager at Microsoft To balance work and family life, a couple must have mutual support and the same kind of



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WITH THE NEW SEAT CHAIR OF INNOVATION, IESE CHAIRS INCREASE TO 23

Launch of the New SEAT Chair

"We need people who see things differently, creatively, from another perspective, with fresh ideas," explains **Luca de Meo**, president of the automotive group SEAT. The founding of the SEAT Chair of Innovation is the last key ingredient in this formula. The chair was launched on January 16 at IESE's Barcelona campus.

The new chair, held by Professor Antonio Dávila, "was born with a clear international vocation" and with the mission of "performing applied research" useful to companies, on innovation in different business models. Professor Dávila, who has researched management systems of entrepreneurial firms, new product development and performance measurement, adds that "the competitive advantage, in the future, will

not reside in execution – all of the leading companies are excellent in execution – but rather in being able to see what is coming earlier than the rest."

Among other actions, the new chair will lead a study on innovation, with the goal of analyzing current actions and detecting trends in the automotive field. SEAT is already working on this issue: it's trying to envision the future of urban mobility while at the same time exploring new opportunities and developing an innovative focus for its business model.

AN INTEGRAL CONNECTION

SEAT is strategically prioritizing a business model build around a new concept: the connected car (connected to the driver, to infrastructure and to service), which will be the core of an ecosystem of software and applications at the service of the user. In this context, **De Meo** notes, "Collaboration with IESE can help us to be more open, more oriented toward the future." He adds, "We need the vision of academics, who aren't limited like we are by the urgency of the day-to-day in business."

In addition, the collaboration agreement provides senior executives in the company to take part in various training programs and events with students. The company will also participate in IESE's continuing education programs or the Automotive Club's "case competitions." In these forums, the company can communicate its experiences to future generations of executives, while focusing on the company's current responsibilities.



Luca de Meo, president of SEAT, and Professor Antonio Dávila, holder of the SEAT Chair of Innovation.

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C R O S S R O A D S



Andrew Lack, NBC News Chairman, at the iESE's Leadership Breakfast

ith mainstream media under fire from the new U.S. administration, large, well-established news organizations should focus on promoting compelling stories on digital platforms – which are attracting larger audiences than any broadcast – appealing to millennials and expanding global reach while rooting out the truth in a fake-news age.

NBC Chairman **Andrew Lack** came to IESE's New York campus on March 8 to discuss the trends and challenges that we can expect in the media sector in the future. To fight fake news, he suggested consulting three or four separate news sources for any given story. Reading multiple takes on the same story allows readers to identify the filters that each source applies in their storytelling, and to separate those filters from plain facts. "News is hard," he said, "it requires, in a democracy, working at it a little bit."

Lack began his career in television advertisements, an experience that provided him with the transferable skill of getting someone's attention in 30 seconds or less. For him, journalism today relies on this type of storytelling. In fact, getting consumers to click on a video – the format that dominates the digital strategy at NBC – requires the video to be framed with the right headline and an adequately compelling description, however brief it may be.

REACHING OUT TO THE GENERATION Y

"Particularly in this new global order, in which digital has driven globalization in ways we couldn't have contemplated 20 years ago, we at NBC news are on the hunt to be as strong and competitive internationally as we have been domestically," he says. In addition to diversifying its form, news in the digital age must also globalize its influence. NBC has just begun to assemble an infrastructure that is responsive to the issues of this new world order. With this in mind, it is planning to collaborate with Euronews, which he hopes will allow the network to expand its audience.

One of the issues affecting digitalization is the generational gap. Marketing news to millennials, news organizations have learned that it requires a different approach. Under Lack's direction, NBC recently invested 500 million dollars in Snapchat, a millennial-driven social media app that allows users to share photos and videos that disappear after a short period. This partnership represents a step toward integrating the news content into a platform that millennials are already using. However, the journalistic goal is still to create something that not only will engage an audience, but also will give them something that they will believe to be worthy of their attention. "We want our audiences to have a takeaway," Lack explained. "We have our work cut out for us, but I am optimistic about where it's going to end."



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C R O S S R O A D S

Roland Berger Competition

A Place on the Podium

Albert Argente, Miguel A. Benítez, Rashu Jindel and Calvin Yan. These four MBA students from the class of 2018 represented IESE at the 22nd edition of the Roland Berger International MBA Case Competition, held from 16 to 18 February on the Barcelona campus. It was a close competition and they took second place to the team from the London Business School.

For two and a half days, MBA students from some of the world's leading business schools analyzed the case "Ricoh Spain: Transforming the Business." The challenge was to project the company's transition from conventional printing services to digital transformation.

THE VOICE OF EXPERIENCE

The International MBA Case Competition, sponsored by IESE and Roland Berger, has been held annually since 1995.

The teams, featuring members of various nationalities, have the support of consultants with extensive experience. In the final phase, participants present the results of their analysis to a jury made up of senior managers.



The IESE team, which competed in the finals against the London Business School.



In the last half century, the IESE MBA has trained more than 10,000 executives worldwide.

FINANCIAL TIMES GLOBAL MBA RANKING

A Global MBA Ranked in the Top 10

Eighty percent of students who complete the IESE MBA program are from outside Spain, and, during the 2016-2017 school year, the program opened its fifth section and reached 355 students, 22 percent more than the previous year. It is no wonder, then, that the Financial Times Global MBA Ranking 2017 highlights the international experience of the school's students and the geographic diversity of its classes, with participants from 64 countries. The ranking also recognizes the diversity of the faculty, who represent 31 nationalities. For these and other reasons, it lists IESE as the 10th best business school in the world.

According to Prof. Carlos García Pont, director of the MBA, "our students graduate having lived a unique experience built around a truly global immersion in class, combined with the enrichment and perspective gained in international modules

in Nairobi, New York, Sao Paulo and Shanghai." According to the professor, these are all "very important markets for today's business world." At the same time, the program allows students to gain experience in real business ventures, both start-ups and large international firms. This contributes to the development of a global and entrepreneurial mindset.

BORN TO BE UNIVERSAL

IESE's MBA was established in 1964, and was the first two-year MBA in Europe. In 1980, it became the world's first bilingual MBA program. From the beginning, it has benefited from the guidance and advice of the Harvard-IESE Committee. With this background, it is no surprise that, in the three aspects analyzed by the *Financial Times* – students, professors and students' career experience – the program's international diversity stood out.

14 APRIL-JUNE 2017 / No. 145

THIRD EDITION OF THE WEGROW PROGRAM

Start-Ups Blossoming in Good Company

A group of 21 mentors – four more than last year – will take part in the second edition of the We-Grow program. All are CEOs from well-known firms and top executives with established careers.

The second edition of the program, which offers mentoring sessions in both Barcelona and Madrid, was presented on January 26 at the Barcelona campus, and organized by the Entrepreneurship and Innovation Center. Since then, participating entrepreneurs (all school alumni) and their mentors have periodically held meetings, all in pursuit of a common goal: maximizing the full growth potential of their business ideas to take them to a higher level, regardless of the stage in which they entered the program. WeGrow, which is supported by the IESE Business Angels network and Finaves, is a resource for growth and development of new entrepreneurial ventures.

According to Prof. Julia Prats, the program's academic director, for start-ups, these meetings are equivalent to the sessions of an independent board of directors.



Participants in the second edition of the WeGrow program at IESE Barcelona.

Third Edition of the Scale-Up Course

Establishing and Growing a Business

The Citi Foundation, IESE and the Madrid City Council organized the third edition of the Scale-Up course, aimed at start-ups and SMEs with high potential. The course focused on how to successfully approach

the process of establishing and growing a business, a critical phase for any venture. With this premise, it highlighted the importance of innovation as part of the strategy when it comes to organizing and determining

the dimensions of any company. Participants reflected on the expansion of their own businesses, while exploring new business opportunities.

The 2017 edition of the Scale-Up course for innovators and start-ups began on January 24 at IESE Madrid. Each day consisted of a session based on the case method and another practice session that could be either a skills development workshop or a session in which a group of top executives discussed their experiences.

C R O S S R O A D S AGENDA



30th Annual Meeting of IESE's Partner Companies

BARCELONA, MAY 16

Representatives of the more than 200 partner companies that cooperate with IESE in the development of long-term projects will meet at the school's Barcelona campus this spring.



Alumni Reunion

MBA, EMBA AND GEMBA BARCELONA, MAY 20



Industry 4.0: The Future of Manufacturing

Barcelona, May 3-5 Munich, July 11-13

Fashion & Luxury Goods Industry: Gaining a Competitive Edge

Barcelona, May 10-12

Getting Things Done Barcelona, May 16-19

Developing Leadership Competencies

New York, May 16-19

Excel in Leading Your Sales Team

Barcelona, May 23-25

International Real Estate

Barcelona, May 29-31

Creative Problem Solving: Implementing Design Thinking

Barcelona, June 6-8

VUCA: How to Build Adaptive Organizations in an Age of Uncertainty

Barcelona, June 20-23

Essential Finance and Accounting for Decision Making

Online module, June 14-27 Barcelona module, June 28-30 Online module, July 1-10

High Performance & Creative Negotiator

Barcelona, July 4-6

From Big Data to Big Profits Barcelona, July 6-7

INDUSTRY MEETINGS

17th FASHION AND LUXURY GOODS INDUSTRY MEETING

Barcelona, May 11

21st FOOD AND BEVERAGE INDUSTRY MEETING

Barcelona, June 8

MBA Open Day

BARCELONA, MAY 19

Alumni Learning Program

NEW YORK, MAY 9

Prof. Pedro Nueno

PARIS. MAY 11

Prof. Yin-Teen Lee

SEVILLA, MAY 15

Prof. Xavier Oliver

LONDON, MAY 18

Prof. Javier Zamora

MUNICH, MAY 18

Prof. Sebastian Reiche

MEXICO CITY, MAY 24

Prof. Carlos Rodríguez-Lluesma

BERLIN. MAY 30

Prof. Pascual Berrone

BARCELONA, JUNE 1

Prof. Antonino Vaccaro

GENEVA, JUNE 8

Prof. Yin-Teen Lee

LISBON, JUNE 22

Prof. Joaquim Vilà

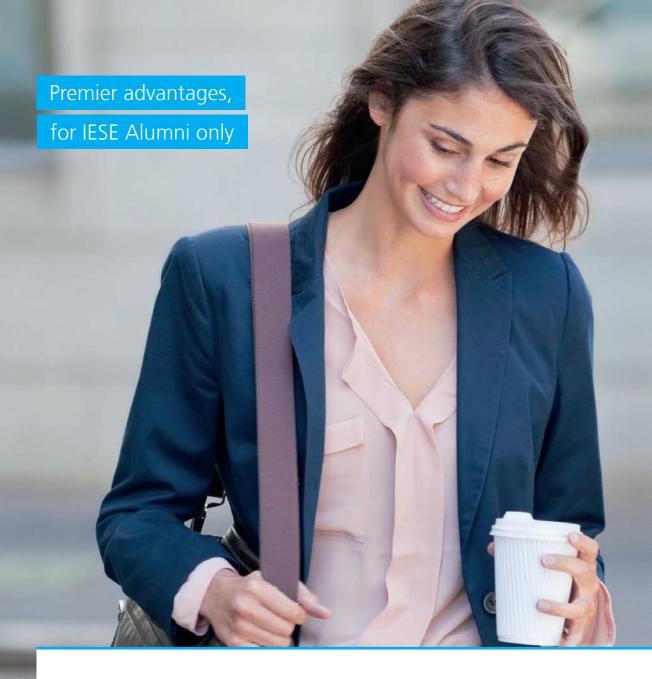
MILAN, JUNE 23

Prof. Philip Moscoso

AMSTERDAM, JUNE 30

Prof. Anneloes Raes

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







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SPECIAL FEATURE: NEW CHANCELLOR

There has been a succession in the Chancellery of the University of Navarra. Monsignor Javier **Echevarría** passed away on December 12 in Rome at the age of 84. For 22 years, he was the prelate of Opus Dei and therefore also the Chancellor of the University of Navarra. Since his passing, many individuals and institutions have paid tribute to his legacy. Here at the Alumni Magazine we would like to look back at his life and the relationship he had with IESE. which continuously received his support and advice.

In January, his successor was appointed: Monsignor **Fernando Ocáriz**, who graciously granted us an interview. His words, which we share in the second part of this article, give a sense of his personality, his way of thinking and his kindness to the alumni community.

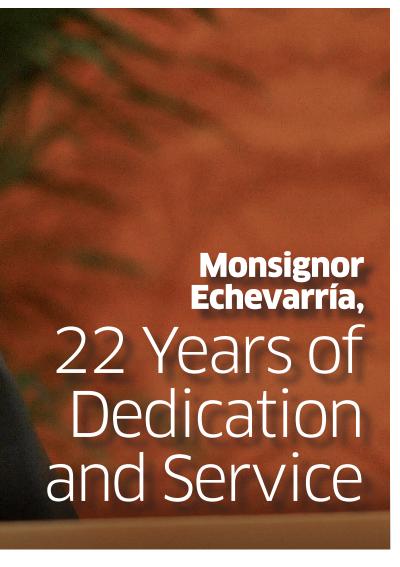


t is a privilege" to enjoy the legacy of Monsignor Echevarría and his predecessors, said Alfonso Sánchez-Tabernero (PDG '97), president of the University of Navarra, after the passing of the Chancellor of the University. The president also said: "His help has enabled us to continue working so that the university, its research centers, its clinic and its business school, will reflect his lofty aspirations, and the calling to serve others."

MONSIGNOR ECHEVARRÍA AND IESE

The prelate worked closely with IESE from day one. Msgr. Echevarría came to IESE with Saint Josemaría Escrivá and Blessed Álvaro del Portillo, during some of his visits to the campuses in Barcelona and Madrid.

Then, as Chancellor of the University of Navarra, Msgr. **Echevarría** returned to IESE on multiple occasions. In 2007, he visited the campus in Madrid and wrote these words in the IESE *Book of Honor*: "Always think of Saint **Josemaría**, a great servant of God and





man. As the Lord entered his life, he saw each and every person as a creature of God, whom he should serve with the Christian spirit, while pushing them to be great professionals, aiming to sanctify themselves through their very work, with the awareness that they must carry the good spirit of Christians, who love **Christ**, to their own homes, to society and to all of the people they meet. I join the prayer of Saint **Josemaría** and our beloved Blessed **Álvaro**, for all the work you do and must do at IESE and through IESE."

Finally, in 2008, he came to the Barcelona campus on the school's 50th anniversary, accompanied by **Ángel José Gómez Montoro**, the then president of the University of Navarra. "My first reaction to realizing that 50 years had passed since IESE was founded was to give thanks to God for the grace he has bestowed on so many people through this center of learning," wrote Msgr. **Echevarría** for the *Alumni Magazine*.

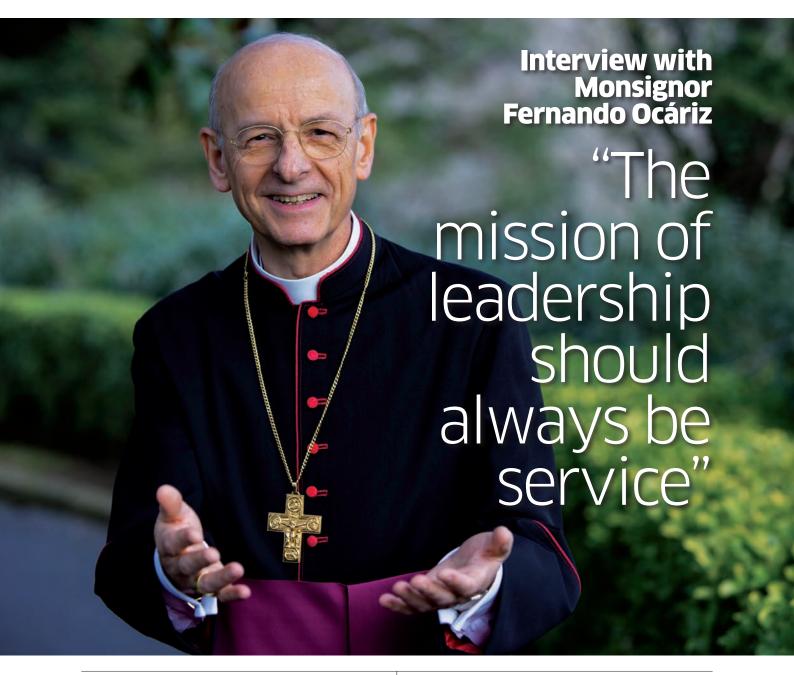
On that occasion – his final visit to IESE – he opened the 15th International Symposium on Ethics, Business and Society, and stressed the importance of education in spreading the values of Christian humanism among managers.

"Christian humanism therefore requires us to overthrow the barrier of selfishness and utilitarism, and replace it with reciprocity and generosity. [...] It must, above all, make an impact on people. I am referring now to those who create and manage various companies. Their role requires education, experience, technical skills and, last but not least, the exercise of virtue. IESE, as an educational institution, is called on to help this glorious ideal become a reality for many men and women," said Msgr. Echevarría.

SECOND SUCCESSOR TO SAINT JOSEMARÍA

Msgr. Echevarría was born in 1932 in Madrid, where he met Saint Josemaría Escrivá, for whom he served as secretary from 1953 to 1975. Msgr. Echevarría was the second successor to Saint Josemaría. In 1994, he was elected prelate and received the episcopal ordination from Pope John Paul II on January 6, 1995 at Saint Peter's Basilica.

PEOPLE SPECIAL FEATURE:



On January 23, Pope **Francis** appointed **Fernando Ocáriz** prelate of Opus Dei, thus also making him the new Chancellor of the University of Navarra. Msgr. **Ocáriz**, brother of Prof. **José Ocáriz**, knows the school well and wanted to take the opportunity to communicate with the IESE community through this interview, one of the first following his recent appointment.

How do you approach this leadership role?

Jesus Christ, our Lord and Master, said that he had come not to be served, but to serve. Service is – or should be – the mission of all governance and leadership. In my case, this is obviously about serving the Church and the Pope, leading this group of God's people, the prelature of Opus Dei. For members of Opus Dei, my mission is to ensure they receive the necessary Christian education and pastoral care, and to enable them to sanctify themselves and contribute to the evangelization of society, each person in his or her own place and situation. This also means giving encouragement and light, in both spoken and written word.

And, knowing that it is God who sanctifies, I carry out my work knowing that I have help from Heaven above. So,

"If you show confidence in people, giving them responsibilities and latitude in their own initiatives, they usually react well, taking ownership of their work and identifying with the collective project"

from the start, I have asked the faithful of the prelature and the cooperators to support me with their prayers. I now ask this of the people of the IESE community.

What criteria do you consider to determine what is urgent and important, and how do you approach leading an organization in which cultural differences coalesce with a common goal?

Saint **Josemaría**, the founder of Opus Dei – and the founder and first Chancellor of University of Navarra – warned of the danger of neglecting the important matters while focusing on urgent matters. He always said – and led by example – that we must carefully review matters, taking as much time as needed for each one: nothing less and nothing more. Hastiness does not equal diligence, just as procrastination does not equal prudence. To prevent nervousness and haste, which can easily lead a person to decide before having all the relevant information, he used to say: urgent matters can wait, very urgent matters must wait. Moving at the right speed, being agile – this is the result of an intensive, continuous effort, and following up on decisions, to handle each stage without letting things drag out.

All these conditions of good executive leadership are easier to achieve if the governance is collegial, as established in Opus Dei, by prudent provision of the founder. Decision-making and agility improve when multiple people review a given matter. Diligence is not about sidestepping someone who needs to give their opinion; it's about not becoming stagnant, as Saint **Josemaría** said. In other words, not holding things up, but examining them and processing them so others may also see and everyone can contribute to the joint decision.

Working that way makes it easier to assess what is important and urgent. A basic guideline here, I think, is that the most important thing is whatever affects people most directly. Organizational matters are obviously important; but these are secondary: people come first. And for a consistent Christian, who has received and values the tremendous gift of faith, that priority service to people is also service to God.

As for how to get cultural diversity to coalesce with a common goal in the prelature of Opus Dei, the key is to encourage freedom. The primary mission of Opus Dei is to help its members to each act freely and responsibly, in the appropriate place and situation, while striving to embody their Christian faith in what they do. Nobody in Opus Dei will tell them what solution to implement on professional, social or political matters: they must decide conscientiously, based of course on their professional background and their own personal way of being and thinking. The resulting diversity is not chaotic at all: harmony arises from that plurality of voices, where each one contributes to the collective symphony, and to the work of evangelization. It is essentially the same "Catholic" unity as seen in the Church, the common home for all peoples.

And those who seek to be better people and achieve excellence through their work in business administration, how should they assimilate a daily life as such?

I am not proposing any specific solution, nor could I. But I will offer some general ideas that, if applied by individuals in their own way, perhaps might be of some use. We all know that executives tend to be under pressure, due to the volume and difficulty of their work, and above all the responsibility that weighs down on them.

First off, I feel it is important for them to share the burden, especially with their immediate peers, and know how to delegate. If you show confidence in people, giving them responsibilities and latitude in their own initiatives, they usually react well, taking ownership of their work and identifying with the collective project.

Secondly, I would advise believers to unload that burden on to God, our Father. A good professional and good Christian works as hard and as well as they can. But they also understand that not everything is within their control and leave what they cannot control in God's hands. **Jesus** taught us that God is a loving Father who takes care of the birds of the air and the lilies of the field, and his children far more still. If we face every day with practical and real faith in divine providence, which governs everything for our good – although at times we may not

PEOPLE SPECIAL FEATURE:

Ethics is neither a limitation nor an afterthought to good management; it is a vital dimension"

understand it – we shall grow as people in our work and we will do a better job, free from burdens that bring harm and inefficiency.

In this respect, it is also important to allow for rest: for ourselves and those working with us. Balancing the demands of our obligations and regaining strength enables us to continue to satisfy them with renewed vigor.

How can we integrate mercy — which Pope Francis so often speaks of — with the demands of a market that often seems to have no soul? How can we help promote a more social economy?

How to manifest mercy in the realm of business? Mercy itself will guide us, if we let it come in and shape our life. Pope **Francis** teaches that mercy is creative; in his closing letter from the Jubilee last year, he encourages us to unleash the "creativity of mercy," which brings about new undertakings. Mercy is not just for special occasions. It is a permanent attitude of feeling the miseries of others in our own heart, to suffer as if they were our own and seek to alleviate them.

With this deeply rooted inclination, Christians who work in the commercial sector, finance, industry, and so on, can help "give a heart and soul" to the market – and all social institutions. In other words, operating in the market with an awareness that interactions involve people, striving to be equitable and meet the needs of others. That in itself contributes, albeit through small contributions, to making the economy more social; I know that IESE encourages this in its management education. IESE also can contribute meaningful studies and proposals, so that business practices and economic and labor policy move in that direction.

In addition, we must practice mercy as a free gift, to help make up for the material and spiritual shortcomings that the market cannot or has not remedied. Many entrepreneurs engage in assistance and human development initiatives, which exemplify the creativity of mercy.

How does one prevent the desire for success from overshadowing the desire to help others?

The two are not incompatible, if they come from the same impulse and seek the same outcome. The sanctification of work – a core aspect in the spirit of Opus Dei – materializes by doing good work, with competency and a supernatural motivation. In our work, if we seek to love

God and our neighbor, all other intentions become unified, and the activity itself is sanctified. Thus, there is no opposition between success and solidarity. An executive who wants to be a good Christian seeks success to pursue their professional goals while, at the same time, helping others. The two desires are mutually reinforcing.

Specifically, how can we introduce a more humanistic view of interpersonal relationships at work?

I'm sure this is something that IESE does constantly, by emphasizing that a company is a community of people and showing how this reality should be reflected in management styles. In turn, those trained at IESE extend that vision and derived practices in countless ways, by inventively applying what they learned to their various professional situations, and always paying particular attention to those most in need.

What criteria do you think men and women should take into account to address this challenge? What challenges do these changes pose for families, as having two salaries is increasingly necessary?

It is not only because households need two incomes, but also because a mother with a family can have a career as well. It is a shame to face this dilemma of choosing between family and career. In fact, this issue often arises for men also. Of course, if women can and want to, they may stop working outside the home to focus on caring for their children, particularly when the children are very young. This decision is sometimes necessary and, in any event, worthy of applause.

Moreover, many women combine family care with other work, as increasingly more men are doing by reducing their working hours to spend more time with the family. Balancing work and family life is one of the most important issues facing society today in many countries. I know that at IESE you pay close attention to this, and I trust you will continue to help find solutions.

But I would like to emphasize one vital aspect. When mothers and fathers take care of their household and educate their children, with such love and sacrifice, in the face of countless difficulties, even if it does not always go so well or things don't turn out how they would like, they are doing something wonderful. They are giving the biggest gifts of all: the education and happiness of other human beings. They deserve the gratitude of society, as they

are making an irreplaceable contribution to the common good. And, above all, God looks upon them with delight. Saint **Josemaría** used to remind entrepreneurs that the best and primary "business" they have is their family.

What values would you say distinguish an ethical company both in good times and bad, when it must make unpleasant adjustments?

Any business leader could answer that question better than I can. I believe it is important to consider that situations sometimes involve great diversity and complexity.

There may be some insensitive people out there, but clearly many executives suffer anytime they are forced to cut staff when no other solution has been found to ensure the company's continuity. They suffer because they see that those affected include individuals and families who may be at risk of long-term unemployment. They also suffer from the worrying and low morale that can spread among the employees who keep their jobs, as well as their own concerns about the future of the company and, consequently, their own families and those of others who depend on it.

That kind of reaction in tough times is a sign of an executive's ethics: by focusing on people, which they will know to translate into company policy and practices. In good times, that same attitude leads managers to put their talents into ensuring the prosperity of the company, and not just seek short-term profits. They will take care of their human capital, for example, by investing in employee training. Their practice of focusing on people first also explains their respect for the law or the environment; that respect is part of the company's mission, to contribute to the common good. Sometimes it is very difficult to integrate all these factors: it is a complicated decision and one that gives rise to mistakes. Ethics is neither a limitation nor an afterthought to good management; it is a vital dimension.

Does establishing codes of good conduct and monitoring mechanisms suffice to give a company an ethical foundation?

Codes can be helpful, especially if compliance is monitored. They express fundamental ethical guidelines and apply them to the various facets of the business. However, in real life, decisions are made in specific situations, and the incredibly diverse situations that arise in real life are not always covered by a code. To succeed in each situation, managers must have very firmly held ethical and professional principles. But they also need experience, tenacity, the strength to withstand the pressures to give in to evil, and the flexibility to make adjustments. Learning these attitudes and exercising them is part of an executive's education.

You are, of course, familiar with the role IESE plays in the development of management schools in Africa and other emerging economies. How can we help them

A DISTINGUISHED ACADEMIC

Msgr. **Fernando Ocáriz** was born on October 27, 1944. He is the youngest of eight children, one of whom, **José Ocáriz**, is professor emeritus of accounting and control at IESE.

Msgr. **Ocáriz** holds degrees in physical sciences, from the Universitat de Barcelona (1966), and theology, from the Pontificia Università Lateranense (1969). As a student, he lived in Rome along with Saint **Josemaría Escrivá**, founder of Opus Dei. He earned a Ph.D. in theology in 1971 from the University of Navarra. That same year, he was ordained priest. In his early years as a priest, he focused especially on youth and campus ministries.

From 1994, he was vicar general of Opus Dei; and in 2014, he was appointed assistant vicar of the prelature. For the past 22 years, he accompanied the former prelate, Msgr. **Javier Echevarría**, in his pastoral visits to more than 70 nations.

As the new Chancellor, his primary mission is to ensure that the University of Navarra fulfills its purpose, according to its founding spirit, preserving the Christian identity and continually renewing the expression of its mission and values.

take greater strides in their role as educators, while respecting their cultural wealth?

I very much appreciate the great undertaking of IESE in the transfer of knowledge to developing countries. This paves the way for having a core group of entrepreneurs and executives who are well trained and have ideals, something those nations are in such need of. And it does so in the most effective way: by training the people who in turn will train their compatriots, and starting a movement that will endure with its own momentum and a style that is consistent with the characteristics and culture of that location. It will certainly move faster, thanks to the efforts of IESE, although it may take some time for the best fruits of that labor to be reaped.

As Chancellor of the University of Navarra, what do you ask of IESE?

Rather than asking for something, I give thanks, to God, because there are thousands of entrepreneurs and executives to whom IESE has given comprehensive education that has helped them grow as people and as professionals. IESE is a center of excellence, humanity, social responsibility and Christian spirit that reaches many realms and locations. Thank you!

Paco Ybarra (MBA'87) "You have to unlearn Your way of thinking about people"

Paco Ybarra is global head of markets and securities services at Citi. His international career has seen him work in Madrid, Mexico City, New York, Singapore and London, where he now lives. He is the new president of the U.K. IESE Alumni Chapter. The key to moving successfully between cultures, he says, is "not being overly confident about your ability to understand what is going on."

eing prepared to adapt to change has served Paco Ybarra well throughout his career. Since joining Citi in 1987 he has managed teams in different business cultures across four continents. That same openness to new ideas has also been required when, as a member of Citi's operating committee and chair of the ICG risk management committee, he has helped steer the bank through the industry's post-2008 period of transformation. As global head of markets and securities services he oversees a team of 9,000 staff in 85 countries. Even his family reflects the global nature of his career; of his three children, two were born in Mexico, one was born in New York and they all also hold Spanish nationality. It is, he says, a lot of passports.

How do you balance family life with such a global career?

Having a family that wanted to move was critical. It is impossible to do this if the other half of the couple is not fully committed to the same plan. Our kids have been used to that kind of life from the beginning. They are international in the way that they live and operate, and I think that looking back they don't regret what they did.







U.K. IESE ALUMNI CHAPTER

- * Board members of the chapter:
 Andrew V. Bubb (MBA '03), Pedro Gómez (GEMBA '15), David K. Martin (GEMBA '08 and PMD '06),
 Enikö Matanov (MBA '10), Mark Paviour (MBA '91)
 and Paco Ybarra (MBA '87)
- * 7 sessions of the Alumni Learning Program organized every year in London
- * 700 alumni in the chapter
- * Third biggest IESE alumni chapter worldwide

But it is not without challenges. You have to uproot your life a few times and it puts some stress on your life and your family's life.

What advice would you give to other executives when they move to work in new cultures?

I think there are places and cultures that are very, very different and you have to unlearn your way of thinking about people: their interpersonal relationships, how they behave and what motivates them. And also not being overly confident about your ability to understand what is going on. I worked in Asia and if you apply the apparatus that you bring from the western world to try to interpret what is going on, you're going to reach the wrong conclusions. You have to find people who can help to translate what is really happening.

What's most rewarding aspect about a global career?

It's the learning that comes from having to rethink your life every once in a while. It's the experience of deleting everything that you know and having to study things again. There's a lot of satisfaction in making new connections and relationships, and in what you learn about places. I think there are things to learn about how people operate that can only come from repeating that lesson three or four times.

Did your experiences at IESE prepare you for dealing with new cultures?

IESE at the time was a really international institution and it's even more international now. I spent the first term of the second year at the University of Chicago. IESE gave me a chance to learn in a diverse environment so it was very easy for me to decide that that is what I wanted to do.

Which lessons from the MBA are still shaping your career?

An ambitious general management perspective. Not ambitious in the sense of trying to be big yourself, but to understand that while you may be just a small piece of a very large machine, you must try to understand what the whole business is about and how what you do plays into that. Even if you are in a very junior position, you have the ability to see what the big picture is and what is happening to the company or industry in general.

Did you have a career plan when you set out?

No, never. Things just happened, sometimes accidentally. But I think it's worth defining some basic dimensions. You have to decide, for example, if you want to be a technician or if you want to be in management. You also have to decide if you want to have an international career, or if you want to stay in one single place. But trying to go beyond that and deciding, "I want to be three years doing this and then four years doing that," is not very useful because randomness comes in. A lot of very important things that happen to you happen in a way that was completely unpredicted.

The banking industry exists within an increasingly unpredictable world. What do you see as the biggest challenges that banking faces right now?

The biggest is the regulatory change that we are still going through and the threat to the business model that it implies. Particularly capital requirements, or requirements to conduct business in a certain way that is expensive and complicated. I don't think anyone knows if the business models will work at the end of the process; it's a dramatic transformation. We're probably halfway through and, in trying to make the system much safer, the profitability of the system is being challenged as well. Maybe at the end of this regulatory change, all the things that we do now will simply not be able to produce adequate returns. But I am not pessimistic. Cybersecurity is another big threat. Things are becoming much more electronic, so someone finding a way to take control of that could do a lot of harm. It's something that we are paying a lot of attention to.

Apart from the cybersecurity risk, how else is digitalization changing banking?

From the corporate and investment banking side of banking, it is transforming the way we interact with customers and with the market. A lot of the things that used to be done by traders or by salespeople are now being done by computers; for instance, a lot of the actual making of markets – the production of prices. That will continue to evolve rapidly. Also the interaction with customers, the way we connect with customers is more and more electronic. I think there will always be human interaction but a lot of the more basic, menial, repetitive things that we do will become automated. For example, the need to go to a branch, both for an individual and for a corporation, will significantly decrease, so probably the need for branches will reduce as well.

What implications does that have for employment and skills requirements?

It depends on the type of job and also the segments within the business. In corporate and investment banking, operations jobs in general are more subject to automation than front office jobs. But at the same time that this is happening, there is also growth happening in certain areas, so it's difficult to see what the balance between losing jobs from automation and growth on the other side is going to be. But if you look at jobs that are more business management roles, what we are looking for, more and more, is people with computer science skills. We are ending up with a hybrid of people from the old profile and people who have the ability to program.

What three key pieces of advice would you give someone starting at Citi on their first day?

The first thing I would tell them is that they should make sure that they are learning fast. That should be the first indicator of whether they're in the right place or not. Sometimes the place that is least appealing is the one that is going through more changes and offers more chances to learn. Second, find people around you that you respect. If you're in a place where you are not inspired by the people around you, you're going to learn less. Sometimes a person or a group around you that is very inspiring can be the difference. Lastly, the thing that I tell everyone generally is to make sure you spend and invest time in doing things that are not entirely connected to your own success. Allocate part of your time to things that are done for a different purpose, where you are helping someone, just creating goodwill for yourself in the future. I think many people who are successful later on are people who have been generous when it was not obvious that it was to their own benefit. You should do that very consciously. Sometimes people do it just because it's natural to them, but if you don't do it naturally, force yourself to do it because one day it will come to benefit you. I probably got that from IESE.

What are your ambitions as president of the U.K. IESE Alumni Chapter?

I realized that it's very important to give something back to the institution that helped you become who you are. Within the Alumni Association we are trying to develop more permanent relationships with people who attended IESE, so that they continue enjoying access to IESE's resources and education throughout their lives. I am committed to helping make that possible.

"Make sure you spend time doing things that are not entirely connected to your success"



n 2015, when the refugee crisis in Germany began intensifying, "everybody had a different plan that would lead to success," says **Andrea Christenson** (MBA '83 and AMP Munich '14), member of IESE's International Advisory Board and former chairwoman at Käthe Kruse Puppen. "Other people were saying 'why do we have to take so many refugees and what are we going to do with them?" Rather than add to the debate, several IESE graduates decided to act.

They joined forces with the Joblinge Project, an initiative created in 2007 by the Boston Consulting Group and the Eberhard von Kuenheim Foundation of BMW AG. The project helps young people enter the German labor market through an eight-month intensive program to learn social and job competencies and gain practical experience in companies. A new mentoring project was created, with the collaboration of public authorities, which aims to help recently arrived immigrants integrate into German society.

"We all said, we can't just complain and give advice. We should do something," said **Christenson.** "Even if we just have just one mentee, it's a start. We decided to personally support refugees and help them integrate."

Launched in May 2016 in Munich, the initiative included the participation of five IESE alumni: **Christenson; Manish Kabra** (MBA '12), commercial head of product lifecycle management for intelligent traffic systems at Siemens; **Leonhard von Harrach** (MBA '06), head of strategy and investment at Moia; **Kathrin Platz** (MBA '11), head of category management at Check24; and IESE professor **Heinrich von Liechtenstein** (MBA '92).

The eight-month program centers on an initial training period, organized by Joblinge, which includes five months of German language classes; an internship period, when participants are able to work in different positions in order to gain experience and identify optimal types of jobs; and personal one-on-one mentoring. One



of the key goals of the program is to set immigrants on the path to formal vocational training within the German education system.

IESE graduates took part as mentors, spending one to two hours per week in conversation with mentees who came from countries such as Afghanistan, Iran, Iraq and Syria. They provided advice on practical matters like setting up a bank account, as well as emotional support in the form of friendship and confidence-building.

Following the success of the first edition of the program, a second cohort started in December 2016, with 12 IESE alumni participating as mentors. Some of the five original IESE mentors are taking part the second time round. Of IESE's 60 graduates in the Munich area, a total of 15 have taken part, reflecting significant involvement in the project. The Joblinge initiative is preparing to expand to Düsseldorf and Frankfurt, where members of IESE's German Alumni Chapter will also provide support.

"We decided to personally support refugees and help them integrate"

Andrea Christenson

(MBA '83 and AMP Munich '14)

P E O P L E



Kathrin Platz (MBA '11)

THE CHANCE TO MAKE AN IMPACT

"I had been looking for an opportunity to contribute and help refugees for quite a while, as I think it is the responsibility of every one of us who is more fortunate," says Platz. "I didn't find a program that convinced me – the intent was always great but the execution was lacking. Joblinge, on the other hand, is a well-structured, highly professional and proven program. I knew the time I invested would be 100 percent effective in helping others and I was supported in my role as mentor as well."

For **Kabra**, the program offered an opportunity to contribute to society, beyond simply making a monetary contribution. "It's the first time I've ever done something like this in my life," said **Kabra**, whose mentee is from Iran.

The language component of the program is critical, he stressed. "From day one, they take intensive German classes every day. Without speaking the language here in Germany, they won't succeed. Some give up, but if they pick it up, it goes a long way toward defining their future in Germany." Since German is also a second language for **Kabra**, he was able to share learning experiences with his mentee and forge a common bond. While the language barrier was sometimes a problem, they were able to have casual and meaningful conversation.

"The language classes are great," agrees **Platz.** "Learning progress is really impressive and hence the program can lay the foundation for a successful and happy future in Germany. Moreover, the program teaches the refugees many German values, such as punctuality, which are important for a successful life here. Last but not least, the program exposes the refugees to many different work opportunities, lets them try out new jobs and then progress in full-time employment."

A FEELING OF BELONGING

Christenson's mentee, whose name is Bahram, also fled from Iran. "I had some problems at myuniversity," he explains. "Many people are being oppressed and blackmailed in my country." He is now embarking on a work program at a bike company that will give him training and first-hand experience. Christenson is "a good mentor," Bahram said, adding that he was "very happy to meet her."

Prof. **Liechtenstein**'s mentee, **Amir**, participated in two internships over two months, successfully combining work with school. "Three months ago, I applied at BMW, where I had to pass three theory and practice assessments. And I passed! I am really happy. In seven months, I will start the vocational training of my dreams!"

Before leaving his home country, **Amir** explains, he had studied hard and was very close to attaining his educational goals. "Even though I lost everything – my home, my family, my university place – I refused to give up hope. I wanted to re-ignite my life," he said.

Being a mentor is "like being an aunt, uncle or good friend," explains **Christenson.** "Our mentees are between 18 and 25 years of age, all young men coming from totally different backgrounds, culturally speaking. They probably have traumatic times behind them, fleeing to come here."

Refugees eligible for the program had to demonstrate the potential for successfully establishing themselves in Germany. Mentors are tasked with helping immigrants understand how Germany works, as well as how people respect each other and what respect entails in German culture, said **Christenson.** "It's like having a friend in a foreign country who helps you understand what's going on. It could involve visiting cultural sites, taking an excursion or inviting them home. It's about having them be a part of your life to a certain extent," she said.

"I think my role was primarily the one of a substitute mother, sister, family," reflects **Platz**. "Listening, caring, giving advice, laughing together. In my experience, refugees struggle with the language, bureaucracy and living situation and here we can help. But, most importantly, they struggle with the feeling of homelessness. The most important role we can have is to give a feeling of belonging."

UNEXPECTED LESSONS

The refugees have also taught important life lessons to IESE alumni. "I have learned to appreciate my life a lot more," said **Platz.** "And I have learned a lot about my values and culture as they were often questioned by my mentee."

For **Kabra**, the experience shed light on the difficulties refugees face. "When they come to Germany, they take a big leap of faith. It's a big challenge to take on. And once they're here, not everything is fine. It's not certain that that they will be granted permission to stay." On an economic level, the Joblinge program is helping prepare Germany for the future, **Kabra** believes. "Germany is under demographic pressure due to the aging population. I feel that what the politicians are doing, by allowing refugees to come into this country, will help the future economy."

"Companies can give refugees a fair chance through internships," he added. "I know myself, working as a part of a global conglomerate, that it may be challenging to employ someone without the confidence that they can deliver. But I think corporates will have to give them a chance!"



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RESEARCH EXCELLENCE AWARDS

Three Brilliant Ideas

Eric Weber have received the Research Excellence Awards, given by the IESE Alumni Association. The awards were announced February 8 at the Alumni Association Executive Committee meeting. The awards recognize professors' work during the 2015-2016 academic year, singling out the best article, book and course. The jury praised the winning article for its impact and the quality of the journal. The winning book was applauded for its repercussions in business internationally.

As for the winning course, the jury highlighted its long tra-

rofessors John Almandoz, Xavier Vives and

jectory, its impact on students, and its relevant and original use of teaching materials.

THANKS TO THE ALUMNI

The prize for best article was awarded to Professor

Almandoz for "When Experts D Almandoz for "When Experts Become Liabilities: Domain Experts on Boards and Organizational Failure," published in the Academy of Management Journal. The prize for the best book went to Professor Vives for Competition and Stability in Banking: The Role of Regulation and Competition Policy, published by Princeton University Press. Finally, Professor Weber received the prize for the best course for Management Control Systems, taught in the MBA program.

On behalf of the three winners, Professor Vives thanked the Alumni Association for its ongoing support of IESE professors' research. "It's essential to invest consistently in research in order to keep innovating and to stay at the forefront. For this reason, I want to thank the alumni for their ongoing commitment to these awards," added Professor Vives.

With the aim of supporting IESE's research and teaching on business management, the Alumni Association created the Research Excellence Awards during the 2001-2002 academic year. The awards, given annually, each carry a €10,000 prize.

From top to bottom, professors John Almandoz, Xavier Vives and Eric Weber, recipients of the 2016 Research Excellence Awards.



ictor Tarruella (EMBA '99) is not your prototypical vocational entrepreneur. He went to school in the United Kingdom and later graduated in Paris and Boston with the idea of returning to Spain and seeking a post in the diplomatic corps. With the country in transition in the 1980s, he was required to complete further studies to validate his degrees, so he gave up the idea and began his career in corporate banking.

"I joined an insurance company that ended up going out of business and I was out on the street. Then I started working with a foreign consulting group that had a very interesting business that was replicable in Spain, but I was not comfortable with the way they operated," says **Tarruella.** "So, I thought about using that same idea on my own, and realized that, to make that happen, I needed an overhaul. I did the EMBA at IESE because my training was very political and I never paid much attention to management. It gave me tremendous preparation technically that helped me see the world through a new lens," he says.

The business plan of what is now Euro-Funding – which specializes in providing solutions to companies for obtaining public funds for business development projects – came together during an EMBA class. Furthermore, **Tarruella** confirmed that another management style was possible: "I realized I had to do things right, in both the human and

organizational aspects. There was a better way of doing things and I felt ready to set that in motion."

"YOU HAVE TO PROTECT THE SPIRIT OF THE STARTUP"

• "An entrepreneur's motivation tends to be wrapped up in an aura of positivity and creativity. In my case there was no romanticism, just survival. Still, I've been able to design a distinctive culture based on honesty, integrity and a good environment." When we talk about corporate culture, having a list of good intentions is not the same thing as offering all engineers a permanent contract on day one: "I wanted a company with young people where it was exciting to come to work," he adds. And he created a system of organic growth in which, "if a department gets too big, the second in command leaves and starts another one, with new clients and projects. That's how you get people to own their future and foster positive competition that is outward, not inward." In recent years, Euro-Funding has done projects in Brussels, Mexico, Paris, Santiago and Warsaw, and currently has projects in more than 20 countries. "Working in so many places at once, you can lose sight of some aspects. So, you have to protect the spirit of the startup every day. When you do things right, the numbers take care of themselves. It's a virtuous circle that's all about attitude: the more you give, the more you receive. And if that doesn't happen, you can't let it get you down," he says.

 THE MALMCRONA FAMILY: TWO GENERATIONS; ONE PROGRAM

ASKING YOURSELF QUESTIONS IS A DUTY"

The **Malmcrona** family celebrates, as father Jan-Kennet (EMBA '97) travels from his home in the U.S. to visit his family in Madrid. He and his son **Kennet** (EMBA '14) share some thoughts about management.

Jan-Kennet Malmcrona, a member of a Swedish family that left its country for love three generations ago, has spent the last year and a half working in Texas as the head of new projects at Academica, a US firm that manages charter schools. He's excited about his destination and his work. With extensive experience in multinational environments, Jan-Kennet has made a professional leap to the other side of the Atlantic more than once. He has always enjoyed a challenge, and age, distance and change have never been a problem.

At Academica (154 schools and 66,000 students), as a manager he has once again felt the pleasure of leading teams and joining a booming business venture. He left behind the impact of the crisis and the closure of KM Proyectos, the hydraulic engineering company that his father founded in Spain.

Both father and son spoke about their experiences at IESE, "an institution where teaching is as important as values," they agreed. There, they obtained a global business vision and a thorough knowledge of



"Taking time to

think is one of the

most important

tasks of a good

manager"

Kennet Malmcrona (EMBA '14) and Jan-Kennet Malmcrona (EMBA '97).

general management. "When I arrived at IESE, I played tennis. There they showed me how to use my rack-

et to win," explains Jan-Kennet.

His son, Kennet, who switched from studying engineering to economics, adds, "Ethics in business are as important as victory." He also acknowl-

edges that, after his time at IESE, he's increasingly eager to create his own company.

In the meantime, he's enjoying his position at Amazon, where he heads the logistics sales team. "My father has instilled many management qualities in me, like trusting

my employees and building on the team's capabilities. But my professors at IESE showed me the importance of asking yourself questions. Taking time to think is one of the most

important tasks of a good manager, and more so in an environment that changes as quickly as today's. At Amazon, asking yourself questions is a constant duty."







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ictor suffered from quadriplegia for over two years. He recovered after a long treatment process and eventually went on to compete in the Titan Desert, one of the world's most demanding mountain bike races. Miguel weighed 160 kilos when he decided to turn his life around. He followed a weight-loss and training program, after which he managed to successfully complete an ultraman, one of the toughest endurance tests that exist. Albert has two children that suffer from autism, and he ran the six best-known marathons on the planet to raise money for Aprenem, an organization that works to improve education for autistic children.

These are just a few examples of the names and stories behind the "Follow your dreams" grant, a social project that GAES has carried out five times in Spain and will introduce this year in Portugal, Chile, Argentina and Ecuador. "These projects combine charity and personal growth with sports. They have wonderful back stories that express values like effort and team spirit, values that we identify with," says **Antonio Gassó** (PADE 'o2), GAES CEO.

GAES, a company dedicated to hearing loss solutions, has enjoyed growth in recent years due to its relationship with the sports world. This connection both serves as a showcase for publicizing the brand and promotes the organization's essential values. The firm already has 600 points of sale in nine countries and a team of 1,800 employees.

"In recent years we've invested heavily in our brand, in internationalization and in the image and professionalization of our points of sale, since that's were we interact with the customer. But what makes GAES unique is that we control the entire product value chain, from R&D&I to the final sale. This means that my main challenge as CEO is making sure that the team is unified, that it shares a common goal and that it creates a climate in which innovation, commitment and customer satisfaction are the most important things," he says.

COMMITMENT AT ALL LEVELS

Judging from the involvement of the employees themselves in the company's charitable projects, team unity is strong at GAES: "Another initiative that we carry out is our teaming projects, based on micro-donations in which the company matches employee contributions. Employees have the opportunity to propose charity projects, which the company works on in the order in which proposals are received. Since starting this system, we've already contributed to 17 different projects," explains **Gassó**.

"In addition, each year GAES volunteers travel to collaborate with NGOs on international projects. The most recent is one of the comprehensive hearing projects that we're carrying out with the **Vicente Ferrer** Foundation. In this initiative, speech therapists from the foundation collaborate with volunteer hearing aid specialists from GAES Solidaria. This well-integrated, long-term team makes it possible for profoundly deaf girls to acquire language thanks to the hearing aids and treatment that they receive. Finally, this year we are launching the new GAES Solidaria Foundation. For 20 years, GAES Solidaria has carried out a range of activities to help people that suffer from hearing loss. Starting now, it will be able to act as a foundation," he says.

BESEINSIGHT BUSINESS KNOWLEDGE



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P E O P L E

MBA 2016 CLASS DONATION

To the Students of the Future



An inscription on one of the benches of the south campus garden commemorates the MBA '16 donation

"The first part of our class gift is that we are going to contribute towards the creation of a green space at the entrance of the south campus – something small but tangible that future classes can benefit from," says Sean Porta, president of the MBA class of 2016. With the second part, "we can give back to the school in a big way," he adds. The MBA '16 class has committed to creating a scholarship

fund to help finance the studies of future students at IESE. To add accountability to its commitment to create the fund, they put it in writing in a signed pledge book on graduation day. "We had an absolutely incredible two years here," he says, talking about the MBA program. "Now that we know how valuable this experience is, we really want to make that opportunity more accessible for future students."

Throughout their time at IESE, the MBA class of 2016 stood out for its innovation and drive, enhancing the school and the student experience with new initiatives like the first student-led Women in Leadership Conference or IESE's first TEDx Talk. This final gesture of commitment and support to the school's future students reflects this spirit, contributing to the betterment of the school and society.

EXECUTIVE VICE PRESIDENT OF R&D AT MICHELIN

Business Innovation Strategy Means Being Agile and Customer-centric

Innovation has been a key force behind Michelin's growth since 1889, but now it's about staying competitive by speeding up innovation, said Terry K. Gettys, executive vice president of R&D. As he explained to the MBA students on February 13 at the IESE campus in Barcelona, integral to

Michelin's new strategy are multidisciplinary platforms comprising research, marketing development and industrial teams. They work together on a shared objective. The result is an innovation process that consists of the "creation of new value recognized by the customer" and must

solve a customer problem – as well as contribute to group performance. Two kinds of product innovation drive market expansion, said Gettys: either by procedures of revolution or renewal. The former are game changers; the latter maintain market value and appeal.

EMMANUEL LAGARRIGUE (AMP '10), EXECUTIVE VICE PRESIDENT OF SCHNEIDER ELECTRIC

"Access to electricity is a human right"

So said Emmanuel Lagarrigue (AMP '10) to the MBA students on January 20 at IESE's Barcelona campus. "Unfortunately," he said, "this right is still not universal or sustainable." It is not sustainable, he said, because the electricity available today is generated mainly by polluting fossil fuels that are increasingly scarce. Lagarrigue said that Schneider Electric's strategies must address



Emmanuel Lagarrigue, at a session of the MBA Global Leadership Series.

the three major issues facing the industry: increased demand for electricity; decarbonization, coupled with the growth of renewable energy; and increased digitization.



GOLD AND SILVER MEDALS FROM THE UNIVERSITY OF NAVARRA

Profs. Argandoña and Pereira: 50 Years at IESE

The Chancellor of the University of Navarra awarded the university's gold medal to Profs. Antonio Argandoña and Fernando Pereira in recognition of their body of work over 50 years of professional life at IESE.

During the ceremony, which took place in the Aula Magna

of IESE Barcelona on December 22, silver medals for 25 years of service at IESE also were awarded to María J. Cabello, Prof. Antonio Dávila, Prof. Alberto Fernández Terricabras, Enric Florit, Mercedes González-Aller, Camino González, María del Mar Ortega, Prof. Ahmad Rahnema and Prof. Guido Stein.

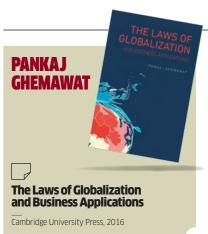
RECOGNITION FOR IESE PROFESSORS

ACADEMICS, RESEARCHERS AND INFLUENCERS

- Prof. **Pedro Nueno** received the career award, given by China Club Spain. The award was presented by the Chinese Ambassador to Spain, Lyu Fan, at a ceremony on December 1 in Madrid.
- Profs. Nuria Chinchilla and Jordi Gual were included by the newspaper ABC on its list of the 100 most influential people of 2017. Prof. Chinchilla was cited for her commitment to policies on work-life balance, and Prof. Gual for his work as head of CaixaBank in contributing to Spain's economic recovery.
- Prof. Robert W. Gregory received the Early Career Award from the Association for Information Systems for his analysis of new IT-related phenomena, ranging from digital transformation to human-machine symbiosis.

TWO LAWS FOR GLOBAL BUSINESS

Globalization and Its Applications



With the U.K.'s decision to leave the European Union, and President **Trump**'s vow to build a wall on the southern border of the U.S., some hyperbolists insist globalization is in retreat. Not necessarily so, said Professor Pankaj Ghemawat; "I think one of the biggest myths in the world today is that globalization has collapsed," he stated. "In fact, if you look at the data, trade is under pressure, but foreign direct investment flows have increased."

This rigorous examination of the facts underpins the findings of Prof. Ghemawat's latest book, The Laws of Globalization and Business Applications. His most recent research, building on decades of study, presents two evidence-backed laws that govern business across borders at the company, industry and country level, the law of semi-globalization and the law of distance.

The first part of the book looks at the evidence that informs the law of semi-globalization at the country and company level. Drawing on data from the DHL Global Connectedness Index, Prof. Ghemawat states that, while the level of cross border business is not insignificant,



Professor Pankaj Ghemawat reflects on globalization.

it is markedly lower than domestic trade. The borders that separate countries still matter.

At the company level, the author drills down to measure the internationalization of firms within their

separate functions, from marketing to finance, and HR to operations. He also compares and contrasts the current wave of globalization to the groundswell of globalization that occurred a century ago.

The second part of the book presents data to support the law of distance, which shows that trade, capital, information and people flows are all dampened by distance along cultural, administrative and geographic dimensions, and are often affected by economic distance

Along with Prof. Sebastian Reiche, Prof. Ghemawat puts the two laws into practical business ap-

> plications, to examine - for example - subjective versus objective measures of cultural distanc-

"I think it's important to get this [globalization] right, or what you

are going to see are yo-yo strategies that go from a sense that everything is becoming completely globalized and therefore stress product standardization, to 'Wait a minute, it's all de-globalizing: Let's go focus on local markets," Prof. Ghemawat said.

"One of the biggest myths today is that globalization has collapsed"

prestige experience

Master's, Master, Mentor, Magister Scientiae (M. Sc.) ... different ways of saying the same thing – and all at the University of Navarra, a private Spanish university.

of skill as a result of long experience; a master chef 2 chief; most important master 2 adj [A no comp.] 7 tech. colleges: the Master of King



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AMP'16 Christian Zinglersen was named head of the new Clean Energy Ministerial Secretariat for the International Energy Agency.

EMBA '96



Arévalo named Christophe

Sougey its new managing director and CEO.

EMBA-Q-08



Pope Francis has bestowed on **David Martín Casero** the title of Knight of the Pontifical Equestrian Order of Saint Sylvester.

In her book Time Hangs by a Thread (Ediciones Rialp, 2016), IESE professor Maruja Moragas, who passed away in 2013, shared her insights about one's time on earth. When her marriage broke down, she fought to stay true to her vows and discovered solid ground in faith and family. In this memoir, she described her past crisis in the context of her struggle as a cancer patient, reiterating her belief that every moment should be treasured, including those that are filled with sorrow.

EMBA-Q-11



Celia Villalobos is the new head of strategic accounts for Google U.K.

EMBA-S-A-11

Hudson named Miguel **Bolaños** senior manager of search and selection for the areas of finance, tax & legal, technology and engineering.

EMBA-BCN-12-B

Brice Barberon joined Imperial Tobacco Revenue as head of insights & intelligence.

MBA'73



Enric Crous, previously managing director of the Damm Group, was named CEO of Cacaolat.

MBA'92



Insurance firm Plus Ultra Seguros appointed David Capdevila as the company's CEO.



EMBA'83

Several members of the first EMBA graduating class, headed by **Virgilio Oñate**, got together on February 15. Even 34 years after their graduation, the group still has a reunion every year.

MBA'93

Antonio Soláns is the new managing director of Hospitales de Viamed Salud.

MBA'94

The Galician regional government recently appointed **Juan Cividanes** as the new director of IGAPE, the Galician Institute for Economic Development.

MBA'96

Pullmantur Cruises strengthened its marketing department with the appointment of new director **Ana Belén Fernández.**

MBA '06



Nicolau Brosa is the new coordinator of the strategic

plan at the Pere Tarrés Foundation.

PADE-II-01



Pablo Plaza was appointed advisory board chairman at human resource solutions firm Aon Hewitt, part of Aon Corporation.

PDD-1-05



Marc Pérez Pey is the new vice president for Western Europe and North

MBA'90

RRelatos HHumanos (LID, 2016) tells the story of the experience of employees and managers at businesses that must either adapt to changes or disappear. The book's authors – 10 human resources directors, including alumnus **Enrique María Rodríguez Balsa** – offer their perspectives on the experiences of the people working at such companies and how they address their day-to-day endeavors.

Africa of the Hartmann Group.

PDD-E-14 Santiago Lorente was promoted to senior sales manager cloud

sales manager cloud infrastructure of Microsoft.

PDG-1-08



Jean-Marc Gálvez is the new head of the consumer packaging division of Berry Plastics.

PDG-1-16



FC Barcelona announced the addition of **Guillem Graell** as FCB brand director.

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ENTREPRENEURS

EMBA-A-2014



Global Alumni is an entrepreneurial initiative by **Pablo Rivas** that emerged as an EMBA capstone project. The platform is aimed at prestigious universities, designed to address the need to create quality virtual graduate schools, with an approach to content and dynamics that is adapted to the

economy of the 21st century. It partners with private schools in the United States, such as UCLA and San Ignacio University; in Peru, San Ignacio de Loyola; and in Colombia, Uniempresarial. After 18 months, Global Alumni already has more than 200 students, 23 programs for professionals and executives, and three blended-learning MBA programs.

www.globalalumni.org

EMBA-S-2007



Zima Consulting, based in Tarragona, is a people and reputation management consultancy firm. The firm, founded by **Juan Montero**, works on strategies for personnel management, development and commitment in the area of labor relations, and helps organizations to get

the most out of their human resources. It focuses on enhancing reputation and aligning stakeholders with the corporate culture of its clients, as well as setting growth targets for employees – this includes designing a plan for long-term competitive advantages.

It also offers solutions that combine company values with a judicious and professional methodology for recruitment.

www.zimaconsulting.com

EMBA-S-B-11



Carter Lane is a consulting firm specializing in marketing and strategic communication with an international vision and expertise in finance, technology and corporate matters. Founded by **Enrique Calatrava**, it focuses on innovation and digital transformation, providing expertise in project

management for 360-degree marketing and communication. It concentrates on the design and

IF YOU ARE AN ENTREPRENEUR

Don't forget there is a group on LinkedIn

in IESE Entrepreneurs & Venture Capital Hub

implementation of strategic projects for its clients, providing support to the Chief Marketing Officer and his team in defining, launching and monitoring tactical approaches and strategies that provide a measurable return and help them shorten their learning curve in each case.

www.carterlane.es

GEMBA'12



Many organizations, companies and associations use free messaging applications for internal and external communication that do business with user data. Keeping step with that trend, **José Vicente Gomar** is promoting Amix as an alternative instant messaging platform for business. It is a

professional tool that enables organizations to simultaneously have tens or hundreds of chat groups. It also has a control panel with effective communication features that can be adapted according to the situation. The database generated from these conversations is hosted on each client's server, and no one else can access it.

www.amix.network

MBA'14



Greenology is an online platform that analyzes the nutrigenomic profile (how foods affect genes) of each patient. It offers customized programs for people who suffer from chronic diseases (particularly fibromyalgia) or are overweight, as well as programs for pregnant women and people who want to effectively eliminate toxins and tone their bodies. The method also helps users develop healthy habits. The interdisciplinary medical team of **Laura Martinez**, the company's founder, has also resolved cases of misinformation and patients affected by a long list of pseudo-treatments. www.greenology.es





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ENTREPRENEURS

MBA'03



After specializing in the field of hair transplants, **José María de la Lama** founded the company Medicapilar. After its launch, to keep up with the growing demand of the boom in this sector, the Seville-based company from has expanded its services and opened several new centers in Seville and Málaga. The

company recently signed a non-compete collaboration agreement with Poseidon Klinikken, a Scandinavian firm with over 10 years' experience in the field. The arrangement allows for a monthly transfer of professionals from Medicapilar to perform hair transplants at the Poseidon clinics in Oslo, as well as the exchange of best practices and the development of joint research projects.

www.medicapilar.com

MBA'11



Gaby Kaminsky is the creator of Udobu, an online platform that uses artificial intelligence to increase revenue for companies in the sports entertainment industry. It allows clients to segment the fans in different audiences and better anticipate the spectators' behavior, as well as choose the most suitable

price for tickets. These days, the dynamic nature of the sector also makes it possible to monetize the online broadcasting of live sporting events. This includes optimizing the rates for advertising as well as the prices for subscriptions and pay-per-view events. It also carries out related work for both streaming video platforms and holders of broadcasting rights to the sporting events. www.udobu.com

PDD-I-97



About Growth is the business venture of **Gustavo Tissera**. It is a company that helps start-ups and SMEs to prosper and expand. To ensure effective and sustainable growth, it offers its skills and competencies at the executive level.

Its services begin with a briefing and a comprehensive evaluation, and also include a diagnosis of the brand – focused on orientation and value creation – as well as a detailed action plan for sales and marketing, and, throughout the growth process, constant attention and support. The company has a partnership with Jonathan Aufray, CEO of Growth Hacking, a company specializing in digital marketing.

www.about-growth.eu

PDD-2-2015



There is a new coworking space in Barcelona. It is located at number 73, Travessera de Gràcia, near the city center, and has a capacity of approximately 50 people. Its facilities include private offices, workstations in open areas, break areas, offices and meeting rooms. City Work BCN, the creation of **Pablo Duran**, is designed

for entrepreneurs, start-ups, SMEs and freelancers, along with companies looking to cut costs. And, since it attracts a community of professionals with similar interests, the space is conducive to new synergies and business opportunities.

www.cityworkbcn.com

GIVING BACK

A Volunteer Initiative

She first heard about the IESE Social Entrepreneurship Network, which connects students and NGOs, in an EMBA class. When the Aura Foundation asked for someone to handle the marketing, she submitted her candidacy. **Arola Torruella** (EMBA '15) believes that volunteering has given her the opportunity to "help others for whom my skills are really useful," and to "learn and observe the real impact of my decisions," while making a contribution to society. At the Aura Foundation, which provides services for social inclusion to people with disabilities, her role has been to help the marketing department attract donors and improve its image.



CAREER ADVISORS

GAIN A NEW PERSPECTIVE TO YOUR CAREER DECISIONS



"We had an excellent and fruitful session. Lars gave me a lot of recommendations on how to approach the business community for start-up entrepreneurs in Germany. I am very happy with this new service



Alumni

for Members, which I highly recommend."

A WAY TO LEARN A MARK TO MAKE A WORLD TO CHANGE





ASIA, MEETING POINT

RECENT ALUMNI MEETINGS IN ASIA HELD IN TOKYO, SHANGHAI, HONG KONG AND SINGAPORE

ESE has almost 40,000 alumni, who represent the most important outcome of our programs. And when you have the mission, as we do, to positively impact the world, it has to happen through our alumni," said IESE's Dean Franz Heukamp. His remarks were made in Tokyo, the first stop on an Asian tour which also took him to Shanghai, Hong Kong and Singapore to meet with alumni.

"I have identified three major challenges we face when taking a leadership journey," **Tomoyoshi Noda,** founder of the Institute for Strategic Leadership, affirmed in Tokyo. "The first is envisioning a future, which is not necessarily seen by others. The second one is taking further steps, while leading amid uncertainty and risks. The third is transforming a personal dream into a collective one."

In Shanghai, **Glen Walter**, CEO of the Coca-Cola Bottling Investment Group China, highlighted the importance of motivating employees so that companies excel. "The secret ingredient is not what's in that red can. It's about people," he said.

The following day in Hong Kong, **Markus Kramer**, president of the division of dispersions & pigments at BASF East Asia, presented an overview on how to maintain competitive advantage in the long term. The last destination on the tour was Singapore, where Prof. **Pankaj Ghemawat** offered a session on the future of globalization. "On average, emerging economies already have the same trade intensity as advanced economies. It is hard to think of a scenario for world growth going forward that is not driven by emerging economies."























IESE IN ASIA

The Asian continent continues to be of vital importance to the school. In 2015-2016, **54** MBA, **201** EMBA and **42** GEMBA students completed a module in Shanghai. Moreover, **2** general management programs were offered in Asia, as well as 3 custom programs for Lixil, Oracle and Banco Santander. In addition, **14** sessions of the Alumni Learning Program were organized. In Asia, IESE boasts 6 regional alumni chapters, with **593** graduates from the continent.





London

The Leadership Academy
of Barcelona (The LAB), **Steven MacGregor**, led a session titled
"Design Your Life: Using Design
Thinking to Improve Executive Health
and Performance." The session
presented the latest research on
how design thinking can be used to
change people's attitudes and lead
to improved team management.

Google's headquarters in London

over by Paco Ybarra (MBA '87).

hosted this event, organized by the

regional chapter in the U.K., presided

The founder and CEO of

JANUARY 25

Enterprise Risk Management (ERM) is the fastest-growing area in the financial industry today. Part finance and part strategy, ERM was largely overlooked until the turn of the century.

The collapse of giants like Enron, Arthur Andersen and WorldCom showed the need for a stronger ERM culture. In this context, Prof. **Jan Simon** reviewed the fundamental principles of this discipline, using the Volkswagen emissions scandal as an example.

MOSCOW DECEMBER 7

As the distribution and adoption of digital technologies in all facets of our lives continues to occur at an unprecedented rate, its impact on business has inevitably become a strategic issue. In the session "Embracing a Digital Mindset: The 'How' of Digital Transformation," Prof. Evgeny Káganer defined digital transformation and gave some advice on how companies and their leaders should address it.

New York DECEMBER 14

Alumni congregated on the IESE campus in New York for a sneak preview of the documentary



Sacred, directed by the Academy Award-winning **Thomas Lennon** and featuring Prof. **Bill Baker** as one of its executive producers. Sacred explores religious ritual at birth, adolescence, marriage, aging and other key milestones of human life. The director got contributions from top international filmmakers to capture more than 40 diverse stories dispersed across the globe.

DECEMBER 22

"The basic premise of the talk "Don't Be Taken by Surprise!" by Prof. **Mike Rosenberg**, is that many top executives don't know as much as they could about the



Lima

NOVEMBER 29

At an event organized by the regional chapter of Peru, headed by **Alfredo Hoffmann** (MBA '98), a group of alumni met in the halls of the University of Piura in the Peruvian capital. Participants took part in a session titled "*La verdadera dirección por objetivos*" (Management by Objectives), given by Prof. **Pablo Ferreiro** of the PAD, the university's school of management. During the event, tribute was paid to Prof. **Ferreiro** for his contribution to strengthening IESE in Peru.

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L I F E



Warsaw

For the Christmas meeting of the regional chapter of Poland, presided over by **Piotr Kaminski** (AMP '07), alumni attended a presentation by Harvard University Prof. **Ronald Heifetz.** The professor reflected on leadership in turbulent times.

JANUARY 18

The IESE community in Poland attended the session "Nudging the Change: How Organizations Can Influence People to Make Better Decisions," by Prof. Elena Reutskaja.





Munich

FEBRUARY 17

Why would Apple get into an industry with minimal profitability compared to the one it currently occupies, one that isn't even related to electronics? In the session titled "Apple Car," Prof. Marc Sachon analyzed the reasons that could prompt the company to move in this direction. He also pointed out some keys to consider for any company contemplating a similar move into uncharted territory.

political and geopolitical issues affecting the countries where their companies operate or are looking to do so. At the conference, Prof. **Rosenberg** presented a framework in which senior executives and board members can address the global complexity in a deeper way.

Buenos Aires

DECEMBER 15

The rapid growth of urban centers around the world is impacting the infrastructure of cities, the environment and social structures. Rapid urbanization brings significant complications for businesses, as they redirect their supply, marketing and distribution to the base of an expanding urban clientele with different needs and consumption habits. Prof. Pascual Berrone visited the classrooms at the University of CEMA in Buenos Aires, discussing strategies for capitalizing on this trend.

FEBRUARY 16

At the conference "Redes de desarrollo profesional" (Professional Development Networks), Prof. Marta Elvira spoke to alumni about how to develop human capital by understanding professional identity, social networks and their influence on the results of their professional career. The meeting was organized by the regional chapter of Argentina and Uruguay, presided over by Enrico Piqué (PDD '93).

New Delhi

DECEMBER 17

The regional chapter of India, headed by **Vinay Kothari** (MBA '92), organized an alumni luncheon, in which Prof. **Kandarp Mehta** took part.

Shanghai

The leaders of global companies must foster cooperation among employees with very different cultural backgrounds. This framework is a major source of wealth for the









- 1. Steven MacGregor, founder of The LAB, in London.
- 2. Prof. Yih-Teen Lee led a session in Shanghai.
- 3. Prof. Pedro Videla in Berlin.
- 4. Session at the Plug and Play headquarters in Sunnyvale.

company, but at the same time can present some rather difficult challenges. At this meeting. Prof. Yih-Teen Lee engaged in discussion with the audience on the role of global leaders in this process of cooperation. The regional chapter of China would like to thank KeyLogic Consulting Group for its partnership in organizing this event.

IOKYO

JANUARY 17

Alumni gathered in the Japanese capital to attend the presentation "Managing and Leveraging Cultural Diversity in Global Organizations: Case of JT International," led by the senior vice president of Japan Tobacco, Takehiko Tsutsui, and moderated by Prof. Yih-Teen **Lee.** This event was organized in collaboration with the company Academyhills.

Lıma

JANUARY 18

"If you want to be entrepreneurial, you'll find an idea. But the key is to find a good opportunity." This was the message from Lucas Carné (MBA '99), cofounder of Privalia (sold in 2016 to vente-privee.com for €500 million), who led a talk in Lima titled "Los 10

errores que matan a las start-ups... y cómo superarlos" (The 10 Mistakes That Kill Start-Ups... and How to Overcome Them).

In a talk moderated by IESE lecturer Mathieu Carenzo, the entrepreneur discussed how to identify and seize opportunities.

In a joint presentation in Miami, Prof. Javier Estrada and Prof. **Núria Mas** discussed the current state of the economy and global markets, focusing on some of the major implications for companies and investors.

The Spanish Embassy in Berlin hosted a recent alumni meeting, organized by the regional chapter of Germany, led by Georg von Boeselager (AMP '08). On this occasion, Prof. Pedro Videla brought the alumni in attendance up to speed on the global macroeconomic situation.

Brussels

The conference "Leading Global Organizations," led by Prof. Yih**Teen Lee**, brought together alumni in Brussels to discuss ways to foster collaboration among employees with very different cultural backgrounds. The meeting was organized by the Regional Chapter of Belgium and Luxembourg, headed by Laurence Battaille (AMP '14 and MBA '95).

Sunnvvale

The Plug and Play headquarters in Sunnyvale, one of the primary cities of Silicon Valley, opened its doors to alumni for a lecture on artificial intelligence, given by Prof. Javier Zamora.

In a country particularly affected by the election of **Donald J. Trump** as the new U.S. president, Prof. Pedro Videla gave a talk titled "¿Hav vida después de **Trump**?" (Is There Life After **Trump**?), in which he gave his perspective on the economic outlook, especially focusing on Mexico and the implications that the election of the controversial businessman will have for this country. The meeting was organized by the regional chapter of Mexico, presided over by **Gerard Schoor** (MBA '91).

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I E S E

WELCOME TO THE ALUMNI ASSOCIATION

EXECUTIVE EDUCATION GRADUATIONS







1. PLD Barcelona Fall 2017 President: Gorka Penalva • Vice president: Rosa M. Pradas

2. AMP Sao Paulo 2016 President: Edson Souza • Vice president: Ângela Vidal da Silva

3. PMD-2 Sao Paulo 2016President: Edgard Landwerkamp • Vice president: Raphaella Borges

4. PADLA 2017President: Ángela Español • Vice president: Alejandro Yapur



Thanks to the school for offering us a unique value proposition. It shows how important people are here"

Edson Souza (AMP Sao Paulo 2016) We are now better at identifying the key issues. We have a broader vision and make better decisions"

Edgard Landwerkamp (PMD-2 Sao Paulo 2016)

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IESE EXECUTIVE EDUCATION

IESE gives you a window on the world of global business. With five campuses across the globe and a world-class international faculty, IESE has unparalleled reach and scope.

Our portfolio of general management programs delivers a transformational learning experience. An experience that will expose you to new ideas and the diverse perspectives of top-tier international peers. An experience that will shed light on the global trends that are changing your industry, and help you to stay one step ahead of the market. An experience that will deliver the knowledge, the global insight and the values to ensure that your leadership has immediate, positive and personal impact.

If you're ready to make your mark in the world, join IESE.

UPCOMING PROGRAMS

PROGRAM FOR MANAGEMENT DEVELOPMENT

Warsaw begins on May 15, 2017 Sao Paolo begins on May 22, 2017 Barcelona begins on October 2, 2017 Munich begins on January 30, 2018

ADVANCED MANAGEMENT PROGRAM

Sao Paolo begins on July 24, 2017 New York begins on October 23, 2017 Barcelona begins on November 6, 2017 Munich begins on November 6, 2017 Warwsaw begins on November 13, 2017



A WAY TO LEARN A MARK TO MAKE A WORLD TO CHANGE

GOVERNING BOARD OF THE ALUMNI ASSOCIATION

Association More Connected Than Ever

he alumni base continues to grow. Last year, we welcomed 1,821 members," said the president of the Alumni Association, Jorge Sendagorta (PADE '90). He continued by reviewing some of the information included in the Association's annual report, which was approved, along with the balance sheet, during the meeting of the Governing Board. The event brought together the class presidents and vice presidents, as well as representatives from the regional chapters. It took place on February 8 at IESE Barcelona, connected via videoconference with the Madrid campus.

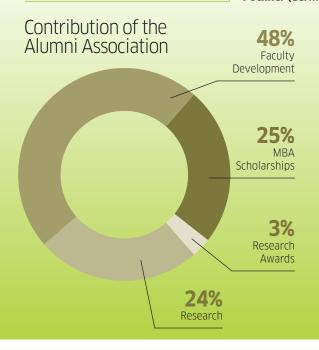
The event was also an opportunity to share the latest news about the Association. Its director, **Javier Muñoz**,

discussed a few items, including an update on the Alumni Career Development Center, the design of a program for mentoring among alumni and the launch of the new Alumni website and app, which he called "a great resource for building the network of alumni contacts." **Muñoz** also thanked attendees for their suggestions for improvements, since many of the projects that the Association works on derive from the ideas shared by alumni during the board meetings. IESE's dean, Prof. **Franz Heukamp**, gave a summary of the activities of the 2015-2016 academic year.

The meeting also included the awarding of scholarships to MBA students and the Research Excellence Awards, given to Profs. **John Almandoz, Xavier Vives** and **Eric Weber** (see page 62).

Advancing IESE's Mission

"The school has the support of its alumni to continue its mission," said the president of the Alumni Association, Jorge Sendagorta. The Association receives this support through funding related to research activities, faculty development and MBA scholarships. During the board meeting, the MBA students earning scholarships were recognized. These students were: Rossana Bertini (Colombia), Javier Cardona (Spain), Paul Cherciu (Romania), Anna Garofano (Spain), Geoffrey Khalil (Lebanon), Nicolas Kleber Thuin (Brazil), Derek Nelson (U.S.), Stefan Puchner (Germany) and Dmitry Voronin (Russia).



The scholarship gave me the freedom and peace of mind I needed to get into entrepreneurship."

Paul Cherciu, Romania



IESE's dean, Prof. Franz Heukamp, along with Jorge Sendagorta and Javier Muñoz, president and director of the Alumni Association, respectively.

I would like to develop my soft and hard skills. I am looking for a level of personal transformation."

Dmitry Voronin, Russia The scholarships encourage diversity and promote excellence. I hope IESE keeps offering scholarships to continue pushing the school to the top."

Anna Garofano,



I didn't choose to come to IESE only for the scholarship, although it was a big help. The international profile of the school, the professors and the class dynamics were all decisive factors."

Geoffrey Khalil,



Download the "IESE Alumni Association Annual Report" from our website, Google Play or iTunes

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L A S T W O R D

Five Tips on Big Data Optimization for Retailers

VÍCTOR MARTÍNEZ DE ALBÉNIZ

Professor of production, technology and operations management, IESE

f you are looking for one of the oldest and largest sectors in the economy, look no further than retail. Since the 1990s, it has surpassed the automotive industry as the thought leader in operations. You would be surprised at just how many business process innovations have come from retail and been applied elsewhere.

Retail has once again been reinvented over the last decade, mainly due to the fast fashion ideas from Inditex, ideas that drive frequent changes and quick-response production and distribution for retailers. Perhaps as a result of this, the retail landscape has become very turbulent, with uncertain demand patterns. To adapt, retailers are investing in technology to monitor changing trends. This provides stores with large amounts of data – big data – that can reveal helpful and actionable information, which can be used to make better decisions regarding stocking, merchandising and promotions.

Not only that, there are now sophisticated methods for tracking individual customer behaviors. On the Internet, cookies allow firms to know customer demographics as well as interests from past click history. When it comes to physical stores, loyalty cards can track past purchase behavior. These systems require that retailers record individual actions. However, in retail categories where conversion is low, such as fashion, these systems are not that useful, because they are unable to track customer visits without purchase. But there are alternatives. One option is to track customer smartphones, via Wi-Fi, which allows a retailer to know when and how long a customer visited, and whether he or she made a purchase. This data provides a sort of customer relationship management system for all customers, across stores, which can then be matched with credit card or other types of data.

To navigate the turbulent waters of retail, and effectively use the big data from day-to-day operations, our experience indicates that there are five key questions that a retailer should consider:

• Are you investing in the right technologies? There are many options available in the market, from RFID tags to beacons. It is critical to clearly understand their effectiveness.

2 Can the data be useful?

Storing big data consumes resources, and therefore if a retailer is unlikely to ever use it, perhaps there is little point in collecting the data and storing it. Retailers should develop a clear view of what sort of competitive advantages can be developed from big data.

- 3 Do you have the right analytics capabilities? Extracting value from big data requires specialized skills: mathematicians, statisticians and computer scientists. These profiles are scarce and they are usually not well trained in business. A good way to overcome this challenge is to partner with a specialist either an analytics firm or a university.
- 4 Are you translating big data insights into action? Having a strong analytics team is useless unless it can influence and move retail execution. Fluid communication is necessary, where operations challenges are clearly exposed to the analytics groups who respond with suggestions that can be implemented.

(5) Are you willing to experiment?

Generating improvements from big data is a continuous process that requires testing the recommendations from analytics. It requires patience to sometimes make mistakes, which are very valuable to confirm or invalidate new ideas. A common framework to do this is to use A/B testing: implement a change in a set of stores or during a few days, and compare the performance with those stores or days where the standard practice was used.

In the coming years, retailers of all sizes will have the opportunity to improve their business models thanks to the democratization of big data analytics as a service and the introduction of affordable data capture technology at the point of sale. And this is already under way.

MORE INFORMATION: www.blog.iese.edu

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Twenty years, rain or shine

Since our foundation in 1996 we have been by our clients' side, supporting their strategic projects and helping improve their results.

Twenty years later, we are still with them, rain or shine, designing and implementing solutions that improve their business capability anywhere in the world.