

INNOVATION SETS THE NEW RULES OF THE GAME

Global Alumni Reunion 2017

Antonino Vaccaro
**Can Corporate Social
Responsibility
Be Bought?**

Marc Sachon
**The Building
Blocks of
Industry 4.0**

Campus
Expansion
**Madrid: 16,300 m²
of dreams**

Fuencisla Clemares
**Interview with Google's
Country Manager for Spain
and Portugal**



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The power of business innovation

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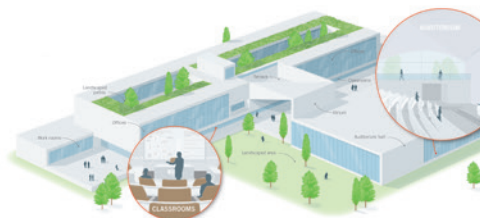


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Read, Reread and Underline

Some magazines are there for killing time while we wait in the doctor's waiting room. Some magazines are there to cure the boredom of a sleepless night. Some help distract us while traveling. And then there are magazines for reading and rereading, underlining, starting a few articles or sending snapshots to our friends, making comments, saving, and going back to a few months or years later...

I don't know where you would rank the *Alumni Magazine* among these. We do it for all these reasons. We have the everyday sections, to keep you abreast of what happens at IESE, and the family or professional highlights about our program colleagues, and information on the highlights of the sessions of the Alumni Learning Program that we may not have been able to attend... But we always intend to have many articles with rich content. It's not about having scientific studies and specialized vocabulary. It's about having ideas to contemplate, read and reread, to underline and to discuss with our colleagues... to "return" to the IESE classrooms for a while.

In this issue you will find many ideas. The central theme is the 2017 Global Alumni Reunion, which brought together in Madrid a tremendous amount of knowledge, revolving around experience in the realms of innovation and technology, new business approaches and the risks that await us, the changes we are already experiencing and those imminent upon us.

We have asked Prof. **Antonino Vaccaro** to explain how social responsibility and social enterprises interact when they merge with other more individualistic ones: Who converts whom? And we call upon Prof. **Marc Sachon** to explain the five pillars of Industry 4.0, continuing with the dialogue of the Global Alumni Reunion.

Then, sit back and enjoy hearing about what the new the IESE campus will look like in Madrid. Don't miss the interview with **Fuencisla Clemares**, CEO of Google for Spain and Portugal, who explains the challenges of running a large multinational, technology and innovative company, so you can keep acquiring knowledge and experience. And enjoy a brief dessert, full of ideas, as Prof. **Marta Elvira** explains how to manage a virtual team.

The years change, the world continues. We will be back in a few months with more messages, ideas and news, which we will bring to you, created with you. This is the *Alumni Magazine*.



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Innovation Sets the New Rules of the Game

Global Alumni Reunion 2017



“Set that dream as high as you can,” **Bill McDermott**, CEO of SAP said at the Global Alumni Reunion in Madrid. Because ultimately, innovation hinges on dreaming big.

This was one of the inspirational lessons from the reunion’s academic program, ‘Play New Rules: The Power of Business Innovation’, which was directed by Prof. **Francisco Iniesta**. The program brought together 3,000 participants on November 17, and followed a day of company visits, with a morning of charity sports events wrapping up the three-day event on November 18.

Each business leader unpacked one aspect of how companies can win under the new rules: How can I spark innovation in my organization? How can I protect my firm from cyber-attacks? And what’s the playbook for the fourth industrial revolution?

The speakers’ expertise ranged from product design to outer space, but common threads emerged – such as empathy, resilience and adventurousness – as central to hardwiring innovation into an organization.

Bill McDermott CEO of SAP

Dream Big and Scale It Up

While **Bill McDermott** may lead one of the world's largest software companies, his prescriptions for success are decidedly low-tech: focus on people, dream big and stick to it.

"I think you have to have an absolute passion for people," the CEO of SAP says. "It always begins and ends with the customer." This was a lesson he first learned as a teenager in New York working at a corner shop, and one that he continued to live by as he rose up through the ranks of Xerox, before going on to head SAP.

Next, you have to dream big, **McDermott** says. Soon after he became the CEO of SAP, he spent two weeks defining the purpose of the company. Rather than focus on SAP's technical achievements or its business areas, the company stated its aim - to help the world run better and to improve people's lives. "There's no room for small dreams," he says.

Making those dreams a reality takes hard work and perseverance, along with continuous education and training, a dedication to innovation and improvement, and a strong sense of humility.

"My number one piece of advice is: winners dream. Only you can take your dream away from yourself."



INTELLECTUAL
CURIOSITY IS
NOT ENOUGH,
YOU NEED
INTELLECTUAL
ADVENTURE"



DON'T LET HIERARCHY GET IN THE WAY OF IDEAS"

Tom Kelley
Partner at IDEO

Creativity and the Power of Innovation


The world is undergoing unprecedented change, making creative confidence more vital than ever. That was **Tom Kelley**'s clarion call at the Global Alumni Reunion. Innovation has moved from the edge of the enterprise to "the heart of the matter," he said. Creative confidence is the spark which precedes innovation. Ever had a lightbulb moment and tamped it down for fear of colleagues' reactions? "You need more than just the idea; you need the confidence to act," said **Kelley**.

So how can you facilitate creative confidence? First, take a leaf out of design thinking's playbook, where empathy for your product's user is key. "Technology has to be blended with humanity," he said. Your end-goal needs to be the person, not profit. The next step is to "treat life as an experiment."

James Dyson churned out 5,127 prototypes of his eponymous vacuum cleaner, but each experiment – and his stamina – brought him closer to the world's first bagless vacuum cleaner.

Lastly, **Kelley** urged participants to engage colleagues with storytelling. "I remember Steve Jobs [for whom IDEO designed the first mouse] holding up what looked like an MP3 player," he recalled. "He didn't call it the iPod, he said 'It's 1,000 songs in your pocket,'" said **Kelley**.





THE PROBLEM OF CYBERATTACKS IS HERE AND IT'S HERE TO STAY. WE HAVE TO BE AT LEAST AS INTELLIGENT AS THE ATTACKERS"

Félix Sanz Roldán
Spain's
National
Intelligence
Center
Director

National Secrets in the Era of Transparency

"We are the secret service, but we are infinitely more service than secret," **Félix Sanz Roldán** said. Spain's National Intelligence Center (CNI) serves all its citizens, he stated. While the CNI does advise policymakers and protect the country's business interests, its mission is also to ensure citizens' bank savings are safe, their computers are not infected and even that they can put gas in their cars each day.

Keeping the country safe is a complex task, where victories go unacclaimed but the smallest slip-up could be catastrophic. It's the chosen profession of 3,500 women and men – among them IESE alumni – who live very secretive lives in service to their country.

The CNI looks for specific skill sets, such as Arabic speakers to monitor radical jihadists, or cyber security experts. You also need to have a good head on your shoulders and resilience; after basic training, there's a five-year probationary period.



YOU HAVE TO APPRECIATE THE POWER
OF THE INTERNET, BUT IT'S ALSO VERY
FRAGILE"

Anthony Ferrante
Senior Managing Director
at FT Consulting

Be Prepared For A Cyber Attack

The worst corporate response to a cyber-breach is to sweep it under the carpet, said **Anthony Ferrante**. But that's exactly what many companies do, said the former director of Cyber Incident Response at the White House. Instead, firms should get wise to the new reality: they need to take precautions because there are malicious elements who want to exploit their information. Looking at the Internet of Things (IoT), Ferrante sees upsides, but advises caution. For example, prior to the 2016 U.S. presidential election, the Internet crashed four times. It transpired that someone within the U.S. had exploited software facilitated by an IoT device to conduct a distributed denial-of-service (DDoS). "I don't think that we should re-create the Internet," said **Ferrante**. "But there are risks and we need to manage those risks."

COVER STORY

The Disrupters Disrupted

Continuous innovation is the only true constant for tech companies, from teenagers like Google, to middle-aged Microsoft, septuagenarian HP and the centennial IBM. For example, Microsoft is immersed in a deep transformation which has led the tech giant to dump some of its old ways. The outcome is a leadership with a clear mandate to “generate clarity, generate energy and generate results,” said **Pilar López**, CEO of Microsoft Spain. Part of that was learning to be humble: “We want to be the company that can learn it all... not the company that knows it all,” she said.

HP is emerging from a transformation which resulted in the company cleaving into two in 2015, HP (hardware) and HP Enterprise. **Helena Herrero** (PADE '02), president and CEO of HP Spain and Portugal, said the split has produced more “focused, nimble and agile” organizations. For **Herrero**, leaders need to work on the ‘how’ of transformation. At HP, that meant “really listening with both ears” to customers, engaging employees and seeking collaboration internally and externally.

As one of tech’s founding fathers, IBM has seen over a century of innovation. Five years ago, Big Blue exited low margin sectors to focus on hardware and software as well as cloud, data analytics and security products. Along the way, the company learned how important it was to close the gap between strategy and execution, a process requiring resilience and persistence. “Transformation is a long-distance race,” said **Marta Martínez** (PADE '05), general manager of IBM Spain, Portugal, Greece and Israel.

Even Google, one of the first-generation unicorns, has lived several transformations. “We were born on desktops so we’ve had to move to mobile. We’ve built all our platforms from scratch,” **Fuencisla Clemares** (MBA '00), country manager for Spain and Portugal, told participants. And the company continues to evolve, into artificial intelligence and big data.

Exponential growth in computer processing means tech firms have more data than ever. Microsoft’s **López** described it as the ‘oil’ of 21st-century enterprise. “There is no strategy without data,” the business leader said. But as Google’s **Clemares** pointed out, “The key is how to gain insights from it.”

IBM’s **Martínez** reported that IBM’s Watson Analytics tool helps a billion people to make sense of their data. HP’s **Herrero** flagged up the European Union’s tough new data protection law, the GDPR – General Data Protection Regulation – which comes into force in May 2018. “The fines for misuse of data are impressive,” **Herrero** said.

Whatever lies ahead, **Martínez** was certain of one thing: “this is the new normal: change and comfort can co-exist.”

A close-up photograph of Fuencisla Clemares, a woman with shoulder-length brown hair, wearing a dark purple top. She is gesturing with her right hand while speaking.

Fuencisla Clemares
Google’s Country Manager
for Spain and Portugal



Javier Muñoz
Director of the IESE
Alumni Association

Jorge Sendagorta
President of the IESE
Alumni Association

Prof. Franz Heukamp
IESE’s Dean



Helena Herrero
President and CEO
of HP Spain and
Portugal



Pilar López
CEO of Microsoft
Spain



Marta Martínez
General Manager of
IBM Spain, Portugal,
Greece and Israel



Prof. Francisco Iniesta
Global Alumni Reunion
2017 Academic Director

IESE's Madrid Campus Goes Big

As Prof. **Iniesta**, academic director of the Global Alumni Reunion, noted, Madrid is home to one of IESE's largest and most vibrant communities of alumni. That 15,000-strong community will soon have even greater support as Dean **Franz Heukamp** revealed that IESE will break ground on a state-of-the-art expansion of the Madrid campus in mid-2018, doubling its size and facilitating further growth (see infographic on page 30).

The existing campus, inaugurated in 1991, is running at capacity delivering management programs, custom and focused programs as well as the Executive MBA (EMBA), an activity that will increase when the €24 million expansion has taken place.

Andrew McAfee

Co-Director of MIT's Initiative on the Digital Economy

Digital's Impact on Business Shibolles

"The playbook for business schools was written in the industrial era... technology rewrites the playbook," **McAfee** said. The MIT scientist drilled down on the changes prompted by artificial intelligence, autonomous machines and crowdsourcing. Received wisdom suggests robots can do grunt work, but we need gurus who can 'go by their gut' on decision-making. But **McAfee's** research shows that 'geeks', who take dispassionate, data-driven decisions, are eight times more likely to get it right. Moreover, computers are bias and prejudice-free. **McAfee** recounted how Google's Alpha Go prevailed over the world's top player with an unorthodox early move. "There are two classic opening strategies for Go, and kids are told that any other moves are just plain wrong," he said.

McAfee also drove a truck through the advice that companies need to focus on their core competencies. "If you can harness the power of the crowd, you can easily beat the core," he said. For example, a U.S. government agency posted a seemingly intractable problem on TopCoder.com. A coder (and industry outsider) solved it in 10 minutes.



WE SHOULD
BE LESS
FOND OF OUR
JUDGMENTS
AND COMBINE
THEM WITH
THOSE OF
MACHINES"





WE NEED TO
LOOK AFTER
THE PLANET.
WHEN YOU
SEE IT FROM
OUTSIDE, YOU
SEE IT'S NOT
INFINITE"

Pedro Duque

Astronaut in the European Space Agency

Extra-terrestrial Management Skills

Teamwork is a key competency for business leaders. But in space exploration it's crucial, said Spain's first man in space. "It's essential that the crew is a team before take-off because you will survive as a team or not at all," the two-time space mission veteran said.

Decision-making is another ability which takes on another dimension when just 3mm of metal separates crew members from an extremely hostile environment. Preparation is the key to success. "We have two books with 6,000 pre-taken decisions... if a red light appears [on a mission] you can't try anything new," said the astronaut.

Space exploration has spawned innovations such as satellite imaging – an industry where **Duque** held leadership roles before returning to the European Space Agency. "Outside aerospace, you can ask a group to do something, but they don't have to. You need to adapt your leadership style," he noted.

Elon Musk and **Jeff Bezos** are spearheading the next phase of exploration and **Duque** has no doubts missions to Mars and hotels in space will become reality. "They're just around the corner. It's just a question of resources."

Reflect, Connect, Play

Alumni network, learn lessons for the workplace and get a solidarity work-out

The academic conference was perhaps the most memorable part of the 2017 Global Alumni Reunion, but the gathering had many other highlights. One such was the reunion's gala reception and dinner held at the glittering Casino de Madrid – one of the most elegant buildings of central Madrid, and a world heritage site – on the Friday evening. Over 500 alumni had an opportunity to unwind and catch up with old friends, sharing memories of their time at IESE, as well as reflecting upon and discussing the lessons of the day with new connections.

The gala dinner was one of the initiatives that came from dialog with alumni, without whom the Global Alumni Reunion would not be such a vibrant success. Wrapping up

the academic program, Dean **Franz Heukamp** extended his sincere thanks to all IESE alumni who had facilitated the stellar program of company visits on November 16.

The impressive line-up encompassed a wide range of industries, from tech giants such as Google (Campus Madrid), Amazon and Airbus Military to the luxury goods and fashion sectors, which were represented by Omega-Zegna and homegrown hero Inditex, parent company of the Zara and Massimo Dutti brands.

In the medical sphere, Clínica Universidad de Navarra (CUN) welcomed around 100 alumni to its recently inaugurated Madrid hospital. But it perhaps comes as no surprise that the top draw was the opportunity to get the inside track on Real Madrid, one of the world's most successful football clubs both on and off the pitch.

Networking

The Global Alumni Reunion offers alumni the opportunity to unwind and catch up with old friends, while making new connections as well.



LIGHTING UP THE INTERNET

Although some 3,000 alumni descended on Madrid's Palacio de Congresos for the academic program on November 17, there were of course many more who were unable to attend. As a result, alumni lit up the internet with posts, tweets, photos and live reports from the event, keeping all of the IESE community in the loop while the speakers got the conference hall buzzing.

Over 5,000 people followed the action and heard from the Global Alumni Reunion's expert speakers via special coverage designed for the event, with exclusive interviews offered on Facebook Live.

Twitter was the perfect platform to share the thought-provoking and insightful soundbites from the program's expert speakers, which featured in over three million timelines. Photos posted to #IESEGAR also got the Twittersphere talking with 360 comments and retweets.

IESE also shared the content on LinkedIn, where it appeared on 24,000 timelines. Staying in the digital dimension, the Alumni Association provided a Global Alumni Reunion app so that participants could interact and stay informed of the program in a quick, responsive and user-friendly way. The app was a big hit with alumni, with 763 downloads and prompting some 3,500 user contributions.

LET'S PLAY TOGETHER

"A healthy body equals a healthy mind, and a healthy mind takes care of business," according to **Richard Branson**, entrepreneur and founder of the Virgin Group. The alumni who raised their heart rates with a morning of sport after the academic sessions would certainly agree.

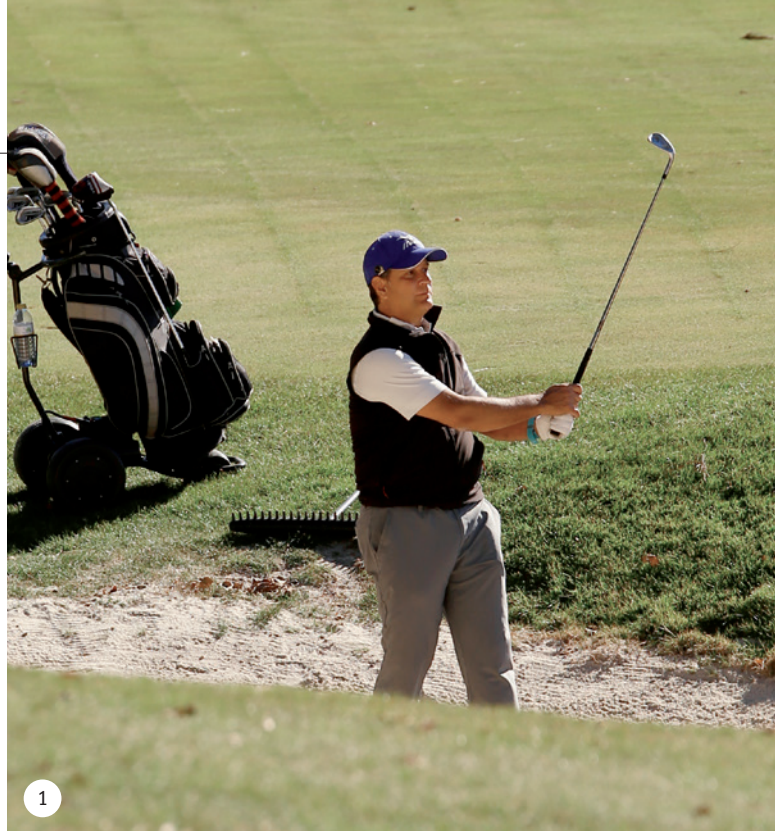
The Santander Group kindly hosted the charity sports program, comprising a golf tournament, a 10km road race and a 'padel' tennis contest, at its leafy corporate headquarters in Boadilla del Monte, outside Madrid, on November 18. All funds raised were donated to the food bank charity, Banco de Alimentos de Madrid, and AECC, the Spanish Association Against Cancer.

As Dean **Franz Heukamp** noted at the academic program, alumni from Germany represented the single big-

Charity tournaments

Following the academic activities, hundreds of alumni got a work-out in the charity sports program hosted by the Santander Group.

1. Over 100 golfers competed in the Solidarity Golf tournament sponsored by Omega.
2. Starting line of the 10km race that took place around Santander's campus.
3. More than 70 alumni gathered for 'padel' tennis, playing for gold in men's, women's and mixed tournaments.



COVER STORY



1



2



3



4

gest group after Spain. The cohort was well represented in the 10km race through Santander's lush campus, with **Anne Baranowski** (PMD Munich '15) first to cross the line in the women's race. **Alessia Maggiulli** took the silver and **Anna Vera** (PDD '03) was third. In the men's race, gold went to **Pablo Calleja**, followed by **Carlos Feijóo** (PDD '08), while **Christoph Rüssel** (AMP Munich '13) was the third on the podium.

The more than 100 golfers who competed in the Solidarity Golf tournament took it at a more leisurely pace through the campus, but were no less competitive. **Alejandro Lafarga** (PADE '17) took top honours in the scratch competition, as well as an invitation – kindly provided by Omega, the tournament sponsor – to participate in the Omega European Masters to be held in Switzerland in September 2018. **María José Palanca** (PDD '15) won the ladies' game in the first category competition and **María Sánchez** (PDD '16) won in the second category. In the men's competition, **Pablo Machado** (EMBA '17) took the top spot in the first category game and another Executive MBA alumni, **Carlos Ponce** (EMBA '16), prevailed in the second category.

Over on the *padel* tennis courts, more than 70 alumni gathered. **Natalia Centenera** (MBA '88) and **Mari-ta Centenera** (PDG '08) were the winning team in the women's tournament. In the men's competition, "Team Suárez" – **Álvaro Suárez** (EMBA '16) and **Javier Suárez** (EMBA '15) – carried the day. The winners in the mixed tournament were **Luis Fernando Rodríguez** (PDG '99) and **Javier Huergo**.

The Alumni Association thanks all alumni for their participation, both online and off, across the packed, three-day program and looks forward to seeing as many of you as possible in New York, on October 11-13, for Global Alumni Reunion 2018.

Other alumni activities

In addition to the conferences and top-level speakers, participants in the Global Alumni Reunion were also free to enjoy a full program of social and networking activities.

- 1.** Exclusive interviews on Facebook Live allowed thousands of people to follow the action from wherever they wanted. Here, **Javier Muñoz**, director of the Alumni Association, speaks.
- 2.** The reunion's gala reception and dinner was held at the Casino de Madrid.
- 3.** Introductory session to a company visit, one of the highlights of the program. Google Campus, Amazon, Airbus Military, Real Madrid and Omega-Zegna were some of the companies that alumni had the chance to see from the inside.
- 4.** Clínica Universidad de Navarra (CUN) welcomed around 100 alumni to its recently inaugurated Madrid hospital.



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See you in New York

IESE Global Alumni Reunion
11-13 October 2018
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HOW MULTINATIONALS ACQUIRE SOCIAL ENTERPRISES

Can Corporate Social Responsibility Be Bought?

When large corporations acquire businesses with high levels of corporate social responsibility, they must decide which ethical practices to adopt, and which to reject. Depending on the organizational identity orientation of both firms, this attempt to “buy” corporate social responsibility can succeed or fail.

ANTONINO VACCARO
Associate
Professor of
Business Ethics,
IESE



“When you are led by values, it doesn’t cost your business, it helps your business,” said **Jerry Greenfield**, one of the co-founders of Ben & Jerry’s ice cream. He obviously knew what he was talking about: **Ben Cohen** and **Jerry Greenfield** turned their small Vermont ice cream shop into a hugely successful multi-million dollar business. All the while, Ben & Jerry’s made a point of working with sustainable, fair-trade certified suppliers, using environmentally friendly packaging and creating business opportunities in their community.

But when Unilever scooped up the ice cream manufacturer in 2001, fans of the brand were worried.

Could a multinational like Unilever continue Ben & Jerry’s conscientious legacy? Would they care about corporate social responsibility (CSR) – or only about profits?

Fortunately, Unilever followed Jerry’s advice and committed to ethical values that have greatly helped their business.

Since the takeover, Ben & Jerry’s has gone from strength to strength, and has maintained its public image as a socially responsible business. In fact, a large multinational acquiring the brand may have been “the best way to spread Ben & Jerry’s enlightened ethic throughout the business world,” according to Unilever’s then-CEO.

The Ben & Jerry’s/Unilever story has a happy ending: the brand has increased both its profits and social impact.

ACQUISITIONAL MISMATCH

Meanwhile, The Body Shop – a brand known for supporting fair-trade, green and anti-animal-cruelty causes – was bought by industry leader L’Oréal. Yet afterward, L’Oréal failed to live up to The Body Shop’s customers’ standards.

The multinational continued various practices antithetical to The

Body Shop's values, such as testing on animals and prioritizing competitive pricing over environmental sustainability, and the brand suffered.

So what was the difference? Why did Unilever manage to "buy" corporate social responsibility through acquiring a socially responsible company, while L'Oréal failed?

And, more broadly, why do some multinationals so easily adopt ethical practices when they acquire socially oriented companies while others struggle to do so?

TWO MAIN FACTORS

It all depends on two main factors: the organizational identity orientation of both companies, and the ideological distance between them.

In short, the smaller the ideological distance between the organizational identity orientation of the multinational and the ethical company it is acquiring, the more likely it is that the multinational will adopt new ethical practices.

So corporate social responsibility *can* be bought – but only if multinationals focus on acquiring companies that have a similar orientation to them.

To really understand what motivates large corporations' actions after acquiring a socially motivated company, a deeper understanding of organizational identity orientation – and how it determines ideological distance – is necessary.

ORGANIZATIONAL IDENTITY ORIENTATION

To make decisions about practices and strategy, a company must have a strong sense of what kind of company it is.

Stuart Albert and **David A. Whetten** (1985) define a company's organizational identity as its answer to the question "who are we as an organization?" This includes members' shared perceptions of those attributes that:

- 1) Are fundamental (central) to the organization.
- 2) Capture its distinctive qualities.

Managers at multinationals can buy CSR – if they acquire a company compatible with their own company culture

- 3) Persist over time.

The concept of organizational identity orientation goes one step further. This recent idea describes how the company thinks of itself in relation to other actors.

The company's mission statements, strategies, shared interests and agendas – how it understands and presents itself to its stakeholders – are all determined by its organizational identity orientation.

Organizations use their dominant identity orientation as a frame of reference when they decide which practices to adopt. So, the kind of organizational identity orientation a company has determines whether or not they will introduce new CSR practices when they acquire a socially responsible company.

Empirical research conducted by **Shelley L. Brickson** (2005) shows that firms have three main types of organization identity orientation:

● Individualistic

Individualistic companies are primarily concerned with their own profitability, and view relationships with other entities as a means to achieve their own goals.

Multinationals are likely to be individualistic in nature, while the socially focused organizations they acquire are not.

Individualistic multinationals are primarily interested in CSR practices that will directly enhance their profitability. If there is a good business case, these companies will adopt practices that enhance employee empowerment or appeal to a new customer base that seeks ethical products.

● Relational

Companies with a relational orientation prioritize the wellbeing of stakeholders who have a relationship with the company, such as employees and/or local communities.

Large multinationals and small social enterprises may both be relationally oriented. Relational companies see CSR as a way of benefiting specific people and groups of

people connected to the business. They frequently adopt CSR practices that address the particular needs of stakeholders, such as introducing worker benefits to build trust and supporting local environmental initiatives.

● **Collectivistic**

Companies in this category prioritize the wellbeing of stakeholders, but in a much broader sense than relational companies do.

These enterprises seek to benefit society in general. Multinationals rarely have this orientation, while socially responsible acquisition target companies are frequently collectivistic.

Collectivistic firms adopt practices that promote collective social change and social welfare. These firms typically seek to benefit the greater good through CSR, like promoting environmental awareness or eliminating human rights abuses.

IDEOLOGICAL DISTANCE

Borrowing a concept from political science known as “ideological distance” allows us to measure how close multinational acquirers and their target companies are in terms of their organizational identity orientation.

The ideological distance is the degree of difference that companies perceive between their identity orientation and that of another company – and it is extremely important in acquisitions where CSR is a key part of the purchase.

There are three basic scenarios that predict how much – or little – a multinational will incorporate CSR practices following an acquisition.

● **Symbolic adoption**

Individualistic multinationals (such as L'Oréal) who acquire collectivistic social enterprises (such as The Body Shop) tend not to change their policies, but may try to appear socially responsible or take on causes in a **symbolic** way. For example, The Body Shop's labels always proudly

proclaimed “no animal testing.” Pragmatic industry-leader L'Oréal noted that products with these labels could not enter China's lucrative market where animal testing is required by law, and changed them.

With such a wide ideological distance between the two companies, L'Oréal mainly used The Body Shop's CSR credibility for public campaigns rather than in changing its operational practices. However, that backfired. Customers were irate, and the brand was weakened by association with its new owner.

● **Selective adoption**

Better than symbolic adoption, **selective** adoption occurs when the acquiring multinational is moderately – but not totally – ideologically distinct from the company it acquires.

This can occur in two different ways. In the first case, an individualistic multinational buys a relationally oriented social enterprise. Typically, this level of ideological distance means the acquiring company will adopt socially responsible practices only if they increase profitability.

A classic case is Colgate's acquisition of natural dental brand Tom's of Maine. Colgate primarily used this takeover as an opportunity to expand its reach in the naturals segment. But they also continued some sustainable practices, like the Tom's of Maine ‘stewardship model,’ knowing that this would help them to retain the natural brand's customers.

The second case of selective adoption occurs when a relational multinational acquires a collectivistic business. Here, the acquiring company will adopt new socially responsible methods, but typically prioritizes practices that focus on particular stakeholders or communities rather than on wider social goals.

One example is Unilever's acquisition of Ben & Jerry's. Unilever committed to many of the latter's socially progressive practices, par-

ticularly those that directly benefited its local communities. But the multinational did not continue the politically motivated practices that were once also part of the Ben & Jerry's brand.

Wider political action was simply not appropriate to Unilever's sense of itself as a relational, but not collectivist, company.

● **Significant adoption**

If both the acquiring and acquired company are relationally oriented, the multinational is likely to **significantly** adopt many CSR practices.

This was evident in Danone's acquisition of Stonyfield Organic Yogurt. Danone used the takeover as an opportunity to develop its existing ethical practices. Even at the expense of the bottom line, the multinational was willing to incorporate new ways of doing things, like when Stonyfield convinced Danone to install expensive pollution-preventing production techniques. By significantly adopting many new ethical practices, Danone built a reputation for strong community relations and sustainability.

In all of these cases, the level of alignment (or “ideological distance”) between the companies' organizational identity orientations helped predict how fully new CSR practices were taken on by the acquiring company.

For a new generation of consumers, corporate social responsibility is key. The case studies show that managers at multinationals can buy CSR – if they acquire a company compatible with their own company culture.

Making a perfect match requires research and effort, but can let CSR practices flourish and benefit both business and wider society.

MORE INFORMATION:

Wickert, C., Vaccaro, A. & Cornelissen, J. “Buying” Corporate Social Responsibility: Organisational Identity Orientation as a Determinant of Practice Adoption. *Journal of Business Ethics*, Vol. 142, No. 3, 2017, pp497-514

PEOPLE AND MACHINES WORKING IN SYNC

The Building Blocks of Industry 4.0

The business models of industrial companies are about to change radically, and they must adapt their skill sets to the digital world or get left behind. Through an analysis of interviews, case studies and collaborations with firms at the leading edge of this field, we can identify the key building blocks for the successful implementation of Industry 4.0, and its implications.

MARCSACHON

Professor of
Production,
Technology
and Operations
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IESE



During the global financial crisis, countries with a solid manufacturing base suffered less than service-based economies. This was certainly the case for Germany, whose *Mittelstand* of small and medium-sized firms, many of them manufacturing-based, were able to maintain or expand their workforce. Recognizing that manufacturing contributes greatly to job creation and innovation, the German government laid out its future industrial policy in 2011, called Industry 4.0, a term which has since entered the vernacular. Other countries are following suit, including the United States, with administrations since Obama aiming to re-industrialize the economy.

In fact, smart machines, products and infrastructure can already be connected to collaborate in dynamic ways. This networked model of production – in which all levels of IT systems within a company and across companies in a value chain are connected and share data and information – is the next iteration of everything that came before. When fully deployed, Industry 4.0 holds the promise of reconfigurable

production systems and intelligent, networked tools, machines, facilities and products that communicate among themselves and with the workforce, using augmented reality or other means of communicating relevant data quickly, intuitively and efficiently. Moreover, smart products and components will provide information, and the production system will automatically adapt to product-specific needs. Tools, machines, facilities and products will contain sensors that provide data necessary for decision-making. Because this can be done in an automated way, people will focus more on generating value for customers, and less on monitoring machines or production processes.

FIVE BUILDING BLOCKS

Industry 4.0 holds implications for value creation, business models, downstream services and work organization. To reap the benefits, however, five building blocks have to be in place.

1 Data Generation and Capture

First, the physical system needs to be mapped digitally, so that it can be analyzed and optimized. The cost of sensors, RFID and other key communication technologies has come down significantly, and they

are now ubiquitous enough to be leveraged for Industry 4.0. In addition, the IPv6 Internet protocol is finally ready to replace the current standard, IPv4. IPv6 offers 340 undecillion (a number followed by 36 zeros) unique addresses. This allows unique and faster point-to-point connections, including for mobile devices. More important, with IPv6, everything that can be found in a factory or value chain – machines, tools, individuals, products and customers – can be assigned its own IP address, which means assets and working capital can be traced more precisely.

For those worried about the huge volumes of data this will generate, the good news is that the cost of storing big data is dropping exponentially. Moreover, the decentralized storage capabilities of the cloud permit multiplatform access, continuous hardware updates and conversion from Capex to Opex, without any asset investments. The large volume of data from many different sources, with significant variety and the need to be processed quickly, can be handled through smart filters and distributed intelligence at the level of the component, piece, product, tool and/or machine. That is, basic decisions can be made in situ, without “connecting.” Only in case of emergency (i.e. when something out of the ordinary occurs) is data sent to the cloud to be analyzed more closely. Other solutions come through advanced algorithms and machine learning, which will help us identify patterns emerging from the great volume of data. These condensed data will be highly valuable, not just for the task at hand but also at the meta-level, when analyzing company-wide or value chain-wide data. In this regard, platforms become important.

② Data Analytics

Fortunately, we already have cyber-physical systems capable of processing and analyzing the great quantity of data involved in Industry 4.0. When a factory is digitally connected, rich data insights can be



gathered, optimized and used, not only to improve operational processes, but also at the strategic level for decision-making.

Say you have separate manufacturing facilities in Europe and Asia. Data analytics can compare demand patterns, leading to better forecasting or early detection of market trends. When similar problems emerge in different facilities, they may indicate a systemic problem with a machine, a process or a supplier, and preventive maintenance can be undertaken. Any entity that has access to all these data – preferably via a platform – will gain a better understanding of where things currently stand, as well as trends for economic modeling.

Of course, this calls for more scientists skilled in analyzing and interpreting these data, and new worker profiles.

3 Human/Machine Interaction

The integration of numerous IT systems at various levels of the organization requires sophisticated management. Several companies have developed cloud-based platforms for industrial use, including Siemens' MindSphere and General Electric's Predix. One of the most challenging interfaces, however, is between humans and machines.

When someone has to make a decision, any information that has been generated from data gathered in the production network has to be presented in an integrated, intuitive way, and in the right context. Products such as Microsoft's HoloLens holographic glasses offer solutions to this problem. These glasses make it possible to view data interactively in 3D (for example, color-coded graphics instead of Excel tables) and allow workers to perform maintenance remotely from any location.

Say a machine has a problem that an onsite worker cannot solve. The holographic glasses make it possible to share a 3D image with headquarters on another continent, where a resident expert can talk the user

Collaborative robots, or cobots, resolve problems related to high worker turnover and rapid increases in production

through the steps of repairing the machine. Social media can also help: company employees or others in the value chain can post problems and get support from the wider community. Cisco, Audi and NASA, among others, are experimenting with these approaches.

4 Flexible Production

Recent advances in robotics, automation and additive manufacturing are now capable of giving factories the flexibility they need to respond to changes in demand, leading to more efficient processes and business models.

Consider collaborative robots, or cobots: a technological leap based on built-in sensors. Unlike other robots that had to be cordoned off from workers to protect the latter from injury (increasing costs), cobots react or stop when they come into contact with a worker. This lets people work closer to robots, performing cooperative tasks, as happens at plants for gearbox assembly in the automotive sector. In addition, for the first time, robots are able to "sense" things as complex as the change in center of gravity of a beer mug or the bend in a rubber hose.

Given their smaller sizes, cobots are of growing interest to Asian manufacturers of electronics products (such as cell phones). They can be placed in 60cm x 60cm work spaces in giant factories, thus resolving problems related to high worker turnover and rapid increases in production (when a highly successful product is launched, as many as 50 percent more workers are required). In the automotive industry, a robot equipped with a camera (the most versatile sensor) and the right software could "learn" the best weld spots for manufacturing a car. If such robots were connected to a platform, other robots and the platform itself could also benefit from this learning.

The other technology with great disruptive potential is industrial 3D printing (not to be confused with printers from the Maker Movement,

which is B2C). 3D printing makes it possible to generate highly complex components without molds, resulting in features that were unthinkable with traditional manufacturing (lathes, drills and so on). The fact that 3D printing eliminates molds means that there are no significant economy-of-scale effects. And, as its name implies, additive manufacturing is based on adding only the material necessary to making the product – almost without waste.

Europe has global leaders both in robotics (KUKA and ABB) and in 3D printing (EOS and Concept Laser). The most important aspect of these technologies in relation to the connected factory is their great potential to lower barriers to the manufacturing sector. With highly flexible robots and industrial 3D printing there will be “printer farms” (similar to the concept of cloud “server farms”). These farms will allow companies, such as those in the automotive industry, to manufacture products without having these machines in their factories or on their balance sheets. This will be a very disruptive change in value chains worldwide.

5 Intellectual Property

Providing reliable IP protection will be a key requirement for establishing platform-based business models in Industry 4.0. With 3D printing, anyone who has access to the designs, a 3D printer and the raw material would be able to produce “originals.”

Two interfaces need special attention for their vulnerability to external manipulation: the link between production data and business data; and the link between mobile devices used for human-machine interaction and the corporate IT structure (especially in a bring-your-own-device environment). Given the complexity of Industry 4.0 systems, the best way to protect your business is to start at the lowest level – where data are created and captured via sensors and at the transmission points. The exponential growth of connected

elements makes this a challenging yet vitally important issue.

FUTURE IMPLICATIONS

Moving toward Industry 4.0 has several serious implications.

● Worker profiles

The profiles of people working in industry will change across all levels. Engineers, for example, will have to learn new approaches to product and process design, because 3D printing offers much more freedom than current technologies. The ubiquity of the Internet and the immediate access to the knowledge stored in it will change the concept of knowledge worker. Knowledge workers will go from being highly trained experts to being professionals capable of finding solutions to complex problems quickly, based on experience and smart use of the Internet. These new professionals will be known as “cyberworkers.”

● Cybersecurity

When all machines, tools, working capital, IT systems and even people are connected through the Internet, any manipulation of data at any level will lead to consequences ranging from suboptimal performance to catastrophic failure.

● Software-defined differentiation

The move toward networked production assets and smart products with connected sensors and computing capabilities will drive products toward software-based individualization. Hence, product differentiation will be software-defined rather than hardware-driven. This pushes the point of product differentiation to the customer, resulting in significant supply-chain savings and reducing operations complexity.

● Platform business models

The advantage of platform business models over traditional supply chains is that they scale faster and are more flexible. This means that established industry leaders and en-

tire sectors will be confronted with new competitive challenges, and they run the risk of being disrupted.

Meanwhile, Industry 4.0 is not taking place in a vacuum. Innovations happening in other fields – in process technologies, advanced materials, nanotechnology, cognitive systems and advanced mechatronic systems – have the potential to shake up the whole structure of production systems. When these wider developments are combined with data-driven platform business models, you have the perfect setting for recombinant innovation. Given these features of Industry 4.0, we can anticipate the emergence of platform business models in the asset-heavy manufacturing sector. Siemens, General Electric and others are already offering products as a service.

We can also expect to see new production technologies – 3D printing, cobots, sensors – being recombined and bringing about other new technologies. An acceleration of new technological developments, driven in part by the ongoing digitalization of industry, will give rise to untold business models and opportunities. To play a leading role in this future world, manufacturers will have to develop competencies in connected factories, products and services as well as in platform business models. Only then will manufacturers be able to address one of the biggest challenges of Industry 4.0: the construction of completely new structures that leverage the full potential of the entirely digital factory – a factory with a future.

Source: Sachon, M., “Five Building Blocks for Cyber-Physical Value Chains.” *IESE Insight*, issue 33 (2017): pp. 15-22.

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B. SEBASTIAN REICHE, ALLAN BIRD, MARK E. MENDENHALL AND JOYCE S. OSLAND

There is no single global leader type – when it comes to hiring a director, the necessary profile required needs to be analyzed in terms of the level of complexity of the tasks and the responsibilities that they will have to take on. So, an incremental leader may focus on technological innovation, while an operational leader may prioritize tasks and resources from a market standpoint. The connective leader may consider the details of interactions and travel frequently. Finally, an integrative leader must manage trade-offs and coordinate distinct groups.

MORE INFORMATION:
IESE Insight/Leadership and People Management

Case



YouTube: How to Replay Success?

ISABEL VILLAMOR AND MARTA ELVIRA

Susan Wojcicki built a career taking risks. She joined Google when the company was just a start-up. She helped create AdWords, Google Analytics and AdSense. When she backed Google Video, YouTube emerged and overtook it. Quickly, she persuaded Google to acquire YouTube for \$1.65 billion – a gamble that paid off, with YouTube's market value surpassing \$70 billion when this case was closed. Now, as CEO of YouTube, she has to decide which way to go next, in a fast-moving, volatile internet video space populated by Amazon, Netflix, Hulu and more. Will she be able to repeat her past success or could her winning streak run out?

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SWITZERLAND, THE MOST COMPETITIVE COUNTRY

KLAUS SCHWAB AND XAVIER SALA I MARTIN WITH PASCUAL BERRONE AND MARÍA LUISA BLÁZQUEZ

For the ninth consecutive year, Switzerland leads the Global Competitiveness Index of the World Economic Forum. The United States is in second place, Singapore falls to third and the Netherlands (4) and Germany (5) hold their positions. Spain, at number 34 of the 137 countries analyzed, fell two places. The report highlights that many countries are not well prepared for innovation and automation. Professor **Pascual Berrone** and researcher **María Luisa Blázquez**, of the IESE International Center for Competitiveness (ICC), collaborated, providing data for Spain.

MORE INFORMATION:
IESE Insight/Economics

CONSERVATIVE BIAS IN FAIR VALUE MEASUREMENT

MARC BADIA, MIGUEL DURO, FERNANDO PEÑALVA AND STEPHEN RYAN

• The authors of this investigation have found evidence that companies tend to calculate the fair value of their financial assets in a conservative manner when illiquid markets are involved. This bias is accentuated when there is greater uncertainty about the value of the assets; in companies that have knowledgeable investors; when

the companies feel pressured from their investors and governing bodies; and when they hire the best auditors. These findings contradict the beliefs of many investors, including **Warren Buffett**, that there's an optimistic bias in the measurement of fair value.

MORE INFORMATION:
IESE Insight / Accounting and Control

Mergers and acquisitions improve productivity

THEODOSIOS DIMOPOULOS AND STEFANO SACCHETTO

The authors of this report find that mergers and acquisitions improve overall productivity – it is the economy as a whole that benefits, and not just the partners that sign them or the investment banks contracted for the operation. For example, when Google spends billions on acquisitions, it incentivizes the activity of startups, since entrepreneurs yearn for their business to be the next bought by the company.

MORE INFORMATION:
IESE Insight/Economics



A more flexible supply chain does not always pay

VICTOR MARTÍNEZ DE ALBÉNIZ AND EDUARD CALVO

In fashion, electronics and other products with short lifecycles, efforts are made to minimize the time products spend at the point of sale. Rapid product rotation is sought with sold-out products not being restocked but replaced by other, even newer products. But, when the shops want to place a new order for a successful product, whom should they call? The original supplier, who might guarantee a good price, but a longer waiting time? Or an alternative provider, faster and local but perhaps more expensive? The authors question the idea that companies must be as flexible as possible, with a model that bases decisions on a series of specific factors. They conclude that if prices are agreed upon beforehand it is often more profitable to work with a single supplier, both for scheduled and urgent orders.

MORE INFORMATION:
IESE Insight / Service and Operations Management

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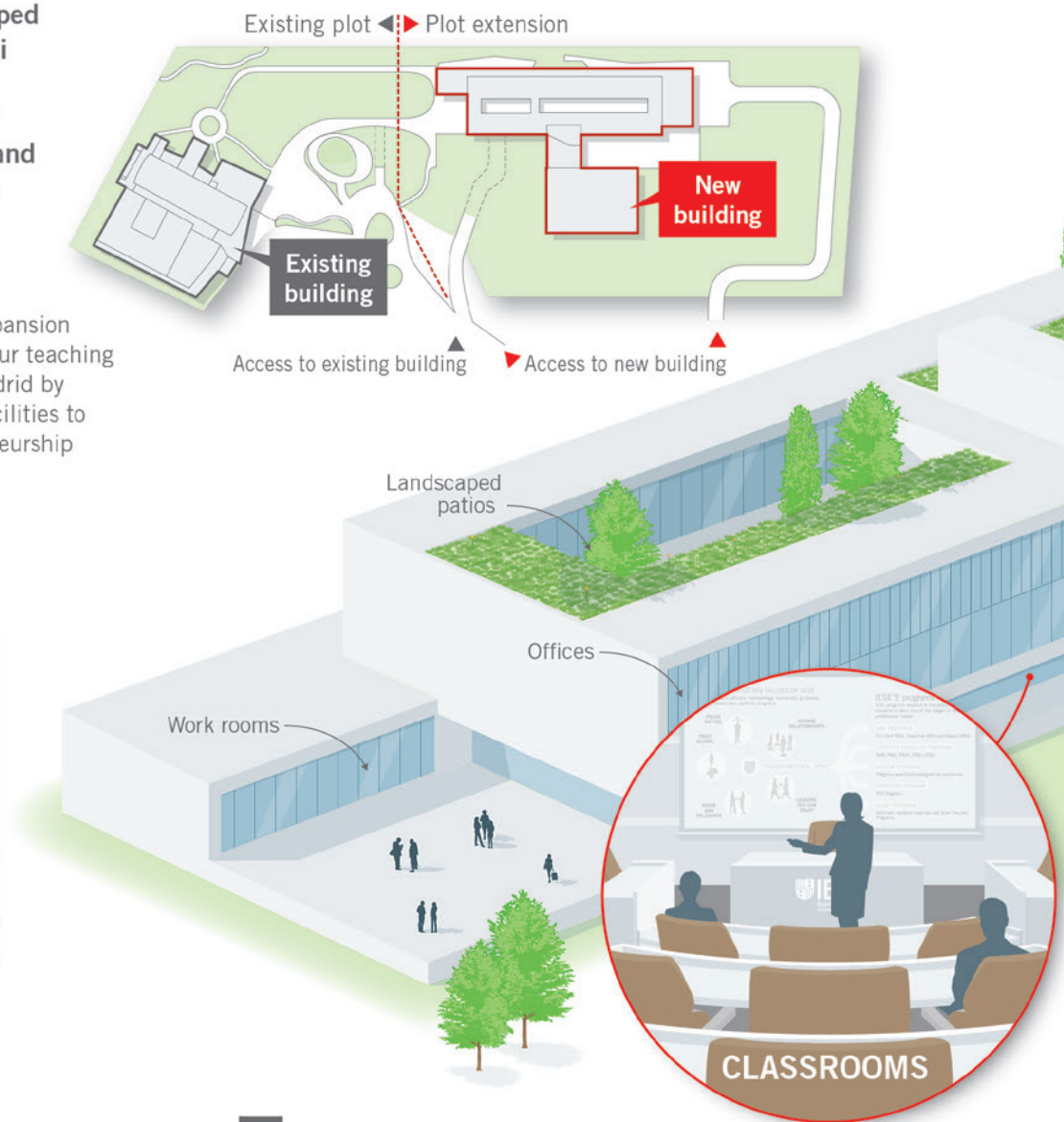
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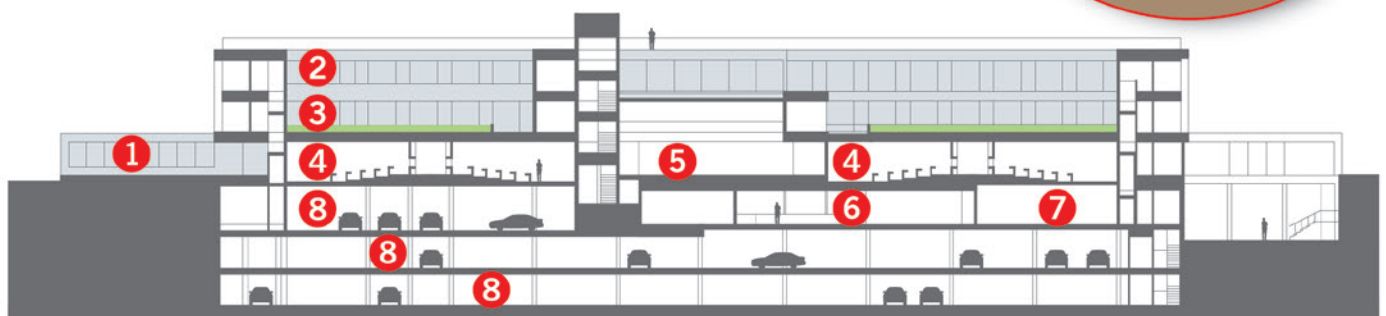
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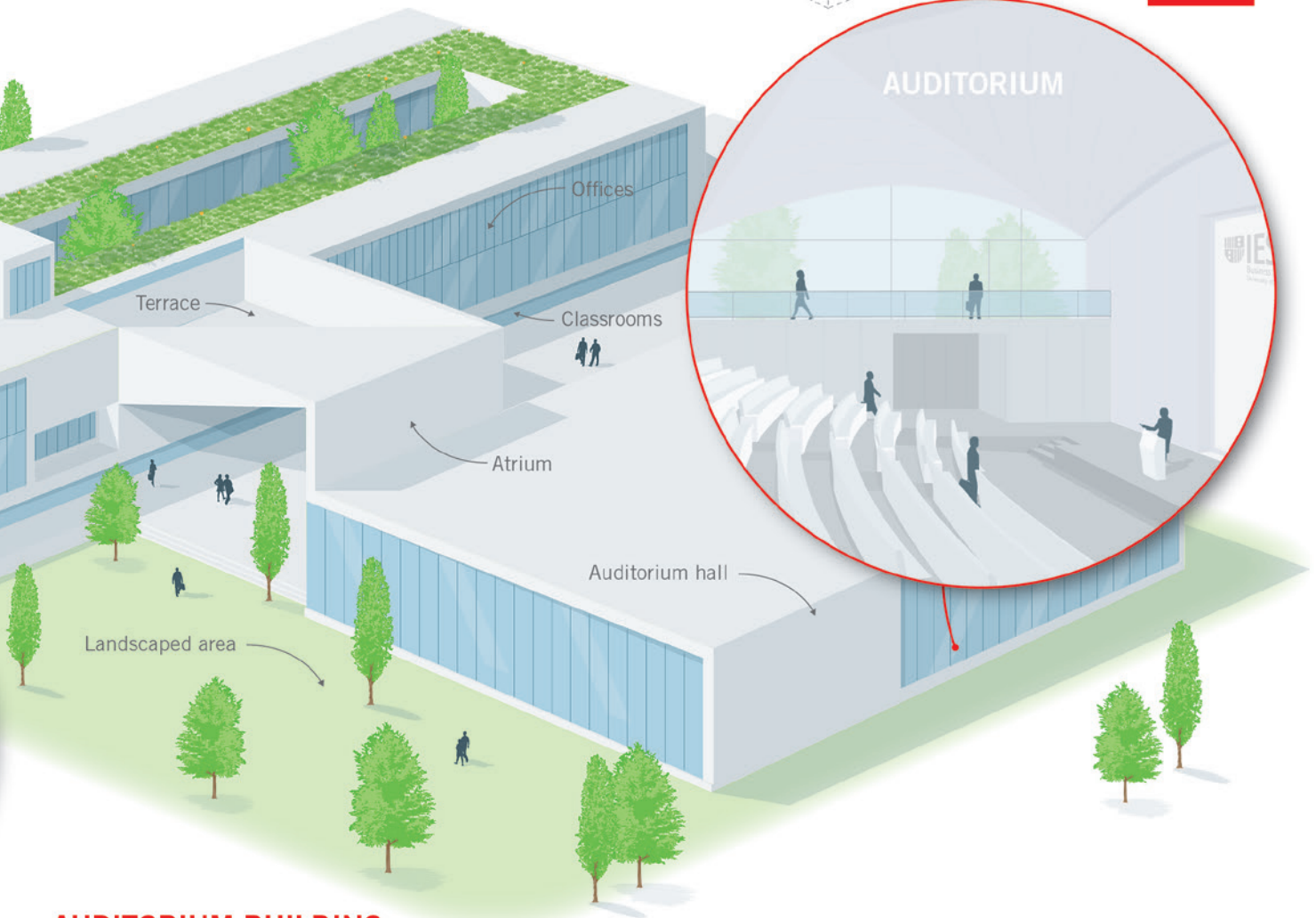
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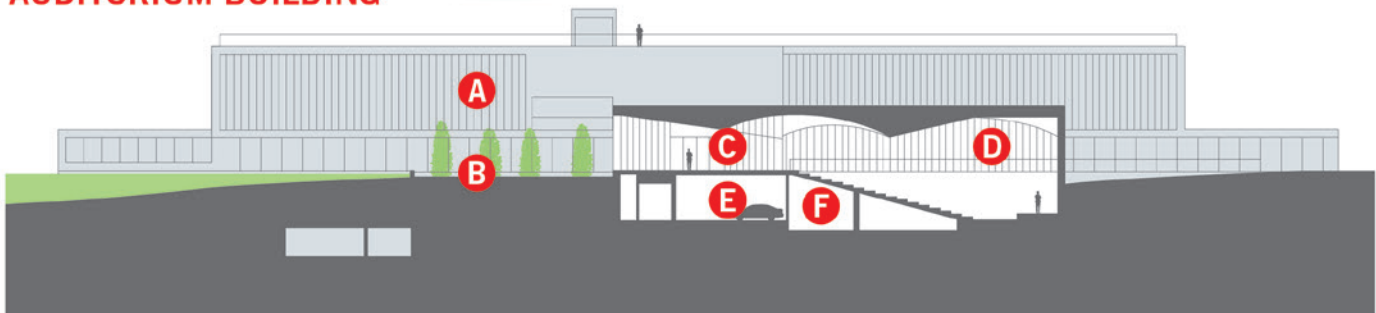
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FIGHTING FAKE NEWS WITH FACTS

How the Media Are Getting Their Groove Back

The challenges are great, but media executives are finding new opportunities to revitalize the industry. Don't write the media off just yet.

“**E**veryone is entitled to his own opinion, but not to his own facts.” That famous quote has been on everyone’s lips over the past year, as media organizations work harder than ever to separate fact from “fake news.” It was repeated by **Andrew Lack**, chairman of NBC News and MSNBC, when he visited IESE’s New York campus to discuss the challenges facing his industry: “Some material online that is speculative or based on opinion is being traded as fact, and that’s dangerous,” he said. And it was echoed by **Arianna Huffington**, found-

er of her eponymous media group, when she attended a Leadership Forum as part of IESE’s Advanced Management Program in Media and Entertainment (Media AMP): “I think it’s important for journalistic enterprises to have a viewpoint – but it’s important that that viewpoint is based on facts.”

Seeing the world in polarized left-right terms “is becoming obsolete,” **Huffington** told a group of media executives following a day spent discussing the Digital Economy. “What we say at the *Huffington Post* is to see beyond left and right.” Whether war or inequality, to address “the biggest issues of our time” in binary left-right

MARK THOMPSON
CEO of the
New York Times

ARIANNA HUFFINGTON
Co-founder & former
editor-in-chief of the
Huffington Post



terms “completely marginalizes” those issues and does nothing to actually resolve them, she said.

The media and entertainment industry used to know this, investing large sums and dedicating considerable resources to produce in-depth, balanced reports that gave their brands credibility around the globe.

Another regular Media AMP guest speaker, **Frank A. Bennack, Jr.**, executive vice chairman and former CEO of Hearst Corporation, refers to this as “the soul” of the business – the unique value that is hard, if not impossible, for others to replicate. In making the transition to digital, print media have to remain faithful to the soul of their brand; otherwise, they risk losing their unique positioning and consequently their competitive advantage.

Unfortunately, this is what has happened to many media brands. In trying to compete with the Facebooks, BuzzFeeds and Twitters of the world, many media companies have compromised their soul: newsrooms have cut staff, stories are reduced to 280-character sound bites, headlines are mere clickbait, success is measured in likes. The situation has executives scratching their heads: how do I conquer this new media age?

SHARED CHALLENGES

This is a question that IESE has been helping executives explore since 2011, running Media AMP modules out of its New York campus; in Los Angeles in collaboration with UCLA, and finishing off in Barcelona. Blending real-life case studies, lively classroom debates, behind-the-scenes company visits and personal access to leading industry players, participants gather from around the world to grapple with shared challenges and figure out how to harness their core strengths in this new context. **Eduardo Ruiz**, president and general manager of A&E Networks Latin America, describes his experience: “Our media and entertainment industry is in the middle of a massive shift,

particularly in how people consume our products and in how we produce them. The Media AMP has helped me think through this challenge and how I, my team and our organization need to change in order to adapt and grow.”

Toke Alex Ibru, executive director of the Nigerian *Guardian*, adds: “The program offers insights into the growing trends of my industry, providing practical tools to position our organization ahead of the competition and any potential disruption.”

Csaba Csetényi, founder of HG Media in Hungary, talks about coming away with “an exercise book full of new ideas, a LinkedIn page on fire, and an energy never known before.” **Ruiz** agrees: “It’s not just the professors; it’s also the amazing group of professionals from Madrid, Nairobi, Cape Town, Rio, Budapest, Cologne and many more places who are going through similar challenges and who add enormous value to the experience. We begin as strangers but end up as friends for life.”

Bill Baker, the distinguished professor of media and entertainment at IESE, went through the program himself. As someone who has worked in media for more than a half century, what surprised the veteran broadcaster was “just how much I didn’t know.”

A CHANGE OF TIDE

The landscape has changed, and legacy media like the *New York Times* are currently making a successful transition to digital. “Certainly, the business is different now from how it was 20 years ago, but in many ways it is better – richer, deeper, more real,” remarked the *New York Times*’ CEO **Mark Thompson** in a Media AMP Leadership Forum moderated by Prof. **Baker**.

Indeed, many commentators have noted that the travails occasioned by digital disruption and the rise of “fake news” may, in fact, be the kick needed to revitalize the industry. For example, despite **Donald Trump**’s barrages



STEVE CAPUS

Executive producer of CBS Evening News and executive editor of CBS News

FRANK A. BENNACK JR.

Executive vice chairman and former CEO of Hearst Corporation

ANDREW LACK

Chairman of NBC News and MSNBC

CROSSROADS

against the “failing” news media, most are reporting record gains in new viewers, subscribers and advertisers.

And just as this revitalization is happening among legacy media, new media disruptors like Google and Facebook are starting to realize that they, too, have to raise their game. They need some of the traditional gatekeepers that their tech-based business models had enabled them to bypass. Old and new media alike have reached an inflection point.

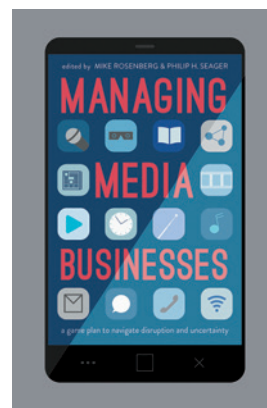
Steve Capus, executive producer of CBS Evening News and executive editor of CBS News, sums up the situation: “If we have any hopes of growing our businesses, we have to stay relevant. If you don’t have people who are dedicated to delivering smart, quality content that is relevant to people’s lives, then you have to ask yourself: why have you cut those areas? I’m really interested in watching the companies that can grow by positioning in a smart way. Everything they do – their editorial sensibility, the people they hire, the way they market themselves, how they reinforce those messages – is about *enhancement*. Those are the companies that I think are going to stand out – because they stand for *something*.”

MORE INFORMATION:
www.iese.edu/ampmedia

MANAGING MEDIA BUSINESSES: THE BOOK

A new book provides a taste of the Media AMP program. Each chapter focuses on a different theme of management. It follows a typical IESE class from New York to Los Angeles, sharing the insights of professors, executives and other experts along the way.

Co-edited by strategy professor **Mike Rosenberg** and *IESE Insight* editor **Philip H. Seager**, the book establishes a base upon which executives can start to build the managerial tools they need to manage fast-changing media and entertainment businesses.



IESE Dean Franz Heukamp says, “This book serves as your executive agenda to take your skills to the next level. The global perspectives from leading faculty members will stimulate innovative and creative thinking for a new generation ready to redefine the media landscape.”

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www.iese.com/en/managing-media-businesses.html



1



2

From C-Suite executives to creative directors, Media AMP participants come from all over the globe, bringing diverse perspectives to bear on the issues facing their industry. Three members of the current class, quoted in this article, are:


1 CSABA CSETÉNYI,
Founder, HG Media, Hungary

2 TOKE ALEX IBRU,
Executive director, the *Guardian*, Nigeria

3 EDUARDO RUIZ,
President & general manager, A&E Networks Latin America



3

A black and white portrait of Eduardo Ruiz, a man with dark, wavy hair, smiling. He is wearing a dark suit jacket over a light-colored shirt.

“The Media AMP has been instrumental in helping me visualize and, best of all, map out an actionable strategy in response to the immense challenge that all of us in media and entertainment are facing in today’s tech and data centric world.”

Eduardo Ruiz
President & General Manager
A+E Networks, Latin America
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SECTOR LEADERS
GATHER IN NEW YORK

Have banking regulators crossed the line?

Financial institutions
question the cost and limits
of new regulations, during a
conference organized by IESE
and Columbia University

New banking regulations, and their implementation and long-term effects, are at the center of debate in the global financial world. And more and more experts are asking the same question: have banking regulations gone too far following the 2008 crisis, imposing unreasonable costs and restrictions on the sector? Many bankers think so.

This was one of the main themes of the fourth banking conference organized by IESE and Columbia University's School of International and Public Affairs (SIPA). The international forum for financial sector leaders, policy-makers and academics offers a space for lively discussion of the main challenges facing the sector. The conference, which took place November 3 in New York, was held under Chatham House Rule of reporting, which limits publication of individual opinions.

IESE Dean **Franz Heukamp** and **Patricia Mosser**, director of SIPA's Initiative on Central Banking and Financial Policy, opened the debate. Also participating were experts such as **Sean Campbell**, associate director in the division of banking supervision and regulation at the Federal Reserve Board; **Herman Daems**, chairman of BNP Paribas Fortis and KU Leuven; **Wilson Ervin**, vice chairman of Credit Suisse; **Jordi Gual**, president of CaixaBank and professor at IESE; **Sandie O'Connor**, chief regulatory affairs officer for JPMorgan Chase; IESE Professor **Xavier Vives**; and **Paco Ybarra** (MBA '87), global head of markets and securities services at Citi. Among its moderators were IESE Professors **Jordi Canals** and **Juan José Toribio**, and the keynote speaker was **Mervyn King**, former governor of the Bank of England and professor at New York University's Stern School of Business.

The conference highlighted that, since the crisis that erupted in 2008, there has been a drastic shift in the relationship between the government and the financial sector.

1. **Wilson Ervin**, vice chairman of Credit Suisse.
2. **Til Schuermann**, partner at Oliver Wyman.
3. **Sean Campbell**, associate director in the division of banking supervision and regulation at the Federal Reserve Board.
4. **Marc Saldenberg**, principal at Ernst & Young.
5. **Sandie O'Connor**, chief regulatory affairs officer for JPMorgan Chase & Co.
6. **Mervyn King**, former governor of the Bank of England.
6. **Paco Ybarra** (MBA '87), global head of markets and securities services at Citi; **Jordi Gual**, president of CaixaBank; and **Herman Daems**, chairman of BNP Paribas Fortis and KU Leuven.



New regulations have spurred major changes in business practices and organization, particularly in the largest international financial institutions. While regulation may have been necessary in areas such as capital ratios and higher liquidity buffers, striking the balance between financial stability and dynamism has not been easy.

Questions surrounding capital and liquidity requirements dominated among the issues of the day, as did discussion regarding the great pains banks must go to to ensure compliance with regulatory measures.

Overall, there was general consensus on the criticisms of the post-recession regulatory changes. While most agreed on the need for a review of financial industry practices and for regulatory reform, they felt the regulatory scope was too far reaching and bogged down the gears of business – restricting performance, slowing decision-making, and stifling growth.

Throughout the day, panelists and speakers returned to the idea that bank resources are drained by the armies of lawyers, compliance officers and support staff necessary to ensure a bank is abiding by all of the new regulatory measures.

And the problems that spring from these compliance efforts are multiplied for international banks. It has become exponentially more difficult for international banks to operate, balancing domestic and international regulations, disparate cultures, and massive geo-political upheavals, a number of speakers said.

The amount of capital and institutional resources required to stay in compliance means that banks don't put enough time and resources in areas such as clients, lending, business strategy, cybersecurity and digitization.

The "regulation has enormously increased bureaucracy and slowed us down," as one leader said. And, "Lending has slowed and capital preservation has increased, instead of giving it to businesses or individuals." This undermines the role of a bank in an economy – to support economic growth.

NEW POWER FOR MICROMANAGERS

"The regulations wrought by the crisis are too intrusive," said one panelist during a discussion about regulatory design. The same speaker went on to say that regulators should have drafted a broad regulatory framework within which the banks should operate and taken more of a supervisory role. However, "What we've got is a system of micromanagement."

The panelist went on to argue that regulatory bodies should ensure that banks are in compliance in a broad sense, while managers and supervisors within the banks should be concerned with the more detailed aspects of how the bank meets those requirements. The result of the current intrusive practices of federal and international regulators costs banks an "astronomical sum of money," create added bureaucracy, and, importantly, banks become too shortsighted and overly concerned with "box-ticking."

MIXED VIEWS ON DODD-FRANK ACT

The afternoon discussion brought an engaging, and sometimes bitter, debate over the quality and effectiveness of the Dodd-Frank Act, legislation introduced in the U.S. in response to the financial crisis. While some argued that the Act hadn't achieved its goals and needed thorough evaluation and reform, others took a more modest approach, arguing for its merits while highlighting areas in which it needed some "tinkering."

The discussion began with the introduction of an academic paper that argued that Dodd-Frank needed serious reform as it had not achieved its objectives and had been undermined by lobbying efforts on behalf of the housing and mortgage industry.

Real estate is the primary cause of the systemic problems in the U.S. and elsewhere, one panelist argued. "It has been the source of 75 percent of banking crises in recent decades," the speaker noted.



MUNICH C-DAY EXPLORES HOW
MEDIUM-SIZED GERMAN COMPANIES
ARE EMBRACING B2B TECHNOLOGY

Germany's Hidden Champions Do Digitization Their Own Way



Hermann Simon during the session at the Munich Campus

While global consumer giants such as Amazon and Apple often occupy the digital limelight, in Germany some of the most technologically innovative companies are medium-sized firms, virtually unknown to the public, that are transforming business-to-business operations.

Some 70 top-level executives attended a unique C-Day event on IESE's Munich campus on November 28 entitled "Digitize like a Champion," which featured **Hermann Simon**, the renowned management expert who first coined the term "hidden champions." **Simon** explored how these medium-sized German companies have embraced digitization and globalization.

IESE Prof. **Sandra Sieber** led participants through a case study on developing a digital mindset, while **Jochen Engert**, co-founder of FlixBus, showed how his startup has leveraged technology to create one of Europe's largest bus networks. Dean **Franz Heukamp** talked about the importance of executive education in the global business landscape.

"Not everything can be digitized. But everything that can be digitized, will be," **Simon** said. While the U.S. has dominated business-to-consumer digitization, Germany is particularly strong in business-to-business technological advances. That's because many of the companies operate in more niche markets, use more complex pro-

cesses, and have complex know-how that is not widely available on the market.

Simon explained that he began his focus on hidden champions in the late 1980s by asking himself why Germany was – and still is – such a successful exporter. In the last decade, Germany has exported about twice as much as France or Italy – and many of the leading exporters are medium-sized companies.

These hidden champions have three things in common: they are among the top three globally in their respective industries, they have annual revenue of less than €5 billion and they are generally not well known to the public.

So what makes them so strong? For **Simon**, it starts with the fact that they have strong – and very stable – leadership that cultivates long-term growth. They have high-performing employees who are attuned to their markets and customers – and are loyal to their companies.

At the same time, the companies focus on specific areas where they excel, and innovate in ways that put them ahead of competitors. **Simon** noted that Germany is the European country that registers the most patents annually. For example, 52 percent of patents on autonomous driving and 76 percent of suppliers in this area come from Germany, he said. And, while their headquarters may be located in a small Bavarian city, these companies are globally oriented, which has recently prompted them to target Chinese markets.

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HOW TO PREPARE FOR THE CAREER MATURITY STAGE

Changing Jobs After 50

In your 50s, a new stage of professional fulfillment can begin... if you're ready!

A long and ever-changing professional career requires planning: The Alumni Association will help you make it happen.

These days, with people living longer in good physical health, it is possible to extend one's professional career beyond the current official retirement age. "Many people will keep working past the age of 70. Sometimes that will mean not only changing jobs, but also a new profession," says Prof. **José Ramón Pin**. Moreover, with the rapid pace of technological and social change, people must know how to adapt increasingly faster.

How does one succeed in this new professional stage? It's important to start early, "from the age of 35," recommends Prof. **Pin**. It is important to build the right relationships and acquire the knowledge and experiences that give you professional credibility. In addition, higher education should be used "periodically, over prolonged periods," according to the professor. Given the challenge posed by these professional changes, the professor recommends taking inventory of all our experiences and knowledge, as well as hobbies and aspirations, since a new vocation could arise from those areas.

ENTREPRENEURSHIP AND MIDDLE AGE

At the same time, it is important to bear in mind that a person's professional future in this new stage does not necessarily mean being an employee: It can also be a good time for entrepreneurship. The experience and knowledge acquired, as well as the network of contacts that has been created, constitute a good background to start up a new business venture. "When we turn 40, it's easier to

stop worrying about a position and start yearning for a more vocational and meaningful occupation. The knowledge about one's own talent increases as well," explains **Lars Maydell**, professional consultant for the Alumni Association.

However, it is important not to rush into things. "Don't quit your job over an emotional response. It's much easier to find your next professional opportunity if you're working," he adds.

"Throughout our professional career, we can combine periods of being employed by others with periods of self-employment and unpaid social work," says **Maydell**, who believes that in the new work environment it is normal for a person to have 8-10 jobs throughout their professional career.

To avoid letting fate decide our path, career coach **Pilar García de Viedma** recommends mapping out an action plan. We must analyze the strengths and areas for development, says **García**, and reflect on our motivations and desires. "Anyone capable of imagining their professional career 10 years from now has a competitive advantage over others," she says. Indeed, planning allows us to "always have multiple alternatives."

García emphasizes that, once the plan has been put in place, we must take stock regularly to see how progress is being made in relation to the challenge posed. Just as we do an annual health check, we should also regularly review our career path, "not only to reflect on the current situation, but also to identify long-term opportunities," says **Maydell**.

TIPS FOR DESIGNING YOUR CAREER PATH

EACH LIFE STAGE HAS ITS KEYS

30

LEARN AND DEFINE

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Define your goals, think where you would like to see yourself in 10 years and draw up an action plan to make it happen.



Look for different challenges, develop your professional skills and expand your knowledge.



Improve your networking and create a network of contacts. Be generous and learn from others.



Get a lot of feedback to get to know yourself, improve and define yourself as a professional.



Develop your personal brand to get visibility and differentiate yourself.



Explore options for the future by talking with your network of contacts.

40

SOLIDIFY YOUR

PROFESSIONAL PROFILE

50

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PROFESSIONS



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“Anyone capable of imagining their professional career 10 years from now has a competitive advantage over others.”

Pilar García de Viedma,
 career coach for the Alumni Association.

A MULTIDISCIPLINARY HOSPITAL FOCUSED ON PATIENTS, WITH 46 MEDICAL SPECIALTIES

Clinica Universidad de Navarra opens a new hospital in Madrid

With the November 2017 opening of a new hospital in Madrid, the Clínica Universidad de Navarra is closer to its patients in the center of the peninsula, and can increase the geographical reach of the same medical services it has been offering in Pamplona for 55 years.

The health care organization is one of the flagships of the University of Navarra, and is characterized by its multidisciplinary care, the very latest diagnostic techniques and medical procedures, personalized treatments and a human touch.

Dr. **Esperanza Lozano**, the center's director, and Dr. **Luis José Prieto**, its medical director, manage a team of more than 500 specialized profes-

sionals, including 130 doctors and 120 nursing graduates, who are exclusively dedicated to their work in the hospital. This commitment allows for more effective and coordinated care: diagnostic reports can be provided in a record 24 hours, while treatments, in many cases, are available in 48 hours.

The center, which substantially expands the services previously offered in a polyclinic in Madrid, has 46 medical specialties, 74 beds and 14 x-ray rooms. It offers six areas of specialist care: an institute of oncology, a women and pediatrics section, a unit for checkups and preventive medicine, an advanced surgery unit, a cardiovascular wing and an area for traumatology and sports medicine. The organization uses a university care model – based on research and teaching – and


puts the patient at the heart of decisions. It uses a nonprofit management model, which reinvests its earnings on the health-care activity itself.

AGREEMENTS WITH INSURANCE COMPANIES

Clinica Universidad de Navarra has agreements with Acunsa, Sanitas, Mapfre, DKV, Cosalud, Cigna and Nueva Mutua Sanitaria, so that those insured by them can be treated at the Madrid hospital, according to their coverage. IESE alumni receive discounts through Acunsa – the insurer for the Clínica – especially with the reimbursement policy.

The hospital is located at Km7 of the A-2 highway, about five minutes from the Madrid-Barajas airport. The facility is 46,000m², 35,000 of which are for hospital use, and the investment in medical technology surpassed €25 million.



A black and white portrait of Ibukun Awosika, a woman with short, dark, curly hair, wearing glasses and a dark blazer. She is smiling and resting her chin on her hand.

Ibukun Awosika,
Chairman of First Bank of Nigeria
Global CEO Program 2013
Global Executive MBA 2004

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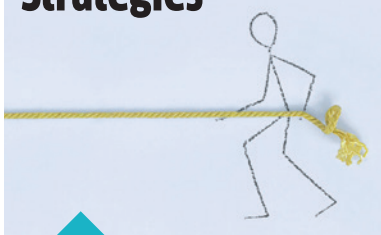
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IPADE-IESE FOOD AND BEVERAGE MEETING



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April 19 2018

Beyond High-Performance and Creative Negotiation Strategies



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Fuencisla Clemares
(MBA '00)

“At Google, taking risks is a must”

Fuencisla Clemares (MBA '00) is married and has three children. Calm and collected, she is a woman who has always liked to take on new challenges and different professional roles. First, at Continente; later at McKinsey; and now at Google, where for the last year she has been country manager for Spain and Portugal, leading a team of 250 professionals.

In your opinion, what makes Google stand out in terms of management?

Google stands out in different ways. I'll give you an example. Every week, I send a report to my boss explaining how the business is going, and he always responds, "What concerns you?" I had never been asked a question like that before. And it's a fundamental issue; a question that makes you think. A lot. Logically it's not enough to just ask the question; the next step is to resolve the concern. That is, to make the changes necessary to alleviate or solve the problems.

Without a doubt, dynamism is the company's hallmark...

It is. Every year, in one way or another, we undertake a reorganization. There are years when the reorganization is more radical and years when we only focus on the details. But if, in any given year, the employees

see that there haven't been significant changes, they say, "We must be doing something wrong because we haven't reorganized this year."

But changes usually involve risk. Is this true at Google, too? What's the biggest risk you've taken this year?

Definitely. Here I can point to another way Google stands out. When I do the strategic analysis at the end of the year, I know that I'll always get asked the question, "What risks are you willing to take next year?" Risk is an essential element of Google's innovative nature.

One of the main risks I've taken in 2017 was to delegate to several of my team members the tasks I had before becoming country manager. I could have hired someone from outside or promoted someone internally. But I decided to divide the role among my colleagues and give them more responsibility. The response has been extremely positive.

What's your biggest concern right now?

Spain has overcome the crisis and is growing, but we can't be complacent with these achievements. And, of course, we can't be complacent in the field of technology, where we have a long way to go. In my opinion, Spain must embrace technological change fully if it wants to be a competitive country.

Let's imagine a regular workday. How do you divide up your day? How much time do you spend thinking? How much time do you spend getting training? And how much on running the business?

I spend 40 percent of my time running the business, 30 percent on visiting clients and interacting with the people around us, to ensure that we have visibility and the external impact that a firm of these characteristics requires. And the rest is strategy, seeing trends for the future (20 percent) and education (10 percent).

I also have a great deal of public exposure and I'm learning how to manage it; it's new for me. I spend a lot of time learning about the content of the products. All company employees have to pass a series of exams on product familiarity. We do it online, but you have to study and pass the tests.

Do you feel like a woman executive in a world of men?

At Google I feel incredibly comfortable, but the outside world is a different matter. When I walk out that door, I still feel like a woman executive a lot of the time. Women are underrepresented in tech forums, and in the end we stand out because there are so few of us. That has advantages and disadvantages. People remember our faces, and I try to make the most of that. But sometimes I feel alone. Men are curious to know whether I'll be up to the job that

has been entrusted to me. And making your voice heard is difficult sometimes.

What is the percentage of women at Google?

We have 29 percent women managers internationally, with an annual growth of between 1 and 2 percent. But we know that's not enough. We're working hard to increase this percentage, and also that of female employees, but it's not easy. This is a tech company and we face a shortage of women engineers.

As an executive, what is your strong suit: your people management, your strategic thinking or your innovative mindset?

My strategic ability is what people tend to highlight about me, and that's a role I feel comfortable in. It's an ability that I developed during the six years that I was at McKinsey, and I've built my career around it: the ability to face very different sorts of problems in different industries.

Google is famous for its working environment and its non-hierarchic structure. How have you adapted your approach to leadership in such a fluid organization?

My biggest managerial challenge lies in mobilizing and coordinating professionals that form part of my team but don't report directly to me. I always say that now is when



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1

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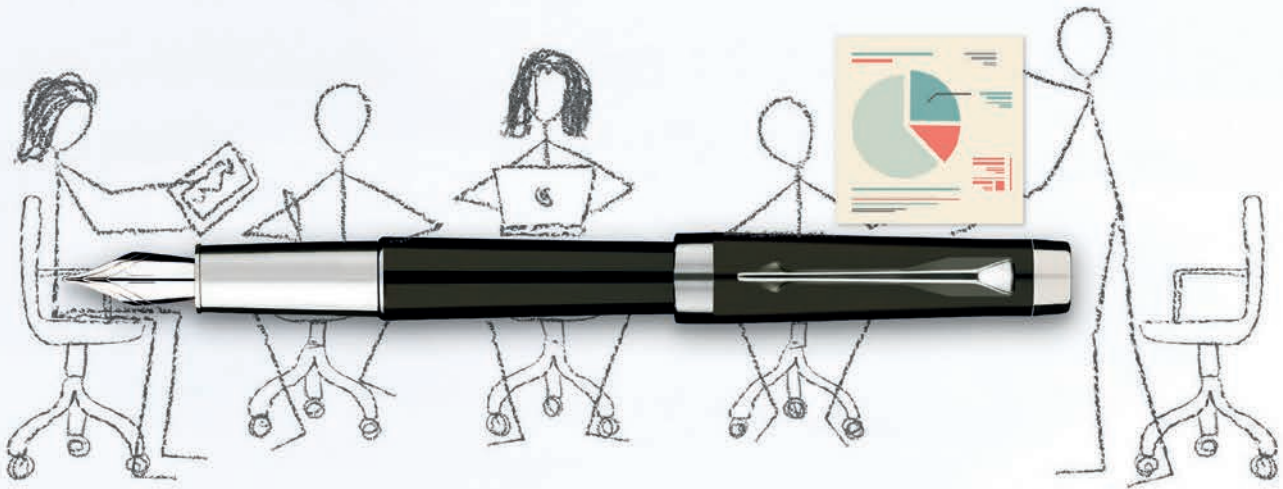
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➤ “My biggest managerial challenge lies in mobilizing and coordinating professionals that form part of my team but don’t report directly to me.”

I’m learning the meaning of the word “influence” in all of its senses. Because it’s not a matter of how many stripes you have. It’s about making sure that your employees are involved to the fullest degree in the common project, because they feel that working on a team and giving the best of themselves allows them to contribute decisively to the growth of the company. In this sense, it’s really important to foster collaboration. The way you treat people makes all the difference.

How do you handle mistakes?

First of all by admitting them. This is a company that allows you to make mistakes, and that’s important. For two reasons, first, because it keeps you from hiding them like in other companies, with the ensuing consequences. And second, because it helps you correct the mistake as soon as possible. In addition, acknowledging your mistakes makes you more human.

How do you define ethical business management?

For me, ethical management requires honesty, transparency, a strict observance of the law, an action strategy focused on the mid-term, and the confidence that your decisions don’t affect your surroundings or society negatively.

Why did you choose IESE to expand your education?

My brother **Fernando** attended IESE before me. When he was getting his MBA and I was still at university, I went to visit him in Barcelona and I loved the atmosphere and the students. And I thought: I want this for myself too.

IESE helped me to think in a completely different way and to know how to face a blank slate. I had left Continente to do the MBA and when I graduated I started working at the consulting firm McKinsey, a company that always takes you to the limit. But, thanks to IESE, I felt very secure facing a new sector, a new client and a new project every three months.

Turning to your current sector, is privacy the main challenge in the use of big data?

Privacy and security are two priorities for us. For that reason we’ve made very large investments in encryption infrastructure. It’s also essential for users to know what data we have about them and for them to decide if they

want us to use it or not. In any case, we never share that data, nor do we sell it to third parties.

In your view, what impact will artificial intelligence have on the economy?

At Google we’re optimistic. When you analyze previous industrial revolutions, you observe that it’s true that some jobs have disappeared, but new ones have always been created, and, in general, they have been more skilled jobs. For that reason, it’s important for us as a society to anticipate the change and prepare ourselves to be able to perform all of those new jobs. Machines will never replace people, but the challenge is adapting ourselves in the best possible way to the complementary relationship between humans and machines.

What do you think are the main difficulties that companies face in adapting themselves to the digital environment?

The change has to come from above. General management has to be clear that the digital transformation is and should be an absolute priority for any company. But it’s true that inside firms, there are lots of people that don’t want to leave their comfort zone. For that reason, it’s very important to look inside teams to identify who can facilitate change and who is going to thwart it.

As a search engine, Google is the undisputed leader and it has become a major advertising platform. What do you suggest to your customers to translate web traffic into sales?

My message in this area is always the same: don’t forget the cell phone. And another very important recommendation: we should think about the experience of the cell phone more creatively. It’s not a copy-and-paste of the computer experience. It’s about seeing how we can increase the value of the experience of traditional devices.

I always give the example of My Taxi. Let’s compare the old experience, when a person called by phone and there were multiple friction points, and the current one, in which everything is easy: you know how long the vehicle will take, you know who the driver is ahead of time, you can pay with your cell phone, you don’t lose the receipt because it’s stored in your email account... We shouldn’t think incrementally, but innovatively.



ENTREPRENEURS:**VIRGINIE ROGÉ (MBA '12), FOUNDER OF DIETOX**

“Accept everything that comes”

Health, beauty and fashion are three sectors that **Virginie Rogé** (MBA '12) – a recent graduate of the MBA program at just 27 years of age – merged in an innovative and solid project. An online purveyor of juices and other healthy products, Dietox has been doubling sales annually and is present in Spain, France and Italy. Since launching her venture five years ago, **Rogé** has learned myriad lessons, the most important one being possibly “accept everything that comes, while trying to get the best out of every situation.”

“The idea of Dietox was born when I saw that the craze for health products combined with fashion and beauty in the United States could be imported to Europe. Also, on a logistics and financial level, it was easy to launch and I wasn’t afraid of failure. In fact, I asked for a €30,000 loan from my grandparents and in the first year we made €350,000,” she says.

“Paradoxically, growth is what has caused more problems. When we were able to raise capital, we lost quite a lot because we went crazy trying to grow in other countries. Also, a competitor who was very strong, particularly in Spain, emerged, causing a steep decline in sales in 2015. Luckily, both factors led us to progress in all areas: today we are faster, we know the market better, we have diversified our range, and we have returned to the original model, growing slowly and in a more coherent way to create a strong and consistent brand,” she said.

Rogé began her career in consulting, but quickly realized that she needed to feel that her work was her own. She abandoned that path to focus on the IESE MBA program. “It was always clear to me that someday I would start my own business, so I embarked on the MBA with that intention. In the end, it was one of the best decisions of my life: the independence and global vision of the business world that I acquired, along with great networking opportunities, enabled Dietox to become what it is today.”

“Seizing opportunity amid adversity is an approach that works for me. The secret is to dream and be optimistic,” she said. “My obsession has always been about creating a team that enjoy what they’re doing. Without the right people, no idea will work, no matter how good it is.”

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DEEP INSIGHT

Globalization Backlash: How to Stay Grounded

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- 3 Keys to Shockproof Your Global Supply Chain
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AMP '12



Tania Cosentino was selected as one of the 10 pioneers of the Sustainable Development Goals (SDG), a list drawn up annually by the United Nations Global Compact. Meanwhile, she was also given the Women's Leadership Award by the Brazilian Business Council for Sustainable Development (CEBDS).

AMP '16



Marieta del Rivero, independent board member

of Cellnex Telecom, joined Amrop Seeliger and Conde as a partner. The Spanish Association of Women Entrepreneurs (ASEME) awarded her the prize for the best director of the year in 2017.

EMBA '11



Alex Monzó is the new head of the energy division of the Aldesa Mexico Group.

EMBA '16



Nicolas Gruloos was named

director of Sales Support at Kofax EMEA.

....



Kerry Group announced the appointment of **Juan Soto** as managing director of its Taste & Nutrition division for Spain and Portugal.

GEMBA '06

Pablo Turletti announced the publication of his second book *Marketing & Sales ROI: What Is It Good For?*, which aims to help directors evaluate marketing and commercial projects based on several dimensions, including the current ROI (return on investment). It also describes how to use this tool to optimize the use of company resources.

MBA '01

Sigga Sigurdardottir has been named one of the 2017 UK Inspirational Women in the Influencers category of the magazine Brummell.

MBA '90



Adrian Pryce announced three milestones in his personal and professional life: First, the publication of his book *Strategy in Practice* (ICSA, 2017).

Second, the county of Northamptonshire, England, honored him with the title of Deputy Lieutenant for his service to the community. Third, he was named guardian trustee of the multinational chemical company Scott Bader.

MBA '03

Alumnus Filiberto Amati, alongside Marco Bevolo, published a new study titled "Premium Beyond Digital", which examines the trends in urban consumption of luxury brands under the effect of digitization.

MBA '12

Glovo hired **Eduard Ros** as director of finance.

MBA '15

Alberto Caverio was named director of Strategic Planning for Peru and Chile at Laureate International Universities.

PADE-1-05

Llorenç López-Carrascosa was appointed managing partner of EMEA LATAM Hub at EY.

PADE-B-14



Maribel de la Vega, CIO of Liberty Seguros España, collected two awards on behalf of the company: the Computerworld Award for Innovation in the Financial Sector; and Best Digital Leader Executive 2017, one of the European Digital Mindset Awards, given by DES - Digital Business World Congress.

PDD-1-07



Fina Lladós is the new director of Amgen for Spain and Portugal.

PDD-2-08



Elías Gargallo was named Mobile & Chatbots PaaS Business Development Manager for Oracle EMEA.

PDD-2-09



Accenture promoted **Alex Borrell** to managing director insurance lead in Spain, Portugal and Israel.

PDD-R-01



Pilar Santamaría is the new vice president, Cloud for EMEA at Dell.

PEOPLE

PDG-2-07



François Vestjens was named director of Regional Finance at Tech Data Benelux.

PDG-B-12

CornerJob announced the hire of **Javier Llordén** as general manager, Strategy & Sales for Italy, France, Spain and Mexico.

PDG-C-13

Remedios Parra was named commercial director of Pharmacies and Laboratories at Alliance Healthcare.



MBA '67. The alumni of this graduating class met on September 7 to celebrate a very special meeting: the 50th anniversary of the second class of the MBA program. The IESE campus in Barcelona hosted the meeting, which included a visit to the new facilities. Afterward, IESE's Dean **Franz Heukamp** said a few words to the group, which wrapped up its reunion with a visit to the North Campus. The class of '67 members were joined by Prof. **Jordi Canals**, Professors Emeritus **Fernando Pereira** and **Carlos Cavallé** and Alumni Association Director **Javier Muñoz**.

ENTREPRENEURS

GEMBA '17



The Fintep platform, founded by **Antonio García Romero**, is a tool that aims to automate the process for the different agents involved in a syndicated loan. The portal provides the client with an artificial intelligence tool, Lucía, which interprets market needs in real time, advises on decision-making and standardizes the monitoring of the agreement to the users themselves. The start-up was one of the three finalists in the Santander Fintech Open Challenge. Currently, it has collaboration agreements with the largest financial institutions in Spain and maintains its focus on international expansion. www.fintep.com

MBA '96



Luis Manuel Halcón created SegurosVeterinarios.com, a novel digital platform for the commercialization of pet insurance online. The company is in the process of launching various initiatives, including an app for monitoring the activity of pets, digital value-added services and a chatbot for selling the most standardized insurance. Its intention is to use the latest technologies to create new ways of offering products and services: "Customer experience differentiates the companies that will gain market share from those that will lose share or simply disappear," explains **Halcón**. www.seguros veterinarios.com

MBA '01



Last July, the new fund from IESE, Finaves V, made its first investment in the start-up company MarketPay, headed up by alumnus **Ricard Forn** and **Fran Arechaga**. MarketPay is a European Fintech company that is revolutionizing the online collaborative economy model, an industry currently in full bloom. The platform allows any P2P marketplace to offer its users payment in escrow (trust deposits) while guaranteeing anonymity. Its major advantage is the greater guarantee and

security it offers—to both buyer and seller alike—in this type of transaction. www.marketpay.io

MBA '07



Lena Perepelova launched her virtual business school for kids FunFinance. This innovative initiative teaches children as young as 9 years old the principles of business and economics through real-life online interactions with business professionals and other children. The program differs from traditional financial literacy classes, as it emphasizes issues of the global economy and sustainability and engages children from all over the world. FunFinance offers a highly individualized curriculum and allows kids to become active participants in each lesson. The project is currently looking for tutors and collaborators passionate about educating the new generation of global citizens. www.funfinanceacademy.com

PDD-D-02



Alumnus **Miguel Jiménez García** joined his son **Miguel Jiménez Sánchez** in "the most beautiful project" of his life, the launch of his own company. Talento y Deporte was conceived with the intention of realizing the dream of many Spanish athletes: to earn sports and academic scholarships to continue their training at universities in the United States. "It is an option that is rarely explored, in many cases because of ignorance," says **Jiménez**. His company offers scholarships for male

and female athletes in soccer, golf, tennis, volleyball, basketball, track & field and swimming. www.talentoydeporte.com

PDD-Zaragoza-14



Alumnus **Oscar Villanueva**, alongside **Íñigo Doria** and Prof. J. **Javier Doria** of the University of the Basque Country, have founded the renewable energy start-up Arrecife Systems. The company's technology is based on a series of turbines that simulate the behavior of a coral reef and transform wave energy into electricity. Located on the high seas, this system, based on the research of Prof. **Doria**, is emerging as the solution to obtain electricity from one of the largest sources of energy on our planet—the ocean. www.arrecifesystems.com

PDD-A-2015



Finanbest is a fintech, a securities agency that performs discretionary automated portfolio management for retail clients, with a global selection of more than 50,000 funds. With this service, the client gives permission to manage their assets to maximize profitability, a service that until now was available in private banking. In addition, Finanbest does not charge any third-party fees for the sale of its products. With **Asier Uribechebarria** as founder and CEO, the company was authorized by the Spanish National Market Commission in a record time of 5 months. www.finanbest.com



PDD-5-11 and PDD-4-13

After several years working for multinationals in the pharmaceutical sector and running their own consultancy, **Jordi Plaja** (PDD '11) and **Marta Patsí** (PDD '13) have expanded their activity by creating IE4 Lifescience Lab, an innovative laboratory that offers a service of sales alliances. IE4 Lab has a national sales team, medical department, business intelligence and expert marketing on the Central Nervous System. It was created with the aim of becoming the reference partner in this therapeutic area for both the launch and the relaunch and extension of the life cycle of medicines and medical devices. <http://www.ie4partners.com/>

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LEVANTE GOLF TOURNAMENT

Golf against social exclusion

Alumni golf enthusiasts had the opportunity to enjoy this sport and catch up with their colleagues from IESE while doing a good deed for charity at the 3rd Levante Charity Golf Tournament. The event was organized on September 16 by the Regional Chapter of Alumni of Levante at La Galiana golf course in Valencia. The funds raised during the tournament were allocated to the Dasyc Foundation, a nonprofit organization that operates in Valencia and Palma de Mallorca, which was created with the aim of helping the most vulnerable people in society, and also engages in development aid projects in India and El Salvador. The event was made possible by the sponsorship of A&G Banca Privada and the collaboration of Alba Horneados, Estrella Damm, La Galiana, Quely and Shortcut.

ALUMNI GATHERING IN ARGENTINA

A group of 10 alumni from Argentina and their families met on November 11 at the *chacra*—or country house—of **Néstor Farias** (MBA '68). This meeting in Argentina, which took place for the sixth consecutive year, included sports activities such as golf, tennis and horseback riding. **Ricardo Chillida** (PDD '78), member of the board of the Argentina chapter, trusts that in the coming editions more alumni will attend the event.



GIVING BACK Bicycles for Mozambique

Alumni from the AMP '16 decided to make a social contribution through a charity initiative called AMP2016 GiveBack. Inspired by the proposal from fellow classmate **Artur Duarte**, the group has opted to participate in the Mozambikes project, which promotes development in the African country by donating bicycles specially designed for its most disadvantaged inhabitants. The organization seeks to generate the greatest possible social impact: bicycles produce a direct transformation in the lives of their recipients, who optimize the time and money they spend getting to and from work or school, or transporting goods to local markets. It also hires local workers to build and distribute bicycles, and provides training and new skills to technicians for repairing bicycles in rural areas. The project



sponsored by the AMP '16 alumni has provided 13 bicycles to the students of the Santa Luísa de Marillac school. In addition to education, the school seeks to provide care for HIV-born children. Many of the students must travel long distances to get there, at night and in unsafe conditions, which prevents them from devoting more time to their homework, friends and family. www.mozambikes.com



THE LATEST ON IESÉ'S
ALUMNI CHAPTERS

CHAPTER NEWS

New York

SEPTEMBER 6

At a meeting organized by the Regional Chapter of the United States, led by **Alan Pace** (MBA '94), alumni attended the presentation titled "Driving business excellence by passion and purpose," by IESÉ Prof. **John Almandoz**.

OCTOBER 11

Modern society is experiencing a crisis of values caused by a lack of magnanimity and humility. These virtues are two sides of the same coin,

and they represent the heart and soul of authentic leadership: to achieve greatness by bringing out greatness in others. This is the message from **Alexandre Harvard**, cofounder of the Virtuous Leadership Institute, who spoke on "The Key Leadership Virtue of Magnanimity" to the alumni gathered at IESÉ New York.

Sao Paulo

SEPTEMBER 19

Prof. **José Ramón Pin** used a case study to present in Brazil the keys to the restructuring process of Bankia

following the real-estate crisis and to highlight the lessons learned from the outcome of that. The event, held at the ISE campus in Sao Paulo, was organized by the Regional Chapter of Brazil, chaired by **Adriano Amaral** (AMP '07).

Singapore

SEPTEMBER 21

Various studies indicate that members of the millennial generation feel more motivated by passion and purpose than by money and professional growth. How does this trend translate into the context of



work? How can organizations benefit from this? In an interactive presentation, Prof. **John Almandoz** explained the power of these motivations and provided some examples of companies that have taken advantage of them successfully. The Regional Chapter of Singapore, presided over by **Juan Claudio Laya** (MBA '03), organized this meeting at the offices of KPMG.

Paris

SEPTEMBER 25

- **Xavier Durand**, CEO of Coface,
- shared with the alumni gathered in

Paris his ideas on leadership in the era of globalization, big data and political uncertainty. The event was kicked off by the head of the Regional Chapter of France, **Axel Lambert** (MBA '01).

London

OCTOBER 5

- The Regional Chapter of the
- United Kingdom, chaired by **Paco Ybarra** (MBA '87), organized the first IESE Welcome Event in London, a gathering designed to connect the new generations of alumni with those already familiar with the

Association's activities. This time, the target audience was members of the graduating classes from MBA '15, MBA '16 and MBA '17.

NOVEMBER 1

- What happens when a company's
- largest shareholder is also the largest shareholder of its competitors? This trend is growing, and it is important to have a deeper knowledge about its implications in the market and the economy. Prof. **Miguel Antón** analyzed the subject in a new edition of the IESE Breakfast, under



Miami

SEPTEMBER 29

Driven by the success it had two years ago, IESE hosted a new edition of the Miami Business Summit in September, this time focusing on how to achieve sustainable growth in the Americas. After the welcome message from the dean of IESE, **Franz Heukamp**, the Global Chief Strategist of Citi Private Bank, **Steven Wieting**, offered an analysis of the current macroeconomic panorama, moderated by Prof. **Pedro Videla**. The centerpiece of the event was a panel of experts formed by **Romaine Seguin**, president of UPS Americas Region; **Enrique Ostalé** (GCP '16), CEO of Walmart Latin America, India and Africa; and **César Cernuda** (PDD '02), CEO of Microsoft Latin America. The session was moderated by Prof. **Marta Elvira**. The final academic session of the event was the talk on "The New Globalization Road Map: Enduring Strategies for Turbulent Times," by Prof. **Pankaj Ghemawat**. Throughout the weekend, alumni also enjoyed recreational activities including an art walk, a golf tournament and a sunset cruise. The event was carried out in collaboration with Air Europa and Citi Private Bank, (Platinum Sponsors); DPMC (Silver Sponsor) and América Economía (Media Partner).



Zurich

OCTOBER 5

The Regional Chapter of Switzerland, presided over by **Bence András** (AMP '07), organized an academic session for the alumni in Zurich with a special presentation by **Kirt Gardner**, Group CFO of the Swiss banking giant UBS. The event, organized thanks to the collaboration of UBS, was moderated by Prof. **Christian Eufinger**.

the title "Powerful Shareholders: How big funds can reduce market competition."

Brussels

OCTOBER 17

Increasing employee commitment, channeling innovation and change, and stimulating extraordinary performance. These are goals that represent a new approach to leadership. They require shedding outdated methods, which focus on weaknesses and deficits, and adopting a positive approach built on strengths to achieve better results.

Bernard Raevens, COO of Mitiska, and Prof. **Alberto Ribera** stressed this idea at the conference titled "Positive Leadership," organized jointly by the IMD Alumni Committee and the Regional Chapter of Belgium, chaired by **Laurence Battaille** (AMP '14).

Reykjavik

OCTOBER 20

Perceiving work as something significant—that is, positive and useful—is a fundamental desire of most workers. If their function makes more sense, workers exhibit greater commitment, fewer absences and better performance. At a conference organized in collaboration with Reykjavik University, Prof. **Anneloes Raes** spoke to alumni about the challenges and opportunities to increase the meaningfulness of work, focusing especially on the role of leadership.

Andorra la Vella

OCTOBER 25

Educators and parents have an essential role in the education of children and adolescents, and must face all the challenges that this poses. In this context, **César Bona**, elementary school teacher and finalist for the Global Teacher Prize, pointed out the importance of changing the vision of education and inviting children and young people to express what they think and feel. According to the speaker,

this is where their essence—full of creativity, imagination and curiosity—is valued. The talk, moderated by Prof. **Josep M. Rosanas**, was organized in collaboration with Crèdit Andorrà and the “Crèdit Andorrà” Chair of Markets, Organizations and Humanism.

Hong Kong

OCTOBER 26

- The alumni community in Hong Kong was invited to the panel discussion “Entrepreneurship & Finance – European Asian Perspectives,” featuring **Thomas Felix Baden** (GEMBA '07), International Private Equity & Value Creation, and **Derek Kwik**, technology investor and start-up community leader. The session was moderated by Prof. **Heinrich Liechtenstein**.

NOVEMBER 21

- The director of the Alumni Association, **Javier Muñoz**, was the host at the IESE alumni meeting organized in Hong Kong by the Regional Chapter of China, chaired by **Myra Yu** (MBA '99).

Lima

OCTOBER 26

- Alumni met in Lima to attend lectures by **Francisco Vázquez** (PDG '03), president and founder of 3G Smart Group; **Alejandro Castillo**, CEO of Rrebrand; and **Ainhoa Fornós**, founder and CEO of HR Mindset Designer, at a meeting titled “Transformation: How and What For? Space as a Lever for Change.” The event, organized by the Regional Chapter of Peru, led by **Alfredo Hoffmann** (MBA '98), was made possible by the collaboration of **Francisco Vázquez** and **José Antonio Maciá** (MBA '08).

Toronto

OCTOBER 26

- The conference “Search and We Shall Fund,” by **Josh Lebrun**, president and COO of eCompliance; and IESE Prof. **Jan Simon** offered the alumni gathered in Toronto some

ideas and valuable lessons about the world of search funds. The event was organized by the Regional Chapter of Canada, headed up by **Alfonso Soriano** (MBA '84).

Taipei

OCTOBER 28

- Prof. **Heinrich Liechtenstein** moderated a debate on entrepreneurship and finance that included **Joseph Huang** (MBA '06), partner of Infinity Venture Partners and ABICO Group; **Thomas Felix Baden** (GEMBA '07), International Private Equity & Value Creation; and **Adam Cheng**, CEO of KHL Private Equity.

Tokyo

OCTOBER 30

- **Daisuke Murata**, president and CEO of Murata Machinery, was the guest speaker at the alumni meeting organized by the Regional Chapter of Japan, chaired by **Ken Inouye** (MBA '10). The conference was moderated by Prof. **Heinrich Liechtenstein**.

Warsaw

NOVEMBER 6

- In the current business context, corporate reputation is one of the most valuable assets of a company—but also one of the most volatile. Sometimes a mistake, or the mere perception of one, can ruin a prestige built on years of efforts and successes. **Yago de la Cierva**, lecturer at IESE, spoke with alumni in Warsaw about transparency and corporate communication, offering some ideas on how to manage reputational crises.

1. Session with Bernard Raevens in Brussels. 2. Session for alumni gathered in Hong Kong. 3. Discussion on entrepreneurship and finance in Taipei. 4. Lecture by Daisuke Murata in Tokyo. 5. Session with lecturer Yago de la Cierva in Warsaw. 6. Alumni meeting of schools in Mexico City. 7. Session with Ricardo Barcelona (MBA '85) in Manila.





Shanghai

NOVEMBER 23

● The Regional Chapter of China, chaired by **Myra Yu** (MBA '99), organized a meeting at the headquarters of CEIBS, where the director of Alumni, **Javier Muñoz**, updated the alumni and other attendees on recent IESE projects, as well as the initiatives of the Alumni Association, including networking opportunities, career management, and much more.

Mexico City

NOVEMBER 16

● Alumni from the Mexican capital participated in the 4th event between schools with alumni from the Harvard Business School, the Columbia Business School, the MIT

Sloan School of Management, the University of Chicago Booth School of Business, the Wharton School, the Stanford Graduate School of Business and the Yale School of Management. The meeting was focused on charity work, raising funds for the Mexican

Red Cross to help those affected by the recent earthquakes in that country.

Manila

NOVEMBER 22

● Alumnus **Ricardo Barcelona** (MBA '85) gave a lecture to the alumni gathered in Manila based on his recent book *Energy Investments: An Adaptive Approach to Profiting from Uncertainties* (Palgrave Macmillan, 2017). The work examines what lies behind the uncertainty surrounding the fuel and power markets, exploring the role of renewables and their potential to disrupt the market or create opportunities.

Amsterdam

NOVEMBER 27

● At the conference "Strategy and Geopolitics," Prof. **Mike Rosenberg** discussed the contents of his book of the same title with the alumni gathered in Amsterdam. The Regional Chapter of the Netherlands, led by **Philip Alberdingk Thijm** (MBA '89), organized this meeting at the offices of **Arthur D. Little**, in collaboration with **Martijn Eikelenboom** (MBA '88) and the host company.

WELCOME TO THE ALUMNI ASSOCIATION

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AMP Barcelona 2017 Spring

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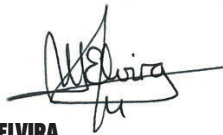
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Leading Virtual Teams



MARTA ELVIRA

Professor of Strategic Management and Managing People in Organizations and holder of the Puig Chair of Global Leadership Development, IESE.

The completion of Apple's new headquarters marks the long-awaited realization of **Steve Jobs'** final design dream. The ring-shaped building – officially called 'Apple Campus 2' but nicknamed 'the Spaceship' for looking like a giant UFO – is an architectural wonder befitting of the makers of the iPhone, and featuring curved glass and transparent pods in place of traditional walled offices. In conceiving a space for more than 12,000 employees, "the achievement is to make a building where so many people can connect and collaborate," Apple design chief **Jonathan Ive** told *Wired* magazine.

Having pushed the boundaries of social collaboration with tech, Apple aims to do the same with office space. And Apple isn't alone: Facebook, Cisco, BMW and Corning have also redesigned their offices to maximize team performance. A common feature of all these efforts is the desire to enhance personal interactions and the "accidental mingling" from which creativity and innovation spring.

With ever-growing globalization and a wider range of flexible work options, the challenge of managing geographically dispersed, virtual teams to ensure performance is more urgent than ever. In ongoing research with **Isabel Villamor** (MBA '16), Ph.D. student of Management at George Washington University, we have detected five aspects that global professionals should prioritize:

1 Self-leadership. Self-leadership has been shown to yield positive results in nearly every context, but even more so in situations with high levels of team dispersion. Empowering leadership sets guidelines and then delegates leadership functions across team members. However, the more that leaders empower their teams and promote self-leadership, the more important it becomes to support that freedom. Performance data-gathering tools, peer reviews and group communication archives can help in this regard.

2 Trust. For virtual teams, a lack of familiarity with each other, owing to fewer social interactions, may translate into lower levels of trust. For this reason, leaders should establish norms such as predictable communication and quick response times – and track them to make sure they are being adhered to.

3 Cultural intelligence. Virtual teams are often formed to leverage the knowledge of experts from different locations. This means geographically dispersed teams are culturally diverse, by nature. As such, leaders need to encourage a global mindset and cultural intelligence on three levels: awareness of different cultural norms; understanding different values, attitudes and practices; and exercising proper verbal and nonverbal behavior during intercultural interactions. In other words, leaders need to use mind, body and heart when heading global teams – not just knowing and doing what is culturally appropriate, but respecting others' feelings in the process.

4 Detail-orientation. Leaders must pay attention to the details of team dynamics, as conflicts can arise from the slightest things. At the start of a project, teammates should be introduced, expectations set and behavior guidelines given, to reinforce the self-leadership and trust mentioned earlier.

Leaders should regularly touch base with remote teams, and celebrate milestones with them. Doing this together keeps people motivated and reduces feelings of isolation. If inheriting a virtual team, study how things went before, in order to improve in the future. Even with virtual teams, there needs to be at least one face-to-face meeting: any of the previously mentioned moments could provide the perfect excuse for that to happen.

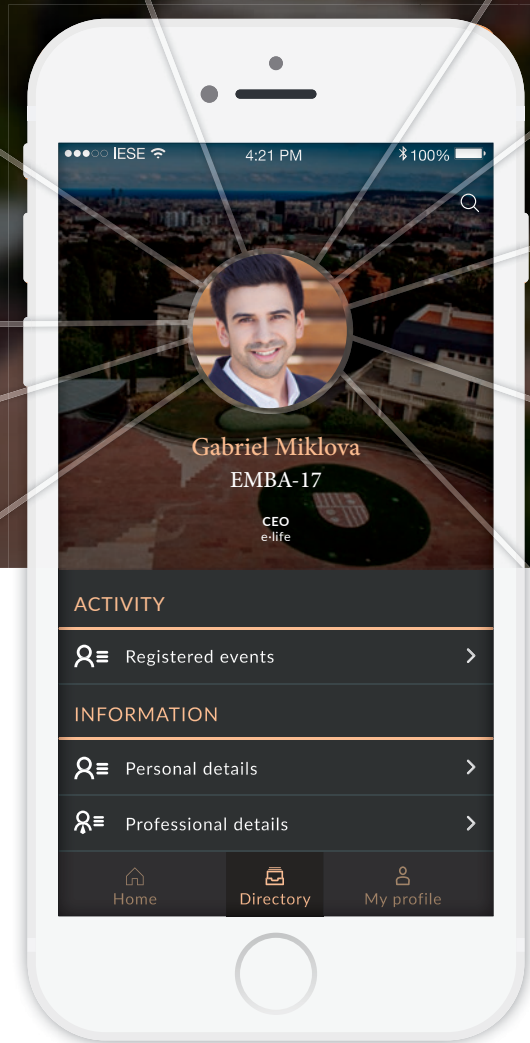
5 Right fit. Research confirms that one bad apple can indeed spoil the bunch, which is why having the right team members in place is critical. Leaders should consider individual preferences for working virtually, encourage open dialogue and use positive reinforcement to affirm desired practices. Current team members can help with the recruitment of new members: this has the added benefit of facilitating the integration of those new members.

Not all virtual teams have the benefit of a state-of-the-art corporate setting like that of Apple. But with the right leadership – which pays careful attention to the five aspects listed here – companies can enjoy collaborations that are just as successful. Achieving corporate objectives is possible, no matter the constraints of time and space.

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