

**Domènec Melé**  
Mapping the Path  
to Excellence

**Jorge Soley**  
Towards a New  
Banking Model

**Morten Olsen**  
Protecting the Few at  
the Expense of the Many

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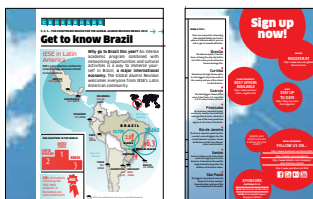
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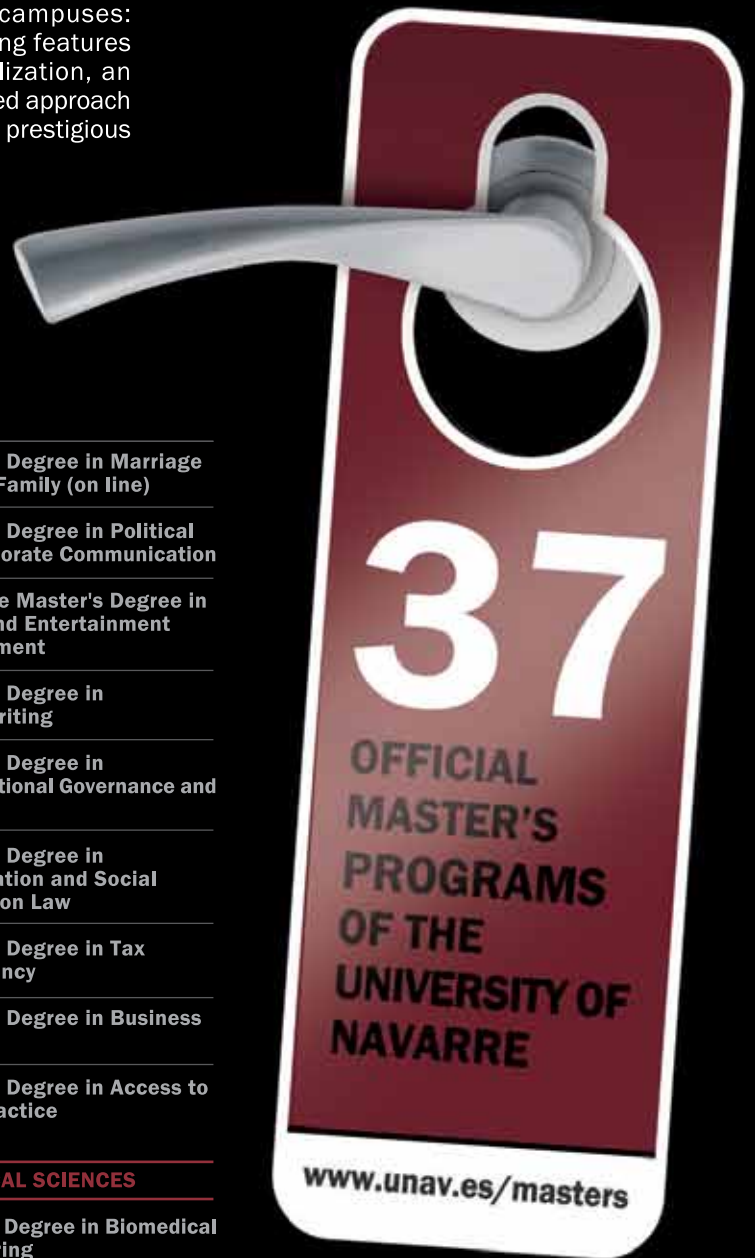
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# LEARNING ABOUT THE FUTURE FROM THE PAST



**ANTONIO  
ARGANDOÑA**

Editor of  
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argandona@iese.edu

Sometimes people ask why it is that IESE's economics professors are usually clear about what we think in our sessions and always use the language of the business world, something that we share with our colleagues in other departments. My response is that we have the good fortune to be in daily contact with executives and business people who are very involved in the school, who have no time to waste and who aren't interested in theory (well, they like a bit of theory, but just enough to understand what's going on). These are people who are involved in the present and worried about the future and, if they care about the past, it's only in order to better understand the future. That's what our school is like.

This edition of the Alumni Magazine is proof of that. In the cover story, economics and other professors discuss what countries are doing and have to do to get out of the situation we're in, especially in Europe. It's not just a question of new policies but of game-changing reforms. Companies need to learn how to operate in a changing environment. The Ideas articles by professors **Soley** and **Olsen** review these changes in the financial system and the labor market. And in Crossroads the International Advisory Board discusses the issues of growth and changing strategies at company level.

But not all change is financial. Read the interview with **Julio Rodríguez** (PDG '97) who talks about how IESE helped him raise his game at Schneider Electric. Meanwhile, this year's MBA graduates relate how IESE has helped them get closer to realizing their dreams. But what I like best about this edition is the humility of **Edwin Moses** who tells IESE alumni in London "I never imagined I could become an Olympic champion." He attributes his success to one thing - passion.

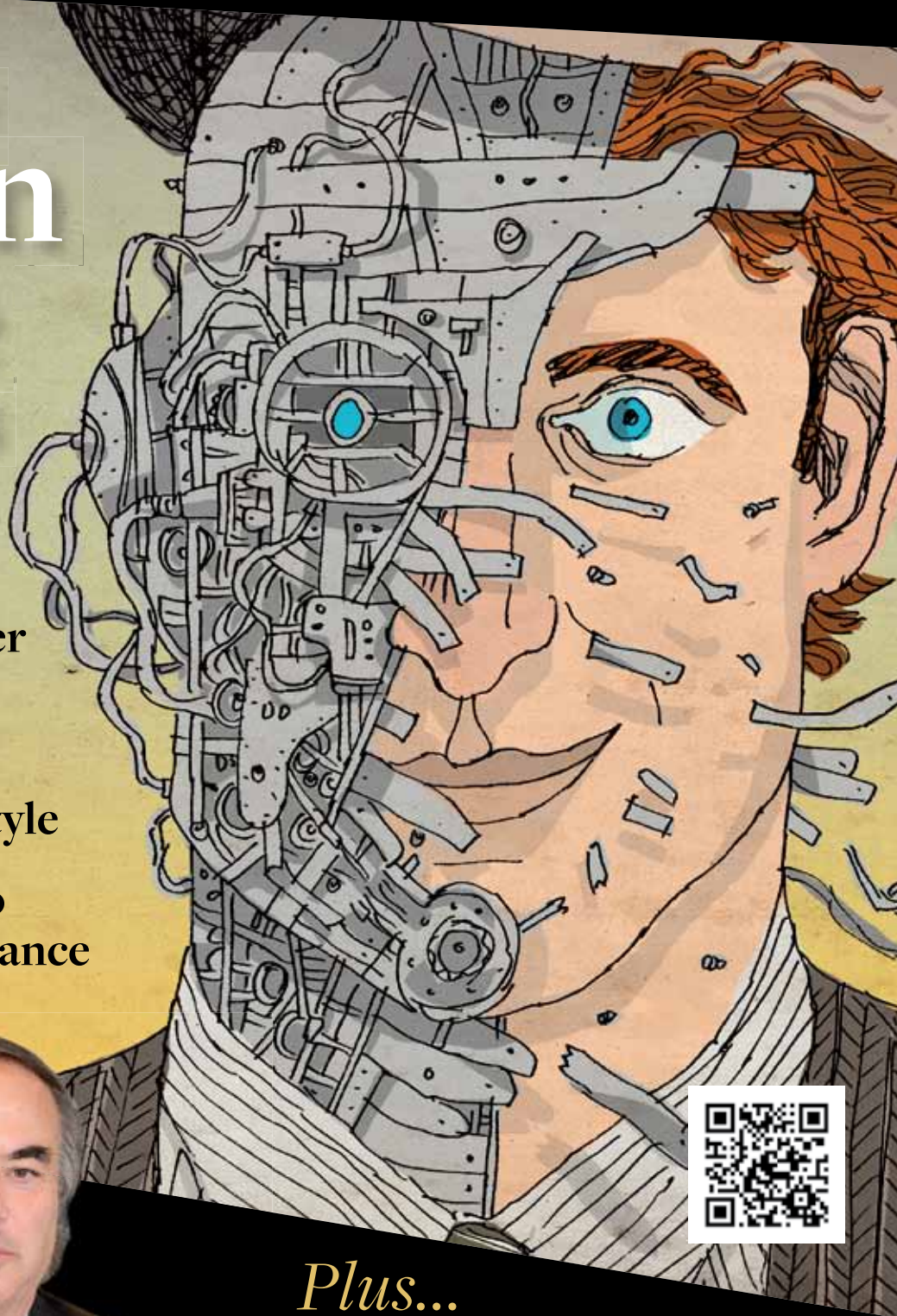


## Restoring the Human Side of Business

- Writing a Manifesto for Better Management
- Giving Wings to Your Leadership Style
- A New Approach to Fix Broken Governance

- Interview With Antonio Urceley, Toys “R” Us Europe:

“You can’t manage by consensus. We’re paid to make decisions.”



### *Plus...*

- Five Keys to Prepare for the Business of Aging
- Facebook IPO: To Sink or Swim When Floating Stock
- The Route to Olympic Gold
- Kola Real: Taking on the Cola Markets

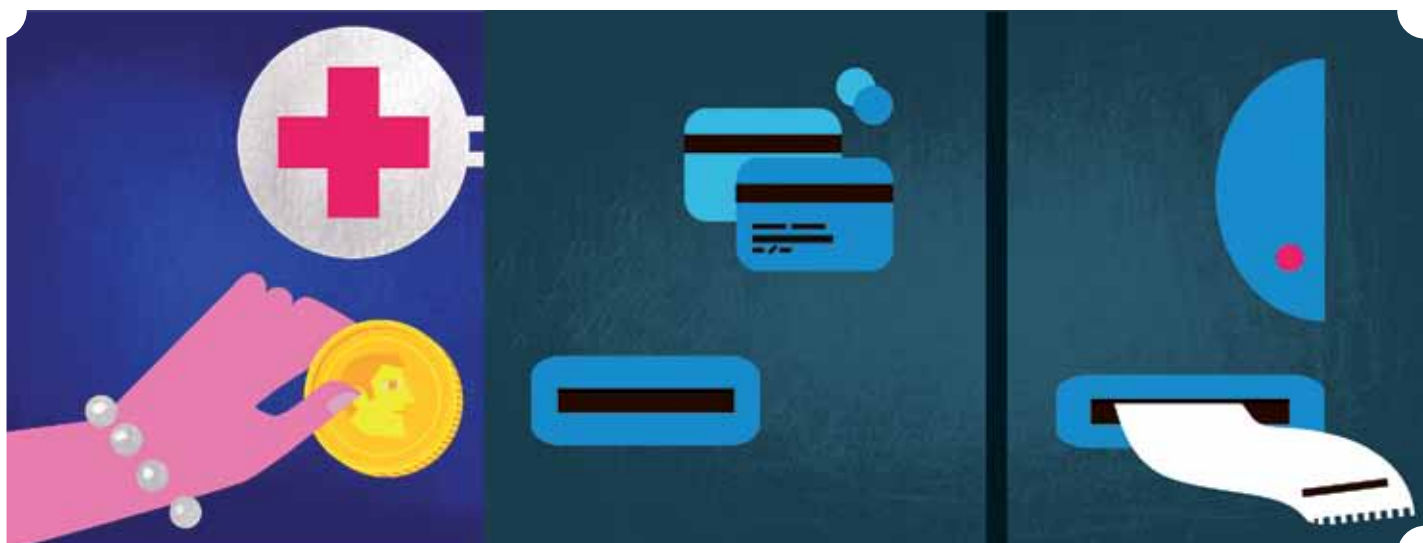


## **PAINFUL BUT NECESSARY REFORMS**

# **FACING UP TO CHANGE**

**STEPHEN  
BURGEN**





The economic crash of 2008 exposed the wishful thinking behind the project of the European single currency and has revealed the painful truth that sharing the same banknotes doesn't make us all equal. The stronger members are demanding painful, if often necessary, reforms of its weaker partners in return for financial rescue packages that are costly for all concerned. In this article, IESE professors review the recent changes taking place in Europe and their impact on business. The transition won't be easy, they say, but they believe it will help the European Union emerge from the crisis with a stronger economy and society.



**A** reform is a change in the rules of the game that changes a country's economic strategy. It's not a good idea to change the rules too often, but sometimes it's necessary to get rid of accumulated problems and to orient the country to cope with the new conditions in the international economy, says Prof. **Antonio Argandoña**. He adds that the economic recovery depends on us. "It's time for reforms," he says. That said, there needs to be a plan, because the problems of the European economy are not just a result of the juxtaposition of independent problems, says Prof. **Juan J. Toribio**, but because these problems are interrelated and it is therefore necessary to draw up a plan based on a long-term solution and a global vision because there will be no immediate improvement. He emphasizes that "things cannot be fixed with partial measures, disconnected or separated over time or subject to political horse trading."

**Argandoña** points to the so-called German model as a possible remedy for Europe's woes. Although

based on theories developed in the 1940s and 1950s, it comprises a series of coherent ideas that are broadly accepted by the majority of citizens, politicians, experts, businesses and trade unions. Germany is an open economy based on exports, not consumerism. Exports also serve as the motor for innovation and the development of other sectors and is itself based on quality and advanced technologies, not on low-cost products. High productivity contributes to low inflation and a high standard of living.

Industrial manufacturing occupies a central role both in the economy and in employment. And while industrial policy has favored the growth of large enterprises in order to achieve economies of scale, small and medium-sized businesses are also solid and thrive by serving the technological needs of the big companies. While salaries are high, wage inflation is not, partly because German taxes contribute to running a generous welfare state. Wage inflation is kept low through the consensual, rather than confrontational, nature of German industrial relations. The model is based on *konzertierte action* (concerted action) as a way of dealing with problems. In 1952 the policy





## CUTTING THE PUBLIC DEFICIT

of *mitbestimmung* (joint decision making) was introduced in which workers' representatives are involved in strategic decisions along with management.

The unions are strong but they also cooperate with management, conscious that they need to maintain competitive advantage if they are to go on exporting successfully.

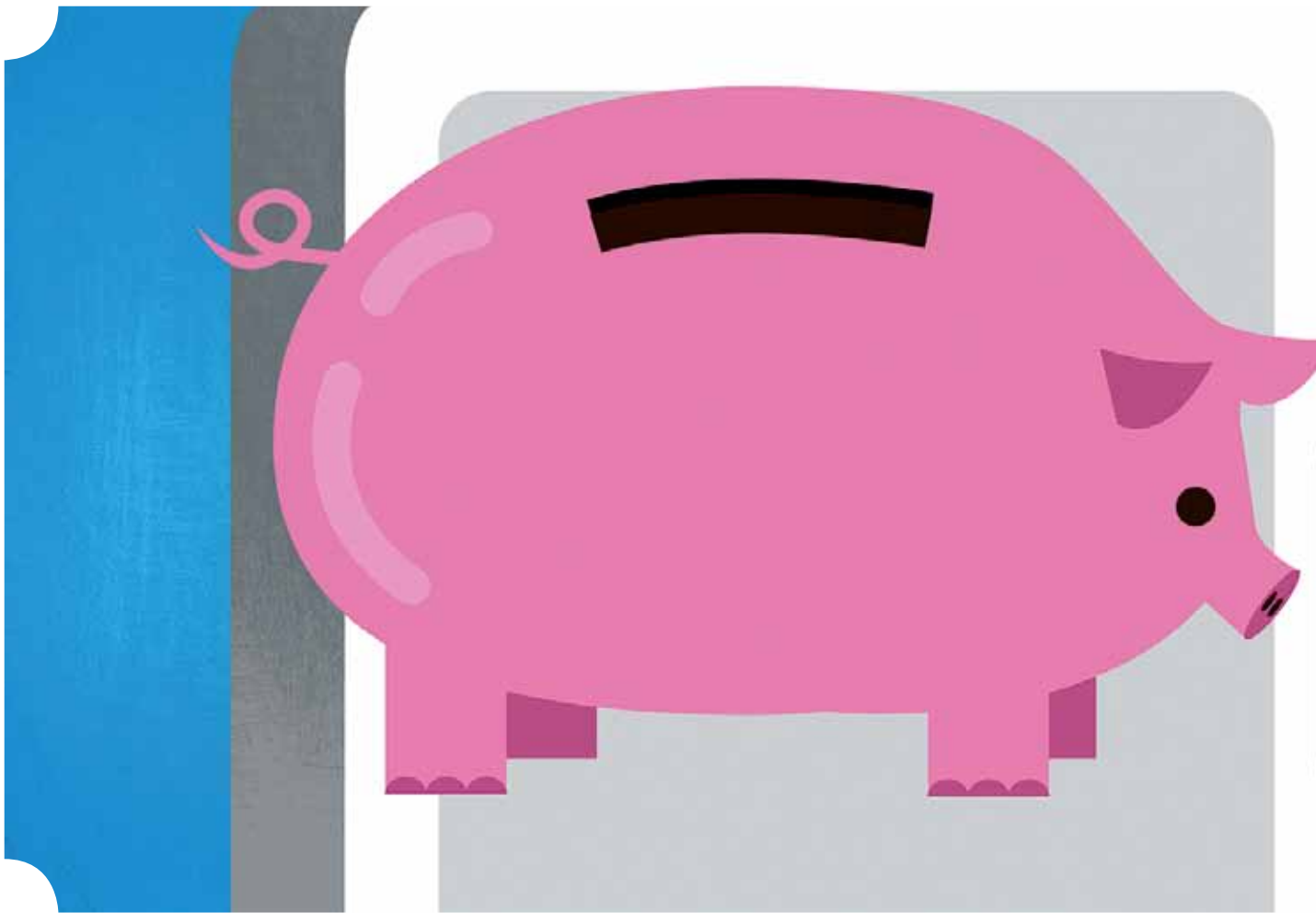
However, Germany is not the only possible role model. In the 1990s, Sweden and Canada faced up to the crisis with a rigorous program of reforms. Other countries, such as Denmark, Germany, Austria and the Netherlands have adopted similar measures in recent years. In fact, Prof. **Xavier Vives** recommends that countries struggling on Europe's periphery "copy measures put into place in Sweden, a model country that has successfully achieved fiscal consolidation and economic growth."

Sweden has gone for devaluation, reduced spending, lowering marginal interest rates, deregulating the labor market, reforming the public sector, getting rid of civil servants and creating public employment agencies. The Swedish case suggests several lessons for the EU periphery, says **Vives**. For a start, a deep fiscal crisis may help forge a broad and long-lasting consensus on the

merits of budget discipline. Well-defined fiscal objectives, fiscal transparency and a well-defined process for evaluating tax and expenditure decisions, may be more important to achieving fiscal discipline than binding rules and automatic correction mechanisms. Furthermore, fiscal sustainability success does not only depend on decisions within the fiscal sphere. Long-run growth-enhancing reforms are necessary since fiscal consolidation without growth is very difficult to achieve.

In the short term, the ability to achieve a large real exchange rate depreciation that stimulates net exports is important for open economies with serious competitiveness problems.

Reform of the fiscal process and growth-enhancing measures are, at least in principle, feasible in the EU periphery. This is not the case of currency depreciation within the euro area. This means that an internal devaluation will be needed to regain competitiveness. Wage moderation has to be part of the solution but also reductions in labor social security contributions compensated with increases in value added tax (VAT) to main-



## ECONOMICS ON-LINE

To keep up to date with economic developments you can read the blogs maintained by several IESE professors in which they periodically analyze the economic situation from a variety of perspectives.

**Eduardo Martínez Abascal:**  
<http://blog.iese.edu/martinezabascal>

**Antonio Argandoña:**  
<http://blog.iese.edu/antonioargandona>

**IESE Economics Weekly:**  
<http://blog.iese.edu/economics>



tain budget neutrality. But this program will still not work if wage bargaining has an inflationary bias since increases in VAT will translate easily into price increases. Labor market reform, particularly in regard to collective wage bargaining, is then an indispensable complement to ensure successful reform. The EU periphery has a more difficult task than Sweden, but coherence in the reforms may eventually bring about success.

One of the causes of Europe's problems lies in the difference in the competitiveness of the countries within the Eurozone which have been thrown into relief by the financial crisis. The inequality is such that you could now say there are three Europes, according to the CESifo 2012 report (see below). The first includes Germany, the Netherlands and Finland; the second, Greece and Portugal and, in the middle, Spain, France, Italy and Belgium.

### CUTTING THE PUBLIC DEFICIT

● One of the main problems that the European countries hardest hit by the crisis face is the public deficit. There are only two ways of reducing it: increase the tax take and cut public spending, both of which have effects on employment and economic activity, says **Toribio**.





## BANK RESTRUCTURING

“COMPANIES NEED TO WEAN THEMSELVES OFF EXTERNAL FINANCE AND IN ORDER TO DO SO THEY WILL HAVE TO GROW BY USING THEIR ASSETS MORE EFFICIENTLY”

Prof. José L. Suárez

The four countries that have accepted a European rescue package - Ireland, Portugal, Greece and Spain - have all made drastic cuts in public spending, which have a considerable effect on social welfare and have also, especially in Greece and Spain, given rise to increasing social unrest. Increasing the tax take is difficult in a recession, in particular in a country such as Spain where unemployment is running at close to 25 percent.

Is changing the rules of the game bad news for business? It doesn't have to be. If some of the reforms being carried out in the notoriously bureaucratic countries of the periphery were extended to changing public administration, with the simplification of bureaucratic processes, this could lead to a reduction in paperwork that would simplify day-to-day management and other processes such as setting up a business.

These improvements would allow companies to be more competitive. But for this to happen the government and the civil service “would have to be willing to help business instead of making things more difficult,” says Prof. **Alfredo Pastor**, who adds that “this would be a really positive reform and it wouldn't cost a cent,” pointing out that it “would involve a lot of work, but not money.”

As we can see, these changes are linked to reforms in the public sector, which is going through an economic crisis. Relationships between companies and the public sector are going to be very different in the next 15 years, says **Jordi Canals**, the dean of IESE, who says that companies “should demand that the government follow horizontal and sectoral and business policies that are consistent over the long term.”

### **BANK RESTRUCTURING**

● Alongside these adjustments, Europe's weaker economies need a coherent and integrated economic policy, says **Toribio**, and this must include reform of the banking and financial sector. He believes these economies are still in surgery and need to recover from the operation before it can run a marathon. The challenge is to improve credit flow.

What does all this mean for business? The main impact is when it comes to seeking finance, says Prof. **José L. Suárez**, although banks aren't the only financial resource. The stock market and private equity, which invest in unlisted companies, are alternative sources that already work well in countries such as the United States.

Companies need to wean themselves off external finance and in order to do so they have to grow by using their assets more efficiently. That way they can increase their own resources and won't need to raise money through debt, says **Suárez**.

**Vives** says economic recovery also depends on increasing banking regulation. Central banks must maintain financial stability and any body that carries out banking functions should be regulated and monitored as such. He warns that a fragmented approach to financial regulation is "doomed to failure."

The banking reforms that have been put in place in the Eurozone are based on reducing the debt and increasing the capitalization of the banks. These measures are nothing new and began to be applied after the collapse of Bear Sterns in 2008. Although the banking regulatory framework under the Basel I, II and III accords is advisory and not compulsory, says **Soley**, many nations have incorporated the principles into national law in order to force their banks to become more solvent. However, he adds that, while these reforms are a prerequisite to increasing the flow of credit, they do

not in themselves guarantee that the tap will be turned back on.

#### A MORE FLEXIBLE LABOR MARKET

● Another key aspect of the action plan is the labor market. Some European countries have successfully carried out labor reforms. At the start of the 1990s unemployment in Denmark rose to 10 percent. Employers and trade unionists worked together on reforms and cut the jobless rate by half by developing the "flexicurity" model which "combines the flexibility that both employers and employees need with the security that workers require," says **Esperanza Suárez**, an IESE researcher.

Austria and Scandinavian countries have adopted flexicurity measures that have had an impact not just on the labor market but on the welfare state. In fact, Sweden and Denmark are viewed as models of unemployment benefit policies. Much of Europe has introduced a model that combines flexibility with social protection.

In Germany the Hartz reform, which makes industrial relations flexible and allows companies to adjust working hours and salaries in accordance with demand,





was passed 90 years ago. Although it was the object of criticism, it was thanks to this law that 1.5 million workers were kept in work at the height of the crisis while the country gradually recovered (see the article by Prof. **Morten Olsen**, page 26).

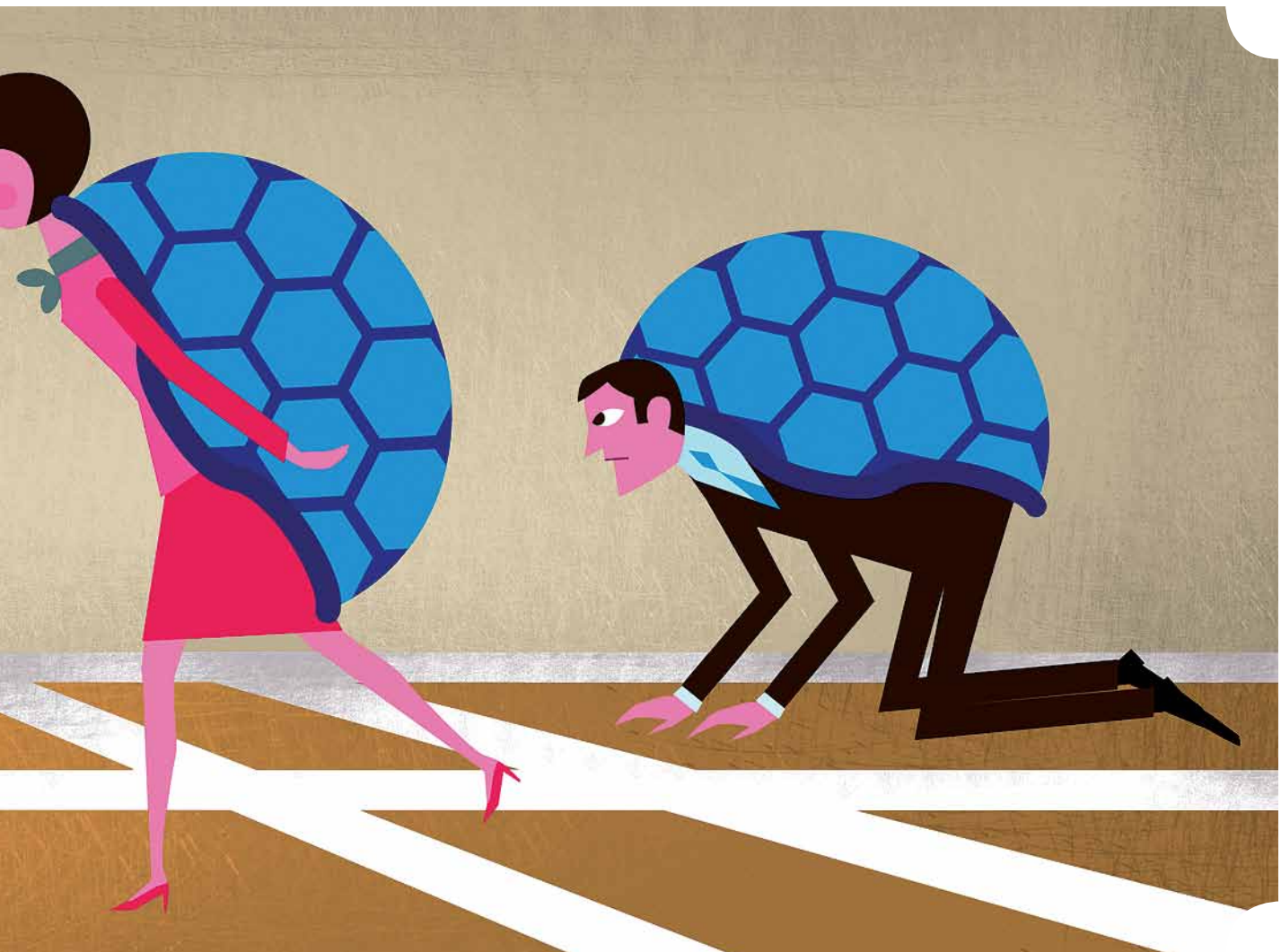
Labor reform in Europe's periphery also seeks to make industrial relations more flexible and has two main objectives: increase employment, especially among the young, and improve competitiveness. According to Prof. **Sandalio Gómez**, simplifying the contractual process and increasing flexibility and changes in working conditions will lead to greater functional and geographical mobility as well the distribution of working hours, both of which can increase competitiveness.

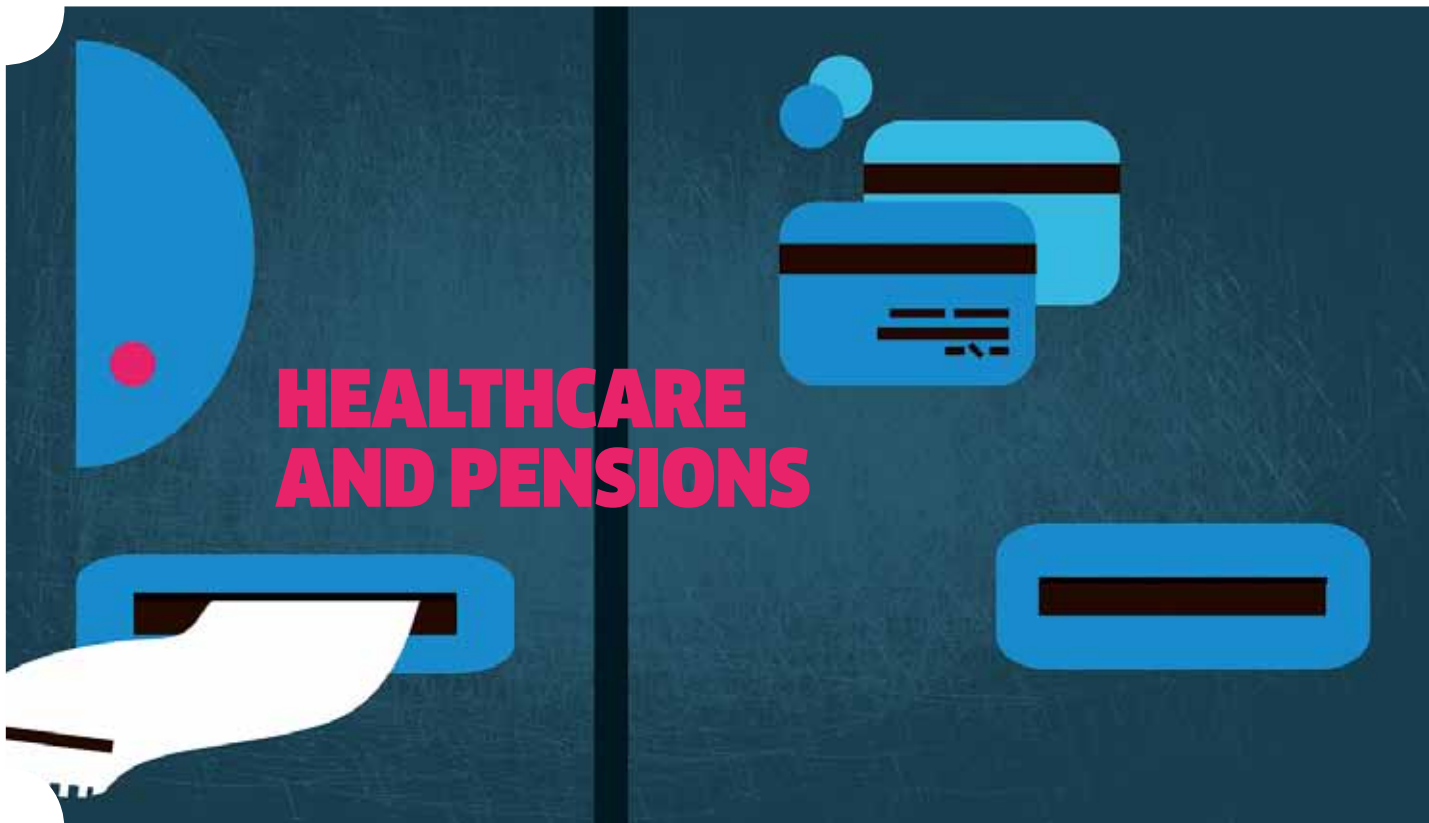
Flexibility in production makes companies more competitive, say Prof. **José R. Pin**, making it easier to adjust to market circumstances by altering the working week, salaries and increasing mobility instead of through hiring and firing, which has been the approach hitherto. These measures make it easier for a company to weather difficult times without losing staff or having to close the business, **Gómez** believes.

On the other hand, the reforms give the company greater decision-making powers and gets rid of administrative protection, especially in the case of redundancies, says **Pin**. Furthermore, the possibility of drawing up in-house as opposed to sector-wide agreements means these agreements can be strategic and can aid competitiveness.

However, one should bear in mind that all of this demands "greater responsibility and caution on the part of managers and boards," says **Pin**. The new rules of the game mean the unions have less power both at company and sector level, says **Gómez**, referring to Spain in particular. "They've been put in their place," he says, adding that they have to negotiate and compromise in the context of the company's reality and not just to save jobs.

If reforms are to pay off they should also encourage training which is essential for workers to adapt to new functions and to prepare themselves for the future, says **Pastor**. Investing in education and training is "indispensable" to maintain and develop the economic system once the crisis ends, he says.





“THESE REFORMS ARE THE MUSICAL SCORE AND WE’LL ONLY KNOW WHAT THEY ARE WORTH ONCE THE CONDUCTOR, IN THIS CASE THE GOVERNMENT, GETS THE ORCHESTRA TO PLAY”

Prof. José R. Pin

Will reforms help to revive the labor market? The reforms are the musical score, says **Pin**, and we’ll only know what they are worth once the conductor – in this case, the government – gets the orchestra to play. The musicians are business people, executives, workers and trade unions. The curtain’s gone up and the audience awaits the performance, but there will be no applause unless jobs are created. We will have to wait to assess the results, because all the players have to adapt themselves to the new reality.

#### HEALTHCARE AND PENSIONS

● Healthcare is another area in need of reform. According to the World Bank, per capita healthcare costs rose at the same rate as GDP between 1995 and 2009, which is not tenable in the current climate. Life expectancy is growing and with it the rate of dependency and chronic illness. There are three options, not mutually exclusive, to deal with the problem, claims Prof. **Núria Mas**.

One option is to change the model so as to promote efficiency in spending and meeting the needs of the chronically ill. This involves ensuring that it is working well, prioritizing best practices and integrating primary and specialized care. Services can also be prioritized, ring fencing the services covered by the public system and extending co-payment.

Co-payment will contribute towards rationalizing health spending but the authors of the study warn that





there are sectors of society that could be disadvantaged if its implementation is not well thought out. These would include the poorest patients, those at high risk, the chronically ill and emergencies. For this reason they recommend that those on low incomes are protected and that the model applied to co-payment for prescriptions, where everyone pays the same, should be avoided. They add that this model is more suitable to emergencies than primary care and that there should be differential co-payment, depending on the service. Quotas should be lower or non-existent for preventive medicine, for example, and higher for less essential or efficient services.

Demographic changes also demand a rethink in the pensions system, a reform that was initiated by the previous government but needs to be reactivated soon, says **Argandoña**. “We need a fairer, more efficient and more contributory system,” **Díaz-Giménez** says. As the population ages, fewer and fewer people are working to maintain pension contribution levels, he says.

Aside from the above reforms, more are needed. “We need to internationalize the economy,” says **Vives**, who says that increasing productivity is key in order to raise export levels. To achieve this, the reforms must be implemented in a “serious, consistent and firm” manner, he says. More reforms are needed and we have to be patient to see them take effect, but IESE professors believe that Europe as a whole will emerge stronger as a result.

## RECOMMENDATIONS FOR EUROPE

### CESIFO

Each year the European Economy Assessment Group within CESifo publishes a report on the European economy. The 2012 report focuses on the crisis and its impact on Europe. Written by economists from seven countries, among them IESE's Prof. **Xavier Vives**, the report recommends the following:

- Introduce guaranteed, standard, Europe-wide letters of credit to give member states access to low-interest credit that they can use to meet their obligations to the European Central Bank.
- Encourage European financial integration.
- Give national central banks a supervisory role.
- Reform the European Union's financial architecture.
- Stabilize the Eurozone with a credible liquidity instrument for solvent countries that face speculative attacks and with restructuring instruments for insolvent ones.
- Establish accords for sharing out costs of bankrupt banks with a strong European authority and with a safe fund of deposits for transnational institutions.

The report also looks at the lesson of Sweden, how the crisis is affecting Hungary and proposes economic models to deal with climate change.

THE REPORT IN FULL:  
[www.cesifo-group.de](http://www.cesifo-group.de)

## BUSINESS ETHICS

MAPPING THE PATH  
TO EXCELLENCE**DOMÈNEC MELÉ**

Professor of  
Business Ethics,  
IESE Business School

Ethical behavior and social responsibility go far beyond simply following rules or adopting a code of conduct because in their genuine sense ethics serve as a guide for human excellence.

ETHICS • LEADERSHIP • HUMAN EXCELLENCE •  
SOCIAL RESPONSIBILITY • MANAGEMENT

Far too often we read about cases of corruption, fraud and abuse of power in the financial and business world which few would hesitate to condemn on ethical grounds. Many companies have taken the step of incorporating values and codes of conduct into their modus operandi. But there's more to ethics than that.

In its original and, I believe, its most genuine sense, ethics serve as a guide for human excellence. This point of view, which is intrinsic to IESE, is often not fully understood. Many see ethics simply as something counterposed to corruption or a minimal set of rules that, if followed, constitute "being ethical." No one would argue against confronting fraud or deception and operating within the law. Of course not, but to reduce ethics to this is to disregard that which is of the greatest value, which is to aim for human excellence.

In a recent book of mine I argue that ethics are intrinsic to management and essential for good management. I base this argument on various factors which we shall examine in a moment. Underlying all of them is the conviction that ethics are the basis of excellence in human endeavor.

From this perspective, the morality and virtues of individuals that lead them to act in accordance with certain values is central, although a more complete view of ethics also includes norms and principles and

the consideration of human good as the fundamental point of reference for establishing true values. The reasons why ethics are fundamental to good management are:

**RESPONSIBLE ACTION**

● The actions of management are above all human actions and as such involve responsibility. Responsibility, or the need account for one's actions, is predicated on the assumption that one has acted freely and consciously and is therefore the master of one's actions. Thus everyone understands that they are responsible for what they have done, unless they have been coerced to the point that they were no longer acting of their own free will.

Of course, managers come under pressure and are afraid of risks and uncertainties. This may restrict their freedom, but not to the point that they become automatons without any free will. Responsibility means answering for your actions, whether good or bad, because this is what ethics entails.

On the negative side, a manager – like anyone else – is culpable if they freely and consciously do something wrong, or fail to do something they should have done. On the positive side, if they do well, they deserve praise. Each person's conscience bears witness to their moral responsibility and as a result, we often have feelings that we are either deserving or guilty. Everyone in society also judges the actions of executives whom they regard as responsible



and, in some cases, punish them for what are judged to be crimes. Furthermore, they often demand accountability.

### MORALITY

● Every management decision involves morality. This depends on the degree to which the decisions serve or harm others. In the first place, it affects the decision-maker themselves to the degree to which their own human condition is enhanced or degraded, because just decisions make one more just whereas giving in to corrupt practices corrodes one's humanity. Words with negative connotations such as fraud, con or bribery all describe reprehensible human actions. However, most people don't need any specific terms to describe actions performed in the service of others. This is clear when we bear in mind that in general many people benefit from executive decisions. These decisions are made to create jobs, products that people can afford and to create wealth. But they can also be unjust decisions if they don't respect people's rights or are not in the common interest. This is what morality means. In practice, there is no such thing as morally neutral actions, even though they may appear so if they only involve introducing a technique or doing the accounts, because they embody intention, that is to say, they have a purpose, whether good or bad, and this lends them their moral character.

### MANAGEMENT ETHOS

● An ethos with ethical implications underlies every management practice. Company management, like other practices, is based on a set of ideas and values that together make up what could be called the management ethos. This includes, among other elements,

● n o - t i o n s a b o u t people, the company and society, the purpose of the company and the values that govern its executive actions. A management ethos that sees the business as a community of people in which employees, consumers and other people related to the company are valued, treated with dignity and have their rights respected has an ethical dimension very different from a company which sees itself as a purely economic instrument in which people are valued merely for their productivity or as sources of profit. One way or another, all business theories and practices embody ethics. A failure to realize this can lead to actions based on false premises and pseudo values.

### BUSINESS CULTURE

● Ethics are an important part of business cultures. Many people



## EXECUTIVE BEHAVIOR IS AN EXPRESSION OF THE SHARED VALUES AND CONVICTIONS THAT COMPRISE THE BUSINESS PRACTICE

have come to see that organizational and business culture is more important than strategy when it comes to achieving desired results. Just as with management ethos, executive behavior is an expression of the organization's shared values and convictions and the virtues that comprise its business practice. Leadership is a key factor in developing business cultures.

Encouraging ethical values and practices and, above all, leading by example, can have a huge impact on a company's human and ethical culture. It's easy to see that a culture in which a spirit of service, passion for work and honesty are valued will produce very different results from a dishonorable organization that disdains service and produces poor work.

### TRUST AND REPUTATION

- Consistently ethical behavior
- creates trust and a good reputation. It is widely recognized that trust plays a vital role in initiating and doing business as well as for cementing a good reputation, which is essential for people and institutions. It is well known that trust reduces operating costs. Where there is no trust, expensive control mechanisms have to be introduced as a guarantee. Something similar happens in regard to reputation and corporate reputation in particular.

A good reputation attracts good staff and clients. A false image may serve to create trust and a good reputation for a while but if it is not based on ethical behavior, sooner or later the trust will run out and the reputation will evaporate. When this happens it's very expensive to recover the trust and reputation that have been lost.

### MORAL CHARACTER

- The moral character of executives informs their performance.
- If management consisted of nothing more than the mechanical application of techniques, norms and processes, then personality would have little bearing on good management

aside, perhaps, from an enthusiasm for using these tools. But a manager is a human being and the virtues and values inherent in their moral character inform the way they work. A person with a truly virtuous moral character will adopt a responsible attitude to their mission and will carry out their work well, making fair and wise decisions while honoring their commitments.

Their sense of responsibility will lead them to seek ways of working more efficiently and being more creative. They will refuse to do dirty work that is not only degrading but is risky both for themselves and the company. When faced with situations where it is difficult to do the right thing, they will use their moral imagination to find solutions that are both ethical and efficient.

### LEADERSHIP

- Moral capacity rooted in virtue
- encourages leadership. A good manager has to be a leader and here, too, their moral character is of great importance. Understanding leadership to mean influencing others and persuading them to follow you in order to achieve common objectives calls for specific abilities, some of them of an ethical nature. Moral capacity rooted in virtue creates credibility and encourages others to follow and to collaborate.

Being sincere, honorable, fair, kind, humble, genuine, generous and courageous are aspects of these abilities. Studies of leadership highlight one moral feature in particular: integrity. In its most genuine sense, integrity is the moral quality that combines all the virtues.

The above reasons make it clear why the ethical dimension of management must be borne in mind in decision making, formulating and implementing strategy, devising systems or any other aspect of business activity. Not to do so amounts to closing one's eyes to reality which can have serious consequences in terms of the human damage caused, the effect on the running of the organization and, not far off, on the results.

#### MORE INFORMATION:

<sup>1</sup> D. Melé, *Management Ethics: Placing Ethics at the Core of Good Management* Palgrave MacMillan, New York, 2012.  
[www.blog.iese.edu/eticaempresarial](http://www.blog.iese.edu/eticaempresarial)



# LASTING CHANGE, CUSTOM MADE



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## BANKING REFORM

## TOWARDS A NEW BANKING MODEL

**JORGE SOLEY**

Extraordinary Professor  
of Financial Management,  
IESE Business School

Political pressure and a loss of public trust have increased the clamor for banks to be better regulated but there are no quick-fix solutions to what is a complex problem.

September 2008 marked a watershed in international affairs. The bankruptcy of Bear Sterns and Lehman Brothers triggered a recession that continues to this day and that exposed the fact that many banks did not have sufficient capital to cover the potential losses on the risks they had assumed, with the result that a lack of liquidity translated into a sovereign banking problem. Faced with this situation, governments began to take measures to clean up banking. These measures ranged from nationalization in the United Kingdom and an EU rescue plan for Ireland, financial aid in the United States, in particular in the case of the semi-public mortgage providers Fannie Mae and Freddie Mac, and state cash injections to German savings banks such as Commerzbank and Hypo Real Estate, which was also the case with Dexia in France and ING in the Netherlands.

Various factors have led us to this point. Some banks were exposed to so-called sub-prime mortgages, others are affected by the burst property bubble and others by their exposure to public debts, such as the French and German banks that bought a lot of Greece's public debt.

**REGULATING THE BANKS**

● The framework governing the norms that banks must adhere to regarding their own resources is known as the Basel Accords. These

are international agreements issued by the supervising committee of the Bank for International Settlements based in the Swiss city of Basel. Many of these regulations were introduced before the crisis hit. However, until Basel I was introduced in 1988 no minimum levels had been set for the minimum amount of capital a bank should keep in reserve, but the start of the recession accelerated the introduction of prudential regulations.

The first problem was agreeing on a definition of capital banking covering all the affected countries at a time when there was neither European nor worldwide regulation and supervision. The Basel accords are recommendations but many countries have incorporated them into law.

The new Basel accord, known as Basel III, was published in December 2010. This represents a point of no return towards a new financial architecture and demands significantly more stringent standards







## BANKS WILL ATTEMPT TO PASS INCREASES ON TO CLIENTS OR TO REDUCE THEIR ASSETS IN ORDER TO LOWER THEIR CAPITAL NECESSITIES

than Basel I and Basel II. However, it will take several months to implement as it is a protracted process that requires a European Directive and the drawing up of corresponding regulations.

Anglo-Saxon countries have taken this a step further with the implementation of “ring fencing.” This draws a line between the activities of the commercial bank (based on the general public’s deposits) and the investment arm, and demands distinct requirements regarding solvency and operations for each model.

Meanwhile, in 2011 and 2012 the Spanish government introduced minimum levels of “principal capital,” which is very similar to Common Equity Tier I, known in the banking world as “core capital” ie: capital + reserves + results.

Once it comes into force Basel III will also establish a number of ratios of minimum liquidity and leverage of total active assets independent of their risk profile in order to prevent excessive leveraging. From all of the above we can draw the following conclusions:

- The implementation of prudential regulations is slow and not always global. The period of adaptation for Basel III runs from 2013 to 2019. This regulatory framework demands that banks have significantly higher capital resources. Fitch estimates that the 29 largest banks need to raise \$556 billion by 2018 or reduce their outgoings by \$5.5 trillion, neither of which is easy to achieve.
- The supervision landscape that ultimately emerges may change significantly, above all under pressure from banking associations.
- The development of the corporate governance of banks (Basel III – Pilar II), which has emerged as particularly important recently, is being left for later. First the solvency issue has to be resolved and once that has been achieved we can move on to the business of governance and transparency.
- The so-called “shadow banking system,” consisting mainly of hedge funds and private equity, remains un-

regulated. This system possesses a greater volume of assets than the world banking system, is promoted by bank shareholders and centered, surprisingly, in London.

- The increase in banks’ solvency, that is, of their own resources, will presumably lead to a rise in the cost of credit and banking services as one’s own resources are usually more expensive than those from third parties. Banks will attempt to pass this increase on to clients or to reduce their assets (by offering less credit, which is what’s happening now) in order to lower their capital necessities.

- Reduction of the balances and lower profitability of the credit entities.

### BANK RESTRUCTURING

- A combination of the above points, along with government support and various types of bailouts totaling €1.2 billion (\$1.7 billion), not counting the bailout of Spanish banking in June 2012, has led to the consolidation and restructuring of banks. The time factor has been key in the implementation of all of these processes, although this has often not been appreciated by government. Restructuring will have characteristics that were unimaginable before the start of the financial crisis, including: Fewer national, European and international players. They will be measured by their solvency but the volume of their balances will be discriminatory. The existence of a nationalised bank, the majority in some cases, initially of a temporary nature.

A change in the nature of shareholder profile, with local individuals and institutions playing a smaller part and substituted in part by “shadow banking.” Less



internationalization through minority shareholdings which are penalized regarding the capital requirements. And let's not forget two points that are strategic but have structural implications: Improvements in corporate governance. The "back to basics" banking which is being touted by various experts but about which I have doubts because of the insufficient added value.

#### ARE MERGERS THE SOLUTION?

● They might be in some circumstances but the problem banks can't be rapidly swallowed up. Besides, these are difficult times for anyone running a bank. There is insufficient interest spread, there are limits to how much efficiency can be improved, there are regulatory limits on the assets that can be invested and their industrial participations are not doing well on the stock market. Add to this the pressure, much of it political, that derives from the public perception that banks have been badly managed and it is clear that the single factor on which banks depend most—trust—is under attack.

#### REFORM IS NOT THE SAME AS GIVING MORE CREDIT

● It's a necessary but not a sufficient condition and this is true for all of Europe and the United States where, in spite of the reforms and underpinning of the banks, there is insufficient credit. The measures taken

don't lead to an immediate loosening of ties on credit; it takes time, especially as this coincides with the implementation of Basel III.

From all of this we can deduce that we have to look for credit elsewhere (by, for example, cutting back on dividends, seeking individual or institutional investment partners, private equity, looking to the Alternative Stock Exchanges and at business angels) and not depend on banks as much as we do now.

Although the economy and the banking sector will improve, company financing won't return to the status quo that existed before 2007. There's a before and after for the banks, but also in business finance policy.

WE HAVE  
TO LOOK  
FOR CREDIT  
ELSEWHERE AND  
NOT DEPEND ON  
BANKS AS MUCH  
AS WE DO NOW





## LABOR MARKET REFORM

## PROTECTING THE FEW AT THE EXPENSE OF THE MANY



**MORTEN OLSEN**  
Assistant Professor  
of Economics,  
IESE Business School

The pre-crisis boom in Southern Europe obscured the fact that inflexible labor markets have kept the unemployment rate unacceptably high for decades. France and Italy generally have had unemployment rates around 10 per cent and Spain's has dipped below 10 per cent during only three of the past 30 years.

EUROZONE • LABOR MARKET REFORM  
• UNEMPLOYMENT • SOVEREIGN DEBT •  
FLEXICURITY • ENTREPRENEURSHIP

In 2011 Spain was struggling with an unemployment rate of 22 percent, a barely positive growth rate and a government budget deficit of 8.5 percent of GDP. The unemployment rates in Greece and Portugal were 18 and 13 per cent, respectively. All of this, while Germany was enjoying an unemployment rate below 6 percent, visible growth and a government budget deficit of 1 percent of GDP. So far 2012 has not shown any signs of improvement. Investors are increasingly cautious about Southern European government debt while jumping at the opportunity to place their money with the Germans even at historically low interest rates. What are the Germans doing right? And what – if anything – can Southern Europeans learn from the Germans and the rest of Northern Europe.

As with most things these days, the answer lies with the introduction of the euro, and in particular two implications of its original design: the removal of exchange rate flexibility by the introduction of a common currency and the implied understanding that all eurozone government debt was created equal.

First, the common currency. The ability of companies to compete internationally is affected by three factors: changes in productivity (the ability to produce more goods – or goods with higher quality – using the same inputs), changes in input costs (primarily la-

bor) and changes in exchange rates. If, say, Spanish productivity improvements are insufficient to keep up with German productivity improvements compared with increases in costs of labor, then the exchange rate must adjust to ensure Spanish competitiveness. This is exactly what was happening throughout the 1990s when the Spanish peseta depreciated by 30 percent compared with the German D-mark. After the introduction of the euro this “release valve” no longer exists.

The consequences are shown in the graph overleaf which plots German productivity and average compensation. Compensation per employee grew by 8 per cent between 2000 and 2008 and productivity a bit more. Compare this to Spain and Italy where productivity was almost constant, but wages grew by 30 and 20 per cent, respectively. This resulted in a deterioration of competitiveness with the predictable consequence of a worsening of the current account deficit. The picture has improved somewhat since 2008 in Spain, but primarily due to the deep Spanish recession which typically leads to cost-cutting and moderate wage demands.

**INTEREST RATES**

● The second important implication of the euro was the harmonization of interest rates required on government debt. Shortly after the introduction of the euro yields

on governments bonds across the eurozone were low and within a few points of each other. It is clear that, although bail-outs are specifically ruled out by the Maastricht treaty, markets perceived all government debt as equally risky. Though this had different effects across the eurozone, cheap credit does tend to encourage profligate spending. In Spain it fueled a boom in the construction sector partly aided by lavish government spending on airports, prisons and the like. At its peak the share of Spanish employment in construction was 13 percent (2006-2008) compared with a relatively steady level of 8 percent in the eurozone as a whole (OECD statistics). Since then employment in construction has shrunk by more than 1.3 million people. Most of these people will have to find jobs in other sectors, a task made more difficult by the fact that many of them dropped out of school to pursue the then lucrative jobs in construction.

This leaves the Southern European countries with severe competitiveness challenges, and Spain with the twin challenges of improving its overall competitiveness and reallocating a large share of its work force from construction to the sectors of the economy that are able to compete internationally, such as apparel (think Zara and Desigual), agriculture, tourism and certain parts of manufacturing.

Both challenges lead us down the same road: labor market reform. As there are as many labor market systems as there are countries in Europe, what better direction to look than at our neighbors, some of which have structured their labor markets very differently. This examination demonstrates that the debate on labor market reform is plagued by a number of myths.

#### MYTH 1

● **Making it easier to fire people will only increase unemployment.** Though conceptually, lower firing costs (severance pay, cumbersome legal procedures, and the burdensome dual labor market

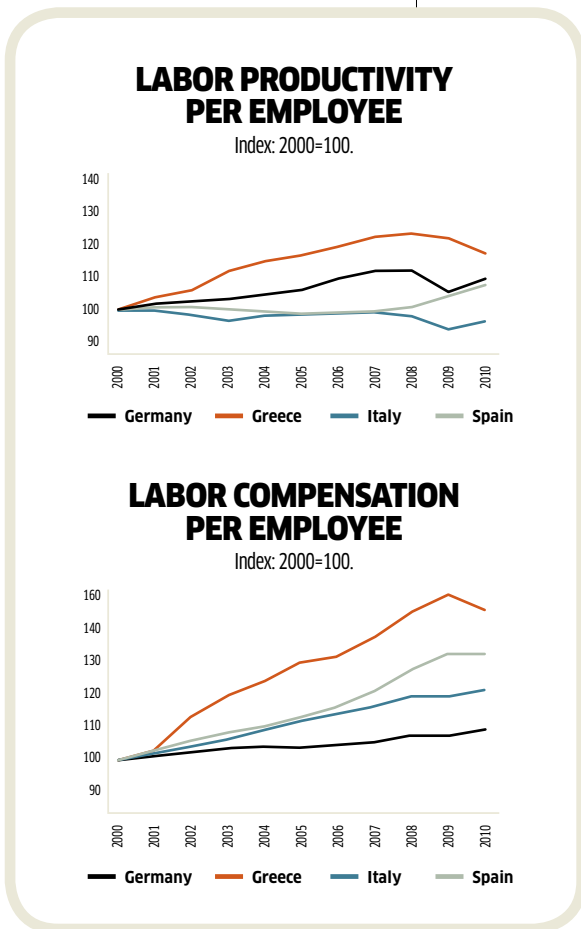


## MOVING MANY WORKERS FROM CONSTRUCTION TO OTHER INDUSTRIES REQUIRES FLEXIBILITY

system of particularly Spain) can either directly increase unemployment or reduce it as companies will find hiring new employees less risky, all experience and research shows that the effect of encouraging employment is stronger. Think of the Southern European countries that typically have more rigid systems and higher unemployment and the Northern European and American systems with more flexibility and lower unemployment. On top of this, Spain currently has to move a large share of its workforce from construction to other industries, a task that above all requires flexibility to encourage hiring.

Further, this is purely looking at the effects on unemployment and disregarding the economic efficiency from allocating people more productively and reducing the number of “cushion” jobs of no real economic value. The higher is overall production, the higher can wages be without leading to deterioration of competitiveness.

Source: OECD Statistics



### MYTH 2

● ● The high unemployment rate is only a feature of the current recession, and will fall when the economies recover.

High unemployment rates have been a persistent feature of the French, Greek, Italian, and particularly the Spanish economy for decades. The most striking thing about the Spanish unemployment rate is that it has dipped below 10 percent for only three of the past 30 years. It was as high as it is now in the mid-1990s! High unemployment has been a consistent feature of Spanish labor markets for decades and without

reforms will continue to be so even when the current recession ebbs. The OECD estimates that the rate of unemployment in normal economic circumstances is around 16 percent in Spain and 11 percent in Portugal, while only 7 and 4 percent in Germany and the Netherlands, respectively.

### MYTH 3

● ● Higher flexibility would equal “American”-style lack of protection for the workers. This argument is turned on its head. In fact, instead of providing protection the current system only harms the millions of people who are currently unemployed by preventing them from participating in the workforce. Further, as shown by the Scandinavian systems, in particular the Danish flexicurity system, flexibility in the labor market can be combined with security for workers. Firms are (almost) free to adjust their work force as they see fit, but the government provides both high initial unemployment benefits as well as a very active engagement in finding new employment for those who lose their job. Germany has adopted many of the same measures, complemented by a system with flexible adjustment of working hours and the possibility of part-time jobs. In Southern Europe, regulations, for instance the design of social security contribution in Spain, often make part-time unemployment unattractive. And this at a time when part-time employment could allow thousands of people to retain some connection with the labor market.

Naturally, implementing these things would require a substantial change to the current system of passive unemployment support to one of more active encouragement. A good start would be to discourage students, citizens living abroad, and workers in the unofficial sector from collecting unemployment benefits.

### MYTH 4

● ● The Mediterranean culture and regulation stymies entrepreneurship and how are we supposed to compete with the Chinese? This myth is unfortunately partly



true. The World Bank ranks Spain, Italy and Greece as 44th, 87th, and 100th, respectively, in ease of doing business (doingbusiness.org), whereas Germany gets a rank of 19. This fact, combined with a generally high level of red tape and government bureaucracy probably go much further in explaining the perception of a lack of “entrepreneurial spirit” than anything inherent in the Mediterranean culture, a fact demonstrated by the (export) successes of a number of Spanish sectors such as industrial technology, chemicals, fashion and various agricultural products and the highly competitive Italian production of fashion and luxury items. It is not necessary (nor desirable) to compete with neither China nor Germany in all sectors, but it is necessary to take advantage of the sectors where countries are internationally competitive. Governments should do all they can to encourage this by supporting new businesses and flexible labor markets.

#### MYTH 5

● **Unemployment actually is not that high as a lot of people work in the unofficial sector.** One would certainly hope so. That would be less of a waste than large fractions of the work forces being unemployed. But not much less: as a result of being outside the legal framework of contract enforcement, proper regulation and property rights, the unofficial sector operates less efficiently and creates less wealth than official employment. In addition the claim finds little support as the unofficial sector is estimated to be almost of the same size in Denmark (18 percent of GDP) and Germany (16) as in Spain (22.5).<sup>1</sup>

#### MYTH 6

● **If wages were lower, people would be poorer and Southern Europe would be poorer.** The current situation represents a large waste of labor throughout the periphery, and employing a larger share of the labor force would make countries as a whole richer. If the wage needed to profitably hire a person

is below the current level of unemployment benefits, this can be fixed through the tax system: It is certainly better for everybody if instead of paying, say, €400 in unemployment benefits, the government paid €200 in an earned income tax credit on top of €300 earned in employment.

#### MYTH 7

● **The Germans want everybody to become like them.** It is true that the German mindset has been and continues to be important for the way the eurozone deals with the crisis. Germany is both the largest economy and the Bundesbank provided the blueprints for the original design of the ECB. This means that measures which would provide immediate relief to Southern Europe such as a common guarantee on all government bonds (by lowering yields on government bonds) or increased German inflation (which would make it easier for to regain competitiveness for Southern Europeans) are facing German resistance.

However, it is important to realize that there is nothing inherent in a currency union that requires countries to have the same average living standards, just as there is nothing within a country that guarantees that everybody has the same income. What the argument above demonstrates is that what matters to avoid future crisis is that the ratio of productivity to wage compensation must be fairly equal across countries. If there is something inherent in the Mediterranean way of life which implies lower productivity – which seems doubtful – there is no inherent problem, as long as both people and government live within their means.

So where does this leave Southern Europe? With high unemployment, a constant threat of spiraling rates on government debts and the challenge of a deep recession, governments need to do all they can to fully employ their work forces as quickly as possible. What better way to do that than to look around with an open mind, see what works in other countries, and adopt the best practices here at home.

WE SHOULD  
LOOK AROUND  
WITH AN OPEN  
MIND FOR  
WHAT WORKS  
ELSEWHERE  
AND ADOPT  
BEST PRACTICES  
HERE AT HOME

#### MORE INFORMATION:

<sup>1</sup> Schneider, Friedrich, *Size and Measurement of the Informal Economy in 11 Countries Around the World*, 2002.

[www.blog.iese.edu/economics](http://www.blog.iese.edu/economics)



## Europe's Housecooling

SEBASTIÁN CURET AND JOSÉ LUIS MORAGA

Drawing on the European Energy Performance of Buildings Directive, the authors analyze plans to implement the new regulations across European countries. In their report, "Climate Change Regulation: Energy Efficiency in Buildings in Europe," **Sebastián Curet** and **José L. Moraga** of IESE's Public-Private Research Center study the impact of EU policies on the residential buildings market. Residential buildings are one of the main sources of greenhouse gas emissions and focusing on this market presents key opportunities. Europe leads the world in policies mitigating climate change emissions but to meet 2020 targets, EU countries will need to redouble their efforts.

**MORE INFORMATION:** *IESE Insight/Economics*  
Report: *Climate Change Regulation: Energy Efficiency in Buildings in Europe*

## SWINGING THE LEAD

BLANCA SÁNCHEZ-ROBLES, JORGE GUADA, FEDERICO DURÁN, EVA DIEZ-ORDÁS,  
EVA M. BLÁZQUEZ, ELISA PENDÁS AND ÁNGELA M. GALLIFA



The cost of absenteeism takes on greater significance in times of crisis when companies need to weed out inefficiencies in order to be more productive. However, it is not easy to pinpoint which absences are unjustified. Of the seven countries covered by the study, Spain has the highest rate, with 11.6 days lost per worker each year and a direct cost of €343 per salaried employee, followed by Switzerland (10.9), Finland (8.9), Denmark (7), Australia (6.8) and Canada (6.6). The United States (4.9) has the lowest rate. The report suggests regulatory, management and financial measures to minimize the problem. For example, it would help both employers and tribunals if there were clear guidelines regarding the circumstances in which absenteeism is cause for dismissal.

**MORE INFORMATION:** *IESE Insight/Leadership and People Management*

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# Dos and Don'ts of Working in Brazil

JOSÉ R. PIN, PILAR GARCÍA LOMBARDÍA AND ÁNGELA GALLIFA

The report examines the key factors when designing a strategy for operating in Brazil, and presents different case studies:

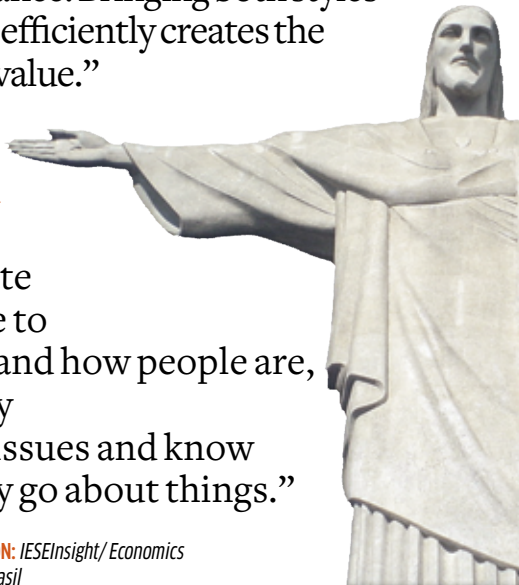
## 6 years in Brazil

“It’s vital to have empathy and accept the differences and learn to adapt your skills to get the best performance. Bringing both styles together efficiently creates the greatest value.”

## 5 years in Brazil

“As an expatriate you have to understand how people are, how they discuss issues and know how they go about things.”

**MORE INFORMATION:** *IESEInsight/Economics*  
Report: *Destino:Brasil*



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# Technology is Key to Future of Healthcare

NÚRIA MAS AND GIOVANNI VALENTINI

Technology has become a key element of competition in the hospital market. At the same time, this market in the US has experienced an enormous merger activity. In their study “The importance of Technology in the Consolidation of Hospital Markets” the authors analyze the role that technology can play in this consolidation wave by focusing on how it can affect a hospital’s selection of a particular target. They find that hospitals are more likely to choose targets that complement their technological holding, specifically when these are complex technologies and with favorable cost / benefits ratios. With this, the merged entity tends to become closer to a one-stop-shop hospital.

**MORE INFORMATION:** *IESEInsight/Economics*

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## THE HUMAN FACE OF BUSINESS THE LATEST EDITION OF *INSIGHT* INVITES YOU TO RETHINK THE COMPANY

● The credibility of companies as institutions has hit an all-time low. Can we reverse this trend? Treading a more humane path seems to be the only way to ensure that business is economically, socially and humanly sustainable. There are ideas about how to achieve this in the report in the latest edition of *IESE Insight*.

There are also articles about how to launch and IPO, the opportunities presented by an ageing population, Kola Real’s attempt to overshadow the giants of the global cola industry and an interview with the European head of Toys “R” Us.

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# GROWING PAINS

IAB Looks at Prospects for the Global Economy



**M**embers of IESE's International Advisory Board spoke at a Continuous Education session on April 20 in Barcelona under the title "Corporate Growth: New Business Opportunities in the Global Economy." After a welcoming address by Dean **Jordi Canals**, Prof. **Núria Mas**, who moderated the first panel, reviewed world economic growth before introducing the first panel which addressed the question of the "World Economic Outlook."

The first speaker was **Michel Camdessus** of the Banque de France and formerly of the IMF who said that prospects are gradually improving but that downside risk is very high.

"The markets are schizophrenic," he said. "They ask for fiscal consolidation but don't like it when this slows growth."

He was followed by **Patricia Francis** of the International Trade Center who commented that most of the growth is coming from BRICs. Demand in the BRICs is growing by 7 percent but is much slower in OECD countries. China moving to higher form of production and not importing intermediary goods. Brazil exporting more raw materials than finished goods. "The challenge we face is to see that growth actually creates jobs and alleviates poverty," she said.

**Janne Haaland-Matlary** from the University of Oslo talked about the widespread corruption in Europe that had eroded people's faith in democracy, espe-



Michael Camdessus, Patricia Francis, Janne Haaland-Matfary, Denise Kingsmill, Hans Ulrich Maerki and Prof. Nürja Mas



Andrea Christenson and Stanley Motta



Isak Andic and Hans-Jacob Bonnier



Johan Schröder



## THE CHALLENGE WE FACE IS TO SEE THAT GROWTH CREATES JOBS AND ALLEVIATES POVERTY”

Patricia Francis

cially in Greece and Italy. “It is irrational for a citizen to pay taxes in a country as corrupt as Greece,” she said. “The crisis has exposed the unsustainability of corrupt government. There has to be basic social justice in the system.”

This view was reinforced by **Denise Kingsmill**, IAG Group, who expressed concern over the disconnect between business, politics and the citizenry. The knee-jerk response of business to economic setbacks is to begin sacking people, she said, adding that in a crisis “business is more pragmatic and global in its outlook while government becomes more nationalistic and protectionist.”





Isak Andic, Prof. Jordi Canals and Prof. Josep Valor



Patricia Francis and Brian Duperreault



Kees J. Storm, Mariano Puig and Francesco Vanni D'Archirafi



Prof. Weber, Mª del Mar Raventós and Denise Kingsmill



Michel Camdessus and Stanley Motta



Hans Ulrich Maerki, Isak Andic and Mª del Mar Raventós

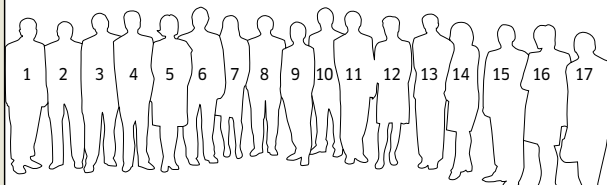
ABB board member **Han Ulrich Maerki's** advice was "don't believe everything your chief economist says because in three months he'll say something different." In global business, strategy has to be reviewed at least every six months, he said, not every few years.

The second panel, chaired by Prof. **Julia Prats**, took as its theme "Globalization and new business opportunities. The next 10 years." **Isak Andic**, founder and CEO of Mango, said the company is opening 400-500 shops a year and this year is growing by over 30%. "It all depends on how much you want to work and having the right people around you," he said. "Beyond that, the sky's the limit." **Hans Jacob Bonnier** of Bonnier AB commented that "the paradigm shift in media isn't

just technical it's a change in consumer behavior. Mass media can be consumed wherever and whenever you like." He was followed by **Andrea Christenson** of Kathe Kruse Puppen who said "consumers are now on a sort of treasure hunt and you have to be sure they find you."

**Stanley Motta** of Motta International asked why in the developed world savings are taxed if we expect people to provide for themselves rather than rely on the state? The last speaker was **Johan Schröder** of the Schröder Foundation who said that "we in Europe have to learn from the developing world," adding that "as Europeans we have a real problem figuring out what to do. How will we address the social unrest we are going to see?"





- |                                |                          |                                     |
|--------------------------------|--------------------------|-------------------------------------|
| 1. Stanley Motta               | 7. Janne Haaland-Matlary | 12. Denise Kingsmill                |
| 2. Mariano Puig                | 8. Isak Andic            | 13. Prof. Jordi Canals              |
| 3. Kees J. Storm               | 9. Hans-Jacob Bonnier    | 14. Andrea Christenson              |
| 4. Francesco Vanni D'Archirafi | 10. Hans Ulrich Maerki   | 15. Prof. Eric Weber                |
| 5. Patricia Francis            | 11. Johan Schröder       | 16. M <sup>o</sup> del Mar Raventós |
| 6. Brian Duperreault           |                          | 17. Michel Camdessus                |

## IESE'S TOP ADVISORS MEET IN BARCELONA

IESE's International Advisory Board (IAB) held its annual meeting on April 20 on the Barcelona campus. The meeting began by welcoming two new members, **Brian Duperreault**, Chairman and CEO of Marsch & McLennan, and **Francesco Vanni D'Archirafi**, CEO of Citigroup GTS. The

IAB comprises 34 company presidents and CEOs as well as world-renowned economists from Europe, Asia and the Americas. The members are in constant contact and once a year they meet to discuss the challenges facing executive education and to advise IESE on current trends.

## MEMBERS OF THE INTERNATIONAL ADVISORY BOARD (IAB)

- |   |  |  |  |
|---|--|--|--|
| <b>Andic, Isak</b><br>Mango, Spain                                  | <b>Gyohten, Toyoo</b><br>Institute for International Monetary Affairs, Japan | <b>Mohn, Liz</b><br>Bertelsmann, Germany                     | <b>Schröder, Johan</b><br>Schröder Foundation, Dinamarca   |
| <b>Bagel-Trah, Simone</b><br>Henkel, Germany                        | <b>Haaland-Matlary, Janne</b><br>University of Oslo, Norway                  | <b>Motta, Stanley</b><br>Motta Internacional, Panama         | <b>Shibata, Takumi</b><br>Nomura, Japan                    |
| <b>Bonnier, Hans-Jacob</b><br>Bonnier AB, Sweden                    | <b>Haniel, Franz</b><br>Metro, Germany                                       | <b>Murthy, N. R. Narayana</b><br>Infosys Technologies, India | <b>Sorrell, Martin</b><br>WPP Group, United Kingdom        |
| <b>Camdessus, Michel</b><br>Banque de France, France                | <b>Heiberg, J. Gerhard</b><br>Norscan Partners, Norway                       | <b>Pino, Rafael del</b><br>Ferroviál, Spain                  | <b>Storm, Kees J.</b><br>Aegon, The Netherlands            |
| <b>Christenson, Andrea</b><br>Kathe Kruse Puppen, Germany           | <b>Johnson, Franklin P.</b><br>Asset Management Company, United States       | <b>Puig, Mariano</b><br>Fundación Puig, Spain                | <b>Vanni D'Archirafi, Francesco</b><br>CITI, United States |
| <b>Duperreault, Brian</b><br>Marsh & McLennan, Germany              | <b>Kingsmill, Denise</b><br>IAG, United Kingdom                              | <b>Raventós, M.<sup>o</sup> del Mar</b><br>Codorníu, Spain   | <b>Wenning, Werner</b><br>Bayer, Germany                   |
| <b>Fanjul, Óscar</b><br>Omega Capital, Spain                        | <b>Maerki, Hans Ulrich</b><br>ABB, Switzerland                               | <b>Revoredo, Helena</b><br>Prosegur, Spain                   | <b>Yeo, George</b><br>Kerry Group, Hong Kong               |
| <b>Francis, Patricia</b><br>International Trade Center, Switzerland | <b>Mangold, Klaus</b><br>Daimler, Germany                                    | <b>Riboud, Franck</b><br>Groupe Danone, France               | <b>Zegna, Ermenegildo</b><br>Ermenegildo Zegna, Italy      |
| <b>Fung, Victor K.</b><br>Li & Fung Group, China                    |  | <b>Russwurm, Siegfried</b><br>Siemens, Germany               |  |

# MBA PROGRAMS: TAKING ON THE FUTURE

International conference gathers deans, professors and recruiters together to discuss the way forward for executive education.



To remain relevant in the future, MBA programs around the world must rebalance “knowing with doing,” while instilling a long-term view of the company, stressed participants in the recent conference “Rethinking the MBA: Business Education at a Crossroads.”

Directed by Harvard professor **Srikant Datar**, the conference was held April 26-27 on IESE Business School’s Barcelona campus.

The conference drew business school deans, academics, corporate recruiters and HR managers from all over the world to debate challenges they face in developing future leaders. A wide range of topics were covered, eliciting both corporate and academic perspectives. Business school deans and academics taking part in the conference came from INSEAD, IMD, Oxford, Cornell, LBS, HEC Paris, Rotterdam School of Management, Lagos Business School, IAPADE and ESADE.

Corporate recruiters and representatives providing presentations on key topics were **Michael Griffiths**,

**Roche; Sandy Khan**, MBA Arena and Microsoft; **Martin Danoesastro**, BCG; **Tim McNicholas**, Siemens; and **Duarte Braga**, McKinsey. Providing insights from their experiences in the business school world were Dean **Peter Tufano**, Saïd Business School, University of Oxford; Dean **Bernard Ramanatsoa**, HEC School of Management; Dean **Jordi Canals**, IESE; Associate Dean, **Soumitra Dutta**, INSEAD; and Associate Dean, **Martha Maznevki**, IMD.

Datar’s book, *Rethinking the MBA: Education at the Crossroads*, (Harvard Business School Publishing, 2010) has become an important reference for improving the impact of MBA programs worldwide.

On the first day of the conference, **Datar** said that business schools had not done enough to respond to the financial crisis and more changes are needed in curricula and teaching approaches. In 2008, he said, he began to investigate how to address problems faced by business schools such as drops in enrollment, increasing criticism about a lack of research relevance and the need to better balance the “knowing” and “doing.”



Prof. Srikant Datar

“Business school students might know a lot, but can they actually do it?” said **Datar**. “Can they actually work in organizations and understand what the issues are? Can they act in ways that are innovative? Can they give critical feedback? These are doing skills.”

Discussions, which included representatives from leading companies, focused on four central themes: globalization, leadership development, innovative thinking and action learning. IESE professors coordinating or leading sessions during the conference were **Paddy Miller, Alejandro Lago, Pankaj Ghemawat, Mireia Las Heras, Carlos Garcia Pont** and **Sandra Sieber**.

In a session on how schools can be more effective in developing managerial talent, **Martin Danoesastro** of BCG said his company looks for insight, impact and trust, when recruiting. Empathy and listening skills are also important. **Sandy Khan** of MBA Arena and Microsoft said that there is often a mismatch in student expectations and corporate hiring processes. Business schools need to help students decide what they want and then develop a personal strat-



## THE OVERALL GOAL OF BUSINESS SCHOOLS SHOULD BE TO CREATE A BUSINESS AND TEACHING ENVIRONMENT THAT IS CONDUCIVE TO CREATIVE THINKING”

egy. She also noted that many students do not know how to sell themselves.

IESE Prof. **Pankaj Ghemawat** noted in a separate session that perceptions about the extent of globalization and disappearance of national frontiers are greatly exaggerated. If companies were truly globally integrated, there’d be no need for globally distinctive thinking and approaches. Yet that is not the case, he said. Moreover, while business leaders may think globalization is good, not everyone else does and MBA students need to understand that.

### 10 “HOT” TOPICS

● During the event, the following 10 topics and imperatives for change were specifically addressed:

#### 1. Recent enrollment trends and growing competition.

The MBA sector is experiencing declining enrollment in full-time MBA programs, with the U.S. undergoing a 20 percent drop recently. Yet demand from China and India is on the rise. At the same time, new business education formats are emerging, including new types of part-time programs.

2. **Relevant research.** Specific business sectors and the general public have expressed concern about the limitations of academic research and the palpable need for broader research approaches. Business schools often do not take interdisciplinary approaches.

3. **Student engagement.** Experiences from different schools show that MBAs are increasingly distracted by activities outside the classroom. They also experience greater self-imposed pressure today to find an ideal job following graduation. With this strong focus on what they will do following graduation, they sometimes have less commitment to what happens within the classroom walls than in the past.

4. **Professional focus.** In recent years, some MBA programs around the world have placed more emphasis on banking and consulting as a career path following graduation. In doing so, these programs have lost their appeal to potential students who are interested in pursuing other



areas of business. These students may find the MBA irrelevant to their futures.

**5. Practical experience.** When faced with a real working environment for the first time, graduates can experience a knowledge gap in understanding organizational realities. Outstanding MBA programs are good at teaching both what students need to know and how to apply that knowledge.

**6. Impact of business on people and society at large.** MBA graduates, who will become the leaders of tomorrow, need to have a firm grasp of the responsibilities leaders have and the impact of their decisions will have on other people and society.

**7. Inter-cultural MBA curricula.** Some MBA graduates are often unaware that there is still a need for inter-cultural approaches. Schools must recognize the social and cultural differences that impact doing business in different geographic regions.

**8. Leadership skills.** Recruiters value leadership talent as a key skill for new hires, so MBA programs should emphasize this area in order to prepare effective managers.

**9. Creative thinking.** Innovative thinking and creative problem-solving are becoming increasingly valued by firms today. MBA programs should find new ways to introduce these areas into curricula.

**10. Meeting the needs of companies.** According to many recruiters, there is often a mismatch in student expectations and corporate hiring processes. Students should begin their careers with a solid grasp of the realities of working in today's organizations.

#### LOOKING TO THE FUTURE

- During the event, various recommendations were put forward by participants to help safeguard the MBA program's prestige and future.

Panelists expressed the need to open business schools up to the world through innovative thinking. They should do this by encouraging cross-discipline research and teaching. While it is not difficult to find professors who are creative within their own disciplines, it is more challenging to get them to depart from their own "silos" to form cross-disciplinary teams.

Business schools can also follow examples of other educational settings, such as environments where young children are taught through innovative approaches and processes.

Many companies and business leaders take a short-term view of the future, due to the pressures of generating quarterly profits and meeting shareholder expectations. To counter this, schools should focus on merging creative and innovative thinking with a long-perspective of the firm and come up with ideas that will still be applicable five, 10 or 20 years down the line.

Business schools also need to place a clear priority on preparing graduates with the skills and abilities that companies are looking for. This means communicating companies' real needs effectively within formalized frameworks. Students should be encouraged to think about their career aspirations, and then develop a personal strategy for accomplishing these.



Brian Mc Grath and Prof. Paddy Miller



Duarte Braga, Prof. Martha Maznevki and Prof. Sandra Sieber

In this way, when students and companies meet, they will be able to understand each other's goals and more effectively determine if there is a good match. In this sense, companies and business schools would benefit from closer and greater cooperation to create effective action learning initiatives.

Business responsibility and ethics are another area that needs to be focused upon, participants said. Schools need to pay greater attention to personal development and help students think about leaders' roles and the responsibilities of business in society, for example:

- Developing alternative approaches to inspiring, influencing, and guiding others.
- Building awareness of personal strengths, weaknesses and values.
- Understanding people from different backgrounds and recognizing the impact of one's actions and behaviors on others.



Peter Tufano, Bernard Rmanantsoa and Prof. Carlos García Pont



Martin Danoastro, Michael Griffiths and Sandy Khan



Prof. Soumitra Dutta, Tim McNicholas and Prof. Mireia Las Heras



Prof. Pankaj Ghemawat

Business schools need to rebalance the “knowing and doing.” This implies moving away from the lecturer teaching approach and embrace the case study approach and focusing on problem solving exercises, panelists said. Summer internships are a great place to put learned skills into action and, when back in class, analyze them with professors.

A global perspective remains critical for MBA graduates, the panelists agreed. Professors need to help students acknowledge cultural and geographical differences by identifying, analyzing, and practicing how best to manage when faced with economic, institutional, and cultural differences across countries. They should also help them develop deeper cultural awareness.

Leadership skills were also highlighted as a crucial area, and schools should focus on individual development based on assessment, challenge and support, panelists stressed.

Creative thinking and particularly the ability to manage creative individuals are becoming increasingly important in the business context. The overall goal should be to create a business environment that is conducive to creative thinking. Following this, action learning – which can help student learn to solve moral dilemmas and deal with cross-cultural issues – is also becoming a more useful approach.

Finally, MBA programs must embrace social media in today’s changing world. Schools can take advantage of MBA students’ social networks outside the classroom to create more international synergies, which in return will help them develop a more global leadership style.

In his closing remarks, IESE’s Dean **Jordi Canals** thanked **Datar** for his strong drive to organize the Barcelona conference, and noted the “passion” that the participants all shared for improving business education and society at large.





The 17th International Symposium on Ethics, Business and Society opened on the Barcelona campus this morning to discuss “Universal Ethics. Cultural Diversity and Globalization.” Dean **Jordi Canals**, in the welcoming address, emphasized the importance of learning to work with diversity and of respecting the universal human values that prevail beyond cultures. The opening session was introduced by **Domènec Melé**, professor of business ethics and chairperson of the symposium, who said that globalization and the way that technology is shrinking the world are just two aspects of how human relations are changing. But for these relations to be truly human we must not lose sight of our common humanity, he said. This demands solidarity and a sense of global brotherhood.

He was followed by **Joan Fontrodona**, also a professor of business ethics, who commented that “we know

what our differences are, but what do we have in common? What can we see beyond these differences?” **Carlos Sánchez-Runde**, professor of managing people in organizations, asked “how can honest companies compete in corrupt environments and what is the ethical impact of bribes on those who pay them and those who receive them?” He said he believes that conflicts over practices can be harder to deal with than conflicts over values. We are always discovering universal values, he said, they are always in the making.

**Piotr Jaroszynski**, professor of philosophy at the Catholic University in Lublin, Poland, explained that there are many ethical theories but only one human morality which should be discovered through what contributes to human flourishing.

The first day ended with a panel discussion on universal ethics and cultural relativism with **João Luís Alves César das Neves**, professor at the Economics and Busi-





Prof. Antonio Argandoña, Joaquim Borrás, Beatriz Bayo, Arantza Hernanz and Ramón Mullerat

ness School of Universidade Católica Portuguesa and **Ana Marta González**, professor of philosophy at the University of Navarra. The session was chaired by **Antonio Vaccaro**, professor in IESE's Department of Business Ethics. They emphasized the importance of moving from a relativistic view to a pluralistic one, as a way of respecting diverse perspectives of values and finding common ground when there is conflict, taking as a reference the natural moral law. Moreover, as the impact of multinational companies on society escalates, firms must increasingly take the "Spiderman effect" into account – that is, that "With great power, comes great responsibility."

The second day began with a session moderated by Prof. **Alberto Ribera** titled "East Is East, West Is West, and Always the Twain Shall Meet" in which **Daryl Koehn**, professor of ethics and business law at the University of St. Thomas, Minnesota, compared Confucius and Aris-



## FOR HUMAN RELATIONS TO BE TRULY HUMAN WE MUST NOT LOSE SIGHT OF THE OUR COMMON HUMANITY"

Prof. Domènec Melè

totle's ideas about virtue and drew out the considerable similarities. For both, virtue is elevated excellence which is proper to human beings and fundamental to one's humanity, she said.

The final roundtable, titled "Multinational Corporations and Human Rights in the Globalization Context," was moderated by Prof. **Antonio Argandoña**.

He stressed that while the term "human rights" has only recently found its way into the vocabulary of corporations, it is a subject that is at the core of the CSR field.

**Ramón Mullerat**, former co-chair of the Human Rights Institute of the International Bar Association (IBA), noted that the United Nations Declaration of Human Rights was aimed at governments when it was penned in the 1940s. However, increasingly companies are embracing the declaration's principles because they realize they have a responsibility to protect human rights. **Joaquim Borrás**, executive president of ISS Facility Services in Spain, emphasized the universal importance of respect and treating people well, adding that "ethics is value" and described how his company has grown to 534,519 employees in 53 countries in part through "giving people a sense of purpose."

**Arantza Hernanz**, corporate responsibility manager at Repsol, discussed the oil and gas company's policies toward human rights, and how it seeks collaborative and consensual approaches, particularly when operating in regions populated by indigenous groups.

"Human rights may be a new expression in business, but the issues are not new to us," **Hernanz** said, noting that Repsol is currently ranked as the world's most sustainable oil and gas company by the Dow Jones Sustainability Index.

Finally, **Beatriz Bayo** of the fashion retailer Mango, said that her company's approach toward respecting human rights flows from its three fundamental values: harmony, humility and human worth. "The most important thing for us is to do business," she said. "But there are many ways to do business."

# NINE SCHOOLS, ONE CASE STUDY

Schools from Europe, the United States and Asia make annual contest the biggest yet.



**I**ESE's International Case Competition was held March 22-24 on the Barcelona campus, drawing teams of students from diverse countries and many of the world's top business schools. INSEAD was named the overall winner, with Hong Kong University of Science and Technology taking second place in the final round of the competition.

The event, which this year marked its 17th anniversary, has become a hallmark event at IESE. This year, an unprecedented number of business schools from India, Europe and the United States sought to take part in the competition, which has a limit of eight participating teams, said MBA student **Manish Handa**, who co-organized the event.

"It was started 17 years ago, so it's now like a legacy," he said. "Every year we see more students interested in it and more students involved in running it, so it's a very big competition for IESE."

With sponsorship from Roland Berger, the annual event attracts culturally diverse and multilingual MBA teams. This year's event included MBA students representing the following schools: CEIBS, China Europe International Business School, China; HKUST, Hong Kong University of

Science and Technology; INSEAD, France; Northwestern University, USA; LBS, London Business School, University of London, UK; Richard Ivey School of Business, the University of Western Ontario, Canada; RSM, Rotterdam School of Management, the Netherlands; Yale School of Management, USA and IESE, Spain.

The competition kicked off with a welcoming ceremony on Thursday afternoon, followed by a working session, then two more days of intensive work on a specific business case. The teams made case presentations on Saturday in two rounds, with the final winner announced on Saturday afternoon. The winning team was awarded an internship at Roland Berger.

#### THE CASE: MANGO

● This year, the teams prepared a case focusing on the global fashion retail company Mango, written by IESE Prof. **Joan Enric Ricart** and **Izabela Kordecka**. **Xavier Carbonell**, director of corporate social responsibility for Mango, addressed the student teams during the event.

The case focused on Mango's move to enter new industry segments in order to broaden its main target market,



strengthen its brand and drive purchases of its products. Mango's main customers had been modern, fashion-conscious young women in their 20s to 40s. However, success in the women's fashion segment persuaded the company that in order to continue to succeed in this industry and stay ahead of the competition it needed to explore new market niches (launch of a VIP collection - Mango Exclusive Edition - and a menswear collection).

The case gives a general view of the company's overall strategy, taking a look at each of the key departments to detect their strengths and differentiating factors (human resources policies, technology, production, marketing, distribution and internationalization). It also analyzes the strategic decisions and management practices that have led Mango to establish its own business model, one that is difficult to imitate and in which people and technology play a leading role. This model is analyzed in detail using strategic decision trees.

#### **NETWORKING OPPORTUNITIES**

- The IESE Case Competition provides a unique opportunity for MBA students to network with peers

in a highly global context. Teams who take part must be multicultural and be made up of first-year MBA students. Fluency in English and a language spoken at another Roland Berger office is a prerequisite for all team members.

IESE's Consulting Club took steps to make the 2012 edition of the event highly visible in the United States, he said. "That was our big focus this year."

The MBA office provided essential support in contacting other MBA offices in the United States, and IESE's Consulting Club reached out to consulting clubs at other U.S. business school campuses to inform them of the event. IESE MBA students currently studying at other leading business schools through the school's international exchange program also served as ambassadors for the competition, he said.

For **Handa**, the event offers an invaluable opportunity to network and learn. "It was something I wanted to be part of. I get to meet students from other business schools, interact more closely with the MBA office and interact with Roland Berger consultants. So the whole experience is really good."



14TH LUXURY GOODS INDUSTRY MEETING

# SOCIAL NETWORKS TRACE THE FUTURE FRONTIERS OF LUXURY

The 14th Luxury Goods Industry Meeting was held at IESE's Barcelona campus in April under the title "Balancing Scale and Creativity." After an introduction by Prof. **Fabrizio Ferraro**, who organized the meeting with Prof. **Pedro Nueno**, the first session, "The Investment Landscape," began with an overview of the market by **Luca Solca**, global head of European research, CA Chevreux. He said that 40-60 percent of sales and more than 100 percent of growth comes from emerging markets. Then **Pierre Mallevays**, founder Savigny Partners, said the sector has become more professional and more attractive to investors. Luxury brands are in a virtuous circle of high desirability, high margins and high growth, he said.

**Andrea Ciccoli**, CEO, The Level Group, talked about luxury and value from an investment perspective. He said

that the market depends on four factors: HNWI's, new markets, high cash conversion and brands. However, he believes that brands themselves are losing value in a dynamic and fragmented brand landscape.

The session, "The Changing Landscape of Retailing," was moderated by **Pierre Mallevays**. The speaker was **Geoffroy de la Bourdonnaye**, former CEO of Liberty, who charted the history of **Arthur Liberty**, who was a patron of the arts, a globe trotter and curator who wanted to find a way of translating the fashions, such as the kimono that he found in the Orient to suit English tastes. When a group of investors bought Liberty from the family in 2000 the idea was to reconnect with the soul of the store's founder and to embrace the flower power of Liberty prints.

This was followed by a session on fashion titled "From Creativity to Value" that was moderated by **Barbara Slav-**



ich of the Ieseg School of Management. **Mikael Schiller**, chairman Acne Studios, which was founded in Stockholm and cross-fertilizes between fashion, advertising, entertainment and design, said that “entrepreneurship is about making the impossible possible.”

He was followed by **Andrea Baldo**, general manager of Diesel Black Gold who said “in 2009 we saw the start of luxury fatigue in mature markets.” Diesel put credibility at the center of accessible luxury. You need to learn the art of storytelling and create a vision that inspires people, he said.

Prof. **Frédéric Godart** from INSEAD talked about his book *Unveiling Fashion* which is about the business of fashion. There are tensions between the designers, who care mainly about their art, and the business side. The last morning session focused on the “Digital Revolution in Luxury Goods: Marketing, Branding and Retailing” which was moderated by Prof. **Fabrizio Ferraro**. **Frank Vivier**, group director of e-business at Richemont International, said what everyone is asking is how to leverage the growth of social networks and how to use them to build brands. The Internet creates flexibility but it is also extremely disruptive. Half of all watches costing more than \$3,000 are bought after an Internet search.

**Giuseppe Guillot** is chief operating officer of Yoox Group fashion retailers which has its headquarters in Bologna. “We presented ourselves to brands as an e-commerce store and then leveraged our platform.” They now run 32 online stores on behalf of major brands. They provide the technology and the expertise but it’s the brand that drives everything.

He was followed by **Pedro Esquivias** of the Boston Consulting Group who talked about unleashing the power of consumer advocacy. He said the average Western consumer is bombarded with between 300 and 3,000 brand impressions a day. Many luxury companies are struggling to make an impression in the digital market.

Trust in traditional media has plummeted while trust in “earned” media has exploded.

**Elena Foguet** of Value Retail Spain suggested that cities strive to create opportunities from within by creating new pockets of consumption, thereby becoming more attractive for shopping tourism. New York’s shopping tours or Dubai’s Shopping Festival, which attracts more than three million visitors each year, are examples of how this can be done. In Europe, Chinese and Russian tourists accounted for one-third of tax-free sales.

Next, **Manuel Ehrensperger** of Swarovski shared his company’s impressive growth from 2000-2010 as a case study on how retail expansion is possible. The key factors in the Swarovski success story were targeting new consumers and new categories. Although the brand used to be known exclusively for its figurines, today it has expanded its line to include sunglasses and watches.

Emphasizing geographic location can be another aspect of growth strategy for luxury goods companies, according to **Daniel Talens** of La Montre Hermès Asia Pacific. **Talens** insisted that the basic principle of understanding the cultures you are targeting is essential for the luxury goods and understanding your market’s worldview is the prerequisite to successful sales.

In the closing session, moderator **Sean Ansett** of At Stake Advisors warned that our current ecofootprint is already 50 percent greater than what the earth can maintain. Furthermore, consumers care more and more about environmental issues and subject companies to close scrutiny.

One effect of this is that pressure groups are increasingly setting the agenda, said **Allanna McAspurn** of Made-By, the first fashion initiative to focus on environmental concerns. **Eduardo Escobedo** of UNCTAD added that, as a society, we are shifting our concern from “sustainability” as a concept to actually seeking to lead sustainable lifestyles and that consumers do care that businesses set environmental benchmarks.



1. Prof. Fabrizio Ferraro
2. Luca Solca
3. Pierre Malleveys
4. Andrea Ciccoli
5. Geoffrey de la Bourdonnaye
6. Giuseppe Guillot
7. Mikael Schiller
8. Frank Vivier

## JAPAN EARTHQUAKE COMMEMORATION

# “Transparency Vital to Win Back Confidence”

“There is a 70 percent chance of a 7.0 quake in Tokyo in the next 30 years. What this has taught us is that something that might only happen once in a 1,000 years can happen,” **Hidehiro Tsubaki**, the Japanese consul general in Barcelona told a meeting gathered to commemorate the first anniversary of the earthquake and tsunami that left almost 19,000 people dead or missing, over 300,000 displaced and 374,000 houses destroyed and caused some €250 billion of damage.

Japan received offers of assistance from 163 countries, including many poor and developing countries, **Tsubaki** said, and rescue teams came from 22 countries. Japan is very grateful for all this support, he said. The explosions and radiation leaks at the Fukushima nuclear plant have led the Japanese public to demand a move away from reliance on nuclear power. This summer Japan will publish a new strategy and will create a cutting-edge model for energy creation, including wind, solar and wave power, **Tsubaki**



Prof. Pedro Videla, Prof. Franz Heukamp, Koichi Ooura and Hidehiro Tsubaki

said. “Transparency is vital to win back the confidence of the people,” he said.

He was followed by **Koichi Ooura** of the Bank of Tokyo-Mitsubishi Barcelona sub-branch, who said that industrial production slumped by record numbers in March after the quake but began to pick up in April. One problem was that the just-in-time approach meant that many factories didn’t have inventory. In the immediate aftermath, the biggest problem

was lack of information coming out of the affected zone, exacerbated by the radiation problems created by the Fukushima nuclear power plant disaster, he said. Special teams were set up to coordinate the recovery and this contributed to its speed. “It will be difficult to change the mode of energy production but Japan is a leader in the manufacture of solar panels,” **Ooura** said. “What is clear is that Japan is changing in the wake of the tsunami.”

## IESE Students Put Their Money on Risk Capital

First-year MBA students **Olga Nikiforova**, **Martins Mellens**, **David Riphagen**, **Jaime Sanjuán** and **Pablo Sanint** made up the Pearson 21 team that won the 2nd Private Equity Competition. The competition was held on March 9 on the Barcelona campus and was organized by the Private Equity Club and sponsored by KPMG.

The jury praised the students’ high standards as well as prais-

ing the organizers of the event. This year’s competition included a real case with all the original documentation, said **Ignacio Romeu**, one of the organizers.

There were also professionals from the risk capital sector on the jury which added to the authenticity of the negotiations. IESE is the only business school that runs a Private Equity Com-

petition at this level, says **Romeu**, adding that he hopes it will grow even more in the future.

**Sanint**, a member of the winning team, has worked in the sector. He says that a benefit of the competition is getting real-time feedback from participants such as professionals from funds such as The Carlyle Group, Doughty Hanson & Co., Change Capital Partners and Lion Capital Partners.



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FINANCIAL TIMES RANKINGS

# IESE Ranked N° 1 For Executive Education

School jumps from third to first place in survey of 50 major schools and earns top marks for client satisfaction.

● IESE Business School has earned the number one spot in the *Financial Times*' 2012 overall ranking of business schools offering executive education programs. This year, the school rose from number three to number one in the annual ranking.

In this year's survey, which spotlights the 50 top schools worldwide, the school earned particularly high marks for participant and client satisfaction. Positive results in these areas was due to feedback gathered from participants and client partners.

The *FT* survey examines a wide range of program characteristics, which are rated on a 1 to 10 scale. Data is compiled using input from business school clients and statistical data from schools themselves. The survey encompasses three rankings: open enrollment, custom and combined (overall ranking).



IESE offers open executive education and custom programs at key locations around the world, including Barcelona, Madrid, New York City, Munich, Sao Paulo and Warsaw. Among its offerings are the Advanced Management Program, the Program for Leadership Development and the Senior Executive Pro-

gram New York-Miami, which are aimed at entrepreneurs and senior business leaders of global firms.

Key partners in custom program initiatives have included Abbott, Airbus, BBVA, Faurecia, Henkel, Nestlé, Novartis, Oracle, Santander, SAP and Telefonica, among many other leading firms.

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CONTINUOUS EDUCATION

## The Twain Shall Meet East-West Management Thinking Reviewed

❖ "One of the causes of the collapse of the Japanese empire was the way its army fought. Units acted autonomously without a clearly defined global strategy," Prof. **Kimio Kase** said during a Continuous Education session on IESE's Madrid campus.

He was taking part in a session titled "Asian Versus Western Management Thinking" along with **Alesia Slocum**, professor of management and marketing at the University of St. Louis, and **Yingying Zhang** from CUNEF.

"The collision between the two cultures has opened the way to greater mutual understanding," **Slocum** said. She added that the presence of Japanese multinationals operating in the United States combined with Western business's adoption of Asian approaches such as just-in-time, quality management and knowledge management are all part of a bilateral apprenticeship that has been taking place since the end of the Second World War.

CAREER SERVICES TAKES MBA STUDENTS ON FACT-FINDING TRIP

# There's a Lot More Than Coffee in Brazil

A packed agenda meant that a party of MBA students succeeded in meeting executives from key companies during their trip to Brazil. “We met top executives while we were there,” said **Raul Salles de Padua**, a Brazilian who was among the dozen MBAs who participated in the trip organized by IESE’s Career Services department. “There seem to be unlimited opportunities for MBA graduates in Brazil,” he said. “Brazilian companies need managers who are capable of making decisions that will contribute to the country’s economic growth and the sustainability of its business.”

“As a result of coming here I know a lot more about Latin American business and I understand Brazil much better, precisely at a moment when developed countries face recession and mounting debts,” he said, adding that many issues that they had discussed in class came up again in their meetings with executives.

It was an extremely positive experience, said **María Amelia Salerno** of the MBA career services department. “We visited a dozen companies in four days and in four or five there are job opportunities for our students,” she said. These companies are organizing a summer project that MBA students will participate in from June to September. “This is a valuable way for the company to assess the candidate and if they wish they can offer them a job after they have graduated,” **Salerno** said.

One of the students on the trip, **Tomaz Mota Capitão**, will be working this summer at Votorantim Cimentos, one of the companies they visited. **Mota Capitão** said “the big Brazilian companies are expanding

and as a result they are becoming more international. That’s why they need people with a global outlook who can lead in different milieu and cultures. As there are more than 70 nationalities in IESE’s MBA classes we have an advantage over other business schools.”

In 2011, 10 alumni found work in Brazil and it is hoped that there will be four more this year, not including those working in the summer project. **Salerno** emphasized that this trip was a special initiative because European-based

multinationals already look for people of various nationalities to work in Latin America and Asia. MBA Career Services aims to open and extend a network of contacts and opportunities that is open to all graduates regardless of where they come from.

**We have already found work opportunities in four or five companies**



M<sup>a</sup> Amelia Salerno, Tomaz Mota Capitão and Raul Salles de Padua

# AGENDA 2012-2013

EVERYTHING  
THAT'S HAPPENING  
[www.iese.edu/agenda](http://www.iese.edu/agenda)

July 2012		
Optimizing your Retail Business: Best-in-class Operations and Customer Service	BARCELONA, 10, 11 & 12	Water Management Industry Meeting Madrid, 12
Revolutionize your Business with Social Media and Collaboration	NEW YORK, 10, 11 & 12	
September 2012		
25th EBEN Annual Conference	BARCELONA, 19, 20, 21 & 22	19th Healthcare Industry Meeting Barcelona, 2 & 3
October 2012		
Arts & Cultural Management: From Service Design to Success	NEW YORK, 9, 10 & 11	27th Meeting of the Automotive Industry Barcelona, 6 & 7
The WSJ Viewpoints Executive Breakfast Series	NEW YORK, 31	
November 2012		
Developing Leadership Competences	BARCELONA, 6, 7, 8 & 9	Global Alumni Reunion São Paulo, 1 & 3
Advanced Digital Media Strategies: Profiting From the Digital Value Chain	NEW YORK, 13, 14 & 15	
December 2012		
2nd Campaign Management Program	MADRID, 13, 14 & 15	Graduations 2013 Barcelona & Madrid
Global Business: Leadership in a Matrix	NEW YORK, 3, 4 & 5	
February 2013		
High Performance Negotiator	BARCELONA, 5, 6 & 7	
March 2013		
Achieve Business Transformation Through IT <b>NEW</b>	BARCELONA, 5, 6 & 7	3rd International Conference on Humanizing the Firm and the Management Profession Barcelona
Create Effective Virtual Teams	BARCELONA, 12 & 13	
Make Change Happen More Effectively <b>NEW</b>	BARCELONA, 19, 20, 21 & 22	
April 2013		
Put Strategy into Action by Managing Key Projects <b>NEW</b>	BARCELONA, 23, 24 & 25	
May 2013		
Develop your Communication Skills: It's How You Tell Them	BARCELONA, 7, 8 & 9	European Conference of the Association for Consumer Research (ACR) Barcelona, 4, 5, 6 & 7
Getting Things Done	BARCELONA, 21, 22, 23 & 24	
June 2013		
Maximize your Board's Potential <b>NEW</b>	BARCELONA, 4, 5, 6 & 7	
Managing People Across Cultures	BARCELONA, 18, 19 & 20	
July 2013		
Optimizing Your Retail Business	BARCELONA, 9, 10 & 11	

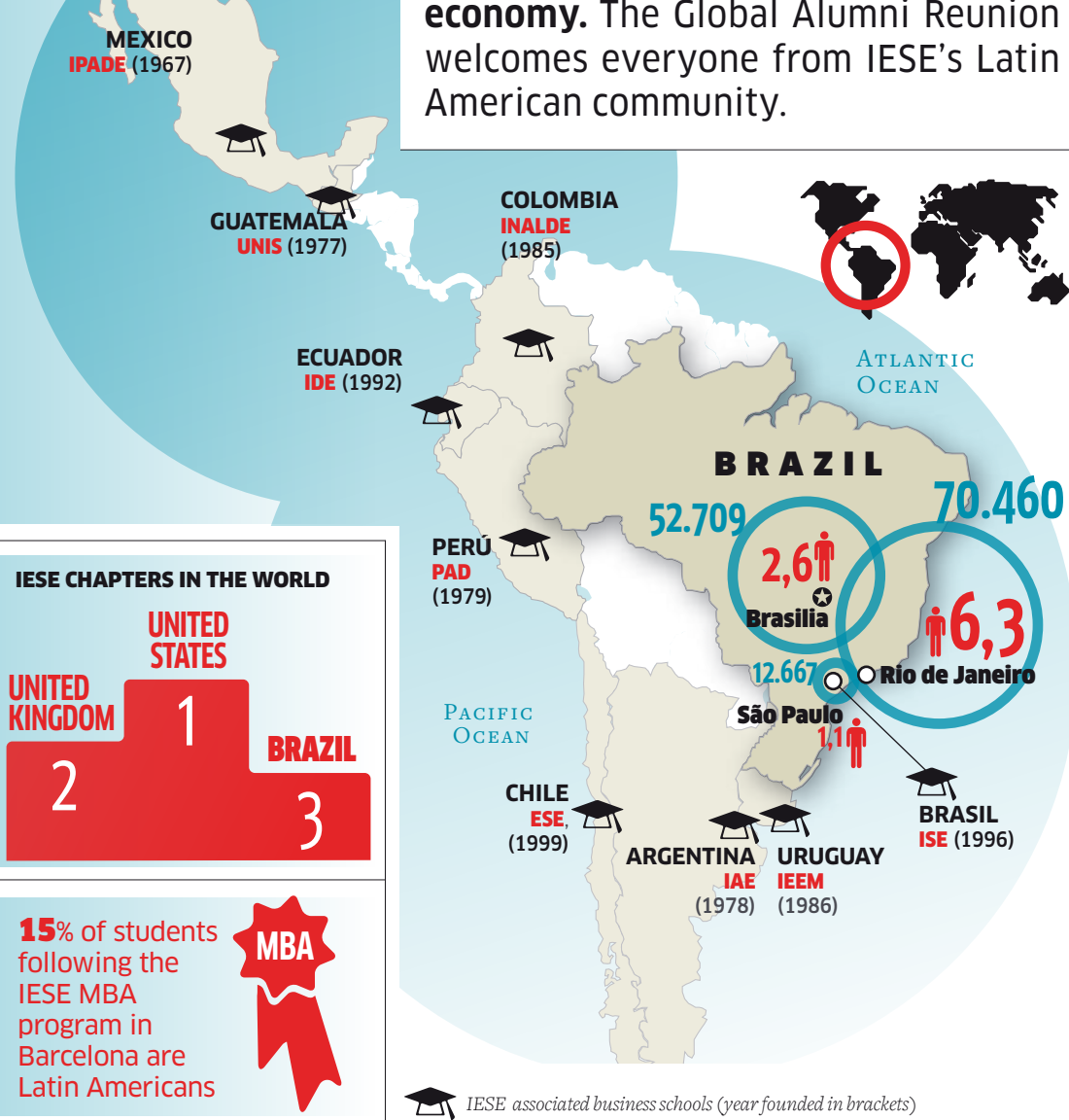


3, 2, 1... THE COUNTDOWN BEGINS FOR THE GLOBAL ALUMNI REUNION BRAZIL 2012 → →

# Get to know Brazil

## IESE in Latin America

IESE's Latin American community comprises nine associate schools in nine countries



### ACADEMIC SESSIONS AND WORKSHOPS

## A PERFECT COMBINATION: LEARNING AND NETWORKING

The Global Alumni Reunion this year is presenting a different and unique program in which, as well as stimulating academic sessions, there will be a series of workshops that will analyze the personal and professional challenges for investing in Brazil.

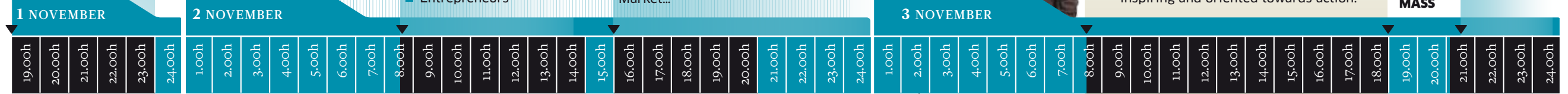
**19.00h RECEPTION AND WELCOME**  
 PALÁCIO DOS BANDEIRANTES  
 In the presence of the governor and mayor of São Paulo



**8.30 h WORKSHOPS "INSIDE BRAZIL"**  
 ISE

- Investing in Brazil
- Talent
- Entrepreneurs

**16.00 h GUIDED TOUR OF SÃO PAULO**  
 The Barrio Oriental, the Plaza and the Cathedral da Sé in the city center, the Higienópolis and Morubi districts, the museum of precious Brazilian stones, the financial center, the Municipal Market...



**PROFESSOR EDUARDO MARTÍNEZ ABASCAL**



Health, technology, energy, finance, globalization and, of course, we couldn't do without a panel on big events. Leaders, business people, executives and entrepreneurs will share their views of the present and their vision of the future. There's no doubt that they will be six panels full of new ideas that, as at all assemblies, will be inspiring and oriented towards action.

**21.30 h GALA DINNER**  
 BUFFET TORRES

**19.00h MASS**

### EXTEND YOUR VISIT

Take advantage of your visit to get to know Brazil, the land of opportunities. Add a few days to your visit to Sao Paulo to make trips to other important cities such as Rio de Janeiro (population 6 million) and Curitiba (population 1.7 million). Share the diversity and dynamism of the country that is shaping the third millennium.

**IESE'S GLOBAL ALUMNI REUNION IS HELD ANNUALLY ALTERNATING BETWEEN BARCELONA AND MADRID.**

SINCE 2000, EVERY THREE YEARS IT HAS BEEN HELD OUTSIDE SPAIN

2000 Amsterdam  
 2003 London  
 2006 Munich  
 2009 New York  
 2012 São Paulo

SOURCE: Instituto Brasileiro de Geografia y Estadística

GDP for 2009 in million of €

Millions of inhabitants in 2010

### CHARTING PATHS IN E-HEALTH

**DR. LLUÍS DONOSO**  
 Director of the Diagnostic Imaging Department, Hospital Clínic in Barcelona

**GIOVANNI CERRI**  
 Secretary for Health, São Paulo and Director of the Institute of Radiology of the Hospital das Clínicas, School of Medicine, University de São Paulo (FMUSP)

**NÚRIA MAS**  
 Professor of Economics at IESE

**GIOVANNI CERRI.** Trained as a doctor at the School of Medicine of São Paulo University. Is currently president of the Cancer Council at São Paulo State, University in São Paulo.

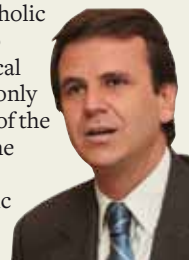


### CHARTING THE IMPACT OF THE WORLD'S ICONIC EVENTS

**EDUARDO PAES**  
 Mayor of Rio de Janeiro

**GERHARD HEIBERG**  
 Member of IOC and Director of Marketing of the International Olympic Ctte

**EDUARDO PAES.** Graduate in Law from the Law School at the Pontifical Catholic University of Rio de Janeiro (PUC-RJ). Began his political career in 1993 when he was only 23. He currently works out of the mayor's office organizing the football World Cup in 2014 and the Olympic Games in 2016.



**LLUÍS DONOSO.** Gold medal from the Spanish Radiological Society. Honorary member of the Argentinian Radiological Society, Mexican Radiological and Imaging Society, and image, the Italian Radiological Society, the French Radiological Society and the German Radiological Society.



### CHARTING PATHS IN THE FINANCIAL INDUSTRY AND THE TURBULENT MACROECONOMIC ENVIRONMENT

**MIGUEL JORGE**  
 Brazil's former minister of industry and external trade



### THE PATHS OF INNOVATION AND TECHNOLOGY IN THE WORLD OF MEDIA

**SANTIAGO FERNÁNDEZ VALBUENA**  
 CEO of Telefónica Latin America

**FRANCISCO MESQUITA**  
 CEO Grupo Estadão

**JORGE NOBREGA**  
 Corporate Vice President, Globo

**SANTIAGO FERNÁNDEZ VALBUENA.** Graduated in economics from the Universidad Complutense, Doctor and Masters in Economics at Northeastern University in Boston. Before joining Grupo Telefónica he was managing director of the Société Générale Valores and Director of the Stock Exchange in Beta Capital in Madrid.

### THE ENERGY SECTOR. CHARTING TRANSFORMATION?

**PAULO RICARDO STARK**  
 Executive president. Siemens Brazil

**EDUARDO MARTÍNEZ ABASCAL**  
 Professor in the department of finance at IESE since 1992

**PAULO RICARDO STARK.** Graduated in electrical engineering at the Centro Federal de Educação Tecnológica do Paraná. Member, among others, of the Advisory Board of Nokia Siemens Networks and the Advisory Board of the Brazilian Electrical and Electronics Industry Association (ABINEE).



### GLOBALIZATION CHARTING TRUE "CONNECTEDNESS" ACROSS BORDERS AND CONTINENTS

**PANKAJ GHEMAWAT**  
 Professor of Strategic Management at IESE

**DANIEL SERVITJE**  
 Managing Director of Grupo Bimbo

**KEES STORM**  
 Chairman of the Board of Directors, AmBev

**DANIEL SERVITJE.** Graduated in business administration from the Universidad Iberoamericana. MBA from Stanford University. Joined the board of Grupo Bimbo in 1991. In 2011, he was voted "Personality of the Year" by Expansión magazine.



**PANKAJ GHEMAWAT.** Author of the celebrated book World 3.0, for which he received the 50 Thinkers Book Award, he was also the youngest guru in the list of top thinkers of all times published by The Economist in 2008. He is the author of more than a hundred articles and case studies.



## FROM A TO Z...

There are many other interesting cities that fall within Sao Paulo's sphere of influence which you can visit to get to know Brazil better.

### Brasilia

The federal capital, it has the honor of being the only city built in the 20th century to be declared a Unesco Heritage Site.

### Curitiba

Situated on the high Paraná plain, it is the biggest city in the south of the country and one of the richest in Latin America.

### Guaruja

The third biggest island off the coast of Sao Paulo, it is a spa that is 4.27 meters above sea level.

### Piracicaba

An important industrial (metal, machinery, textiles, food and fuel) and agricultural center situated in one of the most productive regions in the state of Sao Paulo.

### Rio de Janeiro

The former imperial capital and the country's second biggest city, Rio is Latin America's premier tourist destination and the first Olympic city in South America.

### Santos

Santos is 60km south of Sao Paulo and is the largest port in Latin America. It also boasts the world's longest waterfront garden, the Jardines of the Santos shore.

### São Paulo

The biggest city in Brazil and Latin America. It is the country's financial center and one of the most important in the world.

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SILVER: Ermenegildo Zegna / Singapore Airlines

Julio Rodríguez  
(PDG '97)

“You Need New Goals to Keep the Thrill Alive”

MARTA  
SARDÀ

Julio Rodríguez, executive vice president of world operations at the multinational Schneider Electric, says he is excited by every new challenge that presents itself in his professional life. He currently faces the challenge of managing a team of 11 different nationalities.

**T**here are not many executives who can say that they have worked for the same company for 28 years and claim that they're just as excited as they were on their first day. **Julio Rodríguez** who in 1984 began working at Schneider Electric's first factories in Valencia, is among the fortunate few.

**Aren't three decades an excessive time to spend in the same company?**

When I give conferences people sometimes ask me exactly that and I always say the same thing: for companies, growth is like blood, it's fundamental for life. And that's true for a lot of reasons, but from the point of view of management talent is that it is what allows you to attract, keep and develop executive talent. I have spent 28 years in the same company and have taken on 10 distinct responsibilities during that time and each





one has involved a different challenge. Each one of these responsibilities was like starting from scratch and represented an exciting challenge.

**You have often highlighted commitment and loyalty as essential values. Is that part of how you understand leadership?**

For me they're both important things. The first I understand as the commitment you have to your family, to an idea, to the company and to your team and, therefore, it seems to me a fundamental value. And I see loyalty as the ability to stay faithful to ideas and to others which obliges you never to deceive or betray them.

**Do you prioritize these values in the people you work with?**

I think they're important, but they're not the only ones. Commitment to the team and loyalty between all of its

members are important, but so are others such as modesty, because a modest person always puts the greater good above their own interests. But I also think efficiency is important because you've got to be thinking about results. But all of this has to rest on a central axis - passion. Being passionate about what you do is fundamental and is probably one of the most contagious emotions in existence. It's very important to have passion if you are going to develop passionate teams.

**And are these the characteristics of a good leader?**

A leader may have many characteristics but I think these ones are essential.

**How do you recall starting at Schneider Electric?**

It was in 1984 and I was only 23 years old. I was a recently graduated engineer and I was looking for a company that could give me the chance to develop professionally

➤ **WHEN A PROBLEM ARISES I ALWAYS SHARE IT WITH THE TEAM BECAUSE YOU NEED TO FIND SOLUTIONS AND I'M NOT A GREAT BELIEVER IN SUPERMAN. YOU ALWAYS FIND THE SOLUTION BY WORKING TOGETHER. MY RECIPE IS YOU SHOULD SHARE THE PROBLEM"**

over the medium term. I had two or three other offers of work but what I saw at Schneider was the prospects for growth and the ability to see what I could do in the medium term, which is why I decided to accept their offer.

**In those early years did you come across those values which you consider so essential?**

At the beginning I was responsible for planning at the oldest factory in the group, which was in Valencia. I didn't have a team and I worked on my own but as I have moved towards more executive posts I have always sought these essential values. When you create a team you have to build it up around them and you have to know that the members share them and that you lead by example. It's something I always look for in team members. It's the basis of everything I do.

**When you suffer a setback how should you act?**

When a problem arises I always share it with the team because you need to find solutions and I'm not a great believer in Superman. I believe you always find the solution by working together, through creativity and through talking around the topic. My recipe is that you should share the problem with your people.

**What has been the defining moment in your professional career?**

Although because of my training as an engineer I began working in the technical area at Schneider Electric, almost immediately I realized that I liked being around clients. After a couple of years in this first job I took on responsibilities more related to sales and marketing. I held various executive positions in Spain before I arrived at what I consider to be the defining point in my career, from the point of view of my development as an executive. It was when the company gave me the chance to move to Brussels as general manager of Schneider Electric Belgium. It was a critical moment both professionally and personally because I'd always been in Spain and it was an adventure for me and also for my family,

my wife and my two children. The fact is that from a personal angle my wife **Marisé** realized that this was also an opportunity for the family and we decided to take on the challenge.

**What did it mean professionally?**

Looking back, I realize it was like pressing reset, setting everything back to zero, because I went from being an executive in a local environment to being one in a global environment, in a new country, in a new culture, with a new market, new clients and, above all, with a new team which you have to win over starting from zero. I realized that whatever I'd done before was not going to help much. I believe that this experience, this enforced modesty, and going back and starting from zero, winning over the team and sharing objectives is a magic moment in anyone's career. It's a change that helps you develop both as a person and as an executive.

**Do you think those values that you feel are so important are international or do they belong to the culture of a particular country?**

Every culture is different and some of these values might also have a different weight in different cultures. In any case, the team that I'm leading at the moment, which is comprised of 11 different nationalities, possesses these essential values and everyone shares them.

**In April you were appointed executive vice president of world operations. What does this new responsibility entail?**

Within the Group Executive Committee I am responsible for operations at company level. It's a great challenge because these sorts of global responsibilities in a company with a turnover of €23 billion and 120,000 employees in 110 countries are only achievable if you've got a top quality professional team, people to whom you can really delegate decision-making. Mine is made up of 15 managing directors, and each one of them manages a region in the world and they represent between them

11 different nationalities. It's an exciting challenge and even though I've spent nearly three decades in this company, for me it feels like I am starting over.

**What motivates you most about your current job?**

It's a new responsibility that is very exciting because I have the opportunity to develop and accelerate the growth of our business in many parts of this fantastically global world that we live in and which is changing at a vertiginous rate. On the other hand, being able to make a contribution for what is the axis of our fundamental strategy, energy efficiency, is very appealing. I believe that we are doing something that, apart from being good for the company and for our shareholders, is very good from a collective point of view. Our aim is to contribute to the sustainability of the planet and we do it by making sure that our clients benefit from lower costs through lower energy consumption and by limiting carbon emissions.

**How important was your time at IESE for your professional career?**

That was another key moment in my career. When I arrived at IESE I had a good functional understanding of the areas in which I had worked but I lacked a global vision, which is essential if you are going to assume the general management of a company. I acquired a global vision here at IESE, in the classroom with my colleagues and the professors.

**What stands out from those years of study?**

Firstly, a lot of work. I recall that we worked pretty hard preparing cases but at the same time were motivated because we saw that every day we were learning faster and faster. I recall pretty intense work but with a hunger to learn and to share the experience of the others. I also recall with much affection the many impassioned arguments regarding the case studies. It was an interesting and enriching experience and you realize that the same problem can be approached from completely different points of view. I think that's the great value of the case study method.

**Do you stay in touch with your former classmates?**

Not as much as I would like because we all have huge responsibilities and we travel a lot. However, although we don't see each other much we do remain in touch. Furthermore, there are always fond memories.

**Is it vital to approach every day as though it were the first day?**

Excitement is directly related and totally connected to how you deal with your own challenges. I have the good fortune to take on many interesting challenges and this helps you to carry on working as if it were the first day, with maximum excitement. People have to set themselves new goals because that's the only way to keep the thrill alive.







Grant Taylor, MBA, United States



Lubov Sherysheva, G-EMBA, Russia



Olga Fuertes, EMBA, Spain







Vanessa Moes, MBA, Netherlands



Nicolas Cosqueric, G-EMBA, France



Carmelo Asegurado, EMBA, Spain

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# OPENING THE DOOR TO A NEW FUTURE

Graduates of masters and executive MBA programs reflect on a what has been a life-changing experience.

A few days before they graduated, we interviewed MBA, Executive MBA and Global Executive MBA students. With all that they have experienced still fresh in their minds, they talk about what they have learned, not just about doing business but about themselves, and how this has affected their plans for the future. Each of them has the sensation that they are on threshold of something new.

## GRANT TAYLOR (MBA '12)

● Grant Taylor is from Seattle but was educated in Vancouver and New York. He studied geography and biology but, as it was a liberal arts university, he studied everything from economics to math to languages. After graduating he worked in Venezuela for a year and then moved to San Francisco where he worked for a couple of years in consulting. He then worked in Washington, DC for three years as an analyst for hedge funds.

“I went to a university where there wasn’t much diversity so I wanted to do an MBA where there were students from diverse backgrounds. I feel that diversity adds a lot of value to personal development,” Grant says. “Also at that time IESE was ranked number one in the world by *The Economist*. I already spoke Spanish but I thought by coming here I could take my Spanish to the business level. I’d never lived in Europe so it was an opportunity to get a European perspective among a student body that is probably more diverse than any MBA program anywhere. Things are going global and the best way to take advantage of that is to develop a global network.”

The first year is very hard work, he says, but in the second year students have more time to work on things that particularly interest them and he has been working on a business plan for a peer-to-peer lending start-up called Quotanda. Peer-to-peer lending, which began in the UK, consists of loans between individuals and it's diversified so it's not just one person lending to one other person. "There are students who borrowed money to come here at rates as high as 10 percent," says **Grant**. "I want to set this up here so students at IESE can get loans at reasonable rates from alumni who have been successful and who see this as an investment that is giving them a reasonable return and at the same time support students and mentor them."

He co-organized the Cleantech venture as part of the Doing Good and Doing Well conference in which entrepreneurs with clean technology ideas get to present them to investors. "Cleantech is something I feel deeply about."

"Coming here has given me the opportunity to fulfill my dream of becoming an entrepreneur and of developing the skills to do that. Beyond just the academic side, I've had the opportunity to interact with people from 50 countries around the world. Lots of business opportunities are lost through a lack of cultural understanding and this school has really helped me to think more globally and gaining the confidence as well as the skills to become an entrepreneur has been transformational for me."

#### **VANESSA MOES (MBA '12)**

● **Vanessa** grew up in a small town near Amsterdam. After studying Spanish and tax law at university she went on to become a tax lawyer at a big Dutch law firm. She worked there for four and a half years but wanted to change jobs and go into consulting. She thought it was a good idea to do an MBA because as a lawyer she worked in a highly specialized area. "I'm really glad I chose IESE because I love the case method and the faculty is amazing," **Vanessa** says. "What really stands out for me is the strong sense of community. And all the staff are really approachable. You can always go to them with questions and they're always willing to help you and they say they will be there for you even after the MBA. All the exchange students who come here say they love it and I chose not to go on exchange because I wanted to reinforce my relationship here. Here you have a real sense of family."

Although she doesn't have any business background she says the way they teach at IESE doesn't assume that you have any prior knowledge. "What I love about the case method is that you visualize it, you have a case, and then you go into theory. It's less abstract and easier to remember. It's not just dry text; I'd had enough of that as a lawyer. During my internship with the Boston Consulting Group, problems would arise that cases helped me understand."

It has been an intense experience, she says, working with a team of seven or eight people who come from all over the world. "There are also a lot of soft skill courses that I took because in order to be a good manager you need soft skills. As a result of being here I've had a lot of insights into who

I am and how I am and how I work with people. You learn what you're good at and not good at and try to develop. You can do an MBA online but you develop much more by having the whole MBA experience." Now she's going travelling for two and a half months. "It's going to be hard to choose where to go because now I know people from all over the world," **Vanessa** says. "Then in August I start working in Amsterdam with the Boston Consulting Group. I'm so happy I got the job because that's what I wanted before I did the MBA."

#### **LUBOV SHERYSHEVA (G-EMBA '12)**

● "The course is hard work but if you have fun it's not so hard. The course is not very difficult from an academic point of view for people who have real experience, which we all have. You have to contribute, and it's an effort, but it's an effort that is meaningful. It's difficult for the family, especially for women, but if your partner shares your values they can help you, says **Lubov Sherysheva**, deputy CEO of a large insurance company in Moscow.

I visited Insead and other business schools but what attracted me to IESE was the faculty. The faculty here are so supportive and so friendly. I was also attracted to the wide approach in the program structure here and the flexibility from an academic point of view.

Here they help you to help other people and to find meaning in your life and to be open to other people's needs because the program isn't just about career development, it's about personal development as well. You can hardly separate the two. It has broadened my horizons and I see things differently and of course it opens up new opportunities.

There is a story that was very popular with this Global EMBA group. The professor of Management oneself once told us "guys, remember, each action has a consequence." So one night when we were having dinner in a restaurant everyone was looking at the clock because it was about 12 o'clock but we were all so comfortable with each other and didn't want to leave and someone said, "remember we have a class in the morning, and every action has a consequence."

"Being on top management position of the company (believe me, after GEMBA it is just a matter of time) the previously mentioned joke is always full of meaning for me when I make management decisions. From that perspective the issue of sustainability is a major problem now and we all have a responsibility to adopt our everyday actions to this truly Global Goal."

#### **NICOLAS COSQUERIC (G-EMBA '12)**

● Globalization is "all about understanding others," says ● **Nicolas Cosqueric**. The Sara Lee executive, who oversees IT for the company's coffee and tea division, said IESE's Global Executive MBA program was an "eye-opener" in this regard, particularly the residential module in Bangalore, India. "In Bangalore, it's another world and another set of values," said Cosqueric, who is French. "Take education. In India, if you ask a 14-year-old what their objective is, it's to go to school so they can have a life. If you ask a 14-year-old here (in Europe) what their objective is, they will probably





## PROFILE MBA

**Average age:** 27  
**Prior professional experience:** 4 years  
**Nationalities:** 54

### Places of origin:

Europe: 51%  
 Asia: 22%  
 Latin America: 11%  
 North America: 10%  
 Rest of the world: 6%

tell you something very different, that their objective is to enjoy their life.”

Grasping cultural differences is central to understanding how global business works since these drive different kinds of behavior, said Cosqueric, who has lived in France, Argentina and Spain and will soon head to Amsterdam in his newly-assumed position. His decision to pursue the Global Executive MBA was a “family investment,” which he believes will have a direct impact on the performance of his job, he said. Cosqueric chose the IESE program over others because of the general management focus, which is designed to catapult professionals to high-level roles, and the small class size, among others.

“It depends on what you want to do in life, but for me it was clear this program was the one most adapted for my needs,” he said. Standard MBA programs did not offer the breadth of expertise among participants nor the opportunity for such intensive interaction. “The whole learning experience is through the experiences of others, so you need to be able to interact,” he said.

The program’s content was extremely balanced and touched on essential topics, while maintaining a focus on people-centered issues, he said. In every business case the class tackled, faculty members conveyed how executives can make a positive impact on society through excellent leadership.

Particularly memorable was the Leadership, Talent and Character class led by IESE Prof. **Santiago Alvarez de Mon**, he said. At the start of the course, the professor challenged the class to think about how many people in the room probably had the ability to become leaders. Most participants concurred that only a few people in the world have what it takes to be great leaders. The professor argued that anyone can develop the capacity to lead effectively.

“I have to admit at the beginning I was not convinced, but by the end of the module I think we were all convinced, which was amazing,” he said. “I think the program has impacted me in ways I’m not even aware of yet.”

### OLGA FUERTES (EMBA '12)

● “I work for Montana Colors which is a medium-sized Catalan company. I’m in charge of national sales and I’ve realized that in the past three or four months I’ve become more involved in management issues such as projects in other areas, in planning and strategy and inter-departmental decisions. This is largely because the masters helps you have a global perspective, to look beyond your department and take a more horizontal view of the company,” says **Olga Fuertes**.

She did the course to extend her education but she knew she wanted to remain in Barcelona and with her current employer, which is why she sought a part-time executive MBA program. Encouragement from her father who did a PDD at IESE and an interest in the case study method clinched the decision. “I was really keen to study using the case study method. I studied administration and business management so I had a grasp of the basics but I thought this style of teaching would be much more enriching.”

She was not disappointed. “It’s amazing how dynamic it is. What makes the method successful is the emphasis on the practical rather than the theoretical. It’s really valuable to be in a group of people from a range of sectors, each trying to give their best,” she says. “IESE also has the faculty required for this sort of approach and they know how to do it and do it well. On the other hand, I felt very comfortable with the values the school embodies and, although the program is very demanding, they understand that you have a life and a family outside the school.” She says the program



**PROFILE G-EMBA**

**Average age:** 37  
**Prior professional experience:** 13 years  
**Nationalities:** 17

**Places of origin:**  
 Western Europe: 40%  
 Latin America: 24%  
 Eastern Europe: 18%  
 North America: 6%  
 Africa: 6%  
 Asia: 6%

requires a lot of effort and sacrifice and it's not easy to balance it with work and family. "It involves a lot of time during the week and at weekends but the person closest to me, my husband, was very understanding. We approached it as a joint project." She spoke to the magazine only a week after completing the program and she says that "at an organizational level everything is easier, smoother. "What I understand is you have to slow down. You have to stop and think, slow down a bit, because you can't live your life like you have these past two years." **Fuertes** has no plans to leave her company but rather to use what she has learned to improve it. Her dream is to become a managing director. "Right now I'm very happy at Montana Colors, I know it well and I feel like it's mine. Later in their career, an executive makes intuitive decisions, because they've made a lot of them, but when you're young and inexperienced, you're not so sure of yourself. Before I did the masters I knew intuitively if we were following the right course but now I can draw up a plan and not simply say that something's wrong, which is easy to do. If the time comes when I'm not needed, well, I'll find something else. If I have a brilliant idea for setting up a business, then I'll do it."

**CARMELO ASEGUADO (EMBA '12)**

● As he has a degree in engineering from the University of ● Valladolid, **Carmelo Asegurado** has always worked in logistics. "I've already worked for five and a half years at El Corte Inglés where I was working on the internal logistics of the online supermarket and everything relating to phone calls and Internet requests made at elcorteingles.es." After two years running the supply chain for Opencor and Supercor Express, Carmelo's boss, who is an IESE alumnus, suggested that he do an EMBA. "To begin with I was looking at alternatives but after taking part in the open days, plus what

my boss told me and a personal interview that I had with **Juan I. Cantarero**, I decided to opt for IESE."

**Carmelo** smiles almost nostalgically thinking about the first days of the EMBA. "To begin with you feel a bit overwhelmed and you have a sense of fear and insecurity. When you compare yourself with your colleagues you feel you fall short. This is perfectly normal, given the high level prevailing in the EMBA." But these feelings disappeared once he started working in the team. "That's when you realize how much working shoulder to shoulder brings you together, the solidarity within the team gets you through the toughest moments, especially in the first trimester."

"One time, I took all the team, including partners, to Valladolid and we had a great time. On another occasion we all offered to help a colleague, practically day and night, to prepare for an oral exam that she alone had to do." **Carmelo** emphasizes the solidarity between colleagues which he hopes will last forever. At IESE they put a lot of emphasis on the continuing relationship. That's why they say that EMBA's often employ EMBA's because they know what they've been through."

"In my case, I've benefited almost from the beginning, in management committees, in the meetings with my own team, in my way of dealing with problems and the way of prioritizing and taking better decisions with the information I have acquired. I would recommend it both for the way it opens your mind and because we engineers lack a global vision of the company, such as aspects related to marketing, human resources, accounting and so on. You may have some knowledge of these areas but not how they fit into everything from a general management perspective, which is exactly what you get at IESE. Furthermore, the more you learn, the more you seek challenges and professional growth."



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# GOING OUT OF PRINT

William F. Baker believes that the printed newspaper is doomed but what matters for democracy is that we find a new way to pay for quality journalism.

STEPHEN  
BURGEN



**W**illiam F. Baker began his career in television and was involved in the launch of the Discovery Channel and the Disney Channel, as well as launching Oprah Winfrey's career. He is now a media academic and is executive in residence at Columbia University Business School, as well as being involved in the Media and Entertainment AMP at IESE's New York center. He was in Barcelona for the meeting of IESE's U.S. Advisory Council and took time out to speak to the Alumni Magazine about the future of print media in the digital age. We began by talking about a successful project in Slovakia in which readers pay a single subscription fee that gives them access to all of the Slovakian press.

**The Slovakian model seems an obvious solution. Could it be applied anywhere?**

Slovakia was below the radar. The major aggregators like Google hadn't bothered with it because it's small and has a language no one else speaks. So this entrepre-

neur set up a common pay wall and it seems to be working. He's now trying to take the model to other countries. The question is whether countries such as Spain or the U.S. are already too far gone with free, aggregated materials. I think there's hope that a national pay wall, or in big countries like the United States, a regional one that combines access to local newspapers and local television might work.

**It's emerged from the Slovakian model that readers don't want to be offered segments, they want the whole newspaper package. Is this counter-intuitive, given that the Internet is all about cherry picking?**

I don't think it's counter-intuitive. Even though people may only use 10 percent of what's on offer, they don't know which 10 percent they want. They want to cherry pick but they want to make the decisions about what they read, they don't want it pre-packaged. The problem is we end up only looking at what we care about and this polarizes our societies even more. So a liberal only looks at liberal media and a conservative only looks at conservative media. On the positive side, the Internet has such



flow, that if someone finds something they'll email it to me from some source I'd never heard of.

**People identify with great papers such as The New York Times or Le Monde. Do you think people subscribe to these papers because they see themselves as investing in something they believe in?**

I think that's absolutely true. The things that we read become an expression of our identity. That's why these publications have to be more than a raw source of information and that's why aggregators like Yahoo and Google are trying to develop their own identity.

**So far the pay wall has been the only idea for monetizing digital newspapers. Do you think an iTunes sort of epiphany might be at hand?**

Firstly, everyone is pretty much agreed that print versions of newspapers are going to die. Personally I find that sad, but the goal now is not to save the printing press but to save the newsroom. The real worry isn't going to be for *The New York Times*, the *Washington Post*, *The Guardian* or the *Frankfurter Allgemeine*, it will be for smaller papers, papers whose exist-

tence is critical for global society. Even if they put up a pay wall it would be too small to be economically meaningful.

**The newspaper business model hasn't changed in 300 years. Is the industry a victim of its own complacency or did it just not see it coming?**

We have all been victims of our own complacency. Newspapers have mostly been in monopolies or duopolies, it was an easy life and they weren't focused on the business model. Most publishers in the U.S. were shocked when they discovered their newsrooms were being supported by classified advertising. And then classifieds went away almost overnight and then they didn't know how they were going to pay for the journalists. The people who led those organizations are paying the price because they haven't led them properly. But none of us saw this tsunami coming. It will all work out, but the real worry is not that journalism is going to go away, but how can we make this transition and still have serious journalism with paid-for professionals. And that's not just a worry for the business, it's a worry for society, because without serious journalism we're not going to have much of a democracy.



# “I WAS THE LEAST LIKELY PERSON TO BECOME AN OLYMPIC CHAMPION”

Sporting hero Edwin Moses shares insights with IESE alumni in London.

“**T**here are many ways of looking at legends” said **Edwin Moses**, Olympic gold medalist and world record breaking athlete. “But although my mother said I was born ready to run, between being born and later having the street I was born on named after me, I had to do a lot of hard work”.

The story of the hard work that made **Edwin Moses** an unparalleled sporting hero is what he shared with IESE alumni in London on March 22. As London is buzzing with the countdown to the 2012 Olympics, **Moses’**

story of discipline and passion serves as inspiration to anyone – either in sport or in business – hoping to achieve greatness. The key, he said, is passion. “There was nothing on my track and field résumé that said I had a chance. The one thing I had was the passion.”

The similarities between sports and business are striking: both are highly competitive, both are tests of endurance, discipline, attitude, performance and goals. IESE has its own Center for Sport Business Management, with various professors dedicated to studying this phenomenon. If business can learn from sport, then there is no career more remarkable than that of the track star **Edwin Moses**.





Prof. Antonio Dávila, Edwin Moses and Chris Daniels

Before his sporting success, **Moses** earned a scholarship to Morehouse College in Atlanta, a university that did not have its own track. **Moses**, who did not even have decent training shoes, used to train on public facilities around town. In 1976, he qualified for three Olympic events and went on to win the gold medal in the 400m hurdles, and set a new world record with his time. By 1987, **Moses** had won 122 consecutive races, set the world record three times over and won his second Olympic gold medal. In 1994, he earned an MBA from Pepperdine University.

During an era when many businesses are facing tough hurdles to overcome, **Moses'** message was timely. In order



“I WAS BORN TO RUN BUT, BETWEEN BEING BORN AND HAVING THE STREET I WAS BORN ON NAMED AFTER ME, I HAD TO DO A LOT OF HARD WORK”

to achieve, he said, you have to struggle: “Every day, you have to push yourself against the wall. Every single day.” He reflected on how he would have tears in his eyes as he turned up to the track for practice, knowing what he would have to go through each time. He talked of the protective instinct that the body has, to give up and not go through such tough training. But **Moses** would push through those barriers each time, to reach what he calls the “twilight zone.”

What is the key to overcoming those barriers? Keeping the goals in sight. **Moses** says his advantage over other athletes was that he was not afraid to feel the pain on a day-to-day basis. To him, it was reasonable, as he knew what the outcome would be: “During my whole career I felt like a gladiator. You don’t have a sword, but you go out with the same mentality.”

Having retired from the track, **Moses** continues to inspire with his work for the Laureus Sport for Good Foundation. This organization uses sport as a tool for social change, and tackles problems such as HIV/AIDS, childhood obesity and youth violence across six continents.

At the event, **Chris Daniels** (MBA ‘00), President of the U.K. chapter of the IESE Alumni Association, explained what it means to be an Olympic sponsor. **Daniels** is also in charge of Lloyds Bank’s sponsorship of the Games - one of the main sponsors of London 2012.

Both **Daniels** and **Moses** agreed that London is gearing up to host a fantastic Olympics in June 2012.

This IESE Alumni Association event took place at BlackRock, London, on March 22. IESE Prof. **Antonio Dávila** gave the introduction, followed by presentations from **Daniels** and **Moses**. IESE would like to thank BlackRock and in particular IESE alumnus **Teri Tsuji** (MBA ‘02) for their collaboration in this special event.

# CHINA AND THE EU: BENEFITS OF BILATERAL COOPERATION

Yu Yuantang, division director for European Affairs in the Chinese Ministry of Commerce



**O**n March 9, **Yu Yuantang**, division director for European Affairs in the Chinese Ministry of Commerce addressed an audience of IESE alumni at the Madrid campus.

Following an introduction from Dean **Jordi Canals**, **Pedro Nueno**, Professor of Entrepreneurship at IESE Business School, Executive President of CEIBS and moderator, announced that **Yu Yuantang** had been named an honorary IESE alumnus after his fantastic presentation in Barcelona.

In Madrid, the expert in European-Chinese business and European companies in China focused on enabling trade and investment cooperation between China and the EU, discussing a new bilateral investment treaty and highlighting the progress made at recent political and business summits.

**Yu Yuantang** quipped that, although the Chinese always say their summits are successful, the political summit in Beijing in February was particularly fruitful in terms of form and substance. It saw the launch of a

China-EU bilateral investment treaty, with agreements to incorporate investment protection, investment promotion and investment liberalization. And of course it includes some ambiguity, “the best form of protection you can ask for,” he said.

It is important for Europe and China to cooperate according to **Yu Yuantang**: “We need to thrash out with Europe what we can agree ... We need to stay open to each other, stay away from protectionism.”

The EU is China’s largest trading partner and export market, but only its fourth largest source of foreign direct investment, he noted. China represents only 7 percent of the EU’s FDI and the EU only 4 percent of China’s. Compared with EU investments in other major economies, this is very low, he pointed out. He also noted that growth rates in bilateral trade have declined since last September (bilateral trade grew by only 18.3 percent last year compared with 31.8 percent in 2010).

A decline in Chinese exports to Europe is a danger for China, he said, stressing that China’s rapid export-led growth rate is unsustainable and that it needs to expand



**“CHINA REPRESENTS ONLY 7 PERCENT OF THE EU’S FDI AND THE EU ONLY 4 PERCENT OF CHINA’S. COMPARED WITH EU INVESTMENTS IN OTHER MAJOR ECONOMIES, THIS IS VERY LOW”**

**Yu Yuantang**

its services sector looking ahead. But the economic climate in Europe currently is causing a large number of Chinese export companies to suffer heavily.

With the bilateral investment treaty, China aims to underscore the importance of EU investments in China, he said, and its intention is to help address the crisis. “We are also encouraging Chinese companies to invest in Europe.” He stressed that “Chinese companies are not in Europe to loot or deprive you of precious opportunities” but to help create jobs and drive growth, without subsidizing the investments.

**Yu Yuantang** would like to see increased interaction between Europe and China. He said he welcomes European businesspeople to China, highlighting the bureaucratic ease with which they may work and operate there, and pointed to the need for the Chinese to embrace an international outlook. He concluded with his wish that world class business schools might one day set up campuses in China to further interaction between China and the EU, to better prepare the Chinese to expand trade in services and better prepare them for a career in Europe.



# WHAT IS EUROPE AND WHERE IS IT GOING? REPORT ON “3-SPEED COMMUNITY”

JOHN S. REED,  
CHAIRMAN OF THE  
MIT CORPORATION

Continuous education session discusses problem of lack of central authority and the difficulties created by the inability to devalue within the Eurozone.

Since 2008-2009 world trade and industrial production has recovered rapidly but Europe’s contribution to the recovery has been paltry compared to that of U.S., Asia and Latin America, Prof. **Xavier Vives** told a Continuous Education session titled “Quo Vadis Europa?” on IESE’s Barcelona campus in April. The meeting, organized by IESE’s Public-Private Sector Research Center, was also addressed by **John S. Reed**, chairman of the MIT Corporation, former CEO of Citigroup and former chairman of New York Stock Exchange.

**Vives** discussed the content of the report of the same name published by CESIFO. He noted that, regarding the growth in EU member states, those with flexible exchange rates such as Sweden and Poland are doing much better than the countries in the Eurozone. “How many Europes are there?” he asked, and concluded that there are three. The first includes Germany, Netherlands and Finland; the second Greece and Portugal and, somewhere between the two, Spain, France, Italy and Belgium.

The origin of Europe’s problems lies in the difference in competitiveness within the euro which the financial crisis threw into relief. Sovereign bonds were all worth much the same a few years ago but the crisis revealed the underlying reality of the various Eurozone economies.

The result is that sovereign risk is now linked to bank risks. “The problem is a lack of political credibility and the conflict between the center and the periphery,” **Vives** said. He pointed to Sweden as a country that has successfully achieved fiscal consolidation and economic growth. As for Spain, he said it needs credible policies and a vision that goes beyond austerity.



#### AMERICAN PERSPECTIVE ON THE EUROPEAN SITUATION

● John S. Reed then went on to offer an American perspective on the European situation. “We Americans don’t know what Europe is,” he said. “Who is in charge of the economic situation? Europe appears to be a work in progress. In the U.S. we have our disagreements but we have one central government and the Federal Reserve and we know who is in charge.”

He said that private finance is wary of Europe and because the only funds it can count on are from governments and bodies such as the IMF. “Europe needs time to solve its problems,” he said. “There’s a lot of movement of capital within Europe from weak areas to stronger ones.”

Furthermore, elections in different member states don’t necessarily reflect the overall European interest, Reed added, as politicians in each country have to campaign on a national agenda. “We see that Europe says that what happened in Greece can’t happen but it did happen. The values we see are artificial and are based on the flows of capital. In the United States we have an immense deficit but everyone knows who is the government. If we need to devalue the dollar we can. We have more flexibility.”

He said there are not many examples of making the sort of fiscal adjustments that are needed in Europe without being able to adjust the value of the currency. “We see the economic problem but the problem of Europe’s heritage is even greater. The need for finance is greater than that which Europe is capable of producing. We don’t see where the money will come from.”



AMERICANS DON’T  
KNOW WHAT EUROPE IS.  
WHO IS IN CHARGE  
OF THE ECONOMIC  
SITUATION?”

John S. Reed

Moving on to a discussion of banking regulation, Reed said the “too big to fail syndrome” is a big problem for all countries. “There are so few banks now that the discussion about regulation only takes place among them.”

The crash in the financial sector has led to the demand that big financial institutions commit themselves to being able to sustain bankruptcy without affecting the rest of society. However, he said, it is not clear how this will be applied, adding that the markets now much more impatient than they used to be.

SERGI QUINTO (MBA '98)

# THE BARGAIN MACHINE

## Give Customers the Opportunity to Choose Their Own Special Offers

Until **Sergi Quinto** (MBA '98) decided to revolutionize the special deals that brands offer their regular clients, customers were forever asking why there were discounts on products that they never bought nor planned to buy. This system, which was only partially personalized, had come to be seen as a waste of money and opportunities for most advertisers. **Quinto**, who has worked for over 15 years in the mass marketing sector, was concerned about consumers' negative attitude towards special offer coupons. "Coupons don't meet consumers' needs and furthermore they're inconvenient because they are given at the exit of the store, you can't use them until the next time you shop and in the meantime many of them are lost or expire." **Quinto** had an idea for completely effective marketing. "Offer the discounts before people shop and give the customer the chance to choose which products they'd like to be on offer that day." And so Good Deal was conceived, a kiosk that many customers have come to call the Coupon machine.

"There's no big secret. There's a touch-sensitive screen and a computer connected to the store's database and which prints out the offers that interest the customer," **Quinto** says. The machine is installed at the entrance to the store and the customer simply has to insert their card to find out what discounts are available. According to **Quinto**, one of the main advantages is "precisely the fact that the offers the client receives are completely personalized." The first kiosk was set up in the summer of 2010 in a branch of the Caprabo supermarket



Sergi Quinto

chain in Barcelona. Since then a total of 55 have been installed in branches of three supermarket chains – Caprabo, Consum and Mas – which have received a million visits over the past year. The brands pay to be on offer in the kiosks. Good Deal's clients include Danone, Unilever, Campofrío, Central Lechera Asturiana, Panrico, Coca-Cola and Pescanova, among others. The Special Offer Machine only operates in Spain at present but **Quinto** says that the plan this year is "to expand in Spain and then look at going international, as well as adding some changes to the kiosks' technology," including a mobile and web version and adding offers of the stores of the neighborhood.

FINAVES has played a key role in developing Good Deal. "I presented the project two years ago and they loved it. The support of FINAVES has been fundamental throughout the process," **Quinto** says, emphasizing the part played by **Adelaide Cracco**, the manager of FINAVES, in designing the business plan. "Thanks to FINAVES I reached good agreements with investors," **Quinto** says. With an investment of €830,000 from FINAVES, IESE business angels and Caixa Capital Risc was able to go into the customer loyalty market offering advantages to distributors, manufacturers and consumers. "I've had complete confidence in them," **Quinto** says with satisfaction.



# THE TIME FOR CHANGE AND INNOVATION IS NOW

Nikesh Arora, Google's Senior Vice President and Chief Business Officer Speaks at IESE.

“When I ask my friends what era they would most like to be transported to they tend to say there is no time like now,” **Nikesh Arora**, senior vice president and chief business officer of Google told his audience at a Continuous Education session at IESE's Madrid campus in April. The session was moderated by IESE's **Philip G. Moscoso**, Associate Professor of Production, Technology and Operations Management.

**Arora** described the present as a kind of contemporary industrial revolution. “Surprises have taken place that we couldn't have imagined 10 years ago” such as mobile phones, digital cameras, the vanishing of video cassettes and much more. Five years ago, the internet was a strange phenomenon, but now it is mainstream and a crucial tool for business. If someone likes a company and visits its website but is dissatisfied with the interaction, they won't go back. “Internet savvy companies interact better with their clients,” he said.

Revolutionary change is already apparent. “Before we went to HMV to buy music or DVDs; we don't have to do that anymore. This has removed \$9 between the start of production to delivery.” The same thing is happening with books. “Ten years from now, we won't be buying books. It's economics, books will go,” he said.

A nostalgic reluctance to accept this is a real danger for managers because having “an emotional condition can hold you back from being able to anticipate rationally what will happen in



Prof. Philip G. Moscoso and Nikesh Arora

the future. But change is unrelenting. “The only industry I believe will not be affected is the mining industry.”

He declined to predict his own company's revenue sources in five years time. “As long as it's a lot I don't really care where it comes from,” he quipped. “I think 95 percent of advertising is still spent elsewhere. I only have 38 of 800 billion of it.”

Responding to the question of whether Google will be able to become the new establishment and at the same time remain innovative, he said, “We all get risk averse and stop learning as we get older. Companies run the same risk.”

Google's strategy is to take in innovation, as it did with YouTube and Android, and scale it. The way to avoid this risk is not to focus on the competition but focus on creating a phenomenal product. “Then everything else falls into place.” He said this is where Google excels, and if other companies had half the level

of focus that Google has, they would do twice as well.

In specific regard to Spain, its level of internet development and the impact it could have on the current situation, **Arora** perceives that across both large and small companies Spain is a more insular market than many others in Europe. He believes that the Internet can play a significant role because among its benefits are that it explicitly leads to expansion beyond local markets.

“Any country where we have gone in and worked with small companies to drive the adoption of technology we have seen a perceptible change, whether in reducing costs or reaching more customers.”

While understanding the reluctance to invest during periods of low growth, he pointed out that this is often precisely what successful businesses have done. It is at such times that “you get the best people at a low price” and it is talented risk-takers who make successful investments during periods of slow growth.

“Ten years from now we won't be buying books. It's economics, books will go, just like DVDs”



THE CLASS OF 2012

# UNITED BY DIVERSITY

Dean Jordi Canals believes the MBA and Global Executive classes of 2012, who represent more than 50 countries, present a good picture of the 21st century where people from different cultures and backgrounds are working together to make a positive impact on the world.



**N**ot so much an end as a new beginning. Yes, it's graduation time again and students from all over the world completed their studies in the MBA, and Global EMBA programs ready for a new start in their careers. While graduates thanked their families and friends for their

forbearance, keynote speakers and faculty members reminded graduates, who hailed from more than 50 countries, that they were among the privileged few and that the time had come to go back into society and put what they had learned to positive effect.

#### **MBA '12**

● After covering more than 800 business cases and 500  
● technical notes since enrolling in IESE's MBA program, the class of 2012 finally received their diplomas on May 11, in Barcelona.

This year's graduating MBA class included 270 students from 50 different countries who decided to invest in an MBA during uncertain times and are now heading out into a challenging landscape. Commencement speakers addressed today's challenges and encouraged graduates to rise above them.

Keynote speaker **Bruno di Leo**, senior vice president of sales and distribution at IBM and proud father of one of this year's graduates, praised the class of 2012 for their commitment to the program. He encouraged the students, noting that they have proven they are more than ready to embark on "this journey that has only just started."

To be a good leader, he said, you must have three traits: know what you want, how to get there and be committed to your goal, he said. You might have worthy goals and a great action plan, he emphasized, but if you aren't committed, nothing will be achieved in the end.

Most people, according to **Di Leo**, have the first two traits, but to excel you need all three. "Computers are binary," he said, "but life always comes in threes: yes, no, and maybe."

So the more you cultivate worthy goals, learn how to achieve them, and commit to them, the better suited you will be to meet the standards of leadership and accountability required in today's tough times, he said.

"The same principle goes for companies: management can define good strategies that suit an organization, but commitment is a matter of leadership, and it's a big question, because it's personal. How do you drive commitment so an organization will succeed? Setting an example comes first, because people will follow good leaders. Nobody in the organization believe in a strategy if you don't believe it." Nobody will follow a model if they don't see that you can execute it, he said.

"It's not that leaders know a lot," he said, "it's that they're constantly learning. They're usually humble, and believe others are smarter than they are. If you're





**There are more good people doing good things than bad people doing bad, but the bad makes more noise”**

**JOSÉ MARÍA GARCÍA-SOTO**



humble, you’ll always see a good opportunity to stay quiet, because that way you learn more.”

Professor **Ángel J. Gómez Montoro**, rector of the University of Navarra, also appealed to IESE’s 47th MBA class to rise above current macroeconomic figures and headlines, stressing the importance of not merely trying to be “good,” but to exercise wisdom. This means being aware of how your decisions affect others, he said.

Dean **Jordi Canals** encouraged graduates to focus on respecting others and humility. Only respect, he said, “rejects the notion that the business world is a zero-sum game,

keeps our ego under control, and makes a persuasive case for the values we stand for.” He said the graduating class offered a good picture of the 21st-century business world: people from different cultures and countries working together and thinking about how to have a positive impact on others. “In today’s global economy, talent is scarce and the role of leaders is key in developing people. We need to create professional contexts that respect each person,” he said.

And those values will condition your level of happiness in life, said MBA program director Prof. **Pedro Videla**, who cited writer **David Foster Wallace** in order to emphasize



IF YOU HAVE WORTHY GOALS AND AN ACTION PLAN BUT YOU'RE NOT COMMITTED NOTHING WILL COME OF IT"

**Bruni Di Leo**

Senior vice president of sales, IBM

that true happiness is a by-product of service to others and involves the often "unsexy" disciplines of attention, awareness, effort and sacrifice.

Finally, class representative **José María García-Soto** urged his fellow graduates to make the world a better place. "My grandfather, the kindest man I ever met, despite the fact that he lived as an orphan the horrors of the Spanish Civil War, used to say, 'There are far more good people doing good things than bad people doing bad things. The bad just happens to make a lot of noise, while the good usually remains silent.'"





**We have all become a small family, a family that will stand together and support each other when needed**

**FERNANDO GARRO**



**GLOBAL EMBA '12**

The 12th Global Executive MBA Class celebrated its graduation ceremony on April 24 after 18 months of coursework at IESE's global campus in locations ranging from Barcelona to Bangalore. Families and friends from all over the world attended the event, as Prof. **Sandra Sieber** acknowledged in her opening speech, thanking them for the support, patience and care they've given the graduating students throughout the program.

**Sieber**, academic director of the program, reminded the class that the current difficult times call for good, sensitive leaders, and that it's their turn to "take an

active role to push the world forward." She also asked them to nurture the global friendship they've developed with their classmates, a special feature of the Global Executive MBA. The 21 students represent a total of 16 different nationalities.

The president of the 2012 class, **Fernando Garro**, praised the respect for others' ideas he and his classmates have learned, while quoting a Chinese proverb to describe the best approach to what lies ahead: "If you want to go fast, go alone. If you want to go far, go together." He added: "We have to stay together and not forget that the time we have been together has been for a reason, an important rea-





## “// YOU SHOULD STRIVE TO SERVE YOUR TEAM WELL”

### Julio Rodríguez

Executive vice president of world operations,  
Schneider Electric

son. We have all become a small family, a family that will stand together and support each other when needed.”

In his keynote address, **Julio Rodríguez** (PDG '97), executive vice president of world operations at the multinational Schneider Electric, reminded the graduating class of qualities that are essential for leaders like them today. “In this global world of ours, any manager who wishes to be successful, regardless of the industry and company size, needs increasingly high doses of leadership or, in other words, needs to be a leader who makes a daily effort to better serve his or her team,” he said. “You should strive to serve your teams well. Create the environments they

need to develop their talents, and places where they can overcome obstacles, grow and become what they never dreamed they could be. At the end of the day, leadership is helping others achieve success, and it doesn't matter whether they are customers, suppliers or team members.”

Finally, Dean **Jordi Canals** closed the ceremony, emphasizing the importance of respect as the gateway to “a renewed sense of optimism in the human spirit” that is much needed in the business world today. He called for an ongoing contribution and friendship from the graduating class, reminding them that “IESE is, and always will be, your home.”



# EUROPE'S NEW LEADERS

## BARCELONA HOSTS AMP MUNICH GRADUATION CEREMONY

**T**he graduation ceremony for the latest cohort of students from the Advanced Management Program (AMP) Munich was held on IESE's Barcelona campus on March 9. Some 20 executives from eight countries completed the program that was initiated by IESE in 2005. The academic director is Prof. **Marc Sachon**. The countries represented were Germany, Slovenia, Hungary, Austria, Turkey, the U.K. and Spain.

**Rudolf Reppen**, the program director, said the students had successfully completed their studies and thanked their families for their

support. **Peter Summo** (AMP-Munich '12), the cohort's representative and also vice president of Wacker-Chemie, highlighted the tools acquired during the course and also the ethical perspective the students had acquired. **Peter Sive** (AMP-Munich '12), the second representative and managing director of Catalysis, thanked his fellow students for their efforts and praised the professors. The ceremony was wound up by Dean **Jordi Canals** who gave a talk on the "Culture of learning and the role of virtues."

The students' commitment to IESE was reflected in the fact that 80 percent of them joined the Alumni Association.







## PUTTING ON THE POLISH

**EXECUTIVES FROM WIDE RANGE OF BACKGROUNDS GRADUATE FROM SIXTH AMP WARSAW**

**P**articipants in the 2012 class of the AMP Warsaw received their diplomas on April 27 on IESE's Barcelona campus. The class was made up of a wide range of professionals from sectors as varied as finance, insurance, information technology, sales and public administration.

The program, which is led by **Radosław Koszewski** and academic directors, **Lluís G. Renart** and **Javier Santoma**, is in its sixth year. It is designed to meet the needs of Polish companies

at a time of rapid change. It begins with a one-week residential module in Barcelona while the main sessions are held in Warsaw, followed by a final module and graduation in Barcelona.

The AMP Warsaw covers essential topics of general management and helps executives to reach a better understanding of economic trends while honing their leadership skills. Participants are senior executives with at least seven years experience in positions such as chief executive, managing director or vice president and have an average age of 44.



# THE EASTERN HORIZON

## DEAN VISITS JAPAN ONE YEAR ON FROM TSUNAMI

**D**ean **Jordi Canals** began his tour of Asia, where there are now 240 IESE alumni, in Tokyo where he arrived on March 11, one year on from the devastating earthquake and tsunami which left thousands dead and triggered the worst nuclear crisis since the Chernobyl meltdown in 1986. **Canals** expressed his condolences as well as his admiration for the fortitude of the Japanese people in dealing with the disaster.

### MACRO ROOTS OF CRISIS

● The following day he gave a talk at the offices of JX Holdings Inc. titled "Some leadership lessons from the U.S. and Europe's financial crisis." The session was hosted by the Japan Chapter, whose president is **Kenji Tomino** (MBA '08). It was attended by some 30 alumni and around 40 guests from leading companies and organizations based in Japan. There are currently 41 Japanese students studying on IESE's Barcelona campus.

The current financial crisis has macroeconomic roots, **Canals** said, but it also reflects a deep leadership and governance crisis in some large companies. Macro policies and corporate governance reforms are needed but they will not stimulate entrepreneurship, innovation or corporate growth. Leaders need to build the reputation of their firms, create a sense of purpose among employees, engage allies in order to create solidarity, lead by example and base their decisions on ethical values.

### NEXT STOP CHINA

● The next stop on the tour was Shanghai, where some 50 alumni and friends met for a Continuous Education session held at the Lujiazui International Finance Research Center at the China Europe International Business School (CEIBS). The session was chaired by Prof. **Rama Velamuri**, who teaches entrepreneurship and negotiation at CEIBS. **Canals** emphasized the need to find solutions to the crisis and went on to compare the different impact of the crisis on the United States and Europe, and the different solu-

tions that have been pursued. He talked about the changing concept of leadership and the need to be courageous and develop credibility.

### GERMAN LEADERSHIP OF EUROPE'S DIFFICULTIES

● During a question and answer session in Hong Kong, **Canals** was asked how he felt about Germany taking on the role of Europe's savior. He said that **Gerhard Schröder's** reforms had helped to make Germany strong but that **Angela Merkel**, the German chancellor, needed to be more decisive and to work more closely with her European allies, but she also had an election to win. "Europe needs to lead by example," he said. "The outlook is still gloomy but the foundations are being laid for a brighter future." The last stop on the tour was at the NUS Business School in Singapore where, together with Dean **Bernard Yeung**, **Canals** addressed an audience of some 60 alumni and other invited guests. Both deans shared their views on leadership, while **Yeung** gave a talk titled "The Asian growth model and Asia's challenges."

**HONG KONG**



**TOKYO**



**SINGAPORE**

**SHANGHAI**

# STEADFAST SUPPORTERS

25TH ANNUAL MEETING OF SPONSORING  
COMPANIES, CHAIRS AND RESEARCH CENTERS

Despite the straitened economic times we live in, many companies continue to give IESE their support while others are backing the school for the first time. During the annual meeting, Dean Jordi Canals thanked them all for their invaluable contribution.

**D**ean **Jordi Canals** opened the 25th Annual Meeting of IESE Sponsoring Companies, Chairs and Research Centers on May 24 in Barcelona. He told the meeting that “we learn a lot from your comments and suggestions.” He also thanked the sponsoring companies for “continuing to support IESE in spite of the difficulties of the Spanish economy and the companies that work in it.”

He then went on to present new sponsors whom he described as “friends and the inspiration behind many of IESE’s projects:” Altair Management Consultants, Coaliment Granollers, the Wine Division of Moët & Hennessy Estates and Wines, GFT Group, Grupo Logista, Kellogg’s Spain, Mango, Mutua Madrileña and Swarovski. He also presented the new Eurest, Compass

Group Chair and then briefly reviewed the current economic situation and outlook and called for “hope.”

He was followed by IESE Prof. **Juan J. Toribio** who led the conference titled “Necessary Reforms” in which he said that economic recovery depends on increasing both productivity and competitiveness.

#### KEYS TO BEING COMPETITIVE

- He cited a series of factors, policies and institutions
- that are crucial for creating competitiveness, according to the World Economic Forum’s Global Competitiveness Index: the quality of institutions, the quality of infrastructures, a healthy macroeconomic climate, primary education and public health. He also listed the efficiency of stock markets, the labor market, the development of the financial market, a readiness to accept new technologies, the size of the market and the quality of companies.

The meeting ended with a talk by Prof. **Josep Valor** on “Social Networks and Business” in which he analyzed the role of social networks, and Facebook in particular, and their implications for business. “Technological change brings social change,” he said. “Society is adopting technology and business trails behind.” He also warned of the danger of not knowing how to manage technology overload. “It would be a grave error not to carry out in-house studies on technology use to ensure greater efficiency and avoid a collapse of the information systems.”





**1. Tomás Pascual** and **Javier Colomina**, CEO and CFO of Grupo Leche Pascual, respectively and **Carlos Molina**, president and CEO of Arteoliva. **2. Domingo Arcochena**, head of Promotora Imperial and **Enrique Sendagorta**, founder and honorary president of Sener. **3. José Felipe Bertrán de Caralt**, managing director of the Fundación Bertrán. **4. Juan-Miguel Villar**, managing director of Grupo Villar-Mir, with Prof. **Jordi Canals**. **5. Juan Gervás**, managing director of Mahou-San Miguel and **Ramón Agenjo**, executive of Damm.





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**6. Mauricio García de Quevedo**, CEO of Kellogg's Spain. **7. Juan Ramón Lozano**, managing director of Bodegas Lozano, with his daughter **Ágata** and **Natalia Centenera** (IESE). **8. Emilio Cuatrecasas**, partner and managing director Cuatrecasas Abogados, with **Jaime Alonso** (IESE). **9. Enrique Valer**, country president of Schneider Electric in Spain, Portugal and South America with **Marcos de Pedro**, managing director Europe, Middle East and Africa for Neoris. **10. Mar Raventós**, president of Grupo Codorniu. **11. Prof. Francisco Iniesta** (IESE) and **Enric Casi**, managing director of Mango. **12. Tomás Tomeo** (IESE) and **Alfredo Ruiz-Plaza**, managing director of Compass Group Spain. **13. Antonio Garrigues**, managing director of Garrigues Abogados, and **Jaime Alonso** (IESE).



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- VALINSA
- VESTAS
- VOCENTO
- WILLIS
- WÜRTH
- ZANINI AUTO GRUP
- ZARDOYA OTIS
- ZURICH



# BLOOMBERG, BOWLES AND SIMPSON

## BREAKING THE U.S. BUDGET STALEMATE

The *Wall Street Journal* Viewpoints Executive Breakfast Series  
Co-sponsored by IESE and BCG.



**O**ver the last decade, the U.S. federal government's revenue has increased by 15 percent, while expenses have risen by 80 percent.

"You just can't keep doing this," said New York City Mayor **Michael Bloomberg**, who discussed his support for letting the Bush-era tax cuts expire during a *Wall Street Journal* Executive Viewpoints panel discussion, co-sponsored by IESE Business School and BCG on March 29.

The discussion, led by the WSJ Editor **Alan Murray**, also featured

**Erskine Bowles**, former chief of staff under the Clinton administration, and **Alan Simpson**, former state senator of Wyoming. **Bowles** and **Simpson** are the authors of a key framework for cutting spending and raising taxes.

**Simpson**, a Republican, and **Bowles**, a Democrat, discussed reasons why the plan has failed to draw support from the President and legislators. In March, the proposal was defeated in the House 382-38, with just 16 Republicans and 22 Democrats voting in favor of it.

President **Obama** did not support the plan in order to avoid becoming embroiled in controversy during an election year, **Simpson** said.

The main value of **Simpson-Bowles** is that it is "thoughtful" and sets priorities for the entire country, rather than seeking to protect special interests, **Bloomberg** said.

**Bloomberg** also said the plan marks a "unique" moment when the president has the power to make key, yet gradual, changes in unfunded mandates such as Social Security, Medicare and Medicaid. "The president should stand up and say we're all in this together," he said.

The Bush-era tax cuts, which are set to expire in December 2012, should be ended for all income groups, he said. Raising taxes only for the rich will not be enough to solve the revenue problems the country currently faces. In-



Michael Bloomberg



Alan Simpson



Erskine Bowles

stead the cuts should be allowed to expire and any tax hikes should be applied to everyone. This would resolve the problem of revenue, so expenses could then be gradually reduced.

“The president has the power to really run roughshod, if you will, over Congress. Normally, he does not,” he said.

**Murray** noted that there are a number of aspects of **Simpson-Bowles** that would have a significant impact on New York City because it is a high-income state. For example, he said, the plan could limit mortgage interest on large homes worth more than \$500,000 and capital gains could disappear entirely, adding that “New York City is the capital of capital gains.”

**Bowles**, who helped negotiate the balancing of the U.S. budget in 1996 under President Clinton, said that levels of trust and confidence must rise among U.S. politicians before an agreement on how to balance the budget can be reached. He also said that he believes that President **Obama** will do

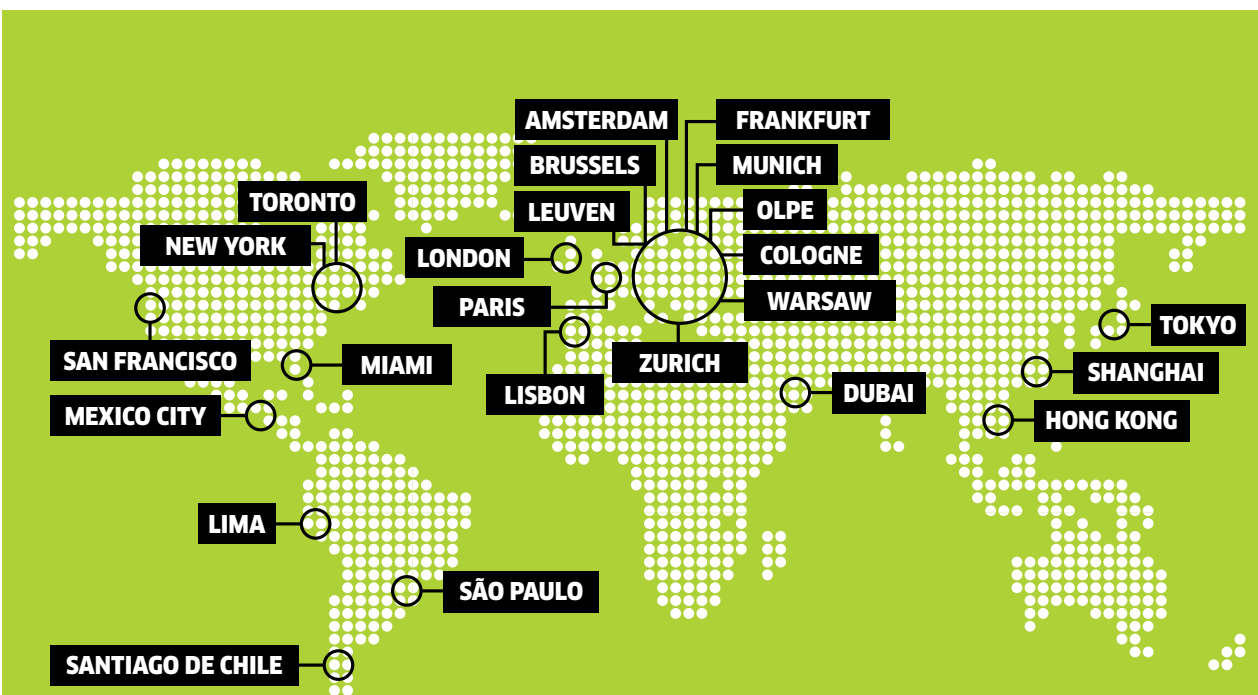
**The President has the power to really run roughshod, if you will, over Congress. Normally he does not”**

what it takes to balance the budget if re-elected.

The U.S. faces a predictable but avoidable crisis, he said, and the prospect of chaos will eventually precipitate action among U.S. legislators.

Although **Simpson-Bowles** has been criticized for not providing sufficiently in areas such as education, infrastructure and meeting the needs of an aging population, **Bowles** said, “I think we can prove beyond a shadow of a doubt that it is enough.”

For **Bowles-Simpson** to be effective, however, lawmakers will have to make tough decisions regarding cuts, he said. “The problems are real and the solutions are all painful. There is no easy way out and everything has to be on the table.”



THE LATEST ON IESE'S ALUMNI CHAPTERS

# CHAPTER NEWS

## COLOGNE

March 1

● Prof. **Adrian Done** led a session on “Global Trends” in Cologne based on his book *Global Trends: Facing Up to a Changing World*. He discussed some of the trends and challenges we are likely to face in the coming decades. The Chapter thanks **Oliver Schoen** (MBA '05) and Capgemini & Consulting for their help in organizing the event.

## SANTIAGO DE CHILE

May 3

● Chile alumni met in the capital for a talk by Prof. **Antonio Argandoña**

ñ titled “Why the economic crisis is different in Europe.” The meeting was held in the BCI auditorium in Santiago.

## WARSAW

March 1

● The Polish capital hosted a Continuous Education session on “Fostering Creativity – Lessons from Motion Pictures” given by **Kandarp Mehta**, a member of IESE’s scientific staff. The discussion centered on creativity in teams. Two trends that have emerged in the current economic context are the need for new ideas and the growing importance of the team. **Mehta** talked about what he had learnt from working in teams on film shoots and how changes in in-

dividual roles during the production can affect the team’s performance.

April 12

● The Poland Chapter held a session presented by **Dariusz Stolarczyk** (AMP-Warsaw '10) on “Empik Digital – Development strategy overview.” **Stolarczyk** is COO and board member of NFI Empik Media & Fashion and managing director of Empik Digital.

## ZURICH

March 2

● The Switzerland Chapter held their traditional working breakfast in the capital.



## March 22

- Zurich hosted a talk given by Prof. **Javier Estrada** titled “Blinded by Growth” in which he discussed growth from the perspective of economics and profitability and how these relate to investors’ returns. Evidence shows that it is perfectly possible to get low returns in a high growth environment and vice-versa.

## MEXICO CITY

### March 8

- Prof. **Javier Estrada** joined members of the Mexico Chapter for a breakfast talk in which the professor addressed the topic “Investing in emerging markets: the current situation and outlook for the future.” He was accompanied by **Begoña de Ros**, director of the SEP New York-Miami program.

## MONTERREY

### March 9

- After visiting the capital, Prof. **Javier Estrada** went on to Monterrey to take part in a breakfast discussion on “Investing in emerging markets: the current situation and outlook” which was held at the headquarters of Heineken in the city. The professor was accompanied by **Begoña de Ros**.

## LEUVEN

### March 16

- The session “Innovation and Entrepreneurship in Flanders” brought together a panel of Flemish entrepreneurs led by **Eric Van Zele**, CEO of Barco, who discussed entrepreneurial initiatives in the Flanders area. The meeting ended with the presentation of a case study by Prof. **Bruno Cassiman**.



1. Amsterdam 2. Paris

## MIAMI

### March 27

- Difficult as it is, failure is part of life and executives have to learn to live with it. This was the gist of the talk “Learning to face failure” given by **Santiago Álvarez de Mon** to alumni in Miami.

## NEW YORK

### March 27

- Prof. **José L. Nuevo** gave a talk “The Consumer of the Future” at IESE’s center in Manhattan. He discussed the emergence of a global middle class made up of a declining industrial middle class on the one hand and on the other a billion consumers in emerging economies.

### May 3

- Prof **Marta Elvira** gave a session titled “Flexibility & Sustainable Workplaces” at IESE’s New York center.

### May 8

- Members of the United States Chapter met in New York for the session “Dangerous Connections: Hedge Funds, Brokers and the Emergence of a Consensus Trade” given by Prof. **Jan Simon** who talked about the structures and social practices of hedge funds and how they make decisions.

## AMSTERDAM

### March 29

- Amsterdam hosted the Continuous Education session “World 3.0: Global prosperity and how to achieve it,” based on Prof. **Pankaj Ghemawat**’s celebrated book *World 3.0*.

## LISBON

### March 29

- Portuguese alumni held their traditional dinner discussion under the heading “Como surgiu e opera a Estrutura de Seguimento do Memorando de Entendimento (ESAME)”.

# L I F E

The dinner was attended by **Carlos Moedas**, the deputy prime minister, who is responsible for ESAME which was established by the government to oversee the adjustment of the Portuguese economy demanded by the European Commission, the European Central Bank and the International Monetary Fund.

## TOKYO

April 4

- The conference “Trends, challenges and opportunities” presented by Prof. **Jan Oosterveld** was held at the Spanish embassy in Tokyo. The professor discussed current trends and their implication for management, innovation, education and public and personal policy.

## LONDON

April 18

- London alumni held an Entrepreneurs Breakfast Meeting “Started Up: Works in Progress” which was

organized jointly for the first time with the London Business School and was attended by Prof. **Rob Johnson**. The Chapter is organizing a series of quarterly breakfasts with entrepreneurs.

## PARIS

April 18

- Prof. **Yih-teen Lee** presented the conference “Cross-cultural connection in a virtual world” in which he used the case of “Greg James” to discuss the challenges virtual teams face and the skills needed to overcome the cultural and geographical obstacles to international virtual collaboration.

## TORONTO

April 19

- Toronto was the venue for a Continuous Education session “Dangerous Connections: Hedge Funds, Brokers and the Emergence of a Consensus Trade” given by Prof. **Jan Simon**. Economic theory centers on the potential results of investment

decisions and ignores the organizational and social aspects of decision making. Focusing on hedge funds, the professor talked about their structures and social practices and how they make decisions.

## OLPE

April 25

- Prof. **Christoph Zott** addressed German alumni on “How to Build a Billion-Dollar Company.” Using concrete cases, the professor tried to explain the secret of the success of start-ups that managed to grow to become global companies.

## BRUSSELS

May 7

- The session “Platform Competition” was led by Prof. **Govert Vroom** who discussed strategic and brand concepts relevant to network markets such as doing business online, as well as phenomena such as winner-takes-all markets, critical mass and the competence of platforms. As markets become increasingly inter-connected, success depends on complementing established approaches with new strategies.

## MUNICH

May 7

- The German Chapter met in Munich where Prof. **Franz Heukamp** was accompanied by Siegfried Russwurm, board member and CEO of Siemens Industrial Sector, who recounted his experiences as an innovative leader in uncertain economic times.

## SAN FRANCISCO

May 8

- United States alumni met in San Francisco for the session “A new Challenge for Leadership. A Changing Skillset” given by Prof. **Paddy Miller**.



## SÃO PAULO

APRIL 18

- ISE Business School in Brazil was the venue for celebrations marking 10 years of the AMP Brazil. The keynote speaker was **Fábio Barbosa**, president of Abril, who talked about how the companies and society we create are an expression of our personal attitudes. **Barbosa** has headed major banks (Real/ABN y Santander de Brasil) from 1996 to 2011 and also presided over the Federación Brasileña de Bancos (FEBRABAN) from 2007 to 2011. He talked about the Brazil “that

we want to build.” This phrase was the basis of a discussion of the values and attitudes that must inform business decisions in order to create a fairer and more just society. “Brazil will be what we make of it... each one of us, through our actions and omissions.” The event was also attended by the director general of IESE, **Paulo Roberto Ferreira**, and **César Beltrán**, director of ISE in Brazil and director of executive education.

## YOU'RE IN THE NEWS

### ARE YOU IN THE NEWS?

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

### EMBA '06



**Gerhard Sturm** is the new president of central Europe for Sony Mobile.

### MBA '81

**José Antonio Garvía** has been appointed sales director for Kia Motors Iberia.

### MBA '84

**Dirk Kremer**, director and partner at Q Management of Transition, has been named as The Netherlands honorary consul in Barcelona.

### MBA '86

**Ángel Herrero** has been appointed as director of Canal IT at Samsung.

### MBA '88

**María Ríó** has joined Gilead as managing director of Gilead Sciences in Spain.

### MBA '91

**Iñaki Basterreche** has been promoted to managing director for southern Europe at the Royal Bank of Scotland, which he joined in 2004.

### MBA '09



**Pau Sansa** has been named as managing director of Hidroglobal, a company that is part of the MAT Holding group.

### PADE-II-00

**Rafael Fernández** has been appointed managing director of Zardoya Otis.

### PADE-A-06

**Bernardo Fernández** has been named as CEO of Zardoya Otis.

### PDD-I-74

**Salvador Alemany**, CEO of Abertis is the new president of the social council of the Universitat de Barcelona (UB).

### PDD-1-09

**Enric Parera** is the new managing director of ToolsGroup.

### PDD-A-10

**Carlos Sáez** has been appointed head of business development at Geogeson.

### PDD-E-05

Leroy Merlin has appointed **Rafael Burgos** as head of logistics.

### PDD-D-06

**Sabrina Tahiri** has been named as marketing director of Prisa Noticias which publishes newspapers such as El País, As and Cinco Días.

### PDD-D-07

**Joaquín Olivares** is the new marketing director for western Europe for the Latin Rums division of Diageo.

### PDG-I-00



Bluemap Consulting Group has named **Josep Mensa** as a partner and director.

### PDG-B-07

**David Martínez** is the new head of marketing at Metro Cash & Carry Germany.

## ENTREPRENEUR

### EMBA '09

**Beatriz Cardona** is developing Tripku, a social application for adventure holidaymakers who want to make up groups with other travellers, design their holidays jointly and receive special offers from tour operators. Tripku was chosen as part of the third Startup Chile program, an international entrepreneur program.



## 2012 Spring Games: The Business of Fun

❖ For some they are simply a matter of fun and games, for others more like managing a small company. IESE's MBA Spring Games have grown in scope and participation this year.

Some 850 students from eight business schools (LBS, Bocconi, INSEAD, HEC, ESADE, EADE, IEE, and IESE) enjoyed a weekend of tournaments in sports, ranging from traditional football or volleyball to unconventional ones like dodgeball or petanque. The event was held April 20-22 in Barcelona.

This year's games boasted more of an international flavor than past years, with students flying in from business schools in London, Milan, Fontainebleu and Paris, as well as a new location: the beach. Thus, beach volleyball, football and ultimate frisbee were added to the potpourri of games for the first time, as well as the 2012 regatta, which ended up taking center stage on the first day, according to student organizer **Marcelo Montilla**. **Montilla** summed up his experience as organizer in terms of practical training ground for concepts learned in class. "Organizing the Spring Games is like running a small company," he said. "Our team of 30 people, divided into seven different departments, spent months coordinating the event. It's provided great practice for the real business world."





# THE RETURN OF THE MBAS

**MORE THAN 430 ALUMNI FROM ALL OVER THE WORLD CONVERGED ON BARCELONA TO MEET UP WITH FORMER CLASSMATES AND PROFESSORS**

**D**istance is no obstacle when it comes to taking part in an IESE school reunion. This was clear when alumni representing almost 25 nationalities met on the Barcelona campus on May 26 as part of a series of five-yearly meetings.

More than 430 alumni from the classes of MBA '77, MBA '82, MBA '87, MBA '92, MBA '97, MBA '02 and MBA '07 took part in the event along with friends and family and their former professors.

**Jordi Canals**, the dean of IESE, welcomed the members of the seven cohorts and thanked them for returning to IESE. He was followed by Prof. **Pedro Videla**, and **Mireia Rius**, the director of the

**MBA cohorts spanning 30 years and representing 25 nationalities reunited**

Alumni Association, who thanked all of the alumni who had come from far away to attend the reunion.

#### **BACK TO CLASS**

Finally, professors **Antonio Argandoña**, **Carlos Cavallé**, **Brian Leggett**, **José Antonio Segarra**, **Jorge Soley**, **Julián Villanueva** and **Pedro Videla** led a series of academic sessions that took the visitors back to the days spent in the classroom. The sessions covered topics such as the current economic situation, the relative security of savings in Spanish banks, new media and the future of the euro.







# BRACING FOR UNCERTAINTY

**SIEMENS INDUSTRY CEO OFFERS SOME SOUND ADVICE ON THE CHALLENGES OF BEING AN EFFECTIVE LEADER IN UNCERTAIN TIMES**

In May IESE Business School hosted an event in Munich with Prof. **Siegfried Russwurm**, Siemens' CEO of the Industry Sector, who is also a member of IESE's International Advisory Board. In the session, led by IESE Prof. **Franz Heukamp**, he discussed the topic of effective leadership in times of uncertainty.

In a crisis, **Russwurm** said, it is important to act decisively and not just react to events. This, however, is an ability that should be fostered and nurtured over long periods of time.

The paramount job of a CEO should therefore be to ensure that there is a steady stream of young leaders entering the company over time. Under no circumstances

should CEOs delegate this job to their HR departments: "As a leader, you should ask yourself if you have someone on your team that you would be willing to work for."

True leaders require little hierarchy, if any, he said. Above all, they create a corporate culture that relies on values rather than rules to motivate employees. "If you want to attract the best talent to your

**"To attract the best talent to your company you have to make sure it's attractive for them."**

company, you should make sure that it is attractive for them."

Prof. **Heukamp**, who is IESE's secretary general, pointed out the necessity of an ethically-oriented management culture, which is an important focus of IESE's executive education programs worldwide.

Studies have shown that people have lost confidence in authority. "We have to make sure that they regain their trust in business leaders," he said.

When asked about the economic challenges faced by central Europe, **Russwurm** said the region's unparalleled ability to deal with complex problems so far made him quite optimistic about its future. In order to prepare for uncertain times ahead, he advised leaders in the audience to "imagine the craziest scenario and prepare for it."





## THE NETHERLANDS IN WORLD 3.0

### ALUMNI GATHER IN AMSTERDAM FOR A TALK ON GLOBALIZATION BY PANKAJ GHEMAWAT

**M**ore than 120 IESE alumni and guests from the business community attended the special Alumni & Friends event held in Amsterdam with Prof. **Pankaj Ghemawat** on March 29. The event was held at the prestigious Amstel Hotel where **Jan Oosterveld**, senior lecturer in entrepreneurship at IESE, as well as founder of the Netherlands Alumni Chapter, welcomed the select group of attendants and introduced Ghemawat, who then shared his views on Globalization, as presented in his new book, *World 3.0*.

The Netherlands Alumni Chapter was established in May 1990, the first Alumni Chapter to be created in Europe outside Spain. With close to 200 alumni in the Chapter, current president **Philip Alberdingk Thijm** (MBA '89) heads the Chapter Board team which includes: **Benito Diego, Mar-**

**tijn Eikelenboom** (MBA '88), **Bouke Marsman** (MBA '04), **Barbara Ruding** (MBA '04), **Felix van der Sommen** (MBA '10), **Astrid Odile de Visser** (MBA '90), and **Alexander Wouterse** (MBA '89).

The Netherlands Chapter Board team was instrumental in making this event a success. They provided support in the planning phase, as well as in promoting the event to VIP guests from the Dutch business community from their own professional networks, thus leveraging this great opportunity to create visibility in one of the key markets for IESE.

*Het Financieele Dagblad*, one of the main financial publications, published an interview with **Ghemawat**. The interview, as well as more photographs, can be found in the Netherlands Chapter website on the Alumni site.

Sincere congratulations and thanks to the Netherlands Alumni Chapter on behalf of the IESE community.

# “To do”



**JOSEP TÀPIES**

Professor of General Management  
and Chair of Family Business at IESE

The verb “to do” is one of the most versatile and nuanced in our language. It is an active verb that transforms ideas into concrete realities, an entrepreneurial verb that we associate with creating new things.

And it is an especially important verb for business people whose job it is to imagine and create the future.

At a recent conference on the Barcelona campus a well-known business person and IESE alumnus, reminded me of the richness of this verb when he said, “There are five important stages in life: learning, doing, teaching how to do, getting on with doing and, finally, stopping doing.”

Learning to do involves the responsibility of everyone to study before taking up a position in a company. This is especially true in a family business in which each member of the family must be free to learn according to their vocation, their abilities and their personal convictions. Family businesses also offer another form of apprenticeship, as the next generation grows up within the company.

It is important to do things professionally, to the best of one’s abilities, always trying to improve and, of course, to get results.

Teaching to do means helping people realize their potential. A good executive helps his or her team members to develop, explains the rationale behind decisions and listens to and helps them. This is the only way to conquer the fear that stops people from learning and improving.

Getting on with doing is the essence of the executive’s job. It’s not a matter of giving orders but of getting people to do what is required of their own free will. Communication and persuasion are essential in order to achieve this.

Experience teaches us that the hardest thing is stopping doing. It’s not easy to retire. It’s a tough decision to let others get on with the job and, although it’s clear that the verb cycle must begin anew, it’s exactly at this stage that we encounter the first obstacle. This is when the business person’s real intentions are revealed: do they really see the company as more important than themselves or do they think, “après moi le deluge?”



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