

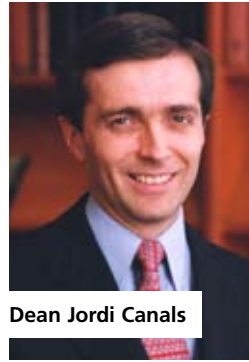


Prof. Sandra Sieber

## Innovation and NYC

Several representatives from The Levin Institute, New York, shared their views on the topic of "The Innovation Imperative and NYC" with IESE alumni and friends. Prof. Irving Wladawsky-Berger provided a context for innovation and the current economic environment; President Garrick Utley and Dr. Lynne Rosansky described what NYC has been doing to stimulate innovation in the city and how Levin

has been engaged with two new initiatives to develop and retain NYC talent. IESE Prof. Sandra Sieber moderated the event.



Dean Jordi Canals

## Financial Faultlines

Onno Ruding, former finance minister of the Dutch government, cited three main causes of the financial crisis at a special alumni event at the offices of McKinsey & Co. in Amsterdam. He pointed to inappropriate risk management by the banks themselves; shortcomings in supervision at banks and insurance companies and inappropriate government monetary policies resulting in over-leveraging.

Dean Jordi Canals also spoke at the event. Thanks go to **Philip Alberdingk Thijm** (MBA '89) and **Bouke Marsman** (MBA '04).

■ New York, June 10

■ Amsterdam, April 22

Members of IESE's IAB Share Perspectives on Crisis with Alumni

# Capitalizing on Change: Views from CEOs

Many of the business leaders that make up IESE's International Advisory Board (IAB) shared their perspectives on the global recession with alumni and MBA students at a special Continuous Education Program event at the school's Barcelona campus on April 17.

The IAB meets annually to discuss topics such as how best to respond to companies' needs. Before the annual meeting, the board's distinguished members discussed routes out of the crisis in three sessions focused on entrepreneurship and innovation, globalization, and the U.S. and European rescue plans (See page 10).

Prof. Joan Roure moderated a session titled "How to Foster Entrepreneurship and Innovation to Build the Firms of the Future." Roure asked the panelists how the crisis had impacted their companies and what opportunities it had brought. Alumni and MBA students learned that the recession presents a number of opportunities for firms that have strong balance sheets and an entrepreneurial mindset.

Isak Andic, CEO of **Mango**, said the global fashion retailer had gained some prime sites by approaching franchise holders in the most coveted commercial spaces to

ask if they wanted to swap brands with **Mango**. Another initiative was to identify the countries hit worst by the crisis (Russia, Ireland, the U.K. and Spain) and concentrate investment elsewhere.

Just as the economic crisis has hit harder in some countries than others, the downturn has provided a fillip in some sectors while pulling down sales elsewhere. For example, Hans-Jacob Bonnier of the family-owned media group, **Bonnier**, said that plummeting advertising revenues had reduced turnover at its Russian and Baltic country publications by 70 percent.

On the other hand, Bonnier said that the group's book publishing division was doing extremely well. "In crises, people tend to read more and go to the cinema more. Perhaps the films are better, or perhaps going to see a film about Thailand is cheaper than a trip to Thailand," he said. The group's interests span from newspapers to movie theaters.

Firms in sectors insensitive to the business cycle are not impervious to the crisis, though, as Andrea Christenson of toy and children's wear company **Käthe Kruse Puppen** noted. Consumers tend to scrimp in other areas before cutting back on chil-

dren's gifts. But when a company's customers delay payment and banks sit on cash rather than lend it, entrepreneurs can face financing challenges.

At the same time, the IESE MBA alumna said she saw opportunities among the threats brought by the crisis. "We are looking to build close relationships with our most profitable customers, shorten the cycle in innovation to bring products to market faster and perhaps buy competitors," she said.

For Stanelly Motta, of **Motta Internacional**, the crisis could spur innovation and entrepreneurship. Motta, whose company has interests in distribution, aviation and the duty free sector, said that pressure created by the downturn, along with passion, often brings out the best in people.

"We can improve processes all around the world... the wheel had been around for a long time before anyone thought to put them on suitcases, for example."

■ Barcelona, April 17



Prof. Pedro Videla

## Southeast Avoids Storm

IESE Prof. Pedro Videla said that the Philippines, Indonesia and Vietnam are among the emerging countries in Southeast Asia that are well-positioned to survive the current economic downturn, and that business leaders should focus on the long-term future of markets. Prof. Videla led sessions on the prospects for emerging markets in Manila and Jakarta.

In Manila, his session included the collaboration of faculty members of the University of Asia and the Pacific (UA&P) Profs. Bernie Villegas and Emilio Antonio.

■ Manila, May 13



Prof. Brian Leggett

## Make Your Pitch

Pierre Morgan-Davies of Templar Advisors gave a talk to IESE alumni on the communications and pitching skills that are critical in winning more business. Templar Advisors works with clients on informal pitches for new business, formal beauty parades, fundraising, investor roadshows, initial public offerings and conference speeches.

The firm works with international clients and mentors senior business leaders and financial analysts on their communication and pitching skills. IESE Prof. Brian Leggett moderated the session.

■ London, June 18

## HBS Professor Offers Advice at Continuous Education Session

# Understanding the Customer is Key

As the fallout from the financial crisis continues to reverberate around the world, companies are clamoring to formulate new marketing strategies to offset the impact of declining consumer confidence.

"First and foremost, a company's priority must be to understand its customers," said Harvard Business School Professor John A. Quelch, an expert on global marketing and branding, during a Continuous Education Program session, "Marketing in a Crisis." IESE Prof. Pedro Nueno moderated the event.

Marketing departments are navigating choppy waters, as consumers reduce or postpone spending, while others trade down brands. On top of this, price sensitivity is on the increase as consumers scrutinize their purchases more closely; search time prior to purchase continues to lengthen; consumers are less open to experimental buying, and impulse buying is on the wane.

"At times like the present, new consumer segments emerge. As a result, your old customer segmentation may no longer be relevant," Prof. Quelch said. Each product can expect a different reaction from consumers so it is essential that marketers

carry out thorough customer and market segmentation research.

On the subject of costing strategies, Prof. Quelch highlighted the importance of knowing and understanding the company's cost structure, particularly in relation to its direct competitors. Marketing professionals should also drive out unproductive costs but take care to avoid "overkill," that is, cutting costs too aggressively. After all, "if there is a sharp rebound following the downturn, your company may well lose important business and market share. Sensible managers will always use a scalpel rather than a hatchet."

According to Prof. Quelch, companies need to resist the temptation to cut back on marketing costs during the current crisis as it "could well result in long-term damage to the company's brand recognition." They should also avoid shaving on quality to save a few pennies and maintain investment in training and new product development. It would make more sense for companies to focus on reducing fixed costs, such as through outsourcing, as well as cutting overcapacity and working capital.

Prof. Quelch reminded participants that recessions could also be a time of great

opportunity. "Companies that are best-positioned in the recession are those that have nurtured and sustained strong collaborative relationships with suppliers and distributors. It also helps if your company has a healthy cash flow that enables it to pick up bargain acquisitions that can add to market share at very low costs."

High-potential markets, such as China, merit continued investment, he said.

For those businesses with less cash to hand, however, senior management "must focus on profitability over primary demand and market share." Meanwhile, companies, as a whole, should avoid competing on price. Instead, and much more effective, would be to focus on conveying value to customers.

Prof. Quelch is Lincoln Filene Professor of Business Administration at **HBS** and is currently on sabbatical in Shanghai, where he is the "la Caixa" Visiting Professor of International Management and Chairman of the Academic Advisory Council at the **China Europe International Business School (CEIBS)**.

■ Barcelona, May 14