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Tuck School of Business at Dartmouth

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TUCK TODAY

FALL/WINTER 13

TUCK TODAY

Tuck School of Business at Dartmouth

News. Ideas. People.

FALL/WINTER 13

THE FUTURE OF EVERYTHING

TUCK FACULTY IMAGINE WHAT'S NEXT

PHOTO BY LAURA DECAPUA

T'93s Cathy and Jeff Dishner (right) with "The Goal" at Reunion 2013.

MARK WASHBURN

LETTER FROM THE DEAN

A WORLD OF OPPORTUNITY

Learning knows no boundaries in our endlessly connected world. But even the most sophisticated online tools and teaching methods have their limitations. To truly get to know another culture—to understand how others live, work, and do business—there is nothing like traveling to another country.

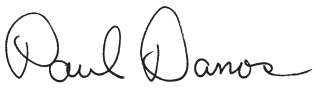
Tuck makes this happen. With immersive learning expeditions, team-based project work, and personalized independent studies, Tuck offers an array of on-the-ground learning opportunities that provide students with the skills, knowledge, and perspective they need to work across cultural and geographical lines.

No surprise, demand for these experiences is growing, both among MBA students and the companies that hire them. That is why we continue to explore how all students can get the global exposure they need to succeed in today's economy.

Last year alone, more than 200 students took part in a Tuck-facilitated global learning experience. And with a record number of Learning Expeditions and Tuck Global Consultancy projects planned for this year, Tuck will have more students on the ground in global business environments than ever before.

As you will read, these and other offerings not only give students firsthand knowledge of international business practices that will serve them throughout their careers, they provide students with unique experiences and invaluable lessons that will last a lifetime.

Of course, none of these experiences would be possible without all of you, who give back to the school in so many ways and who play such a vital role in our continued success. On behalf of everyone at Tuck, thank you for all that you do.



PAUL DANOS

TUCK TODAY

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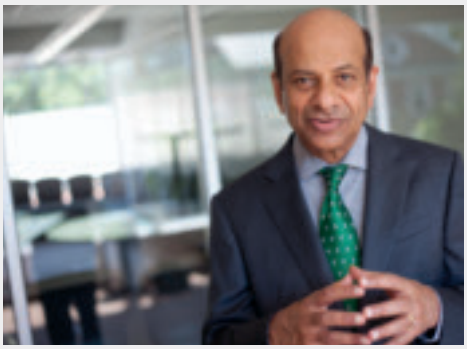
myTUCK ONLINE

In case you missed them, here are some of the most-viewed stories on myTUCK this fall.

RECOGNIZE INTRAPRENEURS BEFORE THEY LEAVE

To build your innovation engine, says strategy professor Vijay Govindarajan, focus on operationalizing ideas from your energized people.



SYD WEIGHS IN

In a recent BBC blog entry, Sydney Finkelstein, associate dean for executive education, offers business leaders essential advice for winning over the Instagram generation.

UPDATE FROM THE CAREER DEVELOPMENT OFFICE

Jonathan Masland, director of Tuck's Career Development Office, updates the community on the career-related activities of Tuck's current and most recent classes.

TUCK SHINES IN RANKINGS

The business school rankings season got underway in October with the announcement of two major MBA program rankings, and the news was very good for Tuck.

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Eighteen Tuck and Dartmouth alumni returned to Hanover in August for the first Tuck Summer Camp at Dartmouth. See story page 6.

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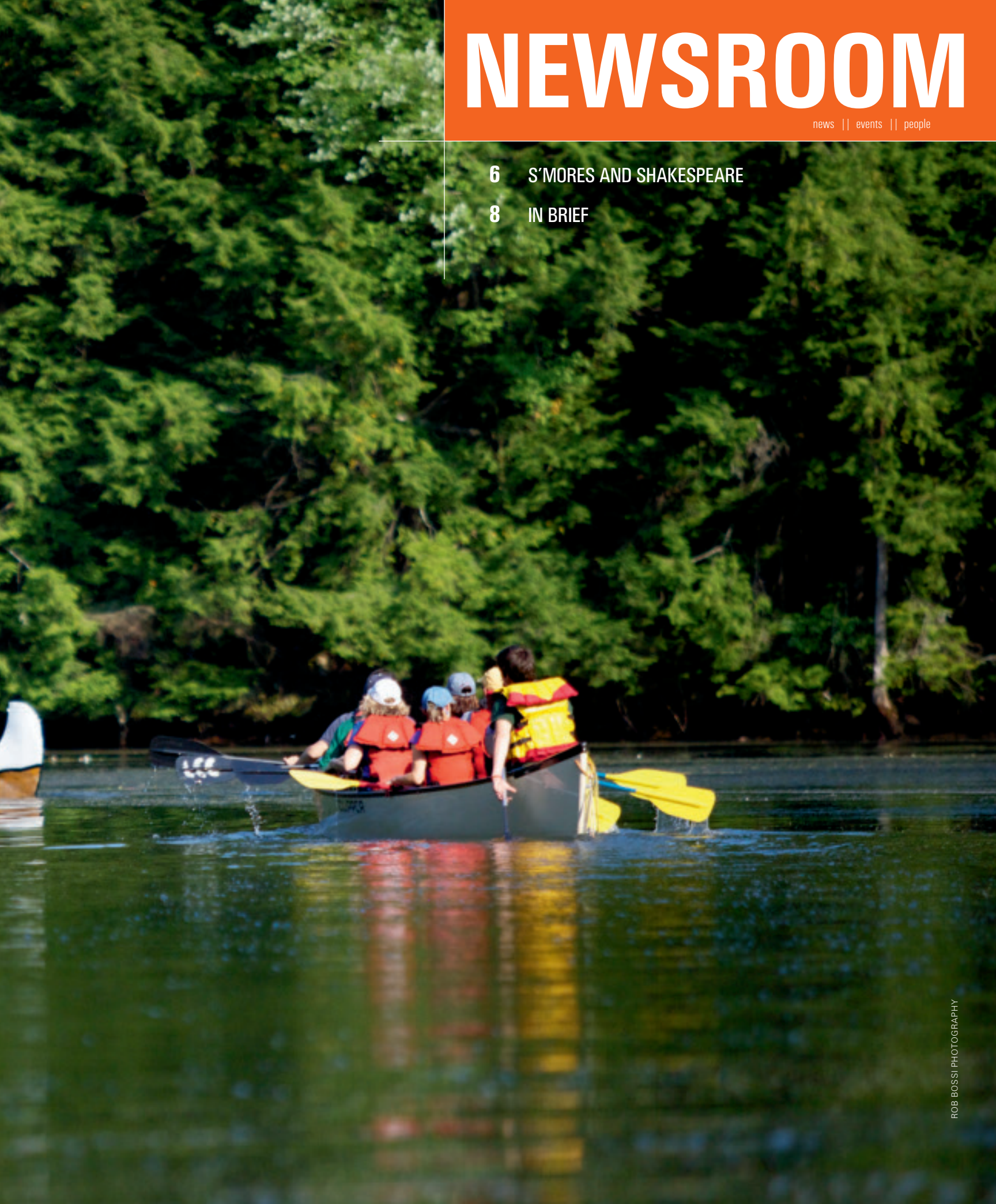


ROB BOSSI PHOTOGRAPHY

ROB BOSSI PHOTOGRAPHY

With Tuck Summer Camp at Dartmouth, Sydney Finkelstein, associate dean for executive education, right, sought to create the ideal summer camp experience for adults. From left: John Gannon T'94, Celia Chase T'97, and David Southwell T'88.

S'mores and Shakespeare

Tuck Summer Camp at Dartmouth blends leadership learning with good, old-fashioned fun.

BY KIRK KARDASHIAN

On a Sunday afternoon in mid-August, 18 Tuck and Dartmouth alumni arrived on campus, not quite sure what to expect from the next four days. They were on hand for a test run of Tuck Summer Camp at Dartmouth, and had taken it on faith that faculty director Sydney Finkelstein, the Steven Roth Professor of Management, had created a program worthy of their precious time.

It didn't take long for them to feel at ease. Within an hour, they had donned hiking boots for a short trek on the Appalachian Trail to the Class of '66 Lodge, where they had dinner and participated in an improv comedy workshop with Casual Thursday, Dartmouth's comedy group. By the end of the night, the disparate group of alumni, who shared not much more than a love of learning and of Dartmouth, agreed they were in for a special experience.

Finkelstein, who's also the associate dean of Tuck Executive Education, got the idea for a program that blends business, liberal arts, and the outdoors when he realized how many alumni considered themselves lifelong learners. "Our alumni have done all kinds of things in their lives, and done pretty well on the job," he says. "I thought they'd really enjoy being in an environment where they could learn about very timely and important topics by world-class teachers, in combination with a lot of hands-on activity in the outdoors. And there's no better place than Hanover to do this."

So he created the ideal summer camp experience for adults, with equal parts intellectual discussion, outdoor adventure, and self-discovery. The program included seminars on topics as varied as leadership, hybrid car technology, the Arab Spring, and neuroscience, along with a master class from Hanover Inn executive chef Justin Dain, art and a cappella training at the Hood Museum and the Hopkins Center, and acting lessons from Dartmouth drama professor James Rice. To enjoy the perfect August weather, the group hiked, canoed down the Connecticut River, roasted s'mores by a campfire, and were guided through the Dartmouth high ropes course.

Karen Blodgett D'86, T'91, the director of wealth management for Aspiriant in San Francisco, returns to the Hanover area every year to visit family. When she received an invitation from Finkelstein to be part of the test run of the summer camp, she didn't hesitate to say yes. "It just sounded like a lot of fun," she recalls. "It was almost hard to resist." Right away, she appreciated the hybrid nature of the program—that it's not simply a lecture or another reunion. "The opportunity to get to know a wide range of people from different classes in different fields was special," she says. "We weren't alike in our professions, but we shared enough of a common bond that it was easy to come together as a group."

Blodgett enjoyed the chance to spend time on campus, a rare thing for most alumni, but for her the highlight was performing a scene from Shakespeare's "Henry V" in the Bema, Dartmouth's natural amphitheater. The scene was from the Battle of Agincourt, where Henry V was outnumbered by the French and had to rally his troops to victory. It was a key leadership moment for the king. The group practiced together and was coached by Rice on voice and carriage, then made a final performance where each person recited a different part of the scene. "The passage itself had been selected for a very good reason," Blodgett says. "And it's a perfect example of how much thought was put into everything we were doing."

For Finkelstein, running alumni through sessions on art, music, and drama—getting them out of their comfort zones—was all part of the camp theme of self-awareness, an important topic for leaders seeking insight on what their real impact could be. "One of the things we got from [Dartmouth professor] Christian Jernstedt's lecture on neuroscience is that we can learn almost anything if we're willing to," Finkelstein says. They also learned that they could let go of their mundane worries and be like kids at summer camp again.

Tuck Summer Camp—or a similar program with a different name—will likely be offered during the first week of August in 2014. *For more information, contact Clark Callahan, executive director of Tuck Executive Education, at 603-646-6470.*

tuck.dartmouth.edu/today **NEWSROOM**

CAMPUS

Feldberg Library Turns 40

DARTMOUTH COLLEGE

Teddy and Stanley Feldberg D'46 (center) at the opening of the Murdough Center in 1973.

Forty years ago, when Stanley D'46 and Theodora Feldberg gave the gift that established the Feldberg Library, the answers to almost all reasonable questions could be found on shelves, in books, and in periodicals. A lot's changed since then—now the answers are mostly in the digital space.

Feldberg Library has changed too. Today, Feldberg librarians focus on information service and knowledge and expertise-sharing with students and faculty. Meanwhile, the library has become a collaboration space for students, as well as a place for students to work with the librarians.

In that spirit of evolution, Theodora Feldberg and her children Mark D'73 and Margery D'74 were on campus in September to commemorate the 40th anniversary of the library and to announce a new gift. The gift will go toward purchasing additional business and engineering information resources and databases, and renovating the first floor to include a digital collaboration space. The space will have 12 new computer terminals from which users can access the Bloomberg database and all other digital resources available to the library.

This transformation is not only in harmony with the times; it's what the students want. "Nationwide, research libraries are turning physical storage space into learning commons," said Feldberg's head librarian, James Fries. "This is what students are expecting. They want seamless access to information and space to work in."

GIVING

Breaking 70

Tuck Annual Giving raised a record $6.3 million in the last fiscal year with 70.5 percent of alumni participating. This marks the third consecutive year more than 70 percent of alumni have contributed to the campaign, a figure nearly triple the average participation rate of nine peer business schools.

"The generosity of our alumni is unrivaled and enables us to provide a truly transformational experience to each and every one of our students," said Dean Paul Danos. "Attaining a 70 percent participation rate for the third year in a row is an incredible accomplishment and is testimony to the enduring commitment of Tuck's alumni."

The effort topped the $5.7 million raised in 2012 and the previous record of $5.9 million in 2008. In total, 6,332 alumni participated in the campaign. Tuck Annual Giving provides about 8 percent of the school's annual operating revenues and direct support for innovation. Achieving the 70 percent participation rate also triggered a $50,000 gift from an anonymous donor this June.

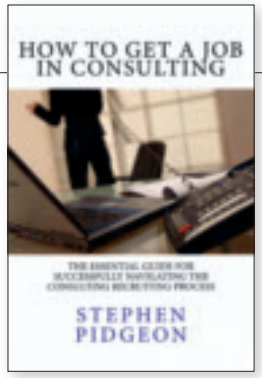
For John Torget T'00, Tuck's director of annual giving, the TAG alumni response is a symbol of something larger than generosity. "The 70 percent giving rate is a beacon that shows how we do things in the MBA program really matters to those who have had the privilege to experience it," he said.

Another factor in TAG's unparalleled success is the consistent leadership of Don M. Wilson, III T'73. Wilson has been the executive chair of TAG for more than nine years, and a Tuck overseer for 12 years. For this and other service to Tuck, Wilson was awarded the Overseers Medal at the Investiture ceremony in June.

"From the beginning of Don's tenure to the present day, TAG alumni participation has increased from 60 percent to a record-breaking 70.5 percent, generating roughly $47 million for the school," said Tuck overseers chair Christopher Williams T'84 at the ceremony. "While Don's effect on Tuck could be expressed in numbers, his impact on the school has been truly immeasurable."

CAREERS

How to Get a Job in Consulting



Stephen Pidgeon T'07 has seen the consulting recruiting process from all sides: first as a Tuck MBA student, then as a McKinsey & Co. consultant vetting new recruits, and now as associate director of Tuck's Career Development Office.

Many students come to business school with the goal of landing an offer in this hyper-competitive industry. To help demystify the process, Pidgeon recently authored a new book, "How to Get a Job in Consulting." In it, he covers everything from consultants' enduring love of Microsoft PowerPoint to why hiring partners are sometime intentionally rude during job interviews.

"Consulting is the most popular career path for MBA students, and consulting jobs are extremely competitive," Pidgeon said. "The biggest problem is that most candidates are working very hard to get a job they know almost nothing about. Imagine applying for a job when you actually don't know what that job is. How would you even formulate your answers for the interview? The first goal of the book is to give students a practical understanding of what the job is."

In subsequent sections, Pidgeon sheds light on the recruiting process and provides tips on job applications and interview techniques. And, for when the good news comes, Pidgeon also has guidance on managing multiple offers.

"How to Get a Job in Consulting" is available as a Kindle e-book and in paperback from Amazon.com.

ENTREPRENEURSHIP

A Tech Startup Born at Tuck

T'12s Nathan Sharp and Greg Kimball teamed up early in their first year at Tuck, determined to launch a business. After a number of what Kimball called "truly awful" ideas, Tuck's Managerial Economics course helped them conceive of an online shopping tool that allows users to place target prices for goods they want to buy and notifies them when prices drop to their desired level.

Nifti.com launched in July, replete with $800,000 in seed money from Google Ventures, Otto Capital, and others. Like the auto shopping site TrueCar, Nifti allows users to track the prices of goods from more than 400 online retailers. Retailers also benefit by garnering data about customers' preferences across a wide variety of products. "We're essentially creating the universal shopping cart," said Sharp.

Now with seven employees and an office in Boston's North End, the duo also credits Tuck courses Operations Management and Strategic Principles for Internet Businesses with helping their business plan evolve.

Tuck's network also provided a boost. Abe Gurjal T'08, who developed the popular JotNot document scanning app for iPhone, joined as co-founder and technical leader last year. Other early investors included serial entrepreneur Andy Palmer T'94, and Errik Anderson T'07, co-founder of the biotech research firm Adimab. "Tuck served as a career incubator for us," said Sharp. By one metric they've already succeeded, attracting media coverage by the likes of Time, the BBC, and TechCrunch.

ACCOLADES

Marketing Theory and Practice

Tuck's marketing group figured prominently at this year's Summer Marketing Educator's Conference, put on every August by the American Marketing Association. It's the occasion where the Journal of Marketing confers its awards for marketing research, two of which went to Tuck faculty members.

Scott Neslin, the Albert Wesley Frey Professor of Marketing, received the Paul Root Award for his article, "The Impact of Brand Equity on Customer Acquisition, Retention, and Profit Margin." Peter Golder, Professor of Marketing, took home the Harold H. Maynard Award for "What Is Quality? An Integrative Framework of Processes and States." Both papers were published in the July 2012 issue of the Journal of Marketing.

For marketing professor Praveen Kopalle, chair of Tuck's marketing area, these awards further validate Tuck's focus on rigor and practical relevance. "If you look at the marketing area as a whole, we all do rigorous research but we are all interested in managerially relevant problems," he said. "It's great to see that both these papers squarely fall into the notion that research should impact practice."

PASSAGES

Victor E. McGee (1935-2013)

In many ways, emeritus professor Victor E. McGee's first job in the United States set the tone for his career. On break from Cambridge University during the summer of 1958, the native South African first visited America to work as a camp counselor in the Catskills.

McGee brought with him a love of the natural world, an adventurous spirit, and a genuine interest in the educational development of his charges—qualities that would stay with him throughout his life. McGee, who died of cancer Oct. 6 of cancer in Sharon, Vt., ended his career still exemplifying those same ideals. Earning a Bachelor of Science from the University of Natal, Bachelor and Master of Arts degrees from Cambridge University, and a Ph.D. from Princeton, McGee joined Dartmouth in 1962 as an assistant professor of psychology. He moved to Tuck in 1969 as associate professor of applied statistics, earning full professorship and tenure in 1972 before retiring in 1999.

Among his many accomplishments, McGee's Dartmouth manual, "The Multivariate Package of BASIC Programs," was published in three editions, and he was involved in Tuck's role assisting with the launch of the MBA program at the International University of Japan. One of McGee's most enduring lessons, was his "Red, Green, and Blue" knowledge view, according to Olivier Fainsilber T'88.

"Every professor had something that was magic, and in his course it was this framework. In fact, our class made T-shirts with those colors on the back," Fainsilber says. "There was a certain elegance and thoughtfulness to Vic—in his class you knew you were in the presence of a great professor."

TUCK ARCHIVES

"I arrived at Tuck as a 26-year-old with a lot to learn," recalls Scott Neslin, Albert Wesley Frey Professor of Marketing. "Vic's colleagueship played a crucial role in my development. There were concrete things such as providing me with course materials, showing me how Tuckregx could be used as a teaching tool, and immersing me in the intricacies of time series analysis and neural nets. However, it was more than that. It was his intellect, moral support, and energy that increased the standard to which I aspired, and enhanced my ability to get there."

McGee was one of the first faculty members strategy and organizational theory professor Bill Joyce got to know when he arrived at Tuck in 1983. "When I came, I was a little concerned about the size of Tuck and Dartmouth and what this would mean for the statistical and computing resources I had become accustomed to at larger universities," recalled Joyce, who taught at Wharton prior to coming to Hanover.

"I soon learned that I had nothing to fear. I quickly learned that Vic could do anything with computers and was a formidable statistician. While spending time teaching together in Japan, he and I became involved with a particularly difficult statistical problem that overlapped both of our interests," said Joyce. "Within one month of our work together, Vic produced a solution to this problem that substantially improved on all known approaches to it, and had written programs that allowed for its practical computation and subsequent use by others."

"Vic was a treasure for all of us: A great intellect, a great colleague, and a wonderful friend."

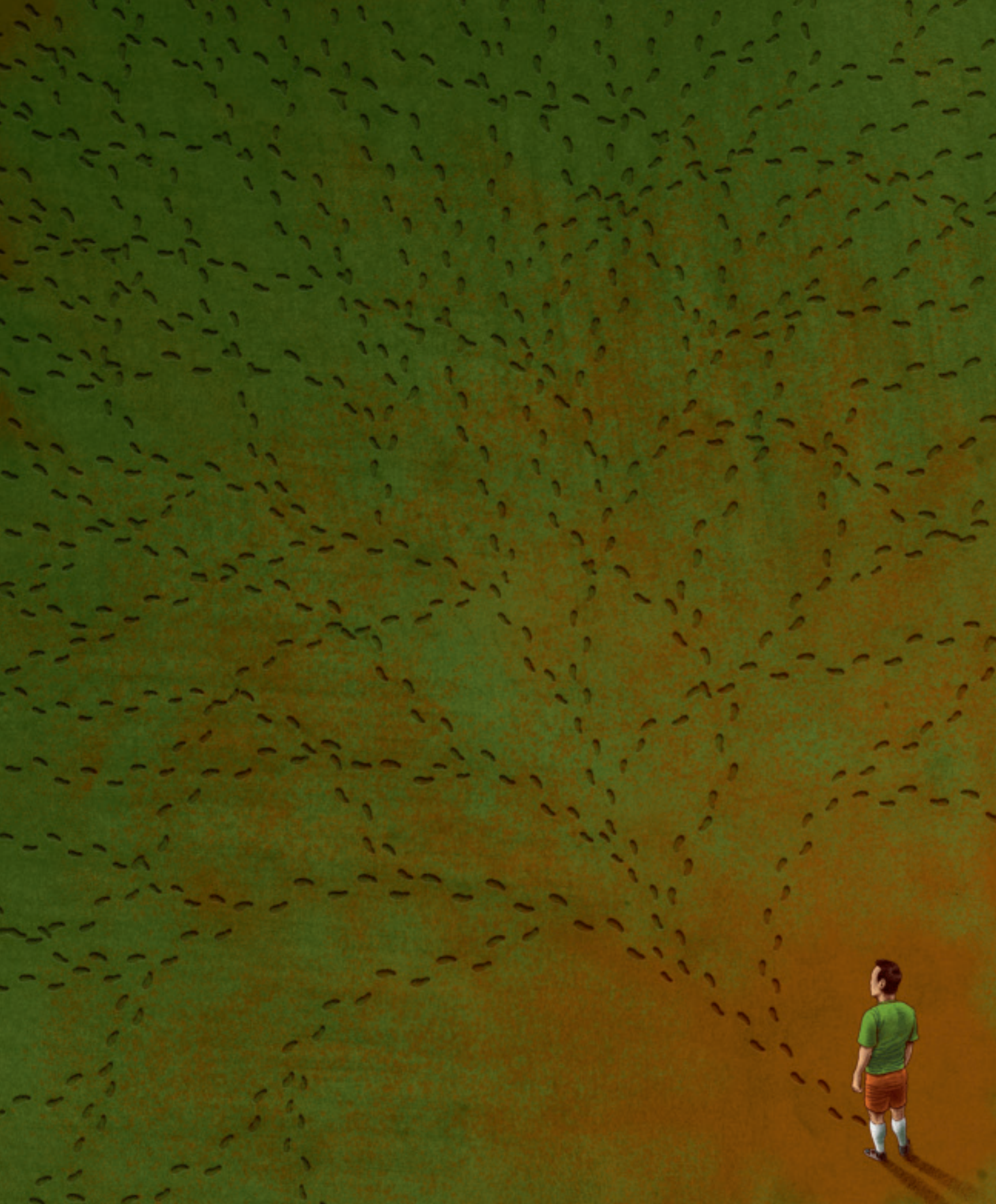
McGee is survived by his wife, Marie; his children Beth, Bill, and Ed; and his grandchildren and extended family.

IDEAS

teaching ‖ research ‖ opinion

Assistant professor Santiago Gallino's new research offers a more nuanced take on the relationship between inventory and sales. See story page 16.

LAURA DECAPUA PHOTOGRAPHY



FACULTY OPINION

ILLUSTRATION BY MARIO ZUCCA

The Connected Consumer

A PRODUCT'S EARLY SALES DATA MAY REVEAL HOW CONSUMERS INFLUENCE THE BUYING DECISIONS OF OTHERS.

By **YANIV DOVER,** ASSISTANT PROFESSOR OF BUSINESS ADMINISTRATION

Picture a tired hiker stopping to rest beneath a tree on a windy day. Before she sits down, she looks up to see if there are any loose branches the breeze is likely to dislodge. Just by studying the way a branch moves in the wind, she may observe how strongly connected to the tree it is and the likelihood that a gust of wind may cause it to fall on her head.

The hiker's story is an expression of a famed proof in statistical physics called "The Fluctuation-Dissipation Theorem." This theory says that under some conditions, there is a direct connection between seemingly unimportant "noise" in a system and the system's inherent structural properties. By watching the seemingly unimportant motion of the branches, the hiker may be able to make a determination about the health and strength of the trunk high above her. Physicists can use this theory to deduce the properties of a liquid by observing the random "noisy" motion of micro-particles immersed in it.

This same idea may also be able to help forecast a product's sales. I and colleagues Jacob Goldenberg from IDC Herzelia and Danny Shapira of Ben Gurion University, both in Israel, have hypothesized that the way some sales data fluctuate over time is directly related to a major structure through which products spread: social networks.

Marketers have almost no information about how products spread through social networks. Companies may have the names of some of their customers and occasionally information about what other products they like to buy. But they lack data on how their customers' purchases affect the buying behavior of others they know.

This sort of research is particularly useful to managers just after a product launch, when very limited sales data is available. During that delicate time, when some managerial decisions may prove critical to the fate of a product, uncertainty prevails amidst the drip-drop of small-numbers, early-stage sales. We've conjectured that this seemingly irrelevant early-stage "noise" can be used to tell us something about the fundamental properties of the social networks through which the new product is spreading.

This matters because the social networks that successful products traverse may be fundamentally different than the social networks traveled by failed products. Take athletic shoes, for example. One teenager may pressure his parents to buy a new pair of shoes because the two best players on his soccer team also have them. Another may get them because his grandmother received an ad for them in her Sunday newspaper just before his birthday. If companies know their early sales are traveling through networks like the first, rather than the second, they can quickly devote marketing resources to a product that's likely to be a hit.

My colleagues and I expect that we can tell the difference between the two phenomena simply by observing mathematical patterns in sales. The statistical pattern of sales of a product that spreads through advertising and promotions to a wide audience should look different than a pattern that moves quickly through a tightly-knit group of people like a soccer team.

Like the hiker who can't see how strongly a branch is attached to a tree but can assume something about it from its movement in the wind, we should be able to learn something about a product's movement through a social network without ever observing the shoe customers or which soccer team they play for. These patterns in early sales data carry the footprint of the products' influence network—and thus clues to its fate.

Following the Leader

Q&A WITH SYDNEY FINKELSTEIN, STEVEN ROTH PROFESSOR OF MANAGEMENT AND ASSOCIATE DEAN FOR EXECUTIVE EDUCATION

By **CATHERINE M. MELOCIK**

Professor Sydney Finkelstein—appropriately tagged #coffee crazy in his Twitter profile—is a very, very busy man. Teaching core and elective MBA courses, directing Tuck Executive Education programs, and continuing his research into leadership and corporate successes and failures, the author of "Why Smart Executives Fail" and its follow-up, "Think Again," is working on a new book about developing leadership talent in creative industries, all while sharing his knowledge via blogs, Twitter, and his new BBC column, "Syd Weighs In."

Is there a difference in how and what you teach MBAs versus more senior executives at Tuck?

I teach some of the same ideas, but my method of teaching differs because MBAs and executives tend to experience ideas a little differently, mostly because of where they are in their careers. For MBAs, the case approach is a more effective way for me to structure what I want to get across, and for students to internalize the lessons. With more senior executives, I'll use lectures interspersed with discussion more than cases. The executive program participants have a much deeper experience base for processing the lessons, so they tend to learn by discussing their experiences with me and with each other.

What made you decide to embrace social media as much as you have as part of your work?

I've always been interested in the impact of ideas or teaching on people, whether MBAs or more experienced executives, and one of the ways in which you do that is by communicating your insights. And you've got to do that in a way that connects to people using more than just one, standard method. It's part of my philosophy about what we do for a living as professors: the creation and the dissemination of knowledge. The creation part is the research, and the dissemination part is the part that's exploded now through the media in different ways.

If you could write a book about any one company now, what company would it be?

There is no one company I would write a whole book on. No. 1, because I like variety, and No. 2, because I think you learn more by looking at different cases. There are some companies that I find really interesting, that I feel I can personally learn from, and that I think students can benefit from learning about: Amazon, Google, IBM. And then there is a whole other category of companies, in creative industries, which I think are America's strongest export to the world. Those industries are where a lot of the big social changes are occurring: media, entertainment, a lot of Internet companies of course fit into that category, as well as architecture and fashion.

And those creative industries relate to the book you're currently working on?

Yes. I'm interested in what we can learn from their leaders. People tend not to look at creative industries—they aren't traditional Fortune 500 companies—but there are some really interesting stories and examples in them, and I think these lessons are also generalizable. In the book I'm writing now, the focus is all about developing talent, and how the world's best talent developers do that. And entrepreneurs in the creative industries are also transforming cities—they're making them much more livable and interesting. You see that in Brooklyn; Portland, Ore., and Portland, Maine; Austin, Texas. These creative industries have had a big effect. Just about any city that wants to grow is going to need to make room for or create an environment that attracts this energy.

MARK WASHBURN

Would you say that all these companies or industries that you mentioned have a higher risk tolerance than others? And does that come from management?

Certainly younger, more entrepreneurial companies have to take more risks because they don't have as much of a core to go on, and to some extent, that's the definition of entrepreneurship. We talked about analysis and risk in the first Analysis for General Managers class this year: there are two things that great leaders, great strategists need to be able to do to build successful organizations. And they're not consistent with each other—you have to be ambidextrous, in a sense, to do both. One is that you have to be really good at analytics, discipline, and focus—very deep and intellectually honest. Which is to say, you see the world the way it really is, not the way you wish it was. But you have to do something else at the same time: you have to be innovative and entrepreneurial and risk-taking and creative, which requires you to take a bit of a leap. It's not enough just to be an analyst—there are plenty of people out there who can be analysts. The thing that differentiates people in the end—and this is true for all the great Tuck alums who have been extremely successful—is that when a big opportunity emerged, they had the guts to take a risk and go after it.

What would you like to say to Tuck graduates about leadership now?

With the financial crisis, there has been some bad press about MBAs on occasion, and questions about whether the MBA is really as valuable as it used to be. But there isn't only one MBA—there are many varieties. The version we offer at Tuck, through the small scale and very close interaction it enables, gives people the opportunity to develop at a much more accelerated rate. And if you think about today's challenges—whether it's eradicating a disease, improving education, or creating businesses and organizations—the skill set and the focus of business school is 100 percent the one you want. If you don't know how to be an effective leader, build a team, develop good strategy, be innovative, adapt, and know the core disciplines of business, you could be the most well-intentioned person in the world, but you'll be a one-man or a one-woman show. And your impact, while it could be very significant, is going to be highly limited. There's no area in education other than business school that focuses on those skills. That's what we do at Tuck, and it's really powerful.

LAURA DECAPUA

How Scarcity Drives Car Sales

TUCK ASSISTANT PROFESSOR SANTIAGO GALLINO'S LATEST RESEARCH SHOWS THAT, VARIETY—NOT VOLUME—IS THE SPICE OF SALES FOR AUTOMOBILE DEALERS.

By **JEFF MOAG**

Any car salesman will tell you the same thing. Put more cars on his lot, and he'll sell more of them. If only it were that simple.

Tuck assistant professor Santiago Gallino has developed a more nuanced take on the relationship between inventory and sales. Using a model derived from his research on how weather shocks affect automobile production, Gallino found that simply adding inventory actually inhibits sales. The sales edge comes only when dealerships carry a greater variety of models. The reason, as it often does in sales, comes down to psychology.

"If you have only one car with the features the customer wants, then the customer is taking a risk if he procrastinates the purchase," Gallino says. However, if the dealer stocks several cars with those same options, the customer is more likely to keep shopping. "Having more cars that are identical won't help. In fact, it will actually hurt sales," Gallino says.

Quantifying this "scarcity effect" posed an interesting challenge for Gallino and his co-authors, Gerard P. Cachon of the Wharton School and Marcelo Olivares of Columbia Business School and the Universidad de Chile. For one thing, dealerships that carry greater inventory do enjoy higher sales. That doesn't necessarily mean more inventory causes higher sales. Rather, it could simply mean dealerships in more active markets sell more cars, and thus need more inventory to meet that demand.

To measure the effect of inventory and variety on sales, Gallino needed a mechanism to distinguish inventory fluctuations caused by the dealers—such as ordering more cars in advance of a planned promotion—from external variations in supply. He found it in the weather.

Severe weather can slow the delivery of inbound parts and cause workers to be absent or late. It also affects worker productivity, and can slow processes inside the plant. For example, when the humidity is high, paint takes longer to dry, forcing plant managers to slow their production lines.

By correlating weather data from 22 General Motors plants in North America, Gallino was able to separate dealer-generated demand fluctuations from those caused by weather. The paper, "Does Adding Inventory Increase Sales? Evidence of a Scarcity Effect in U.S. Automobile Dealerships," applied this model to 1,289 dealerships in seven states over a six-month period in 2006 and 2007.

The data show that if a manufacturer were to mange inventory to maximize the variety of models at each dealership, it could increase sales by about 2.5 percent. If the manufacturer also reduced the aggregate inventory by 2.9 percent, the strategy of maximum variety and minimum duplication would boost sales 5 percent. The weather shock analysis proved so fruitful that Gallino and his co-authors recently wrote a paper on the subject entitled, "Severe Weather and Automobile Assembly Productivity."

"When presenting the variety and scarcity paper, we were able to be very specific and confident in our data, because we'd published a second paper just looking into the weather question," Gallino says.

The findings should be of great interest to automobile manufacturers, who have the power to coordinate strategy across multiple dealerships. That sort of cooperation is almost completely lacking in the industry today. "A dealer will never pick up the phone and ask another dealer to switch cars unless he already has a customer waiting to buy it," Gallino says.

Gallino and his co-authors turn that narrow-thinking conventional wisdom squarely on its head. If the market for two-door Malibus is red-hot, the best strategy is not to pack the lot with two-doors. It is to stock both two-door and four-door models, and keep a variety of colors and options on hand. "You want to induce this feeling of scarcity for the popular product that you know is going to sell well," Gallino says.

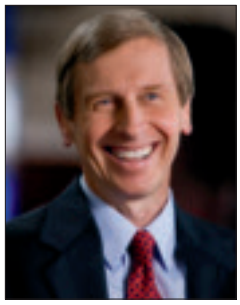
NEWS

Senior Fellows Join the Center for Global Business and Government

On July 1, four distinguished corporate and government veterans joined Tuck's Center for Global Business and Government as senior fellows. At Tuck, they will work with the center to further develop and enrich Tuck's connections to expert practitioners in the private and public sectors as well as oversee research and analysis projects conducted with MBA students on subjects at the intersection of business and government.

PETER FISHER is Senior Director of the BlackRock Investment Institute and served as the Treasury Department's undersecretary for domestic finance from 2001 to 2003. Fisher previously spent 16 years at the Federal Reserve bank of New York. He currently serves on the board of directors of the Peterson Institute for International Economics and on advisory committees of the Agence France Trésor, the International Monetary Fund, and the Federal Deposit Insurance Corp. From 2007 to 2013, he served as a non-executive director of the Financial Services Authority of the United Kingdom.

JUDD GREGG served as U.S. Senator for New Hampshire from 1993 to 2011, the state's governor from 1989 to 1993, and U.S. representative from 1981 to 1989. In the Senate, he held leadership posts as chairman of the Senate Budget Committee and chairman of the Senate Health, Education, Labor, and Pensions Committee. He is currently chief executive officer of the Securities Industry and Financial Markets Association.



JOHN LYNCH, a Democrat, was governor of New Hampshire from 2005 until January 2013. Before entering politics, Lynch served as CEO of office furniture manufacturer Knoll Inc., director of admissions at Harvard Business School, and president of The Lynch Group, a Manchester, N.H.-based consulting firm. In January, he was named a Perkins Bass Distinguished Visitor at Dartmouth College's Nelson A. Rockefeller Center.

MATTHEW REES is a former speechwriter in the Executive Office of the President, where he wrote for George W. Bush, Condoleezza Rice, and Robert Zoellick. During a 10-year career in journalism, Rees worked for The Weekly Standard, The Economist, The New Republic, and The Wall Street Journal. He is also the creator of FT Newsmine, a weekly financial email produced in collaboration with the Financial Times, and the founder of Geonomica, an editorial consulting firm.

THE FRONT RUNNER

CEO Jim Weber T'86 transformed Brooks Running Company from a dying shoe manufacturer into a premium running brand, and he's not done yet.

By Kate Siber D'02

HAYLEY YOUNG

THE FRONT RUNNER

JIM WEBER, THE CEO OF BROOKS RUNNING COMPANY, has decided to dress like Captain Kirk. Today is Friday, which means it's group run day at Brooks' headquarters, and the customer service department is hosting. They chose a theme—science fiction—and invited everyone. Weber pulls his yellow Star Trek shirt over his head, dons his black pants, and picks up his phaser before joining the group: fellow Star Trek characters, Darth Vader, and a handful of Martians milling about, ready to run.

Weber, who has run for more than 30 years, usually runs alone. He runs to move his legs and to let his mind wander. But today is a different day, and Weber is always game for something fun. The crowd of Trekkies and Martians heads out the door onto a busy street and down two blocks to the Burke-Gilman Trail, a 30-mile ribbon of pavement that threads through greater Seattle. Then, they disperse in opposite directions on the running path for a half hour of company-encouraged fun and exercise.

Some of the faster employees run around the top of Lake Union and into the Fremont neighborhood, past the site where workers are busy constructing Brooks' future home—a big, new ultra-green office building. This is the part in the story when Weber will tell you how he wasn't ever supposed to build a building.

"I started out as a banker, and the chief credit officer, this old curmudgeon, was teaching credit school to these young bankers and he said the one thing you have to watch out for is if your client ever builds a building," says Weber. "Call the loan and run because they'll invariably lose focus on their business. So I've never built a building, but our developer came to us and found this unique spot right on the Burke-Gilman Trail, looking across Lake Union at downtown Seattle."

It is not just his willingness to wear a Star Trek costume or construct a building against conventional wisdom; Jim Weber does a lot of things other CEOs would not. But it might be precisely this willingness to take risks and follow his own internal compass that's the key to his formidable success. For the last 12 years, Weber has steered the ship at Brooks Running Company, a Seattle-based company that makes performance running shoes as well as apparel and accessories. Since he took over in 2001, when Brooks was nearly bankrupt, the company has grown every year, with compound growth of 18 percent between 2000 and 2012. In 2013, sales will near half a billion dollars.

Now, Brooks is the leading brand in the specialty run footwear market with 29 percent market share. It is an astounding accomplishment, and, just over the last couple of years, magazine features and television hosts have lauded the company for the seemingly overnight turnaround. A closer look, however, reveals that Brooks' success is not a fluke or an overnight sensation. It's the product of a long, steady march steered by a leader who thinks in the long term and who is not even close to done.

JIM WEBER GREW UP IN ST. PAUL, MINN., and, in his uniform of dark jeans, polo shirt, and colorful Brooks sneakers, exudes an unpretentious Midwest charm. Built like a hockey player, he is stocky and strong-jawed, with a crop of blonde hair, wire-rim spectacles, and an easy smile. He is a solid guy, the type of person you want on your team. He's strong and competitive, and there's nothing he loves more than to play the game.

When Weber stepped to the helm at Brooks in 2001, its forecast wasn't favorable. Brooks sold a wide range of inexpensive athletic family footwear—"barbecue shoes," Weber calls them. Competing against giants like Asics, Nike, and Adidas, Brooks was dead last in every product category. They were nearly bankrupt and had churned through three CEOs in the previous two years. When Weber stepped in, the employees started a pool to see who could predict how quickly the ailing company would scare him off, too. But Weber didn't leave. Instead, he quietly went to work implementing an outrageous idea: Shrink the business.

"My friends thought I was crazy and even one of our biggest customers at that time said, 'You know, this isn't going to work, Jim. We like Brooks but what you're doing isn't going to work because the category is just too small,'" says Weber. "But I knew it would. This was an effort to stand for something."

Brooks discontinued half of its products, slashed sales

I LOVED TUCK. IF I COULD GET PAID TO GO TO CLASS EVERY DAY AT TUCK, I MIGHT STILL BE THERE. IT WAS SO ENERGIZED, AND THE PEOPLE AND CLASSMATES AND LEARNING ENVIRONMENT WERE AMAZING. — Jim Weber

almost in half, pulled shoes from the discount stores, and jettisoned their biggest customer at the time, Big 5 Sporting Goods. Weber's plan was to stop being mediocre at a lot of things and instead become very, very good at one thing: making premium running shoes. Weber didn't want to build a brand on aspirational athletic achievement with splashy ads featuring elite athletes breaking the tape or kissing trophies, just like his competitors. He saw that most runners—maybe 98 percent—are more like him. They aren't out there to win the Boston Marathon. They're out there for a thousand other reasons: to stay strong, get fast, lose weight, have fun, clear the mind, raise money for charity. Brooks would build a brand on superior technology. They would make running shoes for runners.

Making a passable athletic shoe isn't terribly difficult, but making a great running shoe is a complicated science. For the first few years of Weber's tenure, Brooks didn't put a lot of effort into marketing and instead funneled energy into product development. He hired in-house engineers and built a lab space so insights could be shared in real time across departments. Then Brooks worked with specialty retailers so they could fit runners with the best possible shoes for their gaits. Soon, the quality of the shoes started to speak for itself, and Brooks' sneakers began showing up on feet all over, from bike paths to the country's most prestigious marathons. By 2008, sales rose to $189 million.

"It's an amazing story of how he's brought the company up from the ashes to be the leading running shoe brand in specialty retail," says Kusum Ailawadi, the Charles Jordan 1911 TU'12 Professor of Marketing at Tuck, whose Managing the Marketing Channel course Weber has frequently visited. "He made this huge decision to cut down the product line and get the brand out of the discount stores. It was very much a decision about what the brand stands for and what channel it should be sold in."

One thing Weber knows is that nothing great is built in only a few years. In seventh grade, in St. Paul, Weber wrote a paper about careers. Even back then, he knew exactly what he wanted to be: an NHL hockey player. He also knew that the likelihood of that was slim, and his second choice was to run a business. He loved the idea of building something great. In that paper, he wrote about the structures of companies, what each role does, and how someone gets to be president. He discovered that you need to get an MBA, so, at age 12, he planned to get one.

After graduating from the University of Minnesota, Weber worked as a banking officer at Norwest Bank Minneapolis and as an associate at Norwest Venture Capital. By the time he did go to business school, enrolling in Tuck in 1984, he knew he wanted it to be an inflection point in his career. "I loved Tuck," he says. "If I could get paid to go to class every day at Tuck, I might still be there. It was so energized, and the people and classmates and learning environment were amazing."

HE MADE THIS HUGE DECISION TO CUT DOWN THE PRODUCT LINE AND GET THE BRAND OUT OF THE DISCOUNT STORES. IT WAS VERY MUCH A DECISION ABOUT WHAT THE BRAND STANDS FOR AND WHAT CHANNEL IT SHOULD BE SOLD IN.

— Kusum Ailawadi, Charles Jordan 1911 TU'12 Professor of Marketing

In the mid-'80s, Tuck was one of the few business schools that emphasized group work, which, Weber said, was a challenge and a remarkable education in executing complicated ideas as a team. Tuck—specifically Professor John Shank's class—was also where he learned to have a point of view.

"When I tell this Brooks story, often people say, 'Wow, that was so risky what you guys did. You got rid of all this stuff and did one thing.' No one else had ever done that in athletic," says Weber. "I continue to have a lot of conviction that in business, oftentimes the riskiest thing you can do is look like your competitors. That came right out of John Shank's class: I can still hear him: 'You're standing in the middle of the river and the water is up to your neck!' 'The only things in the middle of the road are dead skunks and yellow lines!' You have to have a point of view—as a person, as a leader, as an employee, but certainly as a brand."

Weber had always been interested in leadership. He was president of his high school class and his fraternity in college, and at Tuck he started to learn more deeply about leadership in business. But it was arguably between years at business school, when he started to discover and devour the letters of Warren Buffett, that he began to understand not only how to be a leader but what kind of leader he wanted to be. From Buffett, he learned that anyone can cut prices and sell a cheap product, but the challenge is building a business to last—a business that has not only great brand strength and loyal customers but high returns on capital as well.

Later, Weber worked at the Pillsbury Company, and one of his assignments was working as the assistant to the CEO, Bill Spoor, during a major restructuring effort. This time, he learned something different but also valuable: what he didn't want to be. With more than 30 businesses, Pillsbury had delivered consistent quarters of earnings growth, but they had underinvested in their brands and eventually started to lose market share. In some cases, they had taken quality out of the products, and customers had noticed.

"Everybody loves double-digit sales growth every quarter," says Weber, "but if you deliver it by cutting investment and not building a brand, shame on you. It hit me to the core. So I came into Brooks with the conviction that to build something you have to look beyond the investor cycle."

In 2009, after the great recession hit, Brooks' sales flattened. "It wasn't fun," says Weber, but it was motivating. Running is typically a recession-resistant activity, and the steady increase in participation in running hadn't abated because of the markets. Weber saw a giant opportunity to spring ahead. He didn't just want Brooks to be a good company, he wanted Brooks to lead the performance run category.

Brooks had built a reputation on shoes that fit and worked well even if, self-admittedly, they didn't always look great. In 2009, they decided to continue their lab research while incorporating more direct runner insight and ramping up investment. Brooks poured resources into research and development; expanded the team, which today numbers over 500; and partnered with the Rock 'n' Roll Marathon Series, which now garners half a million entries every year.

At the same time, participation in running, the biggest sector of the sporting goods market, mushroomed from 31.4 million runners in 2000 to more than 51 million in 2012. And magazines like Sports Illustrated have recently heralded the second great running boom—a boom defined by its inclusiveness, made from "completers" rather than "competers." These are exactly the runners Brooks has sold shoes to all along, and the company's results have been staggering: Between 2009 and 2012, sales jumped from a flat $191 million to $409 million.

In 2012, Warren Buffett himself recognized the potential in Brooks, which was then a subsidiary of Fruit of the Loom, owned by Berkshire Hathaway, and he personally established Brooks as a standalone company. Now, Weber reports directly to Buffett, one of the business leaders he admires most. He has never felt more trust from someone he's working for, and he has also never felt more responsibility.

NEXT YEAR, BROOKS TURNS 100 YEARS OLD, and it has never been healthier or fitter. Weber and his employees are excited about the future. This summer, Brooks released a raft of research supporting a radical idea in the running industry: Every runner has a unique habitual joint motion, and instead of trying to correct their form, shoes should help runners move in their natural stride. Brooks expects the research to do everything from help inform product development across the industry to change the way stores sell shoes to runners. It has also helped cement Brooks' reputation as a leader in research. As a complement to Stride Signature, in August the company announced its newest product, the Transcend, a highly technical shoe with special materials that adapt to runners' individual gaits. It will hit shelves in February but has already made a strong impression with retailers across the globe.

Next summer, Brooks will move into its splashy new home, a 120,000-square-foot space that they believe will serve as an energy-giving trailhead location on the Burke-Gilman Trail. Constructed with the latest ideas in green building, the design will reduce water and energy use by more than 75 percent in comparison to other buildings, and energy monitoring will encourage employees to reduce consumption. Sustainability isn't just lip service, says Weber. Running is an outdoor sport and runners expect Brooks to care about the planet. The building is designed to be a visible brand statement and will include Brooks' first concept retail store.

Now, the challenge is how to grow quickly—this year, the company will hire 130 new employees—without losing integrity. For Weber, it all comes down to values. Which is why, on a hot Saturday afternoon in August, he takes the time to sit in the temporary Brooks' headquarters, near the pingpong tables and foosball games, to talk about why cultural values are more important than strategy. But Weber probably doesn't have to explain values to anyone who knows him because he embodies them himself.

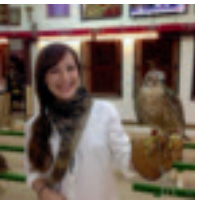
"Jim personally represents that culture," says Charlotte Guyman, a director at Berkshire Hathaway and a member of Brooks' board of advisors. "He really loves to win—the guy's a very high achiever—but he doesn't have the ego that handcuffs a lot of people who want to win. He has created a team culture that's an amazing balance between competitiveness and joyousness." No one strikes that balance better than Weber. "I often tell people I have the best job in Seattle, I have the best job of anyone in the Tuck class of '86, I have the best job in this industry," says Weber. "I'm just having a blast." It's a statement that might be hard to take seriously coming from any other CEO, but Jim Weber is not every other CEO.

Watching his eyes blaze like the seventh grader who always wanted to run a business, it's impossible not to believe him.















T.U.C.K














GOING PLACES

From learning expeditions to consulting projects and independent studies, Tuck students go global and transform their perspective.

BY KIRK KARDASHIAN

LOCATION
SOUTH AFRICA

TUCK GLOBAL CONSULTANCY

City Year South Africa was struggling. The office had auspicious beginnings, formed at the behest of Nelson Mandela and Bill Clinton in 2005 to mentor school kids and establish habits for their positive personal development. But post-apartheid Johannesburg proved a difficult place to make a difference. Moreover, the leadership of the organization had shifted frequently, leaving it without a consistent strategy and vision. The operation needed advice on how to set priorities and achieve its goals—in essence, the kind of services a professional consulting firm would deliver.

Enter the Tuck Global Consultancy (TGC). Made up of second-year MBA students, the TGC provides valued consulting services for clients who are time or resource constrained, and where primary research on the ground in an international location is essential. Tuck Global Consultancy teams have worked with the likes of Walmart, Citibank, the Peruvian government, Alcoa, Nike, and Intel since the program's founding in 1997.

"It's as real-world as you can get," said Kerry Laufer, director of the program. "Students are expected to apply, integrate, and focus skills learned at Tuck to an organization's business challenge or opportunity. Our clients expect meaningful results comparable to those of a professional consulting team at a top tier consulting firm."

City Year reached out to Tuck in the summer of 2012—Dean Paul Danos was exposed to City Year South Africa in 2005 when TGC first worked with the organization—and by the fall a six-student team of consultants was assigned to the project.

The project is a full-credit elective course that provides students with the opportunity to lead, plan, and execute a real-world consulting engagement. In the first phase, students talk to the stakeholders, do research, and focus the scope of their work. Phase two is "in country," where students visit the client's office, conduct interviews and workshops, and shape the final deliverable—in this case a PowerPoint deck with 40-60 slides, plus appendices. The final phase involves incorporating feedback on the first draft of the PowerPoint presentation, and then presenting the final product to the client.

For Hana Hassan T'13, the project was more than an opportunity to do real consulting work for a good cause; it was a chance to visit the continent from which her parents emigrated. She's first generation Somali-American, and visiting Africa was very important to her. At Tuck, she was able to go there twice: once with TGC and again on a Learning Expedition with accounting professor Phillip Stocken.

"I wanted a project where I would be stepping out of my comfort zone," she explained, "something completely different from my project management experience at PricewaterhouseCoopers." Advising a nonprofit in a foreign country provided that unique exposure and taught her to think differently about problem solving.

"It was a lesson in thinking outside the box," she reflected. "At nonprofits, everyone is stretched and doing more than their job description. Yet they managed to tackle youth unemployment and help improve the primary education system. Just seeing that was really impactful for me."

The trip wasn't all work. The team also attended a championship soccer match and joined the U.S. ambassador to South Africa at his house for dinner to toast City Year's accomplishments in the country. "At the end of the day, we had a love for the client's mission and City Year just enveloped us and treated us as part of the family," Hassan said.

TUCK AT COP 18

Every year, most of the world's nations convene for a week to talk about how they can collaborate to address climate change. The event, organized by the United Nations, is called the Conference of the Parties (COP), and it takes place in a different country each year. For three of the past four years, Tuck finance professor Anant Sundaram, who teaches the Business and Climate Change elective, has attended the conference with a group of Tuck students. In 2012, at COP 18 in Doha, Qatar, Sundaram, NGO, and corporate colleagues organized a panel discussion entitled "The Role of Corporations in Moving the Climate Needle."

Tuck was the only business school represented at the conference in Doha, something Sundaram finds curious given the impact climate change is having on businesses. "I come at climate change from a very hard-nosed finance lens," he says. "Today's MBAs will see the consequences of climate change in their lifetimes and they're going to have to address what it means for their industry, for their business, and see how they can get in front of it."

For Pat Palmiotto, who, as executive director at the Center for Business & Society, organizes the trip every year and accompanies the delegation, Tuck's attendance at the conferences is an indication of a strong understanding at Tuck of the deep connections between business and the health of the human and natural environments.

LOCATION
ISRAEL AND CHINA

LEARNING EXPEDITIONS

Intrigue has motivated travelers from time immemorial. It's the craving to see foreign lands firsthand, to talk to strangers about their lives, to taste their food and experience their culture, to understand how they do business. When the pull is strong enough, books and case studies just won't do.

That's the way it was for Nishant Daruka T'13. The object of his desire was Israel. "The place captivated me," he said. "To have a country that small, and per capita, it produces the highest number of companies listed on Nasdaq? To me, that was incredible." So when he heard that professor Adam Kleinbaum and the Center for Global Business and Government were organizing a Learning Expedition to Israel in March of 2013, Daruka signed up right away. Tuck's Learning Expeditions are half-term elective courses designed to put students into the business environment of a foreign country. Faculty, alumni, and local experts act as their guides on the ground, while students visit companies, governments, and nonprofits, along with cultural sites. The experience could be described as business tourism with VIP access. Learning Expeditions have taken students all over the world, from Brazil and India to South Africa and Japan.

What explains Israel's high rate of innovation? Based on his visits to Intel, IBM, Teva Pharmaceuticals, and Better Place, Daruka sums it up in one Yiddish word: chutzpah. The Oxford American Dictionary defines it as "shameless audacity," but for Daruka it was more about the will to succeed despite the obstacles. "Management depends a lot on the psyche of the people," he said, "the culture of the place where you grew up or were educated. Western countries rely more on structure and system to get things done. In Israel, despite a lack of those systems in place, and even with its political struggles, people get things done by sheer chutzpah. From a management perspective, that was the No. 1 highlight for me."

Cultural intrigue also held sway over Ellen Cory T'14. Unlike Daruka, however, Cory's desire to travel with Tuck came from a demanding experience working with Chinese suppliers during her career with The Boston Consulting Group. The Learning Expedition to China with professor Peter Golder was a good chance to understand what drove the challenges and how best to address them.

The problem sounds benign: Small talk. Cory was frustrated by the amount of time her Chinese counterparts spent at the beginning of meetings just trading casual conversation. "I was facing a tough timeline for outsourcing," she recalled, "so I wanted to focus on business right away." The suppliers also wanted her team to visit them in China, but Cory thought it was unnecessary.

But during her trip to China with Tuck, she learned an important aspect of Chinese culture: *guanxi*. It's the process of building a personal relationship as the basis for future business interaction. The small talk, the invitation for a visit—those weren't a waste of time, but an important step in business negotiations. Cory gained this insight during a discussion at the industrial products company Hollingsworth & Vose, and from talking to the group's guide, Li Na. "I now understand that by dedicating this time up front to build the relationship, I likely would have saved myself significant time down the line," she reflected.

Cory learned something else on the expedition. Shanghai could be a fun place to work. Prior to the trip, she had little desire to live in China. Now she's hoping that if she returns full time to her summer employer, Cargill, they will put her in its Shanghai office. "This global learning opportunity has put a business lens on all the travel I've done," she said, "and opened me up to a few other places I'd like to work in the future."

COUNCIL ON BUSINESS AND SOCIETY

The value of a global MBA experience is, first and foremost, the recognition that business doesn't happen in a vacuum.

It was with this reality in mind that Tuck and five top global business schools—ESSEC Business School (France); FGV-EAESP (Brazil); Keio Business School (Japan); University of Mannheim Business School (Germany); and the School of Management Fudan University (China)—got together to form the Council on Business and Society. With the goal of combining the intellectual and professional resources of the schools to further management education and its positive effect on society, the council organizes forums to delve into specific topics. The inaugural forum, held in November of 2012 in Paris, focused on corporate governance and leadership, covering areas such as CEO power and accountability, trends in board leadership and shareholder engagement policies, and the challenge of doing business in the 21st century.

With the support of the Dean's Office, Tuck Communications, and the Center for Business & Society, four students from the class of 2013 chosen as council fellows attended the forum with various Tuck staff members and Espen Eckbo, the Tuck Centennial Professor of Finance, and Pino Audia, a professor of management and organizations. Prior to the forum, the students worked closely with the professors in an independent study on an examination of gender on boards, and the effect of media scrutiny on CEO effectiveness. The next forum will be held in 2014 in Tokyo and focus on health care with four T'14 council fellows participating after completing their independent study work with senior associate dean Robert Hansen and marketing professor Punam Keller.

LOCATION

HAITI AND INDIA

RESEARCH TRAVEL

Even before a massive earthquake devastated Haiti in January of 2010, dependable electricity in the country was hard to come by. Then the ground rumbled violently and power became scarcer still. Ian Warthin T'12 has experienced both sides of the rift. Before Tuck, he worked in the central plateau with Partners in Health. He went back in March of 2012 on a research travel trip to study a product called Solar Puff, a lightweight, solar-powered inflatable lamp. Warthin's motivation to return to Haiti came, in part, from the country's acute need for innovative solutions to basic problems such as the lack of light. But also because he knew the strong Tuck network in Haiti would enable an instructive and meaningful experience.

Warthin's trip was part of the Research Travel program sponsored by the Center for Business & Society. Each year, the program provides travel expenses for a number of environmentally or socially focused independent study and extra space elective course projects. Students choosing to do a project using program support gather data directly on the ground and then work closely with a faculty member to craft a research project that's both practical and academically rigorous. The program is also a chance to use Tuck's international network and dive into an industry or issue that students are passionate about.

On the ground in rural Haiti, Warthin set out to learn if Solar Puff lights were the right application for the environment. Would the fragile lamps survive the wear and tear of daily life? Would local merchants be willing to stock the lamps on their shelves, and would they be affordable for the consumers? "Another goal was to get consumer feedback on whether they would use this product," Warthin said. To help understand these and other questions, Warthin worked with Tuck professor Punam Keller, an expert in social marketing, and adjunct professor John Vogel about the complexities of enterprises with a social mission.

A year prior to Warthin's trip, Nicole Dotts-Wright T'11 was working on her own international independent study on the other side of the world, in southern India. A far cry from marketing in impoverished shanty towns, Dotts-Wright was doing market research for a collective of conservation tourism resorts. In this case, that included not only the typical data gathering and interviewing, but going on hikes to see tigers and raft trips to spy elephants. "One of the most rewarding parts about the project is that we were deployed to go out there and fully embrace the culture and the consumers and experience these properties as tourists and give our recommendations," she said.

Dotts-Wright partnered on the project with Lindsay Wilner T'11, and worked with Tuck marketing professor Kevin Keller to put together a branding and operational strategy presentation for the resort developer, which would build respect for the local environment and culture. They also recommended a name for the as-yet-unnamed resort, which the developer ended up using (Raxa Collective).

This wasn't the first time Dotts-Wright traveled with Tuck. Eager to incorporate international experiences into her MBA, she went to Machu Picchu, Peru, with the Tuck Global Consultancy, and to Brazil on a Learning Expedition. The Research Travel project was different in one important way: it was just her and Wilner. As a pair, they could draw more deeply on each other's strengths and have more ownership of the final product. "It was the perfect way to end two years," she said. "I learned so much so fast and got to leave my mark in an area I'm really passionate about."

THE FULL IMMERSION

Nick Jameson's Tuck experience was by no means sheltered—he went on Learning Expeditions to China and South Africa—but he wanted to go deeper into another country for an extended period of time. He yearned for a real sense of what life and business is like for the inhabitants of a foreign place. One of the best ways to do this at Tuck is to spend a term as a student at one of the school's 19 partner institutions.

Jameson, who graduated in 2013, considered London Business School, but then realized it was too familiar. "I wanted to push my boundaries a bit," he said. He pushed them all the way to Hyderabad, India, population 8 million, where he spent the winter term at the Indian School of Business.

It's fair to say he got what he wanted. He took a class on startups and franchises and did a consulting project with a new technology company, seeing the nascent opportunities of an emerging market. He got invited to a traditional Indian wedding and spent two days partying with 500 people. "To be adopted like that was just so amazing," he said.

With an NGO, he visited the slum featured in "Slumdog Millionaire" and learned about the economics of the gray market in the Third World. "You think of a slum as poor and unproductive," he said, "but in reality they operate independent economies. That was really fascinating and it turned my existing understanding upside down."

Today Jameson is a strategy consultant for Deloitte, which happens to have an office in Hyderabad. "I'd love to go back," he said. "And my exchange experience shows I'm willing to take risks and push beyond the traditional experience."

LOCATION
MADAGASCAR AND KOSOVO

GLOBAL FIRST-YEAR PROJECTS

Rashmi Khare T'14 came to Tuck expecting some meaningful exposure to international business. What she didn't expect was to participate in a midnight sea cucumber harvest off the coast of Madagascar, equipped with not much more than a headlamp and basket.

Khare was there as part of a five-student team doing their First-Year Project (FYP) for Blue Ventures, a nonprofit specializing in economic development. In Madagascar, the mission was to help citizens build a sustainable aquaculture industry—a project that could really make a difference in the lives of Malagasies, many of whom live on less than $2 per day. "I came from a finance background," Khare said about her choice to join this project, "and I appreciate the power of capital markets and business to empower people and move them forward."

The FYP course, which takes place in the spring term, is the first chance Tuck students get to apply their MBA skills and previous experience to a real-world problem or opportunity, with the guidance of Tuck faculty. Many FYPs work with domestic clients, building business plans or providing consulting. A handful, however, happen overseas in foreign markets, for businesses and NGOs. For students eager to learn how business is done abroad, a global FYP is a safe yet substantive way to dig in.

The night harvest taught Khare more than how to handle sea cucumbers; it provided crucial context to the job she was asked to do—help local farmers create a stable livelihood through an efficient operation. For example, Khare better understood the farmers' need for data collection when she saw them tallying their harvest on a piece of slate. She also saw firsthand the subsistence conditions that factored into their decision to sell a sea cucumber as soon as possible, instead of allowing it to grow and fetch a higher price.

"What I learned from this is that it's great to see on a day-to-day level how other countries and societies handle business," Khare said. "All sorts of things we see as standard operating procedure are not the same in other parts of the world."

Andrew Miller T'14 took away a similar lesson during his FYP for the Ministry of Health in Kosovo. The team was dispatched to create a proof of concept for dental tourism for Kosovars who had fled the country during the civil war. But the country kept little data on dental visits and standard costs of care. "So we became a little more comfortable making assumptions, justifying them, and then running sensitivity analyses to see what degree does this assumption impact things," he said.

Ultimately, Miller's team created a business plan and a PowerPoint presentation, along with a spreadsheet the ministry could use to model costs. The health minister was pleased. "He allocated 100,000 euros to start this enterprise," Miller said, "and now they're working to implement it."

CAREER TREKS

As soon as Kiera O'Brien T'14 got to Tuck, she was making plans to leave. It was nothing against Hanover—it's just that she wanted to find a job in London and needed to start early. So she took charge and began organizing a career trek with other classmates who wanted to explore opportunities in the U.K's capital.

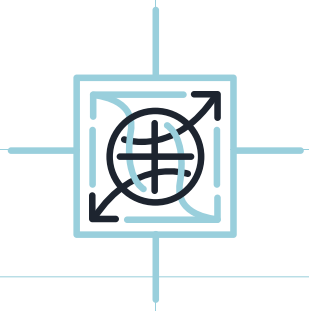
Career treks are student-run trips to cities in the U.S. and around the world that allow first-year students to visit companies in a particular geographic region, make connections with alumni in the area, and narrow down their choices for internships. The Tuck network stretches across the globe, so students are only limited by their own preferences. Wherever students want to go, the Career Development Office stands ready to connect them with employers and alumni.

In the early fall, O'Brien, sent out a note on Chatter, the internal social media portal for the Tuck community, to gauge interest in a trip and determine which companies to visit. Then she sent out letters to about 10 firms and formed a schedule for the visit, which occurred over the Thanksgiving break.

O'Brien and three classmates visited companies such as Google, American Express, McKinsey, British Telecom, Bain & Company, and The Boston Consulting Group. She also organized a Tuck 'Tails event with alumni in London.

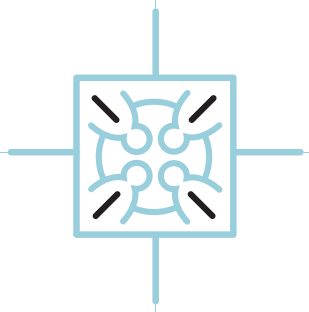
O'Brien went there thinking she would go into marketing, but the visit to McKinsey swayed her to try consulting and she was offered an internship in the London office. Five other members of the class of 2014 were in the city with her last summer. "Recruiting overseas is not as hard as it sounds," she said. "You just need a compelling reason to go."


THE FUT
EVERY



URE OF THING

DISTANCE LEARNING, PERSONALIZED PRICING, AND THE RISE OF WOMEN LEADERS. THIS IS JUST SOME OF WHAT TUCK FACULTY SAY CONSUMERS CAN EXPECT IN THE NEXT 20 YEARS AS TECHNOLOGY AND BROAD GLOBAL FORCES TRANSFORM HOW WE LIVE, WORK, AND PLAY.



BY JULIE SLOANE D'99 AND JEFF MOAG

THE FUTURE OF HIGHER EDUCATION

BY DEAN PAUL DANOS

Technology is rapidly transforming the way we live and do business. The same tools that make possible a truly global economy also allow educators to fundamentally re-envision the way we teach and how students learn.

Much has been made of the impact distance learning will have in the coming years. We are already seeing more dynamic classrooms with some types of material covered in class moving online, leaving more time for students to engage with their professors and with each other in problem solving and interactive discussions. Distance learning also brings scalability into the equation. Schools will be able to extend their reach into the world by using technology to leverage their faculty and to accommodate restrictions imposed on students who can't relocate to campus.

It seems inevitable that some institutions will try to break through to large scale by attracting an array of new students with programs offered at a distance. The elite programs will watch this development with interest, but out of caution for their brands and reputations, most will be in an experimental role.

The schools with the best faculty, students, and traditional brands will always have the option to enter the market. The pivot is whether they will choose to. Should the more elite schools decide to expand the number of students they admit and the number of degrees they grant, institutions of lesser reputation would face serious challenges in attracting quality students no matter what the delivery method is.

Recently I attended a virtual opera at the Hopkins Center for the Arts at Dartmouth. The piece was performed at the Metropolitan Opera House in New York and broadcast in high definition to Hanover. We had fantastic seats, the sound and video reproduction was flawless, and we experienced the enthusiasm of a live audience. It was a thoroughly enjoyable performance, but it wasn't the same as seeing it in person.

If you're an opera fan who can travel to New York and afford the best seats in the house, there's no question: you go to the Met. But if you can't travel, or if you can only afford mediocre seats at the Met, then your money might be better spent on front-row seats (that is, any seat) for a virtual opera. And this is important — the technology is only going to get better.

Students in the coming years will face a similar choice. Those who are able to gain admission to the very best residential programs in the world will choose to attend them. For candidates who don't get into the best programs, however, or for mid-career professionals or others who can't leave their cities, a hybrid program could be very appealing.

As more schools begin offering these programs, the question of consolidation arises. A relative handful of top professors could create highly produced online courses that other schools would pay to use as part of their degree programs. The elite schools are likely to be producers rather than consumers in this market, but the non-elite schools will feel great pressure to accept courses designed and produced by the most highly regarded experts in their fields. Schools would have the option to outsource courses, or even whole departments. An institution could choose to specialize, concentrating its resources to attract top-tier professors in a chosen discipline while relying on virtual proxies to teach other subjects.

Already the forerunners of virtual reality—video and teleconferencing, and the omnipresence of email, social media, and mobile voice communications—have fundamentally changed the way we live and do business. One can imagine a time in the not-too-distant future when virtual reality makes it nearly impossible to tell whether you're sitting together with colleagues or in a different country altogether.

But, in my opinion, virtual experiences will never be the same as immersing oneself for two years of intensive learning with talented, like-minded people from all over the world, as do our 277 entering students this fall at Tuck. There's no synthetic substitute for that. There will always be a place for full-time residential programs like Tuck's—if we continue to give a truly transformational experience. That's the key.

Tuck made its reputation by giving students world-class leadership preparation at a personal scale. We value our high-touch, high-quality model for management education, and we do it as well as any school in the world. That's not to say we won't use new technologies to enhance the Tuck experience. The nature of education will be different in 20 years. Already, traditional classes include online components on technical matters and subjects that can be best delivered that way. That allows the classroom to become more dynamic. We also offer a distance education program to health care professionals. Digital innovation will continue apace, and at Tuck, a school that pioneered by offering the first graduate degree in business, the first Business Bridge program for liberal arts students, extensive Research-to-Practice Seminars, and perhaps the finest distance education for executives in our Master of Health Care Delivery Science, we will certainly continue to innovate. But we will also continue to do what we are known best for: deep discussions, stretching and challenging, action learning, and, in the end, graduating ethical and distinguished leaders.

VIRTUAL EXPERIENCES WILL NEVER BE THE SAME AS IMMERSING ONESELF FOR TWO YEARS OF INTENSIVE LEARNING WITH TALENTED, LIKE-MINDED PEOPLE.

INTERNATIONAL TRADE

A-LA-CARTE TRADE PACTS WILL FURTHER ERODE WTO INFLUENCE

EMILY BLANCHARD

Assistant professor of business administration

Firms have reason to believe the future of international trade looks very bright. After all, new crops of bilateral and regional trade agreements are sprouting up around the world, and most of them are loaded with provisions designed to improve the fortunes of specific firms or industries.

Tuck assistant professor Emily Blanchard says the surge in a-la-carte trade pacts and a commensurate erosion of World Trade Organization influence is a boon, but also a cause for concern. The next 20 years could usher in an ironic dystopia, in which firms find themselves constrained by the very agreements for which they lobbied. In the worst case, the WTO could lose its influence as global trade referee, leaving international markets vulnerable to a protectionist backlash.

Welcome to the era of spaghetti regionalism. Imagine a map of the world, with red lines representing bilateral agreements and regional trade accords like NAFTA. With more such agreements signed every year, the map begins to look like a bowl of spaghetti. The resemblance doesn't end there, Blanchard says. Like pasta swimming in a good marinara sauce, these agreements are not only hard to resist, they also have the potential to create quite a mess.

"It's not just that we are seeing a surge in the number of bilateral agreements," says Blanchard, whose research focuses on international trade and investment policy. "The provisions that we are putting into these agreements are becoming much deeper."

At first glance, that's a good thing. Free trade is the gravitational force causing the world's economic tide to rise. And the boats that tide lifts—particularly the most powerful multinational firms—are providing much of the impetus for these more numerous and specific trade agreements.

"Firms are coming to governments with these very detailed wish lists, and that's basically what they're getting," Blanchard says. "Imagine the process continues and we get more and more of these detailed, narrow agreements. Firms have gotten what they ask for, but they've also potentially boxed themselves in. Preferential agreements undermine multilateral liberalization; down the road, firms may find it harder to reach into new markets where they don't already have deep political ties."

There's a reason trade agreements have moved away from the WTO. With more than 150 member countries, doing anything within the WTO can be an exasperating process; witness the all-but-dead Doha round of negotiations, about to enter its 13th year with no agreement. But for all its flaws, the WTO is an essential bulwark against protectionists, whose increasingly sharp rhetoric has found a receptive audience in democracies around the world in the wake of the recent global recession. WTO members are bound by treaty to play by the rules of international trade. That keeps tariffs at bay.

"The protectionist drums are beating, there's no question," Blanchard says. One outlier scenario is that the WTO could collapse in the absence of forward momentum, opening the door to a protectionist backlash unlike anything seen in the United States since the Smoot-Hawley Tariff Act of 1930.

Such a future is possible, but not likely, Blanchard says. The more likely outcome is a continued creep of spaghetti regionalism, and gradual erosion of WTO influence. The United States and the European Union are negotiating a bilateral agreement now, and the Trans-Pacific Partnership—a regional pact that notably excludes China—seems destined to go forward. International trade will continue to thrive, and firms will continue to enjoy favorable terms in many markets. But they may likely have less flexibility to trade outside of the bilateral and regional frameworks that governments have negotiated on their behalf.

IN THE WORST CASE, THE WORLD TRADE ORGANIZATION COULD LOSE ITS INFLUENCE AS A GLOBAL TRADE REFEREE.

LEADERSHIP

MORE WOMEN WILL ASCEND TO THE C-SUITE

SYDNEY FINKELSTEIN | Steven Roth Professor of Management; associate dean for executive education

The most significant shift in leadership is unlikely to come as a result of technology, a new game-changing theory, or changes in the way top schools prepare future leaders, says Sydney Finkelstein, Steven Roth Professor of Management. Rather it will be the inevitable result of a simple fact: Girls today are outperforming boys.

The discrepancy is so great that many colleges and universities have improved their average test scores simply by admitting more women. It's no longer unusual for undergraduate classes to be 60 percent female, or even more.

Today about one third of students at elite business schools are women. Finkelstein believes that percentage will increase sharply in the coming decades because the pool of qualified women is now much larger than ever before. "The march of the numbers is going to be powerful, and we're going to see more and more women as senior executives and as CEOs," Finkelstein says.

Finkelstein has written scores of academic papers on executive decision-making, and his many books include the No. 1 bestseller "Why Smart Executives Fail." His answer to the title question, documented in dozens of case studies, is that leaders succumb to an almost biblical list of character flaws, from greed and pride to obstinacy and, almost to a person, a failure to listen.

We can be certain that human nature will change little in the future, but a greater proportion of women in executive roles could shift the decision-making dynamic. For one, the dictatorial chief executive could fall out of vogue. "At the risk of stereotyping 50 percent of the population—and this is backed up by some research—there are some central tendencies in the management styles of women versus men," Finkelstein says. "Women tend to be more collaborative. They tend to work better in teams, and they tend to be better at communication."

As more women ascend to the C-suite, they will likely bring with them a more inclusive culture. Perhaps more importantly, Finkelstein says, leadership teams will be more diverse. After all, men are not going to disappear; rather than 90 percent men and 10 percent women, the ratio will begin to approach 50-50.

"People who think they're right all the time, people who don't listen well, and the tendency to have an imperial CEO—all these things become easier to manage with a diverse team," Finkelstein says.

"It's not that human nature is going to change, but the thing that could change—and this may be more hopeful thinking—is that leaders will have greater self-awareness," Finkelstein says. "And diversity is a good thing in that regard."

THE EURO

THE COMMON CURRENCY WILL SURVIVE BECAUSE EUROPEAN LEADERS WANT IT TO

B. ESPEN ECKBO | Tuck Centennial Professor of Finance

As the crisis in Greece roiled earlier this year, it seemed plausible to think the Euro might not even survive the week, much less the year. While the Euro seems to have tiptoed back from the brink of collapse, it's still valid to ask whether there will even be a Euro 20 years from now, or if we'll be forced to return to the days of Lira, Francs, and Deutschmarks?

B. Espen Eckbo, the Tuck Centennial Professor of Finance and a Norwegian by birth, thinks not. The Euro has been quite successful in its original goal of integrating the European Union and minimizing exchange rate risk for businesses. But critically it also began as a pan-European political idea, and it is Europe's politicians who most want the Euro to succeed.

"The prestige behind this Euro project is enormous," says

Eckbo. "I think as long as the politicians get their way, it will survive." A grassroots revolt from the masses could upend the Euro, but Eckbo also points out that the United States is far more grassroots oriented than Europe, which has traditionally been politically governed from the top down.

Germany, with the strongest economy in Europe is currently key to the Euro's success. Angela Merkel's recent re-election gave a lift to the common currency's prospects, as Merkel has been a strong advocate for the Euro. And while an independent Deutschmark would be stronger than the Euro, helping the domestic market, it would also have its downside as the German export sector would suffer.

If the Euro did fall apart—a chance Eckbo finds slim—he thinks the most likely scenario would be a splitting of the Eurozone in two, with northern and southern regions. A key question that will be debated, and perhaps decided in the coming decades, is whether the European Central Bank (ECB) should be allowed to buy public debt from each of the member countries. Should the countries be allowed to borrow from the European central system? In the U.S., if a state needs to borrow funds from the federal government, it can do so with certain conditions. So far, the bylaws of the ECB prevent that from happening.

"The problem is if the ECB did allow it, you are implicitly making countries like Germany a guarantor for the debt of countries like Greece," says Eckbo. "And there isn't even a legal system in place to allow that to happen."

Eckbo predicts it will not go that far, and that as the economies of Europe turn around, many of these issues will fade, at least from the headlines—and at least as long as the economy stays healthy.

I THINK AS LONG AS THE POLITICIANS GET THEIR WAY, THE EURO WILL SURVIVE.

RETAIL

THE REVOLUTION WILL BE PERSONALIZED

PRAVEEN KOPALLE | Professor of marketing

In the future, will we just buy everything in our lives from Amazon? Professor of Marketing Praveen Kopalle thinks we'll still have brick-and-mortar stores, but more retailers will be taking a page from the innovative and analytical online world.

PRICING WILL BE PERSONAL. In the future, Kopalle predicts prices will be personalized right down to the individual customer, and dynamic enough to change based on time, place, or person. The airline and hotel industries operate on this model, but soon more product categories will fluctuate in price based on supply and demand, or perhaps to incentivize you based on your geographic location. Harder to fathom now is that different people in the same time and place may pay different prices for the same item. Though the posted price might be the same, customers might, for example, be emailed coupons for differing discounts.

ANALYTICS WILL RULE. Kopalle says retailers have only scratched the very surface of the ways they can use statistics and analytics to understand customers. Gone will be the days of buyers doing guesswork on pricing. "These time, space, and people dynamics to prices are not randomly selected, but based on hard data and analytics," he says. The cost of data storage has plummeted just as exponentially as computing power has increased. Managers are being trained on analytics more and more. Within a few decades, retailers may know our habits better than we know our own.

LOYALTY WILL BE REWARDED. Today, customers will be fickle in order to get a better price. But as loyalty programs get sharper and smarter, Kopalle believes retailers will convince us of the value of our loyalty. "Going forward, consumers will realize that being loyal to the retailers and brands they like actually pays off in the long run," he says.

THE LINE BETWEEN ONLINE AND OFFLINE RETAILING WILL BLUR. Looking into the future, Kopalle sees the dawn of same-day delivery of our online purchases as the norm, merging the online world with our geographic one. Bricks-and-mortar retail won't disappear, but retailers will view online and offline spheres as complementary and blend them seamlessly.

ENERGY

TECHNOLOGY WILL FUEL THE NEXT ENERGY BOOM

ROBERT HANSEN

Senior associate dean; Norman W. Martin 1925 Professor of Business Administration

Tuck senior associate dean Robert Hansen is brave to predict our energy future. After all, he readily points out that almost no one looking at the U.S. energy markets would have predicted the last five years. Technology drove a boom in domestic petroleum and natural gas, adding "fracking" to the lexicon. New technology has also brought unprecedented energy efficiency. Automobile use on the decline? Who would have thought? Despite this, Hansen ventured four predictions:

NATURAL GAS WILL BE A LARGE SOURCE OF ENERGY WORLDWIDE. While many view it as a 10- to 20-year transition fuel from petroleum to the renewable future, Hansen thinks it will be around for even longer. It's a well-functioning market and prices are low, and as long as that remains true, its future is bright. Hydraulic fracking has been so successful that the U.S. is now even exporting its natural gas.

NEW TECHNOLOGY WILL LET US STRIKE EVEN MORE OIL (AND GAS). Hansen says that thanks to new technology, we are finding new oil today in the same wells that John D. Rockefeller once tapped—and was thought to have tapped out. "And that's just in the U.S. Think of being able to do this worldwide in places like Venezuela, the Middle East, and parts of Europe."

> CLIMATE CHANGE IS ONE OF THE BIGGEST WILD CARDS IN THE ENERGY MARKET.

PRICES FOR SOLAR AND WIND WILL FALL. But it won't take off without grid-level storage. The problem with solar and wind is their unreliability. Right now, if it's cloudy or calm, you simply have to wait for your energy. The key to making renewables reliable will be the invention of new grid-level storage technology to harness the power when it's available for when it's needed. Entrepreneurial minds will make it happen.

CLIMATE CHANGE WILL NOT BE AS SEVERE AS PREDICTED. Climate change is one of the biggest wild cards in the energy market. While acknowledging he may not be in the mainstream on this one, Hansen thinks the effects will not be as dire as predicted, and as a result governmental regulation on carbon will stay weak. "If I'm wrong and we end up getting some severe data on climate change in the next five, 10, or 15 years, then the efforts to heavily regulate carbon will be more fruitful."

COMMUNICATIONS

SOCIAL MEDIA WILL MAKE STRATEGY EVERYONE'S CONCERN

PAUL ARGENTI

Professor of Corporate Communication

It's amazing how many executives in the C-suite don't understand that you can't execute your strategy if you can't communicate it. Increasingly, companies are understanding the value of communications, but it's surprising how weak so many still are in this area. In the decades to come, I think it will be much more widely understood that the communications piece is at least as important as the time you spend with the consulting firm developing the strategy. Still by and large today, executives go into a back room with a consulting firm, develop their strategy, and then say to the communications team, "Please make this understandable to the people." It can't be an afterthought.

Because of social media, strategy will have to be more egalitarian. Companies need to realize that social media has allowed the democratization of content. The ownership and development of content is at least as powerful for the audience as it is for the company, and the best companies get that. Companies have to be willing to open themselves up to comments, thoughts, and feedback from their constituents. Otherwise customers just won't accept the strategy. And it's increasingly going to be a give and take: right now, 68 percent of CEOs do not participate in social media in any way. Twenty years from now, my guess is that 100 percent will participate.

Another trend I see building is companies making a shift from asking, "How do we manage our reputation?" to "How do we manage ourselves so we have a great reputation?" There is still a sense among companies that whether it's through PR or spin, you can create a great reputation by advertising. I believe more in what Socrates said: "To gain a great reputation, endeavor to be what you desire to appear."

Finally, I think we're going to see a widespread acceptance of the concept of shared value and the importance of corporate responsibility. It's been viewed as a nice thing to do, and a profitable thing in terms of sustainability, but I think in 20 years, you won't be able to operate unless you take into account a company's responsibility in society. With the limitations and downsizing of government, it almost seems that corporations are the only ones who can solve society's problems. Where the UN and governments fail, corporations will be able to step in.

—AS TOLD TO JULIE SLOANE D'99

HEALTH CARE

HOSPITALS WILL TAKE A PAGE FROM THE AIRLINE INDUSTRY'S PLAYBOOK

VIJAY GOVINDARAJAN

Earl C. Daum 1924 Professor of International Business

Technological improvements in health care have given us the quality of life we enjoy today. But partly because we live longer, chronic conditions and end-of-life care will bankrupt us if we don't make dramatic changes in the health care system. We need an audacious goal to get us off this unsustainable path: We must address our ballooning health care needs at 10 percent of what it costs today. There are three simple management ideas that I believe can help us restructure and rethink our system:

FOCUSED FACTORY Automobiles were invented by Karl Benz, who went on to create Mercedes Benz in 1876. Every Mercedes was handmade with the thought that every customer is unique, so every auto should be unique. So when Henry Ford came into the automobile industry, cars cost $10,000. But he introduced

a mass-production principle of "focused factory." By having factories make only one type of car, the cost came down dramatically. The Model T was $600. Today if you want a Rolls Royce, it still will be handmade, but Henry Ford moved the bulk of the industry from craft to mass, reducing cost without sacrificing quality. Medicine in this country has gotten caught in craft. We are producing a Rolls Royce for each patient. Why can't we have focused factories for things like heart surgery and some standard cancers? There is a cardiac hospital in India which follows focused factory. It is able to do a cardiac surgery for $3,000, versus $150,000 in the United States. In this country, we do more open heart surgeries than anywhere in the world, but it is done in thousands of hospitals. If you consolidate it to only a few centers, the costs will come down.

HUB AND SPOKE The airline industry introduced us to the "hub and spoke" model, but it has the potential to create great savings in medicine as well. For example, the largest cancer hospital in Asia has a main hub in Bangalore and 17 spokes throughout India. The spokes handle basic treatment and have less expensive equipment and more general physicians. The hubs have specialists and the most expensive equipment for more complicated cases. Importantly, the spokes and hub are technologically connected. A radiologist sitting in the hub can read the scans from spoke hospitals. In this country, we have too many hubs and too few spokes. Each hospital has less specialization and lower volumes.

TASK SHIFTING The surgeon's time is the biggest cost in a hospital. In U.S. health care, we typically eliminate low-skilled, low-paying jobs, leaving the surgeon to do dictation, photocopying, billing. For this type of routine task, we need a layer of semi-skilled workers. There is a cataract eye hospital in India that does this very well. The surgeon spends 10 minutes removing the cataracts, and then high school graduates with 24 months of training do the rest. They go to the villages and screen people, transport patients, prepare them for surgery, and help them recover. Another hospital in India shows the patient's spouse a four-hour video and then has them handle much of the post-operative care at home. The hospital is the most expensive resource. As our population ages we have to be able to treat some end-of-life and chronic conditions at home and use the hospital only for emergencies.

—AS TOLD TO JULIE SLOANE D'99

INNOVATION

A GREAT IDEA, EVEN IF WELL-EXECUTED, IS NO LONGER ENOUGH

RON ADNER

Professor of Strategy and Entrepreneurship

Ron Adner has an unique take on innovation. Success, he says, has less to do with an idea itself than it does with its place in an entire ecosystem. "Innovation now depends not just on your own successful execution, but on your ability to see your hidden partners and find ways to align them," says Adner, a Tuck professor of strategy and entrepreneurship and author of the acclaimed book, "The Wide Lens: What Successful Innovators See That Others Miss." "The book is the perch that has allowed me to see this bigger picture," he says.

Strategy is the new bottleneck. Innovation is not a matter of high-tech or even mid-tech, but rather the way we organize things—whether they're technologies, organizations, relationships, or business models. That has always been true, but never so true as it is now and will be in the future.

RISK WILL BE ASSESSED DIFFERENTLY. The nature of risk expands to include not just your ability to execute, but also your ability to lead this collaborative ecosystem. Before, if you're assessing the risk behind an activity the question would be, 'Do we have something the customer wants, can we deliver it, and can we beat the competition?' Now it's 'Can we align everybody in order to deliver this thing, and can we capture as much of the pie as we're hoping to?'

THE ECOSYSTEM WILL REDEFINE WINNING. The ecosystem doesn't just affect which innovations succeed; it affects the distribution of success. You can contrast what we've seen with the iPhone versus Android. Apple retains more of the value in the iPhone ecosystem than does Google in the Android ecosystem.

THE FUTURE WILL BE COLLABORATIVE. To bring more complex

ideas to market, innovators will need to harness the capabilities and resources of multiple partners. At the same time, technology will continue to make collaboration easier, cheaper, and more universal.

INNOVATION BEGETS INNOVATION. Take the example of Facebook and Zynga, the online game startup, which in 2009, took FarmVille from zero to 10 million users in just six weeks. When Facebook came about, it created an opportunity for Zynga to succeed. Thus, platforms beget platforms, which leads to new dimensions of both collaboration and competition.

YOUR KID'S BEDROOM IS THE NEW NASA. During the Space Race, if you wanted to write software for NASA you had to be at IBM. Today, you could be a 14-year-old kid in a Brazilian suburb. It used to be that you could write a program in your bedroom. Then you could write an app and distribute it through the Apple ecosystem. Now you can design a product and have it manufactured in China, or create it in your bedroom with a 3-D printer.

BETS WILL BE SMALLER AND MORE FREQUENT. When we reduce entry barriers, sometimes we also reduce the willingness to make big investments. Investors may want to revisit where they lay their bets. In many industries, big firms are no longer the only entities with the resources to bring an idea to market.

THE COMPANY WITH THE FEWEST BARRIERS WINS. Suddenly there's a new dimension that you need to evaluate, which is not just 'Is this something we want to do?' but also, 'Who is most likely to be able to do it?' And that calculation is changing as these barriers fall. It's a good bet that the people who are driving down the barriers will be in a pretty good position.

INNOVATION IS NOT A MATTER OF HIGH-TECH OR EVEN MID-TECH, BUT RATHER THE WAY WE ORGANIZE THINGS.

ORGANIZATIONS

OUR DEFINITION OF COMPETENCE WILL RECEIVE A BADLY NEEDED UPDATE

ELLA L.J. BELL SMITH

Associate professor of business administration

Everybody understands that the number of women and people of color in the workplace will increase in the future, but we need to have a serious conversation about how our workplaces, families, and communities will change as a result. Too often today, we define "competence" at work as how much face time we put in, the number of hours we log, and how intense and competitive we are. These are outdated definitions from the'60s, '70s, and '80s that will no longer apply in the future as people increasingly want to spend quality time with their families. It isn't just women—the men I teach today at Tuck don't want a workaholic reality either.

Rather than working from 8 a.m. to 7 p.m. every day, top performers will find ways to work smarter, with high-impact hours that vary seasonally. For workers who can do their jobs remotely, there will be greater location choices to balance virtual work and office time. We often assume that putting in more hours means we're more collaborative and that our informal network at the office is a measure of competence. We will be better served to measure competence by the value we bring, the connections and relationships we have across the organization and with other organizations, and our problem-solving skills.

We'll also see a rise in entrepreneurship as future generations of women and men, many of whom will feel disenfranchised by the current system, create the businesses that support their family realities and allow them to thrive. In that way, the smaller businesses may create the workplace innovations that larger corporations follow.

—AS TOLD TO JULIE SLOANE D'99

ALUMNI NEWS

"I love seeing a new product come to life."
– Beth Spruance T'96, Origins VP of global marketing.
See story, page 43.

ALUMNI NEWS

ALUMNI PROFILE

A Heritage Brand, Reimagined

By Kate Siber D'02

As CEO of Simon Pearce, Clay Adams T'99 has the Vermont-based glass and pottery company poised for growth.

JOHN SHERMAN PHOTOGRAPHY

On a Friday in August, the 100 or so employees at Simon Pearce's Windsor, Vt., headquarters are shutting down shop. Instead of working this afternoon, they will walk next door to the local rafting outfitter, hop in a bunch of boats, float down the Connecticut River, and then grill hot dogs and hamburgers all afternoon. This one fun day is a small thing, but it's important to Clay Adams T'99, who signed on as CEO of the glass and pottery company in July 2012.

Creating a great place to work is just one of the goals Adams has set in an effort to poise the heritage brand for growth. "Building a great place to work matters a great deal to me," says Adams. "But even more than this, Simon Pearce is a brand that has tremendous opportunity because of the heritage and story behind it. Every now and then companies have to reinvent themselves, and that's what we're going through right now." Adams is doing this by listening to the customer, leveraging the Simon Pearce production facilities, and capitalizing on the company's "Made by Hand in America" credentials.

COURTESY OF SIMON PEARCE

Since 1971, when Irish glassblower and potter Simon Pearce opened a shop in his homeland, the company moved to Vermont, opened a restaurant, launched several retail stores, and built a second production facility in Maryland. Now you can find the company's products online and in retail stores throughout the country, while the restaurant regularly serves hundreds of meals in a day. But Adams believes there is room for more, and that promise lured him from a decade-long tenure at the consulting firm Resource Systems Group (RSG), where he most recently served as CEO.

In the last year, Adams has set the stage for expanding sales beyond Simon Pearce's comfortable base in the Northeast. A board of directors was formed to advise senior management and the Pearce family, which still holds the company. In August, Bloomingdale's debuted Simon Pearce goods for the first time, introducing the brand to a new set of customers. This fall, a shiny new website launched to help give e-commerce sales a boost.

Adams is also hiring employees in sales and marketing, including his first Tuckie, Micah Moreau T'10, the new director of digital marketing and e-commerce. He has taken advantage of Tuck's proximity in other ways as well. A second-year student recently completed an independent study with the company; students working on a First-Year Project created a consumer segmentation plan for The Loft at Simon Pearce, a private dining space within the restaurant; and Adams has connected employees with Tuck faculty for advice.

He considers Tuck just one of the great perks of working for the company and living in the Upper Valley—perks he hopes will help him attract and retain talent in the coming years. Perhaps it will even help Simon Pearce earn a spot on the coveted "Best Places to Work in Vermont" list, as RSG did for seven consecutive years under Adams' watch.

"Who wants to come to work with people who aren't happy?" says Adams. "I'm a firm believer that if you have engaged employees, profits will follow."

ALUMNI INTERVIEW | By Michael Blanding

Beth Spruance T'96

Beth Spruance began her career insuring boards of directors at American International Group (AIG), but found herself much more interested in the companies she was insuring—particularly the retail clients—than the industry for which she worked. She left the job and applied to Tuck with the goal of changing her career to product management. A few years later, she found her dream job at the Estee Lauder Companies, starting with the Clinique brand. Now she is VP of global marketing for Origins, responsible for promoting a brand that's earned a cult following among women for its natural skin care products.

Q: How did Tuck prepare you for your current career?

I was definitely one of those people who went to Tuck with career change in mind. I really appreciated the first-year core curriculum, and the fact that it was really a well-rounded program. Even though I knew I wanted to go into product management or marketing, it forced me to take a broad range of classes, from finance to operations, which have helped me going forward in a number of ways. Even communications has been so important; I was a person who was absolutely horrified by public speaking, and now it's one of the areas I get complimented on the most.

What do you like most about your current role with Origins?

I love seeing a product come to life—looking at how to make it financially feasible, working with product development and the labs on the formulation, the packaging team on package design, and with creative on advertising. It's still exciting to think we made all of these products that consumers love and that really make a difference in their lives. Skin care is a real confidence booster, and you don't realize the impact of someone having clear skin for the first time in their lives. I'm not curing cancer, but there is an aspect of helping people that is wonderful to see.

How do you convince customers that a "natural" product is as potent as something produced from chemicals in the lab?

That is definitely a challenge we face. Sometimes natural is perceived as more gentle and less efficacious, but we clinically test every product to support the efficacy with clinical performance claims for our consumers. We talk a lot about the discovery of our ingredients as well. Any day you can come into an Origins store and ask for a sample of any product in the store or sit down and get a 20-minute mini-facial for free. It's all about how do we get people to experience our products, because we know once they do they'll fall in love with them.

How are you able to translate the message of your brand as you expand into other countries?

We have core pillars of the brand—powered by nature, proven by science, an open, barrier-free sales environment— and we'll never change those tenets. But we will do research to find out which ones resonate the most and may amplify one over another. We just launched in Mexico, for example, and found that there was already the acceptance of the power of nature, since so many consumers had grown up using home remedies. So there was a little less convincing that needed to be done that nature could be efficacious.

The marketing landscape is changing so rapidly. What new tools are you using to engage consumers?

For Origins, it is all about building awareness right now and while we invest in traditional media such as print and digital display, we are also experimenting with newer tools in the social space such as Facebook Offers. You can really target consumers, not only those who like Origins, but also those who like competitive brands and offer them opportunities to come and discover our brand through offers for a free mini-facial and free samples. We've seen upward of 100,000 people claiming those offers, and heard more noise than usual bubbling up from the counters about them driving consumers into store.

How do you deal with consumers posting bad reviews online?

We've put a really strong focus on answering every single person that

COURTESY OF BETH SPRUANCE

comments online or on our social platforms, good or bad. We can turn some of those complaints into positives by inviting the consumer into the store for the experience she should have had. And then they go back online and say, 'I had the best experience ever.' Social can be daunting at times because not everything is within your control, but what is within your control is to get back to the consumer immediately and try and understand and resolve the situation. Unlike print, it allows us to have a two-way conversation.

tuck.dartmouth.edu/today

ALUMNI NEWS

ALUMNI PROFILE

Invested in the Mission

By Michael Blanding

Williams College chief investment officer Collette Chilton T'86 is helping deliver big returns for the Little Ivy.

Collette Chilton T'86 was managing $50 billion in pension funds for telecommunications giant Lucent Technologies when she got the call. Williams College, the "Little Ivy" located in the hilly northwestern corner of Massachusetts, was looking for a chief investment officer to set up a new office to oversee its assets—totaling a modest $2 billion by comparison.

Chilton didn't hesitate. She liked the challenges at Lucent, but federal law on corporate pensions required her to keep an arm's length from being involved in company management. By contrast, she saw an opportunity to make a difference at Williams, where she could play an active role in both the long-term financial security and day-to-day financial decisions of the institution. "When I was at Lucent, the earnings on the pension fund were incredibly important to the company, but I was not very involved in the management," says Chilton, who has been with Williams since 2006. "The college is run in a much more collaborative way. It's a group working together rather than departments of people working in silos."

Making a difference has always been important to Chilton, who grew up in the San Francisco Bay Area—her father a structural engineer and her mother the local chief of staff for Sen. Barbara Boxer. From an early age, Chilton combined her father's practicality with her mother's penchant for public service. "She likes being associated with things that matter to other people," says Susan Meaney, a classmate at Tuck who is now managing director at investment firm Makena Capital Management. "To do good work for good things."

Chilton applied sight unseen to Tuck after studying environmental economics at the University of California, Berkeley. "The outreach from alums in the Bay area was different from the other schools," she remembers. "It made it seem friendlier and more accessible from far away." That impression was confirmed when she arrived in Hanover. "I knew I was someplace different when I left my bike unlocked overnight and it was still there in the morning," she says. "At Berkeley, it was sink or swim. Tuck was a hands-on, high-touch experience. Everyone knew who you were and kept an eye out for you."

That environment suited Chilton's personality. "She is incredibly personable, very charismatic and positive," says Meaney, who became friends with Chilton during their first week at Tuck. More than anything, however, she admires Chilton's patience in asking good questions before making decisions. "She's a great listener and she has really good judgment." Those skills have served Chilton well at Williams, which like most colleges, doesn't buy or sell stocks itself, but rather hires outside investment firms to make up its portfolio. In any given month, Chilton may travel to London, Oslo, or Beijing for the crucial job of assessing managers.

The biggest part of her job is saying no, says Meaney. "People want funding for different things—real estate, private equity, hedge funds—and you realize if you want to succeed you have to be a little hard-headed. You have to pick the ideas you believe in, even though your ideas might differ from someone else's."

PHOTO COURTESY OF WILLIAMS COLLEGE

To do that, it helps to be as good a judge of people as it is performance records and investment strategies, says Pam Peedin T'98, Dartmouth's chief investment officer. "There are a lot of tangibles and intangibles to it. It's understanding how managers will work as partners. That's where she is really good." Peedin came to Dartmouth partly because of the reputation of Chilton, who she identifies as "one of the real leaders in our field." Now Chilton serves as a non-trustee member of the investment committee at Dartmouth, adding her perspective and insight on investments there as well.

At Williams, Chilton is even more involved in the day-to-day financial management of the college. Though based in Boston, she maintains a connection with the campus by hiring student interns to work there and travels to Williamstown several times a month. As an officer of the college, Chilton participates in weekly meetings where she is often called upon to give her financial opinion on decisions large and small.

"If we can get a 5 percent real return over long periods of time, that is a huge success," she says. Knowing how important those funds are to the larger academic mission of the college makes her proud of her contribution. "We support such a big part of the budget," she says. "What we do allows the college to fulfill its mission."

tuck.dartmouth.edu/today

On Leadership, with Parthenon CEO Bill Achtmeyer T'81

As the chief executive officer of The Parthenon Group consulting firm, **Bill Achtmeyer T'81** has worked with hundreds of senior executives at Fortune 500 companies. A former chairman of Tuck's board of overseers and a director of Briggs & Stratton Corp., Achtmeyer shares five pieces of advice for managing a large organization effectively.

WINSLOW MARTIN

Have a clear sense of what you want to be. If someone asks what your organization's reason for being is, you have to have a short, pithy answer. If you're Disney, it might be "creating magic." If you're Goldman Sachs Group, it might be "the best global financial adviser." If you have this, make sure you constantly reinforce it. If the idea is simple and becomes ingrained in the firm, it can be really powerful.

Keep a Kitchen Cabinet. At any point in time, you need to have three to five people you can really trust and go to in order to get an unvarnished view of the world. These can be both people on your management team or outside advisers, including board members or lawyers. You can't rely too heavily on a single person because sometimes he or she just won't be available.

Live by the values you and the firm espouse. Hypocrisy rankles. Whatever your firm's stated values are, make sure you adhere to them personally and professionally. If you emphasize meritocracy but only promote favorites, that's not going to ring true in the organization. If you say you're entrepreneurial but you rarely take suggestions or only take them from a select few, that's not consistent.

If you don't revel in the job, get out. The pressures of being a top executive are enormous, so if you don't love the responsibility, do something else. If you're there just for the bonuses or the private plane or whatever perks come with the job, if you carry the burden too heavily or are beginning to lose interest but want to maintain power, it's not going to work out over the long term.

Be humble enough to change course. The pace of change in today's business world is so rapid and the amount of information available is so great that you're constantly having to reevaluate things about your company. Richard Branson, chairman of Virgin Group Ltd., and Kenneth Chenault, CEO of American Express Co., are both examples of people who've been able to adapt established companies to keep up with the times.

ALUMNI NEWS

Newsmakers

By Patti Bacon


RON VOIGT T'92

Ron Voigt T'92 has been named president of X-Rite, a developer, manufacturer, and marketer of color-related products including software, measurement systems, and standards. Voigt has 25 years of experience in global business leadership, having recently served as president of commercial services at Tektronix and as president of Kollmorgen.


SHANNON HUFFMAN POLSON T'03

In "North of Hope: A Daughter's Arctic Journey," **Shannon Huffman Polson T'03** describes her physical and spiritual journey as she coped with the loss of her father and stepmother, who died during a kayak trip in the Alaskan Arctic. The book recounts Polson's own expedition a year later to retrace their route and mourn their loss.

Sports entertainment industry veteran **Gary Jacobus T'90** has joined ARAMARK Sports and Entertainment as vice president and head of business development. Jacobus has previously held senior level and marketing positions for the NFL, NBA, IMG Worldwide, and the United States Tennis Association.


GARY JACOBUS T'90

Nancy Pope T'77 has been elected chair of the Northfield Savings Bank Board of Trustees. A longtime member of the NSB board, Pope has worked for Chase Manhattan Bank and the Vermont Economic Development Authority.


DOUGLAS G. NEIL T'91

Douglas G. Neil T'91 has been promoted to executive vice president of Universal Pictures' digital marketing division. He and his team develop the digital and social media campaigns for all of the studio's films during their theatrical and home entertainment releases.

Harmonic, a global provider of video delivery infrastructure solutions, has appointed **George Stromeyer T'86** senior vice president of worldwide sales. Stromeyer worked previously at Cisco Systems, where he headed up worldwide sales for the company's information security business.


AARON COHN T'07

Strategy consulting group Altman Vilandrie & Company has named **T'07s Aaron Cohn** and **Patrick Redmond** principals in the firm. Both advise the company's telecommunications, media, and technology clients on a broad range of strategy and technology issues.


ANTHONY HARALSON T'02

Anthony Haralson T'02 and his sister Kathleen, owners of Mama's Sweet Side commercial bakery, were among 10 finalists in the 2013 Hatch Detroit small business competition. Contestants are judged on the strength of their business plans and how their proposed endeavors would fit into Detroit's retail landscape. The Haralsons proposed a new wholesale production facility and retail storefront in midtown Detroit.


JASON EGLIT T'00

Jason Eglit T'00 has joined WhitePages as chief financial officer. He oversees the organization's accounting, recruiting, corporate development, legal, and human resources functions.

Alvarez & Marsal, a global professional services firm specializing in turnaround and interim management, performance improvement, and business advisory services, has appointed **Yansong Xue T'05** as a director in its Beijing operation. He worked previously as CFO for Sony Ericsson Mobile Communications China.


YANSONG XUE T'05

Brian Schmidt T'06 has been appointed to the newly created role of vice president of global CPC sales for TripAdvisor. He will oversee the global sales and account management team for the company's cost-per-click (CPC) business.

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