

ISSUE 16: INTELLIGENT STRATEGY. CORPORATE REPUTATION: THE COMPANY YOU KEEP. Q&A: PANKAJ GHEMAWAT, AUTHOR OF REDEFINING GLOBAL STRATEGY. BUSINESS AND SOCIETY: MOVING ON FROM THE 'R' WORD. LESSONS FROM MILITARY STRATEGY: CORPORATE COMBAT. VIEWPOINT: SUCCESS STORIES.

BUSINESS AT
oxford

THE MAGAZINE OF THE SAID BUSINESS SCHOOL

**INTELLIGENT
STRATEGY**

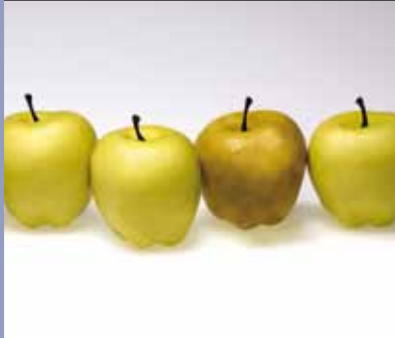


Saïd Business School
UNIVERSITY OF OXFORD

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THE DEAN'S PREFACE: COLIN MAYER

The strategy group at the Saïd Business School is going from strength to strength. Over the past year, a series of new appointments has consolidated the group's innovative approach to teaching and research, which emphasises interdisciplinary and cross-disciplinary approaches to strategy and challenges common wisdom about the determinants of strategic success. These approaches are particularly pertinent at a time when the limitations of mechanistic, short-term profit-making approaches are painfully apparent.

This issue of Business at Oxford features contributions from three new professors who have joined the strategy group, as well as from existing members of faculty. Professor Mike Barnett, who joined the School from the University of South Florida, seeks to understand the influence of communal and reputational mechanisms on the decisions that managers make and the outcomes for firms, industries, and stakeholders over time (page 4). Professor Jerker Denrell, who joined the School from Stanford Graduate School of Business, suggests in an article on "success stories" that there is no direct correlation between good management practice and the performance of companies

(page 34). Professor Andrew Pettigrew OBE, formerly Dean of the School of Management at the University of Bath, looks at ways to reframe the relationship between business and society (page 14).

This academic year has seen the launch of a new seminar series in strategy, sponsored by McKinsey. Speakers in Michaelmas term included Nitin Nohria, Professor of Business Administration at Harvard Business School, who talked about the evolution of leadership, past, present and future (page 10); and Pankaj Ghemawat, Professor of Global Strategy at IESE Business School, who gave a seminar on crossing borders in a world where difference still matters (see page 12). Speakers lined up for Hilary term include Rakesh Khurana, Marvin Bower Professor of Leadership Development at Harvard Business School, who will deliver his talk: The Failure of Business Education in the 20th Century: Implications for Leadership, Business and the 21st Century.

The School's executive education offerings have been updated to reflect and draw on the School's increased strength in strategy. In April 2010, the third in a series of open-enrolment qualifications, the Oxford Diploma in Strategy and Innovation, will run

for the first time (page 10). The Diploma is designed to enhance managers' ability to take effective strategic decisions in today's global business environment and to innovate for competitive advantage. It considers strategy processes, decision making, innovation strategy, emergent markets, reputation management, and building organisational capabilities, among other subjects.

Our alumni (pages 18, 23 and 30–33) continue to be a testament to the ability of sophisticated management education to prepare individuals to innovate, to achieve transformational change, and to contribute constructively to the societies in which they operate. Through our strategy education and research, we are able to have a powerful and positive impact on the business leaders and entrepreneurs of the present and future. □

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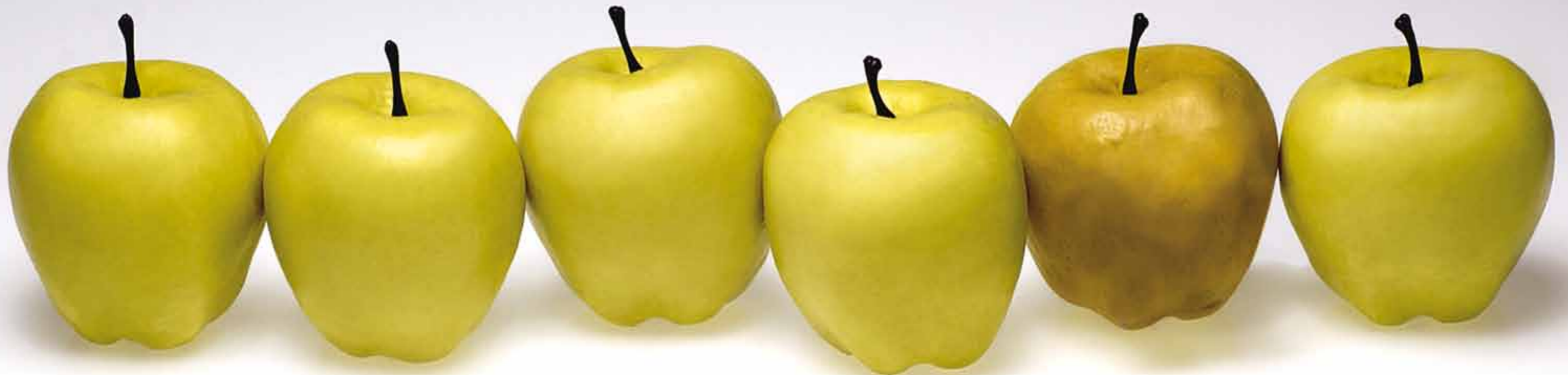
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 **Saïd Business School**
UNIVERSITY OF OXFORD

“EXAMPLES ABOUND OF COMMUNITIES THAT HAVE SUCCESSFULLY MAINTAINED PUBLIC GOODS. NOBEL LAUREATE ELINOR OSTROM HAS DEVOTED HER CAREER TO EXPLAINING HOW PEOPLE SELF-ORGANISE TO PROTECT A VARIETY OF PUBLIC RESOURCES. IN A RECENT STUDY WE FOUND THAT, LIKEWISE, FIRMS CAN SELF-ORGANISE TO PROTECT THE REPUTATION THEY HOLD IN COMMON.”



THE COMPANY YOU KEEP

BY: MICHAEL L. BARNETT

MIKE BARNETT LOOKS AT HOW COMPANIES CAN WORK TOGETHER TO PROTECT THE REPUTATION OF THEIR SECTOR.

As your parents might have warned you, choose your friends wisely because their behaviours reflect on you. If you hang around with a pack of hooligans, hooligan or not you'll be branded as such. Companies, too, are judged by the company they keep. Entire industries have been punished for the sins of one or a few members. This creates some interesting management challenges. Companies cannot directly choose their industry associates – it would be a violation of antitrust laws to block a rival firm from conducting business. Yet each firm's fate depends upon the behaviour of other firms in its industry. How do firms strategically manage this interdependence?

THE REPUTATION COMMONS PROBLEM
A memorable experience with one firm can influence how you feel about and relate to a

broad swathe of firms. A delayed or cancelled flight can put you off future airline travel and push you into greater reliance on rail, coach, or car travel. Buying a "lemon" once may cause a permanent aversion to used car purchases. These types of situations, in which one firm's actions can degrade the prospects of other firms in the same market, we term reputation commons problems. In effect, firms across an industry share a commons constituted of their collective standing in the eyes of observers – their shared reputation. As with the physical commons problems, such as over-exploitation of public lands and waters, the actions of a few can damage the good held in common by the many.

Studies have demonstrated the existence of these sorts of problems across a range of industries. A drug recall by one pharmaceutical firm precipitated a one per

cent drop in the market value of a portfolio of 50 rival firm stocks. Following the Tylenol tampering incident in the US in 1982, the owners of Tylenol, Johnson & Johnson, lost US\$2.11 billion in market value, but the over-the-counter pharmaceutical industry lost about US\$4.06 billion. Airplane crashes, petrochemical spills, car recalls, earnings restatements, near nuclear meltdowns, and so forth – often the fault of a single firm – have damaging consequences for entire industries.

We theorise that reputation commons problems arise due to inadequate information provision. Observers lack the information, or at least desire, to determine if the problem is unique to the offending firm or endemic to all firms of the same type. They then respond in ways that affect entire industries. For example, after the near meltdown of one reactor at one facility of ▶

one nuclear power company at Three Mile Island in 1979, all nuclear power plants in the US, regardless of their safety procedures, were subjected to much stricter regulation and have been unable to build new facilities ever since.

Regulators are not the only ones who use a broad brush to tar entire industries for the sins of a few. The labour force shied away from the chemical industry in the aftermath of the disastrous poison gas leak of Union Carbide in Bhopal, India, in 1984. Surely banking has lost some of its lustre as a career option more recently. Consumers, suppliers, and partners may hesitate to do business with entire industries stigmatised by the bad acts of a few.

TEAMING UP TO BUILD MENTAL FENCES

Long-held theories of commons problems offer little hope of resolution. They surmise that the pursuit of self-interest necessarily leads to “the tragedy of the commons” for public goods. People have a dominant

incentive to harvest as many fish as possible from the common lake; draw as much water as desired from the common well; raise as much livestock as possible on the local grazing land. Unless public goods are privatised – access rights to the lake or the well sold, parcels of grazing land sold and fenced off – then these resources will be depleted.

Despite this logic, examples abound of communities that have successfully maintained public goods. Nobel Laureate Elinor Ostrom has devoted her career to explaining how people self-organise to protect a variety of public resources. In a recently published study, we found that, likewise, firms can successfully self-organise to protect the reputation they hold in common.

The US-based chemical industry, over the period 1980 to 2000, provides a natural experiment for reputation commons problems and their resolution. We measured the degree to which an industrial accident attributed to any single chemical firm led

to stock price declines in other chemical firms. From 1980 to 1984, there were measurable but minor spill over effects. At the end of 1984, the Bhopal disaster occurred. Thereafter, these spill overs became significantly more severe.

The industry recognised their common problem and worked together to create a voluntary self-regulatory programme called Responsible Care. After the programme’s full implementation in 1990, these spill over effects returned to the relatively minor levels present before the Bhopal disaster.

How did this self-regulatory programme resolve the reputation commons problem? We hypothesise that the key to its effectiveness was information provision. To overcome the “chemophobia” that set in after the Bhopal disaster, chemical plants opened their doors and showed locals, regulators, emergency officials, and the media how things worked. Thereafter, observers began to treat chemical plants

individually rather than as a homogenous mass. In effect, this information provision built “mental fences” in the minds of observers that parcelled the industry’s reputation into firm-level plots. Moreover, these mental fences kept the problems of each firm from spilling out across the industry.

Firms still could not hide from their own problems – we found that they suffered a similar level of stock price decline in response to their own accidents before and after Responsible Care. But they were collectively better off because they were less exposed to the missteps of their rivals. They came together to stand apart, enabling them to be judged more by their own actions and less by the company they keep. □

Michael L. Barnett is Professor of Strategy at the Saïd Business School, Research Director of the Oxford University Centre for Corporate Reputation, and a Fellow of St Anne’s College.



Professor Mike Barnett joined the Oxford University Centre for Corporate Reputation at the Saïd Business School as its Research Director in October 2009. Under his direction, researchers associated with the centre are currently working on fourteen projects investigating different aspects of corporate reputation.

One such project is exploring the lengths that international companies will go to in order to protect their reputations. The study, entitled “Made in China: Corporate Strategies for Protecting Reputation”, looks at the information strategies that firms use to influence public perception and at policy responses to concerns over Chinese products. Dana Brown, Lecturer in International Business, explores how firms lobby on the image of Chinese products and labour conditions, and the variety of information strategies that are employed.

Understanding the role of business journalists in creating and influencing corporate reputation is the focus of research undertaken by Jonathan Silberstein-Loeb, a Research Fellow with the Centre. “Business Journalism and Corporate Reputation in Europe” is a comparative study of business journalism throughout Europe and investigates the corporate belief that business journalism affects their reputation. The research will examine the extent to which business journalism and corporate reputation are market mechanisms that serve quasi self-regulatory functions.

Using the 2012 Olympic Games as an example of a major programme, a further research project is evaluating key questions on the intersections between the three areas of corporate (stakeholder) reputation, major programme management and programme failure. The research project, “The Impact of Major Programme Failure on Corporate Reputation” investigates the extent to which public bodies and corporations anticipate the likely onset of programme setbacks and failures and the damage limitation methods employed. Dr Janet Smart and Dr Kasim Randerjee of the BT Centre for Major Programme Management at the Saïd Business School will also question how the clients and customers of a corporate body involved in a failing programme take action to protect themselves from reputational damage.

The Oxford University Centre for Corporate Reputation, based at the Saïd Business School, was established in January 2008 under the Directorship of Rupert Younger.

www.sbs.oxford.edu/reputation

“STRATEGY WORK IS NOT MERELY A MATTER OF CLEVER ANALYSIS, BUT A SKILFUL PLAYING OUT OF SOCIAL ROLES, IN WHICH QUITE ORDINARY ARTEFACTS AND BODILY MOVEMENTS CAN HAVE SURPRISING IMPACTS ON THE DECISIONS THAT EMERGE.”

SHOW BUSINESS

TRANSFORMING SOMEONE FROM MANAGER TO EFFECTIVE STRATEGIC ACTOR INVOLVES BRINGING SOCIAL SKILLS FRONT STAGE, SAYS RICHARD WHITTINGTON.

Business schools do a lot of research on how different types of strategy impact on economic performance. A group of us at Saïd Business School and elsewhere are approaching the question of performance from a different angle: how managers themselves perform strategy. The idea is that strategy is a kind of work that people do. This strategy work has many of the characteristics of theatrical performance. People play roles and they have to be convincing. Performing strategy in this sense is not an easy thing to do.

TAKING ON A NEW SOCIAL IDENTITY
We are pursuing three projects from this perspective on performance. First, I am working with Professor Saku Mantere at the Hanken School of Economics in Helsinki on how managers become strategists. Participation and credibility in strategic conversations are not easily won. Business school education can help, but ultimately MBAs and similar qualifications only supply the words on the scripts – important, but not enough on their own. Transforming somebody from simple manager into a strategic actor capable of contributing to the overall strategy of an organisation involves more than the acquisition of technical skills; becoming ‘a strategist’ entails a change in social identity.

After following a group of more than 20 managers taking up senior roles in their organisations, we distinguish three tracks a manager needs to follow in becoming a strategist. There is the path of competence, won typically through experience – both successes and adversity. Next there is the path of confidence, a personal journey in which the manager begins to believe both in their own capabilities as strategists and, at least as important, their responsibilities. Finally there is the path of credibility, acceptance by others of the manager’s legitimacy as a player in the strategic conversation. The three paths of competence, confidence and credibility are mutually reinforcing, but the last is often the hardest to achieve – and the most fragile.

CULTIVATING EFFECTIVE STAGE PRESENCE
A second project is with Dr Curtis LeBaron at Brigham Young University, Utah. Here we are videoing senior managers as they literally perform their strategy work in their boardroom. We watch how they interact on the stage of strategy meetings, how they position their bodies to signal and collaborate, how they enrol apparently mundane props such as whiteboards, flipcharts and PowerPoints. Again, strategy is a social performance, with cues given and taken – often skilfully, but sometimes clumsily. We are at an early stage of the work,

but what we take from our videos is that strategy work is not merely a matter of clever analysis, but a skilful playing out of social roles, in which quite ordinary artefacts and bodily movements can have surprising impacts on the decisions that emerge.

COMMUNICATING WITH THE AUDIENCE
Our third project involves some of the most obvious forms of theatrical performance – strategy communication. Strategies need to be communicated to both internal and external audiences. Dr Basak Yakis-Douglas at the Oxford University’s Centre for Corporate Reputation is leading a project with me on how large corporations communicate their strategies to external stakeholders, especially shareholders. Increasingly, the live performances of chief executives in communicating strategy are captured for the whole world in vodcasts and podcasts. Vocal and bodily confidence is now the medium through which these corporations’ strategies are conveyed. The same is true of internal communication of strategy. Here Dr Charlotte Cloutier of HEC Montreal and I are using video cameras in a large UK corporation to record how strategy messages are represented by managers as they cascade down through the organisation and its international divisions. Again, managers have to act in front of large audiences, with presentations demanding high improvisational skills in order to convey authenticity and commitment.

If strategy is something that has to be performed, that of course has significant implications for business education. Strategy classes have always been strong on economic analysis. But the implication of our work is that strategy teachers need to bring the social skills of performing strategy front stage too. □

Richard Whittington is Professor of Strategic Management at Saïd Business School and Millman Fellow at New College, Oxford. Amongst his nine books are the prize-winning *What is Strategy – and Does it Matter?* and the biggest selling strategy textbook in Europe, *Exploring Corporate Strategy*.



MINISTERS AND MARKETS DO MIX, SAYS LORD MANDELSON

Ministers and markets do mix, was the message given by business secretary Lord Mandelson to an invited audience at the Saïd Business School on 16 October. In a lecture on “the enterprise-led recovery”, Mandelson outlined his view of the role government should play in fostering enterprise in the UK. He summarised the approach of Conservative leader David Cameron as old-style “rolling back the state” and suggested that this was in fact “an abdication of responsibility”. “Enterprise needs active government,” Mandelson said. The government’s role, he stressed, includes funding infrastructure, including research, science and skills. This, he said, is not government for its own sake but as a means to an end. “The right kind of government,” he said, “is part of the solution, not the problem.”

The event was organised by the Oxford Centre for Entrepreneurship and Innovation at the Saïd Business School. □



Oxford alumni Benazir Bhutto, Prime Minister of Pakistan (1988–1990 & 1993–1996) and Bill Clinton, 42nd President of the United States 1993–2001. □

THE EVOLUTION OF LEADERSHIP

“We are in the process of constructing a new model of leadership, one that asserts social as well as economic purposes,” said leadership guru Nitin Nohria, at a packed McKinsey-sponsored seminar held at Saïd Business School on 25 June. At the seminar Nohria, who is Richard P. Chapman Professor of Business Administration at Harvard Business School, traced the evolution of leadership through from the makers and shakers of the early twentieth century, through the post World War II era of “predict and control”, to the

quick-change transformational nostrums of the 1980s, and today’s more diverse and distributed models. He suggested that the current economic crisis is both a watershed and a great opportunity. “It has led to a crisis in our understanding of leadership,” he said. “Public trust in leaders, especially business leaders, is at its lowest level since data on this has been collected. It tells you something when one of society’s major value-creating roles has lost respect.”

Professor Nohria said students and practitioners alike are looking for a new orientation and new guidelines. One response, he believes, might be a Hippocratic oath for business. “In light of the diminished public trust in business managers, is it time for management to spell out a common understanding of their role in society and the conduct expected of them?” he asked.

He went on to say that the crisis provides business schools with an opportunity to deepen and broaden their understanding of leadership. “Despite the fact that most business schools’ mission statements proclaim their commitment to developing leaders who can contribute to the betterment of organisations and society, research and teaching on leadership remains a fragmented and often marginal enterprise in most schools,” he pointed out.

To this end, Professor Nohria and his colleagues have assembled a database of information from 1,000 business leaders. “We have found there are many paths to success,” he said. Successful leaders are above all “contextually intelligent”, able to read and understand changing circumstances and seize the opportunities.

The event was attended by a mix of MBA and doctoral students, executive programme participants and McKinsey partners. It was followed by a dinner and a workshop the next morning exploring the issues raised in more depth. □



LORD DRAYSON SAYS NOW IS THE TIME TO INNOVATE

Now is the time to innovate, said Lord Drayson, minister for science and innovation,

at the inaugural Sir Douglas Hague Lecture given at Oxford University’s Saïd Business School on 19 November.

In his speech to an audience of Oxford scientists, business academics, researchers and students, Lord Drayson talked about his experience of building technology companies and stressed that now is the perfect time to set up spin-outs and new businesses.

“Many of the world’s most successful businesses started in the teeth of a recession,” he said. “The global economy is coming out of recession, and I know from personal experience that high-growth technology companies are often the first ones to feel the upturn.”

In response to a question from the floor, Lord Drayson also said that he believed there was a future for manufacturing in Britain. For years, he said, there had been a political consensus that the British economy should focus on services, and in particular financial services, but in the wake of the recent recession, the government had “woken up to the fact that we’ve had decades of making a mistake”. The kinds of manufacturing businesses that the UK should foster, he said, were those involving high level design or scientific skills. □

NEW DIPLOMA IN STRATEGY AND INNOVATION

In April 2010, the third in a series of open-enrolment qualifications, the Oxford Diploma in Strategy and Innovation, will run for the first time. The Diploma is designed to enhance managers’ ability to take effective strategic decisions in today’s global business environment and to innovate for competitive advantage. □

IN THE DRAGON’S DEN



A TEAM OF FOUR OXFORD MBAS WORKED WITH BBC “DRAGON” JAMES CAAN OVER THE SUMMER TO HELP PREPARE HIS PRIVATE EQUITY FIRM, HAMILTON BRADSHAW, TO SCALE UP.



James Caan, serial entrepreneur and BBC “dragon”, typically values his time at £15,000 per hour. So when four Oxford MBA students carried out their strategic consulting project with Caan’s boutique private equity firm, Hamilton Bradshaw, in London’s exclusive Mayfair district, they were pleasantly surprised to find they had daily access to the self-made multi-millionaire.

The brief for the Oxford team was to help Hamilton Bradshaw realise its goal of transforming itself from a family-based investment firm to a market-leading private equity house. Caan founded Hamilton Bradshaw in 2004 as a vehicle for his investments, but the firm has grown rapidly and now manages a portfolio of businesses with a turnover of £400 million. Over the coming year, it has ambitious plans to double in size again.

Recognising that Hamilton Bradshaw needs a more robust structure to enable it to scale up, Caan invited the team of Oxford MBAs to carry out a two-month consultancy project with the company and to make recommendations for standardising its

business processes and controls in line with the momentum of its growth.

“As the firm expands their investment team, they need to formalise how they conduct business,” said Faisal Butt, a Skoll Scholar and social entrepreneur from Pakistan, who participated in the project. “As they grow the number of clients they deal with, they need to ensure they maintain the same levels of client contact and keep creating value.”

Faisal and his teammates Ville Lehtonen from Finland, Terry Beech from Canada and Kent Killough from the US, started by conducting in-depth interviews with everyone at Hamilton Bradshaw. Then, using the information they had gathered, they created an investment operations manual focused on creating a consistent and repeatable flow from sourcing the deal to investment to exit. Other recommendations the team implemented concerned increasing transparency, clarifying roles within the organisation, creating an induction process and improving document management.

As learning experiences go, the project was the “real deal”. From working together, the team learned to balance their alpha

male tendencies with the need to listen and compromise. From working among Caan’s hand-picked private equity professionals, they learnt about the deal cycle, as well as how to pitch and negotiate, and the importance of getting buy-in before making changes.

“Working with James Caan was really like CEO mentorship,” enthused Terry Beech. “The experience gave us tools we can use to run companies and to prepare us for our future. Both parties have taken something out of the relationship – which is as it should be.”

Caan was delighted with the team’s contribution. “When a business is growing at the rate that Hamilton Bradshaw is, simple but effective internal systems are essential in order to make that business scalable in the future,” he commented. “The Oxford MBA team came in at exactly the right stage of our growth to be able to implement precisely those systems in a very effective manner. Their attention to detail and commercial common sense were first class and they have clearly benefitted our business by defining and articulating the recipe for future success within Hamilton Bradshaw.” □

Q&A

BY: ANTHEA MILNES



PANKAJ GHEMAWAT
PROFESSOR OF GLOBAL STRATEGY AT IESE

ANTHEA MILNES DISCUSSES
DISTANCE AND DIFFERENCE WITH
PROFESSOR PANKAJ GHEMAWAT,
AUTHOR OF “REDEFINING GLOBAL
STRATEGY”.



Q Why do you take issue with the thesis Thomas Friedman expresses in his book “The World is Flat”?

A I take issue with “The World is Flat” for two basic reasons: one is, it isn’t so; and second, if it were, most of the problems

that managers face in crossing borders wouldn’t exist. So “the world is flat” can’t possibly be a helpful prescription for how to do international strategy.

When you look at trade that could occur either within countries or across country borders, and look at the cross-border component as a percentage of the total, you typically end up with figures in the 10 to 20 per cent range, rather than the 90 to 100 per cent range you might expect if borders didn’t matter at all.

Q What kinds of mistakes have companies made by assuming the world is flat?

A What’s interesting to me is the extent to which excessive belief in the flatness or openness of the world economy can lead to problems, even in companies that are very sophisticated along other dimensions.

Take Wal-Mart. A couple of years ago when Lee Scott, the CEO, was asked what made him think Wal-Mart could be

successful internationally, his response was effectively, “If we can move from Arkansas to Alabama, how different can Argentina be?” And if you juxtapose that against Wal-Mart’s profitability in 2004 in its foreign markets, you see almost a perfect negative correlation between distance from Bentonville, where Wal-Mart is based, and profitability.

Another example is Microsoft. On Bill Gates’s first visit to China, he went to the Great Hall of the People and gave a lecture arguing that it was wrong and irresponsible for governments to select standards, and that the market should decide. This didn’t go down well, and Gates later admitted it took them ten years and cost them a couple of billion dollars in losses to figure out they need to work differently with the Chinese government than with the US government.

It sounds trite to say countries are different, but these notions of the flattening of the world, the death of distance, the end of the nation state, and so on, are deeply embedded in our psyches.

Q What do you mean by semi-globalisation?

A If the world were completely composed of isolated countries, obviously you wouldn’t need global strategies, individual country strategies could work just fine; and if the world were

completely integrated, we would have one giant country, and presumably all our single market frameworks would continue to apply. It’s precisely because we inhabit the messy middle ground between these two polar extremes, that some thinking is required.

Q Can you explain your concept of the four different types of distance that strategy-makers should consider?

A Borders clearly matter, but not all borders matter as much as each other. Hundreds of statistical studies have been done identifying the impact of factors like language, religion, or the legal system, on cross-border interactions. What I’ve been trying to do, rather than come up with a list of 30 variables, is to group them into categories that are helpful to my students.

So I talk about the CAGE framework for thinking about distance – that is an acronym for “cultural distance”, “administrative (political) distance”, “geographic distance”, and “economic distance”. All these factors have been shown to have significant negative impacts on overall cross-border activity. In terms of applying these notions of distance to strategy, the first thing to do is to start with your industry and figure out which of these generic categories matter the most.

Q Which companies are combining local sensitivity with global scale successfully?

A I think Procter and Gamble is a very interesting balancing act. They’re trying to tap more scale economies than Unilever but without entirely ceding the high ground to Unilever in terms of local sensitivity. I would use them to demonstrate that there are different mixes of emphasis possible, even within the same industry.

This trade-off between local responsiveness and global scale economies is probably the most widely established strategic dichotomy in international business. We’ve had it for more than 40 years now, and it’s a somewhat limiting way of thinking about international strategy.

Local responsiveness is the idea of adjusting to differences, while global scale economies is the idea of aggregating by overcoming differences. But differences aren’t just constraints to be adjusted to or overcome, they can sometimes be enormous sources of value creation.

Q How has the recession affected regionalisation and globalisation?

A The crisis has really affected the conversation in the sense that there are far fewer people who argue, as Friedman did in “The World Is Flat”, that government is withering away. So, there’s less need to convince people that the world isn’t flat, and there’s much more interest in trying to figure out what to do about differences.

Companies have figured out that, given the changing macroeconomic picture, emerging markets are going to account for an even greater share of global growth than they were projected to before the crisis. So, if you look at the foreign direct investment projections for this year, for developing countries they are down, but not nearly as much as for developed countries. So, proportionately markets like China and India look much more interesting than they did a year or two ago.

Q Has there been a move towards protectionism?

A There’s a group called Global Trade Alert based out of London that compiles statistics on this. Their data show that we’ve seen some protectionism, but what I’m really worried about is that what we’ve seen is not nearly as bad as things could get. The real economy, as opposed to the financial economy, continues to look very problematic, particularly in terms of the unemployment statistics.

I have a very simple forecasting model about protectionism; the key variable is unemployment. There is a point past which, if unemployment stays above that level for a certain length of time, all bets are off in terms of policy measures that might be taken – including protectionism.

Q Do you have an ethical stance on globalisation?

A If we focus on the real economy, as opposed to the financial economy, what will pull us out of this depression that we’re in, is more rather than less integration. What would certainly compound the agony would be moves towards protectionism. So I’m a believer in globalisation; I’m also a believer in protecting people, but the point is, you protect people and not jobs.

Q Are business schools teaching strategy the right way?

A Business schools talk a great deal about globalisation, but when you look at what schools are doing, there’s a very heavy emphasis on diversity – on attracting people from around the world, and a very heavy emphasis on mobility – taking them to different locations, but without any corresponding specificity on what the content of actual courses should be.

Pankaj Ghemawat gave a McKinsey seminar at the Saïd Business School on 26 November 2009 on the subject of crossing borders in a world where difference still matters.

The near collapse of financial markets and institutions over the past eighteen months and the consequent world-wide recession has reinforced the view that business and society relations are a strategic concern of firms. But to make progress in understanding and managing these relations, we first need to reframe them. We need to move out from the fraught concept of “corporate social responsibility” and away from the ‘r’ word – “responsibility” – to consider some other key words, themes and questions which will open up the limited domain of CSR and provide a better analytical platform for understanding how businesses impact on society and vice versa. In navigating the landscape of business and society we can advance the field by focusing on five key fields of inquiry:

1. THE POWER OF THE MODERN CORPORATION

Acquiring and using power is one of the

central engines of human existence and yet the empirical study of power relationships among and within organisations is one of the most neglected areas of management inquiry. In common parlance, we think of firms having market power, financial power and even in some more limited spheres, socio-political power. Some large corporations have equivalent or even greater economic assets than some nation states.

For example, when BP acquired Amoco in 2000, they moved from fifth to being the second largest oil and gas company, and their move also precipitated similar acquisition behaviour by their competitors. When the CEO of BP goes to China he is likely to meet very senior political figures up to and including the President of China. When BP enters Angola, which is a notoriously weak performing country, it may be obliged to take on some of the social responsibilities of the state. In all these ways, BP may have the potential to exercise power even if it chooses not to do so.

Contemporary theorising about power in the globalised world points to the significance of interrelatedness and interdependence of people across the globe, growing inequalities in a global space and the emergence of supranational organisations of various types and new forms of global risk associated with warfare, crime and terrorism. Current strategic management theory is poorly equipped to sense and analyse such developments with or without the explicit use of power as a mobilising intellectual concept.

2. THE LEGITIMACY OF THE MODERN CORPORATION

Legitimacy is the second core social science concept which may be profitably brought into the analysis of business and society relationships. It is rare to find studies of the legitimisation and de-legitimisation processes of corporations in the literatures on CSR and business and society relationships. This is surprising given the

range of contemporary examples of highly visible corporations from Royal Bank of Scotland to Nike who have received well publicised challenges to their legitimacy.

Although firms may admit to having public relations and reputational strategies, do they also make strategic choices and changes in the wider and deeper domain of legitimation? Many may not admit it, feeling that their mere presence, market power, and legal protection, guarantees legitimacy. But we do not know. The detailed comparative analysis of the legitimation strategies of globalising firms awaits the analysis of the field of strategic management.

3. THE RESPONSIBILITY OF THE MODERN CORPORATION

Language can be an analytical prison and a liberating force. The thesis of this article is that by complementing responsibility with power, legitimacy, governance and regulation, we will open up new lines of inquiry in the field of business and society.

However, there is still a place for the firm’s responsibilities in the strategic management of business and society relations.

Many research studies focusing on responsibility issues have attempted to answer the question, “Do firms do well by doing good?” The results so far from this work are very inconsistent. This is partly because of definitional and methodological weaknesses but also because such studies have often focused on exceptional firms in exceptional industries. Given that the strategic management of firms is now played out on an international stage we need to carry out “mapping studies” to examine “responsible” behaviour in large sample studies in widely different firms in different sectors and economies.

4. THE GOVERNANCE OF THE MODERN CORPORATION

Issues to do with the purpose, values, control and strategic leadership of firms are also intimately connectable to the wider >



MOVING ON FROM THE ‘R’ WORD

WE SHOULD MOVE AWAY FROM A FOCUS ON CORPORATE SOCIAL RESPONSIBILITY AND EXAMINE THE RELATIONSHIP BETWEEN BUSINESS AND SOCIETY MORE BROADLY, CONTENDS **ANDREW PETTIGREW.**

concern with business and society relations. As such firm governance matters are a legitimate part of the strategic management of business and society relations.

We know that strategic choices about the purpose and values of the firm can be fateful for a firm's business success and societal legitimacy. There is ample evidence to show that shareholder value maximisation as a corporate value had a profound impact on business cultures in North America and parts of Europe in the 1990s. This value choice was buttressed in turn by executive compensation and share option packages which distorted firm performance requirements and directly or indirectly led to some of the corporate excesses now all too visible in parts of North American and European business life.

Beyond concern with the purpose and values of corporations, an interest in governance also takes us to the board as an instrument of both control and strategic leadership. Here there is a long-standing fascination with the agency problems of boards most often wrapped up in choices about the structure and composition of those boards. This established agenda now needs complementing with a wider discussion about the purpose, conduct and effectiveness of boards.

5. THE REGULATION OF THE MODERN CORPORATION

The fifth and final domain concept to frame the conceptual and executive space referred to as business and society gives attention to the regulation of the modern corporation.

Regulation is normally seen as a legislative concern of the state. This responsibility can be approached proactively by governments wishing to shape corporate behaviour on matters of governance, business practices and environmental care, but often states are reactive in regulatory matters responding only after manifest corporate excesses.

Firms throughout the world employ political lobbyists and internal regulatory specialists to limit, thwart and shape the legislative actions of states. They also employ executive and staff officers to directly engage with regulators once they are empowered by legislation. But the whole domain of business, political and legal action by corporations is a crucial area of strategic management that warrants greater understanding.

Under what circumstances and in what dimensions of business society relations do states act proactively and reactively? What role do other stakeholders such as advocacy movements play in such processes and what are some of the conditions which are receptive to advocacy strategies? How are these power mobilisation strategies played out in different nation states and regions? And what are the performance and reputational consequences for firms of different regulatory regimes in different domains of business and society matters? These are fundamental questions of academic and executive concern which should be at the heart of the strategic management of business in contemporary society.

So far I have portrayed our more inclusive agenda of business and society around the apparently separable elements of power, legitimacy, responsibility, governance and regulation. The reality of life, however, is that these five elements are not played out in isolation. Excesses of corporate power may impair hard won legitimacy and reputation and attract the de-legitimisation strategies of indignant stakeholders. Fuelled by an informed and sceptical media, citizenry may incite passive politicians to legislate and regulate firms who claimed their own ethical standards were sufficient curbs on their otherwise benign behaviour. Firms may use impression management to contain attempts to regulate and these actions suggest that the politics of strategic management represent a core area of academic concern and executive action in business and society relations.

If this entirely new domain of scholarly inquiry in strategy appears, it will complement the existing concerns with the competitive advantage and resource-based theories of the firm. □

Andrew Pettigrew is Professor of Strategy and Organisation at Oxford University's Saïd Business School and Senior Golding Fellow at Brasenose College. A longer version of this article can be found in *Mainstreaming Corporate Responsibility*, (Eds) N. Craig Smith and Gilbert Lenssen, John Wiley, 2009. A.M. Pettigrew, *Corporate Responsibility in Strategy*, Chapter 3, pages 12–20.



WORKING KNOWLEDGE



E-BUSINESS

Jonathan Reynolds, Lecturer in Retail Marketing at the Saïd Business School, has published a new textbook entitled "E-Business: A Management Perspective" (ISBN: 978-0-19-921648-2, OUP, December 2009).

Reynolds draws together different conceptual models, empirical research and case studies to examine the contribution e-business technologies make to the effectiveness and efficiency of firms, as well as third and public sector organisations. Using brands students can relate to such as Craigslist, Twitter, Skype, Second Life and Pirate Bay as well as less conventional examples such as Kiva, Ocado, Phorm, Tejari and Alibaba, he demonstrates how e-business is moving into mainstream operations in today's marketplace.

"It is hard for many of us to think of our individual lives, our communities, or indeed a world without e-business technologies," Reynolds says. "These technologies range from hardware to software, from web browsers to email and social networks, from mobile web to location-based services and from e-procurement hubs to enterprise resource planning systems."

The text is supported by over 65 case studies and vignettes, over 150 review and discussion questions, and 60 activities designed to allow the reader to explore their own understanding of the issues. □



RESEARCHING FINANCIAL SHOCKS

Tarun Ramadorai, Reader in Finance at Oxford University's Saïd Business School, has received a grant from the BNP Paribas Hedge

Fund Centre at HEC to further his study of "Asset Fire Sales and Purchases, and the International Transmission of Funding Shocks". The grant is worth 10,000 Euros.

He and co-authors, Chris Lundblad and Pab Jotikasthira, both from University of North Carolina at Chapel Hill, will investigate how financial shocks are transmitted from developed to emerging stock markets, with special attention paid to the role of mutual funds and hedge funds in such transmission.

Earlier in 2009, Tarun won the following prizes: the Viz Risk Management Prize for his paper 'Limits to Arbitrage and Hedging: Evidence from Commodity Markets'; and the prize for the "Best External Speaker" at the State Street Bank European Quantitative Forum. □



GEOENGINEERING

Professor Steve Rayner, director of the Institute for Science, Innovation and Society at the Saïd Business School, took part in a panel debate on the science, technology and governance of geoengineering on 19 January at the Royal Society.

The technology is seen as one of the possible routes to counter climate change with proposals ranging from placing giant mirrors in space to reflect sunlight to fertilising the oceans with nutrients in order to produce more phytoplankton to soak up atmospheric carbon dioxide.

The event introduced the science, technology and governance of geoengineering, discussed the possible benefits, drawbacks and uncertainties of the various options that have been proposed and provided an opportunity to discuss the prospects and problems that may arise with further research into this area. □

“WE TALKED FOR DAYS ABOUT THE IMPACT OUR EXPERIENCE AT SAID BUSINESS SCHOOL AND OXFORD HAD ON US; HOW IT HAD AFFECTED OUR PHILANTHROPIC AND SOCIAL ENTREPRENEURIAL VIEWS.”

MONGOLIAN MEETING

BY: ANTHEA MILNES

TWO OXFORD ALUMNI FORMED A BUSINESS PARTNERSHIP AMONG THE SAND DUNES OF THE GOBI DESERT.



China's Gobi Desert is one of the world's most barren and remote landscapes. Few outsiders have ever traversed it. So it seems an unlikely location for two Oxford alumni to meet, let alone form a business partnership. But this is exactly what happened to Mark Carmichael and Rob Follows.

The two men were participating in a 250-kilometre, six-day endurance event organised by Racing the Planet. “We were at a checkpoint, surrounded by hundreds of miles of sand, refilling our water bottles when we met,” Mark recalls. “Within five minutes, we realised that we had both studied at Saïd Business School, had several

of the same friends and were both good friends with Chris McKenna. Small world.”

“We talked for days about the impact our experience at Saïd Business School and Oxford had on us; how it had affected our philanthropic and social entrepreneurial views. That discussion evolved to how we could support the School, its students and the greater philanthropic causes for the better.” Five weeks later Mark (EMBA 1), along with Rob Follows (MSc in Management Research) and Saliya Jay (DPhil), established STS Capital Partners (UK) – the sixteenth STS office worldwide.

STS Capital Partners is an international boutique investment banking firm founded by Rob Follows in 2003. The firm specialises in mergers, acquisitions and corporate finance for small and mid-market companies worldwide. With 22 partners and more than 320 associates worldwide, it focuses on transactions ranging from US\$50 million to US\$1 billion.

“It's strategic M&A meets philanthropy,” Rob explains. “For example, private business owners seeking an exit generally

go to their accountant or lawyer for advice on how to sell their business. Typically, a basic prospectus is created and distributed to a handful of largely unqualified prospective financial investors – which virtually assures the failure to sell or, at best, fails to achieve the true selling price of the company.”

The STS approach differs dramatically. The partners invest hundreds of man-hours researching and developing an international database of, on average, 250–300 global strategic investors – organisations that are likely to realise synergies between the client's company and their own. They then invest similar amounts of time in creating a prospectus that portrays the client's company in the best light. They personally engage with each prospective investor and invite qualified parties to bid in a “soft” auction designed to realise maximum value for the owner and to identify the most appropriate buyer.

“In this way, owners who wish to sell, retain greater control over the sale of their business, even when they are in distress” says Saliya.

STS – which stands for “Success to Significance” – is also distinctive in its readiness to support clients in their goal to do create what the partners call personal “significance”. “For many, it's not just about maximising the selling price, it's about doing something significant for their family, for a cause, or to make the world a better place – so we provide a free service to assist them in establishing foundations, family trusts, charities and more,” says Follows.

Presently, STS has 63 active deals, ranging from distressed real estate assets to private banks, mines to hotels, and e-commerce sites to windmill farms. The majority of the firm's deals originate through referrals for which STS pays fees. “If someone refers a deal to us that we secure and successfully conclude the sale of, the referral fee is often pretty substantial” says Saliya. “Many use their referral fee as a donation to their favourite charity, so from our perspective, it's a win-win for everybody” he says. □

HOT QUESTION



ARE THERE RULES TO RICHES?



JAMES CAAN
CEO OF HAMILTON BRADSHAW AND
STAR OF DRAGONS' DEN

While there are no fixed rules to riches, a successful entrepreneur must constantly be able to identify business opportunities in the environment in which he operates. He must then be able to rapidly organise and deploy his team and resources to capitalise on those opportunities. Strategy is the art of recognising opportunities in the market, positioning one's firm to those opportunities, and swiftly deploying the right resources to harness the profit-making opportunities. In small and medium-sized enterprises much of this is left to the raw instinct of the entrepreneur, but capturing that raw instinct and fine tuning it for the longer term is a critical first step in formulating the high-growth company's strategy. □



RICHARD SCASE
PROFESSOR OF SOCIOLOGY AND
ORGANISATIONAL BEHAVIOUR, UNIVERSITY
OF KENT, AUTHOR OF GLOBAL REMIX
AND LIVING IN THE CORPORATE ZOO

I suppose an off-the-cuff answer would be “no”. Breaking the rules is what entrepreneurship is all about. Schumpeter argued the case for “creative destruction,” which is what entrepreneurs do when they

set up businesses on the basis of identifying new market opportunities for products and services that existing market players fail to provide. “Breaking the rules” is the underpinning of innovation and the potential road to riches. The key drivers of the internet revolution destroyed the old rules (strategies) in industries as far apart as retail, travel and entertainment. The traditional providers did not embrace the new technologies but kept to the old strategies of their business models. □



GERRY JOHNSON
EMERITUS PROFESSOR OF
STRATEGIC MANAGEMENT
UNIVERSITY OF LANCASTER
MANAGEMENT SCHOOL, PARTNER
IN STRATEGY EXPLORERS

Can successful business management be taught? I think I would answer this in three parts. Certainly business management can be taught; or at least the techniques and some of the concepts associated with it. I also think that successful business management of those techniques can be taught. I think the underlying question is whether successful business management that makes a difference can be taught. That I am less sure about. I suspect that is as much to do with how the particular skills and personalities of individuals match with particular contexts and circumstances. I guess I am saying we can prepare managers through teaching and management development; but that is not the same. □

With all the tough talk you hear from some executives – about destroying the competition, conquering markets, rallying the troops – you could be forgiven for thinking that war and business were almost identical activities.

But then business and warfare have always been closely linked. Indeed, in the past some companies have taken the war metaphor a little too literally. The Hanseatic League, a fifteenth-century alliance of cities in northern Germany, was originally set up as a trading organisation but ended up engaging in naval wars with various nations. Equally, the East India Company, formed to take advantage of British trading concessions in India, combined both commerce and conflict as it traded with and conquered large parts of India in the eighteenth century.

Over the years, management academics, consultants, and executives, have drawn on the writings of military strategists to inform corporate strategy. Mark McNeilly, author of Sun Tzu and the Art of Business and George Washington and the Art of Business,

has tracked the close parallels between management and military.

“There are a lot of similarities that people see between business and warfare. Both are highly competitive situations, with specific goals and objectives to be achieved, they are contests of strategy and logistics as well as individual wills and egos, they require leadership to motivate followers, people play an important part so morale is involved as well, and they are increasingly global in scope.”

Military leaders of the past also appreciated the connection. Carl von Clausewitz fought for the Prussian army at the Battle of Waterloo, and became director of the Prussian war college in 1818. He is perhaps best known for his book *On War*, published posthumously, in which he wrote: “Rather than comparing it [war] to art we could more accurately compare it to commerce, which is also a conflict of interests and activities; and it is still closer to politics, which in turn may be considered as a kind of commerce on a larger scale.”

Perhaps the most popular military strategist among the business fraternity is Sun Tzu. Modern executives like to mix their

military philosophy and business by applying the strategies of Sun Tzu’s *The Art of War* written 2,500 years ago. The origins of the book are uncertain, although some attribute it to Sun Wu, a military general alive in China around 500 BC. Gordon Gekko, that paragon of corporate capitalism, was a fan. “I don’t throw darts at a board. I bet on sure things,” he says in the movie *Wall Street*. “Read Sun Tzu, *The Art of War*. Every battle is won before it is ever fought.”

Sun Tzu’s popularity among corporate strategists is not without reason, says McNeilly. “One thing that Sun Tzu talks about, for example, is the need for a direct and indirect approach. Executives often take on their competitors head-on, in price wars, for example. But, as Sun Tzu points out, it is often the indirect approach that is more successful. If you attack a city with a direct approach you can lose a lot of men in the process. If you take a competitor head on, like Kmart did with Wal-Mart back in the 1990s, trying to undercut on prices, it can also prove costly.”

Sun Tzu also highlights the need for gathering intelligence about the “enemy.”

Building a deeper level of intelligence about the opposition’s capabilities, about their products, financial capabilities, understanding how they think and how they have behaved in the past, can be invaluable.

McNeilly cites Sun Tzu on the subject. “It is said that if you know your enemies and know yourself, you will not be imperilled in a hundred battles. If you do not know your enemies but do know yourself, you will win one and lose one; if you do not know your enemies nor yourself, you will be imperilled in every single battle.”

Of course this is just a hint of what a military approach to strategy has to offer business. Major General Andrew Ritchie CBE, former commandant of the Royal Military Academy Sandhurst and currently director of Goodenough College, the postgraduate residential centre in London, suggests a military approach may also be helpful in the hierarchical demarcation of strategic planning activity, across strategy, operations and tactics.

“The military has sought a structure and common language through its doctrine that helps people know when they are operating

at a particular level, and who should be doing what,” General Ritchie explains. “In organisations outside the military, it is easy for a board, for example, to become too involved in the details rather than focusing on strategy. Also, the imperative of turning a profit from day to day makes it quite difficult to sit back and look at where the organisation might be going.”

The ability to be flexible and cope with unpredictability is another lesson business can take from the military. Helmuth von Moltke the Elder, Prussian army chief of staff in the mid to late 1800s, famously said that “no plan of operations extends with any certainty beyond the first contact with the main hostile force”. At Sandhurst, says General Ritchie, future military leaders are taught, almost from the beginning, that life is chaotic and that those that make the least mistakes are likely to prevail. The unpredictable nature of battle is reflected in their training.

For all its wisdom, though, military strategy is no panacea for corporate strategic planners. Nor should it be applied in cookie cutter fashion. “People try to take

Sun Tzu’s work and apply it directly to their organisations,” says McNeilly. “I don’t think that works very well. It requires a lot more thought, a lot more strategic creativity, about how you are going to accomplish your goals.”

There are some strategic tools and techniques that business could definitely profit from adopting, though. War games, the hypothetical simulation of various scenarios, were invented by von Moltke the Elder and can be adapted for corporate use. “It is something that businesses can do, and has a lot of advantages in that it is a risk free process, an intellectual exercise which gets you ahead of the competitors, and encourages experiential learning which is much more powerful than just reading about things,” says McNeilly.

In the meantime, you could always settle for some more strategic insights courtesy of Sun Tzu: “Deploy forces to defend the strategic points; exercise vigilance in preparation, do not be indolent. Deeply investigate the true situation, secretly await their laxity. Wait until they leave their strongholds, then seize what they love.” Ruthless stuff. □

CORPORATE

COMBAT



STEVE COOMER FINDS OUT FROM MAJOR GENERAL ANDREW RITCHIE, FORMER COMMANDANT OF SANDHURST, AND MARK MCNEILLY, AUTHOR OF SUN TZU AND THE ART OF BUSINESS, WHAT MILITARY STRATEGY HAS TO OFFER THE WORLD OF COMMERCE.

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ALUMNI

BY: SARAH BARRELL

Mixt Greens is a multi-unit, quick service eco-gourmet® restaurant concept that operates out of San Francisco, California. David Silverglide co-founded the operation after graduating from his MBA in 2004 and opened the first restaurant in April 2006. Two more followed in rapid succession and the company was named “the Greenest Restaurant in the San Francisco Bay Area” by a regional environmental non-profit that certifies eco-friendly restaurants. Jump forward three years and Mixt Greens has gone on to collect a number of accolades and has proved so successful that the investment vehicle of a large multinational corporation recently acquired the franchise with a view to rolling it out across the USA.

Not bad for a self-funded venture. Mixt Greens is the collaborative effort of David Silverglide, his wife Leslie Swallow (who did an MSc in Biodiversity, Conservation and Management at Oxford) and her brother, Andrew, a fine dining chef with more than 13 years’ experience. All three share a passion for food and environmental sustainability and saw a gap in the market for a high quality, quick service restaurant serving environmentally responsible food. The food is organic, sustainable, seasonal and sourced from local farms and it is served in containers made from one hundred per cent compostable corn. The buildings the company occupies are built with renewable, recycled, and environmentally friendly materials and kept clean with non-toxic biodegradable products.

Inventages Whealth Management has acquired Mixt Greens and will put it into a holding company with another restaurant group that will be converted into Mixt Greens outlets, enabling the brand to expand into Washington DC, Seattle and Los Angeles. “This has allowed us to grow our brand nationwide, almost overnight,” says David. “The deal came out of the blue but I think it has a lot to do with the way we’d positioned ourselves. We were the market leader in this area: we were doing one thing very well that no one else was doing.”

The long-term goal is to have hundreds of restaurants across the United States and make the brand as well known as US franchises like Chipotle (quick service, gourmet Mexican). “One of the things that the acquirer was most attracted to was how easily this format can be scaled up without losing its core value,” says David. “My wife is Sustainability Officer, so she will make sure we stay true to our environmentally friendly mission and we hope to lead by example. Mixt Greens shows people that you can be truly green, not just talk about it, and it still works for the bottom line.” David will serve as Senior Vice President of Development and Marketing on the board of the new company.

David credits his MBA with helping him found Mixt Greens and take it to the next level. “The courses in valuation and finance gave me the background to navigate the acquisition,” he says. “It allowed me to do the calculations myself and since day one, with the running of the business there have been aspects of the MBA course that I use all the time. To reduce costs we needed statistical predictions and models to work out what we produced daily, plus HR and marketing skills. The MBA equipped me with essential tools that I use every day.” □

MBA ALUMNUS DAVID SILVERGLIDE IS THE BUSINESS BRAIN BEHIND THE NEWEST AND GREENEST OF AMERICA’S QUICK SERVICE CONCEPTS.



GREEN CUISINE



10,000 WOMEN

THE FIRST HUNDRED CHINESE WOMEN ENTREPRENEURS GRADUATE FROM THE OXFORD-ZHEJIANG 10,000 WOMEN ENTREPRENEURSHIP CERTIFICATE PROGRAM.

“I WAS HONOURED TO BE A MEMBER OF 10,000 WOMEN, THROUGH WHICH I LEARNED MANY NEW IDEAS AND ADVANCED INSIGHTS FROM COURSES AND INSTRUCTORS, AND REKINDLED MY DREAM.”

The first 100 women in the Oxford-Zhejiang 10,000 Women Entrepreneurship Certificate Program graduated on 25 October 2009 at a ceremony in Hangzhou, China. The programme is part of the Goldman Sachs 10,000 Women initiative and has been developed jointly by the Saïd Business School at Oxford University and the Global Entrepreneurship Research Centre at Zhejiang University.

Helen Alexander, President of the CBI and Chair of the Saïd Business School's Advisory Forum attended the ceremony on behalf of the School, sharing a platform with Deshui Jin, the Vice Governor of Zhejiang Province. After speaking to some of the women individually, she said there was “no question” that the programme had made a huge difference to them. “They were very clear what they wanted to do and how to go about it,” she said,

“and they had learned hugely from each other as well.”

The programme was highly selective, with the first 100 participants chosen from more than 1,000 applicants. Aged between 20 and 45, the women completed the programme while continuing to run their own businesses or starting new ventures. They were involved in a broad range of industries and sectors from retail and leisure to technology and agriculture, healthcare and education. Some of their organisations had been in operation for as long as four years while others were still at the planning stage.

Zhejiang and Oxford professors worked closely together to develop and deliver a five-module programme designed to build up crucial business and entrepreneurship skills and competencies. The modules were supported by case studies, science park site visits, and a programme of lectures by financiers, lawyers and entrepreneurs.

A key feature of the programme was one-on-one support from mentors, including Goldman Sachs employees and Oxford and Zhejiang alumni, with whom the participants will remain in touch beyond graduation. Around fifteen Oxford University alumni volunteered to mentor the Scholars. They advised on their business plans, helped develop their entrepreneurial skills and leadership skills, and provided an international perspective.

The Goldman Sachs 10,000 Women initiative is a five-year campaign to foster greater shared economic growth by providing 10,000 under-served women around the world with a business and management education. The initiative is coordinated in local markets by a network of more than 70 academic and NGO partners. It is funded by Goldman Sachs and The Goldman Sachs Foundation. □

PROFILES

LIJUN (CECILIA) JIANG, MENTOR



“I was part of the Oxford MBA class of 2005–06 and have worked in commercial banking in China for more than 20 years. My present role is Vice President of Ping An Bank, Hangzhou Branch, in charge of Small and Medium Enterprises business in Zhejiang Province. Ping An Bank belongs to the Ping An Insurance Group and is the first integrated financial services conglomerate in China, listed in both Hong Kong and Shanghai.

As I am very familiar with the products and services that Chinese banks provide to their customers, and with new enterprises' demands for their business development, I thought my experience would be valuable to potential entrepreneurs.

I am very glad to be one of the mentors on the Oxford-Zhejiang 10,000 Women Entrepreneurship Certificate Program. My role as a mentor included giving a presentation to the class about my own experience of the core elements that women entrepreneurs need during their career development.

My mentee Qu Xiaoping was a yoga teacher in Zhoushan and was thinking of opening a yoga House for middle and high level customers. I gave her my suggestions for developing such a business in her city, what she needed to do in terms of market research, how to differentiate her new business from her competitors, and how to take care of management, financing and daily operations. I also helped review her business plan.

As a new bank in Hangzhou, at Ping An Bank we are eager to raise our own SME

customer base with good growth potential. I reported to our head office about my plan to assist the 10,000 Women Entrepreneurship Certificate Program and was delighted that they agreed both to sponsor the business competition prizes and the graduation ceremony as well as to offer further financial training to the women entrepreneurs after graduation to help them know how best to approach a bank for credit and to raise further funding in the capital market.

We are continuing to work with the programme and will arrange ongoing activities including seminars on financial services and an investors' meeting party. We also started some credit investigation work on the top 20 existing business plans and will work with our sister companies and other partners to provide more consulting and fund raising services to the women entrepreneurs.” ▶

XIANGLIAN JIANG, ENTREPRENEUR



Xianglian Jiang was born in 1976 in Wenzhou Zhejiang, a small town near the sea. In 2007, she joined the Ruian City

Rural Village Agriculture Association, and was subsequently elected vice president. The Association comprises 60 women working in rural agriculture, many of whom have little education and low earnings. Xianglian attended the Oxford-Zhejiang 10,000 Women Entrepreneurship Certificate Program in order to be better able to support the members of the association to grow their agricultural ventures.

"I think I absorbed more within this short period of three months than in my 30 years experience," she says. "Some people said it is more difficult to be a successful woman because women need to devote their abilities for both the business and their families. After studying, I don't think gender is so important. First of all, you must have an honest heart, be sincere, industrious, happy, ambitious to seize your chance, take responsibility and do your duty."

"I THINK I ABSORBED MORE WITHIN THIS SHORT PERIOD OF THREE MONTHS THAN IN MY 30 YEARS EXPERIENCE."

HONGFANG XIA, ENTREPRENEUR



Hongfang Xia was born in a remote village in Zhejiang Province. Her parents were farmers, and she had three

brothers and sisters. During summer vacations, while her better off friends played, she spent her time helping on the farm and selling water melons and green soy beans. After leaving school, her jobs included cutting hair, waiting on tables and selling bus tickets, until eventually she saved enough to train as a kindergarten teacher.

When the kindergarten she worked for went bankrupt, leaving the children with nowhere to go, Hongfang set up her own pre-school. She found a location, bought teaching and kitchen equipment, and hired teachers in ten days. Although her first venture was not successful, she persisted with her dream to own her own kindergarten and now has six purpose-built classrooms with more than 160 students, some of whom attend for free because their families are poor. "Though it's hard to earn lots of money from the business, I feel happy to contribute my efforts and dream to children's smiling," she says.

"I was honoured to be a member of 10,000 Women, through which I learned many new ideas and advanced insights from courses and instructors, and rekindled my dream. It's the closest point to victory when it's the most difficult. I will go on."

HONGMEI ZHANG, ENTREPRENEUR



Hongmei Zhang grew up from Anji, Huzhou, in southeastern China, which is famous for producing white tea.

In 2006 she leased around 450 acres among the hills of Changxing, her home town, and established the Heping Shixi tea plantation, growing traditional white tea.

White tea is a core industry in the area and there are thousands of farmers who work their own small plantation. Hongmei, however, has more ambition for her business than most. She plans to combine growing tea with setting up a tea-house chain in order to promote tea culture in China.

"My farm has already taken shape," she says, "but now I am ready to take over a large scale, cultural-type tea-house in Huzhou. Through this platform I can promote our long history of tea culture, and stimulate more and more local tea growers to take the road to be rich."



Left to right: Professor Zhongming Wang, Director, Global Entrepreneurship Research Centre, Zhejiang University; Deshui Jin, Vice Governor, Zhejiang Province; Helen Alexander, president of the CBI; Elizabeth Paris, Programme Director for the University of Oxford, Oxford-Zhejiang 10,000 Women Entrepreneurship Certificate Program.

"THE STUDENTS IN THIS PROGRAM ARE NOTHING SHORT OF REMARKABLE, AND THE PARTNERSHIP WITH BOTH OXFORD AND ZHEJIANG HAS CREATED A PRACTICAL, WORLD CLASS OFFERING," SAID DINA HABIB POWELL, MANAGING DIRECTOR AND GLOBAL HEAD OF CORPORATE ENGAGEMENT. "WE LOOK FORWARD TO FOLLOWING THE PROGRESS OF GRADUATES AS THEY GROW THEIR BUSINESSES AND CREATE JOBS IN THEIR COMMUNITY."

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11 MARCH '10

EVENT: OXFORD – MCKINSEY INTERNATIONAL SEMINAR SERIES

LOCATION: SAID BUSINESS SCHOOL, RHODES TRUST LECTURE THEATRE
TIME: 17:30-19:00
SPEAKER: PROFESSOR RAKESH KHURANA
THEME: THE FAILURE OF BUSINESS EDUCATION IN THE 20TH CENTURY: IMPLICATIONS FOR LEADERSHIP, BUSINESS AND THE 21ST CENTURY

The speaker, distinguished Sociologist, Rakesh Khurana, is Marvin Bower Professor of Leadership Development at Harvard Business School. He has made his name from two outstanding books: 'Searching for a Corporate Savior: The Irrational Quest for Charismatic CEO's (2002) and 'From Higher Aims to Hired Hands: The Social Transformation of American Business Schools (2007). His latest book 'The Handbook of Leadership and Theory Practice', will shortly be published by Harvard Business School Press. For further information, please email wesley.morrissey@sbs.ox.ac.uk

12 MARCH '10

EVENT: ANNUAL LUBBOCK LECTURE IN MANAGEMENT

LOCATION: SAID BUSINESS SCHOOL
TIME: 17:00
SPEAKER: HECTOR SANTS, CEO, FINANCIAL SERVICES AUTHORITY
THEME: REGULATION AFTER THE CRISIS

Hector Sants is the Chief Executive Officer of the Financial Services Authority. Prior to his appointment as CEO in July 2007, he was a Managing Director of the FSA responsible for Wholesale and Institutional Markets. In this role he had responsibility for all regulated markets, the related infrastructure such as clearing and settlement, the operation of the UK Listing rules, the regulation of firms or groups which conduct primarily wholesale or institutional market business and the associated policy framework. For further information, please email deborah.lisburne@sbs.ox.ac.uk

25 MARCH '10

EVENT: OXFORD INDIA BUSINESS FORUM

LOCATION: TAJ MAHAL PALACE HOTEL, DELHI
TIME: 9:00
THEME: EDUCATION FOR THE 21ST CENTURY

The Oxford India Business Forum provides a platform for global business leaders, academics, policy makers and sector specialists to debate some of the most pertinent issues affecting business, economic and social growth in this part of the world.

At this year's event, leaders will debate education for the twenty-first century. Proposed speakers (to be confirmed) include: Dr Manmohan Singh, Prime Minister of India; Rahul Gandhi, General Secretary of the Indian National Congress; Dr Suranjan Das, Vice Chancellor of the University of Calcutta; and Andrew Hamilton, Vice Chancellor of the University of Oxford. For further information, please email corrine.linekar@sbs.ox.ac.uk

14-16 APRIL '10

EVENT: SKOLL WORLD FORUM FOR SOCIAL ENTREPRENEURSHIP

LOCATION: SAID BUSINESS SCHOOL
THEME: CATALYSING COLLABORATION FOR LARGE-SCALE CHANGE

Social entrepreneurs with innovative solutions to critical issues – climate change, water scarcity, poverty, education and public health – cannot achieve impact at scale without forging cross-sector partnerships and alliances.

This year's Forum will engage the world's most influential social entrepreneurs, social investors and thought leaders from all sectors in critical discussions, debates and work-sessions designed to create partnerships, networks, knowledge and collaborative pathways between the social, policy, academic and private sectors. For more information go to www.skollworldforum.com

11-13 MAY '10

EVENT: CLARENDON LECTURES IN MANAGEMENT STUDIES

LOCATION: SAID BUSINESS SCHOOL
TIME: T.B.C.
SPEAKER: PROFESSOR KATHLEEN M. EISENHARDT
THEME: INNOVATION AND THE ENTREPRENEURIAL FIRM

Professor Kathleen M. Eisenhardt, Professor of Strategy and Organization at Stanford University and the Research Director of the Stanford Technology Ventures Program will give the Clarendon Lectures in Management Studies at the Said Business School on 11, 12 and 13 May 2010 on the subject of "Innovation and the Entrepreneurial Firm". Professor Eisenhardt is well known for her work on strategy, strategic decision making, and innovation in rapidly changing and highly competitive markets. She is the co-author of the book *Competing on the Edge: Strategy as Structured Chaos*. For further information, please email clare.andrews@sbs.ox.ac.uk

03-05 JUNE '10

EVENT: CLARENDON LECTURES IN FINANCE

LOCATION: SAID BUSINESS SCHOOL, LECTURE THEATRE 5
TIME: 17:30 EACH DAY
SPEAKER: PROFESSOR MARCO PAGANO
THEME: LABOUR AND FINANCE

Marco Pagano, Professor of Economics at the University of Naples Federico II, will give the Clarendon Lectures in Finance 2010 on 03, 04 and 05 June on the subject of "Labour and Finance". Professor Pagano is a consultant to the Italian Treasury on the reform of security markets, and a member of the Treasury's commission for privatisations. Most of his work is in the area of financial economics, especially in the field of stock market microstructure. The Lectures are organised by Oxford University Press and Said Business School. For further information, please email michael.burt@oup.com

GOVERNMENTS NEED TO TAKE A DIFFERENT APPROACH TO CREATING BETTER PUBLIC SERVICES, SAYS **KEITH RUDDLE**.

TOGETHER WE CAN

At Oxford many international politicians and public managers pass through our Executive Education programmes – sharing their wisdom but seeking “magic management bullets”. Most recently in our programme with the World Bank and the Isle of Man, we spent two weeks with senior government leaders from 24 smaller nations – all grappling with reform and change in a turbulent world. In the UK this for me also included training Tony Blair’s “government in waiting” at Oxford before their historic 1997 election. Since then I have joined various attempts at modernising the UK government machine, most recently chairing a UK Cabinet Office conference on public service reform and working with leadership teams in different Whitehall Departments. The Brown government continues to battle with its own agenda for transforming public services, but is faced with doing it alongside major public spending cuts. So what are we learning about new roles for government?

In the UK many return to an 1854 report by Northcote and Trevelyan on the British Civil Service which set the tone for public service, then mainly a service to the governing elite. Out of that emerged the

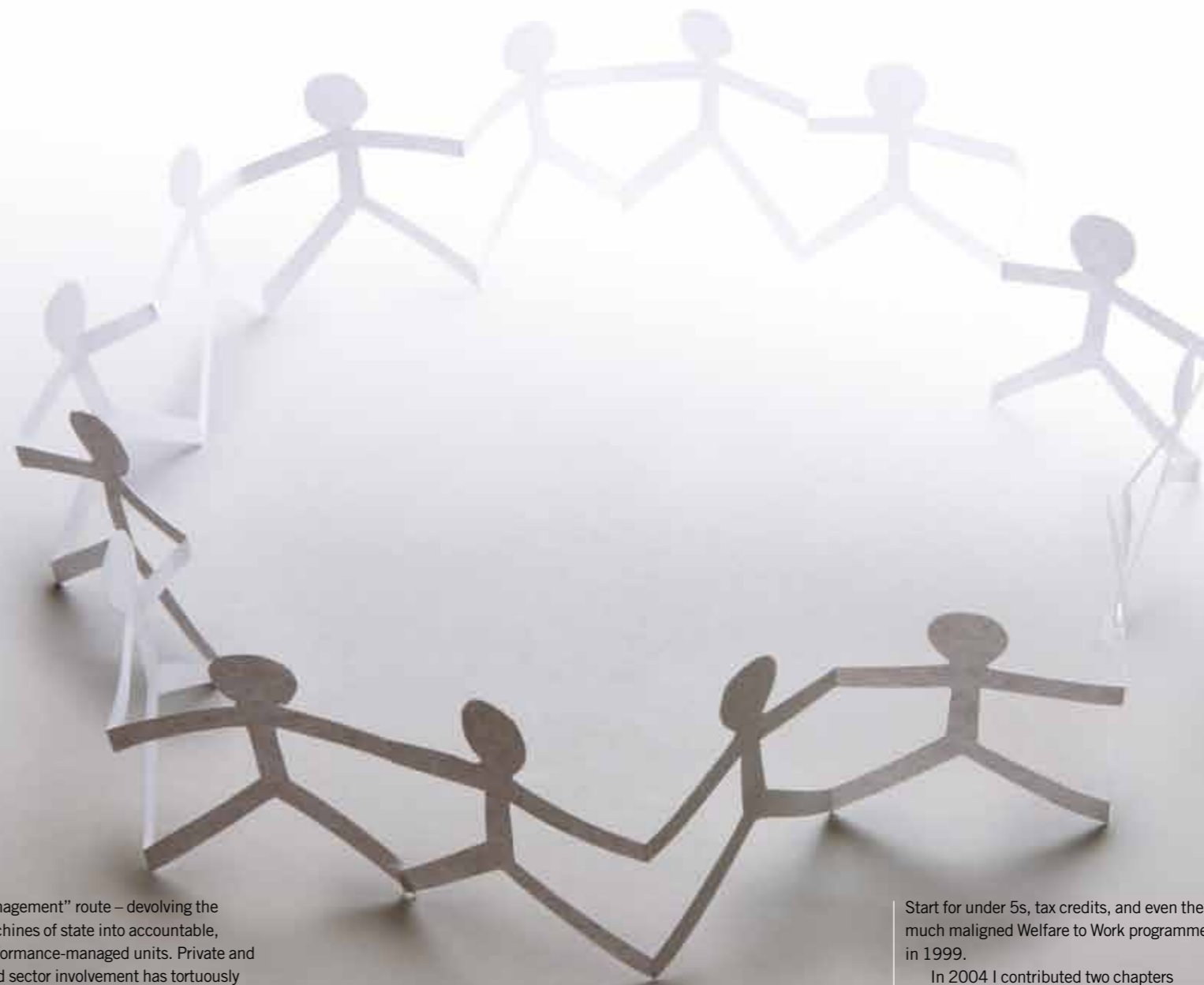
curious professional art of running large and global bureaucracies (yes, the empire) with discipline and a mind for order and status quo. For the humble citizen the mindset was “*I belong*” to the state. Post World War II saw a significant shift. The citizen moved into “*I need*” and the government, with the electorate’s blessing, moved to providing not only the welfare state (witness the NHS set up in 1948) but a vast array of public services through nationalisation. The state as bureaucratic (probably inefficient) provider, but with a “we know best” attitude, was in full swing.

The 70s and 80s brought a citizen who said “*I want*” with a suspicion that hands-on state was the wrong answer. Thatcher and colleagues deployed a first wave of managerialism: efficiency, financial and general managers, and an ideology that the market – often private enterprise – would provide. Energy, water, transport, telephones were floated off. Central government started reducing its size in favour of arms length agencies and providers. The state retained critical control over defence, and law and order, and politically-sensitive education and health.

Blair’s 1997 Labour Government tried continuing down this “new public

management” route – devolving the machines of state into accountable, performance-managed units. Private and third sector involvement has tortuously continued through outsourcing, financial partnerships, and contestability. Even in the historic public monoliths of health and education, reforms in the last decade have attempted to stimulate performance (and innovation) down to locally governed trusts, emerging private sector involvement and partnerships. By 2008 in the UK there were still, however, around six million people employed in public service but by now in many different kinds of organisations.

All this should have seen a change in central government’s role. In the US in the 1990s Osborne and Gaebler’s Reinventing Government set out a mantra for how public sector could be community-led with the state concentrating on purpose and outcome and then “steering not rowing” the process. Surely the state cannot direct a large and complex system such as the National Health Service, which comprises 1.4 million people and 20,000 plus organisations? New Labour, however, has perhaps achieved most success with centrally targeting key spending and capacity on core areas of improvement: hospital waiting times, school literacy, Sure



Start for under 5s, tax credits, and even the much maligned Welfare to Work programmes in 1999.

In 2004 I contributed two chapters to Liam Byrne and Phil Collin’s audit of progress called Reinventing Government Again (Social Market Foundation). We found patches of innovation and real progress but still a reluctance to rely on the “devolved market” for politically visible services. This has not been helped by the stumbling of private providers such as rail companies, London Underground, British Energy and indeed some notable banks – where the State has had to step back in control. The public still holds central government to account for hospital deaths, lost IT data, and late student grants fiascos. By 2008 the central Civil Service was admittedly down from one million in 1960 but still comprises 500,000 across Whitehall departments including a lot of front line “delivery” such as passports, tax and benefits offices.

What strategies are next for public services and a new 2010 UK Government of any colour? Impatient politicians and public demand a faster pace in finding solutions to problems such as health reform, poverty, welfare to work, transport infrastructure and now climate change. All this is amplified

by the rampant expectations of society in an information world that tells citizens that there is a choice of better service elsewhere. Here lies the kernel of the next wave of change – citizens and societies are starting to take the initiatives themselves to reinvent public services by connecting it with their own lives. Change is co-created at the front line between citizen and state. In the UK healthy living centres, local eco-towns and social enterprises are examples. We are moving to a “we can” public compact.

Such community-owned approaches can also create real opportunities for better ‘joined up’ service at lower cost – witness the government’s recent Total Place ideas and indeed some ‘progressive’ local authorities (of varying colours) stripping down services to lean ‘only as needed’ work. Both government and opposition parties are grasping at this as part of the solution to both citizen demand as well as severe funding issues hitting the public purse. Recent Labour public service reform agendas get close to this – including the latest ‘Smarter Government’ plan issued in December 2009, espousing again the role of citizen and front line, changing the role of the centre to be more enabling, and streamlining central government.

Will it work this time? If progress isn’t made then “slash and burn” budget cuts and disillusionment with government could see central civil services reduced by 2020 to the role of regulators and funders, and a market free-for-all delivering patchy services all round. A more optimistic scenario could be a reinvented central government that has embraced new leadership capabilities of enabling a more complex world of public services that changes from the bottom up. Places such as Sweden, New Zealand, Canada and others provide examples. Key will be a new leadership capability that can carefully set and navigate different boundaries for state involvement; enable and work with multiple, flexible delivery methods – including public, private and social enterprise; provide adaptive and strategic leadership for a complex and fast changing system, using central control wisely; and find ways of empowering citizens and communities with new styles of democratic involvement in public services and active citizenship.

The Brown regime – or Cameron if the runes read right – will have to face up to these challenges. □

Keith Ruddle is Fellow in Leadership, Organisation and Change at the Saïd Business School, University of Oxford.

FAST FORWARD

BY: SARAH BARRELL



DAVID ROSENHEIM
CEO, JAMBASE.COM

David Rosenheim began his career during college as a touring and recording musician leading acts like Hugh and The Weather Band. Two decades, countless musical allegiances and several professional incarnations later, he is now CEO of JamBase.com, one of the world's leading sources of live music and concert information.

David founded his first Internet music enterprise, inkblotmagazine.com in 1997, quickly moving on to create musicfans.com, which comprised 120 of the largest unofficial fan sites. One of the sites, dedicated to the band, Phish, was owned by JamBase founder, Andy Gadiel. Musicfans.com briefly owned JamBase, but sold it back to Gadiel before the Internet bubble burst in 2001.

David then went on to consult for JamBase before beginning his MBA at Saïd Business School, drawn to the one-year programme because of its entrepreneurial focus. "I had gone from a career as a recording/touring musician to running a VC backed company," explains David. "I learned a ton on the job but felt there were many holes in my skill set. I had the entrepreneurial bug and I wanted to round out my skills before launching my next venture."

After graduation, David was taken on as CEO of JamBase in 2006. One of his inaugural jobs was to raise a round of funding, something he swiftly accomplished, largely thanks to winning the first Saïd Business School Venture Fund competition, which pitted the company against 80 Oxford-related businesses. "It was great," says David. "JamBase had been bootstrapped and I was in the process of finding funding when we won the competition. There were a lot of investors sitting on the fence and it really raised confidence. We ended up oversubscribing the run – more than doubling it."

JamBase is a search engine that includes tour dates from over 60,000 artists performing in over 75,000 venues worldwide. Established in 1998, JamBase has grown into a half-million strong community of live music fans. The company also provides top brands with music marketing and data syndication solutions and works closely with leading concert promoters and record labels like Live Nation, AEG-Live, Warner Brothers Records and Universal Records.

The company added the millionth live music show listing to its database this year and released a free iPhone app, a service providing users with live show listings in their local area using GPS. "The iPhone app is one of a number of big things we've done this year," says David. "It's a good example of what we can do with our data. We now power AOL Music and Billboard and have just closed a deal with a large retailer. In coming months, through partnerships, millions more consumers will find JamBase in different platforms." □



GWYN JONES
CEO ISYNDICA

Gwyn Jones (MSc Management Research) is a serial technology entrepreneur. A high-school dropout, Gwyn joined a Cambridge-area start-up that went on to be one of the first UK tech IPOs. He has subsequently been involved in creating Serif – a UK-based graphics and publishing software developer with around six million users – and VistaPrint – a French online printing company with 20 million customers, now a US\$2.5 billion NASDAQ-listed company.

Gwyn is a firm believer in the power of free marketing and the success of these companies was driven by low cost, high value technology products, and extensive viral promotion using free software and free business cards.

Gwyn's most recent project is iSyndica, started in early 2009. The company recently raised US\$500k of Series A funding and was chosen as "one of the most promising web 2.0-related start-ups" by Silicon Valley based VentureBeat, and VC firm Canaan Partners. iSyndica is an online service for stock photographers, video producers and illustrators to manage and distribute their microstock portfolio. The service eliminates the need to upload files to several microstock agencies and social media sites by storing and distributing customer's files and providing them with statistics, all in one place. It supports a growing list of stock agencies and operates on Amazon Web Services (AWS), helping sellers to market more electronic content and physical products across multiple e-commerce sites.

"Oxford is a global brand, which gives you credibility wherever you work," says Gwyn who has worked in the UK, France, USA (Boston and San Francisco) and, currently, Singapore. "Singapore is an innovation hotspot, thanks to massive government support during the economic downturn," says Gwyn. "It's said that Singapore is investing the same GDP percentage in new start-ups and innovation support as the USA is using to bail out bad banks. I'd encourage any Oxford entrepreneur to consider Singapore as a potential location for their start-up." □



TERRY BEECH, MBA
CO-FOUNDER,
DESIGNTOURNEY.COM

MBA alumnus, Terry Beech has launched designtourney.com, which connects designers to businesses seeking graphic design. It draws on a pool of designers from 98 countries, connecting them to clients in all continents apart from (as yet) Antarctica. Terry launched the site this autumn with co-founders, Doug Beech (Terry's brother) and coder, Arash Afrooze.

Terry started the company while completing his MBA. "Start-up businesses and non-profit organisations don't need a logo that costs \$1000-plus," says Terry. "Traditional design is slow, expensive and ambiguous." By contrast designtourney offers a detailed brief, filled in by the client, posted live to thousands of international designers. The designers submit their concept and the client ranks the entries and provides feedback. Designs are revised until the client selects their ideal. "The whole process takes about a week and the fee (entry cost US\$200) goes to the winning designer."

Terry chose Oxford for his MBA because of its international student body and convenient one-year programme. "The MBA at Saïd attracts a talented group of students and over half of my Oxford experience was interacting with these brilliant minds," says Terry, who was part of the Oxford team that won the European final in this year's Venture Capital Investment Competition (VCIC). The company is currently seeking angel finance and will put in an application to next year's Saïd Business School Venture Fund Competition. □



RAJEEB DEY
CEO AND FOUNDER,
ENTERNSHIPS.COM

Rajeeb Dey completed his MBA at the Saïd Business School in 2008, graduating as the longest serving President of Oxford University society, Oxford Entrepreneurs. It's only a year since his graduation but the accolades look set to continue. Along with being a recipient of the Goldman Sachs Global Leaders Award and the Waldzell Institute's Architect of the Future Award, in Autumn 2009, Rajeeb was named Young Entrepreneur of the Year in the O2 X Awards for his business Enternships.com. ▶

Launched in May 2009, Enternships.com is transforming the field of graduate recruitment. The company connects students and graduates to start-ups and small-to-medium-sized enterprises worldwide who provide entrepreneurial work placements. Over 500 companies have already signed up to offer internship opportunities in locations from London to Mumbai.

The award was announced at a national final held in London this October, attended by celebrity entrepreneurs including Shaf Rasul, Will King and Nicky Kinnaird. Rajeeb received the top prize of £5,000 plus business mentoring from leading entrepreneur Michelle Dewberry, winner of BBC's The Apprentice and founder of successful small online business, Chiconomise.

Raj is heavily involved in encouraging entrepreneurship in the UK with a strong background in social enterprise and education. "Rajeeb is an inspirational young entrepreneur and fully deserves to be named as the O2 X Young Entrepreneur of the Year," said Simon Devonshire, Head of O2 SME Marketing. "He has applied his own experiences to find a gap in an already tough business field, and has demonstrated business acumen and insight far beyond his years." □



DAVID DINKIN
CONSULTANT

During his 22-year consulting career, David Dinkin served clients across the international financial services industry, focusing on issues of strategy and organisational change. In the mid to late 1990s he led both Accenture's UK Insurance consulting practice and its European Insurance Strategy consulting practice.

At this time, he also became involved in helping various not-for-profit organisations, most notably VSO (Voluntary Services Overseas), with the formulation of their strategies. In VSO's case this led to "Focus for Change", a new strategy which specified where the organisation would and would not work geographically and what areas it would target with the objective of adding value from the centre via a centralised operational planning process designed to leverage resources, capabilities and knowledge more effectively across its network.

In 2002 David left Accenture to pursue a range of new personal and professional interests, including working in executive education at Oxford and starting his doctoral programme. During this time he was asked to join the main Board of VSO as trustee, with particular oversight of its ongoing strategic and organisational development, including now, oversight of the development of further strategy reformulation.

"VSO has changed enormously and grown hugely," says David. "When we first formulated the Focus for Change strategy, VSO was basically a UK

charity, but it's now much more of an international and interdependent federation of volunteering-based organisations."

David's doctoral studies at Saïd Business School have influenced his work at VSO. His thesis explored "meta strategising" – the political and social activity involved in the genesis and design of formalised strategy-making. "Great strategists – CEOs and strategic leaders – ask the right questions right up front about how strategy comes to be in organisations," he says. □



STEPHANE GIROD
ACCENTURE

Stephane Girod joined Accenture two years ago, after graduating from Saïd Business School with a DPhil in Strategic Management. As a Research Fellow with Accenture's Institute for High Performance, he undertakes projects in areas that contribute to the company's thought leadership in the evolution of emerging-market multinationals, and in organisational strategy for multinational enterprise from developing/emerging markets.

"My thesis at Saïd was about reorganisation and change management within the organisational strategy field. I do the same at Accenture but much more qualitatively," says Stephane. "It's very applied research with a bit of consulting work, giving companies a critical eye from the outside and providing generalised global research based on comparisons across companies."

Managing the consequences of fast growth is a key strategic challenge faced by emerging-market multinationals today. Many have internationalised very fast, early in their existence. "Finding efficiency and synergy across borders but remaining good locally is a big challenge for recently expanded companies," says Stephane.

How do these multinational companies deal with this challenge? For example, in the telecoms industry the convergence of hardware and software technologies is creating new demands for integrated and wireless telecommunication services. This brings about challenges in accessing resources and knowledge. For this, multinationals have to think about their partnership strategy.

"Multinationals have to reconcile their global partnership strategy with their local content strategy and this creates organisational trade-offs to manage," says Stephane. "And convergence also creates difficult organisational decisions around the management of innovation. How do they scale innovation globally to thrive on convergence and simultaneously leverage innovation coming from local opportunities?"

In the oil and gas industry the big challenge for multinational executives is to access resources and get blocks for exploration and production in resource-rich countries. "They must appear very committed partners to local host governments and their national oil companies," says Stephane. "But they also have to figure out how to create global delivery methods that they will be able to roll out across countries and that will strengthen their relationships with local governments. Our research project provides new answers to these questions." □

ALUMNI

BY: SARAH BARRELL



TORSTEN HOFFMANN,
AN ALUMNUS OF THE SAID
BUSINESS SCHOOL'S EXECUTIVE
MBA PROGRAMME, BRINGS
THE WILDERNESS A BIT
CLOSER WITH THE LAUNCH
OF WILDEARTH.TV.

SITTING ROOM SAFARI

The wilderness just got a bit closer, with the launch of WildEarth.TV, an interactive online channel broadcasting live safaris into your living room, office, or phone from South Africa. The channel is the brainchild of Torsten Hoffmann, an alumnus of the Saïd Business School's Executive MBA programme.

WildEarth makes use of social media such as Facebook and Twitter. Viewers can ask the park rangers questions as they move around the game reserve, make requests and follow up on animals stories as they develop. This format goes beyond the realm of a traditional wildlife documentary allowing the viewer to be, in effect, their own producer, programmer and co-presenter.

WildEarth.TV broadcasts daily at a select time from the Djuma Game Reserve in South Africa. Eventually the channel aims to cover wildlife in destinations worldwide with the format suitable for everything from diving

in the Galapagos to polar bear tracking in Alaska. "Wildlife is my passion," says Torsten Hoffmann, Director of Distribution. "TV audiences are increasingly moving to interactive, real-time entertainment and so far we are the only live wildlife channel. Our format is more rugged than something like National Geographic and has more impact – and our production costs are much lower."

Torsten began his Executive MBA when he started his company, Global Media Consult, an international consultancy in the TV industry. The company represents 30 TV channels worldwide (including WildEarth) and helps them access different markets. It works with channels as varied as Bloomberg Television, music, science, documentary and sports. It also develops new media companies, which includes start-up fundraising. "All my EMBA papers are focused on developing the business," says Torsten. "For my Entrepreneurship Project I will present this new concept channel

(WildEarth.TV) to investors, so my course should directly help me to secure funding."

Torsten was born and educated in Germany and spent a year studying in Malaysia as part of an international business programme. On graduation he travelled the world for a year before taking up a middle management position with Kabel Deutschland (the largest German cable company). He decided to do an Executive MBA to follow long-held plans to start his own business and chose Oxford because he knew its EMBA programme would help build his entrepreneurial skills.

"The network I built at Saïd has opened many doors in the media industry and given me a better understanding of the venture capital scene," says Torsten. "I now aim to take my involvement with WildEarth to the next level by becoming a shareholder and growing the company internationally." □

Should we try to imitate the most successful firms? Firms that are exceptionally successful and dominate their sector, such as Microsoft, are often held up as shining examples in the press and in strategy textbooks, while executives in other firms try to figure out the secrets of their success. This focus on successful firms generally assumes that success is a sign that an organisation has been managed effectively. That is, successful firms are more likely than less successful firms to be efficiently managed and thus more worthy of praise and imitation. I want to challenge this idea.

I do not wish to contest the sensible claim that efficient management is valuable and increases a firm's chances of success. What I want to point out is that it does not follow that successful firms are likely to be better managed than less successful firms. The reason is that exceptional success is likely to be influenced by many other factors in addition to effective management, including risk taking and luck. As a result, exceptional success may be a poor indicator of efficient management.

To understand this, it is important to realise that there are some practices that increase average performance while

reducing the probability of exceptional performance. For example, working in the consulting industry, while attractive in many ways, is unlikely to lead to exceptionally high income, at least when compared to what successful hedge fund managers earn. Of course, this does not mean that a career in consulting is unadvisable. On the contrary, such a career probably has a higher expected lifetime financial value than a career in hedge funds, especially when we consider all the people who have tried but failed to make money in hedge funds.

Many valuable management practices have a similar profile: they increase expected earnings but may reduce the probability of exceptional success. In contrast, exceptional success may require excessive and perhaps irrational risk taking. Thus exceptional success can be an indication of poor rather than effective management.

To illustrate this, consider the area of forecasting. Managers and entrepreneurs are often assessed on their ability to forecast the success of new ventures. Entrepreneurs and managers who can "see what is next" and successfully invest in the "next big thing" become rich and may end up on the cover of business magazines. The implicit assumption is that only someone with good judgment and a remarkable ability

to assess the situation could have been able to formulate such an accurate vision. In a paper with Christina Fang at New York University we have argued, and illustrated experimentally, that an accurate vision about the next big thing may in fact be an indication of defective judgment and poor forecasting ability.

Very few products become very successful. Thus, it is very unlikely that the product in front of you will become the next big thing. Rational managers, who are aware of this, avoid making extreme predictions, unless the product they observe is truly exceptional. In contrast, less rational managers, who rave about any new technology, are more likely to think they have identified the next big thing. Most of the time such predictions will be off the mark. But because these less rational managers are more likely to call something the next big thing, it is also more likely that such a manager will be the one who "succeeds" in forecasting the next big thing. In this way, accurate forecasts of the next big thing will be associated with defective management practices.

Another reason why exceptional performance may be a poor indication of effective management is that exceptional performance usually occurs in industries

and settings in which chance, rather than the quality of management practices, matters most.

Exceptional performance is more likely in industries where there are strong first-mover advantages or when "winners-take-it-all". In such settings, small differences between firms are magnified and the winner achieves high profits for an extended period while losers have low profits. In these settings, a firm can achieve high and sustained profits even if its products are only marginally superior to others.

Exceptional performance is less likely to occur in competitive industries with few barriers to entry, unless of course some firms truly are much more efficient than the others in that industry. The implication is that exceptional performance is more likely to occur in settings where it is less impressive. Moreover, lower and less sustained performance can sometimes be more impressive, if it occurs in competitive industries in which high profits can only be achieved by being much more efficient than others.

Finally, it is useful to remember that imitating the practices of exceptionally successful firms may be dangerous if these practices are the result rather than the cause of high performance. High performance

can change a firm and may lead it to adopt less valuable practices. For example, high performing firms can afford to adopt the latest management fashions. In this case, the latest management fashions will be associated with high performance, even if adopting the latest management fashions actually has a small negative effect on performance. More generally, firms with high performance may be under less pressure than firms with low performance to carefully examine the value of the practices they adopt.

These cautionary remarks do not imply that firms should imitate losers rather than winners. But they suggest that managers should reflect more carefully on what is actually impressive in business and realise that exceptional success may be due more to luck and excessive risk taking than the quality of management practices. □

Jerker Denrell is Professor of Strategy and Decision Making at the Saïd Business School.

SUCCESS STORIES

IMITATION MAY BE THE SINCEREST FORM OF FLATTERY, BUT IT IS NOT NECESSARILY THE BEST ROUTE TO SUCCESS, ARGUES **JERKER DENRELL**.





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