



H A R V A R D | B U S I N E S S | S C H O O L

HBS Europe Research Center (ERC) UPDATE FEBRUARY - JULY 2010

In this update: New publications on Barclays Wealth: Reignite WAR or Launch AlphaStream?, Roche's Acquisition of Genentech, and Mercadona; ongoing research in Technology and Operations Management, General Management, and Organizational Behavior; ERC case interviews and field research in Switzerland, Germany, France, The Netherlands and Italy; alumni receptions and faculty presentations in France, a European Leadership Council meeting in Paris, and a Global Colloquium on Participant Centered Learning on campus.

NEWLY RELEASED CASES

Case: Barclays Wealth: Reignite WAR or Launch AlphaStream?

Co-authored with Senior Lecturer Lena G. Goldberg, the case features Thomas Fekete, Managing Director at Barclays Wealth in London, who in late January 2009, redeemed the most illiquid positions in the so-called Wealth Absolute Return Fund (WAR), one of Barclays Wealth's most promising offshore funds of hedge funds, and halted the Fund's investment activities. For Fekete, the decision to declare the WAR funds a "failed experiment" marked a turning-point. In May 2009, money from the redeemed underlying funds would become available, and by that date, he had to develop a new investment strategy. Fekete faced two options. Option one was to revive the WAR Fund. Option Two was to shelve the WAR Fund and launch a new fund of UCITS regulated funds domiciled in Europe with UCITS qualification. Which strategy would be the best way to invest during this period of crisis, to the benefit of both Barclays Wealth and its clients?

Case: Roche's Acquisition of Genentech

Co-authored with Professors Carliss Y. Baldwin, Bo Becker, the case features Franz Humer, CEO of the Roche Group, who must decide whether to mount a hostile tender offer for the publicly-owned shares of Roche's biotechnology subsidiary, Genentech. The case provides opportunities to analyze Roche's strategy with respect to Genentech, the pros and cons of merging the two companies with different cultures, the value of Genentech, and the tactics of a hostile tender offer.

Case: Mercadona

Co-authored with Professor Zeynep Ton, the case presents the predicament of a company trying to do right by its customers and its employees as the economic crisis of 2008 hits home. Fifteen years earlier, this Spanish supermarket chain had adopted its own version of total quality management, called the Total Quality Model, switching from the industry's traditional high-low pricing to "always low prices" and continuous improvement. These changes called for a well-trained, empowered, and enthusiastically engaged workforce dedicated to providing the best products and service to their customers, who were always and seriously referred to as "the Bosses." The Total Quality Model had been a success in terms of company growth and profitability, sustained by the success of Mercadona's unusually high investment in employee training and satisfaction. Nevertheless, when sales dropped in 2008, CEO Juan Roig concluded that Mercadona had let its customers down by not keeping prices low enough for such hard times. Mercadona set about lowering its prices, reducing product variety and lowering its financial targets for 2009. But Roig must still decide what to do about employee bonuses. Since Mercadona did not meet its 2008 targets, the company policy is that no one--not even top management--gets a bonus. But Roig knows that his employees worked hard and well in 2008 and cannot be held responsible for the downturn or for management's failure to react quickly enough.

This update from the HBS Europe Research Center summarizes ongoing and future projects at the center. To stop receiving the update, contact osichi@hbs.edu.

SAMPLE RESEARCH IN PROGRESS

The ERC is currently working on several cases and research projects such as:

- A case on disaster situations and effective response to them with Prof. Dutch Leonard, GM
- A case on different management aspects in a French public hospital with Prof. Richard Bohmer, TOM
- A case on a young manager in a difficult situation with Prof. David Thomas, OB

The ERC is also exploring a possible case on a company in the energy business and its positioning strategy in the liberalized energy retail market with Professor Noel Maurer, BGIE.

VISITS INVOLVING THE CENTER

Research activities in February through July 2010 involved case site interviews in:

- Switzerland, for a case on a European company that has successfully developed its market presence in China with Prof. Gunnar Trumbull, BGIE,
- Germany for a case exploring the national labor market context in Germany with Prof. Gunnar Trumbull, BGIE,
- France on a company's positioning strategy in the liberalized French electricity retail market with Prof. Noel Maurer, BGIE,
- France for a case on fundamental aspects of public healthcare delivery with Prof. Richard Bohmer, TOM,
- France for a case on a bicycle-sharing program with Prof. Peter Coles, NOM,
- Netherlands for a case on a young manager in a difficult situation with Prof. David Thomas,
- Italy for a case on company in the luxury hotel business with Prof. Elie Ofek, MKT.

In addition, we were happy to see here in Paris:

- | | |
|----------------|--|
| HBS Faculty | <ul style="list-style-type: none"> • Prof. Noel Maurer, BGIE, who made a presentation at the ERC for HBS local alumni • Prof. Forest Reinhardt, BGIE • Prof. Richard Bohmer, TOM, who made a presentation at the ERC for HBS local alumni • Prof. Nabil El-Hage, Senior Associate Dean for External Relations, who made a presentation at the ERC for HBS local alumni • Prof. Peter Coles, NOM • Prof. Rajiv Lal, MKT, GMP Chair, who made a presentation at the ERC for HBS GMP alumni • Prof. Gunnar Trumbull, BGIE • Prof. Mukti Khaire, EM |
| HBS Staff | <ul style="list-style-type: none"> • Heather Lamb, MBA Admissions • Jana Kierstead, Managing Director, MBA Career Services • Cathy Hutchinson, Assoc Director, MBA Career Services • Susan Hamilton, Senior Development Officer and Director of International Relations, External Relations • Keelin Deasy, Program Coordinator, HBS Global Initiative • Mr. Alessandro Di Fiore, President of HBR Italy • Mary Ann O'Loughlin, Director, Corporate Relations & Market Development, Executive Education • Vicki Good, Portfolio Director, Executive Education • Bobbi Carrey, Portfolio Director, Executive Education |
| Other Visitors | <ul style="list-style-type: none"> • Catherine Bouvier D'Yvoire, MBA'82, Director, Public Sector Advisory Group at Citigroup • Pascal Vinarnic, Financier, founder of Fondation Demeter • Prof. Mel Horwitch, MBA'69, Director, Institute for Technology & Enterprise, Polytechnic Institute of NYU • Mr. James Cogels, Associate lawyer at Dal & Veldekens, Brussels • Ms. Kathleen McCarthy, Fullbright Scholar at the Swiss Federal Institute of Technology,ETH |

- Dr. Ulf M. Schneider, MBA'93, President and CEO of Fresenius SE, and Chairman of the HBS European Advisory Board
- Mr. Alan Thomson, President of the Institute of Chartered Accountants of Scotland (ICAS)
- Mr. David Wood, Executive Director, Technical Policy, of The Institute of Chartered Accountants of Scotland (ICAS)
- Mr. Maxime Legrand, President of "Project Education"
- Mr. Claude Janssen, MBA'55, Chairman of the Intl. Council, Insead
- Dr. Carina Beckerman, Researcher and Assist Prof. at Stockholm School of Economics
- Mr. Jean-Pierre Brice, Assoc Partner at "Capital Partner", Treasurer of the Club des Trente
- Mr. Jacques Gagnon, Director of Bureau Europe, Laval University, Quebec
- Prof. Frédéric Dalsace, MBA'90, Associate Professor of Marketing, HEC Paris
- Prof. Fabrice Mauleon, ESCEM
- Mr. Régis Volot, Hotel Manager, Dolce Chantilly
- Ms. Jemine Rewane, MBA'09
- Mr. André François-Poncet, MBA'84, EAB Member, Managing Partner at BC Partners

EVENTS

Meeting of Executive Directors of the Asia-Pacific, India, Japan, Latin America and Europe Research Centers, Boston, February and May: Vincent Dessain also met with several faculty members across all units to discuss ongoing cases and pitch new European case leads. The trip also included meetings with staff members.

HBS Alumni Reception and Faculty Presentation with Professor Noel Maurer, BGIE, Paris, March: HBS alumni were invited to a presentation by Professor Noel Maurer, BGIE, on his recent research: "The Iraqi Oil Industry and the Rise of State Giants". Attendees were welcomed by Vincent Dessain, ERC Executive Director, who made opening remarks.

European Leadership Council (ELC) Meeting in Paris, March: The ELC members were welcomed by Professor Forest Reinhardt, Faculty Chair of the European Research Initiative, Mr. Jim Barry, Chief Executive Officer of NTR plc, and ERC Executive Director Vincent Dessain. A panel of ELC members, Hubert Birner, Sherry Coutu, Christine Funck, Christian Salamon, and Karen Wilson offered their perspectives on Entrepreneurship in Europe. The work of the MBA Career and Professional Development team was discussed. ERC Executive Director Vincent Dessain presented an update on the Center's activities. Susan Hamilton joined the ELC members for lunch.

Workshop-Discussion hosted by Centrale de Cas et de Médias Pédagogiques (CCMP), March: CCMP, a major editor and distributor of case studies in France organized a workshop on the Significance and pertinence of the case method for higher management education in 2010. The event gathered academia as well as economic actors. ERC Executive Director Vincent Dessain, attended and participated in this workshop.

HBS Alumni Reception and Faculty Presentation with Professor Richard Bohmer, TOM, Paris, April: HBS alumni were invited to a presentation by Professor Richard Bohmer, TOM, on his recent research: "Designing Care: Aligning the Nature and Management of Health Care". Attendees were welcomed by Vincent Dessain, ERC Executive Director, who made opening remarks.

HBS Alumni Reception and Faculty Presentation with Professor Nabil El-Hage, Senior Associate Dean for External Relations, Paris, May: HBS alumni were invited to a presentation by Professor Nabil El-Hage on: "HBS, Present and Future". Attendees were welcomed by Vincent Dessain, ERC Executive Director, who made opening remarks.

Deutscher Unternehmer Preis 2010 of the Harvard Clubs of Germany, Frankfurt, June: ERC Executive Director, Vincent Dessain joined the jury panel for the 2010 Entrepreneur Prize organized by the Harvard Clubs of Germany. The prize will be awarded in 4 categories: start-up, franchise, SME/Family, SME/Family –

Succession. The event was sponsored by UBS, Conteam Gruppe, Rabobank, Dorma, with participation from Daimler, Lufthansa and SAP.

As a part of the **Executive Education Open Enrollment Programs** held for the first time in Chantilly, just outside Paris, in June:

Global Energy Seminar – Europe: This program designed to deliver the latest insights on energy development and distribution around the globe gathered senior decision makers for an intensive learning experience. The program was led by Harvard Business School faculty: Professors Rawi Abdelal, Richard Vietor, Forest Reinhardt, BGIE, and Professor Rebecca Henderson, GM, STRAT.

Leading High-Performance Healthcare Organizations – Europe: This program examined the diverse and complex challenges that confront healthcare executives around the world. The program gathered senior executives of healthcare organizations. Professors Richard Bohmer, and Amy Edmondson, TOM, led the program.

Building and Leading Customer-Centric Organizations – Europe: This program presented the vision, strategy, and leadership imperatives for building and leading a customer-centric organization, gathering senior executives in B2B and B2C companies. Professors Ranjay Gulati, OB, and Rajiv Lal, MKT, led the program.

HBS Alumni Reception and Faculty Presentation with Professor Rajiv Lal, MKT, GMP Chair, Paris, June: HBS alumni were invited to a presentation by Professor Rajiv Lal, MKT, GMP Chair on: "How To Build And Sustain Customer-Centric Retail Organizations". Attendees were welcomed by Vincent Dessain, ERC Executive Director, who made opening remarks. Mary Ann O'Loughlin, Corporate Relations and Market Development Director, Vicki Good and Bobbi Carrey, Portfolio Directors, Executive Education joined the group.

Visit on campus for the second edition of the Global Colloquium on Participant Centered Learning (GCPCL) Program in Boston, July. GCPCL, a two-session program that seeks to build a global community of faculty members who are committed to participant-centered learning through innovative teaching and course design was developed by HBS senior faculty members. The program aims to help management educators improve their effectiveness by learning from their teaching. The ERC collaborated in the organization of this second edition. The program gathered 144 participants from 18 countries. Vincent Dessain, ERC Executive Director, attended the event.

COMMENTS?

We welcome all suggestions and comments. Please contact us:

- Vincent Dessain, Executive Director, vdessain@hbs.edu
- Oksana Sichi, Executive Assistant, osichi@hbs.edu
- Daniela Beyersdorfer, dbeyersdorfer@hbs.edu
- Elena Corsi, Research Associate, ecorsi@hbs.edu

More information about the ERC: <http://www.hbs.edu/global/europe.html>

Best regards,
The staff of the HBS Europe Research Center

Mission of the HBS Europe Research Center:

The mission of the Europe Research Center is to support faculty in their research and case writing projects throughout Europe. In addition, the ERC builds relationships with European business and political leaders, educational institutions, and alumni.

HBS UNITS LEGEND:

A&M	Accounting and Management	MKT	Marketing
BGIE	Business, Government and the International Economy	NOM	Negotiation, Organizations & Markets
EM	Entrepreneurial Management	OB	Organizational Behavior
FIN	Finance	STRAT	Strategy
GM	General Management	TOM	Technology and Operations Management