



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 MAY - AUGUST 2011

**In this update:** New publications on the IASB, Utilis, ABICI, Oriflame, and Royal Dutch Shell; ongoing research in Negotiations, Technology and Operations Management, Strategy, and General Management; ERC case interviews and field research in the UK, Poland, the Netherlands, Switzerland and Denmark; a case presentation in the UK, an award ceremony, a MBA information session and an Executive Education program on Healthcare organizations in France, alumni receptions and faculty presentations at the ERC.

Also, please **welcome** our new Educational Programs Manager, Jan Pianca. A Czech-Italian citizen, Jan Pianca holds a Master's degrees in Business Administration from the Bocconi University in Milan, Italy, and has 15 years of experience as a marketing executive in the European service sector. He will be based at the ERC and work in close cooperation with our educational program departments on campus such as MBA admissions and Career Professional Development.

### NEWLY RELEASED CASES

**Case: “The IASB at a Crossroads: The Future of International Financial Reporting Standards”**

Co-authored with Professor Karthik Ramanna, ACCT, the case presents the major challenges to the continued growth of IFRS worldwide. Should countries be encouraged to pursue "full adoption" of IFRS or should each country determine its own IFRS "convergence" strategy?

Given the limitations of governance and information-intermediation institutions worldwide, should IFRS limit the use of fair-value accounting? How should the IASB respond to the growing power of emerging markets such as China in international standard setting? What lessons can be learned from the growth and development of IFRS for international harmonization of corporate governance standards more broadly? This case first describes the IASB's major accomplishments over the 2001-2010 period and then outlines the major challenges to the continued growth of IFRS as it enters its second decade.

**Case: “Utilis: Designing, Producing, and Selling Rapid Deployment Shelters for a Troubled World”**

Co-authored with Professor Dutch Leonard, GM, the case explores how a company that supplies disaster response and humanitarian agencies tries to handle the intrinsically unpredictable and highly volatile demand for its products. Utilis is a French supplier of rapid-deploy high-end tent solutions for civilian and military uses (such as camps and field hospitals). In 13 years it developed from a start-up garage business into a successful firm of global reach and reputation. In 2010 its founder and CEO Philippe Prévost must decide the product and market strategy for the next phase of development allowing the company to remain competitive in terms of price and cutting edge products. Should they outsource some of their production to Eastern Europe? Market their products to new customers like non-governmental organizations? Diversify into new shelter product areas? So far their small size and nimbleness had allowed the company to thrive -- but would their deeper penetration into the market of disaster and emergency response (where contracts were smaller and peaks and troughs in demand larger) still be compatible with their business model?

**Case: “ABICI”**

Co-authored with Professor Mukti Khaire, EM, the case describes how the co-founder of an Italian design bicycle manufacturer evaluates if reducing costs by outsourcing would impact its brand. The company was founded in 2005 in Italy by three friends and in its first five years, it had enjoyed steady growth and built a strong reputation for producing high-quality city bicycles, appreciated for their retro-look and style. Its country of origin had probably helped them exporting their products as their bicycles were 100% made in Italy and the Made in Italy label had a reputation of high quality, craftsmanship and creativity. Yet their profit margins

were relatively low as their manufacturing costs were very high. Should they outsource their production? If so, to China or to Eastern Europe? Was there some other way to improve their profitability?

**Case Series: “Oriflame S. A.” (A, B, C)**

Co-authored with Professor David Hawkins, ACCT, the case presents a direct-selling cosmetics company involved in emerging markets that exhibits significant foreign exchange risk exposure and profitability swings in the wake of the 2008 financial crisis. Students must review the company's use of derivative instruments and other hedging techniques to establish whether it pursues the right FX risk mitigation strategy.

**Case: “Global Diversity and Inclusion at Royal Dutch Shell (B): The Impact of Restructuring”**

Co-authored with Professor Sandra Sucher, TOM, this (B) case describes the actions taken by Royal Dutch Shell's CEO and his management team to maintain their commitment to diversity and inclusion (D&I), as introduced in the (A) case, during a major restructuring of the whole organization.

## **SAMPLE RESEARCH IN PROGRESS**

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

- A negotiation case featuring the resolution of a ten-year-long dispute over a Polish insurance company between its Dutch and Polish shareholders, with Professor Francesca Gino, NOM.
- A global research project investigating the role of management for the performance of hospitals around the world with Professor Richard Bohmer, TOM, and Professor Raffaella Sadun, STRAT.

The ERC is also exploring a case on a leading Danish energy company with Professor Joe Bower, GM.

## **VISITS INVOLVING THE CENTER**

Research activities in May through August 2011 involved case site interviews in:

- The UK, for a case on a company selling stakes in hedge funds with Prof. Luis Viceira, FIN,
- Poland and the Netherlands, for a negotiations case with Prof. Francesca Gino, NOM,
- The Netherlands, for a case on the growth strategy of an engineering consultancy firm with Prof. Tom DeLong, OB/EM,
- Switzerland, for a note on the impact and the obstacles faced by a film industry magazine, with Prof. Mukti Khaire, EM.
- Denmark, for a case on emerging markets strategy of a Danish biotech company with Prof. Krishna Palepu, AM.

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

- HBS Faculty
- Prof. William A. Sahlman, EM
  - Prof. Arthur Segel, FIN/EM
  - Prof. Michael J. Roberts, EM
  - Prof. Rawi Abdelal, BGIE
  - Prof. Michael Tushman, OB

- HBS/HU Staff
- Susan Hamilton, Senior Development Officer, Director International Relations, HBS External Relations
  - Cathy Hutchinson, Associate Director, MBA Career
  - Sarah Lucas, Associate Director Admissions, MBA Program

- Mary Ann O'Loughlin, Director, Corporate Relations & Market Development, HBS Executive Education

- Other Visitors
- Richard Mc Cracken, European Case Clearing House
  - Prof. Olivier Meier, Université Paris Dauphine

## EVENTS

### **Gucci Case Presentation at the Royal Institution of Great Britain, in London, May:**

This alumni event was organized with the help of Professor William Sahlman, Senior Associate Dean for HBS External Relations, and the HBS Club of London. The Gucci case (“Freedom within the Framework”) was taught by Associate Professor Asís Martínez Jerez, in the presence of Special Guest Robert Polet, AMP, and Ex CEO of Gucci Group.

### **HBS Alumni Reception and Faculty Presentation, with keynote speaker Prof. William Sahlman, Senior Associate Dean for External Relations, in Paris, May:**

HBS alumni were also invited to Professor Sahlman’s presentation in Paris focused on “Innovation and Entrepreneurship at HBS”. Attendees were welcomed by Vincent Dessain, ERC Executive Director.

### **Award for the IKEA Case, delivered by the European Case Clearing House in Paris, May:**

Richard McCracken, Director of the European Case Clearing House (ECCH), came to the Europe Research Center office to present the award winning trophy for the case study “IKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor” that the ERC co-authored with Professor Christopher Bartlett.

### **HBS MBA information session in Paris, June:**

This session was organized to present the Harvard Business School MBA program, including admission process, curriculum and funding, to potential candidates. The session was led by Sarah Lucas, Associate Director, MBA Admissions Office, and by a panel including alumni and students. Cathy Hutchinson, Career and Professional Development, and Vincent Dessain were also present.

### **HBS Alumni Reception and Faculty Presentation with Prof. Michael Roberts, EM, in Paris, June:**

HBS alumni were invited to a lunch and presentation by Professor Michael Roberts, Senior Lecturer and Executive Director of the Arthur Rock Center for Entrepreneurship, EM. Vincent Dessain welcomed participants with opening remarks.

### **Executive Education Program "Healthcare - Europe 2011", in Paris, June:**

Led by Harvard Business School faculty, the executive education program “Leading High-Performance Healthcare Organizations,” that is now being offered in Paris, exposes senior healthcare leaders to new models and strategies for enhancing the performance of their organization. Presented by HBS Executive Education in partnership with the HBS Healthcare Initiative, this leadership development program examines and compares organizational practices both within and outside the healthcare industry and offers insights into how leaders can maximize effectiveness and improve value within a dynamic and competitive healthcare environment. Attendees were welcomed by Professors Richard Bohmer, TOM, and Amy Edmondson, TOM.

### **HBS Alumni Reception and Faculty Presentation with Prof. Michael Tushman, OB, in Paris, June:**

Professor Prof. Michael Tushman, OB, gave a presentation to alumni on his recent publication “The Ambidextrous CEO”. Attendees were welcomed by Vincent Dessain, who made opening remarks.

**Visit on Campus for the third edition of the GCPCL Program, meetings with the Executive Directors of the other HBS Research Centers, and HBS Staff, July:**

The program Global Colloquium on Participant Centered Learning is designed for professors from Business Schools in Europe, Asia, and Latin America and focuses on how to teach using the case method. The ERC collaborates in the outreach to and recruitment of European faculty and Vincent Dessain attends the event every year. This year's edition was another success with 172 faculty members attending from 28 different countries. The trip also included meetings of Vincent with the directors of the other HBS research centers, with faculty members to scope and pitch new projects, and with staff members, particularly of admissions and career services together with our new colleague Jan Pianca.

**The 2011 edition of the European Entrepreneurship Colloquium (EEC) in Warsaw, July:**

The ERC participated in a one-week program which promoted teaching entrepreneurship through innovative tools, such as the case method, among European professors. The colloquium, organized by Bert Twaalfhoven (MBA 1954) of the European Foundation for Entrepreneurial Research and co-financed by the European Commission, took place in Warsaw, Poland, and focused on issues related to International Entrepreneurship. Apart from numerous workshops dedicated to case-writing and teaching using the case method, the EEC featured the New European Champions Project – an initiative that matched successful entrepreneurs from Central and Eastern Europe with participating case writers to develop relevant teaching materials. During discussion panels and a celebratory dinner, the entrepreneurs shared their experiences which could become the source of future case leads.

**COMMENTS?**

We welcome all suggestions and comments. Please contact us:

- Vincent Dessain, Executive Director, [vdessain@hbs.edu](mailto:vdessain@hbs.edu)
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More information about the ERC: <http://www.hbs.edu/global/europe.html>

Best regards,

The staff of the HBS Europe Research Center

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*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