



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 MARCH–APRIL 2008

In this update: New publications on Moët Hennessy España and Spiegel-Verlag Rudolf Augstein GmbH & Co. KG; ongoing research in Accounting and Management and Finance; ERC case interviews and field research in France, Germany and Iceland; an ERC Roundtable with Professor Joseph Bower, GM; the Harvard Business School Centennial Celebrations; and the Club des Trente prize awards for the best financial operations.

NEWLY RELEASED CASES AND ARTICLES

Case: Moët Hennessy España

Co-authored with Professor Tiziana Casciaro, OB, the case depicts the Spanish subsidiary of the wine & spirits business of Louis Vuitton Moët Hennessy (LVMH), the world's leading luxury products group. Despite the company's growth, some of the employees who had been at the company for years complained that it had lost its "human touch" in the process of professionalization and modernization. Some felt that the work was now too structured and interpersonal relationships too dry. The company's CEO acknowledged that the financial success had happened on the expense of the informal and relational atmosphere that used to characterize the company. But did it matter, he wondered? How should he go forward?

Case: Spiegel-Verlag Rudolf Augstein GmbH & Co. KG

Co-authored with Professor Belén Villalonga, FIN, the case portrays the ownership structure of Germany's most influential political news magazine, *Der Spiegel*. In the 1970's, its founder Rudolf Augstein gave a 50% ownership stake to his employees and sold another 25% to rival publisher Gruner+Jahr, but retained significant control during his lifetime by stipulating in the bylaws that every important business decision would require a 76% shareholder approval. When Augstein died in 2002, however, his co-owners exercised the option the same bylaws gave them to buy a 0.5% stake each from Augstein's heirs, who thus lost their veto rights. In September 2007, the benefits and costs of sharing ownership with employees became particularly salient when the employees blocked the CEO's proposal to acquire 50% of the *Financial Times Deutschland*. Faced with the new balance of power, Rudolf's eldest son Jakob Augstein was forced to rethink the role that his family could play in Spiegel going forward. Should he try to buy back the pivotal stake? Sell the family stake altogether? But to whom, and at what price?

SAMPLE RESEARCH IN PROGRESS

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

- A case on customer information in the luxury goods sector with Professor Asis Martinez-Jerez, ACCT.

The ERC is also exploring a possible case on green housing in Europe for a course in real estate.

VISITS INVOLVING THE CENTER

Research activities in March and April involved case site interviews in France with an energy company for a case with Professor Ananth Raman, TOM; case site interviews in Germany with a banking group for a case with Professor Gunnar Trumbull, BGIE; and case site interviews in Iceland with banks, government officials and major exporting companies for a case with Professor Aldo Musacchio, BGIE.

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

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

- | | |
|----------------|---|
| HBS Faculty | • Professor Joseph Bower, GM, who made a presentation at the ERC for HBS local alumni. |
| HBS Staff | • Angela Crispi, Associate Dean for Administration and Senior Executive Officer, and Susan Hamilton, Senior Development Officer, Director International Relations, who visited the Center on the occasion of the HBS Centennial Celebration in Paris. |
| Other Visitors | • Bert Twaalfhoven (MBA 1954), who came to discuss the ERC's involvement in the fourth edition of the Entrepreneurship Education Colloquium on Participant-Centered Learning, scheduled for July 2008. |

EVENTS

ERC Roundtable on "Why CEO Succession is Such a Problem and What Needs to be Done" with Professor Joseph Bower, GM, March. HBS Alumni were invited to a talk on Professor Bower's recently published book on CEO succession.

Harvard Business School Centennial Celebrations in Boston, April. The ERC team participated in the events, attended classes and met with faculty members and staff.

HBS Centennial Celebration in Paris hosted by the HBS Club de France, April. Professor Robert S. Kaplan, ACCT, gave a talk. Vincent Dessain attended this event.

Club des Trente (association of thirty Chief Financial Officers of major French companies), March. Prize awards for best financial operations. ERC Executive Director Vincent Dessain was a member of the selection committee at the invitation of André François-Poncet (MBA 1984) and Frank Dangeard, member of the European Advisory Board.

COMMENTS?

We welcome all suggestions and comments. Please contact us:

- Vincent Dessain, Executive Director, vdessain@hbs.edu
- Gudrun Urfalino Kristinsdottir, Executive Assistant, gstinsdottir@hbs.edu
- Daniela Beyersdorfer, Research Associate, dbeyersdorfer@hbs.edu
- Andrew Barron, Research Assistant, abarron@hbs.edu
- Elena Corsi, Research Assistant, ecorsi@hbs.edu
- Ane Damgaard Jensen, Research Assistant, adamgaardjensen@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