



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 UPDATE SEPTEMBER – OCTOBER 2004

In this update: New publications on Czech bank CSOB and UK student exchange organization AIFS; ongoing research in Strategy, General Management and Entrepreneurial Management; ERC research trips to the UK and Germany, and the fall meeting of our European Leadership Council in Munich.

### NEWLY RELEASED CASES

#### **Case Series (A and B): "Bohemian Crowns: Československá Obchodní Banka (ČSOB)"**

Developed by Professor Rawi Abdelal, BGIE, together with the ERC. Through the story of Czech bank ČSOB, this case covers the Czech Republic's transition from a centrally planned to a free-market economy. It describes the first economic reforms, the fixed-exchange rate regime, why the Czech Republic liberalized its capital account, and how this affected the Czech banking system, leading to a massive credit boom. Students are placed in the position of Pavel Kavánek, ČSOB's CEO who, in June 2000, must decide whether ČSOB should acquire IPB, another large Czech bank on the brink of bankruptcy, suffering from large amounts of bad credit. Case to be taught early 2005.

#### **Case: "Hedging Currency Risks at AIFS"**

Professor Mihir Desai, FIN, recently taught this case, co-authored with the ERC, in his elective MBA course "International Entrepreneurial Finance." The case describes the hedging strategy carried out at AIFS, a student exchange company which receives most of its revenues in American Dollars, but has to pay its suppliers in primarily Euros and British Pounds. The mismatch leaves the company with a perilous currency exposure, that has to be actively managed.

### SAMPLE RESEARCH IN PROGRESS

The ERC is currently working on a number of cases and projects, for instance:

- The control of the worldwide flower sales by a cooperative auction association in the Netherlands, with Professor Felix Oberholzer-Gee, STRAT.
- The organizational and cultural aspects of a global market leader in home furnishing, for Professor Christopher Bartlett, GM.
- The development of a new type of battery by a start-up company in Germany, for Professors Mike Roberts and Bill Sahlmann, EM.

Furthermore, the ERC is in the early stages of various other projects, such as the assessment of the success of the capital increase in 2003 of a leading telecom provider for Professor Carl Kester, FIN.

### VISITS INVOLVING THE CENTER

Research activities in September and October involved several case site trips: We went to England for a prospective case on a British Educational Project. We traveled to Germany with Professor Joel Podolny, OB, for a case on the organizational challenges faced by a leading medical care company. We also went to Germany for a case lead we develop with Professor John Wells, STRAT, to research the strategic positioning of an industrial company.

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

- HBS Faculty
- Professor Carl Kester, FIN, for case interviews at two different companies.
  - Professor Malcolm Salter, Senior Associate Dean for External Relations, who agreed to conduct a round table discussion (see Events section for more information).
  - Professor Carliss Baldwin, NOM, who stopped by to visit the Center and explore potential case projects.

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*This bi-monthly update from the HBS Europe Research Center summarizes ongoing and future projects at the center. To stop receiving the update, contact [dbeyersdorfer@hbs.edu](mailto:dbeyersdorfer@hbs.edu).*

- Professor John Wells, STRAT, for case site interviews at a French company.
  - Professor Forest Reinhardt, BGIE, for an update on ERC activities and discussions about ongoing and future projects.
  - Professor George Chacko, FIN, for work on different case projects in progress.
  - Professor Peter Hecht, FIN, for work on ongoing case projects.
- HBS Staff
- Susan Hamilton, Director European External Relations, for meetings with European Alumni.
- And from  
HBSP
- Walter Kiechel, Editor, Eric McNulty, Managing Director Conferences, and Angelia Herrin, Group Editor Newsletter Conferences, all from HBS Publishing, who were in Paris in preparation of the May 2005 HBSP Conference "Burning Questions."

## EVENTS

**A Visit to HBS Campus:** Vincent participated in the Faculty Meeting in September.

The **Conference "Forum Ile de France Sud"**, organized by the Regional Development Agency (ARD), focused on international trends in research and education and how to improve the competitiveness of the region.

The **Round Table Discussion** at the ERC with Professor Malcolm Salter dealt with "Enron's Legacy" and how one of history's largest fraud scandals could take place. The presentation was followed by a lively discussion.

An **HBS Club Event** in September featured a luncheon discussion with Philippe Camus, co-Chief Executive Officer of the European Aeronautic Defence and Space Company (EADS NV).

**HBS ELC Meeting in Munich:** On October 8, our European Leadership Council gathered for its Annual Meeting. Led by Professors Dwight Crane and Forest Reinhardt (incoming and outgoing Faculty Chairs of the European Research Initiative) and Michael Zaoui, Chairman of the ELC, the meeting featured presentations by Professor Bill Sahlman, EM, on entrepreneurial education, Vincent Dessain on the activities of the ERC and Sherry Coutu on the 2005 Global Leadership Forum. During a dinner the evening before, Dr. Mirko Scherer (MBA 1996, CFO and Co-Founder of GPC Biotech) was the key note speaker.

## COMMENTS?

We welcome all suggestions and comments. Please contact us:

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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 European 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&C	Accounting and Control	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