

Governance and Market Drive: Rules for Economic and Commercial Contest

IMD Faculty Member(s): Boscheck, Ralf

Corporate moves towards focused production and outsourcing, governmental reforms involving privatization and deregulation, and the globalization of trade and investments promise large efficiency gains albeit at the price of safeguarding such forms of cooperation against abuse. The required coordination mechanisms--from novel supply-chain contracts and public agency agreements to preferential market access terms--call for regulatory approval, policies and enforcement guidelines. These in turn result from political processes and are held up against the test of administrative efficiency and growing global regulatory competition. Capturing the benefits of the market at each level is intimately linked to identifying and enforcing efficient institutions of governance.

Although "economics" is frequently credited for having inspired the current "market-drive," it is by no means self-evident that it should be able to assist in its implementation. Mainstream neo-classical economics is focused on developing an extensive and formal theory of competitive market exchange, but does not deal with coordination mechanisms operating across, as well as outside markets. Yet, various approaches to institutional and constitutional economics deal with the determinants and effects of contractual relations, the processes underlying public choice, and the impact of formal and informal rules on market outcomes. They are available to complement industrial organization research, regulatory economics and trade theory in shaping policies to govern increasingly complex market conditions. What kind of reference will ultimately inspire policy, satisfy administration and be acceptable to parties inside and outside of a given commercial and economic arrangement?

This research is presented in the following book: Boscheck, Ralf (2002). Market drive and governance : re-examining the rules for economic and commercial contest. London : Routledge, 197 p. ISBN: 0-415-26183-X

(Last update: November 2002)

Integrative Strategy

IMD Faculty Member(s): Boscheck, Ralf

Based on in-depth industry and competition analyses of a broad variety of sectors, an integrative frame of reference is presented that links operational concerns to broader policy issues affecting the sustainability and exportability of a given business idea.

The sectors featured include utilities: - electricity, gas, water, telecom; process industries: - steel, aluminium, pulp and paper; manufacturing: - white goods; food: - beverages; services: - retail, logistics, airports; professional services: - consulting, engineering contracting; media: - multimedia - e-commerce; health care: - pharma, HMOs, PBMs.

(Last update: November 2002)

Management Development in the New Business Environment

IMD Faculty Member(s): Bottger, Preston C.

What are the critical changes in managerial tasks and relationships that have occurred/are occurring in response to new forms of organization? This study explores the specifics behind the claims that managerial work has become more fast-paced, more ambiguous, more conflictful and requires more cooperation than in the past. Where such changes have occurred, what are the implications for the development of managers through learning from on-the-job experience and in the classroom? Past research has identified certain kinds of critical jobs with key learning experiences as essential for management development. These include start-ups, turn-arounds, project task forces, line to staff and back assignments, and major expansion of functional responsibilities. Does the new managerial work require new categories or simply different versions of these developmental assignments?

Leading for Growth: Dealing with Leadership Dilemmas

IMD Faculty Member(s): Chakravarthy, Bala and Lorange, Peter

Sustaining profitable growth is becoming a daunting task for many firms, especially in the dynamic environment that they are faced with today. Winning strategies are quickly challenged and distinctive competencies either imitated or substituted. This research project is about how senior executives can lead their firms for sustained and profitable growth. In dealing with the performance dilemma of profit and growth, leaders have to address three other underlying dilemmas: strategy, organization and people. These dilemmas in turn are interlinked. Addressing this nest of dilemmas also calls for a new approach to leadership.

The project has involved a large data based study, several field case studies and company surveys, and interviews with select CEOs. It is nearing completion and a book length monograph is under preparation, to be published in 2006.

(Last update: October 2005)

E-enabled Market Exchanges - Supply Chain Integration

IMD Faculty Member(s): Collins, Robert S.

This project examines the ways in which such exchanges have entered into partnerships with third-party service providers to establish the fulfilment processes necessary to consummate the transaction.

The Sustainability of E-enabled Market Exchanges

IMD Faculty Member(s): Collins, Robert S.

Such exchanges have proliferated in many industry sectors and a shakeout has occurred. The research aims to determine under what conditions a market exchange might be viable in the long term and whether such conditions differ by industry.

Understanding Variable Manufacturing Performance

IMD Faculty Member(s): Collins, Robert S.

Within the past 25 years or so, manufacturing performance has made tremendous progress. For example, quality has improved, delivery lead-times have shortened, and operations are leaner. Yet, not all plants have enjoyed the same level of success. Some plants have been consistently excellent, and may have even steadily improved, while others have lagged. Still others have been up and down in performance. By whatever measures of performance a company uses, how much variability has there been among its plants, even plants within the same division? How much variability has there been across divisions? Why has there been this variety of performance, and what are the causes? Has good manufacturing performance spread within a division? What lies behind such a spread and what might hinder it?

The goal of this research project at IMD is to answer these questions and thus to help companies to maintain good manufacturing performance within their plants and to spread that good performance across plants. The focus is on company divisions with multiple plants. The research was carried out in stages. The first stage involved interviews with corporate and/or division-level manufacturing executives. The second stage involved all questionnaires of company divisions. While the initial report has been completed and circulated amongst respondent companies, additional publications targeted at both practitioner and academic audiences are in progress.

Customer - Supplier Attractiveness Research

IMD Faculty Member(s): Cordon, Carlos and Vollmann, Thomas E.

Many Fast Moving Consumer Goods (FMCG) companies are discovering that innovation, time to market, price performance and quality depend at least as much on the efforts of their suppliers as on internal competencies. Often innovations with big potential originate from the suppliers. But if a supplier has an innovative idea, to which customer will that idea be presented? Which customers are most attractive to a given supplier? More importantly – for the customer – how does it become attractive to the smartest suppliers? These are the basic issues to be explored in this research.

The FMCG companies are going through a process of consolidation, including end-producers, their suppliers, and their customers. Many FMCG companies are reducing the number of suppliers in the hunt for improved cost efficiency. It is in the interest of both end-producers and their key suppliers to understand how to capitalize on the challenges in these critical relationships. We believe customer-supplier attractiveness and a better understanding of dyadic relationships are crucial.

How does a company become attractive from the suppliers viewpoint, and vice-versa. How do companies transform buyer-supplier relationships into true win-win situations? The underlying mechanisms for achieving these goals – and thereafter maintaining them --are key research objectives of high interest to our research team. Therefore:

“We explore how firms can benefit from the suppliers’ competencies by being an attractive customer—and vice-versa: how suppliers can develop new competencies by working with attractive customers. ”

The research is conducted primarily through case studies/structured interviews and secondly through an extensive on-line survey. Hence, we now invite FMCG companies and selected suppliers (e.g. dyads) to participate in the project. To focus the research and

subsequent analysis, the suppliers will be limited to packaging companies. That is, the research will focus on multiple dyads between FMCG firms and their key packaging suppliers.

(Last update: April 2005)

Fast Track Project Execution

IMD Faculty Member(s): Carlos Cordon and Ralf Seifert

This research focuses on “fast-track project execution” – an organizations ability to achieve step-changes in execution time when delivering major projects across organizational boundaries. The research considers process-related factors in condensing execution times as well as team leadership and governance issues. The research also identifies key challenges and success factors related to early supplier involvement as well as the need for managing client relationship and decision-processes. The output of this research will be case studies and managerial summaries.

(Last update: May 2006)

Default Risk in a Network Economy

IMD Faculty Member(s): Cossin, Didier and Co-author: Henri Schellhorn

We develop a structural model of credit risk in a network economy. In particular, we are able to account for complex counterparty relationships, where one company may be indirectly affected by the credit risk of another company in the network. In this respect, we generalize Jarrow and Yu (2001) and Collin-Dufresne, Goldstein and Hugonnier (2003), but do so in the rich context of a structural form model. We provide closed form formulae for the price of risky debt and equity, which depend upon the lending/borrowing relationships in the economy. Our model applies to completely general lender/borrower relationships, including looping relationships. Our formulae can apply to cases where not only financial flows but also operations are dependent across firms. In order to achieve these results, we use queueing theory. This paper thus represents one of the first applications of queueing theory to finance. (Credit Risk; Capital Structure; Queueing Theory.)

(Last update: February 2004)

Do capital structure arbitrage opportunities arise from default swap markets?

IMD Faculty Member(s): Cossin, Didier and Co-author: A. Lu

We use practitioners identification of so-called arbitrage opportunities in the default swap markets to investigate whether some mispricing truly arises and whether market conditions can explain these. In particular, we check whether liquidity effects may explain most pricing differences and when liquidity effects are not sufficient to justify pricing spreads between bond prices and credit default swap rates.

(Last update: February 2004)

How much does the cost of error in bankruptcy models matter?

IMD Faculty Member(s): Cossin, Didier and Co-author: R. Monter and L. Weiss

We investigate different econometric techniques in order to assess the risk of error in bankruptcy prediction models. In particular, we address the issue of type I versus type II error and the consequences of the economic weight of each on classical model pertinence for practical use.

(Last update: February 2004)

The Information Content of Credit Default Swaps During Financial Crisis

IMD Faculty Member(s): Cossin, Didier and Co-author: G. Jung

In this paper, we take advantage of a database of transaction, bid, and ask data of credit default swaps to study the informational content of financial crises for assessing sovereign risk in the rest of the world. The idea stems from the strong literature that exists in contagion effect. It is well known (and appears also in our data) that when Brazil goes through a crisis, the rest of the world credit standing will be somewhat affected but that Latin America's credit standing will be affected relatively more. In this research, we do not address contagion issues directly. We are more interested in the overall informational and market impact of large financial crises on assessment of credit risk in the rest of the world. Our results show that sovereign risk pricing uncertainty rises after rather than before crises, that ratings find a new glory after crises (while other factors are used for pricing before crises), that demand for hedging sovereign risk rises strongly after crises, creating an imbalance in the markets but not necessarily leading to more transactions. We also document a flight to quality somewhat surprising in this market (as this is a market to hedge for quality). We also document the higher informational content of transaction data versus quote data. Overall, everything tends to show that major financial crises may lead to a strong market uncertainty on how to price sovereign risk rather than to provide actual pricing information, and that this information uncertainty rises after rather than before the crisis itself. In that sense, crises are not a resolution of pricing uncertainty but rather give rise to pricing uncertainty themselves.

(Last update: February 2004)

Do Effectiveness Assessments Vary with Hierarchical Level?

IMD Faculty Member(s): Denison, Dan and Hooijberg, Robert

In this research we examine which leadership behaviors best predict which effectiveness criteria and to what extent hierarchical relationships affect these relationships. For example, we find that subordinates associate different behaviors with leaders who have quality relationships with customers than superiors. This research indicates that we should be careful in the use of overall effectiveness assessments and that we should look at effectiveness from multiple perspectives. We plan to publish both academically and practitioner articles based on this research.

(Last update: November 2003)

Co-Innovation

IMD Faculty Member(s): Deschamps, Jean-Philippe

This on-going project focuses on the challenge of innovating together with a partner (a supplier; a customer; a competitor; a research organization, etc.).

The first part of this research has consisted in studying, first, a "failed" case of co-innovation between a machinery manufacturer and one of his key customers (confidential, unpublished case), and then a successful case, the alliance of Sara Lee Douwe Egberts and Philips for the development and marketing of a new coffee system:

- "Senseo - Establishing a New Standard in the Home Coffee Market" - IMD, 2004

The next part will consist of studying a co-innovation case by a coalition of partners to establish a new "system" business.

(Last update: November 2004)

Innovation and Leadership

IMD Faculty Member(s): Deschamps, Jean-Philippe

This on-going research deals with the specific characteristics and behavioral attributes of "innovation leaders", those critical senior executives, whatever their function, whom top management sees as the linchpins of its innovation process and the "evangelists" of an innovation and entrepreneurship culture.

- The first outputs of this research have been :
- The shooting and editing of videotaped interviews of innovation leaders
- A chapter on "Innovation and Leadership", that was published in the "International Handbook of Innovation", by Elsevier Sciences in 1993.
- A case: "Innovation leadership at Logitech" - IMD, 2003
- A case: "New Business Creation at Tetra Pak - Reinventing the Food Can" - IMD, 2004

This research project continues with:

- Further videotaped interviews of innovation leaders
- The preparation of an article on: "The Leadership Imperatives of Innovation Strategies"
- The preparation of a new book on "Innovation & Leadership" (title to be determined)

(Last update: November 2004)

Managing the New Product Launch Process

IMD Faculty Member(s): Deschamps, Jean-Philippe

This on-going project focuses on the various stages of the product launch and deployment process (launch strategy, planning and preparation; product launch, roll-out and deployment; and launch feedback) and their synchronization with the product development process.

The first part of this research has resulted in a new case:

- "Logitech: Getting the io Digital Pen to Market" - IMD, 2003

The next part will result in a new case:

- "Philips Sonicare: Developing a Launch Strategy to Go Global" - IMD, 2004

(Last update: November 2004)

Cultural Perspectives Questionnaire (CPQ)

IMD Faculty Member(s): DiStefano, Joseph J.

Version #4 of the CPQ (Maznevski, Martha L.; Joseph J. DiStefano, "Cultural Perspectives Questionnaire", version #4, 1997) has been revised and the database of country data sets is being expanded. The objective is to provide a reliable measure of cultural values applicable at the individual, group and country levels to facilitate research and executive development. It is a cooperative project involving members at IMD and Human Factors (Norway) AS. Web site development is now underway, and initial programming to provide individual questionnaire processing and reporting via the Internet has been completed.

Development of Globally Competent Managers

IMD Faculty Member(s): DiStefano, Joseph J.

Consolidation of research, consulting and case experience on what development processes and experiences are effective in shaping globally competent managers. This is being undertaken at the request of the PDI Global Research Consortium and is expected to be published as "Developing Global Managers: Integrating Theory, Behavior, Data and Performance" in *Advances in Global Leadership, Volume III* (Oxford: JAI, 2002). A second chapter, "Global Account Management: New Structures, New Tasks", has been written with Professor Julian Birkinshaw of the London Business School and will be published in *Handbook on Managing in Global Organizations* (Oxford: Blackwell Publishers, 2002).

Effectiveness in Virtual, Multicultural Teams

IMD Faculty Member(s): DiStefano, Joseph J.

Currently starting a series of cases on geographically dispersed, multicultural teams to examine the applicability of a model of team effectiveness (DiStefano, Joseph J.; Maznevski, Martha L. (2000). "Creating Value with Diverse Teams in Global Management", *Organizational Dynamics*, vol. 29, no. 1, p. 45-63) developed for co-located teams. These cases will also provide insight into the relevance of early research findings on (in)effectiveness factors for virtual teams (Maznevski, Martha L.; Chudoba, Katherine M. (2000). "Bridging Space Over Time : Global Virtual Team Dynamics and Effectiveness", *Organization Science*, vol. 11, no. 5, p. 473-492).

One case completed (Schneider Electric Global Account Management – GM 940). As an outgrowth of the case writing effort is the potential for a comparative study of how the cultural roots of the strategic business unit leaders shape the structure and processes of the top management, multicultural teams. Another case package has also been completed: Johannes van den Bosch Sends an E-Mail (GM-963) and Johannes van den Bosch Receives a Reply (GM-964), have been completed involving email misunderstandings across cultural boundaries. A third case on a multicultural executive team has also been completed: Gold Star Properties: Financial Crisis (GM - 1066). Other cases are currently underway.

Winning Across Cultures

IMD Faculty Member(s): DiStefano, Joseph J. and Maznevski, Martha

Understanding culture is important for many aspects of management, both in single-country and multinational settings. People's cultural backgrounds influence their assumptions about organizational work and how interactions with other people should proceed. Culture's influence, though, is so profound that it often goes unseen. This results not only in deep and difficult conflicts, but also in untapped potential.

This research project will enable us to describe to managers:

- The Cultural profiles of companies operating across the globe
 - How Cultural similarities and differences affect work in organizations, in order to create higher effectiveness in multinational teams and global corporations
- The Cultural Orientations Framework, and the questionnaire which measures the orientations, provide a well tested tool for understanding management behaviors and

characteristics related to culture. It can be used to diagnose and address problems, or to identify ways to leverage higher performance.

The data collection will be performed in co-operation with 5-10 large global corporations, surveying approximately 120,000 employees in 58 countries - 35 different languages. This includes all the old and the newly appointed EU member states.

The outcome of the data analysis, combined with previous research and experience, will enable us to write a major and important book, and associated high-level practitioner articles and teaching materials.

(Last update: February 2003)

Value-Based Management and Shareholder Value

IMD Faculty Member(s): Ellert, James and Sjoblom, Leif

This research project investigates European best practice in shareholder value creation. The emphasis is on both strategic drivers--mergers, acquisitions and spin-offs--and operational drivers. The main objective is to identify and analyze the key levers of performance improvement, and to optimally implement value-based management. Several case studies of successful implementations will be compared and contrasted.

(Last update: November 2002)

Virtuoso Teams Matter: Big Company Change Needs Big Talent, Managed Differently

IMD Faculty Member(s): Fischer, William A.

To make profound change, firms should turn to what we call Virtuoso teams. Such teams are composed of the best talent, and while they may be contentious and difficult to manage, they have the brain-power to explode "work as usual"--if members are let free to make it happen.

To understand virtuoso teams, you need to forget much of what is taken for granted about traditional team management concepts such as the importance of achieving "team-harmony," and "getting buy in." Our view is that polite teams result in polite results! And, for big change, polite results won't work. On the contrary, virtuoso teams are contentious and a lot less comfortable; but they bring audacious, firm-changing results.

There are interesting examples of virtuoso teams in action from a variety of disciplines: Thomas Edison's powerful team of inventors that developed the electric light bulb, the phonograph, and sound-cinema; the Miles Davis sextet [with John Coltrane, Bill Evans and Cannonball Adderley] that changed the face of jazz; the powerful team of artists [Leonard Bernstein, Jerome Robbins, and Steven Sondheim] that created West Side Story, and in the process turned popular [broadway] theatre on its head; and the virtuoso team of skiers and explorers, led by Roald Amundson in 1911, that won the race to the South Pole, against incredible odds and a much bigger competitor. While such "non-business" examples add a dose of excitement to our argument, we are developing business examples to provide detailed insights for the practicing manager. A number of cases have already been released [The Making of West Side Story, Caesar's Writers], and quite a few more will be released in 2003. A book is also underway and should be completed in 2003.

(Last update: February 2003)

Knowledge Management

IMD Faculty Member(s): Gilbert, Xavier

Understanding the building blocks of knowledge management in an organization, as well as the facilitating and inhibiting factors to knowledge development and renewal. This is done through questionnaire surveys assessing both at the individual level and the organization level the degree of importance given to different learning activities. Three areas where we believe that knowledge management is a critical issue are also looked at the same time: Knowledge management and the strategy process; Knowledge management and human resources management; Knowledge management and international expansion. Cases will be developed in these three areas to illustrate the main issues involved in effective knowledge management.

Knowledge Management and International Expansion

IMD Faculty Member(s): Gilbert, Xavier

The purpose of this study is to identify how companies use knowledge management to accelerate their international expansion. Several dimensions of knowledge management will be looked at:

- The extent to which knowledge development is imbedded into the strategic intent.
- The extent to which existing international experience is structured and easily available: early results seem to indicate that, for a number of organizational reasons, this is often not the case.
- The extent to which local learning is encouraged: which organization systems are applied?
- The extent to which sharing local learning across the organization is encouraged: which organization systems are applied?
- The extent to which the company's global business model evolves with the knowledge that is being developed: which organization systems are applied?

The research methodology is essentially case-based.

Corporate Failures

IMD Faculty Member(s): Hamilton, Stewart

This research is into the fall of Enron and other corporate failures like Worldcom, Global Crossing, Marconi, Ahold. This research looks into the implications for corporate governance including the role of the Audit committees of the board, the effect of the Sarbanes-Oxley Act in the US, the Higgs report on non-executive directors in the UK and the forthcoming guidance from Brussels. In terms of investor protection, this research also looks at the role of the auditors and rating agencies in recent events.

Entrepreneurship in Switzerland

IMD Faculty Member(s): Haour, Georges and Leleux, Benoît F.

The 2005 edition of the GEM - Global Entrepreneurship Monitor studies the entrepreneurial spirit in Switzerland. It allows an international comparison, particularly with OECD countries, concerning the entrepreneurial orientation of people and firms in Switzerland. This work is carried out with B.Leleux, as well as the University of St. Gallen.

This study has been updated with a new set of interviews with experts. Some, but little, progress has been found since the initial 2001 study. However, Switzerland remains low with regard its percentage of women entrepreneurs.

For the first time, regional differences have been studied. For example, it has been found that Ticino is less entrepreneurial than the Zurich region or the Lemman area. The full report, in French and German, may be downloaded below, with an Executive Summary in English.

For more information, please contact Georges Haour at IMD.

(Last Update: October 2005)

Leveraging Innovations World-Wide

IMD Faculty Member(s): Haour, Georges

Work in 2005 continued the study which led to the publication of the book "Resolving the Innovation Paradox- Enhancing growth in technology companies" by Georges Haour. (Palgrave Macmillan, London, reprinting 2005; see the web site: www.innovationparadox.com). This year, work concentrated on the policy and plans of healthcare companies concerning the deployment of Innovation/ R&D facilities in China and India.

Among other things, this resulted in an IMD Perspective: " How should foreign firms pace their R&D investments in China?" This text is available upon request (Haour@imd.ch) or may be downloaded from the site www.imd.ch

The key reason to further open the perimeter of the firms' "distributed innovation" approach by locating R&D units overseas is access to attractive markets and to talent. Lower cost is a secondary consideration, which may, in fact, not live up to initial expectations and will erode anyway, as Asian salaries increase.

In the case of healthcare, India constitutes a serious contender to China. Advantages include an institutional environment (including practices in the intellectual property arena)

friendly to the Western way of doing business and, indeed, the familiarity with the English language....

Work along these lines is expected to continue in 2006

(Update: October 2005)

Do Effectiveness Assessments Vary with Hierarchical Level?

IMD Faculty Member(s): Hooijberg, Robert and Denison, Dan

In this research we examine which leadership behaviors best predict which effectiveness criteria and to what extent hierarchical relationships affect these relationships. For example, we find that subordinates associate different behaviors with leaders who have quality relationships with customers than superiors. This research indicates that we should be careful in the use of overall effectiveness assessments and that we should look at effectiveness from multiple perspectives. We plan to publish both academically and practitioner articles based on this research.

(Last update: November 2003)

Does Integrity Matter for Leadership Effectiveness?

IMD Faculty Member(s): Hooijberg, Robert

Many people assume that highly effective leaders have integrity. In this research I examine whether there indeed exists a relationship between integrity and effectiveness. I use data that I collected from a government agency in the USA. I plan to publish both academically and practitioner articles based on this research.

(Last update: November 2003)

Real Leadership

IMD Faculty Member(s): Hooijberg, Robert

While a substantial body of knowledge exists about leadership in organizations, little organized knowledge exists about the leadership of organizations. In this book we will use the existing body of knowledge on leadership of organizations (i.e. strategic leadership) to set up a theoretical framework, which we subsequently examine using the experiences of real CEO's. Whereas academics will write the theoretical chapters, CEO's (each paired with an academic) will write chapters on their exercise of leadership. For example, in one of the first chapters Boal and Hooijberg will argue that strategic leaders need the three core capacities of absorptive capacity, adaptive capacity and managerial wisdom. In the chapters following this Tom Malnight with Nils Andersen (Carlsberg) and Peter Killing with Hakan Mogren (Astra) will demonstrate to what extent these capacities are truly key and how they get implemented in reality. For Carlsberg that concerns setting the strategic agenda and for Astra the merger with Zeneca.

We believe that this book is unique in its combination of academic writing and practical application from the CEO perspective. As such the book targets both academics and practitioners.

(Last update: May 2005)

Customer Bonding through Data-Based Marketing

IMD Faculty Member(s): Horovitz, Jacques

How can firms create, develop, and sustain long-term relationships with customers? Everybody agrees that keeping customers is more important than attracting new ones, but satisfying a customer is not good enough. Leading companies are moving from marketing to customers, or from customer segments to each customer. How is this done? What is the role of IT in the process? What data are needed on each customer? The research will focus on business to business as well as customers. The output of the research will be in the form of case studies.

Handbook of Knowledge-Based Management and Organization

IMD Faculty Member(s): Ichijo, Kazuo

The knowledge creation perspective for organizational study requires us to reexamine the current structure, business processes, and management of organization. In accordance with this revision in corporate world, the management disciplines such as marketing, strategy, finance, and human resource management must also be revised. Knowledge constitutes core competence of a corporation, defined as a key source of competitive advantage by the strategy literature. Intangible asset now occupies a significant portion of corporate asset. Such human resource management should be created so that organizational members are willing to share their individual knowledge with their colleagues. From this notion, I am now editing Handbook of Knowledge-based Management and Organization, which will be published by Oxford University Press. It is not a traditional handbook. It is a provocative book, which encourages business academics and practitioners to reexamine their disciplines and business practices in the light of knowledge-based competence of a corporation. The authors include Dorothy Leonard and Jay Lorsch, both at Harvard, Bettina Buechel Bala Chakravarthy, Xavier Gilbert, and Martha Maznevski from IMD, David Teece of UC Berkeley, Thomas Davenport and Laurence Prusak from Babson College, Georg von Krogh of University of St. Gallen, Margit Osterloh of University of Zurich, Seija Kulkki of Helsinki School of Economics, Don Cohen, and Ikujiro Nonaka, Makoto Nakano from Hitotsubashi University. The Handbook will be published late 2006.

(Last update: November 2005)

Knowledge Management : Enabling, Creating, Sharing Knowledge while Preventing Knowledge Outflow Beyond Organizational Boundaries, and Discarding Obsolete Knowledge

IMD Faculty Member(s): Ichijo, Kazuo

In the new information and knowledge economy, competence of a corporation should be based on knowledge. Corporate unique knowledge must be carefully managed. New organizational structure, new management, and new operational process must be created so that a corporation could enable, create, share, and secure company unique knowledge for its competitive advantage.

Corporate unique knowledge is tacit as well as explicit. Therefore, it must be articulated so that a wide range of organizational members can share it. This necessity for knowledge sharing will be increasing its importance as organizational activities are developing in a global context. However, at the same time, the articulation of knowledge might run the danger of knowledge outflow beyond organizational boundaries. As a result, executives will face tough challenge of sharing knowledge among organizational members while preventing knowledge outflow. Knowledge management in organization is more comprehensive than previously considered: It consists of four important activities: knowledge enabling, knowledge creation, knowledge sharing, and finally knowledge protection, i.e., putting unique corporate knowledge into a "black box." However, in current rapidly changing environment, precious corporate knowledge might be obsolete. Therefore, if necessary, corporations should not be afraid of discarding obsolete knowledge. For that purpose, strong leadership will be required.

So far, research interests are focused on the first three activities of knowledge management in organization: enabling, creating, and sharing of organizational knowledge. In this research project, case study of more holistic knowledge management including knowledge protection and knowledge discarding will be conducted. From this study, best practices and worst practices of knowledge management will be identified, which will provide a theoretical framework and its operationalization for comprehensive knowledge management in organization.

(Last update: November 2005)

Seizing Business Opportunities in new Emerging Markets; the Japanese way

IMD Faculty Member(s): Ichijo, Kazuo

These days, companies from all over the world seem mesmerized by Asia's expanding economy led by China and India. Japanese management--once extremely parochial --has opened up to the wealth of opportunities in these countries--as well as in Russia and Brazil--and has identified both unique customer needs and unique local resources to gain access to these gigantic new markets.

I will study Toyota's IMV, Innovative International Multipurpose Vehicle project in which Japanese and Thai managers put their brains together and collaborate in the areas of innovation, design and manufacturing. As a consequence Toyota built a new R&D and manufacturing site in Thailand. Here, the company will develop a new compact car for the new markets of Brazil, Russia, India and China (BRIC). Cheap labor no longer is the only driver for intra-Asian partnerships. Japanese managers are learning locally to act globally. The case contains some great lessons for those wishing to enter BRIC countries as well as insights on the changing mentality of Japanese management.

This year my research will be focused on global business development by Shimano, number one brand in the bicycle component industry.

(Last update: November 2005)

Collaboration with Customers

IMD Faculty Member(s): Kashani, Kamran

A series of case studies on how companies try to achieve greater intimacy with their customers. The cases examine strategic, organizational, and managerial dimensions of such attempts among non-consumer goods companies. The expected outputs are a series of documented case studies and articles on the practical and managerial dimensions of becoming customer-focused.

(Last update: September 2003)

Dealing with Globalisation, Innovation and Change Management Challenges

IMD Faculty Member(s): Kubes, Jan

This research focuses on five main subjects:

- Change management, drawing on the lessons from transformation process in Central and Eastern Europe over the past decade;
- Issues arising during the regionalization/globalization of activities of the leading multinational companies;
- Conversion of knowledge into profits;
- Entrepreneurship and innovation in hi-tech environment;
- Turnaround management with focus on the automotive sector.

The overall outcome of this research effort should be an overview of the challenges facing the next generation of business leaders and entrepreneurs, along with ideas/toolkits for dealing with them. The building blocks of this effort will be a series of articles and cases which will provide a useful guide for business practitioners as they face the challenges of the next decade.

Dynamics of Emerging Economies: Strategic Implications, Challenges and Imperatives

IMD Faculty Member(s): Kubes, Jan and Lehmann, Jean-Pierre

In collaboration with the Evian Group

By 2010 some 700 million young people will be entering the labour force in emerging economies - which is more than the current entire labour force in industrialised countries. This figure illustrates both the great potential and the great threat in developing countries. On the one hand, as industrialised countries witness rapid aging of their populations, shortages of skilled labour and contracting markets, the demographic dynamics of developing countries offer tremendous promise for growth. Already western corporations have engaged in the "battle for brains" as they compete to attract the best and brightest scientists, engineers and managers from India, China, Argentina, Brazil, South Africa, Egypt, etc. On the other hand, with political systems lacking legitimacy and fragile institutions in many/most developing countries, the extra demographic burden may cause more implosions, as has been witnessed recently, for example, in Indonesia. Emerging economies are faced with the challenge of adapting systems of governance to the requirements of international competition (in order to attract investments), while firms need to adjust cultures, structures and strategies to understand and position themselves in these markets. The research project combines the key dimensions of international political economy - specifically the impact of globalisation on developing economies - and the critical issues of international business, specifically strategies and success factors for firms in emerging economies.

Globalisation and Emerging Markets in the Scales of History - Future Visions

IMD Faculty Member(s): Lehmann, Jean-Pierre

Through desk research, extensive use of the internet, field research in Asia, Middle East, Africa, Latin America, and by organising workshops at IMD and elsewhere, this ambitious project aims to provide an analytical framework and detailed descriptions of the impact, incorporation and responses of developing economies to the process of globalisation. As a multidisciplinary study, it assesses the economic, socio-cultural and political dimensions. Drawing on perspectives of both space (covering the globe) and time, the historical legacies over the last century, the study will focus on how the future may evolve. Will globalisation bring about a greater convergence among the world's economies and societies or will the centrifugal forces prove the stronger?

Reinvigorating Japan Through Globalisation

IMD Faculty Member(s): Lehmann, Jean-Pierre

Since 1991 the Japanese economy--the world's second largest economy and by far the giant of Asia--has been in stagnation. All attempts by the government to kick-start the economy have failed. The most catastrophic performance was in 1998, when the Japanese economy contracted by 2.8%, the worst contraction of any industrialised economy since the depression. Although the economic stagnation is due to many factors, the lack of strategic direction, poor leadership and cultural and structural sclerosis of most Japanese corporations figures prominently. From the models of the 80s, Japanese companies have become the casualties of the 90s. Since the Japanese economy has for decades been virtually closed to foreign direct investment--and foreign acquisitions of Japanese companies have been very, very rare--the Japanese corporate environment has

not benefited from the stimulus which foreign investment and foreign competition bring. In the last year, there has been a seemingly extraordinary pace of change. A number of Western companies have moved in and made acquisitions, Renault, C&W, Boehringer, GE Capital, etc.

This research looks into (a) how is the Japanese business landscape changing in respect to foreign investments, (b) what are the critical challenges and opportunities for foreign companies in the current environment, (c) what are the results so far of the strategically innovative moves taken by some foreign companies, (d) what will be the key success factors for foreign companies to achieve their goals in Japan, (e) what are the options for Japanese policy makers in attracting foreign direct investment, (f) to what extent will the changes occurring reflect a changing role of- and a greater engagement by Japanese corporations, government and society in globalisation: i.e., will Japan's status as the perennial "outlier" end.

States and Firms in Global Markets: Problems and Solutions in Multinational Company (MNC)

IMD Faculty Member(s): Lehmann, Jean-Pierre

The era of "globalization" has witnessed an exponential increase in foreign direct investment, an increasingly large share of which is going to developing countries. Consequently, the international trading system is witnessing an intricate convergence of international diplomacy and international business. Globalisation has also unleashed many social and political forces, ranging from the proliferation of NGOs in industrialised countries, to the increasing demands of developing economies for a more active participation and especially market access in their areas of competitiveness (agriculture, textiles, services, etc). As direct investment remains a preferred business option and as emerging markets increasingly attract MNCs with the opportunities they offer, coordination between states and firms (and international organizations, especially the World Trade Organization, WTO) will become an essential prerequisite for sustained global business development. The degrees and means by which MNCs are capable of influencing the policy process will increasingly reflect individual corporations' global competitiveness.

Building Competitive Advantage Based on Microsystems Technology through Partnering with a University Research Center: The Case of an SME

IMD Faculty Member(s): Leleux, Benoît F. With C. Massin, F. Vincent and R. S. Popovic (Institute of Microsystems, EPFL, Switzerland) and C. Schott, Ph.D. (Sentron AG, Switzerland)

Microsystems Technology (MST) is an enabling manufacturing technology resulting in the development of new products offering new functionalities or improved performance. The discontinuous innovation produced by MST opens up new business opportunities, especially for small and start-up companies which can leverage MST to build competitive advantages. However, when applying non-standard technology, these companies face an infrastructure problem: they often cannot afford the costs generated by a custom production infrastructure. The access to an infrastructure with costly processing equipment through partnering with a University Research Center allows these SMEs to cover the stages from process development to pre-production series. The partnership also benefits the University by providing important and timely inputs regarding industrial needs and applications. This process of iterative innovation is highlighted in the case of the partnership between Sentron AG, a small company based in Switzerland active in the business of magnetic field measurements and the Swiss Federal Institute of Technology -

Lausanne (EPFL). First it is shown how the company intends to apply non-standard MST to derive competitive advantages. We then expose how Sentron AG benefits from the Center of Microtechnology at EPFL to develop a differentiating technology and achieve a pre-production stage. The paper concludes by discussing the benefits that an open infrastructure for MST manufacturing offers to SMEs and start-ups and the iterative innovation process that results from this type of partnership. Presented at the 10th International Conference on Management of Technology, Lausanne, March 11-14th 2001.

(Last update: March 2003)

Corporate Venturing Models in the Telecommunication Industry

IMD Faculty Member(s): Leleux, Benoît F. with James Henderson (Babson College, USA)

This paper examines how corporations learn to improve their corporate venture capital investments. Corporate venture capital programs are implemented in order to sustain or renew profitable growth in large corporations. These programs typically combine features typical of independent venture capitalists, such as the transfer of resources, knowledge and networks from the corporation to the venture, as well as back-transfers of new knowledge from the venture to the corporation. Historically, investments made by corporate venture capital funds have not been as successful as those made by independent venture capital funds. As a result, these programs have often been short-lived. Yet, corporate venture capital programs involve more than one venture, and often reappear after a cyclical downturn, which suggests that experience should play a part. Thus, propositions regarding two-way learning (i.e., transfer of resources from corporate to the venture and vice versa) will be developed from clinical research of 12 large telecommunications operators and equipment manufacturers based in Europe and the U.S. Presented at the SMS conference, San Francisco, October 2001 and others.

The paper was upgraded and modified over time (extended to other industries among other things). The results of the studies have been published in different pieces:

"Corporate Venture Capital: Effecting Resource Combinations and Transfers", with James Henderson (Babson College). Special Issue on Corporate Entrepreneurship, Babson Entrepreneurial Review, 2003.

"Corporate Venture Capital: Leveraging 'Strategic' Investments", with James Henderson (Babson College). In von Zedwitz, Haour, Khalil and Lefebvre (eds) Growth Through Business Innovation and Entrepreneurship, Pergamon/Elsevier Press, ISBN 0-08-044136-X, 2003.

"Corporate Venture Capital: A Resource Based Perspective", with James Henderson (Babson College). Forthcoming in Small Business Economics, 2003.

(Last update: March 2003)

Enabling Entrepreneurship: The Role of Personal and Corporate Bankruptcy Legislations in Europe, USA and Japan

IMD Faculty Member(s): Leleux, Benoît F.

With Bernard Surlemont (Lausanne University, HEC, Switzerland)

The paper analyzes the relationship between the rate of company formations and bankruptcies and characteristics of the bankruptcy legislations, in particular with respect to personal bankruptcy, across European countries. Failure is pervasive in entrepreneurship but entrepreneurship theory as always shown an equally pervasive anti failure bias. While it may be constructive to provide entrepreneurs with a better incentive system (lower taxes, less bureaucracy, more flexibility, etc.), the most binding constraints against company formation at this point may be related not to success but to failures: Many countries still lack effective personal bankruptcy laws and/or a consistent implementation systems. In effect, the risk/reward profile offered to many entrepreneurs mostly European is risk heavy and reward poor, slowing down entrepreneurial behaviors.

(Last update: March 2003)

Entrepreneurship in Switzerland

IMD Faculty Member(s): Leleux, Benoît F. and Haour, Georges

The 2005 edition of the GEM - Global Entrepreneurship Monitor studies the entrepreneurial spirit in Switzerland. It allows an international comparison, particularly with OECD countries, concerning the entrepreneurial orientation of people and firms in Switzerland. This work is carried out with B.Leleux, as well as the University of St. Gallen.

This study has been updated with a new set of interviews with experts. Some, but little, progress has been found since the initial 2001 study. However, Switzerland remains low with regard its percentage of women entrepreneurs.

For the first time, regional differences have been studied. For example, it has been found that Ticino is less entrepreneurial than the Zurich region or the Lemman area. The full report, in French and German, may be downloaded below, with an Executive Summary in English.

For more information, please contact Georges Haour at IMD.

(Last Update: October 2005)

Innovation and Attitudes to Risk Taking: Advantage Family Businesses?

IMD Faculty Member(s): Leleux, Benoît F. and Schwass, Joachim

Corporations in general are developing a better understanding and appreciation of the risk-reward profile of risk capital investments. In particular, the real options concept has helped them frame these new venture investments as "opportunity enhancement" activities that could potentially significantly affect their bottom lines going forward. While a body of literature is being developed on the corporate front, little is known about the risk investment behavior of large family firms. In particular, it is not clear how the family element affects the risk profile of such investors, nor the mechanisms through which these investments are taking place. Anecdotal evidence suggests that contrary to public wisdom, family firms are very active and aggressive new venture investors, either indirectly through professional

venture capital funds or co-investments with those firms, or directly through captive investment vehicles or straight from the corporation. The fundamental objective of the study is to shed some light on the risk equity investment patterns of (1) privately-owned family firms; (2) publicly-owned family firms; and (3) public firms without a family connection. Based on agency and recent corporate governance theories, the research program will be based on intensive interviews with companies belonging to the three categories of interest in Europe. Quantitative methods, such as conjoint and discriminant analysis will be used to infer the decision trees of respondents, in particular with respect to risk analysis and risk taking in new ventures.

(Last update: October 2004)

Venture Equity Investment Contracts: A Real Option Portfolio Analysis

IMD Faculty Member(s): Leleux, Benoît F. with Didier Cossin (HEC Lausanne, Switzerland)

When traditional valuation methodologies reach the limit of their usefulness, i.e. because of the uncertainties inherent in early-stage technology investments undertaken by venture capitalists and angel investors, alternative measures have to be taken to provide sufficient incentives for investment. In this paper, we re-examine the typical venture capital investment term sheet under an option binocular and provide support for the hypothesis that valuation uncertainty is fought with contractual elements inducing directional skewness to the VC investment payoff functions. In other words, typical venture capital contracts are better thought of as baskets of options than linear functions of the initial valuation.

Still ongoing as research, in process at JFE and partly published.

"The Liquidation Preference in Venture Capital Investment Contracts: A Real Option Approach", with Didier Cossin and Entela Saliasi (HEC-Lausanne). Forthcoming in Joe McCahery and Luc Renneboog (Editors) *Venture Capital Contracting and the Valuation of High Tech Firms*, Oxford University Press, 2002.

"Understanding the Economic Value of Legal Covenants in Investment Contracts: A Real-Options Approach to Venture Equity Contracts", with Didier Cossin (HEC-Lausanne) and Entela Saliasi (Fame). Submitted April 2002 to *Journal of Financial Economics*.

(Last update: March 2003)

Case Collection on Science-based Start-ups

IMD Faculty Member(s): Benoît F. Leleux, Ralf Seifert and Christopher Tucci (EPFL, Lausanne)

This project will examine generic challenges of "Science-based Start-ups" and result in a dedicated case collection of about 20 to 25 case studies illustrating courses of events and specific decisions within the process of creating new businesses. The cases will be summarized in an entrepreneurship book. The book will be structured in modules along the typical life-cycle in creating a business, i.e., from recognizing and evaluating opportunities, via creating viable business plans and securing financial resources, to managing growth and eventually harvesting the created value. In addition, we will account for the view of large firms by including studies on corporate entrepreneurship and the integration of internal with external knowledge to successfully seize new business

opportunities. Each module of the book will be completed by a topic primer and a concluding summary of key learning points.

The case series will be developed jointly within the alliance for technology-based enterprise formed by the two Swiss Federal Institutes of Technology (EPFL and ETH Zurich) and IMD International. The project is sponsored by IMD and the Chair of Technology and Operations Management at EPFL.

(Last update: May 2006)

Global Strategies of High Growth Firms

IMD Faculty Member(s): Malnight, Thomas

This research project focuses on the global strategies of emerging high growth technology-oriented firms. Clearly we are in a period when globalization is leading to the rapid growth of worldwide opportunities for many firms, while at the same time information technology has reduced the importance of geography and location. However, the strategies for firms to develop and capture these worldwide opportunities is not yet well understood. This research project focuses on understanding the global challenges and opportunities facing these emerging high growth firms.

Value Creating Global Strategies and Organizations

IMD Faculty Member(s): Malnight, Thomas

There has been much discussion on the emergence of new strategies and organizations for competing globally. Competing globally is complicated by the simultaneous pressures facing firms to develop leading edge functional capabilities, ensure product focus and expertise, build geographic scope and understanding, and manage global customer relationships as well. Firms clearly can no longer afford to focus only on a single dimension (e.g., functions, products, geography, customers). While much research has characterized general or abstract models of emerging organizational forms, there has been limited comprehensive research on the detailed decisions on strategies and organizations within firms to account for this complexity. This project is developing a comprehensive perspective on these critical decisions made by senior executives at leading multinationals.

Building an Information-Centric Business Strategy and Capability for Growth and Superior Performance

IMD Faculty Member(s): Marchand, Donald A.

This project aims at understanding how senior managers in high performing companies develop an obsession with what they do not know about their customers, markets and products/services. This concern about "what you do not know may hurt you" leads them to develop not only a business strategy where knowing more about their business than their competitors is critical to their company's success, but also where they invest in building the information, people and IT capabilities to use customer, product/service and market knowledge to achieve sustainable competitive advantage in their industries. These managers develop externally-oriented "information-centric" views of their companies over time that link their business strategy for growth directly to the ways they measure, manage and use their information, people and IT resources.

How Growth Oriented Companies Globalize Best Practice Knowledge from Local Innovation: From a Multi-Local, International to a Locally Flexible, Global Company

IMD Faculty Member(s): Marchand, Donald A.

This project aims at understanding how some companies develop, share and embed best practice knowledge from local innovations in markets and operations into the global processes, culture and IT capabilities of the firm. How do companies achieve the right mix of local business flexibility and global/regional standardization as they grow organically and through mergers and acquisitions? What are the dilemmas that managers in these companies face and how do they address them?

Senior Executive Perspectives on Building Value with Information, People and IT: A Knowledge-Based Approach to Business Value Creation

IMD Faculty Member(s): Marchand, Donald A.

This project focuses on how senior executives perceive business value and how they view the role of information, people and IT capabilities in value creation. The objectives of the project are three: first, to develop a framework for understanding business value creation in the firm around creating business opportunity, control, knowledge creation and conversion; second, to understand how information, people and IT capabilities are developed to convert human knowledge capital into structural capital for the company; and third, to focus on how high performance companies develop alternative paths or business options to create and sustain business value.

Dynamic Learning Networks and Virtual Teams

IMD Faculty Member(s): Maznevski, Martha

How can companies, as well as institutions like IMD, best create knowledge-sharing and knowledge-creating networks, combining communications and information technology with face-to-face experiences? This research draws concepts from social capital, knowledge management, virtual teams, network organizations, and other sources.

The research takes an active learning approach. In 2003 we are implementing Year 2 of Dynamic Learning Networks, a type of knowledge-network, at IMD. The Dynamic Learning Networks are designed based on what we know of best practices, and in 2003 they apply the lessons we learned from the pilot project in 2002 regarding how best to create dialogue that results in learning.

Outcomes from the research will include IMD's own Dynamic Learning Networks, as well as modules and programs for IMD participants on how to create global learning organizations.

(Last update: November 2003)

Social Capital and Virtual Collaboration in Global Companies

IMD Faculty Member(s): Maznevski, Martha

Social capital is the set of assets found in relationships among people. The most important social capital is that which creates the most value for the company. This research project addresses two questions: which configurations of relationships add the most value; and how can global companies create, maintain, and use those assets effectively, especially given their world-spanning configurations?

The research applies concepts from the fields of social capital, global strategy, multicultural teams, network organizations, and virtual teams to address practical problems of creating and using networks of relationships for high performance. It also incorporates an examination of leading-edge uses of technology for collaboration.

One current subject for this research is 30 global account management teams in a professional services firm. I am examining how these teams generate and use social capital over time to serve the client effectively. Other field sites are being added to examine the processes in multiple industries and contexts.

Outcomes from the research include case studies and teaching modules for IMD, to help managers bring the best practices to their own organizations.

(Last update: November 2003)

Winning Across Cultures

IMD Faculty Member(s): Maznevski, Martha and DiStefano, Joseph J.

Understanding culture is important for many aspects of management, both in single-country and multinational settings. People's cultural backgrounds influence their assumptions about organizational work and how interactions with other people should proceed. Culture's influence, though, is so profound that it often goes unseen. This results not only in deep and difficult conflicts, but also in untapped potential.

This research project will enable us to describe to managers:

- The Cultural profiles of companies operating across the globe
- How Cultural similarities and differences affect work in organizations, in order to create higher effectiveness in multinational teams and global corporations

The Cultural Orientations Framework, and the questionnaire which measures the orientations, provide a well tested tool for understanding management behaviors and characteristics related to culture. It can be used to diagnose and address problems, or to identify ways to leverage higher performance.

The data collection will be performed in co-operation with 5-10 large global corporations, surveying approximately 120,000 employees in 58 countries - 35 different languages. This includes all the old and the newly appointed EU member states.

The outcome of the data analysis, combined with previous research and experience, will enable us to write a major and important book, and associated high-level practitioner articles and teaching materials.

(Last update: February 2003)

Customer Value Creation Processes

IMD Faculty Member(s): Meehan, Sean

Market orientation has been described as an organizational culture which most effectively and efficiently creates superior value for customers. This research program is designed to examine whether, and if so, how and under what conditions market orientation leads to superior performance.

To date the program has encompassed two significant field studies involving over 500 businesses, mainly in the UK. Follow-up investigations have focussed on the central role of "responsiveness". An article "Customer Responsiveness: Fast and Right through impatience and intolerance," published in Business Strategy Review (Winter 2002) documents initial insights. Further in-depth work is planned this year.

(Last update: March 2003)

Inside The Box

IMD Faculty Member(s): Meehan, Sean

In a forthcoming book entitled "Inside The Box" Meehan with co-author Paddy Barwise explore how truly customer focused businesses exploit huge opportunities Inside The Box. It asks readers to critically examine popular notions of creativity in the strategy process commonly referred to as thinking "Outside the Box." The book is due for publication end 2003.

(Last update: March 2003)

Coordinating the Global Enterprise

IMD Faculty Member(s): Pucik, Vladimir

Collaborating with colleagues from other leading business schools, this project examines new ways for global firms to coordinate the simultaneous demands for global integration and local responsiveness in a highly competitive environment that puts a premium on simplicity, speed and continuous transformation. Old methods of command and control do not work - they are too slow, inflexible, and costly. Various models have been presented to guide this business reconfiguration under labels such as transnational firm, lateral networks, or "front-back" organization. All of these models require radical rethinking of how human resources can add value to the organization. Effective global coordination - expressed best as local learning and global action - is now seen as outcome of a comprehensive set of HR practices that have as an objective the alignment of corporate vision/strategy with individual entrepreneurship.

Crossing Borders, Joining Minds

IMD Faculty Member(s): Pucik, Vladimir

This collaborative project examines strategic alliances and acquisitions in the context of managing rapid international growth. The core objective is to look beyond generic alliance and acquisition strategies in order to match the strategic context with the appropriate management process guiding the implementation. In particular, through a series of case studies, the project will illustrate how different alliances - categorized as complementary, resource, learning and competitive alliances - require distinct managerial processes, and how these alliances evolve over time - thus again requiring appropriate adjustment of managerial behavior. A parallel framework is used to analyze international acquisitions. In both areas, the emphasis is on 'soft' people factors and implications for managerial action.

Improving Product Development

IMD Faculty Member(s): Robertson, David

Many companies are unhappy with their product development systems. They see great amounts of resources and effort going in, but not enough products coming out the other end. And efforts to improve the systems are continually unsuccessful. The goal of this research is to explore what companies can do to significantly and permanently improve product development.

This work will integrate the knowledge of two major academic streams to create a new understanding of how to improve product development. The first stream is the work on organizational change. While there are some universal truths about the requirements for a successful change effort, many of the organizational change methods used to improve other business processes do not work when applied to the complex, cross-functional product development process. The second stream of work is the research on product development effectiveness. There has been a great deal written on the characteristics of a good product development system, but the process of how to transform the current system to an improved one is still poorly understood. The goal of the research is to build on the lessons from the existing literature, add to it through original research, and create a new understanding of the path to improving product development.

Through a series of structured interviews, this research project will explore what companies have done to improve product development and measure the success of those efforts. Based on that work, we will build a new framework for the key characteristics of a high-performing product development system, and a structured process for transforming a company's current system into a new more effective one.

(Last update: November 2003)

Information Technology-Driven Strategic Choices

IMD Faculty Member(s): Robertson, David

A company's information systems architecture can provide it a powerful set of capabilities that it can use to compete in the market. Yet IT architecture can also limit the company's ability to succeed in other strategic endeavours. Like any other type of capability (such as employee skills or manufacturing capability), IT can make some strategic options more feasible than others. The goal of the research is to classify the different types of IT architectures and understand what strategic options each architecture enables.

(Last update: March 2003)

Platform Product Development Best Practices

IMD Faculty Member(s): Robertson, David

In many markets, competitive pressures are forcing companies to move from developing one product at a time to developing a family of products from a common platform. The methodologies for developing such platforms are complex and difficult to implement. The goal of this research is to understand the best practices for platform and architecture design, and develop new, generally applicable development methods for companies.

(Last update: March 2003)

Technology Leadership

IMD Faculty Member(s): Robertson, David

Leadership in technical organizations, be they Engineering or IT organizations, is a difficult task, and companies often have difficulty finding or developing such leaders. This research project is focused on understanding the unique challenges of leading technical organizations, and how such leaders can be nurtured and managed.

(Last update: March 2003)

Shaping a Profitable Market

IMD Faculty Member(s): Ryans, Adrian

Most companies today are seeing their margins squeezed as a result of increasing competition, ever more powerful and sophisticated customers and suppliers trying to improve their margins. Some companies are responding to these threats by actively trying to manage the six market forces that determine the profitability of a business. This project looks at some of the strategies and tactics companies in a variety of industries are using to try to improve their profitability of the markets in which they compete.

(Last update: March 2005)

Value-Based Competition

IMD Faculty Member(s): Ryans, Adrian

In many industries value-based competitors are capturing an increasing share of the market. In some industries two or more value-based competitors are battling for market dominance. This research project will result in the development of two cases:

- One case will focus on the strategies and tactics of a value-based player as it strives to become dominant in its market segment
- The second will focus on a market leader with industry leading products that is trying to effectively compete with value players in its market. In particular, we hope to develop a case on a European company trying to compete successfully against low-cost, Asian value competitors

(Last update: March 2005)

Entrepreneurial Management

IMD Faculty Member(s): Schwass, Joachim

Our ongoing research into the behavior of both upstart entrepreneurs and inheritors of family businesses identifies elements which enable, facilitate or prevent entrepreneurial management behavior.

(Last update: November 2003)

Family Business

IMD Faculty Member(s): Schwass, Joachim

IMD is the recognised leader in Europe on the unique and often sensitive issues relating to managing family enterprises across generations. These are issues of great concern since family controlled companies are the predominant form of enterprises representing more than half of the employment market throughout the non-socialist world. IMD has undertaken advanced research into various aspects such as governance, succession planning, how to manage conflicts, how to attract non-family managers, and family business strategies for growth. Currently there are research studies undertaken in the field of long-term ownership strategies in Family Businesses. The focus is on the different roles families can play, especially at generational changes. Various structures and models are developed as well as the most effective process leading to the constructive engagement of both active and inactive family members. Key elements of this research are presented in the IMD Family Business programs.

(Last update: November 2003)

Innovation and Attitudes to Risk Taking: Advantage Family Businesses?

IMD Faculty Member(s): Schwass, Joachim and Leleux, Benoît F.

Corporations in general are developing a better understanding and appreciation of the risk-reward profile of risk capital investments. In particular, the real options concept has helped them frame these new venture investments as “opportunity enhancement” activities that could potentially significantly affect their bottom lines going forward. While a body of literature is being developed on the corporate front, little is known about the risk investment behavior of large family firms. In particular, it is not clear how the family element affects the risk profile of such investors, nor the mechanisms through which these investments are taking place. Anecdotal evidence suggests that contrary to public wisdom, family firms are very active and aggressive new venture investors, either indirectly through professional venture capital funds or co-investments with those firms, or directly through captive investment vehicles or straight from the corporation. The fundamental objective of the study is to shed some light on the risk equity investment patterns of (1) privately-owned family firms; (2) publicly-owned family firms; and (3) public firms without a family connection. Based on agency and recent corporate governance theories, the research program will be based on intensive interviews with companies belonging to the three categories of interest in Europe. Quantitative methods, such as conjoint and discriminant analysis will be used to infer the decision trees of respondents, in particular with respect to risk analysis and risk taking in new ventures.

(Last update: October 2004)

Fast Track Project Execution

IMD Faculty Member(s): Ralf Seifert and Carlos Cordon

This research focuses on “fast-track project execution” – an organization's ability to achieve step-changes in execution time when delivering major projects across organizational boundaries. The research considers process-related factors in condensing execution times as well as team leadership and governance issues. The research also identifies key challenges and success factors related to early supplier involvement as well as the need for managing client relationship and decision-processes. The output of this research will be case studies and managerial summaries.

(Last update: May 2006)

Managing Supply Chain Interfaces

IMD Faculty Member(s): Ralf Seifert

This project will examine generic supply chain interface challenges and feature select best practice studies in topics such as:

- Supply Chain Portfolio Management,
- Supply Chain Performance Measurement,
- Supply Chain Execution

The research will combine managerial insights from stylized quantitative modelling and case examples. The output of this project will be managerial articles and teaching materials.

(Last update: May 2006)

Case Collection on Science-based Start-ups

IMD Faculty Member(s): Ralf Seifert, Benoît F. Leleux, and Christopher Tucci (EPFL, Lausanne)

This project will examine generic challenges of "Science-based Start-ups" and result in a dedicated case collection of about 20 to 25 case studies illustrating courses of events and specific decisions within the process of creating new businesses. The cases will be summarized in an entrepreneurship book. The book will be structured in modules along the typical life-cycle in creating a business, i.e., from recognizing and evaluating opportunities, via creating viable business plans and securing financial resources, to managing growth and eventually harvesting the created value. In addition, we will account for the view of large firms by including studies on corporate entrepreneurship and the integration of internal with external knowledge to successfully seize new business opportunities. Each module of the book will be completed by a topic primer and a concluding summary of key learning points.

The case series will be developed jointly within the alliance for technology-based enterprise formed by the two Swiss Federal Institutes of Technology (EPFL and ETH Zurich) and IMD International. The project is sponsored by IMD and the Chair of Technology and Operations Management at EPFL.

(Last update: May 2006)

Telecommunications

IMD Faculty Member(s): Sjoblom, Leif

The telecommunications industry is a prime example of an industry going through rapid and continual change. The players in the industry have to grapple with globalization of the competition, new technology, deregulation, and increasing customer demands. In this changing environment, the recipe for success in the future is different from the past. This research project looks at the key success factors in a rapidly changing industry and the underlying reasons why some companies are apparently more successful than others.

(Last update: November 2002)

Value-Based Management and Shareholder Value

IMD Faculty Member(s): Sjoblom, Leif and Ellert, James

This research project investigates European best practice in shareholder value creation. The emphasis is on both strategic drivers--mergers, acquisitions and spin-offs--and operational drivers. The main objective is to identify and analyze the key levers of performance improvement, and to optimally implement value-based management. Several case studies of successful implementations will be compared and contrasted.

(Last update: November 2002)

Forum for Corporate Sustainability Management (CSM)

IMD Faculty Member(s): Steger, Ulrich

What is the Forum for Corporate Sustainability Management?

The Forum for Corporate Sustainability Management (CSM), is the corporate sustainability research initiative at IMD. Corporations participate in the Forum to build a sustainable business advantage through social and environmental strategic action.

What are the CSM companies?

They are Partners and Business Associates of IMD and one of the benefits available to these companies would be membership in CSM.

Benefits of CSM membership

Our member companies benefit from IMD faculty and staff expertise when we conduct hands-on pilot projects; they learn from other companies that participate in CSM, for example, through:

- Benchmarking with “best practice” companies.
- Sharing ideas, problems and solutions with organizations outside their traditional business area.
- Attending an annual sustainability learning event (Open Interactive Forum).
- Participating in biannual CSM forums where:
 - research progress is reported
 - sustainability expertise and competitive strategies are explored and critiqued
 - tools and concepts for integrating environment and social criteria into management are presented

IMD Partner and Business Associate Companies are invited to join CSM

With an annual fee of only 10,000 Swiss Francs companies can:

- Send up to five managers at a time to biannual forums
- Have a case study written on a company-specific situation
- Design an in-company research project with the CSM team
- Have special access to IMD faculty and research capacity

What are the research topics?

The 2006-2007 research cycle will focus on these issues:

1. Multi-stakeholder Dialogues and public-private partnerships; successes and failures
We will select some examples of multi-stakeholder dialogues and PPPs to understand whether and why these mechanisms are effective or ineffective.
2. Sustainability “Mega-issues”; Challenges and Dilemmas for Companies
Here, we look at how companies are dealing with global “mega-issues” that challenge them well outside the factory gate and supply chain.
3. Product Responsibility in a Global Economy
We focus on understanding the global competitive environment affecting product responsibility and on the main barriers to establishing a full and transparent supply chain.
4. Business and Human Rights; a new agenda

We collaborate with the business leaders initiative to run an Open Forum on this topic.

The 2004-2005 research cycle focused on these corporate sustainability issues:

1. Breaking Down the Barriers: Driving Sustainability through Organizations
Building on 2002/03 CSM work on the business case for sustainability, we will look at effective ways to break down resistance within companies and apply sustainability strategies successfully.
2. Quantifying the Sustainability Benefit of Strategic Projects
We will focus on tools, examples and case studies that establish significant economic links between daily business practice and the concept of sustainable development.
3. Consumers and Sustainability
We will examine the status of the debate on sustainable consumption and identify when companies can take action and whether they can develop synergies with governments and consumer organizations.

The 2002-2003 research cycle focused on these corporate sustainability issues:

1. Managing Stakeholder Dialogue
Filtering stakeholder dialogue and using it as a business advantage. Designing tools to better take account of stakeholder dialogue in operations.
2. Driving Sustainability through Leadership
Examining the success factors behind corporate sustainability leaders. How do sustainability leaders win the support of their middle managers?
3. Linking Sustainability to Business Performance
In search of a robust business case for corporate sustainability. Improving communication between corporations and the financial community.

The 2000-2001 research cycle focused on these corporate environment, health and safety issues:

1. Corporate Interface with the Financial Community: Improving communication and understanding between corporations rated by banks, and insurers, and investors.
2. Environmental Marketing and Product Development: Helping companies gain a competitive advantage through green products/ services differentiation and operations.
3. Chain Optimization and Logistics: Sharing tools and best practices to reduce environmental, health and safety (EHS) impacts across the value chain.

The 1998-99 research cycle focused on three dimensions of corporate environmental management:

1. Integrating environmental considerations into business decision making. MIBE focuses on helping companies improve links between Environmental Management Systems (like EMAS and ISO 14000) and other business processes, using tools like Environmental Performance Indicators to improve accountability. We also help find synergies between other programs like quality, health, safety and human resources.
2. Influencing Communication of environmental success to a variety of audiences. We help companies develop tools for effectively influencing both friendly and hostile stakeholders. Our research areas include effective environmental reporting, communication with customers, and issues management in a crisis situation.
3. Innovating value creation from green products and services. MIBE helps companies develop "green" innovations and creates tools for communicating their value to shareholders and investors.

Global Corporate Governance

IMD Faculty Member(s): Steger, Ulrich and Strebel, Paul and Ward, John

Based on IMD's long tradition in empirical research on Boards and Corporate Governance, a new Global Corporate Governance Research Initiative directed by Ulrich Steger was launched in Autumn 2001. The backbone is an extensive empirical investigation into different types of Corporate Governance systems (not so much legal, but practical). Based on cases, surveys and interviews globally, it identified principal dilemmas of Boards, and four distinct clusters of Corporate Governance systems.

The first round of results is published in a book "Mastering Global Corporate Governance" (Wiley, April 2004), a series of case studies and several articles.

The research in 2004/5 focused on:

- The Role of Boards in Corporate Evolution and Strategy Formation
- Corporate Governance in Joint Ventures and Subsidiaries with external Shareholders
- Board Information Systems

Emerging issues comprehend: Appropriate Leadership behaviour in the Board room, supporting Governance processes and structures in the company (the "Corporate Governance Officer" as Process manager), and Corporate Governance in different Business Models.

The cases are collected and interpreted in a forthcoming book: "Corporate Governance - Concepts and Cases" (2006)

The research team consists, next to Ulrich Steger, Paul Strebel and John Ward supported by Wolfgang Amann and Jochen Brellocks.

(Last update: November 2005)

Beyond Best Practice: The Right Business Drivers for Trajectory Management

IMD Faculty Member(s): Strebel, Paul

This project is developing a synthesis of the literature and practice on the right practice for different business conditions, with several outputs including a book to be published second half 2003.

(Last update: March 2003)

Global Corporate Governance

IMD Faculty Member(s): Strebel, Paul and Steger, Ulrich and Ward, John

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(Last update: November 2005)

High-Speed Strategy

IMD Faculty Member(s): Strebel, Paul

The traditional process of strategy formulation in large companies is too slow for today's fast moving business environment. However, in fast moving high-tech industries, there are successful, large, fast-moving companies that apparently have strategy processes capable not only of keeping up, but outpacing their competitors. The objective of this project is to describe how they do it in terms of strategy formulation. The project has the following three tracks:

- Providing a framework for contrasting the traditional strategy process with that in high-tech companies.
- Describing best practice in the strategy process of successful, large and fast companies.
- Describing the transformation process to high speed strategy formulation in the above companies.

(Last update: March 2003)

Brand Extension

IMD Faculty Member(s): Turpin, Dominique

"How far can we stretch our brand?". There are many conflicting opinions regarding this question. While some brand specialists believe that brand extension opportunities are endless, others argue that strong brands must stick to core products. The purpose of this project is to try to provide some answers to one of the most discussed topics of brand management by looking at successful and less successful examples of products diversification launched in Europe, US and Japan.

(Last update: November 2002)

Brands and Crisis Management

IMD Faculty Member(s): Turpin, Dominique

Crisis management experts are unanimous in concluding that it is not a matter of if a company will be faced with a crisis but when and how well executives will be prepared to weather this kind of firestorm. Recent examples such as Snow Brand in Japan, McDonald's in Argentina or Coca-Cola in Europe show that years of efforts aimed at building a strong brand and reputation might be shredded in the time it takes to say "No Comment" - The importance of communicating effectively in times of crisis and managing the brand effectively is being reinforced by the growing spread of "instant information" (i.e. Internet or CNN) within our society. Based on a number of recent case studies developed by IMD, the purpose of this project is to draw practical lessons on how to prevent communications crisis and how to manage the brand effectively under unexpected situations.

(Last update: November 2002)

Japan's New Business Leaders

IMD Faculty Member(s): Turpin, Dominique

As Japan enters the 21st century, a new generation of business leaders is starting to emerge. A book, now in preparation, aims at (1) identifying Japan's new business leaders, (2) describing their business models, and (3) explaining their corporate vision and philosophy.

(Last update: November 2002)

Customer - Supplier Attractiveness Research

IMD Faculty Member(s): Vollmann, Thomas E. and Cordon, Carlos

Many Fast Moving Consumer Goods (FMCG) companies are discovering that innovation, time to market, price performance and quality depend at least as much on the efforts of their suppliers as on internal competencies. Often innovations with big potential originate from the suppliers. But if a supplier has an innovative idea, to which customer will that idea be presented? Which customers are most attractive to a given supplier? More importantly – for the customer – how does it become attractive to the smartest suppliers? These are the basic issues to be explored in this research.

The FMCG companies are going through a process of consolidation, including end-producers, their suppliers, and their customers. Many FMCG companies are reducing the number of suppliers in the hunt for improved cost efficiency. It is in the interest of both end-producers and their key suppliers to understand how to capitalize on the challenges in these critical relationships. We believe customer-supplier attractiveness and a better understanding of dyadic relationships are crucial.

How does a company become attractive from the suppliers viewpoint, and vice-versa. How do companies transform buyer-supplier relationships into true win-win situations? The underlying mechanisms for achieving these goals – and thereafter maintaining them --are key research objectives of high interest to our research team. Therefore:

“We explore how firms can benefit from the suppliers’ competencies by being an attractive customer—and vice-versa: how suppliers can develop new competencies by working with attractive customers. ”

The research is conducted primarily through case studies/structured interviews and secondly through an extensive on-line survey. Hence, we now invite FMCG companies and selected suppliers (e.g. dyads) to participate in the project. To focus the research and subsequent analysis, the suppliers will be limited to packaging companies. That is, the research will focus on multiple dyads between FMCG firms and their key packaging suppliers.

(Last update: April 2005)

Family Business and Family Enterprises

IMD Faculty Member(s): Ward, John

Research and case writing interests include managing family business culture, family business governance, and sustainability and adaptability of long-lasting enterprises.

(Last update: November 2005)

Global Corporate Governance

IMD Faculty Member(s): Ward, John and Steger, Ulrich and Strebel, Paul

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(Last update: November 2005)

The Shadow Side of Managerial Behaviour

IMD Faculty Member(s): Wood, Jack D.

There is a certain one-sidedness evident in contemporary management literature. We assume our lives are defined by science and technology and that we are coming increasingly under the control of rational decision-making processes. But events are not simply economic, or political, or social, or scientific; they are all, in a profound sense, psychological. And our psychology is not nearly as rational as we would like to believe. Any conscious, rational attempt to explain contemporary events without seriously taking account of the deeper patterns of unconscious irrational factors is doomed to failure. If the irrational psychological roots of our collective existence are overlooked, or ignored, or not given a central place in our analyses, then the attempt to understand our predicaments, much less to manage them, will continue to evade our grasp. This stream of research explores the underlying psychological factors in such management areas as leadership, decision-making, cultural differences, and teamwork using both qualitative and quantitative methods, in both experiential and field settings.

Fight the Power: How Radical Organizations Effect Institutional Change through Campaigns against Corporations

IMD Faculty Member(s): Yaziji, Michael

How can and do small, resource-poor, and ideologically unconventional organizations challenge and change dominant institutions?

The present paper takes a step toward answering these questions by focusing on how NGOs strategically leverage an institutional competitive advantage in their campaigns against dominant ideologies. Specifically, I test and find support for hypotheses which hold that ideological radicalism leads to more institutionally-homogenous resource providers for the focal organization and this in turn increases their range of strategies and tactics and increases their efficacy in changing institutions.

The empirical setting for the study is the global population of social movement organizations that have campaigned against major corporations in the last five years.

Toward a Theory of Social Risk: Antecedents of Normative Delegitimation

IMD Faculty Member(s): Yaziji, Michael

In this article, I introduce the concept of normative delegitimation - the process by which an organization's normative legitimacy is diminished through challenges by outside organizations. I frame the phenomenon as a unique form of firm exposure, social risk- exposure to possible loss and/or constraints on strategic choice resulting from normative delegitimation challenges by external organizations. Using the context of social movement organizations' normative delegitimation challenges of firm behavior, I put forward propositions concerning firm, institutional, and socioeconomic antecedents that drive social risk. After this analysis, I consider extensions to the theory - particularly in terms of inter-organizational dynamic processes and the strategic management of social risk.